



Weekly Outlook for Jan. 11 – Jan. 15, 2021

SP500 index (E-mini, and SPY)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: **strong and up**



ES monthly chart.

SP500 e-mini (ES) made a new all-time high again on Friday. The trend keeps going up, encouraged by ever-increasing stimulus talk.

This time the money printing could reach US \$3.8 trillion, much of which finds its way into the markets. The price to be paid – eventually, if not immediately – is likely to be higher inflation and a debased currency.

For now the long-term uptrend remains intact and the outlook is bullish. The major support zone has become more narrow and moved up a little.

The top resistance zone remains unchanged from last week.

Even in this strong Bull market the price will not go straight up. At some point it needs a short-term pullback before it moves up again. It may require several months or a year (or more) to reach the long-term upside resistance zone.

SHORT-TERM TREND DIRECTION: up

Trade strategy: Buy on pullback above 3745 level with protective stop-loss



Illustration 1: ES futures, daily candles.

The market sold off on Monday, but rallied to make new all-time highs on Friday. The price closed at high of the trading range. The price action was bullish, and volume was above average. Overall the ES looks bullish in the short term.

There is a double bottom pattern breakout with the neckline lying at the 3587 level. The short-term upside target is at the 3976 level for the pattern breakout.

This week is major month expiration week. An early pop may lead to profit taking. If there is a pull-back on Monday but the Friday low holds, we expect the rally to continue.

Weekly Option Trading

	Strike price	Expiration Date
	3885.00	
Meanline	3800.00	1/11/2021
	3750.00	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is Down,
INTERMEDIATE-TERM TREND DIRECTION: Neutral



The crude oil broke its 50-mEMA line and closed above it last Friday. It continues to hold control of the intermediate-term support level at \$44.50, which contributes a bullish sentiment to the long-term outlook. Now the overhead resistance at the \$58.85 area becomes the upside target, and \$44.50 becomes the long-term support, a move up from the previous support at the \$33.50 area. As long as oil stays above the \$47.18 line, the price will continue moving up until it reaches its overhead resistance area.

SHORT-TERM TREND DIRECTION: Up
Trade strategy: buy on pullback at around 20-dEMA line



Oil has been in an uptrend channel since it made the recent low at \$47.18. It opens the path to the upside target around the \$55 area this week. The short-term uptrend remains intact.

But the overbought condition still could lead to some retracement for a brief time.

\$51.65 is a broken long-term resistance line. Both \$51.65 and \$49 need to hold up for oil to move to a higher level.

The 20-dEMA line is a momentum support line. The short-term outlook will remain bullish as long as the price chases the market higher, and the existing support levels remain intact.

3. GOLD (GC, GLD)

LONG TERM and INTERMEDIATE-TERM TREND DIRECTION: **up**



The intermediate-term correction does not seem to be complete yet. The price returned below the intermediate-term downtrend channel, and now heads towards last month's low area for testing.

The \$1760 level will be a current support key area. As long as this line holds up, gold will go back up under the top of the downtrend channel around \$1900 area.

A break below \$1760 will be bearish and could change the bullish long-term outlook.

SHORT-TERM TREND DIRECTION: down

Trade strategy: Scalping buy above 1815 level with protective stop.



Illustration 2: Gold futures. Daily bars.

The short-term outlook for gold turned bearish last week, based on both market conditions and the effects of eternal news flow on the market.

Gold made a breakout early Monday but soon started to sell off hard in the following days. The price remains in a sloping down channel.

This week the 200-dEMA line at \$1818 area will be a key. As long as it holds the price up, buyers will try to push the market back up.

\$1880-90 becomes a first major resistance zone for gold this week.

WEEKLY ECONOMIC REPORT

MONDAY, JAN. 11

None scheduled

TUESDAY, JAN. 12

6 am	NFIB small-business index	Dec.	--	101.4
10 am	Job openings	Nov.	--	6.7 million

WEDNESDAY, JAN. 13

8:30 am	Consumer price index	Dec.	--	0.2%
8:30 am	Core CPI	Dec.	--	0.2%
2 pm	Beige Book			
2 pm	Federal budget	Dec.	--	

THURSDAY, JAN. 14

8:30 am	Initial jobless claims (regular state program)	Jan. 9	--	N/A
8:30 am	Continuing jobless claims (regular state program)	Jan. 2	--	N/A
8:30 am	Import price index	Dec.	--	0.1%

FRIDAY, JAN. 15

8:30 am	Retail sales	Dec.	--	-1.1%
8:30 am	Retail sales ex-autos	Dec.	--	-0.9%
8:30 am	Producer price index	Dec.	--	0.1%
8:30 am	Empire state index	Jan.	--	4.9
9:15 am	Industrial production	Dec.	--	0.4%
9:15 am	Capacity utilization	Dec.	--	73.3%
10 am	Consumer sentiment index (preliminary)	Jan.	--	81.4
10 am	Business inventories	Nov.	--	0.7%