# Technical Forecast

@ETFguidePremium

March 1st, 2020

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## Open ETF Trades

| Date Opened | Ticker | Market | Stop Loss | Strategy & Update |
|---|---|---|---|---|
| 10/20/16 @ $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 |
| 5/3/19 @ $227.52 | IHI | iShares U.S. Medical Devices | | Long Medical Devices |
| 6/28/19 @ $45.59 | PZD | Invesco Cleantech | $41.00 | Bullish Clean Technology |
| 10/11/19 @ $37.41 | EWL | MSCI Switzerland | | Bullish Switzerland |
| 2/14/20 @ $131.69 | XLY | Consumer Discretionary | | Relative Strength Showing |
| 2/14/20 @ $30.82 | SIL | Silver Miners | $29.75 | Stopped |

*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 | 2619 | 2787 | 3023 | 3191 | 3427 |
| Monthly | 2530 | 2742 | 3068 | 3280 | 3606 |
| Closing Price | | | 2954 | | |

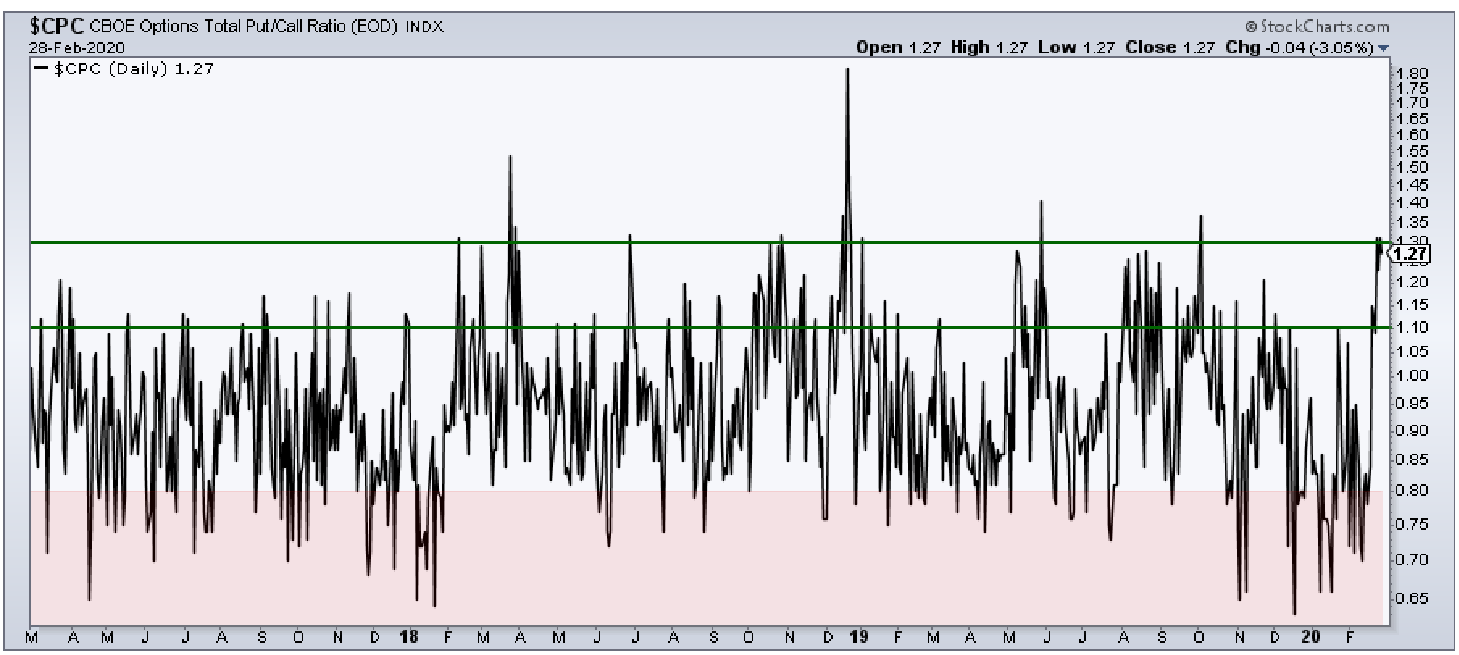
Fast forward two weeks from our last update and we have a completely different market structure taking shape. Amazing how fast this market can trade a 180 degree turn and really create historical tendencies that market participants have never seen. We are now left with a few different scenarios both in the short term and the long term that we can take advantage of going forward. It is our opinion that the short-term could spur a counter trend bounce that you will start to see in the charts following. However, the fact that we are classifying these as counter trend bounces can help construct out longer term viewpoint now. Many sectors are now dealing with structural damage that will likely take time to heal, if/when this dust does finally settle on volatility. One last thing before we dive in, even though this past week was an absolute bloodbath, the NASDAQ 100 was a relative leader in the clubhouse which is something we want to keep as a clue going forward.

- The Nasdaq is hovering over critical support after a whirlwind of a trading week ($COMPQ)
- The $VIX cash index reaches historical marks
- The US Dollar is skating on thin ice (UUP)
- Semiconductors have relieved themselves of the divergence, now we must watch this level (SOXX)
- Another important ‘line in the sand’ level for high yield corporate debt (HYG)
- These breadth measures are worth our time and energy right now ($NYA200R, $NYA50R)

**How to Trade it:**

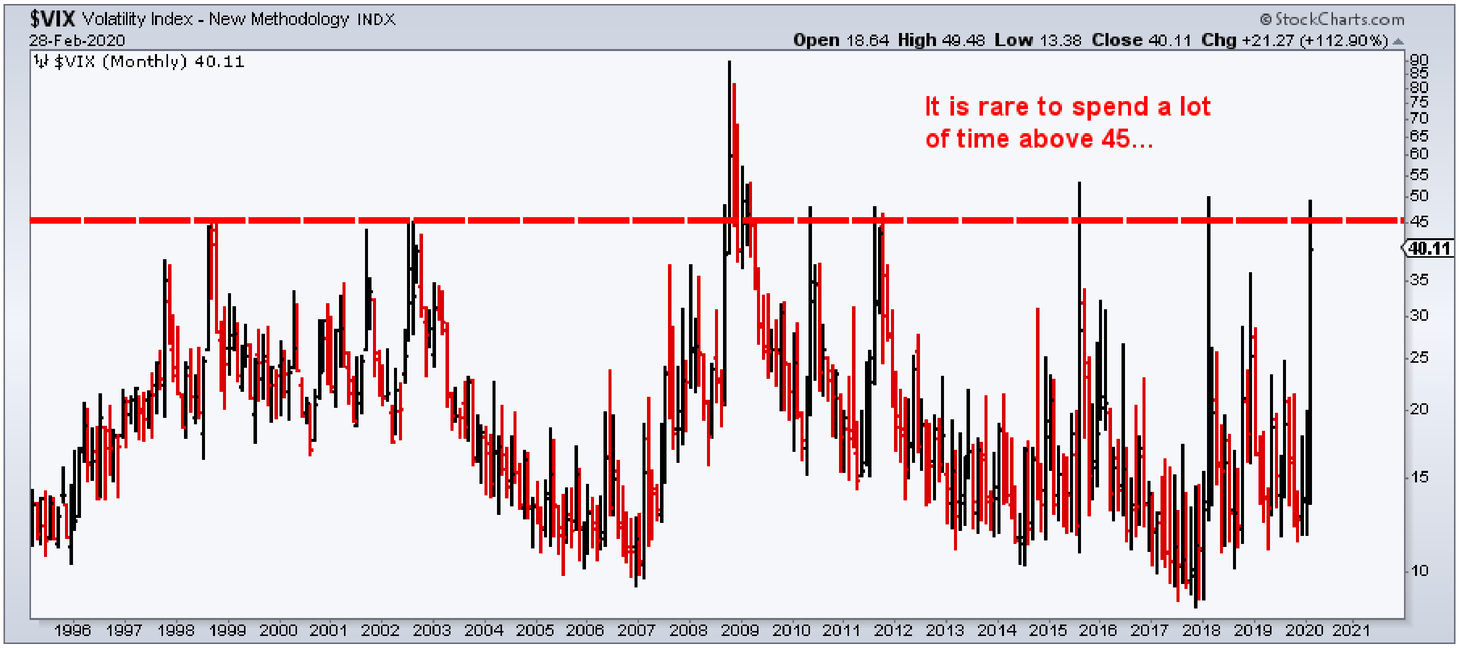
With the over 10% decline in the NASDAQ this past week, it has many left wondering, what the heck just happened? Thankfully, we have tools and resources to navigate any sort of market environment, including a historic drop that we just witnessed. With the reversal day on Friday, putting a stop to the bleeding for at least a day, we have information that we can take from this. The first aspect we want to point out is that our S3 support level is coming into play faster than expected, but that is OK. We do want to see price hold above 8,200 for the bull camp to be justified yet. If we cannot seem to hold that level, we then have more prolonged issues on our hands, greater than what is already looking to be an uphill battle. If we do see a counter trend bounce on this major support area from the breakout in October 2019, then we want to look at the fibonacci retracement zones marked below for potentail bounce targets.


With the big selloff, we have the $CPC data telling us that we are nearing the extremes of 'fear'. Does this mean a bottom is in? It could, but rather than justifying a bottom, we would rather portray historical odds are on our side in terms of not seeing much higher sustained levels of the $CPC reading. The key word here is sustained.



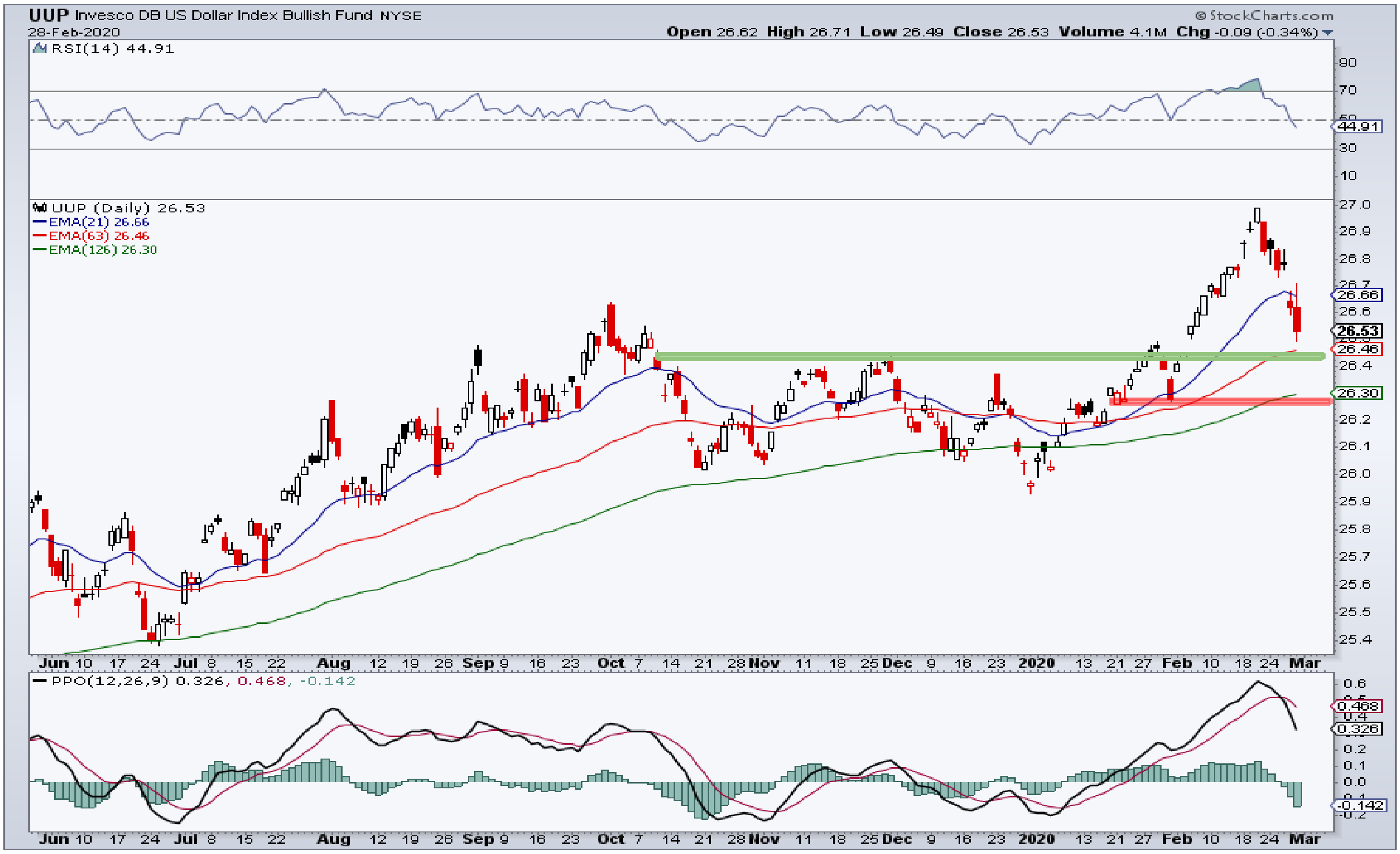
## VIX Volitility Index ($VIX)

Another form of fear reading is the $VIX – Volatily Index. We reached historic levels in this reading as well over the past week registering a mark above 45. Over the past 20+ years, seeing this type of behavoir usually provides good risk/reward to the long side of the market. As usual, we want to see more data to help the cause.



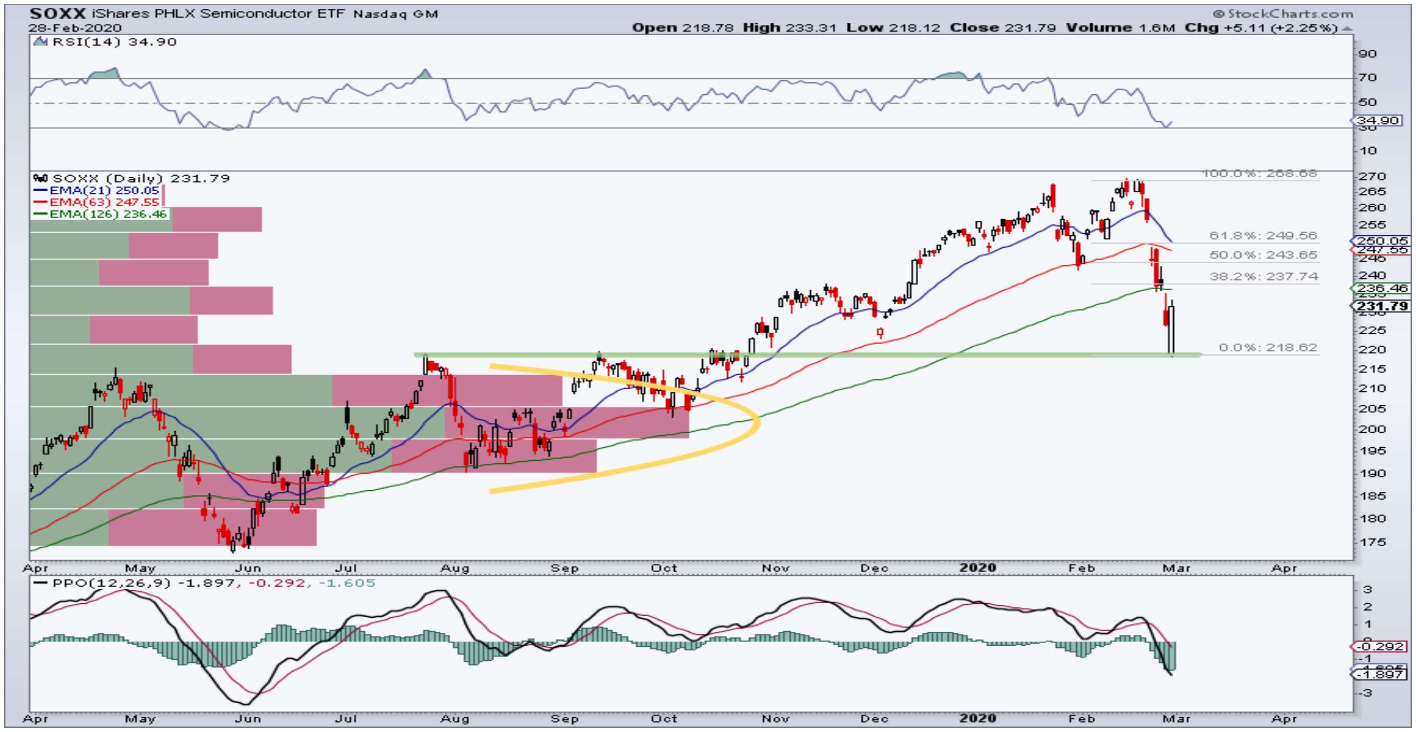

## Bullish US Dollar Index (UUP)

The US dollar couldn't even stand up this past week after seeing a sizeable run to start the year. With the recent setback it looks to be make or break time for this ETF, UUP. We want to see the 26.40 level try and hold up and if UUP cannot hold up there we would suspect more downside. Below 26.30 and lookout below.



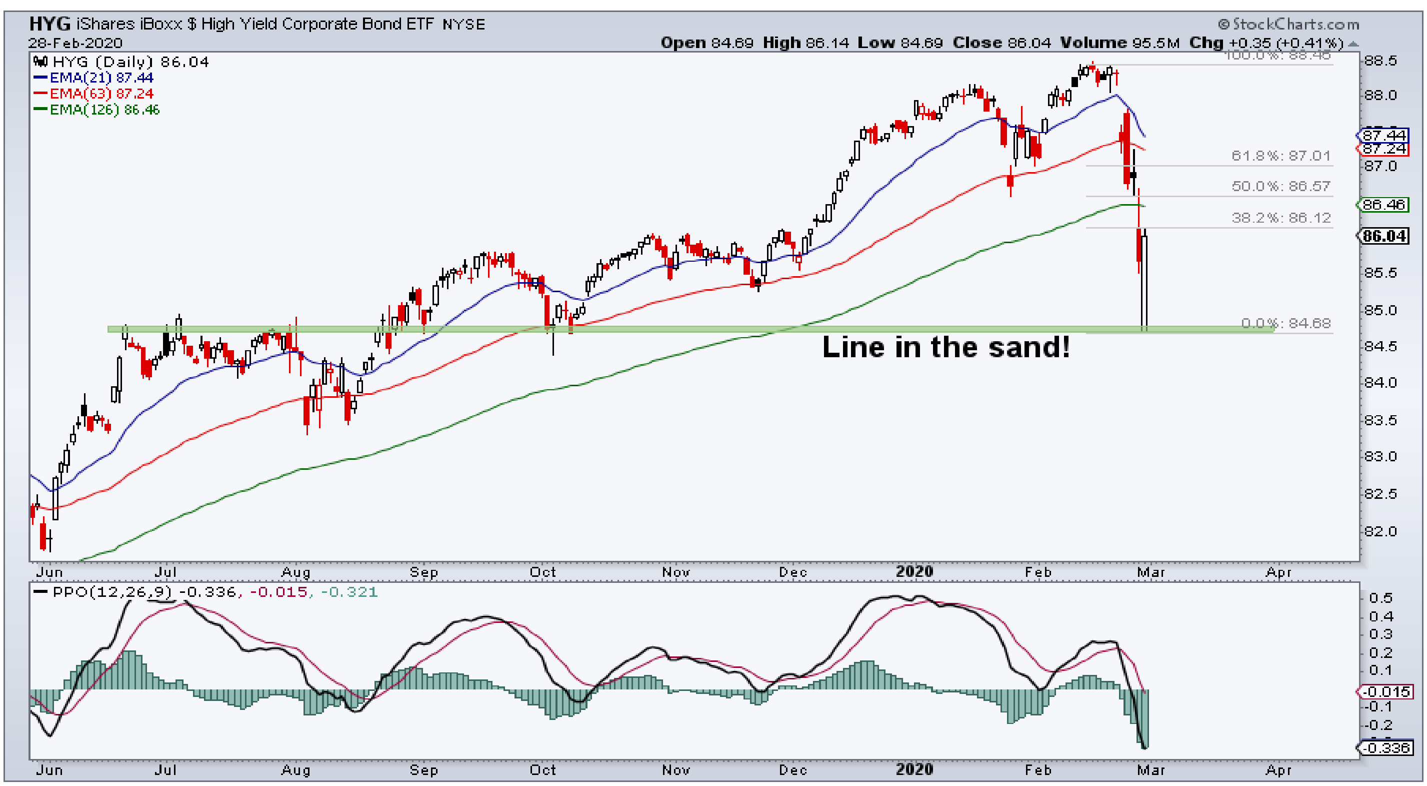
## Semiconductors (SOXX)

The semiconductor space we talked about having momentum issues to deal with two weeks ago, and did they ever try and fix that issue. Enough to bring price all the way back down to the previous breakout zone of $218. The open and essentially the low held that line on Friday and may try and make an attempt to counter trend rally here. If we are below $220 on SOXX, we do not want to have exposure in semi's.



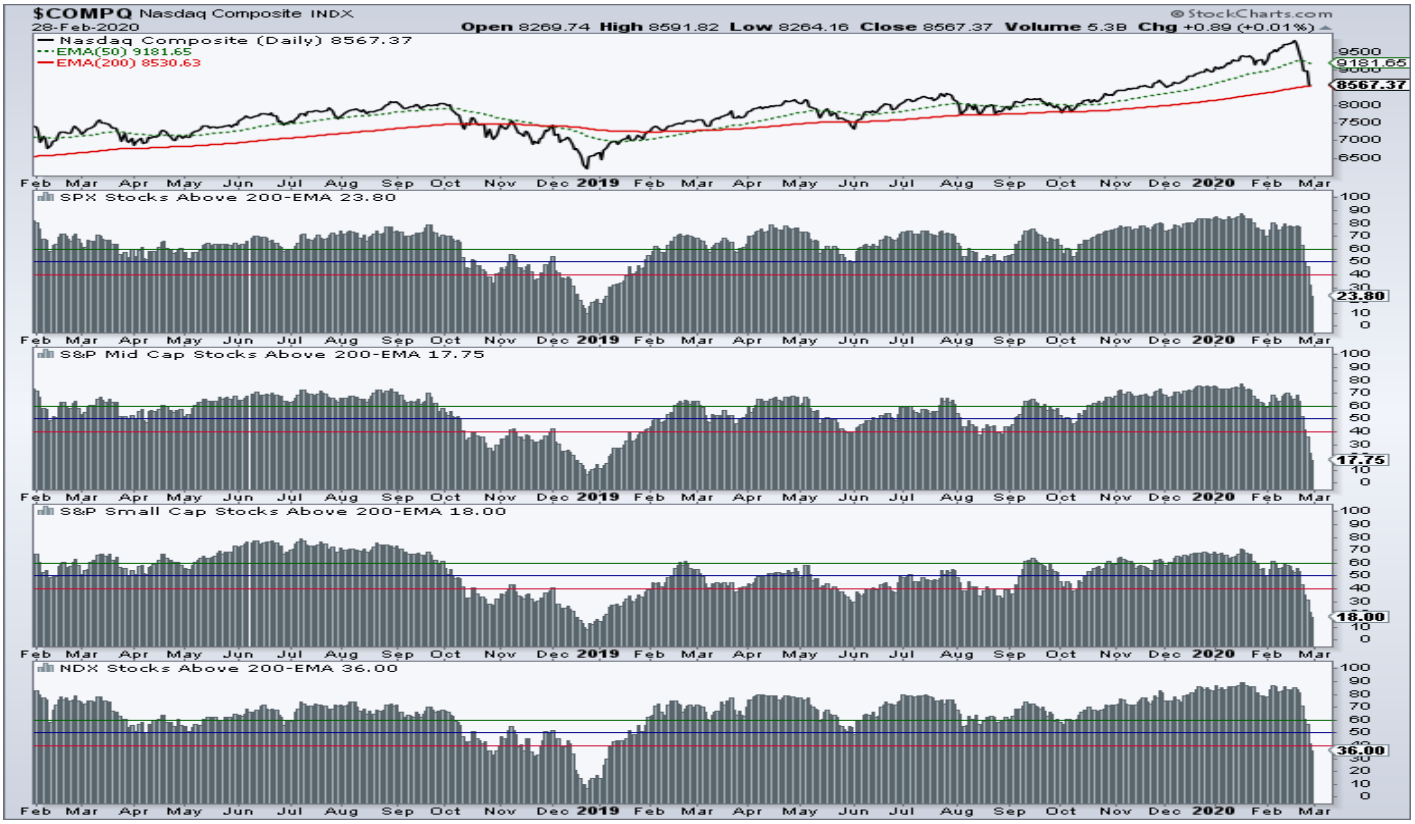

## High Yield Corporate Bonds (HYG)

High yield corporate bonds looks very similar to the SOXX chart above. Finding support at the fall of 2019 breakout zone. Can you find the theme here? If we do not hold the line in the sand support on this and other names, it could get a lot worse out there. PPO is not looking healthy either, which could mean prolonged issues.



**Breadth ($NYA200R, $NYA50R)**

The first chart below in the breadth camp shows that we are seeing many stocks, corresponding to style type, trading below their respective 200-day EMA's. Mid and small caps seeing the worst percentage with only 17.75 and 18% respectively above their 200-day EMA's. Breadth surges below 40% are a warning to participants.




The opposite and 'glass half full' perspective is that we are quickly seeing extreme breadth measures that normally take place near or at market lows, giving more reason to be on the offensive for longer-term type holdings. With a reading of 8.72% of stocks in the NYSE above their 50-day EMA, this becomes interesting…