Cartography Corner - May 2022

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](#)

April 2022 Review

E-Mini S&P 500 Futures

We begin with a review of E-Mini S&P 500 Futures (ESM2) in April 2022. In our April 2022 edition of *The Cartography Corner,* we wrote the following: In isolation, monthly support and resistance levels for April are: o M4   5160.25 o M3   4693.50 o M1   4676.00 o PMH   4631.00 o Close   4530.75 o MTrend   4430.25 o M2   4157.25 o PML   4129.50 o M5   3673.00 Active traders can use MTrend: 4430.25 as the pivot, maintaining a long position above that level and a flat or short position below it. Figure 1 below displays the daily price action for April 2022 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. *Our isolated pivot at MTrend: 4430.25 bifurcated the realized price action well.* The first six trading sessions saw the market price decline towards MTrend yet settle above it. The following eight sessions saw the long and short market participants battle for control, with daily settlements on either side of MTrend. The final six trading sessions saw the market price decline below MTrend, finding support at our isolated clustered support levels at M2: 4157.25 / PML: 4129.50. *The purpose of every trading month is to surpass the high and (or) low of the previous trading month.* On April 29th at 3:51 p.m., the market price ?took out? March?s low price at 4129.50. The purpose of the April trading month was achieved. **Active traders following our analysis, conservatively, realized a 2.1% profit.** *Figure 1:*

ESM2: April 2022

Australian Dollar Futures

We continue with a review of Australian Dollar Futures (6AM2) during April 2022. In our April 2022 edition of *The Cartography Corner,* we wrote the following: In isolation, monthly support and resistance levels for April are: o M4 0.8064 o M1 0.7813 o M3 0.7730 o PMH 0.7549 o Close 0.7497 o M2 0.7314 o MTrend 0.7240 o PML 0.7174 o M5 0.7063 Active traders can use MTrend: 0.7240 as the initial pivot, maintaining a long position above that level and a flat or short position below it. Figure 2 below displays the daily price action for April 2022 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. *We isolated the wrong pivot, MTrend: 0.7240, for April.* Although our analysis essentially bracketed April?s entire range, by not focusing on PMH: 0.7549 as the pivot, we did not participate in a large majority of April?s price movement. *Hindsight is both 20/20 and instructive.* In isolating MTrend as the pivot, we were giving deference to the fact that the Aussie Dollar had been above Monthly Trend for the previous two months. Coupled with that, a 2.4% gap existed above PMH: 0.7549 to the next resistance level. Contrarily, a -3.1% gap existed below PMH to the first support level. In our decision, being above Monthly Trend for the previous two months was the tiebreaker between roughly equal-sized gaps. The Aussie Dollar settled above PMH in the second and third trading sessions of April. *It promptly reversed.* The remainder of the month saw the market price decline to our isolated Monthly Downside Exhaustion at M5: 0.7063. The realized low was 0.7060. **Excellent analysis, poor interpretation.** *Figure 2:*

6AM2: April 2022

May 2022 Analysis

We begin by providing a monthly time-period analysis of E-Mini S&P 500 Futures (ESM2). The same analysis can be completed for any time-period or in aggregate. Trends: o Quarterly Trend 4480.92 o Monthly Trend 4353.56 o Weekly Trend 4314.56 o Daily Trend 4206.78 o Current Settle 4127.50 The relative positioning of the Trend Levels is as bearish as possible. Think of the relative positioning of the Trend Levels like you would a moving-

average cross. In the quarterly time-period, the chart shows that E-Mini S&P 500 Futures are ?Trend Up: 8 Quarters?. Stepping down one time-period, the monthly chart shows that E-Mini S&P 500 Futures are ?Below Trend: 1 Months?. Stepping down to the weekly time-period, the chart shows that E-Mini S&P 500 Futures are ?Trend Down: 3 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. A signal was given in January to anticipate a two-month high within the next four to six months (now, two to four). *That high can be achieved in May with a trade above 4631.00*. A signal was given the week of April 4th to anticipate a two-week high within the next four to six weeks (now, one to three). *That high can be achieved this week with a trade above 4509.00*. Trend Persistence, which measures the strength of the trend across multiple periods, is at the $99^{\%}$ Confidence Interval (Left Tail, -2.576 standard deviations). **Trend Persistence is suggesting the market is oversold**. However, we caution ourselves of three things: 1. Equity market returns are not Normally Distributed, 2. Trend Persistence reached less than -4.000 standard deviations in March 2020 and 3. Remain objective, as perhaps the market is experiencing a phase transition from bull to bear. *Caveat emptor*! Support/Resistance: In isolation, monthly support and resistance levels for May are: o M4   5048.00 o PMH   4588.75 o M1   4546.50 o MTrend   4353.56 o Close   4127.50 o PML   4118.75 o M2   4108.00 o M3   3724.25 o M5   3606.50 Active traders can use M2: 4108.00 as the pivot, maintaining a long position above that level and a flat or short position below it.
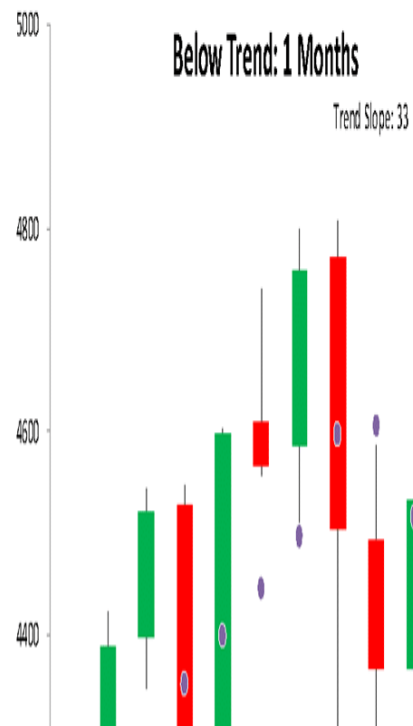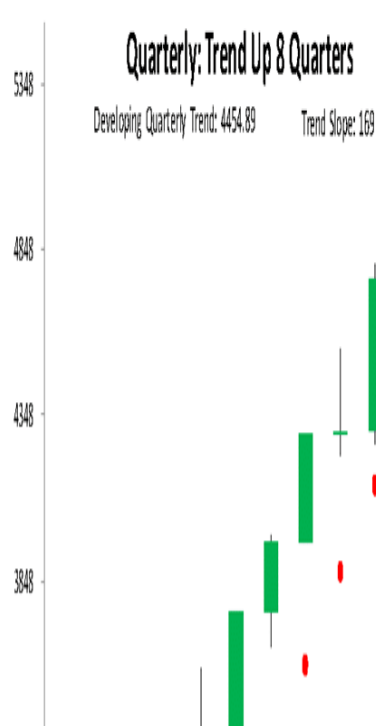
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SP 500 Futures
May 2, 2022

ESM2	96.23
Q4	5356.50
M4	5048.00
Q1	4816.75
PQH	4808.25
PMH	4588.75
M1	4546.50
QTrend	4480.92

Quarterly: Trend Up 8 Quarters

Developing Quarterly Trend: 4454.89   Trend Slope: 169

Below Trend: 1 Months

Trend Slope: 33

Soybean Futures

For May, we focus on Soybean Futures (?beans?). We provide a monthly time-period analysis of ZSN2. The same analysis can be completed for any time-period or in aggregate. Trends: o Daily Trend   16.8780   o Current Settle   16.8460 o Weekly Trend   16.7962   o Monthly Trend   16.4738   o Quarterly Trend   13.9424 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. As can be seen in the quarterly chart below, beans are ?Above Trend: 1 Quarters?, after having settled below Quarterly Trend for two quarters. Stepping down one time-period, the monthly chart shows that beans are ?Trend Up: 5 Months. Stepping down to the weekly time-period, the chart shows that beans are ?Trend Up: 4 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. A signal was given the week of April 25th to anticipate a two-week high within the next four to six weeks. *That high can be achieved this week with a trade above 17.3400.* A signal was given the quarter of 1Q2022 to anticipate a two-quarter low within the next four to six quarters. *That low can be achieved this quarter with a trade below 11.8120.* Support/Resistance: In isolation, monthly support and resistance levels for May are: o M4 18.5844 o M3   17.5504 o PMH   17.3400 o M1   17.3160 o Close   16.8460 o MTrend   16.4738 o PML   15.6688 o M2   15.2420 o M5   13.9736 Active traders can use MTrend: 16.4738 as the initial pivot, maintaining a long position above that level and a flat or short position below it.
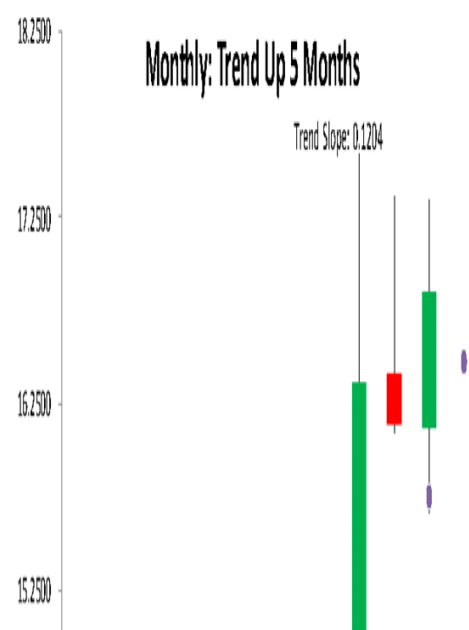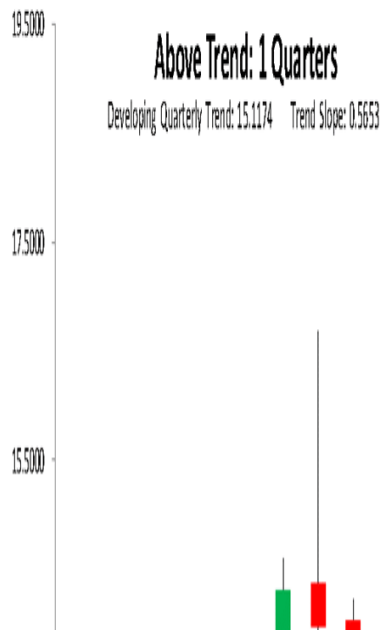
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Soybean Futures
May 2, 2022

ZSN2	0.3582
Q4	23.3720
Q1	21.3400
Q3	18.8912
M4	18.5844
PQH	17.5920

Above Trend: 1 Quarters
Developing Quarterly Trend: 15.1174   Trend Slope: 0.5653

Monthly: Trend Up 5 Months
Trend Slope: 0.1204

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.*