



## Weekly Outlook for August 2 - 6, 2021

### SP500 index (E-mini, and SPY)

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



S&P 500 e-mini futures, July 30, 2021. Weekly bars.

SP500 index didn't change very much last Friday. The long-term outlook remains bullish.

The weekly chart maintains a negative divergence between price and PMO indicator.

The weekly PMO indicator kept its selling signal and is in overbought territory.

The weekly slow STO is also staying in overbought territory.

This negative divergence may not be a friendly sign for the short time-frame.

But for the long term the trend is up and buying on dips will most likely continue.

**ES - SHORT-TERM TREND DIRECTION: up**

**Trade strategy: buy on dip above 4240 with protective stops**



SP500 Index (SPX and ES) had a breakout movement on the previous Friday. During the following weekdays it just went sideways for consolidation.

Right now the short-term outlook remains bullish and the uptrend is intact.

The 50-dEMA line moves up to the 4360.75-4350 zone, and it will be first major support zone for the index.

A failure to hold above 4350 could lead the index down to the 50-dEMA line at 4290-4280 to search for support.

There is a negative divergence between the price and the daily PMO indicator.

The Index could drop first and bounce back toward the end of this week or early next week.

S&P500 e-mini futures July 30, 2021, Daily bars.

**Weekly Option Trading (ES option)**

	Strike price	Expiration Date
	4550	
<b>Meanline</b>	<b>4400</b>	<b>8/6/2021</b>
	4200	

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

**LONG-TERM TREND is neutral**

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



Oil had second bounce week. Last week it made a 78% fib. retracement under the \$74.50 line.

This week this retracement line is a key for the short and intermediate time-frames.

As long as oil stays under \$74.50 it still has a chance to fall back near the 20-wEMA line area for testing.

The weekly PMO indicator still has a selling signal and sits in extremely overbought territory.

The slow STO indicator has moved a little away from the overbought area.

Now the next directional movement depends on how oil reacts to the overhead resistance line.

If the market fails to move above the \$76.98 line, a pullback to test the area around the 20-wEMA line should be expected.

Crude oil futures, July 27, 2021. weekly bars

**OIL - SHORT-TERM TREND DIRECTION: Up**

**Trade strategy: buy on dip above \$70.50 line with protective stops**



Light crude futures, July 30, 2021. Daily bars.

Oil continued to move up after it regained control of the 20/50-dEMA lines in the prior week. Those two momentum lines maintained a buying signal and encouraged the long side.

Now the 50-dEMA line moves up to \$70.50 and the 20-dEMA line moves up to \$72.08.

Both will become key short-term support lines.

The daily PMO indicator turned up, but has not crossed above its signal line yet. It remains a selling signal.

The slow STO indicator approached an overbought area, but does not have an extremely overbought condition.

Both suggest oil could move up a little further to build a double top pattern.

### 3. GOLD (GC, GLD)

LONG TERM and INTERMEDIATE-TERM TREND DIRECTION: **neutral**



Gold didn't change very much on the weekly outlook. Traders rolled over into the December contract in the last two days, and gold continued to travel inside a broad intermediate-term triangle pattern (red and green lines on the chart).

The longer-term indicators conflict with the short-term indicators; the market needs more time to resolve this conflict.

The weekly PMO indicator is flat without giving any buy signal and the weekly slow STO indicator is below neutral area.

Together they show limited buying interest.

The movement of the US Dollar will largely affect the future direction of gold in the intermediate term. When the dollar strengthens, gold falters.

Gold futures, July 30, 2021. One day bars.

**GOLD SHORT-TERM TREND DIRECTION: Neutral**

**Trade strategy: buy above \$1810 with protective stoploss**



Gold futures, July 30, 2021. One day bars.

Gold finally regained control of the 20/50-dEMA lines and managed to close above the 50-dEMA for the monthly close.

The short-term outlook remains neutral, and the 50-dEMA line becomes a key line for this week.

The Daily PMO indicator continued rising and the slow STO also moved away from its oversold level. Both suggest gold can continue moving up.

There is an unfilled gap below the current price. As long as the gap is not filled the short-term outlook remains bullish.

If the gap is filled, the outlook becomes bearish, and traders should prepare for a movement down.

## WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
<b>MONDAY, AUG. 2</b>					
9:45 am	Markit manufacturing PMI (final)	July	--		63.1
10 am	ISM manufacturing index	July	--		60.6%
10 am	Construction spending	June	--		-0.3%
<b>TUESDAY, AUG. 3</b>					
10 am	Factory orders	June	--		1.7%
Varies	Motor vehicle sales	July	--		15.4 million
<b>WEDNESDAY, AUG. 4</b>					
8:15 am	ADP employment report	July	--		692,000
9:45 am	Markit services PMI (final)	July	--		59.8
10 am	ISM services index	July	--		60.1%
<b>THURSDAY, AUG. 5</b>					
8:30 am	Initial jobless claims (regular state program)	July 31	--		--
8:30 am	Continuing jobless claims (regular state program)	July 24	--		--
8:30 am	Trade deficit	June	--		-\$71.2 billion
<b>FRIDAY, AUG. 6</b>					
8:30 am	Nonfarm payrolls	July	--		850,000
8:30 am	Unemployment rate	July	--		5.9%
8:30 am	Average hourly earnings	July	--		0.3%
10 am	Wholesale inventories	June	--		0.8%
3 pm	Consumer credit	June	--		\$35 billion