

Trend & Cycle Roadmap

Robert Sluymer, CFA
 Technical Strategist, Portfolio Advisory Group

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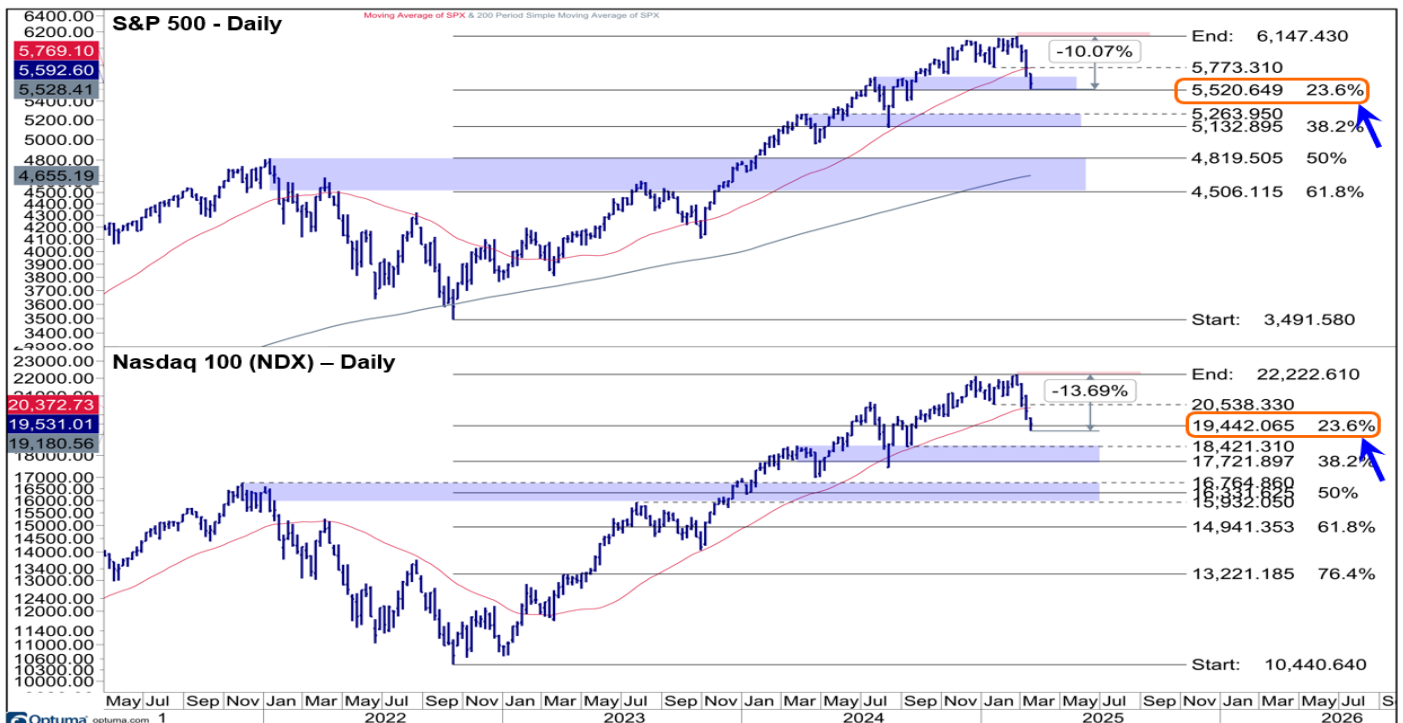


- S&P and Nasdaq 100 (NDX) break their 200-day moving averages but are at next key technical levels.
- S&P and NDX - Short-term indicators are deeply oversold suggesting a pending short-term bounce.
- US 10-year yields are bottoming at yield support between 4-4.2% with a bounce likely.
- The SOX Semiconductor has broken down to next support. Key levels to monitor are highlighted.
- The S&P 500 Equal Weight, S&P 400 and Russell 2000 indices are testing their next support levels.

Technical levels to monitor moving through Q1 into Q2 – The weekly charts of the S&P 500 and Nasdaq 100 (NDX) indices have similar technical profiles, breaking below their rising red 40-week moving averages to challenge next support bands near their 23.6% retracement of their 2022-2025 rebounds.

Tactical tops are now in place with the break below the mid-January lows at S&P 5773 and NDX 20,358, near 40-week moving averages, which will now be important resistance should markets be able to rebound.

While our expectation is for an oversold rebound to develop from near current levels, an inability to hold the March lows would likely signal further weakness toward the next support bands highlighted in blue between S&P 5132-5263 and Nasdaq 100 between 17,721-18,421, or roughly 5-7% from current levels.



Source: RBC Wealth Management, Bloomberg, Optuma

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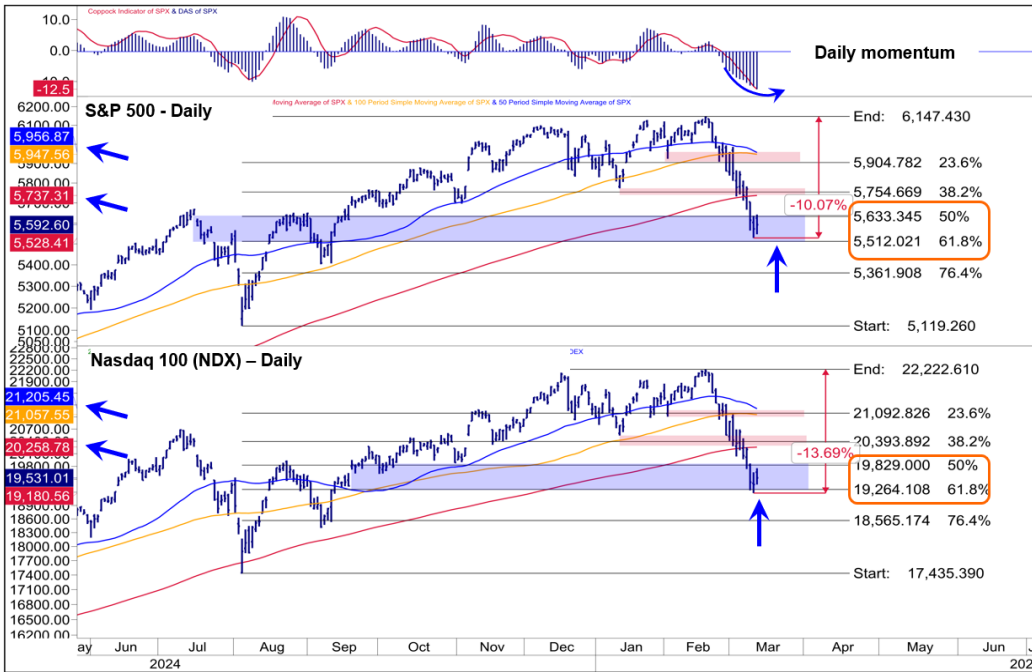
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S&P and Nasdaq 100 (NDX) – An oversold short-term rebound remains likely for both markets given 1) daily momentum, tracking 2-4+ week swings is oversold and is poised to bottom, 2) both indices are at their next important support bands coinciding with their 50-62% retracement bands of the Q3-Q1 rally between S&P 5512-5633 and Nasdaq 100 19,264-19,829.



Source: RBC Wealth Management, Bloomberg, Optuma

Resistance begins at the red 200-day moving averages near S&P 5737 and NDX 20,259 followed by heavier resistance at S&P 5950 and NDX 21,100 near their yellow 100-day and blue 50-day moving averages where we would expect rebounds to pause and pullback on pending near-term strength.

The **US 10-year yield** continues to show evidence of bottoming at a key technical yield support band between 4.0-4.2%, coinciding with the 50-62% retracement levels of the Q3-Q1 yield rebound.



Source: RBC Wealth Management, Bloomberg, Optuma

Given that the daily RSI momentum indicator in the bottom panel is still early in a rebound from oversold levels, we expect the US 10-year yield to rise from current levels.

We continue to expect bounces to be short-lived with 4.5-4.6% a yield resistance band where we expect bounces to stall near.



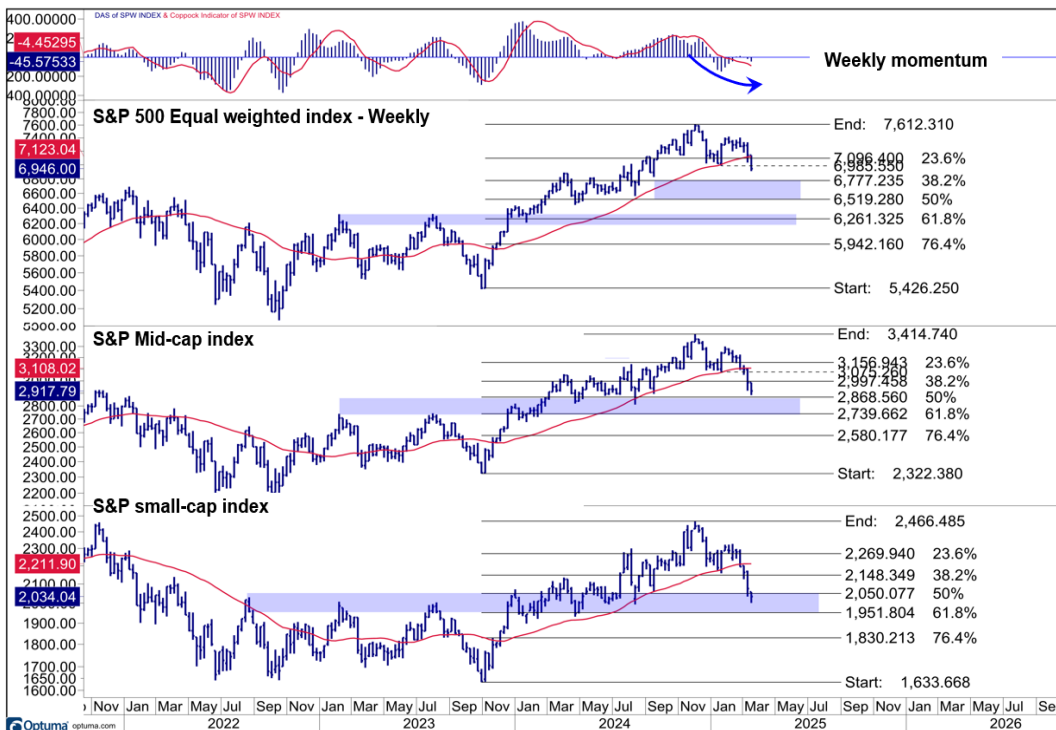
The **SOX Semiconductor index** has broken down below an important trading range between 4805-5445 which we view as a signal the upcycle that began in Q4 2022 has peaked and is at risk of trending lower. While this breakdown was not our expectation, the **silver lining** is that the SOX index is deeply oversold **short-term** at support at 4290 with a bounce back likely in the coming week.



Heavy resistance is now at 4805 where bounces are likely to stall.

Critical support is now between 4068-4290.

The **S&P Equal Weight, S&P Mid-cap and Russell 2000 Small-cap** indices have completed intermediate-term / tactical tops by breaking below their mid January lows to establish lower lows. The smaller-cap indices remain the weakest with the Russell 2000 becoming oversold in its next support band near 2000 while the S&P Mid-cap is testing its next important support band near 2868.



The **bottom line** is that while these indices remain in corrective patterns, they are near, or at, next support and likely to bounce in the coming week.

Weekly momentum (top panel) has yet to bottom but is becoming oversold so our expectation is for these indices to remain in choppy, volatile trading ranges into Q2 before a more convincing bottom develops.



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