



"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, October 26, 2019

Market Review

This issue comments on global stock markets (DJIA, S&Ps, NASDAQ, \*TSM, ACWI, \*AAPL, MSFT, China A50), metals (Gold, \*Silver), \*Canadian Dollars, grains (Soy Meal, Soybean Oil), interest rates (\*EuroSwiss, T-Bonds) 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>• ACWI</li> <li>• 5-Year T-Bonds</li> <li>• Microsoft</li> <li>• Soybean Oil</li> <li>• Gold</li> </ul>	<ul style="list-style-type: none"> <li>• EuroSwiss rates</li> <li>• TSM</li> <li>• AAPL</li> <li>• Canadian Dollars</li> <li>• Silver</li> </ul>
<p>The Factor Tracking Account is currently leveraged at 1.31X. Capital Utilization is at 23.3%. Note: Factor does not include the nominal value of interest rate futures contracts.]</p>	

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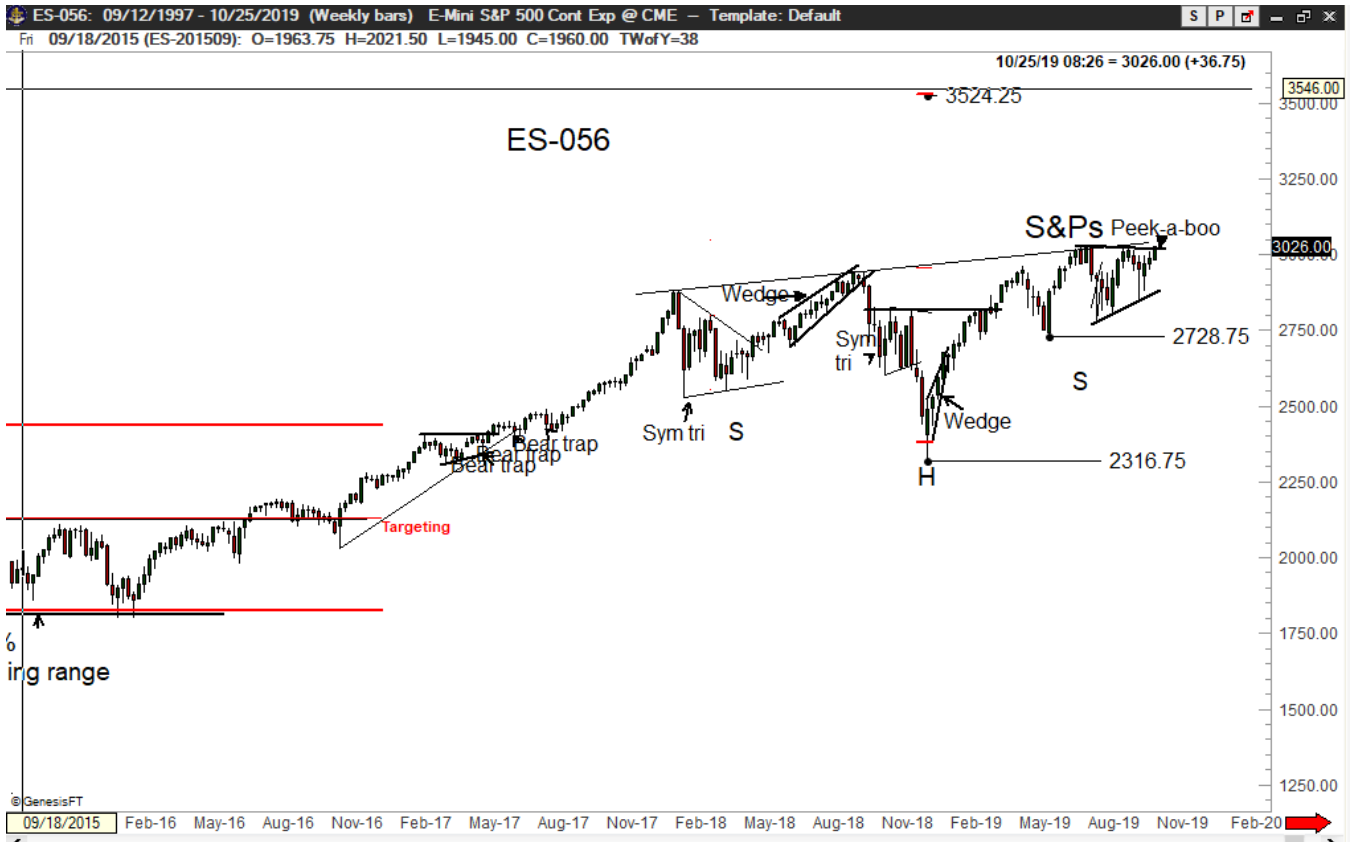
Global equity markets

The S&P cumulative A/D line continues to register new highs. This bodes well for the near- and intermediate-term outlook for the S&P Index. The major indexes are stuck in a trading range. Significant upside volume is needed to accomplish a breakout. A wide-bodied candlestick bar (WBB) advance into new highs accompanied by 90% advancing volume would signal the start of a sustained trend.



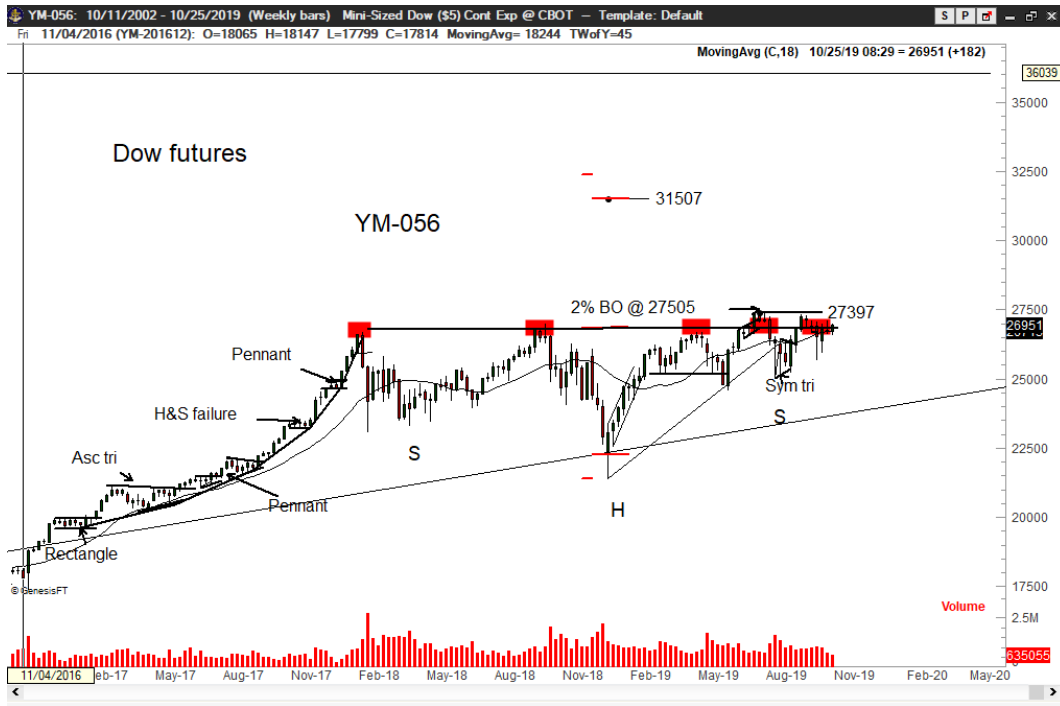
**S&P 500 (CME)**

The S&P Index continues to unfold as a massive continuation inverted H&S with an up-slanted neckline. The right shoulder has formed a symmetrical triangle pattern dating back to the Jul 26 high. The S&P ETF (SPY) exhibits an ascending triangle in the same position. Factor is flat.



DJIA (CBOT)

The DJIA is within striking distance of a new ATH. An advance above 27,505 would mark a breakout. Factor is flat.



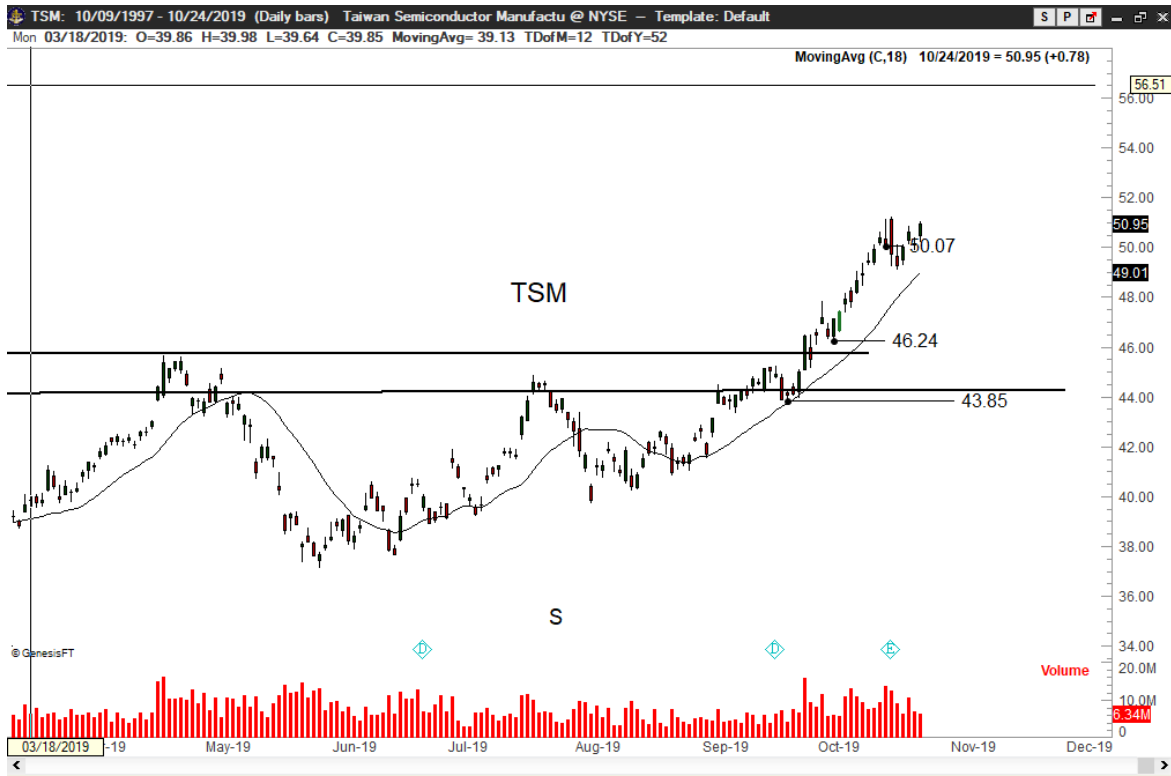
NASDAQ

NQ is inches from a new ATH. Factor is flat.



TSM (NYSE)

Factor is long. I will manage this trade using the 18-DMA.



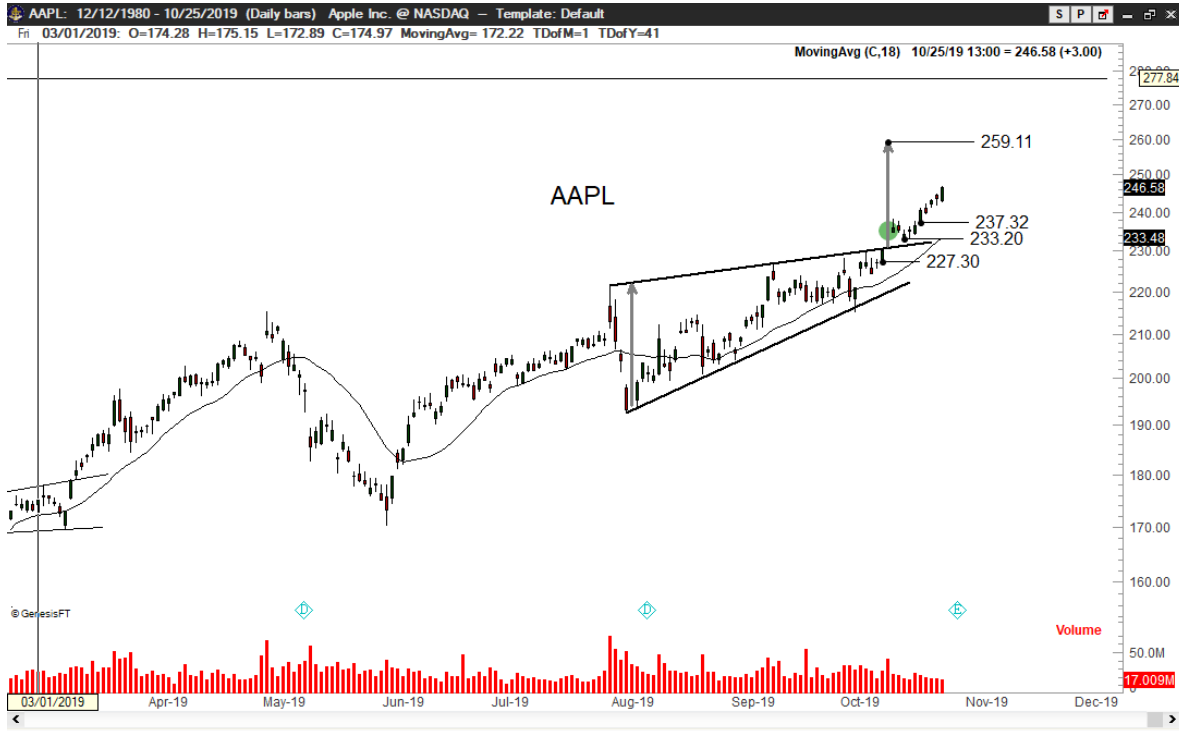
**ACWI Fund (NASDAQ)**

The All-World ACWI Index Fund is poised for a major weekly chart breakout. The right shoulder displays a 5-month rectangle. Factor is flat – I have buy stops in place.



AAPL

Factor is long based on the completion of a possible running wedge.



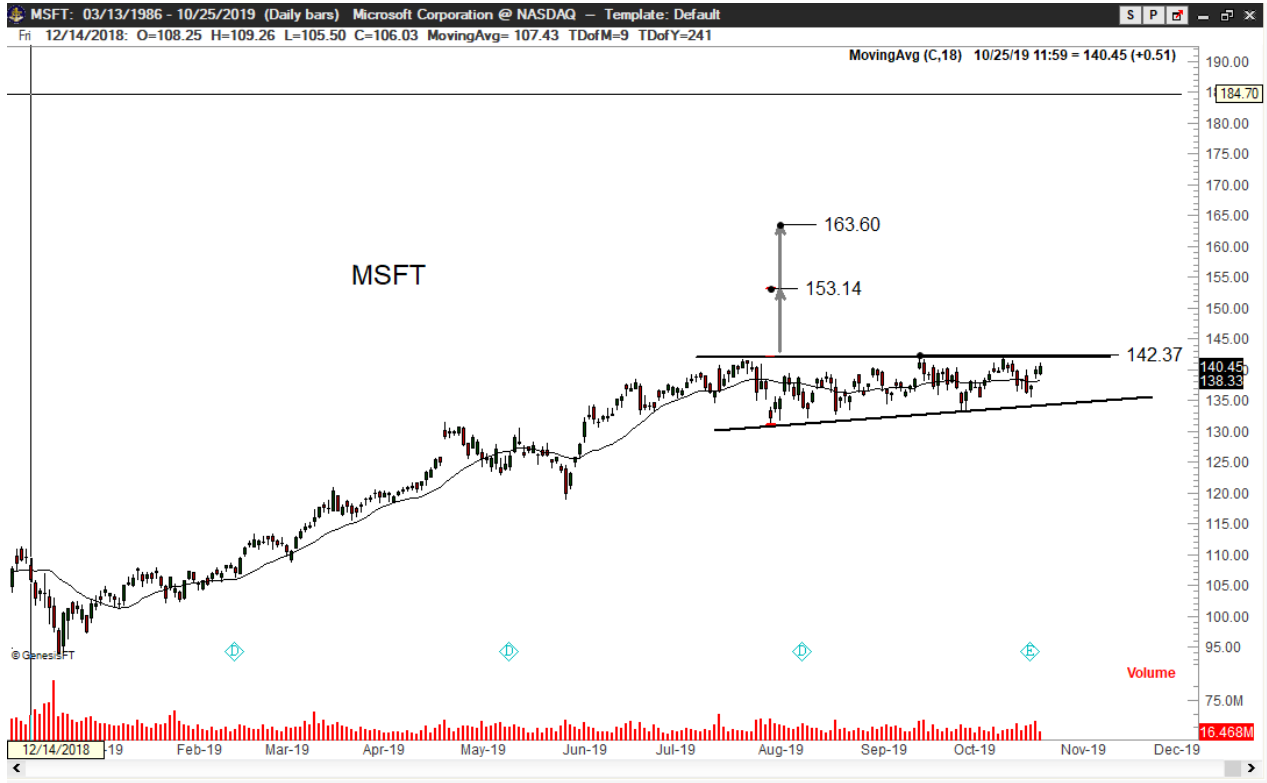
China A50

The weekly graph continues to display a massive ascending triangle. Pending the completion of a recognizable daily chart signal, I will establish a long trade.



MSFT (NASDAQ)

Factor is flat – I will buy a breakout of MSFT with a target above 163.



Canadian Dollars futures (USD/CAD)

Several technical observations are worthy of note:

1. The advance in Jun completed a channel on the weekly graph. The C\$ has historically responded well to channel breakouts.
2. The weekly chart is forming a possible 11-month horn or sloping bottom.
3. The daily chart of the Dec futures contract displays a possible ascending triangle.

Factor is long. If not stopped out, I will look to pyramid this trade.



## Interest rates

### 5-Year T-Bonds (spot and CBOT)

The yield chart in the 5-Yr Bonds on the weekly graph is strongly down. A 9-week descending triangle on the yield chart is forming. This equates to a corresponding ascending triangle on the futures chart. Factor is flat. I would be interested in the long side of the futures market.





EuroSwiss (LIFFE)

Factor remains short this market.



Grains

Soybean Meal (CBOT)

Factor came into this past week long Meal. I was stopped out of the remaining tranche on Thursday.



Soybean Oil (CBOT)

The daily Bean Oil chart has completed a running wedge. I am interested in buying a hard retest of this pattern. Factor is currently flat.



Metals

Friday was a wild ride. A strong breakout took place early (U.S. hours) followed by a sharp break late in the day. As of Friday's close the jury is out. It is very rare that I want to enter new trades during night hours. Yet, I sensed all week that the metals were up to something. Thus, I had resting stops in place Thursday night/Friday morning along with alerts to wake me up if an order was executed. There is always the risk of huge slippage with over-night orders, especially in thin markets or mini contracts of more liquid markets. When I am filled in overnight breakouts, I try to find the closest possible intraday protective stop level that makes sense.

Gold

Factor bought Gold on Friday. However, I do not remain in losing positions into weekends. I bailed out late Friday and Factor is flat. I HATE getting spun in a market in a single day. I HATE the idea of not protecting my capital even more. As it ended, the candlestick on Friday in Gold is an ugly stick.



Silver

Factor is long – having bought the early breakout on Friday. A massive possible double bottom is forming on the weekly graph. The daily graph completed a double bottom on Aug 7 and a possible symmetrical triangle on Friday. Next week might be interested. Silver is very undervalued to Gold.



# Post Mortems

## Corn

I was stopped out of a stale long position on Monday.



## KC Wheat

I was stopped out with the 3DTSR on Tuesday.



# The Factor Crypto Corner

## Cryptos

### Bitcoin

Coming into this past week the dominant daily chart pattern was the descending triangle completed on Sep 24. This pattern had targets as low as 6436. The decline on Wednesday then completed a small possible continuation H&S formation. However, the advance on Friday negated the small continuation H&S when the advance moved above the Oct 23 high. Of course, the further advance on Friday with Saturday's follow through now clearly establish the channel as the dominant chart construction.

Quite often channel such as this are simply corrective phases to the advance that preceded the channel. This labeling supports the long-term bull trend in BTC. A decisive advance AND close outside the upper boundary of the channel is required to complete the channel. In the meanwhile the downward grind within the channel could occur.

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BNC:BLX, 1W 7432.10 ▼ -42.89 (-0.57%) O: 8235.35 H: 8334.34 L: 7317.98 C: 7432.10



Created with TradingView



XRP

XRP will arguably complete a possible diamond bottom with a close above .3038. I use the word “arguably” because diamonds are typically top patterns. But I suppose anything is possible with cryptos.



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Factor Tracking Account, October 25, 2019

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

Factor LLC															10/25/2019				
Model Tracking Account Trade History and Portfolio																			
Constant nominal capitalization: \$200,000																			
(See disclaimers and notes below)																			
Market		Entry								Stop Date Δ	Pattern			Exit		Capital to carry trade	Value of trade (entry)		
		Date	L/S	Price	Size	Initial stop	BP risk	Current Stop	Target		Weekly	Daily	Date	Price	Net				
ZCZ19	Corn	9/30/19	L	3.790	1	3.7075	21	3.7725	10/17	Open r	6-wk H&S bottom	6-wk H&S bottom	21-Oct	3.7725	\$ (92)	Closed	-		
ZMZ19	Soy Meal	10/8/19	L	304.8	2	300.8	40	305.7	10/22	317.20	9-wk H&S	Re-entry	24-Oct	305.70	\$ 170	Closed	-		
AAPL	Apple	10/14/19	L	235.6	50	227.2	21	236.88	10/23	258.87	11-wk running wedge	11-wk wedge				\$ 11,778	\$ 11,778		
AAPL	Apple	10/14/19	L	235.6	50	227.2	21	233.07/MA	10/25	258.87	11-wk running wedge	11-wk wedge				\$ 11,778	\$ 11,778		
KWZ19	KC Wheat	10/18/19	L	4.2775	2	4.170	27	4.22	10/18	4.490	9-wk H&S	9-wk H&S	22-Oct	4.22	\$ (292)				
KWZ19	KC Wheat	10/18/19	L	4.2775	2	4.170	27	Mkt	10/22	4.490	9-wk H&S	9-wk H&S	22-Oct	4.2475	\$ (155)				
G6CZ19	Canadian \$	10/18/19	L	0.7616	2	0.7567	49	0.7608	10/21	0.8273	Monthly chart channel	11-wk "W"				\$ 2,200	\$ 152,320		
MGCZ19	Micro Gold	10/25/19	L	1509.50	2	1489.00	20	Mkt	10/25	1557.00	Underlying H&	7-wk flag	25-Oct	1507.10	\$ (56)	Closed	-		
MGCZ19	Micro Gold	10/25/19	L	1509.50	2	1489.00	20	Mkt	10/25	1880.00	Underlying H&	7-wk flag	25-Oct	1507.10	\$ (56)	Closed	-		
SIZ19	1k oz NY Silver	10/25/19	L	1791.50	2	1773.00	19	1777.50		1964.00	Poss 5-yr dbl bottom	7-wk flag				\$ 3,200	\$ 35,830		
SIZ19	1k oz NY Silver	10/25/19	L	1791.50	2	1764.50	27	1777.50		2087.00	Poss 5-yr dbl bottom	7-wk flag				\$ 3,200	\$ 35,830		
															Trades as of		\$ (481)	\$ 32,156	\$ 247,536
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE															Indicates open position value as of			Levered at	1.24
r = revised RO = Rollover A = Alert															ROR YTD		-0.24%	Cap utiliz.	16.1%

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.

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