



Trend & Cycle: The Long View – October 2026

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All values in U.S. dollars and priced as of 4:00 pm on September 30, 2026, unless otherwise noted.

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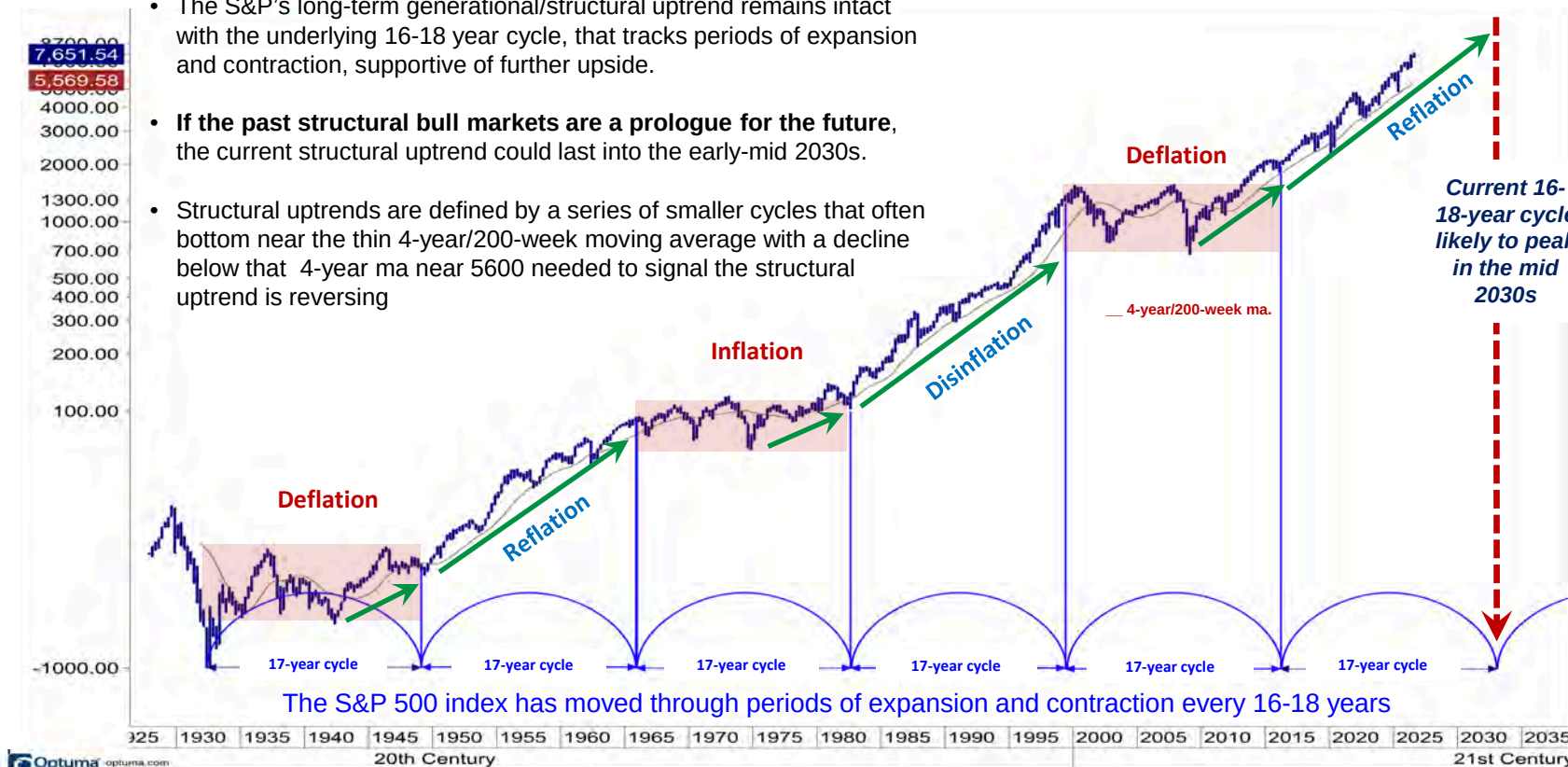
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- **Structural bull market intact** - We continue to view the very long-term structural equity bull market to be intact supported by an underlying 16-18 year generational cycle that has potential to carry equity markets higher into the early-mid 2030s (slides 3-4).
- **A maturing 4- year cyclical bull market** - The more immediate technical challenge is whether the 4-year cycle that began in Q4 2022 can continue to trend higher into year-end and 2027 or whether the cycle is maturing and at risk of peaking as it nears the upper end of its 2009-2026 uptrend channel (slide 7).
- **Rising rates remains a headwind** - As regular readers are aware, we view the shorter 3-4 year cyclical bull and bear markets to be primarily driven by central bank liquidity and the response to that liquidity by the economy and corporate earnings. With US long-term interest rates breaking out of their 2023-2026 trading ranges, and breadth of participation, as measured by advance-decline lines, beginning to reverse their 2023-2026 uptrends in reaction, and is an important yellow flag that the current cycle is at risk of fraying (slides 5-8).
- **What could go right in Q4?** While the 2026 trend in US long-term interest rates remains up and a concern, we would highlight that the US 10-year yield is becoming overbought from an intermediate-term momentum perspective at a key extension level near 5.35% where we expect a pause to develop (slide 15). In addition, while most sectors outside of technology are in multi-month corrections, collectively they are moving toward oversold levels with potential to bottom moving into Q4, as illustrated by our weekly quadrant balance oscillator on slide 8.
- **Semiconductors remain important bellwethers to monitor in Q4** – One of the most important groups to monitor moving through Q4 is the Semiconductors given they have transitioned from overbought levels early in June to oversold levels moving into late Q3. The path of what we expect will be an oversold recovery in Q4 will be critical to monitor closely, given we view the group as the epicenter of the AI infrastructure buildout that has been a major driver of the economy and current market cycle. Our expectation is for new highs to develop in Q4-Q1, but a failure to do would establish a lower high for the first time in their uptrend, and an important signal their bull cycle is at risk of peaking which we would interpret as investors questioning the sustainability of the overall growth in AI capital expenditures.
- **The bottom line** is that the equity cycle that began in Q4 2022 is well advanced, and while rising interest rates remain a risk to the cycle, we expect equity markets to rally in Q4 with a pullback rates a likely catalyst. While we have an optimistic view into year end for equities, a mature bull market supports a case for a well diversified portfolio that includes some exposure to leading growth groups balanced with exposure inflation sensitive and income/defensive sectors.

S&P 500 - Generational trends and cycles lasting roughly 16-18 years.

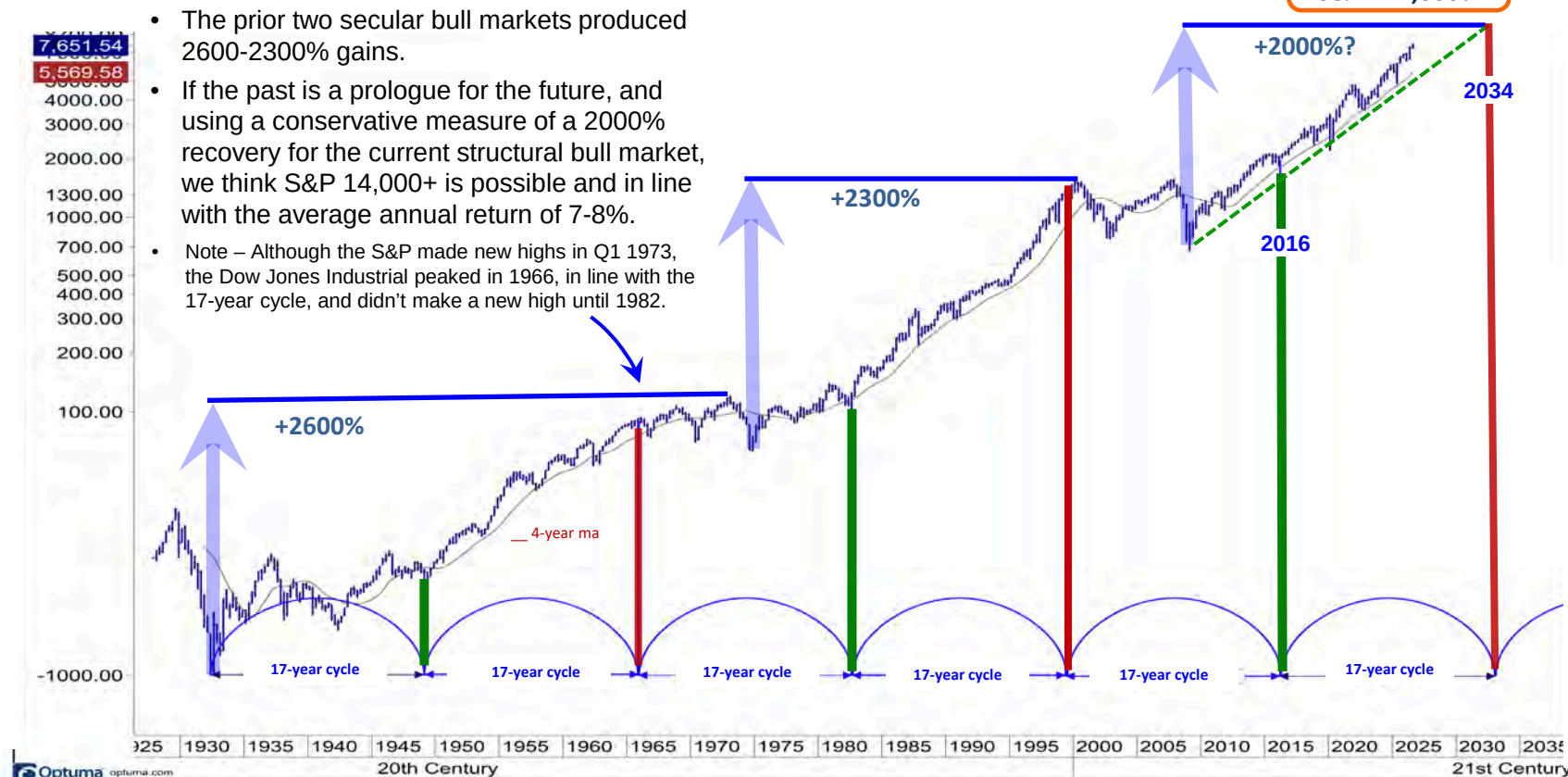
- The S&P's long-term generational/structural uptrend remains intact with the underlying 16-18 year cycle, that tracks periods of expansion and contraction, supportive of further upside.
- **If the past structural bull markets are a prologue for the future,** the current structural uptrend could last into the early-mid 2030s.
- Structural uptrends are defined by a series of smaller cycles that often bottom near the thin 4-year/200-week moving average with a decline below that 4-year ma near 5600 needed to signal the structural uptrend is reversing



Optuma optuma.com

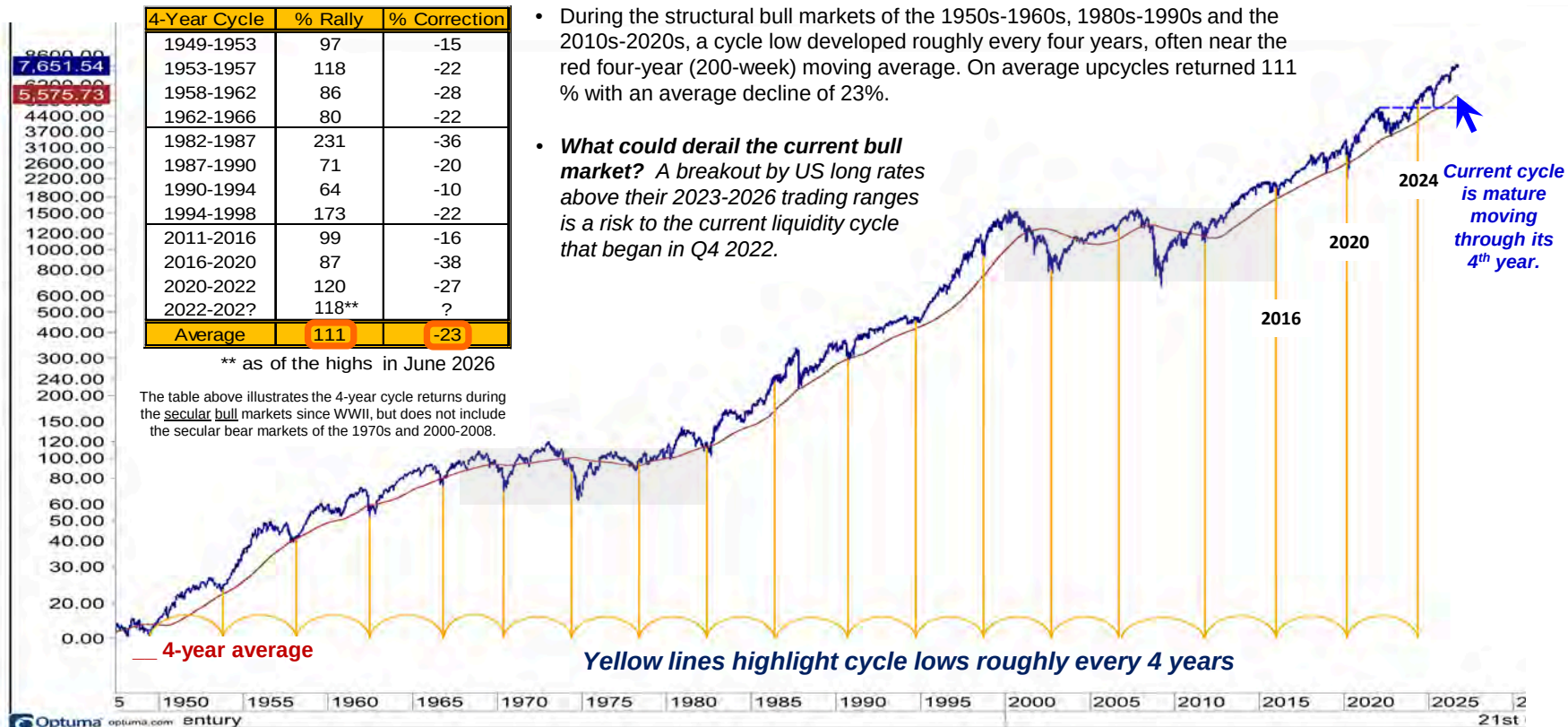
Source: RBC Wealth Management, Bloomberg, Optuma

Could the S&P rally to 14,000?



Source: RBC Wealth Management, Bloomberg, Optuma

S&P 500 - A repetitive 3-4 year cycle driven by central bank liquidity and economic growth.

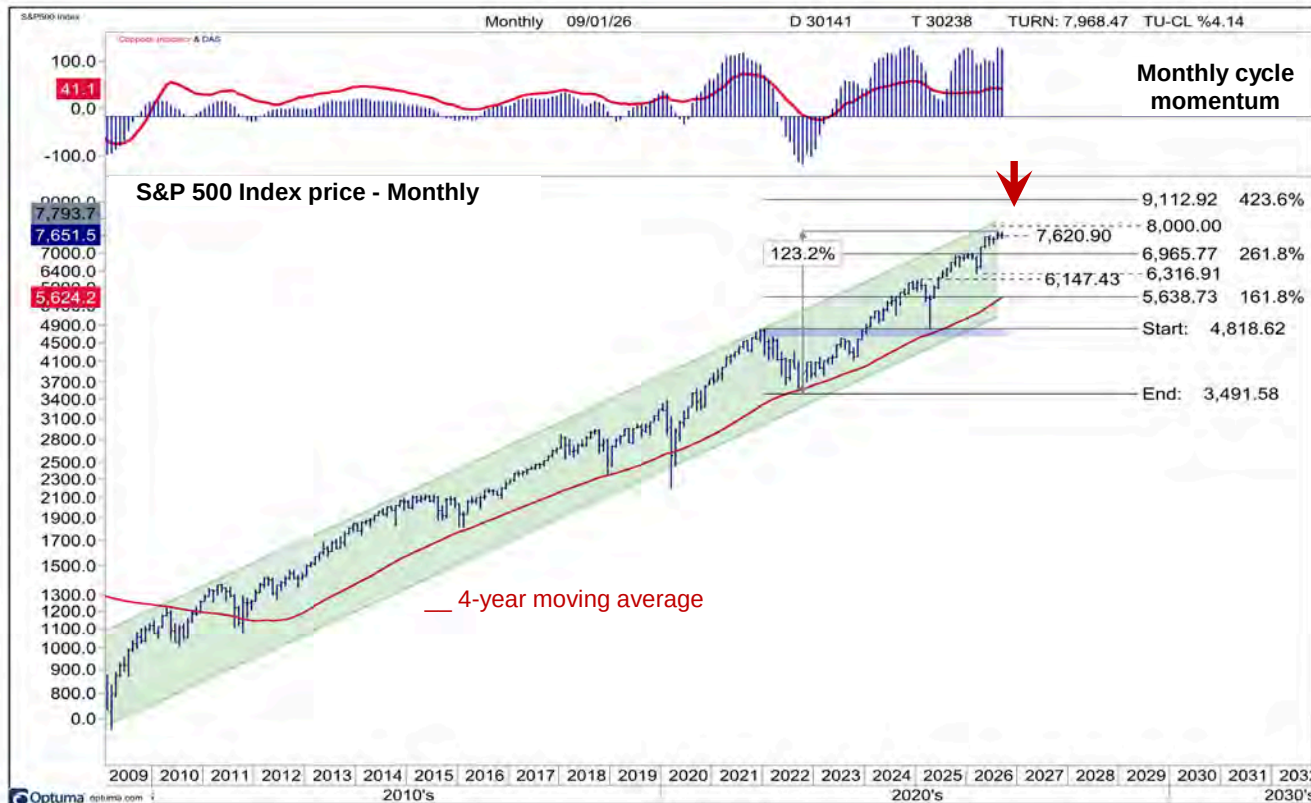


Source: RBC Wealth Management, Bloomberg, Optuma



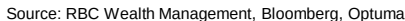
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S&P 500 – Monthly



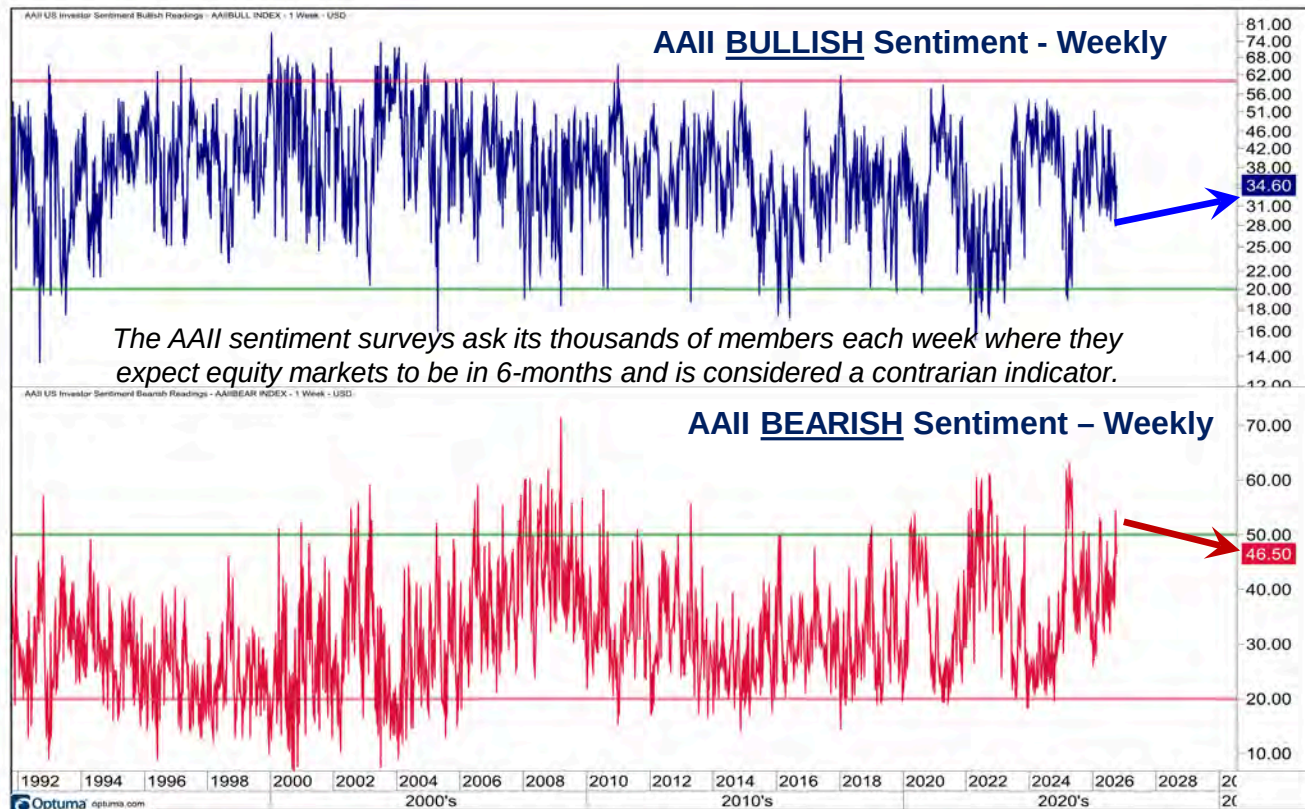
Source: RBC Wealth Management, Bloomberg, Optuma

- The S&P remains in an uptrend near the upper end of its longer-term uptrend channel with a consolidation underway above the June highs at 7620.
- Although the current cycle that began Q4 2022 is well advanced moving through its fourth positive year and closer to the upper end of its 2009-2026 uptrend channel between 7500-8000, there is no major evidence to state that the S&P 500's trend is turning negative.
- **However, while a trend reversal has yet to develop, we do view the breakout above the 2023-2026 trading range by the US 10- and 30-year yields as a risk to the current cycle that began in Q4 2022 with breadth as measured by advance-decline lines beginning to erode.**



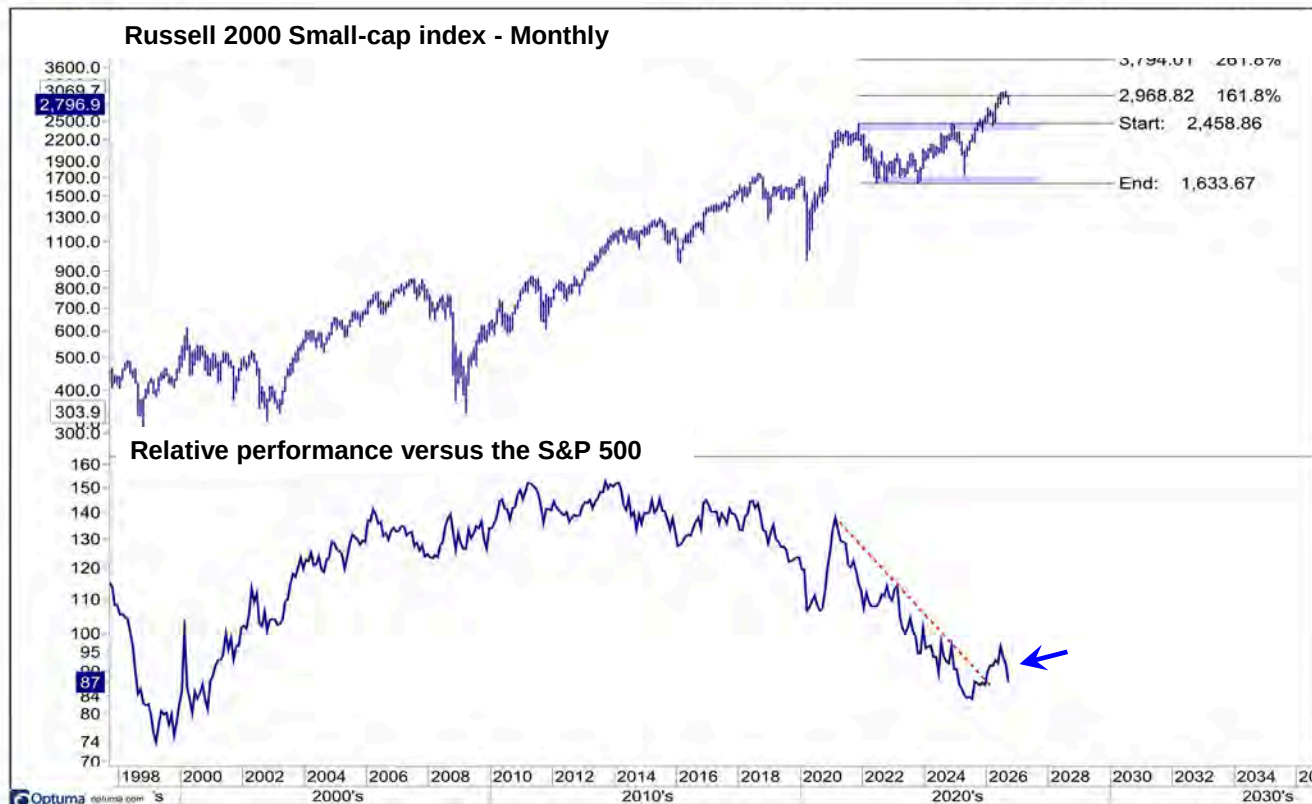
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AAII US Bullish and Bearish Sentiment Survey



- Bullish Sentiment readings have declined modestly but are not yet at extreme levels that suggesting a contrarian long entry level for stocks while...

- ...Bearish Sentiment readings have been more elevated and while declining the past few weeks, are supportive of rebound in equities in Q4.



Source: RBC Wealth Management, Bloomberg, Optuma

- The Russell 2000 small-cap index continues to trend positively after breaking out of its 2021-2025 trading range.
- Tactically, after a strong rally in Q2 into Q3, the Russell 2000 is at its next extension level just below 3000 where a pause is underway.
- We view rising long-term interest rates as a risk for smaller-cap indices with the recent price pause and relative performance (bottom panel) decay reflecting that risk.



Source: RBC Wealth Management, Bloomberg, Optima

- **MSCI World ex USA** rallied to its next important resistance/extension level at 3326 where it has paused since early Q1.
- We view the recent pause to be a healthy consolidation with support near 2830 that would need to be broken to signal a top is developing.
- Our expectation is that pullbacks will hold at or above 2800 should additional weakness develop in Q4 in reaction to rising interest rates.
- Relative performance vs the S&P 500 remains in a long-term downtrend with a move above the recent Q1 highs needed to signal a longer-term trend reversal.

S&P/TSX Composite – Monthly



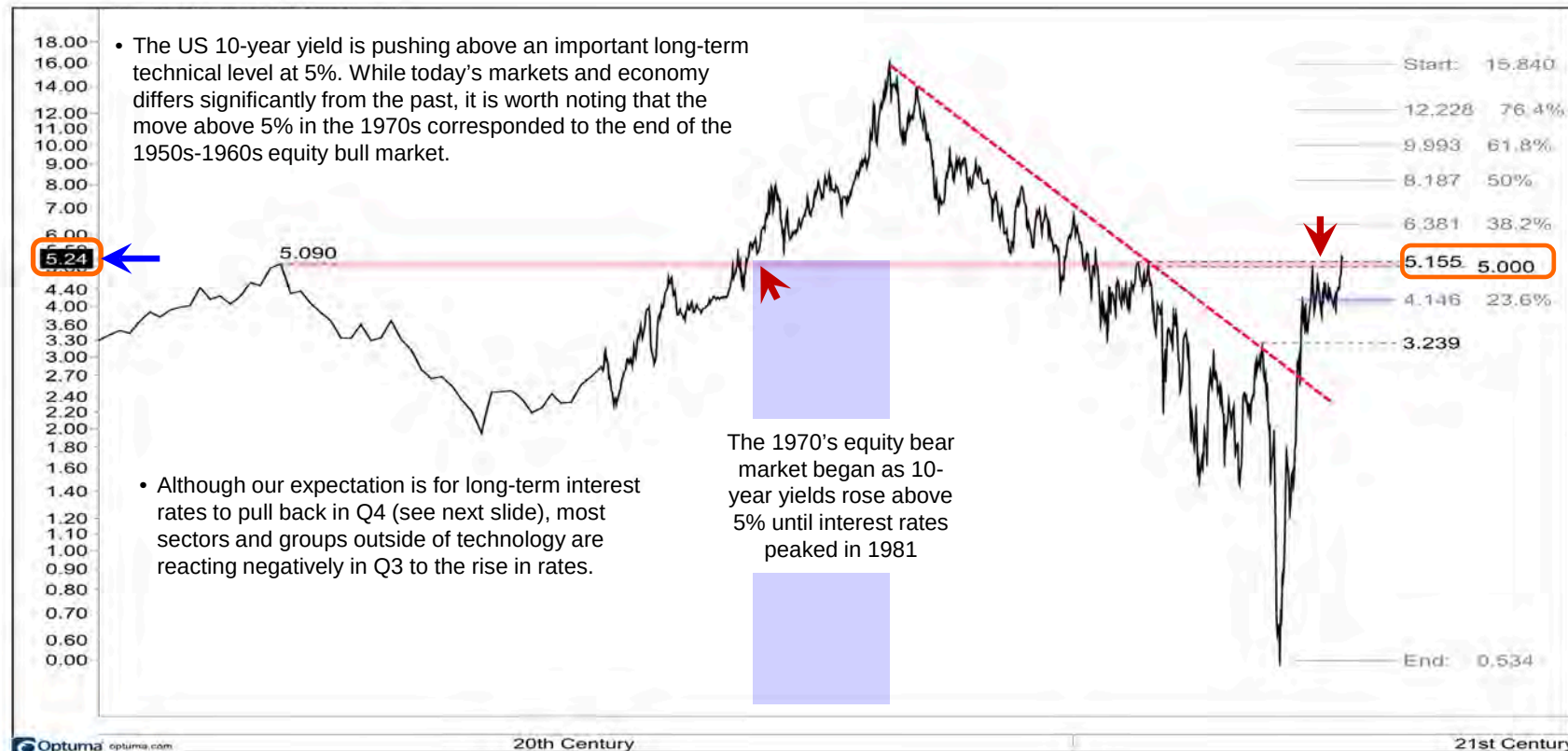
- The long-term trend for the TSX remains positive but it is becoming advanced following its surge in 2025-2026 approaching its next extension level near 36K.
- Given the surge, a pullback is likely in the coming months with first support between 29-31K.
- Relative performance versus the S&P 500 has reversed its 2016-2025 downtrend with a near-term pullback underway.

MSCI Emerging Market (EM) Index and relative performance vs S&P 500

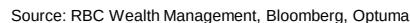


- MSCI Emerging Market index has resolved its 2008-2026 trading range to the upside, with a pullback underway from resistance at its 162% extension level near 1827.
- Investors should note that only a handful of mega-cap technology stocks now dominate this index's market capitalization, so adding Emerging Market exposure in a portfolio may not provide the diversification emerging market indices have provided in the past.
- Relative performance is improving but has yet to reverse its 2011-2026 downtrend versus the S&P 500.

US 10 Year Yield: Beginning to breakout above the important 5% level.



Source: RBC Wealth Management, Bloomberg, Optima



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US Dollar DXY Index – Monthly



Source: RBC Wealth Management, Bloomberg, Optuma

- The US dollar DXY has traded in a volatile range at through 2026 holding above support near its 2011-2026 uptrend line and strengthening in Q3 as interest rates have moved higher.
- October is beginning with the DXY index above its Q3 high at 101.6 but is overbought in the short-term with our expectation for it to pull back and remain in its 2026 trading range above 95.

Canadian Dollar / US Dollar - Monthly



Source: RBC Wealth Management, Bloomberg, Optuma

- The CADUSD remains in a downtrend after stalling at resistance near 0.74 to challenge support near 0.70.
- Very short-term the CADUSD is oversold with a bounce likely in early Q4 but a move above 0.745 resistance will be needed to signal a meaningful positive trend reversal.
- Conversely, a break below 0.70 support would signal further downside with next support at 0.68.

WTI Oil Future - Monthly



Source: RBC Wealth Management, Bloomberg, Optuma

- After spiking through Q1 and Q2, WTI oil remains volatile in a very wide range above 67-70 support.
- While WTI further price spikes would not be surprising, we view the 92-102 band coinciding with the 50-62% retracement of the 2022-2025 range to be the upper band moving through Q4.

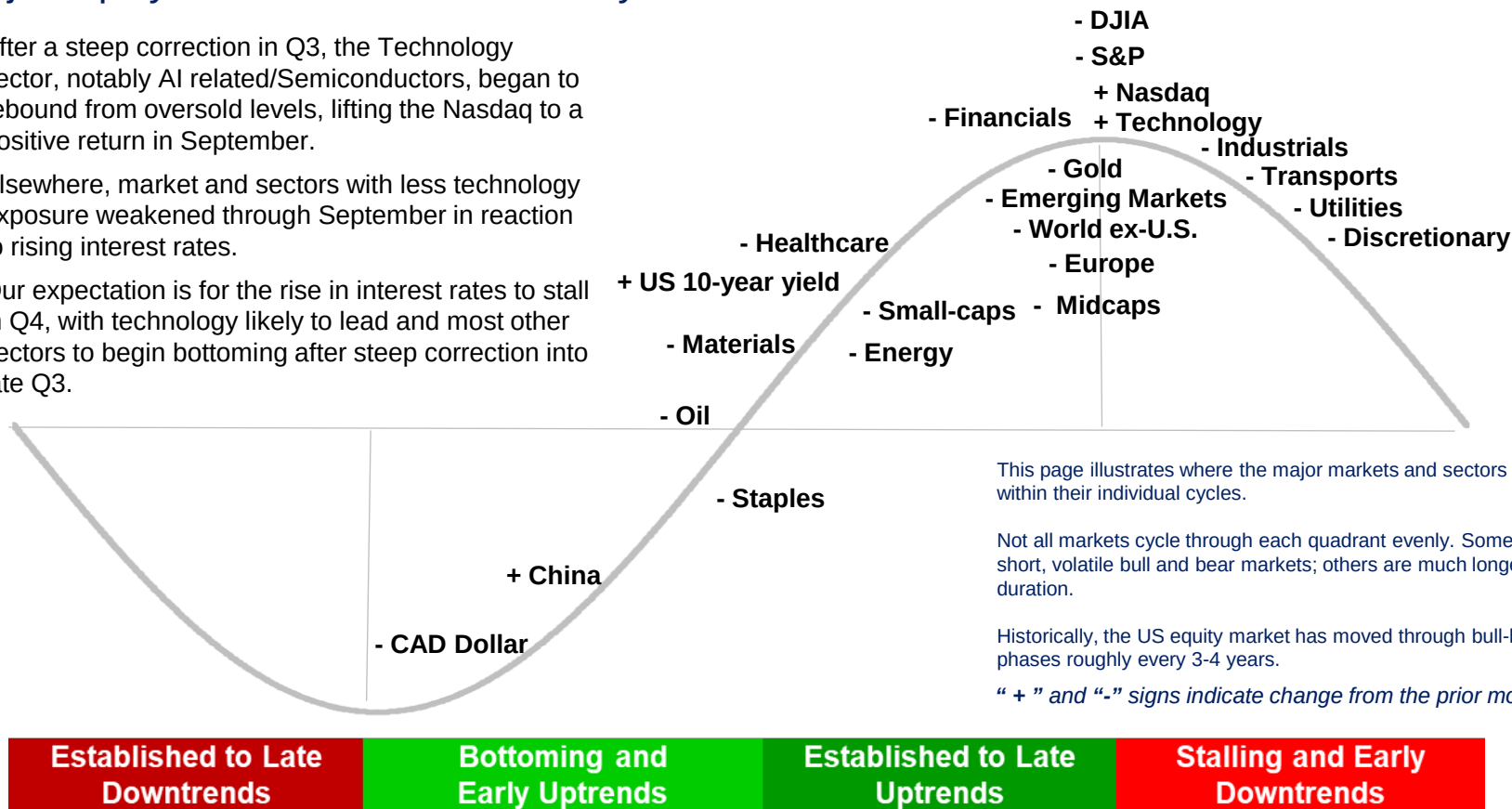


Source: RBC Wealth Management, Bloomberg, Optuma

- Gold remains in a longer-term uptrend, but after surging into Q1, a steep pullback developed back to support near 4000.
- Gold is likely to remain in a choppy trading range though into Q4 we view the summer lows near 4000 to have established the low end of the trading range for gold into year end.

Major equity market and S&P sector cycles

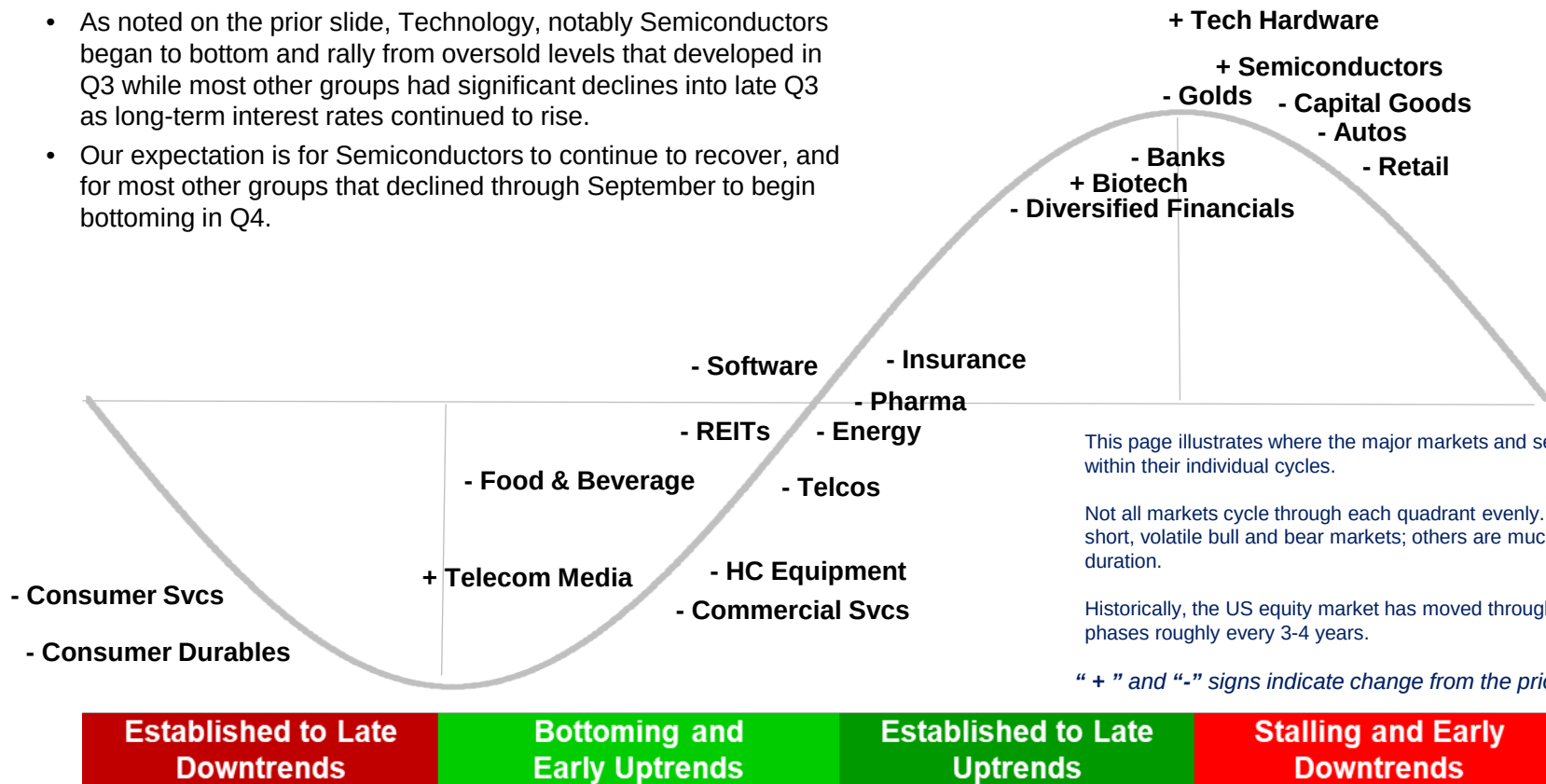
- After a steep correction in Q3, the Technology sector, notably AI related/Semiconductors, began to rebound from oversold levels, lifting the Nasdaq to a positive return in September.
- Elsewhere, market and sectors with less technology exposure weakened through September in reaction to rising interest rates.
- Our expectation is for the rise in interest rates to stall in Q4, with technology likely to lead and most other sectors to begin bottoming after steep correction into late Q3.



Source: RBC Wealth Management, Bloomberg, Optuma

Industry group cycles

- As noted on the prior slide, Technology, notably Semiconductors began to bottom and rally from oversold levels that developed in Q3 while most other groups had significant declines into late Q3 as long-term interest rates continued to rise.
- Our expectation is for Semiconductors to continue to recover, and for most other groups that declined through September to begin bottoming in Q4.



Source: RBC Wealth Management, Bloomberg, Optuma

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