

REVIEW

The benchmark for the Global equity markets performance, the iShares MSCI All Country World Index ETF (ACWI.O) continues to consolidate above its 200-day average. I analyze the latest correction as a reversion to the mean. 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've discussed the possibility of a short-term H&S top on the ETF, but so far we haven't seen a follow through which puts the bearish interpretation in question. There is no clear chart pattern development on the daily scale price chart.



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 - OCTOBER 3, 2020 - PART I

GLOBAL EQUITY MARKETS - OCTOBER 3, 2020 - PART II

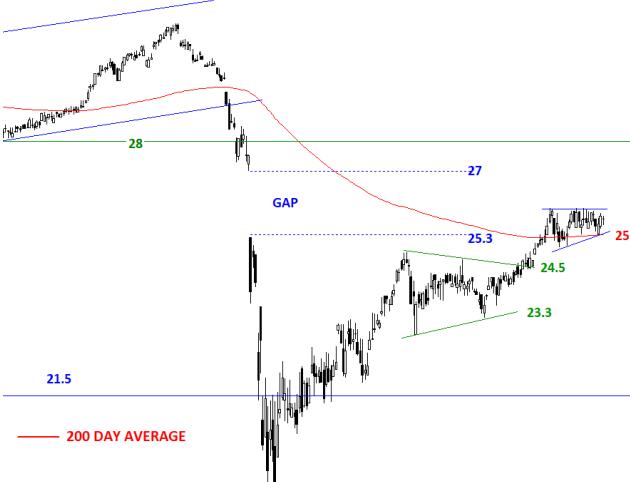
The benchmark for the Emerging Markets performance, the iShares MSCI Emerging Markets Index ETF (EEM) came very close to its 200-day average and rebounded from a possible minor low that acted as short-term support. 41.7-42.3 area will act as support during any pullback. The uptrend, with price being above 200-day average, is intact.

RIC: EEM
EXCHANGE: NYSE
ISHARES MSCI EMERGING MARKETS INDEX ETF
DAILY SCALE



The benchmark for the Frontier equity markets performance, the iShares MSCI Frontier 100 ETF broke out of a symmetrical triangle chart pattern with the upper boundary that acted as resistance at 24.5 levels. Over the past two weeks 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. Recent price action has been impressive given the weakness in many other Global equity benchmarks. From all the major benchmarks (ACWI, EEM and FM) the only orderly price action has been on FM, given the possible ascending triangle chart pattern development above the 200-day average. Completion of the ascending triangle can resume the uptrend.

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. 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.



The chart below shows the China SSE Composite Index (larger universe for China equities). Following the strong rally during June-July period the index entered into a sideways consolidation. The Chinese benchmark is now at an important inflection point. If the support at 3,190 levels holds, given the price testing the uptrend line and holding above the 200-day average, we can expect a rebound and strong quarter for Chinese equities. Last 3 month's price action can form a well-defined rectangle chart pattern.

RIC: .SSEC
CHINA SSE COMPOSITE INDEX
DAILY SCALE



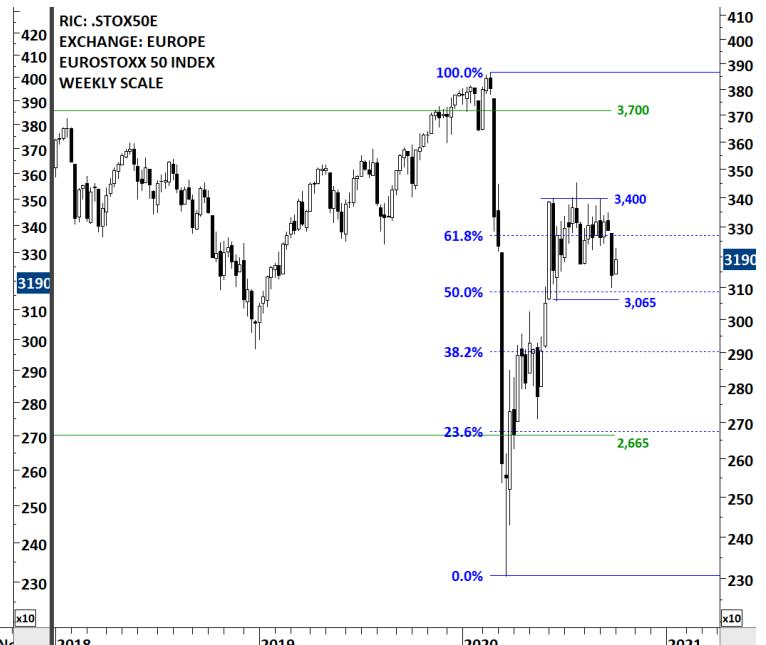
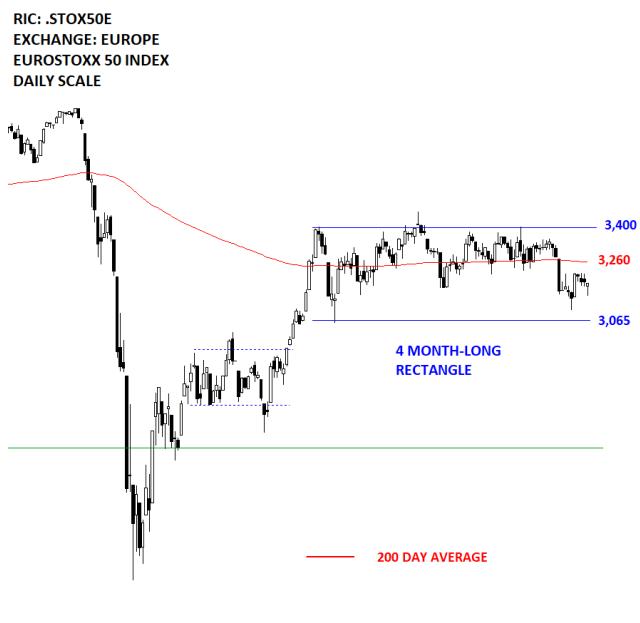
FXI, the Ishares China Large CAP ETF listed on the NYSE has been trading in a range between 37.85 and 46 levels. Over the past 2 months the ETF has been consolidating in a tight range between the 200-day average and the upper boundary of the rectangle at 46 levels. This week's price action once again stabilized above the 200-day average. 41.3 and 46 continues to be the boundaries of the consolidation.

ISHARE CHINA LARGE CAP ETF (FXI)
WEEKLY SCALE



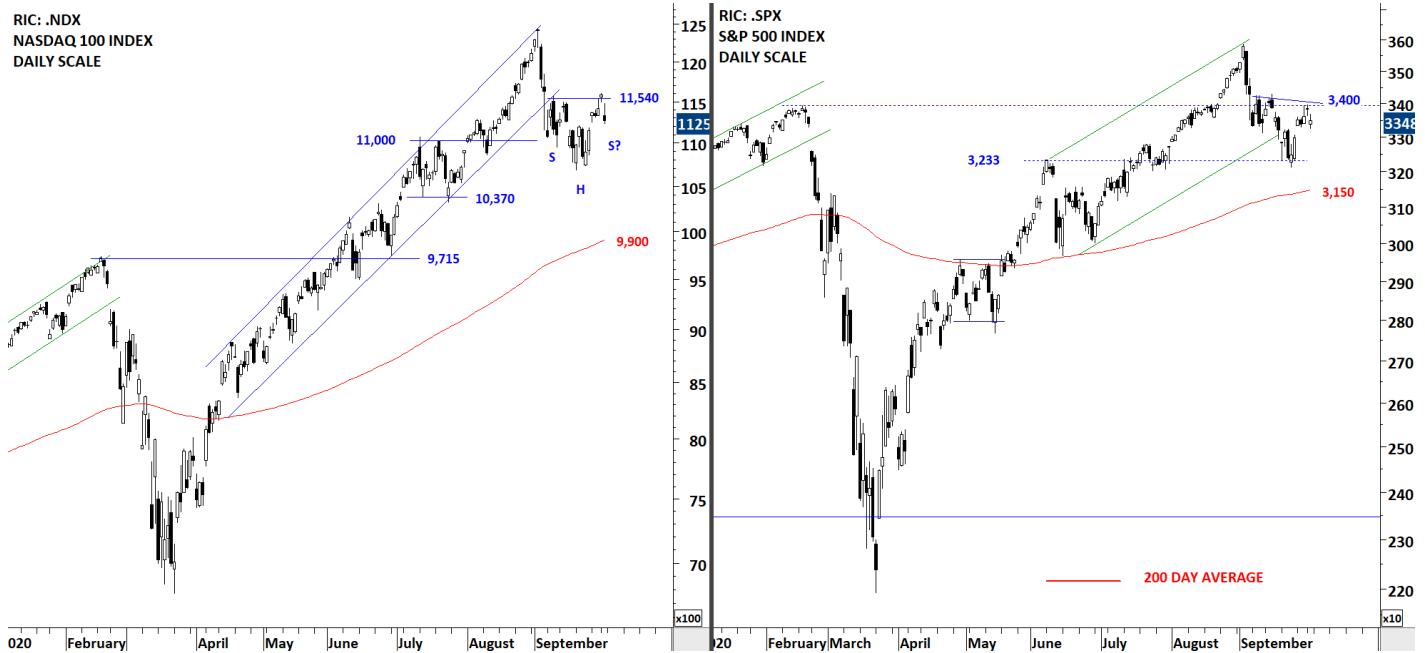
Since the beginning of March the Euro Stoxx 50 Index formed higher highs and higher lows, resulting in an uptrend. The index is trading around the 200-day moving average. I have been looking for a well-defined short-term consolidation around the 200-day average for a possible breakout setup. The index failed to break above its minor high at 3,400 levels. Earlier I identified the developing chart pattern as an ascending triangle which possibly is morphing into a rectangle. The last minor low that can act as support stands at 3,065 levels. I will give this chart another chance to form a constructive consolidation. Failure to hold above 3,065 will possibly push the index towards 2,700 levels. European equities have been weak due to sharp breakdowns on Banking stocks.

RIC: .STOXX50E
EXCHANGE: EUROPE
EUROSTOXX 50 INDEX
DAILY SCALE

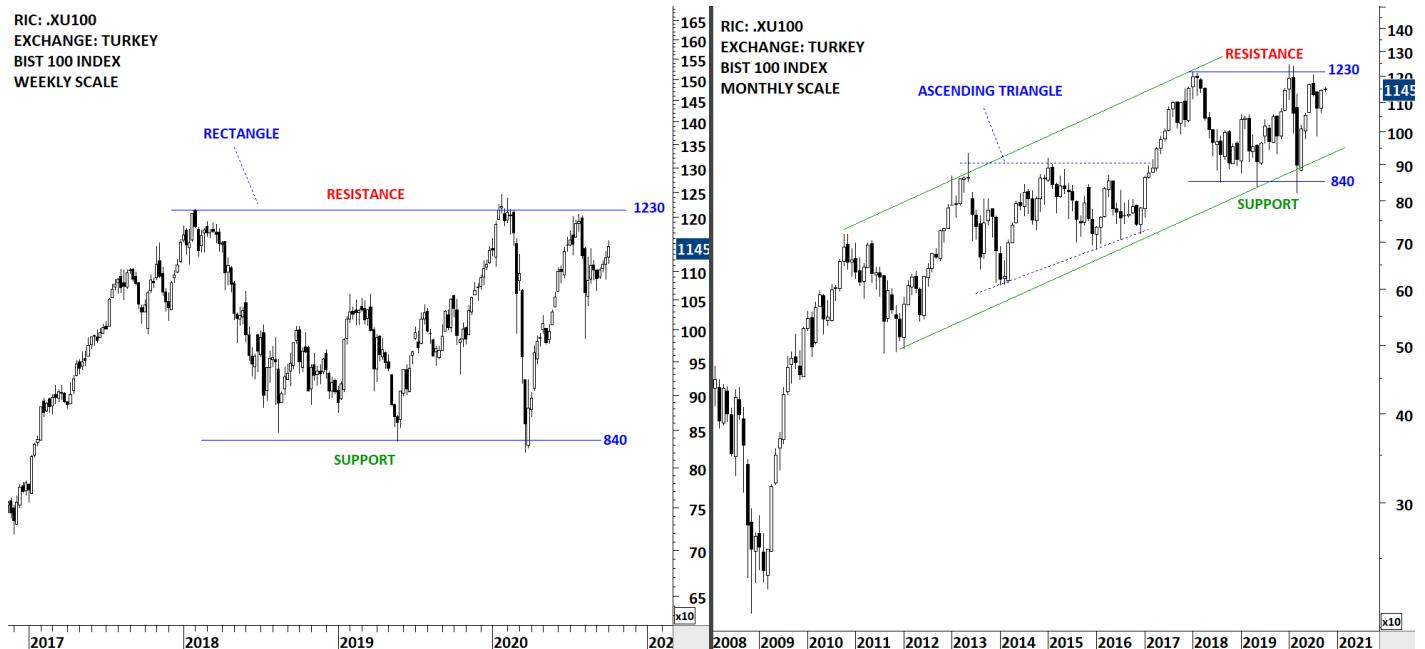


Both Nasdaq 100 and S&P 500 formed upward trend channels. Nasdaq 100 has been stronger when compared with S&P 500 Index. Nasdaq 100 Index breached the lower boundary of its trend channel. I analyze the current price action as reversion to the mean. The index deviated too far (historical standards) from its 200-day average and now it is pulling back to the average. I'm monitoring the possibility of a short-term H&S continuation with the neckline standing at 11,540 levels.

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.



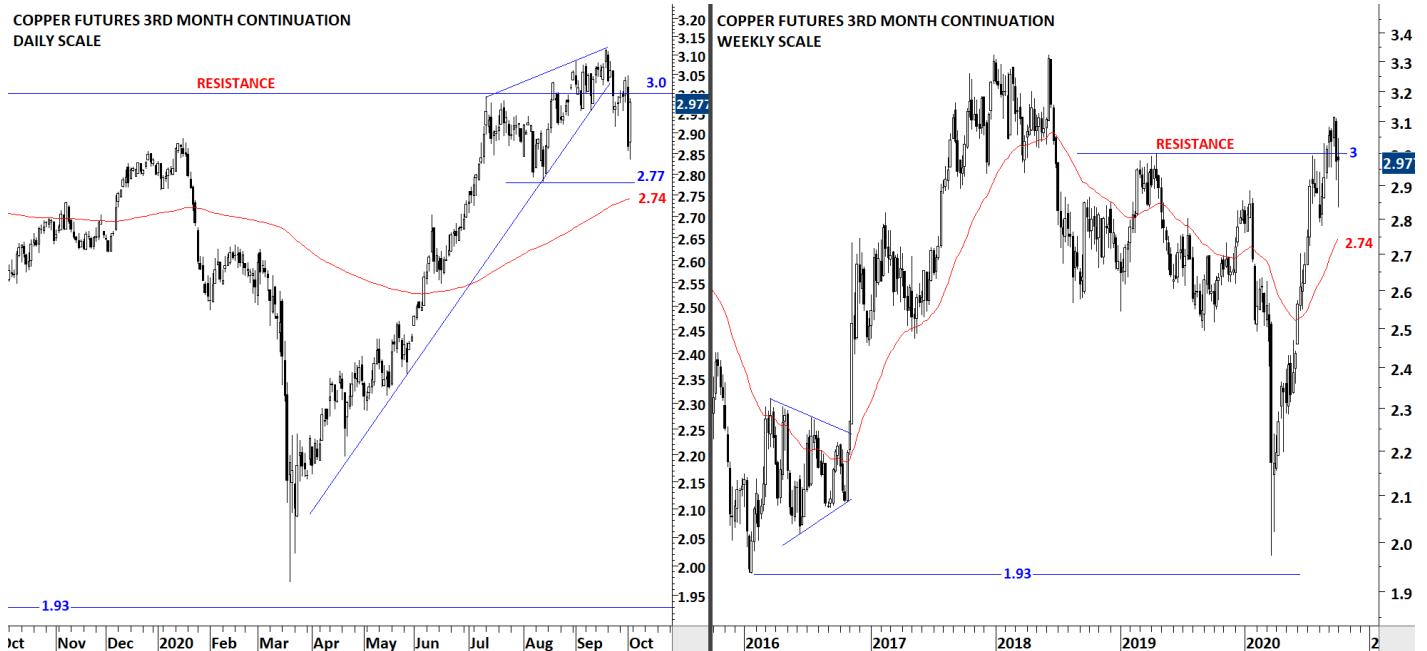
Turkey's BIST 100 equity benchmark reversed from the strong resistance at 1,230 levels. The long-term trend is upwards. Last 2 year's consolidation is offering a wide trading range between 840 and 1230 levels. We should watch out for continued weakness as part of a pullback (consolidation of gains).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



The Ishares GOLD ETF continues to remain in a steady uptrend. Last week's price action broke down the support at 18.2 levels and pushed the price towards the possible descending triangle chart pattern price objective at 17.4 levels. Completion of the descending triangle also broke down the trend channel. This week's rebound can be a pullback to the broken support level at 18.2 levels. Recovery above 18.2 levels can put the bearish interpretation in question.



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. Recent sell-off completed the wedge chart pattern and price came close to the beginning of the wedge at 2.8 levels. 2.74-2.77 area will act as support. This is another chart that is possibly completing a reversion to the mean (200-day average).



CBOE Volatility Index (October futures contract featured below) futures contract formed a 4 month-long sideways consolidation range that can be seen as a channel on the October contract. The lower boundary for the October contract is at 29.5 levels. Rebound from the support resulted in weakness for equity markets. Breakdown below the lower boundary of channel can change the outlook to positive.

**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 and can act as short-term resistance. Price can remain choppy in a wide trading range.



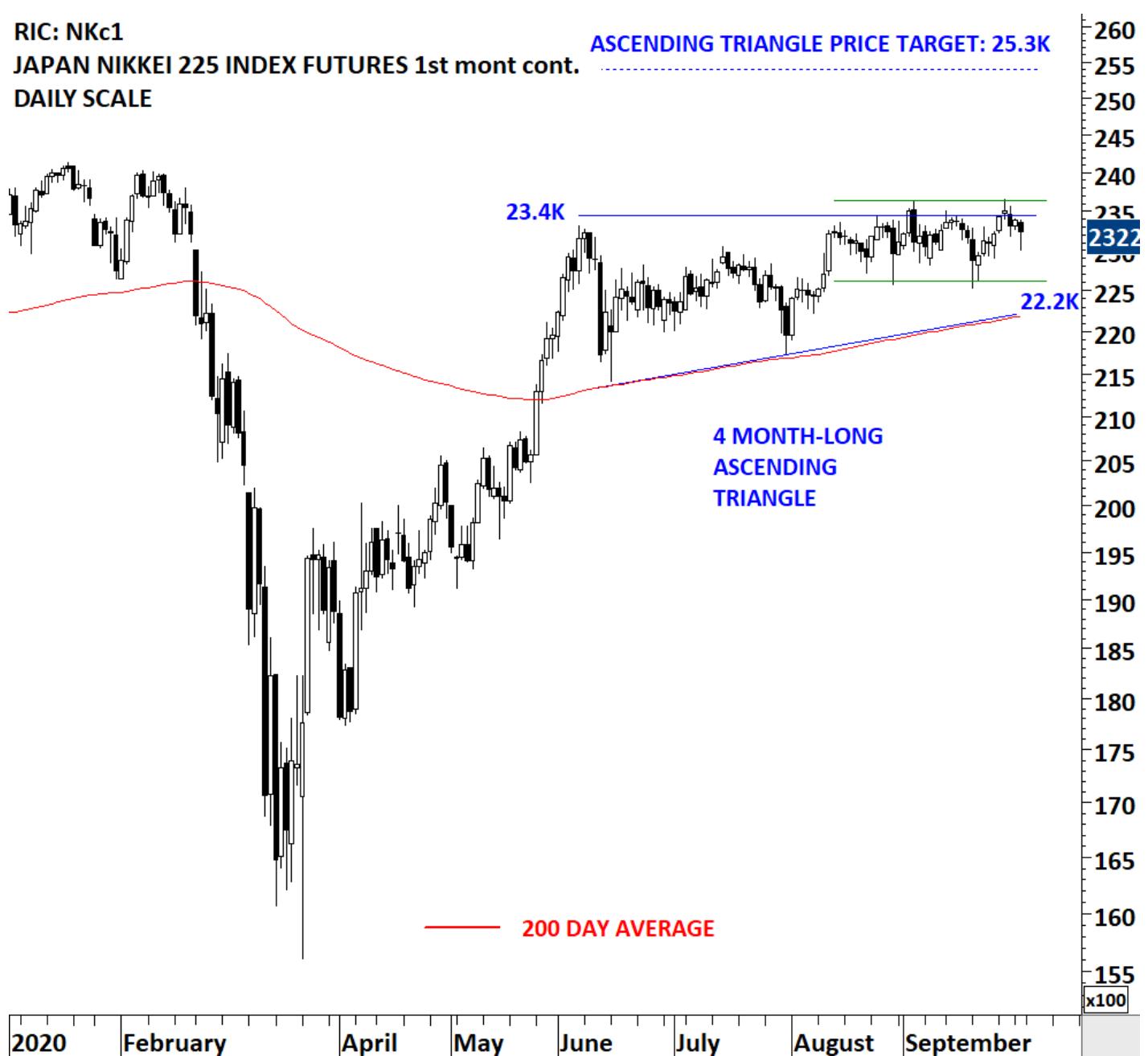
The symmetrical triangle on Japan's Nikkei 225 Index is possibly morphing into a 4 month-long ascending triangle. The index is looking for direction and renewed momentum to clear the minor high at 23,500 levels. The ascending triangle price objective stands at 25.3 levels.

RIC: NKc1

JAPAN NIKKEI 225 INDEX FUTURES 1st mont cont.

DAILY SCALE

ASCENDING TRIANGLE PRICE TARGET: 25.3K



Below are two Dow Jones benchmarks. The one on the left is Dow Jones Utilities index which is possibly forming a 5 month-long ascending triangle. If the chart pattern in focus is an ascending triangle, the index tested and formed a medium-term low. The next target would be the re-test of the horizontal boundary at 843 levels. The chart on the right supports the view that Global benchmarks might be completing corrections as reversion to the mean. The Dow Jones Industrial Index tested its 200-day average at the same time as the lower boundary of its trend channel. The uptrend for DJI is intact. Breakout on utilities can be positive for U.S. equities.

