



Weekly Outlook for Jan 16 – Jan 20, 2023

SP500 index (E-mini)

Note: U.S. markets closed Monday day session.

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



S&P 500 e-mini futures, Jan. 13, 2023. Weekly chart.

The S&P 500 index managed to regain control of the 20-wEMA line at 3918 last week and pushed the price up to just under the 50-wEMA line for closing. The price movement for the first full week of January was positive, and hints – it is only a hint – that 2023 could be a better year than 2022.

Now the index needs to challenge the major overhead resistance area at 4015. A subsequent move above 4045 could end the current intermediate-term down trend.

If that upside challenge fails, and instead the market drops below 3900, we could see a retest of last December's low area.

However we are expecting the support around 3853 in the Index (~3895 in the ES) will hold up this week.

The weekly PMO indicator is rising, but still under the zero line, which is not too bullish for the intermediate term. The weekly slow STO indicator has lower highs. For the Bulls, both indicators need to rise up to support a breakout movement.

SPX - SHORT-TERM TREND DIRECTION: Up

Trade strategy: aggressive buy on dip above 3915 level with protective stops



S&P500 e-mini futures Jan.13, 2023, Daily chart.

The SP500 Index had a breakaway gap last Wednesday after the CPI report show less inflation than expected. The Street wants to believe the Fed will hike only 25 basis points on February 1, and that that will be the last rate hike.

The index found support above 3800 and is now testing the 200-dEMA line, as well as the 4000 area.

Due to the market holiday on Monday, the 4000 line will be a key for the index on Tuesday. If the index fails to break above last Friday's high, the price could return to last Wednesday's unfilled gap area (~3920-30) for testing, or to fill in the 3920 gap.

3895 will be the first major support. As long as the index stays above it, the odds will favor a push back up.

The daily PMO gave out a short-term buying signal at its neutral line area. The daily slow STO indicator is overbought, but could get more overbought in the short term. This week has the main January option expiring on Jan. 20. The Index could have a narrow daily trading range into the end of Friday.

2. Oil (\$WTIC, CL)

LONG-TERM TREND is Down
INTERMEDIATE-TERM TREND DIRECTION: Down



Crude oil futures, Jan.13, 2023 weekly chart

Oil bounced last week, thanks in part to a declining US dollar. But the price still is inside its previous declining candle, so we do not have confirmation that oil is ending its intermediate-term downtrend.

The outlook remains bearish at the current stage, unless the price moves above \$87.50. So long as oil stays under \$85, a potential double top pattern with multiple shoulders could be intact.

The neckline of that potential pattern at the \$70.25 area is important support for this week. A break below it will be quite bearish.

The overhead resistance line is lying around the \$83 area. The current yearly and monthly pivot around \$80.60 area will control upside movement.

The weekly PMO indicator didn't give any buy signal yet.

The weekly slow STO indicator is also weak. Both hint that last week's bounce could be only a minor event.

OIL - SHORT-TERM TREND DIRECTION: down

Trade strategy: aggressive short on bounce under \$87 with protective stop



Light crude futures, Jan. 13, 2023. Daily chart.

Oil had a nice short-term bounce last week. It managed to hold the price above last month's low and regained control of the 20/50-dEMA line support.

Now the 50-dEMA line will be a key for this week. As long as it holds the price up, the buyers could push the price back up near the 200-dEMA line for testing.

The daily PMO indicator continued moving up with a buying signal. The daily slow STO indicator moved back above 50, which shows some buying strength in the short term. Both hint oil could have a continuation bounce this week.

3. GOLD (GC, GLD)

LONG TERM: **Neutral**

INTERMEDIATE-TERM TREND DIRECTION: **up**



Gold futures, Jan. 13, 2023. Weekly chart.

Gold had a continuation high week. It broke last June’s high and closed above it. The price range was narrow, but buyers kept holding the price up strongly. The \$1895 upside target remains intact for the intermediate term.

The current support will continue around the \$1840-\$1820 zone. If the 20-wEMA momentum line crosses above the 50-wEMA line and chases the price up this week, there will be even more fuel on the upside.

The weekly PMO indicator rose sharply with a buying signal. The weekly slow STO indicators stayed in overbought territory. Both hint gold could hold its support level until next week.

GOLD - SHORT-TERM TREND DIRECTION: Up with overbought

Trade strategy: aggressive short under \$1895 or buy on pullback above \$1835 with protective stop



Gold futures, Jan. 13, 2023. Daily chart

Gold managed to hold the price above \$1875 and closed above it on Friday. The price action the last two days was bullish.

This week we expect gold to continue moving up first before it pulls back down.

On the downside, the \$1840-\$1850 zone will be a major support zone.

On the upside, the overhead short-term resistance near \$1895-\$1920 should be quite strong.

If gold pulls back early this week, it could move back up again after it retests the \$1875 support line.

The daily PMO indicator is overbought in the short term, but still attempts to hold up with a buy signal. The daily slow STO indicator moves into the overbought area. Both hint gold is strong and could stay strong for while.

WEEKLY ECONOMIC REPORT

MONDAY, JAN. 16

None scheduled. Martin Luther King Jr. Day

TUESDAY, JAN. 17

8:30 am	Empire state manufacturing index	Jan.	-7.0	-11.2
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WEDNESDAY, JAN. 18

8:30 am	Retail sales	Dec.	-1.0%	-0.6%
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8:30 am	Retail sales ex motor vehicles	Dec.	-0.4%	-0.2%
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8:30 am	Producer price index, final demand	Dec.	-0.1%	0.3%
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9:15 am	Industrial production	Dec.	-0.1%	-0.2%
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9:15 am	Capacity utilization	Dec.	79.6%	79.7%
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10 am	NAHB home builders' index	Jan.	30	31
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10 am	Business inventories (revision)	Nov.	0.4%	0.4%
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2 pm	Beige Book			
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THURSDAY, JAN. 19

8:30 am	Initial jobless claims	Jan. 14	220,000	205,000
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8:30 am	Continuing jobless claims	Jan. 7	--	1.63 million
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8:30 am	Building permits (SAAR)	Dec.	1.37 million	1.35 million
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8:30 am	Housing starts (SAAR)	Dec.	1.37 million	1.43 million
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8:30 am	Philadelphia Fed manufacturing index	Jan.	-10.0	-13.8
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1:15 pm	Fed Vice Chair Lael Brainard speaks			
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FRIDAY, JAN. 20

10 am	Existing home sales (SAAR)	Dec.	3.96 million	4.09 million
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1 pm	Fed Gov. Christopher Waller speaks at Council on Foreign Relations			
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WEEKLY OPTION LEVELS

S&P500 (ES mini)

PREVIOUS WEEK (ESH23 and MESH23)

Open	High	Low	Closing
3918.5	4024.25	3891.5	4018

	Weekly
2 nd Short area	4145
1 st Short area	4075
Key # (control line)	4000
1 st Buy area	3900
2 nd Buy area	3850

OPTION Trading (EW3 for ESH23 contract and EX3 for MESH23 contract)

	Strike price	Expiration Date
Resistance	4145	
Meanline	4000	1/20/2023
Support	3850	

OIL (CL, \$WTIC)

(Time from 6pm Globex market open to following day 2:30pm est.)

PREVIOUS WEEK (CLF23 and MCLF23)

Open	High	Low	Closing
73.47	80.04	73.47	79.86

	Weekly
2 nd Short area	88.25
1 st Short area	86.50
Key # (control line)	83.25
1 st Buy area	73.50
2 nd Buy area	70.50

OPTION Trading (LO2 for CLG23)

	Strike price	Expiration Date
Resistance	88.25	
Meanline	79.25	1/20/2023
Support	70.50	

GOLD (GC, MGC)**PREVIOUS WEEK (GCG23, MGCG23)**

Open	High	Low	Closing
1872.3	1925.3	1869.3	1921.7

	Weekly
2 nd Short area	1985
1 st Short area	1955
Key # (control line)	1910
1 st Buy area	1845
2 nd Buy area	1805

OPTION Trading (OG3 for GCG23 contract)

	Strike price	Expiration Date
Resistance	1985	
Meanline	1900	1/20/2023
Support	1845	