



Weekly Outlook for June 21-June 25, 2021

SP500 index (E-mini, and SPY)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: up with overbought



S&P 500 e-mini futures, June 18, 2021. Weekly bars.

SP500 index has a bearish rising wedge pattern on the weekly chart. For the intermediate term, the overbought condition has lasted for 5½ months; the distribution pattern at the top has already begun.

Even though many big institutions still predict the SP500 index can approach the 4600 level at some point in the future, at the current stage the index needs a healthy correction first.

The negative divergence began two weeks ago. The short-term outlook could continue declining until this negative divergence disappears.

The weekly PMO indicator declined with a selling signal, and weekly slow STO indicator also gave a selling signal, but both remain in an extremely overbought condition. Both will need some time to move down a little.

SHORT-TERM TREND DIRECTION: up (but may change direction soon)

Trade strategy: Aggressive Short under 4225 line with protective stop.



S&P500 e-mini futures June 18, 2021, Daily bars.

The SP500 (SPX and ES) formed a potential double top pattern on daily chart. Right after market opened Friday the September contract started to sell, and continued selling into the end. Downside volume was heavier than upside volume all day and the price action was bearish.

Now the SP500 index has lost the 20-dEMA line support, but the price remains above 50-dEMA line at the 4156.50 area.

This 50-dEMA line is a key line this week. A failure to hold above it could lead the price down near the 4100 area.

The daily PMO indicator killed the brief short-term buying signal generated from June 9, and replaced it with a selling sign last Thursday. The slow STO indicator declined fast into the neutral level. Both suggest we may see a further decline before the index bounces again.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4285	
Meanline	4185	6/25/2021
	3985	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is Down,
INTERMEDIATE-TERM TREND DIRECTION: Up with overbought



Oil continued to move higher last week.

The intermediate-term trend remains up. But a negative divergence between price and indicators has been generated.

The weekly 20-EMA line has risen up to near the \$62.83 level.

There is a great chance for oil to pull back near that level soon if the divergence persists.

The weekly PMO indicator is flat with a selling signal. The slow STO indicator has an extremely overbought condition.

Both signals indicate that a minor short-term pullback should be expected.

Crude oil futures, June 18, 2021. weekly bars

SHORT-TERM TREND DIRECTION: Up with overbought

Trade strategy: scalping long above \$65.00 with protective stops or scalping short under \$75.50 line if there is a strong pop.



Light crude futures, June 18, 2021. Daily bars.

Oil rolled over into August contract and had a rollover effect move in the last two days.

The August contract will attempt to make a high near July contract high at \$72.99 area this week.

A failure to make it could lead oil to pullback near the 50-dEMA line around \$68.00-\$66.25.

The daily PMO stopped rising in the last two days, but maintains a buying signal.

The slow STO indicator moved down a little from extremely overbought territory.

Even though recent price movement in oil was stronger than other products, a strong US\$ may soon lead to a short-term correction or pullback in oil and has already begun in other commodities..

3. GOLD (GC, GLD)

LONG TERM and INTERMEDIATE-TERM TREND DIRECTION: down



Gold futures, June 18, 2021. Weekly bars.

Gold has been pushed back under its broken resistance line at \$1825 and closed below it Friday.

The intermediate-term uptrend was disrupted last week by bearish price movement. Now all eyes will focus on the long-term uptrend line (green) at the \$1735 area.

If gold fails to hold the price above that line, it will trigger more selling and push the price down toward the 200-wEMA line, currently below \$1600.

The weekly PMO indicator turned down without giving a selling signal. But the weekly slow STO indicators started declining and gave a selling signal last week.

Depending on the short-term movement, Gold could move down further before it has a decent bounce.

SHORT-TERM TREND DIRECTION: down

Trade strategy: short on bounce under \$1825 area with protective stoploss



Gold futures, June 18, 2021. One day bars.

Gold failed to hold above the \$1825 support line, which triggered selling.

The price was pushed back inside the downside channel, which is a bearish sign for the short term.

Now the 50 and 200-dEMA lines returns as the current resistance lines.

The Bulls needs to fight to regain control of them; if they fail, the intermediate-term uptrend direction may be changed.

This week the \$1750-\$1735 zone will be an important area to watch.

Gold could bounce from it and push back up to retest the 200-dEMA line at the \$1812 area.

The Daily PMO indicator isn't oversold yet and maintains a selling signal. The slow STO continued declining to the oversold area but is not oversold yet. Both suggest the short-term outlook is not bullish.

WEEKLY ECONOMIC REPORTS

MONDAY, JUNE 21

None scheduled

TUESDAY, JUNE 22

10 am	Existing home sales (SAAR)	May	--	5.85 million
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WEDNESDAY, JUNE 23

8:30 am	Current account deficit	Q1	--	-\$188 billion
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9:45 am	Markit manufacturing PMI (flash)	June	--	62.1
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9:45 am	Markit services PMI (flash)	June	--	70.4
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10 am	New home sales (SAAR)	May	--	863,000
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THURSDAY, JUNE 24

8:30 am	Initial jobless claims (regular state program)	June 19	--	412,000
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8:30 am	Continuing jobless claims (regular state program)	June 12	--	3.52 million
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8:30 am	Durable goods orders	May	--	-1.3%
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8:30 am	Nondefense capital goods orders, excluding aircraft	May	--	2.2%
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8:30 am	Trade in goods, advance report	May	--	-\$85.2 billion
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8:30 am	GDP (revision)	Q1	--	6.4%
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FRIDAY, JUNE 25

8:30 am	Personal income	May	--	-13.1%
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8:30 am	Consumer spending	May	--	0.5%
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8:30 am	Core PCE price index	May	--	0.7%
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10 am	UMich consumer sentiment index (preliminary)	June	--	86.4
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