



Technical Forecast

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Open ETF Trades					
Date Opened	Ticker	Market	Recent Pr.	Strategy & Update	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$10.64	Hold: Tgt \$14.50	
8/3/20 @ 60.79	XLU	SPDR Utilities ETF	\$58.74	Sell now – support broken	
8/10/20 @ \$35.36	SVXY	SHORT: ProShares Short VIX ST Futures ETF	\$35.03	Hold: Tgt. \$26.70	
8/17/20 @ \$32	BIS	ProShares Ultra Short Biotech	\$33.55	Hold: Tgt. \$36.36	
8/17/20 @ 102.96	NUGT	SHORT: Direxion 2X Bull Gold Miners	\$99.35	Hold: Tgt. \$80.10	
NEW TRADE:	UCO	SHORT: ProShares Ultra Bloomberg Crude Oil ETF	\$33.91	Short here with target of \$24	
Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2,963	3,223.40	2965.7	3,530	3,600
Monthly	2906.2	3263.4	2766.64	3,524	3,600
Closing Price			3,511.20		

The broad equity indices continue to press higher as hopes for COVID treatments / vaccines, Federal Reserve market-friendly policy announcements and hopeful vibes from the Republican National Convention all contribute to an absence of selling in the markets. There may even be a sprinkle of Federal Reserve and Treasury actions contributing to the continued up move in stocks (written sarcastically).

The gold / silver complex is drifting around seeking directional guidance from conflicting sources – one being the move out of safety and into risk that keeps occurring and the other being the persistent debasing of paper currency and possible inflationary pressures hiding around the corner. The “risk off” pressures seem to be winning out in the short-term, but that can change quickly.

We are also seeing crude oil seemingly have trouble eclipsing the next resistance level – even with the bullish influence of two major storms in the Gulf of Mexico this week. That probably isn’t a good sign for energy bulls.

Here are the coverages in today’s report:

- Last stand for the S&P 500 bears?
- NASDAQ taking out another projected resistance. What next?
- Crude continues to look bearish as it sits just below resistance.
- Bonds stubbornly above technical support.
- Gold still appears to have further to fall.
- NEW TRADE IDEA: Time to short energy!

How to Trade it:

Last stand for the S&P bears? (SPY, SPXL, SH or SPXS)

We have had to review the long-term chart of S&P futures given the persistent strength displayed all summer long. We have edged up the upper channel line of the long-term uptrend channel to pass through January's high. That adjustment puts new projected monthly closing resistance at 3,495 (right below current levels on the futures). Any monthly close above that level and all bets must be closed out by the bears. As long as the monthly close is below that, we could see a healthy pullback to either 3,194, 2,999 or 2,842 on the S&P futures in the near future. *We would short S&P proxies here (buy SH / SPXS or short SPY / SPXL) and hold on as long as the monthly close is below 3,500 on the futures and would look to exit those trades when 3,194 is tested. We would look to get long (buy SPY / SPXL or short SH / SPXS) down at 2,999 on the futures.*



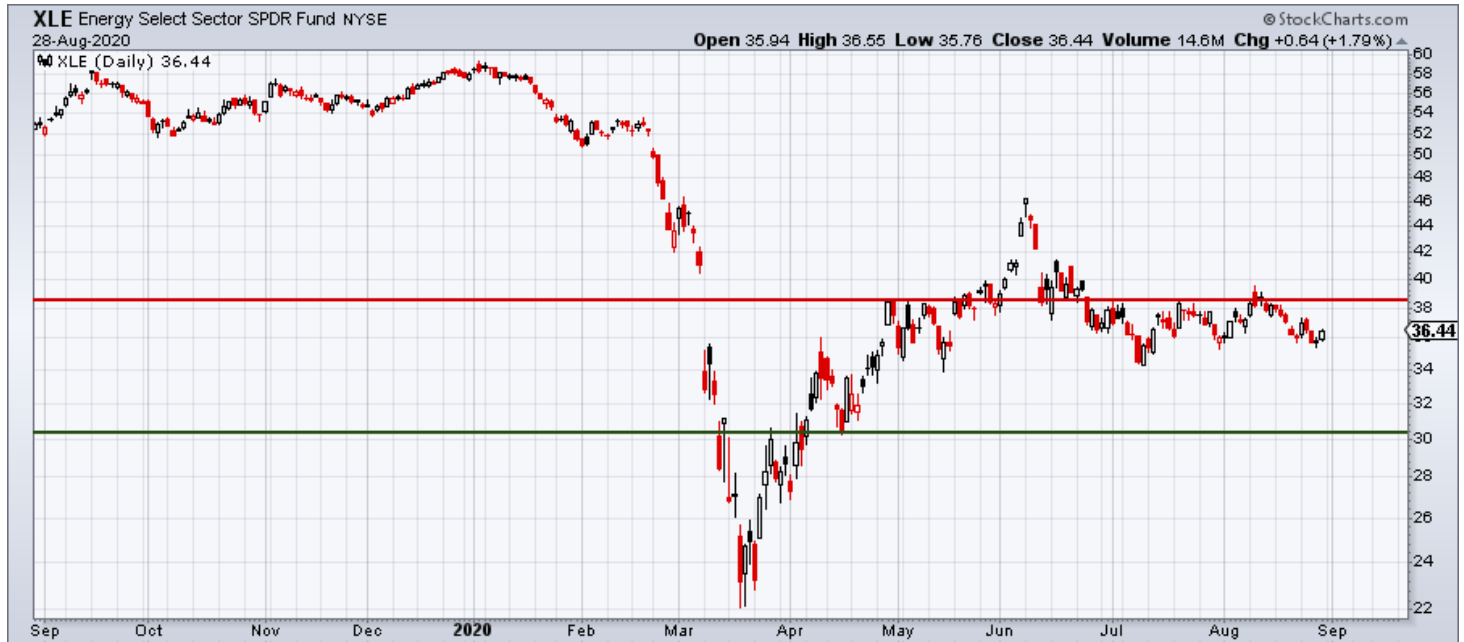
NASDAQ taking out another projected resistance. What next? (QQQ, TQQQ, PSQ, SQQQ)

Monthly closing resistance at 11,300 on the NASDAQ futures is likely conquered. It now looks like NQ futures may be finishing up the first wave of a new five-wave up move ("1 of III") with a target of 12,473.75. From there, we should see a pullback down to either 11,094, 10,241 or 9,551. *We would sell longs / get short of NASDAQ 100 proxies (sell QQQ / TQQQ or buy PSQ / SQQQ) at 12,473 on the futures with stops on a close above 12,600 and with a downside target for covering (buy QQQ / TQQQ or sell PSQ / SQQQ) at 10,241 on the futures. That should translate to buys / covering being done at 274 or 264 on QQQ and sells / shorts being executed up at 315 or so.*



Crude continues to look bearish as it sits just below resistance (XLE, OIH)

Crude oil futures continue to trade bearishly below the first of two possible resistance levels at \$43.15 (with additional resistance / target at \$45.15). As long as resistance holds, the bearish thesis for crude remains intact. *We would sell longs / get short of energy proxies (short XLE / OIH) immediately with stops honored on a weekly close above \$43.75 and with a downside target for covering at \$36 in the short-term and \$12 longer-term.*



Bonds stubbornly above technical support (TLT for longs or TBT for shorts)

10-Year US Treasury Price futures should, in theory, be sliding lower with rates rising in reaction to all-time highs in stocks being made. However, we continue to see stubborn buoyancy in the price of 10-Yr T-Note futures. We are maintaining our call for a move up to 142.554 on the 10-Yr US Treasury Futures – which would become way more obvious a move if stocks would ever pull back. *We would buy Treasury Bond proxies (buy TLT or short TBT) on dips in 10-year futures down to 138.645 with stops on a close below that level and would look to take profits on longs and get short (sell TLT and buy TBT) up at 142.554.*



Gold pulls back and appears to have further to fall (Long GLD / UGL; Short GLL / DUST)

Gold futures are still struggling to regain its previously bullish posture after peaking a few weeks ago. To us, it still appears like gold can and should drop further – perhaps down to 1,868 or 1,815 – before commencing another big upside push. *We would look to sell longs / get short of gold proxies (buy GLL / DUST or sell / short GLD / UGL) on a bounce to 1,991.20 with stops on a close above 1,993 and would look to cover shorts at 1,868. We would get long on a dip to 1,816 with stops below 1,810 and with an upside target of 2,069.*



NEW TRADE IDEA: Time to short energy! (Short UCO, buy SCO)

Based on the factors noted in the crude oil section above, we want to start a short in crude oil by shorting the levered long ETF, UCO, or getting long of the levered short ETF, SCO. *We would look to short the ProShares Ultra Crude Oil ETF at the open on Monday with stops on a close above \$43.75 on the crude oil futures and with a downside target for covering at \$24 on UCO. If you don't have a marginable account, you can buy the ProShares Ultra Short Crude Oil ETF (SCO).*





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