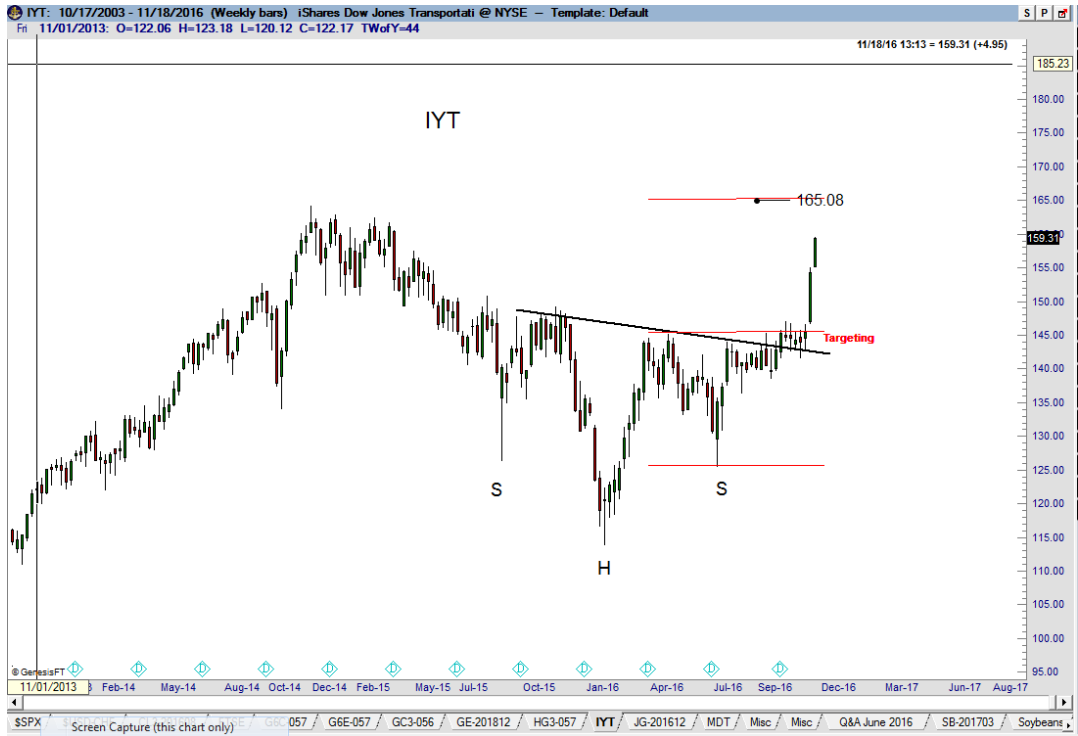


iShares DJ
Transports (IYT-ETF)

The weekly chart of IYT is well on its way to the target of 164.97 established by the completion of a 15-month inverted H&S pattern. Factor is long IYT with a minimum target of 164.97.



Sugar

See the discussion of COT data as they relate to Sugar at the end of this Update. Several dates are worthy of note on the daily chart of Mar Sugar.

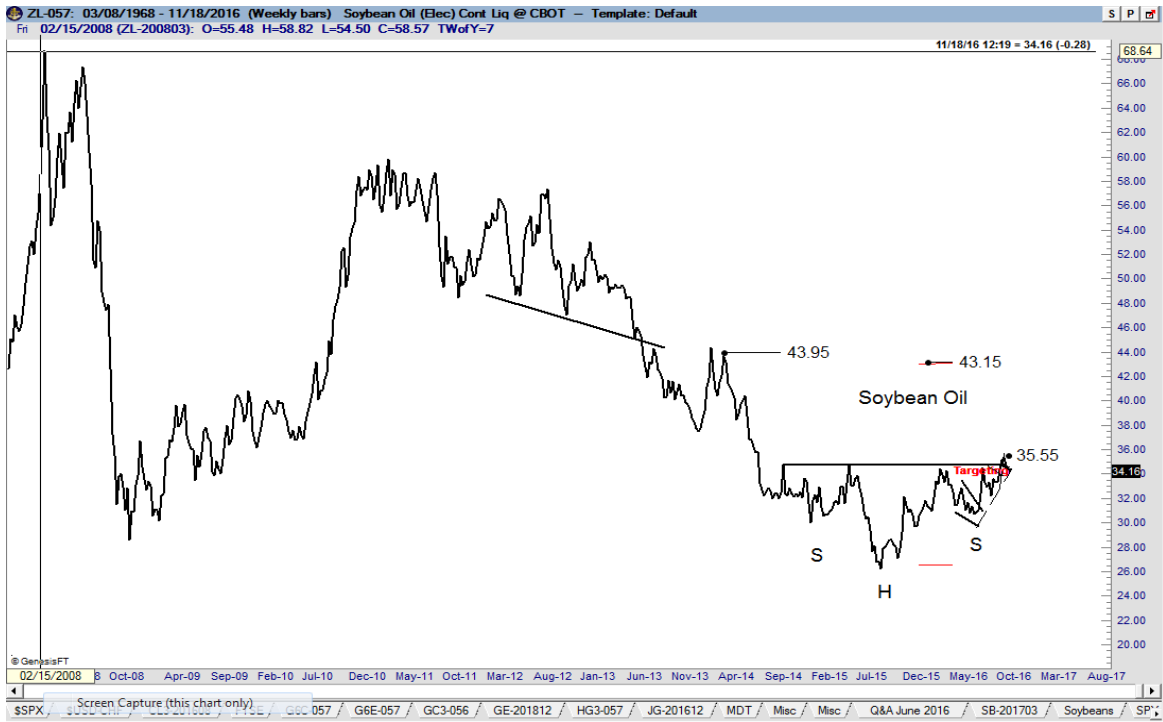
1. The decline on Oct 28 completed a 7-week complex top
2. The decline on Oct 31 penetrated the lower boundary of the dominant trendline from the early 2016 low
3. The rally on Nov 7 retested the underbelly of the violated trendline
4. The decline on Nov 15 completed a small 11-day pennant

The Factor Tracking Account shorted Sugar based on the pennant and has covered half of the short sale with tight stops on the remaining half. While I prefer larger chart construction than provided by the Sugar chart for the purpose of holding a position, shorter-term and concise patterns do offer the opportunity for swift swing trades.



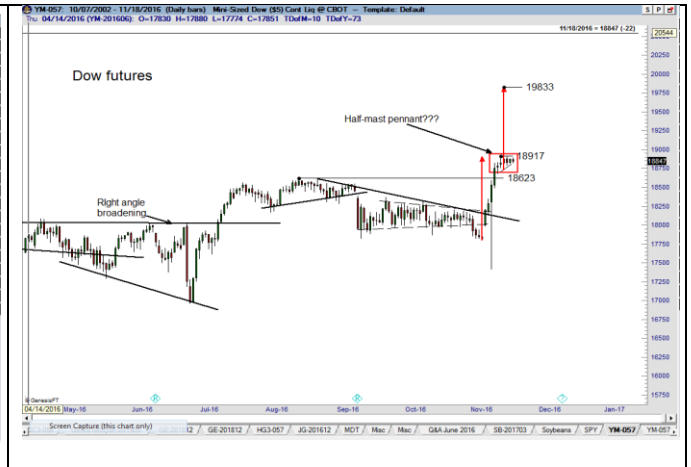
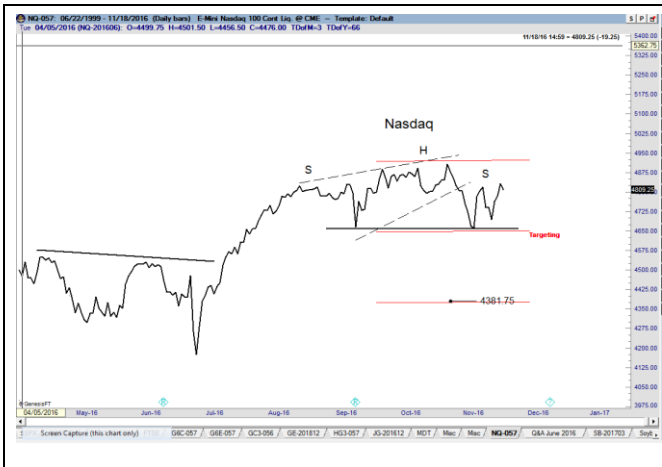
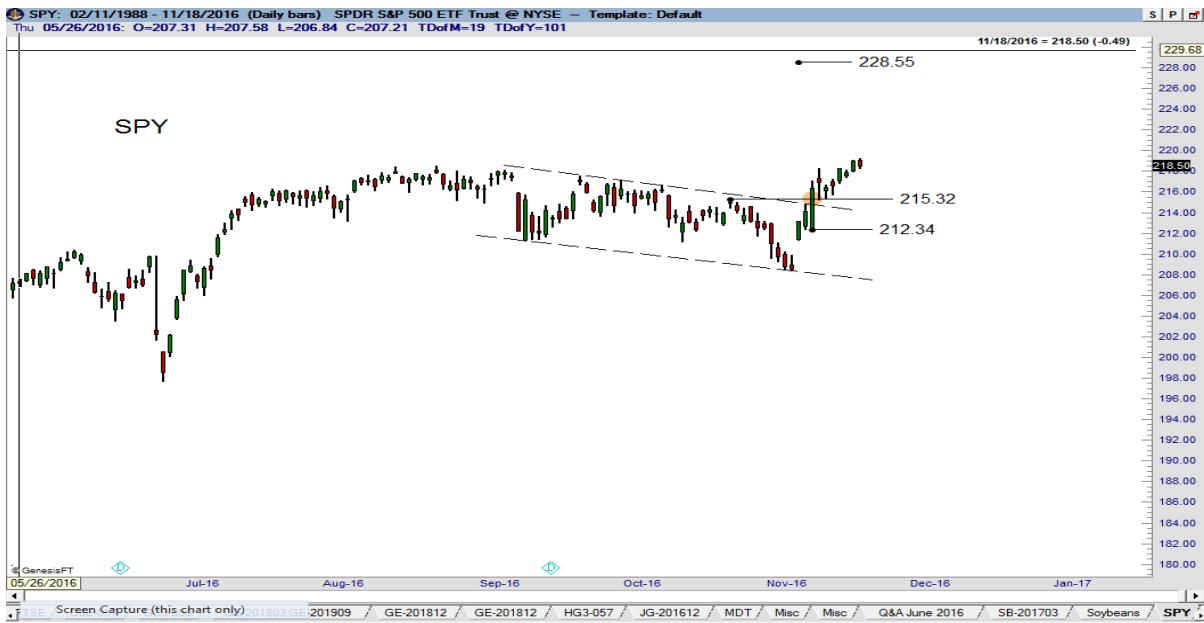
Soybean Oil

See the discussion of COT data as they relate to Soybean Oil at the end of this Update. The weekly closing price continuation chart shows there is still a chance for the 26+ month H&S bottom pattern to be resurrected. Yet, significant damage has been done to the daily graph. Prices are well below the neckline of the H&S bottom and the trendline from the Jul 2016 low has been penetrated. The best laid plans of mice and men go awry – such was my plan for riding a 30 contract per \$1MM position to the victory platform. Factor is flat.



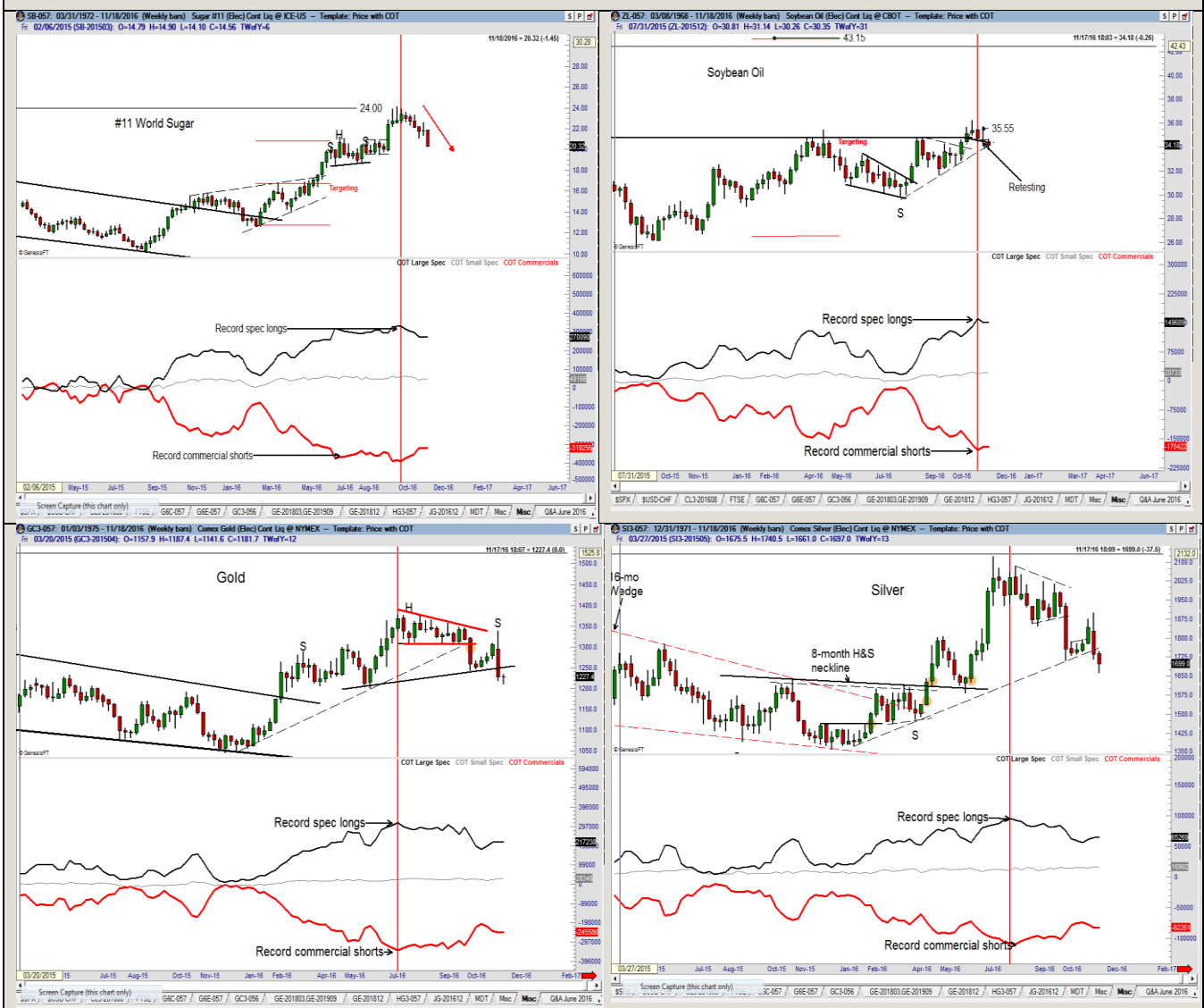
U.S. stock index market

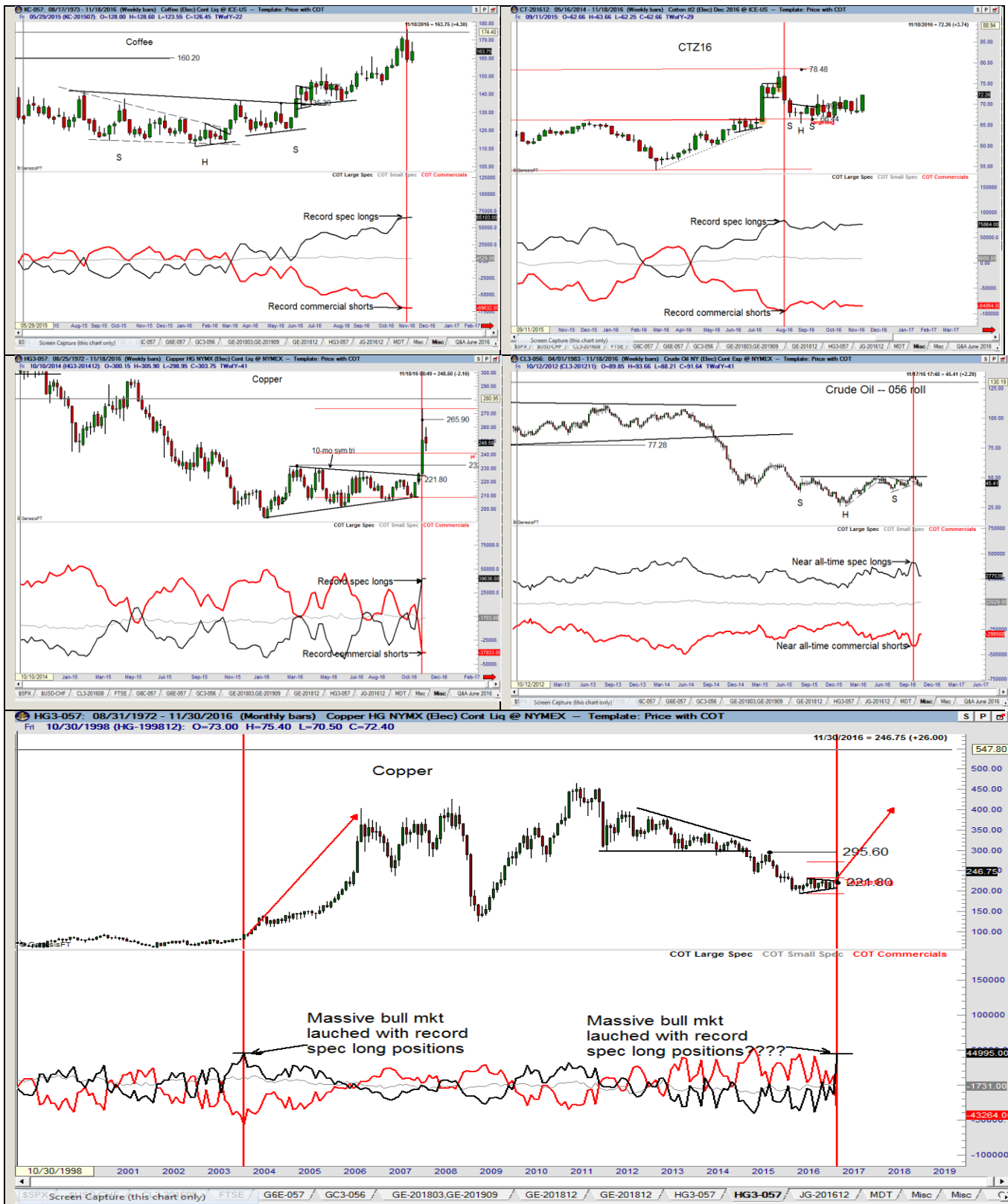
As usual I do not have a trading opinion on U.S. stocks. But, there are some interesting things going on. On the daily chart of the Russell 2000, note that the large spec has been selling into the recent run up in price (black line) while the commercial has been a buyer (red line). The daily closing price chart of the NASDAQ (bottom left) continues to trace out a H&S top pattern. The daily chart of DJIA (bottom right) has been in a straight-line advance. Half-mast pennants or flags often occur during such powerful moves. The DJIA now displays a possible 5-day half-mast pennant (red box). Realizing this is a tiny pattern for a Factor trade, I will take a shot at Dow futures if the pennant is completed, risking 30 BPs. The Factor Tracking Account remains long SPY – the S&P ETF – based on the completion of a continuation channel (below).



CFTC COT Data – A discussion

As a trader I have gone months and even years paying little attention to the composition of open interest as reported each week by the CFTC's Commitment of Traders data (COT). I have covered the topic of COT data recently only because a number of markets have experienced all-time record levels of spec long and commercial short positions. In a recent Factor update I even raised the question of whether the old book on how to interpret COT data might be thrown away – that we might have entered a new and different era. Evidence now indicates that the old book and understanding of COT data still applies – that record levels of spec longs and commercial shorts is a reason for concern. The charts below show some recent and current markets exhibiting COT extremes. In the cases of Soybean Oil, Sugar, Gold, Silver, Cotton, Copper and Crude Oil, record COT spec long positions led to significant market sell offs. It should be noted that Soybean Oil, Sugar, Cotton, Coffee and Copper are still at COT extremes, indicating that additional selling pressure is likely. Please do not misunderstand me to be saying that record spec long positions MUST always lead to price declines. This is NOT the case. There have been times in the past when commercials have been forced to capitulate. For example, the monthly Copper chart (bottom chart featured) shows that a COT profile similar to the current profile resulted in an historic advance starting in Sep 2003.





plb
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Open positions as of Nov 18, 2016

Factor Tracking Account

Factor LLC															11/18/2016			
Model Tracking Account Trade History and Portfolio																		
Initial capitalization: \$100,000																		
Inception date: April 18, 2016 (See disclaimers and notes below)																		
Market		Date	L/S	Price	Entry					Stop Date Δ	Target	Pattern		Exit		Net	Capital to carry trade	Value of trade (entry)
					Size	Initial stop	BP risk	Current Stop	Weekly			Daily	Date	Price				
JJC	Copper etf	11/7/16	L	26.420	300	25.390	37	26.4700	11/11	31.18	10-mo sym tri	10-mo sym tri				\$ 7,926	\$ 7,926	
GEZ8	Eurodollars	11/9/16	S	98.595	1	98.710	29	98.36	11/17	97.74	38-mo channel	-				\$ 250	NA	
IYT	Dow Trans etf	11/9/16	L	147.830	130	144.360	80	151.79	11/18	164.97	15-mo H&S	7+ mo cont H&S				\$ 19,218	\$ 19,218	
SPY	S&P etf	11/9/16	L	216.380	150	212.290	60	216.59	11/18	228.48	Major trend	8-wk flag				\$ 32,457	\$ 32,457	
EUR/USD	Spot fx	11/11/16	S	1.08545	50k	1.0932	39	1.0752	11/18	Open r	Poss 20 mo triangle	9-mo H&S				\$ 2,714	\$ 54,273	
SBH6	Sugar	11/15/16	S	21.43	1	21.82	31	20.92	11/17	20.02	8-mo channel	2-wk pennant				\$ 1,850	\$ 24,002	
CTH6	Cotton	11/17/16	L	72.06	1	70.89	59	71.27	11/18	76.97	Retest 1-yr dbl bot	11-wk sym tri				\$ 2,000	\$ 36,030	
DXZ6	USD Index	11/18/16	L	101.080	1	99.940	114			108.9400	20-mo rectangle					\$ 2,000	\$ 101,080	
Trades as of															\$ -	\$ 68,415	\$ 274,986	
Indicates open position value as of																Levered at	2.7	
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE																	MTE = 8.8%	
r = revised RO = Rollover																		
The Factor Service \$100,000 Tracking Account represented herein is a proxy representation of the trading executed by Peter Brandt for the Factor LLC's proprietary trading accounts. There are some major differences between the trading activity conducted in the Factor Service \$100,000 Tracking Account and trading in the Factor LLC's proprietary accounts. Peter's trade sizing and trade management tactics in the proprietary account is sized and managed per \$1MM of proprietary capital. There may be trades Peter believes are not suitable for a \$100,000 block of capital, and these trades are not executed in the Factor Service \$100,000 Tracking Account. Factor LLC's proprietary account trades multiple contract trades wherein Peter layers into and out of a position at different prices and on different dates. The Factor Services \$100,000 Tracking Account most often holds a single futures contract in a trade whereby layering is not possible. Factor LLC's proprietary accounts may also pyramid some trades not pyramided in the Factor Service Tracking Account. Because the Factor Service Tracking Account represents how Peter would trade a \$100,000 block of capital in contrast to the actual trading of Factor LLC's proprietary account, the Factor Tracking Account should be considered as hypothetical. Hypothetical trading performance is subject to the following disclaimer required by the Commodity Futures Trading Commission.																		
CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.																		

Factor Prop Account

Factor LLC															11/18/2016			
Proprietary Trade History and Portfolio																		
Capitalization: per \$1,000,000 of Factor prop funding																		
Effective date April 18, 2016 (See disclaimers and notes below)																		
Market		Date	L/S	Price	Entry					Stop Date Δ	Target	Pattern		Exit		Net	Capital to carry trade	Value of trade (entry)
					Size	Initial stop	BP risk	Current Stop	Weekly			Daily	Date	Price				
USD/SEK	Spot fx	10/12/16	L	8.8172	200k	8.6464	38	8.8584	11/8	9.6087	18-mo channel	18-mo channel				\$ 10,000	\$ 200,000	
GEZ17/GEH19	Euro spread	10/26/16	S	H19 plus 19	15	None	NA			plus 99	Major cycle	Rounding bottom				\$ 4,125	NA	
GEZ8	Eurodollars	11/9/16	S	98.595	15	98.750	58	98.36	11/17	97.66	38-mo channel					\$ 3,750	NA	
ESH7	S&Ps	11/9/16	L	2160.75	4	2127.50	67	2157.25	11/18	2269.00	Major trend	8-wk flag				\$ 20,900	\$ 432,150	
IYT	Dow Trans etf	11/9/16	L	147.83	1000	144.360	69	151.79	11/18	164.97	15-mo H&S	7+ mo cont H&S				\$ 147,830	\$ 147,830	
EUR/USD	Spot fx	11/11/16	S	1.08545	500k	1.0932	39	107.520	11/18	Open r	Poss 20 mo triangle	9-mo H&S				\$ 27,136	\$ 542,725	
SBH6	Sugar	11/15/16	S	21.43	10	21.82	44	20.92	11/17	20.02	8-mo channel	2-wk pennant				\$ 18,500	\$ 240,016	
CTZ6	Cotton	11/16/16	L	72.06	8	70.49	63		11/18	76.97	Retest 1-yr dbl bot	11-wk sym tri				\$ 20,000	\$ 360,300	
JGBM26	Japan JGB	11/17/16	S	150.780	5	151.410	57			147.8100	9+ mo H&S	9+ mo H&S				\$ 5,000	NA	
DXZ6	USD Index	11/18/16	L	101.080	8	99.940	93			108.940	20-mo rectangle					\$ 16,000	\$ 808,640	
GEZ8	Eurodollars	11/18/16	S	98.205	15	98.275	26			97.810	38-mo channel	Half mast pennant				\$ 3,750	NA	
Trades as of															\$ -	\$ 276,991	\$ 2,731,661	
Indicates open position value as of																Levered at	2.7	
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE																	MTE = 12.9%	
RO = Rollover																		
r = revised																		