



Weekly Outlook for Sept. 20 -Sept. 24, 2021

SP500 index (E-mini, and SPY)

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



S&P 500 e-mini futures, Sept.17 2021. Weekly bars.

SP500 index had a second declining week and attempted to break the intermediate-term rising uptrend line from the March 2020 low (dashed red line).

Option expiration contributed to the index decline, which could continue into this week. The 20-wEMA line at the 4335 area will act as a key support.

We are moving into the second half of September, normally a time of seasonal weakness. If/when the S&P 500 turns ugly in the second half and you are tempted to short, be aware of new buyers stepping into this market.

Any short- and intermediate-term correction will give new long-term buyers a chance to get in at the index's key momentum support lines.

ES - SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: Short on strong bounce under 4525 area with protective stop



S&P500 e-mini futures Sept. 17, 2021, Daily bars.

SP500 Index (SPX and ES) closed near its 50-dEMA line on Friday and continued showing weakness. This week the 50-dEMA line becomes a key line to help determine if an intermediate-term correction is beginning.

The 50-dEMA line has been a key support level since last November. It may hold early in the week, but may break towards the end, especially if the price fails to move above the 20-dEMA line (currently ~4475 for the index).

The daily PMO indicator continued declining and maintained a sell signal; the daily slow STO indicator is near the oversold area, but not extremely oversold.

And sometimes a short-term oversold market can become more oversold.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4515	
Meanline	4425	9/20/2021
	4315	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is neutral

INTERMEDIATE-TERM TREND DIRECTION: Up with overbought



Crude oil futures, Sept 17, 2021. weekly bars

Oil continued to rally toward the broken uptrend line. It recovered almost 75% of the short-term loss.

This week oil needs to make a decision: either continue the rally or pull back to re-test the 20-wEMA line around \$68.

The weekly PMO indicator maintains its selling signal, but the value of the indicator is still positive. The slow STO indicator rose with a buy signal. They signal that oil could hold above the 20-wEMA line after testing.

The second half of September is a period of seasonal weakness. Any hesitation in the equity market could stall oil's advance.

Last week's high around \$73 is very important. A failure to move above it could trigger a second leg down for the intermediate term if the 20-wEMA line fails to hold up.

OIL - SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: watch for breakout direction and follow it with protective stops



Light crude futures, Sept.17, 2021. Daily bars.

Oil broke its short-term downtrend resistance line (red) and had a nice rally above \$72.25. Despite the slight retracement in the last two days, mainly to back-fill a few air pockets, the short-term outlook remains bullish.

The 20-dEMA line crossed above the 50-dEMA line and gave a short-term momentum buying signal.

The pullback will give short-term buyers a chance to get in on the buying side.

Now \$69.77 to \$68.30 becomes a key support area. Any pullback could be held above this zone.

The daily PMO indicator rose near the neutral line with a buying signal, and the daily slow STO indicator is in overbought area. We could see oil pull back near the \$70 area for testing before price rallies again.

3. GOLD (GC, GLD)

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



Gold futures, Sept.17, 2021. One day bars.

Gold had a continuation low last week, after the Retail Sales report prompted concern the Fed may raise interest rates sooner rather than later.

Now the 20- and 50-wEMA lines have become a resistance zone, and the \$1750-\$1745 zone becomes a key support for the week.

A move under last week's low could trigger further selling to test the August low around \$1680.

The weekly PMO indicator turned down further with a selling signal, and the weekly slow STO indicator also moved down and gave a selling signal.

Both suggest a continuing weakness in the gold market at the current stage.

GOLD - SHORT-TERM TREND DIRECTION: Down

Trade strategy: Short on early strong bounce under \$1798 with protective stops.



Gold futures, Sept.17, 2021. One day bars.

Gold completed its ultra-short-term ABC correction, but for the longer time frame it seems likely the price will continue to move down.

Both price and volume were strong on the downside, and weak on the upside.

In addition the daily momentum lines (20/50) gave out a short-term momentum selling signal. Any bounce this week could be killed by the shorts.

The daily PMO indicator turned to the downside and gave a selling signal. The daily slow STO indicator approached its oversold area.

Both hint at the possibility of a brief bounce before further declining may be seen.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, SEPT. 20					
10 am	National Association of Home Builders index	Sept.	--		75
TUESDAY, SEPT. 21					
8:30 am	Building permits (SAAR)	Aug.	--		1.63 million
8:30 am	Housing starts (SAAR)	Aug.	--		1.53 million
8:30 am	Current account	Q2	--		-\$196 billion
WEDNESDAY, SEPT. 22					
8:30 am	Existing home sales (SAAR)	Aug.	--		5.99 million
2 pm	FOMC statement				
2:30 pm	Fed Chair Jerome Powell news conference				
THURSDAY, SEPT. 23					
8:30 am	Initial jobless claims (regular state program)	Sept. 18	--		
8:30 am	Continuing jobless claims (regular state program)	Sept. 11	--		
9:45 am	Markit manufacturing PMI (flash)	Sept.	--		61.1
9:45 am	Markit services PMI (flash)	Sept.	--		55.1
10 am	Leading economic indicators	Aug.	--		0.9%
12 noon	Real household net worth (SAAR)	Q2	--		14.9%
12 noon	Real nonfinancial debt (SAAR)	Q2	--		1.1%
FRIDAY, SEPT. 24					
10 am	New home sales (SAAR)	Aug.	--		708,000