

## Weekly Outlook for Aug. 24 – Aug. 28 2020

### Summary

- [The S&P500 index](#) is expected to test the psychological resistance at the 3400 level this week. The trading toward the end of the week (and end-of-month window dressing the following Monday) will indicate in the market can break through and maintain a higher level.
- [Oil](#) is expected to stay under \$43.52, the 200-wEMA line this week.
- [GOLD](#) is expected to have one more profit taking move early in the week and bounce from that retracement around the end of the week.

**Scroll down for full analysis**

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

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

**Trade strategy:**

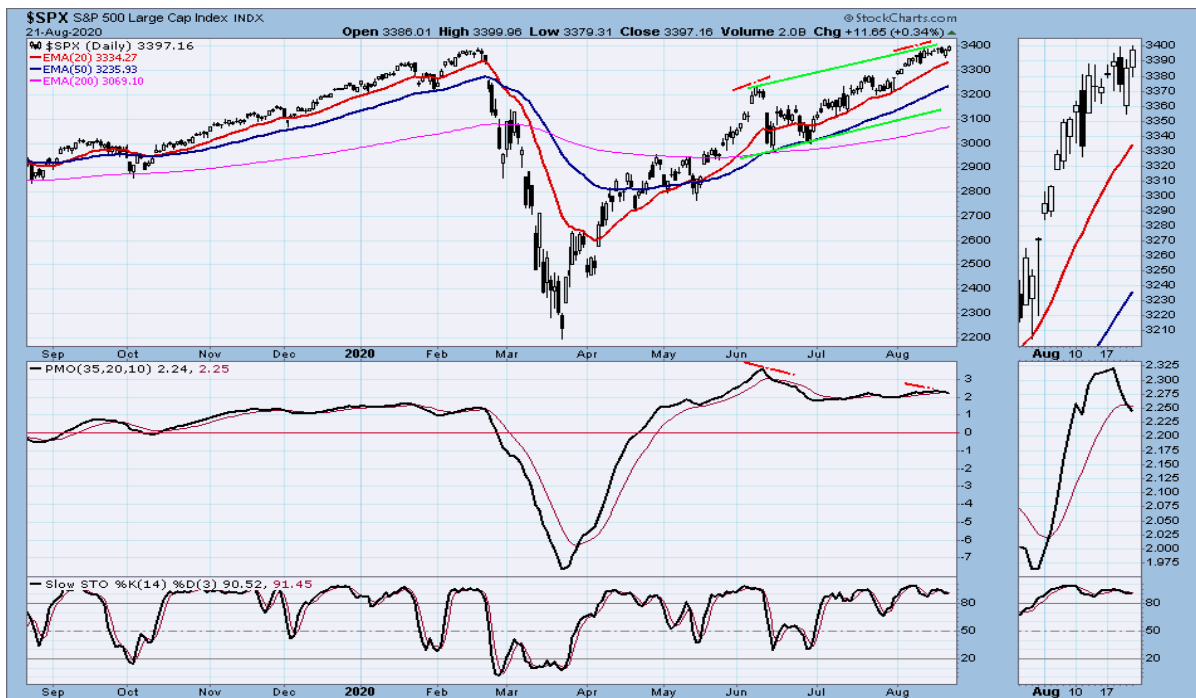
The SP500 index closed at 3397.16 on Friday, a record high close, and higher than the intraday high made in February ( 3393.52). The rally movement was strong, and spread beyond the usual technology stocks to include some other sectors: housing-related stocks, and consumer discretionary stocks also made record highs. The 3400 level is a psychological resistance area, but the index may go beyond it this week. Both the weekly PMO indicator and the weekly slow STO are still maintaining buying signals even though both are in overbought territory, which suggests there will be one more attempt to push higher before the market starts a decent pullback — perhaps after Labor Day. The 3400 level will be a key line for both sides to watch carefully this week.



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

**Trade strategy: buy above the 20-dEMA line, as long as it holds up. with proper stoploss**

The SP500 index hit a record close on Friday, and confirmed a new all-time high. The outlook remains bullish. High tech stocks were strong, and the housing stocks also had a very strong week. This week 3400 is a psychological resistance line. A break above it and holding above it could lead index higher. However this is the last full week of trading before the end of the month, and as we approach the end of the week we may see some quick profit-taking from any continuing rally, as long as the price does not exceed 3465.



**Weekly Option**

	Strike price	Expiration Date	Strike price	Expiration Date
	3455.00			
<b>Meanline</b>	<b>3385.00</b>	<b>8/24/2020</b>	<b>****</b>	
	3250.00			

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

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

**INTERMEDIATE-TERM TREND DIRECTION: neutral**

**Trade strategy: short on bounce as long as \$43.55 line holds oil down**

Oil kept challenging long-term overhead resistance (i.e. the 50-wEMA line) last week but failed to break through it. The market may continue to trade under the resistance for a while. The 20-wEMA line will be a key for the short term. A break below it could cause oil to freefall again. A move above \$43.50 level could see a small short squeeze movement, but oil shouldn't go too far away from the 50-wEMA line.



**SHORT-TERM TREND DIRECTION: Neutral**

**Trade strategy:**

Oil managed to hold above the 200-dEMA line last week, which acts as the current support line since it was broken two week ago. The \$40.05 - \$41.50 level is a key support zone for this week. A failure to hold above this zone could lead price to drop quickly to \$38.97, the intermediate-term support area. The daily PMO indicator shows neutral, but the slow STO indicator has an overbought condition. Both maintained their selling signal. As long as oil stays under the \$43.52 line, the odds will favor the sell side.

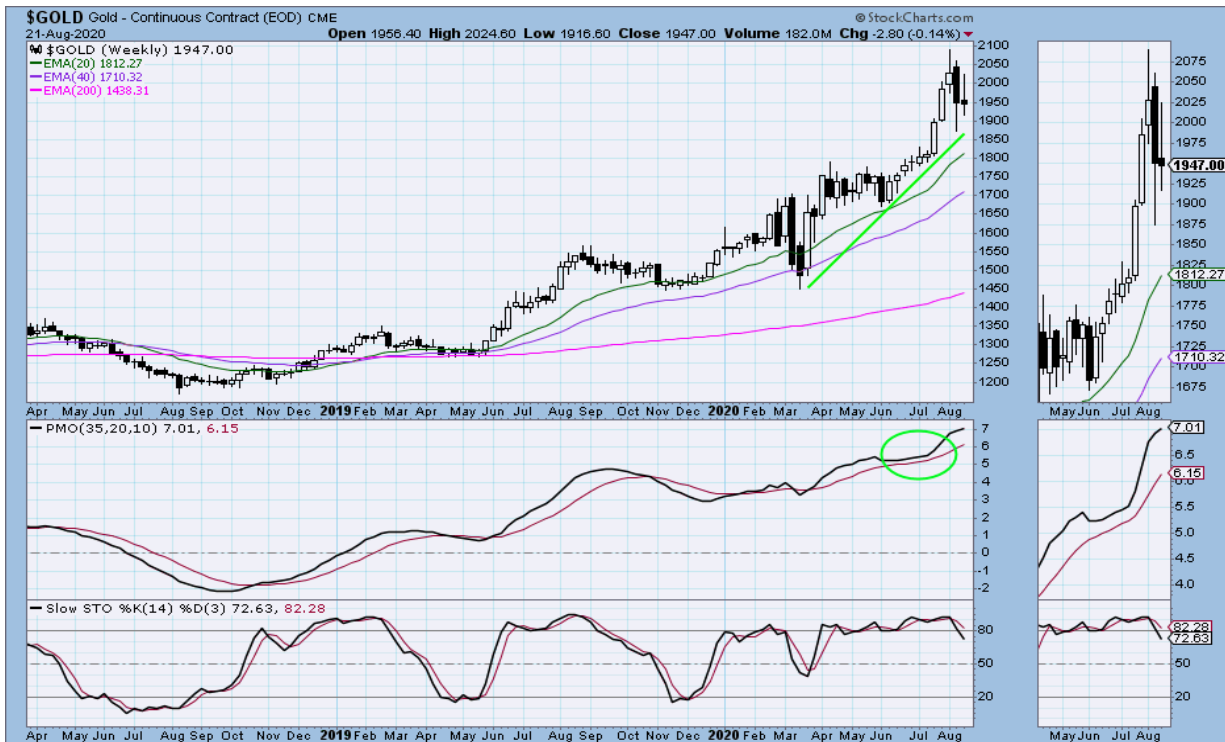


### 3. GOLD (GC, GLD)

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

**Trade strategy: buy on dip above \$1800 line**

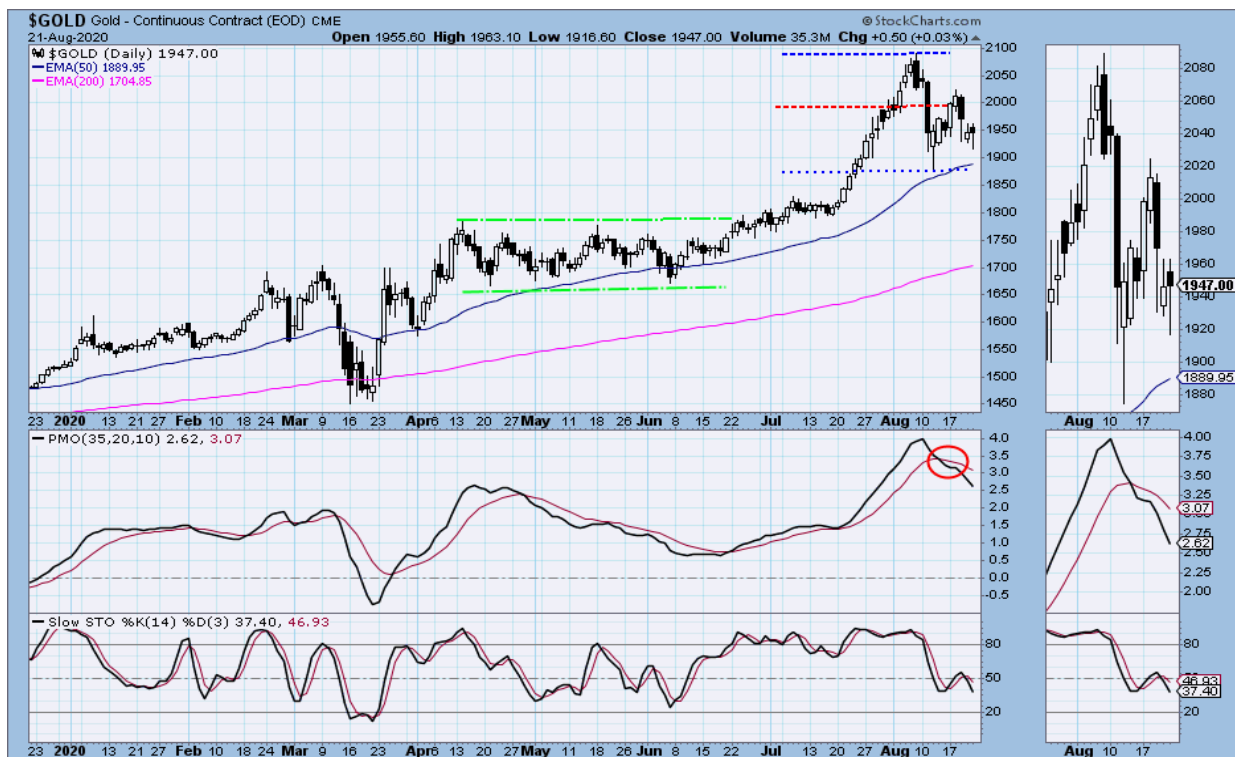
The intermediate-term has not too much change last week. Gold remains its long-term uptrend. The intermediate-term rising trendline is lying at \$1885 area and its 20-wEMA line at \$1812.20 are likely targets for gold short-term pullback. The weekly PMO rose while price pulled back could be a negative divergence signal, which means Gold could move down further.



**SHORT-TERM TREND DIRECTION: Up**

**Trade strategy: Scalping buy around \$1885 area or short on early week day's bounce with proper stoploss**

Gold continued to have profit-taking last week. The 50-dEMA line at \$1889 will be the first short-term support for this week. \$2005-\$1998 is a broken former support zone and will be acting as the current resistance zone. As long as gold stays below that resistance, the market needs to complete its ABC correction pattern first before price rally resumes. \$1916 was last week's low area and becomes a key line for this week. A move below it could lead gold to retest the \$1889-\$1885 zone. If the downside move then continues, a failure to hold above \$1874 could push gold further down toward the \$1810-1805 zone to complete the ABC pattern correction. That is the maximum full measurement downside target. The Daily PMO indicator maintains its selling signal. It still has some room to move lower.



## WEEKLY ECONOMIC REPORTS

### MONDAY, AUG. 24

8:30 am	Chicago Fed national activity index	July	--	4.1
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### TUESDAY, AUG. 25

9 am	Case-Shiller national home price index (year-over-year)	June	--	
10 am	Consumer confidence index	Aug.	--	92.6
10 am	New home sales (SAAR)	July	--	776,000

### WEDNESDAY, AUG. 26

8:30am	Durable goods orders	July	--	7.6%
8:30 am	Core capital goods orders	July	--	3.4%

### THURSDAY, AUG. 27

8:30 am	Initial jobless claims (state program, SA)	Aug. 22	--	N/A
8:30 am	Initial jobless claims (total, NSA)	Aug. 22	--	N/A
8:30 am	Continuing jobless claims (state program, SA)	Aug. 15	--	N/A
8:30 am	Continuing jobless claims (total, NSA)	Aug. 8	--	N/A
8:30 am	GDP revision (SAAR)	Q2	--	-32.9%
10 am	Pending home sales index	July	--	16.6%

### FRIDAY, AUG. 28

8:30 am	Personal income	July	--	-1.1%
8:30 am	Consumer spending	July	--	5.6%
8:30 am	Core inflation	July	--	0.2%
8:30 am	Advance trade in goods	July	--	-\$70.6 billion
9:45 am	Chicago PMI	Aug.	--	51.9
10 am	Consumer sentiment index (final)	Aug.	--	72.8 (prelim.)