

Cartography Corner - April 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](#)

March 2022 Review

E-Mini S&P 500 Futures

We begin with a review of E-Mini S&P 500 Futures (ESM2) in March 2022. In our March 2022 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for March are:

| | | | | |
|---------|---------|---------|------------------------------------|----------|
| o M4 | 4959.25 | o PMH | 4586.00 | o MTrend |
| 4514.58 | o Close | 4368.00 | o M1 | 4363.75 |
| o M3 | 4231.75 | o PML | 4101.75 | o M2 |
| 3990.75 | o M5 | 3395.25 | Active traders can use M1: 4363.75 | |

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 March 2022 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. *Our isolated pivot at M1: 4363.75 bifurcated the realized price action well.* Eleven of the first twelve settlements in March were below our pivot. The last eleven settlements were all above our pivot. Symmetry! *The purpose of every trading month is to surpass the high and (or) low of the previous trading month.* On March 15th, the low market price for the month was realized at 4129.50. That low was only 0.7% away from February's low at PML: 4101.75. Having failed to 'take out' February's low, market participants' algorithms decided it was the proper time to begin an ascent towards February's high. On March 17th the market price settled above our isolated pivot at M1: 4363.75, closing at 4402.00. On March 29th, the market price traded and settled above February's high at PMH: 4586.00. *The purpose of the March trading month was achieved.* The final two trading sessions saw the market price roll back down towards Monthly Trend. **Active traders following our analysis, conservatively, realized a 1.3% profit.** **Figure 1:**

ESM2: March 2022



10-Year U.S. Treasury Note Futures

We continue with a review of 10-Year U.S. Treasury Note Futures (TYM2) during March 2022. In our March 2022 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for March are: o M4 129-21 o MTrend 128-24 o PMH 128-12 o Close 127-14 o M3 126-29 o M1 126-12 o PML 125-17 o M2 124-01 o M5 120-24 Active traders can use M3: 126-29 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 March 2022 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. *The realized price action in March is another example of the importance of Monthly Trend.* Coming into the month, tens had been Trend Down for 6 months. Monthly Trend for March was at MTrend: 128-24 and the market price tested that level intra-session during four of the first five trading sessions. Importantly, the market price did not settle above Monthly Trend. On March 9th, the market price settled below our isolated pivot at M3: 126-29. *It never looked back.* On March 21st, our last isolated support level at M2: 124-01 was settled under. Market participants Algorithms decided it was the proper time to begin a descent towards Monthly Downside Exhaustion at M4: 120-24. The low price for the month was realized on March 28th at 120-31, seven ticks shy of M4. The final three trading sessions saw the market price drift higher. **Active traders following our analysis, conservatively, realized a 3.8% profit.** **Figure 2:**

TYM2: March 2022



April 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 Daily Trend 4587.92 o Current Settle 4530.75 o Quarterly Trend 4480.92 o Monthly Trend 4430.25 o Weekly Trend 4354.79 The relative positioning of the Trend Levels is bearish. 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?, having settled above Quarterly Trend for eight quarters. Stepping down one time-period, the monthly chart shows that E-Mini S&P 500 Futures are ?Above Trend: 1 Months?, after having settled below Monthly Trend in both January and February. Stepping down

to the weekly time-period, the chart shows that E-Mini S&P 500 Futures are ?Above Trend: 2 Weeks?, after having settled below Weekly Trend for nine weeks. As stated above, the relative positioning of the Trend Levels is bearish. Weekly Trend < Monthly Trend < Quarterly Trend. Both Daily Trend and the Current Settle are above those levels, with the latter having rolled under the former. Now consider the fact that in **threeweeks**, the market price recouped **59.8%** of the previous **ten-week** downtrend (measured using Weekly Settlements). We have five measures of trendline significance and numbers four and five are significant in the current context.

4. The slope of the trendline: The steeper the slope, the more questionable the significance of the trend.
5. The time duration of the trendline: The shorter the time duration, the lesser the significance of the trend.

Based on the above, in our judgment, what we have witnessed over the past three weeks is a textbook bear-market retracement. A market can retrace 80% of its previous move and still be deemed a retracement. Applying that math to the weekly time-period implies a Weekly Settlement of 4645.30 is the demarcation level. Above that level and the market likely surpasses the December 27th Weekly High Settlement of 4758.50. 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 April with a trade above 4631.00. Monthly Structural Momentum has escaped from its extreme right tail, yet still has approximately 1.5 standard deviations to return to neutral. Trend Persistence, which measures the strength of the trend across multiple periods, is just above neutral (last measured on March 25th). By our measures, this market is not oversold. Support/Resistance: 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 |
| 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.



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SP 500 Futures April 1, 2022

| | |
|------|---------|
| ESM2 | 92.75 |
| Q4 | 5356.50 |
| M4 | 5160.25 |

Quarterly: Trend Up 8 Quarters

Above Trend: 1 Months



Australian Dollar Futures

For April, we focus on Australian Dollar Futures (the Aussie dollar?). We provide a monthly time-period analysis of 6AM2. The same analysis can be completed for any time-period or in aggregate.

Trends: o Daily Trend 0.7511 o Current Settle 0.7497 o Weekly Trend 0.7387
o Quarterly Trend 0.7310 o Monthly Trend 0.7240 The relative positioning of the Trend Levels is transitioning to bullish. 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, the Aussie dollar is Above Trend: 1 Quarters?, after having settled below Quarterly Trend for two quarters. Stepping down one time-period, the monthly chart shows that the Aussie dollar is Above Trend: 2 Months?, after having settled below Monthly Trend for three months. Stepping down to the weekly time-period, the chart shows that the Aussie dollar is Trend Up: 7 Weeks?. Figure 3 below displays our model of Speculative Money and Patient Money positioning. Ceteris paribus, our rule is to position with the Speculative Money except for at extremes. After selling the Aussie dollar for the better part of fourteen months, *Speculative Money is accumulating again. Figure 3:*

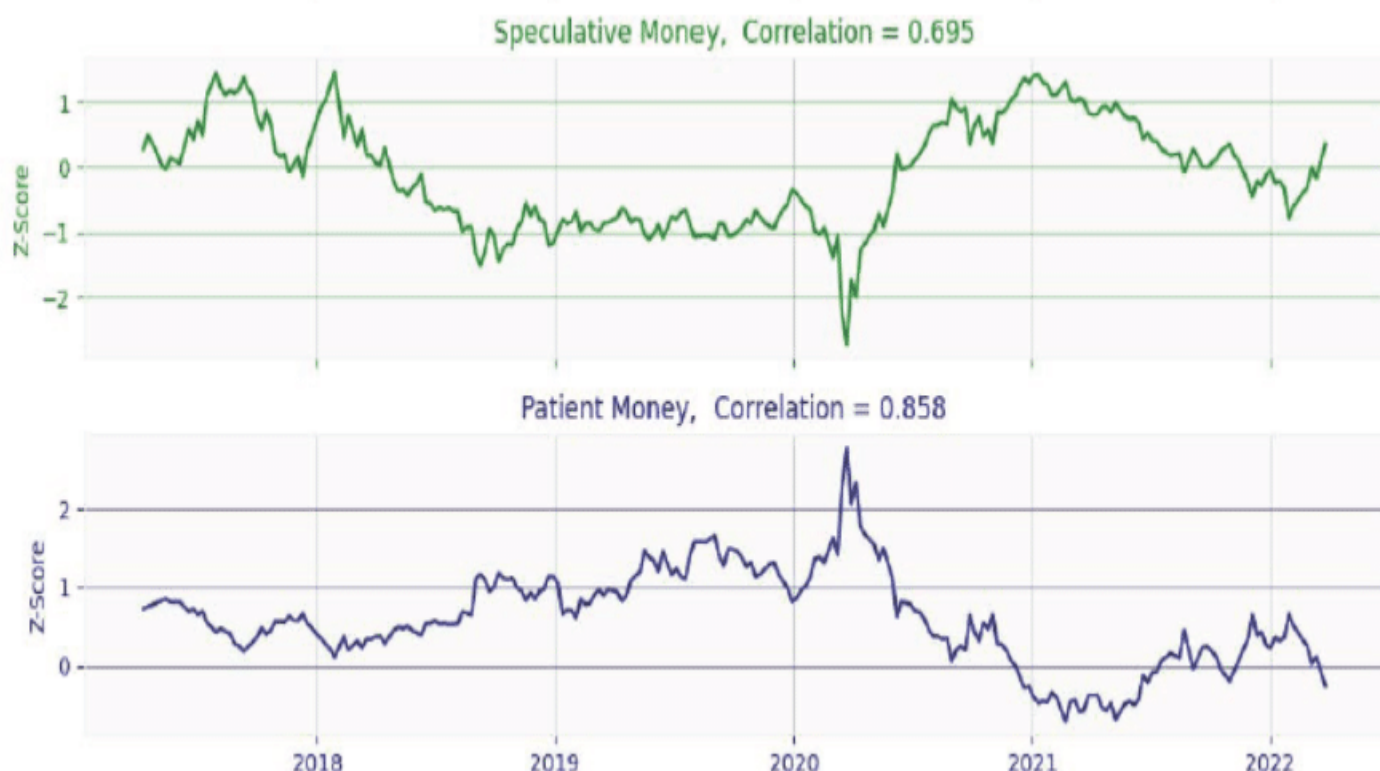


Figure 4 below displays our model of Trend Persistence. Trend Persistence is a composite measure of the Hurst Exponent over rolling windows of many different lengths. Graphed on the right axis, it is displayed as a Z-Score. The red & green horizontals are at the ± 1.96 , 2.326, and 2.576 levels, which correspond to the 95%, 98%, and 99% confidence intervals. This measurement implies that perhaps we should be patient with any purchases. **Figure 4:**



Support/Resistance: 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.



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Australian Dollar Futures April 1, 2022

| | |
|------|--------|
| 6AM2 | 0.0073 |
|------|--------|

Q4 0.8102

M4 0.8064

W4 0.7918

M1 0.7813

M3 0.7730

Q3 0.7715

W1 0.7665

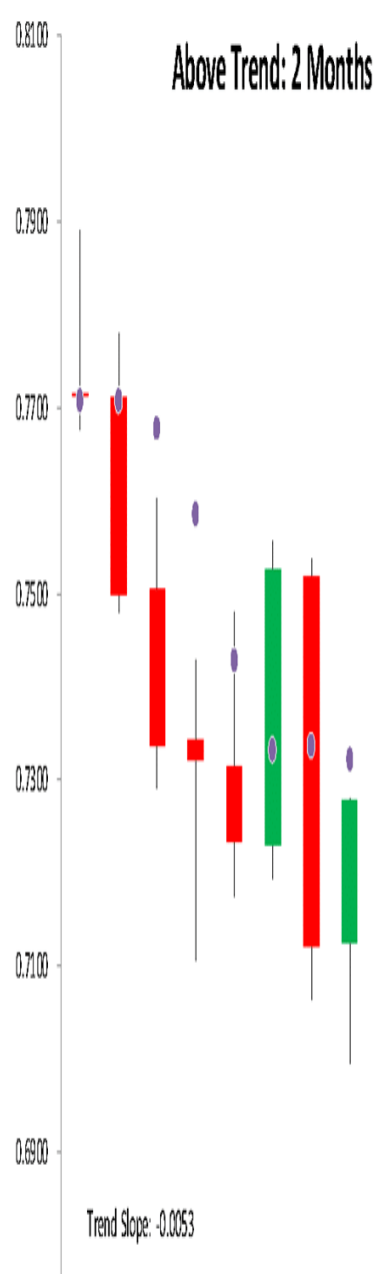
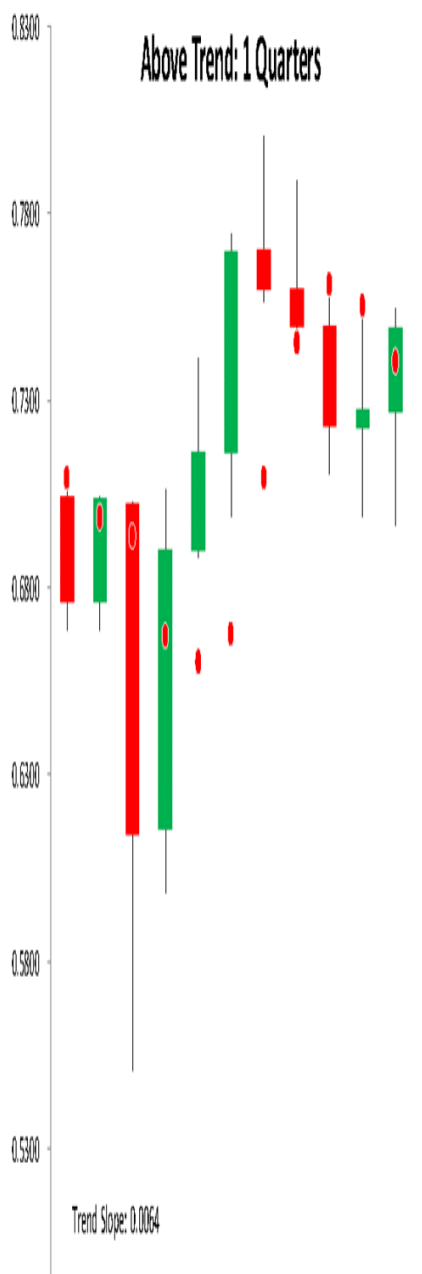
W3 0.7644

W2 0.7592

D4 0.7560

PQH 0.7549

PMH 0.7549



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.*