



Weekly Outlook for Dec. 20 – Dec.24, 2021

SP500 index (E-mini, and SPY)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: up



SP500 index remains bullish in the long-term and intermediate-term. But in short-term has formed a sideways range. It has been rangebound for last six weeks. The 20-week average line has been acting as a key support.

Last week, the rollover and quad-witch expiration made prompted a wide movement in both directions. This week the March contract is fully traded. The 20-wEMA line (4525) is expected to be the first support. A break below it would be bearish. The trading this week trading will be the clue for which direction the index will go next.

The weekly PMO indicator continues to decline without giving a buying signal, and the weekly slow STO indicator moved away from the extremely overbought area, but is still overbought. Both indicate the index has a chance to retest the 20-wEMA line this week.

S&P 500 e-mini futures, Dec.17, 2021. Weekly bars.

ES - SHORT-TERM TREND DIRECTION: neutral

Trade strategy: short on strong bounce in early Monday's bounce with protective stoploss



S&P500 e-mini futures Dec.17, 2021, Daily bars.

SP500 Index (SPX and ES) formed a major short-term sideways range from 4720 to 4630 with a spike high at 4745 and spike low at 4590. So far index hasn't moved outside of this range. The important follow-through movement will be this week and next week.

Now the 50-dEMA line will be a key level. It needs to hold the index up to prevent a breakdown. A break below it could trigger a range-breakout move and push the price back down to retest the December 1 low at the 4495.12 area.

The daily PMO indicator declined again on Friday and kept its selling signal, and the daily slow STO indicator is near its overbought area.

Both hint that the SP500 index could decline further.

Weekly Option Trading (ES option)

	Strike price	Expiration Date
	4725	
Meanline	4650	12/20/2021
	4450	

2. Oil (\$WTIC, CL)

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



Crude oil futures, Dec. 17, 2021. weekly bars

Oil continues to trade between the 20-wEMA and 50-wEMA lines.

This week \$73.25 will be a key resistance line for oil. A failure to break above it will likely lead to a drop back down near the 50-dEMA line area again.

The weekly PMO indicator kept declining with a selling signal and the weekly slow STO indicator is near its oversold territory, but not yet oversold.

Both show oil still has a chance to go down near the 50-wEMA line area 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 \$74.50 with protective stops



Light crude futures, Dec.17, 2021. Daily bars.

Oil formed a small bull flag on the daily chart. The price advance kept being rejected by overhead 20-day moving average line.

But the market still managed to hold above \$69.30, the prior week's low.

Now the 20- and 50-dEMA lines remain as an overhead resistance zone.

As long as oil stays under that zone every bounce could meet sellers and push back down again.

A break below \$69 could lead oil to retest \$62.50, the February contract low area.

The daily PMO indicator remains in oversold territory. It gave out a weak buying signal, but I expect this buying signal will melt soon if the price doesn't move above the 20-dEMA line.

The daily slow STO indicator has moved under the overbought area.

Both indicate that oil will not have a strong breakout to the upside.

3. GOLD (GC, GLD)

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



Gold futures, Dec. 17, 2021. One-week bars.

Gold did a shake-out move on both sides last week. At the end, the bulls were a winner in the short term. But for the long term, gold still hasn't walked out of woods yet.

The overhead long-term resistance will continue to be a key for what remains of the year.

The 20 wEMA line needs to chase the price up to encourage the buyers to stay in the boat. Otherwise the upside momentum could suddenly disappear and lead gold to drop back down again.

The weekly PMO indicator turns up and maintained its buying signal, which is good for the short term. The weekly slow STO indicator stays near neutral area.

Both hints gold could hold above the 50-wEMA line for the rest of the year.

GOLD - SHORT-TERM TREND DIRECTION: Neutral**Trade strategy: buy on dip as long as price trades above \$1790 level.**

Gold futures, Dec. 17, 2021. One day bars.

Gold broke its consolidation range last Thursday and triggered a momentum-based upside movement.

It regained control of the 20- and 50-dEMA lines and held up above it for closing. It gave a slightly bullish outlook for short-term.

Now the key line will be the overhead long-term downtrend line.

A break above it will lead gold further up to/near the \$1875-\$1900 area.

A failure to breakout, but instead moving below the \$1790 level could lead gold to fill the unfilled gaps at \$1774.30 or \$1764.50.

Daily PMO indicator stopped declining in the past two days, but still hasn't given out a buying signal. The daily slow STO indicator is moving away from its oversold territory, and heading up.

Both hints gold could go up further.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, DEC. 20					
10 am	Leading economic indicators	Nov.	0.9%		0.9%
TUESDAY, DEC. 21					
8:30 am	Current account deficit	Q3	-\$205.0 billion		-\$190.3 billion
WEDNESDAY, DEC. 22					
8:30 am	Gross domestic product revision (SAAR)	Q3	2.1%		2.1%
8:30 am	Gross domestic income revision (SAAR)	Q3	--		6.7%
10 am	Consumer confidence index	Dec.	110.6		109.5
10 am	Existing home sales (SAAR)	Dec.	6.50 million		6.34 million
THURSDAY, DEC. 23					
8:30 am	Initial jobless claims (regular state program)	Dec. 18	188,000		206,000
8:30 am	Continuing jobless claims (regular state program)	Dec. 11	--		1.85 million
8:30 am	Nominal personal income	Nov.	0.5%		0.5%
8:30 am	Nominal consumer spending	Nov.	0.6%		1.3%
8:30 am	Core inflation (monthly)	Nov.	0.4%		0.4%
8:30 am	Core inflation (year-over-year)	Nov.	5.0%		4.1%
8:30 am	Real disposable income	Nov.	--		-0.3%
8:30 am	Real consumer spending	Nov.	--		0.7%
8:30 am	PCE inflation (year-over-year)	Nov.	--		5.0%
8:30 am	Durable goods orders	Nov.	1.6%		-0.4%
8:30 am	Core capital goods orders	Nov.	-		0.7%
10 am	New home sales (SAAR)	Nov.	770,000		745,000
10 am	UMich consumer sentiment index (final)	Dec.	70.4		70.4
10 am	Five-year inflation expectations (final)	Dec.	--		3.0%

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