



Technical Update

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Sooner or later. A market trend that has been going in one direction for a period of time eventually reaches a point where the bullish or bearish sentiment that is driving the move reaches a peak and changes direction. In market declines, the bottoms tend to happen in a quick and climactic fashion, while the tops after a rally period tend to be more of a longer process with different areas of investment starting pullbacks at different times. We note that some of the more speculative market areas like gold and cryptocurrencies are already pulling back as well as some of the stocks that made exceptional moves to the upside last year, and we would expect this profit-taking wave to spread to other extended stocks and eventually, the indexes. Market corrections are then usually not very obvious until it is too late to react, but by being in the less volatile stocks, we believe the risk can likely be lessened.



Chart courtesy of Stockcharts.com and RBC Wealth Management

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