



"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, July 19, 2019

Note: This Factor Update is being released during trading hours on Friday. Subsequent price behavior on Friday may alter some analysis herein.

Market Review

This issue comments on global stock markets (\*DJIA, \*S&Ps), precious metals (\*Gold, Platinum, Silver), forex (NZD/USD, AUD/JPY, USD/CHN, Mexican Peso, EUR/USD), Corn, T-Bills 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"> <li>AUD/JPY</li> <li>EUR/USD</li> </ul>	<ul style="list-style-type: none"> <li>Gold futures</li> <li>DJIA (micro)</li> <li>NZD futures</li> </ul>
<p>The Factor Tracking Account is currently leveraged at 1.4X. Capital Utilization is at 4.4%. This means that 95% 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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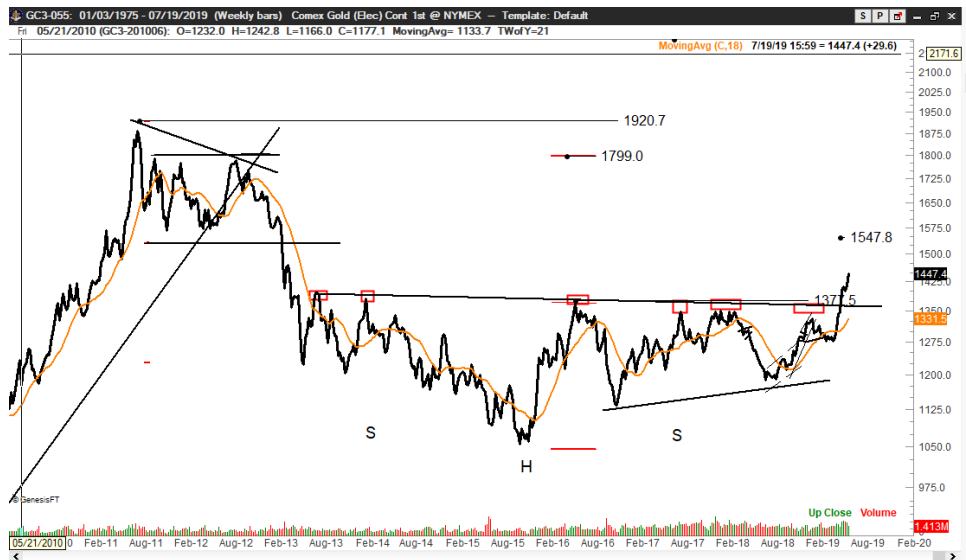
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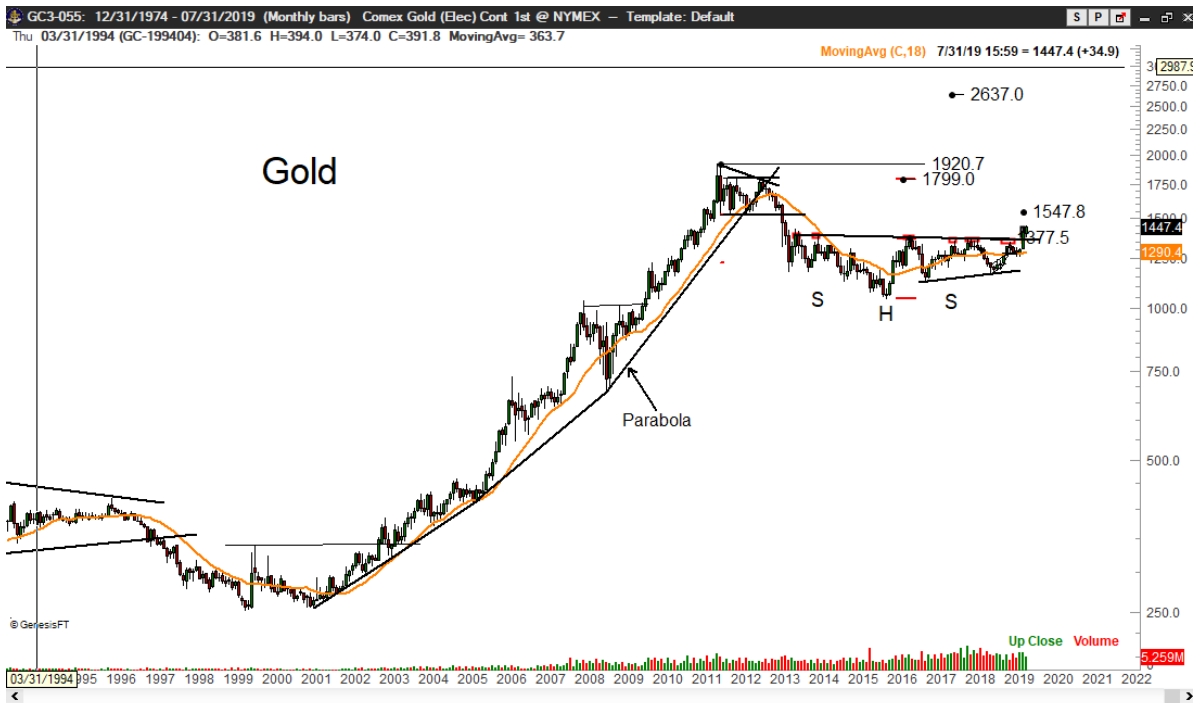
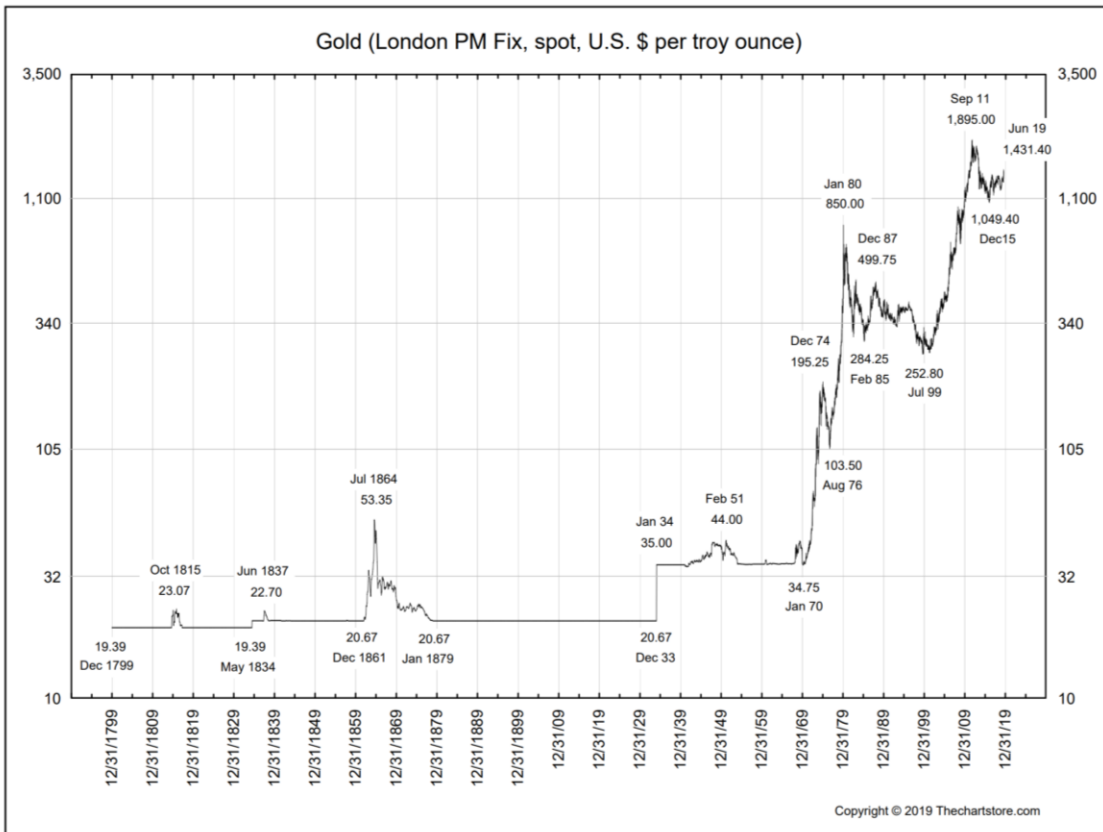
Precious metals

Gold (NYMEX)

Factor is long. It is difficult for me to get too excited about the current strength in Gold given the frustrating breakouts in 2019 to-date. My trading performance over the years has been anchored on 300 BP-plus trades. Yet, in 2019 I have had only two 200 BP trades (Silver, closed in Jan; BTC, closed in Apr). Perhaps we are finally involved in trade with a proper follow-through. Time will tell. The dominant chart construction in Gold is the completion of a 6-year inverted H&S bottom pattern wherein the right shoulder is a 3-year symmetrical triangle, as shown on the closing price chart.



This continuation H&S pattern can be seen as part of a historic bull trend as seen on the yearly line and monthly candlestick charts. This pattern has a target of 1800, although a retest of the ATH at 1920 is logical. A further P&F target exists at 2637.



The advance on Thursday completed a possible 3-week continuation pennant. If this is a half-mast pattern, the target is 1547, as shown with the grey arrows. Currently long two tranches, I am interested in buying a retest of the pennant if it occurs within the next couple of trading days.



**Silver (NYMEX)**  
 The advance this past week completed a possible 13-month "W" or double bottom on the weekly chart. Factor is flat.



Platinum (NYMEX)

A 9-week horn bottom has been completed on the daily chart of the Oct futures contract. Factor is flat.



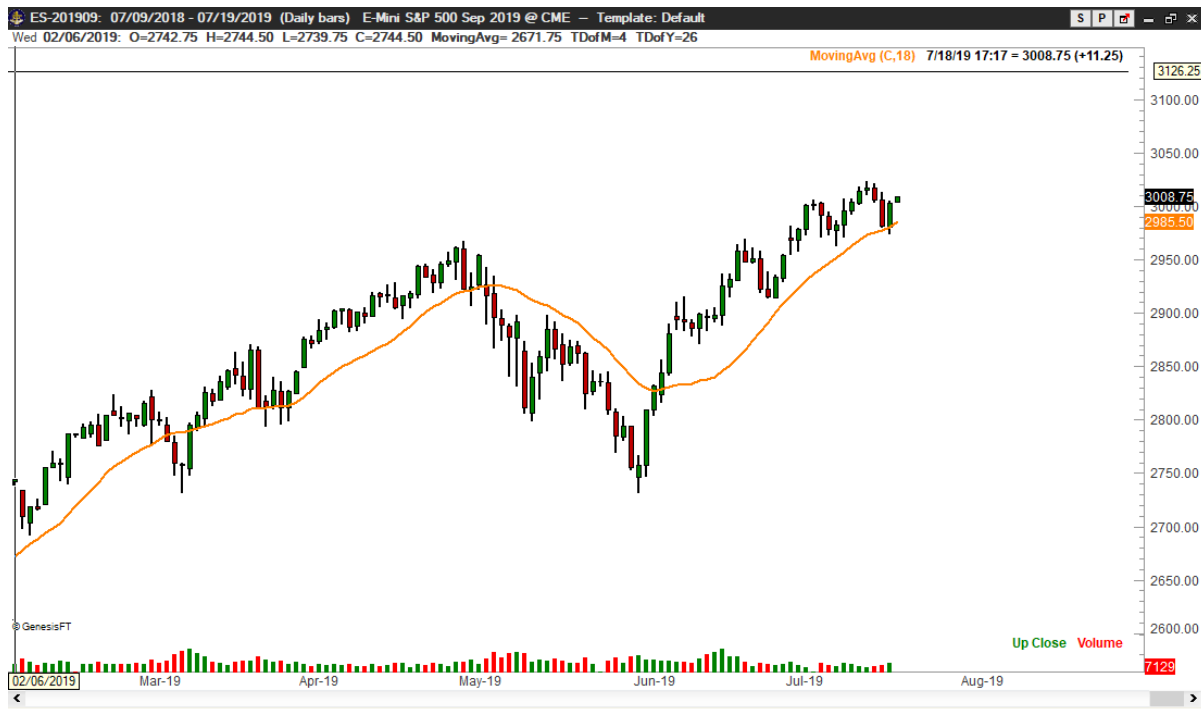
Global equity markets

The cumulative A/D line for the S&P 500 continues to trend higher. I have generally been constructive on U.S. equities for months, but have little to show for it. I have made numerous stabs at the long side only to be shaken out. My analysis of the U.S. equity market has been correct – my trading tactics have been out-of-synch with price behavior. Early in my career, the dissonance between market opinion and tactical operations periodically led to careless-over trading. I will not be seeking new initial positions (NIPs) in the period ahead.



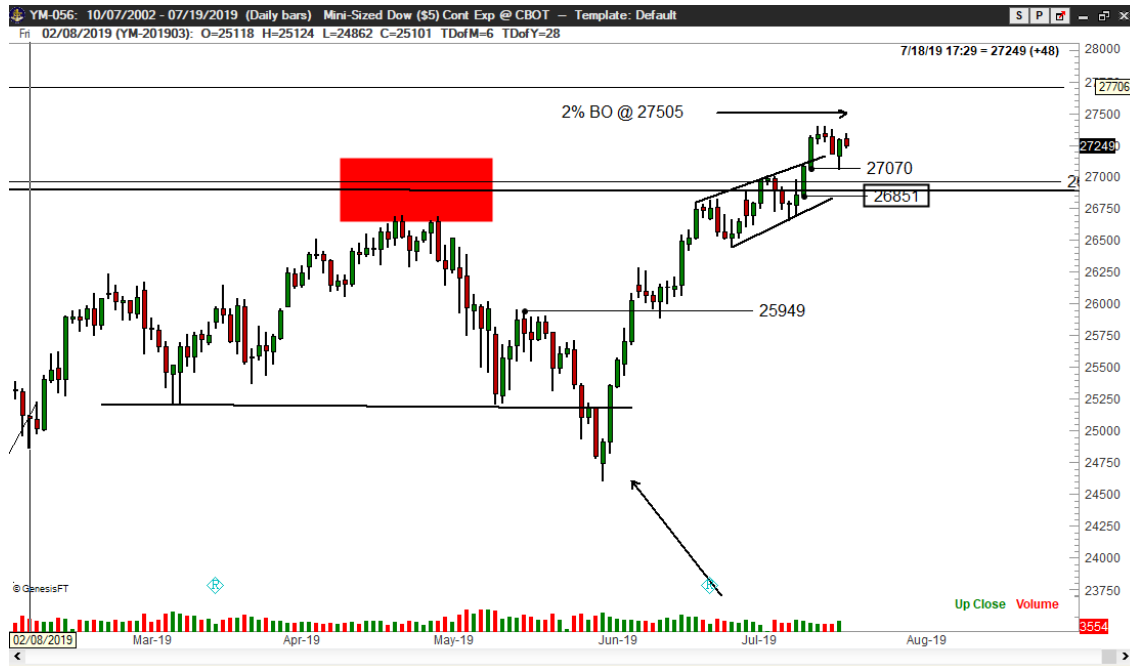
S&Ps (CME)

The breakout above 2961 has held. Only a decline below 2884 would lead me to believe that the current bull trend has run its course. On the basis of a simple moving average (18-day) the advancing trend remains healthy. My use of "active and aggressive" trading management practices dates back only to 2014. For the overwhelming majority of my career as a trader I was more acceptant of markets that stair-stepped in my favor. From time-to-time I have used certain trade management rules using MAs. I am re-examining this trade management technique.



### DJIA (CBOT)

Factor is long a tranche of Dow futures – my stop was nearly hit on Thursday. I have lowered my protective stop from the pivot at 27070 to the 26851 pivot.



### Forex

#### AUD/JPY

My preference is for tight horizontal patterns between 10 and 26-weeks in duration. The daily chart of AUD/JPY displays a 10-week inverted H&S bottom pattern. Factor is flat.



### USD/CHN (spot)

I continue to note the massive Cup and Handle pattern on the weekly USD/CNH chart. The daily chart displays a possible H&S launching pattern. Factor is flat. Trading this cross is not for the faint-of-heart. In fact, a breakout of the Cup and Handle would likely occur against a backdrop of the U.S./China trade war.

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FX:USDCNH, 1W 6.87593 ▲ +0.00404 (+0.06%) O:6.87574 H:6.88671 L:6.87007 C:6.87593



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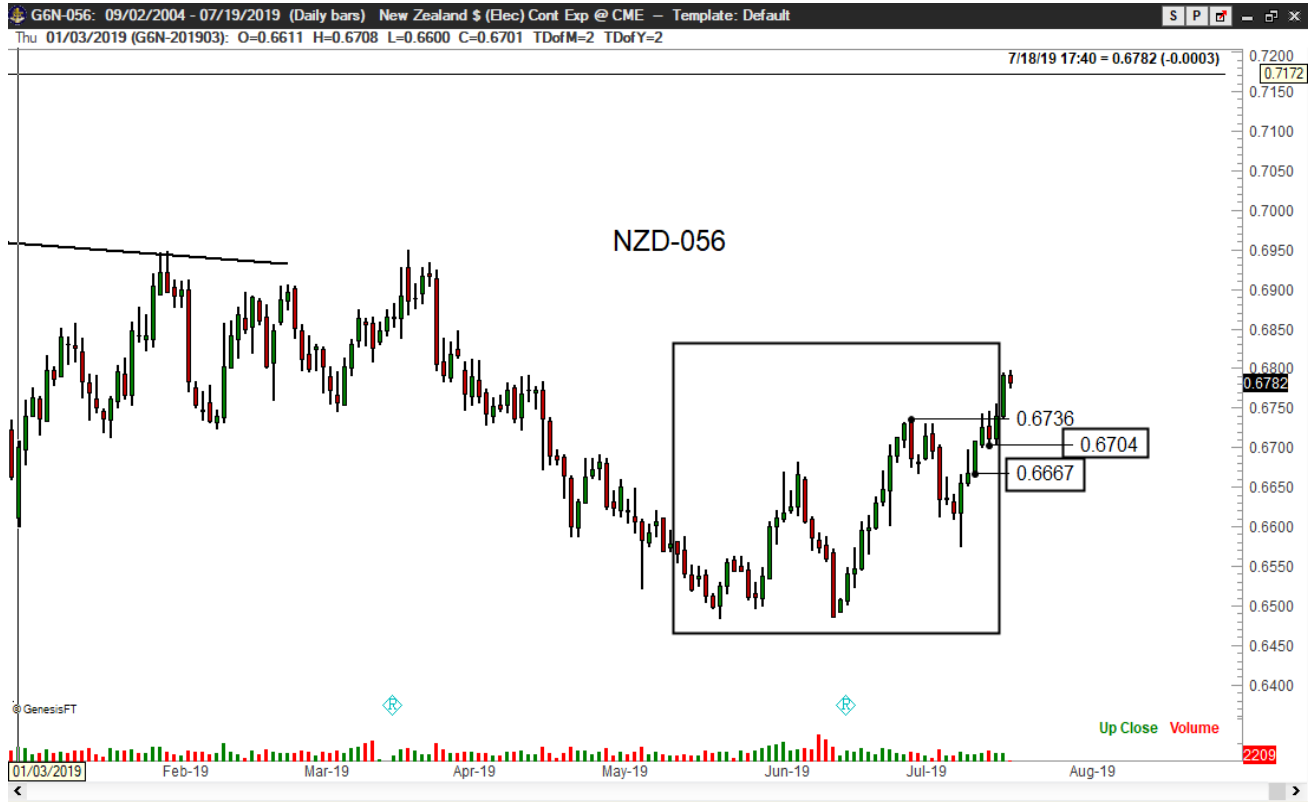
factorco published on TradingView.com, July 18, 2019 22:34:52 UTC  
FX:USDCNH, 1D 6.87596 ▲ +0.00407 (+0.06%) O:6.87189 H:6.87653 L:6.87051 C:6.87596



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NZD/USD (CME futures)

The close on Wednesday completed a 9-week horn bottom in this forex pair. Factor is long. I was drawn to this trade out of a desire to be short the USD. This was the clearest daily chart to express this idea.



Mexican Peso (CME)

I cannot believe I am saying this, but the Peso is actually setting up for a buy signal. I would feel like such a fool if I bought the Peso and was proven wrong – but the chart would support this idea. Factor is flat.





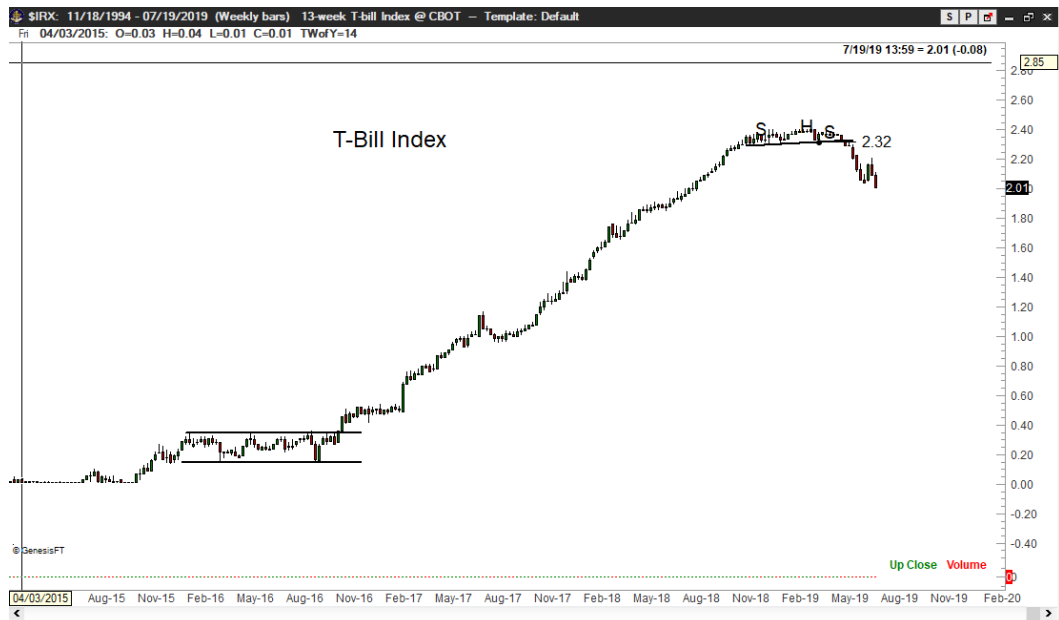
EUR/USD

While I am attempting to play the short side of USD through NZD, it must be acknowledged that strong trends in the currency markets are hard to kill. The USD has been in a strong bull trend since early 2018. Note the possible H&S top on the daily chart of EUR/USD. I am willing to swing at this pitch. Factor is currently flat.



T-Bills

The interest rate market is actively involved with guessing the next moves by the Fed. The Fed has more control over the short-end of the yield curve (especially Fed Funds, but also T-Bills) than over longer duration Treasuries (2-Yr Notes, 5-Yr Notes, 10-Yr Notes, T-Bonds). The Fed usually pursues an interest-rate policy for a prolonged period of time. The weekly T-Bill chart would suggest that the Fed has a long way to go in its easy-money policy.



## Corn (CBOT)

I have not given up on the idea of a major bull market in Corn. The inverted H&S bottom on the monthly chart has a target of 563. Yet, there is a huge COT problem with Corn – namely, the largest commercial short position in history.



plb  
###

# The Factor Crypto Corner

## Cryptos

### BTC

I continue to believe that a new parabolic advance has begun on the weekly graph. This interpretation would allow for considerable backing-and-filling. The price correct of the past week may be part or all of that backing-and-filling. I had hoped that the violation of the parabolic advance on the Crypto Total Capitalization would lead to a more healthy correction in BTC – perhaps back into the low 8000s. Yet, the correction held at the May high. It now appears that a bull flag is developing. I will continue to monitor this market for a swing trading opportunity.

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CRYPTOCAP:TOTAL, 1D 276675104252 ▲ +23445495808 (+9.26%) O:253557753203 H:283129591484 L:241159906902 C:276675104252

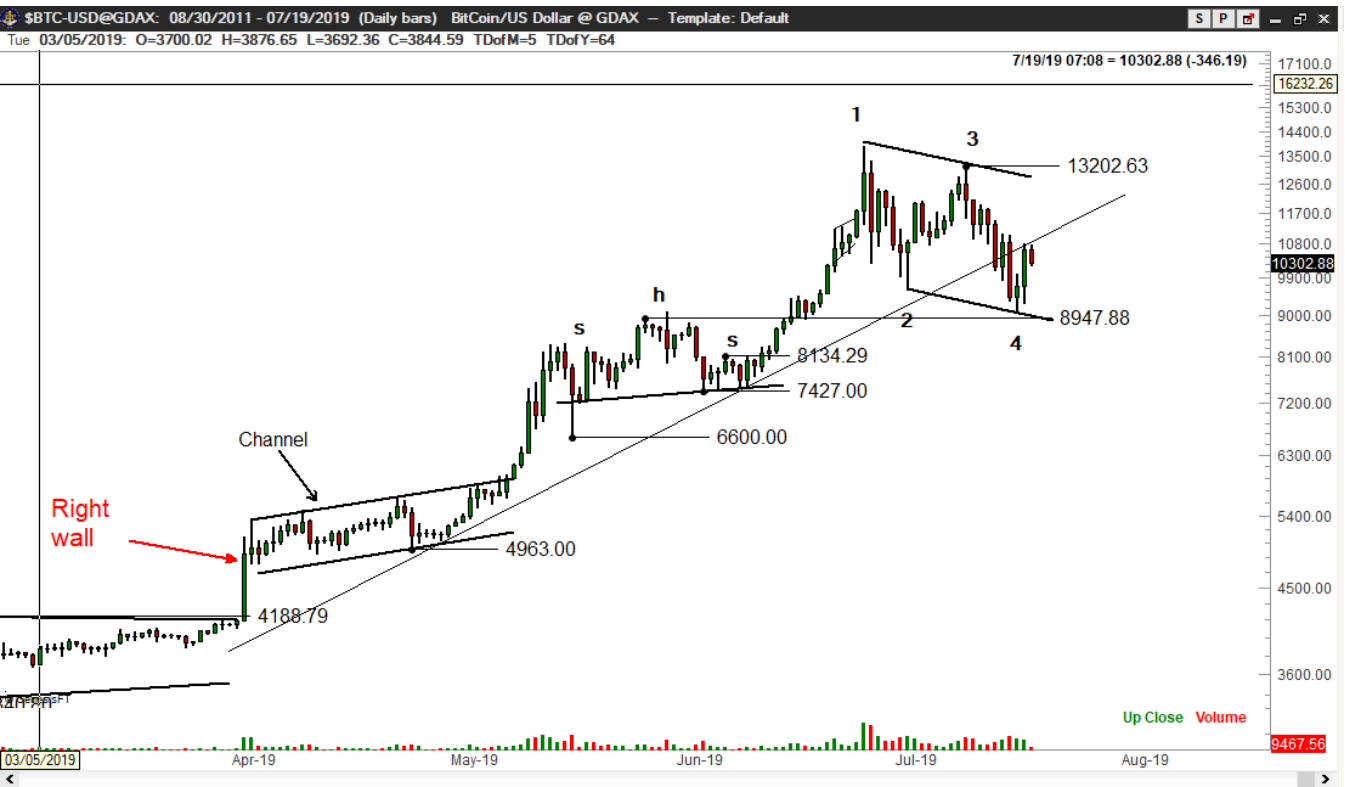


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factorco published on TradingView.com, July 18, 2019 23:46:09 UTC  
 BNC:BLX, 1W 9709.48 ▲ +289.67 (+3.08%) O:10182.57 H:11072.62 L:9095.60 C:9709.48



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Factor Tracking Account, July 18, 2019

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

Factor LLC																	7/18/2019							
Model Tracking Account Trade History and Portfolio																								
Constant nominal capitalization: \$200,000																								
(See disclaimers and notes below)																								
Market		Entry										Pattern		Exit		Net	Capital to carry trade	Value of trade (entry)						
		Date	L/S		Price	Size	Initial stop	BP risk	Current Stop	Stop Date	Target	Weekly	Daily	Date	Price									
QQQ19	50 oz. Gold	6/19/19	L		1375.25	1	1358.50	42	1384.50	6/26	1794.40	6-yr inverted H&S	3-yr asc tri				\$	2,150	\$	68,763				
MESU19	Micro S&Ps	7/2/19	L		2979.00	3	2929.50	38	2978.50	7/12	3524.0	17-mo cont. H&S	6-mo Cup & Handle	18-Jul	2978.25	\$	(23)	Closed	-					
MESU19	Micro S&Ps	7/10/19	L		2990.25	5	2969.75	21	2998.75	7/17	3534.00	17-mo cont. H&S	Hikkake	17-Jul	2998.50	\$	186	Closed	-					
MYMU19	Micro DJIA	7/10/19	L		26856	5	26674	19	26844	7/18	29877	17-mo cont. H&S	Hikkake				\$	3,150	\$	67,140				
QQQ19	50 oz. Gold	7/10/19	L		1406.50	1	1389.50	42	1414.50	7/19	1547.50	Massive H&S bottom	Possible half-mast				\$	2,150	\$	70,325				
ZCU19	Corn	7/15/19	L		4.4625	1	4.32	35	Mkt	7/15	5.07	Poss H&S failure	Poss H&S fail	15-Jul	4.4125	\$	(255)	Closed	-					
NZDU19	New Zealand \$	4/17/19	L		.6742	1	0.6664	39	.6697	7/18		10-week horn	10-week horn				\$	1,320	\$	67,420				
																	Trades as of		\$	(92)	\$	8,770	\$	273,648
																	Indicates open position value as of		ROR YTD		-0.05%	Levered at	1.37	
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE																					Cap utiliz.		4.4%	
<i>r = revised RO = Rollover A = Alert</i> 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 Services \$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.																								