



Technical Forecast

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<u>Date Opened</u>	<u>Ticker</u>	<u>Market</u>	<u>Recent Pr.</u>	<u>Strategy & Update</u>	
4/30/20 @ \$158.57	GLD	SPDR Gold Shares	\$166.98	Hold: Tgt of \$168	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$12.78	Hold: Tgt \$18.50	
6/15/20 @ \$69.35	SKYY	SHORT: FT Cloud Computing	\$75.67	Hold: Tgt \$65.70	
6/8/20 @ 29.01	INDA	iShares MSCI India ETF	\$30.37	Hold: Tgt. \$32.83	
6/29/20 @ 27.78	AGQ	ProShares Ultra Silver ETF	\$28.40	Hold: Tgt. \$34	
NEW TRADE:	TNA	SHORT: Direxion 3X Small Cap	\$27.00	Target \$16.07	
<u>Pivot Points</u>	<u>S2</u>	<u>S1</u>	<u>Pivot Level</u>	<u>R1</u>	<u>R2</u>
Weekly	2825	2975	2766.64	3,153.43	3,233
Monthly	2506.8	2766.46	2766.64	3231	3393.5
Closing Price			3,126.10		

Stronger-than-expected economic and energy data Thursday boosted risk assets early on in the session, but an afternoon fade occurred heading into the long weekend in the US that left bears hopeful and bulls less confident than in the early going.

Overall, while large cap US stocks – especially in technology and biotechnology – are ripping to all-time highs, we’re seeing small caps, financials and international markets lagging / showing less optimism.

Crude oil did catch a bid on Thursday and into Friday’s futures trading, but it too is well below pre-COVID levels.

Gold and silver saw upside early in the week, but a little profit-taking came in later in the week. That being noted, both are looking strong overall – no signs of any macro reversals there yet.

Now that Q2 quarter-end window dressing is over and the long US holiday weekend has come and gone, it will be interesting to see if the upward surge that has occurred over the last 90 days will continue. Laggy trading in the “smalls” and financials has our attention, though.

Here are the coverages in today’s report:

- S&P futures nearby resistance and pullback targets attract hungry bears.
- NASDAQ benefitted by EOQ window-dressing. Will a pullback commence now?
- Crude oil had one more push higher in the tank. After a ceiling is made, how far will it fall?
- Bond prices consolidate for a week – ahead of what we feel will be more upside.
- Gold still has some upside work to do – but the rally is a bit tired.
- NEW TRADE IDEA: Short relative underperformance in small cap stocks

How to Trade it:

S&P benefits from EOQ window-dressing. Is a pullback now possible? (SPY, SPXL, SH or SPXS)

After an up end-of-the-quarter week last week, S&P futures now have two possible resistance levels to watch – 3146 and 3229.

If 3146 holds up, we can look for a dip to 2800 – 2825 to play out. If 3229 holds up, we can look for a subsequent drop to 2975 to play out.

We would be willing to short S&P proxies (buy SH / SPXS or short SPY / SPXL) at 3,146 on the futures with stops honored on a daily close above 3151 and with a target of 2825. If stopped, try the shorts again up at 3,229 on the futures with stops on a daily close above that level and with a target of 2975.



NASDAQ futures on never-ending push to the upside. Will Q3 bring the evasive pullback? (QQQ, TQQQ, PSQ, SQQQ)

NASDAQ 100 futures rallied to new highs again last week. While the price action has been impressive, the skeptics out there – including us – remain of the belief that a pullback is on the horizon. Right now – barring any new highs – a pullback would have targets of 9,527, 8,973 or 8,524.

Adventurous sorts who don't mind honoring stops and trying trades again can try shorts here (buy PSQ / SQQQ or short QQQ / TQQQ) with stops on a close above 10,450 in the NASDAQ futures and with a target of 9,527.



Crude Oil may have a bit higher to go – but energy stocks trade bearishly regardless. (XLE, OIH)

Similar to the set-up in stocks, crude oil appears to have two possible Fibonacci retracement line resistances with which it has to deal - \$41.95 and \$43.46. Wherever a ceiling is made, our charting tells us that crude should head back down to near \$10 in the coming months.

We would be willing to short crude proxies / energy stocks (short XLE or OIH) near \$41.95 on crude oil futures with stops on a close above \$42.25 on the futures and with a downside target for covering at \$11 on those futures. If stopped, try the shorts again up at \$43.46 on crude with stops honored on a weekly close above \$45 and with a target of \$15 on crude futures.



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

Treasury futures (10-yr) made no real progress in either direction this past week. Let's call it a consolidation week. No changes to our outlook or trade recommendations from last week.

Look to buy dips (buy TLT or short TBT) to 138.21 on the 10-yr Treasury futures with a target of 142 for selling longs / getting short. Look to short (buy TBT or short TLT) at 142 on the 10-yr Treasury futures with stops on a close above 142.50 and with a target of 138.21.



Gold has a bit further to rise before correcting lower. (Long GLD or UGL; Short GLL or DUST)

Gold peaked its head above 1800 last week and is still trading bullishly overall despite some rather boring trading on Wednesday and Thursday. That action or lack thereof can, at this point, be considered consolidative in nature. No changes to our outlook or calls from last week.

We would buy gold proxies (buy GLD / UGL or short GLL / DUST) near 1,753 on the futures with stops honored on a close below 1,745.30 ahead of a test of 1,828.50 – 1,867.50. We would sell long gold proxies (sell GLD / UGL or buy-to-cover GLL / DUST) at 1,828.50 on the gold futures and get short (buy GLL / DUST or short GLD / UGL) at 1,867.50 on the futures with stops on a close above 1,875 and with a target of 1,457 on the futures.



NEW TRADE IDEA: Underperformance in small caps catching the bears' attention. (Short IWM / TNA)

Underperformance in small caps and financials has certainly been on our radar for a while. We already have a financials short position on the books for our readers. Now, with the end of the quarter hijinx behind us, we would like to add a short in small caps by shorting the 3x long ETF from Direxion (TNA). We feel that in the best case that small caps will tumble 10% or so and much, much more in the more bearish case. We would short TNA here near \$27 with stops honored on a close above \$29.80 and with a target of \$16.07 for covering.



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