Scan here with your mobile device to get future updates.

Technical Forecast

@ETFguidePremium

May 17, 2020

Open ETF Trades

Date Opened	Ticker	Market	Recent Pr.	Strategy & Update
4/27/20 @ $36.44	IEV	iShares Europe ETF	$35.95	Hold: Bull Eur. Stks
4/30/20 @ $158.57	GLD	SPDR Gold Shares	$163.93	Targeting $168
5/4/20 @ $167.56	TLT	Long-Term Treasuries	$166.71	Hold: Tgt of $172
5/4/20 @ $16.40	SKF	ProShares UltraShort Financials	$16.95	Bear Fin: Tgt $26.62
5/11/20 @ 21.91	AGQ	ProShares Ultra Silver	$25.69	Hold: Tgt. $34

Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2304.9	2447.49	2488.65	2938	3028
Monthly	2346.6	2436.60	2436.60	2941	3028
Closing Price			2863.70		

We saw stocks hit monthly resistance early this week and crude oil hit projected resistance Friday. The question is whether all the buying power of the global governments can propel stocks and crude oil through key resistance despite unprecedented virus-related economic shutdowns and weakness.

One thing is for sure – they will continue to pump money into the system to prop up stocks, bonds and crude oil – as they are all related to the ability for certain sectors of the global economy to maintain a pulse.

In commodity land, we saw gold and silver each rally sharply last week as the obvious conclusions that unlimited money “printing” will lead to global devaluation of currencies – which should, in theory, lead to a massive push higher in metals prices.

In ag-commodity land, we are starting to see prices retreat somewhat after a few weeks of upside action. That may put to rest – at least temporarily – the talk of massive stimulus-induced inflation.

Here are the coverages in today’s report:

- S&P futures should head lower after a test of new, lower resistance.
- NASDAQ futures remain the place to plow long-side money.
- Crude oil is catching a major tailwind from government interests and OPEC.
- Bonds are in macro bull move but could take a breather before heading higher.
- Gold pressing higher towards upside projections.
- Silver rips to the upside as projected. How to play it now?
- If one is looking for nearby bearish entries outside of the U.S., Japanese equities may be worth a look.

How to Trade it:

S&P futures should head lower after test of resistance. (SPY, SPXL, SH or SPXS):
Stocks are still below key monthly resistance noted here last week. No changes to the prognosis or calls this week. We would be looking to sell longs / get short of S&P proxies (buy SH or SPXS for bearish bets) on bounces in S&P futures to 2,875 with stops honored on a monthly close above 2,944 and with a downside target of 2,643 for exiting those positions. We would look to get aggressively long of S&P proxies (buy SPY or SPXL) on a test of 2,529 for S&P futures. Honor stops on a daily close below 2,495 and look to take profits on longs up at 2,825.

NASDAQ futures could pull back short-term and then rally once again. (QQQ, TQQQ, PSQ, SQQQ)
NASDAQ futures failed to make it all the way up to 9,435 before dipping. They are now bouncing and may have room to run up to 9,202.75 before running into a test. If that level holds as resistance, look for NQ futures to dip to 8,557 – 8,658. We would look to sell longs / get short in NASDAQ proxies (buy PSQ or SQQQ) when NASDAQ futures test 9202 with stops on a 4-hr close above 9205 and would look to exit those positions when the futures hit 8,658.50. We would then look to get long of NASDAQ proxies (buy QQQ or TQQQ) when NASDAQ futures hit 8,557 with a target of 9119 and with stops on a daily close in the futures below 8,498.

Crude Oil boosted by government cash and OPEC moves. What next? (XLE, OIH)

Crude oil continues its upside march – blowing through bearish "correction resistance" levels in the process. In our look at the chart this week, we're focusing on the retracement levels / projections of the peak to trough move that terminated with the move to negative prices in April. We have identified three possible ceilings at $31.30, $35.55 and $41.30. Based on the pattern off the lows, we believe $31.30 will be a temporary stopping point and that a dip to either $26.23 or $23.16.

We would look to sell longs / get short of energy plays (sell / short XLE and/or OIH or individual energy stocks) at $31.30 for crude oil. Then, look to exit those bearish bets when crude pulls back to $26.23. We would then look to get long of XLE, OIH and/or individual energy stocks on an extended move in crude oil futures down to $23.16 with stops honored on longs on a close iin the commodity below $22.75. The upside target for crude oil on the subsequent anticipated bounce will be $31.

Bond prices should move higher – perhaps after a pause / pullback (TLT or TBT)

Treasury bond price futures continue to remain elevated for now. However, something just doesn't feel right at about making or maintaining long-side bets in bond prices right now. Given how overbought bonds are and the upward sloping (red) resistance line that exists just above current levels, we would start to be a little cautious at this point – even as higher prices may be in store in the weeks, months and years to come. We would sell / short Treasury bond proxies (buy TBT or sell TLT) when TY futures test 140.38 and look to buy (sell TBT or buy TLT) when TY futures hit 134.23 on the downside.

Gold continues march higher – but for how long? (GLD, UGL, GLL, DUST)
Gold futures rose last week as the "global currency devaluation" trade seems to be "on". Both gold and silver are rallying as part of this macro trade dynamic. We project gold will reach 1800 – 1850 on this move and then pull back to 1680 or so.

We would look to sell longs in gold proxies (sell GLD / UGL) at 1800 on the gold futures and then try to short gold proxies (buy GLL or DUST) up at 1850 for gold futures. Stops on the bearish bets should be honored on a close in gold above 1860 and the downside target in gold which should trigger profit-taking will be 1700. Ideally, new long plays in gold proxies (buy GLD / UGL) will be started at 1680 in the commodity.

Silver rallying as expected. How to play it now? (SLV, AGQ)
Silver futures are ripping to the upside this week as we expected they might. Silver still appears to us to be headed up to 19.25 – 19.57 at a minimum.

At this point, we would continue to look to buy dips in silver proxies (buy SLV or AGQ) if and when the commodity futures dip to 15.85. Stops on new long plays in silver should be honored if the commodity closes the day out below 15.75. The upside target for taking profits on longs in silver proxies remains when the commodity reaches 19.25. We continue to suggest avoiding shorts in silver proxies for now.

Japanese equities / Nikkei 225 may offer an entry to the bears soon (EWJ or JPNL)
Admittedly, our focus in our recurring weekly reports is on the S&P, NASDAQ and other broad market equity indices as well as certain sectors in the US. However, we keep an eye on the global markets regularly to identify attractive trade set-ups that can be executed via ETFs. This week, in scan of the global landscape, we spotted the Nikkei 225 Index out of Japan as it is nearing a clear range of resistance at 20,640 – 21,025 (from 20,037 now after peaking at 20,534.88 last week). If that range of resistance holds, we will be looking for the Nikkei 225 to dip to 16,500 – 17,500 in the coming weeks / months.

We would look to short Japanese stocks / proxies (by shorting EWJ or JPNL) when the Nikkei 225 tests 20,640 and would look to close those positions out when the Nikkei dips to 17,500. Honor stops and close out those positions if the Nikkei closes above 21,025, though.