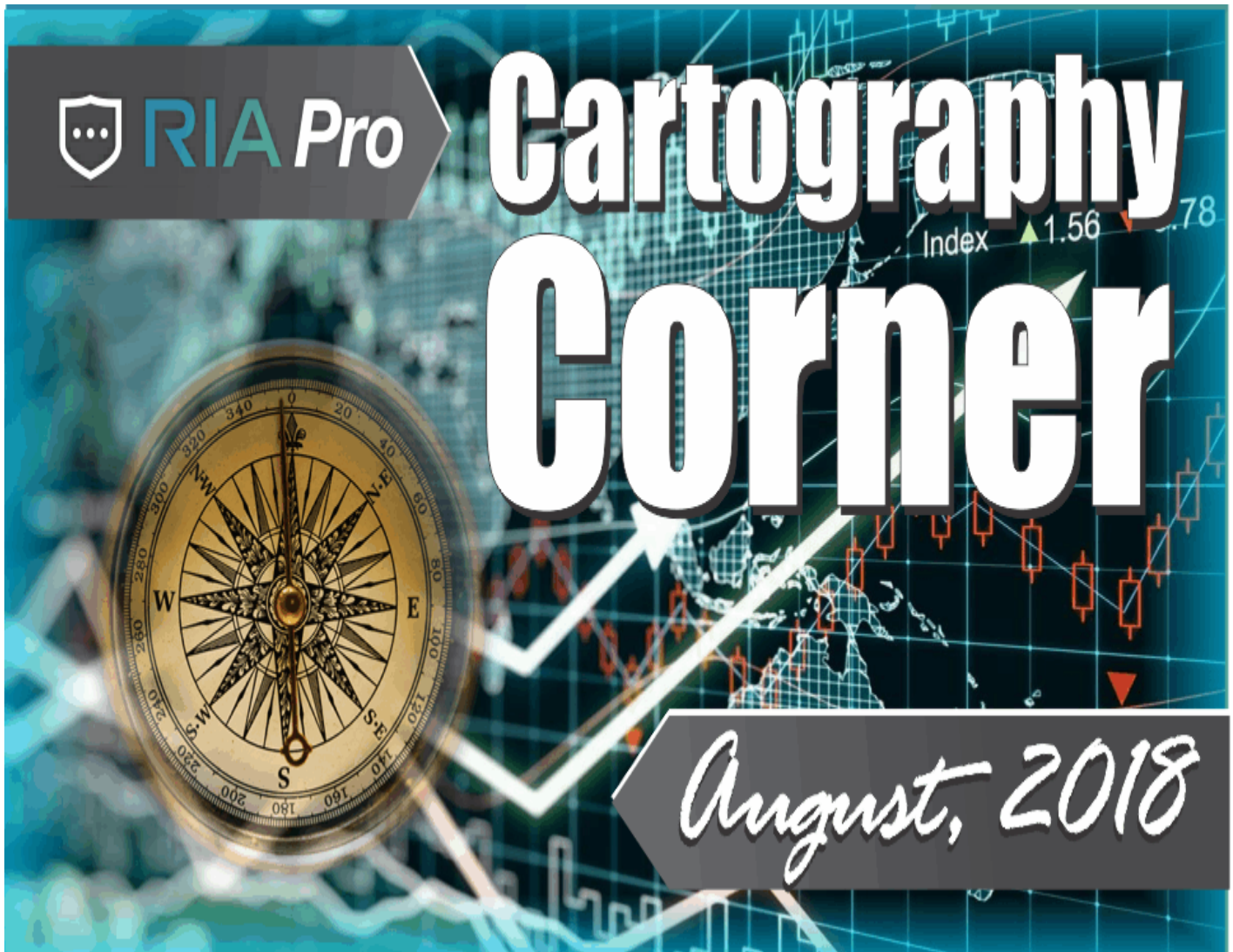


## The Cartography Corner - August 2018



**RIA Pro is pleased to introduce J. Brett Freeze, CFA and his firm Global Technical Analysis (GTA).**

*GTA will be providing RIA Pro subscribers his unique brand of technical analysis 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. Going forward, we will present his 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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# The Cartography Corner

By J. Brett Freeze The monthly analysis always starts with a review of the prior month's analysis. After the review, a new asset(s) is analyzed and trading strategies discussed. Please enjoy the August edition of The Cartography Corner.

## A Review Of July

**WTI Crude Oil Futures** We will begin with a review of WTI Crude Oil Futures (CLQ8/CLU8) during July 2018. In our July 2018 edition of *The Cartography Corner* we wrote the following, with emphasis given to green-shaded excerpts:

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*In isolation, monthly support and resistance levels for July are:*

- *M4* 83.12
- *M3* 81.26
- *M1* 76.02
- *PMH* 74.46
- *Close* 74.15
- *MTrend* 68.63
- *PML* 63.40
- *M2* 61.00
- *M5* 53.90

*Active traders can use 74.46 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. As our subscribers know, our modus operandi is to position according to the Monthly Trend. Our model has been long for the previous ten months. However, as Ed Seykota (of system-trading fortune and fame) noted in his 'the trading rules I live by', rule number 5 is to 'know when to break the rules'. We sold our long position on Friday. Our reasoning is as follows, the market achieved our weekly upside exhaustion level, to-the-penny, on Friday. We are anticipating a two-week low in the next four to six weeks.*

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Figure 1 below displays the daily price action for July 2018 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. July

opened by spending the first six trading sessions consolidating, with intra-day highs on three of those days breaking above June's high at PMH: 74.46. However, the market never settled above that level. The following six sessions were spent with the price descending towards, and breaking, the Monthly Trend level for July at MTrend: 68.63. As highlighted above, our focus was on anticipating a two-week low. **On Monday, July 16<sup>th</sup>, the two-week low was achieved.** The market price bottomed two sessions later at 66.44. Over the next nine sessions, the price ascended back to (and slightly through) the Monthly Trend, MTrend: 68.63, now acting as resistance. The market price settled the month of July at 68.76, essentially on Monthly Trend. **Figure 1:**



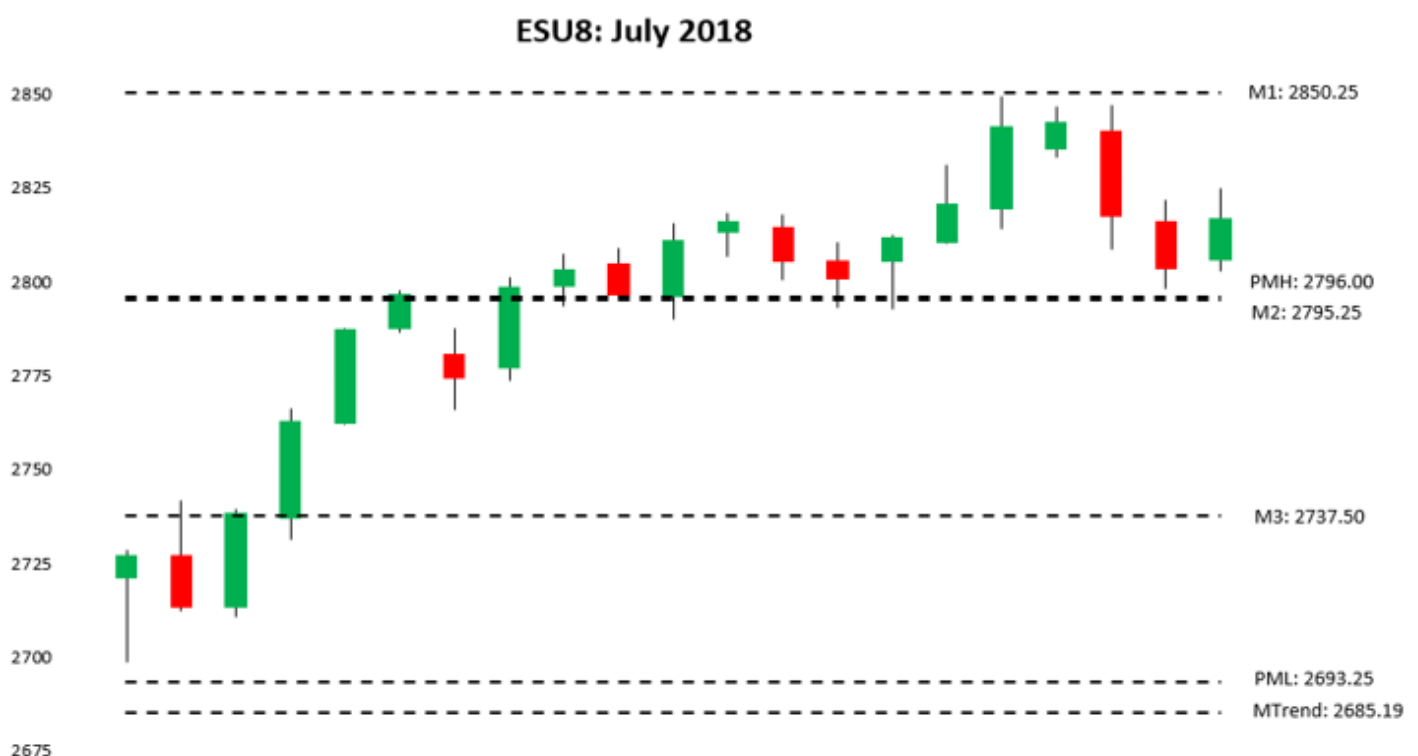
## E-Mini S&P 500 Futures

We continue with a review of E-Mini S&P 500 Futures (ESU8) during July 2018. In our July 2018 edition of *The Cartography Corner*, we wrote the following, with emphasis given to green-shaded excerpts: **In isolation, monthly support and resistance levels for July are:**

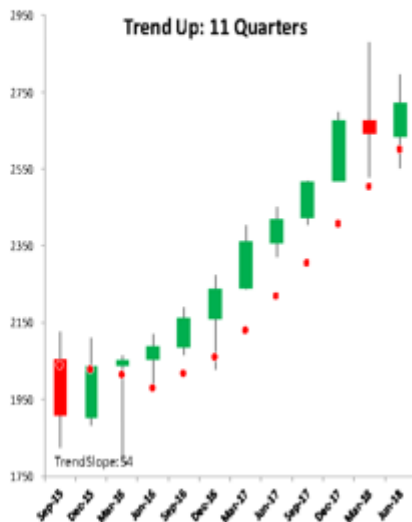
- **M4** 3000.75
- **M1** 2850.25
- **PMH** 2796.00
- **M2** 2796.00

- **M3** 2737.50;
- **Close** 2721.50
- **PML** 2693.25
- **MTrend** 2685.19
- **M5** 2644.75

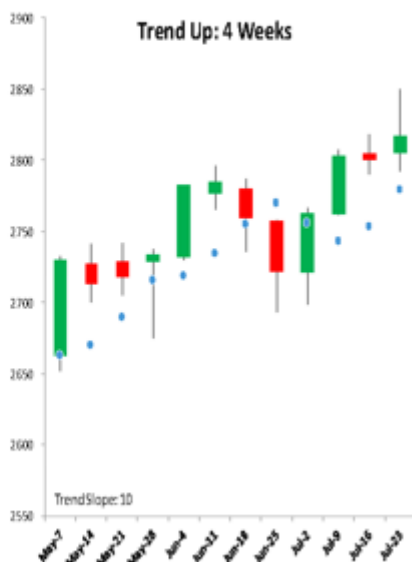
Active traders can use 2737.50 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 2685.19 as the downside pivot, whereby they maintain a flat or short position below it. Figure 2 below displays the daily price action for July 2018 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. July opened by promptly reversing the weakness realized in the latter-half of trading sessions in June. On the third trading session of July, the market price settled above the pivot we isolated at M3: 2737.50. The following five sessions were spent with the price ascending to (and through) our clustered-resistance levels isolated at M2: 2795.25 and PMH: 2796.00. Over the next six sessions, the market price consolidated, testing those clustered-resistance levels, *now acting as support*. **Over the next three sessions, the price ascended to our isolated resistance level at M1: 2850.25, with the high price for the month achieved on July 25<sup>th</sup> at 2849.50.** With only four trading sessions remaining in the month, active traders had a decision to make: ?Do I realize the 4% profit from adhering to the analysis or do I hold out for the upside exhaustion level?? July's upside exhaustion level was 150 points higher. With the 20-day Average-True-Range of 26 points, even if each range of the remaining sessions were entirely to the upside, *the market price was not likely to reach July's upside exhaustion level.* The market price spent the final four trading sessions descending back to our clustered-pivot levels at PMH: 2796.00 and M2: 2795.25. **Figure 2:**



ESU8	26
Q4	3063.00
M4	3005.75
M3	2912.50
W4	2909.25
M1	2903.00
W1	2880.75
D4	2851.75
PWH	2849.50
PMH	2849.50
W3	2834.25
D3	2830.75
D1	2828.25
PDH	2825.00
Close	2817.00
DTrend	2815.69
D2	2807.25
WTrend	2804.50
PDL	2802.75
Q3	2800.00
PQH	2796.00
W2	2795.25
PWL	2792.50
D5	2783.75
W5	2766.75
MTrend	2734.92
Q1	2713.50
M2	2703.75
PML	2698.50
QTrend	2667.92
M5	2601.00
Q2	2575.00
PQL	2552.00
Q5	2225.50



in aggregate.



Trends:

- Current Settle 2817.00
- Daily Trend 2815.69
- Weekly Trend 2804.50



- *Monthly Trend* 2734.92  
2734.92
- *Quarterly Trend* 2667.92  
2667.92

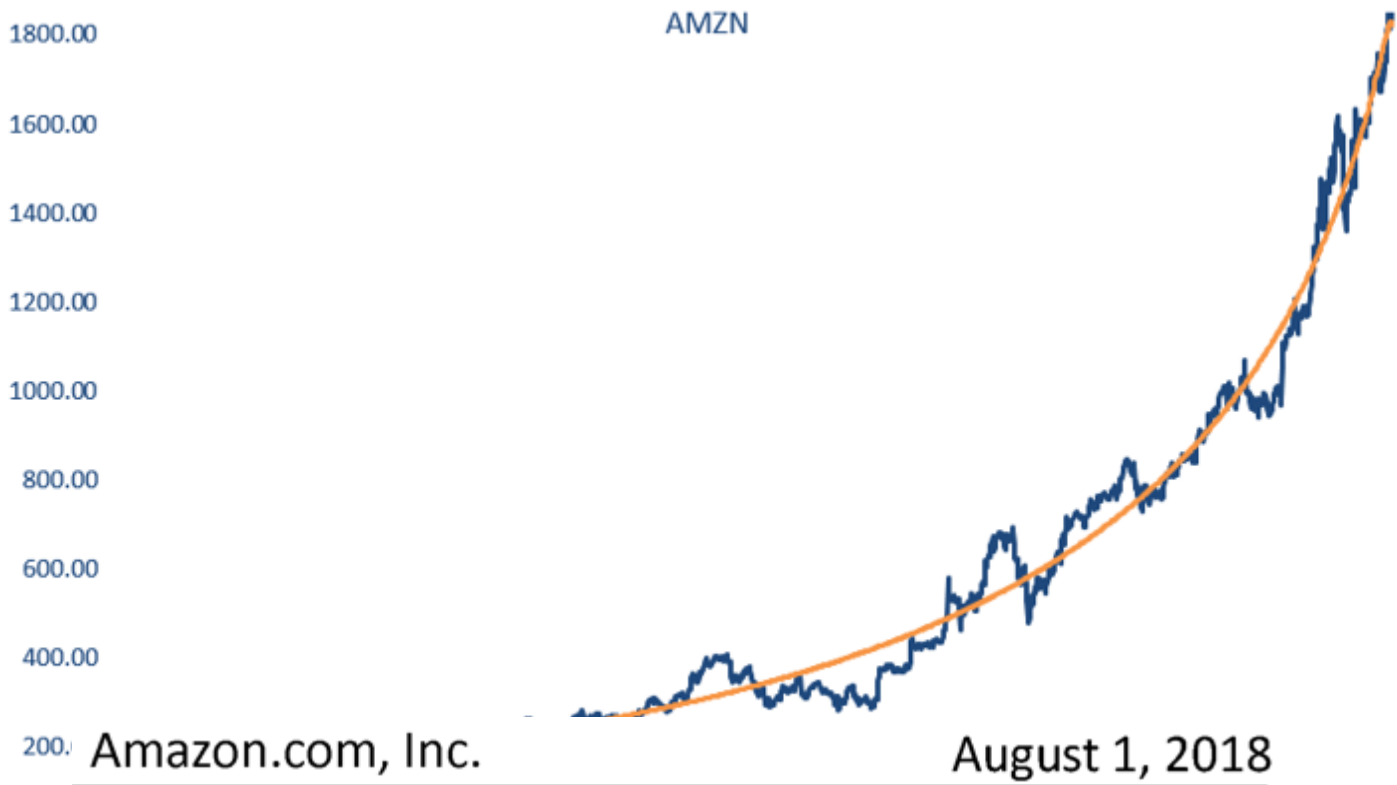
As can be seen in the quarterly chart above, E-Mini S&P 500 Futures have been trading higher in price since the fourth quarter of 2015 and have been ?Trend Up? for eleven straight quarters. Stepping down one level in time-period, the monthly chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for three months and above Monthly Trend for ten of the past twelve months. The futures contract settled the month of July above Monthly Trend, **yet still within February's range**. Stepping down to the weekly time-period, the chart shows that E-Mini S&P Futures have been ?Trend Up? for four weeks.

**Support/Resistance:** In isolation, monthly support and resistance levels for August are:

- *M4* 3005.75
- *M3* 2912.50
- *M1* 2903.00
- *PMH* 2849.50
- *Close* 2811.00
- *MTrend* 2734.92
- *M2* 2703.75
- *PML* 2601.00
- *M5* 2601.00

Active traders can use 2849.50 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 2734.92 as the downside pivot, whereby they maintain a flat or short position below it. **Amazon.com, Inc.** For the month of August, we shift our focus from the energy market to the equity market and in particular to Amazon. In this analysis we provide a monthly time-period analysis of Amazon.com, Inc. (AMZN). The same analysis can be completed for any time-period or in aggregate. Along with a few other technology & discretionary companies, Amazon has significant influence over a variety of exchange-traded-funds and equity indices. Michael Lebowitz's article, [Are the Markets Generals Leading us to War](#), highlights this influence. As a result, we believe a correct analysis of Amazon is imperative for the broader equity market. **Our analysis suggests to us that Amazon may have peaked for the year.** On December 31, 2017, we ran our annual analysis for 2018. The annual upside exhaustion level for Amazon is A4: 1952.82. The highest price year-to-date is 1880.05, or within 4% of the annual upside exhaustion. For 3Q2018, we isolated

clustered-quarterly-resistance at Q1: 1908.66 and Q3: 1952.26.&#2013266080; The highest price thus far in the third quarter came within 1.5% of this resistance zone. Amazon also displays *parabolic* properties in its price history.&#2013266080; In Figure 3 below, the orange line is the *model* price of Amazon using the log-periodic power law.&#2013266080; The work we have completed on parabolic markets, and work disseminated to us by other respected market participants, **suggests that parabolic markets correct the upward-parabolic price trajectory in roughly one-third of the time it took to reach the high price.** As the old market saying goes, stocks climb the stairs up and ride the elevator down. **Figure 3:**



## Trends:

- **Weekly Trend**  
1809.09
- **Daily Trend**  
1799.69
- **Close**  
**2013266080;**
- **Monthly Trend**  
1693.80
- **Quarterly Trend**  
1376.05

As can be seen in the quarterly chart above, Amazon has been trading higher in price since the first quarter of 2015 and has been ?Trend Up? for fourteen quarters. **2013266080;** Stepping down one level in time-period, the monthly chart shows that Amazon has been ?Trend Up? for ten consecutive months. Stepping down to the weekly time-period, the chart shows that Amazon has been ?Trend Up? for four weeks. Unequivocally, technical analysis of Amazon's market price confirms a strong uptrend. **Support/Resistance:** In isolation, monthly support and resistance levels for August are:

- **M4**  
2125.01
- **M1**  
1997.00
- **PMH**  
1880.05
- **M3**  
**2013266080;**
- **Close**  
1777.44  
**2013266080;**
- **M2**  
**2013266080;**
- **MTrend**  
1693.80  
**2013266080;**
- **PML**  
1678.06  
**2013266080;**
- **M5**  
1593.02

Active traders can use 1855.08 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 1721.03 as the downside pivot, whereby they



maintain a flat or short position below it.

## 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 to 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.*