



Twin Horn LLC

Market Forecast for US Equities – June 3, 2019

The short position in US equities recommended on April 26 should come to a conclusion this week. So, while we anticipate new lows this week, care should be taken to preserve profits on the short position, as I anticipate prices to begin moving higher starting on June 10.

The low is anticipated on June 6, and levels to watch on the S&P for profit taking include 2731, 2717, 2705, 2682, 2658, 2630, 2605. Resistance levels above the market are 2757, 2783, 2709.

With a more than 200 point (nearly 7%) move in the S&P since our April 26 target date, profits should be preserved while the market finishes the move, so tighten and trail stops as needed.

There may be some consolidation before prices move higher starting on June 10, and a base may be formed until June 16/17 before prices begin moving appreciably higher, so those trading in options should consider the time decay this may cause. If there is consolidation, I believe you can trade off the lows established this week.

The US Bond market is likely to see a high this week in conjunction with the low in US Equities. There may be resistance at the current 154-00 level, but if the market pushes up further in conjunction with weaker US equity prices, levels to watch on the active future contract is 156-06, and possibly 157-01 if US equity prices move to levels lower than 2705. If looking at the yield, 2.5% is a key level.

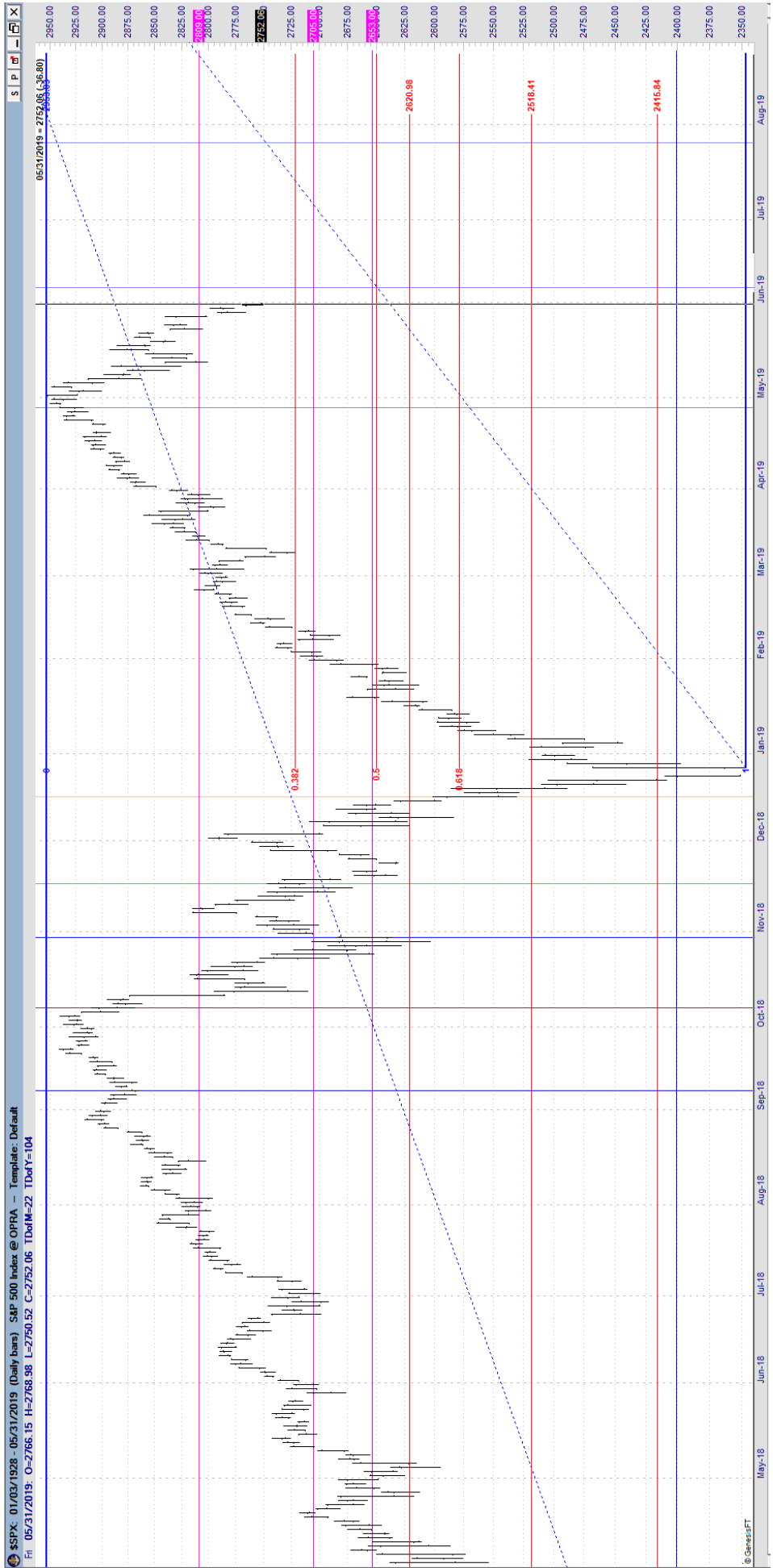
Current expectations are to see higher US Equity prices, likely retesting the late April highs by July 24/25.

The employment report on Friday is likely to continue showing a strong economy, in spite of the trade worries. Further, President Trump may decide to give Mexico more time on the tariffs he just announced.



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