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Weekly Technical Highlights – Dow Jones Industrial Average (DJIA)

Weekly Charting – DJIA



Source: TradingView

Key Support & Resistance Levels:	
Last Price	: 39,807.38
Resistance	: 40,000 (R1) 40,257 (R2)
Support	: 38,896 (S1) 38,045 (S2)
Weekly view	Upward Bias

Dow Jones Industrial Average (DJIA) (Upward Bias)

- The DJIA and S&P 500 reached new record highs in a week shortened by a holiday, ending on Thursday before an inflation report on Friday. Both indices saw slight gains for the week, with the DJIA up by 0.8% and the S&P 500 by 0.4%, while the NASDAQ experienced a slight decrease of 0.3%. This upward trend continued into March, marking the fifth consecutive positive month for major U.S. stock indexes, with the S&P 500 achieving its best first-quarter performance since 2019. For the quarter, the Dow, S&P 500, and Nasdaq saw increases of 5.6%, 10.2%, and 9.1%, respectively. The core PCE price index, a key inflation measure for the Fed, declined to 2.8% vs. 2.9% in January, aligning with expectations. This persistent inflation has made the Fed cautious about lowering interest rates. Yet, the latest PCE inflation data, being in line with forecasts, suggests a Federal rate cut in June remains a possibility, with odds around 64% as of Thursday.
- Last Friday's economic data, including PCE aligning with estimates and an upward revision of 4QCY23 GDP growth to 3.4%, underscored the economy's strength. Despite the market's overdue pullback, no immediate negative catalysts appear likely to trigger it, so far. The outlook for the week remains slightly positive, in our view, with key indicators to watch including Thursday's initial jobless claims and Friday's employment reports.
- Technically, the DJIA continued its upward trend, staying above its 5-week Simple Moving Average (SMA), indicating strong market resilience and ongoing buying interest. This positive trajectory is further supported by bullish signals from the MCDX's banker chip and a rising Relative Strength Index (RSI), despite it being in overbought territory. The DJIA's momentum is likely to persist as long as it remains above the 5-week SMA, suggesting a continued upward movement in the short term.
- All in, we anticipate the market to continue its upward bias this week, albeit may at a slower pace. Resistance is eyed first at the psychological mark of 40,000 and then at 40,257. A fall back below the 5-week SMA of 38,896 could lead to a retreat towards the 38,045 mark, which matches the 50% Fibonacci extension level.

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