



# Technical Forecast

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July 26, 2020

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## Open ETF Trades

Date Opened	Ticker	Market	Recent Pr.	Strategy & Update	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$11.93	Hold: Tgt \$18.50	
6/8/20 @ 29.01	INDA	iShares MSCI India ETF	\$32.21	Hold: Tgt. \$32.83	
<b>NEW TRADE:</b>	<b>XLU</b>	<b>SPDR Utilities ETF</b>	<b>\$59.69</b>	<b>Buy \$58.88 with target of \$63.84</b>	
<b>NEW TRADE:</b>	<b>NUGT</b>	<b>SHORT: Direxion 2X Bull Gold Miners</b>	<b>\$100.95</b>	<b>Short NUGT shares now with a covering target of \$83.</b>	
<b>CLOSED TRADE:</b>	<b>AGQ</b>	Sold AGQ @ \$34 on 7/20 after buying @ \$27.78 on 6/29			
<b>CLOSED TRADE:</b>	<b>SKYY</b>	Covered short in SKYY @ \$74 on 7/14 after shorting at \$69.35 on 6/15			
Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2963.3	3167.9	2936	3235	3381.8
Monthly	2570.1	2906.20	2766.64	3235	3398.3
Closing Price			3,212.8		

The latter part of this week saw some downside action play out in stocks and crude oil. The “FINALLY – IT’S ABOUT TIME!!”, scream of the bearish contingent is here. Whether it be due to valuations being stretched or virus-related economic sluggishness setting in or just a normal, healthy retracement of recent gains, the equity and crude oil markets are taking a breather for now.

How low will they go? To us, the answer to that depends on which market or sub-sector of a market you are referencing. For stocks, we would say that tech is in a pullback within a bull market. For anything else but tech, we would say prices are working towards the lower edge of a trading range. For crude oil, the problems are deeper and prices could really tumble from here.

Precious metals, meanwhile, are getting a boost from the weak US Dollar (thanks to the Feds for that, by the way), from momentum traders piling into the winning trade and from some managers shifting assets to metals for disaster-prevention purposes. The only one of those factors that really has staying power is the weak US Dollar – in our opinion. That puts gold and silver in “buy the dip” mode – and the key is to wait for a big enough dip to occur that will shake out the weaklings.

### Here are the coverages in today’s report:

- S&P futures fail to hold breakout above higher projected target on a weekly close.
- NASDAQ is in the midst of a pullback. How far will tech leadership fall?
- Crude oil may have one more push to the upside before a big fall.
- Bond prices still look higher from here.
- Gold hits the higher of our two targets. Time for a pullback?
- NEW TRADE IDEA: Can a bearish bet in gold miners make sense?

## How to Trade it:

### S&P peeks above projected resistance and pulls back (SPY, SPXL, SH or SPXS)

S&P futures have started to pull back after a combination of stretched valuations and technicals along with some iffy earnings reports out of tech leadership all weighted down the equity markets. This looks to us like it is a “normal” pullback in an longer-term bull move. But, there should be some more downside action short-term.

*We would look to short S&P proxies (buy SH or SPXS or short SPY or SPXL) at 3,224.75 on the S&P futures with stops honored on a daily close above 3,239 and with a target for covering at 3,132.75. We would then look to get long of S&P proxies (buy SPY or SPXL or short SH or SPXS) on an extended drop to 2,963.25 on the S&P futures with stops honored on a close below 2,943.25 and with an upside target of 3,186.75.*



### NASDAQ pulls back as late-to-the-party longs get spanked (QQQ, TQQQ, PSQ, SQQQ)

NASDAQ 100 futures have started to retreat from the highs set last week. It looks like NQ futures can pull back to one of three levels before rallying again: 10,102, 9,807 or 9,512. We would anticipate the middle support holding and be prepared to hold on unless the lower support fails. *We would buy NASDAQ proxies (buy QQQ or TQQQ or short PSQ or SQQQ) when NASDAQ futures test 9,807 with stops on a close in the futures below 9,512 and with an upside target of 11,373.25.*



### Crude Oil may have one more upside push before collapse (XLE, OIH)

Crude oil futures made it up through our initial entry point for shorts at \$41.30 and managed to close above the stop-loss trigger of \$41.75. That tells us crude may need to work its way up to the second entry point for shorts before really starting to tumble. That being noted, we're not brave enough to go long here in advance of the rest of the move to \$43.375.

*We would look to sell longs / get short of energy proxies (sell / short XLE or OIH) at \$43.375 on the crude oil futures with stops honored on a close above \$45 on those futures and with a target for covering shorts at \$12 on the futures.*



### Bond prices on the rise as money flees risk assets. (TLT for longs or TBT for shorts)

Treasury futures (10-yr) moved higher on the week once again – being propelled initially by the Fed's open market trading activity and later in the week by money flowing out of risk assets and into safety. We may see more of both factors in the short-term.

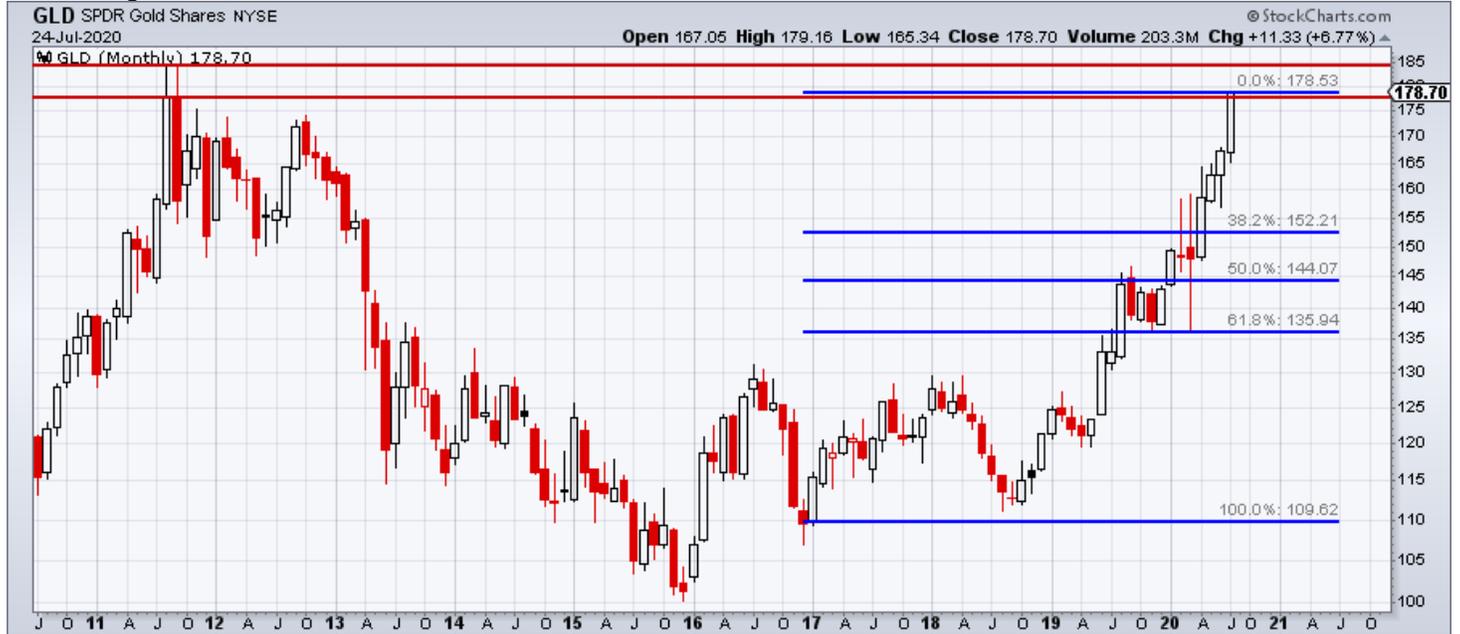
*We would buy Treasury proxies (buy TLT or short TBT) near 139.50 on the 10-year Treasury Futures with stops on a close below 139 on those futures and with a target for selling longs (sell TLT or cover TBT shorts) when the futures hit 142.554.*



**Gold hits the first of two targets – triggering profit-taking on longs (Long GLD / UGL; Short GLL / DUST)**

Gold made it up to the higher of our two projected targets at 1,898.80. We expect gold to top out here / near here and pull back to one of three possible targets – 1,698, 1,567 or 1,473.

*Adventurous sorts can look to short gold proxies (buy GLL or DUST or short GLD or UGL) at current levels on the futures (just above 1,900) with stops honored on a close above 1,910 on the futures and with a downside target for covering at 1,698 on the futures. More “conservative” investors should look to get long of gold proxies (buy GLD or UGL or short GLL or DUST) at 1,698 on the gold futures with stops on any close below 1,690 and with a target of 2,000 for those futures.*



**NEW TRADE IDEA: When to take a bearish shot at the gold miners? (Short NUGT)**

Gold futures are stretched to the upside and are sucking lots of momentum money in on the long side in the short-term. At some point soon, however, it appears to us like things may reverse both for an oversold US Dollar / overbought euro as well as for gold and silver – at least for counter-trend moves for all involved. 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 – the Direxion Daily Gold Miners Index Bull 2X Shares (NUGT). *We would look to short NUGT at the open on Monday with a downside target for covering at \$83. Honor stops on the shorts on a close above \$105, though, as this thing can get away from you on the upside in a hurry.*





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