Technical Strategy

Trend & Cycle Roadmap

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- S&P 500 continues to consolidate between two key technical levels above 6521 and below 6920.
- The S&P's short-term momentum is building to the upside from oversold levels suggesting new highs.
- The US 10-year yield's trend remains down but a move above 4.2% would signal a trend reversal.
- A growing list of groups are bottoming after Q3-Q4 pullbacks, even Retail is showing signs of improving.

We regularly revisit a core list of charts in the weekly Roadmap to provide a framework for readers to follow our technical process. The weekly S&P chart below is a good example of the dual narratives underway within the equity market, with the top panel reflecting the dominant influence of the mega-cap growth stocks defining the trend of the S&P 500.

While we certainly pay attention to our fundamental colleagues' concerns regarding valuation and risk associated with the surge in AI-related stocks, we view the recent lows at 6521 near the rising yellow 20-week moving average to be an important support level, which if broken, would signal a growing worry by investors that leadership in AI growth stocks is faltering. Conversely, a push above the October highs at 6920 would suggest investors remain comfortable with the growth outlook for technology into the new year.

In contrast to large-cap growth stocks, our weekly quadrant balance indicator in the bottom panel, tracking the percentage of stocks with rising weekly momentum, reflects a growing list of stocks that either paused or pulled back in Q3 into Q4 but are incrementally improving. Healthcare was a recent example but oversold lows are developing in other groups such as banks, consumer stocks, select industrials, materials and energy, notably oil service. We view this technical improvement as further support for investors to consider diversifying portfolios to include areas that are less advanced than the leading mega-cap growth stocks.

Source: RBC Wealth Management, Bloomberg, Optuma

RBC Capital Markets, LLC / Portfolio Advisory Group
All values in U.S. dollars and priced as of December 3, 2025, at 12:30 pm ET unless otherwise noted.

For Important Disclosures, see page 4.

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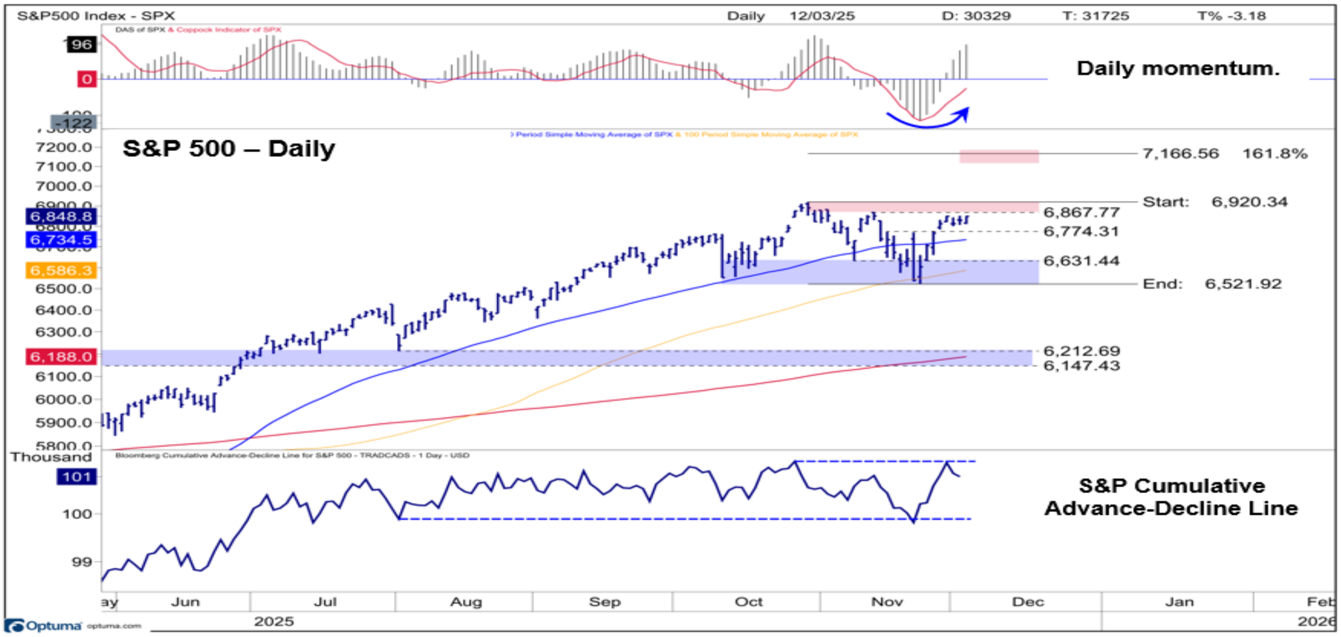
S&P 500 – Short term – Key levels remain between the October highs at 6920 and the November lows at 6521. Our expectation continues to be that the S&P will resolve that trading range to the upside given short-term momentum in the top panel, tracking 2–4-week swings, continues to build positively from oversold levels established in late November. The next extension level above 6920 is at 7166.



Source: RBC Wealth Management, Bloomberg, Optuma

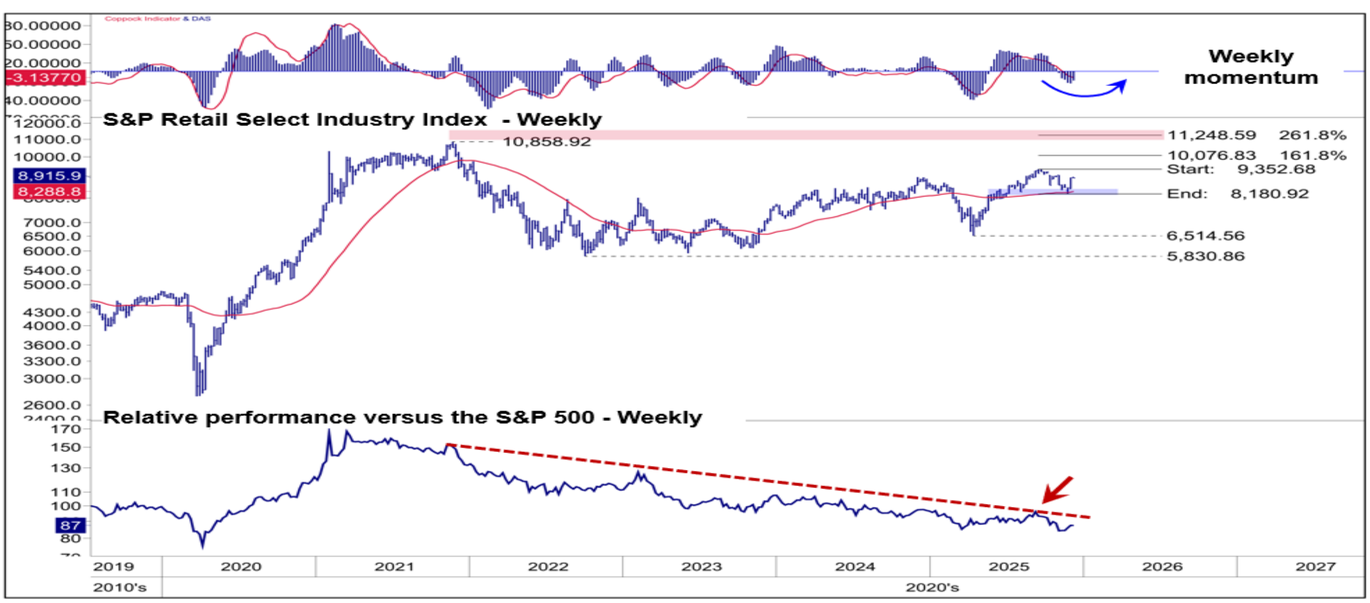
US 10-year yield Intermediate term – While financial headlines continue to focus on the prospect of an interest rate cut in December, we are focused on the behavior of the US 10-year yield, which is showing very early signs of decelerating and potentially bottoming near 4% just above a key yield support band at 3.6-3.8%. Weekly momentum, bottom panel, is moderately oversold and beginning to bottom suggesting the US 10-year yield could start to rise in the coming months, which in turn is a potential headwind for equities.

Source: RBC Wealth Management, Bloomberg, Optuma

US 10-year yield Short term – The 2025 downtrend remains intact but the recent pullback has bounced from support near a 3.8-3.9% band. In addition, daily RSI momentum in the bottom panel is positively diverging with a series of higher lows which is consistent with the weekly momentum lows developing on the weekly chart featured above. What would signal a trend reversal? We would judge a move above 4.2% as a sign that the 2025 downtrend is reversing with equity markets expected to weaken.

Source: RBC Wealth Management, Bloomberg, Optuma

The **S&P Retail Select Industry Index** is rallying from support near its rising red 40-week moving average and is an example of the growing list of stocks that are bottoming following pullbacks in Q3 into Q4 discussed on page 1. Although the long-term relative performance trend in the bottom panel remains negative with no evidence of reversing, we are featuring the retail group as an area that contrarian investors may want to consider and to illustrate that despite concerns the consumer is struggling, consumer-related equities are actually improving from oversold levels.



Source: RBC Wealth Management, Bloomberg, Optuma

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