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# Technical Forecast

@ETFguidePremium

December 1st, 2019

## Open ETF Trades

| Date Opened | Ticker | Market | Stop Loss | Strategy & Update |
|---|---|---|---|---|
| 10/20/16 @ $21.10 | RING | MSCI Global Gold Miners | | Bullish Gold Miners |
| 3/22/18 @ $23.50 | SJB | ProShares Short High Yield | | Short High Yield |
| 3/15/18 @ $36.04 | LIT | Global X Lithium | | Bullish Lithium |
| 2/22/18 @ $34.75 | SRS | ProShares Ultra SH Real Est. | | Bullish Interest Rate Space |
| 5/3/19 @ $81.23 | IJR | iShares Core S&P Small Caps | $72.75 | Long Small Caps |
| 5/3/19 @ $227.52 | IHI | iShares U.S. Medical Devices | | Long Medical Devices |
| 6/28/19 @ $45.59 | PZD | Invesco Cleantech | $41.00 | Bullish Clean Technology |
| 7/12/19 @ $78.39 | XLI | SPDR Industrials | $71.60 | Bullish Weekly Setup |
| 10/11/19 @ $37.41 | EWL | MSCI Switzerland | | Bullish Switzerland |

*This ETF ticker is also covered & synchronized with Weekly ETF picks

## Key S&P 500 Pivot Points

| Pivot Points | S2 | S1 | Pivot Level | R1 | R2 |
|---|---|---|---|---|---|
| Weekly | 3101 | 3121 | 3138 | 3158 | 3174 |
| Monthly | 3012 | 3076 | 3115 | 3180 | 3219 |
| Closing Price | | | 3141 | | |

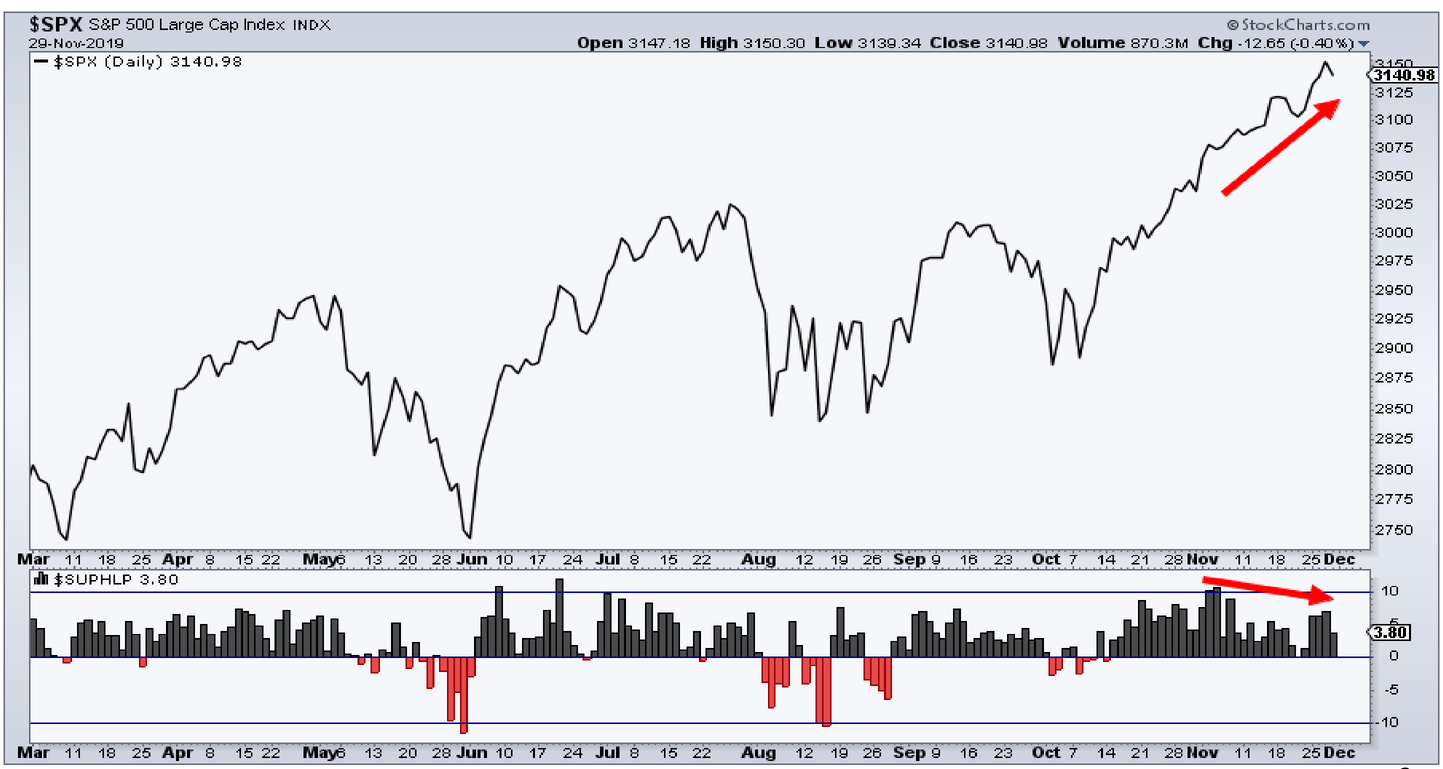
With the shorter week of trading because of the Thanksgiving holiday, we saw the bulk of the weekly move come earlier in the week, with more volume taking shape Monday-Wednesday. We hinted at a favorable return week for this Thanksgiving holiday as many years (while in bull markets) we tend to see positive price action throughout the week. With this positivity, we saw consumer discretionary (XLY) start to find aggressive buyers, mainly because of AMZN leading the charge. Following closely is a sector we have been highlighting for many weeks now, the technology (XLK) sector. Healthcare and financials round out the top four percent returners for the week. As expected, and this is now familiar to many, the energy sector (XLE) was the worst performer of the week and was the only major sector in the red over the past five days of trading. With the month of November ending, we check in on the $SPX and more specifically the momentum oscillators. You'll see this near the beginning of this week's issue. As bullish as many of these setups and indices are looking, we must continue to monitor risk. That means moving stops up and taking profits when targets are hit.

- Checking in on the monthly situation for $SPX, with the PPO looking very healthy
- Small caps get their desired breakout (IJR)*
- Is this move in wheat the real deal? (WEAT)
- Is rotation into the consumer discretionary sector next in line? (XLY)
- Utilize this ratio for more bullish evidence on the market (XLY:XLP)
- Gold miners continue to look interesting both from a price and seasonal perspective (GDX)

**How to Trade it:**

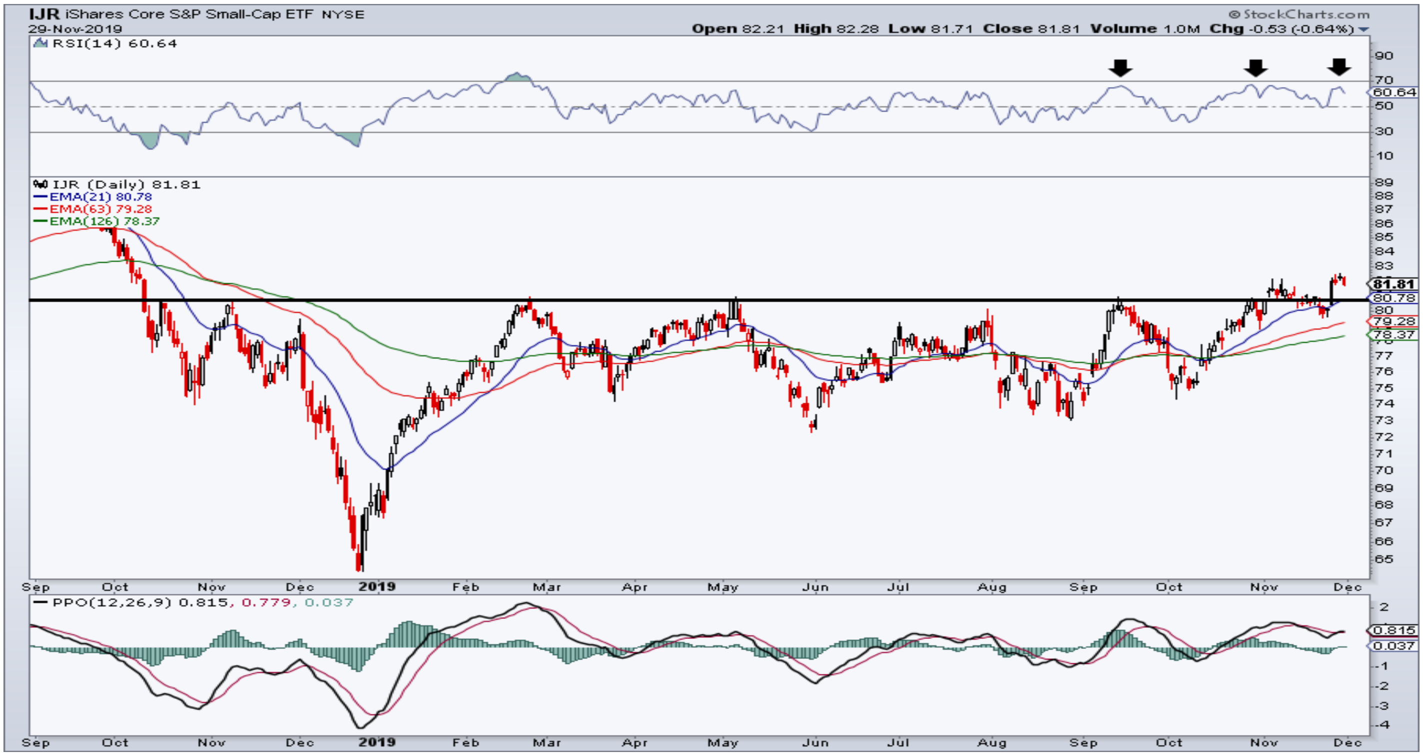
Below we show a montly snapshot of $SPX and zooming out sure does give a worthwile perspective in terms of the mess we are technically leaving behind over the past couple of years. We now have three months of healthy up moves going, which is not much of a surprise if you have been reading these updates. This is seasonally a very strong point in the year, and we don't want to miss out on this time frame. The monthly PPO is now postive in terms of it's histogram two months in a row, and is expanding. This is bullish for the long-term trend of the market. It means we can and should be buying corrections and dips that show up along the way. A retest of the 6 period EMA just above 3000 on $SPX would not be unhealthy in our eyes, as the trend would still be intact. Monthly RSI hasn't even reached overbought conditions yet, so this could certainly mean more room to run.


One area we are looking at to suggest a shorter-term pullback or consolidation is the High-Low percentage from the S&P 1500 (large, mid and small cap stocks). Notice as we continue to make new highs, we see a lower high in the histogram. This is simply a warning sign that we should not be surprised when a corrective phase starts.



## Small Cap Core (IJR)

Small caps made headway this past week and finally broke out of this nearly one year base. Incredible to watch but is it out of the woods yet? We believe yes, but it'll need to continue making higher highs and higher lows, much like it has been doing since the lows near the end of August. We would like to see RSI register an overbought reading here soon. This would suggest a momentum thrust in simple terms.

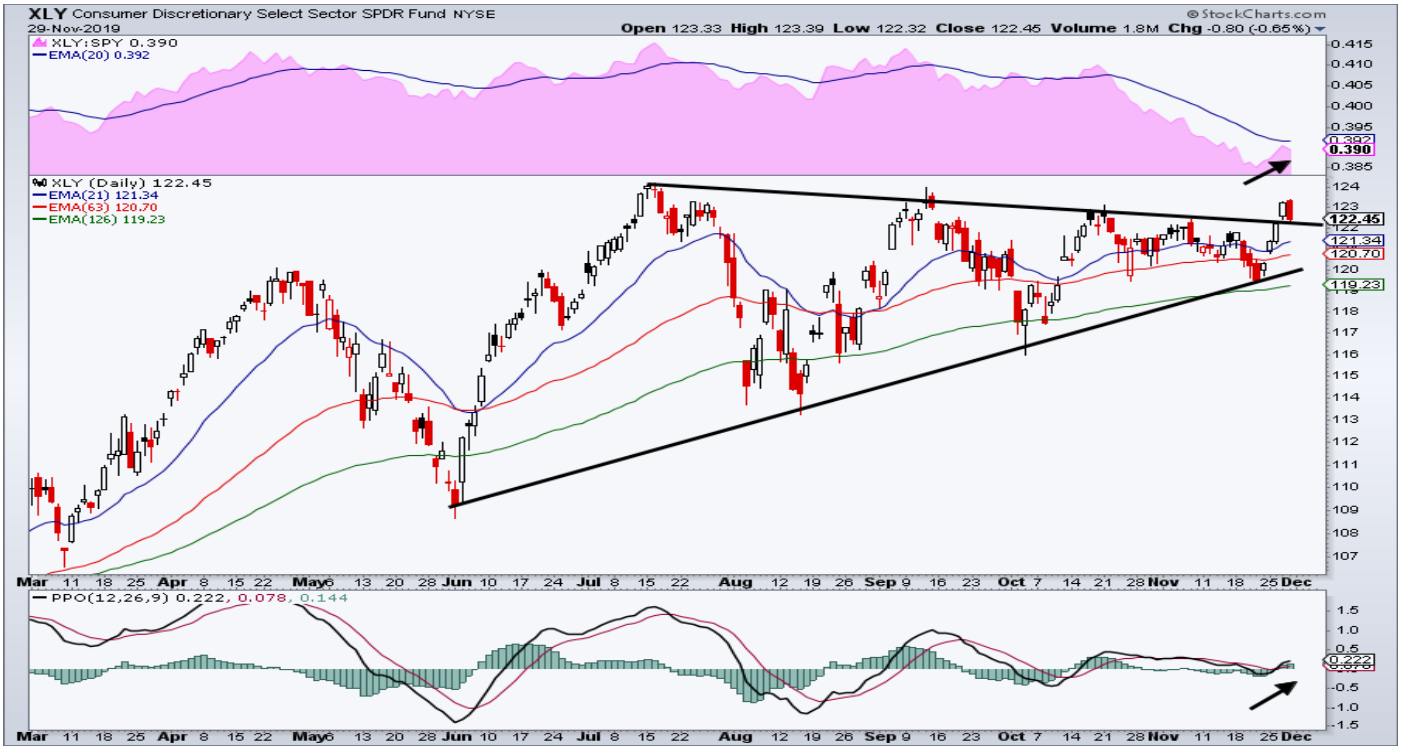



## Wheat (WEAT)

A market that we do not hit on much is the wheat market. We have some interesting price action taking shape with the most recent breakout this past week. This ETF has broken from a consolidation pattern and is looking very healthy to continue its advance. Notice the PPO turning up right near the zero line, a very bullish perspective to take note of. We would expect to see a challenge of the highs back in July of this year.

## Consumer Discretionary (XLY)

As we mentioned in the opening segment, the consumer discretionary sector is starting to make ripples and point toward money flowing into this sector. Could this be the rotation that this bull market needs? We think yes, along with small caps, this would favor a healthy rotation of money. We may need one more test of the EMA's but a breakout looks to have follow through here with a healthy crossover of the PPO indicator.

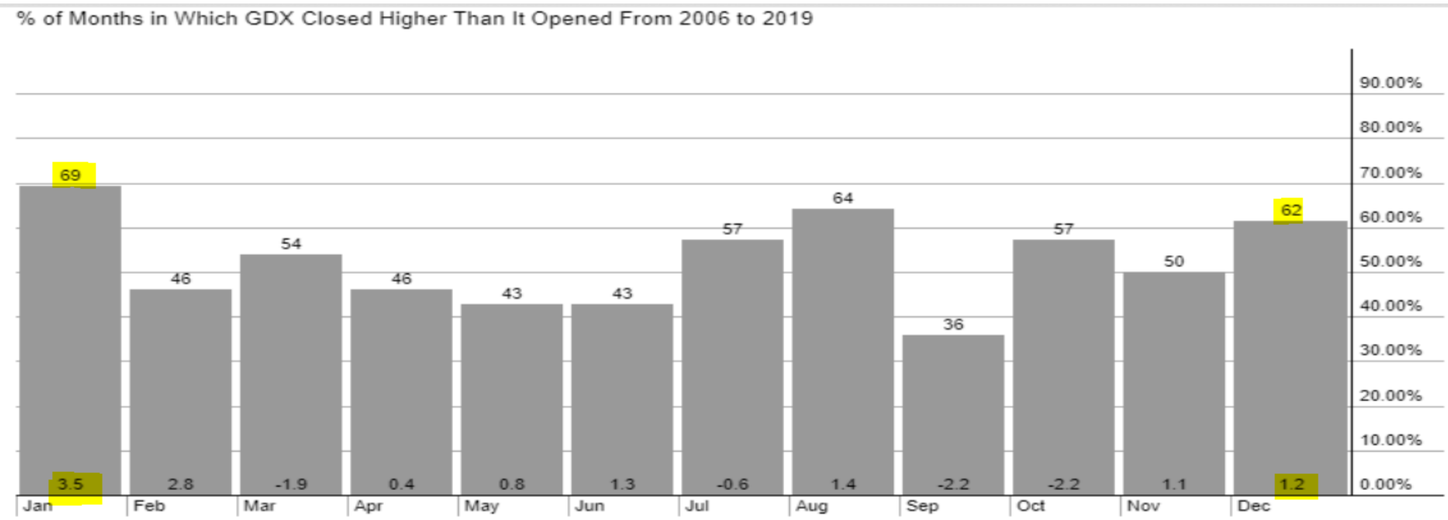



## Consumer Discretionary vs. Consumer Staples (XLY:XLP)

Piggy backing on this idea, we want to confirm the move in XLY by using a relative ratio against XLP (consumer staples). Notice the tight coiling action that has taken shape, and if we can witness a breakout to the topside, this means buyers are becoming more aggressive in XLY than they are in XLP, a very bullish sign. Notice the PPO here as well and the tightness of action lately. A big move is ripe here!

## Gold Miners (GDX)

A more defensive postured trade heading into December and starting out the new year would be gold miners (GDX). Below shows the 13-year history of returns and the months of December and January stick out the most to us from a return and % closed higher perspective. This is something we'll want to keep an eye on here and as you'll see in the next chart, you may want to start participating now.




When we look to the daily char of GDX, we see a very tight coiling action, almost falling wedge like in nature. This is bullish if we can see a breakout above $27.25. You have good risk/reward parameters here and we believe the chances of a winning trade are even higher with the seasonal structure in place above. Also, notice how RSI has not registered oversold characteristics throughout this entire phase, intriuging to say the least!