



Weekly Outlook for Oct. 12 – Oct. 16 2020

Summary

- **The S&P500 index** is expected to go up first and retrace later this week. 3400 is the key line controlling a downside move and 3445 is the key line controlling an upside move. A move beyond either one is likely to become a break-out.
- **Oil** is expected to stay inside the range from \$43.50 to \$36.50; sell the top and buy the bottom.
- **GOLD** is expected to struggle to hold above the \$1912.5 key line and then attempt to go higher.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: buy on dip above 20-wEMA line or short on September's high area

The S&P 500 index overcame the resistance at the 3400 key line last week and closed above it. As long as the index stays above the 3400 level, buyers will be encouraged to push the price back up September's high area. At that point it may form a double top or go up further, depending on how fast the price moves between now and the US election. The weekly PMO remains overbought without any selling signal, and the weekly slow STO indicator moved back up from neutral territory; both suggest the price still can go back up in the coming weeks.



SHORT-TERM TREND DIRECTION: up

Trade strategy: short under the 3600 level and buy on any dip around the 3380 area with protective stoploss

The SP500 index had three gap up days after a short-term retracement stopped at the 20-dEMA. The price action was bullish, but the volume has not caught up yet. The US election is the big issue for equity markets. The SP500 index has now recovered about 60% from the 3223 low and could form a double top pattern before the election November 3. The daily PMO indicator gave out a buying signal above its neutral area, and daily low STO indicator is overbought. The index could go back to the September high area as long as the 3400 level is holding up.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	3550.00			
Meanline	3475.00	10/12/2020	****	
	3370.00			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: neutral

Trade strategy: Short on early bounce and buy on dip above the bottom of channel.

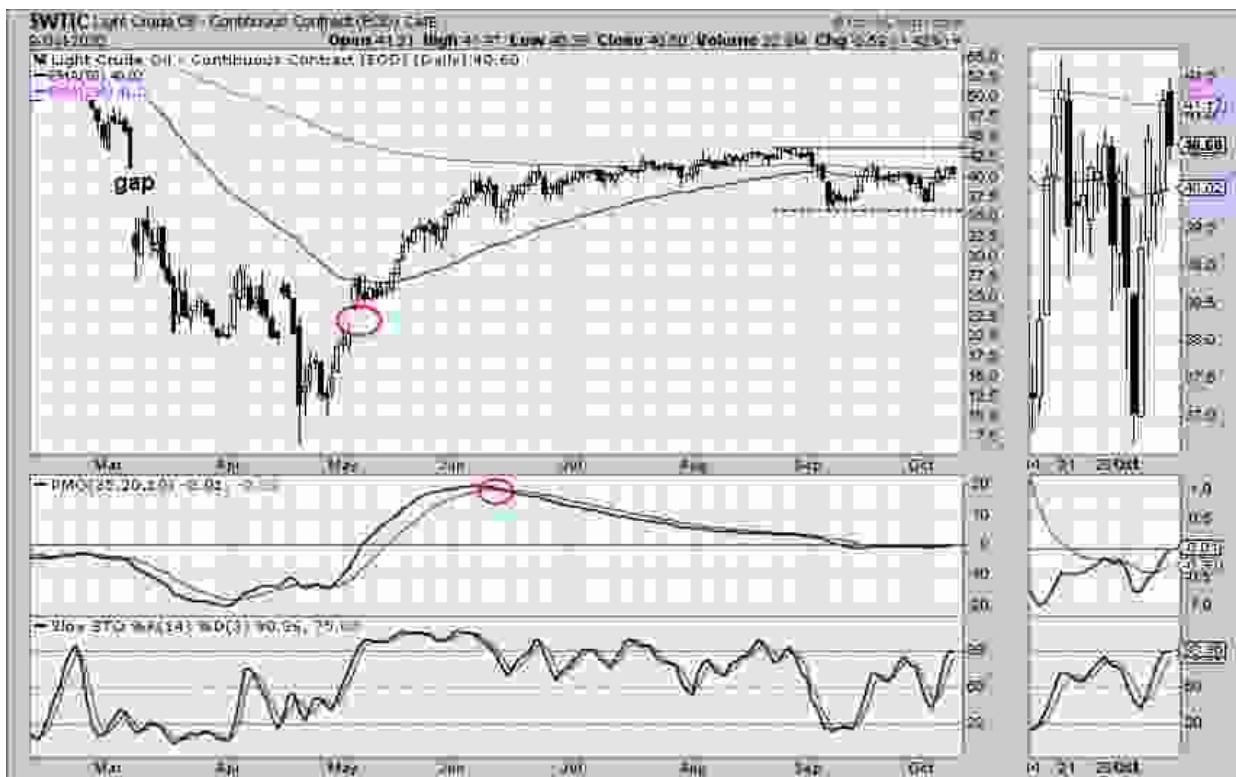
There is not much change in the intermediate-term outlook. Oil remained under its key resistance at the 50-wEMA line last week but closed above the broken support line of the 20-wEMA line. The weekly PMO remains overbought, but refused to give out a selling signal, and the weekly slow STO indicator heads toward oversold area. As long as oil can hold above the bottom of the channel, it will keep fighting for higher level in the coming weeks.



SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: Range trading method applies

Oil moved back into the range formed by the 50- and 200-dEMA lines last week. There is a potential short-term double bottom pattern forming with its neckline at the \$41.50 area. A break above \$41.75 could push oil price up to the September high area, but a failure to break out, but instead falling below the support at \$39.35, could push oil back down near \$36.50. The daily PMO indicator is at neutral level with a small buying signal, and the daily slow STO indicator almost gets in to the overbought area. The conflicting signals from the indicators suggests oil could remain in a sideways range from \$43.55 to \$36.20 for a while.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: Neutral

Trade strategy: Scalping short under \$2000, and scalping buy above \$1850

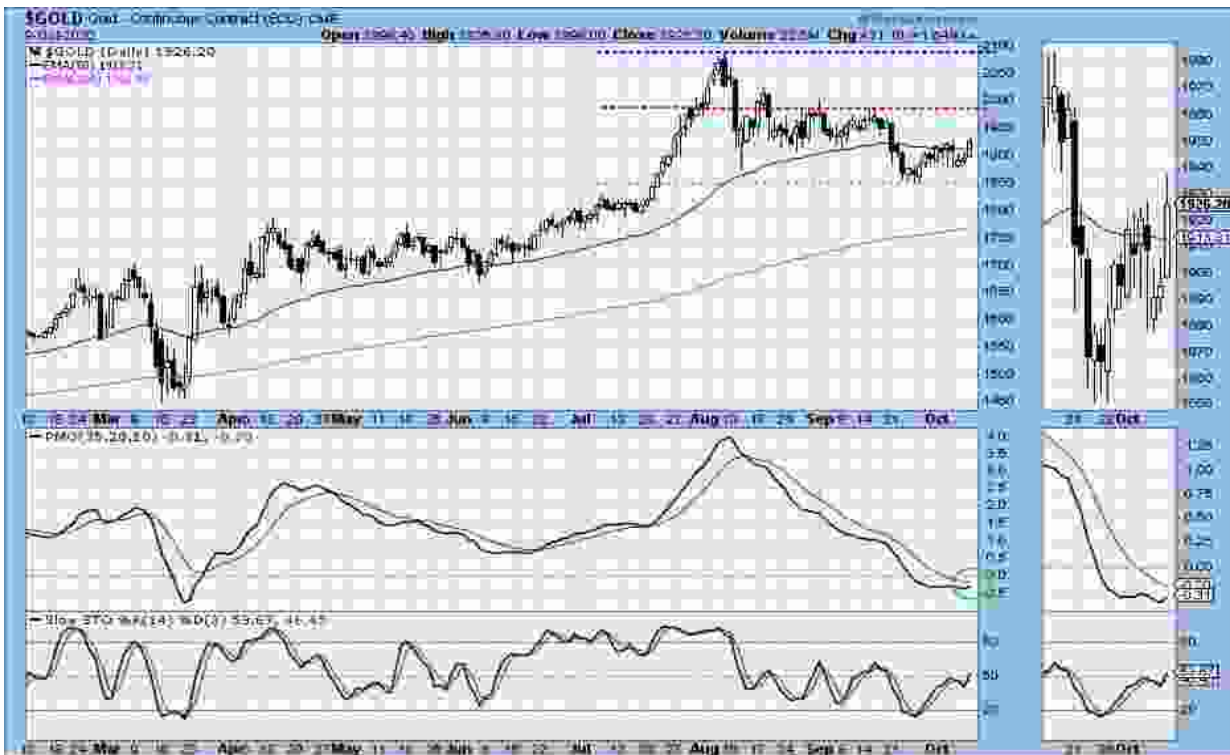
There was not much change in the intermediate-term outlook last week. The price remains above the 20-wEMA line, which has been holding up well since May, 2019. Only the weekly PMO indicator still holds its selling signal while the slow STO indicator continued to move to the downside. Both indicators hint at some selling pressure. In the long term, gold is still in an uptrend with an extremely overbought condition. The long-term profit taking could prevent the price from moving up further. But in the short-term, the US election is coming, and gold may be seen as a good place to park money until the results are known.



SHORT-TERM TREND DIRECTION: Up

Trade strategy: Short under \$2000 line and buy on dip above \$1850 line with protective stops

Gold regained control of the 50-dEMA line last Friday after China returned from a one-week National day holiday. Together with the looming US election, this could engender high volatility moves in the coming days and weeks. The 50-dEMA line at the \$1912.50 area becomes a key line for this week. As long as it holds the price up, gold should move back up near the \$2000 level or little higher. A failure to hold that key line could lead gold back down near the \$1880 area again. Both daily PMO and slow STO indicators are near their neutral area, both have room to move up. That suggests a rally price is more likely this week.



WEEKLY ECONOMIC REPORT

MONDAY, OCT. 12

(None scheduled Columbus Day holiday)

TUESDAY, OCT. 13

6:30 am	NFIB small-business index	Sept.	--	100.2
8:30 am	Consumer price index	Sept.	--	0.4%
8:30 am	Core CPI	Sept.	--	0.4%

WEDNESDAY, OCT. 14

8:30 am	Producer price index	Sept.	--	0.3%
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THURSDAY, OCT. 15

8:30 am	Initial jobless claims (regular state program, SA)	Oct. 10	--	N/A
8:30 am	Initial jobless claims (federal & state, NSA)	Oct. 10	--	N/A
8:30 am	Continuing jobless claims (regular state program, SA)	Oct. 3	--	N/A
8:30 am	Continuing jobless claims (federal & state, NSA)	Sept. 26	--	N/A
8:30 am	Philly Fed index	Oct.	--	15.0
8:30 am	Empire State index	Oct.	--	17.0
8:30 am	Import price index	Sept.	--	0.9%

FRIDAY, OCT. 16

8:30 am	Retail sales	Sept.	--	0.6%
8:30 am	Retail sales ex-autos	Sept.	--	0.7%
9:15 am	Industrial production index	Sept.	--	0.4%
9:15 am	Capacity utilization	Sept.	--	71.4%
10 am	Consumer sentiment index	Oct.	--	80.4
10 am	Business inventories	Aug.	--	0.1%