



# Technical Forecast

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## Open ETF Trades

Date Opened	Ticker	Market	Recent Pr.	Strategy & Update
4/27/20 @ \$36.44	IEV	iShares Europe ETF	\$39.28	Hold: Tgt. \$40.10
4/30/20 @ \$158.57	GLD	SPDR Gold Shares	\$162.91	Hold: Tgt of \$168
5/4/20 @ \$167.56	TLT	Long-Term Treasuries	\$163.59	Hold: Tgt of \$172
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$13.40	Bear Fin: Tgt \$26.62
5/11/20 @ 21.91	AGQ	ProShares Ultra Silver	\$29.88	Hold: Tgt. \$34

**NEW TRADE:**      **RSX**      **Van Eck Vectors Russia ETF long**      **\$20.62**      **Buy: tgt of \$22.63**  
**We would have been stopped out of our Japan Equity short idea**

**\*\* CLOSED TRADE:**

Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2766.6	2929.80	2766.64	3,060	3,168
Monthly	2346.6	2766.46	2766.64	3180	3281
Closing Price			3,044.31		

Liquidity wins out – especially in the absence of any escalation in US / China trade tensions. Trump’s presser on Friday was relatively docile, so stocks rallied into the close and took out weekly / monthly resistance. Who knows how the protests and violence across America this weekend will change things? Will there be a re-escalation in COVID cases and subsequent governmental measures to re-level off the case curve? Only time will tell. Shy of evidence of that occurring or any further US / China problems, we now believe liquidity will continue to win out. That is reflected by our increase in net equity exposure. We do so with a high degree of skepticism and reticence – and basically with one foot out the door. But, it’s an increase in net exposure nonetheless.

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

- S&P futures have taken out weekly and monthly resistance. Shift to “buy the dips” mentality now.
- NASDAQ could pause / consolidate gains – or simply break to even higher levels. Play the reward /risk.
- Crude oil pulled back and is now primed for more upside.
- Bonds look set to take off to the upside now.
- Gold set to move higher after brief pause.
- Silver ready to run towards our upside targets.
- We like Russia out of the energy-based economy plays. Here’s how we feel it will play out.

## How to Trade it:

### S&P futures take out weekly / monthly resistance – opening door to more upside. (SPY, SPXL, SH or SPXS):

S&P futures managed to close the week and month out above any conceivable bearish resistance levels this week. Add to that the fact that they successfully tested the 200-day moving average support Friday after breaking out above that level earlier in the week. That shifts our thinking from “sell the rip” to “buy the dip”. This run will come to an end in the short-term at either 3,052.13 (already tested last week) or 3,132.25 for the S&P futures. If the former holds as resistance, look for a pullback to either 2,896 or 2,806. If the latter ends up being the ceiling, look for a pullback to either 2,965 or 2,781. We’re in the camp that sees 3,132 holding and for a pullback to 2,965 to play out. We would buy S&P proxies (SPY or SPXL) at current levels on Monday with a target for selling / shorting at 3,132 on the futures. Honor stops on shorts on a close above 3,140 on the futures.



### NASDAQ futures continue to hold up technically – even as they haven’t led the broader market move higher in the last week or two. (QQQ, TQQQ, PSQ, SQQQ)

NASDAQ futures managed to close above the stop-loss trigger of 9,525 last week. They now look like they will finish up this third wave higher at either 9,649.34 or 10,083.25. We are simply identifying the three most recent higher lows as potential support for pullbacks. Those levels come in at 9,203, 8847 and 8,576. We would try shorts (given the favorable reward / risk set-up) in NASDAQ proxies (by buying PSQ or SQQQ) at 9,649.34 on the NASDAQ futures with stops honored on a daily close above 9,660 and with a downside target of 8,847.



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

Crude oil has stalled out at around \$35 and is struggling to set a new, higher floor. The daily chart here tells us that crude may be in a short-term fifth wave higher with a target (based on wave 5 roughly matching wave 1 in magnitude) of \$42.94.

We would look to get long of crude / energy proxies (buy XLE or OIH) near Friday's close with stops on a 4-hr close below \$33.55 in crude oil futures and with a target of \$42.75. We would look to get short of crude / energy proxies at \$42.94 on crude futures with stops above \$43.25 and with a target for covering at \$31.



**Bond prices appear set to move higher now. (TLT or TBT)**

US Treasury Note futures are trading in a manner that indicates they want to trade higher in the short-term. We now project that TY futures will rally up towards 144.08 – 145.20 (from 139.03 heading into the new week).

We would look to buy Treasury proxies (buy TLT) Monday with stops honored on a close in the futures below 138.55 and with an upside target for profit-taking at 144.08. We would ideally short (buy TBT) up at 145.20 on the futures with a downside target of 140.



**Gold paused / consolidate and is now trudging higher. (GLD, UGL, GLL, DUST)**

Gold still looks like it can move up to 1,809 or so before we expect that a bit more of a downside retracement might start. We are currently identifying resistance in the range of 1,809 – 1,855 and projected downside targets / support (following the test of resistance) at either 1,547 or 1,451.

We would look to sell longs in gold (sell GLD or UGL) at 1,809 in the gold futures and get short (buy GLL or DUST) at 1,855 with stops honored on a monthly close above that level. Ideally, try to cover shorts (sell GLL or DUST) at 1,547 on the gold futures.



### Silver pulled back and is now heading towards upside targets. (SLV, AGQ)

Silver futures resumed their rally late last week after pausing to consolidate gains for a few days in the previous 10 sessions. Silver's upside targets remain 19.251 – 19.62 (at a minimum). If 19.62 is taken out, look for a continued move up to 21 – 22 in the futures.

We would look to buy dips in silver proxies (buy SLV or AGQ) to 17.225 with stops on a close in the futures below 17.15 and with an upside target of 19.25. NO SHORTING OF SILVER!!!



### Russian equities may offer a nice opportunity for risk bulls. (RSX, ERUS or RUSL)

As risk assets seem to be improving – especially those with economic ties to the price of crude oil – we wanted to try to identify long-side plays in this area that may offer strong upside potential in the coming days, weeks and months. Brazil looks interesting, but Russia looks better to us. In a look at the Van Eck Vectors Russia ETF (RSX), we see – even in a bearish scenario – room to the upside all the way to \$22.63 - \$23.75 (from \$20.62 currently). We would be buyers of RSX, ERUS or RUSL on dips in RSX to \$19.97 with stops honored on a close below \$19.36 and with a profit-taking target of \$22.63.

