



## Weekly outlook for Jan. 8 – Jan. 12 2017

### Summary



The S&P500 index is expected to hold above the 2700 level this week. Buying on dips will likely continue. If there is an early pull-back it will attract more buyers.



**Oil:** any early pullback is expected to give new buyers a chance to get a better entry price. \$62.50 is a key line. A break above it will be bullish for intermediate- and long term.



**GOLD** depends on \$1310-08 zone. As long as price stays above it, sideways or further up should be expected.

## SP500 index (ES mini, and SPY):

**LONG-TERM TREND DIRECTION: Up and bullish**

**Trade strategy: Buy**

In the first week of New Year the bull market appears to be quite sustainable. The long term uptrend remains strong. We expect SP500 index will extend its rally for a while. The 3000 level will remain the long-term target.

**INTERMEDIATE-TERM TREND DIRECTION: Up and overbought**

**Trade strategy: Buy**

The intermediate-term uptrend is also strong, The Index price has broken the top of the rising trend channel, and the weekly PMO indicator keeps rising. Both price action and indicators show internal buying strength remains strong. Buying on dips will continue in the intermediate term.



**SHORT-TERM TREND DIRECTION: up with slightly overbought**

Trade strategy: **buy on dip**

The sell-off on the last trading day of 2017 gave a wrong outlook. On the first day of the New Year, the index turned around and broke the resistance at the top of the rising channel (green line). This was an impressive breakout move. It indicates the last impulse wave 5 extension will continue in the long-term. However there are breakaway gaps and the index could retrace to fill them this week. This is unlikely to change the short-term upside direction. The major support is 2680. As long as the index stays above it, the short-term is up and bullish. Buyers will continue stepping in above the 2680 level.



**Weekly Option**

	Strike price	Expiration	Strike price	Expiration
	2795		2815	
<b>Meanline</b>	<b>2750</b>	1/10/2018	<b>2750</b>	1/13/2018
	2675		2655	

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## 2. Oil (\$WTIC, CL)

**LONG-TERM TREND DIRECTION:** Slightly bullish

**Trade strategy:** buy

The oil price remains inside the long-term trading range from \$62 to \$40. Even though the price broke the short-term resistance line, the long-term resistance may still hold the price down for a while

**INTERMEDIATE-TERM TREND DIRECTION:** Up and bullish

**Trade strategy:** Buy

The intermediate-term trend is up and bullish. Because the long-term resistance line is holding, oil may fail in its attack on the overhead resistance and retrace to re-build support at a higher level. The 200-wEMA, 20- and 50-wEMA lines will all act as support to help hold the price. We expect buyers to show up at those support lines.



**SHORT-TERM TREND DIRECTION: up**  
**Trade strategy: buy at the breakout level**

Oil broke the top resistance line of its triangle pattern before the New Year. The price made a triangle pattern break-out run up and the price is reaching the top of the two-year trading range. Right now the daily PMO and the slow STO both have a short-term overbought condition. This week oil price may retrace, especially if external events are unexpectedly benign. \$59 is first short-term major support. If there is a pullback we should see new buyers there again.



### 3. GOLD (GC, GLD)

**LONG-TERM TREND DIRECTION: up**

**Trade strategy: buy on dip**

The long-term trend is up. Long-term sentiment is bearish sentiment, but the price move in the first week of the new year was positive. Our longer-term target is a re-test of last year's high at \$1362.

**INTERMEDIATE-TERM TREND DIRECTION: up**

**Trade strategy: buy on intermediate-term support**

Intermediate-term trend is up and bullish. The weekly PMO is rising and price still has some upside room before price reaches last year's high area.



**SHORT-TERM TREND DIRECTION: up**

Trade strategy: **buy on dip**

GOLD broke its three-month trading range (from \$1310 to \$1260) on the first trading day of 2018. Subsequently GOLD just consolidated but managed to hold the price above a breakout level. We regard this as a solid follow-through move, tending to confirm the initial price move. This week all eyes will focus on the \$1310-08 zone. As long as this zone holds up, it will attract the buyers. Otherwise GOLD can drop back down near \$1280 to search for support. If this is the case the outlook will not be considered as bullish as we initially thought.



## WEEKLY ECONOMIC REPORTS

MONDAY, JAN. 8					
3 pm	Consumer credit	Nov.		--	\$21 bln
TUESDAY, JAN. 9					
6 am	NFIB small-business index	Dec.		--	107.5
10 am	Job openings	Nov.		--	6.0 mln
WEDNESDAY, JAN. 10					
8:30 am	Import price index	Dec.		--	0.7%
10 am	Wholesale inventories	Nov.		--	-0.5%
THURSDAY, JAN. 11					
8:30 am	Weekly jobless claims	1/6		--	250,000
8:30 am	Producer price index	Dec.		0.2%	0.4%
2 pm	Federal budget	Dec.			
FRIDAY, JAN. 12					
8:30 am	Consumer price index	Dec.		0.1%	0.4%
8:30 am	Core CPI	Dec.		0.2%	0.1%
8:30 am	Retail sales	Dec.		0.5%	0.8%
8:30 am	Retail sales ex-autos	Dec.		0.4%	1.0%
10 am	Business inventories	Nov.		--	-0.1%