



Technical Forecast

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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
1/16/19 @ \$12.39	IAU	iShares Gold Trust		Bullish Gold

***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	2754	2773	2784	2803	2813
Monthly	2354	2529	2619	2794	2884
Closing Price			2793		

This past week brought on more interesting developments as we head into the last trading week of February. Trade discussions between the U.S. and China continued to offer positive rhetoric toward the end of the week, and we now sit with a good narrative for a deal to be made. Could it all be smoke and mirrors? Maybe. But sensitive markets close to the discussions economically have been performing well of late, like copper and \$FXI to name a couple. In sector land, we continue to see strength and even all-time highs from the utilities sector (\$XLU). As yields continue to see pressure, this sector can really trade nicely on all cylinders. Even as we continue to trade off the famous 'V' bottom, breadth is looking strong for the overall market. Sure, the occasional fade is likely, but we need to be of the stance that dips should be owned, as well as looking for healthy rotation between sectors.

- Behind the curtain of \$SPX and comparing \$SPY vs. \$FXI
- Equal vs. cap weighted, what conclusions can we draw? (\$SPXEW:\$SPX)
- Inflection points to take note of on the \$USD
- Oil services struggled to end the week, can momentum start to improve? (\$OSX, \$OIH)
- A weekly snapshot of how strong the \$NZ50 index is looking
- A look at breadth and a overall market sentiment (\$NYA, !AAIIBULL-BEAR)

How to Trade it:

The S&P 500 has traded well as we approach the important 2,800 level. Below is a daily snapshot dating back to the beginning of the fall for 2018. We are going to see the top end of this consolidation zone become very important for the short-term trade. This is where consolidation took place from October through the beginning of December before the harder corrective phase took place. Do we continue to consolidate? We want to help answer that question with a couple relative ratios down below. 1) XLY:XLP is trending well. Would like to see a new relative high created soon. 2) XTN:XLU looks worse off compared to the previous ratio and momentum looks to be waning. 3) SPY:FXI looks to give more of a lean toward FXI at the moment.

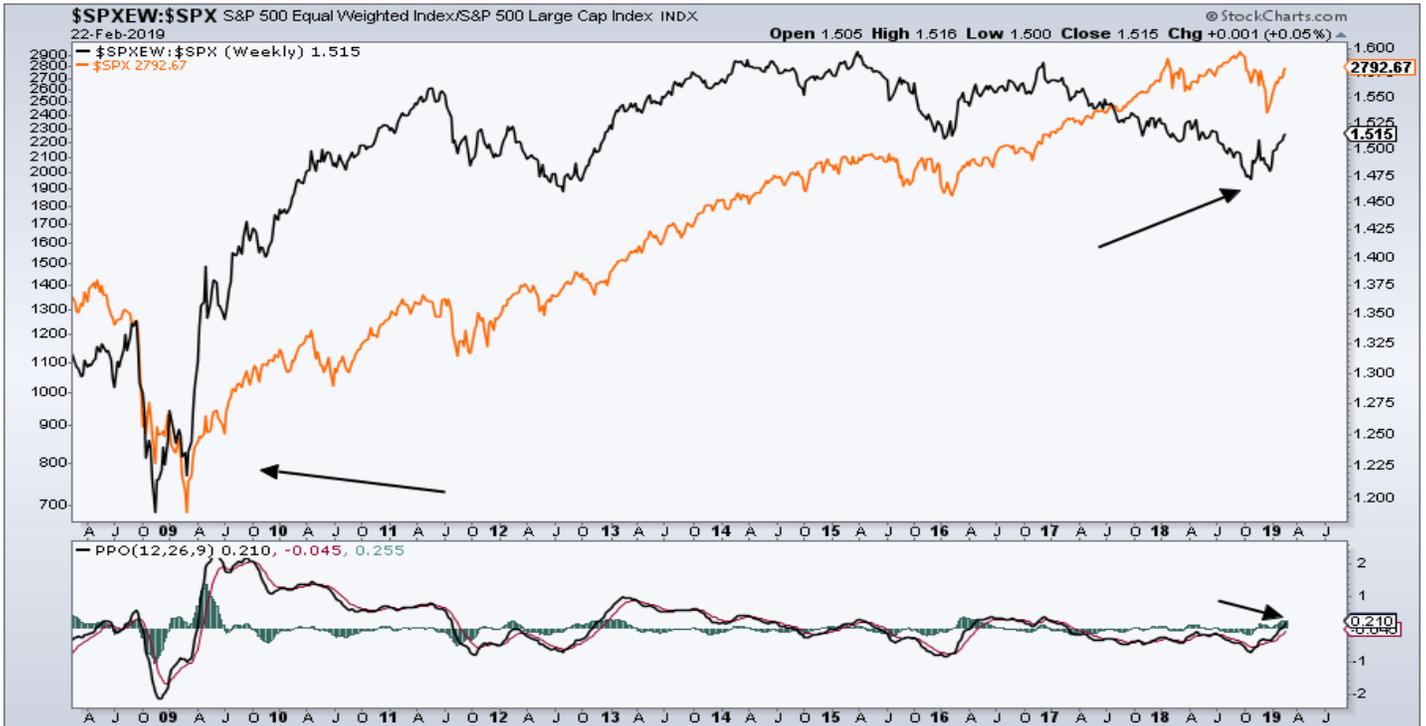


From a relative strength standpoint, \$FXI looks poised to continue its outperformance of SPY as the PPO line rolls over near zero showcasing another possible move downward in this ratio. From an allocation of money perspective, it might be a good idea to have \$FXI on your list. We noted this in the PREMIUM article for March.



Equal vs. Cap Weighted (\$SPXEW:\$SPX)

A ratio that does not see enough attention is the one shown below. Notice how \$SPXEW vs. \$SPX (black) did not make a lower low like \$SPX (orange) on this most recent corrective phase. We are now building out of this base and making a strong push upwards. PPO looks healthy and when leadership is in the form of many (\$SPXEW) rather than a few (\$SPX), the market tends to see strong performance going forward.



U.S. Dollar (\$USD)

The U.S. Dollar continues to trade in a very interesting range. The topside resistance of 97.50 should be on alert until this is taken out. We are still seeing a strong trend in the form of higher lows, but we now must see a higher high, soon. RSI has not yet hit oversold conditions, but is somewhat flat for the time being from a momentum perspective.



Oil Services (\$OSX, \$OIH)

Crude oil itself has made a nice run here the past two months but oil services cannot seem to follow along on its most recent move higher. We are seeing more of a consolidation phase in \$OSX just under key resistance zones. Also note the fading MACD line just above zero. The hurdle for this name is resistance at \$100.



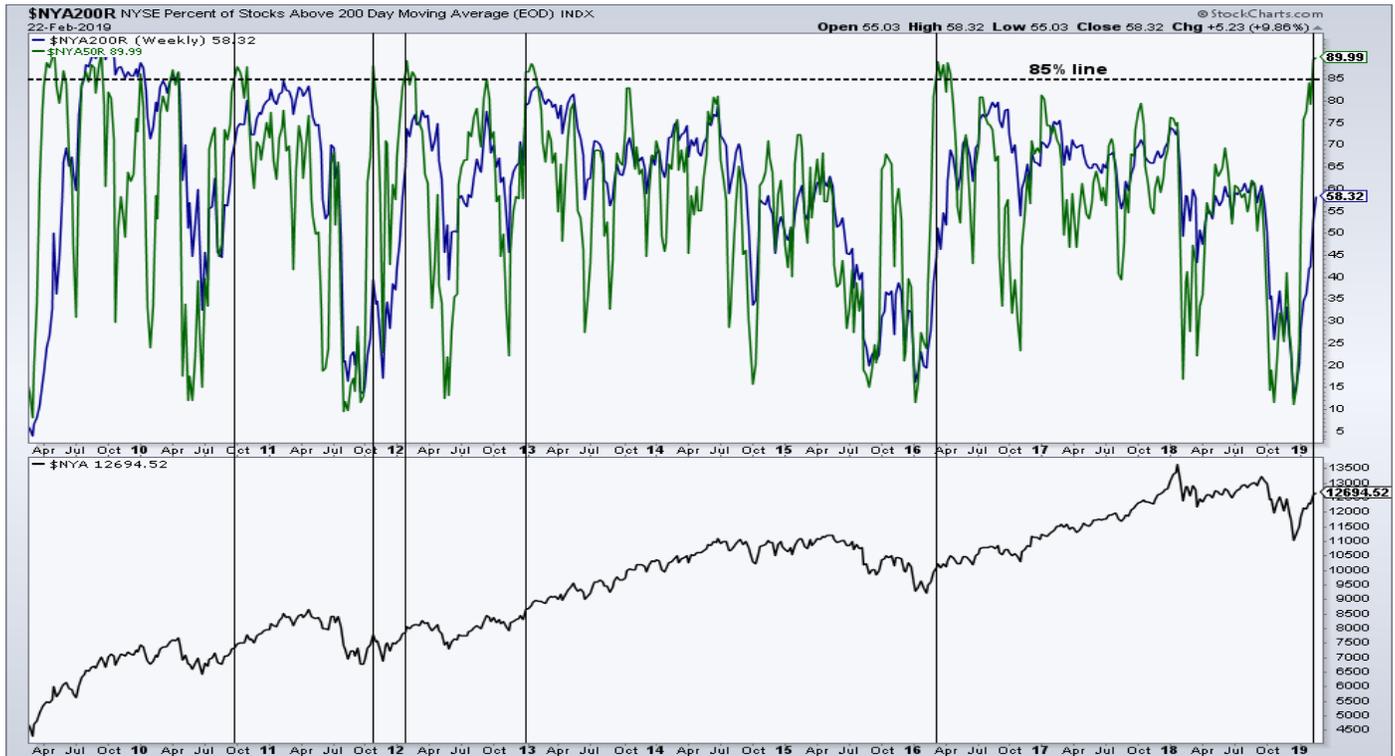
New Zealand 50 Index (\$NZ50)

Taking a peak at the weekly \$NZ50 index we notice a very constructive trend and one that is fairly straight forward. Currently we see resistance around 9,400 that is looking more and more like it will be taken out. The big note here is the PPO reset. \$NZ50 is in familiar territory when we compare back to early 2017. Very similar momentum resets taking place, giving good probability for higher prices.



Market Breadth and Sentiment Perspectives (\$NYA,!AAIBULL-BEAR)

Below we want to pay close attention to the green line which is the NYSE % of stocks above 50 day moving average. These surges above 85 only take place a few times, but when they do, you tend to see a higher probability of higher prices down the road. This is not the end all be all, but it certainly is something to lean on for confidence when coming out of a corrective phase.



The sentiment indicators are starting to see positivity creep back in. Bulls minus bears as shown below is now positive 3 weeks in a row, which we have not seen since last summer. We are not seeing any extremes via the sentiment below but as the \$VIX continues lower, fear is once again escaping this market fast.

