



Market Maps

July 2018

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RBC Capital Markets, LLC / Portfolio Advisory Group

All values in U.S. dollars and priced as of June 29, 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
29-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 trend lower, but it remains well above the longer-term 13-month average line, which continues to indicate 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, but does not necessarily mean that the overall trend is changing. Gyration in the moving averages are normal and common within the longer-term trends.

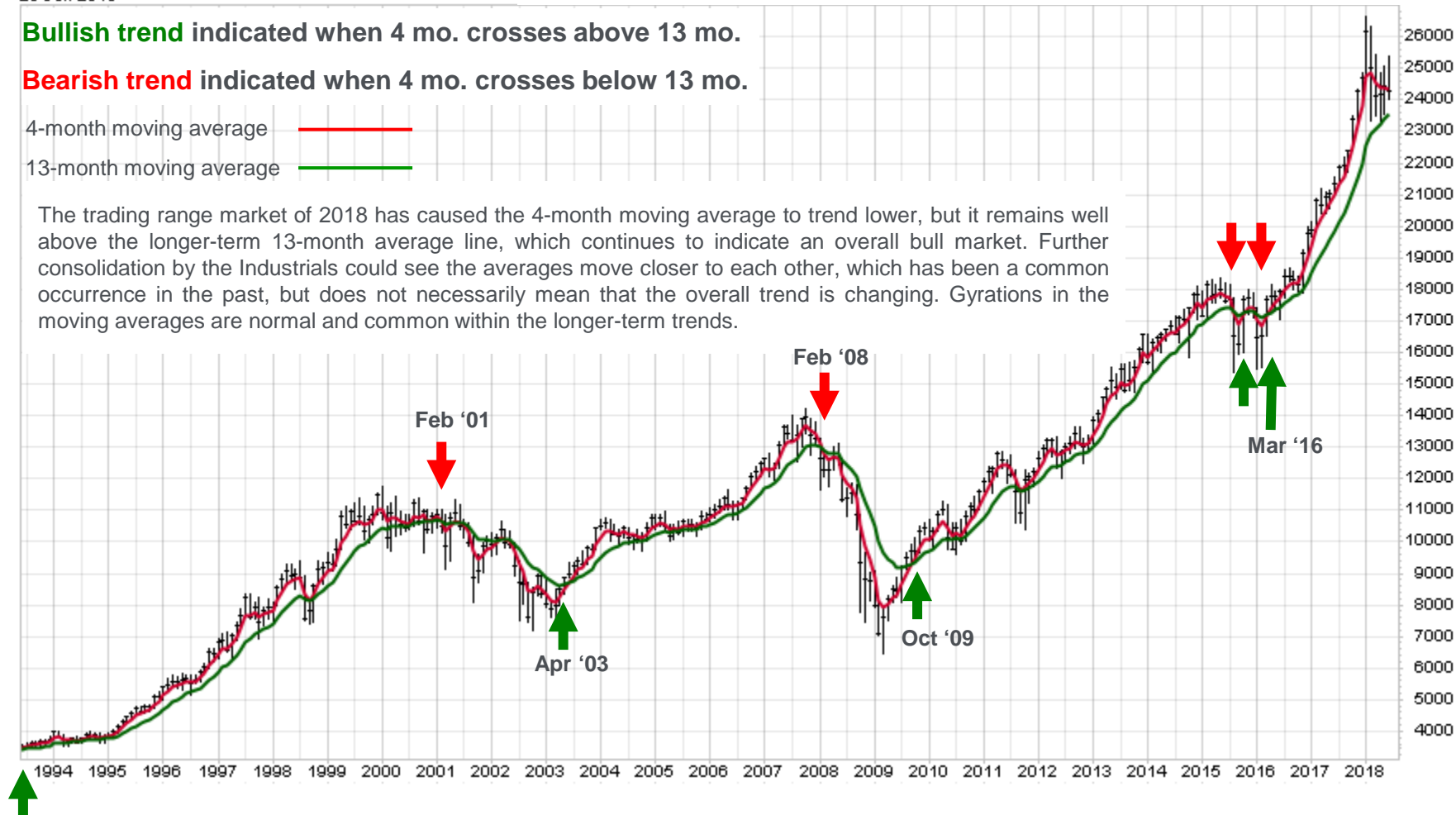


Chart courtesy of StockCharts.com and RBC Wealth Management

Long-term market cycles 1925–2018

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

The 90-year chart of the S&P reveals a cycle of growth and stagnation that each last 16-18 years for an overall cycle of around 34 years, which is about one generation. The rising periods tend to occur during periods of population growth when investment and spending are increasing, but through rising optimism create bubbles which then take many years to unwind. It appears that the cycle is still relatively early in a growth period that could trend higher for many more years before the sentiment becomes overwhelmingly bullish. A rising trend will likely continue to be choppy, but if the current secular bull market performs in-line with historical bull trends, the upside potential could be significant.

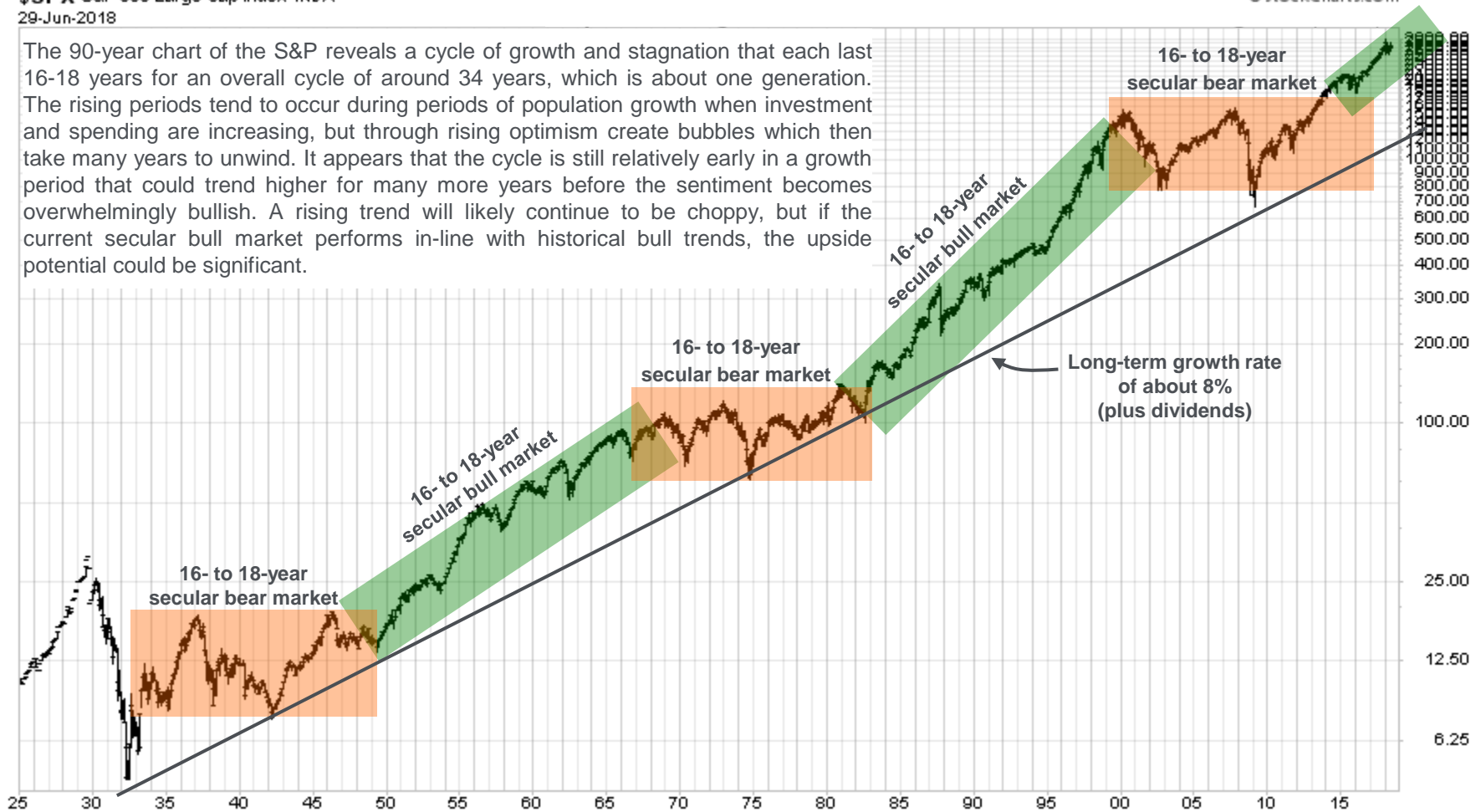


Chart courtesy of StockCharts.com and RBC Wealth Management; past performance does not guarantee future results

Short-term market: S&P 500 – 10 years

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

The bull market of the past ten years has been moving higher in a series of rallies and consolidations, each of which have been 2-3 years long. It appears that the S&P is entering another sideways consolidation period in 2018 after the strong move to the upside in the previous two years and this more neutral range could last another year or more. The lower end of the long-term channel may be touched again during the sideways range, as has happened during previous consolidation periods within the overall bullish trend.



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
29-Jun-2018

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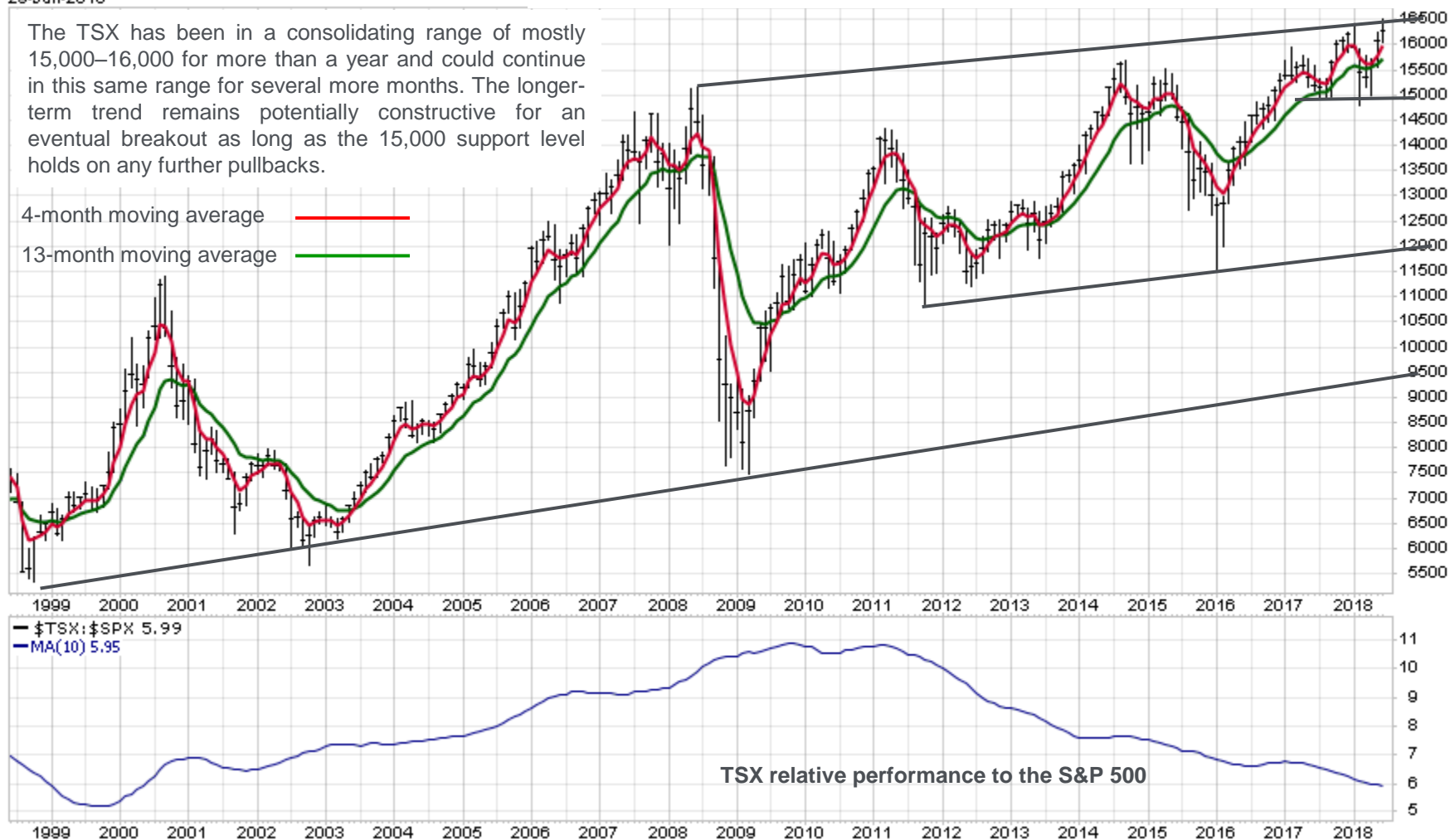


Chart courtesy of StockCharts.com and RBC Wealth Management

Currencies – 15-year trends

\$USD US Dollar Index

29-Jun-2018

↑↓ \$USD (Monthly) 94.35

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\$CAD Canadian Dollar - Continuous Cont

29-Jun-2018

↑↓ \$CAD (Monthly) 0.76

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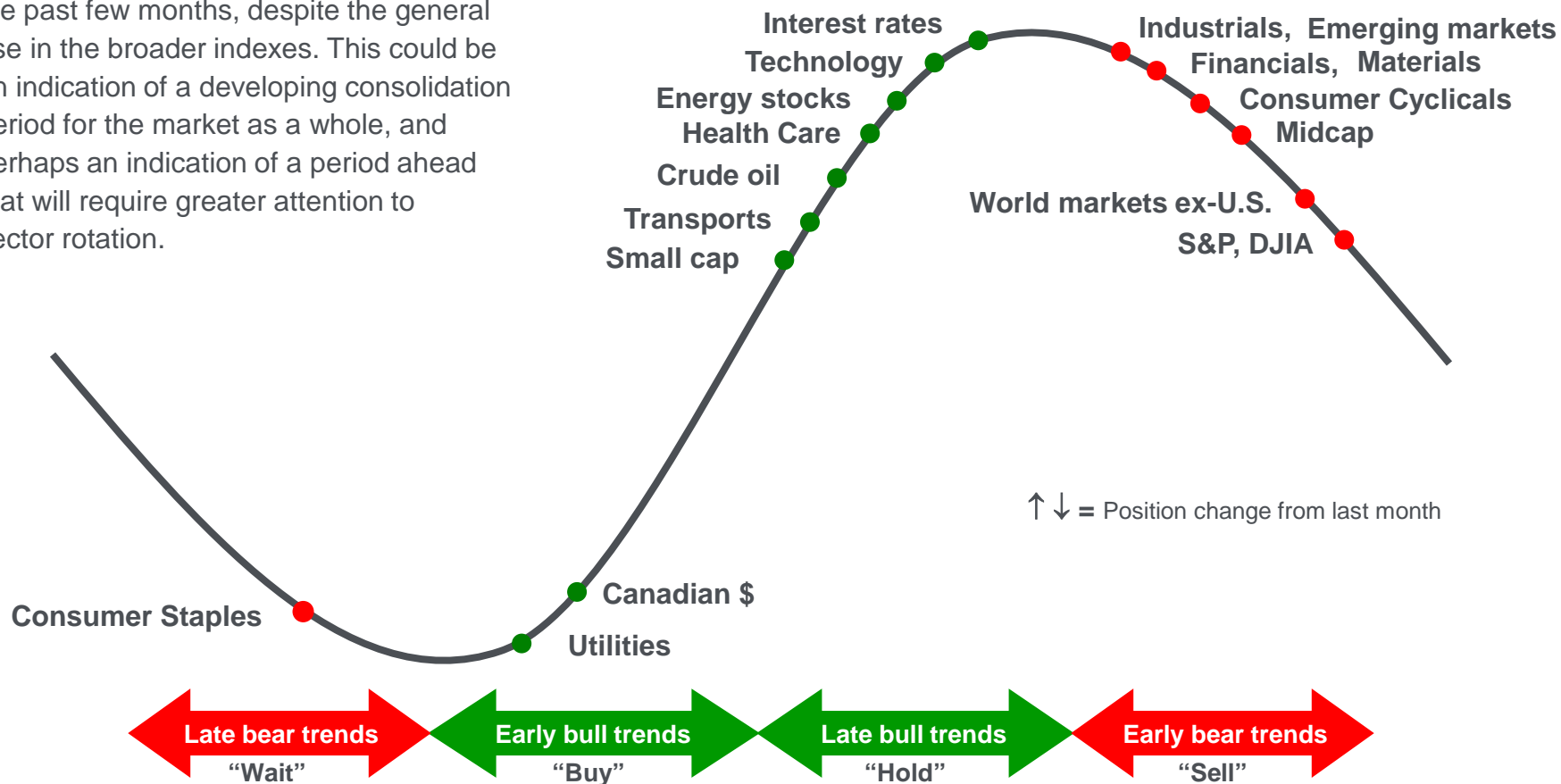


Charts courtesy of StockCharts.com and RBC Wealth Management

S&P sectors & market indices cycle positions

Relative positioning of major sectors within their individual cycles

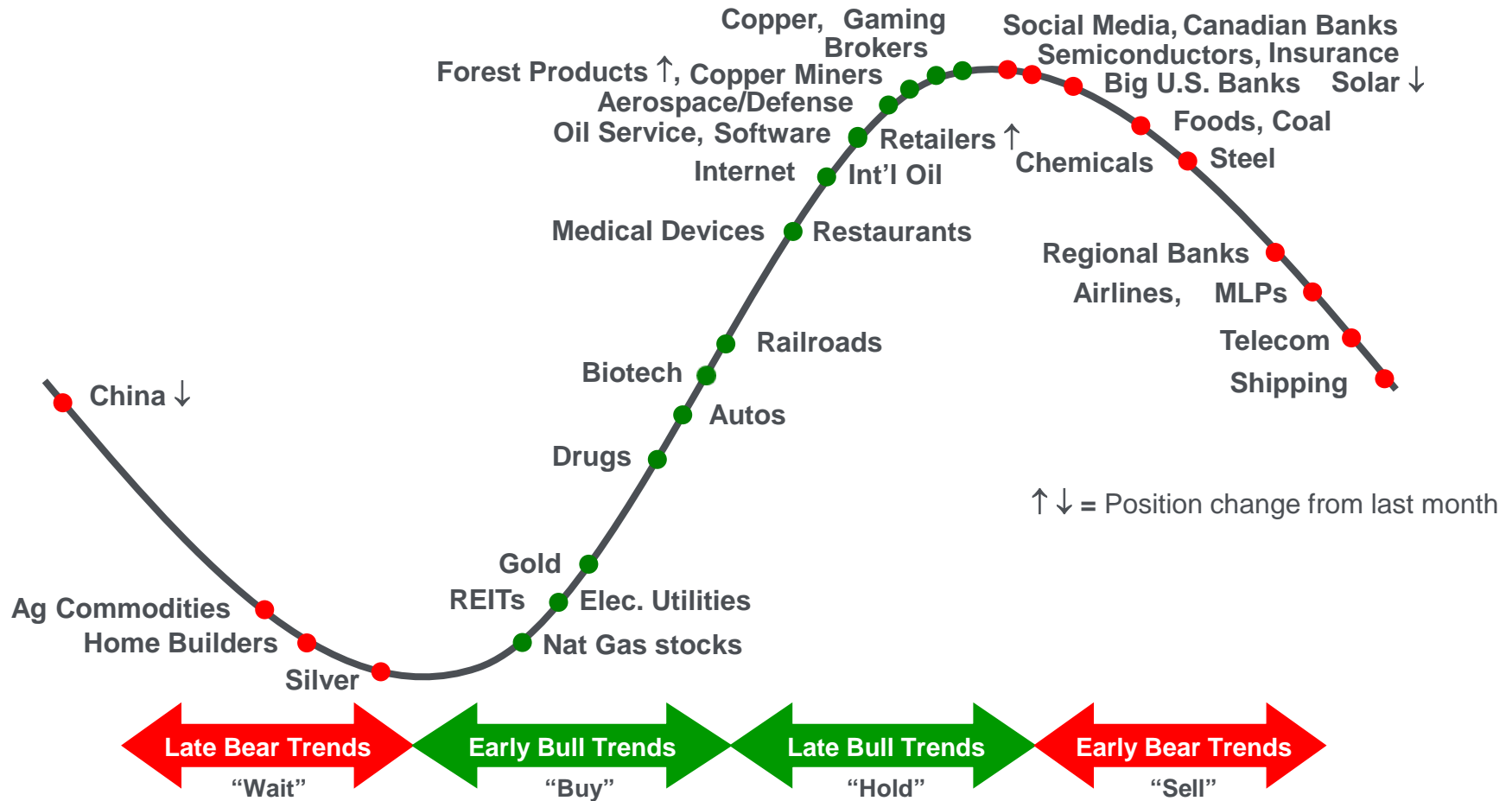
The stock sectors have become much more diverse in their performance over the past few months, despite the general rise in the broader indexes. This could be an indication of a developing consolidation period for the market as a whole, and perhaps an indication of a period ahead that will require greater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

29-Jun-2018

© StockCharts.com



Chart courtesy of StockCharts.com and RBC Wealth Management

Oil – Eight years

\$WTIC Light Crude Oil - (C)
29-Jun-2018

© StockCharts.com



Chart courtesy of StockCharts.com and RBC Wealth Management

Stocks vs. commodities – 60 years

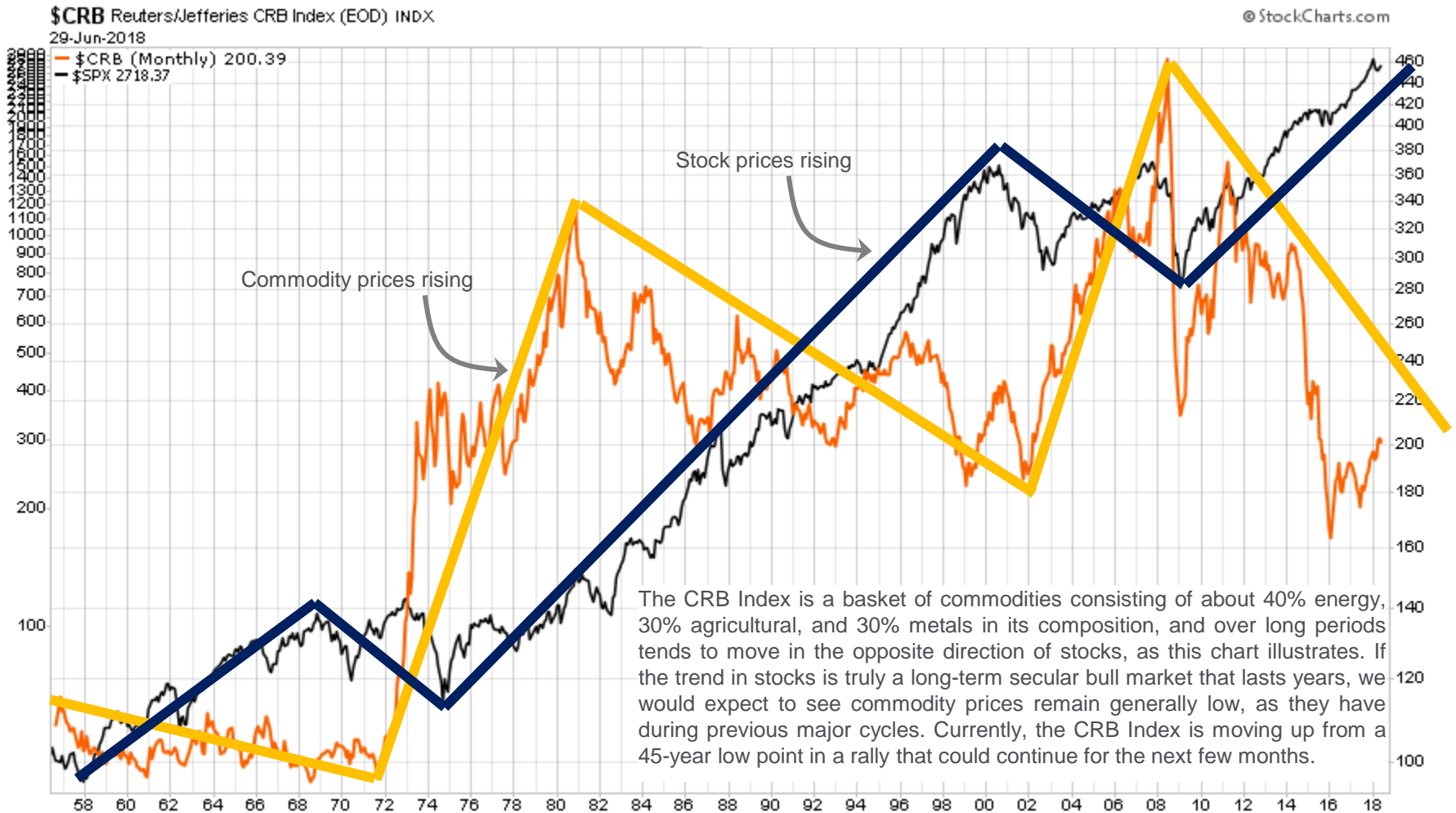


Chart courtesy of StockCharts.com and RBC Wealth Management

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%. We suspect that the yield could 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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