ADM Investor Services International Limited

Eddie's Crayons...on Commodities! 03 January 2021

Annual Review from Eddie Tofpik			
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SUGAR New York	**COFFEE** New York	**CORN** Chicago	**WHEAT** Chicago
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SUGAR

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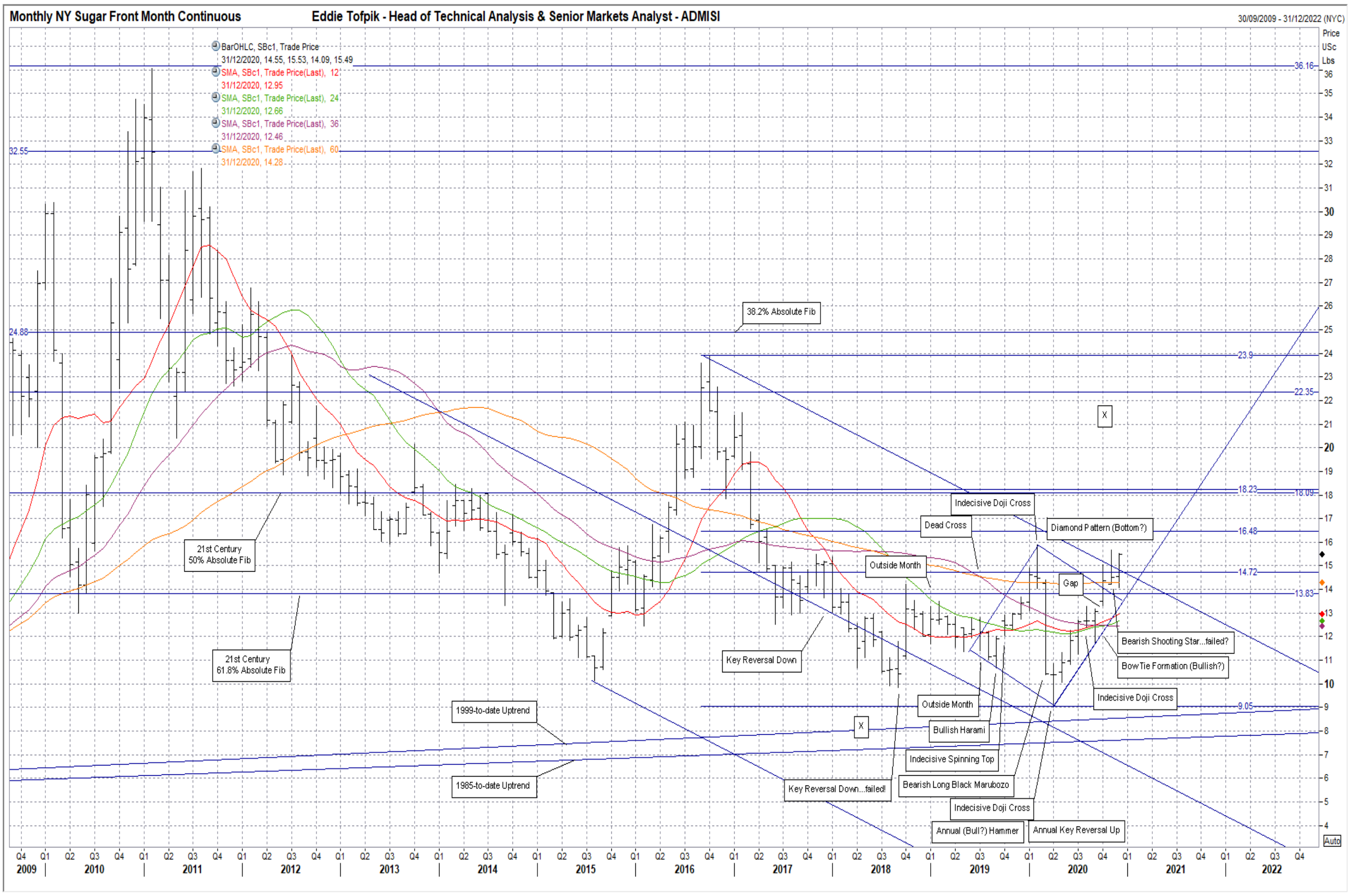
TREND UP?



In 2019 the market switched from the 2011 – 2016 Bearish Andrews Pitchfork to the shallower Bearish Schiff Pitchfork. In 2020, the last two months in point, it looks like the market is disposing of the Bearish Pitchforks all together as in November the market breached the Upper Tine (currently 14.83) and in December we saw a close clear over it. The Middle Tine (currently 6.71) had in its time been a pretty good indicator of the Bearish angle of attack since 2017. However, 2019 also set the scene for its possible retirement with an Annual Bull Hammer Pattern as it started a move away from the Middle Tine and a significant distance towards the Upper Tine. Whilst this carried on into early 2020 and set new highs not seen since May 2017, it did not in fact test the Upper Tine. It all ended with an Indecisive Doji Cross at what turned out to be a high for the market…at least for early 2020. The move down was vicious, a Bearish Long Black Marubozo, the longest month since mid 2016! However, just as it looked like we may see a further decline towards the old Target 'X' from 2016 – 2018's possible Bear Flag, the market halted in April with another Indecisive Doji Cross…but on the downside! I suppose part of this halt can be attributed to the Middle Tine below. However, I am minded to think that the market's proximity to the significant 1999-to-date Uptrend (currently 8.56) and the even more significant, if not as close, 1985-to-date Uptrend (currently 7.63) had a lot more to do with this reversal back up. Whichever was the cause, this set up a rise that has continued through the remainder of 2020…and set in place two important Patterns for the future. First, let us look at what the market has achieved these last few months. We have consecutive closes over the One Year MA (currently 12.95), the Two Year MA (currently 12.66), the Three Year MA (currently 12.46) and most importantly, rising consecutive closes over the Five Year MA (currently 14.28). Additionally, over the last three months the has punched higher, gapping higher indeed, over the 61.8% Fib of the 21st Century Fib at 13.83. In December, just as the year ended, the market made its highest close since April 2017. This has also led to a potentially major Bullish action, an Annual Key Reversal Up for 2020. Now we come to the two most important Patterns that have evolved over the past few months. Firstly, the action in from Q3 2017-to-date with its peaks and troughs has led to the formation of a Diamond Pattern. Right now it looks Bullish…but beware of false breaks on this one. If however, it continues to be a genuine Bullish Diamond Pattern then a potential Target 'X' would be in the 21.40 area. Please note, this is a multi year Pattern…do not expect it in the next weeks or months…unless it really wants to! The Lower Diamond Uptrend (currently 13.23) is the one to watch on any journey higher, this has and will dictate and moves upwards. Secondly, in September we had a Bow Tie formation of the MAs. Currently it looks superficially Bullish. However, the MAs involved, the Two Year, the One Year and the Three Year MAs went into it in the wrong order. Nevertheless, this is potentially a very Bullish indicator for the future as it would suggest a significant action, potentially Bullish, in the next 15 – 20 months. That is somewhere between March 2022 – July 2022. This is something to place in a future diary or note on a future calendar….assuming it plays through! Finally, we have two MA's pointing Up and two Sideways. With all the previous actions and potential actions plus the movements in the MAs, I think it appropriate to move the bullet point away from mildly Bearish

COFFEE

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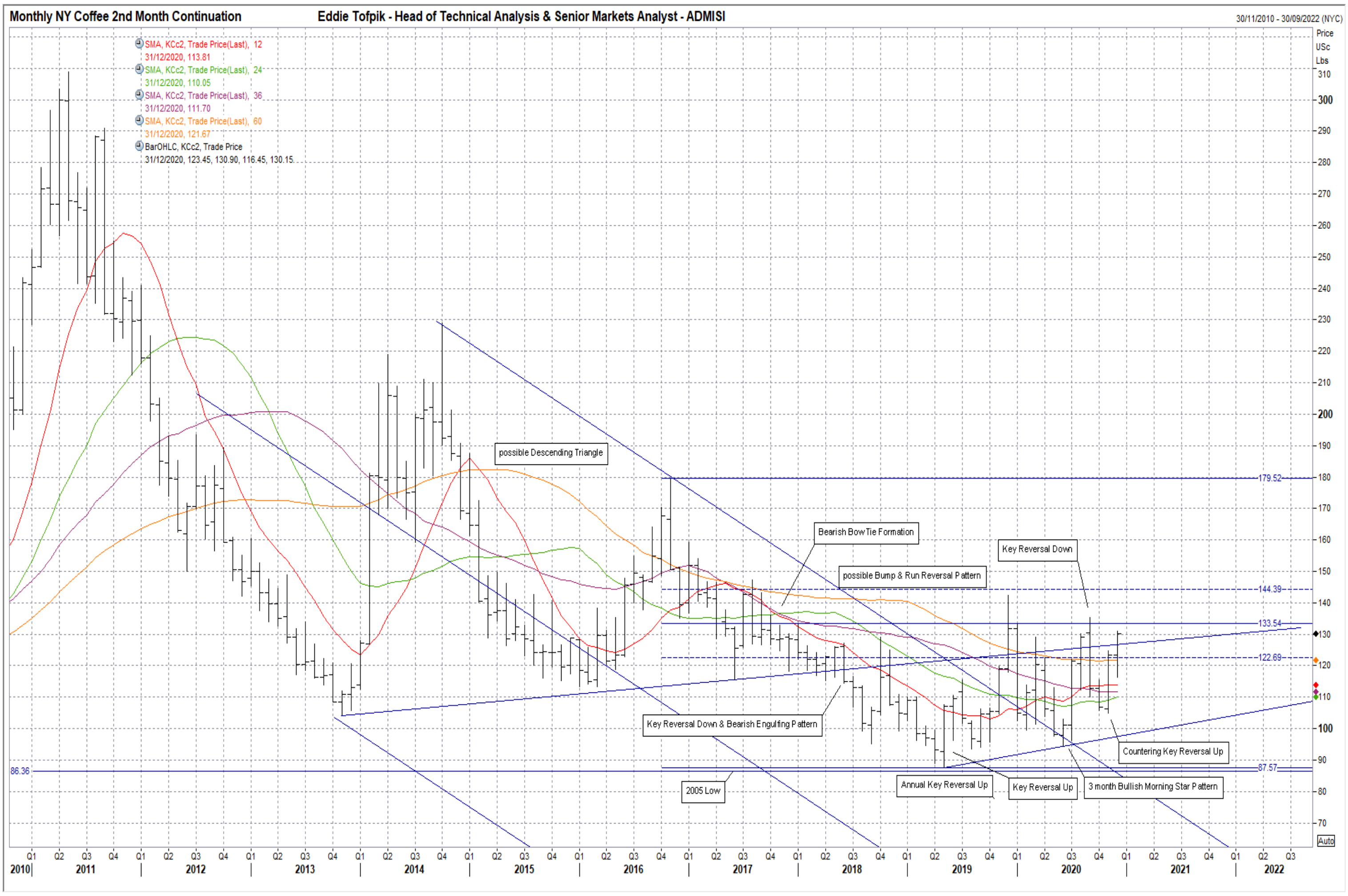
TREND?



I wrote the following in my last Annual commentary back at the start of 2020. *'I could write many things here…I probably will in the end…but the key thing or things to bear in mind as they are related is that the Monthly Key Reversal Up seen in May* (2019) *that was effectively a rejection of the 2005 low at 86.35 was the cause of what eventually became an Annual Key Reversal Up in 2019.'*. I wrote this as we ended 2019 above all the MAs and stalling just under the 2016 – 2019 50% Fib at 133.55. The optimism for a further follow through higher was misplaced as prices dropped back down through all the MAs and closing below them all as well as the broken Upper Tine of the 2011 – 2014 Bearish Schiff Pitchfork that had shown the way lower since 2017. Indeed, this Upper Tine continued to show the way as prices slide along the topside of the broken Upper Tine as a descending bottom and utilising the Five Year MA (currently 121.65) as a closing based cap on the market. This all carried on until August which saw the Bullish result of the previous three months build-up of a Bullish Morning Star Pattern that once again in September tempted the 50% Fib at 133.55. However, September proved to be a false move higher as prices turned and dropped down again, not as big a move…but nevertheless still a Monthly Key Reversal Down. We saw a follow on lower into October and early November. However, this time the drop was tempered as November became a Countering Key Reversal Up with a follow on higher into December that made the highest close of 2020 and made the year an Annual Bullish Doji Cross that was just about an Annual Bullish Dragonfly Doji as well. So where does this leave us? Well…the next dominant Pattern after the previously mentioned Bearish Schiff Pitchfork is the 2014 – 2019 possible Descending Triangle. Now DTs have a preference to be historically Bullish, which was why it was surprising, though perhaps not wholly unusual, to see the market break out lower out of this Pattern in mid 2018 making a new low and testing but rejecting the 2005 low at 86.35. The failure to follow through lower after this can now question whether the whole move from mid 2018 – 2020 may have been a false break lower. If so, it is a big false break…but I have seen similar elsewhere that have turned back up after such a duration on the Charts. However, I'd caution that we have been here before, over the extension of the Uptrend of the Bullish DT (currently 126.75). As recently as August – September in 2020 and a little earlier between December 2019 – January 2020 we saw the same…each failed! Yet, I would add that the consistent attempts higher may be having some attrition upon the overhead 50% Fib resistance at 133.55, especially on a closing basis. It is now up to January and February's action of 2021 to show if this attrition has had any significant effect. One final point, I highlighted last year the following *'Finally, there is the possibility, just the possibility, that the action since the drop back in 2016 could be a type of Bump & Run Reversal Pattern. It looks very much as if it could be…but it is early…so watch carefully!'*. 2020 has done everything it could to stymie that B&RR Pattern…and for the most part it has been effective. However, it has not killed off the idea. I still think we might just have such a Pattern! We'll just have to see. With three out of four MAs flatlining and one MA only rising gently, I feel obliged to draw in the bullet point above from last year's mildly Bearish into Neutral for this year.

CORN

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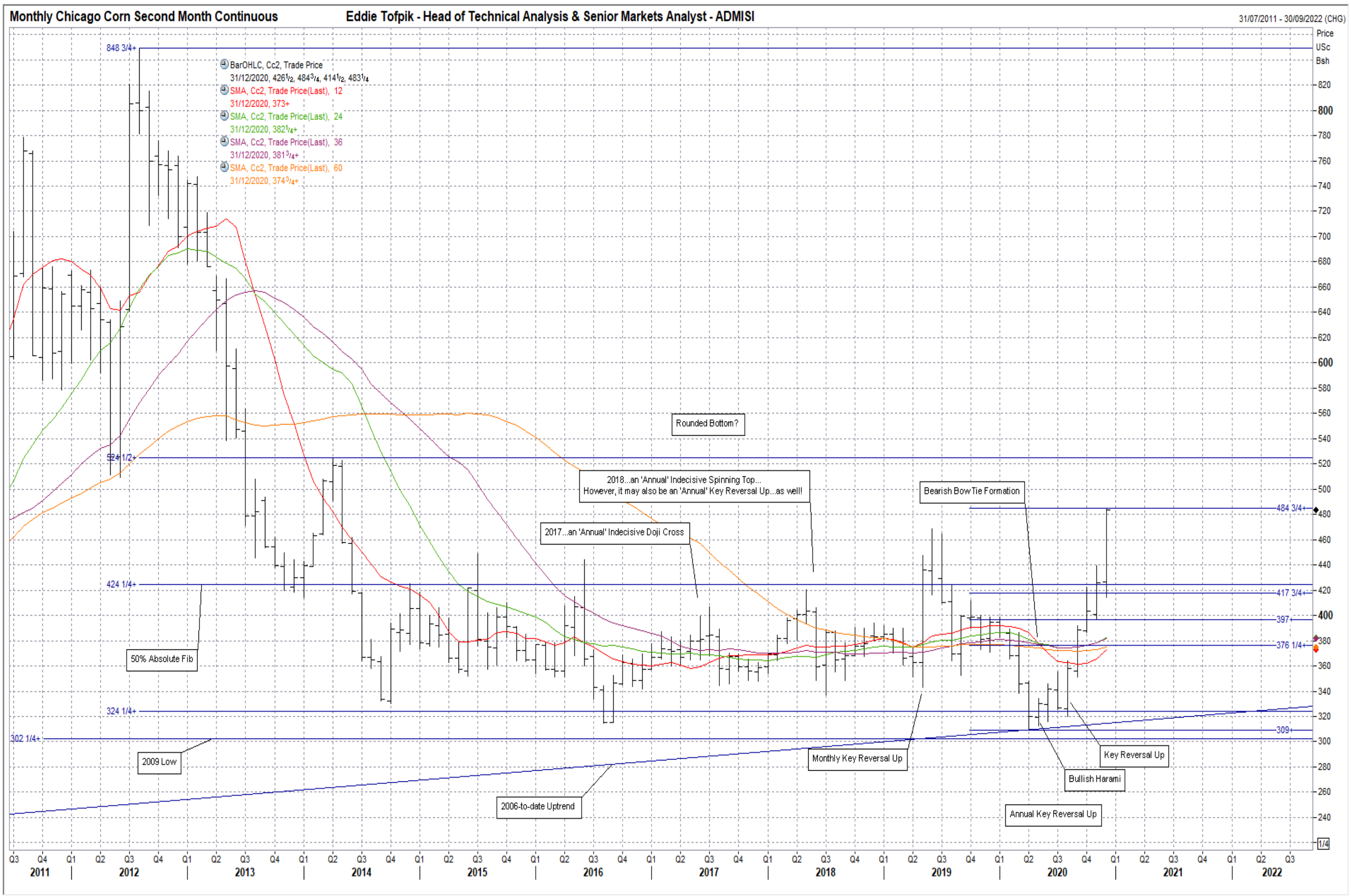
TREND UP?



I have taken to writing in recent years how little the price has relatively moved here on a year-on-year basis. It has been satisfying as well as descriptive on how little prices had ventured since last 2014. This has changed completely since this time last year. To look at this it is best perhaps to look at my explanation of the then bullet point above I'd made a year ago, thus '*Last time I'd moved the bullet point above into mildly Bullish as I had seen the build up of forces ready to move the market higher. This has now happened and apart from the passive Uptrend* (2006-to-date…since reassigned slightly lower and currently 314)*, there is no overt build up or attempt to gain ammunition seemingly in current operation. ALL the MAs are corralled between about 377 – 392 and whilst there may be a nascent Bullishness to them, I'm not that convinced of it having legs. Hence, whilst I'll maintain the mildly Bullish bullet point above…I am not necessarily that keen upon it.*'. They part I'd like to look at first is the maintenance of the mildly Bullish bullet point for a further year…but my being '…not necessarily that keen upon it.'. You can see in that that how the 50% Absolute Fib at 424 was an obstacle to the way higher as well as the severe congestion of MAs (now 373 – 382) that was at the market levels. It was therefore no surprise to see the first part of 2020 with lower prices, reassigning as I have already mentioned, the 2006-to-date Uptrend. The key level to note in this was the 2009 low at 302…with a little help from the 38.2% Absolute Fib at 324. This caused a turnaround back up with the signal being the Monthly Key Reversal Up in August. This time it seems, the 50% Absolute Fib at 424 was not going to be a cap with two consecutive closes over it…though I would prefer another to be sure as the one in November barely rolled over the 50% Absolute Fib. It is nevertheless the seeming beginnings of a Rounded Bottom of sorts…definitely not the prettiest of such Patterns that I've ever seen, hence some hesitation until I can start giving Targets for any move higher…but still exhibiting appropriate behaviour for such a move. The next obstacle topside, assuming it carries on, will be the 61.8% Fib at 524 which conveniently ties in with the first break point to such a pattern as it was the 2014 high. It very much depends on what January and February will bring to this market now. Then of course there's the fly in the ointment! In May the market made a Bearish Bow Tie Formation of the One Year MA (currently 373), the Two Year MA (currently 382) and the Three Year MA (currently 382). This is a longer term Formation, but it still contras the more recent Bullish action. Nevertheless, based on the Bow Tie you might expect a Bearish action in 15 – 20 month time…or in between August 2022 – December 2022. I feel obliged to point out that since October, the MAs have all turned higher, some sharply! So…looking at the recent MAs and how they are all pointing higher, you would expect me to move the bullet point above a further notch into the Bullish side to fully Bullish. Not so…and I'll explain why! Normally, going fully Bullish is what I would look to do. However, I've seen similar behaviour in the MAs back in June 2019…and that ended with a drop in the months following back below all the MAs. Hence, in this case, I will maintain the mildly Bullish bullet point because of my natural caution…though tinged with optimism that moves higher may be strong and plentiful…perhaps!

WHEAT

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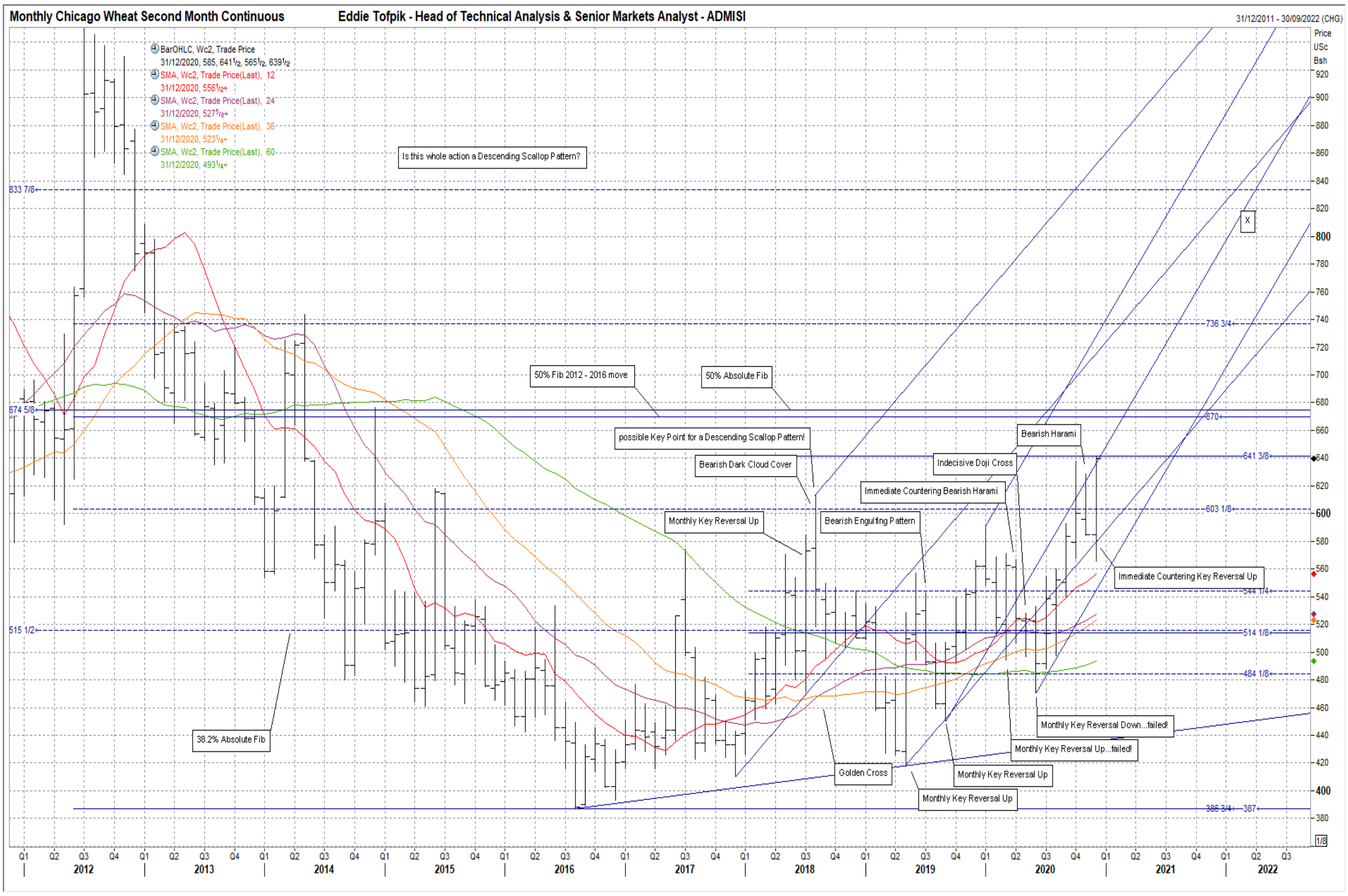
TREND UP



I wrote two years ago of *'…the interesting concept of a Descending Scallop Pattern for the whole of the 2012-to-date action so far. This Pattern is not complete but it has an interesting dynamic. The slope of the move down from 2012 – 2016 is the first element and it looks like the long slope of an Olympic ski jump. 2017-to-date is whether the market turns up at full speed and flies off at the highest point…currently and in this case…the 613 high from last August.'*. Since that time we've had what looked like the anticipated Throwback of the market until May 2019 when we had a huge Monthly Key Reversal Up. Since then we've had some backing and filling with a general Bullish tendency, enough that this allowed me last year to draw a Bullish Andrews Pitchfork for the action between 2017 – 2019. Just as I drew this last year, the market decided in 2020 to test down to the Lower Tine (currently 580)…and breach it…over many months. In March prices broke down through the first time but looked suitably rebuked with a Monthly Key Reversal Up. However, this was temporary as we had an Immediate Countering Bearish Harami in April, breaching briefly yet again. However, it was May that was the concerted attempt lower with a Monthly Key Reversal Down…but this attempt lower was a failure and the nadir of the move down as prices climbed steadily back up thereafter, back with the original Bullish Andrews Pitchfork. Interestingly, in all that time there was only one Monthly close below the Lower Tine…an important point to note. Nevertheless, whilst I may keep this original Bullish Ap on the Monthly Chart, I have drawn a fresh smaller 2018 – 2020 Bullish Andrews Pitchfork which has seen the market reach a significant point upon it in December with a first close…barely…over the Middle Tine (currently 636). What was interesting about December was it was done with an Immediate Countering Key Reversal Up and with a new high and high close that had not been seen since 2014. If we look to see January and February follow on to this Bullish promise then the next overhead levels to watch out for are the 50% Fib of the big 2012 – 2016 move at 670 and the seemingly more important nearby 50% Absolute Fib at 675. Finally, I'd just like to finish this portion with a reprise of the rest of my discussion of the Descending Scallop Pattern two years ago. *'Now, Descending Scallops can be both Bullish and Bearish. In the case of a Bullish Scallop, the market takes another more ragged and shorter dip before accelerating higher. A typical move up would be about 1/3 of the length of the long ski jump onto the highest peak…in this case it would be about 811…or about Point 'X' (it's too early to call it a Target as the market may still expand the rise). A typical move down would be about 30% of the long ski jump taken away from the low of 387…or at about the 217 level…and off the bottom the Chart. It seems excessive but I feel obliged to mention it.'*. We currently have all MAs pointing higher and with 2020 as a mildly Bullish bullet point above. Given all that has happened, especially the MAs, it would seem appropriate to now move the bullet point towards fully Bullish.

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SOYBEANS

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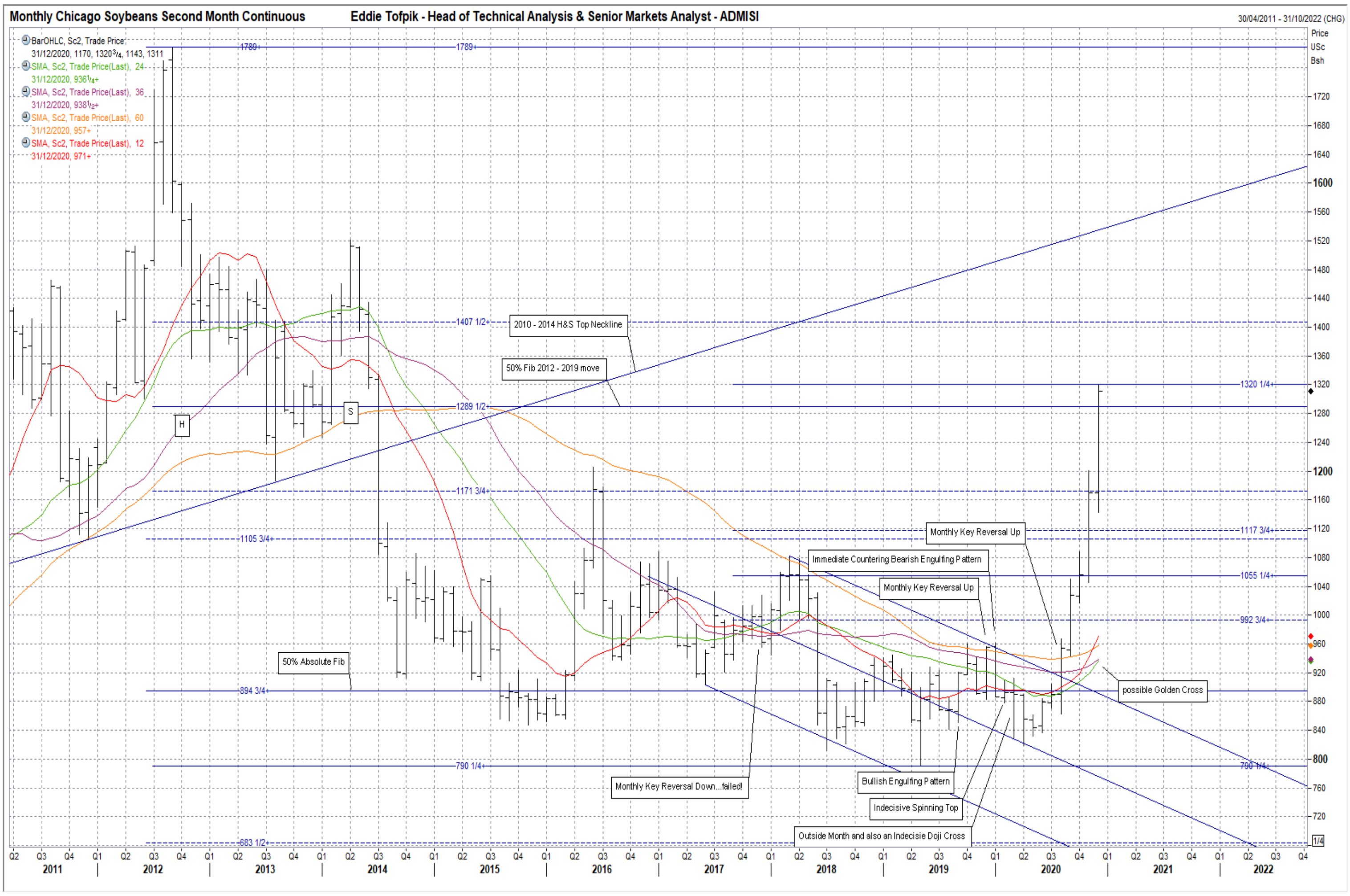
TREND UP



Two years ago I drew a Bearish Andrews Pitchfork for the June 2016 – March 2018. I wrote at the time about this Pitchfork '*It hasn't had the Tines Tested properly as yet…but it looks good at the moment. However, we could just waltz Sideways out of this Pattern and into the Third State of Markets (Neutral) as we seemingly have done for so many times…in many ways a Sideways market but with Bearish tendencies.*'. My thoughts were well placed because the market did waltz away…but instead of a Sideways market it chose a less acute Bearish Schiff Pitchfork for the expected move lower with which I had replaced the original Andrews with last year, this is the one you can see on the Monthly Chart above. This Bearish SP successfully corralled the market lower through 2019 and indeed halted a Monthly Key Reversal Up in December 2019 with an Immediate Countering Bearish Engulfing Pattern in January 2020 that kept the market with in the Tines. However, this attempt at the Upper Tine (currently 891) was a warning about what was to come because though the market followed on lower to the Bearish EP, the move lower was tempered by the Middle Tine in March and April (currently 775). The Sideways action since mid 2018 until then had built up enough ammunition within this market for a breakout attempt of the confines of the Bearish SP. This it did in August with a superb Monthly Key Reversal Up that not only closed over the Upper Tine but also over all the MAs and perhaps most importantly of all, over the key 50% Absolute Fib at 895. All this within just one month! It was therefore not an unusual move to see further gains throughout the rest of 2020 culminating in a big move up in December that closed over the important 50% Fib of the 2012 – 2019 move at 1289. This sharp move higher has let a lot of support below, support that could be seen as ammunition for this current move higher. The next thing to look for is consecutive closes over the 50% Fib at 1289 and then to see how the market fares against the late 2012 – 2013 based congestion roughly between 1385 – 1460. Beyond that we have the highs in the 1520 area and then the interesting Neckline (currently 1536) of the 2010 – 2014 H&S Top. Overall, we have unsurprisingly all MAs rising and the possibility of a Golden Cross soon with the rising Two Year MA (currently 936) looking to cross up over the rising Three Year MA (currently 938)…something to watch out for. With this all taken into account, I have decided to move the bullet point above away from Neutral to fully Bullish. Finally, a quick note that the nearest Gann number of note is at 1350.

COPPER

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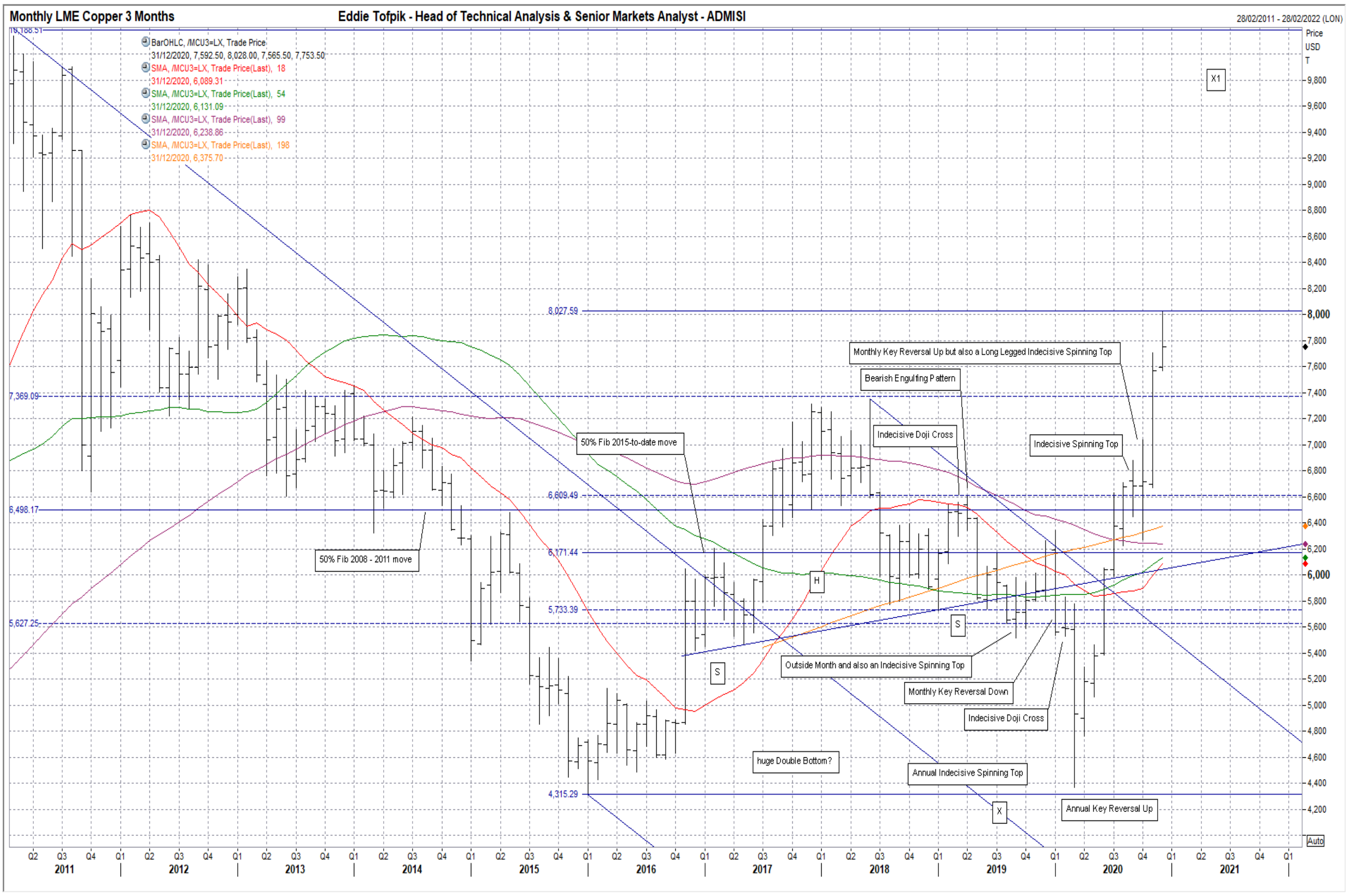
TREND UP?



This time last year I wrote the following '*There has been a big shadow over all the action that has happened this past year in this market. The shadow is whether the completed Pattern formed over late 2016 – mid 2019, the potential H+S Top, is validated! We'd formed the Second Shoulder back in the first six months of 2019. We'd finished the work involved in building it and now we've spent the last half of 2019 trying to figure whether we should trigger the Pattern.*'. I added further on in the same commentary, please bear with me on this…'*Going back to the Monthly Chart you will note some points of interest. First off, the current rise has bumped up into the Upper Tine* (currently 5563) *of the big Bearish 2011 – 2018 Andrews Pitchfork. I'm not sure of the strength of this Pitchfork and I'm willing to look at the Pitchfork, despite its obvious duration and breadth, as potentially only temporary…*'. I then wrote about Target 'X' thus '*It is the potential initial Target for the whole H+S Top and is in the 4180 area. Right now, the validity of Target 'X' very much depends on whether the Upper Tine of the Andrews Pitchfork holds…or not!*'. There's a lot to process there…but once you see where we've come from you'll see how things worked out in 2020. Firstly, back in January 2020 the Upper Tine held…and by quite a strong move, a Monthly Key Reversal Down! This led after some initial hesitation to the big drop in March that almost but not quite managed to reach the 2016 low at 4318. It was also the most that the market managed to achieve in fulfilling Target 'X'. Since that time the market has turned around and started the recovery back up that in June not only broke up through and closed over the Upper Tine…but also did the same for the Neckline (currently 6046) of the H+S Top. The move up continued in July by closing over all the MAs…but then hesitated until October. I suspect this was due to the presence of the 50% Fib of the significant big old 2008 – 2011 move at 6498. Interestingly, October was the second consecutive month of hesitation…but also a Monthly Key Reversal Up. This is what lit the touch paper on the most recent move higher, breaking up through the important highs from 2017 and 2018 at 7312 and 7348. December was the second consecutive close over these two. All this has led to one key Bullish item…an Annual Key Reversal Up for 2020! So where now? Well, the whole action from 2014 – 2020 is looking very much like a huge Double Bottom Pattern…a really big one! If this is so then we have further potential to the upside all the way up to the Target 'X1' are around 9800. This means overcoming overhead resistance from 2011 between 8340 – 8670 to just name one issue. It is an ambitious Target…but it needs to be said. This is a multi month and probably a multi year Target…but it deserves to be voiced. The key for such a move higher is to maintain prices initially over the previously mentioned 7312 and 7348 levels as well as the 50% Fib at 6498. I have also a concern that the recent rise has been swift…very swift! I would suggest keeping a wary eye on any rapid declines…just in case! Overall, three MAs are heading higher and one lower. This Bullish incentive is there and consequently I've decided to move the bullet point above away from Neutral into mildly Bullish…for now!

ALUMINIUM

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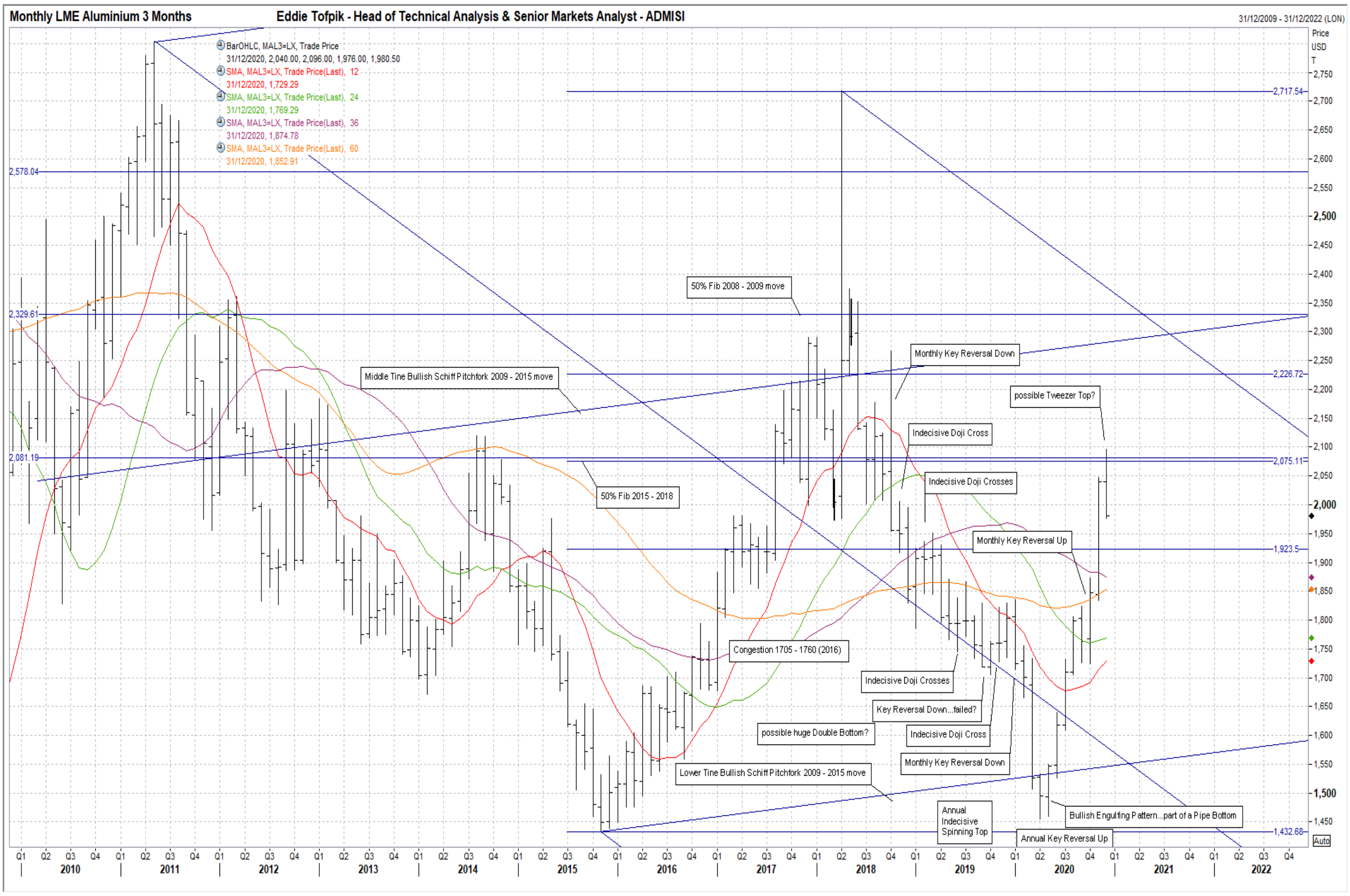
TREND UP?



The story of the action of the first third of 2020 actually starts in October 2018. We had then an attempt higher which managed to punch up through the 50% Fib of the 2015 – 2018 move at 2074, the Middle Tine (currently 2273) of the mildly Bullish 2009 – 2015 Schiff Pitchfork and almost manage to touch the big 50% overhead Fib of the 2008 – 2009 move at 2329. However, ultimately the rise failed as the market instead formed a big Key Reversal Down. Prices dropped lower thereafter, following the Middle Tine (currently 1587) of the big Bearish 2011 – 2018 Andrews Pitchfork on the way down. Down until prices breached the Lower Tine of the big Bullish, if shallow rising, Schiff Pitchfork for the 2009 – 2015 move (currently 1547) where they slowed down. I should point out that though we had two consecutive closes below this lower Tine, the first close was barely below and I would have expected a third consecutive close to properly affirm the close below. However, the slowing and ultimate halt was due to the nearby proximity of the 2015 low at 1432. This low proved too much of an obstacle after the major drop we'd had and prices formed a reactionary Bullish Engulfing Pattern in May that was also part of a Pipe Bottom. This Pipe Bottom is significant as it may be part of a bigger Pattern. Anyway, since then, prices have risen up, including a Monthly Key Reversal Up in October as well as over all the MAs and even punched up through the key 50% Fib of the 2015 – 2018 move at 2075 and the nearby 38.2% Fib of the 2008 – 2009 move at 2081. All these large moves higher have given us a large Annual Key Reversal Up in 2020. Yet there is a tinge of possible bearishness now emerging in late in the year in December…we may have over November and December possibly formed a Tweezer Top. It is way too early to say, this could be after all similar to what happened in August and September 2020 that ultimately led to a Monthly Key Reversal Up in October…or it may not! Watch carefully January and probably February as well. If prices do not stabilise over the 50% Fib at 2075 and the 38.2% Fib at 2081…then the Congestion at 1915 – 1925 may be tested and then even the further Congestion at 1800 area. This is important to watch for what happens next as there is as I alluded to earlier, a possible larger Pattern at stake. Looking at the recent action in 2020 as well as the drop down to the low of 2015, there is the possibility of a huge Double Bottom Pattern developing. It is nascent as yet, less developed that the one in Copper for example…but it is still a possibility, even a strong one. It will depend if prices can move up and reach the April 2018 high at 2718…or not! It is a big ask…but watch out for this as it will be a multi month and probably a multi year Pattern. I'd finally like to mention the possibility of placing either or both a Bullish Andrews or Schiff Pitchfork over the action from 2015 – 2020. This has crossed my mind…but I am not sufficiently happy with the Bullish incentive, given December's action, to do so at this time. Nevertheless, I wanted you to know that such thoughts had crossed my mind. Finally, we have three MAs moving higher and one lower. Last year I had the bullet point above pointing lower with a mildly Bearish outlook. I'm not happy to move just to Neutral and I'm also not happy to leave it where it is or to move it to fully Bullish. Hence, for the moment at least, I will move the bullet point into mildly Bullish…with a question mark!

CRUDE OIL

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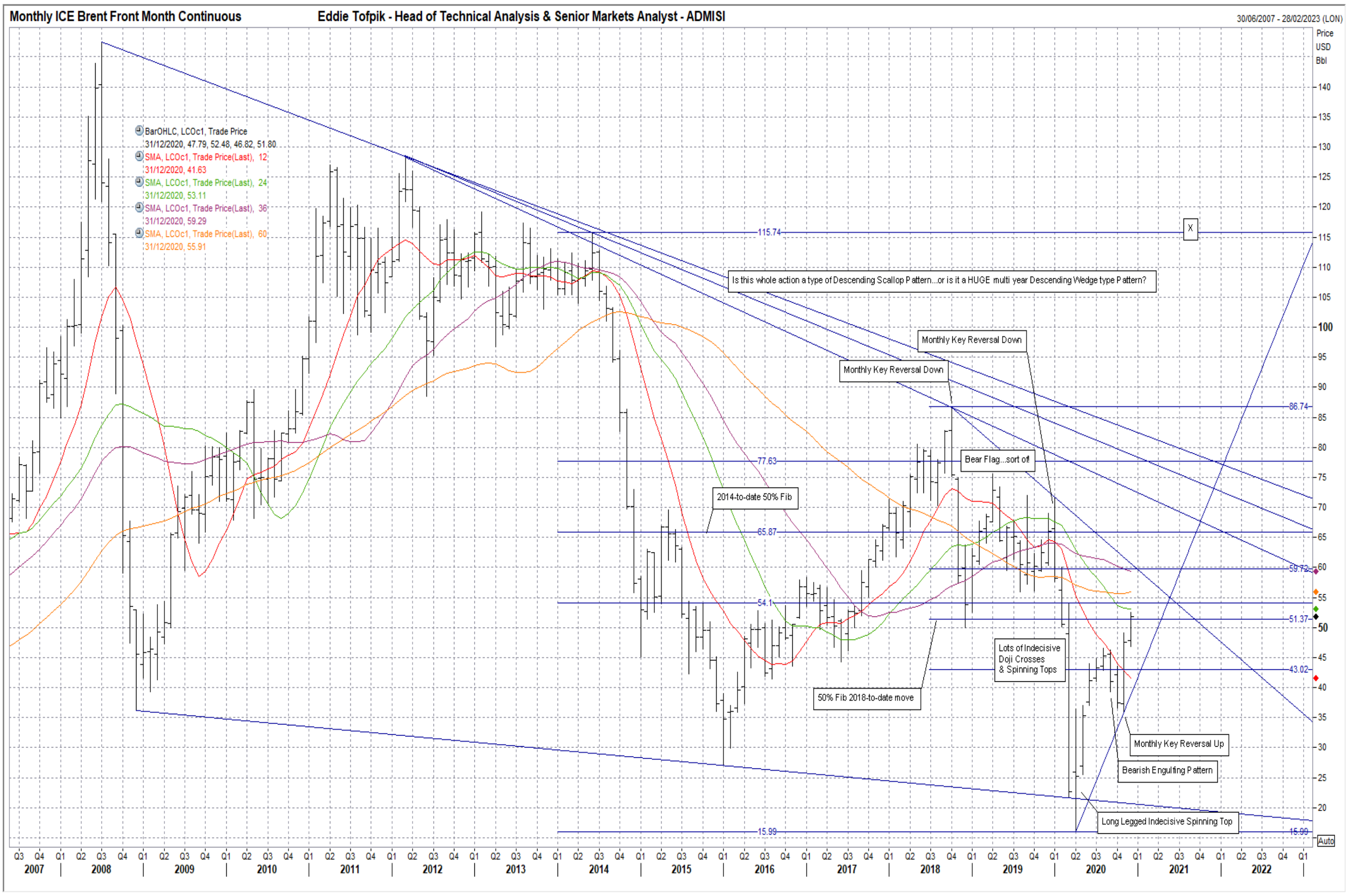
TREND?



This Monthly Chart has to me been by far the most difficult to interpret. I've had to sleep on it and do other mental exercises and invocations as I was having real issues with it. Even now, I think perhaps I have only a glimmer of the truth…but it is like chasing phantoms and grappling with ghosts. Let's first step back and see how we got here. After the big move up and subsequent huge drop late in 2018, we'd spent 2019 surfing the ripples of the big moves. There had been an unusual number of Indecisive Doji Crosses and Spinning Tops during that time. This all led me to pose the question out there last year (and one that is still not fully answered) '*Is the action from 2014 a type of Descending Scallop Pattern?*. It was far, far from perfect at the start…but the recent Indecision gave it merit. The market's move back up in the 2015 – 2018 action added to this idea as this is what you'd expect in such a situation. So…let's look at what I wrote last year about this potential Pattern '*Now a Descending Scallop Pattern can be both Bullish and Bearish. In the case of a Bullish Scallop, the market takes another more ragged and shorter dip, that'd be late 2018-to-date* (end of 2019)*, before then, accelerating higher – the part that is yet to come. A typical move up would be about 1/3 of the length of the long ski jump section on top of the recent highest peak…in this case Point 'X' would be in the region of about 116.75 area. I call it Point as it is far too early to call it a Target so far. Meanwhile, a typical move down would be about 30% of the long ski jump section which is then taken off the low of the ski jump. In this case it would be a moot point as it would be below zero.*'. This was the scenario I supposed we were facing at the end of 2019. However, as soon as January 2020 started the market decided it had other ideas and immediately formed a Monthly Key Reversal Down. This Monthly KR Down was the start of a huge move down that broke and closed below the 2008 low at 36.20 and the more recent 2016 low at 27.10. Indeed, the contract ended up in the low teens at one point. However…and it is a big 'However', the drop whilst penetrating the newly drawn 2008-to-date mildly Bearish Lower Channel Line (currently 20.65), did at no point close below it. In fact, the penetration lower ended up being a Long Legged Indecisive Spinning Top that started the move back up. Prices halted at the descending One Year MA (currently 41.63) back in August and September, the latter seeing a Bearish Engulfing Pattern. However, this did not last long as in November we had a delayed countering Monthly Key Reversal Up that has pushed us up to close over the 2018 – 2020 50% Fib at 51.37…just! Let's now go back to the scenario of the Descending Scallop Pattern formed over 2014 – 2019. This did have two consecutive Monthly closes below the key level for this Pattern at the 2016 low at 27.10. However, I'm inclined to give the idea that it might still be a Bullish DS Pattern because a) the alternative is pointless and b) the extraordinary times and circumstances when it was formed. In which case we could say that the Bullish DS Pattern is still running with the move up since May. It is a stretch…but it can be possible if one considers all Technical Analysis to be an art rather than a science. The other new feature I'd like to consider is the possibility that the 2008-to-date may be a huge multi year Descending Wedge Pattern. This one is also a stretch…but the number of touches on the previously mentioned Bearish Lower Channel Line…yes – that one…has reached three if finessed, sufficient with the finessed two+ on top (1, and extended 2 and a lower 3). If this is true then we really have an interesting Pattern in the offing. There's another problem with this idea. The topside two+ touches are at the best finessed as well. The original 2008 start at 147.50 then the March 2012 kiss to the Downtrend…and this is where it gets complicated. The 2014 high doesn't quite reach the original Downtrend (currently 82.90)…so we maybe finesse the move and give this extended action from 2012 – 2014 a bye as a single extended touch of an optimised Downtrend (currently 78.60). yet there's a problem with this as well as the third touch of the 'Downtrend' would have to be at the October 2018 high at 86.74 which would give us the much needed third touch on the topside but also present up with another finessed and optimised Downtrend (currently 72.93). I suppose the best way to look at this is to start with a sharp pointed pencil back in 2008 and then by the time you reach 2021 you end up using a wide crayon to draw your Downtrend(s)…currently anywhere between 72.93 to 82.90. I am not happy about this at all…but it does provide a solution to what may be the dominant Pattern here. It is as I wrote on the Monthly Chart above 'Is this whole action a type of Descending Triangle…or is it a HUGE multi year Descending Wedge type Pattern?'. The jury is still out on both these points and it may take more than the year of 2021 to answer the question. Meanwhile, overhead we now have the Two Year MA (currently 53.11), the Five Year MA (currently 55.91) and the Three Year MA (currently 59.29) which is at the doorstep to some interesting overhead Congestion from 2019 that stretches up to the important 50% Fib of the 2014-to-date move at 65.87. Referring back to the MAs, two are pointing down, one up and one was pointing down…but has decided to flatline…sort of! Last year I had the bullet point above as mildly Bullish with a question mark. Given the state of the MAs, I'm inclined to reel in the Bullishness a bit into Neutral for this year…for now!

DEFINITIONS

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In the commentary you will note immediately following the currency pair there's a bullet point indicating the trend, I've put together a brief summary of each of the trends.

TREND UP

Any one or more of the following may occur! Market has turned upwards/risen and is likely to carry on, usually till at least the next Monthly Foreign Exchange Commentary. Moving Averages (MAs) are pointing higher or have either crossed, formed a 'Golden Cross' or based out. Chart patterns and trend lines (Channel, Support, Andrew's Pitchfork, etc.) point higher. No appreciable resistance levels (Fibs, Historical, etc.) are noted.

TREND UP?

Any one or more of the following may occur! Market exhibiting signs of exhaustion after a recent rally. Prices may be achieving an upside/ downside target level or approaching major/strong resistance. Market may have started/completing a rally/recovery and it may be looking indecisive/going sideways or it is too early to tell in the short, medium or long-term charts. Moving Averages (MAs) may point higher or have positive crosses but the picture is not conclusive. Some, but not all chart patterns & trend lines (Channel, Support, Andrew's Pitchfork, etc.) indicate higher. Appreciable resistance levels (Fibs, Historical, etc.) are noted close to the market

TREND?

Any one or more of the following may occur! Market exhibiting neither a bias for a rally or a decline. Market is either nowhere near or alternatively caught within narrow bands of support/resistance. Moving Averages (MAs) point sideways & indicate no immediate likelihood of crossing. No strong chart patterns or trend lines evident. …Sometimes… I frankly haven't a clue!

TREND DOWN

Any one or more of the following may occur! Market has turned down/fallen & is likely to carry on, usually till at least the next Monthly Foreign Exchange Commentary. Moving Averages (MA's) are pointing lower or have either crossed, formed a 'Dead Cross' or topped out. Chart patterns & trend lines (Channel, Support, Andrew's Pitchfork, etc.) point lower. No appreciable support levels (Fibs, Historical, etc…) are noted.

TREND DOWN?

Any one or more of the following may occur! Market exhibiting signs of a recovery after a recent fall. Prices may be achieving an upside/downside target level or approaching major/strong support. Market may have started/completing a decline/fall and it may be looking indecisive/going sideways or it is too early to tell in the short, medium or long-term charts. Moving Averages (MA's) may point lower or have negative crosses but the picture is not conclusive. Some, but not all chart patterns & trend lines (Channel, Support, Andrew's Pitchfork, etc.) indicate lower. Appreciable support levels (Fibs, Historical, etc.) are noted close to the market.

THE STORY OF EDDIE'S CRAYONS!

This refers to a deep, long conversation I had with another technician (and also a very dear friend) as to where exactly the neckline on a H+S Top on USDJPY should go…to which he uttered in exasperation and seriousness the immortal words: **"Eddie…it depends how thick your crayon is!"** Thank you Lou – we laughed till I started to hurt and it made my day!

FOR MORE INFORMATION

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