



Weekly Outlook for Nov. 21 – Nov.25, 2022

Thanksgiving Holiday in U.S.

SP500 index (E-mini, and SPY)

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



S&P 500 e-mini futures, Nov.18 2022. Weekly chart.

The S&P 500 index rally stalled under the 4050 line last week, despite lower-than-expected increases in inflation as measured by the CPI and PPI reports. The stock market remains under the pressure of a potential recession.

Most key sectors remain weak; Consumer staples, Utilities and Healthcare acted as leaders, showing money flows into the defensive sectors.

This week may see the last rally for this year. After Thanksgiving the trading volume is expected to fall as the Christmas holidays approach.

For the intermediate term, 3900 level may end up controlling movement in both directions and traders will watch price movement across this level carefully for some

indication of the next directional move. 3700 will be a key support area and 4150 will be a key resistance area. It may be possible for the market to stay inside this range into the end of year.

The weekly PMO indicator still holds its intermediate-term buying signal. The weekly slow STO indicator is near neutral area. Both hint that the index could have a shakeout move from the 4050 to 3900 range.

ES - SHORT-TERM TREND DIRECTION: down

Trade strategy: aggressive short under 4150 line with protective stops.



S&P500 e-mini futures Nov.18 2022, Daily chart.

SP500 Index had a further bounce Friday to fill Thursday’s gap, but the price remained under 3980 for closing on Friday. The SP500 index still trades below its 200-day moving average line and below a major downtrend line drawn from its 2022 highs.

November is usually a positive month for the stock market, but the current lagging price action may disrupt the normal pattern and turn this November negative.

This will be a very short trading week due to the Thanksgiving holiday on Thursday and restricted hours on Friday.

We may see the index to move up to test last week’s high round the 4025-4050 area, but we are close to a short-term top and we expect to see the winners taking profits soon.

The daily PMO kept rising by holding its buying signal. The daily slow STO indicator already had an overbought condition and is turning down. Both indicate that the index could be making a short-term top at or near the 4050 area.

2. Oil (\$WTIC, CL)

LONG-TERM TREND is **Up**

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



Oil has fallen roughly 10% in the last few weeks and settled into a choppy consolidation range about \$92-\$93 to \$78.

Last week the 20-wEMA line crossed down below the 50-wEMA by a small amount and gave a minor selling signal for the intermediate term.

Now \$90.50 turns into the first key resistance area for the short term.

On the downside, a break below \$75 will be very bearish. However if oil can manage to hold above \$75, the price could stay inside the \$90.50 to \$75 range into the end of this week.

The weekly PMO indicator moves near the neutral line by holding its intermediate-term selling signal. The weekly slow STO indicator also gave out a selling signal last week. Both hint that oil is weak, and could be weaker still for a while.

Crude oil futures, Nov. 18 2022. weekly chart

OIL - SHORT-TERM TREND DIRECTION: down**Trade strategy: aggressive short on bounce under \$91 with protective stop.**

Light crude futures, Nov. 18, 2022. Daily chart.

Oil attempted to retest September's low at \$76.42 but missed by \$1.17 last Friday.

We expect the \$76.42 low will hold up for a while, especially the first time it is revisited.

On the upside, \$90.85 will be a key resistance for the short-term, with two weaker resistance levels lying below it at \$86.15 and \$87.25.

Those resistance lines may well reject any rally to prevent the market from advancing into a double top pattern.

On the downside, any move under \$75 will be bearish. A further decline to/near the \$68-\$65 zone should then be expected.

The daily PMO indicator gave a selling signal last week. The daily slow STO indicator moves into oversold territory area. Both hint oil was weak during last week's rollover to a new front contract, but suggest a price bounce this week.

3. GOLD (GC, GLD)

LONG TERM: **neutral**

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



Gold futures, Nov. 18, 2022. Weekly chart.

Gold failed last week to pass a major overhead downtrend drawn from the 2022 high (red lines). The price dropped back below the 50-wEMA line and closed under it last Friday, which indicates a short-term high is in at the current stage. The pull back may continue further.

The \$1730 area will be a key for this week. A move under it could lead gold to revisit \$1700.

The weekly PMO indicator remains in oversold territory. And weekly slow STO indicators are near neutral territory. Both hint gold could have a consolidation move inside the range from \$1775 to \$1700 this week.

GOLD - SHORT-TERM TREND DIRECTION: Up

Trade strategy: aggressive short around \$1775 area with protective stop



Gold futures, Nov. 18, 2022. Daily chart

After a significant rally Gold started doing its back-fill last week. It could continue to pull back near its 20/50-dEMA lines at the \$1719.70 to \$1707.50 zone for testing. But so long as gold stays above \$1700 it could bounce back again after it completes this back-fill movement.

Gold has already broken above the major short-term downtrend channel (dashed red line). That broken downtrend line below the current price needs to help hold gold up this month.

The daily PMO indicator still maintains its buying signal. The daily slow STO indicator pulled back down a little, but remains in overbought area. Both hint gold can continue this pullback to retest the \$1720 area before it moves back up again.

WEEKLY ECONOMIC REPORT

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, NOV. 21					
8:30 am	Chicago Fed national activity index	Oct.	--		0.10
TUESDAY, NOV. 22					
	None scheduled				
WEDNESDAY, NOV. 23					
8:30 am	Durable goods orders	Oct.	0.4%		0.4%
8:30 am	Core capital equipment orders	Oct.	--		-0.5%
8:30 am	Initial jobless claims	Nov. 19	225,000		222,000
8:30 am	Continuing jobless claims	Nov. 12	--		1.51 million
9:45 am	S&P U.S. manufacturing PMI (flash)	Nov	50.0		50.4
9:45 am	S&P U.S. services PMI (flash)	Nov	48.0		47.8
10 am	UMich consumer sentiment index (final)	Nov.	55.1		54.7
10 am	UMich 5-year inflation expectations (final)	Nov.	--		3.0%
10 am	New home sales (SAAR)	Oct.	572,000		603,000
2 pm	FOMC minutes				
THURSDAY, NOV. 24					
	Thanksgiving Day holiday. None scheduled.				

WEEKLY OPTION LEVELS

S&P500 (ES mini)

PREVIOUS WEEK (ESZ22 and MESZ22)

Open	High	Low	Closing
3984.00	4050.75	3912.50	3974.00

	Weekly
2 nd Short area	4125.50
1 st Short area	4085.00
Key # (control line)	3912.50
1 st Buy area	3825.50
2 nd Buy area	3755.50

OPTION Trading (EW4 for ESZ22 contract and EX4 for MESZ22 contract)

	Strike price	Expiration Date
Resistance	4185.5	
Meanline	3900	11/25/2022
Support	3755	

OIL (CL, \$WTIC) (time from 6pm Globex market open to following day 2:30pm est.)

PREVIOUS WEEK (CLF23 and MCLF23)

Open	High	Low	Closing
89.02	89.84	77.59	80.08

	Weekly
2 nd Short area	90.85
1 st Short area	87.25
Key # (control line)	80.50
1 st Buy area	75.00
2 nd Buy area	68.50

OPTION Trading (LO4 for CLF23)

	Strike price	Expiration Date
Resistance	92.5	
Meanline	80.5	11/25/2022
Support	68.5	

GOLD (GC, MGC)

PREVIOUS WEEK (GCZ22, MGCZ22)

Open	High	Low	Closing
1769.4	1791.8	1750.5	1754.4

	Weekly
2 nd Short area	1835.50
1 st Short area	1825.50
Key # (control line)	1750.00
1 st Buy area	1705.50
2 nd Buy area	1675.00

OPTION Trading (OG4 for GCZ22 contract)

	Strike price	Expiration Date
Resistance	1835	
Meanline	1750	11/25/2022
Support	1700	