



Technical Forecast

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December 2nd, 2018

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Open ETF Trades

Date Opened	Ticker	Market	Stop Loss	Strategy & Update
3/28/18 @ \$12.81	IAU	iShares Gold Trust		Defensive market trade
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
2/9/18 @ \$31.35	SH	ProShares Short S&P 500		Short S&P 500
10/4/18 @ \$88.87	LABU	Biotech Bull 3x		Bullish Biotech
10/12/18 @ \$62.50	TNA	Small Cap Bull 3x		Seasonally Bullish

***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	2613	2686	2724	2797	2835
Monthly	2551	2656	2735	2840	2920
Closing Price			2760		

As the G20 summit ends here today, (Sunday) there are many positive situations coming out of the dinner that President Trump and President Xi had on Saturday evening which should affect the market right on the open. We saw a strong finish to the week for many names, especially the aggressive natured sectors that were laggards for some time. Growth type sectors are starting to turn the corner relative to value, and this is something that we want to be aware of to see if the move is real, or just a corrective bounce. Healthcare had a phenomenal week finishing up just under 6% to close. Technology and consumer discretionary followed suit and were 2 and 3 on the list of strong sectors. The energy markets saw more whipsawing occur this week as crude oil specifically tries to find a relative bottom here above \$50. It has now held from a closing basis roughly 5 days above that critical level.

- Follow through was nice to see, is there a chance at more? \$SPX
- Can \$SOCL find a bottom here or are the headwinds too much to handle?
- \$SMH finds a close right on the 50-day EMA
- Divergence is also showing up in the growth vs. value argument \$IVW:\$IVV
- Home improvement retailers try to find significant support \$DJUSHI
- Seasonality and price may be worth taking a shot on with \$PSCI

How to Trade it:

Seeing the lows hold this past week was positive to see coming off divergences seen in breadth across a few different parameters. We mentioned last week that many equal weight products were not making new lows relative to cap weight indices. This was the first clue, but price needed to confirm, and we sure did see confirmation. With the strong close on the week, this does not get the \$SPX out of the woods quite yet. We say this because of the large overhead supply that needs to be sifted through. All signs coming out of the G20 summit sound 'positive' at first glance, this could have a very good tilt for the market to open Sunday night futures. Next level of interest for us is 2,800, how do we react to this level should we trade up to meet it? To the bottom side, the bulls would like price to hold 2,700 roughly.



We display the weekly snapshot below to give a perspective of seeing the slight positive divergence show up on these recent lows. There is about 3-4 weeks where these lows occurred, this should be significant enough to give bulls a chance heading into year end.



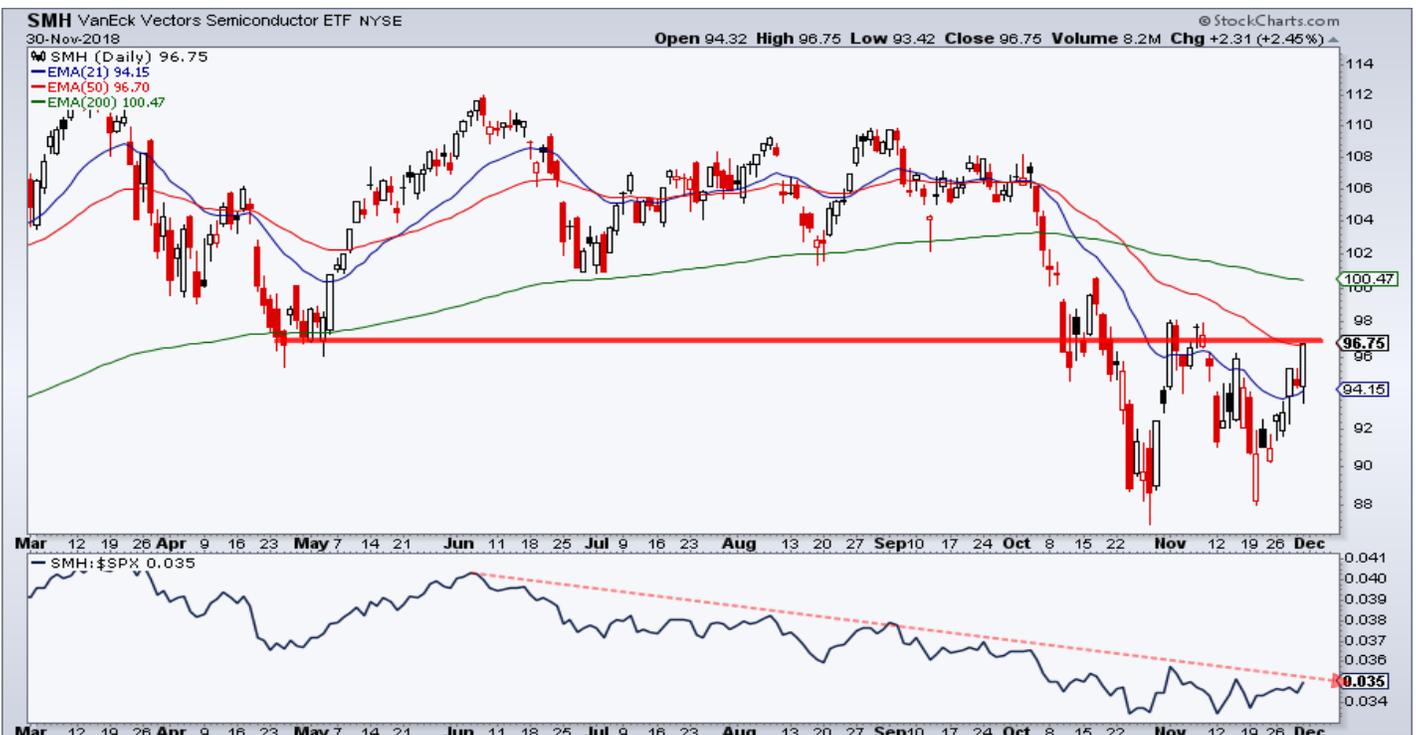
Social Media (\$SOCL)

The social media ETF giant has seen better days, components like \$FB, \$SNAP and \$TWTR have struggled of late but things may be looking to turn the corner. On the most recent low, positive divergence occurred, paving a way for buyers to take control over sellers, for now. Look for the 38.2% retracement to offer headwinds.



Semiconductors (\$SMH)

Semiconductors closed at a very important inflection point on Friday. Essentially right on the 50 day EMA, which is also previous support from April/May which will now present possible resistance. The big area of note that we want to be watching for is the RS line below vs. \$SPX. If \$SMH can start outperforming, the bottom for semi's is likely in.



Growth vs. Value (\$IVW:IVV)

Along the lines of a solid week for the market, growth vs. value also showed good signs of a market rebound. The ratio itself has momentum back on its side from the most recent low, which is a positive to see for the \$SPX, shown by the correlation figure below. Barring any market scares, this should continue to trend upwards above topside resistance.



Home Improvement Retailers (\$DJUSHI)

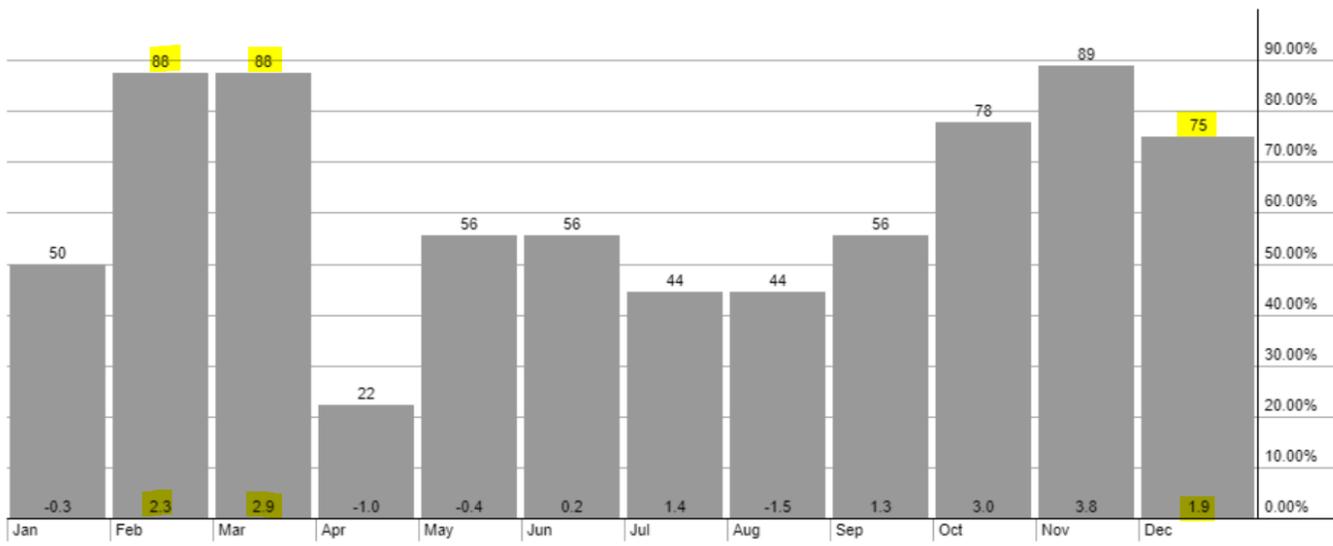
Another area that is trying to find and hold support is home improvement retailers, right around 350. Last week's candle was powerful and strong right on support. We also did not see oversold conditions on the 14 period RSI. We conclude that a significant line in the sand for this index is the most recent lows. Above, should be considered strength.



Small Cap Industrials (\$PSCI)

Within the small cap spectrum, we want to take a closer look at the industrials space. Below you can see the strong seasonality it has to end the year, and even into the months of February and March. Knowing this seasonal tendency that has occurred since 2010, we then want to go to the charts to take a peek.

% of Months in Which PSCI Closed Higher Than It Opened From 2010 to 2018



We then see that PSCI has been down over 20% from highs reached in September. On the last push lower for the market, we did not see a new low occur in this name. This is somewhat constructive and points to buyers showing up when they had to. Even with price still below the 200 day EMA, this should be on high watch for strength here to follow through.

