

Cartography Corner - May 2019

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](#)

A Review of April

Ultra-Long Bond Futures; We will begin with a review of Ultra-Long Bond Futures during April 2019. In our April 2019 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for April are:

- M4 178-25
- M3 176-13
- M1 175-00
- PMH 168-30
- Close 168-00
- MTrend 162-08
- PML 158-03
- M2 03

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- M5�������153-10

Active traders can use 168-30 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. Figure 1 below displays the daily price action for April 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines.� During the first three trading sessions of April, the market price declined 3 points and 9/32^{nds} on a settlement basis.� *The price action in early April is a stark reminder of the importance of waiting for the Previous Month High or Previous Month Low to be surpassed, before initiating new longs (PMH) or new shorts (PML).* Over the next five trading sessions, Ultra-Long Bond Futures achieved marginally higher prices, within the context of a consolidation area.� The April 10th trading session settled at the price of 165-14.� *The lower boundary of that consolidation area was penetrated during the very next trading session.* Over the following four trading sessions, the market price declined an additional 1 point and 21/32^{nds} on a settlement basis.� The intra-day low on April 17th and the low price of the month were achieved at the price of 162-08.� *Our April Monthly Trend Level at MTrend: 162-08 stopped the decline in its tracks.* The final eight trading sessions were spent with Ultra-Long Bond futures rebounding higher off April Monthly Trend.� The final settlement price was 164-09, 1 point and 31/32^{nds} higher than MTrend: 162-08. **Figure 1:**

UBM9: April 2019

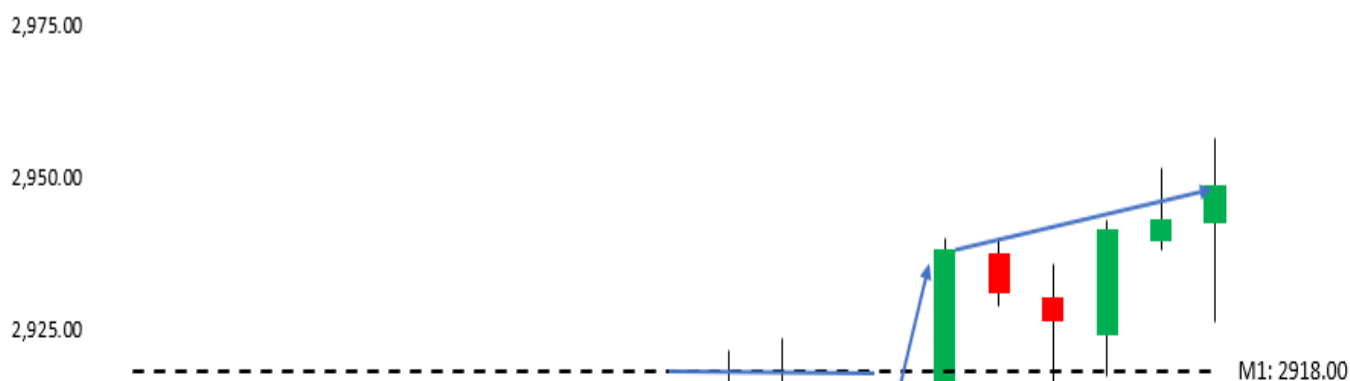


E-Mini S&P 500 Futures We continue with a review of E-Mini S&P 500 Futures during April 2019. In our April 2019 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for April are:

- M4: 3051.25
- M1: 2918.00
- M3: 2890.75
- PMH: 2866.00
- Close: 2837.50
- M2: 2772.25
- MTrend: 2729.08
- PML: 2639.00

Active traders can use 2866.00 as the upside-pivot, whereby they maintain a long position above that level. Active traders can use 2772.25 as the downside-pivot, whereby they maintain a flat or short position below it. Figure 2 below displays the daily price action for April 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The first trading session of April saw the market price settle above our isolated pivot level at the Previous Month High, PMH: 2866.00. *E-Mini S&P 500 futures never looked back.* Four sessions later, on April 5th, the market price traded and settled above our second isolated resistance level at M3: 2890.75. The following four trading sessions saw E-Mini S&P Futures consolidate, centered around that level. *On April 12th, the upper boundary of that consolidation area was penetrated.* The following five trading sessions saw the market price consolidate again, with the boundaries of the consolidation area essentially being M1: 2918.00 and M3: 2890.75. *On April 23rd, the upper boundary of that consolidation area was penetrated.* The final five trading sessions were spent with E-Mini S&P 500 Futures achieving a marginal new high. April's settlement price equaled 2948.50, a new all-time high. **Figure 2:**

ESM9: April 2019



May 2019 Analysis

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

- Current Settle
2948.50
2948.50;
- Daily
Trend
2940.53
- Weekly Trend
2912.31
2912.31;
- Monthly Trend
2828.81
2828.81;
- Quarterly
Trend
2718.86



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SP 500 Futures
May 1, 2019

ESM9	24.74
Q4	3419.00
M4	3186.50
Q3	3170.25
M3	3059.25
M1	3047.00
W4	2996.00
D4	2975.25
W3	2973.00
M2	2962.50
W1	2962.00
D1	2961.50
PDH	2956.50
PMH	2956.50
D3	2954.00
Close	2948.50
PWH	2942.75
DTrend	2940.53
PDL	2926.00
D2	2914.25
WTrend	2912.31



Of all the levels included in our output, Quarterly Trend is the most important, because it is more secular in nature. The market price settled back above Quarterly Trend in 1Q2019, leaving the market in ?Consolidation?. Stepping down one level in time-period, the monthly chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for four months. Stepping down to the weekly time-period, the chart shows that E-Mini S&P 500 Futures have also been ?Trend Up? for seven weeks. **Within the context of the market price relative to the trend levels and the relative positioning of the trend levels to one another, technical analysis of E-Mini S&P 500 Futures is bullish.** We have written extensively about our anticipation of a two-month high being needed in E-Mini S&P 500 Futures. We anticipated it occurring in the month of March and it was realized during the second trading session of the month. *The rally from the December 2018 low has completed its objective, and then some.* Despite the bullish technical condition mentioned above, we continue to view this time window and price area as the last and best opportunity to sell longs (get short), anticipating an extended decline in both time and price. Based upon historical occurrences, *we are willing to remain patient until late May / early June before re-assessing our anticipation of a reversal.* We communicated in April our recognition of the risk of a new all-time high, and that high has been achieved. This has led to multiple discussions with our clients and other market participants regarding right-tail risk, or the risk of the market ascending well above its current record high. While we remain cognizant of right-tail risk, in our judgment, the realized price behavior of the U.S. Dollar, High-Grade Copper, and WTI Crude Oil (to a lesser extent) combined do not support that outcome. If market participants are convinced of sustained-and-increasing domestic-and-global economic strength, then we posit that those asset classes offer better opportunities going forward. Support/Resistance: In isolation, monthly support and resistance levels for May are:

- M4; 3186.50
- M3; 3059.25
- M1; 3047.00
- M2;
- PMH;
- Close;
- PML;
- MTrend;
- M5;

Active traders can use 2962.50 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. **Euro FX Futures** For the month of May, we focus on Euro FX

Futures.� We provide a monthly time-period analysis of 6EM9.� The same analysis can be completed for any time-period or in aggregate.



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Euro Currency Futures

May 1, 2019

6EM9	0.0056
Q4	1.2015
PQH	1.1633
M4	1.1587
Q1	1.1570
QTrend	1.1497
PMH	1.1386
D4	1.1360
W4	1.1353
MTrend	1.1333
D1	1.1317
PWH	1.1316
D3	1.1304
WTrend	1.1293
PDH	1.1275
Close	1.1267
W1	1.1251
D2	1.1251
M3	1.1245
M1	1.1237
DTrend	1.1222
PDL	1.1221
D5	1.1208
PQL	1.1185
PML	1.1157
PWL	1.1157
M2	1.1129
W3	1.1119
Q2	1.1119
Q3	1.1055
W2	1.1034
W5	1.0932
M5	1.0779
Q5	1.0674



Trends:

- Quarterly Trend 1.1497
1.1497
- Monthly Trend 1.1333
1.1333
- Weekly Trend 1.1293
1.1293
- Current Settle 1.1267
1.1267
- Daily Trend 1.1222
1.1222

As can be seen in the quarterly chart above, Euro FX Futures have been ?Trend Down? for four quarters. Stepping down one level in time-period, the monthly chart shows that Euro FX Futures have been ?Trend Down? for three months. Stepping down to the weekly time-period, the chart shows that Euro FX Futures are in ?Consolidation?. **Technical analysis of Euro FX Futures is unequivocally bearish.** Having said that, *there is one technical factor that gives us caution.* The condition was met in 2Q2018 that makes us anticipate a 2-quarter high within the next two quarters. That would be achieved this quarter with any trade above 1.1695. Support/Resistance: In isolation, monthly support and resistance levels for May are:

- M4 1.1587
- PMH 1.1386
- MTrend 1.1333
- Close 1.1267
- M3 1.1245
- M1 1.1245
- PML 1.1157
- M2 1.1157
- M5 1.0779

Active traders can use 1.1386 as the upside-pivot, whereby they maintain a long position above that level. Active traders can use 1.1237 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 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.*