



Weekly Outlook for Sept. 7 – Sept. 11 2020

Summary

U.S. markets are closed Monday, open Tuesday.

- [The S&P500 index](#) is expected to hold price under 3500 to search for an ultra-short-term bottom around 3300-3285 this week.
- [Oil](#) is expected to hold under \$42.52 to enable a further downside move.
- [GOLD](#) is expected to hold above \$1900.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up with overbought

Trade strategy: Short on bounce with protective stop

The intermediate-term outlook remains bullish. But the black candle formed last week shows a bearish outlook for the short term. The SP500 index pulled back to test 3390, last February's high, which was also the previous breakout level (green dashed line). As long as the index stays above 3350, the intermediate-term uptrend remains intact. But a failure to hold above that level could lead the index to drop to the next support at the 3200 area. This week the index may stay under 3450 — or slightly above Friday's close — for consolidation.



SHORT-TERM TREND DIRECTION: up with overbought

Trade strategy: Short on early bounce under 3515.50 with protective stoploss

The SP500 index sell-off in the last two days of the week made the short-term outlook a little bearish. But Friday's closing price tells us that the index hasn't lost all its momentum yet. The daily PMO indicator crossed below its signal line and gave out a short-term selling signal. The slow STO indicator is in neutral territory. Both suggest the index may go a little further down near the 50-dEMA line area. The 50-dEMA line has held up the last two times it was tested, and we expect it to hold this time as well. This week 3456 will be a key level. As long as it holds the ES down, 3320 could be tested once ... and hold.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	3550.00			
Meanline	3485.00	9/8/2020	****	
	3210.00			

****** see daily trading plan**

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: neutral with overbought
Trade strategy: Short on bounce under \$42.95

Oil closed above its 20-wEMA line last Friday. It is possible oil will make another attempt to break through it soon. The 50-wEMA is the intermediate-term major resistance line. The weekly PMO and slow STO indicator both have an overbought condition and indicate oil could go down further.



SHORT-TERM TREND DIRECTION: Down

Trade strategy: short an early bounce with protective stop loss

Oil finally broke down the \$41.58 to \$40.75 range, where was consolidating for the past three months. Now this range should turn into a first resistance zone for this week. As long as oil stays under it, the price should drop further to retest the \$37.50-\$35.50 zone, or go further to an unfilled gap to search for support. The daily PMO and slow STO indicators are getting oversold soon, but not extremely. A brief bounce is expected above the \$34.50 line, but the bounce may not be enough to change the short-term downtrend direction.



3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: up

Trade strategy: scalping buy on dip above \$1825 line

There was not much change in the intermediate-term outlook last week. The price remains above the intermediate-term uptrend line. But the weekly PMO indicator stopped rising and gets ready to turn around. The slow STO indicator moved away from overbought territory, and it seems likely it will continue moving to the downside. Both indicators hint the gold price could move down a little further to shakeout the weak hands.



SHORT-TERM TREND DIRECTION: Up

Trade strategy: Scalping buy around \$1905 area with protective stop loss or aggressive short on early bounce (if any) this week

Gold held the price below the broken former support zone at \$2005-\$1998 and pushed back down near its 50-dEMA line. The 50-dEMA line at the \$1909 area will be a key level for this week. A move below it could lead gold to retest the August low at \$1874.80. The PMO indicator still moves to the downside, and the slow STO indicator approaches oversold territory. \$1788.80 was the June breakout point, which is a major support level for the longer-term traders. Whether or not gold will go down to test it depends on how fast those two indicators move into oversold territory.



WEEKLY ECONOMIC REPORTS

MONDAY, Sept. 7

None scheduled Labor Day Holiday

TUESDAY, SEPT. 8

6 am	NFIB small-business index	Aug.	--	98.8
3 pm	Consumer credit	July	--	\$9 billion

WEDNESDAY, SEPT. 9

10 am	Job openings	July	--	5.9 million
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THURSDAY, SEPT. 10

8:30 am	Initial jobless claims (regular state program, SA)	Sept. 5	--	N/A
8:30 am	Initial jobless claims (total, NSA)	Sept. 5	--	N/A
8:30 am	Continuing jobless claims (regular state program)	Aug. 29	--	N/A
8:30 am	Continuing jobless claims (total, NSA)	Aug. 22	--	N/A
8:30 am	Producer price index	Aug	--	0.6%
10 am	Wholesale inventories	July	--	-1.4%

FRIDAY, SEPT. 11

8:30 am	Consumer price index	Aug.	--	0.6%
9:45 am	Core CPI	Aug.	--	0.6%
2 pm	Federal budget	Aug.	--	-\$200 billion