



Weekly Outlook for Oct. 4 - Oct. 8, 2021

SP500 index (E-mini, and SPY)

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



S&P 500 e-mini futures, Oct. 1, 2021. Weekly bars.

SP500 index hit its 20-wEMA line again last week, but managed to close above it. The bounce from the 20-wEMA line for closing was not as strong as the prior week. It shows some weakness for the short term.

This is the first week of the last quarter, and last week's low now becomes a very important support. The index needs to hold up 4300 and prevent the market from going below it – and especially from closing below that level.

The weekly PMO indicator kept moving on the downside, so the selling signal continues. The weekly STO indicator moved away its overbought territory. Both indicators suggest the index needs to find its support quickly. Otherwise it will start an intermediate-term correction.

SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: buy on pullback above last week's low with protective stops.



S&P500 e-mini futures Oct.1, 2021, Daily bars.

SP500 Index (SPX and ES) gapped down under the 50-dEMA line at the open last Monday and stayed down for closing on Friday. There was heavy selling on Monday and a continuation Thursday evening before the market found a base on Friday. The price action was bearish. But there were signs of a downside exhaustion "climax" that may lead to a rally this week.

The short-term oversold condition could help hold the index up and push the price up to the resistance at the 20/50-dEMA where selling likely resumes again. The selling after the bounce may be the last leg down in the short term.

The daily PMO indicator resumed moving down with a selling signal while the daily slow STO indicator moved into oversold area again. It is possible this week the index could go sideways or rally to/near 4400.

Weekly Option Trading (ES option)

| | Strike price | Expiration Date |
|-----------------|--------------|------------------|
| | 4425 | |
| Meanline | 4350 | 10/4/2021 |
| | 4250 | |

2. Oil (\$WTIC, CL)

LONG-TERM TREND is neutral
INTERMEDIATE-TERM TREND DIRECTION: Up



Crude oil futures, Oct. 1, 2021. weekly bars

Oil rallied near its July high area last Friday. The price action was strong and bullish. The 20-wEMA line chased up and indicates a strong price move.

Now this 20-wEMA line – currently around \$69.40 – becomes a major support for the intermediate-term.

The weekly PMO indicator attempts to turn up and changes its selling signal, and the weekly slow STO indicator rose near the overbought area, with a modest buy signal.

Both indicate the oil market is bullish in the intermediate- and long-term. Any pullback will be bought by new buyers.

SHORT-TERM TREND DIRECTION: up

Trade strategy: buy on pullback above \$72 with protective stops



Light crude futures, Oct.1, 2021. Daily bars.

Oil pulled back above the 20-dEMA line in the early days of last week, but the price later resumed its upside movement. The price action was bullish. The market could continue moving up further.

The 20-dEMA line (currently around \$72.55) will be the first major support for this week. As long as oil stays above it, the price should go above last July's high (\$76.77).

The daily PMO indicator kept rising with a buying signal and the daily slow STO indicator stays above 80 and holds up there.

Bullish. Any minor retracement will likely see new buyers coming in.

3. GOLD (GC, GLD)

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



Gold futures, Oct.1, 2021. One day bars.

Gold had an oversold bounce last week. The intermediate-term outlook turned neutral.

The 20-wEMA line hasn't crossed below the 50-wEMA line yet to give out a selling signal.

But long-term indicators (monthly) are almost oversold, which could lead long-term sellers to take some profits.

The weekly PMO indicator is sitting near neutral level and the weekly slow STO indicator had higher lows and sits slightly under neutral level.

Both suggest gold may churn sideways for a while.

SHORT-TERM TREND DIRECTION: Down with little oversold

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



Gold futures, Oct.1, 2021. One day bars.

Gold bounced under its 20-dEMA lines and stalled its advance in the last two days.

Now \$1768 is a key level for this week. As long as gold stays under it, the market may pull back above the \$1742 line for testing.

\$1742 is the first key broken support line, where gold was regaining control last Thursday. A move under it will be bearish again.

The daily PMO indicator maintains a selling signal with a slightly oversold condition, and the daily slow STO indicator moved up from its oversold area.

Both suggest gold could go in either direction this week. A weekly range from \$1783 to \$1740 could be established.

WEEKLY ECONOMIC REPORT

| TIME (ET) | REPORT | PERIOD | ACTUAL | MEDIAN FORECAST | PREVIOUS |
|--------------------------|---|----------|--------|-----------------|-----------------|
| MONDAY, OCT. 4 | | | | | |
| 10 am | Factory orders | Aug. | -- | -- | 0.4% |
| TUESDAY, OCT. 5 | | | | | |
| 8:30 am | Trade deficit | Aug. | -- | -- | -\$70.1 billion |
| 9:45 am | Markit services PMI (final) | Sept. | -- | -- | 54.4 |
| 10 am | ISM services index | Sept. | -- | -- | 61.7% |
| WEDNESDAY, OCT. 6 | | | | | |
| 8:15 am | ADP employment | Sept. | -- | -- | 373,000 |
| THURSDAY, OCT. 7 | | | | | |
| 8:30 am | Initial jobless claims (regular state program) | Oct. 2 | -- | -- | 362,000 |
| 8:30 am | Continuing jobless claims (regular state program) | Sept. 25 | -- | -- | 2.80 million |
| 3 pm | Consumer credit | Aug. | -- | -- | \$17 billion |
| FRIDAY, OCT. 8 | | | | | |
| 8:30 am | Nonfarm payrolls | Sept. | -- | -- | 235,000 |
| 8:30 am | Unemployment rate | Sept. | -- | -- | 5.2% |
| 8:30 am | Average hourly earnings | Sept. | -- | -- | 0.6% |