



Technical Forecast

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<u>Date Opened</u>	<u>Ticker</u>	<u>Market</u>	<u>Recent Pr.</u>	<u>Strategy & Update</u>	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$11.85	Hold: Tgt \$18.50	
6/8/20 @ 29.01	INDA	iShares MSCI India ETF	\$31.94	Hold: Tgt. \$32.83	
NEW TRADE:	XLU	SPDR Utilities ETF	\$59.69	Buy at the open on Monday w/ \$63.84 tgt	
NEW TRADE:	NUGT	SHORT: Direxion 2X Bull Gold Miners	\$105.72	Try short again when NUGT tests \$120.33	
CLOSED TRADE:	NUGT	Closed short in Direxion 2X Bull Gold Miners at \$110.59 on 7/27 after shorting at \$108.45 at the open.	\$105.72	Will look to re-short up at \$120.33 in the next week.	
<u>Pivot Points</u>	<u>S2</u>	<u>S1</u>	<u>Pivot Level</u>	<u>R1</u>	<u>R2</u>
Weekly	3167.9	3235	2965.7	3381.8	3398.3
Monthly	2906.2	3235	2766.64	3398.3	3450
Closing Price			3,271.12		

The markets got another boost this week from a combination of dovish words from the Federal Reserve and strong earnings from the market-cap leaders in the technology sector. That strength boosted both S&P and NASDAQ futures Friday into the close after a brief bout of weakness earlier in the session. However, conspicuous (relative) weakness in small caps and financials has us on alert for a top.

Another warning sign for us is the weakness we're seeing in crude oil and energy in general. If that arena continues to weaken, it could get real ugly in a hurry – which would spark concerns of more bankruptcies in the energy sector – where a ton of bonds and private debt exist. The domino effect of a rash of bankruptcies in energy would be weakness in financials and in general economic activity / growth in the key energy-producing geographic regions. We'll have to see how things develop there.

In commodity land, we're seeing incredible strength in the precious metals arena – thanks almost exclusively to the weak US Dollar trade that's going on right now. Thank the US Government's willingness to outright finance the virus-related shutdown in perpetuity.

We will be on the lookout for a short-term top to be made once the NASDAQ 100 futures test out the upper edge of their long-term uptrend channel. The market may top before that, but a test of that level would give anyone – no matter how bullish and for whatever reason they're bullish – reason to expect a pause / pullback.

Here are the coverages in today's report:

- S&P levitation act continues for yet another week
- NASDAQ leadership on full display late last week
- Crude collapse may have already begun
- Bond prices on the rise as Fed Heads jawbone down rates further
- Gold exceeds all our targets on the upside – time to re-assess
- NEW TRADE IDEA: Re-setting short entry on gold miners now that gold has broken out

How to Trade it:

S&P levitation act continues for yet another week (SPY, SPXL, SH or SPXS)

S&P futures got another boost Thursday night / Friday morning after great earnings reports and forecasts by the NASDAQ technology leaders – AMZN, AAPL and FB.

That being noted, the rally in stocks is either at an end or close to nearing an end. We project key resistance for S&P futures to come in at either 3,284.50 or – on a breakout – up at 3,350 or so. Right now, we are willing to say resistance comes in between current levels (near 3,263) and 3,284.50 with a projected downside target / support at either 3,127.75 or 2,952.75.

We would look to sell longs / get short of S&P proxies (sell SPY / SPXL or buy SH / SPXS) at current levels with a downside target for covering and getting long at 3,127.75s on the S&P future. Stops on longs should be honored on a close below 3,120 on the futures and the upside target for those longs will be 3,350 on the futures.



NASDAQ leadership on full display late last week (QQQ, TQQQ, PSQ, SQQQ)

NASDAQ 100 futures appear to be set to test out projected resistance at 11,200 after their brief pullback last week. That would seem to coincide with many tech leaders testing the upper edge of their long-term uptrend channels – AMZN, as an example, has its channel line resistance at 3,361.

We would sell NASDAQ proxies (sell QQQ / TQQQ or buy PSQ / SQQQ) when NASDAQ 100 futures test 11,200 with stops honored on any close in the futures above 11,500 and with a downside target of 9,878.25.



Crude Oil collapse may be under way (XLE, OIH)

Crude oil futures made it as high as \$42.50 early in the week, but then the reality of the slowing down of economic activity in the US and around the world set back in as bearish inventory data came to the fore. Wednesday's numbers disappointed the bulls and waves of selling took over the market for crude futures and most energy stocks. Right now, crude looks like it may have topped – slightly below where we felt it would. We were forecasting a top near \$43.375. But, it looks like \$42.50 may have been “it”.

We would look to short energy proxies (short XLE or OIH) near \$41.53 on the crude oil futures with stops honored on a close above \$43.375 and with a target of \$12 for the futures.



Bond prices on the rise as Fed Heads jawbone down rates further (TLT for longs or TBT for shorts)

Treasury futures (10-yr) are finally in the midst of the long-awaited next wave higher after weeks of consolidation. We are sticking with our call for a move up to 142.554 or higher on the 10-Year US Treasury futures.

We would buy Treasury proxies (buy TLT or short TBT) near 139.50 on the 10-Year Treasury futures with stops

on a close below 139 and with a target for selling longs at 142.554 on the futures.



Gold exceeds all our targets on the upside – time to re-assess (Long GLD / UGL; Short GLL / DUST)

Gold futures closed above our projected monthly resistance at 1,989.80. Back to the drawing board on this one!

Using Fibonacci extensions, we see the 261.8% projection line coming in at 2012.50 on the futures. If we are correct, then we should see a (relatively) modest pullback to either 1,809.40 or 1,683.70.

We would look to sell longs and get short of gold proxies (sell GLD / UGL / NUGT or buy GLL / DUST) up at 2,012.50 on the gold futures with stops on a daily close above 2,015 and with a target of 1,809.40 on the futures.



NEW TRADE IDEA: Re-setting the short entry on the gold miners (Short NUGT)

Gold futures extended their gains past our projected upside target of 1,989.80 last week and closed the month convincingly above that level. The recent action continues to attract lots of momentum money in on the long side in the short-term. We now feel gold will peak out at 2,021.50 or so and pull back / consolidate for a while before ripping even higher. Aggressive / active traders can try shorting the gold miners ahead of the anticipated pullback / consolidation period by getting long of GLL or DUST or shorting UGL or NUGT. For the most levered way to play a move like that in gold, we would look to short the levered long gold miners ETF from Direxion 4

the Direxion Daily Gold Miners Index Bull 2X Shares (NUGT).

We would look to short NUGT when gold futures test 2,012.50 and would look to hold that position until gold futures test 1,809.40 on the downside. Honor stops on this bearish bet if gold futures close above 2,020, though. Translating that to NUGT directly, we would look at entering NUGT shorts at 120 – 121 with a downside target of 83 – 85.



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