Technical Forecast

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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 @ $227.52	IHI	iShares U.S. Medical Devices		Long Medical Devices
6/28/19 @ $45.59	PZD	Invesco Cleantech	$41.00	Bullish Clean Technology
10/11/19 @ $37.41	EWL	MSCI Switzerland		Bullish Switzerland
2/14/20 @ $131.69	XLY	Consumer Discretionary		Relative Strength Showing

*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	2768	2870	3004	3106	3239
Monthly	2530	2742	3068	3280	3606
Closing Price			2972		

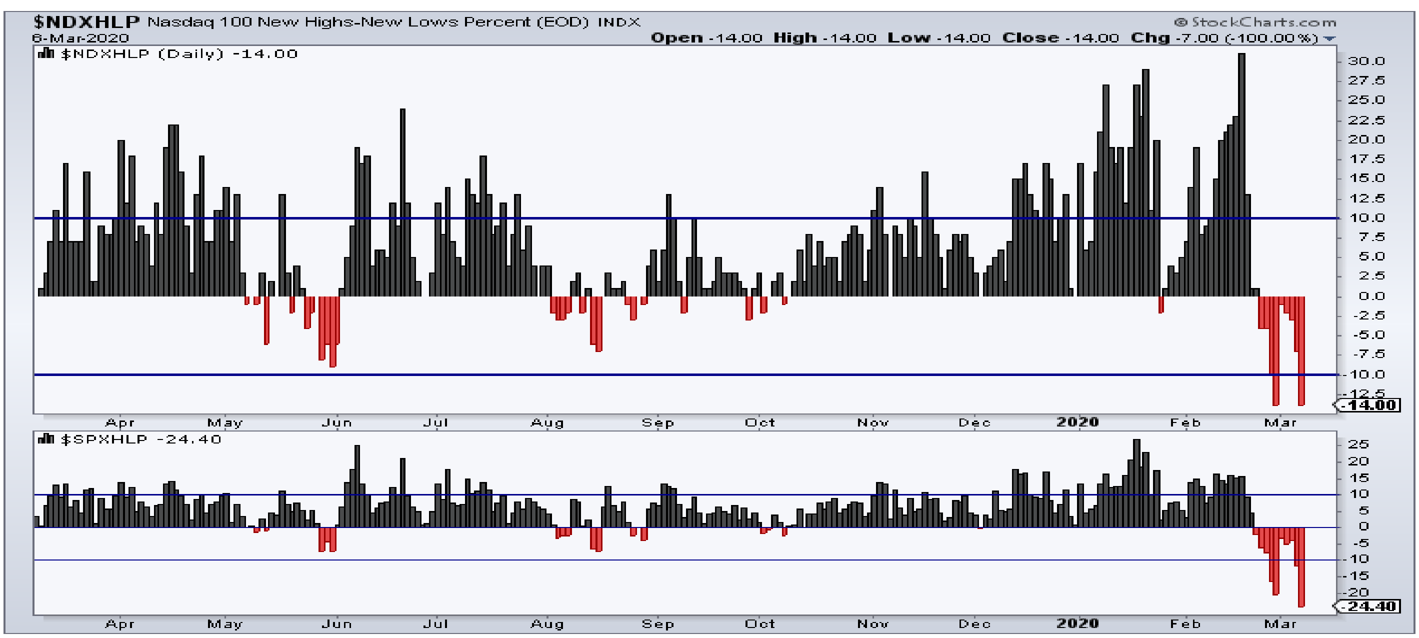
The counter trend bounce that we referenced last weekend was able to live for about two days before rolling back over to the downside Thursday and Friday. This is normal behavior in the market, especially when short-term trends become extended one way or the other. On the $SPX we want to focus in on a few areas that can dictate how and when we want to play more risk. For starters, 2,913 is a short-term level we want to be able to hold in order to have a chance at range trading. The next level, and really the major line in the sand for us is 2,848. We want to see this hold from a daily close perspective, otherwise things could get very ugly very fast once again. When we look to volume in the major indices, we see more distribution, with up days seeing less traded volume than down days. We also see breadth weakening on further on up days and strengthening to the downside when price declines. These are not characteristics of healthy, up trending market environments. If you are a day trader, this may be a great time for you with the volatility but for others, it may be a step away from risk.

- The Nasdaq was able to reach retracement zones and rollover for the time being ($COMPQ)
- The 7-Year US Treasury Yield fell off a cliff, are we due for some mean reversion? ($UST7Y)
- A ratio that was looking healthy in February is now breaking down with intense momentum (XLY:XLP)
- NASDAQ relative to 20+ Year Treasury Bonds at a critical ratio level (QQQ:TLT)
- A long-term level to be aware of in the solar industry (TAN)
- Chinese tech is coiling with identifiable risk points (CQQQ, KWEB)

How to Trade it:

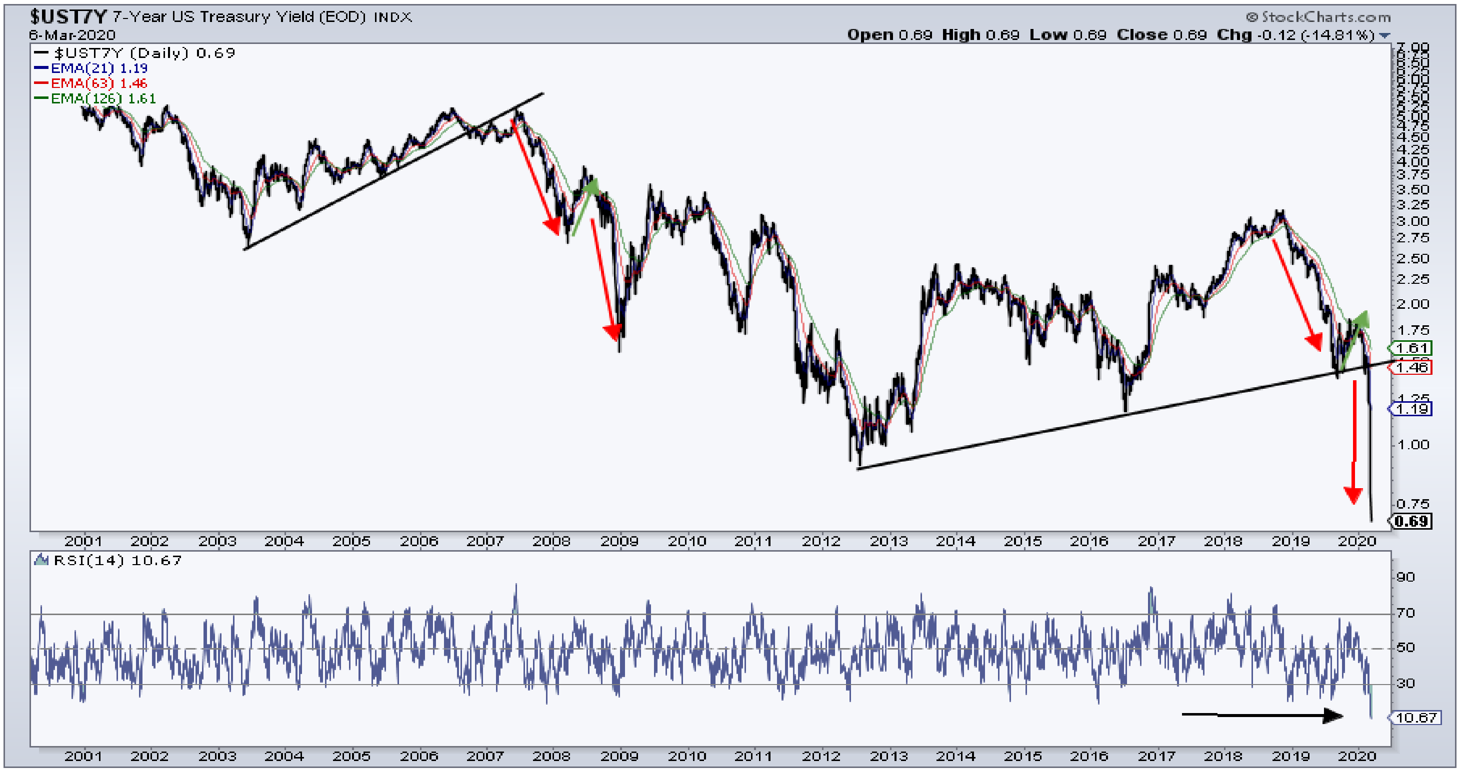
We want to update readers on the NASDAQ once again this week as this index is the relative leader in the clubhouse, at least from a price holding support perspective. Could this change heading into this next week? Certainly, but we are holding the key 8,200 level for the time being, and if we can continue to see this we have a chance to build from here. If we roll back over and through 8,200 on a closing basis this would spell continued trouble for the major index and more downside would likely be in the cards. Quite frankly, the best case scenario right now would be consolidating above/on support and digest more aggressive sellers. With the $VIX index elevated, we should expect larger daily moves, upwards of 2-3% being normal rather that what many are accustomed to.

With the counter trend bounce this past week and continued rollover following the breadth picture was telling the story the entire time. Notice the HLP numbers not even registering positive percentages on the couple up days for the NDX and SPX. Breadth needs some serious repairing for us to become all hands on deck.



7-Year US Treasury Yield ($UST7Y)

The 7 year treasury yield reached historic lows this past week as this breakdown is now famous, even more famous than the cliff dive in 2008. Yielding right around .69%, the path the zero is closer than ever, with extreme optimism now coming into treasury bonds. A snap back rally (mean reversion) may be in the cards.



Consumer Discretionary vs. Consumer Staples (XLY:XLP)

It was only a few weeks ago that this ratio was looking like it wanted to extend higher out of this coiled range. The outcome was less desirable and the breakdown of epic proportions took shape. We are now left with consumer staples having the upper hand here and will likely continue to outperform relatively.

NASDAQ vs. 20+ Year Treasury Bond (QQQ:TLT)

Another relative ratio that has a few bulls nervous is the QQQ:TLT ratio. This line in the sand near 1.2-1.25 is skating on thin ice. A break here would spell a dangerous ride for QQQ even with TLT and the bond sector at extreme optimism. Counter trend bounces could very well take shape here.

Invesco Solar (TAN)

The solar sector is hanging in quite nicely and for the ETF TAN, we have a line in the sand at $43 to take note of. If we are trading above this resistance level, we want to be long and should have a nice tactical position in your portfolio.

Chinese Technology (CQQQ, KWEB)

There are a few Chinese tech names holding in quite well with the broad markets selling off. We could certainly see a breakdown of this coiled pattern eventually, but we do want you to take notice of the relative strength in CQQQ. More consolidation is likely needed to have a better gauge on risk/reward entries.

We have a similar situation taking shape in KWEB. More consolidation is needed but the sideways action is noticably opportunistic. One area of this name that shows more positivity is that RSI is not oversold on any trade lower. A negative would be the amount of distribution days measured by volume below.