



Technical Update

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Don't be surprised. The big rally in the markets over the past two weeks is normal after such a sharp drop and looks to us to be part of a bottoming process rather than the start of a major upswing at this time. We think the volume on the rally has been declining into strength which is a sign of less commitment that suggests the momentum is slowing and further downside volatility will also continue to be a part of this overall process. There is a possibility the bear market low could be tested again, but we believe the low is in place and more time will be spent within a range for the next month or two as the economic and earnings numbers continue to feed the higher volatility that has become the new market normal for the time being. We view periods where the market may pull back sharply for a few days as good general entry points over the next few weeks.



Chart courtesy StockCharts.com and RBC Wealth Management

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