

## Charts of the Day for Monday

20 April 2020

WTI and MTB Propane  
and the wonderful reliability of  
collective human behavior

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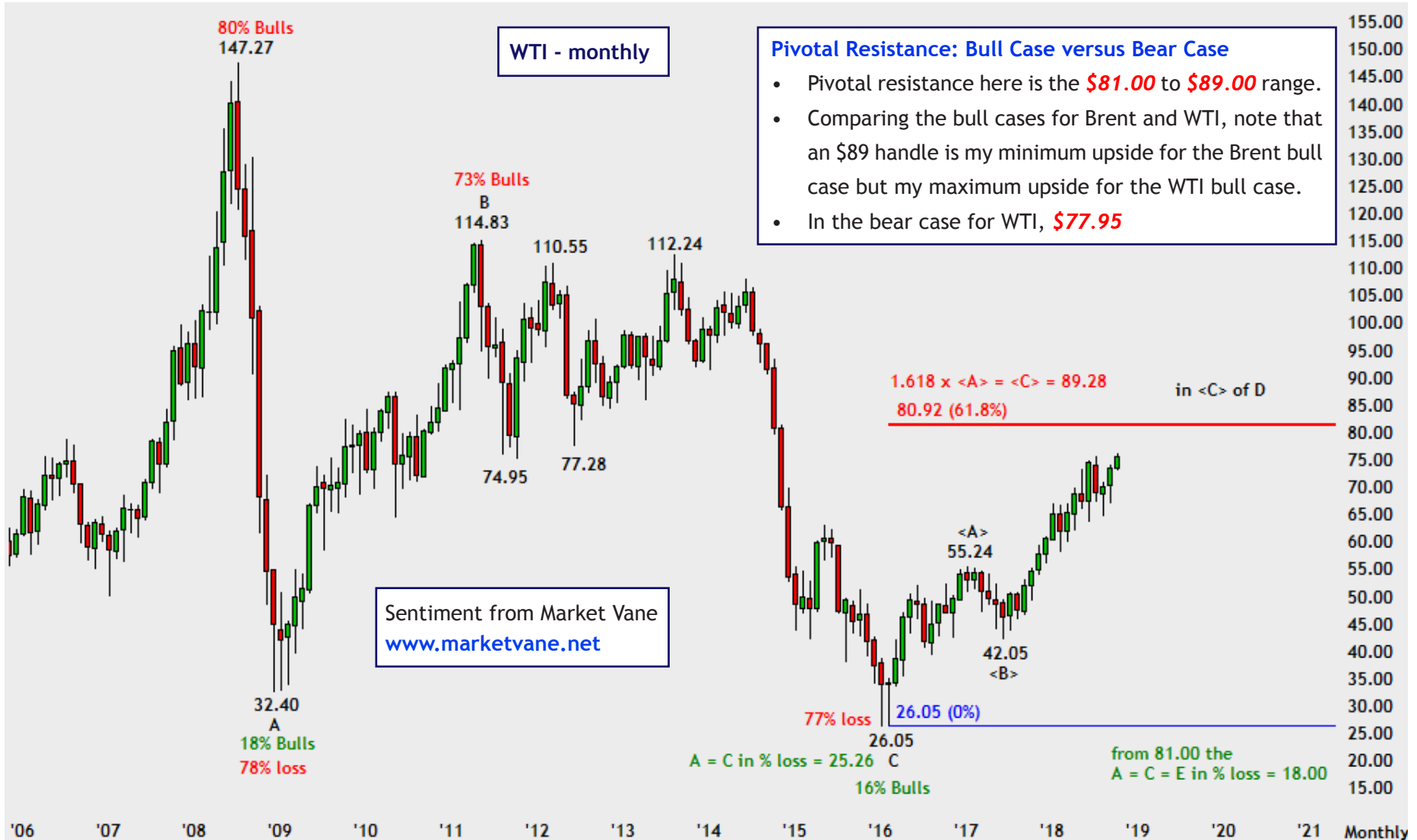
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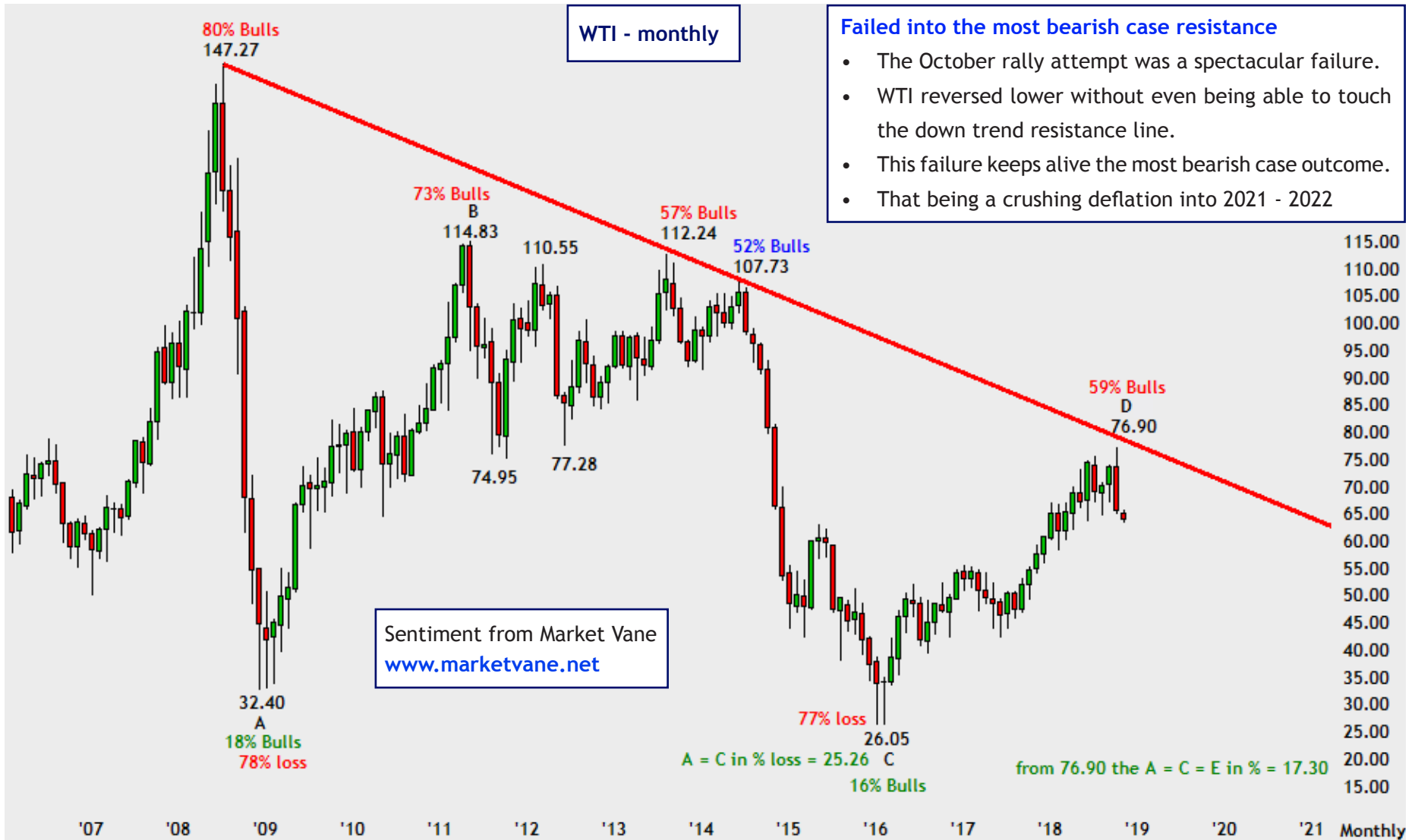
### Friday Morning, 17 April, 2020, 9:09 am edt

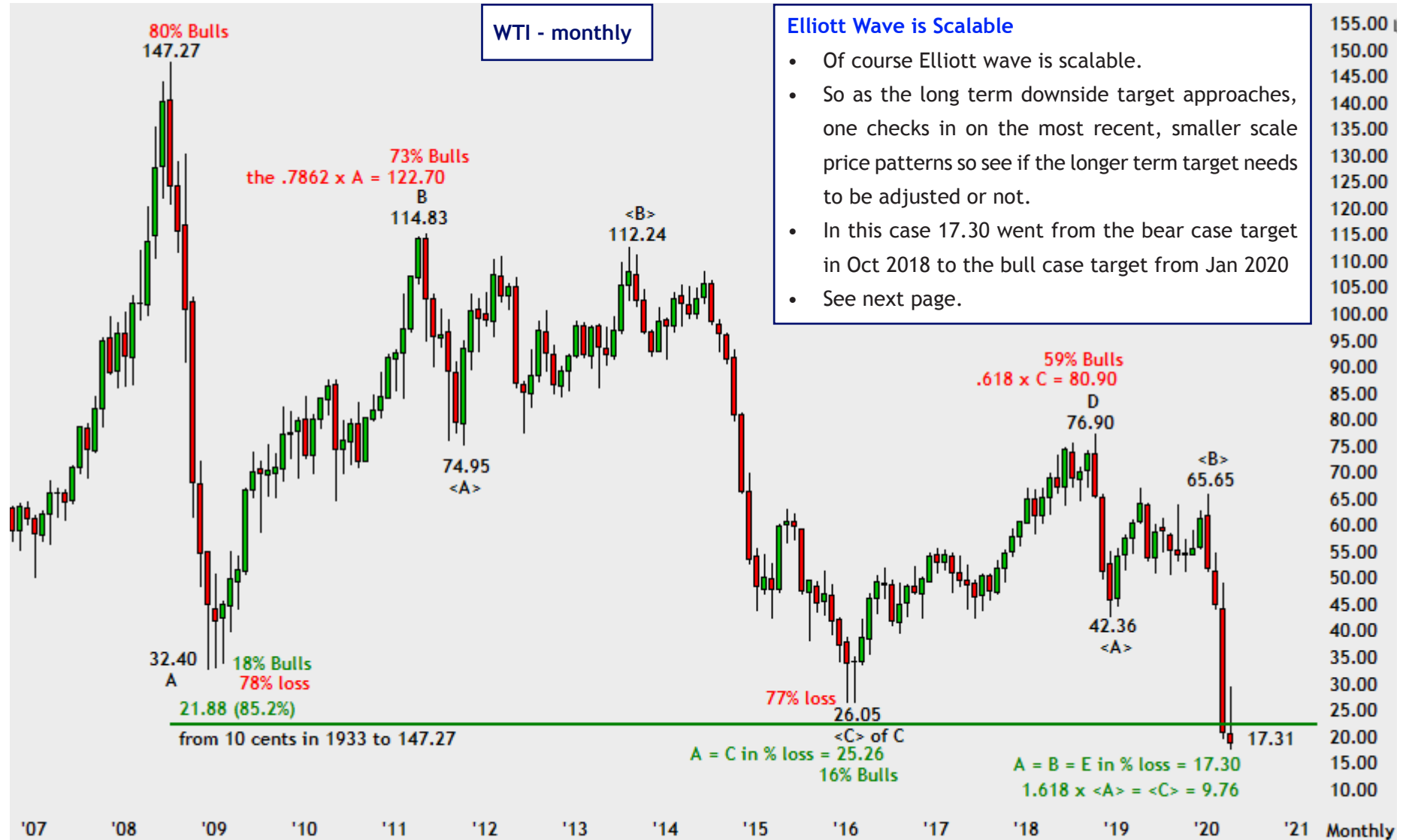
- I greeted a wonderful sight at 9:09 am this morning.
- The sight was the May WTI contract trading 17.31
- This was a wonderful sight because I have been targeting 17.30 for WTI since mid October 2018.
- And it was not forecast in only one obscure report.
- Since mid October 2018, and up into the current weekly report, and including the charts of the day for yesterday 16 April 2020, I must have targeted 17.30 WTI at least one hundred times.
- Over the course of year ahead outlooks, monthly reports, weekly reports, daily webcasts, and charts of the day, easily one hundred times. Probably much more.
- I noted several times that, were it not for running the risk of the obnoxious beating of a dead horse, I would have targeted 17.30 WTI in every weekly report.
- And of course there were other price forecasts to make.
- Hence I find WTI trading 17.31 a beautiful sight.

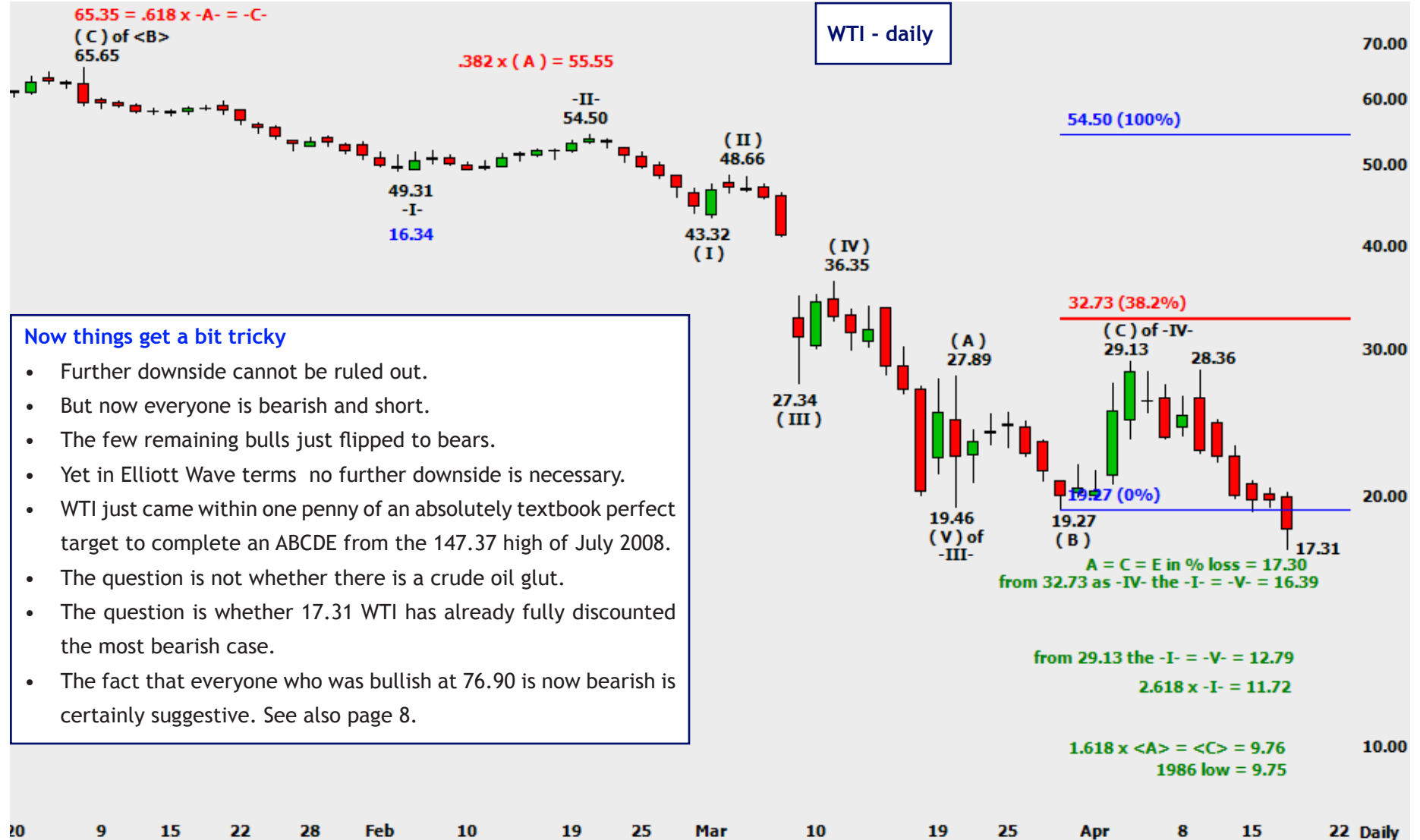
### The Wonderful Reliability of Collective Human Behavior

- Elliott wave analysis is a precise science.
- When done properly.
- There is a great deal of terrible Elliott Wave analysis done by incompetent amateurs.
- And this has given Elliott Wave a bad reputation.
- This is regrettable, as it is the only reliable method of price forecasting currently in existence.
- The Elliott wave price patterns are reliable because they are the product of collective human behavior.
- On the level of individuals it might first appear that buy and sell orders are always and only the expressions of individual free will.
- However no one exists in isolation. Even these days.
- Every buy and sell order is a direct outcome of the most recent price action.
- Each next trade is someone responding to everyone else.
- Every trade expresses collective human behavior.









**Now things get a bit tricky**

- Further downside cannot be ruled out.
- But now everyone is bearish and short.
- The few remaining bulls just flipped to bears.
- Yet in Elliott Wave terms no further downside is necessary.
- WTI just came within one penny of an absolutely textbook perfect target to complete an ABCDE from the 147.37 high of July 2008.
- The question is not whether there is a crude oil glut.
- The question is whether 17.31 WTI has already fully discounted the most bearish case.
- The fact that everyone who was bullish at 76.90 is now bearish is certainly suggestive. See also page 8.



### Human Nature is not Optional

- When we are born we do not opt-in to human nature.
- It is a given.
- Yet we each have the choice of whether or not to be slaves to the worst impulses of human nature.
- There are ways to gain equanimity and objectivity.
- There are ways to take a step back and see the forest as well as the trees.
- There are methods for rising above the mindless impulses of crowd behavior and seeing the underlying patterns being expressed.
- Technical analysis is an external method, while meditation is an internal method.
- Technical analysis is the best external method to help inoculate ourselves from the overwhelming impulse to buy near the highs and to sell near the lows.
- In sharp contrast, fundamental analysis is utterly useless at gaining such protection. And I can prove this.

### The Futility of Fundamental Analysis as a Price Forecast

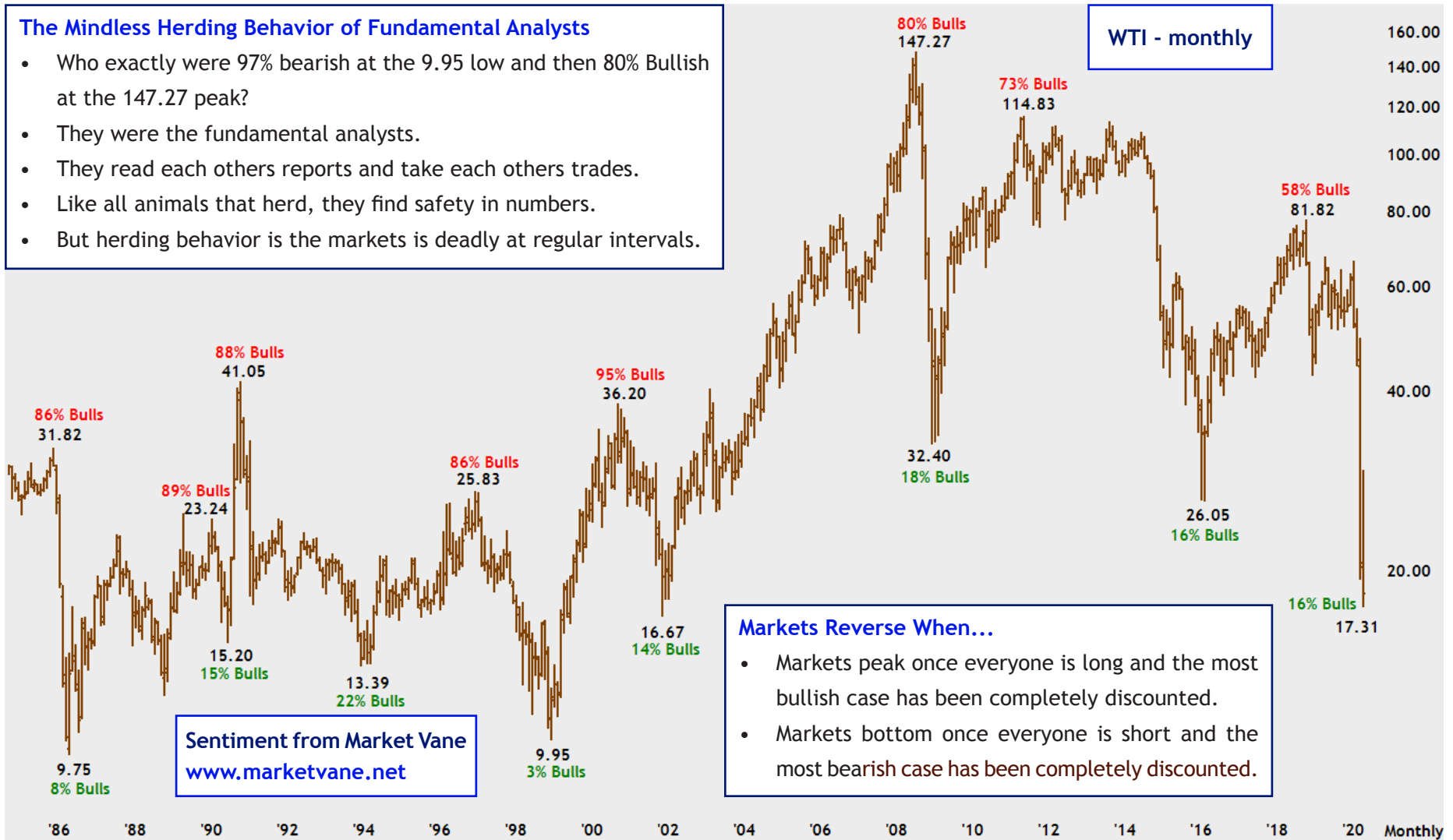
- For those involved in the actual physical movement, storage, and delivery of crude oil, refined products, natural gas, mid-stream products, coal, and electricity, fundamental analysis is not an option.
- It is mandatory.
- Those good at it succeed. Those not adept fail.
- That is because fundamental analysis is the art and science of logistics.
- It enables one to avoid having too much of the wrong thing at the wrong place at the wrong time.
- It is logistics. Pure logistics.
- But as any scheduler will tell you, a masterful expression of a deeply understood logistics is not a price forecast.
- It is collective human behavior that drives prices.
- Waves of collective hopes and fear drive prices.
- So fundamental scenarios are always the most bullish into major peaks, and the most bearish into major lows.

**“When everyone is thinking the same thing then no one is thinking.”**  
 - attributed to Benjamin Franklin and to General George Patton

**WTI and Propane**  
**17 April 2020**

**The Mindless Herding Behavior of Fundamental Analysts**

- Who exactly were 97% bearish at the 9.95 low and then 80% Bullish at the 147.27 peak?
- They were the fundamental analysts.
- They read each others reports and take each others trades.
- Like all animals that herd, they find safety in numbers.
- But herding behavior in the markets is deadly at regular intervals.



**Markets Reverse When...**

- Markets peak once everyone is long and the most bullish case has been completely discounted.
- Markets bottom once everyone is short and the most bearish case has been completely discounted.

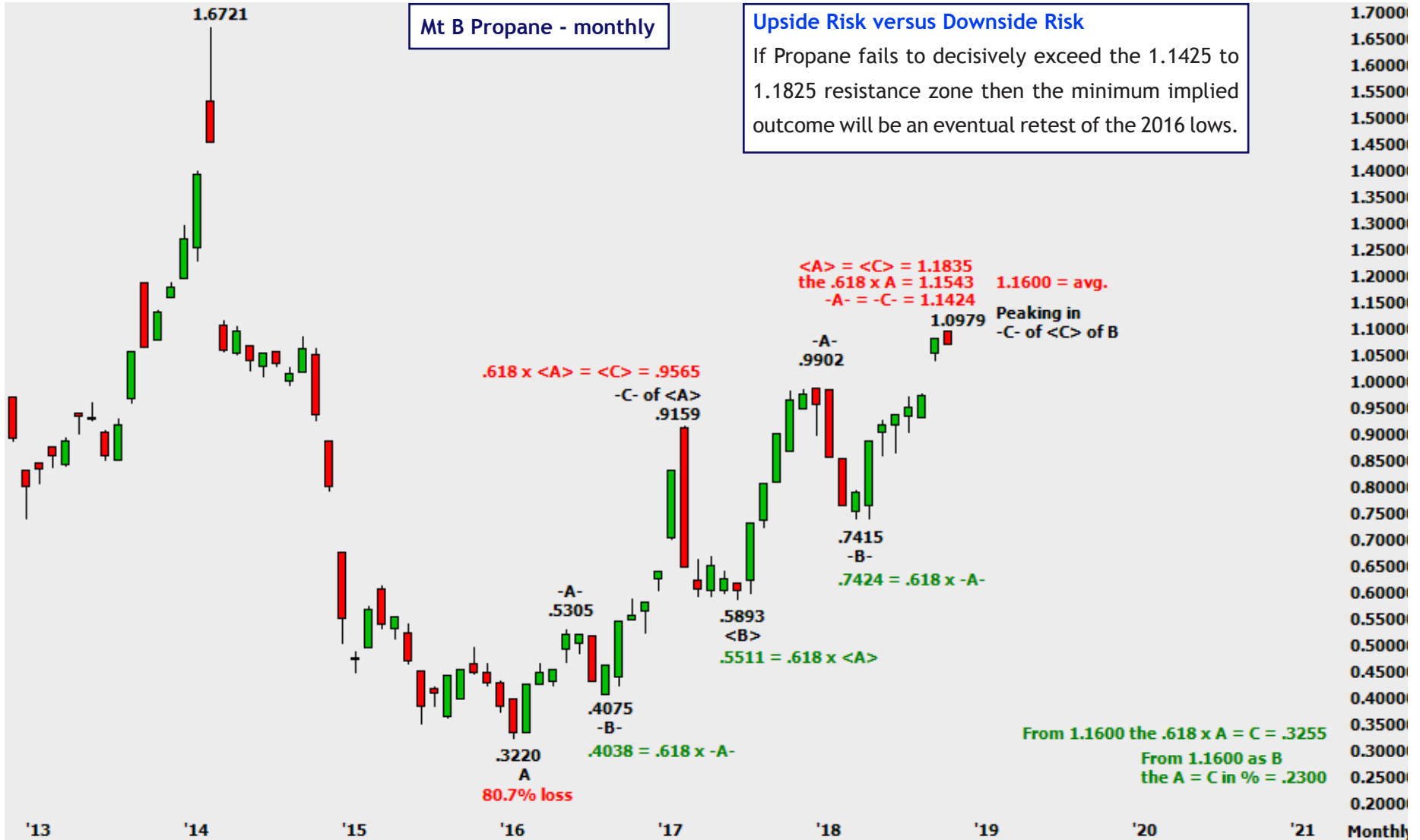


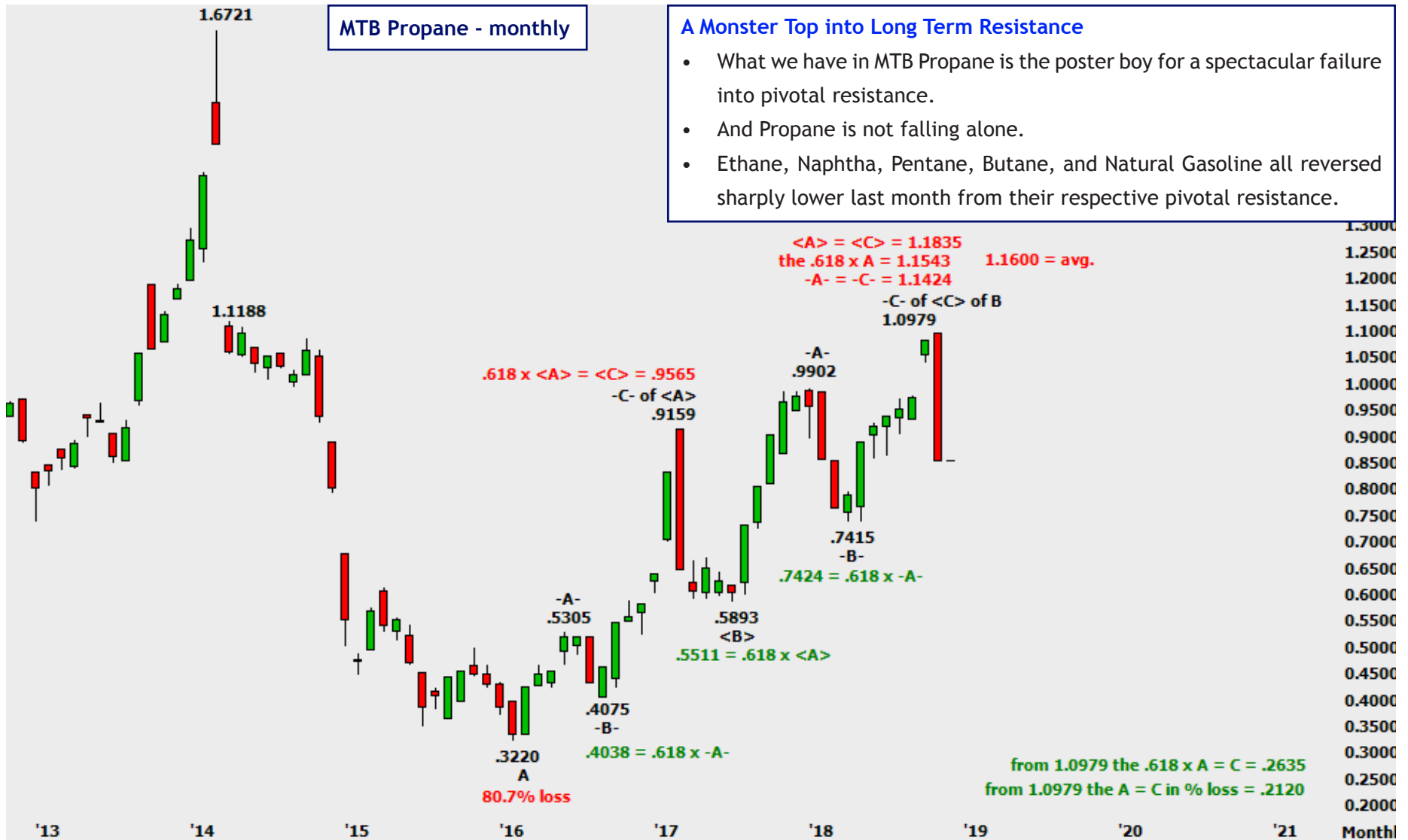
### The Remarkable, Surgical Precision of Elliott Wave

- It never ceases to amaze me that the Elliott wave targets can be precise to decimal places and years in advance.
- It is this astonishing precision that keeps me coming back to work every day. It is truly a wonder to behold.
- Now is certainly way too early to claim that the 17.31 on 17 April 2020 was the final low.
- But I have witnessed similar precision innumerable times over the past thirty plus years.
- Being in tune enough with the markets to get it right is its own reward.
- And I am not the least bit troubled by all those who completely dismiss technical analysis.
- Without those masses, technical price forecasts would not be so amazingly precise.
- We need those who abhor technical analysis.
- And we need those who use the so called fundamentals to try and forecast prices.

### Fundamental Analysis and Price Forecasting

- I think the chart on the previous page says it all.
- Yet while a good sentiment indicator can help identify when it is dangerous to stay long or remain short, only price pattern analysis that generate price targets.
- I have charts just like the page 8 chart for almost every market that I cover.
- There are of course some markets with no sentiment history. But every important market has price history.
- And as long as there is price history one can do a technical analysis. The more price history the better.
- One excellent example is Propane.
- In October 2018 I gave a talk to a petroleum event that was populated largely by propane engineers.
- They were celebrating their massive increases in propane capacity, with no thought to the resulting price impact.
- At that event I forecasted a price collapse.
- And I have not been invited back since.





**Elliott Wave an an invaluable aid to objectivity**

At that October 2018 petroleum event that I spoke at, everyone present was celebrating how quickly they were ramping up Propane capacity. As engineers, that was their job, and they were doing their jobs well. But that event very much reminded me of real estate developers back in 2007. No one saw any price risk. And along these lines I would like to conclude this report with one final thought. See next page.



***Drill Baby Drill* means *Glut Baby Glut***