



Technical Forecast

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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

***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	2500	2548	2573	2621	2646
Monthly	2098	2302	2551	2756	3005
Closing Price			2596		

This past week saw continued strength from a price and breadth perspective even as most trends are still in overall downtrends. The Russell 2000 once again outperformed the major U.S. domestic indices by a wide margin, finishing the week up 2.99%. Next best was the NASDAQ closing Friday up 2.17%. From a sector perspective, industrials had a great bounce back week posting gains of over 4% for \$XLI on the close Friday. To some surprise, the real estate sector ETF \$XLRE was the second best performing sector to close out the week. As we trade into this next week, we need to realize that many names and indices are +10% off the lows in a matter of 2 ½ - 3-week timespan. 5-day RSI is quickly reaching overbought territory on these names as well, so caution is reiterated in the short-term. The \$VIX index is back down below 20 once again, so this does take some fear out of the market place for many swing and longer-term traders/investors.

- The \$RUT is trading right up into a very important pivot
- Is palladium ready for a rest within a very strong trend? \$PALL
- Three full weeks off the lows, and the biotech sector (\$IBB) is full steam ahead
- High yield gave it a nice run, is there enough left in the tank? \$HYG
- \$MNA presents a very strong trend, but can it last in this type of environment?
- Small caps vs. large caps, is there a true changing of the guard taking place?

How to Trade it:

Switching indices up a little this week, we want to discuss the run in the \$RUT the past 2-3 weeks. Many of the major U.S. domestic indices looks very similar to this chart below. The \$RUT has traded right up into the 38.2% retracement almost to a T. This is also where the 50 day EMA is sitting as well, which coincides nicely as positive and negative divergences will usually 'reset' near the 50 period EMA. The overall sentiment lately has been fading any type of rally, but we have yet to see a significant down day. Will this next week begin to show more cracks upon resistance? Time will certainly tell. Look for the rising 21 day EMA to offer some sort of traders support should we see a fade into this level.



An hourly \$SPY chart below shows more of a rising wedge type of situation off the lows. The red shaded horizontal line will likely act as a key inflection point to either run up quickly to the \$267 area or continue to act as resistance.



Palladium (\$PALL)

Palladium has been on an absolute tear since August. The trend upward is very strong, so pointing out reversal points makes it that much harder. However, momentum slowing on this most recent high is one area to look for when projecting a possible rest/reversal. A test of the 50 period EMA is something we will be watching for.



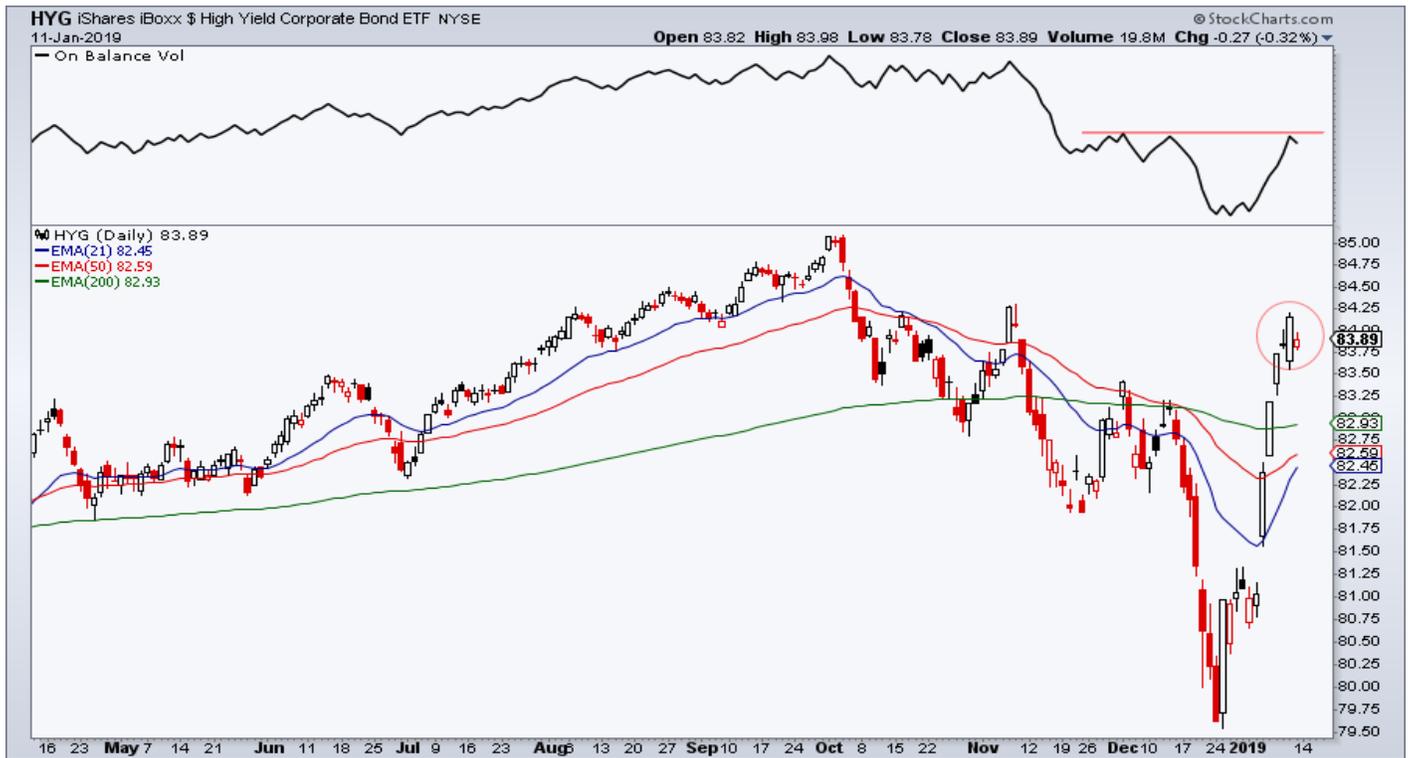
Nasdaq Biotech (\$IBB)

Another leading sector off the lows has been biotech. It is now closed two days over the 200 day EMA, with an extreme overbought reading. This could certainly mean this sector is in for a rest period, but the surge off the lows is something that cannot go unnoticed.



High Yield Corporate Bond (\$HYG)

The high yield sector is another sector that has seen a lot of scrutiny even as \$HYG rallied strongly off the lows. We are now seeing a three-day reversal take place where a wide-bodied candle is surrounded by two inside-day type candles. On-balance volume is also trying to break upwards above previous highs, to create a new trend.



IQ Merger Arbitrage (\$MNA)

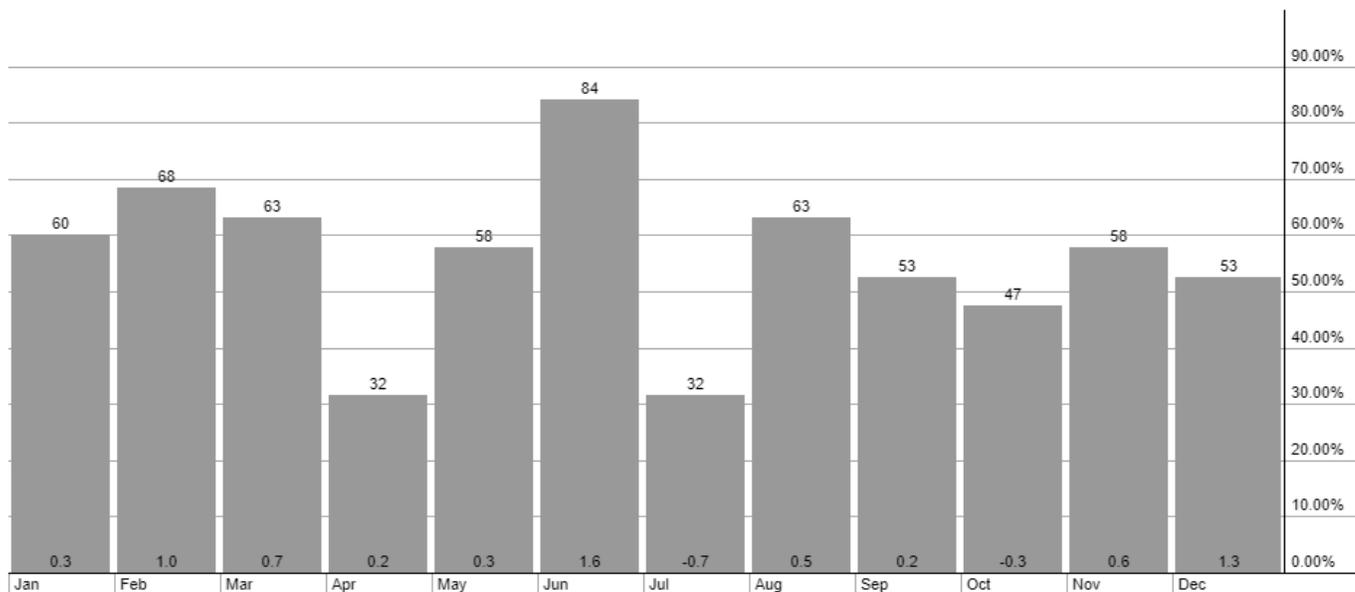
Finding strong trends in ETFs where prices are either at or near all-time highs has been difficult in this type of environment. However, \$MNA is very close to breaking out to highs. If new highs take place, it will be important to see where momentum stands, as it could come with slowing upside momentum.



Small Caps vs. Large Caps (\$SML:\$SPX)

If we are truly in a changing market tune where risk on assets become the leader once again, we want to look for small caps to step up to the challenge. Below shows the seasonality of \$SML compared to \$SPX. JAN-MAR tend to act well for outperformance out of small caps.

% of Months in Which \$SML Outperformed \$SPX From 2000 to 2019



To continue this theme, we see the positive divergence that took place near the lows at the end of 2018. If this relative ratio can push higher into the 38.2% zone and even into the 50% zone, we could be in for a general changing of the guard from a risk on perspective, that can hold sustainability into 2019.



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