



Weekly outlook for Aug. 6 – Aug. 10, 2018

Summary

- **The S&P500 index** is expected to go up first early in the week and retrace in later week days. 2798-2805 is a key support area for reaching an upside target above 2850.
- **Oil** is expected to break down. \$69.55 is a key resistance area. A break below \$66.50 could lead oil lower toward the \$65-64.50 area.
- **GOLD** is expected to have a range breakout move and then reverse again. Conversely, if a breakdown occurs first gold is then likely to reverse from the low and return to near last week's high area.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: short on the long-term top resistance line (January's high)

The SP500 index price remains within a bull market uptrend and is moving toward the top of January's high area. The weekly PMO is rising with a “buy signal” and looks bullish.



SHORT-TERM TREND DIRECTION: bullish

Trade strategy: Aggressive short on early popping or buy on early dipping and reverse positions late of the week.

The SP500 index price remains within a rising trend channel and is only 40 points from January's high. The daily PMO has bottomed up and continues having a short-term buy signal. But the buying strength may not be as strong as we expected. Last Friday's volume was very thin. We may see SP500 index set up a consolidation zone from 2885 to 2775 for the longer term.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2885			
Meanline	2835	8/6/2018	****	8/8, 10/2018
	2750			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: up with overbought condition

Trade strategy: short on overhead resistance zone

Oil has managed to hold the price above the 20-wEMA line for three weeks. But the weekly PMO continues sliding lower and has a negative divergence with the price. This suggests oil may stay low for a while.



SHORT-TERM TREND DIRECTION: up

Trade strategy: Short on Bounce at breakdown point area (under \$69.50)

The rising trend line (green) has been providing support for 13 days. But the daily PMO keeps falling and hints that the support may not be able to hold up in the coming days. Oil could go down to the 200-dEMA line area for testing if the support line is broken.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: down

Trade strategy: Short on bounce that stays under the 20-wEMA line

Gold held the price under its broken support line (200-wEMA line) last week. There is no buying activity for this stage. Gold started falling after the April top, and the Weekly PMO indicator keeps falling since then. There is a great chance for Gold to drop near \$1150-\$1125 zone if the price breaks below the \$1200 line.



SHORT-TERM TREND DIRECTION: down with extremely oversold
Trade strategy: testing low at \$1210 area possible

Gold has been consolidating since it broke the \$1240 support line two weeks ago. Sentiment remains negative. Even though the daily PMO indicator crossed up through the signal line and gave a buy signal, the price still did not rise much. This week we are watching for a break out move, but the direction of that move is not clear. A move above \$1245 could push price up to \$1250-55; conversely a break below \$1205 could lead to a drop to \$1195. Because Gold has an extremely oversold condition, every deep dip could be bought by shorts covering their position.



WEEKLY ECONOMIC REPORTS

MONDAY, AUG. 6					
11 am	Survey of consumer expectations	July			
TUESDAY, AUG. 7					
10 am	Job openings	June		--	6.6 mln
3 pm	Consumer credit	June		--	\$25 bln
WEDNESDAY, AUG. 8					
	None scheduled				
THURSDAY, AUG. 9					
8:30 am	Weekly jobless claims	8/4		218,000	218,000
8:30 am	Producer price index	July		0.3%	0.3%
10 am	Wholesale inventories	June		--	0.6%
FRIDAY, AUG. 10					
8:30 am	Consumer price index	July		0.2%	0.1%
8:30 am	Core CPI	July		0.2%	0.2%
2 pm	Federal budget	July		--	-\$43 bln