



Weekly Outlook for Oct. 25 - Oct. 29, 2021

SP500 index (E-mini, and SPY)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: up



SP500 index had a continuation high week and made all-time new highs last week. The 20-wEMA line kept chasing the rally price and strengthened momentum buying. The intermediate-term outlook remains bullish.

This is the last week of October. The monthly adjustment could lead the index to have a minor pullback move.

But the 20-wEMA line has been holding the index up for five months; we expect it will continue to hold for the monthly settlement.

The weekly PMO indicator hasn't given out a buying signal for the intermediate term. There is still a negative divergence between price and indicator, so there is still some possibility of a decline in November.

S&P 500 e-mini futures, Oct. 22, 2021. Weekly bars.

ES - SHORT-TERM TREND DIRECTION: up

Trade strategy: buy on pullback around 20/50-dEMA at 4425-4380 zone with protective stops



S&P500 e-mini futures Oct.22, 2021, Daily bars.

SP500 Index (SPX and ES) rallied above the September high and closed slightly under it. It formed a doji pattern on the daily chart with an ultra-short-term overbought condition. It could do some back-fill in this week but the outlook remains bullish for the short term.

20 and 50-dEMA lines will be first support zone for this week. As long as index stays above it, buy on dip will be seen again.

The daily PMO indicator is rising with a buying signal. The daily slow STO indicator is overbought. A minor pullback or a choppy movement could occur this week.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4585	
Meanline	4535	10/25/2021
	4420	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is neutral

INTERMEDIATE-TERM TREND DIRECTION: Up with extremely overbought.



Crude oil futures, Oct. 22, 2021. weekly bars

Oil broke through the 2018 high and closed above it. The upside momentum was strong and gave a strong bullish outlook for the intermediate term.

The weekly PMO indicator went back near the year 2008 highest price level area, which was quite overbought. Nevertheless it didn't give out any sign of weakness. Both weekly PMO and slow STO have a strong buy signal and remain in overbought area.

The 20-wEMA line rose to approach the \$72.50 level, which will be the first major intermediate-term support. As long as oil stays above it, the price could head towards \$108, which was the year 2014 high area.

OIL - SHORT-TERM TREND DIRECTION: up with extremely overbought
Trade strategy: buy on pullback above \$75.00 with protective stops



Oil approached the top of a long-term uptrend channel. But this impulsive uptrend from \$62 is not completed. It may consolidate under the \$85.85 line for a few days and build supports for a move to a higher level again.

The 20-dEMA line at \$79.40 will be the first short-term support line and \$75.40 will be the second. As long as oil stays above \$72 and doesn't close under it, the short-term trend will remain up. Every dip will only attract the buyers.

The daily PMO indicator remains a buying signal, but has an extremely overbought condition, as does the daily slow STO indicator. Both suggest that a short-term pullback should be expected this week.

Light crude futures, Oct. 22, 2021. Daily bars.

3. GOLD (GC, GLD)

LONG TERM and INTERMEDIATE-TERM TREND DIRECTION: neutral



Gold continued to struggle with 20/50-wEMA lines last week, but fortunately it managed to close above them after 6 past weeks fighting to hold price above \$1750 level. Now the overhead resistance line at \$1825 area will be long-term downtrend line.

The weekly PMO indicator attempted to turn up, but still no buy signal given. The weekly slow STO indicator moved above its neutral territory. Both hints gold could move up to test its long-term downtrend line again.

Gold futures, Oct. 22, 2021. One day bars.

GOLD - SHORT-TERM TREND DIRECTION: Down

Trade strategy: Short on early strong bounce under \$1850 with protective stops.



Gold futures, Oct. 22, 2021. One day bars.

Gold regained its control of 50-dEMA line and managed to close above it. It gave out a slightly strong signal that gold is going to change short-term outlook into bullish. But both 20-dEMA line didn't cross above 50-dEMA line to give out a momentum buying signal. This will continue to discourage the buyers.

Now all eyes will focus on how gold to deal with 20/ 50-dEMA line this week. If there is no following through, gold still will have a chance to close under 20-dEMA line for monthly settlement.

Daily PMO indicator remained an ultra-short-term buying signal under under zero value line, which seems getting overbought soon. And the daily slow STO indicator moved into overbought territory. Both hints choppy movement will be ahead.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, OCT. 25					
	None scheduled				
TUESDAY, OCT. 26					
9 am	S&P Case-Shiller home price index (year-over-year)	Aug.	--		19.7%
10 am	Consumer confidence index	Oct.	107.5		109.3
10 am	New home sales (SAAR)	Sept.	759,000		740,000
WEDNESDAY, OCT. 27					
8:30 am	Durable goods orders	Sept.	-0.7%		1.8%
8:30 am	Core capital goods orders	Sept.	--		0.6%
8:30 am	Advance report on trade in goods	Sept.	--		-\$88.2 billion
THURSDAY, OCT. 28					
8:30 am	Initial jobless claims (regular state program)	Oct. 23	291,000		290,000
8:30 am	Continuing jobless claims (regular state program)	Oct. 16	--		2.48 million
8:30 am	Gross domestic product (real, SAAR)	Q3	3.0%		6.7%
10 am	Pending home sales index	Sept.	2.6%		8.1%
FRIDAY, OCT. 29					
8:30 am	Nominal personal income	Sept.	-0.1%		0.2%
8:30 am	Real disposable income	Sept.	--		-0.3%
8:30 am	Nominal consumer spending	Sept.	0.6%		0.8%
8:30 am	Real consumer spending	Sept.	--		0.4%
8:30 am	Core inflation	Sept.	0.2%		0.3%
8:30 am	Employment cost index	Q3	0.9%		0.7%
9:45 am	Chicago PMI	Oct.	64.0		64.7
10 am	UMich consumer sentiment index (final)	Oct.	71.4		71.4