



Weekly outlook for Nov. 13 – Nov. 17 2017

Summary



The **S&P500 index** is expected to retest last week's low area early in the week which could be the low for this week. The 2550 level is expected to hold up any short-term correction this week, which should be seen as a buying opportunity. This week is the major November monthly option expiration.



Oil is expected to pullback to test breakout levels, but if the \$52.86 breakout point is reached it is likely to prevent any further price decline. Oil completed its bullish symmetrical pattern at \$56.41 early last week and made a further advance to \$57.92 – the highest price since 2016. It subsequently went sideways for consolidation. The price action remained bullish last week.



GOLD is expected to go sideways first. But we expect a further decline towards \$1250. On the daily chart the consolidation range from \$1285 to \$1265 may contain GOLD for this week. A break below \$1260 will give a more negative outlook. The momentum indicators are contradicting each other. Any bounce this week could have a very short lifespan.

SP500 index (ES mini, and SPY):

LONG-TERM TREND DIRECTION: Up and bullish

Trade strategy: Buy

The long term condition didn't change much last week, the outlook remains strong and bullish. But the extremely overbought situation continues. We are also approaching the end-of-year portfolio re-balancing. Adjustments by investment funds may slow down the current rally.

INTERMEDIATE-TERM TREND DIRECTION: Up and Bullish

Trade strategy: Buy

The intermediate-term trend still is up, and outlook remains bullish. There is not much indication on the weekly chart that the current uptrend will change direction, however the overhead psychological resistance around 2600-15 may continue to hold SP500 index (ES) down this week. The 2500 level area is a major support for intermediate term, but traders need to watch the weekly PMO indicator. Usually after the indicator tops, a period of corrective action takes place. Weekly PMO and Slow STO have been at their top since October, so some kind of downside reaction should be expected.



SPX-ES SHORT-TERM TREND DIRECTION: Up and Bullish

Trade strategy: Sell

In the last two days the SP500 index (ES) had a minor pullback, but virtually no technical damage to the chart. The index (ES) sold off quickly and was bought quickly by dip buyers during intraday trading hours with higher than normal volume, which shows how bullish the market is. However there has been some kind of distribution move in past weeks which merits attention.

This week is major November monthly option expiration week. Last week's low could be the low for this week. Early in Monday's sessions the SP500 index (ES) may retest last week's low first, with the price gradually moving back up during the week for Friday's close.

2570 is the 20-day EMA line. The SP500 index bounced from this line five times since August. Now price is close to it again. So the 2570-69 zone becomes very important this week. A failure to hold up could lead the price down further toward 2550. A move above 2585.50-87.50 zone could trigger last week's shorts' stops and push the price up to the 2600 level.

The daily PMO gave out "Sell" signal last Friday. There are some negative divergence visible on the daily chart. The short-term uptrend since August 14 may change its direction soon.



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Weekly Option

	Strike	Expiration Date	Strike price	Expiration Date
Calls	2615	2017/13/15	2635	2017/11/17
Meanline	2585		2565	
Puts	2535	2017/13/15	2500	2017/11/17

2. Oil (\$WTIC, CL)

LONG-TERM TREND DIRECTION: Neutral

Trade strategy: Sell on major Resistance and buy on Support

The long-term trend didn't change much last week. The fast momentum trend "BUY" signal (the 10-month EMA line crossed above 20 month EMA) continues and is rising. \$60-\$61 should be the upside target as long as the \$51.75 level holds up. However the major momentum trend indicators have not yet given out any BUY signal. Therefore we are still waiting to see if the long-term direction will be changed.

INTERMEDIATE-TERM TREND DIRECTION: Up and bullish

Trade strategy: Buy on breakout levels

Oil had a continuation high move last week. The intermediate-term uptrend remains intact and bullish. But the PMO indicator is near the top of the trading range, and the weekly momentum trend indicators didn't chase the price, which suggests oil may need to pull back to test its breakout levels before the rally resumes. The 20/50-weekly EMA lines will be major support for oil and three breakout levels at \$55.24, \$53.76 and \$52.86 could all become inflection points where any retracement stops and reverses. After a minor pullback, if one occurs, oil could be pushed up to the \$60 area.



OIL - SHORT-TERM TREND DIRECTION: Up and bullish

Trade strategy: **Buy**

Oil completed its bullish symmetrical pattern at \$56.41 early last week and made a further advance to \$57.92 – the highest price since 2016. It subsequently went sideways for consolidation. The price action remained bullish last week.

However the short-term has an overbought condition. Oil could pullback to test its breakout this week. First major support is at \$54.50 and as long as this level holds up, buying on dips is likely. At this stage we can't predict where the rally will finally run out of steam. The political drama in Saudi Arabia and the response of other producers will be the deciding factor.



3. GOLD (GC, GLD)

LONG-TERM TREND DIRECTION: Up and neutral outlook

Trade strategy: Buy

The Long-term for gold outlook didn't change much. But the sentiment towards GOLD is very negative. The \$1255 area will determine which way GOLD should go next in the long term.

INTERMEDIATE-TERM TREND DIRECTION: neutral

Trade strategy: buy at \$1250 area

GOLD went sideways in a range mainly from \$1285 to \$1265 for the week. The weekly PMO "SELL" signal continues to keep buyers away. But the major support still managed to hold up. At this stage it is hard to say which way GOLD will go next. For any long-term uptrend to resume we have to see the 2016 high taken out to establish upside momentum. We haven't seen that yet.



GOLD - SHORT-TERM TREND DIRECTION: down and bearish

Trade strategy: sell on bounce

The market sentiment is bearish for GOLD. During the Bitcoin rally speculative money is moving away from GOLD. The strong USD makes it seem that GOLD is being beaten down by two hammers.

On the daily chart the consolidation range from \$1285 to \$1265 may contain GOLD for this week. A break below \$1260 will give a more negative outlook. The daily PMO is in oversold territory, but the slow STO is overbought. Any bounce this week could have a very short lifespan. Therefore our strategy is only scalping on the buy side, and focus on the short side as the price approaches the 20/40-day EMA line. \$1300 will remain the top of the range this week.



WEEKLY ECONOMIC REPORTS

MONDAY, NOV. 13					
2 pm	Federal budget	Oct.		--	-\$46 bln
TUESDAY, NOV. 14					
6 am	NFIB small-business index	Oct.		--	103.0
8:30 am	Producer price index	Oct.		0.1%	0.4%
WEDNESDAY, NOV. 15					
8:30 am	Consumer price index	Oct.		0.1%	0.5%
8:30 am	Core CPI	Oct.		0.2%	0.1%
8:30 am	Retail sales	Oct.		0.0%	1.6%
8:30 am	Retail sales ex-autos	Oct.		0.2%	1.0%
8:30 am	Empire state index	Nov.		--	30.2
10 am	Business inventories	Sept.		--	0.7%
THURSDAY, NOV. 16					
8:30 am	Weekly jobless claims	11/11		239,000	239,000
8:30 am	Import price index	Oct.		--	0.7%
8:30 am	Philly Fed	Nov.		--	27.9
9:15 am	Industrial production	Oct.		0.4%	0.3%
9:15 am	Capacity utilization	Oct.		76.2%	76.0%
10 am	NAHB home builders' index	Nov.		--	68
FRIDAY, NOV. 17					
8:30 am	Housing starts	Oct.		1.200 mln	1.127mln
8:30 am	Building permits	Oct.		--	1.225mln