



Weekly outlook May 14 - May 18, 2018

Summary

- **The S&P500 index** is expected to make a minor pullback in the early week, and rebound later. The market broke above a short-term triangle resistance area in the last two trading days. The intermediate outlook is also positive.
- **Oil** is expected to have a testing breakout line move this week. Buying on dips will be seen again. There is continuing strong buying interest in oil but a brief retracement to the break-out level is likely.
- **GOLD** is expected to hold above the \$1300 line to move back toward the top of the long-lasting horizontal consolidation range. The price has bounced from a horizontal support area and looks to be forming a medium-term price bottom.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: buy

The intermediate-term trend is turning up again. The weekly PMO has bottomed, price broke the declining tops line and closed above it. It is very positive at this stage. Index could go back to the area of the March high 2800 or January's high 2878.



SHORT-TERM TREND DIRECTION: up

Trade strategy: **buy on dip**

SP500 index broke a triangle pattern in the last two trading days of the week. But slow STO indicator is about to top. 2750 area may act as a resistance line in short term. 2700-2675 zone could hold up index when the indicator begins to unwind.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2785			
Meanline	2735	05/14/2018	****	5/16,18/2018
	2655			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: buy on short-term pullback

There is not too much change in intermediate-term trend direction for Oil. The momentum trend indicator still chases the price, which indicates oil has a strong buy interest. The 20-wEMA line may get tested this week, but we expect it will hold the price up.



SHORT-TERM TREND DIRECTION: up

Trade strategy: pullback possible, but buy on 68.50-66.50 zone

Oil had a short-term overbought condition. A pullback to test a breakout area at \$66.50-68.50 zone possible for this week. Also a rollover July contract will be on Friday, it could cause oil price to have a big swing.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: **flat**

Trade strategy: **none**

There is not much change in Intermediate-term trend. It has been flat for a year. The weekly PMO indicator continues declining, there is no sign to turn up. Sideways moves should still be expected for the long term.



SHORT-TERM TREND DIRECTION: neutral

Trade strategy: scalping trades on buy on support line

Gold has bounced from a horizontal support line. It looks it is forming a price bottom. Daily PMO indicator also forms a bottom. It should confirm the price. Use a Scalping Buy on support this week if there is a pullback in the early days.



WEEKLY ECONOMIC REPORTS

MONDAY, MAY 14					
	None scheduled				
TUESDAY, MAY 15					
3:15 am	Jerome Powell speech				
8:30 am	Retail sales	April		0.4%	0.6%
8:30 am	Retail sales ex-autos	April		0.6%	0.3%
8:30 am	Empire state index	May		--	15.8
10 am	Home builders' index	May		--	69
10 am	Business inventories	March		--	0.6%
WEDNESDAY, MAY 16					
8:30 am	Housing starts	April		1.287mln	1.319mln
8:30 am	Building permits	April		--	1.379mln
9:15 am	Industrial production	April		0.6%	0.5%
9:15 am	Capacity utilization	April		78.5%	78.0%
THURSDAY, MAY 17					
8:30 am	Weekly jobless claims	5/12		215,000	211,000
8:30 am	Phily Fed index	May		--	23.2
10 am	Leading economic indicators	April		--	0.3%
FRIDAY, MAY 18					
10 am	Advance services	Q1			--