Market Maps

October 2020

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RBC Capital Markets, LLC / Portfolio Advisory Group

All values in U.S. dollars and priced as of September 30, 2020, unless otherwise noted

For Disclosures, see slide 14

RBC Wealth Management

Short-term market: S&P 500 – 12 years

The S&P has moved up to new highs within the overall bull market of the past 12 years. Some consolidation in the form of a range is quite possible after the strength of the past five months, with support now at the middle trendline on the chart near the 3000 level. The S&P may be extended for the near term but the long-term uptrend remains intact and with the continued high degree of bearish sentiment, we see pullbacks as being limited to the middle trendline on the chart as we have seen frequently during the bull market.

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

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Long-term market cycles 1925–2020

The secular bull market remains intact despite the pullback this year. The typical cycle-count for a long-term bull market suggests to us there could be several more years of upside potential ahead. These long-term uptrends tend to carry until the economic and earnings reasons for the advance are very apparent, but those can be hard to see when they are emerging from an economic low point. The end years of a secular bull market can also coincide with the growth of a new industry as we saw in the late 1990s and that may be developing again, although we think this is not obvious or apparent at this time.

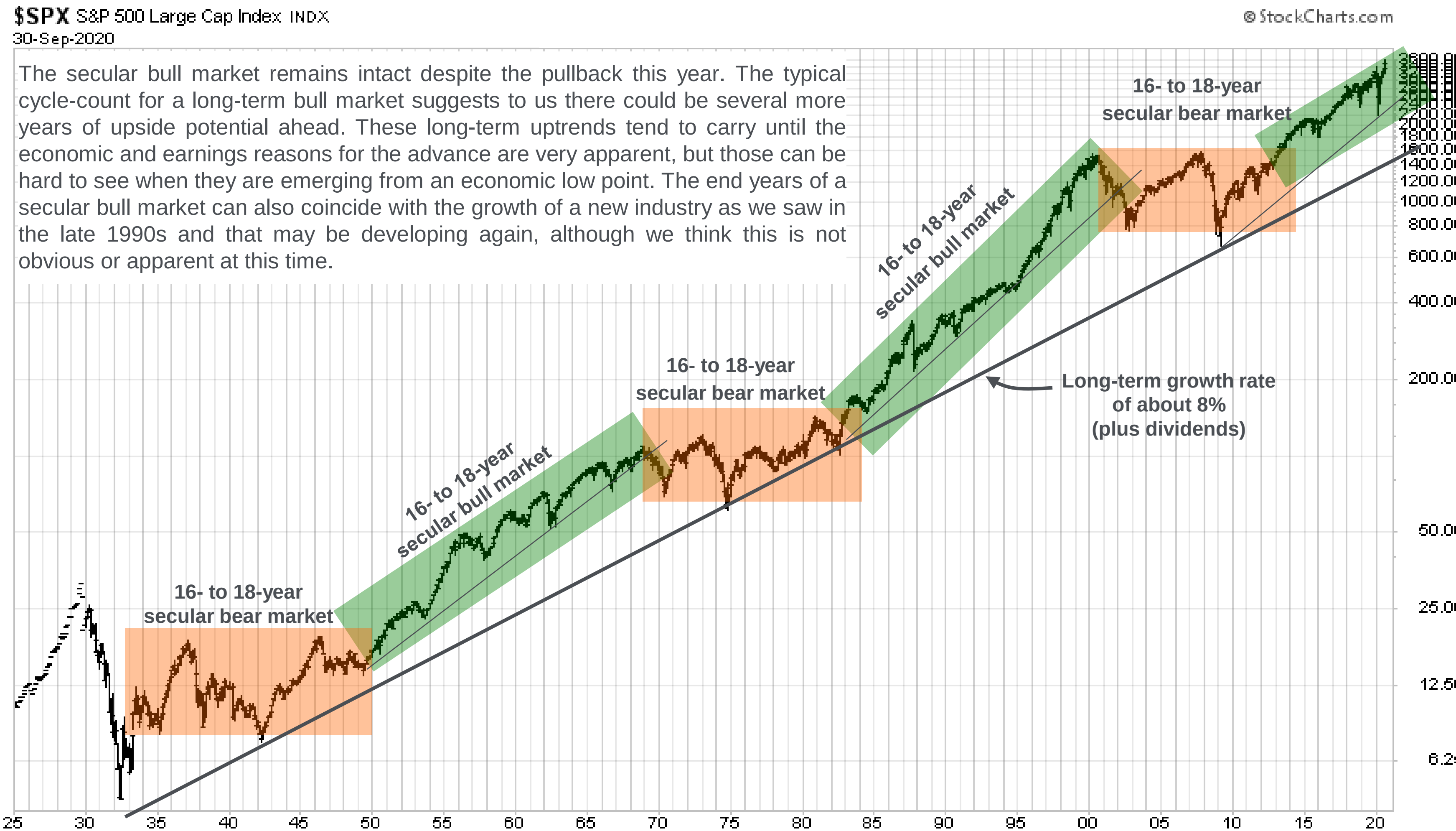

Chart courtesy of StockCharts.com and RBC Wealth Management; **Past performance does not guarantee future results.**

DJIA with 4-month and 13-month moving averages

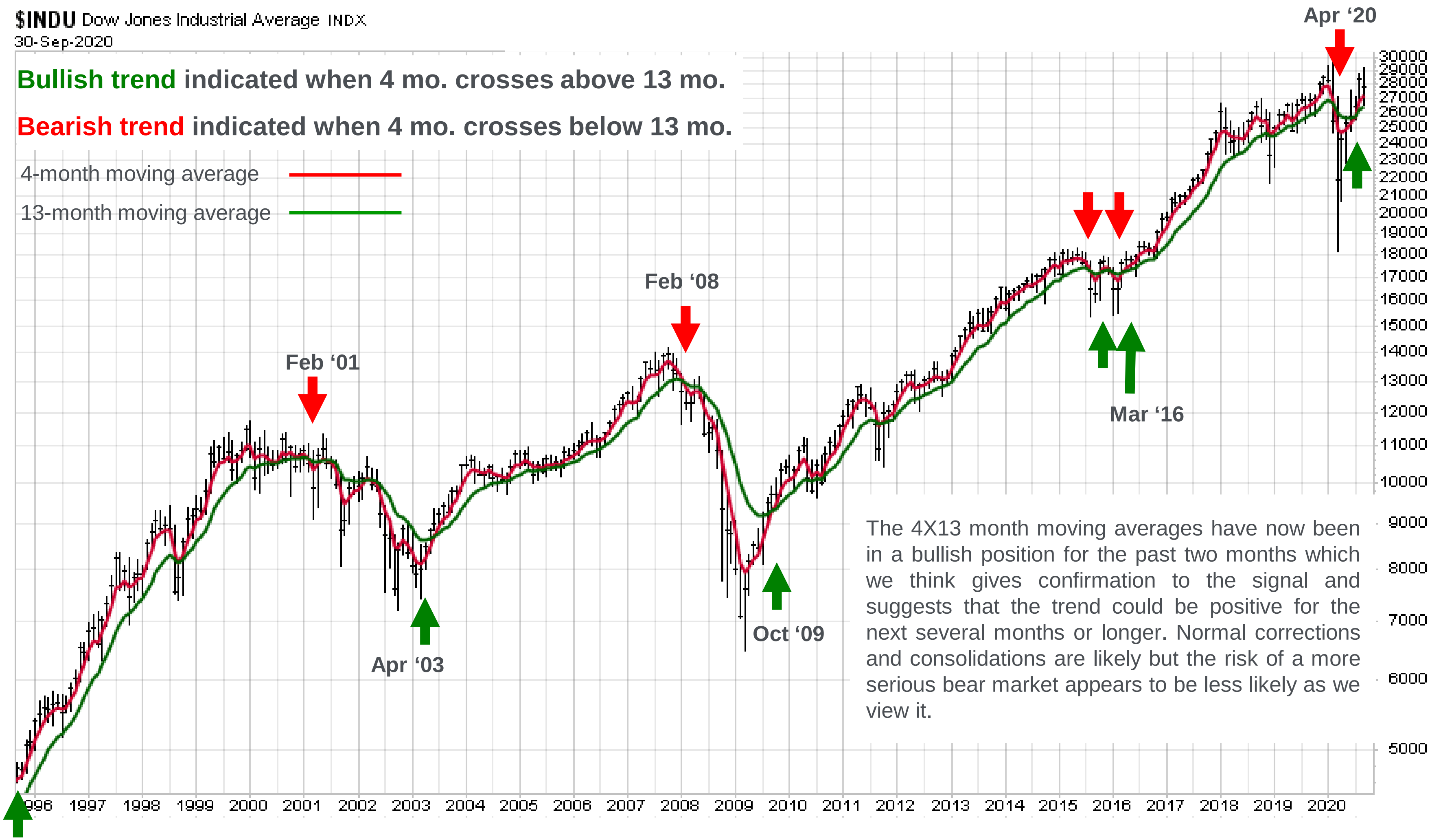

Chart courtesy of StockCharts.com and RBC Wealth Management; **Past performance does not guarantee future results.**

Investor sentiment – 30 years

Chart courtesy of StockCharts.com and RBC Wealth Management

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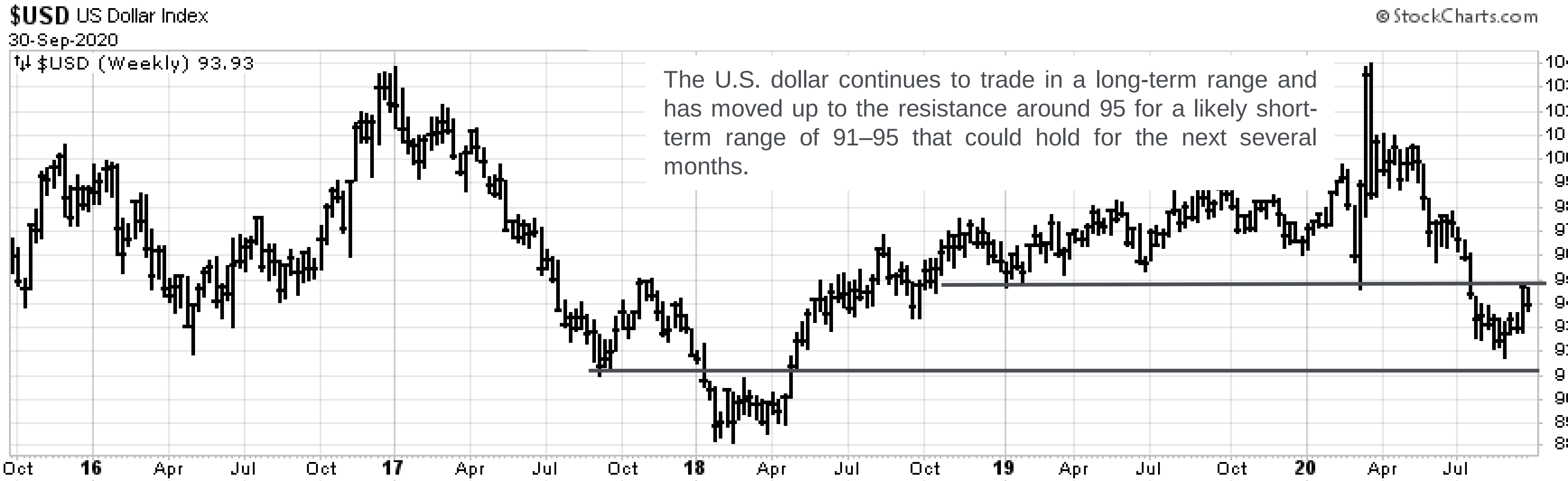
TSX Composite – 12 years

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

Currencies – 5-year trends



The U.S. dollar continues to trade in a long-term range and has moved up to the resistance around 95 for a likely short-term range of 91–95 that could hold for the next several months.

The Canadian dollar meets heavy resistance in the 0.76–0.77 area with support now around 0.74 for a range that could hold for several months. Note that the $CAD is at the same level it has seen each year over the past five years in the ongoing long-term range.

Charts courtesy of StockCharts.com and RBC Wealth Management

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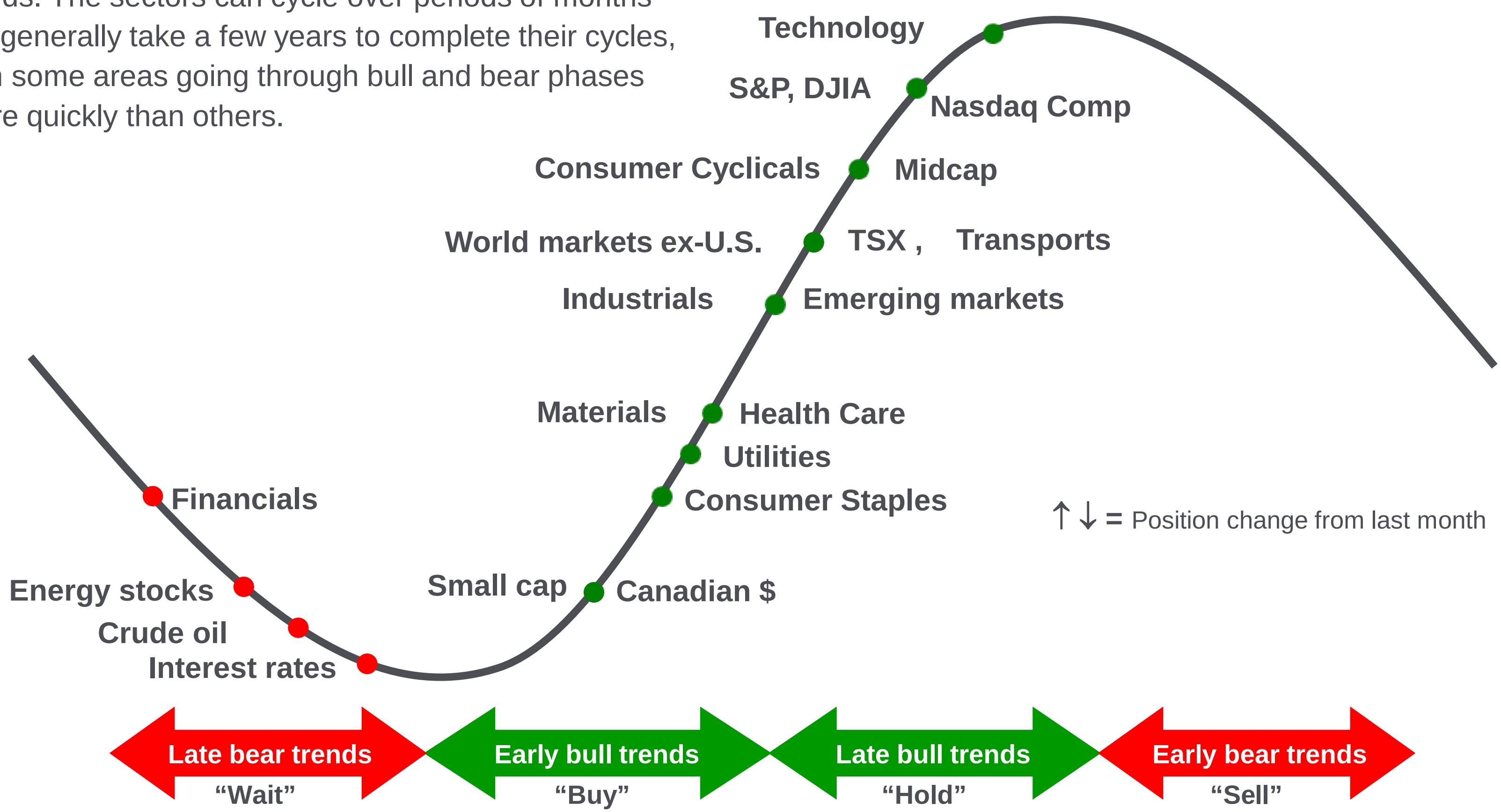
S&P sectors & market indexes cycle positions

Relative positioning of major sectors within their individual cycles

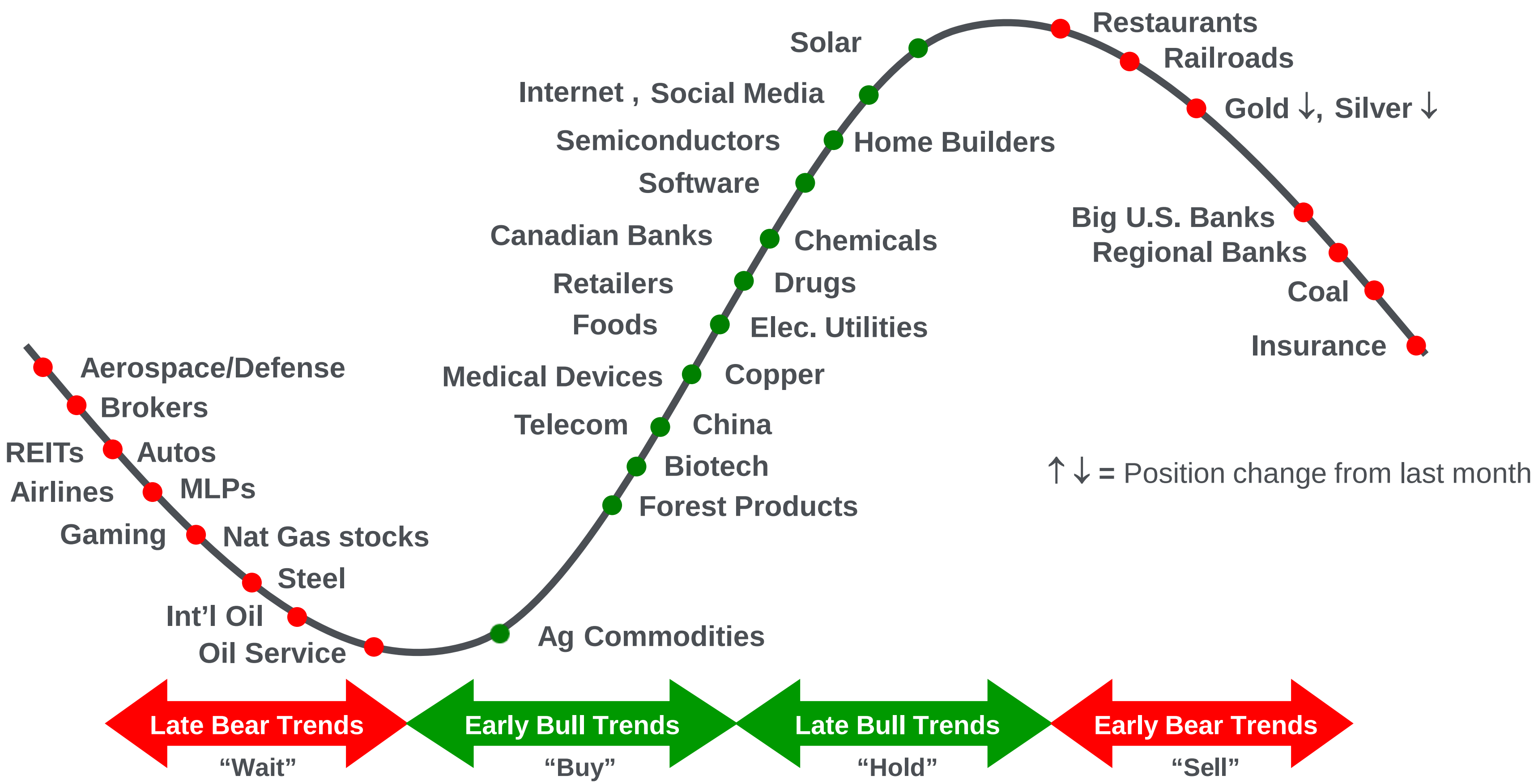
This chart illustrates where we see the various larger sectors and themes technically in their long-term trends. The sectors can cycle over periods of months but generally take a few years to complete their cycles, with some areas going through bull and bear phases more quickly than others.



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 – 12 years

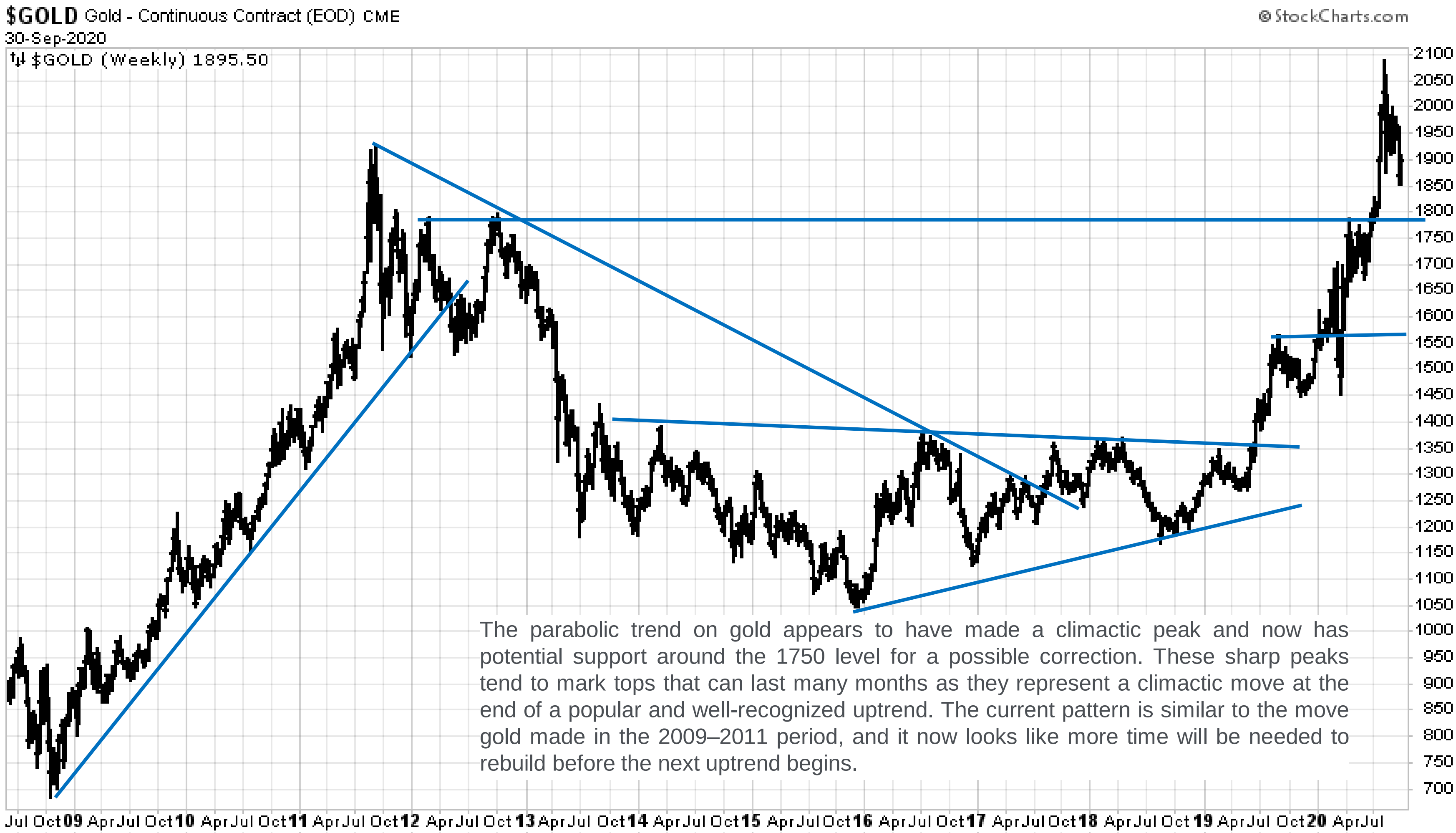


Chart courtesy of StockCharts.com and RBC Wealth Management; **Past performance does not guarantee future results.** Investments in securities related to gold and other precious metals and minerals are considered speculative and are impacted by a host of worldwide economic, financial and political factors.

Oil – 9 years

Chart courtesy of StockCharts.com and RBC Wealth Management; **Past performance does not guarantee future results.** Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, an international economy, or political and regulatory developments.

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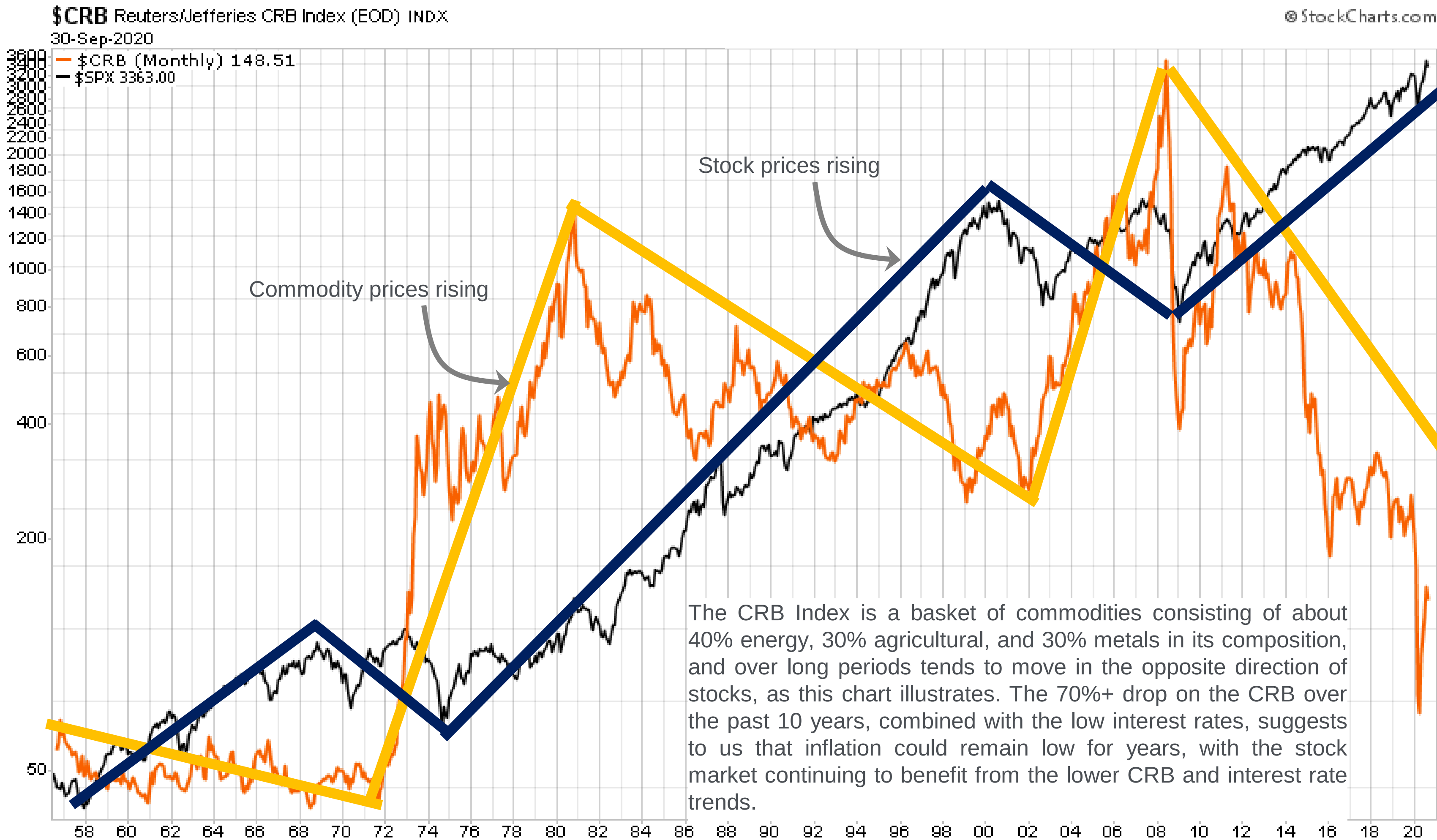
Stocks vs. commodities – 60 years



The CRB Index is a basket of commodities consisting of about 40% energy, 30% agricultural, and 30% metals in its composition, and over long periods tends to move in the opposite direction of stocks, as this chart illustrates. The 70%+ drop on the CRB over the past 10 years, combined with the low interest rates, suggests to us that inflation could remain low for years, with the stock market continuing to benefit from the lower CRB and interest rate trends.

Chart courtesy of StockCharts.com and RBC Wealth Management; **Past performance does not guarantee future results.** Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, an international economy, or political and regulatory developments.

10-year Treasury note yield for 150 years

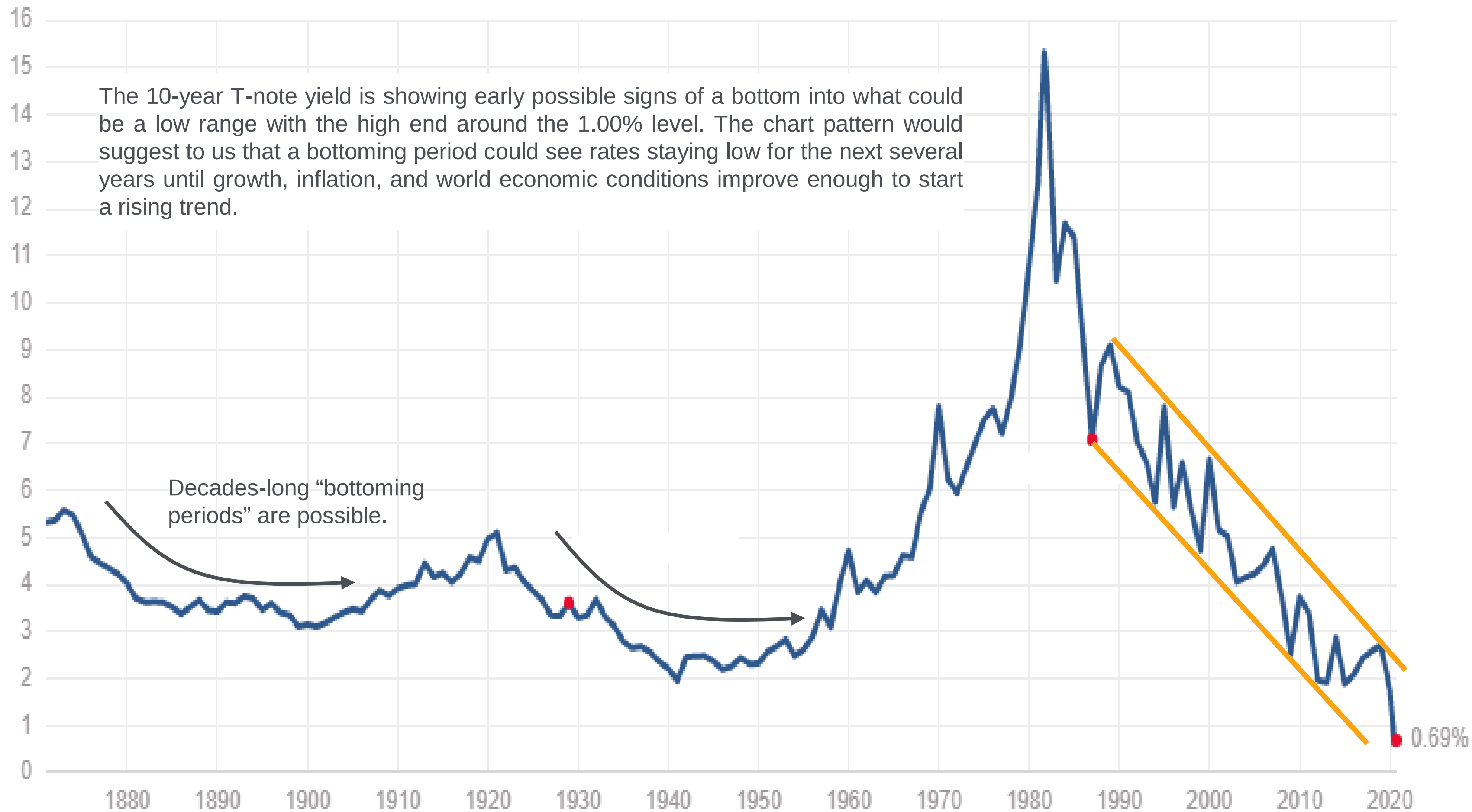


Chart courtesy of MultPL.com and RBC Wealth Management; **Past performance does not guarantee future results.**

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