



Weekly outlook for Feb. 20 – Feb. 24 2017

TREND DIRECTION

	Short Term	Intermediate-Term	Long Term
S&P 500			
	strong	strong	strong
Oil			
	weak	Less strong	Less strong
Gold			
	weak	weak	Less strong

Summary

- **S&P500 index may show some early profit-taking, but we expect traders to continue to buy the dips.**
- **Oil could continue to be range-bound inside the \$55 to 52 range**
- **GOLD is approaching a decision level at \$1247 to \$1252. If it breaks up, expect the price to move higher. If it fails to break out, expect the price to stay in a consolidation area.**

SP500 index (ESmini, and SPY):

a) Long term

The Feb, 2011 **Long-term momentum trend remains a strong BUY signal**. The long-term bull market is intact.

The Nov, 2016 intermediate-term **momentum trend also remains a BUY signal**. The trend is up and bullish. The S&P500 (ES mini and SPY) made another new high last week.

The weekly chart is looking healthy. The weekly PMO indicator accelerates and moves into overbought territory. The index approaches the top of the intermediate term uptrend channel, and could have some pullback when the rally gets into the extremely overbought area.

But the pullback could stop above the bottom of the uptrend channel. The rising 20-week moving average line can also be a first support line. As long as the index closes above the 20-week ema line, the intermediate-term uptrend will remain intact.



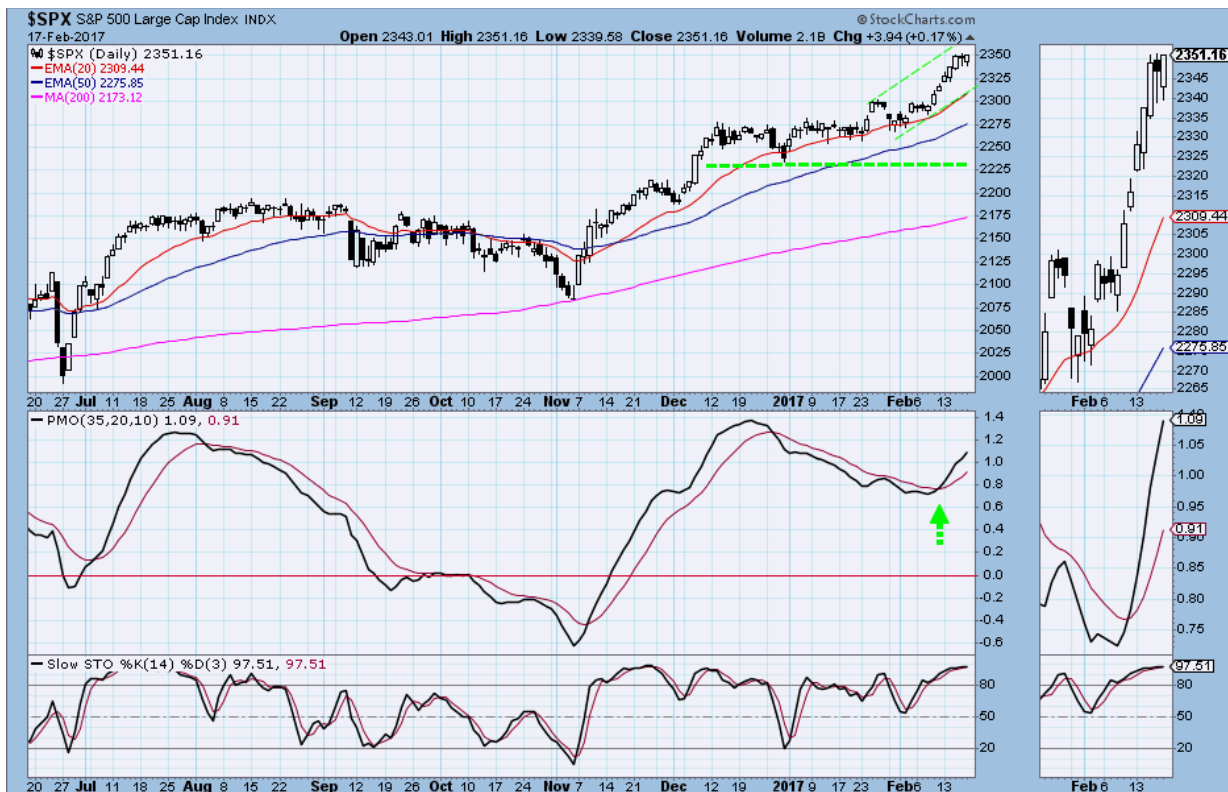
SP500

b) Short term

The Dec. 2016 **short-term momentum trend remains a BUY signal.** The index (S&P500 and SPY) broke above 2299.50 on Thursday and had a continuation high on Friday.

The daily PMO had a **BUY** signal and keeps rising, while the intermediate term indicates the breakout is real. The short-term rally could extend into 2380-85 area if 2335 holds up this week.

A failure to hold above 2335 could lead the index to drop further down near 2315-12. But even in that case, the 2300-2290 zone should be expected to hold up, especially if the slow STO indicator pulls back into oversold territory



2. Oil (\$WTIC, CL)

a) Long term

The Dec. 2014 **Long-term Trend momentum SELL** signal remained last week. Oil price continued to trade between 20-month EMA and 40-month EMA lines, with most of the long-term indicators overbought condition.

The Nov. 2016 **intermediate-term momentum trend held its BUY** signal. Oil has been moving sideways for 11 weeks. The weekly **PMO** indicator is in overbought territory and stopped advancing. This suggests oil will have some difficulty to breakout on the upside. But the underlying support at \$51 and \$48.50 should be expected to hold the price up for the coming weeks.



Oil

b) Short term

The Jan 18, 2017 **short-term momentum trend indicator remains a BUY** signal, The oil price continues to trade above the 20-day EMA line. The daily PMO indicator stopped declining, but hasn't given a buy signal yet.

Due to the rollover from the March to the April futures contract period the oil price had its narrowest range last week; that tight range could be broken early this week.

A break above \$55 could push the price up to the \$57 area. A break below 51.50 could trigger a stop run and push price down near \$48.50 area.

Traders should watch the US dollar for hints about oil's next direction; the oil [price tends to move counter to the USD.



3. GOLD (GC, GLD)

a) Long term

The Oct. 2014 **Long-term momentum trend indicator remains a NEUTRAL** signal. The 10-, 20- and 40-month EMA lines overlapped and the price chopped around those three lines. Those flat lines may act as a magnet to the price in the intermediate term; wait for the intermediate term PMO to give a buy signal.

The Dec. 2016 **intermediate-term momentum indicator did not give a Buy signal last week**, and the weekly **PMO** indicator also didn't cross over and give a BUY signal.

But the weekly slow STO still has room to move up, which could support GOLD and give the market some time to wait for trend momentum and PMO indicators to turn into a buy signal.



Gold

b) Short-term

The Jan 31, 2017 **short-term trend momentum indicator didn't change the BUY** signal last week. Gold had early two days of profit taking but later recovered loss. Gold didn't break through the \$1246.50-1251.90 resistance zone.

The daily PMO indicator continues to accelerate, and still has some room to move up to its overbought territory. The daily Slow STO is in overbought territory.

This week is the key time for GOLD in the intermediate term. \$1246.90-\$1251.90 should be the overhead breakout zone. A break above that level could lead the price up to \$1262-65 or higher up to \$1284.40-87.50. A fail to breakout could lead the price to pullback into the support level at \$1220-17.50. A break below at \$1210 level could trigger a short-term correction.

A double top pattern could prevent GOLD from advancing or causes the price to decline. But hedging against higher inflation could help to hold up the price. Buying on dips should be expected this week.



4. WEEKLY ECONOMIC REPORTS

MONDAY, FEB. 20					
	Presidents' Day holiday None scheduled				
TUESDAY, FEB. 21					
9:45 am	Markit manufacturing PMI, flash	Feb.		--	55.0
9:45 am	Markit services PMI, flash	Feb.		--	55.6
WEDNESDAY, FEB. 22					
10 am	Existing home sales	Jan.		5.55 mln	5.49 mln
2 pm	FOMC minutes				
THURSDAY, FEB. 23					
8:30 am	Weekly jobless claims	2/17		230,000	239,000
8:30 am	Chicago Fed national activity index	Jan.		--	0.14
FRIDAY, FEB. 24					
10 am	New home sales	Jan.		583,000	536,000
10 am	Consumer sentiment index	Feb.		96.0	95.7 (Feb.)