



# Market Maps

August 2019

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All values in U.S. dollars and priced as of August 2, 2019, unless otherwise noted

**For Disclosures, see slide 14**

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**Wealth  
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# DJIA with 4-month and 13-month moving averages

\$INDU Dow Jones Industrial Average INDEX  
2-Aug-2019

**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 4-month moving average remains above the 13-month moving average with both averages in steep slopes. This is a bullish configuration but is also extreme enough to be expecting a short-term peak, in our opinion. The indicator has been in a bullish condition for over three years since the last trading range whipsaw in 2015 and we believe another period like that is possible, but for now we think the long-term trend remains positive.

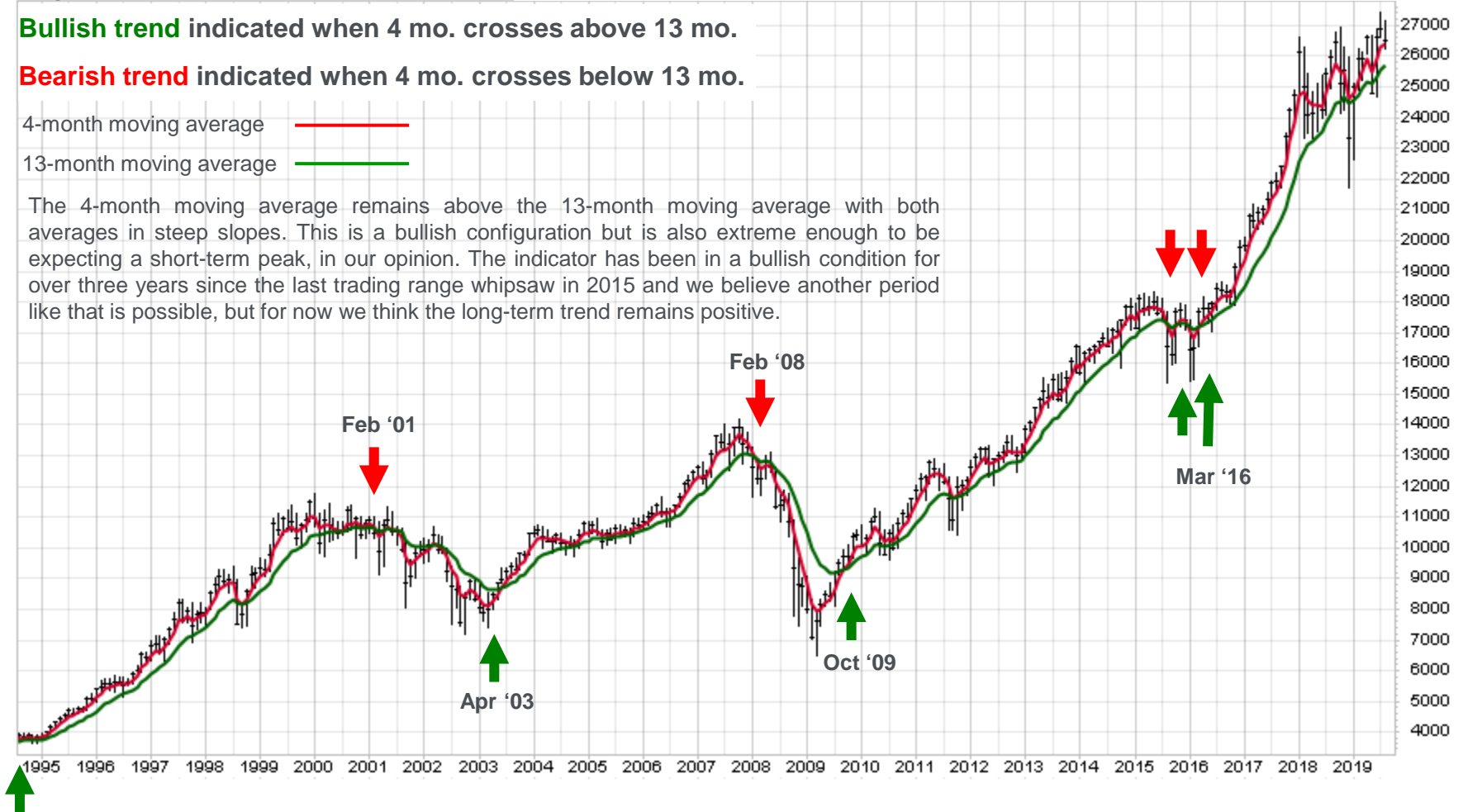


Chart courtesy of StockCharts.com and RBC Wealth Management; past performance does not guarantee future results.

# Long-term market cycles 1925–2019

\$SPX S&P 500 Large Cap Index INDX  
2-Aug-2019

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We believe the long-term secular bull market that began in 2009 is about at the halfway point of its cycle and could still have some significant upside potential over the next several years, but not in a straight line, of course. Secular bull trends may see corrections in excess of 20% and can also have economic contractions of a more modest variety. Investor optimism can be a good indicator of when a top may be occurring, but at this time remain far below the euphoric levels of sentiment that were prevalent at previous secular bull market tops. The difficulty of seeing where we are in the cycle comes from the very long times these trends are in place as the complete bull-bear cycle is about one generation long in time.

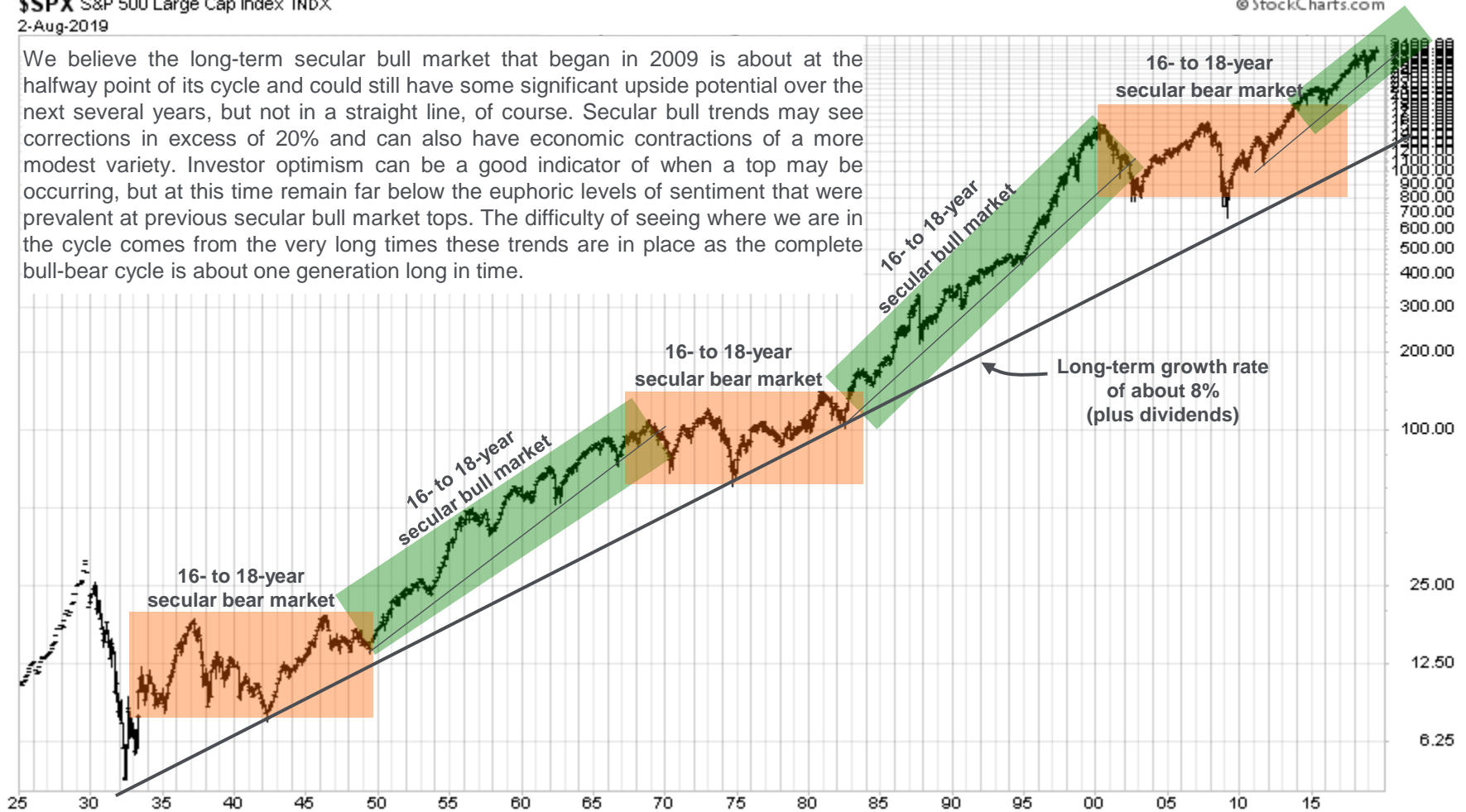


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# Short-term market: S&P 500 – 11 years

\$SPX S&P 500 Large Cap Index INDX

2-Aug-2019

↑↓ \$SPX (Weekly) 2932.05

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The bull market of the past 10 years has had an underlying pattern of rallying for a year or two and then consolidating for a similar time period, which tends to coincide with the earnings growth pattern for the period. The most recent slowdown in earnings growth is reflected in the range the index has been trading in for more than a year, but the longer 10-year bull trend remains intact. A move to the higher end of the rising price channel could develop again when earnings expectations start to improve again from their currently softer levels.

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

# Investor sentiment – 30 years

**IAAIBULL** A, All Bulls INDX  
2-Aug-2019

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The American Association of Individual Investors is an organization that polls its members weekly on whether they believe the market will be up, down, or unchanged, six months in the future. This is a graph showing the percentage of the members who gave a bullish response, measured with a 50-week moving average in red plotted against the S&P 500 in black. These surveys began in 1988.



The level of bullish investor sentiment is trending lower even after the strength in the markets this year. Low sentiment readings imply that the correction risk may be limited, as major declines most often follow periods of higher bullish sentiment. These relatively low bullish readings have been common during the bull market of the past 10 years and may be inferring the bull market still has more long-term upside potential ahead.

Chart courtesy of StockCharts.com and RBC Wealth Management

# TSX Composite – 11 years

\$TSX TSX Composite Index TSE

2-Aug-2019

© StockCharts.com

↑↓ \$TSX (Weekly) 16271.66



Chart courtesy of StockCharts.com and RBC Wealth Management

# Currencies – 5-year trends

**\$USD** US Dollar Index

2-Aug-2019

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**\$CAD** Canadian Dollar - Continuous Cont

2-Aug-2019

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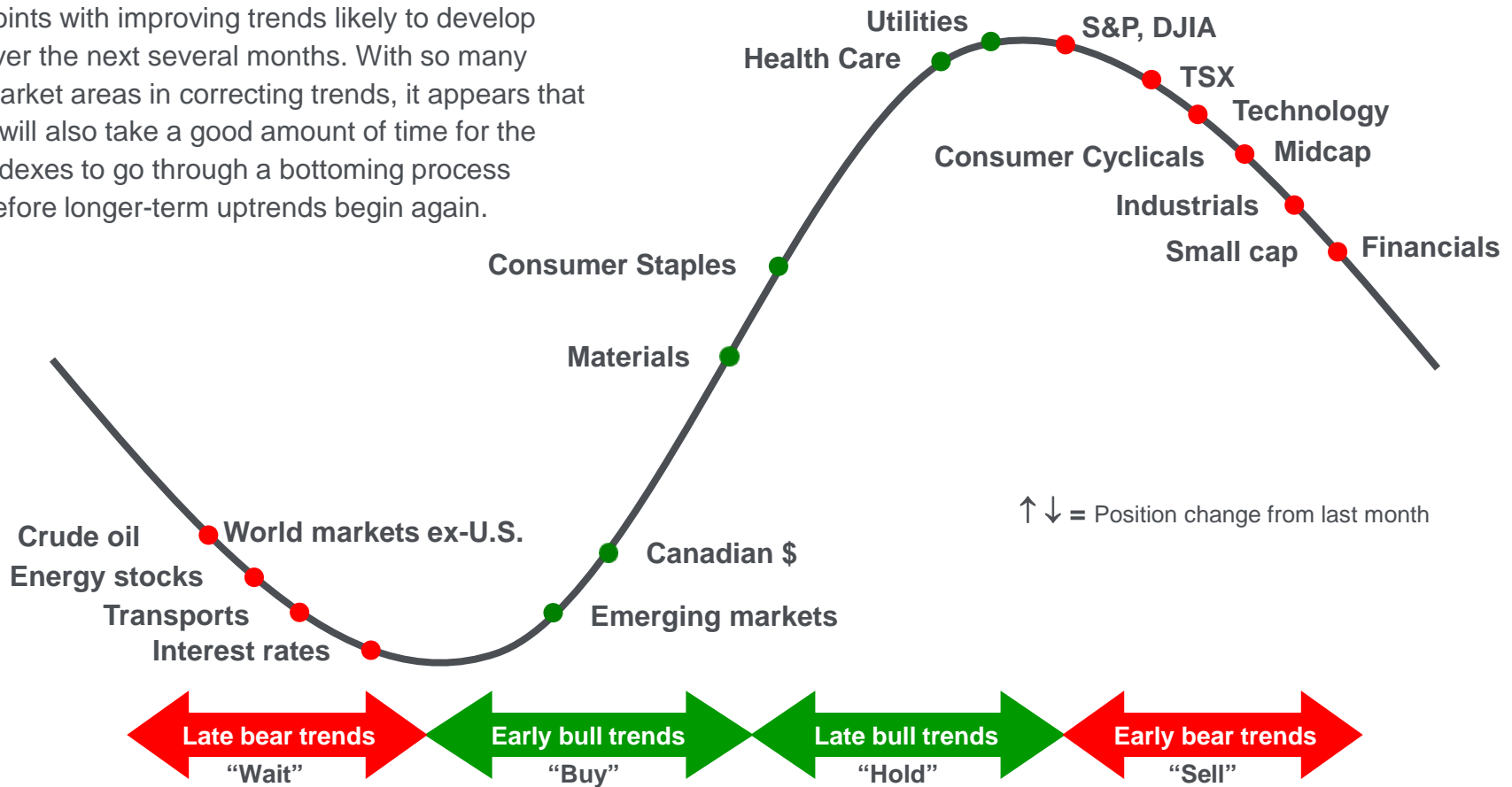


Charts courtesy of StockCharts.com and RBC Wealth Management

# S&P sectors & market indexes cycle positions

## Relative positioning of major sectors within their individual cycles

Most market sectors are in correcting trends of some sort, with some nearing potential bottoming points with improving trends likely to develop over the next several months. With so many market areas in correcting trends, it appears that it will also take a good amount of time for the indexes to go through a bottoming process before longer-term uptrends begin again.

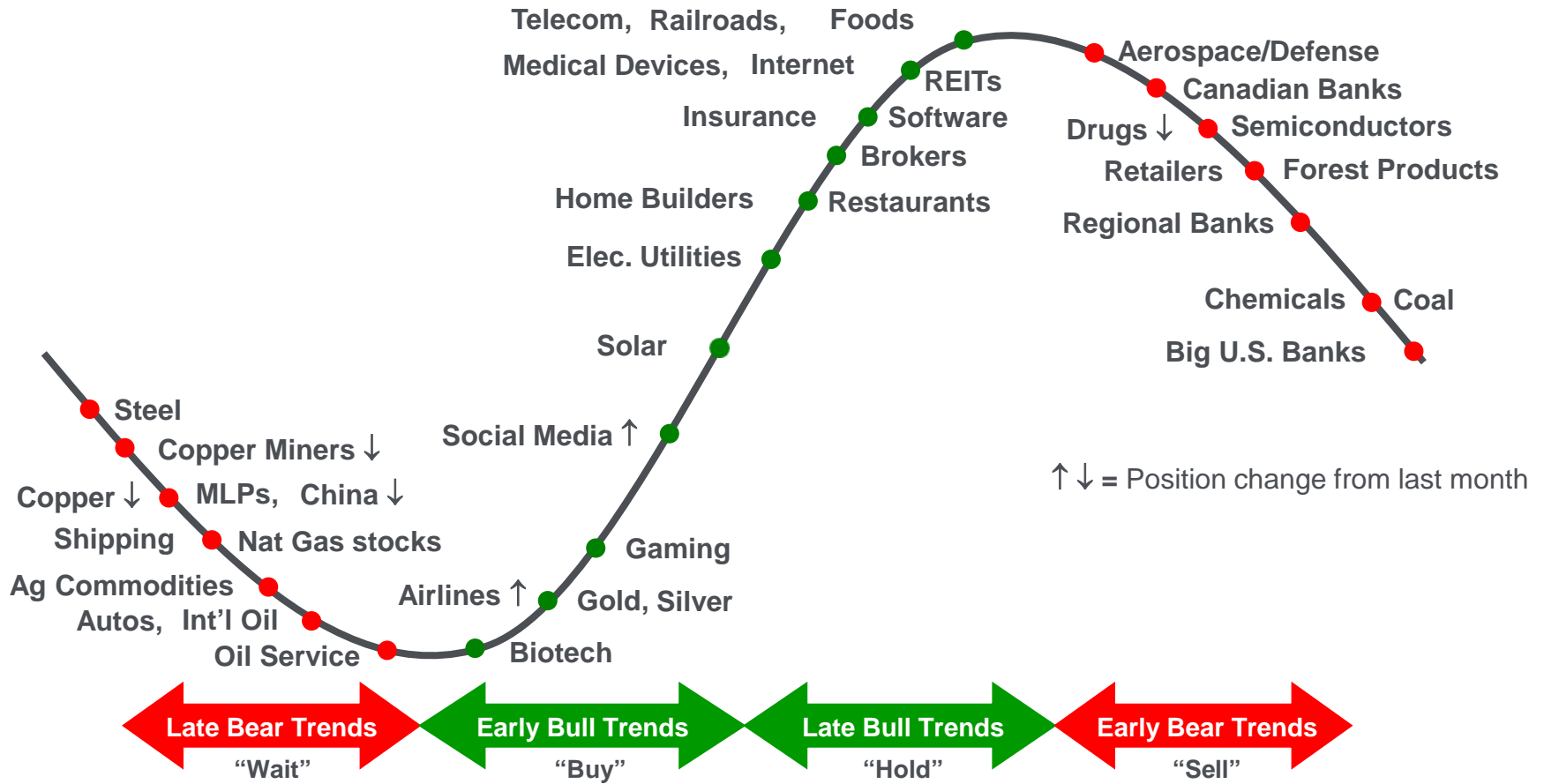


Source - RBC Wealth Management



# Select groups cycle positions

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



Source - RBC Wealth Management

# Gold – 11 years

\$GOLD Gold - Continuous Contract (EOD) CME

2-Aug-2019

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# Oil – Nine years

\$WTIC Light Crude Oil ·  
2-Aug-2019

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# Stocks vs. commodities – 60 years

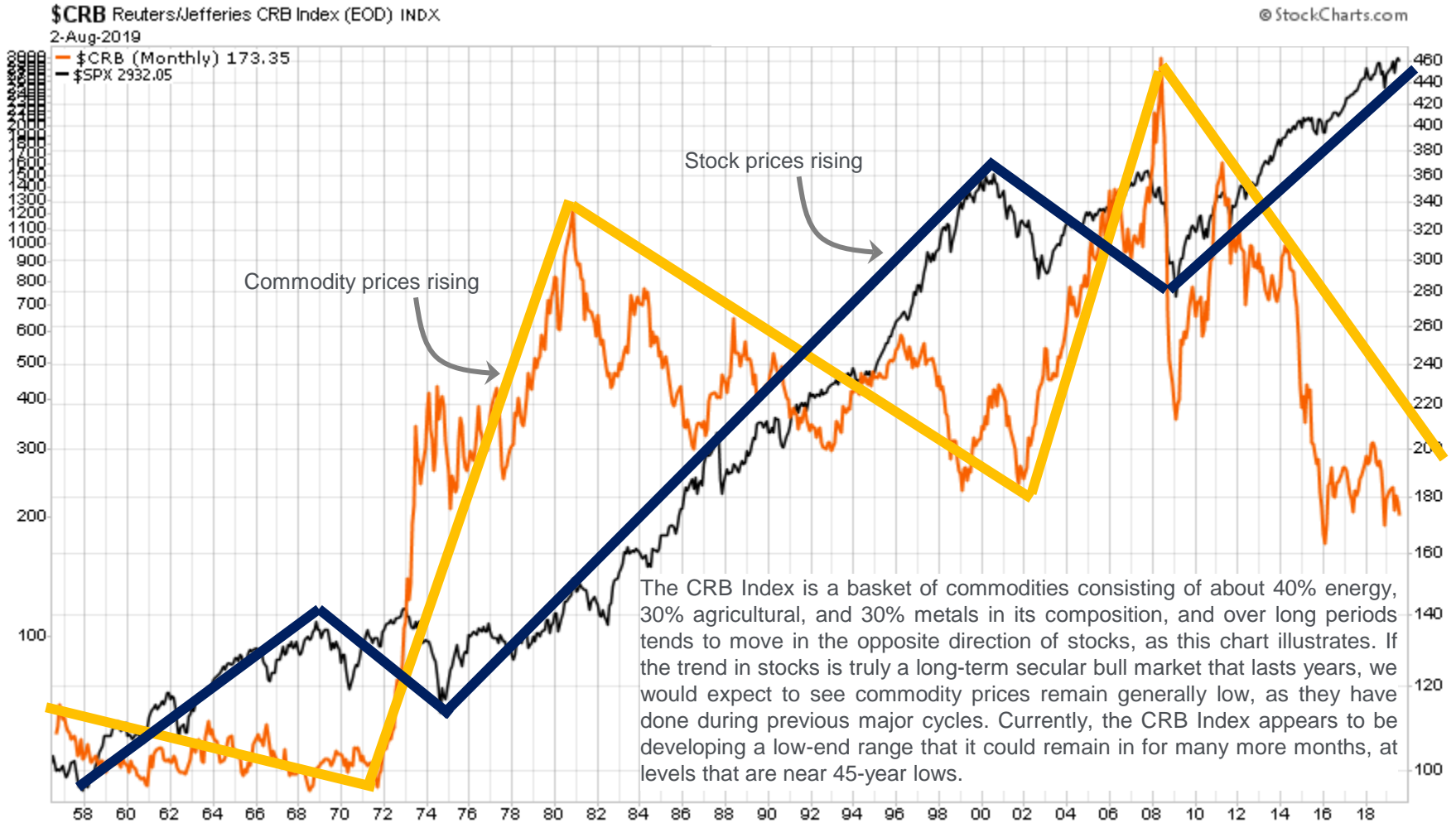


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# 10-year Treasury Note Yield for 140 years

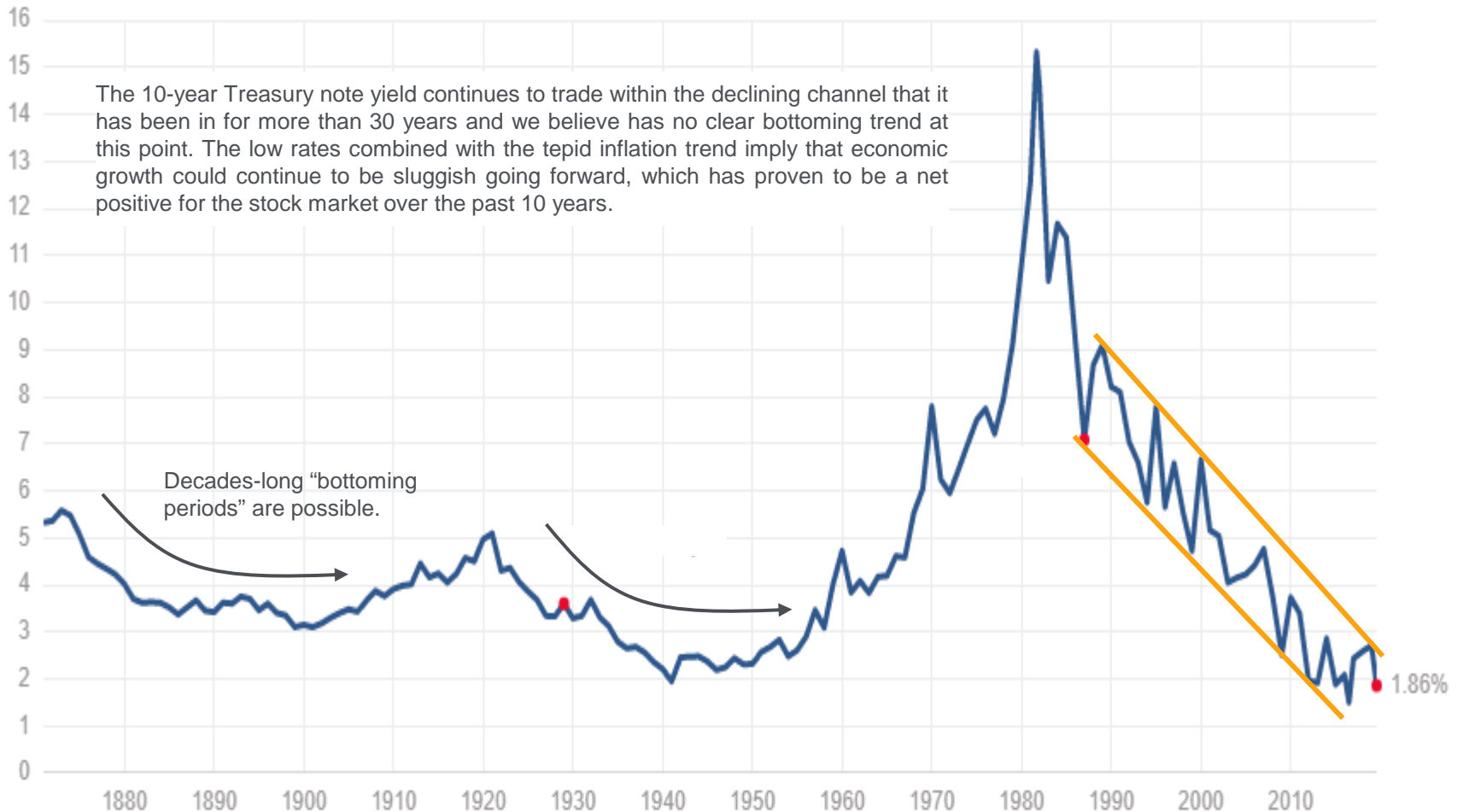


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