



"Sharing real experiences from decades of profitable trading. Focused on the important factors that lead to trading success. Dedicated to the best of classical charting principles. Committed to aggressive risk management and capital preservation."

Factor Update, March 2, 2019

Market Review

This issue comments on global stock markets (S&Ps, *AAPL, AMZN, Nifty), grains (*Corn), forex (*GBP/NOK, Aussie Dollar, USD/TRY), T-Notes, Brent Crude Oil, metals (Gold, Copper, Platinum) and cryptos. *Signifies a position in the Factor \$200,000 Tracking Account.

<u>Developing signals</u>	<u>Existing positions</u>
<ul style="list-style-type: none"> • T-Notes • Nifty 50 	<ul style="list-style-type: none"> • AAPL (stock) • GBP/NOK • Corn
<p>The Factor Tracking Account is currently leveraged at .2X. Capital Utilization is at 7.1%. This means that 90% of the account balance is idle and not being used to carry trades. [Note: Factor does not include the nominal value of interest rate futures contracts.]</p>	

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General commentary

My commitment to Factor Members is to be transparent and to not sugar coat reality. I am willing to discuss the thrill of victory and the agony of defeat – the good trades and the bad trades. The past week was probably the most frustrating week in the history of the Factor Service dating back to Jan 2014 – not from taking large losses, but from getting slapped around. It is always easy to second guess trades

The question is whether spending a lot of time in a “coulda...woulda...shoulda” pursuit pays any dividends. Since 1975 I have cycled through good and bad periods more times than I can recall. One reality remains a constant – if I can keep my pile of chips together I will have more than an ample amount of time for the markets to return to “normal” (whatever “normal” is) or to plan and implement appropriate modifications. It is the “capital preservation” protocol of my trading that allows me to be patient with challenging periods. IMO it is a HUGE mistake for a trader to tweak a trading approach in a way that would have optimized a recent trade or series of trades. . What adaptations might have produced different outcomes in recent weeks?

- Restricting trades to 10 to 26-week horizontal patterns
- Requiring more decisive breakouts
- Allowing more wiggle room for trades

I have a rather simplistic way of viewing the past few weeks — *“I tried a bunch of trades that did not work, but it didn’t erode my pile of chips.”* I will close this commentary by saying the trading frequency during 2019 has been at the high end of my comfort range.

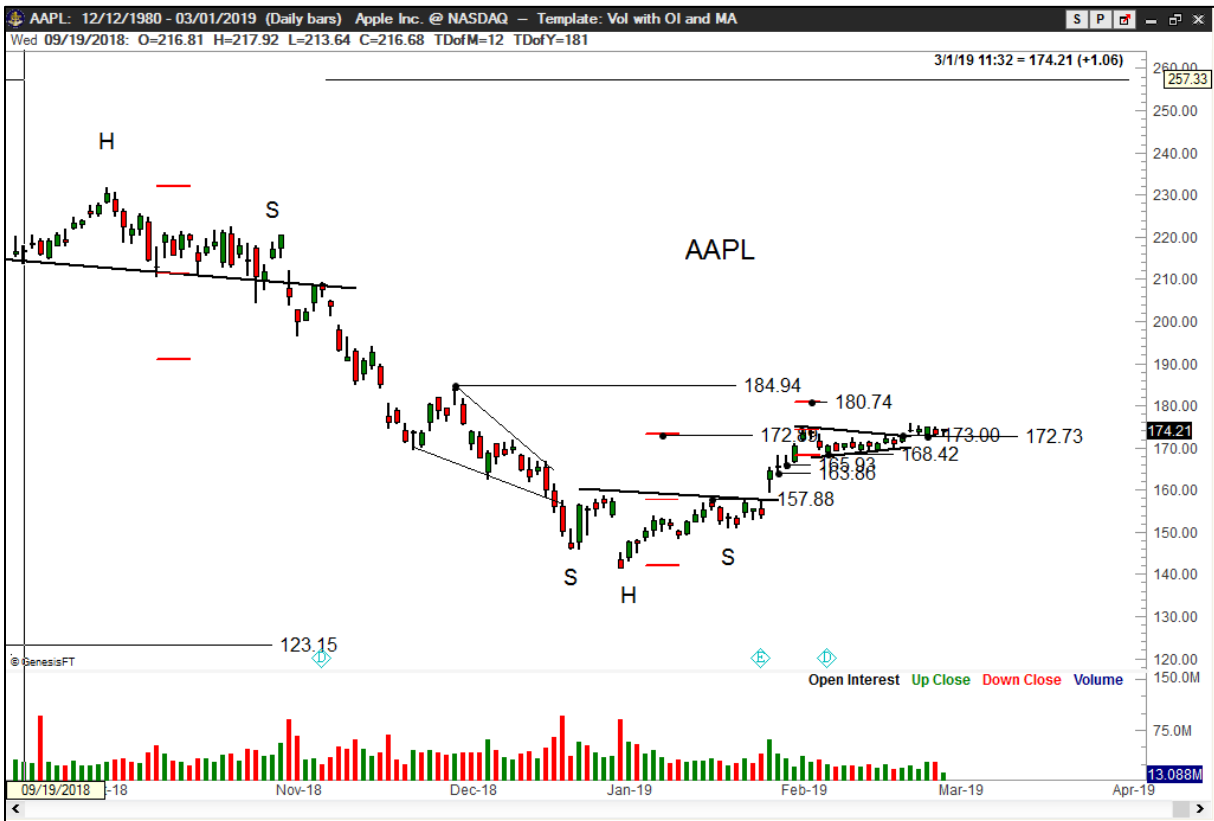
Global Stock index markets

Same song. Breadth in the U.S. equity market is strong. The broad S&P Index should soon join the A/D line in new high territory.



AAPL (NASDAQ)

The advance on Monday completed a pennant – but there was no follow through. Factor has a partial long in AAPL with stops just below the Feb 27 low.



AMZN (NASDAQ)

Factor is flat. An inverted H&S bottom pattern is forming. An advance above 1771 would be a 2% breakout.



S&P 500 (CME)

I am almost hoping for a significant correction. I have no intention to trade U.S. stock index markets.



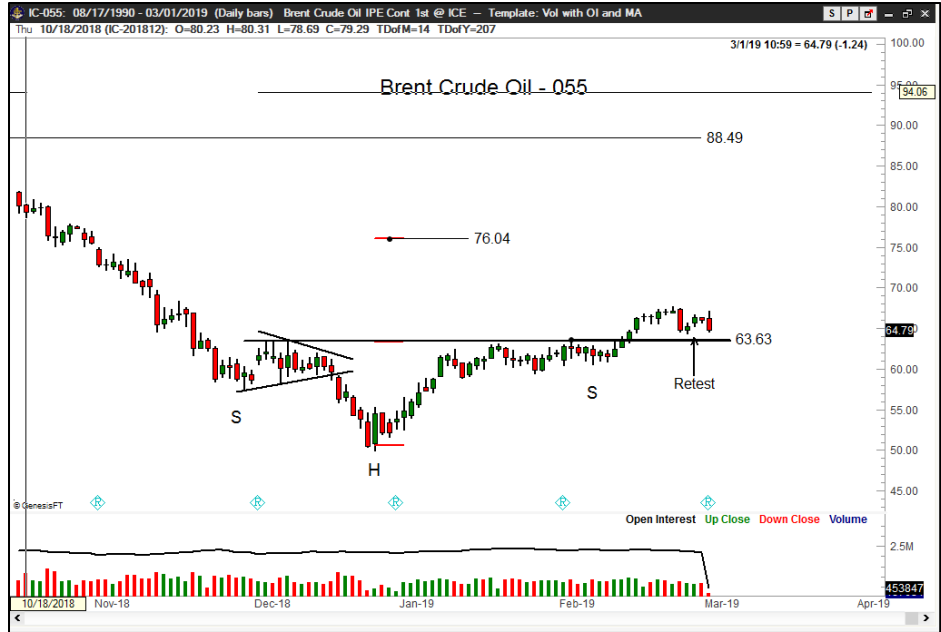
Nifty (SGX)

Without comment. Factor is flat.



Brent Crude Oil

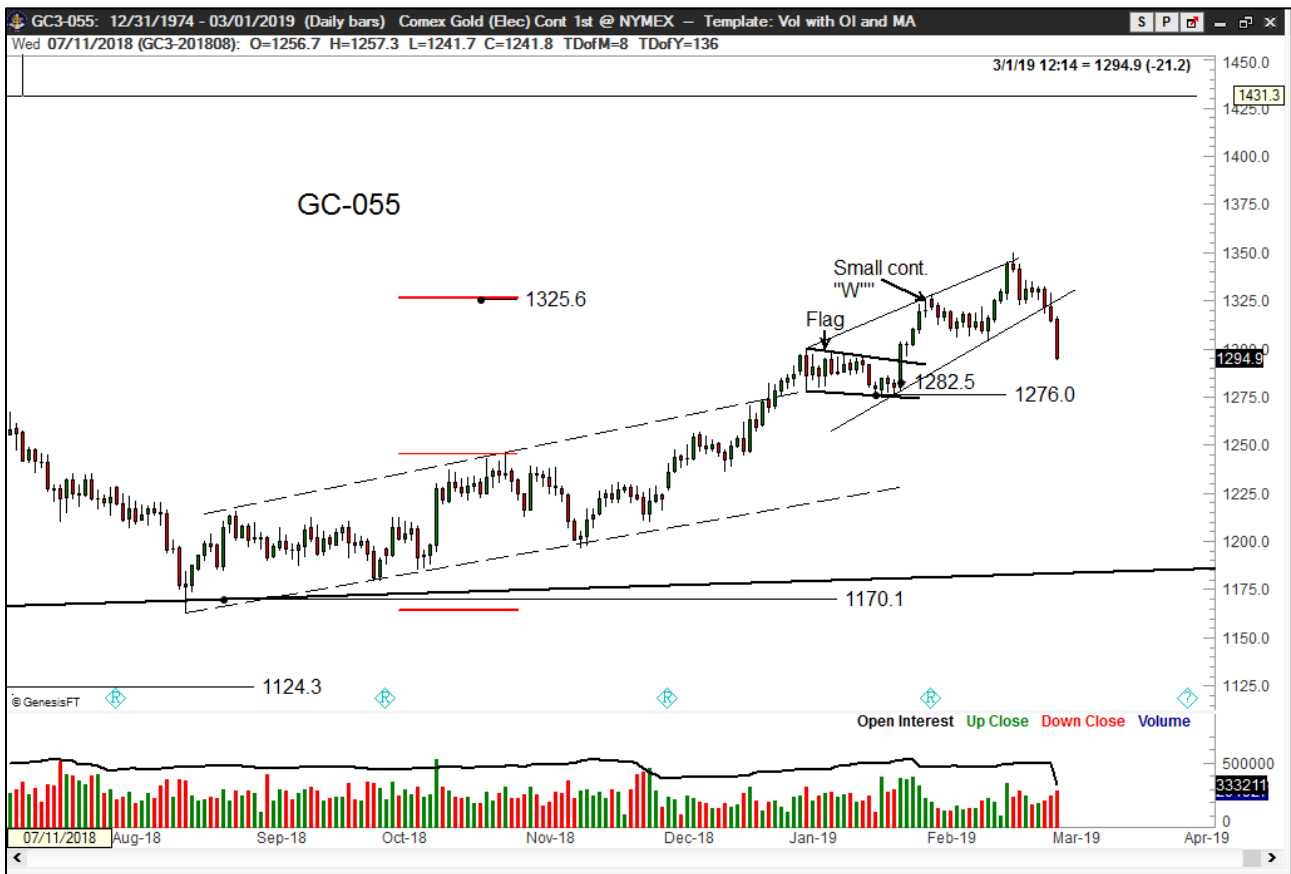
The underlying H&S bottom in Brent is experiencing a retesting process. A close below 63.63 would cloud the picture.



Metals

Gold (NYMEX)

The completed rising wedge pattern has a target of 1276. Factor is flat.



Copper (NYMEX)

Copper is caught between a rock and a hard place. What will be more dominant – the overhead top completed in Jul 2018 or the underlying double bottom completed in Feb 2019? Factor is flat.



T-Notes (CBOT)

The daily continuation chart completed a 7-point symmetrical triangle on Friday. More importantly, this small top could become a component of a larger failure top pattern.



Forex

GBP/NOK spot

I have trading rules and guidelines for a purpose. One such rule is to avoid taking losses into a weekend. I over-rode this rule to remain long GBP/NOK into the weekend. There were four reasons for this decision – time will tell if it was a wise decision or not. One reason was to avoid another whipsaw in a week of whipsaws. A second reason is that I am holding an extremely light position of only 100,000 GBP/NOK per \$MM in my prop account. A third reason is that the market clearly remained above the ice line. A final reason is that I will give a possible Hikkake set up a chance to work early next week.



USD/TRY spot

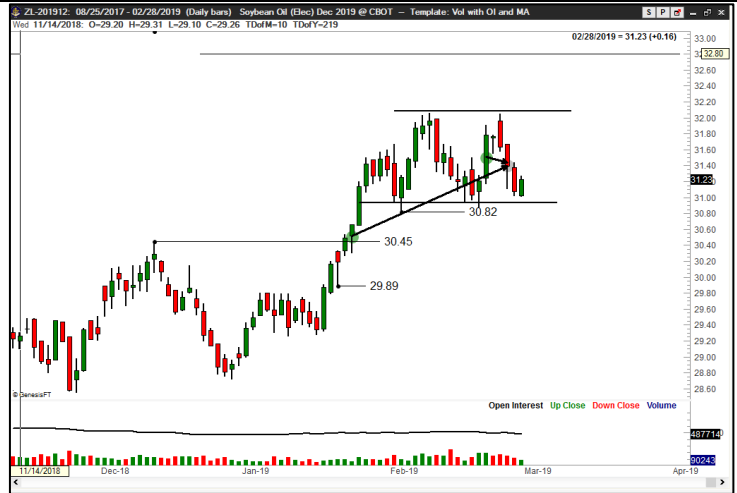
The daily chart displays a possible double bottom pattern. Of course this chart could also form a continuation rectangle or descending triangle. There are many possibilities at this point. Factor is flat.



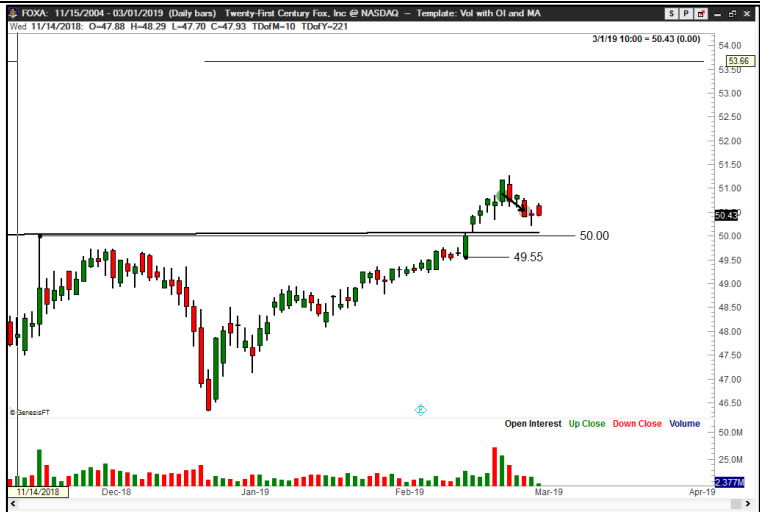
Post Mortems

Gains/losses are for the Factor Tracking Account.

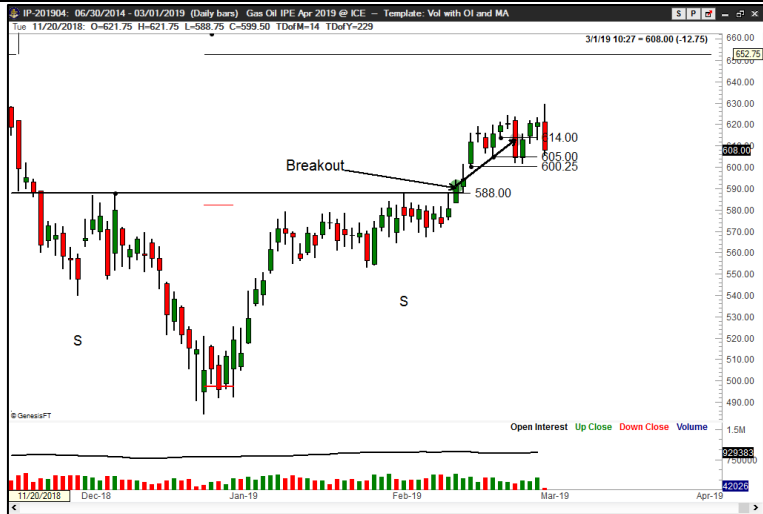
Soybean Oil
Gain = \$374



FOXA
Loss = \$206



IPE Gas Oil
Gain = \$2095



GLD
Gain = \$17



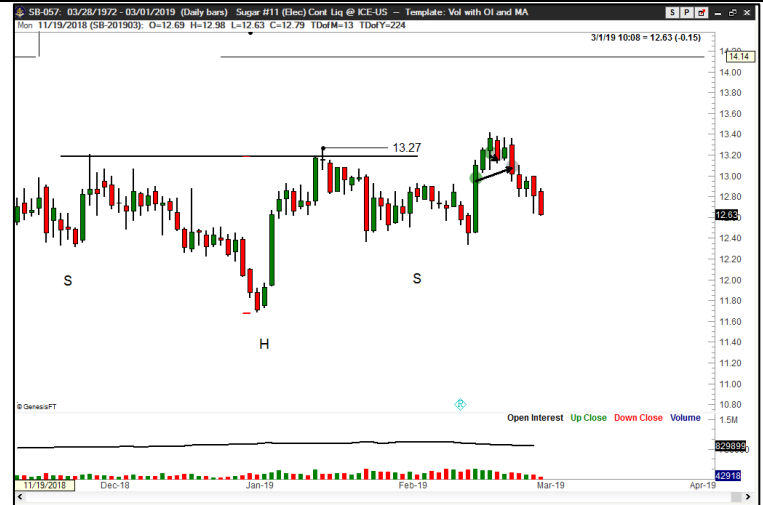
FCX
Gain = \$2



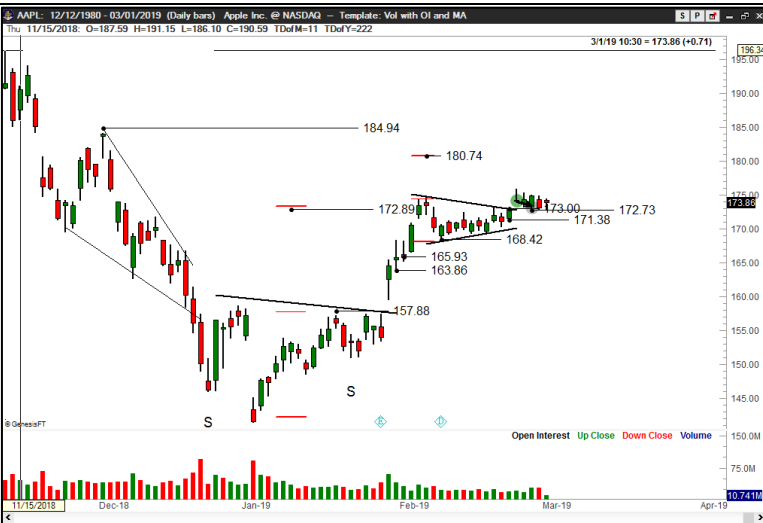
EOS
Gain = \$1244



Sugar
Loss = \$318



AAPL
Loss = \$101



Corn
Loss = \$110



plb
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The Factor Crypto Corner

Cryptos

BTC/USD

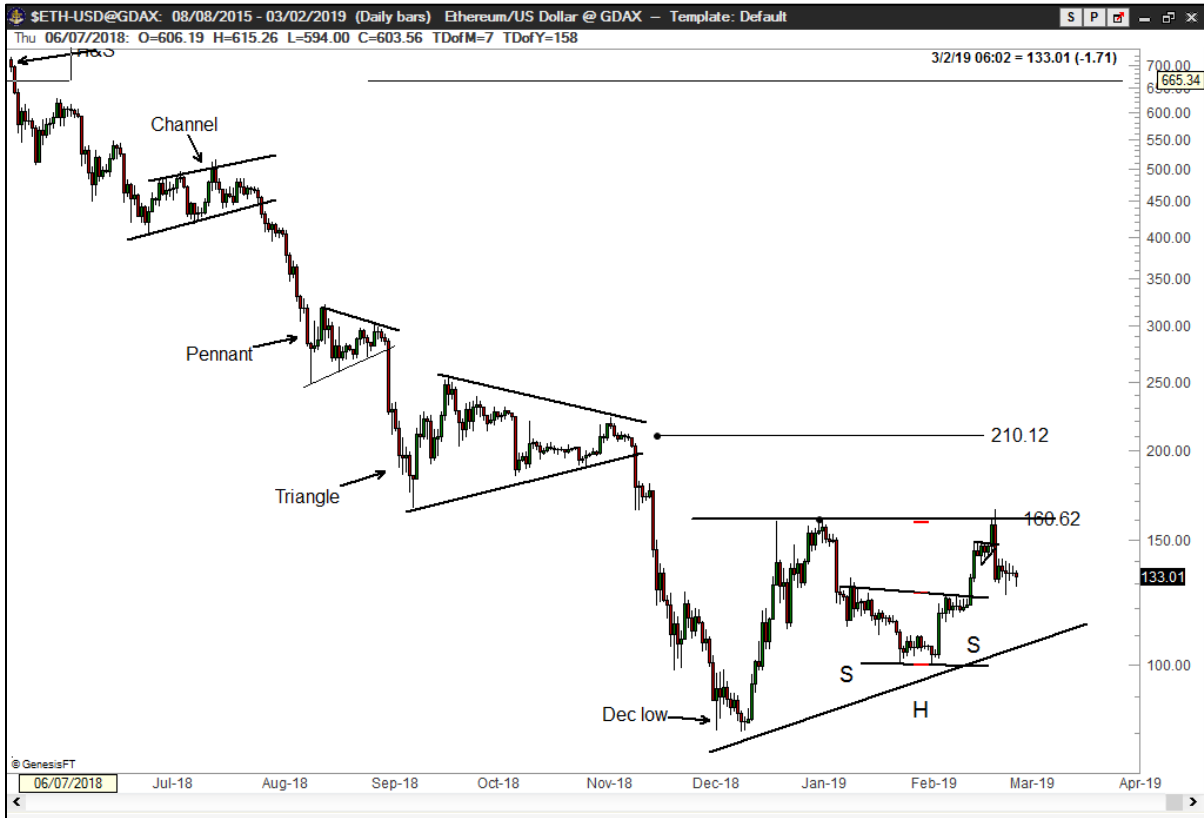
The 2013-2015 analog is once again shown. The bottom is in place if this analog analysis is correct. Yet, there is a lack of a recognizable chart bottom on the daily chart. The daily chart more resembles symmetrical triangle pattern. The odds always favor a continuation interpretation when a triangle follows a sharp decline.

BTC will be presented in all issues of the Factor Update. I will point out clear chart patterns in the other macro caps as they develop.



ETH/USD

The daily Ether chart is forming a possible ascending triangle. IMO the pattern appears to be premature – an immediate decline to 120 followed by a decisive close above 166.50 would interest me.



plb
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Factor Tracking Account, March 1, 2019

A complete listing of the Factor Tracking Account for 2019 is updated monthly.

Factor LLC																	3/1/2019					
Model Tracking Account Trade History and Portfolio																						
Constant nominal capitalization: \$200,000																						
(See disclaimers and notes below)																						
Market	Date	L/S	Entry						Stop Date Δ	Pattern			Exit		Net	Capital to carry trade	Value of trade (entry)					
			Price	Size	Initial stop	BP risk	Current Stop	Target		Weekly	Daily	Date	Price									
Positions open as of 12/31/18																						
CCH19*	Cocoa	12/18/18	L	2229	2	2163	66	2338	12/28	2788	Possible H&S bottom	Right shoulder SOS	4-Jan	2337	\$	2,150	Closed	-				
SIH19*	Mini NY Silver	12/26/18	L	1509.50	3	1487.00	32	1498.00	12/28	1589.50	16-wk dbl bottom	16-wk dbl bottom	4-Jan	1589.5	\$	2,385	Closed	-				
SIH19*	Mini NY Silver	12/26/18	L	1509.50	3	1487.00	32	3DTSR		1574 r	16-wk dbl bottom	16-wk dbl bottom	3-Jan	1574	\$	1,920	Closed	-				
*Sizing adjusted to \$200k Tracking Account																						
Total -- Carry in positions															\$	6,455	\$	-	\$	-		
2019 forex roll charges and FX losses on foreign margin deposits; day trade P/Ls on repositioned trades																						
ZCN19	Corn	1/3/19	L	3.9325	2	3.8725	30	3.94	1/8	4.29	Historic support	Possible 7-mo H&S	10-Jan	3.94	\$	65	Closed	-				
ZCN19	Corn	1/3/19	L	3.9325	1	3.8725	15	3.94	1/9	4.29	Historic support	Possible 7-mo H&S	10-Jan	3.9375	\$	20	Closed	-				
LTC/USD	LiteCoin	1/5/19	L	34.48	100	31.97	38	35.19	1/8	46.94	7-wk inv H&S	7-wk inv. H&S	10-Jan	35.18	\$	65	Closed	-				
LTC/USD	LiteCoin	1/6/19	L	37.01	100	33.49	36	34.59	1/8	40.49	7-wk inv H&S	7-wk inv. H&S	8-Jan	40.49	\$	343	Closed	-				
EUR/USD	EUR/USD	1/9/19	L	1.15141	80k	1.1417	40	1.1476	1/10	1.1819	January Effect	11-wk asc tri	11-Jan	1.14748	\$	(312)	Closed	-				
RTH19	Russell	1/23/19	S	1468.7	1	1478.3	25	1468.30	1/24	1204	Retest H&S	H&S ID	25-Jan	1468.4	\$	10	Closed	-				
ZLZ19	Soy Oil	1/24/19	L	30.51	1	29.83	21	31.34	2/7	33.14	Flying buttress	Flying buttress	11-Feb	31.34	\$	493	Closed	-				
ZLZ19	Soy Oil	1/24/19	L	30.51	1	29.83	21	31.09	1/31	33.14	Flying buttress	Flying buttress	1-Feb	31.08	\$	337	Closed	-				
ZLZ19	Soy Oil	1/24/19	L	30.51	1	29.83	21	Mkt	2/26	33.14	Flying buttress	Flying buttress	26-Feb	31.33	\$	487	Closed	-				
GCI19	Gold	1/28/19	L	1303.30	1	1293.4	50	1318.80	2/1	1329 r	Sloping bottom	Flag	4-Feb	1318.7	\$	1,535	Closed	-				
BAP	BAP	1/30/19	L	240.07	100	233.97	21	240.78	2/5	264.97	8+ mo rectangle	8+ mo rectangle	7-Feb	240.71	\$	61	Closed	-				
BAP	BAP	1/30/19	L	240.07	100	233.97	21	239.87	2/5	264.97	8+ mo rectangle	8+ mo rectangle	7-Feb	239.84	\$	(26)	Closed	-				
QMJ19	Mini Crude	1/30/19	L	55.30	RO	53.275	50	54.050		64.45	10-wk H&S	10-wk H&S	4-Feb	54.00	\$	(655)	Closed	-				
AAPL	Apple	1/30/19	L	161.29	80	155.84	22	165.680	2/4	172.89	6-wk H&S bottom	6-wk H&S bottom	5-Feb	172.89	\$	923	Closed	-				
AAPL	Apple	1/30/19	L	161.29	80	155.84	22	170.940	2/25	184.94 r	6-wk H&S bottom	6-wk H&S bottom			\$	12,903	\$	12,903				
SNFG19	Nifty	2/6/19	L	11062.0	2	10932.0	26	11036.0	2/7	11481.0	10-wk asc tri	10-wk asc tri	8-Feb	11036.0	\$	(124)	Closed	-				
SNFG19	Nifty	2/6/19	L	11062.0	2	10957.0	21	11048.0	2/6	11481.0	10-wk asc tri	10-wk asc tri	8-Feb	11047.5	\$	(78)	Closed	-				
GCI19	Gold	2/11/19	L	1316.1	1	1312.4	19	1357.0			Major trend	8-day flag	11-Feb	1312.3	\$	(385)	Closed	-				
IPJ19	IPE Gas Oil	2/14/19	L	591.25	1	582.25	45	612.50	2/24	6658	12-wk H&S bottom	12-wk H&S bottom	25-Feb	612.25	\$	2,095	Closed	-				
KWH19	KC Wheat	2/14/19	S	487.00	1	492.5	28	490.50	2/14	460.25	Major down trend	11-wk sym tri	19-Feb	460.25	\$	1,332	Closed	-				
KWH19	KC Wheat	2/14/19	S	487.00	1	492.5	28	480.50	2/15	450.75	Major down trend	11-wk sym tri	20-Feb	450.75	\$	1,807	Closed	-				
SBK19	Sugar	2/15/19	L	13.010	1	12.65	21	12.99	2/20	14.67	Possible H&S	Wyckoff SOS	25-Feb	12.98	\$	(39)	Closed	-				
GLD	Gold ETF	2/15/19	L	124.810	300	123.73	34	124.89	2/26	128.47	Possible H&S	Pennant	27-Feb	124.884	\$	17	Closed	-				
EOS	Crypto	2/18/19	L	3.180	900	2.89	14	3.72	2/21	3.92 r	Trend change??	Rectangle	22-Feb	3.92	\$	661	Closed	-				
EOS	Crypto	2/18/19	L	3.180	900	2.89	14	3.84	2/23	5.24	Trend change??	Rectangle	24-Feb	3.83	\$	583	Closed	-				
FCX	F. McMoran	2/19/19	L	12.872	500	12.18	18	12.83	2/21	15.54	4-mo H&S	4-mo H&S	28-Feb	12.828	\$	(27)	Closed	-				
FCX	F. McMoran	2/19/19	L	12.872	500	12.18	18	12.94	2/28	15.54	4-mo H&S	4-mo H&S	28-Feb	12.94	\$	29	Closed	-				
SBK19	Sugar	2/20/19	L	13.160	1	12.99	9	13.02	2/20	14.67	4-mo H&S cont chart	4-mo H&S cont chart	25-Feb	13.02	\$	(162)	Closed	-				
SBK19	Sugar	2/20/19	L	13.320	1	13.04	15	13.22	2/21	14.28	4-mo H&S	4-mo H&S	21-Feb	13.22	\$	(117)	Closed	-				
ZLZ19	Soy Oil	2/21/19	L	31.510	1	31.09	17	31.44	2/25	33.14	Flying buttress	Flying buttress	26-Feb	31.33	\$	(113)	Closed	-				
FOXA	20th Century	2/22/19	L	51.020	400	49.52	30	Lmt	2/27	27-Feb	8-mo Cup & Handle	8-mo Cup & Handle	27-Feb	50.52	\$	(206)	Closed	-				
AAPL	Apple	2/25/19	L	174.170	80	172.18	10	172.97	2/26	180.72		3-wk pennant	27-Feb	172.968	\$	(101)	Closed	-				
GBPNOK	GBPNOK	2/26/19	L	11.3862	10	11.1749	25	11.2167	3/1	12.5348	29-mo asc tri	29-mo asc tri			\$	662	\$	13,239				
GBPNOK	GBPNOK	2/26/19	L	11.3446	10	11.1749	20	11.2484	3/1	12.5348	29-mo asc tri	29-mo asc tri			\$	663	\$	13,252				
ZCN19	Corn	3/1/19	S	3.8025	2	3.8700	35	381.25	3/1	3.45	8-mo H&S fail	8-mo H&S fail	1-Mar	381.25	\$	(110)	Closed	-				
Trades as of															\$	14,817	\$	14,228	\$	39,394		
Indicates open position value as of																						
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE																						
															ROR YTD			7.41%	Cap utiliz.	7.1%		
r = revised RO = Rollover A = Alert																						
The Factor Service \$200,000 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 \$200,000 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 \$200,000 block of capital, and these trades are not executed in the Factor Service \$200,000 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 Service \$200,000 Tracking Account may hold 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 \$200,000 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.																						
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