



Technical Forecast

@ETFguidePremium

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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 |
| 5/3/19 @ \$81.23 | IJR | iShares Core S&P Small Caps | | Long Small Caps |
| 5/3/19 @ \$227.52 | IHI | iShares U.S. Medical Devices | | Long Medical Devices |

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

Key S&P 500 Pivot Points

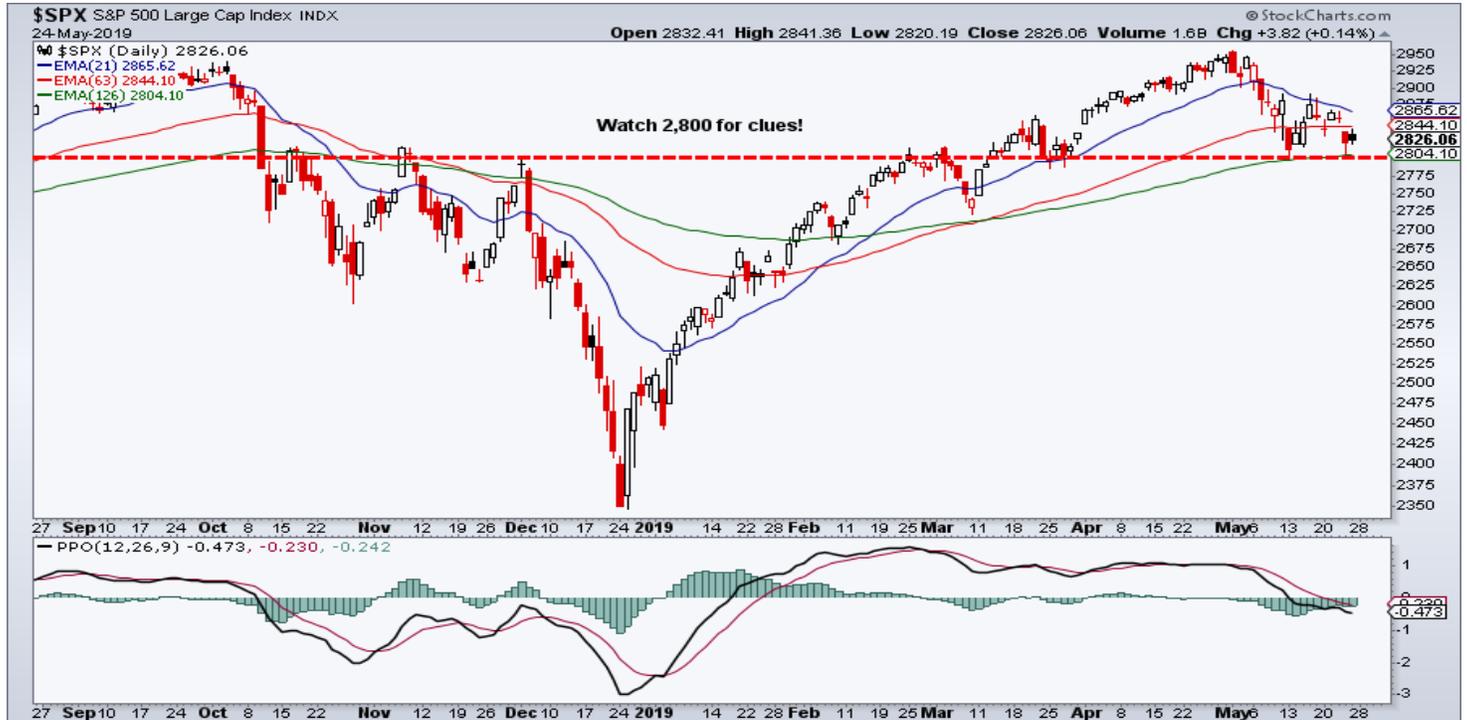
| Pivot Points | S2 | S1 | Pivot Level | R1 | R2 |
|---------------|------|------|-------------|------|------|
| Weekly | 2770 | 2798 | 2833 | 2861 | 2997 |
| Monthly | 2814 | 2880 | 2915 | 2981 | 3016 |
| Closing Price | | | 2826 | | |

The overall market had a negative tone this past week as we headed into the three-day Memorial Day weekend. For the week we saw utilities and healthcare as the dominant sectors, with technology and energy lagging the rest of the market by a wide margin. The healthcare sector had been coming off headline risk in the month of April and the month of May (seasonally) really started to show strength relatively versus the S&P 500. Yields continue to trend lower, while the bond and 'safe haven' markets continue to show individual and relative strength. We discuss the major setup in IEF from a monthly perspective on page three of the write-up. The U.S. dollar found a one-day reversal this past week and followed through on Friday. This will be a key situation to follow as this could start to make ripples throughout other markets. Crude oil had been consolidating nicely but finally broke through an important level in \$60. This marked a supply/demand zone, which should now act as resistance on any retest.

- Here is the key 'line in the sand' for \$SPX
- New Zealand finding positive consolidation for the time being (ENZL)
- 7-10 year treasury bonds are looking for a breakout on a monthly perspective (IEF)
- U.S. Medical Devices are holding up quite well in this mixed market environment (IHI)
- Does the utilities sector need to refresh momentum, or can the strong trend overcome? (XLU)
- Is a bigger story brewing in the U.S. dollar index and EURO? (USD, EURUSD)

How to Trade it:

Well, so far we have consolidated above the 2,800 level which is and has been the key line in the sand for quite some time now. You can see below just how important this level has been from first a support perspective, that shifted to a supply perspective, and is now back to becoming a demand situation. You also have an uptrending 126 day EMA that is sitting right at 2,800. One aspect that does not look healthy is the PPO indicator down below. This has the opportunity to change momentum above the zero line, but has since continued its momentum downward below the zero line. You can see once the zero line opens up on the PPO, similar to last October, it changes the completion and expectations for the S&P 500.



An intermarket relationship we like to check in on is transports vs. utilities. This relationship can help us understand just how healthy a market is. Right now, we are seeing a breakdown in this ratio. Meaning utilities have been leading the charge. This has pointed toward a risk off nature in the past, and we expect this to have the same effect for this move downward.



New Zealand (ENZL)

New Zealand is trading in a nice tight consolidation the past couple of months. This has the making of a pennant/flag continuation pattern. If we breakout to the topside, this confirms the previous trend and we should expect further gains. The PPO is curling up nicely above the zero line, exactly what we want to see.



7-10 Year Treasury Bonds (IEF)

With one week left until the month of May is finished, we want to give perspective on IEF and the breakout that is taking place from the monthly chart. This has every characteristic of a major breakout taking place, and we want to see the close this next Friday to fully confirm the break. The PPO has been curling up nicely above the zero line, and shows that this has a lot of momentum to the topside, should it go!



U.S. Medical Devices (IHI)

We added medical devices to our open ETF trades list a few weeks back and it is holding up better than expected with the recent market fade. You can see the retracement back to 38.2% and has since rallied off this level. We want to continue to be long vs the low in April.



Utilities (XLU)

The utilities sector has seen a solid run here not only the past 6-8 weeks but also throughout 2019. This trend is looking strong, but we have reason for caution if Friday was the reversal candle that could power the negative divergence from momentum. Since this sector has been leading the market, and starts to turn, it gives us a couple narratives. One, its sector rotation and we see risk on sectors start to trade well, or two, we are in for all sectors to start having trouble.



U.S. Dollar Index (USD, EURUSD)

The U.S. dollar index put in quite a reversal this past Thursday and followed through quite well on Friday. Is this the making of a bigger story, or can this trend prevail and continue higher? This is the question we want to be asking ourselves heading into this next week, and also monitoring within other currency pairs.



When you take a look at Euro/USD we see the making of a falling wedge patten, that looks ripe for a big move. We are trading closer and closer to the apex of this wedge, and the weekly reversal that took place is activation enough to start becoming curious. BB width is also becoming very tight, signs that a big move might be closer than expected.

