

Being Contrarian

Ignore the madness of the crowd

Rob Zdravevski August 30, 2022



To be contrarian, you need to observe markets

You need to identify extremes

People often do the wrong thing, at the wrong time

Combine

- anecdotal evidence
- valuations
- mathematics,
- pattern recognition
- experience
- sentiment

Contrarian is not antagonistic

Position away from the consensus

It's lonely

The herd is always calling

Conviction in your analysis and thinking

Ignore the noise or 'the herd'

Noise costs you time and money

Prices are best illustrated using charts.

The price of an asset is the sum of its
hopes, fears, demand,
supply, popularity and problems.

Introducing Mean Reversion

The 200 week moving average

Australia Government Bonds 10 YR Yield · 1W · TVC · TradingView 3.609% +0.128% (+3.68%)

▼ 6

pct

6.500%

6.000%

5.500%

5.000%

4.500%

4.000%

3.500%

3.000%

2.500%

2.000%

1.500%

1.000%

0.500%

AU10Y, 1W

Australia Government Bonds 10 YR Yield



2001

2003

2005

2007

2009

2011

2013

2015

2017

2019

2021

2023

Light Crude Oil Futures · 1W · NYMEX · TradingView 🚩 📍 91.13 +0.69 (+0.76%)

Vol 20 🔗

BB 20 close 2.5 🔗

MA 6 close 🔗

MA 12 close 🔗

MA 24 close 🔗

MA 200 close 0 SMA 5 62.62



USD ▼
barrel (US) ▼

140.00

130.00

120.00

110.00

100.00

91.13

80.00

70.00

60.00

50.00

40.00

30.00

20.00

10.00

RSI 14 close 43.41

2002

2004

2006

2008

2010

2012

2014

2016

2018

2020

2022





9.874 +0.538 (+5.76%)

▼ 6

USD ▼

MMBtu ▼

14.000

13.000

12.000

11.000

10.000

9.000

8.000

7.000

6.000

5.000

4.000

3.000

2.000

1.000

NG1!, 1W
Natural Gas Futures

2005

2007

2009

2011

2013

2015

2017

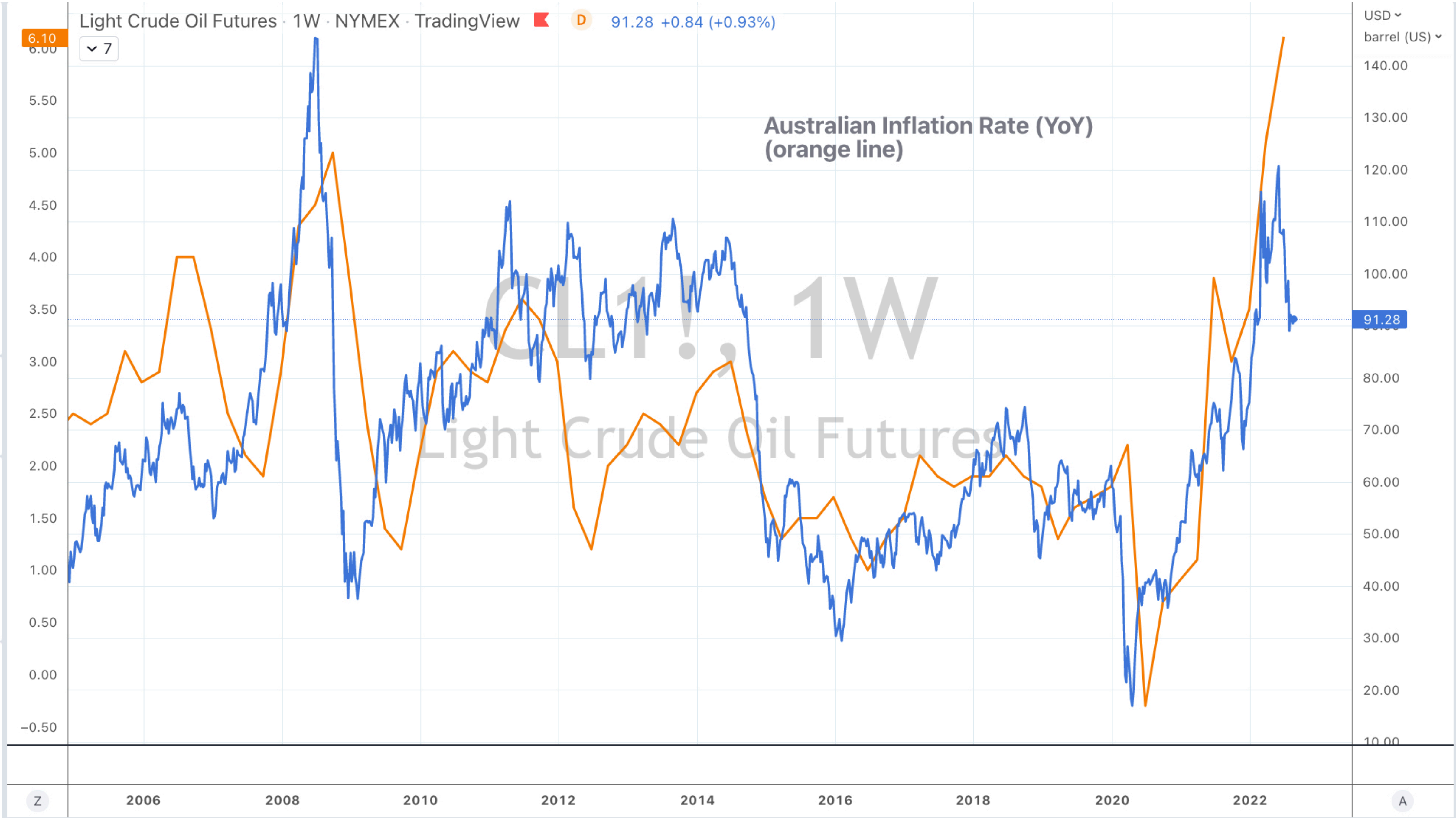
2019

2021

2023



Hello Correlation !



6.10
6.00
▼ 7

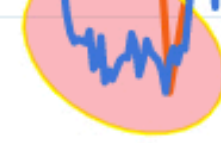
5.50
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
-0.50

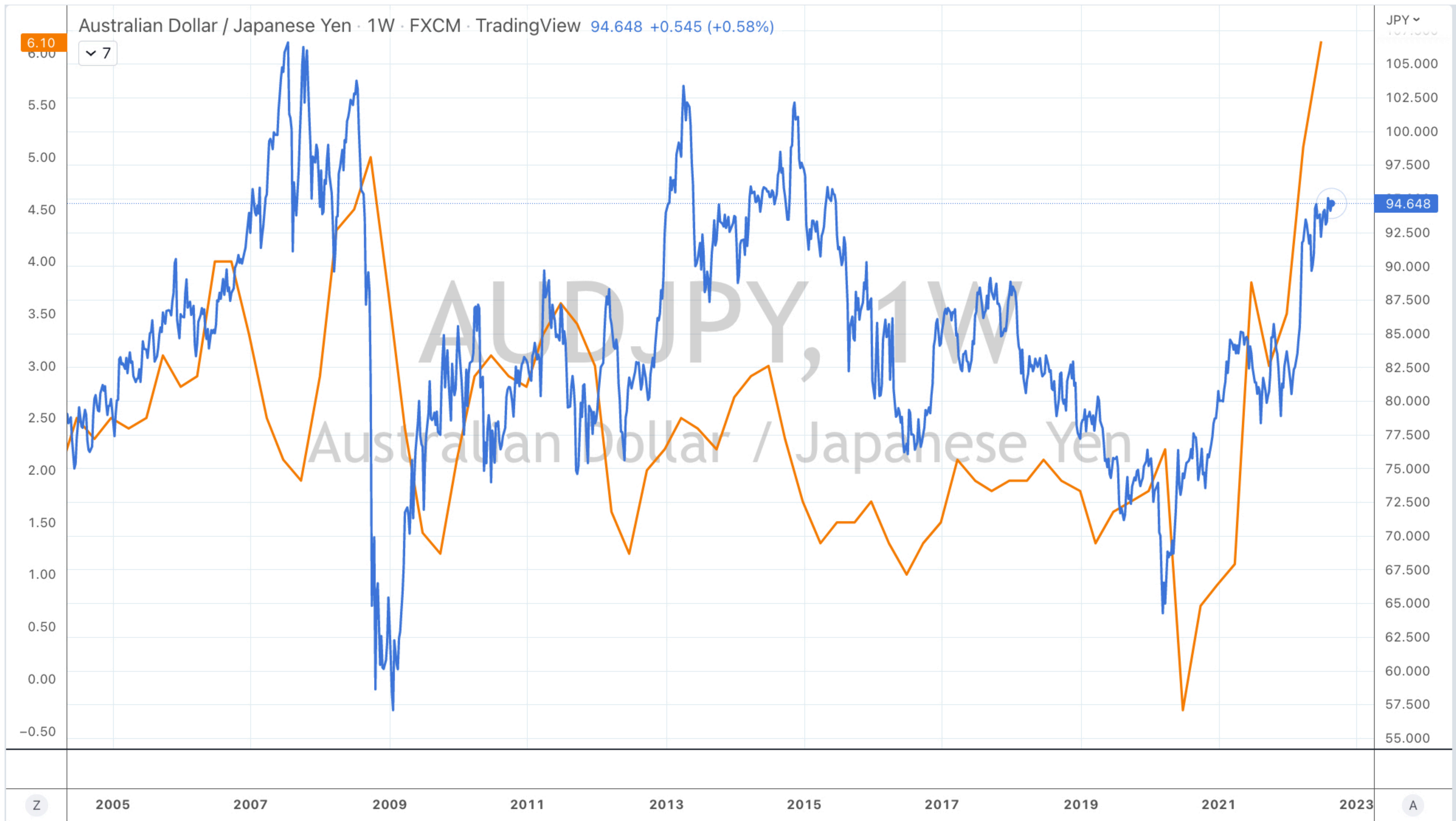
14.000
13.000
12.000
11.000
10.000
9.000
8.000
7.000
6.000
5.000
4.000
3.000
2.000
1.000

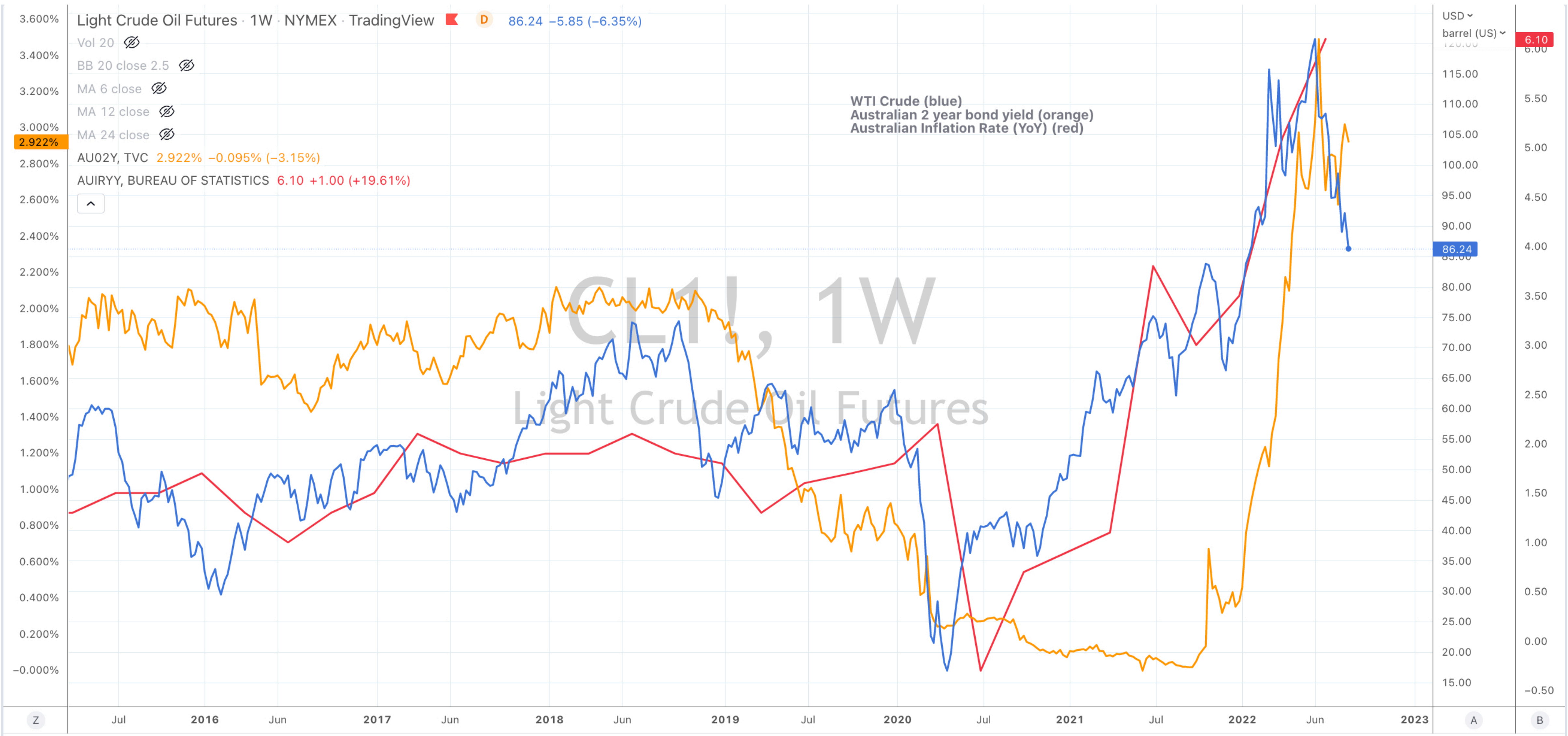
Australian Inflation (orange)

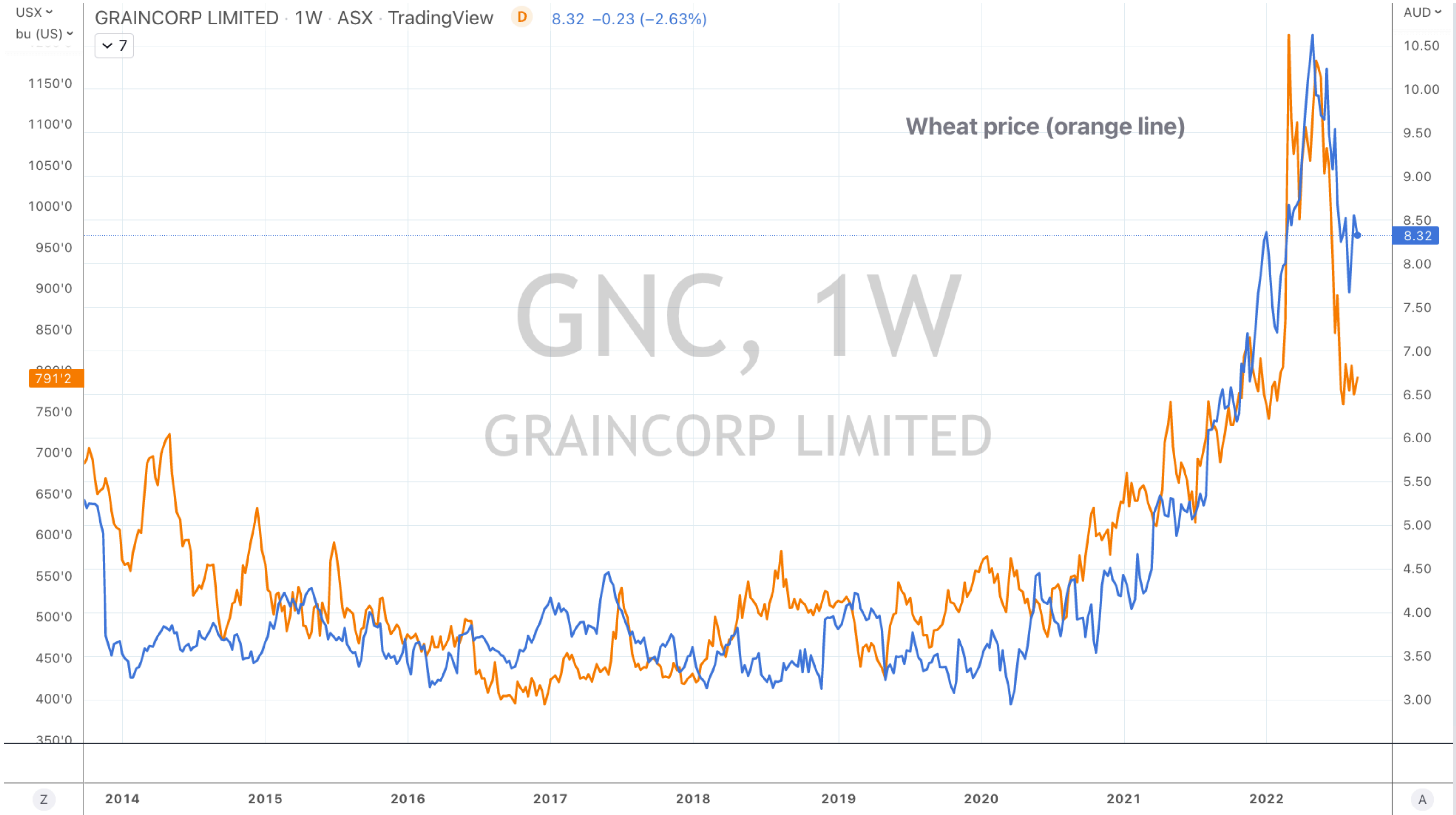
NG1!, 1W
Natural Gas Futures

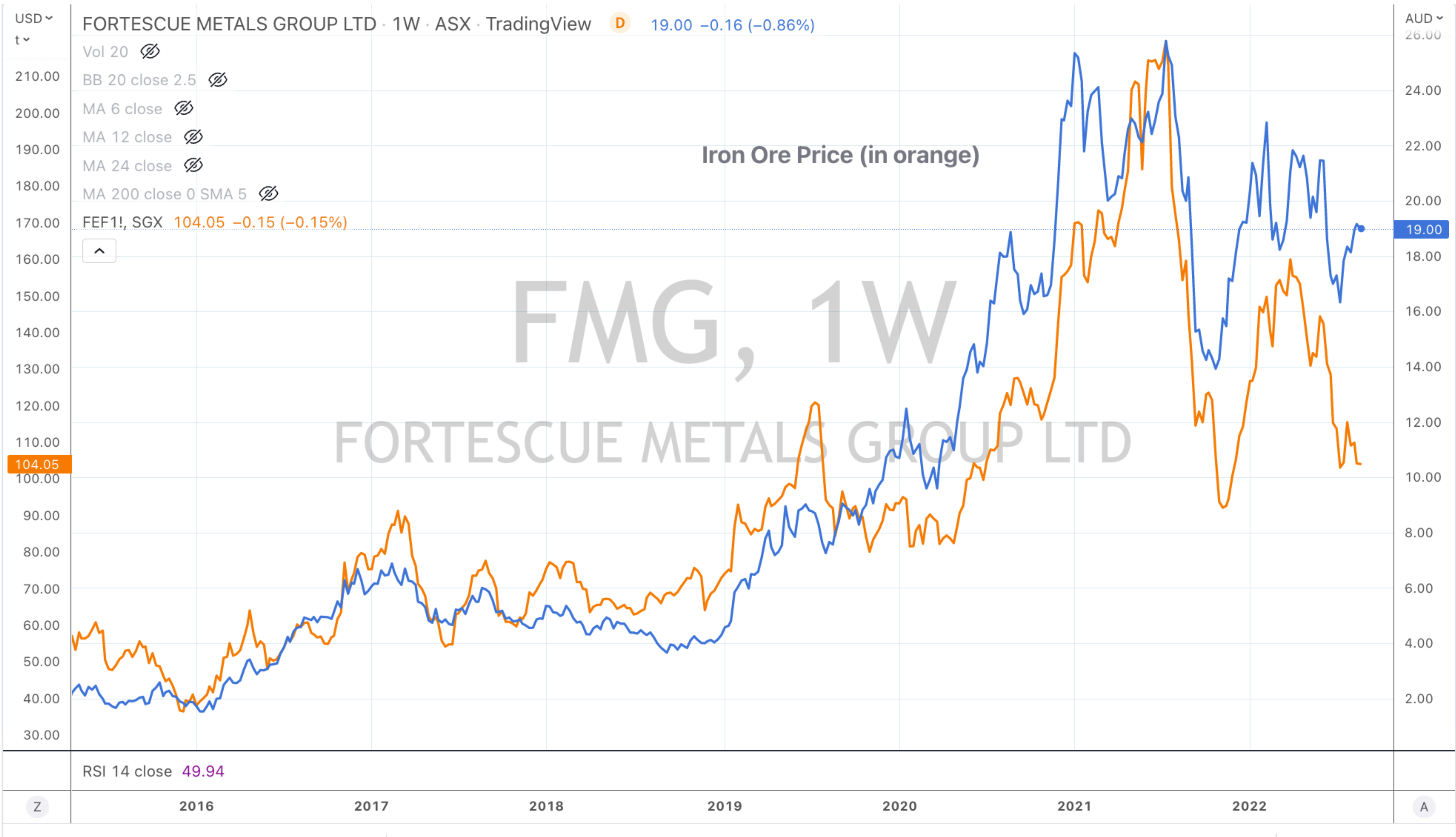
9.880

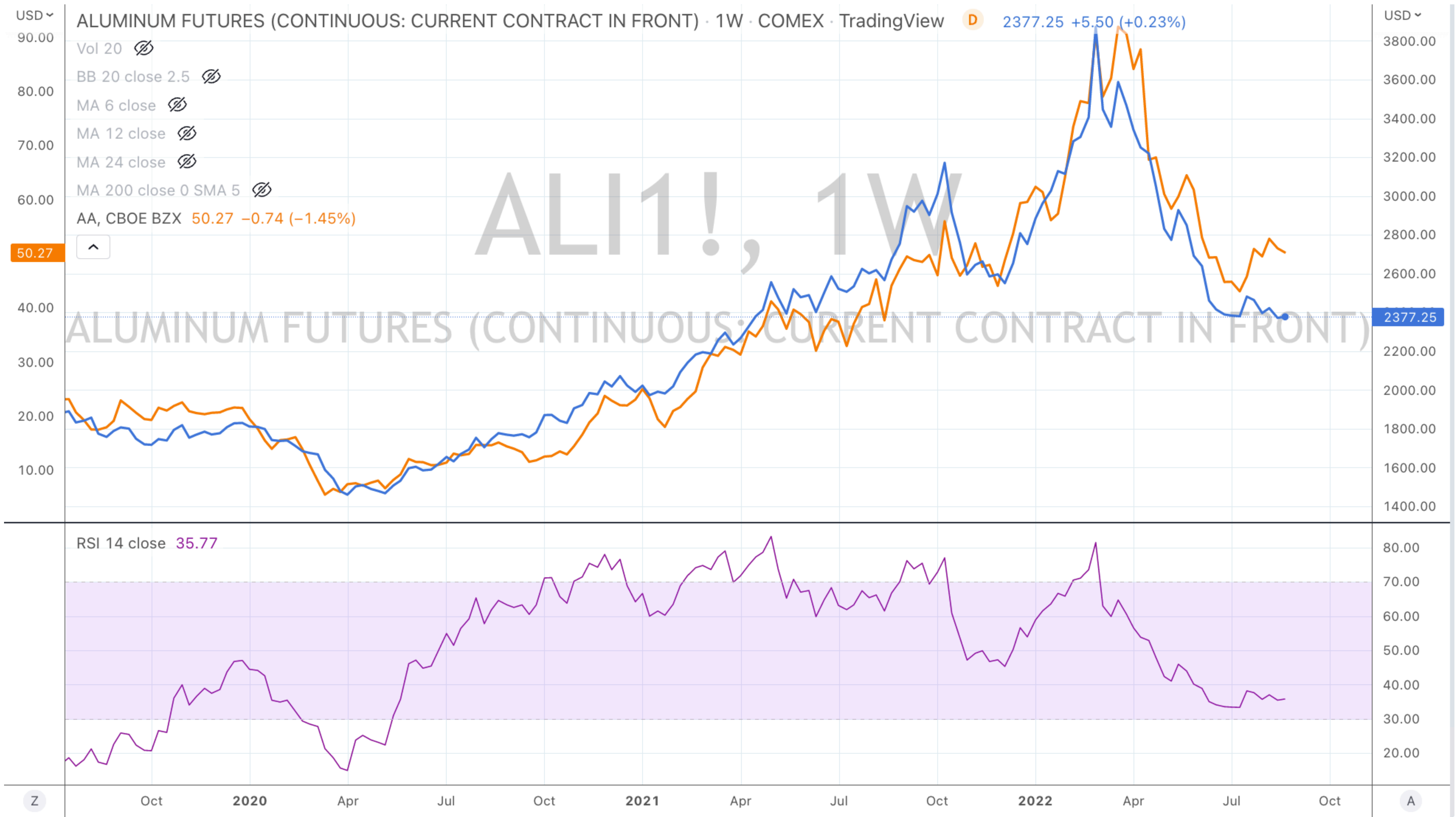












Oversold and Overbought readings help confirm extremes



Vol 20

BB 20 close 2.5

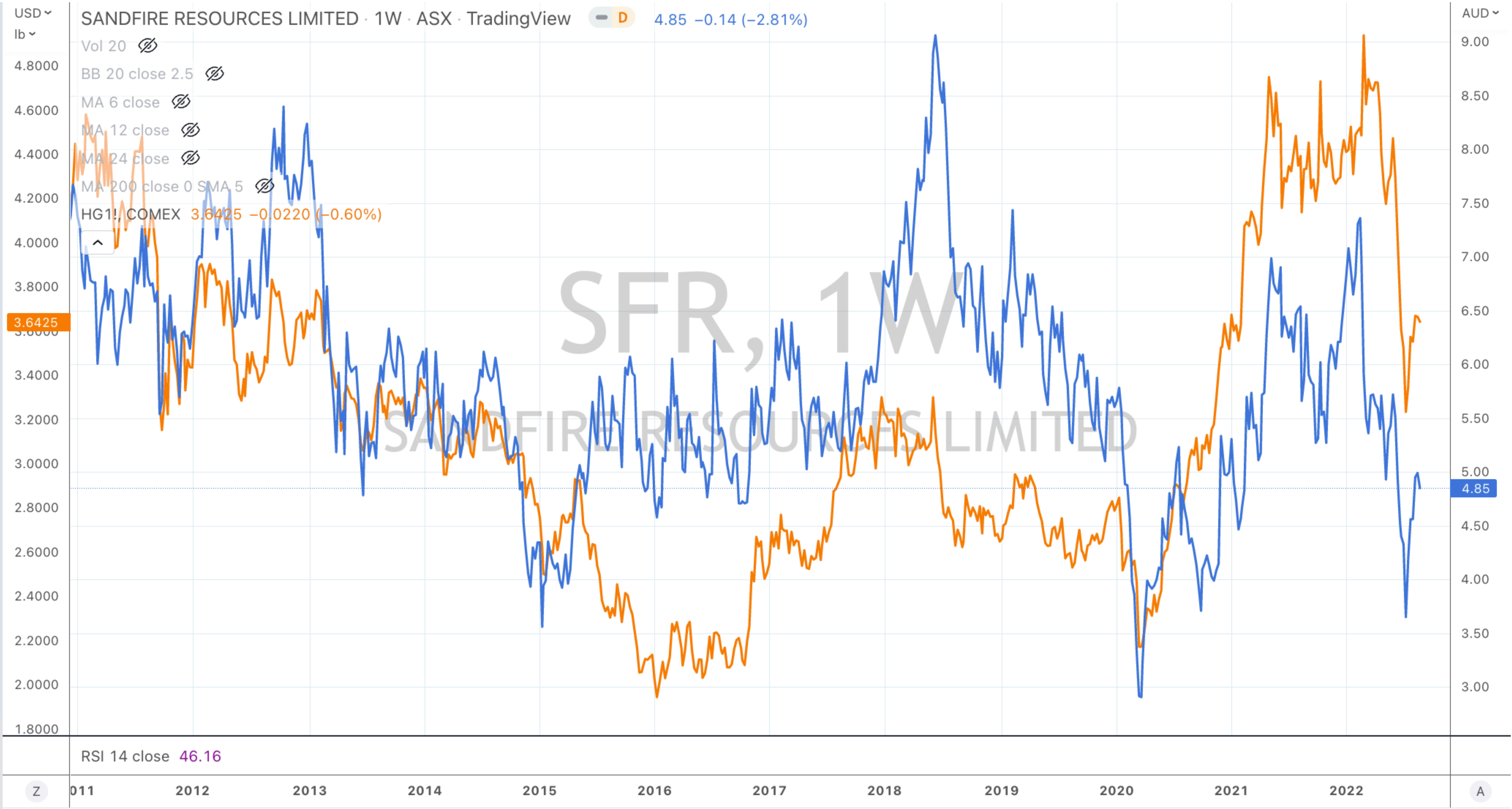
MA 6 close

MA 12 close

MA 24 close






MA 200 close 0 SMA 5 5.50







S&P 500 Index · 1W · SP · TradingView 4138.00 -90.49 (-2.14%)

Vol 20 
BB 20 close 2.5 
MA 6-close 
MA 12 close 
MA 24 close 
MA 200 close 0 SMA 5 3562.19



Weekly Oversold (RSI <30)
moments for the S&P 500

SPX, 1W
S&P 500 Index

USD 

4400.00
4138.00
4000.00
3600.00
3200.00
2800.00
2400.00
2000.00
1600.00
1200.00

RSI 14 close 49.55

90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

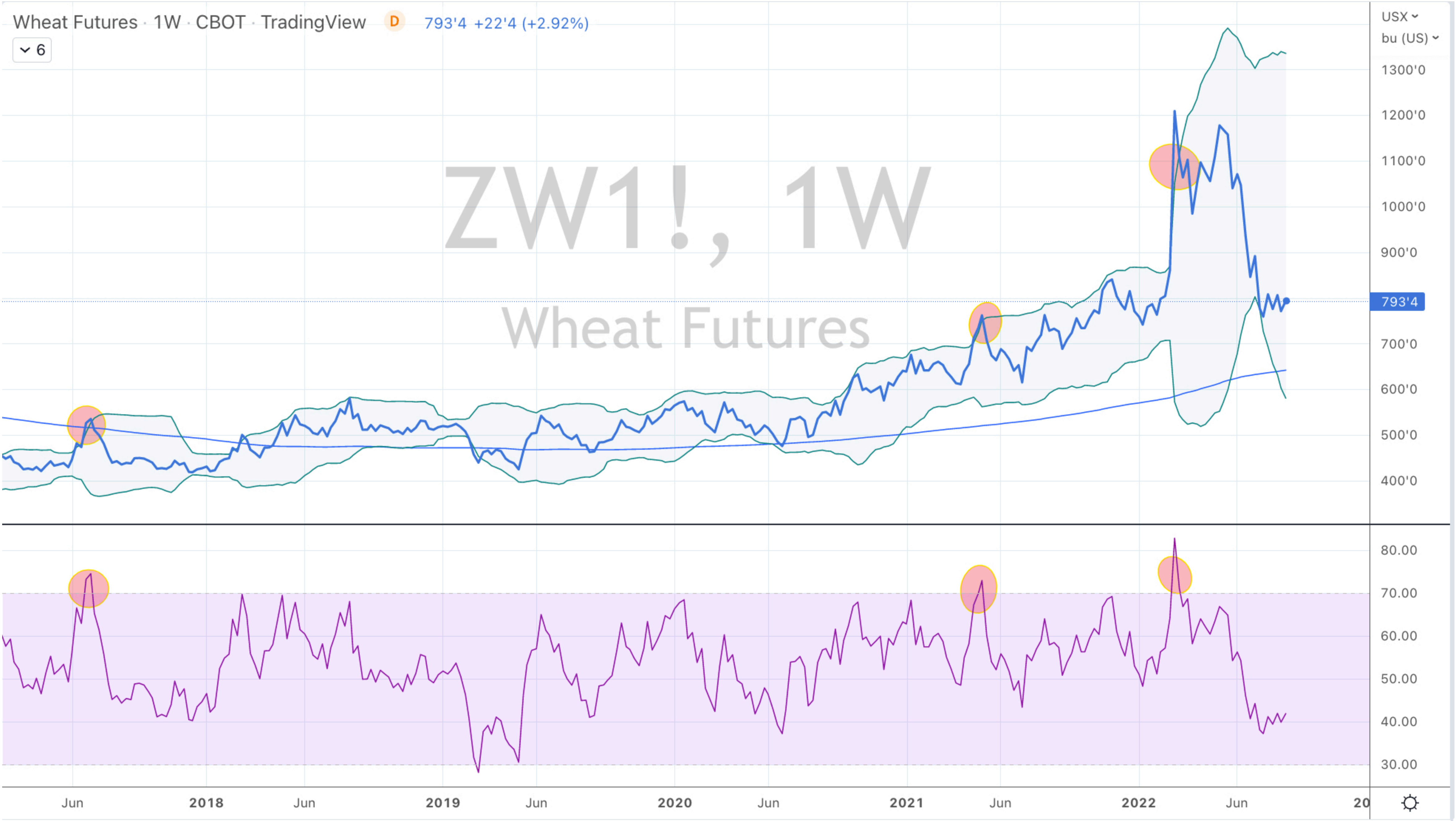


Let's add 2.5 Standard Deviations





▼ 6

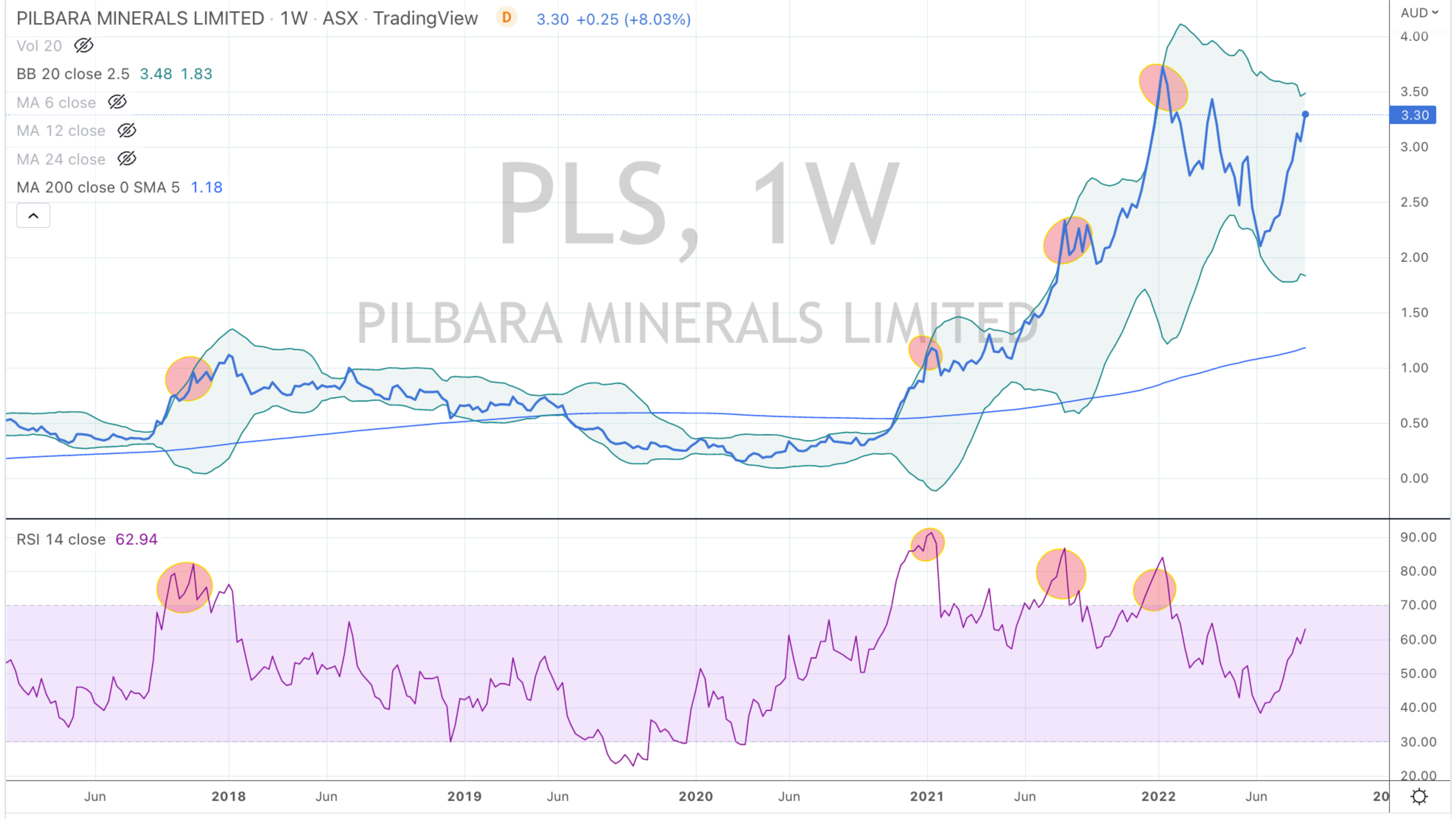
ZW1!, 1W

Wheat Futures



PILBARA MINERALS LIMITED · 1W · ASX · TradingView D 3.30 +0.25 (+8.03%)

Vol 20 
BB 20 close 2.5 3.48 1.83
MA 6 close 
MA 12 close 
MA 24 close 
MA 200 close 0 SMA 5 1.18



▼ 6



▼ 6



Combine Mean Reversion with Percentage Extremes

S&P 500 Index · 1W · TVC — O4610.62 H4718.50 L4595.06 C4697.54 +92.15 (+2.00%)

MA 50 close 

MA 100 close 

MA 200 close 3238.98



Percentage which S&P 500 is trading
above its 200 week moving average.

SPX, 1W

S&P 500 Index



November 8, 2021
by Rob Zdravevski
Karri Asset Advisors
rob@karriasset.com.au

USD 

4400.00

4000.00

3600.00

3200.00

2800.00

2400.00

2000.00

1600.00

1200.00

800.00

400.00





53%

49%

68%

201%

72%

Percentage at which Copper is trading above its 50 month moving average

April 30, 2021
by Rob Zdravevski
Karri Asset Advisors
rob@karriasset.com.au





82.86 -1.91 (-2.25%)

MA 50 close



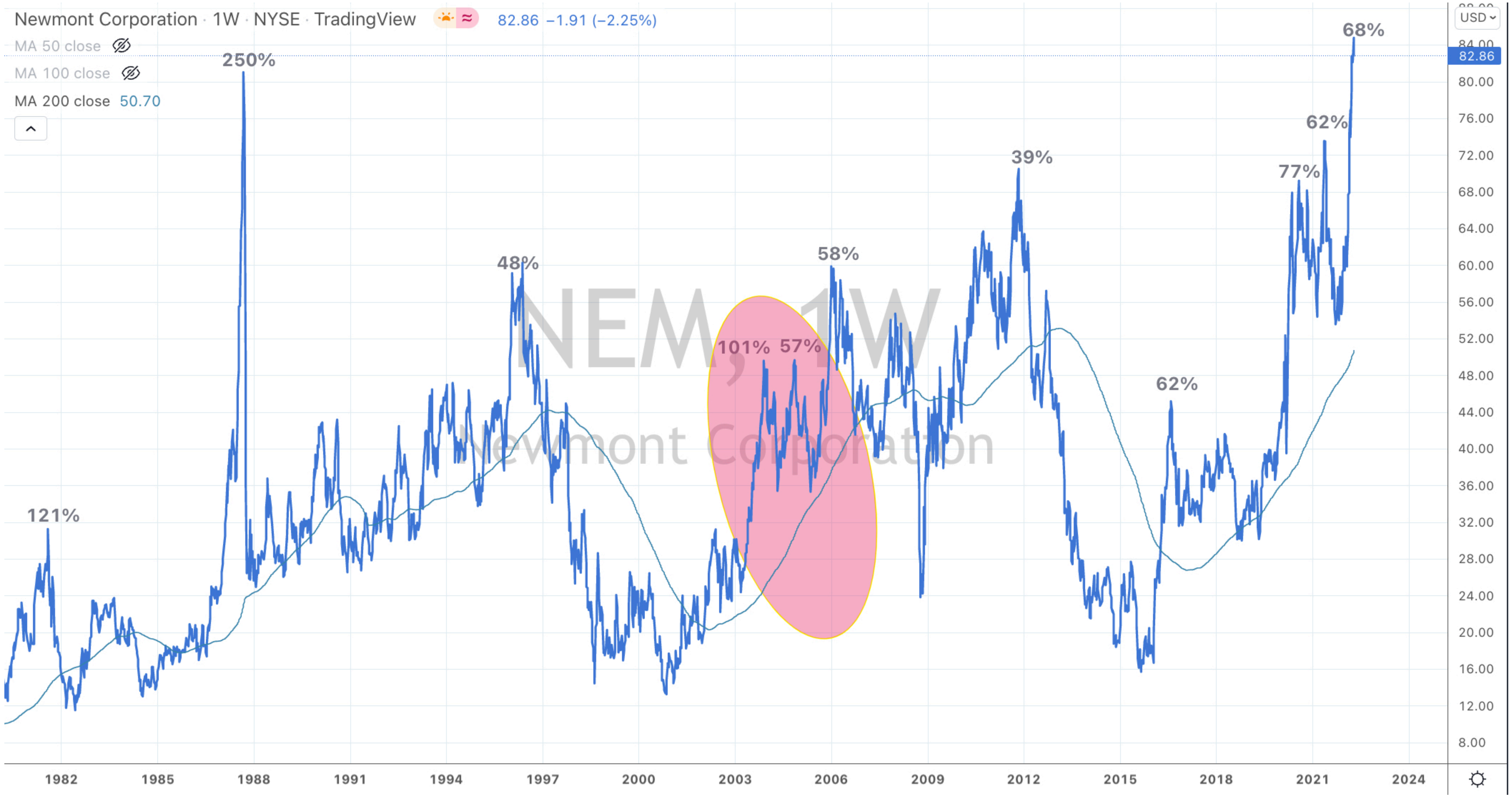
MA 100 close



MA 200 close 50.70



USD



Today's Markets

Recent Buying Moments





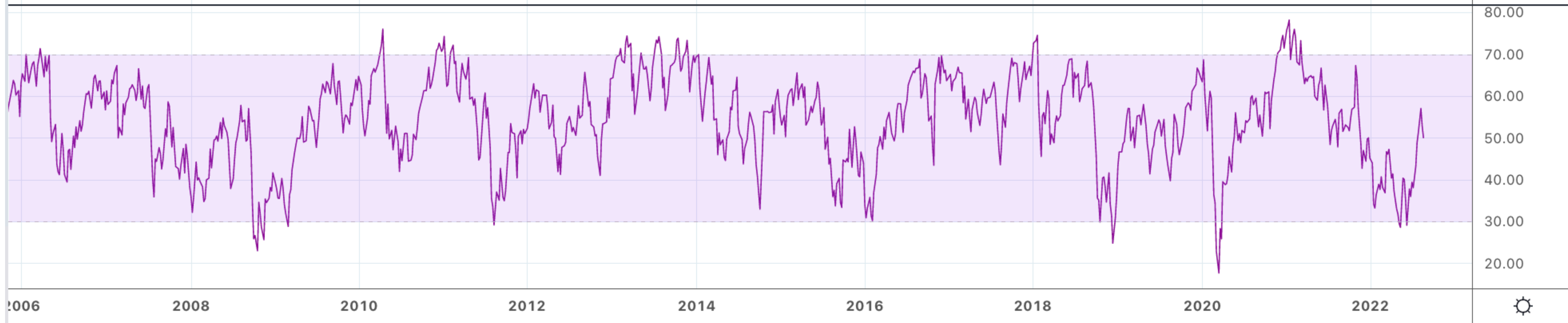
1915.7432 -41.6029 (-2.13%)

▼ 6

USD ▼

RUT, 1W

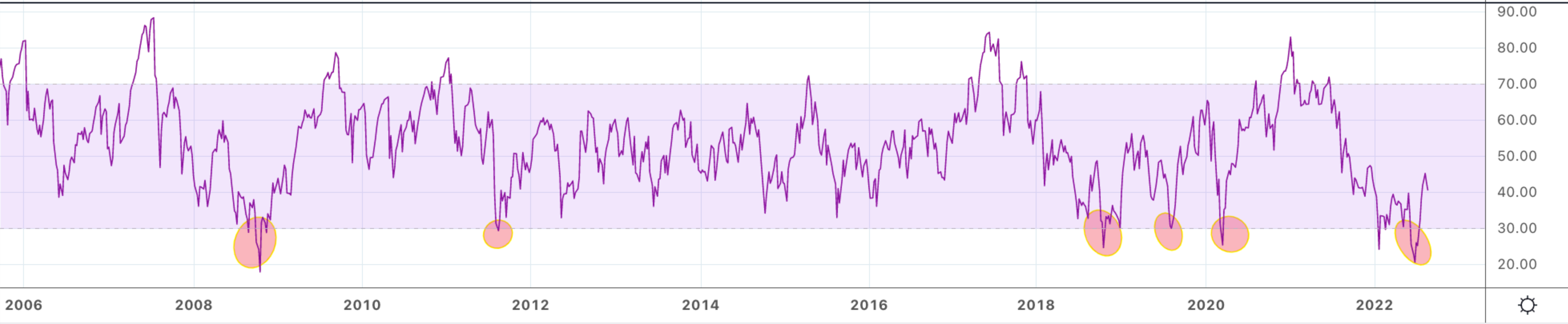
Russell 2000 Index



6

KRW

3400.00
3200.00
3000.00
2800.00
2600.00
2400.00
2200.00
2000.00
1800.00
1600.00
1400.00
1200.00
1000.00
800.00



▼ 6

21.33 -0.85 (-3.83%)

AUD ▼





133.22 -5.01 (-3.62%)

6

AMZN, 1W

Amazon.com, Inc.



Getting Ready For

RIO TINTO LIMITED · 1W · ASX · TradingView D 97.84 -0.69 (-0.70%)

Vol 20

BB 20 close 2.5 125.21 84.64

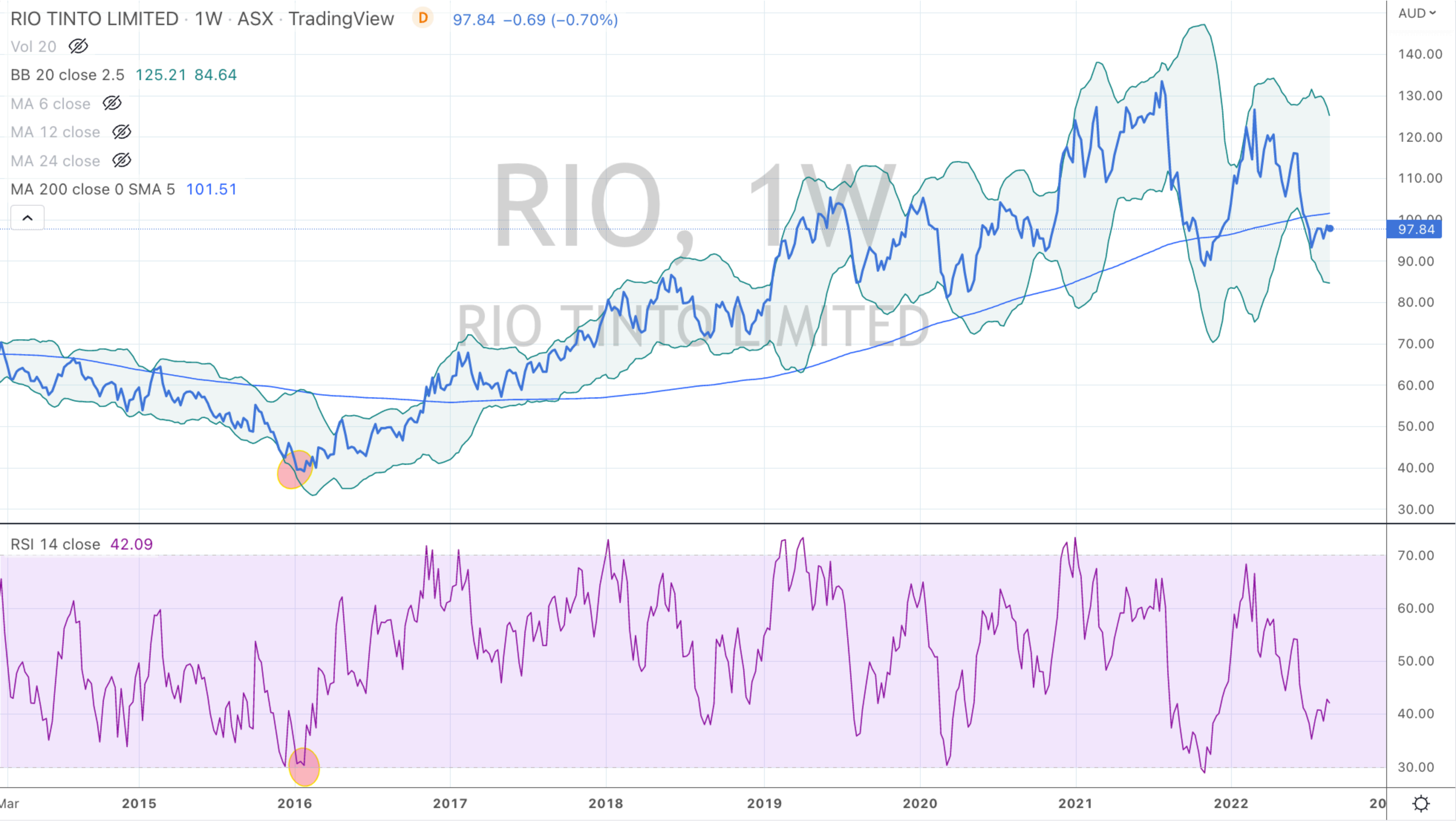
MA 6 close

MA 12 close

MA 24 close

MA 200 close 0 SMA 5 101.51

^





6

AUD

52.00

48.00

44.00

41.55

40.00

36.00

32.00

28.00

24.00

20.00

16.00

12.00

8.00

70.00

60.00

50.00

40.00

30.00

20.00



2016

2017

2018

2019

2020

2021

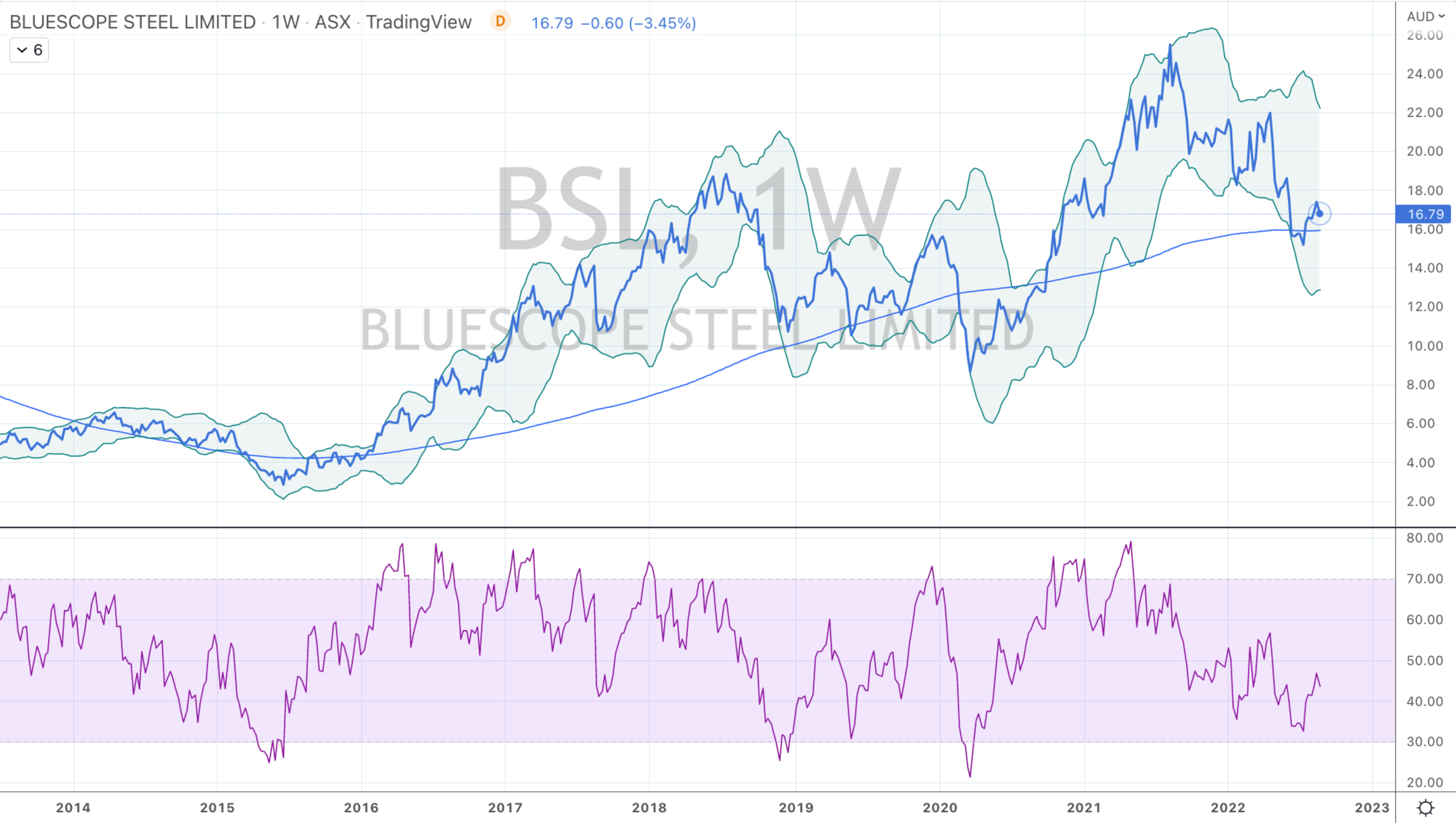
2022

202

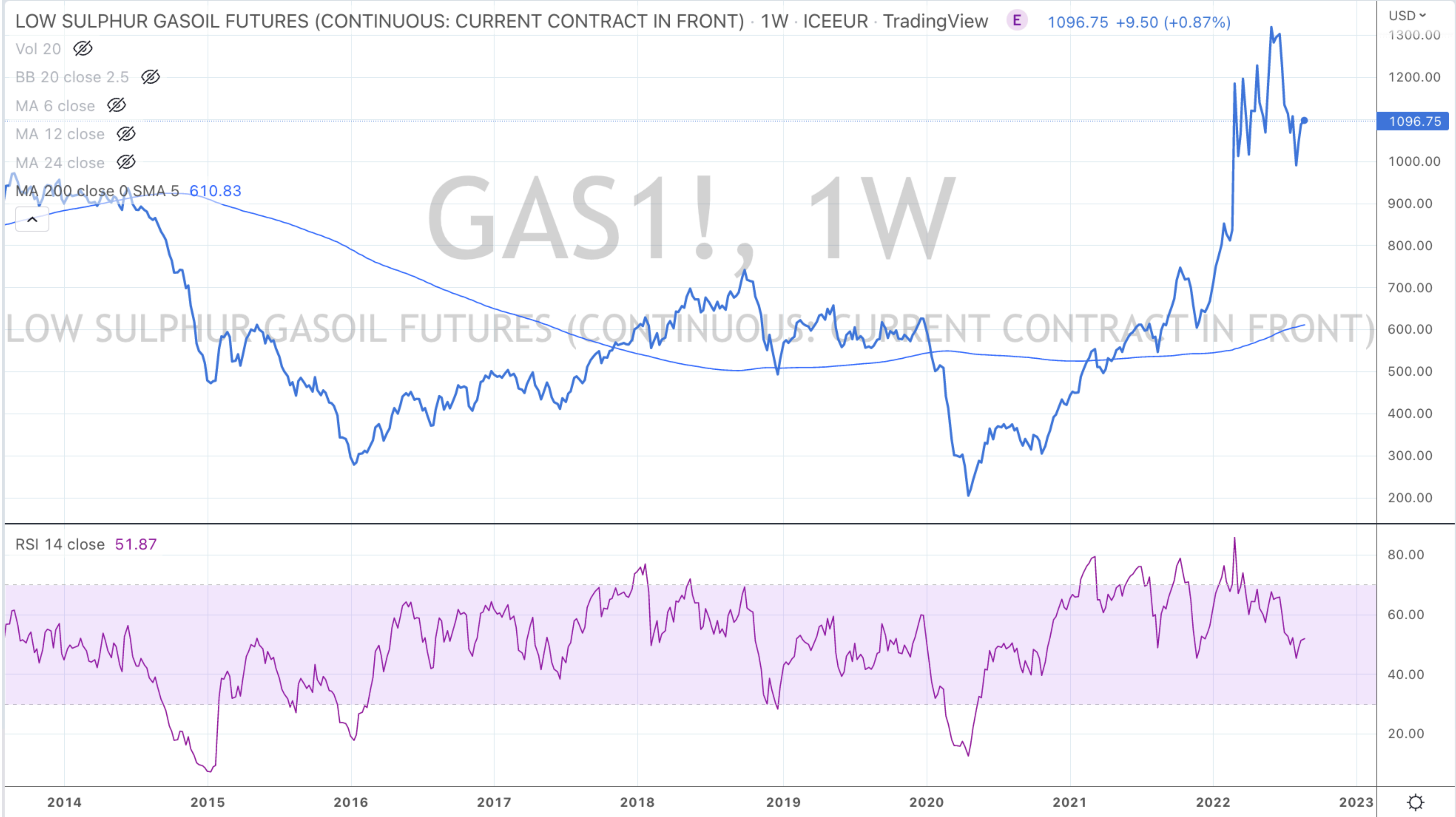


16.79 -0.60 (-3.45%)

▼ 6



More Mean Reversion to Come



ALUMINUM FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT) · 1W · COMEX · TradingView

2377.25 +5.50 (+0.23%)

Vol 20

BB 20 close 2.5

MA 6 close

MA 12 close

MA 24 close

MA 200 close 0 SMA 5 2232.95

AA, CBOE BZX

^

ALI1!, 1W

ALUMINUM FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT)

USD

3800.00

3600.00

3400.00

3200.00

3000.00

2800.00

2600.00

2400.00

2200.00

2000.00

1800.00

1600.00

1400.00

1200.00

1000.00

800.00

600.00

400.00

200.00

0.00

RSI 14 close 35.77

80.00

60.00

40.00

20.00

0.00

May

Sep

2020

May

Sep

2021

May

Sep





2022

May

Sep

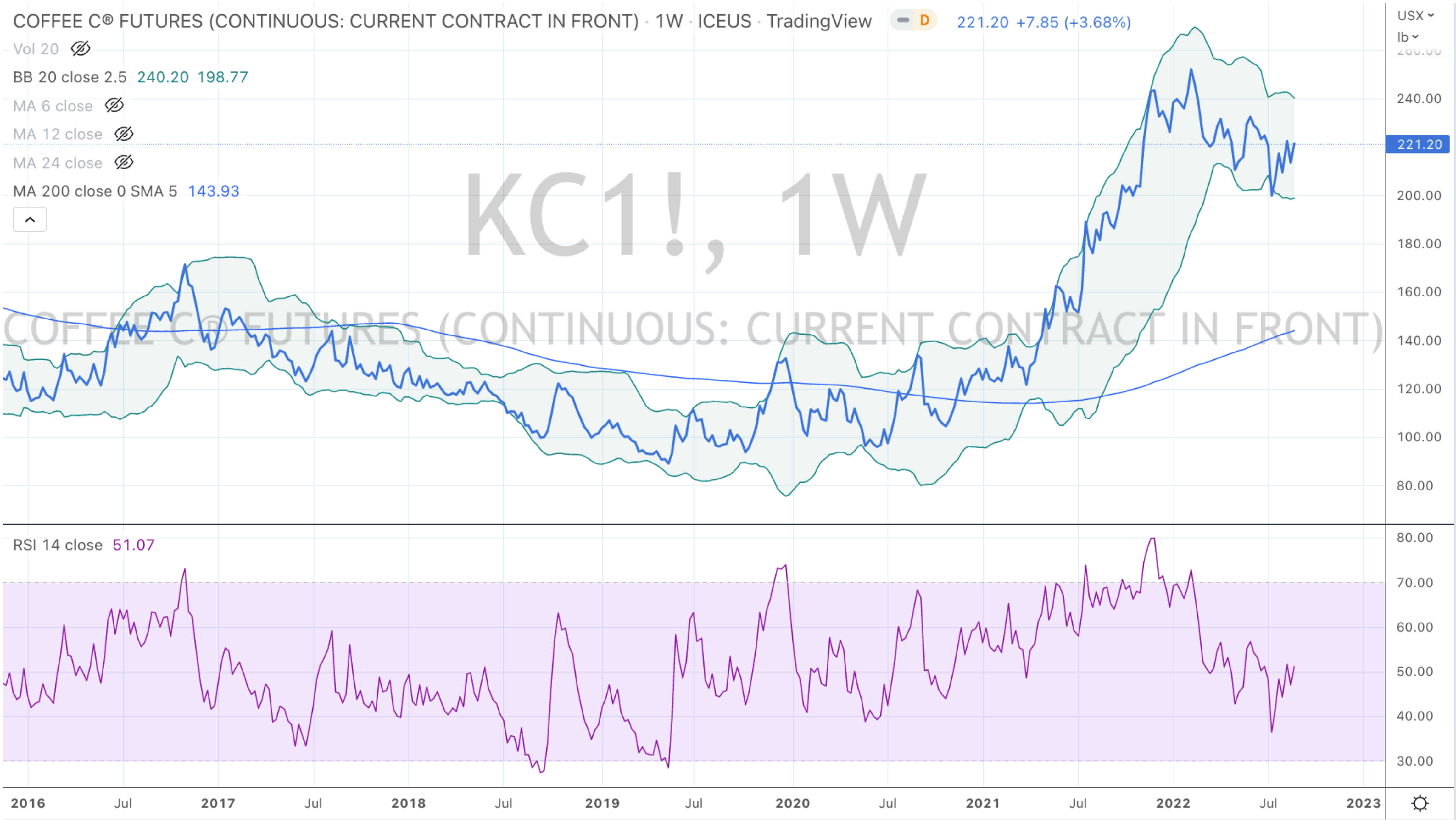
A

COFFEE C® FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT) · 1W · ICEUS · TradingView

Vol 20 
BB 20 close 2.5 240.20 198.77
MA 6 close 
MA 12 close 
MA 24 close 
MA 200 close 0 SMA 5 143.93



KC1!, 1W



▼ 6



Tesla, Inc. · 1W · NASDAQ · TradingView



869.74 -20.26 (-2.28%)

USD ▾

Vol 20



BB 20 close 2.5 1061.47 547.93

MA 6 close



MA 12 close



MA 24 close



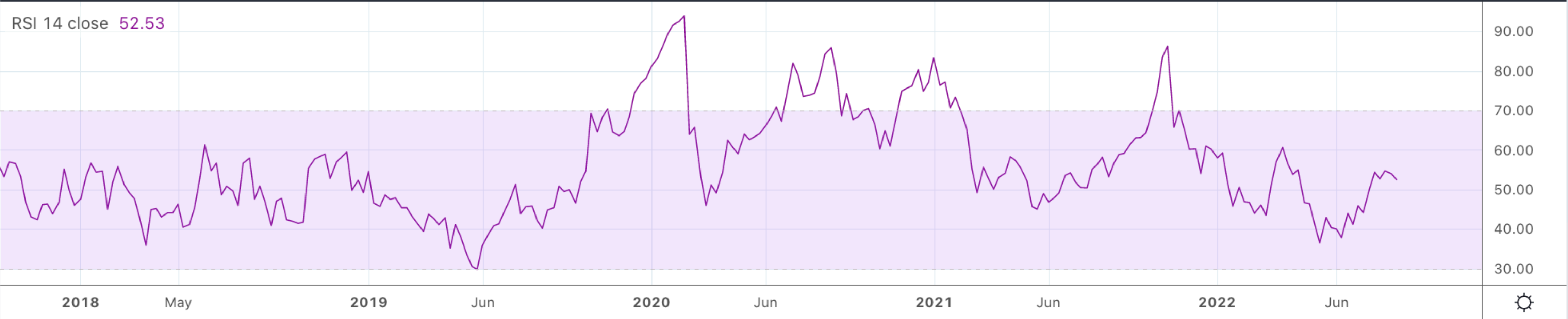
MA 200 close 0 SMA 5 443.17



TSLA, 1W
Tesla, Inc.



RSI 14 close 52.53



1300.00
1200.00
1100.00
1000.00
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00

90.00
80.00
70.00
60.00
50.00
40.00
30.00

2018

May

2019

Jun

2020

Jun

2021

Jun

2022

Jun



Many Already Have

Oat Futures · 1W · CBOT · TradingView



D

O427'0 H433'6 L370'0 C387'2 -40'2 (-9.42%)

MA 50 close



MA 100 close



MA 200 close 395'0



Z01!, 1W
Oat Futures



USX

bu (US)

800'0

760'0

720'0

680'0

640'0

600'0

560'0

520'0

480'0

440'0

400'0

387'2

360'0

320'0

280'0

240'0

200'0

160'0



BALTIC DRY INDEX · 1W · INDEX · TradingView E 1270 -9 (-0.70%)

- Vol 20
- BB 20 close 2.5
- MA 6 close
- MA 12 close
- MA 24 close
- MA 200 close 0 SMA 5 1816



BDI, 1W

BALTIC DRY INDEX



RSI 14 close 33.09

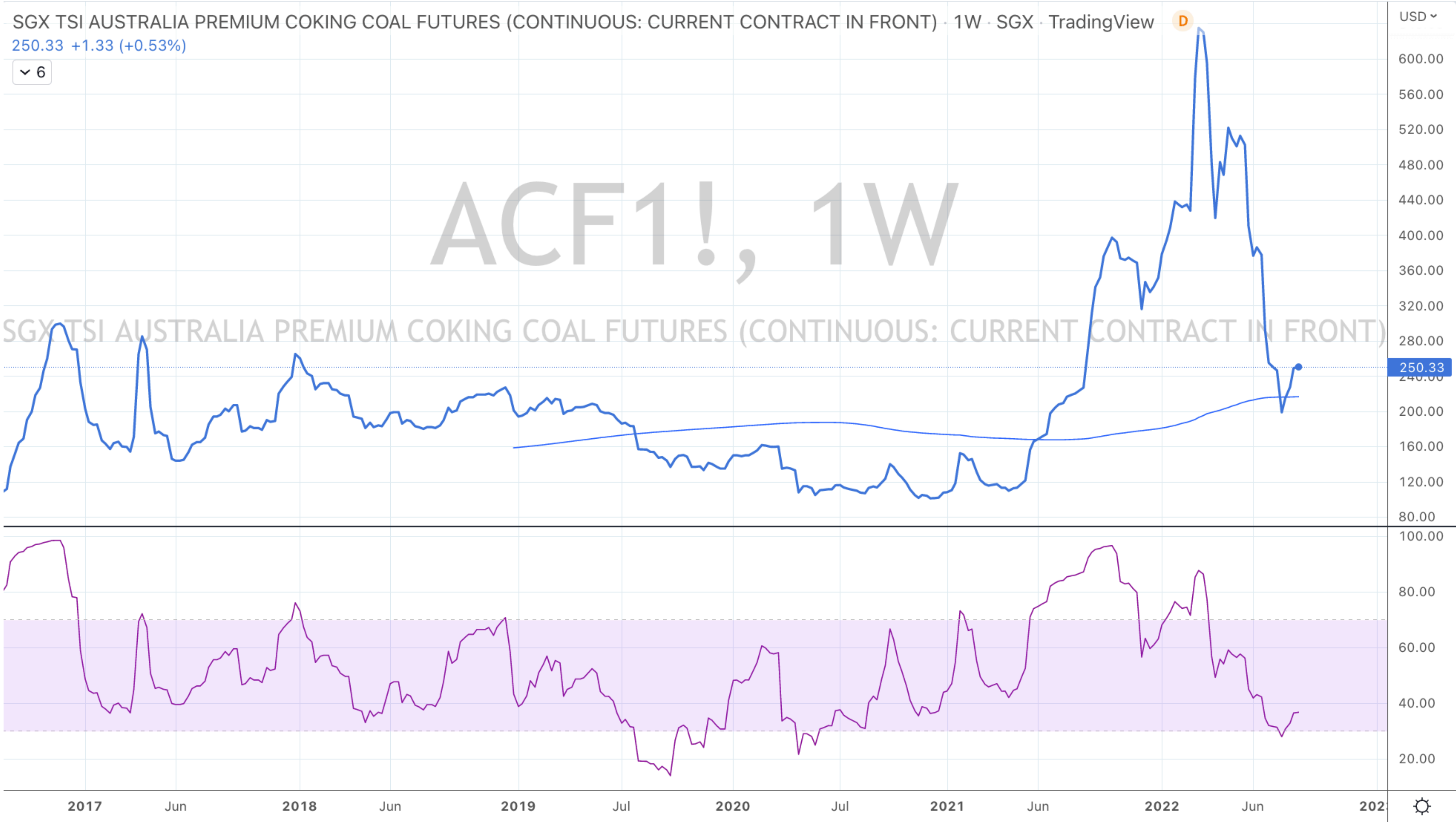
SGX TSI AUSTRALIA PREMIUM COKING COAL FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT) · 1W · SGX · TradingView

250.33 +1.33 (+0.53%)

▼ 6

ACF1!, 1W

SGX TSI AUSTRALIA PREMIUM COKING COAL FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT)



Silver/AUD · 1W · OANDA · TradingView 27.53763 -0.17014 (-0.61%)

Vol 20

BB 20 close 2.5

MA 6 close

MA 12 close

MA 24 close

MA 200 close 0 SMA 5 28.82307



XAGAUD, 1W

Silver/AUD



RSI 14 close 37.32



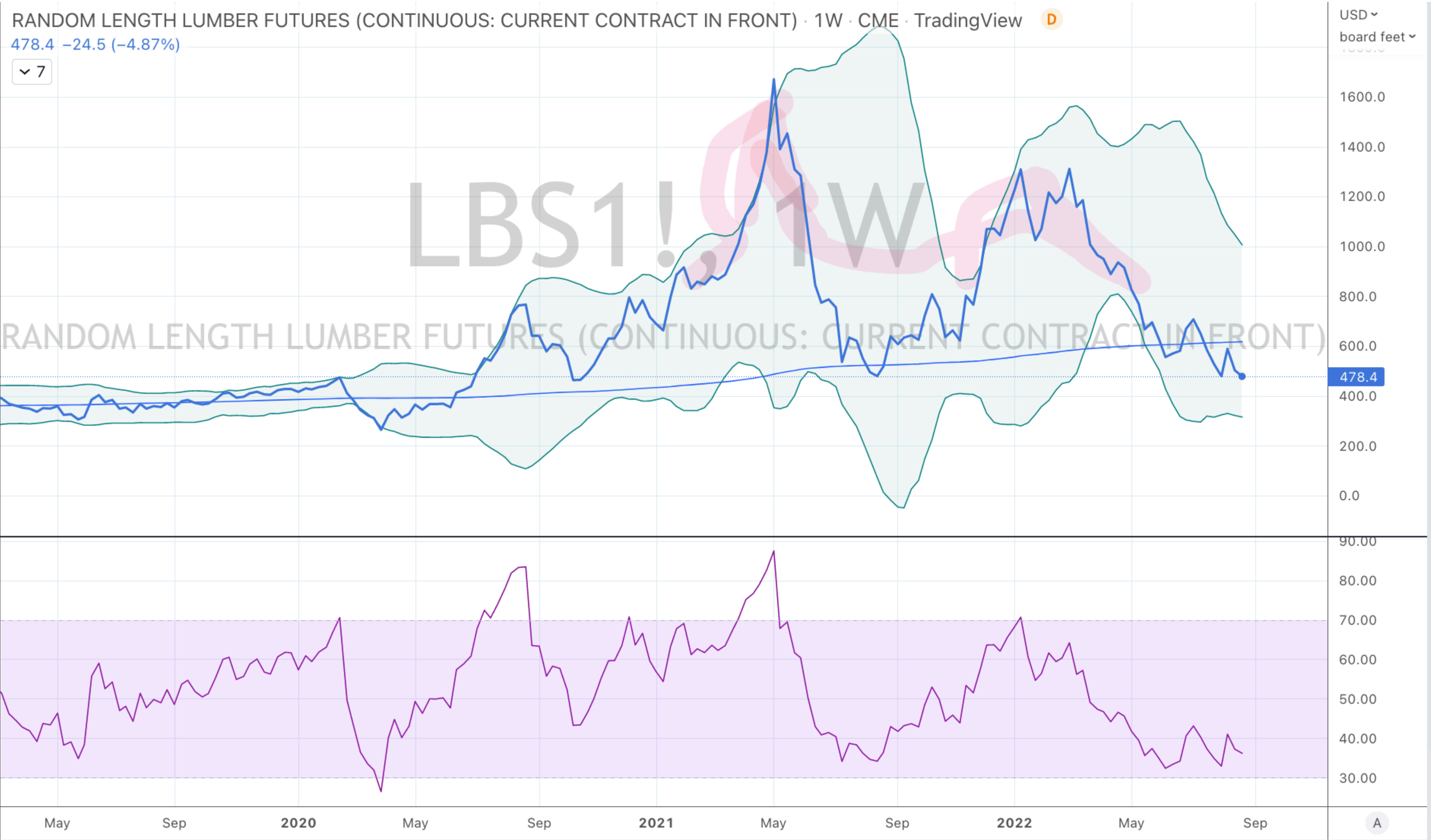
Rising Inventories Leads to Discounting

RANDOM LENGTH LUMBER FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT) · 1W · CME · TradingView

478.4 -24.5 (-4.87%)

7

USD
board feet



U.S. MIDWEST DOMESTIC HOT-ROLLED COIL STEEL (CRU) INDEX FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT) · 1... · CO... · Tradin...

785 -2 (-0.25%)

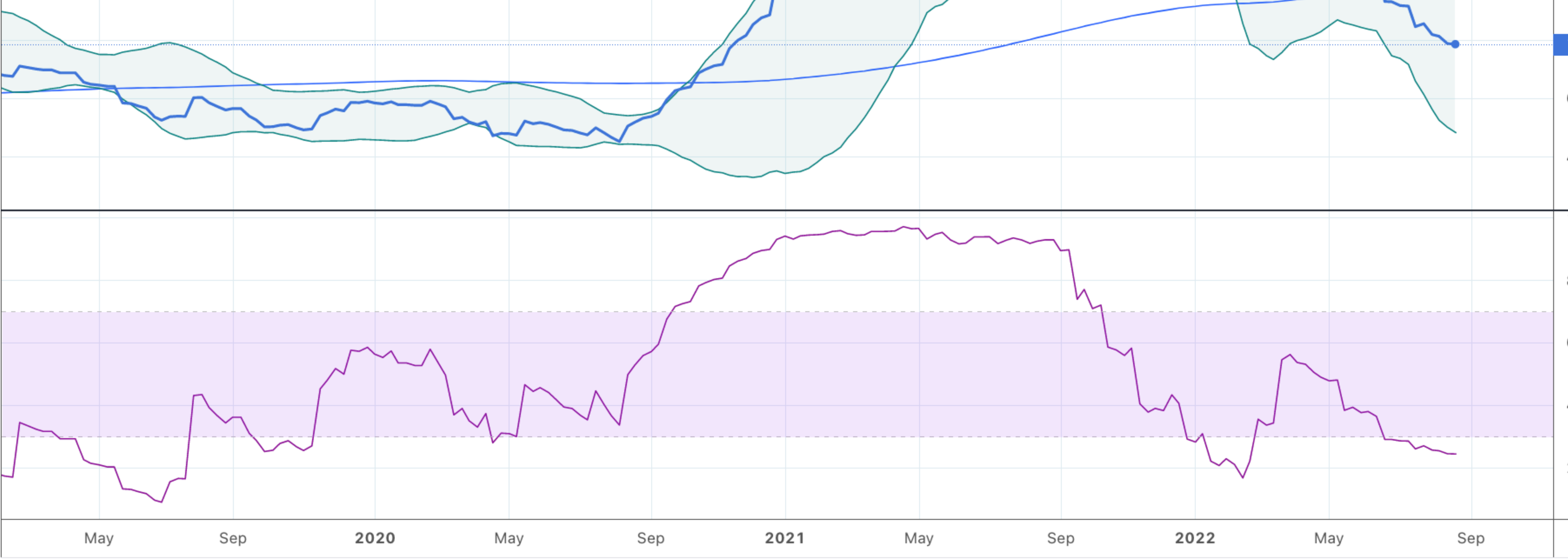
▼ 7

USD
shd

2000
1800
1600
1400
1200
1000
800
600
400
100.00
80.00
60.00
40.00
20.00

HRC1! 1W

U.S. MIDWEST DOMESTIC HOT-ROLLED COIL STEEL (CRU) INDEX FUTURES (CONTINUOUS: CURRENT CONTRACT IN FRONT)



A

Summary:

See lower prices in many commodities

Expect lower GDP

Rising inventories equals discounting

This will be deflationary (short-term)

Thus

Interest Rates and Inflation to abate

Although, expect inflation to stay at 4% range

Reminder:

Look for extremes

Mean Reversions are a 'thing'

Stick to your contrarian conviction

Don't digest the noise,
but tune in to pessimism and euphoria

And accept the 'fat part of the trade'

Thank You

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