

## Weekly outlook for Mar. 11– Mar. 15 2019

### Summary

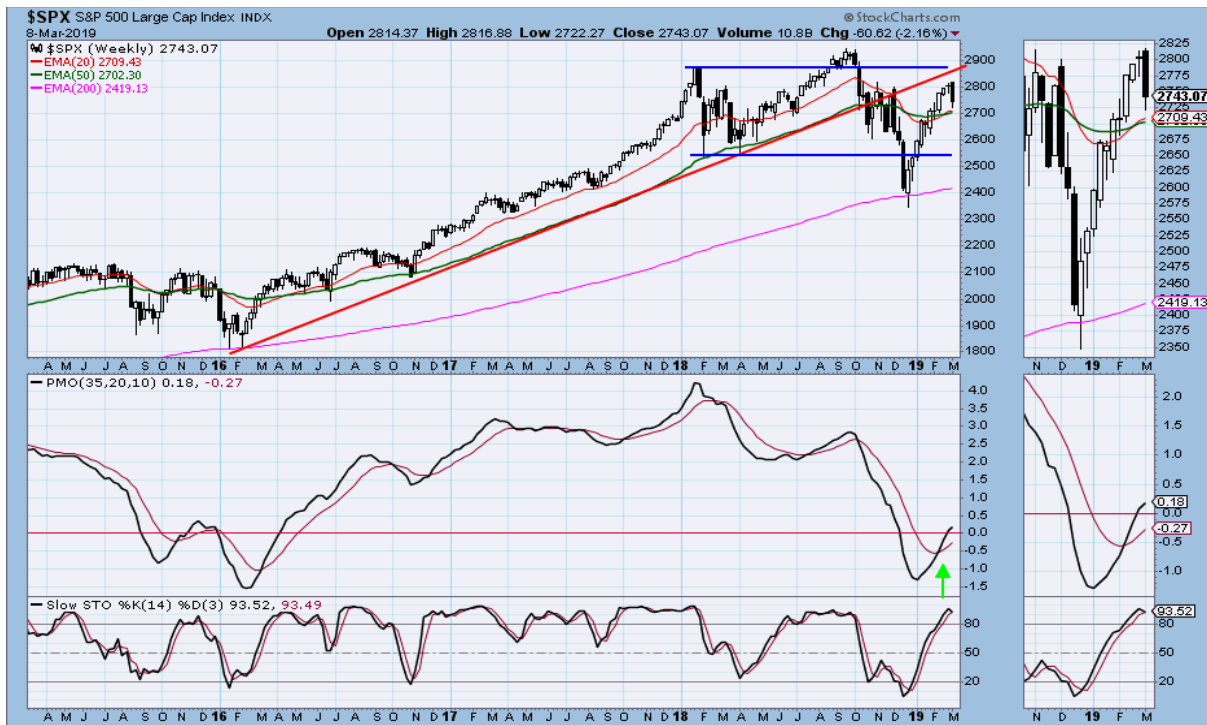
- [The S&P500 index](#) is expected to repeat last Friday's trading range first, then bounce from whatever low is made Monday or last Friday into the option expiration Friday of this week.
- [Oil](#) is expected to remain inside the current range for consolidation until it breaks either the resistance line or the support line.
- [GOLD](#) is expected to have a continuation bounce and move back around the \$1325 area.

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

**INTERMEDIATE-TERM TREND DIRECTION: up with overbought condition**

**Trade strategy: Short on early strong bounce if any**

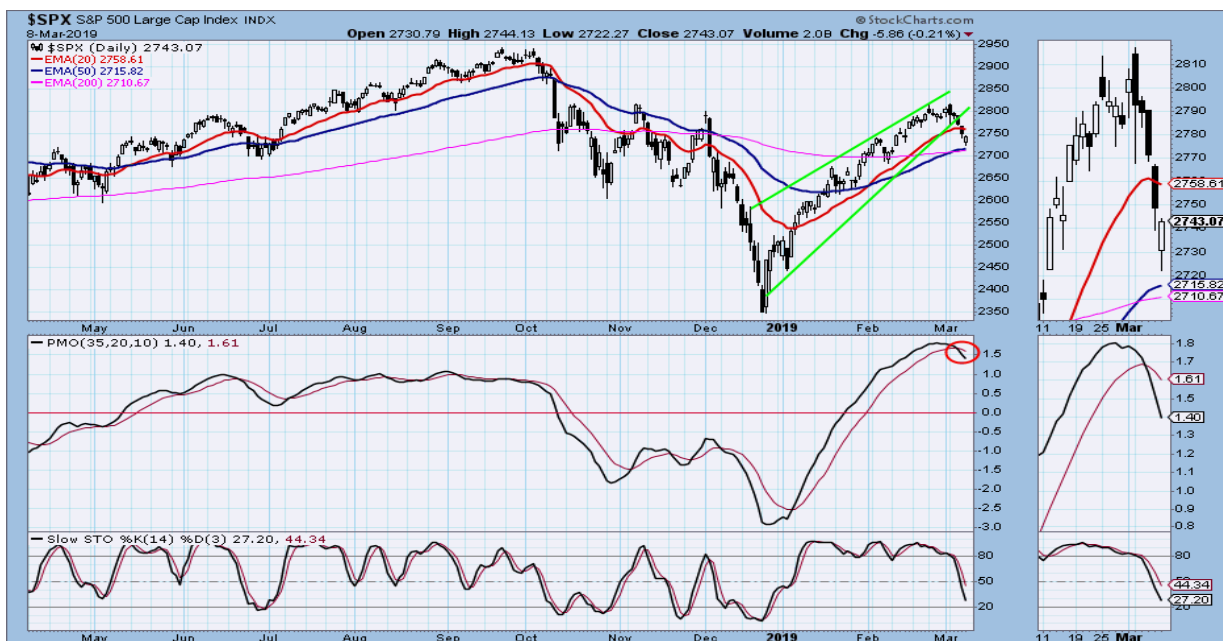
SP500 index had the first decent weekly decline since it rallied from December's low. Even though the weekly PMO has not turned its direction yet, the slow STO already shows an overbought condition. This week is a quadruple witching expiration week. If there is no bounce this week, it could be the beginning of a move to retest of the 200-wEMA line.



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

**Trade strategy: short on bounce under 2775 line.**

The SP500 index broke down below its rising wedge formation (green) last week, and closed above the 50/200-dEMA line area. The daily PMO finally topped and crossed down through the signal line to give a “Selling” signal. This week the 50/200-dEMA lines are very important. A move to retest the December lows could get started here; we are watching to see if there is a failure to bounce this week, or a breakdown move and close under 2680.



**Weekly Option**

	Strike price	Expiration Date	Strike price	Expiration Date
	2825			
<b>Meanline</b>	<b>2755</b>	<b>3/11/2019</b>	<b>****</b>	
	2655			

\*\*\*\* see daily trading plan

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

**INTERMEDIATE-TERM TREND DIRECTION: neutral with slight overbought**  
**Trade strategy: buy on dip above \$52 line**

The oil price is still caught between the 200-wEMA and the 200-MA lines on the weekly chart. It looks like \$64 is still possible if oil can break the overhead resistance line at \$59. But given what is happening on the daily chart, that seems unlikely. Therefore the choppy back-and-forth around \$54.50 could continue until option expiration day ends.



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

**Trade strategy: range (\$57.50 to 54.50 ) move likely but focus on the short side**

Oil's recent price retracement has breached its inverted H&S pattern. Instead the rising price channel (red) from January's low is more likely to be a reliable reading. The price is caught between 50 and 200-dEMA lines and could continue that way until it decides to break either one of those EMA lines. But the daily PMO crossed below the signal line and gave a selling signal. A break below last Friday's low (\$54.50) will be bearish. A further decline toward \$52.50 would then be likely. Alternatively, by holding above the \$55.00 line oil could gain enough momentum to bounce up to the \$58.95 area again.



### 3. GOLD (GC, GLD)

**INTERMEDIATE-TERM TREND DIRECTION: up with overbought condition**

**Trade strategy: buy on dip.**

Gold tested its 20-wEMA line and bounced near the top of last week's range for closing. Based on the weekly closing price, the recent pullback may be over. The 20-wEMA line is overlapping with a long-term rising trend line (dotted green line) to act as a support zone. As long as it holds, gold is likely to go back up again. But the weekly PMO indicator is flat and the slow STO indicator moves away from overbought territory. This could slow down the speed of the rally.



**SHORT-TERM TREND DIRECTION: Down with oversold condition**

**Trade strategy: buy on 1280-1270 zone.**

Gold's first impulse retracement possibly ended last Thursday, and a bounce could be on the way this week. \$1300 will be a key this week. A move above it will lead gold back to the \$1325 area. A failure to do that could lead the market to retest last week's low area. The \$1270 area is a long-term support line. A decent bounce from it should be expected. The daily PMO indicator is bottoming and the slow STO is in oversold territory; both are bullish indications.



## WEEKLY ECONOMIC REPORTS

THIS WEEK'S MAJOR U.S. ECONOMIC REPORTS & FED SPEAKERS					
TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
THE GOVERNMENT SHUTDOWN WILL DELAY THE RELEASE OF SOME DATA THIS WEEK.					
MONDAY, MARCH 4					
10 am	Construction spending* (new date)	Dec.	-0.6%	-0.3%	0.8%
TUESDAY, MARCH 5					
7:30 am	Eric Rosengren speaks				
9:30 am	Neel Kashkari testifies				
9:45 am	Markit services PMI (final)	Feb.	56.0	--	56.2
10 am	New home sales* (new date)	Dec.	621,000	600,000	599,000
10 am	ISM nonmanufacturing index	Feb.	59.7%	57.5%	56.7%
2 pm	Federal budget* (new date)	Jan.	\$9 bln	--	\$49 bln
WEDNESDAY, MARCH 6					
8:15 am	ADP employment	Feb.	183,000	--	300,000
8:30 am	Trade balance* (new date)	Dec.	-\$59.8 bln	-\$58.0 bln	-\$50.3bln
10 am	Factory orders*	Jan.	DELAYED		
12 noon	Loretta Mester speaks				
12:10 am	John Williams speaks				
2 pm	Beige Book				
THURSDAY, MARCH 7					
8:30 am	Weekly jobless claims	3/2	223,000	225,000	226,000
8:30 am	Productivity* (full report)	Q4	1.9%	1.8%	1.8% (Q3)
8:30 am	Unit labor costs* (full report)	Q4	2.0%	1.5%	1.6% (Q3)
8:30 am	Trade balance*	Jan.	DELAYED		
12 noon	Domestic nonfinancial debt	Q4	2.7%	--	4.5%
12:15 am	Lael Brainard speaks				
3 pm	Consumer credit	Jan.	\$17 bln	--	\$15 bln
FRIDAY, MARCH 8					
8:30 am	Nonfarm payrolls	Feb.	20,000	175,000	311,000
8:30 am	Unemployment rate	Feb.	3.8%	3.8%	4.0%
8:30 am	Average hourly earnings	Feb.	0.4%	0.3%	0.1%
8:30 am	Housing starts* (new date)	Jan.	1.230 mln	1.215mln	1.037mln
8:30 am	Building permits	Jan.	1.345 mln	--	1.326mln
10 am	Wholesale inventories*	Jan.	DELAYED		
10:15 pm	Jerome Powell speaks				
*DELAYED BY GOVERNMENT SHUTDOWN					