



Weekly outlook for April 15– April 19 2019

Summary

- [The S&P500 index](#) is expected to have a minor pullback first and then have a continuation high move later.
- [Oil](#) is expected to have a consolidation move first before price struggles to move higher again
- [GOLD](#) is expected to stay under \$1300 line for a while.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up with overbought

Trade strategy:

SP500 index is heading toward last year's high area. The outlook remains bullish for the intermediate term. The weekly PMO is rising and positive, but there is significant resistance ahead in the form of a major double top pattern which will slow and perhaps stall the rally. This week is option expiration week. Early in the week the index could make high first on high volatility and later reverses from the high toward the 2900 level for the end of the week.



SHORT-TERM TREND DIRECTION: up with overbought

Trade strategy: Short on Strong rally

The SP500 index was only 30 points from all-time highs last Friday; the SPY did make new all-time highs. The SPY should give a better indication of market sentiment – it reflects the thinking of a large number of fund managers – which suggests the market is more bullish than we expected.

Based on the daily chart, we expect a potential butterfly pattern still should be completed soon. As long as the SP500 index stays above 2900, last year's high (2942) will remain as an upside target. If/when that target is reached a double top formation will be the focus of our attention.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2965			
Meanline	2900	4/15/2019	****	
	2865			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: Up with overbought

Trade strategy: buy on dip above \$58-\$60 zone

A rising wedge pattern was resolved to the upside last week by a strong rally in oil. The weekly PMO and Slow STO indicator kept rising and supported last week's rally. The outlook is bullish for the intermediate term. The overhead major resistance zone (\$63.26-\$64.59) will be a key for the next advance. The 2018 top could be challenged in the coming months if oil can manage to overcome it.



SHORT-TERM TREND DIRECTION: up with overbought condition

Trade strategy: Short on early strong rally

Oil price the top boundary of the rising trend channel (solid red line) early last week and later just held the price above it for the rest of the week. The daily PMO is extremely overbought. This week the broken top boundary of the trend channel is a key. A move under it could lead oil to drop near the 200- and 50-dEMA support zone around \$59.50-\$58.75. Alternatively, by holding above it oil could move back to last week's high area or higher, but any further upside move has some limits.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy:

Gold rallied to retest its short-term rising trend line then returned to the area of the weekly open price to end the week. The weekly candle wasn't impressive, but the way the price has managed to hold above the 20-wEMA momentum line for so many weeks should be amazing for us. The weekly PMO turns down further without giving a selling signal. Gold needs to decide on the direction of the next move soon. For the intermediate term, wait until Gold can give us a clear direction or until the slow STO indicator reaches extremely oversold territory before getting in on the buying side.



SHORT-TERM TREND DIRECTION: down

Trade strategy: buy on dip

Gold chopped around the 50-dEMA line last week. There is a clear H&S pattern on the daily chart, with the neckline lying around the \$1284-80 area. The daily PMO moved below zero line and is negative, but not oversold yet. This week the price should continue going sideways but hold above the 200-dEMA line.



WEEKLY ECONOMIC REPORTS

MONDAY, APRIL 15					
8:30 am	Empire state index	April			3.7
TUESDAY, APRIL 16					
9:15 am	Industrial production	March			0.0%
9:15 am	Capacity utilization	March			79.1%
10 am	Home builders' index	April			62
WEDNESDAY, APRIL 17					
8:30 am	Trade deficit* (new date)	Feb.			-\$51.1bln
10 am	Wholesale inventories* (new date)	Feb.			1.2%
2 pm	Beige book				
THURSDAY, APRIL 18					
8:30 am	Weekly jobless claims	4/13		--	--
8:30 am	Retail sales* (new date)	March			-0.2%
8:30 am	Retail sales ex-autos* (new date)	March			-0.4%
8:30 am	Philly Fed index	April			13.7
10 am	Business inventories* (new date)	Feb.			0.8%
10 am	Leading indicators	March			0.2%
FRIDAY, APRIL 19					
8:30 am	Housing starts* (new date)	March			1.162mln
8:30 am	Building permits* (new date)	March			1.291mln