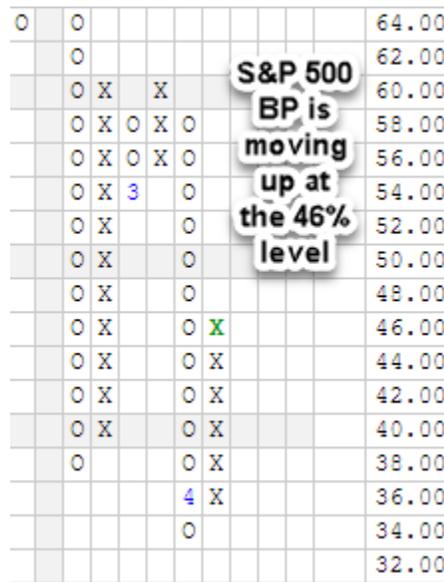
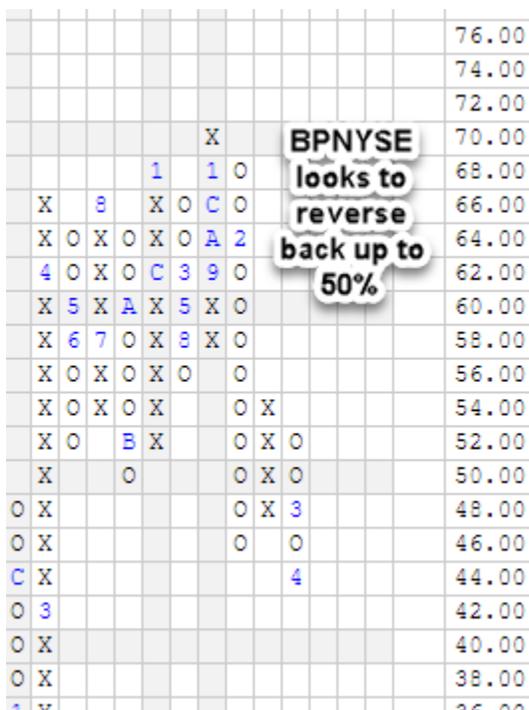


## Has Anything Changed?

**We saw the volatility increase significantly in the month of February** following some very good earnings reports from many Corporations. As a result, there was some significant downside movement in many global stock indexes including the Toronto, TSX, and the US – S&P 500.

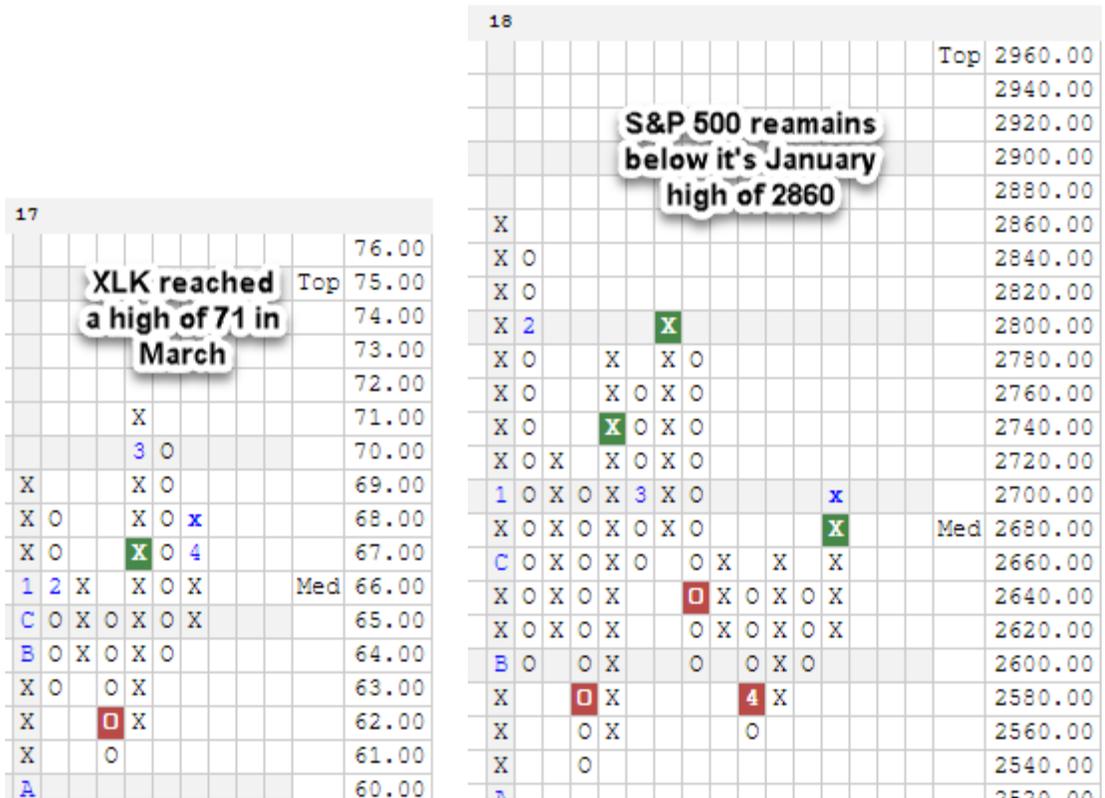
However, if we look at the S&P 500, which has been a long-time leader of global markets, we see very little movement in 2018. It started 2018, just under 2700 and at the close of April 16 it is at 2677.84. **So one could conclude that we have had a lot of noise in the markets this year that was best to ignore.**

When we look at our broad based indicators, we see the potential for the reversal back up in the BPNYSE. It closed April 16 at 49.02% and must go to 50% for the reversal back up to X's to be complete. We certainly prefer this indicator to move back above 56% - the previous recent high. Whether it reverses back up to 70% where it was in January is to be determined with time. However, as it moves higher, we witness more stocks going on buy signals than sell signals on the New York Stock Exchange – a positive market movement. **We have witnessed the S&P 500 Bullish Percent (BP) reverse upwards into X's earlier in April.**



**The leader of the US stock market for some time has been the technology sector.** As we look at the Technology SPDR ETF –XLK – we don't see much of a change in its composition. It reached a new high in

March after the February drawdown. **We now see if it can move beyond the March high or not** while the strong S&P 500 has more work to recover to meet its January high.



So what has changed since the beginning of the year? We had volatility re-emerge which was virtually absent for all of 2017. **Volatility can create opportunity as we have recently witnessed. The real opportunity emerges if we can ultimately make new highs in the leading S&P 500.** With the significant pullbacks in many of our indicators, we will have time to assess the continued strength of this market move as it moves forward or not. Stocks in general, continue to outperform other asset classes recognizing some deterioration in the indicators but certainly not a wash-out. The long-term New York Positive Trend indicator remains elevated above the 56% level but currently pointing down in O's.

Please call or email with any questions

Point & Figure Charts and stock market data provided by Nasdaq Dorsey Wright

**Disclaimer Notice:** This publication is solely the work of Michael Farrell for the private information of his clients. Although the author is a Manulife Securities Advisor, he is not a financial analyst at Manulife Securities Incorporated ("Manulife Securities"). This is not an official publication of Manulife Securities. The views, opinions and recommendations are those of the author alone and they may not necessarily

be those of Manulife Securities. This publication is not an offer to sell or a solicitation of an offer to buy any securities. This publication is not meant to provide legal, accounting or account advice. As each situation is different, you should seek advice based on your specific circumstances. Please call to arrange for an appointment. The information contained herein was obtained from sources believed to be reliable; however, no representation or warranty, express or implied, is made by the writer, Manulife Securities or any other person as to its accuracy, completeness or correctness.