# Cartography Corner - November 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.&#2013266080; 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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# A Review of October

**Random Length Lumber Futures**  We begin with a review of Random Length Lumber Futures (LBX9, LBF0) during October 2019. In our October 2019 edition of *The Cartography Corner,* we wrote the following: In isolation, monthly support and resistance levels for October are:

- o M4&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;& 447.90
- o M1&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;& 407.70
- o PMH&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080 393.50
- o Close&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080; 367.10
- MTrend&#2013266080;&#2013266080; 364.03
- M3&#2013266080;&#2013266080;&#2013266080; &#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#20
- M2&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;& 357.10 &#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#20 **&#2013266080;**
- PML&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080; 348.10 &#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#20

&#8203;
&#8203;&#8203;&#8203;&#8203;&#8203;&#8203;&#20
&#8203;
- M5&#8203;&#8203;&#8203;&#8203;&#8203;&#8203;&
316.90

Active traders can use 363.20 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. In our October edition, we anticipated a breakout from consolidation and recognized our ignorance as to which direction by highlighting, ?The lumber market has been building energy for the next substantial move for four quarters and four months, respectively.&#8203; *Relative to our technical methodology, it is a 50-50 proposition as to which direction.?* Figure 1 below displays the daily price action for October 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines.&#8203; The first eight trading sessions were spent with Lumber oscillating around our isolated pivot level of 363.20.&#8203; *Longs and shorts were battling to establish a sustained directional move away from equilibrium at MTrend: 364.03.&#8203;* Astute readers will notice that the low price of the month was realized at the price of 357.50.&#8203; That price was four ticks above October?s M2 level of 357.10.&#8203; *M2 was the first monthly support level under our isolated pivot.* The following seven trading sessions were spent with Lumber making an assault upon, and settling above, September?s high at PMH: 393.50.&#8203; The final eight trading sessions saw Lumber achieve and exceed our isolated resistance level at M1: 407.70. **Conservatively, active traders following our analysis had the opportunity to capture most of the trade up which equated to an approximate 10.5% profit.&#8203;** *Figure 1:*



LBF0 (LBX9): October 2019

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M1: 407.70
PMH: 393.50
MTrend: 364.03
M3: 363.20
M2: 357.10

**E-Mini S&P 500 Futures** We continue with a review of E-Mini S&P 500 Futures during October

2019.  In our October 2019 edition of *The Cartography Corner,* we wrote the following: In isolation, monthly support and resistance levels for October are:

- M4
- M1         3037.25
- M3
- PMH
- M2          3002.25    **
- Close
- MTrend         2952.81   **
- PML         **
- M5

Active traders can use 3037.25 as the upside pivot, whereby they maintain a long position above that level.  Active traders can use 2952.81 as the downside pivot, whereby they maintain a flat or short position below that level. Figure 2 below displays the daily price action for October 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines.  We commented in October, *?? the slope of the Weekly Trend could be in the initial stage of forming a rounded top.?* The first two- and one-half trading sessions of October saw the market price descend 123.50 points from September?s settlement price.  *The decline accelerated once it settled below our isolated pivot level at MTrend: 2952.81.* The low price for the month was realized (early in the session) on Thursday, October 3rd at the price of 2855.00.  Please pay attention to the commentary that follows next, as it highlights the importance of our multi-time-period analysis .  The Weekly Downside Exhaustion level for the week of September 30th was at W5: 2868.00.  Once our Weekly Downside Exhaustion level was reached, we were immediately anticipating a two-week high to occur over the following four to six weeks.  *This was reason one to cover any shorts.* Quarterly Trend for the fourth quarter of 2019 resides at 2840.92.  As we have communicated before, this is the most important level in our analysis and, at a minimum, we expect Quarterly Trend to be defended vigorously on the first approach.  *This was reason two to cover any shorts.* By the time of the market?s close on October 3rd, the price had rotated back above September?s low price at PML: 2889.00.  The following five trading sessions were spent with the market price oscillating between MTrend: 2952.81, now acting as resistance, and support at PML: 2889.00. On October 11th, the market price ascended above and settled above MTrend: 2952.81.  This afforded the market the opportunity to make an assault on our next isolated resistance level at M2: 3002.25.  Two trading sessions later, on October 15th, the market price achieved a high price of 3003.25.  *This is notable because it achieved the two-week high that we were anticipating from October 3rd.*  The following five trading sessions were spent with the market price oscillating around our isolated resistance level at M2: 3002.25. On October 23rd, the market

price settled above M2 and began its final ascent into the October 30<sup>th</sup> FOMC meeting.&#2013266080; It is worth noting that the market did not settle above our isolated upside pivot level at 3037.25 prior to October 30<sup>th</sup>.&#2013266080; *With one trading session remaining in October, common sense suggested waiting for November?s analysis to be produced in lieu of committing capital on the day of the FOMC meeting.* **Humbly offered, our analysis captured the trade down early in the month, the rally into the pre-FOMC high, and the significant pivots in between.** *Figure 2:*
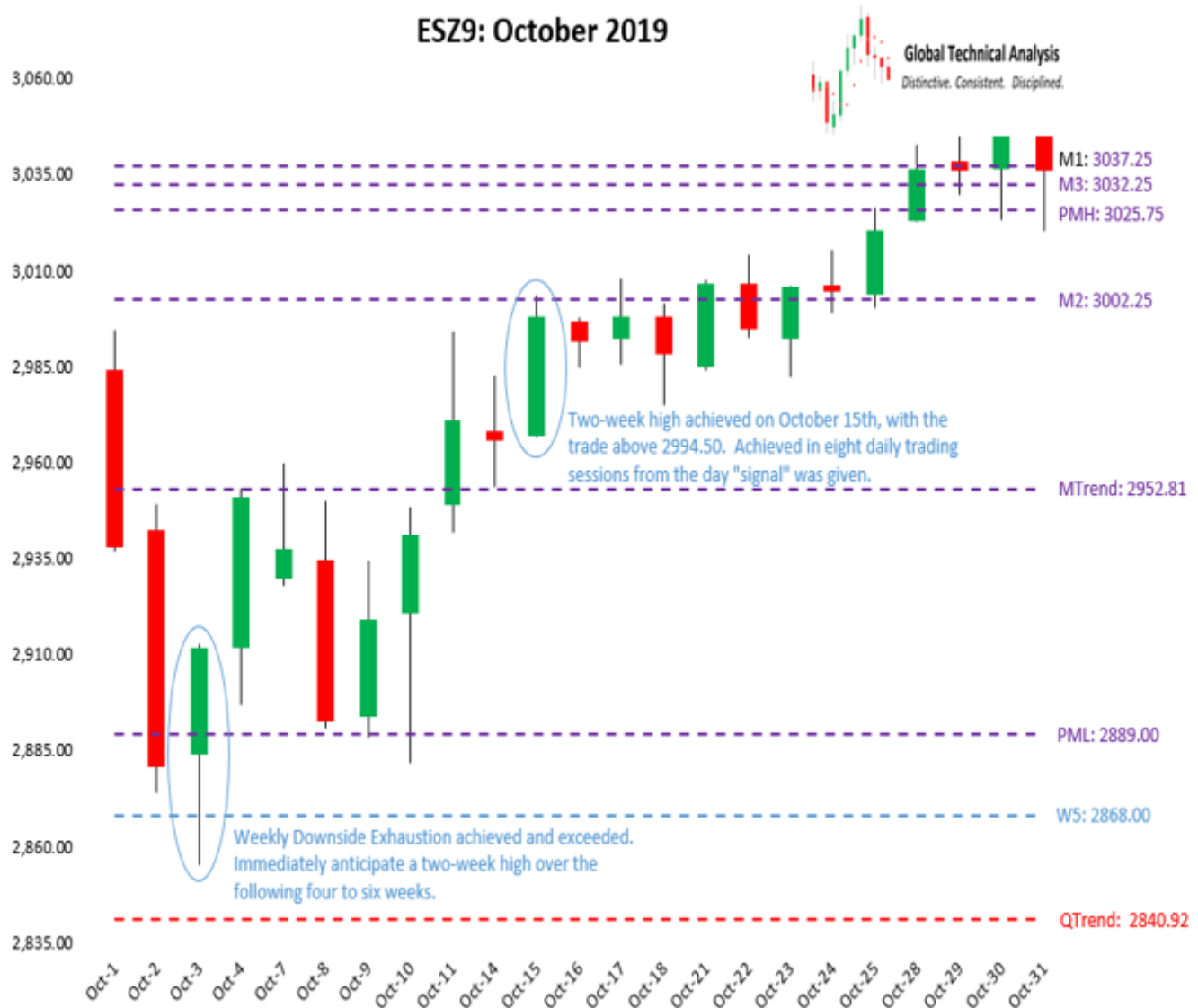


# November 2019 Analysis

We begin by providing a monthly time-period analysis of E-Mini S&P 500 Futures (ESZ9).&#2013266080; The same analysis can be completed for any time-period or in aggregate.
<u>Trends:</u>

- Daily Trend&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080; 3038.39 &#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080; **&#2013266080;**
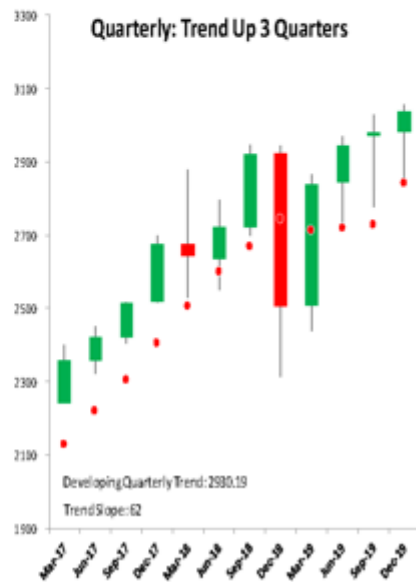- Current Settle&#2013266080;&#2013266080;&#2013266080; &#2013266080;&#2013266080;&#2013266080;&#2013266080; 3035.75

- Weekly Trend          2980.58
- Monthly Trend          2950.42
- Quarterly Trend     2840.92

In the quarterly time-period, the chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for three quarters. Stepping down one time-period, the monthly chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for five months. Stepping down to the weekly time-period, the chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for three weeks. *The relative positioning of the Trend Levels is bullishly aligned. The market price is above all of them (with exception of Daily Trend) which is bullish as well.* In the monthly time-period, the ?signal? was given in August 2019 to anticipate a two-month high within the following four to six months. That two-month high was realized in October 2019, with the trade above 3025.75. Support/Resistance: In isolation, monthly support and resistance levels for November are:

- M4     3221.00
- M3     3093.00
- M1
- PMH
- Close     3035.75
- MTrend     2950.42
- PML
- M2
- M5

Active traders can use 3055.00 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 2950.42 as the downside pivot, whereby they maintain a flat or short position below that level.

| | |
|---|---|
| ESZ9 | 34.18 |
| Q4 | 3330.25 |
| M4 | 3221.00 |
| W4 | 3099.25 |
| M3 | 3093.00 |
| Q1 | 3089.75 |
| M1 | 3084.25 |
| D4 | 3080.75 |
| PMH | 3055.00 |
| W3 | 3052.25 |
| PDH | 3052.00 |
| D1 | 3049.00 |
| W1 | 3045.00 |
| DTrend | 3038.39 |
| Close | 3035.75 |
| PQH | 3029.50 |
| PWH | 3026.50 |
| D3 | 3023.75 |
| PDL | 3020.25 |
| D2 | 3017.25 |
| Q3 | 3012.75 |
| W2 | 3010.25 |
| D5 | 2985.50 |
| PWL | 2982.00 |
| WTrend | 2980.58 |
| W5 | 2956.00 |
| MTrend | 2950.42 |
| PML | 2855.00 |
| QTrend | 2840.92 |
| Q2 | 2822.75 |
| M2 | 2821.00 |
| PQL | 2775.75 |
| M5 | 2684.25 |
| Q5 | 2582.25 |



Quarterly: Trend Up 3 Quarters

Developing Quarterly Trend: 2930.19
Trend Slope: 62

Monthly: Trend Up 5 Months

Trend Slope: 28

Weekly: Trend Up 3 Weeks

Developing Weekly Trend: 3009.97
Trend Slope: 7

Daily: Consolidation

Trend Slope: 5

**New**

**Zealand Dollar Futures** For the month of November, we focus on New Zealand Dollar Futures (?Kiwi?).&#2013266080; We provide a monthly time-period analysis of 6NZ9.&#2013266080; The same analysis can be completed for any time-period or in aggregate. Trends:

- Quarterly Trend &#2013266080;&#2013266080; 0.6640 &#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#2013266080;&#20 **&#2013266080;**
- Current Settle &#2013266080;&#2013266080; &#2013266080;&#2013266080;&#2013266080;0.6416

- Daily Trend         0.6382
- Monthly Trend   0.6361
- Weekly Trend     0.6354

As can be seen in the quarterly chart below, Kiwi is in ?Consolidation?. Stepping down one time-period, the monthly chart shows that Kiwi has been ?Trend Down? for four months. Stepping down to the weekly time-period, the chart shows that Kiwi has been ?Trend Up? for three weeks. In the monthly time-period, the ?signal? was given in August 2019 to anticipate a two-month high within the following four to six months. That two-month high can be realized in November 2019 with a trade above 0.6462. *Our first priority in performing technical analysis is to identify the beginning of a new trend, the reversal of an existing trend, or a consolidation area.* With that in mind, we chose to focus on Kiwi for the month of November. Since its peak in 2Q2017, Kiwi has traded down in five of the previous eight quarters. In the calendar year 2019, it has only traded up in three months out of ten. **But something caught our attention? Monthly Trend for November has ?quietly tiptoed? beneath the market. In our judgment, the risk-reward is favorable for anticipating a trend reversal.** Support/Resistance: In isolation, monthly support and resistance levels for November are:

- M4          0.6627
- M3          0.6558
- PMH          0.6444
- M1          0.6426
- Close          0.6416
- MTrend    0.6361
- PML          0.6215
- M2          0.6169
- M5          0.5968

Active traders can use 0.6361 as the pivot, whereby they maintain a long position above that level and a flat or short position below it.

| | |
|---|---|
| 6NZ9 | 0.0048 |
| Q4 | 0.7111 |
| PQH | 0.6798 |
| Q1 | 0.6748 |
| QTrend | 0.6640 |
| W4 | 0.6638 |
| M4 | 0.6627 |
| M3 | 0.6558 |
| D4 | 0.6539 |
| W1 | 0.6495 |
| D1 | 0.6481 |
| D3 | 0.6467 |
| W2 | 0.6462 |
| D2 | 0.6455 |
| PMH | 0.6444 |
| PWH | 0.6444 |
| PDH | 0.6439 |
| M1 | 0.6426 |
| **Close** | **0.6416** |
| PDL | 0.6397 |
| D5 | 0.6397 |
| DTrend | 0.6382 |
| MTrend | 0.6361 |
| PWL | 0.6356 |
| WTrend | 0.6354 |
| W3 | 0.6330 |
| W5 | 0.6319 |
| PQL | 0.6261 |
| PML | 0.6215 |
| M2 | 0.6169 |
| Q2 | 0.6037 |
| M5 | 0.5968 |
| Q3 | 0.5821 |
| Q5 | 0.5674 |

**Quarterly: Consolidation**
Developing Quarterly Trend: 0.6496
Trend Slope: -0.0048

**Monthly: Trend Down 4 Months**
Trend Slope: -0.0029

**Weekly: Trend Up 3 Weeks**
Developing Weekly Trend: 0.6376
Trend Slope: -0.0019

**Daily: Consolidation**
Trend Slope: 0.0007

&#2013266080; **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.&#2013266080; Our methodology applies a consistent framework that identifies key measures of trend, distinct levels of support and resistance, and identification of potential trading ranges.&#2013266080; Our methodology can be applied to any security or index, across markets, for which we can attain a reliable price history.&#2013266080; We look forward to bringing you our unique brand of technical analysis and insight into many different markets.&#2013266080; If you are a professional market participant and are open to discovering more, please connect with us.&#2013266080; We are not asking for a subscription; *we are asking you to listen.*