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Weekly Technical Highlights – Dow Jones Industrial Average (DJIA)

Weekly Charting – DJIA



Source: **TradingView**

Key Support & Resistance Levels:	
Last Price	: 38,675.69
Resistance	: 38,737 (R1) 39,868 (R2)
Support	: 38,537 (S1) 37,765 (S2)
Weekly view	Upward Bias

Dow Jones Industrial Average (DJIA) (Upward Bias)

- As expected, US major stock indexes rose for the second consecutive week, overcoming a turbulent period that included three weeks of declines in April. Despite a midweek dip, positive earnings and jobs data helped stocks recover, with the DJIA bouncing back after a 5.0 drop in April—its first monthly decline after five months of gains totalling 20.4%. According to FactSet, S&P 500 companies are expected to show a 5% YoY earnings increase in 1QCY24, up from an earlier estimate of 3.5%. The Federal Reserve, meanwhile, held interest rates steady during its last week meeting, citing insufficient progress on achieving its 2% inflation target.
- This week will see earnings reports from major companies like Walt Disney, Shopify, Airbnb, ARM, and Uber, though there is little scheduled economic data releases. Last week's shift to a dovish market sentiment, combined with the absence of significant economic updates, suggests that bullish momentum may likely dominate the market as the week progresses.
- The DJIA has rebounded and closed slightly above its 5-day SMA last week. While it served a positive sign in our view, we would like to see the index breaking the crucial 50-day SMA (at 38,737) decisively, to reinforce its bullish trend. Although its weekly Stochastic indicator has started to trade sideways, it has yet to cross above the %D line, suggesting that the index has still yet to form a solid trend at this juncture. Similarly, its weekly RSI indicator also painted a similar picture and yet to cross above its 14-week SMA line albeit the indicator has started to trend up following a rebound over the past two weeks.
- Technically, the DJIA has rebounded and closed just above its 5-week SMA last week, which might indicate a potential positive trend. However, a decisive break above the 50-day SMA at 38,737 is needed to confirm a bullish outlook. The weekly Stochastic indicator, meanwhile, remains neutral, not crossing above the %D line, indicating the absence of a firm trend. Similarly, the weekly RSI has started to rise following a two-week recovery but hasn't surpassed its 14-week SMA, reflecting ongoing uncertainty in the strength of the strength.
- In short, we expect choppy yet potentially upward-trending trading this week. A solid break above the 50-day SMA at 38,737 could strengthen a bullish outlook. Conversely, slipping below the critical 13-week SMA support at 37,765 might suggest the onset of a downtrend.

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