



Weekly Outlook for Nov. 1 – Nov. 5, 2021

SP500 index (E-mini, and SPY)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: up



S&P 500 e-mini futures, Oct. 29, 2021. Weekly bars.

The intermediate- and long-term trend for the SP500 index remains up and bullish. Last week the index made new all-time highs and closed the month at a new high area. The outlook is bullish for the rest of the year.

The momentum buying level at the 20-wEMA line acts as a major support for the long-term uptrend movement

This week we have the non-farm payroll report on Friday. It may lead to a brief pull back, but any retracement near the 20-wEMA line (currently about 4400) should be stopped by new buyers.

The weekly PMO indicator stopped declining without generating a buy signal for the

intermediate-term. There is a negative divergence between price and indicator, and as a result we can not eliminate the risk of a future decline.

This is the only issue that could cause concern for the buying side. That divergence aside, we calculate that the overall market should be up until the U.S. Thanksgiving holiday.

ES - SHORT-TERM TREND DIRECTION: up

Trade strategy: buy on pullback around 50-dEMA at 4425 zone with protective stops



S&P500 e-mini futures Oct.29, 2021, Daily bars.

SP500 Index (SPX and ES) continued rallying last week and made an all-time high again. The price action was bullish, especially on Friday. This short-term uptrend could continue into the end of this year.

The 20- and 50-dEMA lines chased the SP500 index up; now the 20-dEMA line has reached 4492.50 and the 50-dEMA line is resting at 4442. Both will act as a first support zone for the index. Any pullback will likely be bought by new buyers.

The daily PMO indicator kept rising with a buying signal. The daily slow STO indicator is overbought but continued sitting in overbought territory. Both indicate buyers dominate this market.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4655	
Meanline	4600	11/1/2021
	4420	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is neutral

INTERMEDIATE-TERM TREND DIRECTION: Up with extremely overbought.



Crude oil futures, Oct. 29, 2021. weekly bars

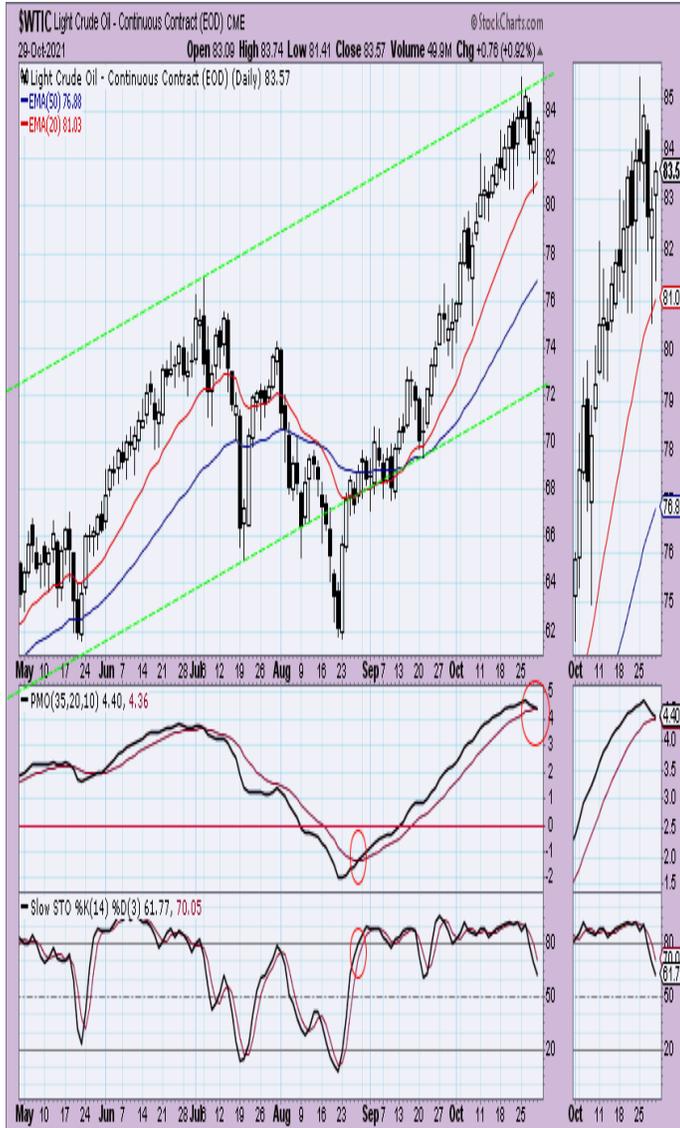
Oil has been rallying since last April. It established a bullish intermediate-term outlook at the beginning of this year. Since then the rally has continued (with occasional pauses for consolidation) until recently, when the market became extremely overbought in the short- and intermediate-term. It paused its advance last week, but the momentum remains on the buying side.

The weekly PMO indicator has a small divergence from the price and is changing direction. The weekly slow STO indicator has an extremely overbought condition. But neither is producing a strongly negative tone for the future of the oil rally.

Now the 20-wEMA line has risen near \$73.64, which will be the first major intermediate-term support. As long as oil stays above it, every small correction or pullback will be bought by new buyers.

OIL - SHORT-TERM TREND DIRECTION: still up with extremely overbought

Trade strategy: buy on pullback above \$75.00 with protective stops



Light crude futures, Oct. 29, 2021. Daily bars.

Oil's advance was rejected by the top boundary of the intermediate-term uptrend line and retraced back near the 20-dEMA line (red) for testing.

But the momentum support line managed to hold the market up for the end-of-month close.

So far the trend remains up in all time frames. However the short-term overbought condition has stalled the extremely rapid price rally for the time being.

This week oil could pullback near the 20-dEMA line around \$81 to test that support level again.

The 20-dEMA line be the first short-term support line; \$76.88 will be the second. The A-B-C short-term correction could be completed at the \$78-77 zone if \$84 continues to hold the price down this week.

But as long as oil stays above \$72 and does not close under it on a weekly basis, the short-term trend will remain up.

The daily PMO indicator is flat and continues to have an extremely overbought condition.

The daily slow STO indicator already moved away from the overbought area with a selling signal. Both suggest the short-term pullback hasn't completed yet.

3. GOLD (GC, GLD)

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



Gold futures, Oct. 29, 2021. One day bars.

Gold struggled to hold the price above its long-term momentum support line for the end of October.

The 20-month moving average line has been acting as support for the past 8 months, but the long-term downtrend line from the 2011 high near \$1900 has been holding the price down for a year.

Gold could stay inside this long-term descending triangle into the end of this year.

Now the 20/50-wEMA lines become a key zone for gold this week. As long as gold stays under it, odds will favor the downside.

The weekly PMO indicator holds under zero value line without a buying signal. The weekly slow STO indicator kept moving up while the price retraced down.

Both indicate that the buy side is not exerting strong pressure. Sellers continue to dominate gold price moves. Every strong rally attracts sellers in the following weeks.

OIL - SHORT-TERM TREND DIRECTION: Down

Trade strategy: Short on early strong bounce under \$1850 or scalping buy near \$1725 area with protective stops.



Gold futures, Oct. 29, 2021. One day bars.

Gold attempted to re-test the prior week's high last week but was rejected. Instead the price pulled back down near the 20/50-dEMA lines, and broke below them during intraday trading last Friday.

The price action was bearish. But it was the last day of the month, so it could be just normal end-of-month adjustment.

Now we want to see how gold will do this week. It could chop around the 20/50-dEMA lines to find new support or it could continue moving down until Friday's non-farm payroll report is released.

The daily PMO indicator still has an ultra-short-term buying signal above the zero value line, which seems to be getting overbought. The daily slow STO indicator gave out a selling signal and starts to move down.

Both suggest there is a strong chance for gold to move down first before it can bounce again.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, NOV. 1					
9:45 am	Markit manufacturing PMI (final)	Oct.	--		59.2
10 am	ISM manufacturing index	Oct.	--		61.1%
10 am	Construction spending	Sept.	--		0.0%
TUESDAY, NOV. 2					
10 am	Homeownership rate	Q3	--		65.4%
WEDNESDAY, NOV. 3					
8:15 am	ADP employment report	Oct.	--		568,000
9:45 am	Markit services PMI (final)	Oct.	--		58.2
10 am	ISM services index	Oct.	--		61.9%
10 am	Durable goods orders (revision)	Sept.	--		1.8%
10 am	Core capital goods orders (revision)	Sept.	--		0.6%
10 am	Factory orders (revision)	Sept.	--		1.2%
2 pm	Federal Reserve statement				
2:30 pm	Fed Chair Jerome Powell press conference				
THURSDAY, NOV. 4					
8:30 am	Initial jobless claims (regular state program)	Oct. 30	--		N/A
8:30 am	Continuing jobless claims (regular state program)	Oct. 23	--		N/A
8:30 am	International trade deficit	Sept.	--		-\$73.3 billion
8:30 am	Productivity (SAAR)	Q3	--		2.1%
8:30 am	Unit labor costs (SAAR)	Q3	--		1.3%
FRIDAY, NOV. 5					
8:30 am	Nonfarm payrolls	Oct.	--		194,000
8:30 am	Unemployment rate	Oct.	--		4.8%
8:30 am	Average hourly earnings	Oct.	--		0.6%
3 pm	Consumer credit	Sept.	--		\$14 billion