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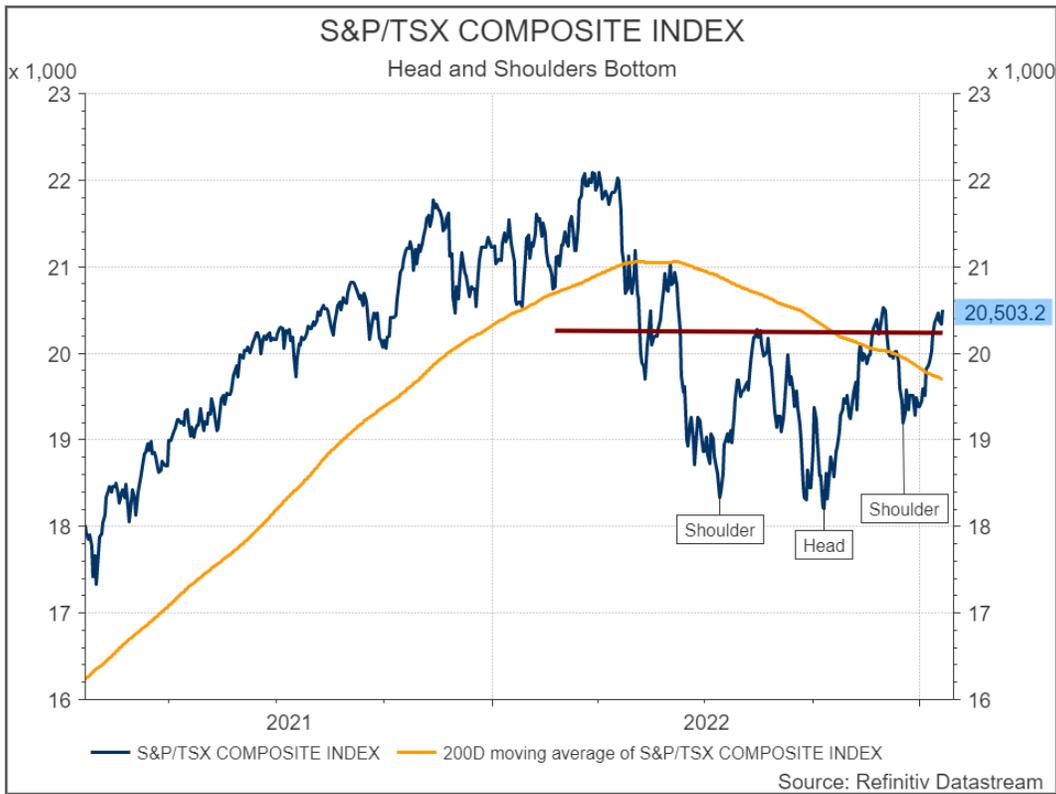
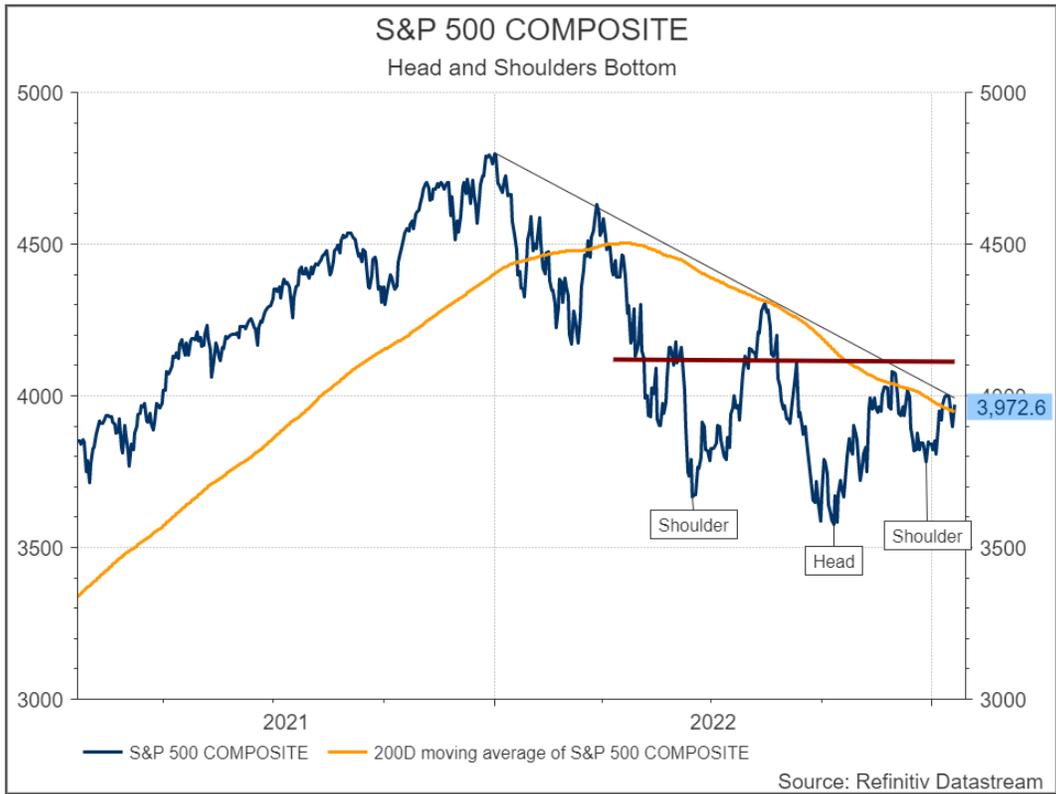
Technical breakout of S&P 500 and TSX Composite?

A head and shoulders formation is one of the most recognized technical patterns used to indicate a potential reversal in price trend, either bullish or bearish (inverse).

Both the S&P 500 and the TSX Composite are each showing a potential bullish inverse head and shoulders technical trading pattern. A move above the neckline of this pattern, preferably with above average volume, suggests equity prices may be moving higher.

In addition, the TSX Composite and the S&P 500 have broken their 200-day moving average with the S&P 500 closed above the 4000 mark – a level seen as important by some technical analysts.

While a breakout from a head and shoulders pattern has been shown to a useful investment trend tool, there are many red flags that suggest caution is still warranted including: inflation and interest rates still high, aggressive US Fed, slowing earnings growth, economic indicators forecasting a recession in 2023/2024, and oil prices moving back up again.



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