



# Technical Forecast

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Open ETF Trades					
Date Opened	Ticker	Market	Recent Pr.	Strategy & Update	
5/4/20 @ \$16.40	SKF	ProShares UltraShort Financials	\$11.17	Hold: Tgt \$14.50	
8/31/20 @ \$34.17	UCO	SHORT: ProShares Ultra Crude Oil ETF	\$24.95	Hold: Tgt. \$24	
9/14/20 @ \$37.73	KRE	SHORT: SPDR S&P Reg. Bank ETF	\$36.94	Hold: Tgt. \$33.28	
9/28/20 @ \$42.26	AGQ	ProShares Ultra Silver ETF	\$43.67	Hold: Tgt \$65	
<b>NEW TRADE:</b>	<b>XLU</b>	<b>LONG: SPDR AMEX Utilities ETF</b>	<b>\$60.69</b>	<b>Buy now; Tgt. \$65.44</b>	
<b>Pivot Points</b>	<b>S2</b>	<b>S1</b>	<b>Pivot Level</b>	<b>R1</b>	<b>R2</b>
Weekly	2,944	3,284.8	2965.7	3,530	3,590
Monthly	2926	3279	2766.64	3,497	3,590
<b>Closing Price</b>			<b>3,355</b>		

Risk assets sold off on Friday morning in reaction to the news that President Trump and his wife tested positive for COVID-19. The news created uncertainty short-term – and the markets obviously hate uncertainty.

However, a recovery throughout the day (except perhaps in NASDAQ stocks) gave the bulls some hope heading into the weekend. The bigger problems for risk assets could come to the fore if it becomes more clear that there will be a change in Administration following the November elections in the U.S.

Gold futures traded lower Friday – so safe-haven buying is not necessarily going on yet. Gold’s weakness also points to higher US Dollar values – which may be a result of slightly better-than-expected jobless claims and unemployment figures Thursday and Friday mornings.

In ag land, we’re seeing some pullbacks / consolidations going on after very strong upside moves. If new, higher support is established sooner than later in the various charts we follow, we should see another strong up move play out for the ag-commodity space – which would then lead to more chatter about inflation.

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

- S&P has key hurdles to clear just ahead
- NASDAQ should rally further, but Friday’s action was sketchy
- Crude breaks down on virus shutdown concerns
- Bond prices showing signs of ST weakness
- Gold should top soon and head lower
- NEW TRADE IDEA: Utilities looking like a break-out situation

## How to Trade it:

### S&P has key hurdles to clear just ahead (SPY, SPXL, SH or SPXS)

S&P futures had a volatile week, but ended up closing above projected resistance and holding up above new support (Wednesday's intraday low). Right now, it looks to us like ES futures are on their way towards the next bearish ceiling in the 3,446 – 3,462 range. A close above 3,462 would open the door to a test of the all-time highs. A failure at resistance, however, should lead to a dip to 3,091 or lower.

*We would look to get long of S&P proxies (buy SPY / SPXL or short SH / SPXS) between Friday's close and 3,291.25 with stops on a close below that level. The upside target for selling longs / getting short will be 3,446. Stops on shorts will be honored on any close above 3,462 and the target for covering shorts will be 2,925.*



### NASDAQ should rally further, but Friday's action was sketchy (QQQ, TQQQ, PSQ, SQQQ)

NQ futures sold off hard Friday but may have some upside left in the tank before our eventual downside target of 10,361 is tested. We can see NQ futures trading as high as 11,832 – 11,839 and still be in a bearish overall posture short-term.

*We would look to sell longs / get short of NASDAQ proxies (buy PSQ / SQQQ or short QQQ / TQQQ) on rallies in NASDAQ futures to 11,832 with stops on a close above 11,839 and would look to cover at 10,361.*



## Crude breaks down on virus shutdown concerns (XLE, OIH)

Crude oil futures took a turn for the worse last week as the COVID headlines – both the troubling rise in cases in Europe as well as the high-profile COVID cases in the U.S. – weighed heavily on industries and sectors that could be negatively-affected by a new round of shutdowns.

Technically, crude now appears to be destined for a test of projected Fibonacci support at \$31.77. So, the mission now is to identify where to sell rallies ahead of that drop.

*We would look to sell longs / get short of energy proxies (sell / short XLE or OIH) on a bounce to \$38 in crude futures with stops honored on a close above \$38.75 and look to cover and get long at \$31.77.*



## Bond prices showing signs of ST weakness (TLT for longs or TBT for shorts)

10-Year US Treasury Price futures are starting to show signs that they want to go down a bit before we feel they will explode higher once again. The chart here gives us two possible support levels – 138'17.5 or 137'29.0.

*We would short government bond proxies (buy TBT or short TLT) with TY futures at current levels with stops on any daily close above 139'29 in the futures and with a target for covering at 138'17.5. We would look to get long there as well (buy TLT / short TBT) with stops on a close below 137'29 and would look to take profits on longs at 142.554.*



## Gold should top soon and head lower (Long GLD / UGL; Short GLL / DUST)

Gold is in the midst of a bounce after bottoming short-term just above projected downside targets the prior week. Gold would need to conquer short-term resistance at 1,923.10 and 1,939.70 to turn the outlook for gold from ST bearish to bullish.

*We would look to sell longs in gold proxies (sell GLD / UGL) at 1,923.10 in gold futures and get short (buy GLL / DUST or short GLD / UGL) at 1,939.70 in the futures with stops on shorts on a daily close above 1,940 and with a covering target at 1,837.*



## NEW TRADE IDEA: UTILITIES LOOKING LIKE A BREAK-OUT SITUATION (Long XLU)

We like the way the Utilities sector is trading right now. XLU is the obvious choice to represent the sector in this trade. We think XLU can trade up to \$64 - \$65 pretty easily in the coming weeks and offer traders a chance to add a little taste of safety to the portfolio.





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