



Weekly Outlook for May 22 – May 26, 2023

SP500 index (E-mini)

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



SPX, May 19, 2023. Weekly chart.

The S&P 500 index broke January's high at 4200 during intraday trading last Friday, but still closed the week below that level.

The price action indicates the index will continue to fight up to/near the 4300-4315 zone, which is the area of the 61.80% Fibonacci retracement level.

The 20-wEMA line rose further above the 50-wEMA line, and so held its momentum buy signal. The intermediate-term trend remains up and strong.

The weekly PMO indicator continued to rise and holds a buying signal. The weekly slow STO indicator has an extremely overbought condition. Both hint the index could hold up above 4050, roughly the area of the 20- and 50-wEMA lines.

ES - SHORT-TERM TREND DIRECTION: Up

Trade strategy: aggressive buy on dip above 4100 area with protective stops



SPX, May 19, 2023. Daily chart.

The SP500 Index rally was rejected by the overhead resistance at the 4215-4208.50 zone, and closed under it on Friday.

At this stage we don't know if this is a fake breakout movement. We will be watching Monday's price movement to see if there is some sort of follow-through to confirm the possible breakout.

4208.50-4215 will be a key area to watch carefully. Remaining below that area could lead the index to retrace toward the 4150-4135 area.

But the short-term trend is up, and if there is a retracement the 4150-4135 zone is likely to hold.

We also need to watch the monthly broad range from 4200-4050. If the index fails to move back above 4215, the price could return to the bottom of the monthly range to make a fake breakdown move too.

Conversely, if the index regains control of the 4215 line, it

could open a path toward the 4300-4325 level. This week's price action may show us if the long trading range is finally broken.

The daily PMO indicator turns up and gave a buying signal last week. The daily slow STO indicator eliminated its negative divergence and returns to the upside. Both suggest a return of buying strength and perhaps a further rally in the SPX.

2. Oil (\$WTIC, CL)

LONG-TERM TREND is Down

INTERMEDIATE-TERM TREND DIRECTION: Down



Crude oil futures, May 19, 2023, weekly chart

Oil continued inside a narrow weekly range last week. But this time it formed a bullish engulfing candle on the weekly chart.

\$70.35 (the three-month range support line) remains a key line for this week. A break below it can eliminate the ultra-short-term bullish pattern and opens a downside target near the \$64.50 area.

The 20- and 50-wEMA lines overhead will continue to be strong resistance lines on the upside.

The weekly PMO indicator holds a selling signal below negative territory. The weekly slow STO indicator moved down further last week. Both suggest oil is weak and likely to move lower after a brief bounce.

OIL - SHORT-TERM TREND DIRECTION: Down

Trade strategy: aggressive short on bounce under \$75.50 or aggressive buy above \$63.50 with protective stop.



Light crude futures, May 19, 2023. Daily chart.

Oil’s attempt to rally was rejected by the overhead momentum resistance line at \$73 last week. Now \$70.35 will become a key area for this week.

A move under it will be bearish and likely to lead to a further decline to/near \$68.

If oil fails to hold under \$70.35 this week, the price could go back up near the \$75 level for testing.

If the resistance holds, oil should remain on the downside and continue to move down toward the \$68-\$65 area, or lower.

The broad monthly range from \$85 to \$64 is still intact for the short term.

The daily PMO indicator ended its decline last Friday and gets ready to move up. The daily slow STO indicator moved back up again last week. Both indicate that oil could have an ultra-short-term upside move this week.

3. GOLD (GC, GLD)

LONG TERM: up

INTERMEDIATE-TERM TREND DIRECTION: Up with overbought



Gold futures, May 19, 2023. Weekly chart.

Gold had a continuation low move last week. It retraced near the \$1964 area then bounced from it into the close.

This week gold could continue to move on the downside toward the 20-wEMA line around the \$1940 area to shakeout those weak hands... and then reverse.

But there is also the risk of a big selloff if the price breaks under \$1935.

The weekly PMO indicator gets overbought and stopped rising. It may give an intermediate-term sell signal this week if gold has massive selling. The weekly slow STO indicator moved away from overbought territory. Both indicators show weakness; they hint gold may have a big selloff movement soon.

GOLD - SHORT-TERM TREND DIRECTION: up

Trade strategy: Short any big bounce under \$2025 level with protective stop.



Gold futures, May 19, 2023. Daily chart

Gold broke below its 20- and 50-dEMA lines during mid-week trading but bounced back somewhat to close just below the 50-dEMA line (\$1983.70) on Friday.

Now \$1985 and \$2005 will be lines to watch carefully. They are inflection points for this week.

A move above them can confirm that a short-term bottom is being formed.

A failure to move above them could lead gold to decline a little further to/near the \$1935 area. A break below \$1925 level will be bearish.

The daily PMO indicator continued moving down and the short-term selling signal was maintained last week. The daily slow STO indicator moved into the oversold area, but it could get more oversold if gold fails to move back up. Both hint that gold may have a brief bounce, but it won't last very long.

WEEKLY ECONOMIC REPORTS

This Week's Major U.S. Economic Reports & Fed Speakers

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, MAY 22					
8:30 am	St. Louis Fed President James Bullard				
11:00 am	San Francisco Fed President Mary Daly				
11:05 am	Atlanta Fed President Raphael Bostic, Richmond Fed President Tom Barkin speak				
TUESDAY, MAY 23					
9:00 am	Dallas Fed President Lorie Logan speaks				
9:45 am	S&P flash U.S. services PMI	May			53.6
9:45 am	S&P flash U.S. manufacturing PMI	May			50.2
10:00 am	New home sales	April	665,000		683,000
WEDNESDAY, MAY 24					
12:40 pm	Fed Gov. Christopher Waller speaks				
2:00 pm	Minutes of Fed's May FOMC meeting				
THURSDAY, MAY 25					
8:30 am	GDP (second reading)	Q1	1.1%		1.1%
8:30 am	Initial jobless claims	May 20	250,000		242,000
9:50 am	Richmond Fed President Tom Barkin speaks				
10:00 am	Pending home sales	April	1.1%		-5.2%
FRIDAY, MAY 26					
8:30 am	Durable-goods orders	April	-0.9%		3.2%
8:30 am	Durable-goods minus transportation	April	--		-0.3%
8:30 am	Personal income (nominal)	April	0.4%		0.3%
8:30 am	Personal spending (nominal)	April	0.4%		0.0%
8:30 am	PCE index	April	--		0.1%
8:30 am	Core PCE index	April	0.3%		0.3%
8:30 am	PCE (year-over-year)	April	--		4.2%

WEEKLY OPTION TRADING LEVELS

S&P500 (ES mini)

PREVIOUS WEEK (ESH23 and MESH23)

Open	High	Low	Closing
4132.25	4227.25	4120.00	4204.75

	Weekly
2 nd Short area	4310.00
1 st Short area	4275.00
Key # (control line)	4225.50
1 st Buy area	4135.00
2 nd Buy area	4100.00

OPTION Trading (EW4 for ESM23 contract and EX4 for MESM23 contract)

	Strike price	Expiration Date
Resistance	4300	
Meanline	4200	05/26/23
Support	4100	

OIL (CL, \$WTIC)**PREVIOUS WEEK (CLN23 and MCLN23)**

Open	High	Low	Closing
70.04	73.58	69.41	71.69

	Weekly
2 nd Short area	80.35
1 st Short area	76.55
Key # (control line)	73.75
1 st Buy area	67.35
2 nd Buy area	65.25

OPTION Trading (LO4 for CLN23)

	Strike price	Expiration Date
Resistance	80.50	
Meanline	71.50	05/26/23
Support	62.50	

GOLD (GC, MGC)**PREVIOUS WEEK (GCJ23, MGCJ23)**

Open	High	Low	Closing
2013.40	2027.50	1954.40	1981.60

	Weekly
2 nd Short area	2055.50
1 st Short area	2025.00
Key # (control line)	1950.00
1 st Buy area	1935.00
2 nd Buy area	1910.00

OPTION Trading (OG4 for GCM23 contract)

	Strike price	Expiration Date
Resistance	2065	
Meanline	2000	05/26/23
Support	1915	