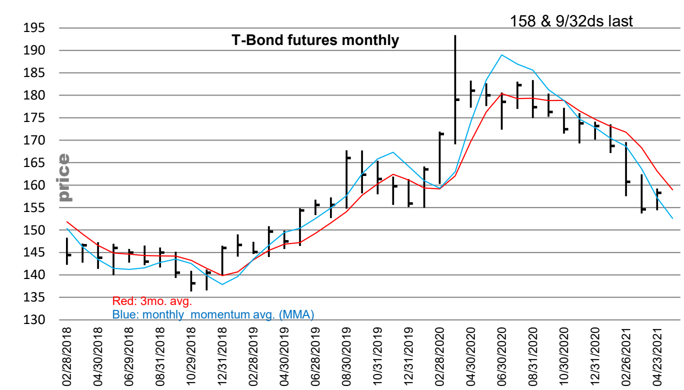
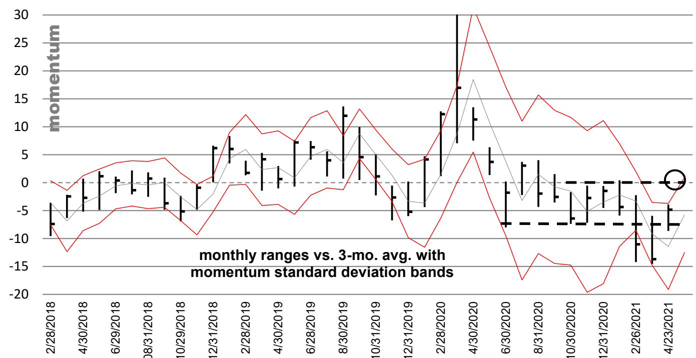
360° WEEKEND REPORT

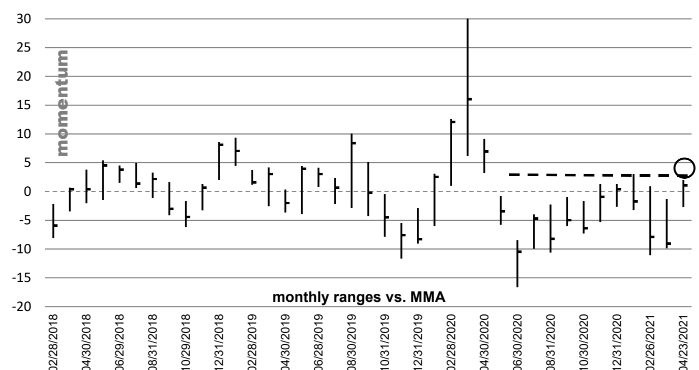
MSA

April 25, 2021

U.S. government bonds, gold, stock market, commodity index







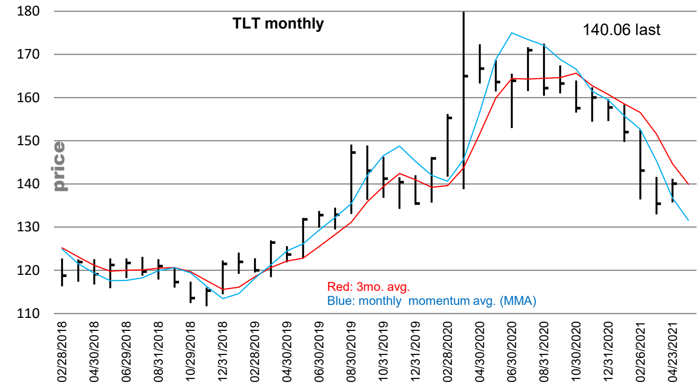
T-Bonds (and these comments apply to T-Note futures and TLT as well) are poised for a strong upward bolt in price.

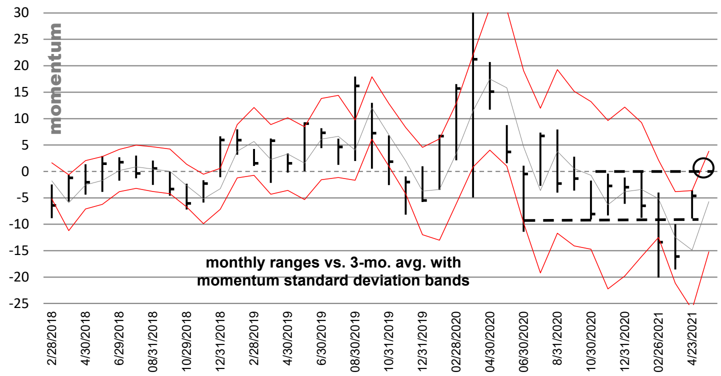
T-Bonds registered monthly momentum oversold (the upper SD band dropped below the zero line, middle chart) at the February close (price was then 160.75). March continued down marginally in price, though monthly momentum in March held mostly inside the February bar. This month is turning up in price and strongly up in momentum.

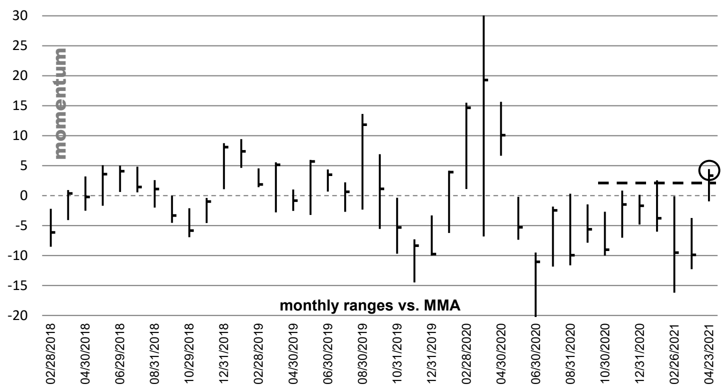
3-mo. avg. momentum is now credibly back above a prior floor of lows that goes back to summer 2020. A definite plus. The key level on monthly momentum to pop the cork is to take out the zero line, which would also take out all readings since last October. This month that means **credibly exceeding 163 & 3/32ds**, the current 3-mo. avg./zero line. But in six trading days that average will drop to around **158 & 30/32ds**, basically around this past week's high.

Again, we expect a monthly momentum breakout will drive price to above **170 to 175** zone before meaningful resistance might be found. We argue that if this technical unleashing occurs, it will likely coincide with downside in U.S. stocks.

MMA (MSA's proprietary monthly momentum average) often leads the 3-mo. in trend shifts. For April a trade to **160 & 7/32ds** will break out above all highs of the past eleven months. In May that breakout will occur by default (due to MMA dropping) if trading at **155 &19/32ds**.





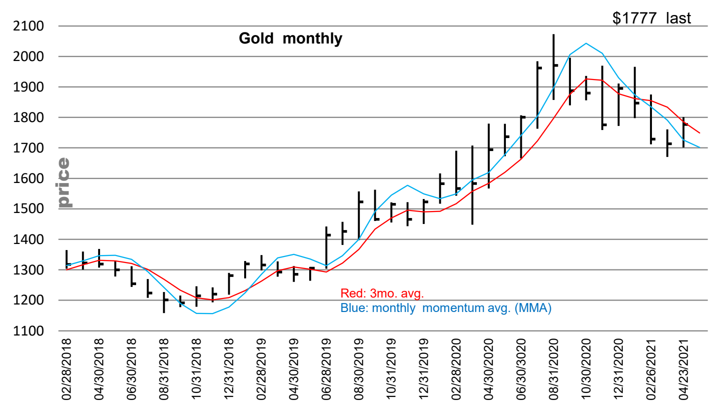


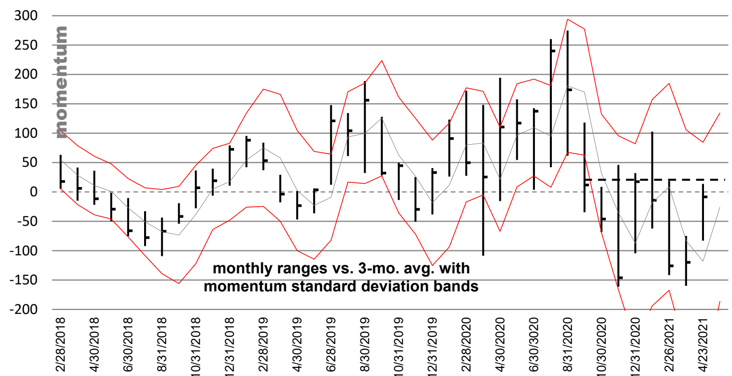
TLT (iShares 20 yr.+ U.S. government bond ETF)

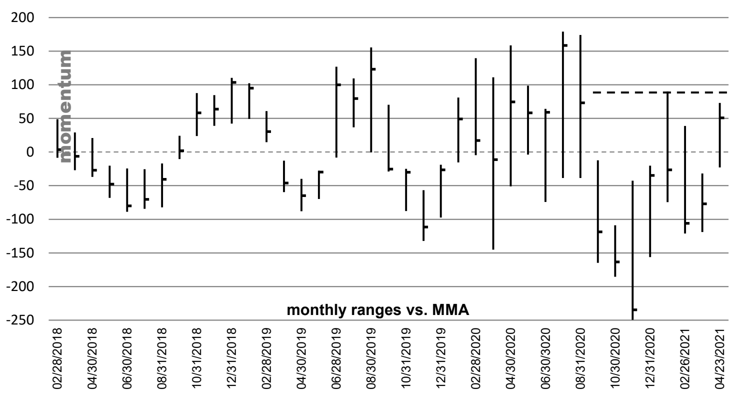
Basically an overlay of T-Bond momentum. The only difference is that TLT's MMA oscillator (bottom chart) has already taken out the multi-month highs (black horizontal). Also notice on that bottom chart that for the prior eleven months all monthly closes were capped below the zero line. That average/ zero line this month on MMA is 136.73.

Expect 3-mo. momentum to follow the upside in MMA readings.

For this month a breakout on the 3-mo. oscillator would require trading credibly above the current 3-mo. moving avg. of **144.69**. But come May that zero line will likely translate to **139.90** (estimated). So breakout there basically requires just hanging around current levels.







Gold

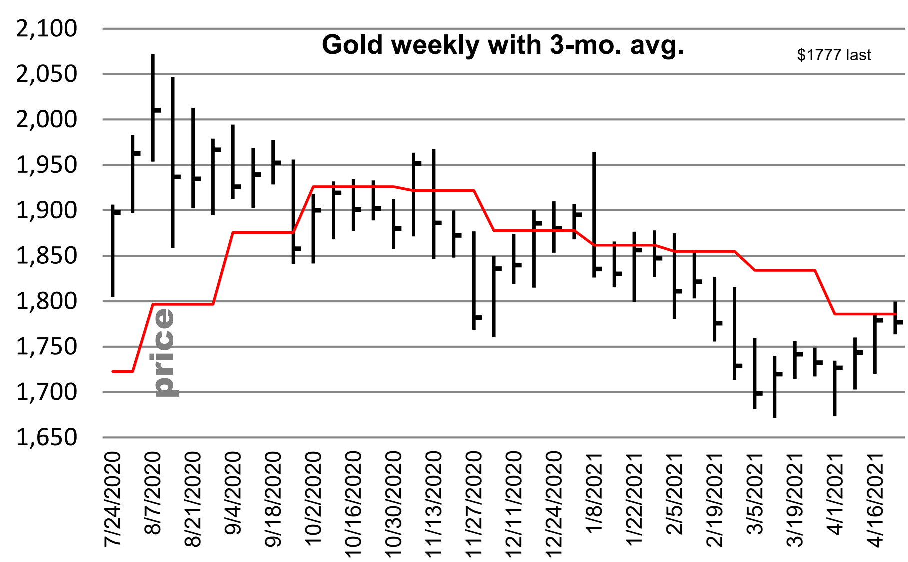
The same monthly momentum oscillators as shown for T-Bonds and TLT. There's similar behavior on these monthly momentum oscillators.

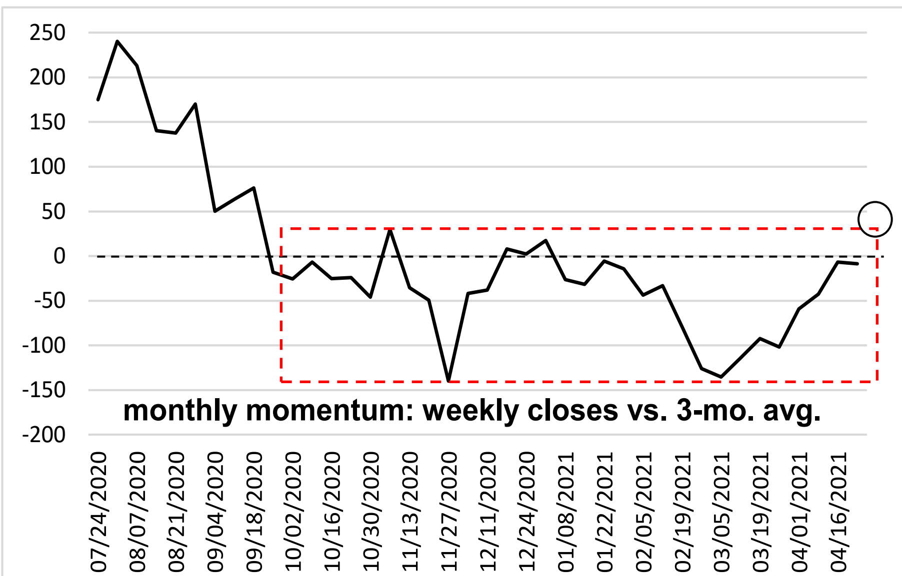
3-mo. momentum for gold is not as crisp and clear as that for T-Bonds in terms of the zero line being important. Instead, gold's rally several months ago went well above the 3-mo. avg./zero line, whereas T-Bonds halted at that average. But the inhale/exhale behavior is the same.

We have a weekly version of this 3-mo. momentum chart on the next page, but if we just reference this middle chart, a key feature is that the highest monthly close in this basing process was in December (horizontal plotted across that oscillator close). That monthly close was $17 over the zero line/3-mo. avg. To close over that level this month would require the monthly close be at or above **$1803.60**. However, with a downward adjustment in May for the 3-mo. avg./zero line, a close at the end of May at or above an estimated **$1767** would close above that highest close of the basing action of the past eight months.

When we reference the **monthly momentum average (MMA),** we see that if gold reaches **$1815.10**, that prior pivotal intramonth high will come out (black horizontal). But come May the MMA chart will take out that horizontal if it's trading around **$1791** (estimated). And already this month's action is well out above the zero line/ MMA, meaning it's above all monthly closes of the prior seven months. Positive.

Gold (2)





Here we break the 3-mo. avg. oscillator down into weekly readings.

The top chart shows weekly bars and the 3-mo. moving avg. The bottom chart only cares about weekly closes in relation to that changing monthly average/zero line.

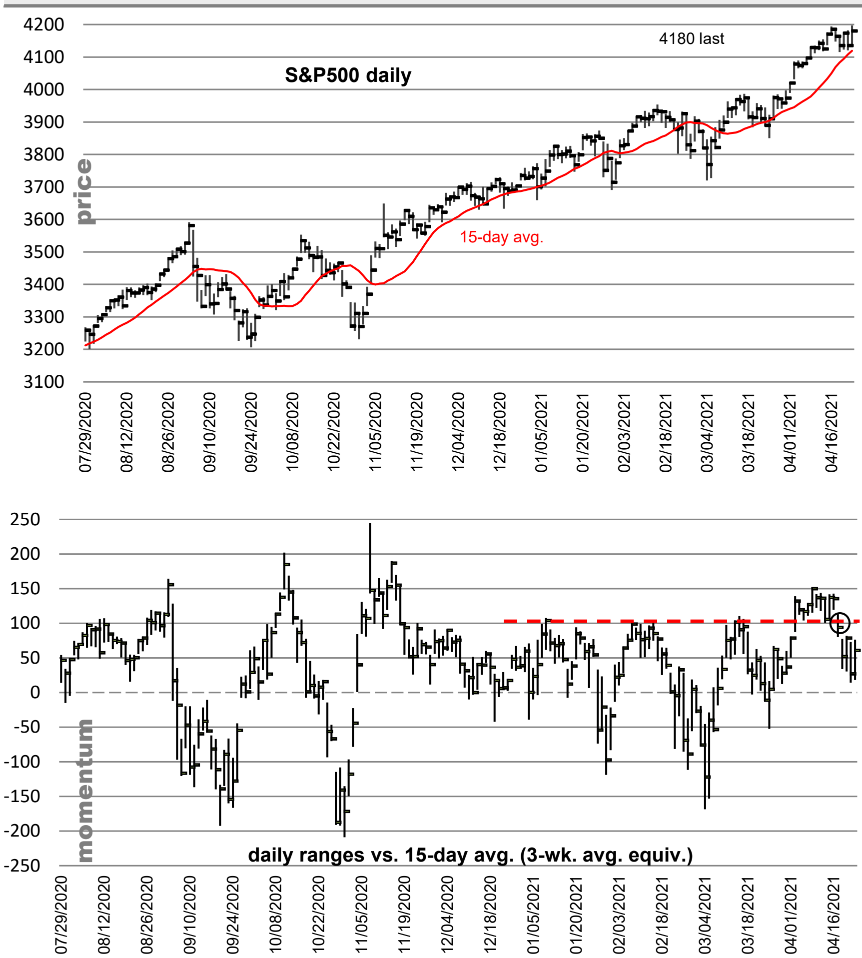
There have been two rallies on the momentum chart that closed above the zero line. The first peak (top of the range) was right after the election the week of November 6th (buyers were no doubt chasing the headline and bought gold based on Biden's victory). That close was **$30** over the zero line.

The rally high weekly close in the last week of December was **$17.40** over the 3-mo. avg. at that time.

So gold has two peaks in its monthly momentum basing range to exceed. If we opt solely for the higher one, then that red range upper line on momentum will come out in May if gold **closes any week next month** at or above an estimated **$1780**. Again, that number is estimated and will be subject to final calculation once April's action closes.

But given such a weekly close it would then be reasonable to label monthly momentum as positive after its protracted correction and basing action. Weekly momentum as measured via the 3-wk. avg. is already positive, and our 10-wk. avg. momentum chart (not shown here) has emerged above a multi-month parallel downtrend channel and is therefore positive also.

So in six trading days our focus will shift to a weekly close at or above $1780. We bet that further signal from gold will be pretty much in sync with a monthly momentum upside breakout in T-Bonds and TLT.

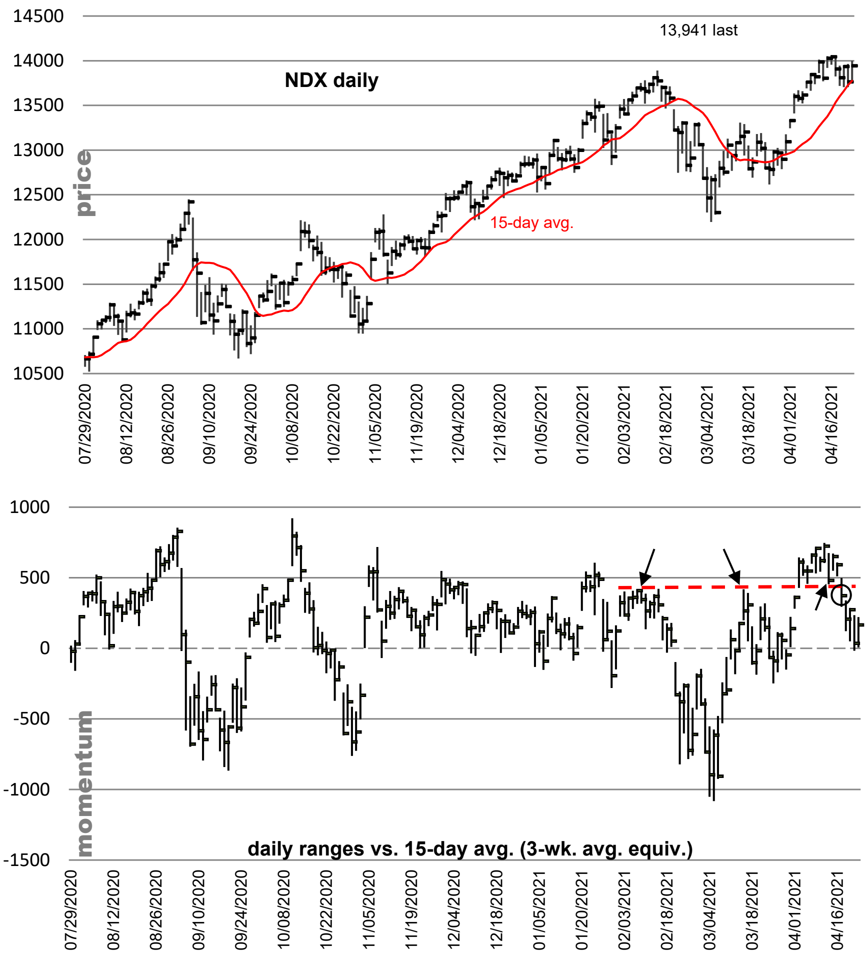


S&P 500

In last weekend's report we specified that if Monday's close were at **4167** or lower, then this weekly momentum chart (plotted in daily bar format) would break below a prior clear ceiling, indicating that the supposed "breakout" at a high oscillator level (above +100) was a brief and false effort. Monday's close was below that trigger level.

However, price action late in the week ran back up to the prior high and actually nipped out a new high before settling the week down five points vs. the prior week.

Meanwhile, this weekly momentum action is below the violated structure and we will stick with our assessment—that aborting below that well developed red horizontal line/prior ceiling is a **first negative sign.**



NASDAQ 100

In last weekend's report we specified that if Monday's close were at **14,013** or lower, it would violate the defined momentum support structure, therefore indicating that the recent upside attempt was aborting/failing. It violated that level Monday. Friday's close was 13,941.

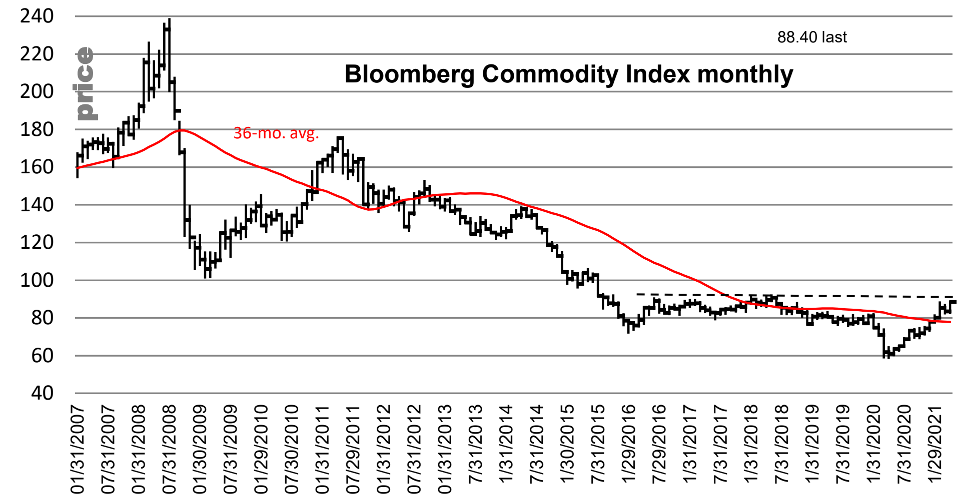
Yes, NDX rallied and only closed down on the week 100 points, but we still consider the action last week negative. A starter negative as we've said before, not a major event … Yet.

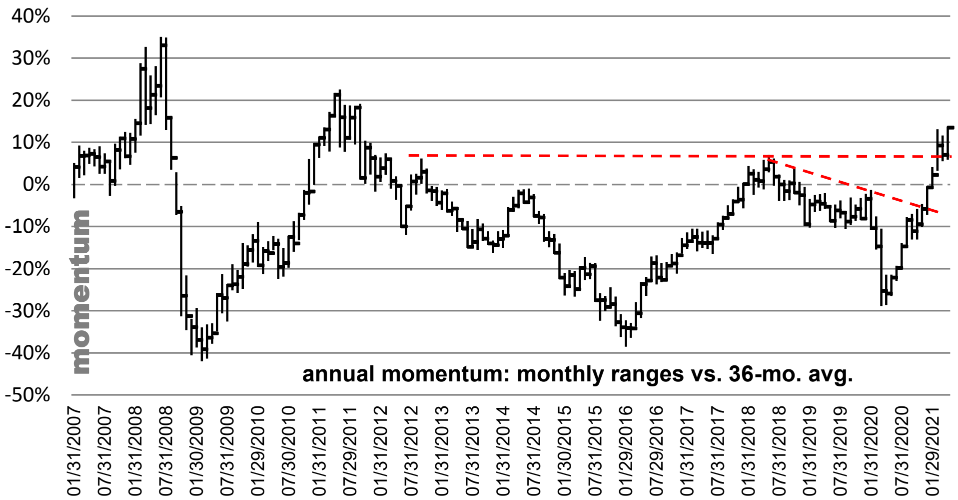
Larger technical dominoes wait below.

And when we see those larger technicals break for the S&P 500 and NDX, we will be pounding the table. For now, the shin bone is broken.

MSA will update at month's end as those larger domino trigger numbers for S&P500 and NDX will adjust up for May.

Commodities





This is probably an asset category that will be a dominant factor in the coming few years.

Oh, sure, the Fed says any inflation they create is under their control. Bet on that pontification and you will be skewered.

From a **momentum** perspective (annual momentum), the upturn began with quarterly momentum (not shown) and then shortly thereafter blew out annual momentum trend structures.

Price chart: a rally so far, though a large percent off of lows, and it doesn't look all that earthshaking. But no doubt when price takes out the flat highs of the past five years, some technicians will notice it. The price high going back to late 2016 was **91.94**. Trade up to **92** and it will be a wake-up call for price folks.

Meanwhile, annual momentum is already above those comparable levels, with price likely to follow.

We argue that the major bear in commodities of nearly a decade is over. Upside of major proportions is coming. In part that's due simply to the near-theoretical-zero price lows that commodities produced from 2016 through 2020, but also due to Fed policy. What a combo!

MSA had been looking for at least several months of "congestive" or corrective action among most commodities. But with the behavior of BCOM—breaking out over a massive annual structure, sitting back on it last month, and now firing to new highs—we have to admit that maybe, just maybe, our expectation for some more sideways action might be wrong. Instead, for long term investors focus on the annual trend. And it actually only recently began! You are not chasing a market.

Positions in markets mentioned: long PHYS (Sprott Physical Gold Trust)