



## Weekly outlook for May 29 – June 2 2017

### TREND DIRECTION

	Short Term	Intermediate-Term	Long Term
<b>S&amp;P 500</b>			
	weak	strong	strong
<b>Oil</b>			
	neutral	neutral	Strong
<b>Gold</b>			
	weak	weak	neutral

### Summary

- **The S&P500 index is expected to hold above 2400 level in early week days, and later Thursday or Friday will see a minor pullback.**
- **Oil \$47 is a critical level. As long as price stays above it, a bounce back up to \$50 area should be expected. But as long as the US dollar bounces, oil rally will be limited.**
- **GOLD had an breakout move last Friday. GOLD could have a continuation high move this week.**

# 1. SP500 index (ESmini, and SPY):

## Long and intermediate term

Based on Feb. 2011 the Long-term momentum trend continues its strong BUY signal and is bullish, but is still very mature and has an overbought condition.

Based on the Feb, 2016 the intermediate-term trend momentum BUY signal remains strong. But the weekly PMO indicator is flat, and slow STO indicator is in an overbought territory. Both may slowly move up or continue moving sideways to help the index make new highs.

Even though the unfavorable seasonal bias influences the market, the timing for the intermediate-term correction is late July or August, and long-term correction time could be next year.

Before the long-term and intermediate-term indicators reach an extremely overbought condition, any short-term correction (pullback) will be bought. The major target should be around 2514-2485 zone, which is not far from our current level.



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# S&P500

## Short term

Based on Dec. 2016 the short-term momentum trend indicator buy signal remains strong. The daily PMO indicator gave out a new “BUY” signal last Thursday. The index broke the April high and held up last week, but the final confirmation relies on Wednesday closing price.

The 2404.50 breakout point will be a key for this week. The index needs to stay above it to maintain the strong upside momentum, and push the index toward its final long-term destination. In particular, the Wednesday closing price for the index needs to be around 2415 to confirm the monthly breakout and encourage buyers to continue stepping in to the market.

As long as the index stays above the breakout, the next upside target for this week will be the 2435-55 zone. 2378-85 will be this week's major support zone, but unless the index falls below 2393.50-92.50 we don't expect to see it. Buyers will defend the 2400 line this week.



## S&P500

### Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	2455	2017/5/31	2455	2017/6/2
<b>Meanline</b>	<b>2405</b>		<b>2405</b>	
	2345	2017/5/31	2335	2017/6/2

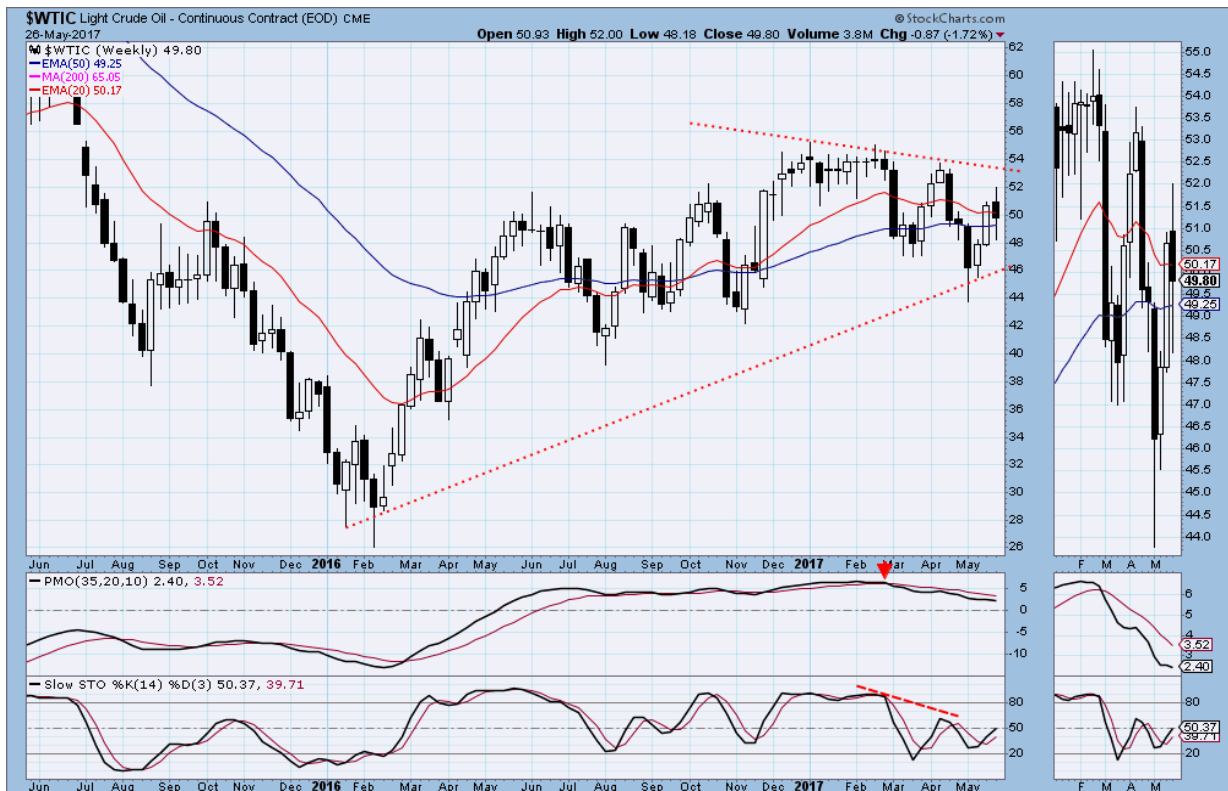
## 2. Oil (\$WTIC, CL)

### Long and intermediate term

Based on Dec. 2014 **Long-term momentum trend remains bearish and a strong “SELL” signal.** The overbought condition on the monthly slow STO indicator will encourage buyers to take profits.

The Nov. 2016 **intermediate-term trend momentum indicator remains “NEUTRAL.”** Both the weekly PMO and slow STO indicators are near neutral area, and hint oil could move in either direction.

The \$47 level will be the decision line. Holding above it will be bullish, and the odds will favor an upside move and push price goes back up to \$52-54 area. A failure to hold up \$47 could lead oil price down toward the \$45 area. I expect the price move should contain inside the triangle formation for this week.



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

### Short term

Based on April 19, 2017 the short-term momentum trend remains a “SELL” signal. The daily PMO “BUY” signal reaches its neutral area. The slow STO indicator moved down away from overbought territory.

The \$51.75 resistance line held oil down last week. The OPEC decision pushed the price below the \$49 level. Even though oil had a bounce on Friday, the ultra-short-term down direction is still down.

\$50.50 will be a key line for this week. As long as the price stays under it, we expect the market to re-test \$48-47.50. But \$47 is a key support, a make-or-break area that will determine the next direction for prices.



### 3. GOLD (GC, GLD)

#### Long and intermediate term

Based on Oct. 2014 the Long-term momentum trend indicator stays “Neutral.” Monthly PMO indicator and Slow STO also didn't change from the neutral area.

Based on Dec. 2016 the intermediate-term momentum trend indicator gave out a “BUY” signal last week. GOLD price moved back above the 200-week EMA indicators, and which suggests the short-term correction was over. We expect the intermediate-term triangle formation (red lines) will continue to contain the price this week, but we are getting closer to a breakout from that formation and it could happen this week.



### 3. GOLD (GC, GLD)

#### Short term

On May 11, 2017 the short-term trend momentum trend indicator gave out a “buy” signal. Daily PMO indicator turned above neutral area and Slow STO indicator stays in overbought territory.

The \$1255-56 area is a key zone for this week. We will see buyers entering on the dips around \$1255-56. However a new short-term rally may have started last Friday. If it did, the next upside target could be around \$1300.





## 4. WEEKLY ECONOMIC REPORTS

MONDAY, MAY 29					
	Memorial Day holiday None scheduled				
TUESDAY, MAY 30					
8:30 am	Personal income	April		0.4%	0.2%
8:30 am	Consumer spending	April		0.4%	0.0%
8:30 am	Core inflation	April		0.1%	-0.1%
9 am	Case-Shiller U.S home prices	March		--	5.8%
10 am	Consumer confidence index	May		118.6	120.3
WEDNESDAY, MAY 31					
9:45 am	Chicago PMI	May		--	58.3
10 am	Pending home sales index	April		--	-0.8%
2 pm	Beige book				
THURSDAY, JUNE 1					
8:15 am	ADP employment report	May		--	177,000
8:30 am	Weekly jobless claims	5/27		238,000	234,000
9:45 am	Markit manufacturing PMI (final)	May		--	52.5
10 am	ISM manufacturing index	May		55.0%	54.8%
10 am	Construction spending	April		0.5%	-0.2%
TBA	Motor vehicle sales	May		16.9mln	16.9mln
FRIDAY, JUNE 2					
8:30 am	Nonfarm payrolls	May		185,000	211,000
8:30 am	Unemployment rate	May		4.4%	4.4%
8:30 am	Average hourly earnings	May		-.3%	0.3%
8:30 am	Trade deficit	April		-\$46.5bln	-\$43.7bln