

March Weakness Within an Ongoing Uptrend

Market Overview

In our previous Market Comment (MKT-583, February 11, 2026), we noted that February has historically been one of the weaker months for equities. This year, however, February largely defied that seasonal pattern. Most major indices finished the month higher, with the exception of the S&P 500, which declined 0.9%.

Importantly, this modest decline was largely driven by the heavy weighting of a small group of technology stocks within the index. When the S&P 500 is viewed on an equal-weight basis (S&P Equal Weight – SPXEW), the index actually finished the month in positive territory (see table below).

Index	February Performance	March 2 to March 9 low	March 2 to March 9 close
DJI	+0.2%	-4.8%	-2.5%
SPX	-0.9%	-3.5%	-1.2%
SPXEW	+3.4%	-5.4%	-3.1%
NYA	+3.4%	-6.0%	-3.7%
TSX	+7.5%	-5.8%	-3.4%

The typical February weakness appears to have been delayed until March, driven in part by escalating

geopolitical tensions over the conflict with Iran. The month began with several sharp intraday selloffs; however, the market demonstrated resilience, repeatedly recovering from early declines and avoiding closes near the day's lows. For example, on March 9 the market recouped roughly half of the day's losses before the close.

Despite the recent volatility, the broader long-term uptrend remains intact (see charts for details).

Cycles & Seasonality

A 21-day and a 35-day cycle are both approaching maturation in late March, suggesting that additional short-term weakness may occur in the coming weeks.

Historically, April has been the second best-performing month for the S&P 500. As a result, any late-March softness would likely be followed by a recovery and a resumption of the longer-term uptrend as the market moves into April.

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Monica Rizk

Charts courtesy of LSEG

Capitalight Research · 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario M5X 2A2
subscriptions@capitalightresearch.com · Capitalightresearch.com

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Momentum & Breadth

Short-term momentum has weakened as the major indices slipped below their respective 10-week moving averages (10wMAs). At the same time, market breadth turned negative on March 6, when the number of new 52-week lows exceeded the number of new 52-week highs.

This marked the first occurrence since December 31, 2025 (which lasted one day). Prior to that, the most recent period of sustained breadth weakness occurred between November 13 and November 21, 2025, when new lows exceeded new highs for seven consecutive days.

That November period also coincided with the last interruption in short-term momentum, when the indices briefly slipped below their 10-week moving averages before quickly recovering and resuming the broader uptrend.

We are monitoring closely whether the current deterioration in breadth persists in the coming weeks. Continued weakness would support the expectation that March may remain a softer period for equities. Nevertheless, the broader market structure remains constructive, and the indices appear capable of absorbing additional downside without jeopardizing the longer-term rising trend (see charts).

Sentiment

Investor sentiment has also moderated. According to the latest data from Investors Intelligence, bullish sentiment has declined from the late-January and early-February peak of 62.3% to 49.1% in the most recent report—its lowest level since late November 2025.

At the same time, bearish sentiment has risen to 21.8%, up from 14.6% the previous week. If selling pressure persists in the coming weeks, this percentage is likely to increase further.

From a contrarian perspective, a continued rise in bearish sentiment would indicate that pessimism is gaining traction—often a signal that the market may be approaching a short-term bottom.

Additional market weakness in March would likely push bullish sentiment lower and further increase bearish positioning. Such a shift would help create the more balanced sentiment backdrop typically needed to support a renewed advance, potentially setting the stage for a continuation of the uptrend in April.

On the following page, we examine the charts in greater detail and identify the key support levels that must hold for the broader technical outlook to remain intact.

Key Support Levels

The one-year daily charts on the following page show varying degrees of the current pullback across the major indices. The Dow Jones Industrial Average and the S&P 500 have both declined toward their respective 200-day moving averages (200dMAs). Meanwhile, the NYSE Composite has slipped slightly below its 50-day moving average (50dMA) but still has some distance to its 200dMA should the pullback extend further.

The S&P/TSX Composite Index—technically the strongest index so far—briefly dipped below its 50dMA on March 9 but managed to close back above that level and has remained above it since.

The sharp late-January to early-February pullback in the TSX to its 50dMA was largely driven by an equally sharp correction in gold stocks, which also declined to their respective 50-day averages. While this pullback helped relieve overbought conditions, these stocks remain well above their longer-term averages. For example, Agnico Eagle Mines is currently trading approximately 26% above its 200dMA, while Endeavour Mining

remains about 29% above its average.

Energy stocks are also trading comfortably above key support levels. For instance, Canadian Natural Resources is approximately 17% above its 50dMA and about 29% above its 200dMA, while Suncor Energy is roughly 10% above its 50dMA and about 25% above its 200dMA. Although we do not expect these stocks to decline all the way to their 200-day moving averages, investors should remain aware that such pullbacks are always possible.

A decline in the major indices toward support near their respective 200-day moving averages (shaded area) would imply the following downside risks from current levels:

- Dow Jones Industrial Average: ~45,500 (-4%)
- S&P 500: ~6,500 (-4%)
- NYSE Composite: ~21,400 (-5%)
- S&P/TSX Composite Index: ~30,000 (-9%)

Only a sustained decline below these levels would raise concerns about the longer-term uptrend.

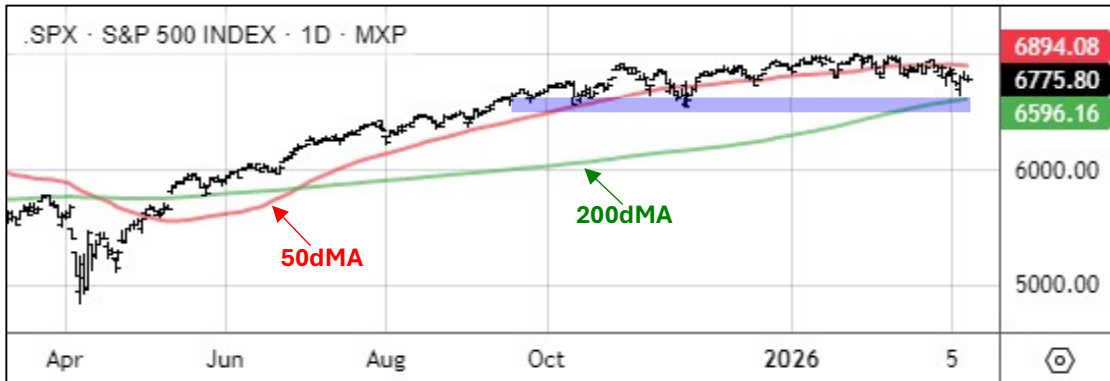
Dow Jones Industrial Average (DJI)

Daily chart - one year



S&P 500 Index (SPX)

Daily chart - one year



NYSE Composite Index (NYA)

Daily chart - one year



S&P/TSX Composite Index (GSPTSE)

Daily chart - one year

