

# Naturus

## Weekly Outlook for Sept. 14 – Sept. 18, 2020

### Summary

- [The S&P500 index](#) is expected to hold above the 3300 line before the Fed policy announcement on Wednesday. After that, quadruple witch day Friday could lead to have big swings in the index.
- [Oil](#) is expected to hold under \$40.52 line for further downside move.
- [GOLD](#) price could go in both/either direction based on the Fed policy statement Wednesday.

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

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

**Trade strategy: Short on bounce under 3400 level with protective stop**

The S&P 500 index had a continuation low move last week and closed under last February’s high (dotted green line – previous support) around the 3390 level. The weekly close below the previous support is not a good sign for the intermediate term. As long as the index stays under the 3400 level, the intermediate-term outlook may be on the way down. Both weekly PMO and slow STO indicator are overbought and suggest further corrective activity lies ahead.



**SHORT-TERM TREND DIRECTION: up**

**Trade strategy: Short on early bounce under 3425.50 with protective stoploss**

The SP500 index stayed inside two momentum lines (20- and 50-dEMA lines) and closed slightly above the 50-dEMA last Friday. Friday's closing price tells us that bulls have not lost this battle yet. This week the area from 3320 to 3292 will be a key zone. A move below this zone will be bearish. The daily PMO indicator kept its short-term selling signal and accelerates to the downside. But the slow STO indicator moved into oversold territory. In the short term, both indicators suggest the index could go down further toward the 200-dEMA line or make a range-bound move to build support. Early in the week we may see the index go down to retest the 3300 level and bounce from there. After the Fed policy announcement, the price could set a new direction, either by a bounce through the 3400 level or a break below the 3292 level for a move lower. The run-up to Triple Witching day on Friday may also spook the market.



**Weekly Option**

|                 | Strike price   | Expiration Date | Strike price | Expiration Date |
|-----------------|----------------|-----------------|--------------|-----------------|
|                 | 3465.00        |                 |              |                 |
| <b>Meanline</b> | <b>3365.00</b> | 9/14/2020       | <b>****</b>  |                 |
|                 | 3175.00        |                 |              |                 |

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

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

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

**Trade strategy: Short on bounce under 42.55**

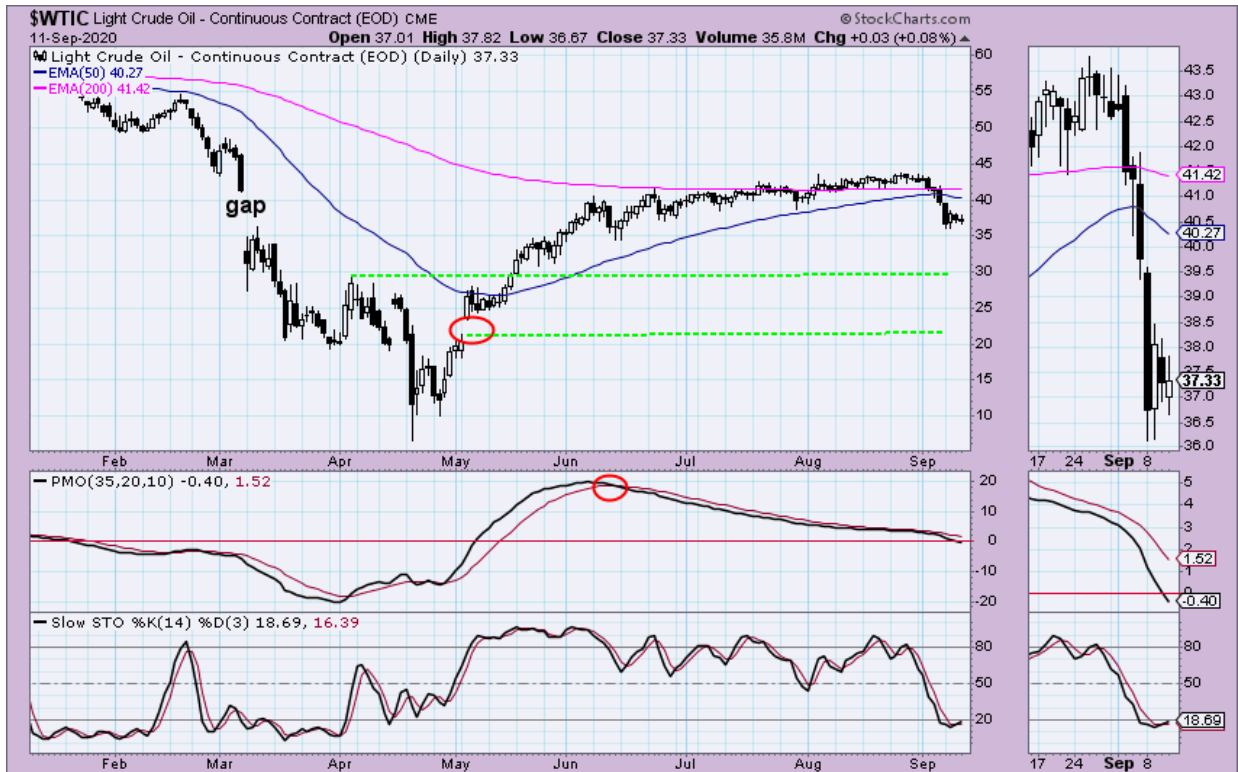
Oil broke down through its 20-wEMA line and closed below it last Friday. Now the 20-wEMA line and the 50-wEMA are moving away from each other and maintain the bearish outlook for the intermediate term. The weekly PMO stopped rising and is getting ready to turn down, and the slow STO indicator has already moved out of its overbought territory and is declining. Both hints that the price of oil could go down further until all indicators move into oversold territory.



**SHORT-TERM TREND DIRECTION: Down**

**Trade strategy: short on early bounce under \$40.35 with protective stop loss**

Oil stayed below the 50-dEMA line after the support there was broken in the prior week. Even though the price managed to hold up above \$36 in the past three days, the outlook for the short term is still not too good. It seems oil wants to build another consolidation range first before going down again. The price movement could form into a stair-type move down. Right now the daily PMO and slow STO indicators are getting oversold. We expect them to go down a little more early in the week and then bounce a bit. But as long as oil stays under \$39.50, the short-term direction is down.



### 3. GOLD (GC, GLD)

**INTERMEDIATE-TERM TREND DIRECTION: up**

**Trade strategy: Scalping short under \$2050, and scalping buy above \$1800**

Gold held above the intermediate-term uptrend line (green) rising from the March low. The weekly PMO indicator turned down a little bit, but without giving a selling signal. The slow STO indicator moved away from overbought territory and stayed neutral. The Fed interest rate policy announcement on Wednesday could influence gold price dramatically, and large swings in either (or both) directions are possible. On the downside, \$1848 will be the first intermediate-term support; on the upside, the \$2050 area will be the first resistance zone. If there is a strong pop in gold, as long as it remains under the \$2100 level, the market will retrace to do its back-fill.



**SHORT-TERM TREND DIRECTION: Up**

**Trade strategy:**

Gold went sideways but managed to hold the price above the 50-dEMA last week. The 50-dEMA line has risen to the \$1916 area now and becomes a key support. A move below it could push gold down to the August low at \$1874.80 or a little further down. The PMO indicator continued to move down and shows no signs of changing direction. The slow STO indicator is in neutral territory. Both suggest gold could test its 50-dEMA line again this week and bounce from it. But the Fed policy announcement on Wednesday could cause big swings in the market.



## WEEKLY ECONOMIC REPORTS

### TUESDAY, SEPT. 15

|         |                                   |       |    |          |
|---------|-----------------------------------|-------|----|----------|
| 8:30 am | Empire State index                | Sept. | -- | 3.7      |
| 8:30 am | Import price index                | Aug.  | -- | 0.7%     |
| 9:15 am | Industrial production index       | Aug.  | -- | 3.0%     |
| 9:15 am | Capacity utilization rate         | Aug.  | -- | 70.6%    |
| 10 am   | Real median household income      | 2019  | -- | \$63,179 |
| 10 am   | Poverty rate (supplemental rate)  | 2019  | -- | 12.8%    |
| 10 am   | Uninsured rate (health insurance) | 2019  | -- | 9.4%     |

### WEDNESDAY, SEPT. 16

|         |  |       |    |       |
|---------|--|-------|----|-------|
| 8:30 am | Retail sales   | Aug.  | -- | 1.2%  |
| 8:30 am | Retail sales excluding autos                         | Aug.  | -- | 1.9%  |
| 10 am   | NAHB homebuilders' index                             | Sept. | -- | 78    |
| 10 am   | Business inventories                                 | July  | -- | -1.1% |
| 2 pm    | Federal Reserve meeting announcement                 |       |    |       |
| 2:30 pm | Federal Reserve Chair Jerome Powell press conference |       |    |       |

### THURSDAY, SEPT. 17

|         |   |          |    |              |
|---------|---|----------|----|--------------|
| 8:30 am | Initial jobless claims (state program, SA)    | Sept. 12 | -- | N/A          |
| 8:30 am | Initial jobless claims (total, NSA)           | Sept. 12 | -- | N/A          |
| 8:30 am | Continuing jobless claims (state program, SA) | Sept. 5  | -- | N/A          |
| 8:30 am | Continuing jobless claims (total, NSA)        | Aug. 29  | -- | N/A          |
| 8:30 am | Housing starts                                | Aug.     | -- | 1.50 million |
| 8:30 am | Building permits                              | Aug.     | -- | 1.50 million |
| 8:30 am | Philly Fed manufacturing index                | Sept.    | -- | 17.2         |

### FRIDAY, SEPT. 18

|         |  |       |    |                |
|---------|--|-------|----|----------------|
| 8:30 am | Current account deficit                      | Q2    | -- | -\$104 billion |
| 10 am   | UMich consumer sentiment index (preliminary) | Sept. | -- | 74.1           |