



## The StockCharts.com Market Message

Featuring our commentators, John Murphy and Arthur Hill

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### STOCK INDEXES TEST 50-DAY LINES -- BOND PRICES TEST OVERHEAD RESISTANCE -- DOLLAR FALLS TO 200-DAY LINE -- GOLD REACHES RESISTANCE -- MARKETS HAVE REACHED INFLECTION POINT WHICH WILL DETERMINE IF THE TRUMP RALLY IS OVER OR JUST PAUSING

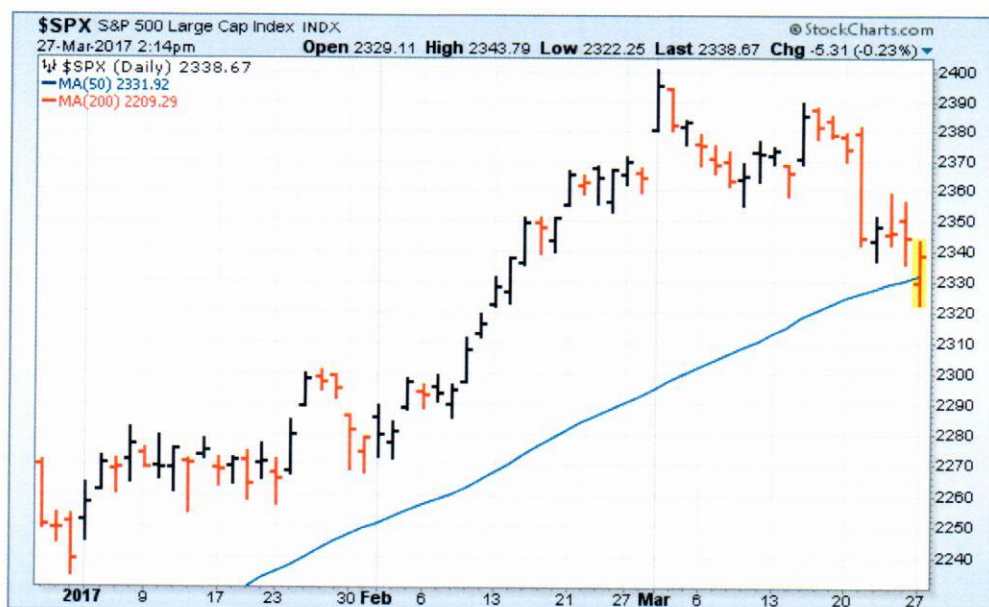
By John Murphy

**MARKET INDEXES TRY TO FIND SUPPORT AT THEIR 50-DAY LINES...** Today's lower open pushed several stock indexes down to their 50-day averages. Chart 1 shows the Dow Industrials trying to regain lost ground in afternoon trading. Chart 2 shows the S&P 500 trying to stay above that support line as well. Chart 3 shows the Nasdaq Composite trading higher this afternoon after nearing its 50-day line this morning. A number of market groups and sectors that opened lower this morning are also trying to stabilize. This is the first important test of the market's post-election rally. Bond prices, which have been rising, may have reached an overhead resistance barrier along with gold. The dollar may find support near its 200-day line. Healthcare stocks are doing well.



(click to view a live version of this chart)

Chart 1



(click to view a live version of this chart)

Chart 2



Chart 3

**BOND YIELDS NEAR 2017 LOWS ...** The bond market is also nearing an important test. Chart 4 shows the **10-Year Treasury Yield** nearing the bottom of its 2017 trading range. That's an important test of the uptrend that started last November. Bond prices, which rise when yields fall, have reached overhead resistance. Chart 5 shows the **U.S. Aggregate Bond iShares (AGG)** reaching potential resistance at its February high. What bond prices and yields do from here could have some bearing on the direction of stocks. And the dollar.



Chart 4





Chart 5

**DOLLAR INDEX REACHES 200-DAY LINE...** Chart 6 shows the **Power Shares Dollar Index ETF (UUP)** falling to another four month low, but nearing a test of its 200-day moving average. That's an important test of its uptrend that started last spring. The UUP has also lost about half of its 2016 gain which might also provide support support. While the UUP is nearing potential support at its 200-day line, gold may start meeting some resistance at that same line.

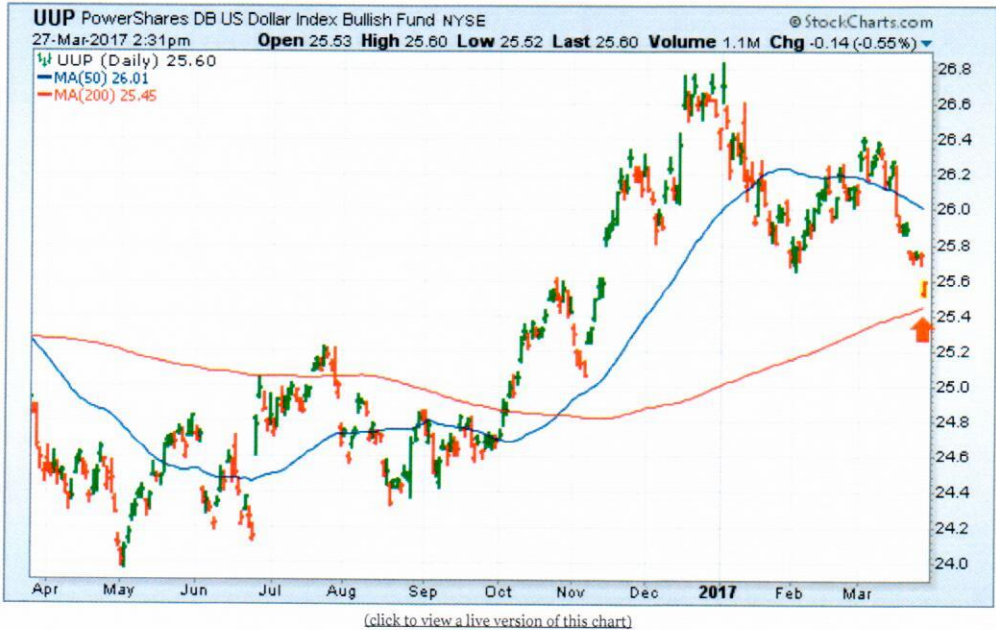


Chart 6

**GOLD REACHES ITS 200-DAY LINE...** Gold has been benefiting from a weaker dollar, lower bond yields, and weaker stock market since the start of the year. Chart 7, however, shows the **Gold SPDR (GLD)** reaching potential resistance at its February high and its 200-day line. That's another important test. All of these charts suggest that markets have reached an important inflection point. Either the retracements in all of these markets during the first quarter (bond yields down, stocks down, dollar down, gold up) are nearing completion, or important reversals may be taking place. I lean toward the first view since technical odds usually favor previous trends continuing rather than reversing. We should know before long which view is correct.

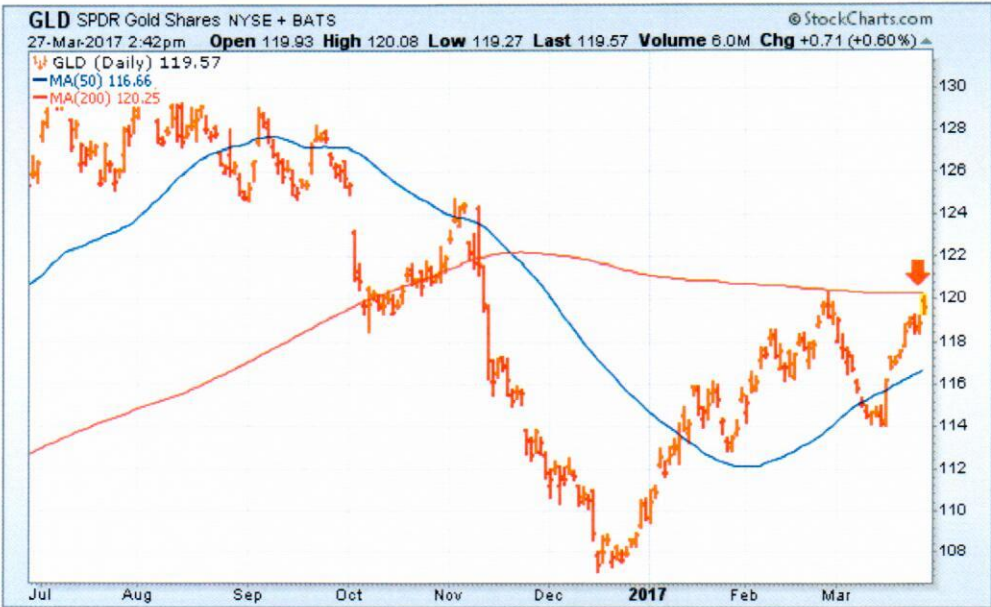


Chart 7

**HEALTHCARE LOOKS BETTER...** Healthcare stocks are the day's strongest sector (which probably has something to do with the failure to pass the Republican health care bill last week). Chart 8 shows the **Health Care SPDR (XLV)** pulling back this month after hitting a record high. The XLV bounced off its 50-day line last week and is trying to build on those gains. Healthcare has gone from one of the market's weakest sectors last year, to one of this year's strongest.



Chart 8

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