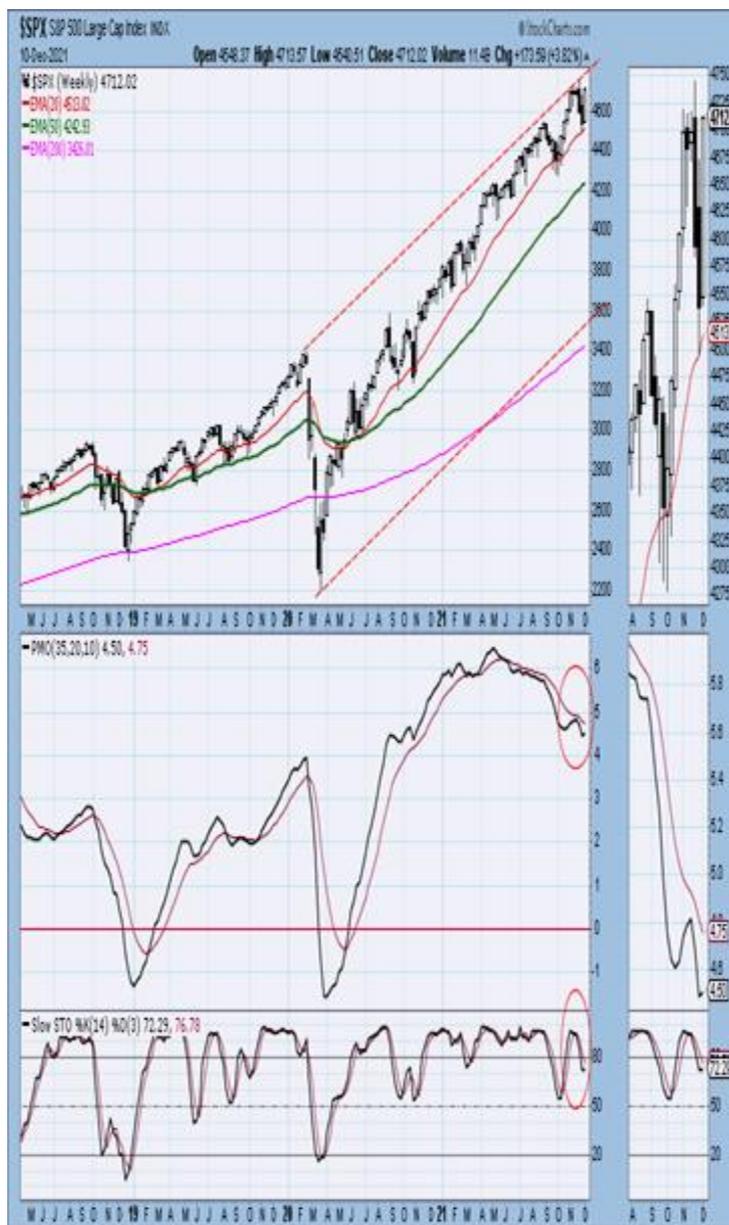




Weekly Outlook for Dec. 13 – Dec.17, 2021

SP500 index (E-mini, and SPY)

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



The 20-week moving average line has been supporting the SP500 index since the beginning of this year, but recent volatility raises questions about that support. It may hold the index up into next March; or it might weaken into Christmas.

The Friday closing price (above the 4700 level) showed that buyers still control this market

But the contract rollover last Friday and coming Monday may exaggerate the strength of the rally. A more important indication will be the price movement this week and this coming Friday.

The weekly PMO indicator slowed its decline without giving a buying signal; the weekly slow STO indicator reduced its extremely overbought condition. Both indicate the index found a short-term low at 4492. The next short-term low should be seen after Quadruple witching this week.

S&P 500 e-mini futures, Dec.10, 2021. Weekly bars.

ES - SHORT-TERM TREND DIRECTION: up

Trade strategy: short any strong bounce in early trading Monday with protective stoploss; or buy Friday's low if the market retraces to that point with protective stoploss.



S&P500 e-mini futures Dec.10, 2021, Daily bars.

SP500 Index (SPX and ES) climbed back above its 50-day EMA after a successful test of its 100-dEMA line in the previous week.

Despite a CPI high reading the Index closed above the 4700 level on Friday, which inspired the buyers. Now the 50-dEMA line will be the first major support. As long as that support holds, the market could move back up to retest November's high or higher.

A bullish inverted H&S pattern may be forming, with the 4635 area as the right shoulder's support.

The daily PMO indicator stopped declining last week, but didn't give a selling signal; the daily slow STO indicator is close to its overbought area.

Both suggest that the SP500 index could retrace back down this week.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4800	
Meanline	4700	12/13/2021
	4520	

2. Oil (\$WTIC, CL)

LONG-TERM TREND is neutral with overbought
INTERMEDIATE-TERM TREND DIRECTION: Down



Crude oil futures, Dec. 10, 2021. weekly bars

Oil successfully tested its 50-week moving average line and bounced from it last week.

This week \$73.50 will be a key resistance line. A failure to break above it will be bearish, and would likely cause oil to pull back down again.

The weekly PMO indicator remained on the downside with a selling signal and the weekly slow STO indicator still hasn't reached oversold territory yet.

Both show oil could return to the 50-wEMA line area (currently around \$67) for testing.

OIL - SHORT-TERM TREND DIRECTION: down

Trade strategy: aggressively buy on 62.50 area with protective stops or aggressively short on strong bounce under \$75.30 with protective stops



Light crude futures, Dec.10, 2021. Daily bars.

Oil has consolidated under its 20-dEMA line for the past four days.

A H&S pattern may be developing; if it is, the 20- and 50-dEMA lines might be the range for a right shoulder top which would act as a resistance zone for oil.

The daily PMO indicator shows some oversold condition last Friday, and the daily slow STO indicator has moved into the neutral area.

Both indicate that oil may go back down near its short-term bottom for testing. However if oil goes above the \$75.20 area, the risk of a drop back down near the \$62.50 area would be negated.

3. GOLD (GC, GLD)

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



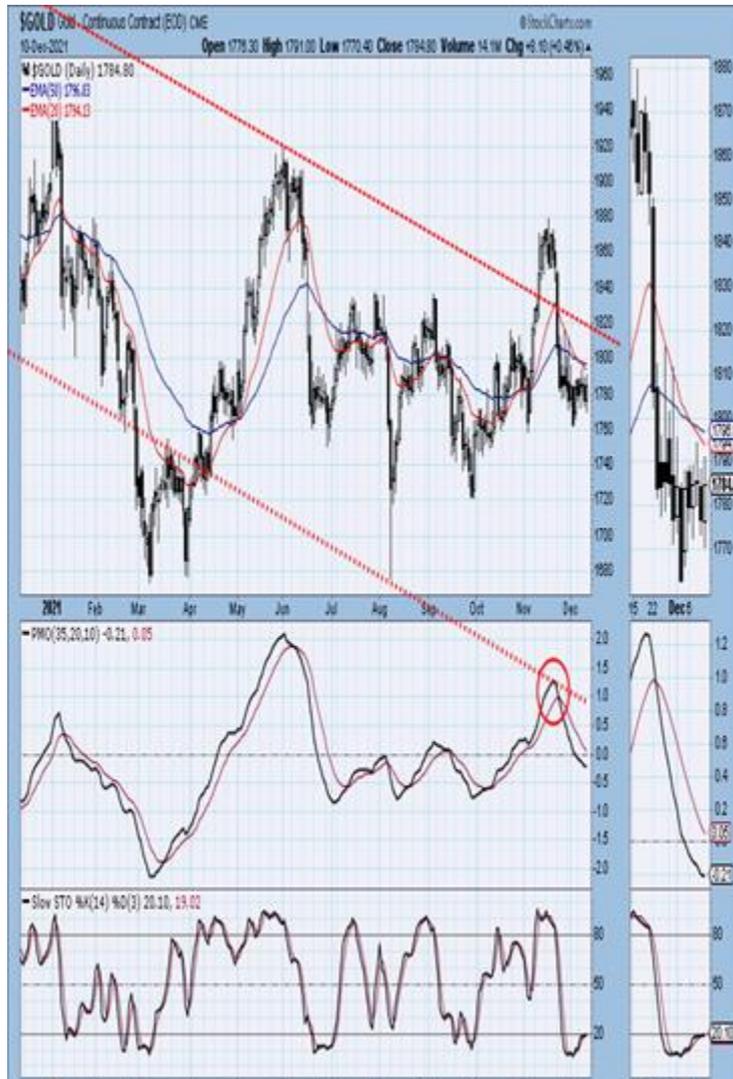
Gold futures, Dec. 10, 2021. One-week bars.

Gold pulled back under its long-term downtrend line (solid red line) in the past two weeks. It continued giving out a neutral outlook for the intermediate term. The 20- and 50-wEMA lines are flat and now overlap. They will act as a resistance zone for gold.

The long-term downtrend line regains some control and could hold gold down until Fed policy announcement day Wednesday.

The weekly PMO indicator turns neutral, and hasn't given out a selling signal yet. The weekly slow STO indicator moved into neutral area too.

Both suggest that gold could bounce after the Fed policy announcement.

SHORT-TERM TREND DIRECTION: down with oversold**Trade strategy: range breakout possible; follow the breakout direction.**

Gold futures, Dec. 10, 2021. One day bars.

Gold consolidated in the \$1800 to \$1770 range in the past five days. The market is waiting for the Fed rate announcement this week.

If there is an interest rate hike, gold could drop first, but in that case a bounce from the \$1725 level is very likely.

The long-term downtrend line at \$1815 and the two momentum lines around \$1798 all constitute a resistance zone for gold. As long as Gold stays under that zone, the \$1725 support – or lower towards \$1675 area – could be retested again.

The daily PMO indicator continued moving down with a selling signal, and the daily slow STO indicator has an extremely oversold condition.

Both suggest gold could go down further.

WEEKLY ECONOMIC REPORTS

TUESDAY, DEC. 14

6 am	NFIB small-business index	Nov.	98.4	98.2
8:30 am	Producer price index	Nov.	0.5%	0.6%

WEDNESDAY, DEC. 15

8:30 am	Retail sales	Nov.	0.9%	1.7%
8:30 am	Retail sales excluding autos	Nov.	1.0%	1.7%
8:30 am	Import price index	Nov.	0.6%	1.2%
8:30 am	Import price index excluding fuels	Nov.	--	0.4%
8:30 am	Empire State manufacturing index	Dec.	25.0	30.9
10 am	NAHB home builders' index	Dec.	84	83
10 am	Business inventories	Oct.	1.0%	0.7%
2 pm	Federal Reserve FOMC announcement			
2:30 pm	Jerome Powell press conference			

THURSDAY, DEC. 16

8:30 am	Initial jobless claims (regular state program)	Dec. 11	195,000	184,000
8:30 am	Continuing jobless claims (regular state program)	Dec. 4	--	1.99 million
8:30 am	Building permits (SAAR)	Nov.	1.67 million	1.65 million
8:30 am	Housing starts (SAAR)	Nov.	1.57 million	1.52 million
8:30 am	Philadelphia Fed manufacturing index	Dec.	30.0	39.0
9:15 am	Industrial production index	Nov.	0.6%	1.6%
9:15 am	Capacity utilization	Nov.	76.8%	76.4%
9:45 am	Markit manufacturing PMI	Dec.	58.7	58.3
9:45 am	Markit services PMI	Dec.	58.5	58.0

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