



## The Araujo Report

### Institutional Position Analysis and Forecast

January 1<sup>st</sup> 2020 => Happy New Year!

Based on the Commitments of Traders data reported on: December 24<sup>th</sup> 2019



Happy New Year everyone! I can't tell you how blessed I feel to be doing what I do each and every day. Working alongside you all has been one of the best experiences I've had in my professional and personal life. This year was an amazing experience. At the school we have been growing at a steady pace as students begin to realize the work we are doing here and decide to make this the spot they want to learn to trade the currency markets. So welcome to all the new students!

As you know, the markets are one of the most complex mysteries to understand and rightfully so. There are so many moving parts and factors that play into what makes the markets move. What we need to do in order to be successful in trading is to learn how to do intelligent chart analysis. Intelligent chart analysis required us to follow a few steps in a process that will allow ourselves to discover the ways in which the institutions come into the markets, move price and then offload their positions for profits. In between these stages many other things will take place that make matters that much more complicated but the answers are there, hidden in the charts for you to unveil. I've been personally applying the techniques used in classical learning to the charts in order to learn its secrets for over 5 years now and what I've learned has been mind blowing and this adventure doesn't stop. I keep working away each and every day to discover more mysteries of how price moves and why it does what it does.

There are many ways to interpret the markets but in reality, there is only one truth of what the markets are doing and why they do it. How do I know this? Because this has become my life's work and my passion and what I am discovering is there is a right and a wrong way to do analysis on a chart and the right way always leads to being able to predict the markets moves with incredible accuracy. We are doing what the mainstream says is not possible to do and we are doing it because we are applying real principles and concepts that allow us to do real intelligent chart analysis.

**In the Markets:** We have a lot of big moves that we have anticipated for the end of the year to take place, currently playing out. The #dollar has dropped and penetrated its weekly demand zone again but we still have yet to have the weekly candle close but it's looking very much like we have that zone removed. The #dollars monthly chart has a difficult to read area which can produce very different analysis has is crucial to what we expect from price in the months to come. Nonetheless we'll be monitoring this market closely to establish the legitimacy of the zones.



#Gold has rallied from the monthly supply zone just as we had expected and now price can easily move higher to test the monthly supply higher. This would be the natural path for price to take and would be easily facilitated with more weakness from the #dollar. Likely this will take place, with the dollar, as we can see the dollar pairs showing similar evidence that they will continue dropping lower as well. Both the #usdcad and the #usdchf broke through their weekly demand zones and as for the #usdcad it has opened a path for a move much lower to take place. The #usdjpy on the other hand is very hesitant to drop alongside #dollar weakness and this was to be expected with the higher timeframe forces pushing price upwards.

The #eurusd and #gbpusd strength is what we were expecting as well. The #pound being the stronger of the two has established great strength and we can see in the data that institutions are now officially net long the pair. We see more upside coming in the months to come alongside some trading opportunities as we.

**Portfolio:**

We are now positioned with some long and short theme trades. Profits have been locked in on one of them and will be looking to add to the other. Overall performance of the portfolio for 2019 based on equity is +43.42%. Moving into the new year we will be focused on not missing opportunities as we did this year. Needless to say, there is a lot more room for improvement which should result in better returns.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2019	2.52 %	7.36 %	9.43 %	7.23 %	0.47 %	-4.56 %	10.22 %	-0.08 %	3.13 %	-6.52 %	7.70 %	1.28 %	43.42 %

- Opened some [short \\$USDCAD](#) positions for a theme trade.
- Opened long [theme positions on the #cadjpy](#). Took some profits of 1.15% so far.
- Closed the [\\$usdjpy theme short](#) positions for a **profit of +0.50%** on the portfolio. Would be more but swaps ate it. ;)
- Closed the shorts on [the \\$audusd theme](#) trade for total **profit of +1.20%** return on the portfolio.
- Closed the [short positions on the #Gold WK/MN](#) theme trade for a **+4.20% return** on the portfolio.
- The long theme trade on [the \\$usdchf](#) has been closed for a **+9.38% return on the portfolio**.
- Closed the theme long positions on [\\$usdjpy](#) trade which resulted in a **+2.09% return on the portfolio**.
- [#gold theme](#) short trade has been closed for a **+7.2% on the portfolio**.
- Closed the [\\$usdcad](#) theme long positions for a **+5.55% return on the portfolio**.



**Commitment of Traders Report for the Major Currency Pairs**

December 24, 2019

Currency Pairs	Non- Commercial (Hedge Funds, Banks & Institutions)						Commercial (Corporations Hedging)						Total	Compared to Prev. Week		
	Long	Short	Total	% Long	% Short	Net Positions	Long	Short	Total	% Long	% Short	Net Positions		Difference	Diff. Prev. Week	Change
USD	24,038	10,807	34,845	69%	31%	13,231	4,536	18,418	22,954	20%	80%	-13,882	27,113	24,499	2,614	10%
AUDUSD	39,526	85,690	125,216	32%	68%	-46,164	89,022	39,846	128,868	69%	31%	49,176	-95,340	-95,688	348	0%
USDCAD	42,981	51,478	94,459	46%	54%	-8,497	95,855	65,276	161,131	59%	41%	30,579	-39,076	-46,708	7,632	-20%
USDCHF	24,195	14,516	38,711	63%	37%	9,679	16,060	35,919	51,979	31%	69%	-19,859	29,538	31,918	-2,380	-8%
EURUSD	160,263	233,206	393,469	41%	59%	-72,943	282,401	241,064	523,465	54%	46%	41,337	-114,280	-109,732	-4,548	4%
GBPUSD	68,574	59,877	128,451	53%	47%	8,697	98,829	117,972	216,801	46%	54%	-19,143	27,840	-5,388	33,228	119%
USDJPY	74,134	40,592	114,726	65%	35%	33,542	61,911	99,923	161,834	38%	62%	-38,012	71,554	90,806	-19,252	-27%
NZDUSD	18,651	26,447	45,098	41%	59%	-7,796	24,538	14,326	38,864	63%	37%	10,212	-18,008	-18,780	772	-4%

CAD, CHF, JPY Long & Short figures have been reversed from original futures numbers for ease of use

**\* How to become eligible to graduate to Level 2 \*** To be eligible to graduate to level 2 of education YOU MUST complete two (2) full Chart Analysis Classes. Each class is broken down into 8 – 10 separate sessions. Completing these parts includes completing and submitting your homework each and every week. Once you have done this, we will review your work and decide if your skills and comprehension are at a level suitable to move up to level 2. We do this to ensure you are ready when you are presented with you new set of lessons. The work we do in level 2 is a lot more involved and having a good understanding of level 1 concepts and principles is necessary. Put in the work and you will be rewarded!

**Volatility Alert:** Nothing of any importance is being released this week.



**GOLD:** Institutional traders have a **VERY STRONG BULLISH SENTIMENT**.

**Force of Price**

FORCES	Mn	Trend up / Force is up	Wk	Trend up
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**Overview:** Price consolidated on the weekly chart and as it did we can see the institutions increased their longs from 344k to 364k which puts longs into very aggressive territory. We have since seen price break out to the upside with the monthly demand force in play causing the move. With monthly demand in play, the markets will naturally want to push price back up towards the tested monthly supply higher up in the 1550's but we also have to remember that technically the 3 month area of supply we have mapped out has been put into play. With this in mind, many scenarios can play out at this time. Price will be and a range now between both monthly supply/demand zones until one of these gives way.

**!** The key theme in play here is the monthly demand has been contacted and with higher timeframe up trends, the force of price will be to the upside.



**OIL:** Institutional traders have a **VERY STRONG BULLISH SENTIMENT**.

**Force of Price**

<b>FORCES</b>	<b>Mn</b>	<b>Price in a range</b>	<b>Wk</b>	<b>Top of Range / Weak moderate force is down</b>
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**Overview:** Price consolidated on the weekly chart before rallying up higher and as it did this the institutions increased their long positions again from 612k to 625k and left their short positions alone. Total positions are sitting in the 700k with 300k more to be added until max positions are reached. This rally and the addition of the long positions are in line with our expectations. We have mentioned that we have uncovered some strong evidence that over the longer period of time there will very likely be a strong rally. This strong and aggressive increase in long positions now is certainly something we've been expecting.

⚠️ The key theme in play here is that higher timeframe demand is in play. Demand was created and price rallied up from the area only to retrace back down into it and it has been contacted on a longer timeframe we have the force of price being upwards.



**US DOLLAR:** Institutional traders have a **NEUTRAL SENTIMENT**.

**Interest Rate:** 1.75% (last change – October 30, 2019)

**Force of Price**

<b>FORCES</b>	<b>Mn</b>	<b>Moderate force is down</b>	<b>Wk</b>	<b>Trend down</b>
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**Overview:** Price rallied upwards off the weekly demand zone and as it did the institutions slightly increased longs and closed some shorts. Last week we have contracts expiring so we couldn't know for sure if they were used this time to reduce longs but we can see now that this is what they've done. Question now becomes are they reducing their longs in preparation for a move lower? We can see that the weekly demand zone has been removed now and we have updated the [observation journal](#) to the reflect situation. Sentiment is now neutral after being bullish for some time. The natural path price will follow now is downwards.

⚠️ The key theme in play here is a 3 month up trend is in place and the ascending trend line was hit which has put the monthly chart into a range and therefore monthly forces will dictate price action for the time being. Monthly supply is in play so the force of price will be down.



**AUDUSD:** Institutional traders have a **BEARISH SENTIMENT**.

**Interest Rate:** 0.75% (last change – October 1, 2019)

**Force of Price**

**FORCES** Monthly Weak Temp force is up Weekly Trend is Down /Weak Moderate force is down

**Overview:** Price consolidated at the weekly trend line again and this time we can see that longs were brought back up closed to the previous positions held before contracts expired. Short are actually higher than previously at 85k. Total size is a bit more aggressive. The weekly trend line has been removed and we now have the weekly supply in play. With the current market dynamics, we are anticipating that there will be a push upwards towards the 73's where we have the tested monthly supply sitting. Short term drop from supply can easily take place as well which will produce some trading opportunities.

⚠️ The main theme in play here is that we have a 3 month area of demand that is being tested deeper than the first test and institutions are taking profits on short positions so price will want to move upwards.



**USDCAD:** Institutional traders have a **NEUTRAL/BEARISH SENTIMENT**.

**Interest Rate:** 1.75% (last change – October 24, 2018)

**Force of Price**

**FORCES** Monthly Weak moderate force is up Weekly Possible down trend

**Overview:** Price consolidated right at the ascending monthly trend line and as it did the institutions added more to their longs from 36k to 42k and then added to their shorts from 47k to 51k. We've since seen a nice drop take place and the weekly demand zone being penetrated. We haven't yet considered it to be removed since the weekly candle has not closed yet but if we get proper structure in this candle then we'll validate the zones as being removed. As we've mentioned in previous reports, if this demand is considered removed, then we have opened the gates for a move much lower to take place.

⚠️ The main theme in play here is that a 6 month supply zone is currently in play and so we can safely expect the higher timeframe forces will put pressure on price to the downside.



**USDCHF:** Institutional traders have a **NEUTRAL SENTIMENT**

**Interest Rate:** -0.750% (last change - January 15, 2015)

**Force of Price**

**FORCES** Monthly Consolidation / Moderate force is down Weekly Weak moderate force is up

**Overview:** Price consolidated after hitting the weekly demand zone and as this took place the institutions slightly reduced longs and increased their short again to 14k. Long positions are now above average, the sentiment is neutral and net positions are declining in bullishness. We have now seen that the weekly demand zone is being removed yet we have not had the weekly candle close yet so we cannot be completely sure of this until it has done so. If indeed it is taken out then we have room for price to drop to the monthly demand zone at 9530's.

⚠️ The main theme in play here is a 3 month ascending structure that is holding but we also have a 3 month supply in play as well.

USDCHF Non- Commercial						
Date	Long	Short	Total	% Long	% Short	Net Positions
Max.	84,571	37,165	100,880			
13 Per. Avg	28,517	13,939	42,456	67%	33%	14,578
December-24-19	24,195	14,516	38,711	63%	37%	9,679
December-17-19	24,836	13,762	38,598	64%	36%	11,074
December-10-19	31,047	10,182	41,229	75%	25%	20,865
December-03-19	37,406	15,119	52,525	71%	29%	22,287
November-26-19	35,742	14,767	50,509	71%	29%	20,975
November-19-19	27,765	11,573	39,338	71%	29%	16,192
November-12-19	27,944	12,824	40,768	69%	31%	15,120
November-05-19	28,201	14,048	42,249	67%	33%	14,153
October-29-19	26,818	14,334	41,152	65%	35%	12,484
October-22-19	24,386	13,051	37,437	65%	35%	11,335
October-15-19	26,300	13,534	39,834	66%	34%	12,766
October-08-19	26,299	15,252	41,551	63%	37%	11,047
October-01-19	29,780	18,245	48,025	62%	38%	11,535
September-24-19	24,831	14,279	39,110	63%	37%	10,552
September-17-19	19,681	15,125	34,806	57%	43%	4,556
September-10-19	18,979	16,087	35,066	54%	46%	2,892
September-03-19	22,201	16,362	38,563	58%	42%	5,839
August-27-19	18,035	14,235	32,270	56%	44%	3,800
August-20-19	19,042	7,925	26,967	71%	29%	11,117
August-13-19	20,712	7,762	28,474	73%	27%	12,950
August-06-19	24,826	8,395	33,221	75%	25%	16,431
July-30-19	25,309	10,821	36,130	70%	30%	14,488
July-23-19	20,079	6,886	26,965	74%	26%	13,193
July-16-19	17,694	5,962	23,656	75%	25%	11,732
July-09-19	17,577	7,149	24,726	71%	29%	10,428
July-02-19	16,414	5,672	22,086	74%	26%	10,742
June-25-19	23,511	7,030	30,541	77%	23%	16,481
June-18-19	21,801	6,317	28,118	78%	22%	15,484
June-11-19	29,254	4,466	33,720	87%	13%	24,788
June-04-19	40,606	4,541	45,147	90%	10%	36,065
May-28-19	39,319	4,644	43,963	89%	11%	34,675
May-21-19	42,765	5,270	48,035	89%	11%	37,495
May-14-19	47,656	7,646	55,302	86%	14%	40,010



**EURUSD:** Institutional traders have a **NEUTRAL SENTIMENT**.

**Interest Rate:** 0.00% (last change - March 10, 2016)

**Force of Price**

**FORCES** Monthly Moderate force is up Weekly Trend is down \ Moderate force is down

**Overview:** Price consolidated at the weekly trend line and as it did we can see that the institutions closed off some of their longs and added to their shorts. Sentiment remains neutral but net positions increased from -65k to -72k. We have analyzed the weekly chart and have determined that the weekly trend line that was secondary was in fact broken and a new weekly demand was created and was in play. This caused price to rally upwards through the weekly trend line and up into the weekly supply. We can safely expect a move lower from here since we've seen this take place many times in the past from this type of supply. Weekly candle hasn't closed yet so we don't know if the trend line will be broken yet or not.

⚠️ On the larger time frames we have a downtrend and the trend line was hit causing the move lower and breaking the uptrend on the monthly which now has put price in a range. With monthly demand in play we are expecting upside pressure.

EURUSD Non- Commercial						
Date	Long	Short	Total	% Long	% Short	Net Positions
Max.	262,175	271,111	421,424			
13 Per. Avg	165,245	229,754	394,999	42%	58%	-64,509
December-24-19	160,263	233,206	393,469	41%	59%	-72,943
December-17-19	165,355	231,049	396,404	42%	58%	-65,694
December-10-19	164,732	232,375	397,107	41%	59%	-67,643
December-03-19	164,392	233,441	397,833	41%	59%	-69,049
November-26-19	169,916	231,332	401,248	42%	58%	-61,416
November-19-19	163,898	226,401	390,299	42%	58%	-62,503
November-12-19	170,250	227,919	398,169	43%	57%	-57,669
November-05-19	164,183	224,929	389,112	42%	58%	-60,746
October-29-19	166,540	219,895	386,435	43%	57%	-53,355
October-22-19	168,653	219,703	388,356	43%	57%	-51,050
October-15-19	154,973	230,127	385,100	40%	60%	-75,154
October-08-19	162,777	238,190	400,967	41%	59%	-75,413
October-01-19	172,258	238,236	410,494	42%	58%	-65,978
September-24-19	160,687	221,409	382,096	42%	58%	-60,722
September-17-19	164,272	232,831	397,103	41%	59%	-68,559
September-10-19	180,535	230,377	410,912	44%	56%	-49,842
September-03-19	186,144	235,280	421,424	44%	56%	-49,136
August-27-19	173,451	212,255	385,706	45%	55%	-38,804
August-20-19	168,455	206,432	374,887	45%	55%	-37,977
August-13-19	167,214	213,863	381,077	44%	56%	-46,649
August-06-19	177,988	221,998	399,986	44%	56%	-44,010
July-30-19	175,132	229,115	404,247	43%	57%	-53,983
July-23-19	173,483	212,487	385,970	45%	55%	-39,004
July-16-19	170,487	201,838	372,325	46%	54%	-31,351
July-09-19	158,398	194,263	352,661	45%	55%	-35,865
July-02-19	157,122	188,855	345,977	45%	55%	-31,733
June-25-19	159,285	215,580	374,865	42%	58%	-56,295
June-18-19	162,795	215,125	377,920	43%	57%	-52,330
June-11-19	149,661	236,453	386,114	39%	61%	-86,792
June-04-19	155,771	243,322	399,093	39%	61%	-87,551
May-28-19	151,129	250,820	401,949	38%	62%	-99,691
May-21-19	149,873	250,975	400,848	37%	63%	-101,102
May-14-19	150,681	245,982	396,663	38%	62%	-95,301



**GBPUSD:** Institutional traders have a **BULLISH SENTIMENT**.

**Interest Rate:** 0.75% (last change - August 2, 2018)

**Force of Price**

**FORCES** Monthly Weak Force is up Weekly Trend is up / Temp force is down

**Overview:** Price dropped from the weekly supply zone we had mapped out and as it did we can see the institutions increased their longs from 59k to 68k and at the same time reduced shorts from 65k to 59k. Longs continue to be above and shorts below their averages. Long exposure creeps up to 58% now as the sentiment begins to show signs of bullishness. We can also see the first strong sign of bullishness with net positions turning positive. Price eventually dropped right into our first weekly buying zone for an entry long but we are holding off for the daily supply to be removed. Price rallying off this weekly demand and heading upwards. Market dynamics suggest we'll see a continued rally towards the monthly supply at 1.37's.

⚠️ The main theme in play here is profit taking from a very aggressive short position and this took place when demand was hit. On the higher timeframes we have demand in play so the force is upwards.



**USDJPY:** Institutional traders have a **NEUTRAL SENTIMENT**.

**Interest Rate:** -0.10% (last change - January 29, 2016)

**Force of Price**

**FORCES** Monthly Trend down / Moderate force is down Weekly Weak Moderate force is down

**Overview:** Price consolidated at the weekly trend line and as it did the institutions closed off some longs from 85k to 74k and also some of their shorts. Longs are sitting well above their average size right now but the monthly descending trend line still holds price down. We've since seen a move lower from this trend line with the #usd weakness but this move down is not as fluid as what we've seen on the other dollar pairs. There is a strong upward force here in play and this is what's causing this hesitation. Right now we also have long positions above their average and shorts below.

⚠️ We have a six month demand that has been holding and we could very well see a lot more highs to come. Force of price is upwards.



**NZDUSD:** Institutional traders have a **NEUTRAL/BEARISH SENTIMENT**.

**Interest Rate:** 1.00% (last change – August 7, 2019)

**Force of Price**



<b>FORCES</b>	<b>Monthly</b>	<b>Moderate force is down</b>	<b>Weekly</b>	<b>Weak moderate force is down</b>
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**Overview:** Price consolidated at the weekly trend line again and this time we see longs increasing from 16k to 18k which puts long positions well above their average size. Net positions are not nearly as bearish with numbers dropping from -25k to now -7k. They used contract expirations to facilitate this massive shift and we can see that it was in preparation for the move upwards we are seeing now. New weekly demand has been formed as well as monthly demand which the charts below don't have mapped out just yet but they could be used for a larger move upwards this year.

⚠️ The key theme in play right now is institutions profit taking on shorts propelling a move higher from monthly demand. On the higher timeframes, the momentum downwards has run out of steam and we could see a move upwards to retrace to supply higher up. Momentum shifting upwards.



Currency	Interest Rate
Dollar (USD)	1.75%
Swiss Franc (CHF)	-0.75%
Canadian Loonie (CAD)	1.75%
Aussie (AUD)	0.75%
Euro (EUR)	0.00%
Pound (GBP)	0.75%
Yen (JPY)	-0.10%
Kiwi (NZD)	1.00%

