



Technical Forecast

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Open ETF Trades

<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	\$162.62	Hold: Tgt of \$168	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$12.49	Hold: Tgt \$18.50	
5/11/20 @ 21.91	AGQ	ProShares Ultra Silver	\$26.87	Sell Monday at open	
6/1/20 @ \$20.75	RSX	Van Eck Vectors Russia ETF	\$20.92	Sell Monday at open	
6/8/20 @ 29.01	INDA	iShares MSCI India ETF	\$28.24	Hold: Tgt. \$32.83	
NEW TRADE:	SKYY	FirstTrust Cloud Comp. We sold TLT @ 155.07 last Monday after buying @ 167.56 on 5/4	\$69.17	Short @ \$69.35, cover @ \$65.70	
** CLOSED TRADE:					
<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	3,233	3,269
Monthly	2506.8	2766.46	2766.64	3231	3393.5
Closing Price			3,041.70		

The rally in risk assets ran into a buzzsaw in the form of the US Federal Reserve last week. The Fed announced they will remain market-friendly until at least 2022 due to economic recovery concerns. Their grim outlook caught many institutions off-guard (not sure why from our standpoint) and forced profitable trades to be either closed out or trimmed in a real hurry on Wednesday and Thursday. The close Thursday was bad enough to raise some caution flags in the short-term for stocks.

Crude oil also took it on the chin in the last few days. The tumble was at least in part due to the Fed's cautious tones, but also because of a recent rise in COVID cases in the US and abroad. The prospect of another spike in cases and possible slowdown / shutdown of various economies / sectors is clearly weighing heavily on energy in the short-term.

Left to its own devices, we believe the market would be tumbling from here – just as we believe it would not have rallied this far off the lows. However, we are not so naïve as to believe the market is being left to its own devices. The US Federal Reserve and Trump's Treasury Department – especially the latter – are on constant lookout for any market drops. Thus, we must be on the constant lookout for their interference and must be very careful not to be overly bearish of risk assets.

Here are the coverages in today's report:

- S&P futures should slip to our lower target levels. But will the Feds allow that?
- NASDAQ seems to have further to fall in the short-term.
- Crude oil finishes the week just above short-term support.
- Was last week's drop in Treasury prices the head-fake or was the end of the week rally?
- Gold appears to have more upside while silver teeters short-term.
- As great as the cloud stocks have been, they may be a nice bearish play short-term.

How to Trade it:

S&P futures nearing the next potential hurdles. (SPY, SPXL, SH or SPXS):

A short-term top in S&P futures was set a bit lower than we anticipated (we called for prices to touch as high as 3,274.75 after a break above 3,153.50 occurred). The top came in at 3,227.50 on a closing basis and 3,231.25 on an intraday basis last week. We're now calling for a move down to either 2,979 or 2,799.85 initially. Short-term resistance comes in at either 3,044.38 or 3,227.50. We would look to sell longs / get short of S&P proxies (short SPY or SPXL or buy SH or SPXS) at 3,044.38 with stops on a close above 3,050 in the futures and with a target of 2,799.85. If stopped, try re-shortening the S&P proxies at 3,227.50 with stops on a close above 3,235 and with a target of 2,979.



NASDAQ futures should consolidate / pull back soon. (QQQ, TQQQ, PSQ, SQQQ)

The intra-session low in NASDAQ 100 futures on Friday may have completed a very short-term five wave move. The bounce into the close Friday may be the first part of a bounce that could take prices as high as 9,906 before another five waves lower commences (although we would put our money on 9,828.75 holding as resistance). Short NASDAQ proxies (short QQQ or TQQQ or buy PSQ or SQQQ) at 9,825.75 on the futures with stops on a close above 9,915 and with a covering target at 9,144.75.



Crude Oil clears one hurdle and heads towards the next. (XLE, OIH)

Crude pulled back last week due to COVID and economic concerns. Crude has ST daily closing support at \$36.23. A close below that will open the door to a dip to around \$31.14 to \$32.81. Crude has a band of resistance / upside targets at 41.77 – 43.40.

Try longs in energy proxies (buy XLE or OIH) just above \$36.23 on crude futures with an upside target of \$41.77 and with stops on a daily close below \$36.23. If stopped, try longs in XLE or OIH again at \$32.81 on the futures with stops on a close below \$31.14 and would look to take profits on longs up at \$41.77. We would only look to short energy proxies up at \$43.40 on the futures with stops honored on a daily close above \$44 and with a downside target of \$11 in the next several months.



Bonds suddenly getting hammered. (TLT or TBT)

What looked like a breakdown below support last week now looks like it may have been the “c” wave of an “expanding flat” correction for wave “iv” as shown on the chart here. If this is correct, then the wave “v” move higher with a target of 142.34 on the Treasury futures has already commenced. We would look to buy Treasury proxies (TLT) at 138.38 on the futures price with stops below 138 and with an upside target of 142.00 for selling the longs.



Gold and silver each trying to hold short-term support. (GLD, UGL, GLL, DUST)

Gold futures held support and staged a rally due to flows out of risk and into safety last week. ST support comes in at 1,677.50 and upside targets come in at 1,850 – 1,860.

We would buy gold proxies (GLD or UGL) on dips in the futures to 1,677 in advance of the rest of the move to 1,850 playing out. Honor stops on a close in the futures below 1,674. We would only short (short GLD or UGL or buy GLL or DUST) up at 1,920 on the futures.



Silver futures, meanwhile, may head to either 17.057 or 16.085 in the short-term. They do not seem to be holding up quite as well as gold in the very short-term. So, we're willing to exit AGQ shares in the list of suggested trades and try to re-buy when silver futures test support at 17.057.



Cloud computing stocks have led on the way up but may be set to decline in the very short-term (SKYY)

People rightly focus on FANG+ stocks as good proxies for risk appetite. But, for months now, some of the best upside moves have occurred in the cloud computing stocks – represented here today by the FirstTrust Cloud Computing ETF (SKYY). Right now, though, it appears to us like SKYY may be in for more of a pullback than already took place in the last week. We can see SKYY dipping to the May 27th low at \$65.70 in the coming days. The stab lower on Thursday forced prices down to \$68 and Friday morning’s bounce took prices back up to \$70.34 before the fund finished at \$69.17. We would be looking to shed longs / get short on a bounce to \$69.35 ahead of the rest of the downside to \$65.70 playing out. Just honor stops on shorts if the fund closes above \$70.88.



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