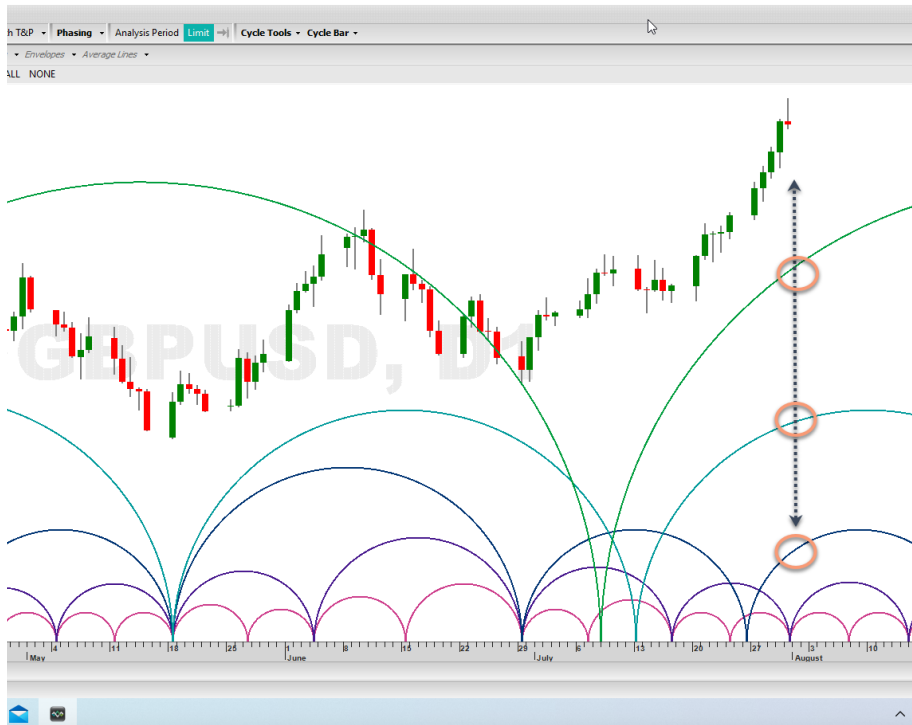


# FTG GLOBAL MARKET FORECAST

THE SOURCE FOR GLOBAL TRADING OPPORTUNITIES

AUG 2020 ISSUE | BY VIC PATEL

## CHART OF THE MONTH - GBPUSD, PAGE 3



### MARKET SNAPSHOT: ( 1 month outlook )

AUDUSD - BEARISH  
EURUSD - BEARISH  
GBPUSD - BULLISH  
USDCAD - NEUTRAL  
USDJPY - BULLISH  
BITCOIN - BULLISH  
ETHEREUM - BULLISH  
RIPPLE - NEUTRAL

S&P 500 - BEARISH  
DAX INDEX - BEARISH  
EUROSTOXX 50 - BEARISH  
EURO BUND - BEARISH  
US BOND - BEARISH  
CRUDE OIL - BEARISH  
GOLD - BEARISH  
SILVER - BEARISH

## MARKET ANALYSIS

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GOLD, SILVER - 9

## AUDUSD

The price action has completed a 5 wave bullish impulse move. The momentum during wave 3 was much stronger than during wave 5. This is the expected behavior, and as such a divergence pattern has formed on most momentum based indicators. We expect price to retrace to the downside. A confirmation of the next bearish leg will occur upon the break below the trendline that connects the swing lows in wave 5 as shown. [Outlook - Bearish]



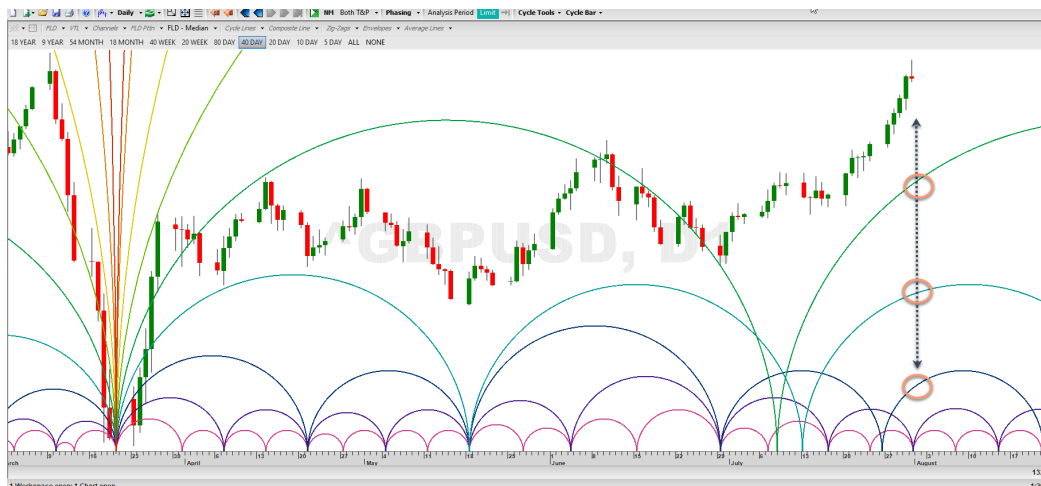
## EURUSD

EURUSD has been trading higher since early May. However, this trend is most likely nearing its end. Our cyclical analysis is pointing to a downward price move between Aug 5 and Aug 20 (red lines). Additionally, wave 5 appears to be completing the impulse phase. The price has touched the upper channel line and rejected off of it. Moreover, the Daily Sentiment Index (DSI) which is a contrarian indicator is showing an extreme reading over 90, further suggesting that the bull run up is at or very near its peak. [Outlook-Bearish]



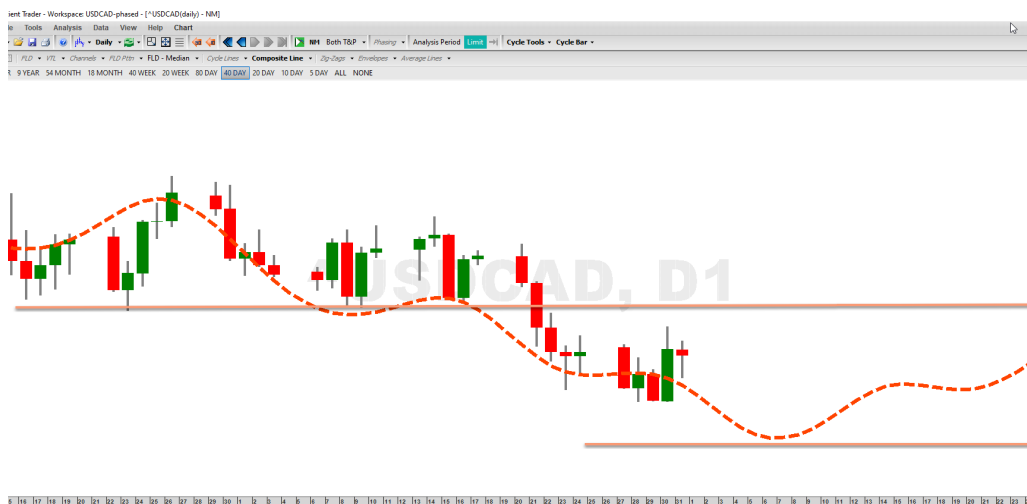
## GBPUSD

The 40 week cycle (upper circled), 20 week cycle (middle circled), and the 80 day cycle (lower circled) are all pointing upwards currently. As such the overall price pressure should be to the upside for the next few weeks. The next test of resistance will be the December swing high of 1.3514. Since both the 20 week, and 80 day cycles will be topping out over the next few weeks, we expect this level to hold, and prices to head lower upon reaching that resistance area. [Outlook-Bullish]



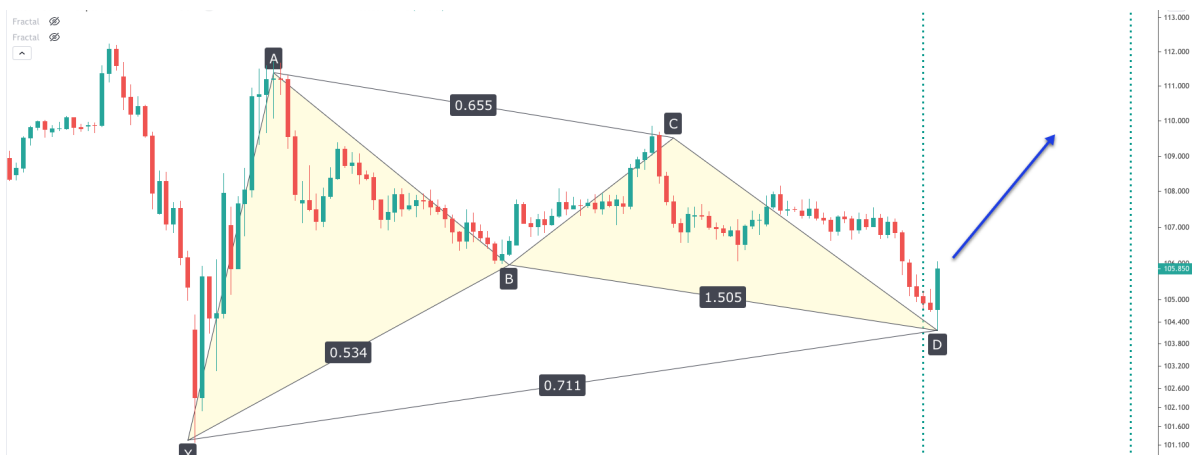
## USDCAD

The price action is completing an ABC correction down that started on March 19th. It is in the final stages of completing that correction. Our cyclical analysis also confirms this to be the case, as can be seen by the composite model line (red). Price is expected to move lower over the next week or two, and then reverse course. As prices move higher, the 1.35 level will be important to watch as a likely resistance area. The overall price action is therefore likely to be choppy. [Neutral]



## USDJPY

A Bullish Gartley pattern appears to have completed on July 31. A bullish engulfing candlestick has ended the CD leg of this Gartley formation. Based on this structure we would expect price to move higher with the next test of resistance at the Swing C high. Adding to this, the overall cyclical pressure is also bullish until early September (green lines). The Commitment of Traders report also shows an extreme divergence with commercials heavily bullish vs and large specs, heavily bearish. [Outlook - Bullish]



## BITCOIN (BTC/USD)

Last week prices broke out of the contracting wedge structure that began in early May. The breakout was confirmed by a strong bullish candle, and prices have continued to move higher since. We expect that prices will continue its upward push to at least the 100% fibonacci projection of the prior impulse, measured from the minor retracement level (see dotted line). This 100% fib projection is shown in red, which corresponds to the 14400 level. This is the minimum target. [Outlook - Bullish]



## ETHEREUM (ETH/USD)

The technical outlook based on the weekly chart of ETHUSD is bullish. The price has just broken out of a multi year sideways consolidation period. Both the breakout candle and the prior weekly candle are bullish Marubozu candles, which bode well for a continuation after a breakout. Using the 1:1 measured move technique, the price target would be around the 1600 level, and this could materialize by over the next six months. Buying shorter term pullbacks in this longer term uptrend should be a smart strategy. [Outlook - Bullish]



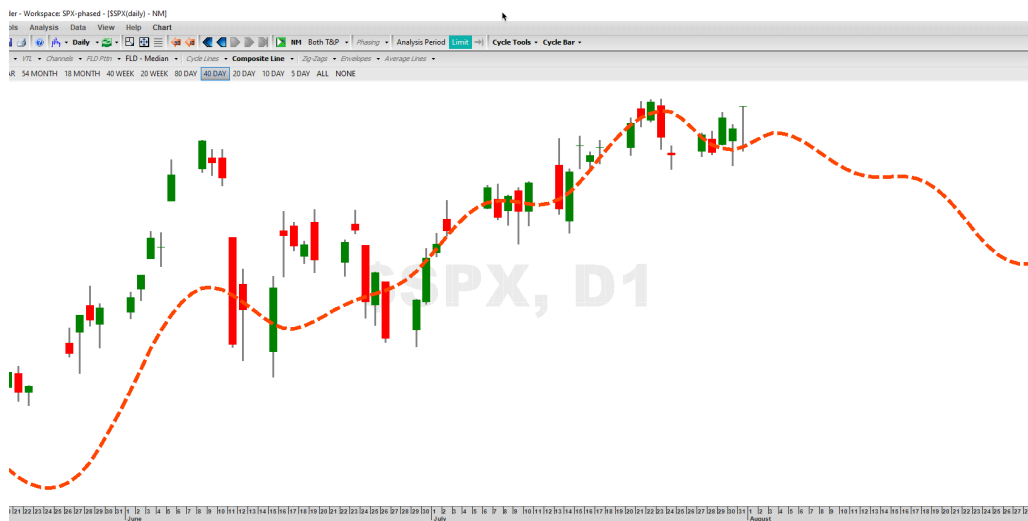
## RIPPLE (XRP/USD)

Ripple has broken out of its long term bearish channel as shown on this weekly chart. The upside breakout occurred with a strong bullish candle. Although this is a good sign for the bulls, the prudent course of action would be to wait for a break above the horizontal resistance level (blue line) before committing to the long side. For now, we remain neutral until the price action provides additional confirmation. Having said that, if the price moves quickly above the .3500 level, we would take a bullish stance. [Outlook - Neutral]



## S&P 500 (EMINI)

Prices have moved higher steadily since the March 23rd low. However, we believe this to be a bear market rally. There is a classic bearish Elliott Wave 5-3 pattern nearing completion. And that structure suggests a major price decline. Our cyclic analysis also supports this view. The composite model line (red line) is calling for sharply lower prices over the coming month. We have been in a consolidation range for the last week, and a price break below 3200 on SPX should escalate the selling pressure. [Outlook - Bearish]



## DAX INDEX (FDAX)

Wave C of the ABC correction appears to be completed. The price penetrated the June 9 swing high before turning down. At this point, the wave C bullish trendline has been broken to the downside, and this should be the start of a sharp bearish impulse down. The next test of support should occur at the swing B low. Just as with the US equities market, the DAX Index is very overbought due to excess speculative buying. [Outlook - Bearish]



## EURO STOXX 50 (FESX)

The price chart for EuroStoxx 50 looks very similar to that of the Dax Index. And we expect to see a high correlation between these two major European equities markets. Both markets are poised for a strong move down, as wave C of the Elliott Wave 5-3 structure has completed. An interesting area to watch for is the 11500 level (lower line). This level marks a major support level, one where there are likely a flood of stop loss orders. As such, once this level is breached, it should accelerate the price decline. [Outlook - Bearish]



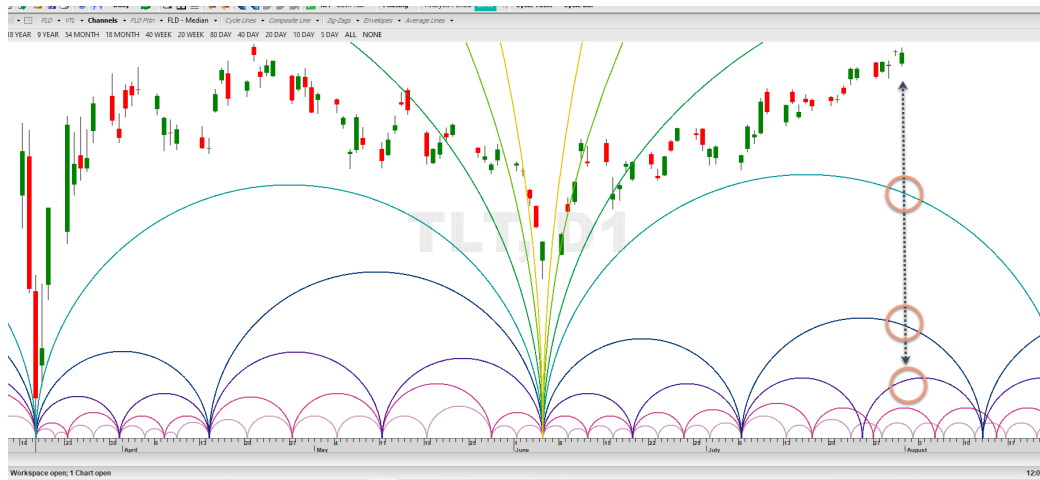
## EURO BUND (FGBL)

The price action appears to be carving out a Bat pattern. The primary characteristic of this pattern is for the CD leg to terminate at approximately 88% of the XA leg. Currently we are within that range. The initial downside target would be the Swing C low, The pattern would be invalidated if price moves beyond the beginning of the X leg. The current risk reward ratio is very favorable for a short position here. [Outlook - Bearish]



## US TREASURY BOND (TLT)

The 80 day, and 40 day cycles are heading lower, while the 20 day cycle is close to topping out. This is a bearish indication for US Bonds over the intermediate term. The rally from the June 5th low has been fairly sluggish and now approaching a major resistance level at 172. We expect that this level should hold, however there may be a slight breach beyond this level, before price begins the next down leg. The support level to watch on the way down would be at 153. [Outlook - Bearish]



## CRUDE OIL (CL)

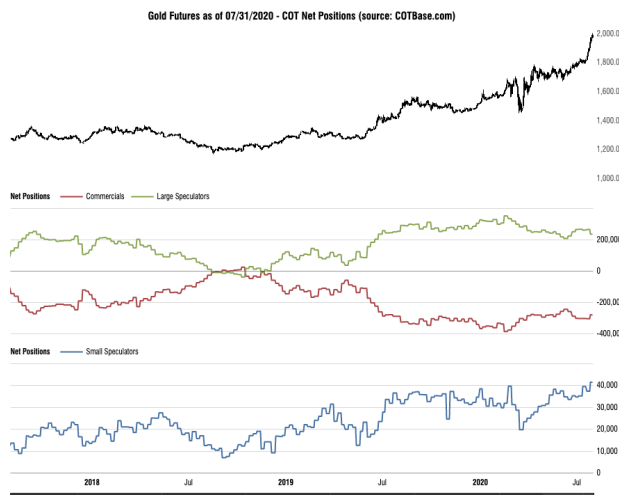
We continue to see a major bearish divergence pattern in Crude Oil. Notice how the price action has been moving higher with decelerating intensity, as shown by the lower sloping line of the RSI (14) indicator. We expect price will head lower, and likely retrace 50-61% of the prior impulse which started on April 28th. That should bring prices down to the 26-30 level based on the October futures contract. [Outlook - Bearish]





## GOLD (XAUUSD)

The COT Index for small speculators has reached 100 this week. This means that the small specs net long positions are the highest they have been over the last 3 years (blue line). On the contrary, the Commercials (red line) are holding the other side of that trade. This is important because Commercials are almost always correct at major turning points, while large and small speculators are usually wrong at major turning points. [Outlook - Bearish]



## SILVER (XAGUSD)

Silver has had a strong run up since mid June. Silver looks like it has completed wave 3 of a larger wave 3 structure. We should see a retracement from the current area of about 50% measured from the beginning of minor wave 2 to the end of minor wave 3. This level would suggest a pullback near the \$21 level. Since wave 4 is typically characteristic of sideways price action, we should expect some consolidation as prices move lower into this support area. [Outlook - Bearish]



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## ANALYSIS NOTE

I use a combination of technical, cyclical, and sentiment analysis to forecast future price direction. The primary form of technical analysis I incorporate is based on Elliott wave and Fibonacci analysis. Additionally, I also analyze both shorter term and longer term cycles that are likely to influence the price action. My cyclical analysis is based on Hurst Cycles. Combining Elliott Wave, Fibonacci, and Hurst Cycles, gives me the ability to evaluate both price and time for better, more accurate forecasts.

Along with these studies, I rely on the Commitment of Traders report (where available) to help me gauge the sentiment within each market through the lens of the futures market. Particularly I am interested in seeing how the Commercials are positioning relative to their historical trends, since they tend to have the best fundamental information within their specific market.

My forecasting model for the intermediate term (4-6 weeks) is based on a thorough analysis of each of these components. As a final note, all of the charts posted are based on the daily timeframe (except where noted).

--Vic Patel

## FOR FURTHER STUDY

Elliott Wave (Theory) - [Elliott Wave Principle: A Key to Market Behavior](#)

Elliott Wave (Practical) - [Visual Guide to Elliott Wave Trading](#)

Fibonacci Analysis - [Fibonacci Trading: How to Master the Time and Price Advantage](#)

Harmonic Patterns - [Harmonic Trading: Profiting From the Natural Order of the Financial Markets](#)

Hurst Cycles - [Mastering Hurst Cycle Analysis](#)

Commitment of Traders: [The Commitments of Traders Bible](#)