



# Technical Forecast

@ETFguidePremium

February 10th, 2019

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## Open ETF Trades

Date Opened	Ticker	Market	Stop Loss	Strategy & Update
10/20/18 @ \$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
2/9/18 @ \$31.35	SH	ProShares Short S&P 500		Short S&P 500
1/16/19 @ \$12.39	IAU	iShares Gold Trust		Bullish Gold

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

## Key S&P 500 Pivot Points

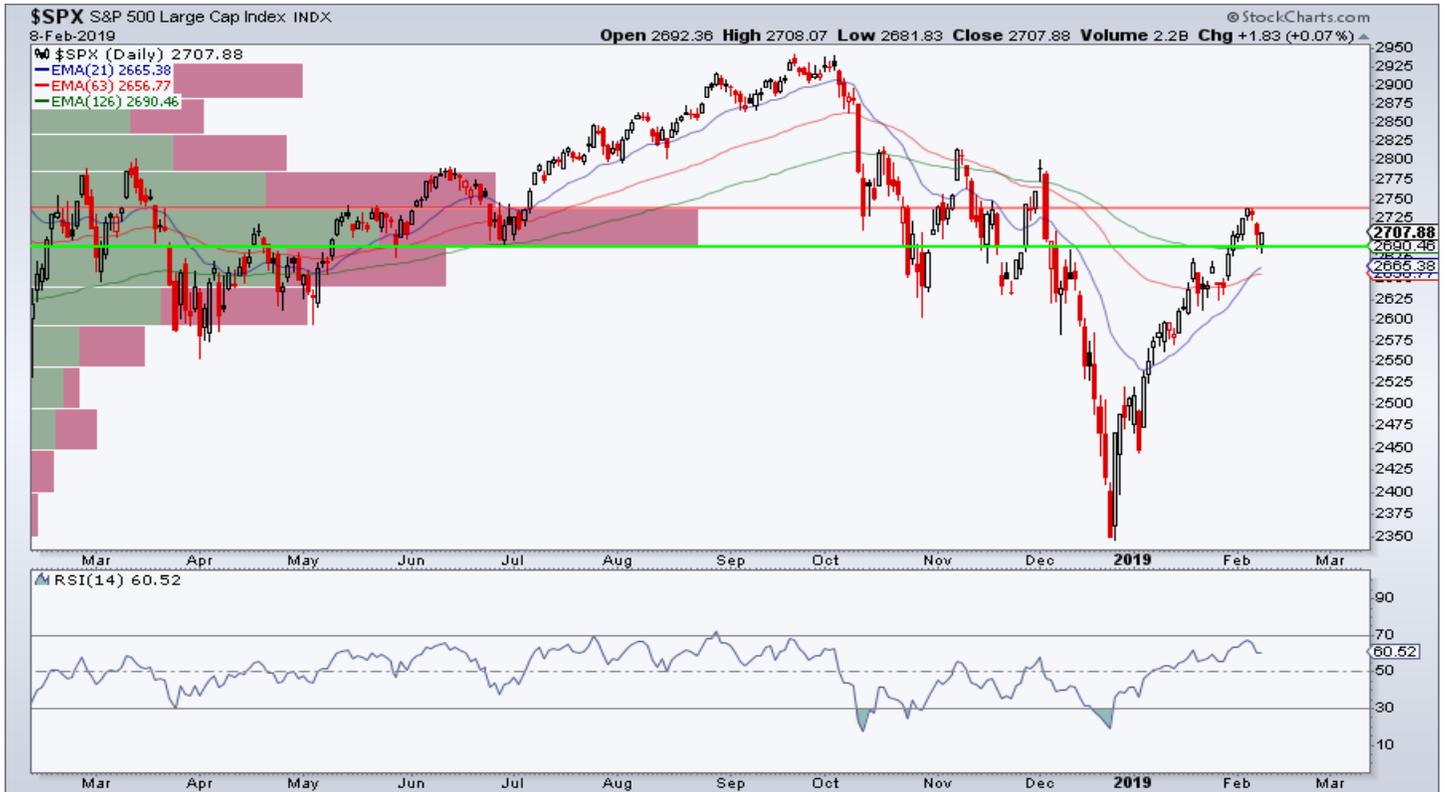
Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2652	2680	2710	2737	2767
Monthly	2354	2529	2619	2794	2884
Closing Price			2708		

This past week had a mixed bag of leaders from a sector specific perspective. Utilities lead all sectors finishing up over 2%, while technology and industrials were right behind. The major laggards continue to be the energy sector as well as the materials sector. We are sitting at a point right now where many of these sectors, indices and even individual names showcase a 'stuck in the middle' stance. We have rallied hard off the lows, and now sit toward the middle of the 2018 highs and end of 2018 lows. Could we be in for continued chop or range trading? Certainly possible. Heading into this next week we have a \$VIX index that has been dead in the water since January 1<sup>st</sup> but has since seen some intraday moves that garner attention. The \$CPC ratio is starting to creep back up over 1.00, which can become a great buying point for the overall market when we are seeing strong trends. The US dollar is poised to continue its strong trend here after retesting and resetting important momentum indicators. It posted a very strong week and looks to be testing longer-term resistance near 97-97.50.

- Stuck in the middle, \$SPX using Volume by Price
- A line in the sand for \$SPX vs. \$TLT
- Japan showing more signs of a bearish continuation (\$EWJ)
- The 10 Yr. TSTRY. yield rolling over even before the MACD reached the zero line (\$TNX)
- One more hurdle for gold miners (\$GDX)
- Consumer Staples garner attention, at least in the short-term (\$XLP)

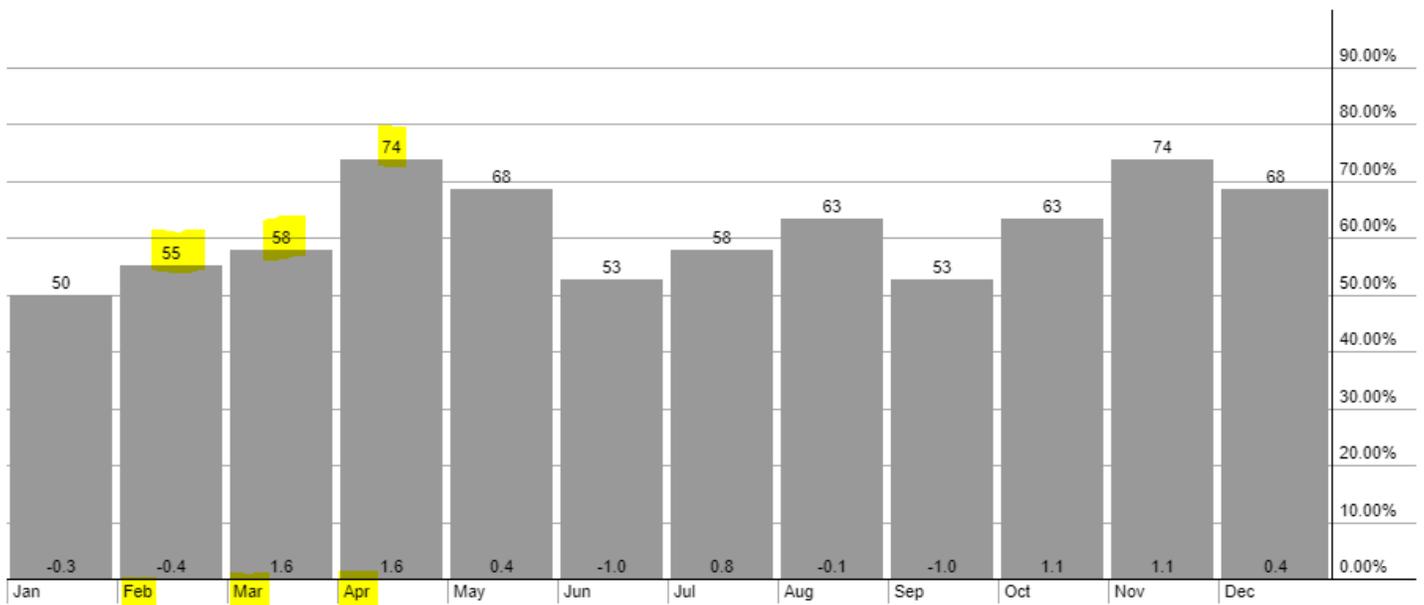
## How to Trade it:

The \$SPX is now stuck within a fairly tight window as shown below. We added the volume by price on the left hand side of the chart to grasp an understanding of where resistance/consolidation could start to show its face. Sure enough, the highs of this week reached the upper end of this range and settled back in to trade off the 126 day EMA. We want to be aware of a couple price points, the first being 2,690 to the downside, if we trade below it could open up a further fall to 2,650. To the topside, we want to see 2,738 tested and broken through, which could pave the way to see 2,784. There is a gap that will likely get filled to the topside here around 2,724 which could also become an important inflection point for the short-term traders among us. RSI did not quite reach 70 on this latest stretch but as of the daily chart we do not see a sort of divergences to take note of.



Seasonally the \$SPX tends to have a higher probability of performing better into March and April. Does this mean we have a couple weeks of choppy swings left in February? Quite possibly, yes.

% of Months in Which \$SPX Closed Higher Than It Opened From 2000 to 2019



## S&P 500 vs. 20+ YR. TSRY (\$SPX:\$TLT)

Another common ratio we analyze is the \$SPX:TLT perspective. In a nutshell, we want to know if market participants are driving up the riskier \$SPX or if they are finding a safe haven in TLT. Where we sit today, a key line in the sand will be right around 20 on the chart (green shade). So far we have held up and \$SPX is still in control, however, we could be stuck in another top and bottom range for awhile.



## Japan (\$EWJ)

Japan continues to struggle to gain any traction here even as \$EWJ rallied off the lows. We are now seeing a few days of gap break downs below key support lines. Also notice how RSI never was able to clear a 60 reading on this most recent advance. This is common within perpetual downtrending markets.



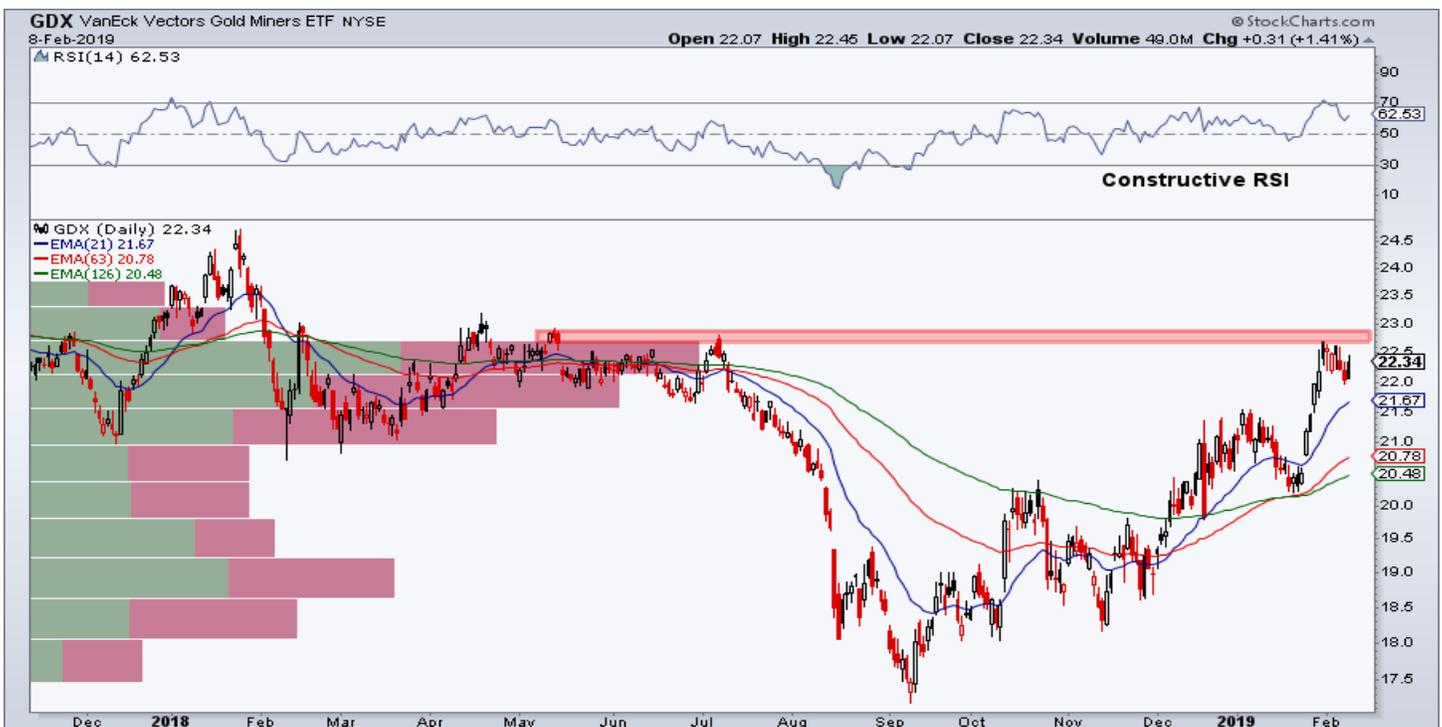
## CBOE 10 Yr. Yield (\$TNX)

Another market that has been rolling over is the \$TNX – 10 YR. TSRY Yield. Within downtrends like we are seeing below, counter trend rallies will tend to fail at the 21 or 50 day EMA. We didn't even see the 50 day EMA on this recent runup. The MACD didn't even retrace back to the zero line and looks to be rolling over.



## Gold Miners (\$GDX)

A lot of buzz is going on around the metals and mining space. So what's the big deal? Currently we are seeing a fairly straight forward trend taking place in \$GDX with higher highs and higher lows off the significant lows placed last September. The big hurdle will now come as we trade into heavy supply. A strong break up and through \$22.75-23 or consolidation is what we will be looking for.



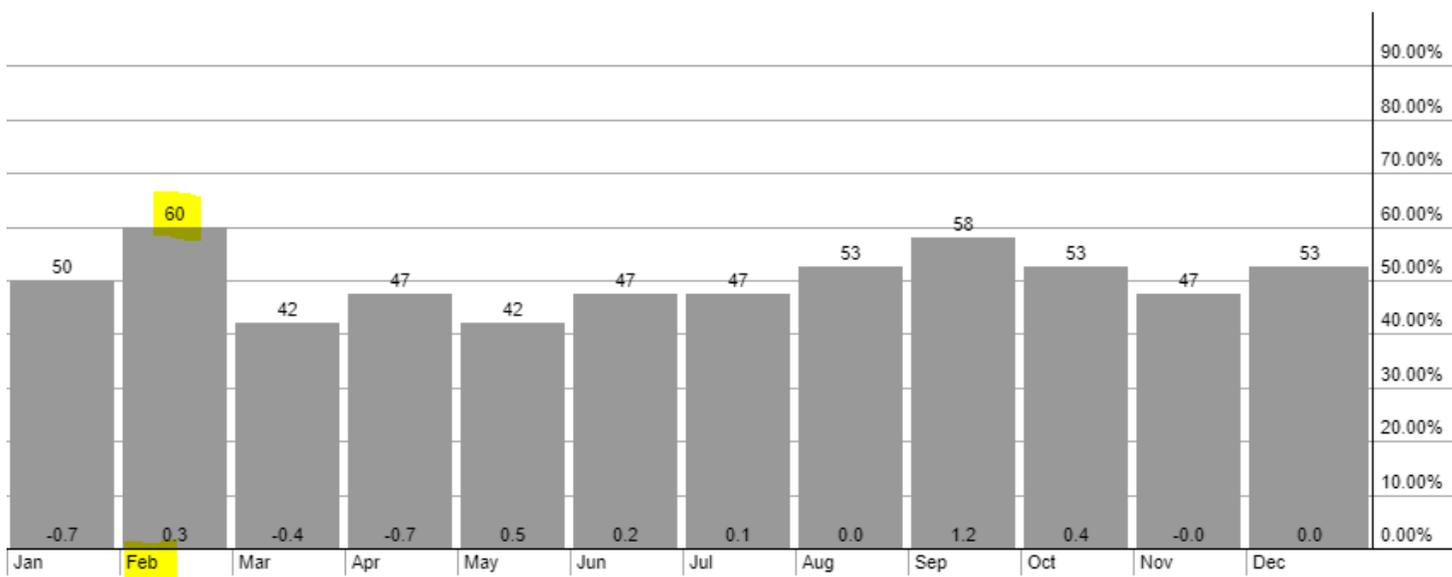
## Consumer Staples (\$XLP)

The staples sector looks to be rocking on all cylinders lately. As of Friday's, close, we see the breakout of a bull flag taking shape. This measured move takes XLP all the way up to possibly +\$55. A consolidation or fade in the broad market would be a perfect storm for XLP to lead from a sector perspective to close out the month of FEB.



To add to the probability of XLP finding a strong trend here in February is the seasonal effect. It is one of the stronger months when compared to January-June. If we see a 'risk off' mentality here for a week or two, do not be surprised to see staples perform well vs. SPY.

% of Months in Which XLP Outperformed SPY From 2000 to 2019



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