



Weekly Outlook for Sept. 19 – Sept. 23, 2022

SP500 index (E-mini, and SPY)

LONG-TERM TREND is **Up**
The INTERMEDIATE-TERM TREND: **Down**



S&P 500 e-mini futures, Sept. 16, 2022. Weekly chart.

The S&P 500 index was rejected by the 20-wEMA line last week and is getting ready to head toward or below the 200-wEMA line at the 3685 area.

Volatility was high due to the quadruple witching expiration on Friday and could remain high into this week.

The FOMC meeting starts Tuesday and the rate policy announcement will be on Wednesday, followed by the Fed Chair’s news conference. Lots of uncertainty will likely lead to a continuation of the bear market.

On the weekly chart the heavy selling produced a big black bearish engulfing candle, which clearly points toward

the next downside target.

The 200-wEMA at the 3685 area will be the first intermediate-term support level; the second support will be the low of the downtrend channel around 3400. The 20-wEMA line around 4070 should be the first major resistance. Any bounce near it would likely attract sellers.

The weekly PMO indicator turned down, but still refused to give a selling signal. It is in a negative area, continuing to show weakness. The weekly slow STO indicator moves into the neutral area. Both suggest the index could see a minor bounce.

ES - SHORT-TERM TREND DIRECTION: Down with oversold

Trade strategy: Short under 4080 area or buy above 3680 level with protective stops



S&P500 e-mini futures Sept 16. 2022, Daily chart.

into oversold territory. Both suggest the index is weak, and could stay low even there is a minor bounce under the 3985 line.

The SP500 Index went totally in the opposite direction from the prior week. The selling strength was double the previous week’s buying strength.

This kind of behavior is happening more often and we should get used it. Cautious moves up and strong moves down is a typical price pattern in bear markets.

We saw a third gap down on Friday, but it is unclear if this is an exhaustion gap or a continuation gap. The next three days should let us know.

If it is a continuation gap it should remain open until we see the summer low around the 3650 area.

The daily PMO resumed its decline and went below its negative area. The daily slow STO indicator also moved back

2. Oil (\$WTIC, CL)

LONG-TERM TREND is **Up**

INTERMEDIATE-TERM TREND DIRECTION: **Down with oversold**



Oil kept fighting the low of uptrend channel (green line). It broke below it once in the prior week, and tried to do it again last week. Due to the contract rollover, oil closed right on the up-trend line.

This week we may see a breakdown movement if oil fails to move the price above \$92. If there is a move below last week's low \$81.23, it would likely lead to a sell-off down into the next support line near the \$75 area (blue line).

The weekly PMO indicator keeps declining with a selling signal. The weekly slow STO indicator remains in extremely oversold condition. Both hint that a brief bounce could be seen after oil moves near the \$75 area.

Crude oil futures, Sept. 16, 2022. weekly chart

OIL - SHORT-TERM TREND DIRECTION: Down

Trade strategy: scalping short under \$94.50 area



Light crude futures, Sept. 16, 2022. Daily chart.

Oil had an early bounce but was turned back by the 20-dEMA (\$89.50) before the close Friday.

Now the (dotted red) downtrend line and the (dotted green) longer-term support line form a narrow-range triangle pattern. Oil needs to break this pattern to begin either an upside or downtrend move.

External conditions may hold oil above last week's low (~\$80) this week. But overall the short-term trend is down, and any bounce may not be as big as expected.

The daily PMO indicator stayed under negative area and gave a minor selling signal last week. The daily slow STO indicator is weak, but not oversold yet. Any bounce this week may still not last very long.

3. GOLD (GC, GLD)

LONG TERM: **neutral**

INTERMEDIATE-TERM TREND DIRECTION: **down with oversold**



Gold futures, Sept. 16, 2022. Weekly chart.

Gold broke below its 200-wEMA line and closed under it last Friday, a bearish signal. It reacted negatively to the CPI report.

The price was pushed down near \$1660. It confirmed a double top pattern for the intermediate term. The neckline of that pattern was lying at \$1670, below Friday's closing area.

This line will be a key for this week. A move below \$1660 could trigger pattern breakdown movement and lead the price towards the \$1550-\$1500 zone. The 20- and 50-wEMA lines at \$1785-\$1812 zone will be the current resistance zone.

The weekly PMO indicator kept declining with its selling signal. The weekly slow STO indicators moved near the oversold area. Both suggest that gold is weak in its intermediate term. It could stay low until the FOMC announcement before it can have a decent bounce.

GOLD - SHORT-TERM TREND DIRECTION: Down

Trade strategy: aggressive scalping buy on dip around \$1660 area with protective stop



Gold futures, Sept.16, 2022. Daily chart

Gold attempted to break the neckline of the double top pattern last Friday, but still closed above it. This week the FOMC announcement will be very important for gold. If the Fed hikes rates by 1%, gold could drop further down. If not, last week's low area may hold up for a minor bounce.

The overhead resistance will be the 20- and 50-dEMA lines. A break below last week's low could trigger further selling. In that case the first major support is lying around the \$1550 area.

The daily PMO indicator has a divergence between price and indicator, and is also showing a higher low pattern. The daily slow STO indicator moved back down near its oversold territory again. Both indicate gold is weak; any brief bounce will not last very long.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, SEPT. 19					
10 am	NAHB home builders' index	Sept.	--		49
TUESDAY, SEPT. 20					
8:30 am	Building permits (SAAR)	Aug.	--		1.69 million
8:30 am	Housing starts (SAAR)	Aug.	--		1.45 million
WEDNESDAY, SEPT. 21					
10 am	Existing home sales (SAAR)	Aug.	--		4.81 million
2 pm	Federal Reserve statement		--		2.25-2.50%
2:30 pm	Fed Chair Jerome Powell news conference				
THURSDAY, SEPT. 22					
8:30 am	Initial jobless claims	Sept. 17	--		N/A
8:30 am	Continuing jobless claims	Sept. 10	--		N/A
8:30 am	Current account deficit (% of GDP)	Q2	--		-4.8%
10 am	Leading economic indicators	Aug.	--		-0.4%
FRIDAY, SEPT. 23					
9:45 am	S&P U.S. manufacturing PMI (flash)	Sept.	--		51.5
9:45 am	S&P U.S. services PMI (flash)	Sept.	--		43.7

WEEKLY OPTION PRICES LEVELS

S&P500 (ES mini)

PREVIOUS WEEK (ESZ22 and MESZ22)

Open	High	Low	Closing
4096	4175	3853	3890.5

	Weekly
2 nd Short area	4128.50
1 st Short area	4085.00
Key # (control line)	3950.00
1 st Buy area	3828.50
2 nd Buy area	3685.00

OPTION Trading (EW4 for ESU22 contract and EX4 for MESU22 contract)

	Strike price	Expiration Date
Resistance	4125	
Meanline	3950	9/23/2022
Support	3650	

OIL (CL, \$WTIC)

PREVIOUS WEEK (CLX22 and MCLX22)

Open	High	Low	Closing
86.25	90.19	83.86	84.76

	Weekly
2 nd Short area	95.50
1 st Short area	92.15
Key # (control line)	85.50
1 st Buy area	81.25
2 nd Buy area	76.50

OPTION Trading (LO4 for CLX22)

	Strike price	Expiration Date
Resistance	95.5	
Meanline	89.5	9/23/2022
Support	72.5	

GOLD (GC, MGC)**PREVIOUS WEEK (GCZ22, MGCZ22)**

Open	High	Low	Closing
1728.4	1745	1661.9	1683.5

	Weekly
2 nd Short area	1745.50
1 st Short area	1718.80
Key # (control line)	1685.00
1 st Buy area	1650.00
2 nd Buy area	1623.20

OPTION Trading (OG4 for GCV22 contract)

	Strike price	Expiration Date
Resistance	1755	
Meanline	1685	9/23/2022
Support	1620	