



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 | \$11.29 | Hold: Tgt \$14.50 | |
| 8/10/20 @ \$35.36 | SVXY | SHORT: ProShares Short VIX ETF | \$35.15 | EXIT IMMEDIATELY – not acting as it should | |
| 8/17/20 @ 102.96 | NUGT | SHORT: Direx. 2X Bull Gold Miners | \$94.56 | Hold: Tgt. \$80.10 | |
| 8/31/20 @ 34.17 | UCO | SHORT: ProShares Ultra Crude Oil ETF | \$26.02 | Hold: Tgt. \$24 | |
| STANDING TRADE: | IBB | iShares Biotechnology ETF | \$127.79 | Buy @ \$125 with tgt of \$145 | |
| NEW TRADE: | KRE | SHORT: SPDR S&P Regional Bank ETF | \$37.49 | Short here; target of \$33.28 | |
| Pivot Points | <u>S2</u> | <u>S1</u> | <u>Pivot Level</u> | <u>R1</u> | <u>R2</u> |
| Weekly | 2,944 | 3,284.8 | 2965.7 | 3,530 | 3,590 |
| Monthly | 2926 | 3279 | 2766.64 | 3,497 | 3,590 |
| Closing Price | | | 3,338.90 | | |

Risk assets were once again on edge last week. Stocks opened higher Friday but struggled throughout the rest of the day and finished with a thud – especially in the tech / NASDAQ arena. Crude oil also had a dreadful week and the risk currency pairs are all under pressure as inflationary concerns (mentioned here last week) are starting to enter the minds of investors, traders and managers.

Those inflationary concerns are just another issue – on top of potential fiscal policy changes post-election and already tumultuous economic conditions around the globe – with which the investing world has to contend.

Precious metals are holding up thus far – despite some short-term strength in the US Dollar – probably due to the old flight to safety trade being implemented.

In ag land, we are once again seeing very strong price action in multiple charts like soybeans, wheat, corn and others. If this action persists, long-term charts will change from bearish to neutral to possibly even bullish. If that occurs, you can bet the Feds will take notice and may start talking about having to raise rates – which risk markets would absolutely hate.

Here are the coverages in today's report:

- S&P correction continues for another week – with more to come
- NASDAQ nastiness catching late-to-the-party longs off guard
- Crude oil tumbles despite storms and economic improvements
- Bond prices continue general uptrend as risk assets weaken
- Gold bounces to resistance – more downside ahead
- NEW TRADE IDEA: Shorting Regional Banks as a continuation of our bearish financial thesis

How to Trade it:

S&P correction continues for another week – with more to come (SPY, SPXL, SH or SPXS)

S&P futures got hit again last week. Right now, we are sticking with the macro call for more downside. However, we now see possible support at 3,245 and 3,205.50 in the short-term. Below that, 3,091 and 2,938 would come into play. We actually feel that both of the short-term supports will be violated and that 3,091 (and possibly 2,938) will be tested.

We would look to sell / short rallies in S&P proxies (buy SH / SPXS or short SPY / SPXL) up to 3,365 on the futures with stops honored on a close above 3,425 and with a downside target of 3,091 for covering. We would look to get long of S&P proxies (buy SPY / SPXL or short SH / SPXS) on an extended dip in the futures to 2,938 with stops on a close below 2,900 and with a target of 3,800.



NASDAQ nastiness catching late-to-the-party longs off guard (QQQ, TQQQ, PSQ, SQQQ)

NASDAQ futures ran up to our short-entry trigger last Monday and faded throughout the week and into Friday's close. In the most bullish of scenarios (where this is just a mild pullback after a big run higher), NQ futures should trade down to 10,361 or so from 11,059.50 at the close on Friday.

We would cover shorts and get long (buy QQQ / TQQQ or short PSQ / SQQQ) at 10,361 on the NASDAQ futures with stops on longs on a close below 10,300 and with a target of 13,500.



Crude oil tumbles despite storms and economic improvements (XLE, OIH)

Crude oil futures have finally seen some serious selling pressure enter their marketplace. They never made it above projected resistance at \$43 - \$44 and are now working their way towards our projected targets – which we now put at \$35.82, \$30.90 or even as low as \$22.95.

We would look to sell / short energy proxies (sell / short XLE, OIH or UCO) on bounces to \$37.55 in crude futures with stops honored on a daily close above \$37.76 and would look to cover down at \$30.90. No new longs in energy for now.



Bond prices continue general uptrend as risk assets weaken (TLT for longs or TBT for shorts)

10-Year US Treasury Price futures still appear to us to be headed higher – despite the already historically low interest rates. No changes to our outlook / calls overall.

We would look to buy dips in US Treasury proxies (buy TLT or short TBT) if 10-Year Treasury Note futures dip to 138.18 with stops below that level and with a target for taking profits and getting short at 142.554.



Gold bounces to resistance – more downside ahead (Long GLD / UGL; Short GLL / DUST)

Gold futures finished higher on the week. However, we still expect more downside to play out in the yellow metal in the coming days / weeks – at least until 1,836.50 is tested and likely until 1,798.10 is tested.

We would look to sell / short gold proxies (buy GLL / DUST or short GLD / UGL) if the futures bounce to 1,963 with stops honored on a close above 1,971.50 in the futures and would look to cover shorts at 1,836.50. We would then look to get long of gold proxies (buy GLD / UGL or short GLL / DUST) if gold futures dip to 1,798.10.



NEW TRADE IDEA: Regional banks look to be headed lower – here’s how to play it (Short KRE)

We have been on the wrong side of the trade in financials via SKF (thus far). However, our thesis remains intact there (at least for a correction of the recent move) and we would like to add a different flavor to that “weak financial” trade by shorting the SPDR S&P Regional Bank ETF (KRE). Our downside target will be \$33.28 – although we will observe the action at possible support at \$35.09 to see if we need to exit there.



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