

## Cartography Corner - June 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](#)

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## May 2020 Review

### E-Mini S&P 500 Futures

We begin with a review of E-Mini S&P 500 Futures (ESM0) during May 2020. In our May 2020 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for May are:

- M4 3756.00
- M3 3235.25
- PMH 2965.00
- Close 2902.50
- MTrend 2819.42
- M1 2819.42
- M2 2819.42
- PML 2819.42



We continue with a review of U.S. Dollar Index Futures (DXM0) during May 2020. In our May 2020 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for May are:

- M4 107.530
- M2 103.100
- PMH 101.03
- MTrend 99.051
- Close
- M3 98.964
- PML 98.815
- **M1 98.100**
- **M5 93.670**

Active traders can use 99.051 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 98.100 as the downside pivot, whereby they maintain a flat or short position below it. Figure 2 below displays the daily price action for May 2020 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The first trading session of May saw the market price test our clustered-support levels at MTrend: 99.051 / M3: 98.964 / PML: 98.815. *That support held on its first test*, with the market price settling above our isolated upside pivot level at MTrend: 99.051. The following nine trading sessions saw the market price ascend towards our next isolated resistance level at PMH: 101.030. The rally fell short of April's high by 0.425, peaking on May 14<sup>th</sup> at 100.605. Please, take a moment now and locate in Figure 1 the day that the E-Mini S&P 500 future achieved its low during May. A coincidence perhaps, but, we think not. Central Banks have a long history of foreign exchange intervention... The following nine trading sessions saw the market price make its second assault upon our clustered-support levels at MTrend: 99.051 / M3: 98.964 / PML: 98.815. The market price first reached those levels on May 20<sup>th</sup> and moved decisively on May 28<sup>th</sup> to take out April's low price. Please, take a moment now and locate in Figure 1 the day that the E-Mini S&P 500 future decisively took out April's high. A two-session discrepancy but, again, we think not a coincidence. The final trading session tested, yet settled above, our isolated downside pivot at M1: 98.100. **The Pajama Brigade succeeded again. Figure 2:**

DXM0: May 2020

# June 2020 Analysis

We begin by providing a monthly time-period analysis of E-Mini S&P 500 Futures (ESM0). The same analysis can be completed for any time-period or in aggregate. Trends:

- Current Settle 3042.00
- Daily Trend 3028.06
- Weekly Trend 2932.00
- Quarterly Trend 2918.33
- Monthly Trend 2782.31

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 in ?Consolidation?, with the week of May 11<sup>th</sup> causing that condition despite having been ?Trend Up? for seven of the past eight weeks. The relative positioning of the Trend Levels is bullish. 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 four to six quarters and in the monthly time-period over the next one to three months. *Any tick higher than May's high at PMH: 3065.50 will satisfy that requirement.* We believe that the market price is nearing a crucial inflection point, equivalent to the ?Return to Normal? point on the classic bubble-and-burst graph that has been making the rounds on Twitter. 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.** Support/Resistance: In isolation, monthly support and resistance levels for June are:

- M4 3706.25
- M3 3181.50
- M1 3706.25
- M2 3706.25
- PMH 3065.50
- Close 3706.25
- MTrend 2782.31
- PML 3706.25
- M5 2555.00

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.



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SP 500 Futures  
June 1, 2020

ESM0 83.55

Q4 3940.00

M4 3706.25

Quarterly: Consolidation

Monthly: Consolidation

3500  
3300

3600  
3400

**Natural Gas Futures** For June, we focus on Natural Gas Futures. We provide a monthly time-period analysis of NGN0. The same analysis can be completed for any time-period or in aggregate. Trends:

- Quarterly Trend 2.199  
2.199
- Weekly Trend 1.873  
1.873
- Daily Trend 1.860  
1.860
- Current Settle 1.849  
1.849
- Monthly Trend 1.842  
1.842

As can be seen in the quarterly chart below, Natural Gas has been ?Trend Down? for five quarters. Stepping down one time-period, the monthly chart shows that Natural Gas is in ?Consolidation?, after having been ?Trend Down? for five months. Stepping down to the weekly time-period, the chart shows that Natural Gas has been ?Trend Down? for four weeks. When deciding what market analysis to include in *The Cartography Corner* each month, one factor that we consider is the extent of the opportunity presented by our analysis. In June, the potential downside of (21%), as measured from our pivot, in Natural Gas caught our attention. Support/Resistance: 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.



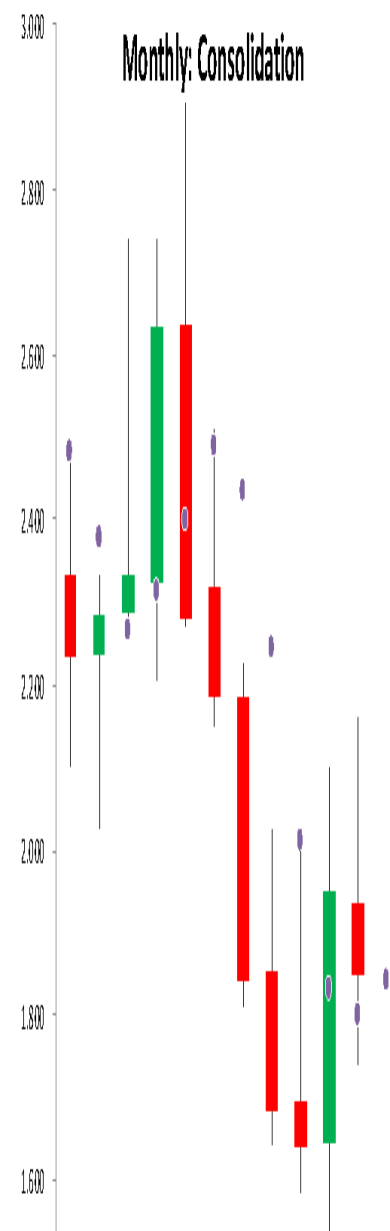
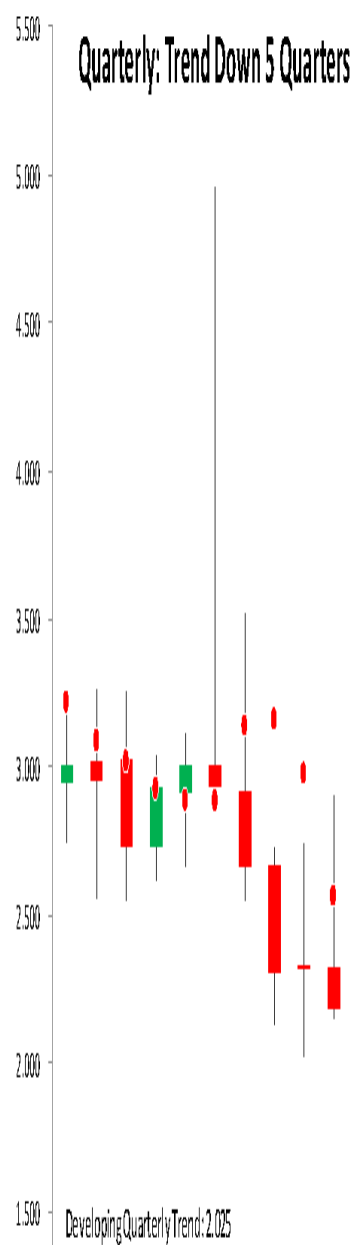
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# Natural Gas Futures

June 1, 2020

|        |       |
|--------|-------|
| NGNO   | 0.119 |
| M4     | 2.803 |
| Q4     | 2.298 |
| PQH    | 2.224 |
| M1     | 2.224 |
| QTrend | 2.199 |
| PMH    | 2.162 |
| W4     | 2.126 |
| PWH    | 1.979 |
| M2     | 1.961 |
| W1     | 1.931 |
| D4     | 1.919 |
| WT     | 1.873 |



**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.*