



Weekly Outlook for Jan. 10 – Jan. 14, 2022

SP500 index (E-mini, and MES)

LONG-TERM and INTERMEDIATE-TERM TREND DIRECTION: up



S&P 500 e-mini futures, Jan 7, 2022. Weekly bars.

SP500 index lost ground in the first week of the year after it made new all-times highs, but the pull-back has not done any long-term damage yet.

The Nasdaq performance is substantially weaker than the Dow and the SP500, but none of the three markets is oversold. There is still room on the downside.

Now 4650 will be a key level for the short- and intermediate-term. A break below it could trigger heavy short-term selling and pause the intermediate-term uptrend.

The weekly PMO indicator continued declining last week. And the weekly slow STO indicator had lower highs in extremely overbought territory.

Both indicate the 4710 to 4650 zone will be a current consolidation range. A break below this zone could lead the index down toward 4550-4500.

ES - SHORT-TERM TREND DIRECTION: Up

Trade strategy: short on strong bounce under 4716 level with protective stoploss.



S&P500 e-mini futures Jan 7, 2022, Daily bars.

SP500 Index (SPX and ES) made a new all-time high first then retraced into the middle of the prior Christmas week breakout level at 4688.75 for testing. Later it closed below that level. It lost 1.9% on first week of trading.

So far the index has made an ultra-short-term correction. A majority of market participants still expect the index will hold the price above the 50-dEMA support level.

However the percentage of the S&P stocks trading below their 20- or 50-day EMA is increasing, which means the internal upside strength is deteriorating.

The daily PMO indicator gave a selling signal last week, and the daily slow STO indicator hasn't moved into oversold territory yet.

Both hints that the SP500 index could continue going lower after it has a brief bounce this week.

2. Oil (CL, QM and MCL)

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



Oil is the only market to benefit from a possible future rate hike so far. It managed to hold the price above the 20-wEMA and closed above prior week's high.

It could go back up to last year's high at \$85.41 this month, and move even higher in the intermediate- and long-term.

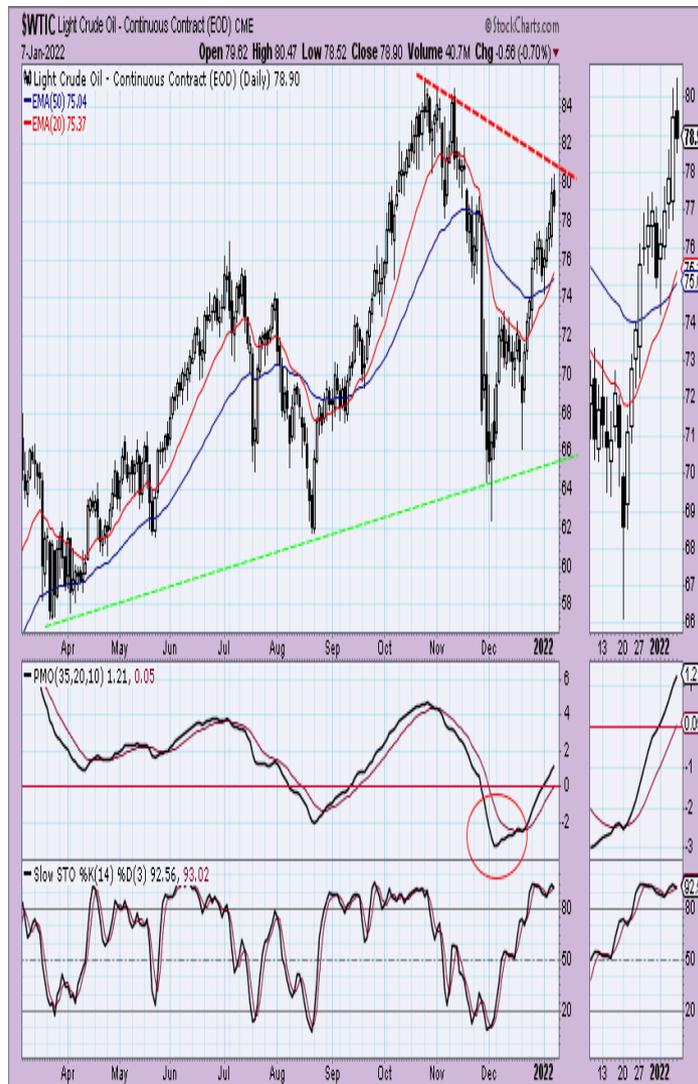
So long as oil stays above the 20-wEMA line, and keeps chasing the price as it moves up, the outlook for the intermediate- and long-term will remain bullish.

The weekly PMO indicator stopped declining and gets ready to turn up. The weekly slow STO indicator moved into neutral level. Both show oil could continue to rally.

Crude oil futures, Jan. 7, 2022. weekly bars

OIL - SHORT-TERM TREND DIRECTION: Up

Trade strategy: buy on dip above \$73.50 with protective stops



Light crude futures, Jan 7, 2022. Daily bars.

Oil is trying to move up to fill the unfilled gap at \$80.75 created on Nov. 17, 2021. But it missed by a few cents.

This unfilled gap will be a key resistance line for the short term. As long as it remains unfilled, oil could retrace to the 20-dEMA line area to build support and rally again from there. The short-term trend is up. Buying on dips may be seen if the price pulls back.

The daily PMO indicator kept moving up with a buying signal, and the daily slow STO is overbought. A brief pullback should be expected. But oil will rally again.

3. GOLD (GC and MGC)

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



Gold chopped around its 50-wEMA line. It couldn't break out in either direction, to the upside or downside. The intermediate-term outlook remains neutral.

This sideways lack-of-energy movement could last until the Fedruary FOMC announcement.

The weekly PMO indicator stopped rising and tries to turn down.

The weekly slow STO is near the neutral area.

Both suggest that a directionless sideways movement is likely to continue for now.

Gold futures, Jan 7, 2022. One week bars.

GOLD - SHORT-TERM TREND DIRECTION: Down

Trade strategy: buy on dip as long as price trades above \$1762.50 level with protective stops.



Gold futures, Jan. 7, 2022. One day bars.

The Gold rally before the New Year was on low volume, and last week Gold returned to the prior holiday trading level around the \$1780 area.

The next significant price level is around \$1764.50, where there was an unfilled gap which closed – but not convincingly – on Dec. 15, 2021. It remains to be seen if the somewhat-filled gap can stop a further decline.

The market could also bounce from the \$1764.50 area this week as the previous shorts take profits, especially if gold goes low first in the earlier days of the week.

However if the market falls below \$1762.59, the price could slip into the \$1750 area.

Daily PMO indicator has lower highs without giving a selling signal yet, and the daily slow STO indicator continues declining from overbought territory.

Both suggest gold could go down further before the price bounces.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, JAN. 10					
10 am	Wholesale inventories (revision)	Nov.	--		1.5%
TUESDAY, JAN. 11					
6 am	NFIB small-business index	Dec.	--		98.4
WEDNESDAY, JAN. 12					
8:30 am	Consumer price index	Dec.	--		0.8%
8:30 am	Core CPI	Dec.	--		0.5%
2 pm	Federal budget	Dec.			-\$144 billion
2 pm	Beige book				
THURSDAY, JAN. 13					
8:30 am	Initial jobless claims (regular state program)	Jan. 8	--		n/a
8:30 am	Continuing jobless claims (regular state program)	Jan. 1	--		n/a
8:30 am	Producer price index	Dec.	--		0.8%
FRIDAY, JAN. 14					
8:30 am	Retail sales	Dec.	--		0.3%
8:30 am	Retail sales excluding autos	Dec.	--		0.3%
8:30 am	Import price index	Dec.	--		0.7%
9:15 am	Industrial production	Dec.	--		0.5%
9:15 am	Capacity utilization	Dec.	--		76.8%
10 am	UMich consumer sentiment index (preliminary)	Jan.	--		70.6
10 am	Business inventories	Dec.	--		1.2%

News from U.S. Economic Calendar - MarketWatch

Option trading levels

These are weekly trading levels for options on futures contracts for oil, gold and the ES. Use them with caution because they will change during the week as trading develops. Natus members see live updates in real time in her trade room. Before buying or selling options read the [Options Disclosure Document](#).

ES

1. S&P500 (ES mini)

PREVIOUS WEEK (ESH22 and MESH22)

Open	High	Low	Closing
4771.00	4808.25	4653.75	4667.75

	Weekly
2 nd Short level	4820.50
1 st Short level	4780.00
Key # (control line)	4652.50 – 4715.50
1 st Buy level	4595.00
2 nd Buy level	4515.00

OPTION Trading (EW2 for ESH22 contract and EX2 for MESH22 contract)

	Strike price	Expiration Date
Resistance	4825	
Meanline	4650	1/14/2022
Support	4500	

OIL

PREVIOUS WEEK (CLG22 and MCLG22)

Open	High	Low	Closing
75.69	80.47	74.27	78.90

WEEKLY INFLECTION POINTS

	Weekly
2 nd Short level	85.20
1 st Short level	83.75
Key # (control line)	80.50
1 st Buy level	74.10
2 nd Buy level	72.50

OPTION Trading (LO for CLG22)

	Strike price	Expiration Date
Resistance	86.00	
Meanline	80.50	1/14/2022
Support	69.50	

GOLD

PREVIOUS WEEK (GCG22, MGCG22)

Open	High	Low	Closing
1830.1	1833	1781.3	1797.4

INFLECTION POINTS

	Weekly
2 nd Short level	1885.00
1 st Short level	1835.00
Key # (control line)	1800.50
1 st Buy level	1750.00
2 nd Buy level	1738.00

OPTION Trading (OG2 for GCG22 contract)

	Strike price	Expiration Date
Resistance	1895.00	
Meanline	1800.00	1/14/2022
Support	1740.00	