



Natusus

Weekly outlook for Aug. 7 – Aug. 11 2017

TREND DIRECTION

	Short Term	Intermediate-Term	Long Term
S&P 500			
	Sideway or minor down	buy	Strong buy
Oil			
	buy	neutral	sell
Gold			
	buy	buy	Neutral

Summary

- **The S&P500 index** is expected to stay in the 2480.50 to 2460.50 range early in the week. Subsequent movement depends on which way the price goes first. If the market breaks above 2480.50 first, the index could run for the 2500 level, and then reverse. If it breaks below 2460 it could push down to test 2450 or lower toward the 2435-2425 zone.
- **Oil:** The short-term is overbought, but markets can stay overbought and still go up. \$47-48 is the first major support zone. Remaining above \$48 will be bullish and may send the price looking for \$50, or attempt to break that level and move higher.
- **GOLD** is expected to continue to pull back early in the week if the US dollar continues to rally. That would help relieve the over-bought condition. If the USD fails to rally in the early part of the week, GOLD could bounce to test \$1279-\$1280. Or higher.

SP500 index (ESmini, and SPY):

Based on Feb. 2011 the **Long-term momentum uptrend indicator** continues a strong **BUY** signal, but the weak momentum move in the last two weeks is bringing out a little caution among traders. That could be a signal of distribution pattern and a search for a market top, but it could equally be weak trading in the traditional vacation season.

Based on the Feb 2016 the **intermediate-term momentum uptrend** still has a “buy” signal, but the weekly PMO has a flat **SELL** signal, and the slow **STO** moves into extreme overbought territory. A minor correction may occur soon. But due to overall long-term bullish market, the first major support line at 2400 should hold. We still expect buyers to show up if there is a minor correction.



SP500 index – short term

Based on July 6, 2017 **the short-term momentum trend indicator still is up and shows a BUY signal. But the daily PMO indicator is generating a SELL signal; the Slow STO is moving away from overbought territory.**

The index also lost upside momentum and has been sideways within a narrow range for many days. A thrust up and reversal should be expected soon.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2500	2017/8/7-9	2510	2017/8/11
Meanline	2460		2455	
	2410	2017/8/7-9	2395	2017/8/11

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2. Oil (\$WTIC, CL)

Based on Dec. 2014 **Long-term momentum trend remains down, and has a SELL signal.** Oil is testing its first monthly momentum support line at the 20-month EMA. However, a break above \$50.50 could push oil up to the next resistance line near \$56.50-\$57. The monthly PMO indicator keeps rising but so far remains below the neutral line; if it generates a BUY signal it could help hold oil above the \$47-48 zone to push through the overhead resistance.

The June. 2017 **intermediate-term momentum trend indicator is “neutral,” but slightly favors the upside.** The weekly PMO is rising but has not given a new BUY signal yet. The slow STO indicators is also rising, but still has room to move further. Both hint that oil could continue going up further if the overhead resistance line at \$ 50.50 fails to hold the price down.



Oil (\$WTIC, CL) – short term

Based on July 25, 2017 the **short-term momentum trend has a “BUY” signal**. Oil has been consolidating below the upper boundary of its long-term declining channel. The daily PMO and slow STO indicators are somewhat overbought, but if the \$48-\$47 zone holds up, we expect to see another breakout soon.



3. GOLD (GC, GLD)

Based on Oct. 2014 **the Long-term momentum trend remains neutral and mainly flat. It indicates the price is in a contraction process.** Contraction is followed by expansion and we should expect a breakout at some point. It could be in either direction from the long-term triangle pattern (red dotted lines).

Based on April. 2017 **the intermediate-term momentum trend is neutral and slightly favors the upside.** The weekly PMO indicator gave a BUY signal, and the Slow STO indicator continues to move up. Both indicate that GOLD could attempt to break out through the overhead resistance line of the long-term of a triangle formation. The movement in the USD (if any) will largely determine what happens to the price of gold in the coming days.



3. GOLD (GC, GLD) – short term

The July 28, 2017 short-term trend momentum indicator continues a “BUY” signal even though had a one-day pullback last Friday. But the daily PMO and slow STO indicators both have a short-term overbought condition. This could lead GOLD to continue to pull back this week to test its momentum support zone at \$1255-\$1250. In any case the USD will be the key for GOLD. If the dollar continues to rally, GOLD may break the \$1245 line and go lower.



WEEKLY ECONOMIC REPORTS

MONDAY, AUG. 7					
3 pm	Consumer credit	June		--	\$18 bln
TUESDAY, AUG. 8					
6 am	NFIB small-business index	July		--	103.6
10 am	Job openings	June		--	5.7 mln
WEDNESDAY, AUG. 9					
8:30 am	Productivity	Q2		0.6%	0.0%
8:30 am	Unit labor costs	Q2		1.2%	2.2%
10 am	Wholesale inventories	June		--	0.4%
THURSDAY, AUG. 10					
8:30 am	Weekly jobless claims	8/5		241,000	240,000
8:30 am	Producer price index	July		0.2%	0.1%
2 pm	Federal budget	July		--	-\$113bln
FRIDAY, AUG. 11					
8:30 am	Consumer price index	July		0.2%	0.0%
8:30 am	Core CPI	July		0.1%	0.1%