

REVIEW

The benchmark for the Global equity markets performance, the iShares MSCI All Country World Index ETF (ACWI.O) experienced its first setback after a lengthy uptrend. I've adjusted the boundary of the trend channel. The daily price chart might be forming a short-term H&S top with this week's price action completing the right shoulder. The neckline is at 79.25 levels. Breakdown below 79.25 levels can extend the correction towards the 200-day average at 75.3 levels. A breach above the high (82) of the right shoulder will result in a H&S failure and will suggest higher levels. Please note that this is a short-term chart pattern and the shorter-term the chart pattern the more prone it is to failure or morphing (eventually becoming part of a larger scale chart pattern). I'm reading several comments on social media, regarding the possibility of another sharp sell-off similar to Feb-March correction. While anything is possible in the markets, I want to draw your attention to the concept of recency bias.

When we're faced with difficult decisions, especially during times of uncertainty and volatility, our minds take shortcuts. For example, when we are trying to predict the future, our minds naturally reach for what happened most recently--that's called recency bias.

As humans, we have an easier time remembering what happened most recently. This shortcut serves us well in other aspects of our lives, but it can hurt us when making investing decisions. Not all corrections will develop the same way and not all corrections will result in a sharp sell-off. We are better off taking the signals one step at a time.

As we are still above the 200-day average for the ACWI ETF, it is difficult for me to put my bear market cap on. I would view any correction or weakness in the market as reversion to the mean.



Note: We have received many requests for the possibility to have the report in PDF format. Going forward I will attach a PDF version of the report for our members who would like to read on paper and also offline. Due to large size (given that I like to keep charts in large format) this is the best layout I could put the report. I hope this will be useful.



GLOBAL EQUITY MARKETS - SEPTEMBER 19, 2020 - PART I

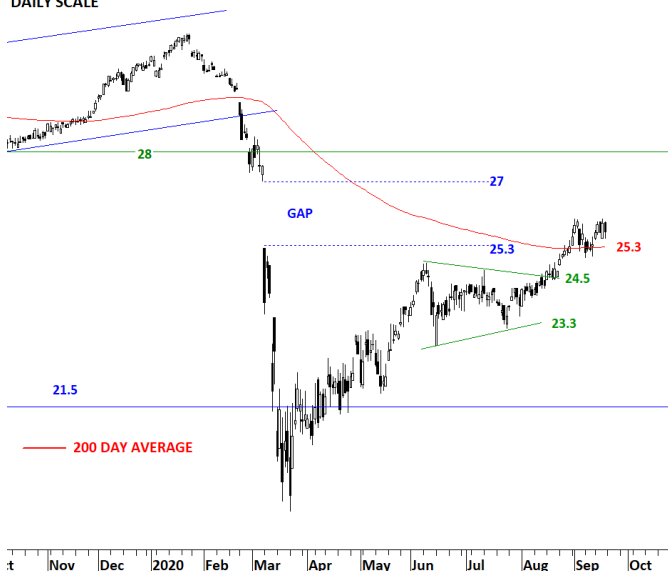
GLOBAL EQUITY MARKETS - SEPTEMBER 19, 2020 - PART II

The benchmark for the Emerging Markets performance, the iShares MSCI Emerging Markets Index ETF (EEM) formed a steady uptrend and a clear trend channel. Pre-pandemic high stands as resistance at 46.3 levels. Recent consolidation is more like a *short-term sideways trading range* rather than a top reversal. Boundaries of the short-term consolidation is between 45.5 and 43.4. Breakdown below 43.4 can result in a correction towards the 200-day average at 41.5 levels.



The benchmark for the Frontier equity markets performance, the iShares MSCI Frontier 100 ETF formed broke out of a symmetrical triangle chart pattern with the upper boundary that acted as resistance at 24.5 levels. Over the past week the ETF consolidated above its 200-day moving average at 25.3 levels. The iShares MSCI Frontier 100 ETF has a gap between 25.3 and 27 levels. The ETF can target higher levels to fill the gap. For any positive momentum, the ETF should remain above the 200-day average.

RIC: FM
EXCHANGE: NYSE
ISHARES MSCI FRONTIER 100 ETF
DAILY SCALE



RIC: FM
EXCHANGE: NYSE
ISHARES MSCI FRONTIER 100 ETF
WEEKLY SCALE



China SSE 50 Index breached the upper boundary of its possible 5 year-long symmetrical triangle. Breakout from the 5 year-long symmetrical triangle can set the tone for Emerging Markets performance in the coming years. The top of the symmetrical triangle at 3,480 levels acted as resistance. The breakout from the long-term consolidation is confirmed and I pay close attention to chart pattern developments in China & Hong Kong equities. Positive technical outlook is not challenged. The monthly scale price chart is going through an extreme low volatility condition. If last month's breakout is valid, we will soon see renewed strength and continuation of the uptrend. As is always the case with symmetrical triangles, the minor high acts as immediate resistance following the breakout. I view the resistance at 3,480 levels as the last hurdle in front of China SSE 50 index.

RIC: .SSE50
CHINA SSE 50 INDEX
MONTHLY SCALE



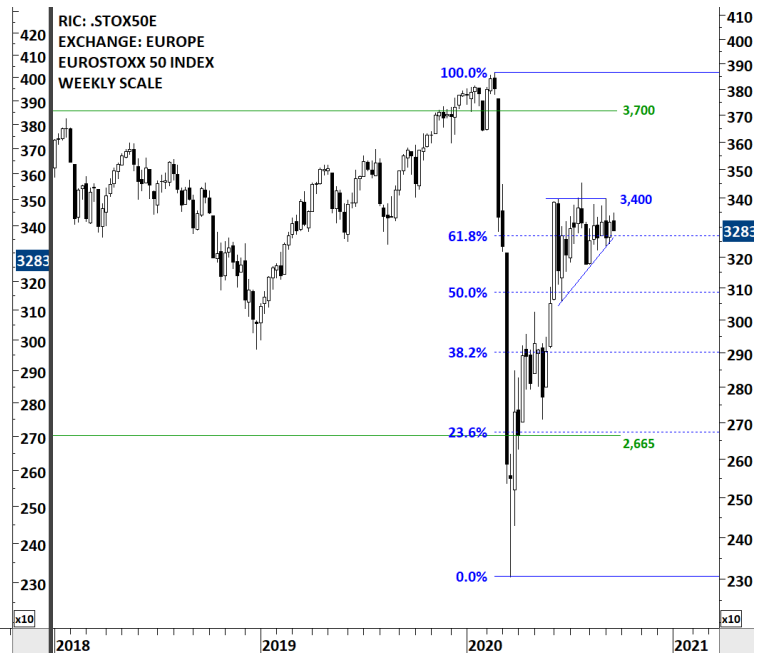
FXI, the iShares China Large CAP ETF listed on the NYSE has been trading in a range between 37.85 and 46 levels. Over the past 2 months the ETF has been consolidating in a tight range between the 200-day average and the upper boundary of the rectangle at 46 levels. I monitor the 200-day average at 41.15 as support and 46 as resistance. FXI offers trading opportunity between those levels.

ISHARE CHINA LARGE CAP ETF (FXI)
WEEKLY SCALE



Since the beginning of March the Euro Stoxx 50 Index formed higher highs and higher lows, resulting in an uptrend. The index is trading around the 200-day moving average. I have been looking for a well-defined short-term consolidation around the 200-day average for a possible breakout setup. The index failed to break above its minor high at 3,400 levels. If the chart pattern in focus is an ascending triangle, a breakout should take place soon. Also this week's low could mark a medium-term low.

RIC: .STOX50E
EXCHANGE: EUROPE
EUROSTOXX 50 INDEX
DAILY SCALE



Both Nasdaq 100 and S&P 500 formed upward trend channels. Nasdaq 100 has been stronger when compared with S&P 500 Index. Nasdaq 100 Index breached the lower boundary of its trend channel. I analyze the current price action as reversion to the mean. The index deviated too far (historical standards) from its 200-day average and now it is pulling back to the average.

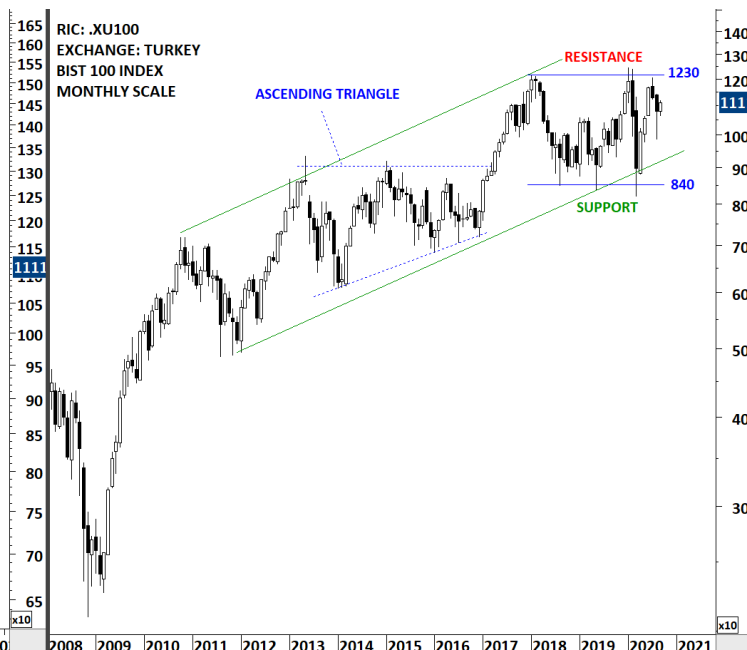
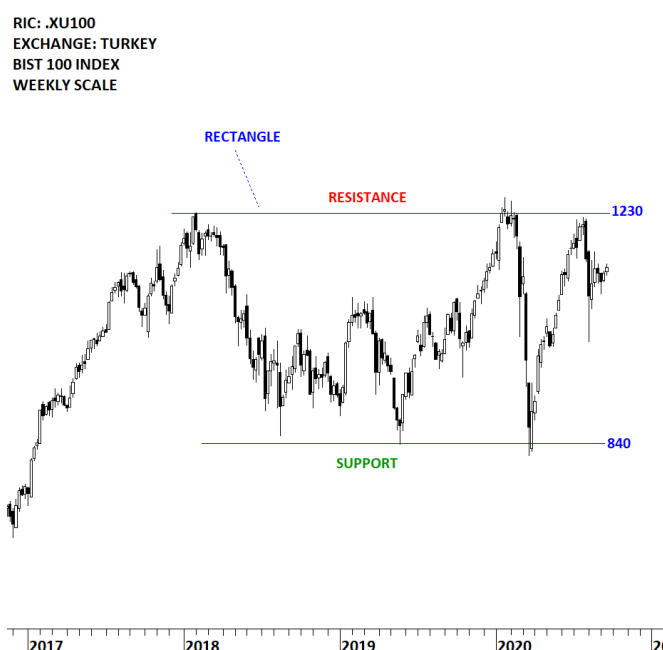
S&P 500 Index experienced the first setback after its steady uptrend. I've adjusted the boundaries of a possible trend channel. S&P 500 is possibly reverting back to its mean, similar to Nasdaq 100 index. Both charts are not offering a clear chart pattern on daily scale price charts.

RIC: .NDX
NASDAQ 100 INDEX
DAILY SCALE

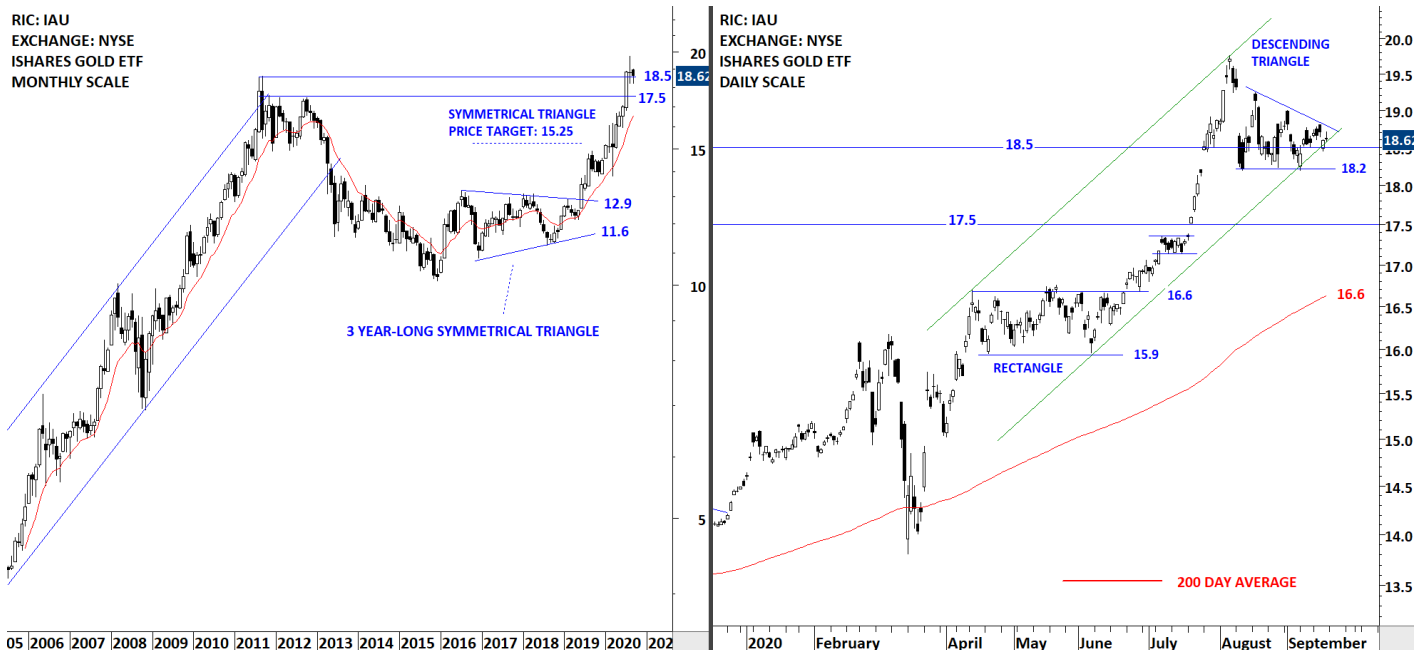


Turkey's BIST 100 equity benchmark reversed from the strong resistance at 1,230 levels. The long-term trend is upwards. Last 2 year's consolidation is offering a wide trading range between 840 and 1230 levels. We should watch out for continued weakness as part of a pullback (consolidation of gains). Breakout above 1230 levels will change the outlook to positive.

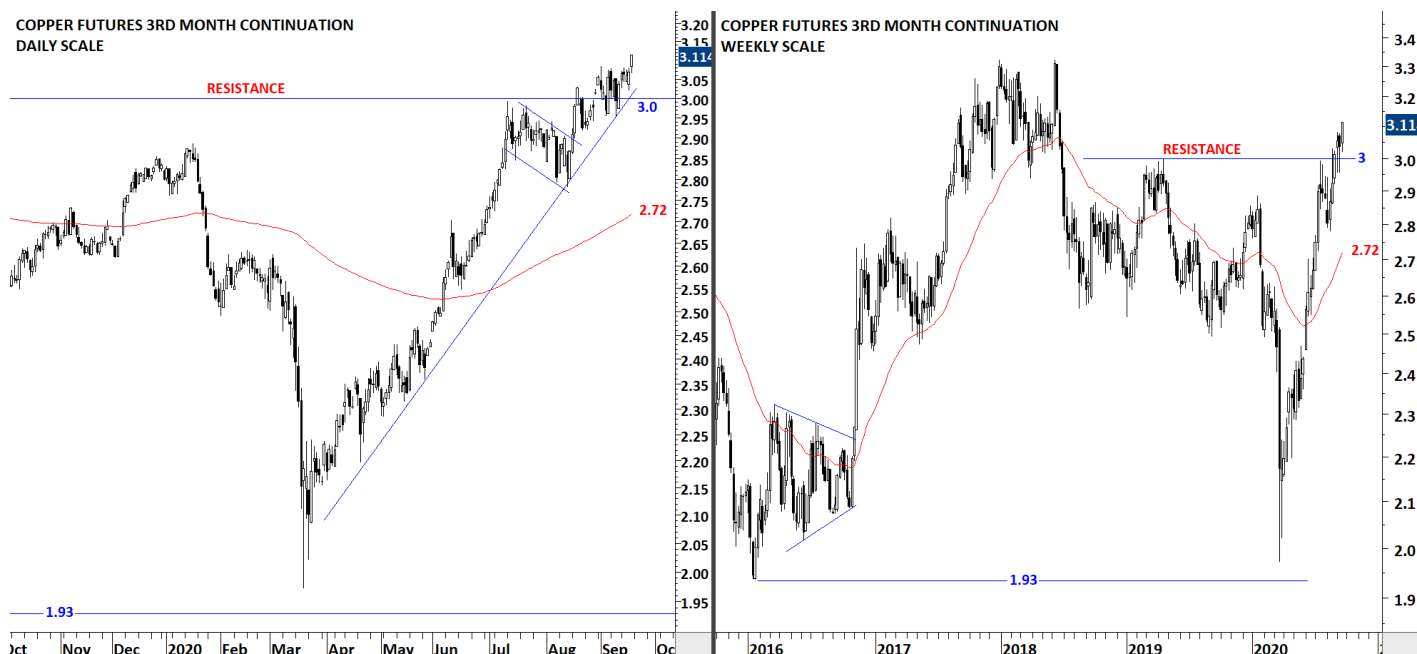
RIC: .XU100
EXCHANGE: TURKEY
BIST 100 INDEX
WEEKLY SCALE



The Ishares GOLD ETF continues to remain in a steady uptrend. The last important horizontal resistance was at 18.5 levels. Last one month's correction pulled the ETF towards the support at 18.5 levels. Both the lower boundary of the possible trend channel and the horizontal line at 18.5 levels are forming support around the same level. On the daily scale price chart IAU ETF possibly formed a descending triangle with the lower boundary acting as support at 18.2 levels. Completion of the descending triangle can also break down the trend channel and target the next support at 17.5 levels.



Copper found resistance at 3 levels. Price is in a steady uptrend. 3.00 levels acted as resistance and after choppy price action around the horizontal resistance Copper resumed its uptrend. 3.00 becomes the new support. The next resistance is at 3.3 levels.



CBOE Volatility Index (both September and October futures contracts are added below) futures contract formed a 4 month-long sideways consolidation range with the upper boundary acting as resistance at 36.4 and the lower boundary as support at 25.5 levels. The lower boundary for the October contract is at 29.2 levels. This week's price action tested the lower boundary of the 4 month-long consolidations on both contracts. Breakdown below the support levels can be positive for Global equities. Rebound from these support areas in the following week can result in weakness for equity markets.

CBOE VOLATILITY INDEX FUTURES SEP20
DAILY SCALE



CBOE VOLATILITY INDEX FUTURES OCT20
DAILY SCALE



European Bund price is in a wide consolidation range between 169.3 and 179.7 levels. The trading range is possibly forming a 10 month-long rectangle. The short-term support at 174.5 is broken on the downside.

BUND FUTURES 1ST MONTH CONTINUATION
WEEKLY SCALE



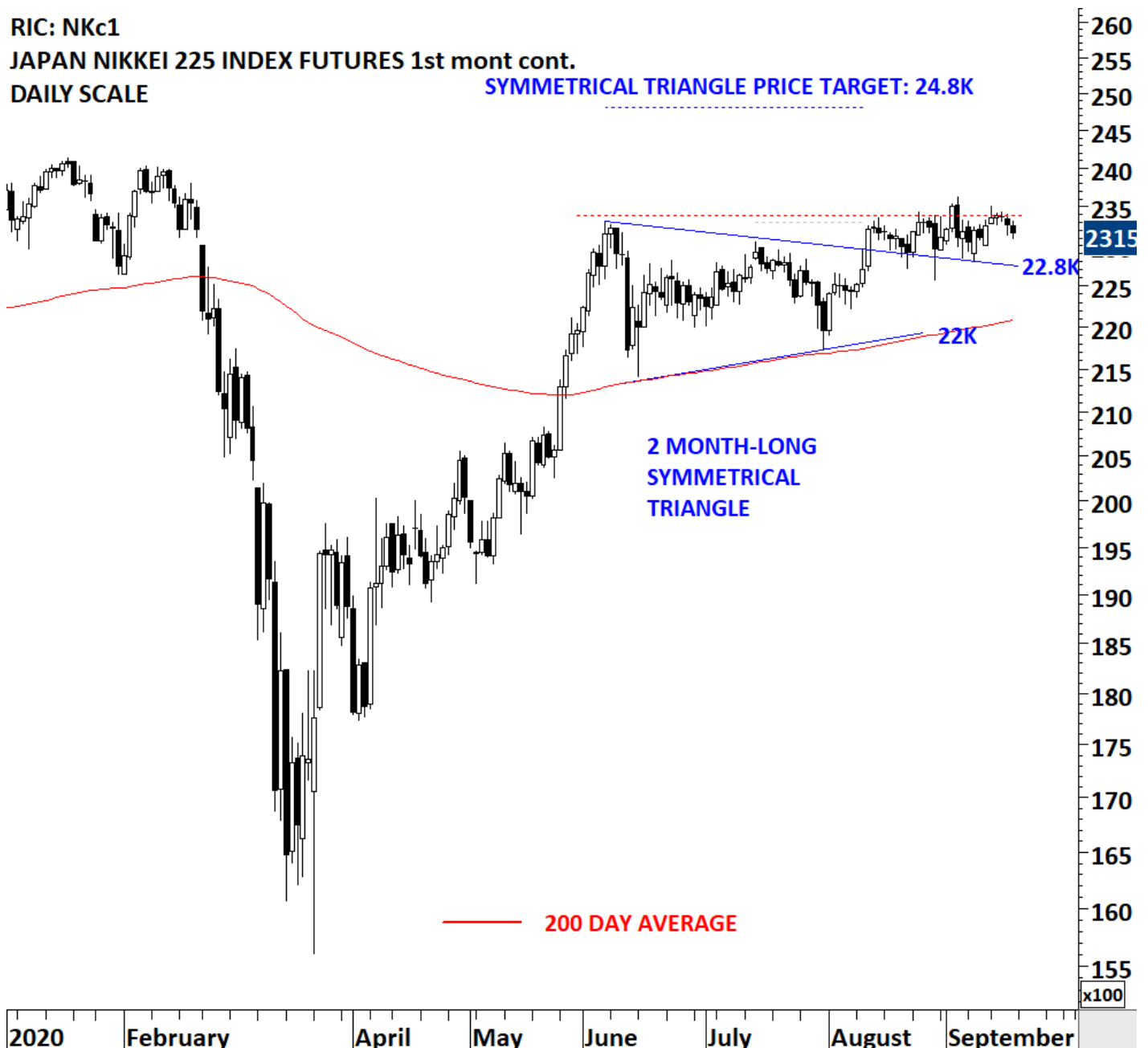
Japan's Nikkei 225 Index cleared the resistance at 22.9K which can be the upper boundary of the symmetrical triangle. The daily close above 23,360 levels confirmed the symmetrical triangle as a bullish continuation chart pattern with the possible price target of 24,800 levels. The index is looking for direction and renewed momentum to clear the minor high at 23,500 levels.

RIC: NKc1

JAPAN NIKKEI 225 INDEX FUTURES 1st mont cont.

DAILY SCALE

SYMMETRICAL TRIANGLE PRICE TARGET: 24.8K



Another well-defined short-term consolidation is developing on France CAC 40 Index. The European equity benchmark possibly formed a 4 month-long symmetrical triangle with the upper boundary acting as resistance at 5,085 levels. A daily close above 5,185 levels will confirm the breakout with the possible chart pattern price target at 5,600 levels. Breakout can complete the chart pattern as well as breaching the 200-day average, confirming the uptrend.

RIC: .FCHI
FRANCE CAC 40 INDEX
DAILY SCALE

