



Weekly outlook for Nov. 5 – Nov. 9 2018

Summary

- [The S&P500 index](#) is expected to repeat last Friday's range first this week. Later it could go in either direction depending on the election result Tuesday.
- [Oil](#) is expected to have a minor bounce and go lower this week.
- [GOLD](#) is expected to hold up first; later it could go in either direction depending on the election result.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: neutral

Trade strategy:

The SP500 index had a short-term bounce last week. But weekly PMO indicator continued declining and didn't change the intermediate-term outlook much. The short-term oversold bounce may continue this week due to lots of oversold indicators. But for the longer-term, everything depends on whether the index ends its correction or not. If yes, this time the price should be on the way higher. But if no, the index should head lower very soon. The US election Tuesday will affect the outcome.



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SHORT-TERM TREND DIRECTION: Down

Trade strategy:

The SP500 index jumped above the short-term downtrend line and tested the 20-dEMA line last week. The price action seemed to be bullish. But the whole picture is still in doubt. The rally could be short-covering before the election or an end-of-month adjustment. With the close below the 200-dEMA line (dotted red line) we can not eliminate the possibility of a further decline. Monday the index can go either direction. Based on the wave principle, the 2675 area could be retested at least one more time. My suggestion is wait for the election result first and trade accordingly later.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2795			
Meanline	2700	11/5/2018	****	
	2555			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: **Neutral**

Trade strategy:

Oil broke its intermediate-term uptrend channel (green) and closed under the 50-wEMA line. The weekly chart is bearish. The next long-term support is lying around last year's high area (\$53.50-52.50). The deadline for the application of US sanction against Iranian oil sales is November 5.



SHORT-TERM TREND DIRECTION: Down
Trade strategy: Short on bounce around 200-dEMA line

Oil broke daily 200-dEMA line and went lower than the June low. There was momentum selling last week. The daily PMO indicator keeps declining and approaches its oversold territory. There are several potential support levels beneath the current price. They could slow down the rate at which oil declines. \$61.85 and 60.22 are measured support from July and October peaks. But they are not guaranteed to hold up for a long time.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: neutral

Trade strategy:

The weekly PMO has crossed up through the signal line and gave out a buy signal. The weekly chart looks bullish. But due to the election, the rally may be a result of short-covering. The overhead resistance zone between \$1252.50-\$1254.20 and a broken long-term rising support line (red) will remain as a big obstacle for this week. Only if buyers overcome them and can Gold push higher.



SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: see instructions in the trading room after election day

Gold had a technical pullback to the 20/40-dEMA line for testing last week. Price managed to hold above those two momentum support lines. The daily PMO turned back up. The overhead resistance at \$1250 is likely to be challenged. On the downside, the \$1210 area is a key support for this week. A failure to hold that support could lead Gold to decline to the \$1190-\$1200 zone.



WEEKLY ECONOMIC REPORTS

MONDAY, NOV. 5					
9:45 am	Markit services PMI final	Oct.		--	54.7
10 am	ISM nonmanufacturing index	Oct.		58.6%	61.6%
TUESDAY, NOV. 6					
	Election Day				
10 am	Job openings	Sept.		--	7.1 ln
WEDNESDAY, NOV. 7					
3 pm	Consumer credit	Sept.		--	\$20 bln
THURSDAY, NOV. 8					
8:30 am	Weekly jobless claims	11/3		213,000	214,000
2 pm	FOMC announcement			2-2.25%	2-2.25%
FRIDAY, NOV. 9					
8:30 am	Producer price index	Oct.		0.2%	0.2%
10 am	Consumer sentiment	Nov.		99.1	98.6
10 am	Wholesale inventories	Sept.		--	1.0%