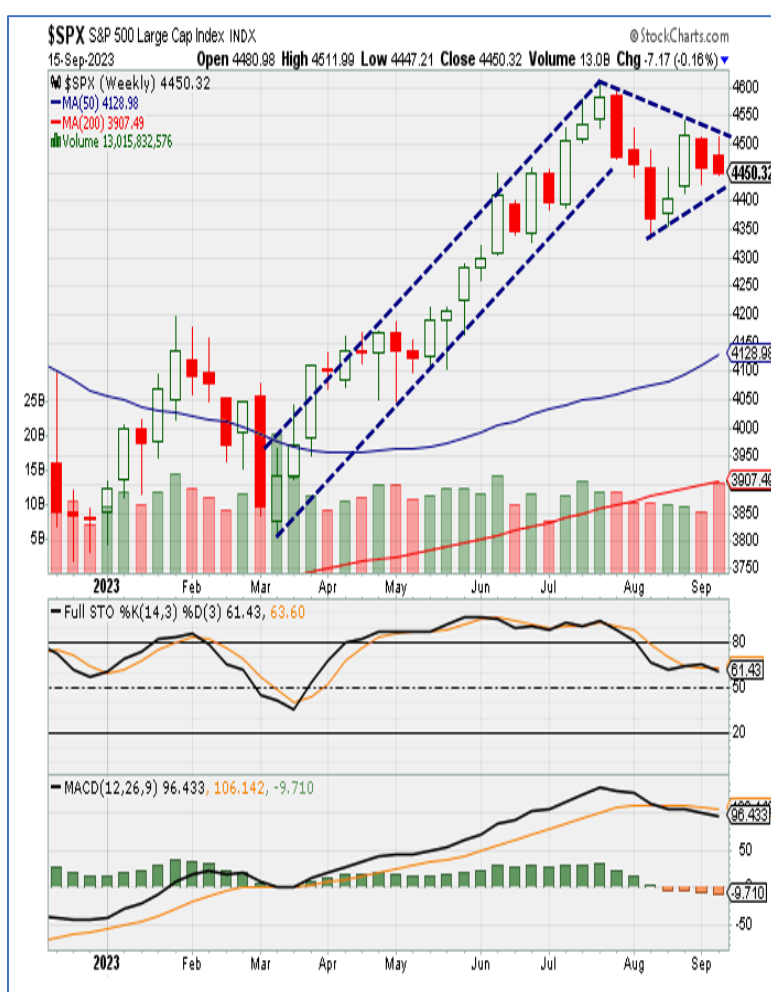




Weekly Outlook for September 18-22, 2023

SP500 index

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



SPX, Sept. 15, 2023. Weekly bars.

The S&P 500 large-cap index (SPX) closed at 4450.32 last week, a decline of slightly less than 8 points from the previous close. It made a higher low for the week.

The market is forming what looks like a pennant pattern on the long rally from the May low. The declining volume from the July high tends to support that view.

The SPX has been in a bull market so long that many investors believe they can see the end; certainly there is lots of bad news to worry about. The decline in the last two weeks added to their anxiety.

But a pennant is usually a continuation pattern, with the rally continuing after a period of consolidation.

The market is trading above the 50- and 200-week moving averages, with only modest declines in the momentum

indicators. And there is a pronounced upside bias in the last quarter of the year and in the fourth year of the US election cycle. So don't kill the Bull just yet. Wounded, maybe, but still alive.

Watch for a break below 4400 or above 4550 to show the next direction. Fed rate decision on Wednesday.

ES - SHORT-TERM TREND DIRECTION: Up

Trade strategy: Aggressive short on a rally to 4600; Aggressive long on a decline to 4415. Use protective stops.



ESU23, Sept. 15, 2023. Daily bars.

4495 (the weekly low) and 4485 the prior week's low. Beyond that there is support at 4412 and 4400, the Aug. low.

The EMAs have all gone flat, and all three are holding the price down. The momentum indicators are neutral. There is still two weeks to go in September, historically the worst month of the year.

We slightly favor the downside, but very cautiously. Watch for a break above 4575 or below 4485 and trade in that direction, but don't get married to it. Watch the Fed rate decision on Wednesday afternoon.

The S&P500 September futures (ESU23) tried to rally last week, but got smacked back down by a vicious decline on Friday – the day of the quarterly triple witching option expiration and rollover of the futures contract.

There was a large difference between the cash index and the new (Dec.) contract, and Friday's sell-off helped to level that out. But the price action was extremely bearish; both the high and the low for the week were made on Friday.

Despite Friday's decline, the week ended a modest 13 points below the previous close.

The consolidation movement last week leaves the next direction unresolved. We still don't know if we should expect a 3rd leg down in the movement from July's high, or a 3rd leg up in the retracement from August's low. The position may become clearer this week.

There is resistance this week at ~4565 (this week's high) and ~4575 (the Fib retracement level) and at 4600, the Sept. high. There is support around

2. Oil (\$WTIC, CL)

LONG-TERM TREND is **Down**

INTERMEDIATE-TERM TREND DIRECTION: **up**



CL23 Oil futures, weekly. Sept.15, 2023

Oil (long-term December contract) posted another gain last week. It closed two cents above \$90, up about \$3.20 on the week. The price action was bullish. Friday was the rollover into a new front month contract (Dec.). The old (Nov.) contract closed slightly higher, at \$90.77.

Oil is making a remarkable run. From the spike low on May 1, oil futures are up about 50%. They have finished the week higher for 10 of the 12 weeks in the current leg up.

The rally is supported by all three weekly EMAs, which have all turned up sharply but are still below the price. The market has clearly broken out of the \$70-\$80 trading range that had been holding the price down. The momentum indicators are overbought, but still pointing up.

All of this is very optimistic, which means it is time to start looking the other way. There is significant long-term resistance for oil around \$93-95, and some part of the rally so far has been price manipulation from OPEC+. The inflationary impact of higher oil prices is also generating political opposition.

The overall trend in the long-term market is up and the underlying support seems strong. But the end of this rally is likely to be determined by external events, which have an exaggerated impact. Oil prices are politically important, especially now. Expect to see the price being manipulated for political ends.

OIL - SHORT-TERM TREND DIRECTION: Up

Trade strategy: Aggressive long on pullback to \$85; Aggressive short on a rally to \$94-\$95. Use protective stops.



CLX23 Oil. November contract. Sept.15, 2023. Daily bars.

Oil futures (CLX23, the November contract) ended the week at \$90.02 after another sharp rally. The futures rolled over on Friday to the new front contract (Nov.). The previous contract (Oct.) closed at \$90.77. The market was up about \$3.20 for the week.

The trading in the Nov. contract has formed an unusual daily pattern: a doji, followed by a substantial rally. If that continues – it may not – the next daily pattern would be a rally.

Oil futures started to move around the end of June, and have now increased the price by about 33%. How long can this keep going?

Friday's doji pattern is an indication of uncertainty or indecision in the market. There is significant resistance around \$93-\$95. External factors are beginning to weigh against further price increases. And the current rally could be seen as

nearing the end of the third leg up in a three-wave pattern.

Against that is a technical outlook that shows strong support for the price from all three EMAs and very little opposition. We may see a little pause or even a pullback around this level or slightly higher early in the week, followed by a resumption of the rally later.

This week there is support at Friday's low, around \$88.65, at the 10-day EMA (\$87.09) and at Monday's low, \$85.50. There is resistance at \$91.50, in the \$94-\$95 area, and at the Big Round Number, \$100.

3. GOLD (GC, GLD)

LONG TERM: up

INTERMEDIATE-TERM TREND DIRECTION: down



Gold continuous contract. Sept. 15, 2023. Weekly bars

neutral. The longer moving averages are supporting the price.

There is resistance overhead at \$1975, \$1980 and \$2010. There is support at \$1921 and \$1915.

For long-term investors, it may be wiser to wait for some more obvious position to declare itself before moving into this market.

Gold futures (the continuous contract) closed at \$1946.20 on Friday, a gain of \$3.50 for the week. The price action was bearish.

Gold made a doji pattern for the week, and sign of indecision in the market and sometimes an indication of a new trend beginning. The weekly trading has formed a triangle which is always followed by a breakout from the pattern – without indicating which direction the breakout might take.

Gold has made three attempts to move above \$2100 since August 2020, the most recent in May this year, and has been rejected each time.

The result is a choppy market that makes it difficult for long-term investors to find an advantage.

The momentum indicators have turned down and are

GOLD - SHORT-TERM TREND DIRECTION: up

Trade strategy: Wait for a bounce to/near \$1980 for an very aggressive short entry with protective stops.



GCZ23 Dec. Gold, Sept. 15, 2023. Daily bars

Gold (GCZ23, the December futures contract) was headed for a sharp reversal early in the week, but a strong rally Thursday and Friday allowed it to end the week with a gain of \$3.50 at \$1946.20.

The late-week rally took the price from \$1921 Thursday to \$1952 on Friday, before it fell back slightly to close right at the 20-day EMA. The end-of-week price action was bullish.

The gold futures have been in a decline since the middle of July that at one point knocked about \$100 an ounce off the price. It has recovered somewhat, but Friday's rally only slowed that decline, it didn't stop it. The market continues to make lower highs and lower lows.

The price dropped below the previous support at \$1940 last week, but managed to close above it.

We can continue to see a head-

and-shoulders pattern emerging in the December contract, with the left and right shoulders around \$1950, and the head at \$1980. Friday's high around \$1954 didn't negate that pattern. If it develops normally, we should expect a further decline to or past the August low at \$1913.

There is support this week around the lows at \$1920-22, and around \$1913-15. There is resistance at the high \$1954-55, and from the 50-day MA moving average at \$1960.

Friday's rally saved the market from moving below some key levels. It may not happen again this week.

ECONOMIC REPORTS

Week of Sept. 18, 2023 This Week's Major U.S. Economic Reports & Fed Speakers

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, SEPT. 18					
10:00 am	Home builder confidence index	Sept.	49.5		50
TUESDAY, SEPT. 19					
8:30 am	Housing starts	Aug.	1.43 million		1.45 million
8:30 am	Building permits	Aug.	1.45 million		1.44 million
WEDNESDAY, SEPT. 20					
2:00 pm	Fed interest-rate decision				
2:30 pm	Fed Chair Powell press conference				
THURSDAY, SEPT. 21					
8:30 am	Initial jobless claims	Sept. 16	225,000		220,000
8:30 am	Philadelphia Fed manufacturing survey	Sept.	-2.0		12
8:30 am	U.S. current account deficit	Q2	-\$222.8B		-\$219.3BN
10:00 am	U.S. leading economic indicators	Aug.	-0.5%		-0.4%
10:00 am	Existing home sales	Aug.	4.10 million		4.07 million
FRIDAY, SEPT. 22					
8:50 am	Fed Gov. Lisa Cook speaks				
9:45 am	S&P flash U.S. services PMI	Sept.	50.8		50.5
9:45 am	S&P flash U.S. manufacturing PMI	Sept.	48.3		47.9
1:00 pm	Minneapolis Fed President Neel Kashkari speaks				
1:00 pm	San Francisco Fed President Mary Daly speaks				

WEEKLY OPTION TRADING LEVELS

S&P500 (ES mini)

PREVIOUS WEEK (ESZ23 and MESZ23)

Open	High	Low	Closing
4514	4566	4494	4498

	Weekly
2 nd Short area	4600.50
1 st Short area	4565.50
Key # (control line)	4460.00
1 st Buy area	4414.50
2 nd Buy area	4365.00

OPTION Trading (EW4 for ESZ23 contract and EX4 for MESZ23 contract)

	Strike price	Expiration Date
Resistance	4605	
Meanline	4500	2023-09-22
Support	4350	

OIL (CL, \$WTIC)**PREVIOUS WEEK (CLX23 and MCLX23)**

Open	High	Low	Closing
87.4	90.56	86.71	90.02

	Weekly
2 nd Short area	94.65
1 st Short area	91.45
Key # (control line)	89.50
1 st Buy area	85.55
2 nd Buy area	82.00

OPTION Trading (LO4 for CLX23)

	Strike price	Expiration Date
Resistance	97.50	
Meanline	89.50	2023-09-22
Support	80.00	

GOLD (GC, MGC)**PREVIOUS WEEK (GCZ23, MGCZ23)**

Open	High	Low	Closing
1943.3	1954.6	1921.7	1946.2

	Weekly
2 nd Short area	1985.50
1 st Short area	1965.50
Key # (control line)	1955.00
1 st Buy area	1918.50
2 nd Buy area	1890.50

OPTION Trading (OG4 for GCV23 contract)

	Strike price	Expiration Date
Resistance	2000	
Meanline	1930	2023-09-22
Support	1875	