

Weekly outlook week of Apr. 16, 2018

Summary

- [The S&P500 index](#) is stalled between intermediate-term moving average lines, and while the price action was bullish last week, the market can't climb above the yearly opening price. The April major options are expiring and the market could go in either direction to accommodate option players.
- [Oil](#) broke a major resistance line last week and hit a three-year high on Friday. The bearish double top pattern is broken and buyers are encouraged to defend the broken resistance. The market could retrace early in the week and then rally again.
- [GOLD](#) is still in a trading range but has been held near the top of that range and made a tentative move above it before retracing a little. We expect the price to hold above the \$1325-30 zone and rally further, perhaps with a little dip first to provide a better entry price.

SP500 index (ES mini, and SPY):

LONG-TERM TREND DIRECTION: Up

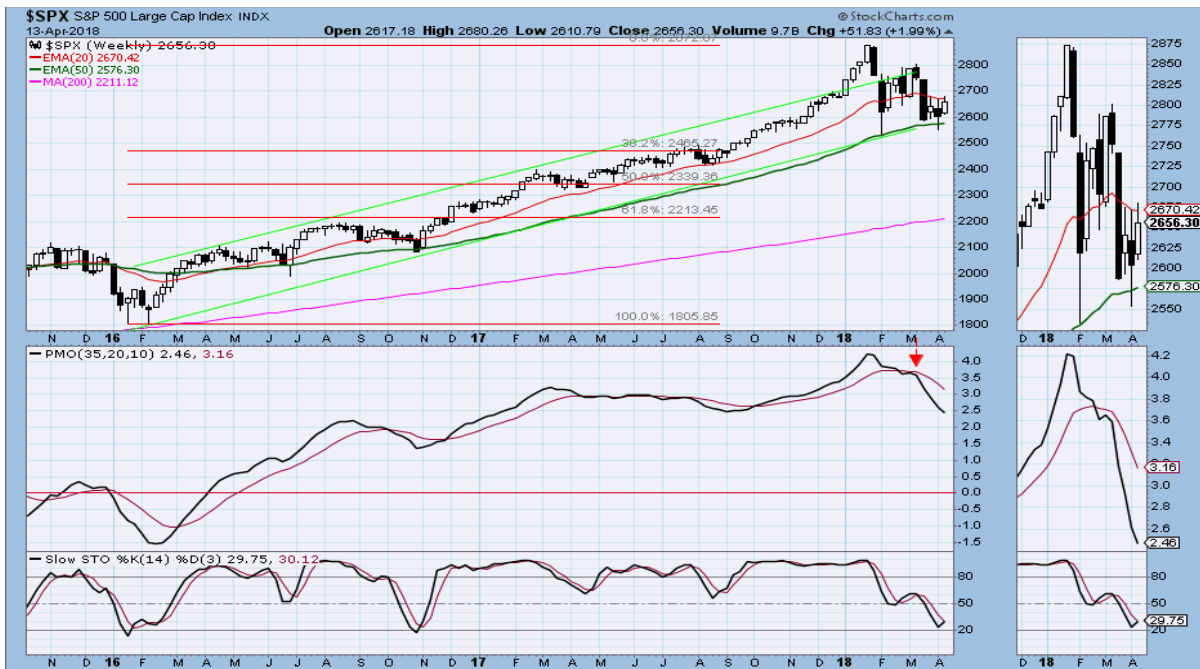
Trade strategy: flat

The long term trend is up, but both monthly PMO and STO indicators are heading down from overbought territory. The first long-term support remains at 2480.

INTERMEDIATE-TERM TREND DIRECTION: flat

Trade strategy: Caution! Index can go either direction.

The intermediate-term trend is flat. The index struggles between the 20- and 50-wEMA lines. The weekly PMO indicator continues declining and has a selling signal, and Slow ST is near oversold territory. The 50-wEMA line continues as a key line for this week. If it fails to hold this week the SP500 index is likely to decline harder.



S&P500 Cash index. Weekly chart.

SHORT-TERM TREND DIRECTION: flat

Trade strategy: **short on major resistance at 2725 or buy below 2599**

SP500 index rallied into the 20 and 50-wEMA line last week. The price action was bullish, but the price still can't close above the yearly opening price, which is a negative sign, The PMO indicator crossed above the signal line and has a small buy sign; the value still is under the zero line, not a positive sign. This week is April major option expiration. Monday's high or last week's high could be the high for the rest of week. For any substantial move for option expiration, the index either has to breakout above 2675 to move past 2700 or break below 2650 to drop below 2600.



S&P500 cash index. Daily chart.

Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2705			
Meanline	2645	4/16/2018	****	4/18,20/2018
	2560			

**** see daily trading plan

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2. Oil (\$WTIC, CL)

LONG-TERM TREND DIRECTION: up

Trade strategy: buy

The long-term direction is up. Oil broke its 200-mEMA, which had been a strong resistance line. The long-term outlook is bullish. A further upside reaching the year 2011 low area should now be expected.

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: buy on early retracement

The intermediate-term trend is also up. The weekly PMO indicator corrected itself and rises back up to cancel the prior week's selling signal. The bearish double top pattern is void. The range breakout could lead oil to go higher.



SHORT-TERM TREND DIRECTION: up
Trade strategy: buy on dip above \$63.20

Oil closed at a three-year high on last Friday. The prior week's selling signal was disrupted by escalating trade war between China and US. Instead a new buying signal was given last Tuesday and led to a short squeeze that pushed the price higher. A break above February's high convinced investor that \$75 will be the next upside target. Now \$64.50-\$63.50 is a support zone. Buyers will continue defending it until Oil goes near \$68-\$70 this week.



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3. GOLD (GC, GLD)

LONG-TERM TREND DIRECTION: up

Trade strategy: if a breakout move occurs, follow the breakout direction or buy on dip

The long-term trend turns slightly up. Even though GOLD still is in a trading range, it could have a breakout move soon. Monthly PMO indicator still is positive and rising.

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: buy on support

Intermediate-term trend is slightly up. The weekly PMO indicator turns up again. Gold is in a consolidation process. External events (trade war, tension with Russia and Syria) and a falling US\$ helped Gold to hold up above the 20/40-wEMA lines. At the same time there is some indication that the Gold market sentiment is changing from bearish to slightly bullish. Uncertainty in world affairs may bring investors back to hedge positions in other markets.



SHORT-TERM TREND DIRECTION: flat

Trade strategy: range trading method: Scalping short at top on strong bounce and buy on range bottom.

The short-term trend didn't change very much last week. Price remains inside the first three months' range. So far the 20/40 -dEMA lines still acts as a magnet even as Gold attempted to breakout through the top of the range. But as long as Gold manages to hold above \$1330 this week, there is a chance it will bounce up again. Daily PMO indicator still is positive, and rising. It shows some internal buying interest in Gold. Focus on the buying side may be the most profitable approach this week.



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WEEKLY ECONOMIC REPORTS

MONDAY, APRIL 16					
8:30 am	Retail sales	March		0.4%	-0.1%
8:30 am	Retail sales ex-autos	March		0.2%	0.2%
8:30 am	Empire State index	April		--	22.5
10 am	Home builders' index	April		--	70
10 am	Business inventories	Feb.		--	0.6%
12:15 pm	Raphael Bostic speech				
TUESDAY, APRIL 17					
8:30 am	Housing starts	March		--1.253mln	1.236mln
8:30 am	Building permits	March		--	1.298mln
9:15 am	Industrial production	March		0.3%	0.9%
9:15 am	Capacity utilization	March		77.9%	77.7%
9:15 am	John Williams speech				
10 am	Randal Quarles testimony				
1:10 pm	Charles Evans speech				
WEDNESDAY, APRIL 18					
2 pm	Beige book				
3:15 pm	William Dudley speech				
4:15 pm	Randal Quarles speech				
THURSDAY, APRIL 19					
8 am	Lael Brainard speech				
8:30 am	Weekly jobless claims	4/14		230,000	233,000
8:30 am	Philly Fed index	April		--	22.3
10 am	Leading economic indicators	March		--	0.6%
10 am	Randal Quarles testimony				
6:45 pm	Loretta Mester speech				
FRIDAY, APRIL 20					
9:40 am	Charles Evans speech				