

Below is a snapshot of last week's market performance and what to watch in the weeks ahead from Chadd Mason, Cabana CEO and co-founder.

Last week markets began to tread water after a remarkable recovery off the bottom, which occurred on December 24. Broad U.S. indexes are up more than 10% since that time. During the January and February rally, all major indexes (domestic and international) cleared important technical barriers at the 50-day and (all important) 200-day moving averages.

The S&P 500 is now battling significant resistance at the 281 price level. This area represents highs seen in October, November and early December. This alone is a formidable challenge in my view, but is made even more difficult by the fact that equities are overbought by any measure and due for a pullback. We all know markets do not go straight up or down, and they have gone straight up for more than two months now. In my opinion, a digestion of the gains we have seen and a test of the S&P's 200-day moving average is inevitable. Today, U.S. equities are trading down more than 1% after gaining overnight on talk of trade resolutions with China. This reversal, at a key technical level, further supports my belief that the "blast off" phase of the rally is ending.

The good news is that commodities and emerging markets have outperformed after lagging behind for much of the past year. As I have stated many times, I believe we need foreign markets to participate for our own markets to function at their best. The world's economy is interrelated. We are all in this together, despite political rhetoric to the contrary. I am particularly hopeful that recent price gains in commodities, like copper and energy, are the result of renewed demand-side growth around the world. Copper is up nearly 15% and energy is up 18%. Despite forward earnings estimates falling off precipitously, we still expect double-digit growth by U.S. companies.

All in all, I believe the glass is at least half full.

Last week's market commentary is available [here](#).



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