

Key Stock Market Levels To Watch In 2018

Originally Posted At [Forbes](#) Two months ago, I asked the question "[Is A Santa Claus Rally Ahead?](#)" knowing that we were heading into a historically bullish time of year. I showed several consolidation patterns that I believed could have led to another leg of the rally. In November, the U.S. stock indices broke out of their consolidation patterns and rallied right into the end of the year due to excitement over president Trump's tax reform plan. In this piece, I will look at the latest charts to help determine if the uptrend is still intact or if another consolidation or pullback is ahead. For the past week or so, the Dow has struggled underneath its 25,000 resistance level, which is a key psychological level. On Friday, the Dow experienced a low-volume sell-off after struggling to clear 25,000. A convincing break above 25,000 on high-volume is necessary to confirm the next leg of the uptrend. If Friday's sell-off continues, however, the next price target to watch is the uptrend line that started in September.



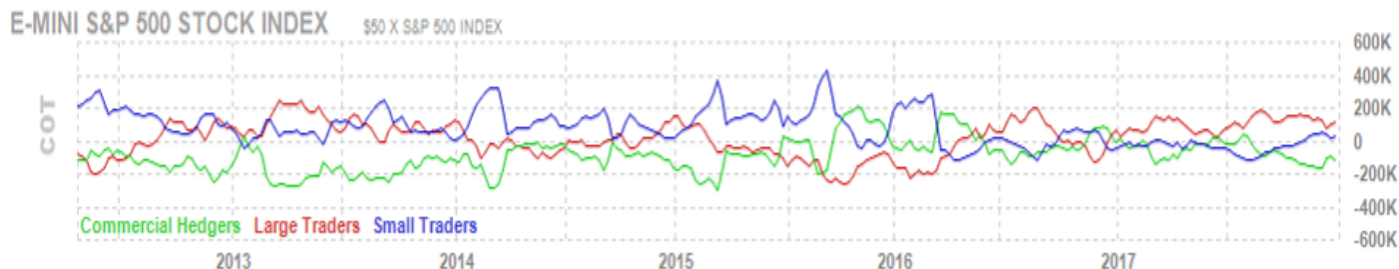
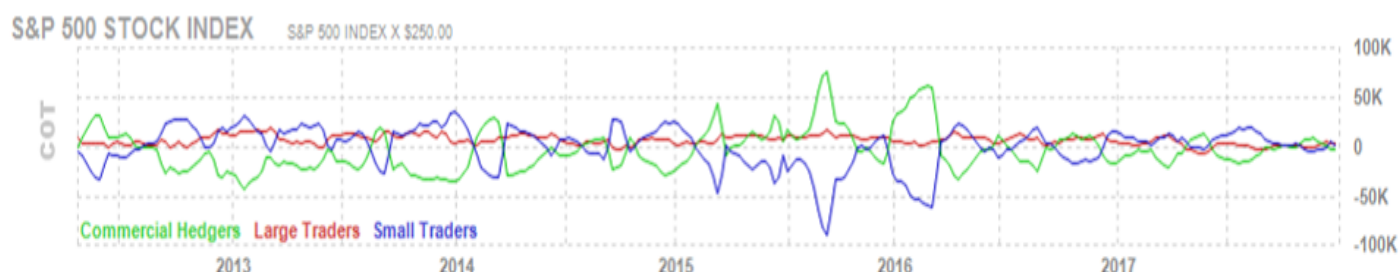
The weekly Dow chart shows that the index is in a clear uptrend with steepening uptrend lines over the past two years. If there is a pullback, the steeper, closer uptrend line is the price target to watch.



Similar to the Dow, the SP500 has struggled underneath its 2,700 resistance level for the past week or so. A solid breakout above 2,700 with strong volume would signal the next leg up, while a continuation of Friday's pullback would put the 2,600 support and uptrend line into play.



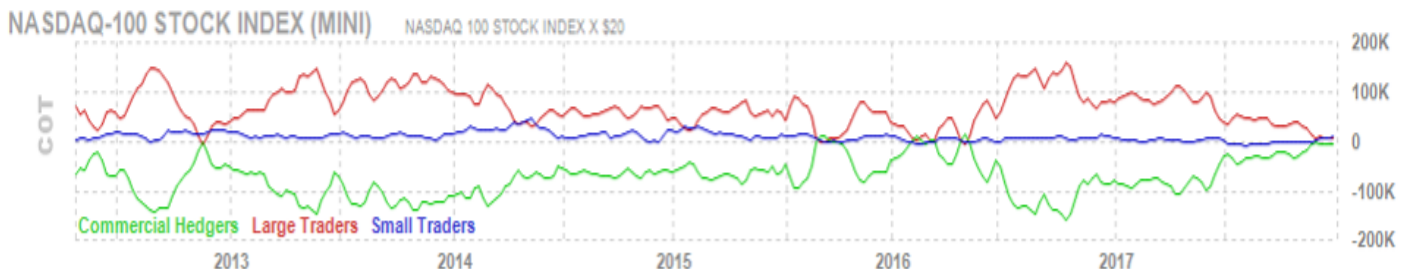
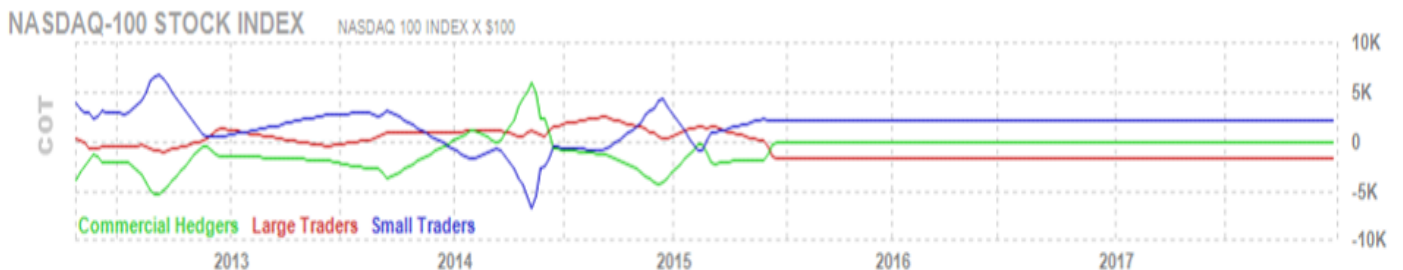
The weekly SP500 chart is in a clear uptrend with steepening uptrend lines that started in early-2016. In the event of a pullback, the nearest uptrend line is the next major support level to watch.



The tech-heavy Nasdaq 100 has been acting the weakest of all the major U.S. stock indices in the past two weeks. If the pullback continues, it would put the 6,200 support and uptrend line into play as the next price target to watch.



The weekly Nasdaq 100 price chart shows no technical damage whatsoever as long as it remains above its two uptrend lines that started in early-2016.



The small cap Russell 2000 has been struggling to break above its 1,550 resistance level. A high-volume breakout over this level is necessary to confirm the next phase of the rally. If Friday's pullback continues, the next support to watch is the uptrend line that began in August 2017.



The weekly Russell 2000 chart shows that the index is trading in a rising channel pattern. The longer-term uptrend is still intact as long as the index stays within this channel.



Despite Friday's pullback, there is very little chart damage in the U.S. stock indices - at least for now. I want to see how the markets act this week, when traders come back from their vacations. **Though I believe we're in a dangerous, longer-term stock market bubble, I respect the trend as a trader and investor.**

(Disclaimer: All information is provided for educational purposes only and should not be relied on for making any investment decisions. These chart analysis blog posts are simply market ?play by plays? and color commentaries, not hard predictions, as the author is an agnostic on short-term market movements.)