



Market Maps

June 2018

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RBC Capital Markets, LLC / Portfolio Advisory Group

All values in U.S. dollars and priced as of June 1, 2018, unless otherwise noted

For Disclosures, see slide 14



**Wealth
Management**

DJIA with 4-month and 13-month moving averages

\$INDU Dow Jones Industrial Average INDEX
1-Jun-2018

Bullish trend indicated when 4 mo. crosses above 13 mo.

Bearish trend indicated when 4 mo. crosses below 13 mo.

4-month moving average ———

13-month moving average ———

The trading range market of 2018 has caused the 4-month moving average to flatten out, but it remains well above the longer-term 14-month average line, and is still indicating an overall bull market. Further consolidation by the Industrials could see the averages move closer to each other, which has been a common occurrence in the past, and would not necessarily mean that the trend was changing. The overall pattern suggests that the bull market is intact and will likely resume after a few more months of range-bound trading.

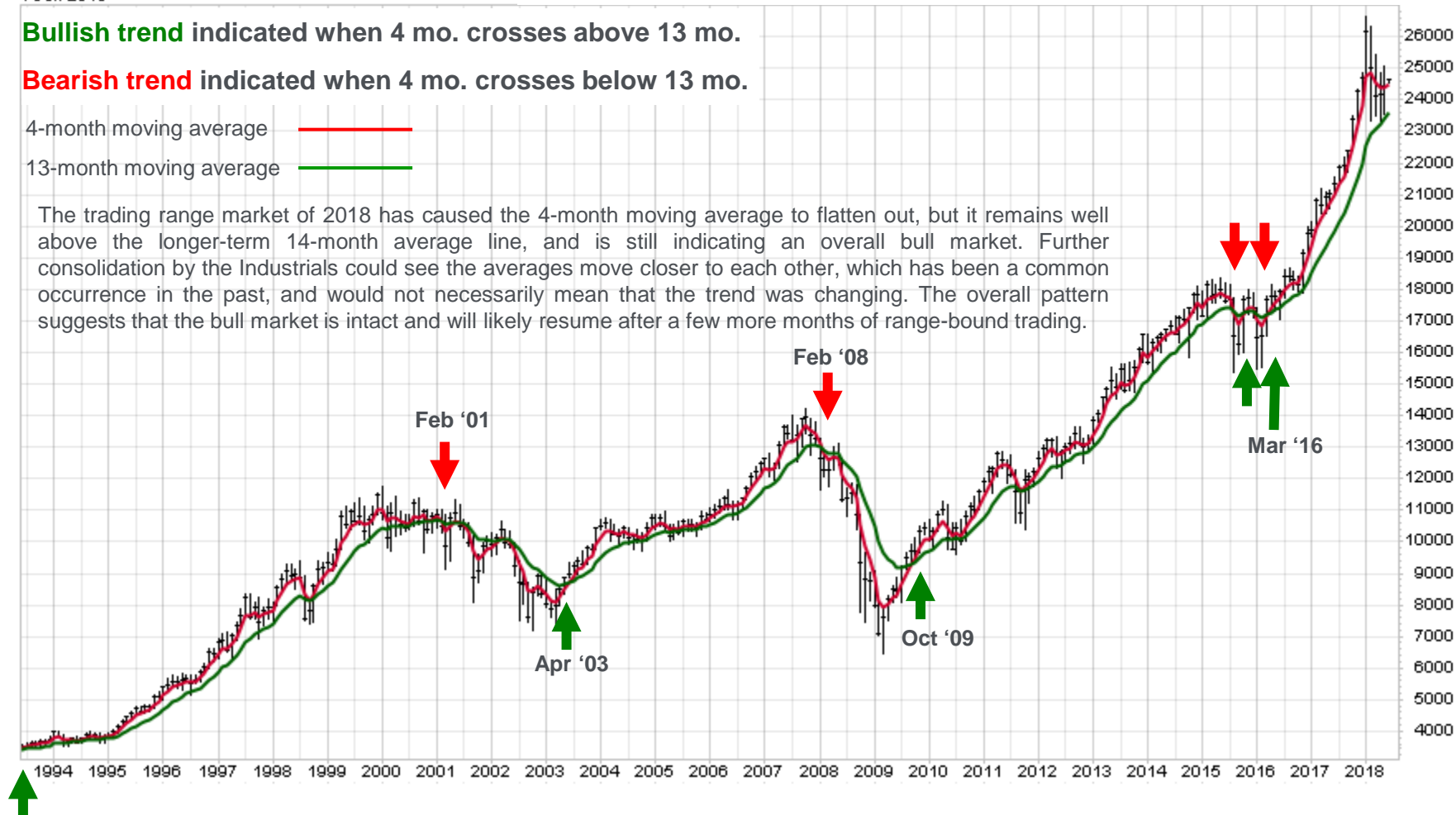


Chart courtesy of StockCharts.com and RBC Wealth Management

Long-term market cycles 1925–2018

\$SPX S&P 500 Large Cap Index INDX
1-Jun-2018

The S&P continues to move in what appears to be the early stages of a long-term secular bull market that we believe could still have 10–15 years of further upside potential. These long-term rising periods often have many corrections along the way to provide shorter-term general entry points. These long-term secular bull markets tend to advance until the economic, business cycle, and investor sentiment reach higher levels of overall confidence and optimism that continues to be mostly lukewarm currently.

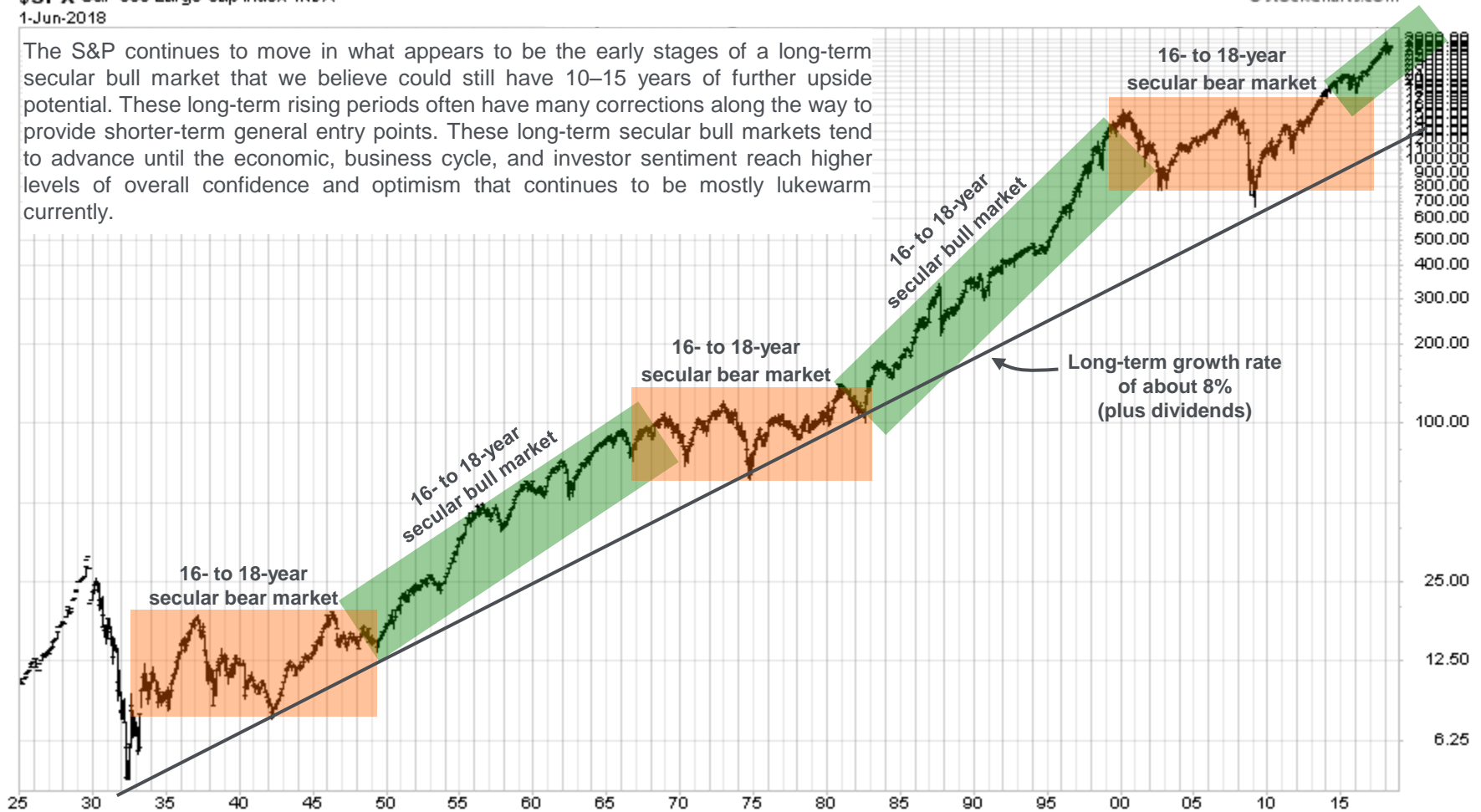


Chart courtesy of StockCharts.com and RBC Wealth Management; past performance does not guarantee future results

Short-term market: S&P 500 – 10 years

\$SPX S&P 500 Large Cap Index: INDXX
1-Jun-2018

The S&P has been in a consolidating trading range during 2018, which is a normal pattern after years of strong growth. The daily volatility is higher this year, but the current short-term trend is currently neutral. The possibility of some additional pullback risk would be normal for this year in a somewhat similar pattern to what we have seen during other consolidations within the overall uptrend. We suspect that a neutral range could hold the major averages for the next year or so while the fundamental valuations catch up to the higher stock prices.



Chart courtesy of StockCharts.com and RBC Wealth Management

Investor sentiment – 30 years



Chart courtesy of StockCharts.com and RBC Wealth Management

TSX Composite – 20 years

\$TSX TSX Composite Index TSE
1-Jun-2018

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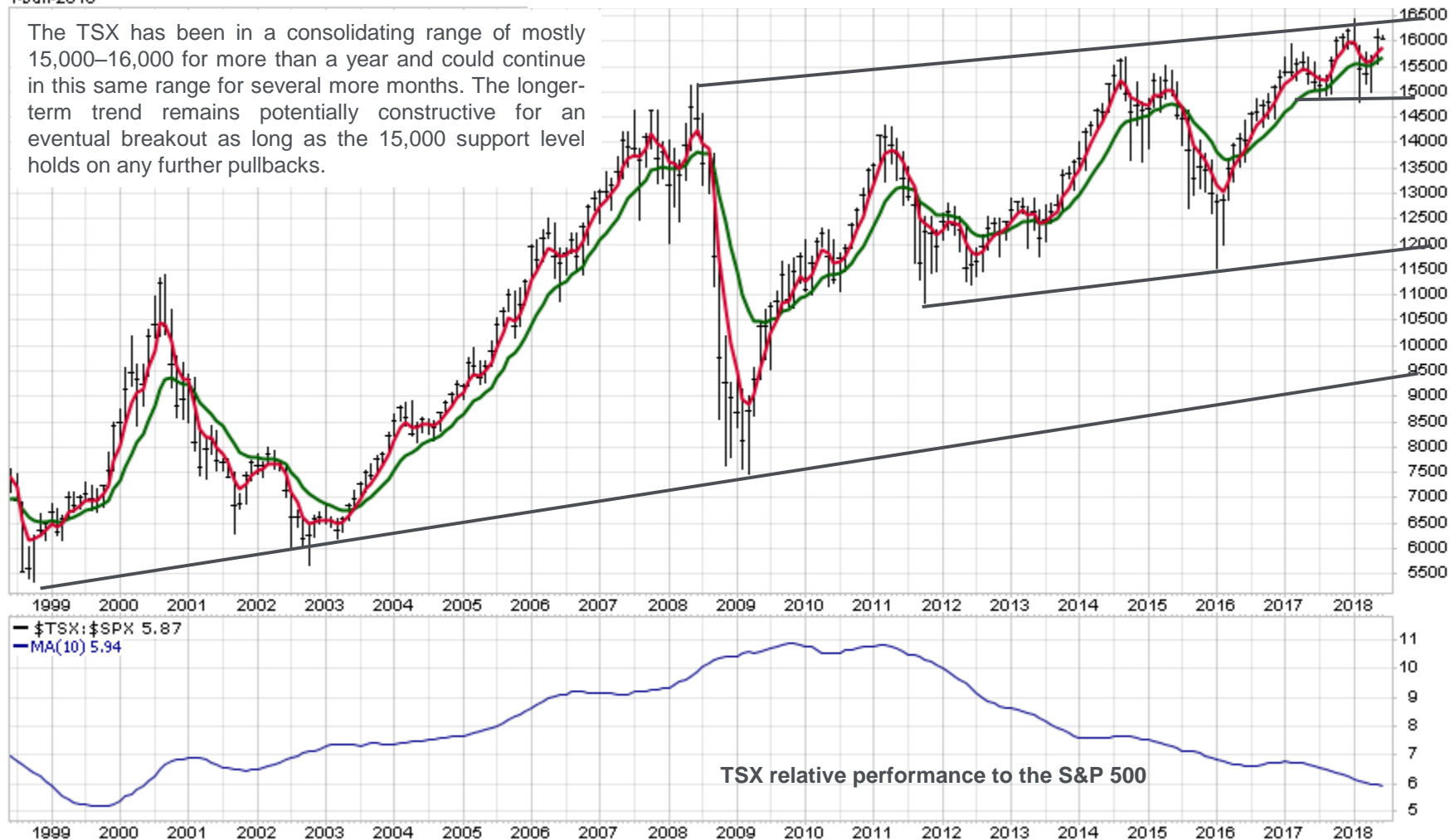


Chart courtesy of StockCharts.com and RBC Wealth Management

Currencies – 15-year trends

\$USD US Dollar Index

1-Jun-2018

↑↓ \$USD (Monthly) 94.17

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\$CAD Canadian Dollar - Continuous Cont

1-Jun-2018

↑↓ \$CAD (Monthly) 0.77

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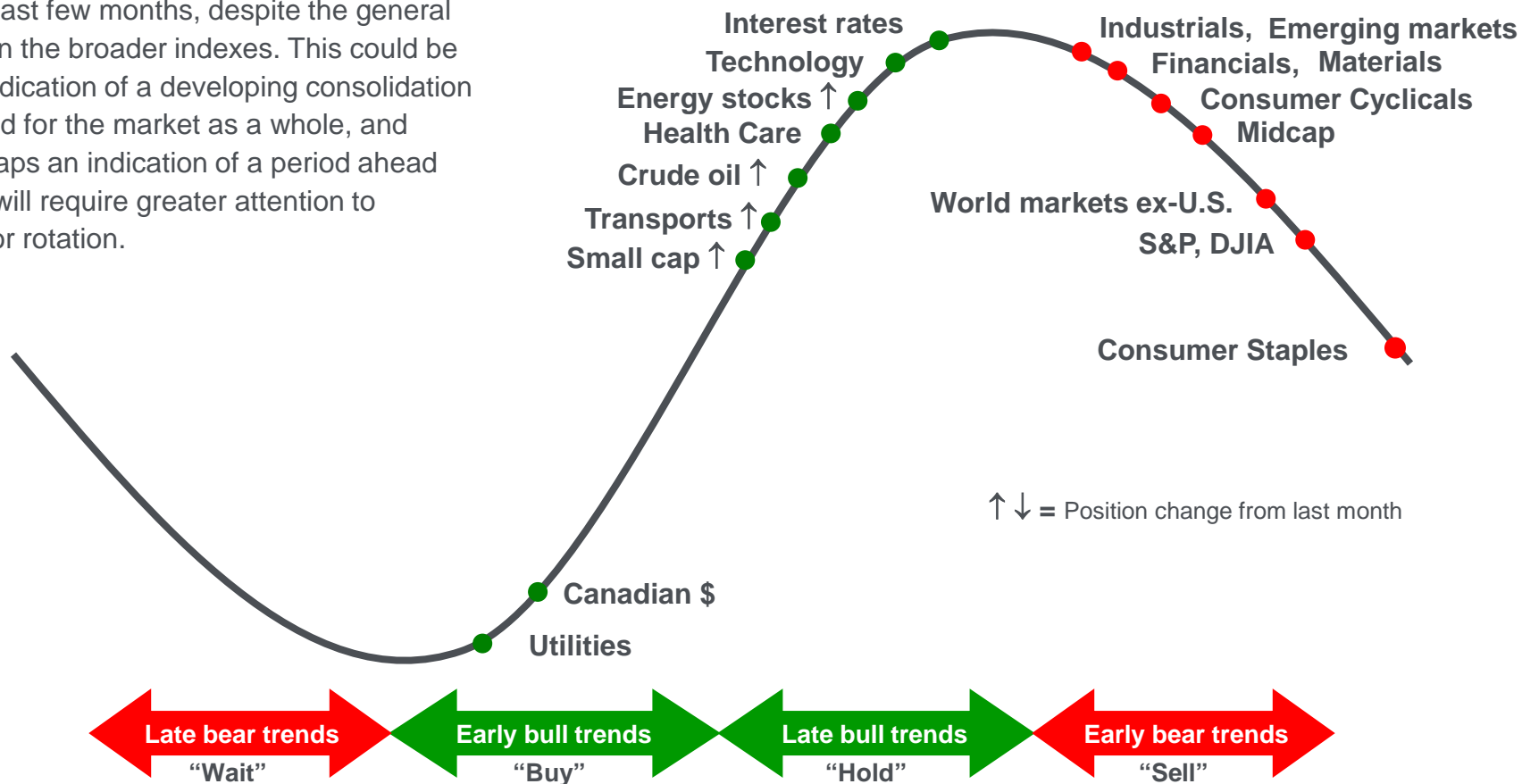


Charts courtesy of StockCharts.com and RBC Wealth Management

S&P sectors & market indices cycle positions

Relative positioning of major sectors within their individual cycles

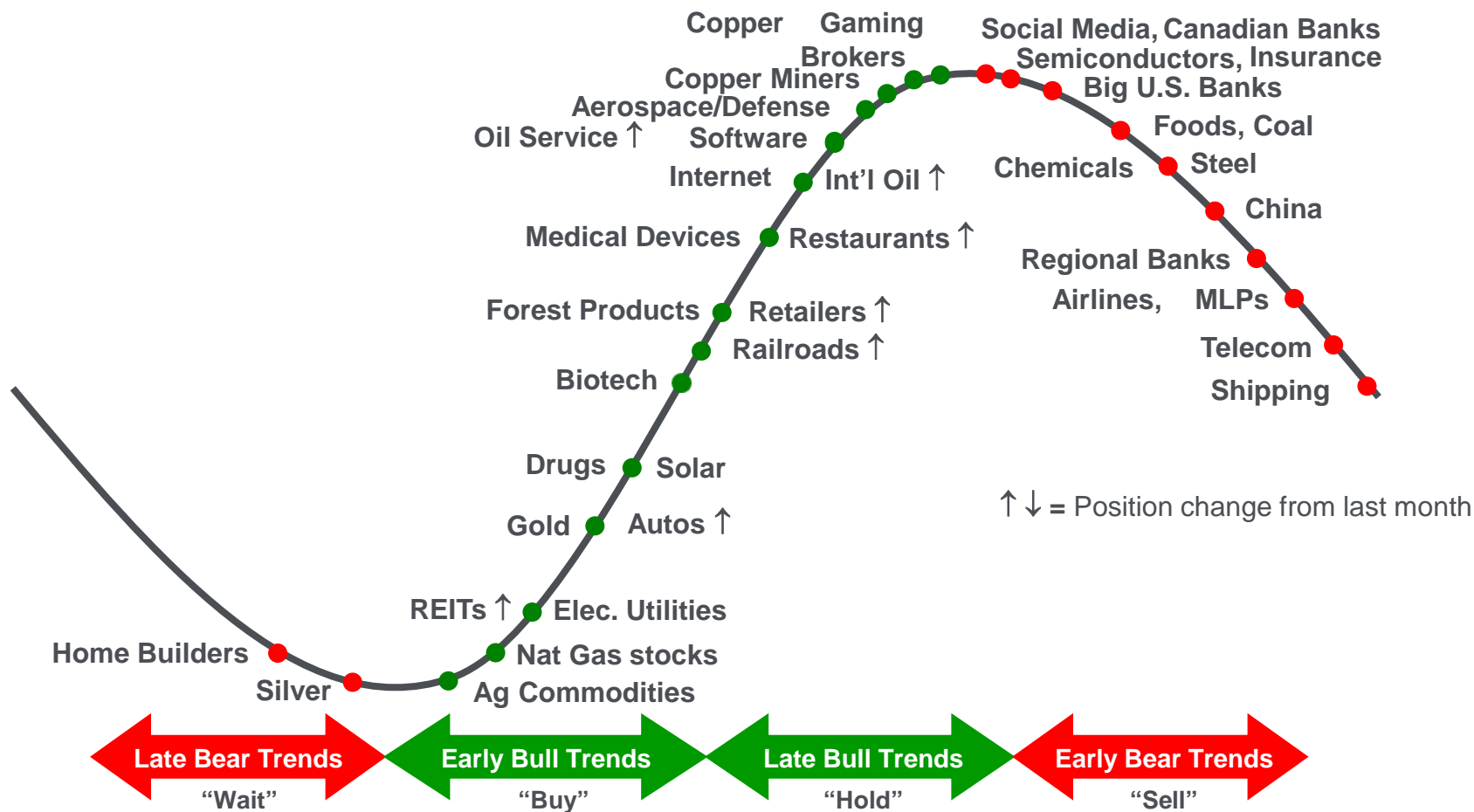
The stock sectors have become much more diverse in their performance over the past few months, despite the general rise in the broader indexes. This could be an indication of a developing consolidation period for the market as a whole, and perhaps an indication of a period ahead that will require greater attention to sector rotation.



Source - RBC Wealth Management

Select groups cycle positions

Our relative positioning of groups of interest within their individual bull and bear cycles



Source - RBC Wealth Management

Gold – 10 years

\$GOLD Gold - Continuous Contract (EOD) CME

1-Jun-2018

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Chart courtesy of StockCharts.com and RBC Wealth Management

Oil – Eight years



Chart courtesy of StockCharts.com and RBC Wealth Management

Stocks vs. commodities – 60 years



Chart courtesy of StockCharts.com and RBC Wealth Management

10-year Treasury bond yield for 140 years

The yield on the 10-year Treasury bond has moved up to the resistance area around 3.0% where it could stall after the recent uptrend and possibly move back down to the support around 2.5%. It would be normal for the yield to go into a range for the next several months or more, which is how the long-term “bottoms” have developed during previous 50-year cycles. The breakout level on the upside for the long-term downward trend is 3.5%, which we do not expect to see for several years



Chart courtesy of MultPL.com and RBC Wealth Management

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