



## Weekly Outlook for Aug. 30 - Sept. 3, 2021

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

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



S&P 500 e-mini futures Aug. 27, 2021. Weekly bars.

SP500 index intermediate-term and long-term outlook remains bullish.

So long as the Fed continues to comfort the market, the long-term uptrend could keep going until it reaches the 5000 level. Every dip will be bought again and again.

The negative divergence between price and PMO indicator hasn't disappeared.

The overbought condition has become extreme.

An ultra-short-term dip could gradually solve this problem and help the SP500 reach its goal.

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

Trade strategy: buy on dip and scalping long above 4365 with protective stops



SP500 Index (SPX and ES) rallied after the Fed Chairman gave a comforting speech in Jackson Hole on Friday. It not only broke 4500, but closed above it. The short-term bullish outlook continues.

The 20-dEMA line rose to the 4450 level and is the first major support for this week. As long as the index stays above it, the buyers will keep buying.

If the index drops through the 20-dEMA line, the next support level is the 50-dEMA line at the 4380 area. It will try to hold index up.

The daily PMO indicator has a buying signal, and the daily slow STO indicator remains in the overbought area.

Early in the week we could see a brief pullback, followed by a bounce back up later in the week.

S&P500 e-mini futures Aug. 27, 2021, Daily bars.

**Weekly Option Trading (ES option)**

	Strike price	Expiration Date
	4565	
<b>Meanline</b>	<b>4505</b>	<b>8/30/2021</b>
	4320	

**Note: This week has four option expiration days. (Aug. 30, Aug. 31 and Sept 1, Sept. 3)**

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

**LONG-TERM TREND is neutral**

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



Crude oil futures, Aug .27, 2021. weekly bars

Oil completed the first intermediate-term correction and managed to hold the price above the 50-wEMA line.

Last Friday it regained control of the 20-wEMA line at \$67.37 by closing above it. The buyers were encouraged.

This week the 20-wEMA line becomes a key level for the intermediate term. As long as oil stays above it, price could go back up near \$74.

If the market fails to hold above \$67.37 the price could go back down to retest the \$62 area again.

The weekly PMO indicator still holds a selling signal in overbought territory, and the slow STO indicator moved near the oversold area.

Together they indicate oil could go sideways inside the 20- to 50-wEMA line range this week.

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

Trade strategy: Short on bounce under \$71.50 line or buy dip near \$62 with protective stops



Light crude futures, Aug. 27, 2021. Daily bars.

Oil moved into its long-term uptrend channel last week (blue) but also is still inside its short-term downtrend channel (red). The price has been caught inside the 20- and 50-dEMA lines.

The market needs to resolve these conflicts and decide which direction it should go.

For the upside, oil needs to break through \$69.62 for a \$70-71 upside target.

For the downside, oil needs to break below at least the \$67 level and close under it, with the \$62 area as a target for re-testing.

The daily PMO indicator may cross above its signal line to give a buying signal, but the buying strength may not be strong.

The daily slow STO indicator approached its oversold area.

Both suggest oil could pullback early in the week.

### 3. GOLD (GC, GLD)

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



Gold managed to hold above the \$1650 support level and built a double bottom pattern.

That double bottom pattern is not 100 percent confirmed yet, but last Friday's rally will encourage the buyers.

The 20-wEMA and 50-dEMA lines (\$1804 and \$1797 respectively) become support now.

Gold needs to hold above that support to encourage buyers to fight the next overhead resistance near \$1840.

The weekly PMO indicator has higher lows and starts to generate a buying signal, as does the weekly slow STO indicator.

Both indicators suggest gold is likely moving up again in the intermediate time frame.

Gold futures, Aug. 27, 2021. One day bars.

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

**Trade strategy: buy on dip above \$1775 with protective stoploss**



Gold futures, Aug. 27, 2021. One day bars.

There is a potential inverse H&S pattern on the daily chart. The neckline (heavy red dotted line) is lying around the \$1840 level.

Gold could stall under the neckline for a couple of weeks, but the outlook is bullish.

A breakout could occur if gold continues to hold the price above \$1800 level.

The 20-dEMA line and 50-dEMA line have become a major support even though the 20-dEMA line has not crossed above the 50-dEMA line to give a short-term buying signal. Yet.

The daily PMO indicator keeps rising and maintained its buying signal, but the daily slow STO indicator moved into overbought area.

That suggests gold could have a brief pullback but buying on dips will continue.

## WEEKLY ECONOMIC REPORT

MONDAY, AUG. 30				
10 am	Pending home sales	July	--	-1.9%
TUESDAY, AUG. 31				
9 am	Case-Shiller home price index (year-over-year)	June	--	16.6%
9:45 am	Chicago PMI	Aug.	--	73.4
10 am	Consumer confidence index	Aug.	--	129.1
WEDNESDAY, SEPT. 1				
8:15 am	ADP employment report	Aug.	--	329,000
9:45 am	Markit manufacturing PMI (final)	Aug.	--	--
10 am	ISM manufacturing index	Aug.	--	59.5%
10 am	Construction spending	July	--	0.1%
Varies	Motor vehicle sales (SAAR)	Aug.	--	14.8 million
THURSDAY, SEPT. 2				
8:30 am	Initial jobless claims (regular state program)	Aug. 28	--	--
8:30 am	Continuing jobless claims (regular state program)	Aug. 21	--	--
8:30 am	Trade balance	July	--	-\$75.7 billion
8:30 am	Productivity (revision)	Q2	--	2.3%
8:30 am	Unit labor costs (revision)	Q2	--	1.0%
10 am	Factory orders	July	--	1.5%
8:30 am	Core capital goods orders (revision)	July	--	0.0%
FRIDAY, SEPT. 3				
8:30 am	Nonfarm payrolls	Aug.	--	943,000
8:30 am	Unemployment rate	Aug.	--	5.4%
8:30 am	Average hourly earnings	Aug.	--	0.4%
9:45 am	Markit services PMI (final)	Aug.	--	--
10 am	ISM services index	Aug.	--	64.1%