



## MARKET OUTLOOK

**eResearch Corporation** is pleased to provide a market commentary, courtesy of: **TimingTheMarket**, a division of the **Tech Talk Financial Network**. **eResearch** also posts, daily, the regular technical opinions provided by affiliate: **Equity Clock**.

Excerpts from the February 19 **Tech Talk** market analysis is provided below.

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### MARKET COMMENT

World equity markets and economic sensitive sectors are about to enter their second strongest period of seasonal strength in the year, being from the end of February to the first week in May. (The strongest period is from mid-October to the first week in January).

The February to May period is bolstered by good corporate news released by CEOs at annual meetings (frequently coinciding with the release of first quarter reports) combined with seasonally strong economic news related to the spring buying season (e.g. autos, homes).

This year the February to May season will be helped by strong gains in corporate sales and earnings triggered by changes in U.S. tax laws. Last week, analysts raised their earnings and sales estimates again for the first quarter of 2018.

Now is the time to watch closely for sectors and markets that show positive strength relative to the S&P 500 Index. They are top purchase candidates for the late February-early May seasonal trade.

Selected commodity sensitive sectors already have surfaced on the radar screen. Strength is related to weakness in the U.S. Dollar Index and rising demand for commodities, most notably from China. In addition, 'tis the season for commodity prices to move higher to at least the end of April. Last week, Zinc prices broke to a 5 year high, nickel prices broke to a 3 year high, lumber prices broke to an all-time high, and copper prices advanced 7.15%. Strongest commodities have been the grains.

Notable among commodity sensitive equities breaking to multi-year highs last week included base metal stocks.

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## Short-Term Outlook

Short-term technical indicators for U.S. and Canadian equity markets (percent of stocks trading above their 20-day moving average) and most sectors (mainly short-term momentum) moved strongly higher last week. However, most remain below their 20-day moving average.

S&P 500 Index gained 112.67 points (4.30%) last week. Intermediate trend remains down. The Index remains below its 20-day moving average. Short-term momentum indicators have turned up.



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## Medium-Term Outlook

Medium-term technical indicators for U.S. equity markets (percent of stocks trading above their 50-day moving average) moved higher last week. Medium term technical indicators in Canada also recovered from deeply oversold levels, but their recovery was less impressive.

The percent of S&P 500 stocks trading above their 50-day moving average jumped last week to 48.00% from 18.20%. The percent has recovered from an intermediate oversold level to an intermediate neutral level.



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## Longer-Term Outlook

The percent of S&P 500 stocks trading above their 200-day moving average increased last week to 70.40% from 60.20%. The percent has recovered from an intermediate neutral level to a neutral overbought level.



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