



Technical Forecast

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October 6th, 2019

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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 @ \$81.23	IJR	iShares Core S&P Small Caps	\$72.75	Long Small Caps
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
7/12/19 @ \$78.39	XLI	SPDR Industrials	\$71.60	Bullish Weekly Setup

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

Key S&P 500 Pivot Points

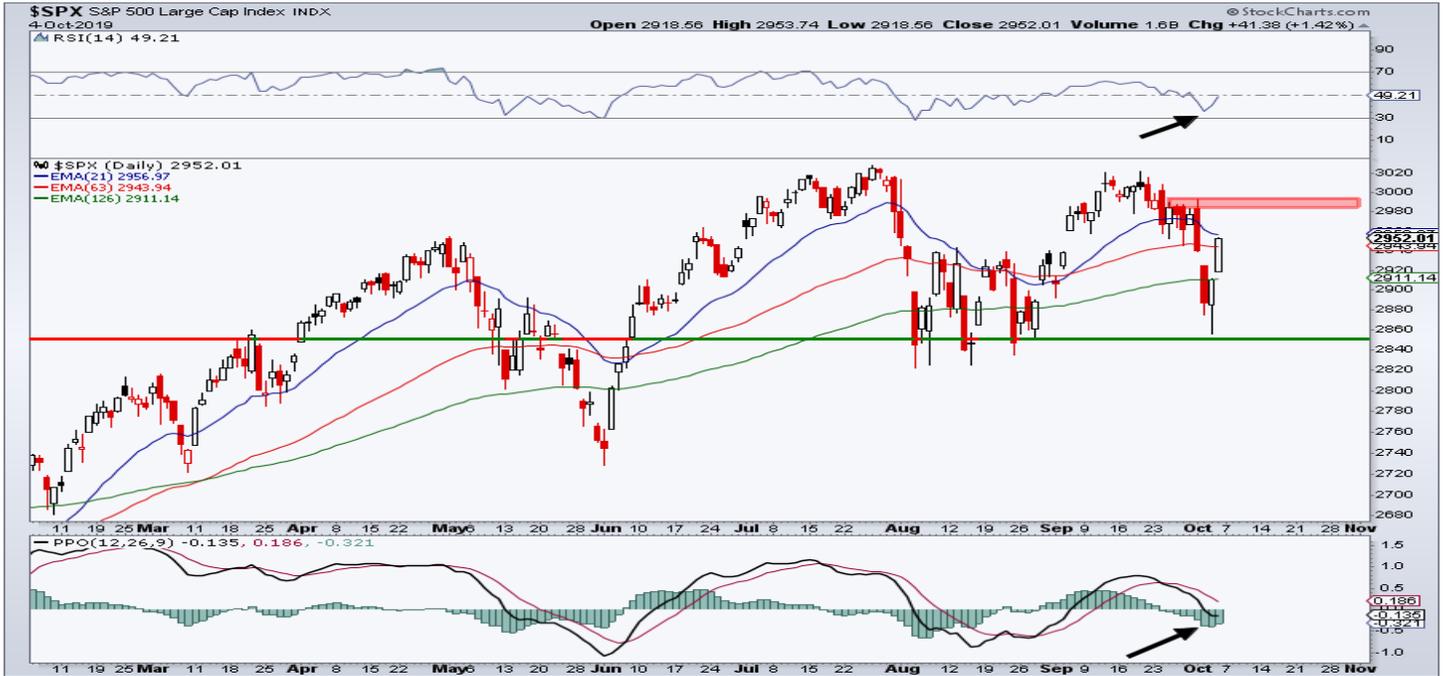
Pivot Points	<u>S2</u>	<u>S1</u>	<u>Pivot Level</u>	<u>R1</u>	<u>R2</u>
Weekly	2797	2874	2933	3011	3070
Monthly	2833	2905	2964	3035	3094
Closing Price			2952		

Buy the dip was the mentality to end the week on Thursday and Friday. This came at a good time on the charts because it was looking like a time to either save these higher ranges, or further downfall was likely to come. We now have solid reversal days to judge our risk from heading into this next week and into the rest of October. In a week that was primarily negative from a headline view, we saw good strength out of the NASDAQ. Finishing up nearly 1%. With no surprise then, of the sector leadership, technology led the way. Healthcare found a nice bounce back week as well. The trend continued to show strength for utilities, staples and real estate, as all three sectors finished positive for the week. Financials, energy and industrials were laggards. Seasonally, we have a couple more weeks that we would like to get through before we can wave the 'coast is clear' signal. With that being said, if you look past the major indices for one moment, we have plenty of solid trends taking shape. Many of which have worthy parameters to be long with sound risk objectives.

- We now have another confirmed data point to use for \$SPX when discussing risk
- Semiconductors (SMH) holding solid trend, can they continue to build off this?
- Brazil small-cap (BRF) giving solid reward to risk at current levels
- MSCI Taiwan (EWT) with a very constructive daily and weekly setup
- Emerging markets sovereign debt has bullish consolidation characteristics taking shape (PCY)
- Where small caps go, transports will follow or vice versa depending on how you look at it (\$RUT, \$TRAN)

How to Trade it:

The S&P 500 started to look shaky early in the week but ended up saving itself where it needed to Thursday and Friday. We have been preaching for awhile now that there are a couple points of interest that can objectively keep us risk on or risk off within the broad market index. With a nice candle reversal on Thursday we can use the low near 2,556 as a stop point for being long against. The next key hurdle will be to recapture 2,990. This is where the washout started to take place early last week and the sooner this takes place, the better, in our opinion. Notice how RSI did not dip into oversold territory on this latest selloff. This is a characteristic of a healthy trend. We still want to see RSI get above 70+ for us to be confident with this indicator again (judging a healthy trend that is). PPO is working to curl up above the zero line and if we can muster up enough momentum on that front, it is our belief that we can make it through this tough seasonal pattern.

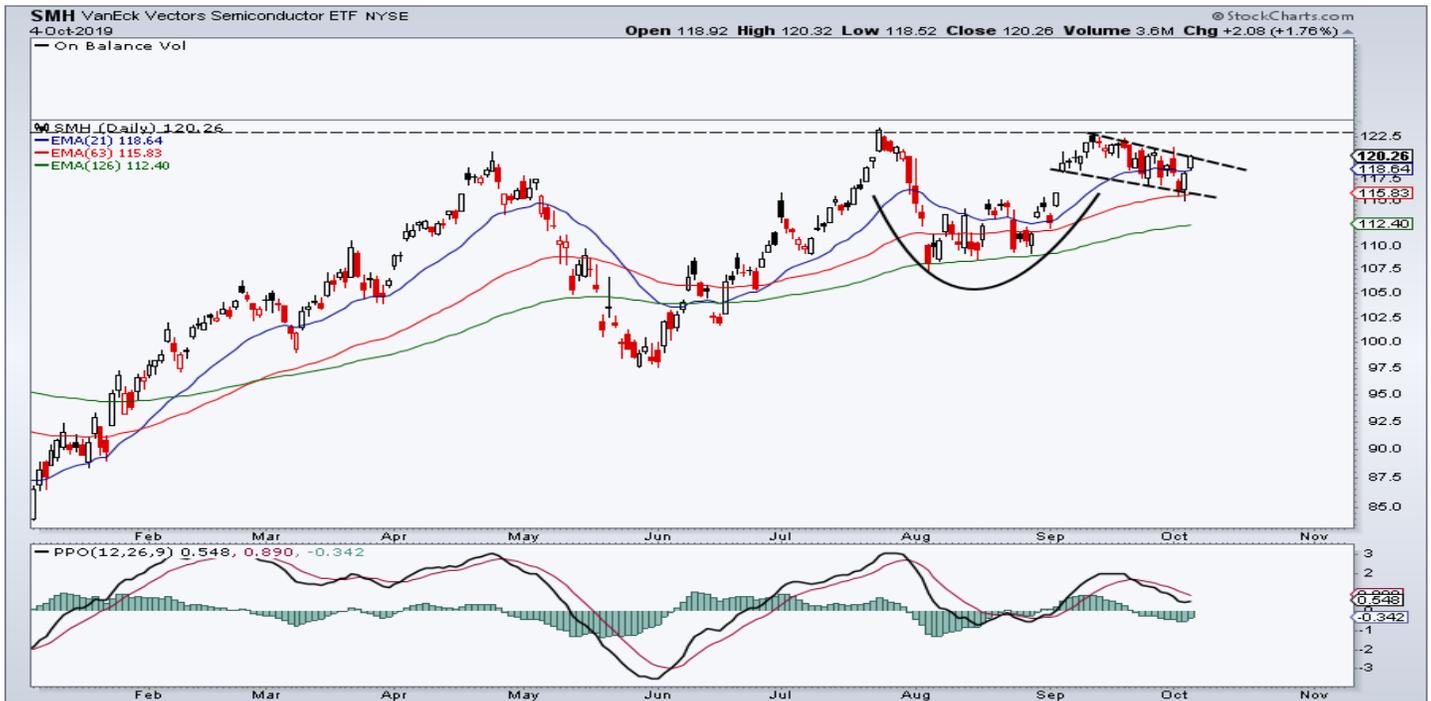


The chart below is a weekly line graph of the \$SPX with HLP shown as the histogram. Notice the amount of positive vs. negative weekly HLP readings in 2019. We only seen one week where things looked shaky. We would like to see more reading above 10% but just seeing positive numbers to confirm trend is key.



Semiconductors (SMH)

Semiconductors have a very bullish situation taking place. We have a bull flag on the charts and we are testing the upper end of the range. On top of this being a bull flag, the trade since late July to current day has a 'cup with handle' technical setup. This is another bullish argument for the semiconductor space. Add in that the PPO is above zero and looking to curl again. You have the recipe for a good risk/reward long trade here.



Brazil Small-Caps (BRF)

Brazil small caps looks like they have finally popped their head and traded back above key EMA's. Price held the 22.75 area and looks to be well on its way to taking out \$24 and trending higher. The momentum picture is also looking better as the PPO is not failing (so far) at zero. It looks like it is wanting to open up and get back above the zero line.



Taiwan (EWT)

Taiwan has a beautiful weekly chart setup taking shape as show below. The keep it simple, your line in the sand here is \$36.71 to \$37. If we can stay above, we believe this ETF can go on a great run and breakout of this base. To note, this consolidation has been occuring since early 2018, much like our domestic indices. If we fail up here, expect to see the PPO rolling over and below zero.



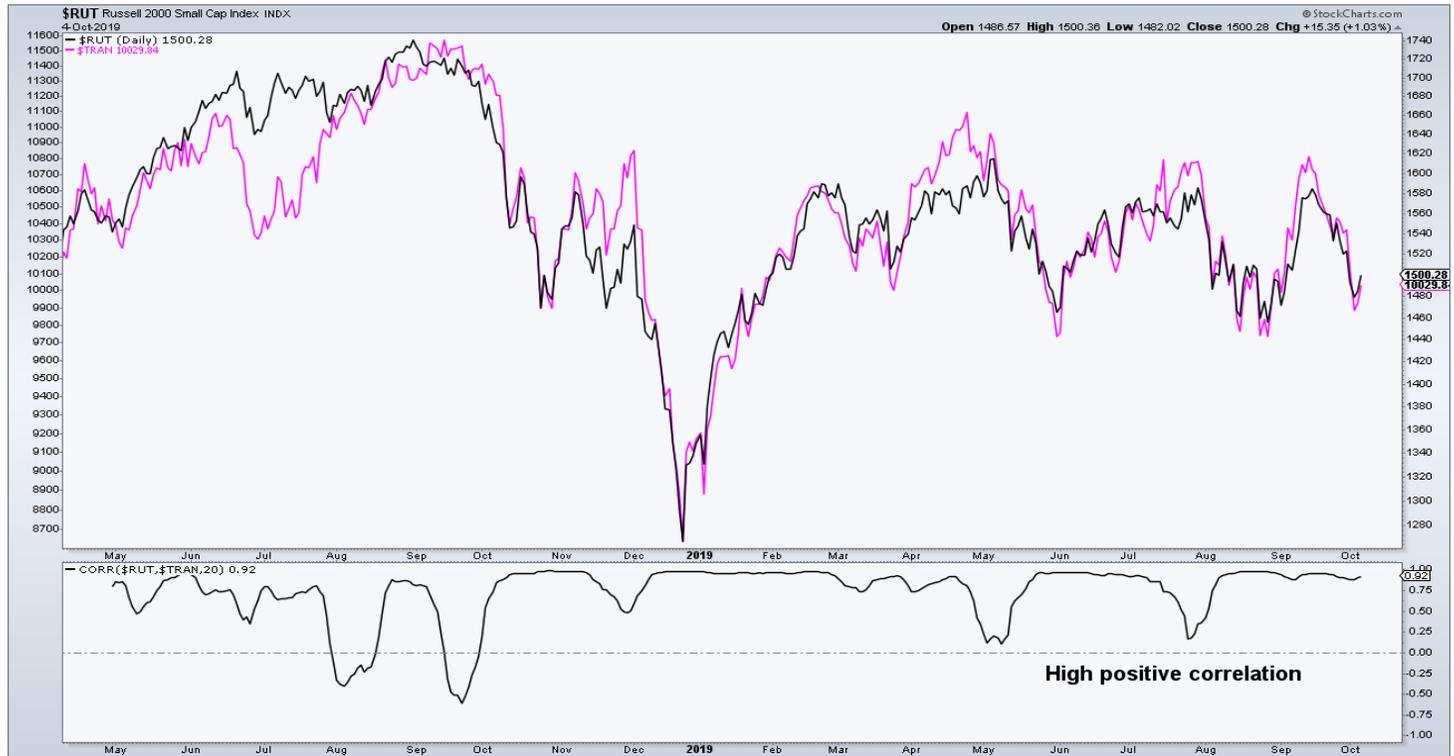
Emerging Markets Sovereign Debt (PCY)

EM sovereign debt has consolidated nicely the past couple of months and looks primed and ready for its' next move higher. An added bonus, this ETF yields 4.82% annually! PPO is looking to reset near the zero line which becomes a bullish thesis if we can get this crossing up. RSI has not hit oversold on the last two downturns to test \$29, this is also bullish in nature. Don't be afraid to park some of your assets here with that yield.

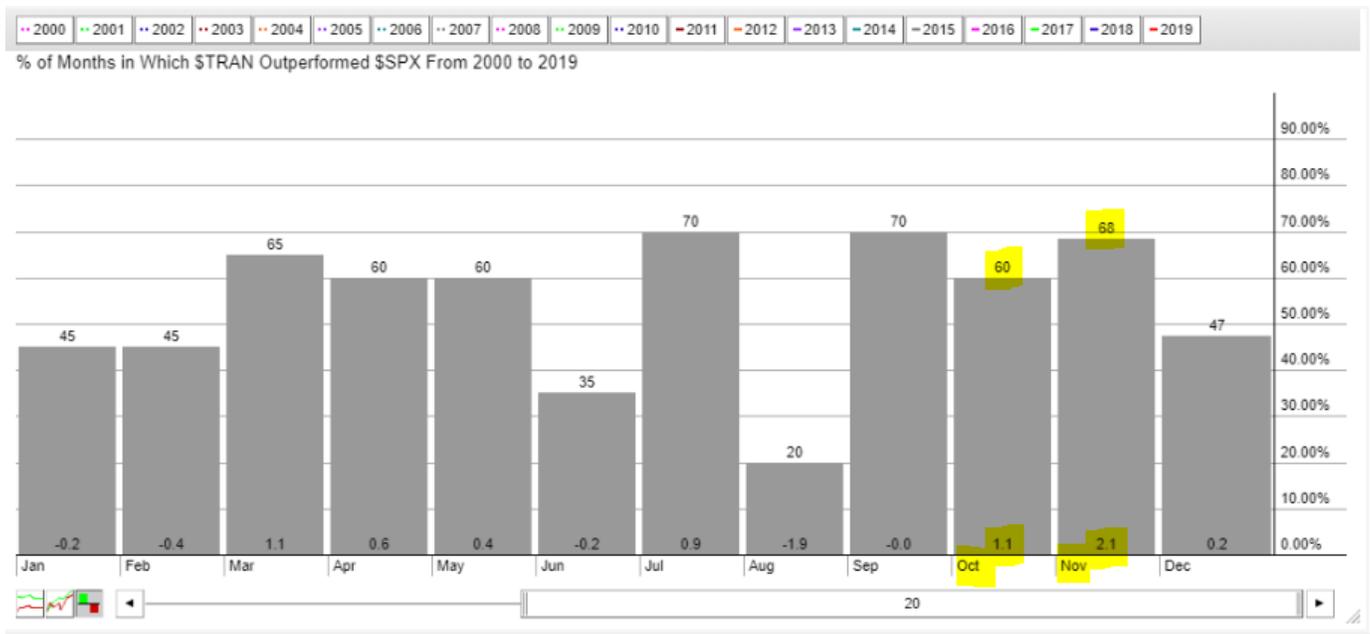


Russell 2000 and Transports (\$RUT, \$TRAN)

The Russell 2000 and Transports have significantly underperformed most of the market over the past several months. What's amazing to us is that the two tend to move in exact tandem with each other. The correlation is extremely positive between the two. Which makes us ponder and question, does the \$RUT need to show leadership, or will \$TRAN need to, in order for them to get out of this slump?



We'll have 20/20 vision of this question after the fact but it is something to watch for here as we head into the last quarter of the year. It is interesting to note that \$TRAN has a very positive situation setting up seasonally vs. \$SPX for October and November. Can this ultimately get the train going? No pun intended.



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