



Weekly outlook for June 19 – June 23 2017

TREND DIRECTION

	Short Term Trend	Intermediate-Term Trend	Long Term Trend
S&P 500			
	sideway	Up	Up
Oil			
	down and oversold	down	down
Gold			
	down and oversold soon	Sideway and down	sideway

Summary

- The S&P500 index is expected to continue slowly moving to the downside this week, but every dip will be pushed back up -- at least in part -- at the end of the day.
- Oil is expected to hold up the \$43.75 line and have a minor oversold bounce. The \$49 line is expected to hold oil price down.
- GOLD is expected to make a breakdown through the \$1250 line move this week. But the neckline of the M pattern around the \$1225 area could prevent GOLD from falling.

1. SP500 index (ESmini, and SPY):

Long and intermediate term

Based on Feb. 2011 the **Long-term momentum trend is up and continues its strong buy signal. But the overbought condition slows the price advance.**

Based on the Feb, 2016 the **intermediate-term momentum trend is up and a BUY signal remains.** But both weekly PMO and Slow STO indicators are overbought, which indicates a minor correction could occur at some point.



SPY and ES – short term

Based on May 2017 the short-term momentum trend is up. Because the long-term and intermediate-term are overbought, the risk of trading the long side increases. The daily PMO indicator turns down, and looks likely to give a SELL signal soon.

The index made a sideways move last week and continues to consolidate. It set up a rough sideways range from 2445 to 2415, and this becomes a key zone for the long-term bull market. The 2417.50-15.50 breakout zone needs to hold up to maintain the short- and intermediate-term uptrend. If it fails to hold it, could trigger a short- and intermediate-term correction. The next three months are the worst season for the stock market. A break below 2400 is likely, leading the index to go toward 2350 for a short-term correction.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2465	2017/6/19 21	2465	2017/6/23
Meanline	2435		2400	
	2350	2017/6/12-14	2300	2017/6/23

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2. Oil (\$WTIC, CL)

Based on Dec. 2014 Long-term momentum trend is down and bearish, and strong “SELL” signal continues.

The Nov. 2016 intermediate-term momentum trend is down. The momentum Sell signal is being generated. Both weekly PMO and slow STO indicator continue to decline and keep their “SELL” signal. Now oil is sitting near its Intermediate-term uptrend line. \$44-43.75, which becomes a very important area for this week. Holding above it could lead to a brief short-term bounce. But the weekly 20/40 moving average lines will likely hold down oil price down and prevent it from advancing.



Oil – Short term

Based on May 25, 2017 the **short-term momentum trend is down and signal “SeLLing” is gavin. The daily PMO continued decinine**, The slow STO indicator stayed extremely oversold territory, both reflected bearish oil price move. But last two days oil price move -testing May's low area at \$44-43.75 and closing above it on Friday, could lead this week oil short-term brief bounce. This week \$44-43.75 could be short-term bottom. Bounce up to \$47-49 major short-term resistance zone could be seen. But a **SHORT** on major resistance zone strategy will be used for trend traders.



3. GOLD (GC, GLD)

Based on Oct. 2014 **Long-term momentum trend** has a “Neutral” signal, **Both Monthly PMO indicator** and **Slow STO** have a “Neutral” signal, and refused to move up. This indicates that GOLD is likely going in a broad sideways range in the coming months.

Based on Dec. 2016 **the intermediate-term momentum trend** is a “Neutral” signal. The long-term triangle downtrend line is holding the price down. The double top pattern gave a bearish outlook for the near term. At the same time, both weekly PMO and Slow STO have an overbought condition. We are likely to see the 20/40/200-weekly moving average lines tested in the coming weeks.



Gold – short term



The May 11, 2017 candle shows the short-term trend momentum trend is turning down. The daily PMO indicator gave a “SELL” signal last Thursday, and the chart is generating a big “M” pattern.

The neckline of that bearish pattern is lying at the \$1225 level area. A break below \$1225 could send GOLD back down to the \$1190-\$1185 zone area. This week \$1250-45 is a key zone to determine if GOLD will form the big M pattern or bounce for testing the \$1265 breakdown point.

In any case the short-term is bearish, and traders should focus on the Short side this week.

4. WEEKLY ECONOMIC REPORTS

MONDAY, JUNE 19					
	None scheduled				
TUESDAY, JUNE 20					
8:30 am	Current account deficit	Q1		--	-\$112bln
WEDNESDAY, JUNE 21					
10 am	Existing home sales	May		--	5.57 mln
THURSDAY, JUNE 22					
8:30 am	Weekly jobless claims	6/17		--	237,000
10 am	Leading economic indicators	May		--	0.3%
FRIDAY, JUNE 23					
9:45 am	Markit manufacturing PMI (flash)	June		--	52.7
9:45 am	Markit services PMI (flash)	June		--	53.6
10 am	New home sales	May		--	569,000