



Technical Update

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The first support. The stock market trend appears to be topping for the short term after the big move up this year, and one way to determine if a pullback is starting is to use the closest support level as an indicator and dividing line between a dip and a pullback. Most of the major indexes dipped two weeks ago and established some minor low points that we think are now the first lines of support and something to watch if the markets continue to pull back over the next few days. For the Dow Industrials, that level is 25,200, with the S&P 500 and NASDAQ Composite further away from their comparable support levels, with the Russell 2000 index of smaller stocks and the Dow Transports being closer to their previous low points. In order for a more meaningful pullback to develop, we would have to see more than one of the major indexes break below their support levels, and at this time we would consider the likelihood of that happening at greater than 50%.



Chart courtesy StockCharts.com and RBC Wealth Management

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