



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	\$12.03	Hold: Tgt \$14.50	
8/31/20 @ \$34.17	UCO	SHORT: ProShares Ultra Crude Oil ETF	\$28.49	Hold: Tgt. \$24	
9/14/20 @ \$37.73	KRE	SHORT: SPDR S&P Reg. Bank ETF	\$34.55	Hold: Tgt. \$33.28	
CLOSED TRADE:	SVXY	SHORT: ProShares Short VIX ETF	\$35.06	We covered SVXY at \$35.36 on 9/14/20 after shorting at that level on 8/10/20	
CLOSED TRADE:	NUGT	SHORT: Direx. 2x Bull Gold Miners		We covered the short in NUGT at \$80.10 on 9/23/20 after shorting at \$102.96 on 8/17/20	
NEW TRADE:	AGQ	LONG: ProShares Ultra Silver ETF	\$40.63	Buy near \$38.75; Tgt. \$65	
Pivot Points	S2	S1	Pivot Level	R1	R2
Weekly	2,944	3,284.8	2965.7	3,530	3,590
Monthly	2926	3279	2766.64	3,497	3,590
Closing Price			3,295.40		

Risk assets saw some relief on Friday after some pretty strong and consistent selling pressure over the last 10 days or so. The lift on Friday is likely a result of traders / managers trying to position themselves for a month-end / quarter-end rally.

Crude oil is still hovering around \$40 despite some mid-week weakness. It looks to us like there's no edge to be had by either side in crude's battle right now.

Gold and silver have been under severe pressure due to the recent strength in the US Dollar. That may continue for a little while longer as Europe seems to have a rise in COVID cases going on – moreso than in the US (right now). Silver is showing early signs of bottoming, though.

In agricultural commodity land, we are seeing short-term pullbacks in many of the recently-followed charts. However, we do believe those are short-term in nature and that more upside is around the corner in most of those cases. We may see inflation talk die down until this correction is over. But, if we are correct in our call for higher prices ahead, we should start to hear more discussion of a Fed that is likely to turn hawkish.

Here are the coverages in today's report:

- S&P hits first of several possible downside targets
- NASDAQ could bounce into quarter's end
- Crude oil holds up despite Lybia supply news
- Bond prices continue general uptrend as risk assets weaken
- Gold nearing first support
- NEW TRADE IDEA: Looking to buy into silver on re-test of last week's lows

How to Trade it:

S&P hits first of several possible downside targets (SPY, SPXL, SH or SPXS)

S&P futures fell this week – until Friday morning – testing initial support at 3,211 in the process. The chart here shows S&P futures as having what we deem as more substantial potential support at 3,186.75, 3,091 and 2,928.50. We may see some bounce action in stocks leading into the end-of-the-month / quarter timeframe. However, all of the issues plaguing the market recently remain in place.

We would look to sell S&P proxies (sell SPY / SPXL or buy SH / SPXS) on rallies in ES futures to 3,297.25 with stops honored on a daily close above 3,335.75 and with a downside target for covering at 3,091. We would only possibly look to get long (buy SPY / SPXL or sell SH / SPXS) down at 3,091 on the S&P futures – but will wait until that level is approached to make a strong bullish call.



NASDAQ could bounce into quarter's end (QQQ, TQQQ, PSQ, SQQQ)

NQ futures tested the first of two possible supports near 10,652.50 and have started to rally. They closed Friday above 11,076.75 – which opens the door to a test of 11,420.

We would look to buy NASDAQ proxies (buy QQQ / TQQQ or short PSQ / SQQQ) on dips in the NASDAQ futures to 10,947 with stops on a close below 10,921 and would look to take profits and get short (sell QQQ / TQQQ or buy PSQ / SQQQ) at 11,420. Stops on shorts should be honored on a close above 11,550 with a target of 10,361.



Crude oil holds up despite Lybia supply news (XLE, OIH)

Crude is hovering just above \$40 after a brief Libya-induced pullback. It still looks to us like crude can run to \$43.78 or higher (all other things being equal) before tumbling sharply again. The one wild card here is the resurgence of COVID-19 in Europe. If that continues and the virus cases start to spike on different continents, we could have a resumption in travel restrictions and economic shutdowns again – which would obviously be horrible for crude oil and energy sector proxies.

We'll sell / short energy proxies (sell / short XLE or OIH) when crude runs up to \$43.78 with stops honored on a close above \$44 and with a target for covering at \$40.



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

10-Year US Treasury Price futures are understandably having a tough time advancing further than they already have in recent months. It will likely take a scary exogenous event to push TY futures up to our price target. Whatever the cause may end up being, we do still believe that target is a good one.

We would buy dips in TY prices to 138.688 with stops below 138.60 and will continue to look to take profits on longs and get short at 142.554.



Gold nearing first support (Long GLD / UGL; Short GLL / DUST)

Gold still has yet to reach even our initial downside target (for covering shorts) at 1,836.50. Given the pattern that has developed, we are thinking that level will not hold and that the lower, more critical support for the bulls at 1,798.10 will be tested.

We would continue to look to cover shorts at 1,836.50 and would look to get long of gold on an extended dip to 1,798 with stops on longs below 1,795 and with an upside target of 2,100.



NEW TRADE IDEA: Looking to buy into silver on re-test of last week's lows (Long AGQ or Short ZSL)

While most keep their eyes on gold prices, we like to keep our eyes on silver futures as well. For weeks now, we have been thinking silver would trade down to \$22.38 or so and then start to rally again. Well, last week we saw our downside target met and silver has, in fact, started to rally (at least for now). We believe silver can rally back up to at least a test of the highs in coming months. So, we would like to play the long side either by buying AGQ shares or "shorting the short" by shorting ZSL shares (both ETFs are ProShares 2x representatives – AGQ is long 2x and ZSL is short 2X the underlying commodity). By "shorting the short", we are using the flawed product design of these futures-based ETFs against itself.

We would get long of silver by getting long of AGQ in non-marginable accounts or shorting ZSL in marginable accounts. Try to hold onto the positions until silver re-tests the recent highs. Honor stops, though, if silver closes below \$22.38 on a weekly closing basis.





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