



Naturus

Weekly Outlook for Oct. 26 – Oct. 30 2020

Summary

- [The S&P500 index](#) is expected to stay under 3350 and go back down near its 20-dEMA line to wait for the election result next week.
- [Oil](#) is expected to continue inside its range from \$43.50 to \$36.50
- [GOLD](#) is expected to hold above the \$1885 key line and fight to move above the overhead resistance at \$1925 and move higher.

SP500 index (ES mini, and SPY):

INTERMEDIATE-TERM TREND DIRECTION: up with overbought

Trade strategy:

The S&P 500 index intermediate-term outlook remains bullish. Money still flowed into the market last week, although the week ended lower than its prior week. The potential double top pattern on the weekly chart could still be formed this week. The weekly PMO indicator has continued to move higher than the previous week, but the index still refused to move higher. The negative divergence signal continues. This week the 20-wEMA moves up to the 3300 level and becomes the first support for the intermediate term. Election Day is Nov. 3, a week tomorrow, and while the market seems to be holding its breathe now, we expect volatility to increase. Stay alert.



SHORT-TERM TREND DIRECTION: up
Trade strategy: Election is coming, standing aside.

The S&P 500 index managed to hold above its daily momentum support level last week. The Index fought against the 20-dEMA line for four days but gave up and rallied last Friday. The money remains in rotation from one sector to another, and major traders are waiting on the sidelines for the election. This week the 20-dEMA line at the 3435 level becomes a key line. Holding above it could push the price back up to the top of triangle formation. Daily PMI indicator is flat and sits near the neutral level, as does the daily slow STO indicator. Both suggest the index has a chance to hold up early in the week and retrace later this week.



Weekly Option

	Strike price	Expiration Date	Strike price	Expiration Date
	3550.00			
Meanline	3455.00	10/26/2020	****	
	3320.00			

**** see daily trading plan

2. Oil (\$WTIC, CL)

INTERMEDIATE-TERM TREND DIRECTION: neutral

Trade strategy:

There still is not much change in the intermediate-term outlook last week. Oil remains inside the same range from \$42.25 to \$39.25. The overhead resistance at the 50-wEMA line moved down a little to \$42.15 and the underlying support at the 20-wEMA line moved up a little from \$39.35 to \$39.57. Traders on both sides will continue to defend their line until one side gives up. A break below \$39.25 line could lead the price back down near \$37.50 or little lower. A break above \$42.25 could push oil up to \$43.50 or higher. The weekly PMO indicator is mute with an overbought condition and the weekly slow STO indicator is at its neutral level; both of the suggest oil will continues inside this range for a while.



SHORT-TERM TREND DIRECTION: Neutral

Trade strategy: Range trading method applies

Oil stuck between its two daily momentum moving average lines (50/200-dEMA lines) and still could go in either direction. It is congestion behaviour at this price range. The daily trading range continued to become narrower last week. After the election oil is expected to move in the opposite direction to the US\$. We may see an expansion movement soon. The daily PMO indicator turned down without giving a selling signal, and the daily slow STO indicator also moves down, which suggests there is no buying strength at the current level. But after the election the oil price will move again.



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3. GOLD (GC, GLD)

INTERMEDIATE-TERM TREND DIRECTION: Neutral

Trade strategy: scalping buy above \$1850

There was still not much change in the intermediate-term outlook last week. The 20-wEMA line continues to act as a support and held the price up well. The weekly PMO indicator continued moving on the downside with a selling signal, but the momentum weekly average line weakens the selling strength. The weekly slow STO indicator is not far from oversold territory. As soon as the election is over gold is expected to shine again.



SHORT-TERM TREND DIRECTION: Up

Trade strategy: look for the support level and scalp on the long side if you really want to trade this week. Otherwise stand aside.

Gold continued to chop around around the \$1900 level. It seems the election has a big influence on it, mainly encouraging a wait-and-see attitude among traders. The safe-haven demand helps gold hold up. The market could go sideways until the election result is known. The daily PMO indicator still went under zero line – little negative – and the daily slow STO indicator is in the neutral area. Both are giving no preference for either side.



WEEKLY ECONOMIC REPORT

Mon Oct 26	▶10:00am	USD		New Home Sales
Tue Oct 27	8:30am	USD		Core Durable Goods Orders m/m
		USD		Durable Goods Orders m/m
	9:00am	USD		HPI m/m
		USD		S&P/CS Composite-20 HPI y/y
	10:00am	USD		CB Consumer Confidence
Wed Oct 28		USD		Richmond Manufacturing Index
	8:30am	USD		Goods Trade Balance
		USD		Prelim Wholesale Inventories m/m
	6:00pm	USD		FOMC Member Kaplan Speaks
Thu Oct 29	8:30am	USD		Advance GDP q/q
		USD		Advance GDP Price Index q/q
		USD		Unemployment Claims
	10:00am	USD		Pending Home Sales m/m
Fri Oct 30	8:30am	USD		Core PCE Price Index m/m
		USD		Personal Spending m/m
		USD		Employment Cost Index q/q
		USD		Personal Income m/m
	9:45am	USD		Chicago PMI
	10:00am	USD		Revised UoM Consumer Sentiment
		USD		Revised UoM Inflation Expectations