

Cartography Corner - July 2020

J. Brett Freeze and his firm Global Technical Analysis (GTA) provides RIA Pro subscribers Cartography Corner on a monthly basis. Brett's analysis offers readers a truly unique brand of technical insight and risk framework. We personally rely on Brett's research to help better gauge market trends, their durability, and support and resistance price levels.

GTA presents their monthly analysis on a wide range of asset classes, indices, and securities. At times the analysis may agree with RIA Pro technical opinions, and other times it will run contrary to our thoughts. Our goal is not to push a single view or opinion, but provide research to help you better understand the markets. Please contact us with any questions or comments. If you are interested in learning more about GTA's services, please connect with them through the links provided in the article. The link below penned by GTA provides a user's guide and a sample of his analysis.

[GTA Users Guide](#)

June 2020 Review

E-Mini S&P 500 Futures

We begin with a review of E-Mini S&P 500 Futures (ESU0) during June 2020. In our June 2020 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for June are:

- M4 3706.25
- M3 3181.50
- M1 3065.50
- M2 3065.50
- PMH 3065.50
- Close 3065.50
- MTrend 2782.31
- PML 3065.50

- M5: 3065.50; M2: 3095.75; M1: 3166.00; M3: 3181.50; 2555

If active traders do not agree with our rationale detailed above, they can use PMH: 3065.50 as the pivot, maintaining a long position above that level and a flat or short position below it. If active traders do agree with our rationale detailed above, they can sell against each resistance level between 3065.50 and 3181.50 with tight stops until the market sustains a turn lower. *We provide the map; you drive the car.* Figure 1 below displays the daily price action for June 2020 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The month of June began by continuing the latest swing to higher prices that began in earnest on May 14th, 2020. The second and third trading sessions saw the market price exceed and settle above both May's high at PMH: 3065.50 and M2: 3095.75. The next three trading sessions saw the market price achieve and exceed our clustered-resistance levels at M1: 3166.00 and M3: 3181.50. In May, we identified M3: 3181.50 as the upper limit to the range of prices at which we thought the market would turn lower. We wrote, *"Our rationale is as follows:*

1. *Our anticipated two-period high in the monthly time-period will be satisfied with any tick above 3065.50.*
2. *A market can retrace 80% of its prior move and still be corrective. Calculated using settlement prices, that level equates to 3142.00. (It can be calculated using intra-day highs and lows as well.)*
3. *The March candle is the control candle. April and May's trading activity are classified as inside-month ranges. It will take a break of the March range to initiate the next substantial directional trend. The high of the March candle is 3137.00.*
4. *Resistance in June exists at M2: 3095.75 and M1: 3166.00 / M3: 3181.50.*

OUR ANALYSIS SUGGESTS THAT THE BEST OPPORTUNITY FOR THE MARKET TO TURN LOWER IS BETWEEN 3065.75 AND 3181.50.

The market price achieved both its high price (3226.95*) and high-settlement price (3223.20*) on June 8th, two trading sessions before the release of the FOMC statement after the Federal Reserve's two-day meeting on June 9th and 10th. Following the release of the FOMC statement, the market began to weaken. It settled the June 10th trading session at 3177.60*, back inside our clustered-resistance levels at M1: 3166.00 and M3: 3181.50. *Market participants did not get the "more" they were anticipating from the Fed? they did not get anything.* On June 11th, the market's price-decline (as measured from June 8th) equaled (6.94%). Two sessions later, at that morning's low, the decline equaled (9.29%). In a move indicative of *panic? stupidity? desperation?* micromanagement, the Federal Reserve announced *"updates to the Secondary Market Corporate Credit Facility (SMCCF), which will begin buying a broad and diversified portfolio of corporate bonds to support market liquidity and the availability of credit for large employers."* On June 16th, the day after the Federal Reserve's announcement, the market price rallied as much as 7.95% from the previous morning's low. *The high of that session, 3156.25, capped the price action for the remainder of the month.* The final ten trading sessions of June were spent with the market price begrudgingly trading lower. *The market had distinct signs of the price levels associated with the Federal Reserve's action being explicitly defended.* Quelle surprise. **Market participants following our analysis had the opportunity to realize profits, regardless of the initial strategy chosen.** However, we are disappointed in our accuracy for June. The upper limit of our *"sell-zone"* missed its mark by 45 points (1.4%) and our timing was off by three trading sessions. We will strive to improve (and pay closer attention to the FOMC meeting calendar).

�* These prices reflect the rolling of our data from the June contract to the September contract.� We roll over five days, in 20% increments.� For example, on day 1 of the roll, the price reflects a weighting of $(80\% * \text{June price}) + (20\% * \text{September price})$. **Figure 1:**



Natural Gas Futures

We continue with a review of Natural Gas Futures (NGQ0) during June 2020. In our June 2020 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for June are:

- M4 2.803
- M1 2.224
- PMH 2.162

- M2 1.961
- Close 1.842
- MTrend 1.842
- M3 1.749 **�**
- PML 1.741 **�**
�
- M5 1.382

Active traders can use 1.741 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. Figure 2 below displays the daily price action for June 2020 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The first trading session of June saw the market price test our isolated pivot level at PML: 1.741. *That level held on its first test*, with the market price settling above at 1.774. The following eight trading sessions saw the market price ascend towards and surpass our first isolated resistance level at MTrend: 1.842. The rally fell short of our next isolated resistance level at M2: 1.961 by 4.6 cents, peaking on June 11th at 1.915. The following two trading sessions saw the market price make a quick descent back to our isolated pivot level at PML: 1.741. On June 16th, the market price decisively broke, and settled, below PML: 1.741. The following four trading sessions were spent with the market price testing our resolve, as it rose back into clustered support at PML: 1.741 / M3: 1.749, now acting as resistance. On June 23rd, the market price began a significant decline towards our isolated Downside Exhaustion Level at M5: 1.382. The low price for the month was achieved on June 25th at 1.517. The final three trading sessions were spent with the market rallying back to our isolated pivot level at PML: 1.741. **Market participants following our analysis had ~12.5% profit in the trade at the low price. Trailing stops allowed them to monetize a portion of it. Un-administered price discovery is both rare and refreshing. Figure 2:**

NGQ0: June 2020



July 2020 Analysis

We begin by providing a monthly time-period analysis of E-Mini S&P 500 Futures (ESU0). The same analysis can be completed for any time-period or in aggregate. Trends:

- Current Settle 3090.25
- Weekly Trend 3056.27
- Daily Trend 3042.58

- Monthly Trend 2933.44
2913.69
- Quarterly Trend 2913.69

The relative positioning of the Trend Levels is bullish. In the quarterly time-period, the chart shows that E-Mini S&P 500 Futures are in ?Consolidation?, after having been ?Trend Up? for four quarters. Stepping down one time-period, the monthly chart shows that E-Mini S&P 500 Futures are in ?Consolidation?, after having been ?Trend Down? for three months. Stepping down to the weekly time-period, the chart shows that E-Mini S&P 500 Futures are ?Trend Down?, having settled for three weeks below Weekly Trend. One rule we have is to anticipate a two-period high (low), within the following four to six periods, after a Downside (Upside) Exhaustion level has been reached. Recall, these two-period highs may occur at higher levels but can also occur from lower levels. We now anticipate a two-period high in the quarterly time-period over the next three to five quarters. *If this were to be achieved in 3Q2020, a trade to a new all-time high is required.* The two-month high that we had been anticipating since March was achieved in June. We continue to believe that the June high was a crucial inflection point, equivalent to the ?Return to Normal? point on the classic bubble-and-burst graph. The market's reaction off that high to the June 15 low re-enforced our conviction. Based upon its action, it re-enforced the Fed's as well. Support/Resistance: In isolation, monthly support and resistance levels for July are:

- M4 3693.65
- M1 3388.40
- PMH 3226.95
- M3 3090.25
- Close 3090.25
- M2 3087.25
- MTrend 2933.44
- PML 2782.50
- M5 2782.50

Active traders can use M2: 3087.25 as the pivot, maintaining a long position above that level and a flat or short position below it.



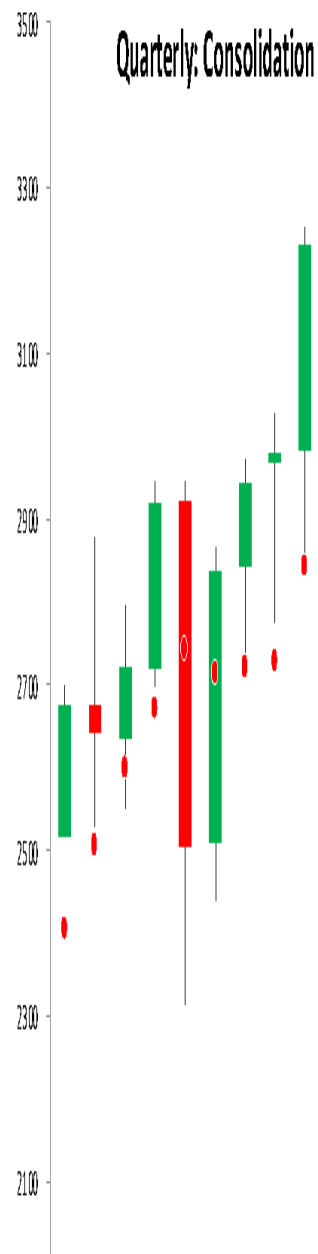
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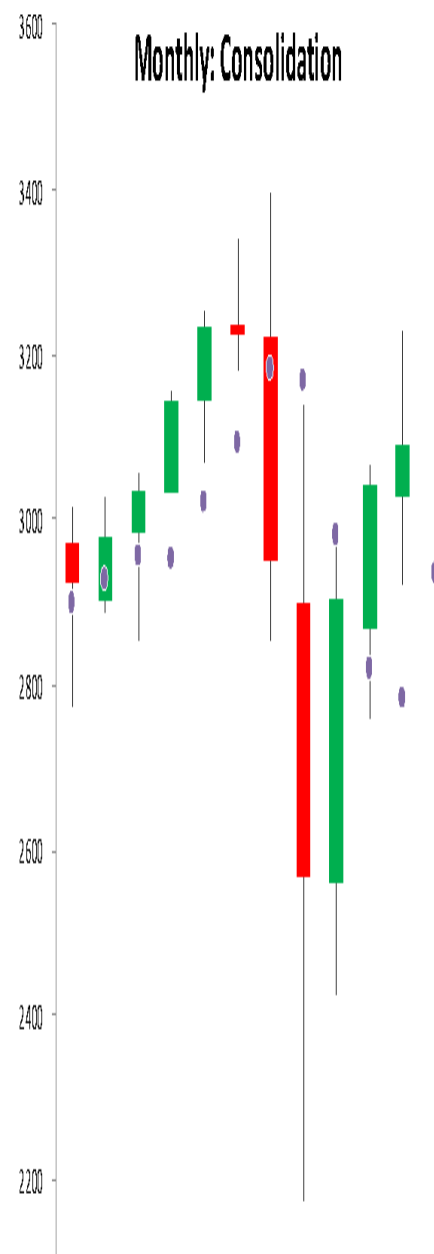
SP 500 Futures July 1, 2020

ESU0	81.99
Q4	4279.90
M4	3693.65
Q3	3610.75
M1	3388.40
W4	3367.75
PQH	3226.95
PMH	3226.95
D4	3219.00
D1	3153.75
PWH	3145.75
M3	3138.50
W1	3125.25

Quarterly: Consolidation



Monthly: Consolidation



Silver Futures

For July, we focus on Silver Futures. We provide a monthly time-period analysis of SIU0. The same analysis can be completed for any time-period or in aggregate.

Trends:

- Current Settle
18.637
�
- Daily
Trend
18.189
- Weekly Trend
17.931
�
- Monthly Trend
16.868
�
- Quarterly Trend
16.574

The relative positioning of the Trend Levels is as bullish as possible. Think of the relative positioning of the Trend Levels like you would a moving-average cross; the Trend Levels are higher as the time-periods decrease. As can be seen in the quarterly chart below, Silver is in ?Consolidation?. Stepping down one time-period, the monthly chart shows that Silver is in ?Consolidation?, after having been ?Trend Down? for three months. Stepping down to the weekly time-period, the chart shows that Silver is in ?Consolidation?, after having been ?Trend Up? for five weeks. One rule we have is to anticipate a two-period high (low), within the following four to six periods, after a Downside (Upside) Exhaustion level has been reached. We now anticipate a two-period high in the quarterly time-period over the next three to five quarters, which requires a trade above 19.010 (19.690, if not including inside-range candles) to be achieved in 3Q2020. The two-month high that we had been anticipating since March was achieved in June. Support/Resistance: In isolation, monthly support and resistance levels for July are:

- M4
23.140
- M2
19.610
- M1
19.365
- PMH
18.950
- M3
18.775
- Close
18.637
- PML
17.185
�

- MTrend 16.868
 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080;
 2013266080;
 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080;
 2013266080;
 M5 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080; 2013266080;
 15.835

Active traders can use 18.950 as the pivot, whereby they maintain a long position above that level and a flat or short position below it.



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Silver Futures

July 1, 2020

SIU0 0.537

Q4 26.215

M4 23.140

Q3 23.118

W4 19.665

M2 19.610

D4 19.375

M1 19.365

D3 19.210

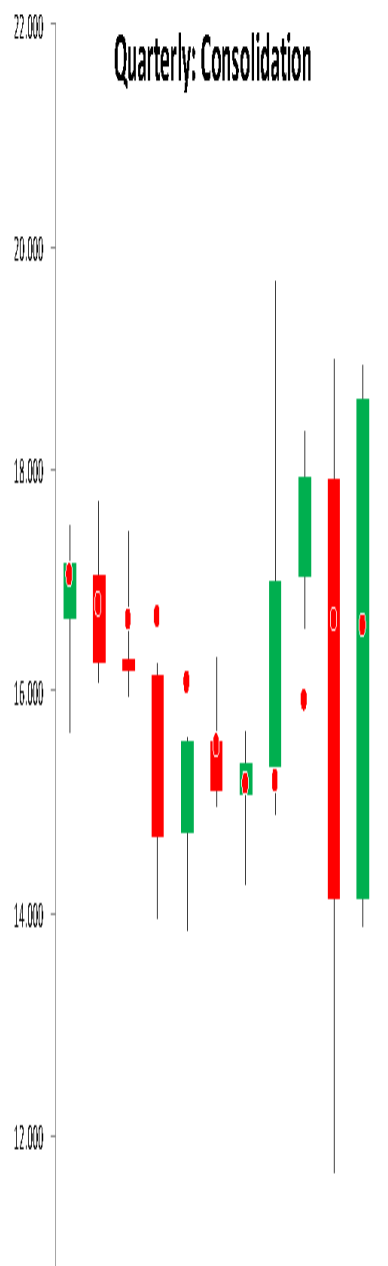
D1 19.025

PQH 18.950

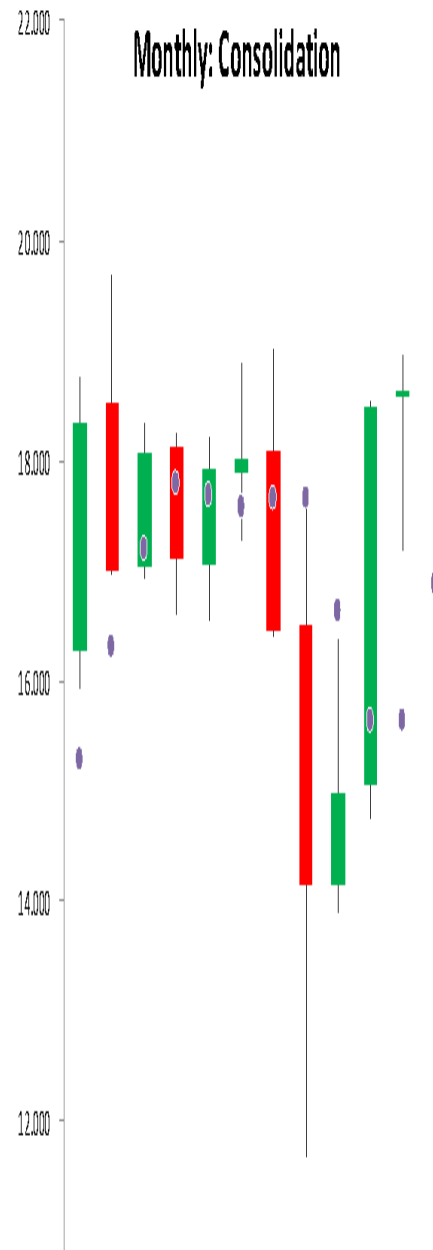
PMH 18.950

Q1 18.805

Quarterly: Consolidation



Monthly: Consolidation



Summary

The power of technical analysis is in its ability to reduce multi-dimensional markets into a filtered two-dimensional space of price and time. Our methodology applies a consistent framework that identifies key measures of trend, distinct levels of support and resistance, and identification of potential trading ranges. Our methodology can be applied to any security or index, across markets, for which we can attain a reliable price history. We look forward to bringing you our unique brand of technical analysis and insight into many different markets. If you are a professional market participant and are open to discovering more, please [connect](#) with us. We are not asking for a subscription; we are asking you to listen.
