

Here Are The Key Levels To Watch In U.S. Stocks



After a pause last week, volatility reared its ugly head again with the Dow falling as much as 548.62 points on Tuesday before recovering most of the losses by the close of trading. Though I am warning that stocks are currently experiencing a bubble that will end in tears (see [my presentation about that](#)), I believe in using technical or chart analysis to make sure that I am on the right side of the market's trend in the shorter-term. In this piece, I will show the key levels in U.S. stock indices that I believe are important to watch. During this week's sell-off, the bellwether S&P 500 broke below its uptrend line that began in early-2016, which is a bearish sign if the index closes below this line by the end of this week. If it does, the next major technical support and price target to watch is the 2,550 to 2,600 support zone that formed at the lows earlier this year.

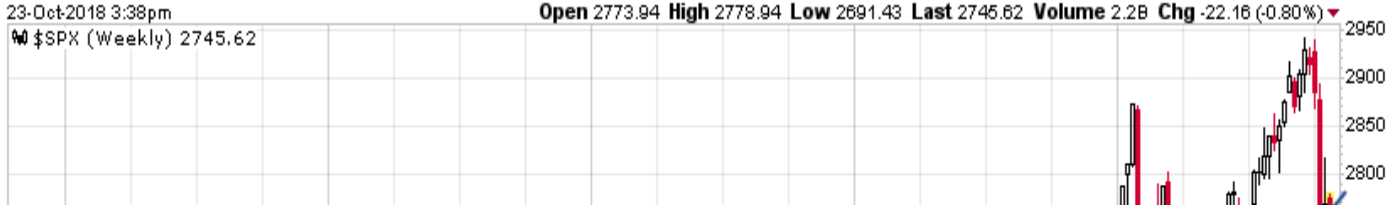
\$SPX S&P 500 Large Cap Index INDX

23-Oct-2018 3:38pm

\$SPX (Weekly) 2745.62

Open 2773.94 High 2778.94 Low 2691.43 Last 2745.62 Volume 2.2B Chg -22.16 (-0.80%)

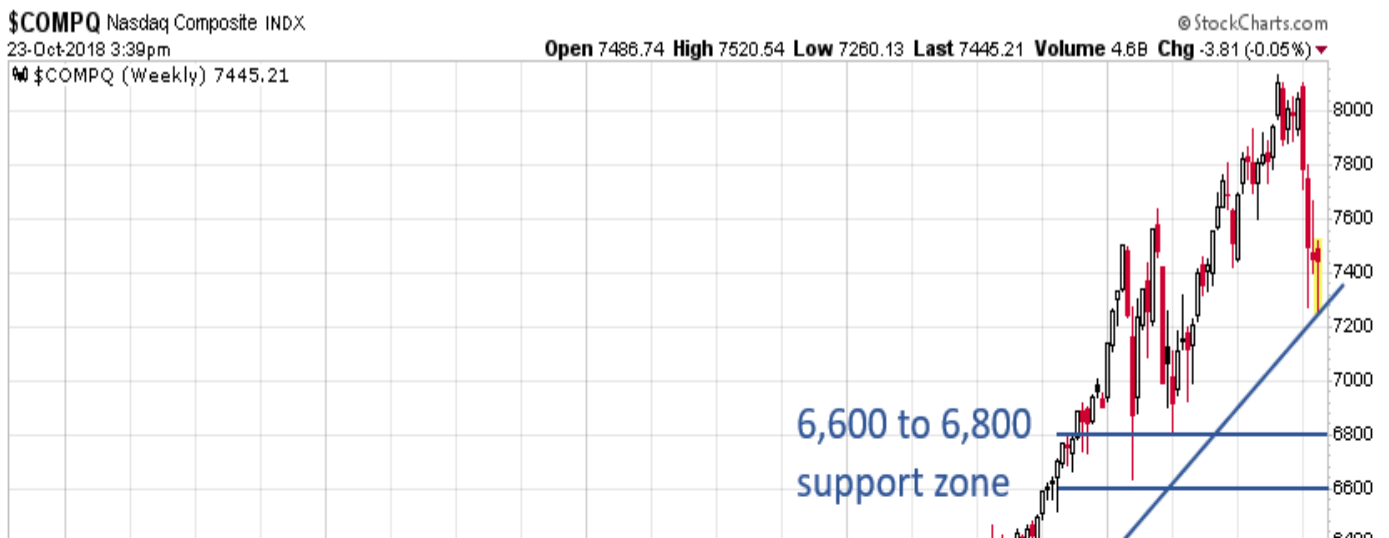
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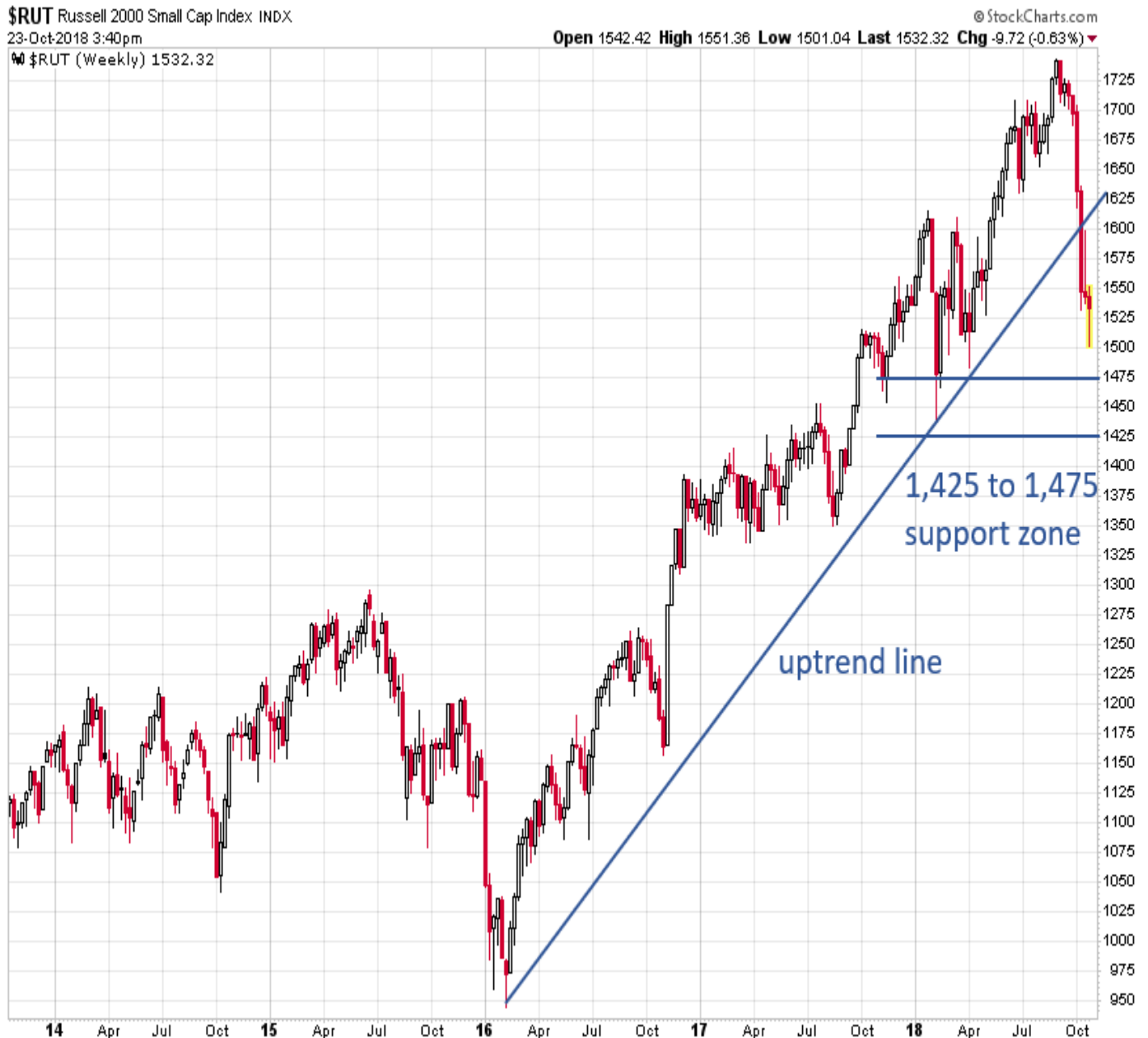
Unlike the S&P 500, the Dow Jones Industrial Average has not broken below its uptrend line that began in early-2016. If the Dow closes below this uptrend line in a convincing manner on the weekly chart, the next important support level and price target to watch is the 23,250 to 23,500 zone that formed in early-2018.



Like the Dow, the tech-oriented Nasdaq Composite index has not broken its uptrend line yet and actually bounced off this key level on Tuesday. If the Nasdaq eventually breaks below its uptrend line in a convincing manner, the next price target to watch is the 6,600 to 6,800 support zone that formed earlier this year.



The small cap Russell 2000 index broke below its uptrend line two weeks ago, which is a concerning development. The next major support to watch is the 1,425 to 1,475 support zone that formed in late-2017 and early-2018.



Though the market sell-off of the past two weeks is definitely concerning, more confirmation is needed to determine if a more extensive correction or bear market is imminent. For more information, please read our Chief Investment Strategist Lance Roberts' technical [market update](#) as well. **We at Clarity Financial LLC, a registered investment advisory firm, specialize in preserving and growing investor wealth in times like these. If you are concerned about your financial future, [click here](#) to ask me a question and find out more.**