



"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 5, 2019

Market Review

This issue comments on global stock markets (DJIA, S&Ps/SPY, \*TSM, ACWI, FANG, Russell 2000), Gold, forex (\*USD/NOK, USD/JPY, Brazil Real, Mexican Peso), grains (\*Corn, \*Soy Meal), London Coffee, \*EuroSwiss and cryptos. \*Signifies a position in the Factor \$200,000 Tracking Account.

Developing signals	Existing positions
<ul style="list-style-type: none"> <li>• Gold</li> <li>• ACWI</li> <li>• London Coffee</li> <li>• Brazilian Real</li> </ul>	<ul style="list-style-type: none"> <li>• EuroSwiss rates</li> <li>• USD/NOK</li> <li>• TSM</li> <li>• Corn</li> <li>• Soybean Meal</li> </ul>
<p>The Factor Tracking Account is currently leveraged at .1.2X. Capital Utilization is at 17.6%. This means that 82% of the nominal 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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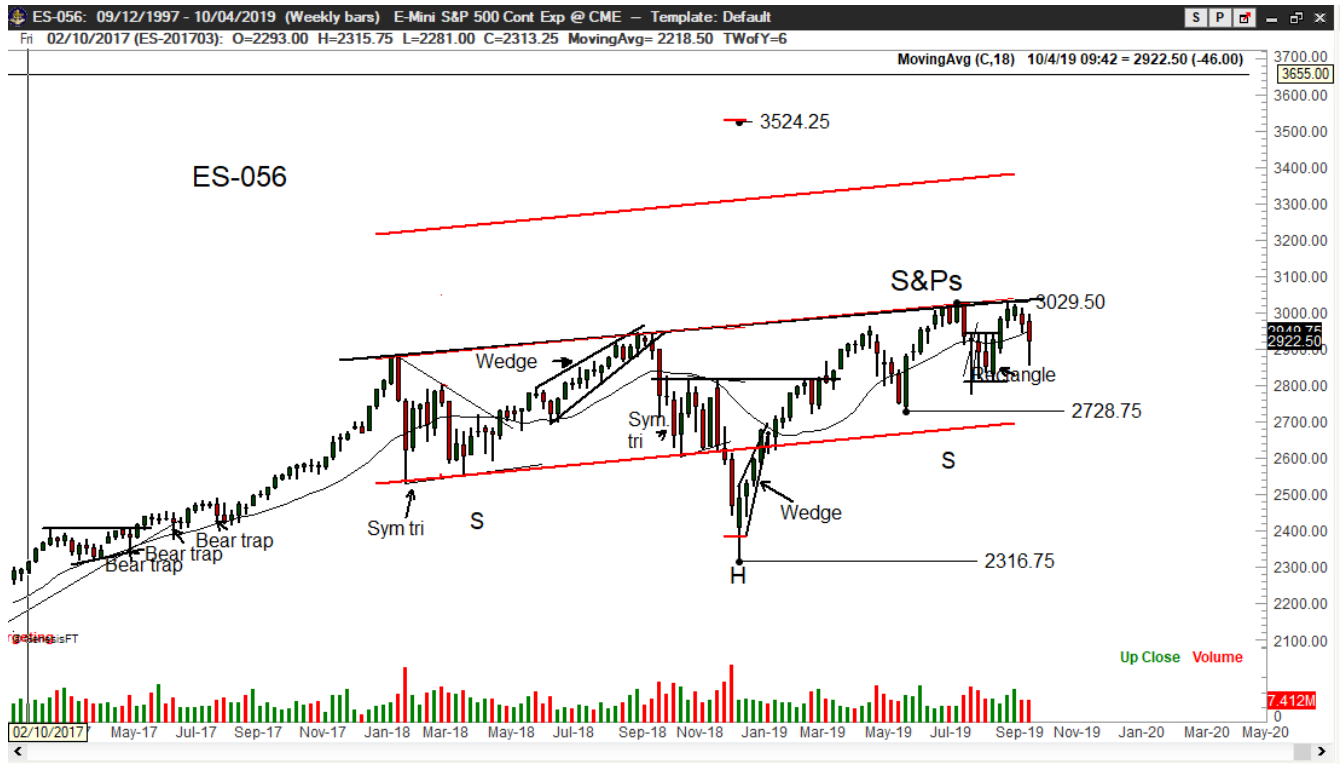
Global equity markets

The S&P cumulative A/D line continues to trend higher, despite the recent correction. Note that the cume A/D line is above its Jul high even though price remains below its corresponding Jul high. I view this as a bullish non-confirmation.



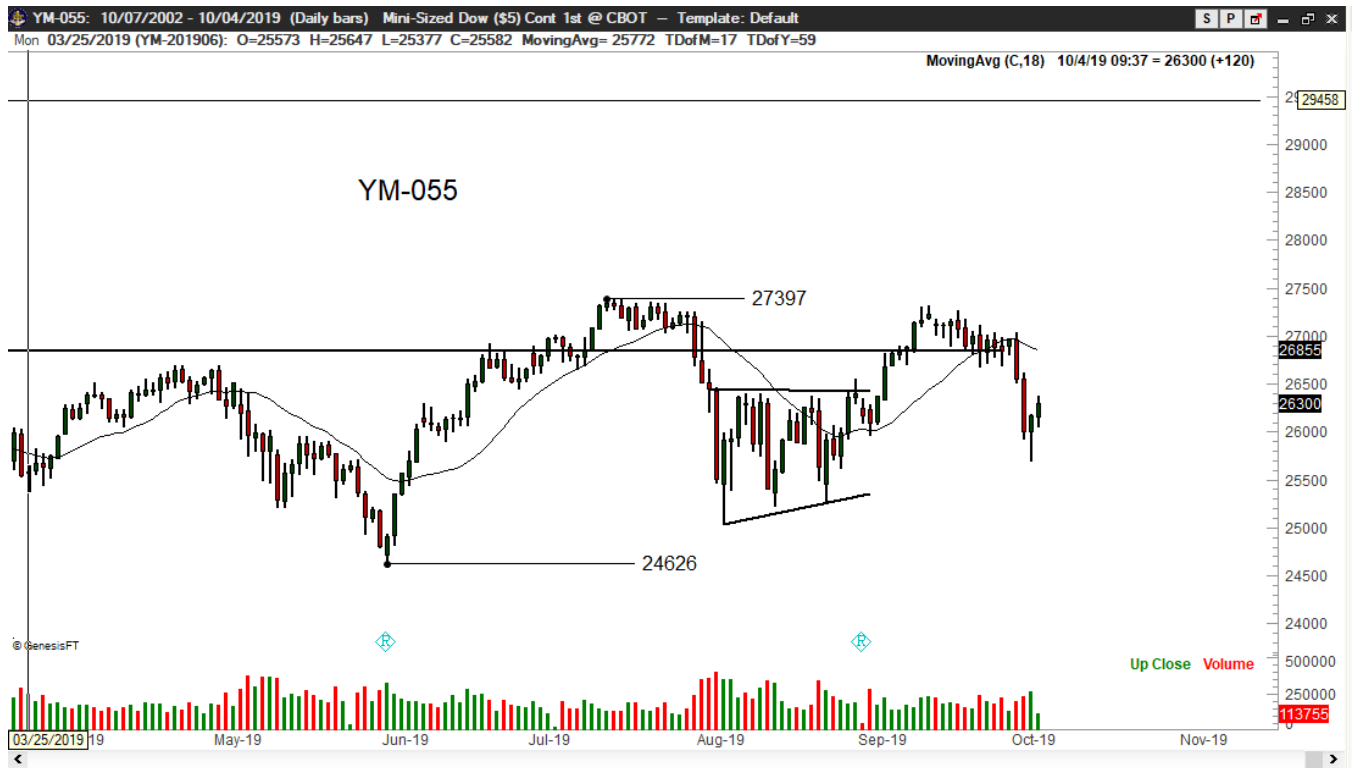
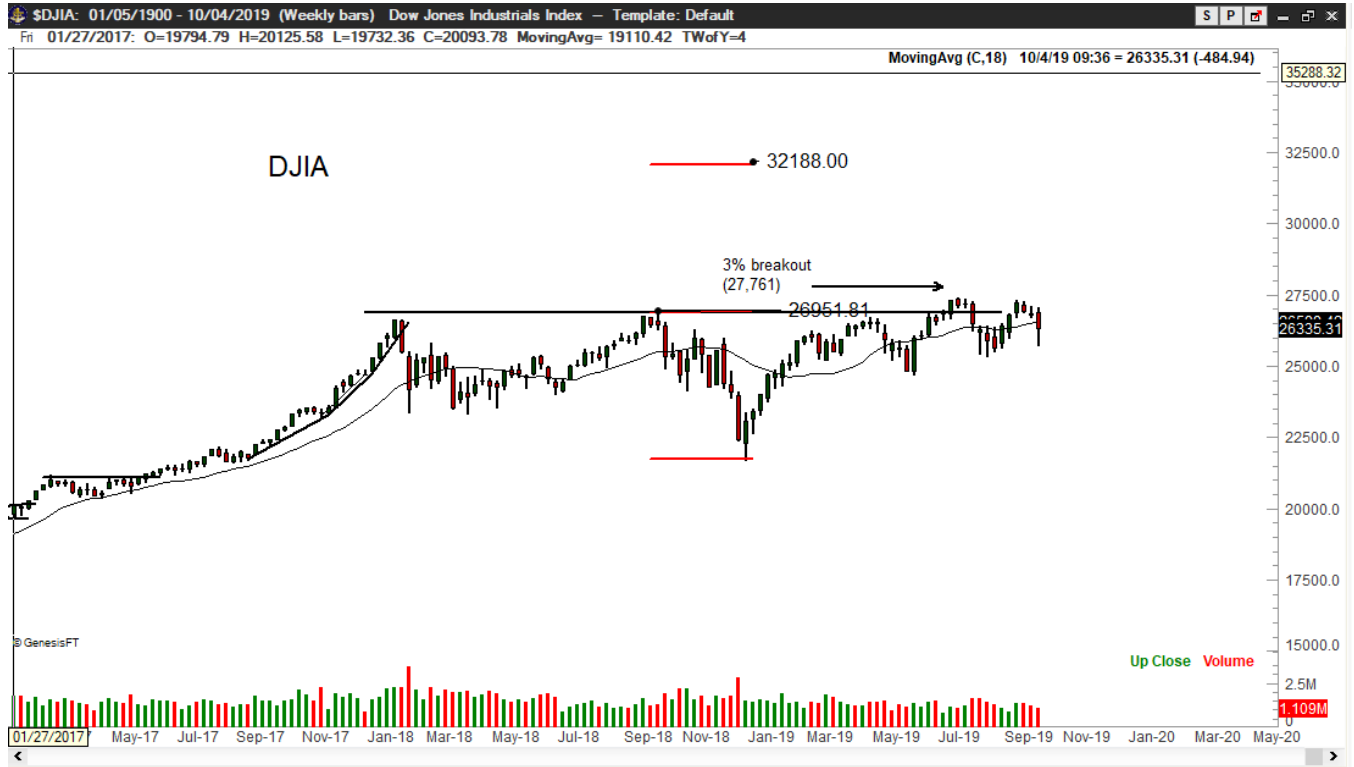
### S&P 500 (CME and NYSE)

Despite all the negative economic news and global trade uncertainty the S&Ps have not rolled over to the downside. A new high in SPY (S&P ETF) would be a very positive development.



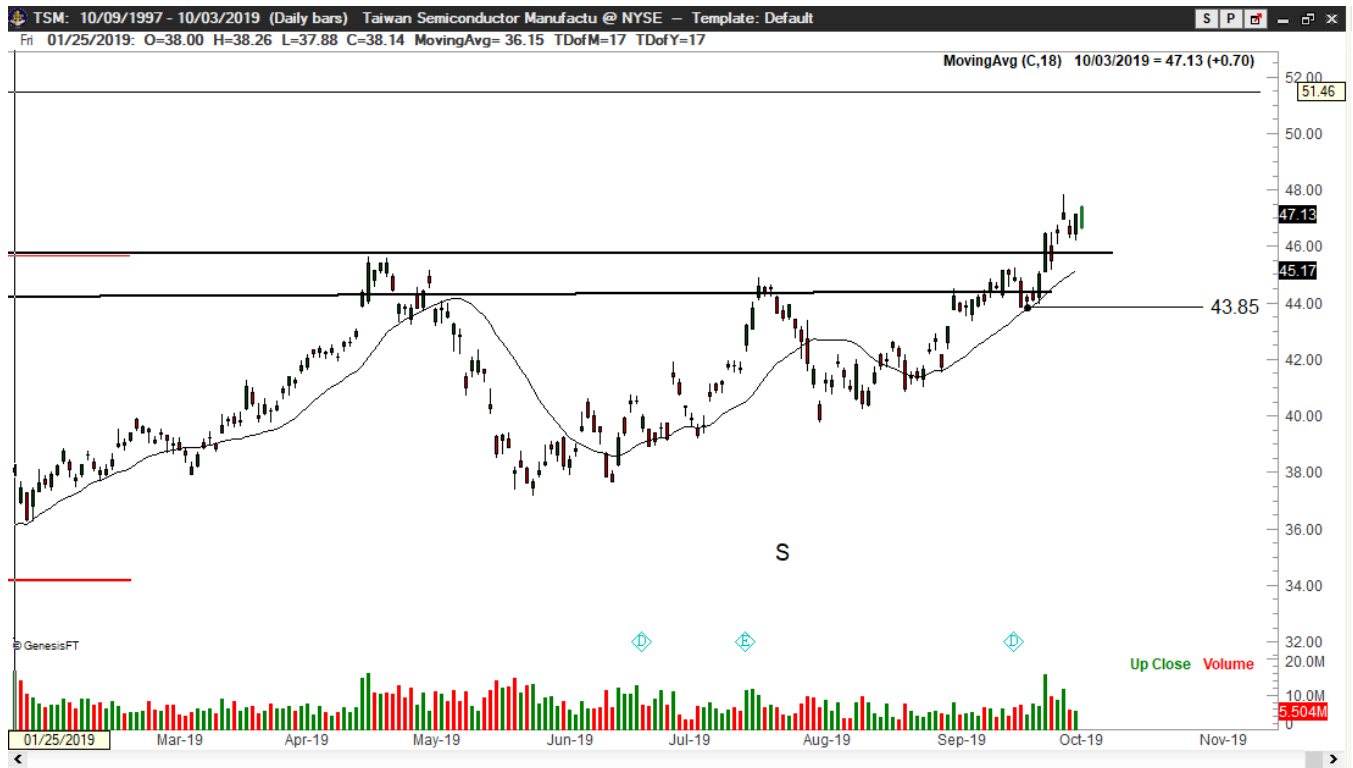
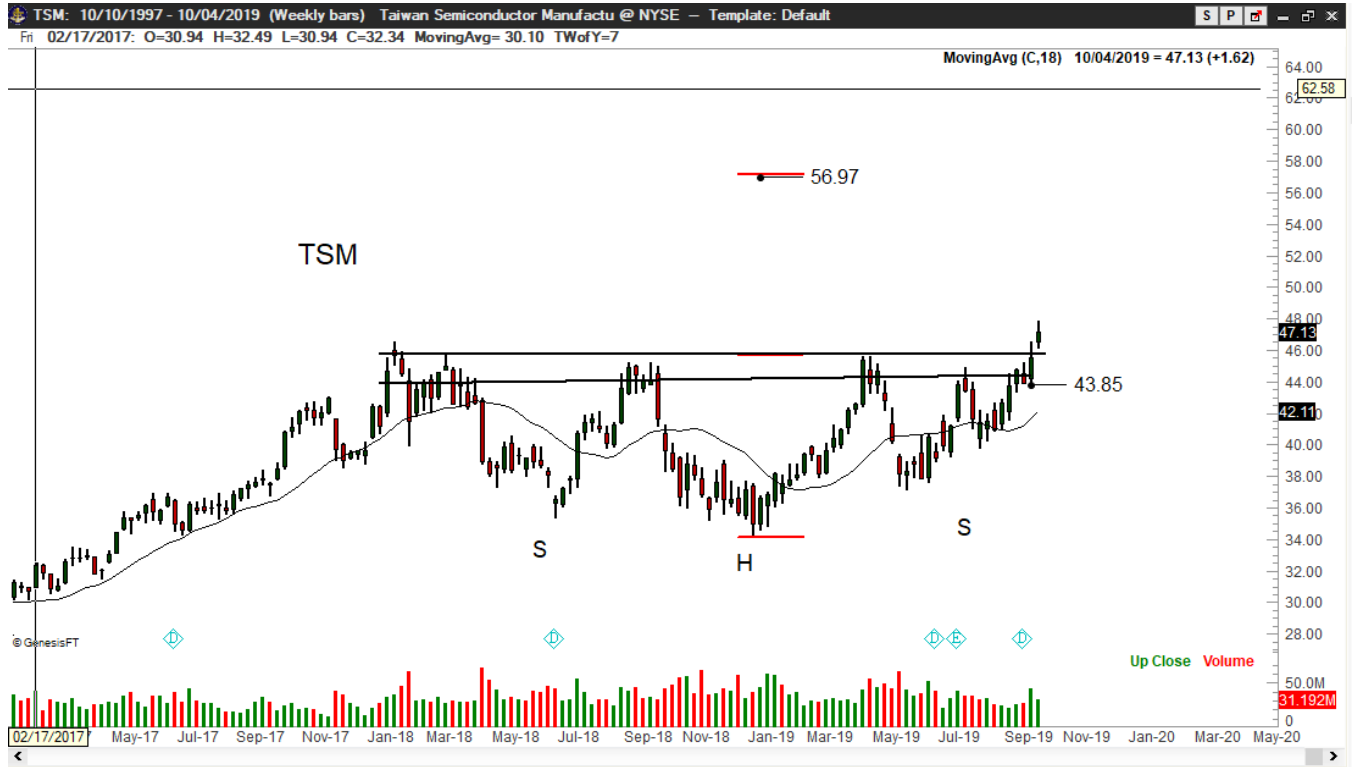
# DJIA (CBOT)

The DJIA is within striking distance of a new ATH.



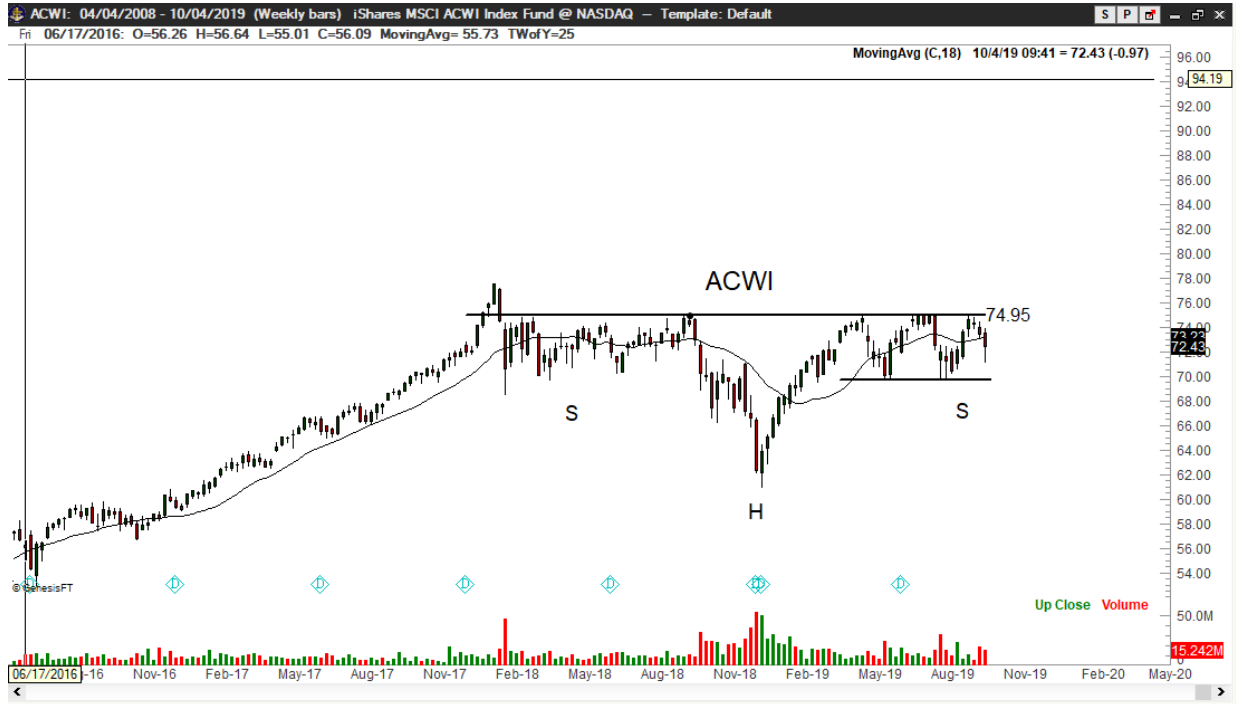
# TSM (NYSE)

Factor is long. So far, the breakout is holding above the neckline of the continuation inverted H&S pattern.



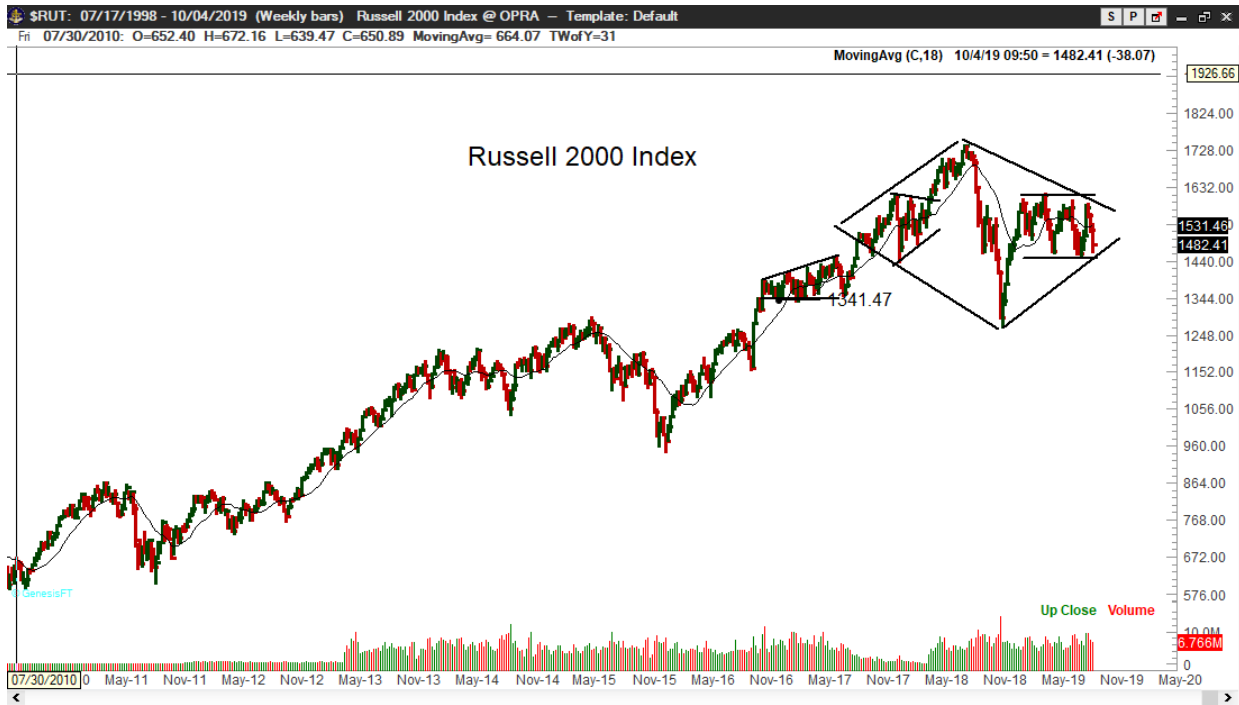
ACWI Fund (NASDAQ)

The All-World MCWI Index Fund is poised for a major weekly chart breakout. The right shoulder displays a 5-month rectangle.



Russell 2000 (CME)

The Russell weekly chart is as perfect an example of a diamond pattern as I have seen in several years.



**FANG+ (ICE)**

The daily FANG plus NYSE Index chart displays a symmetrical triangle coil. I am interested in the outcome of this chart but it is unlikely I will trend the contract.



**Currency markets**

**Mexican Peso futures (CME)**

I am very interested in the outcome of this massive symmetrical triangle in Peso futures. I am far less interested in trading this market, although I might do so depending on the exact nature of the breakout.



Brazilian Real futures (CME)

Factor is flat. The weekly chart displays a massive descending triangle on the futures chart. I am interested in shorting a downside breakout.



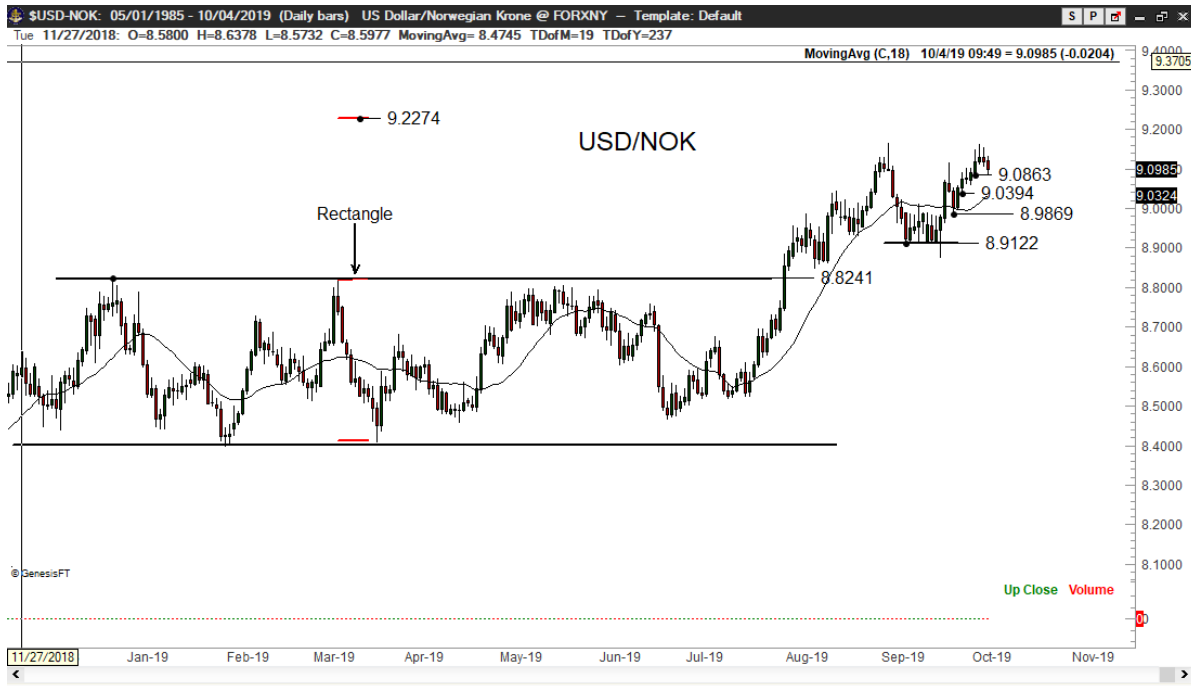
USD/JPY (spot)

This chart displays the challenges of trading an extended-duration symmetrical triangle. Factor is flat.



### USD/NOK (spot)

Factor is long. Note that prices again reached a distance of 70% from the original breakout to the target. As such, the 3-day trailing stop rule (3DTSR) is activated. Oct 2 is the high day and Friday was a set-up day (closing below the Oct 2 low).



### EuroSwiss

Factor is short a multi-tranche position.

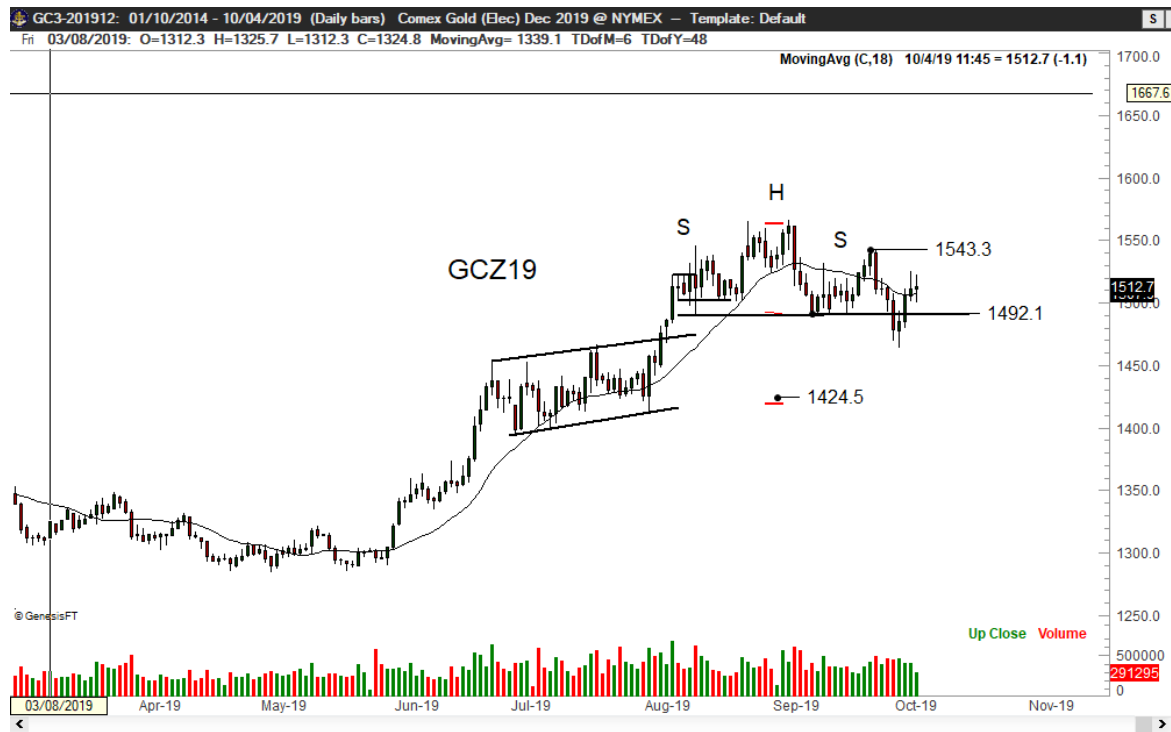




## Metals

### Gold

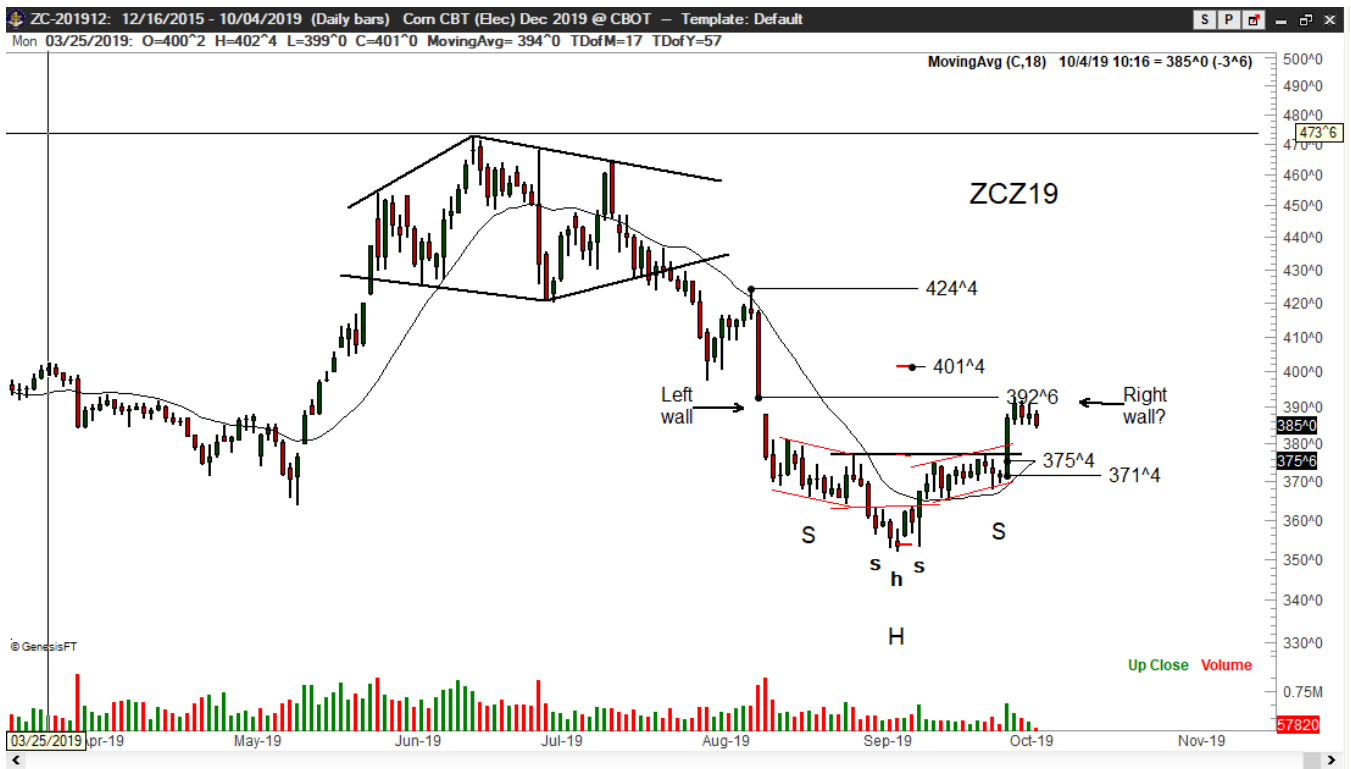
I shorted the completion of the H&S top on Monday and was stopped out on Wednesday for a loss of 15 basis points. It is possible that Gold will complete a H&S failure. Remaining above the neckline at 1492 (Dec contract) of the H&S top must be the first step to complete a H&S failure. The final step will be a decisive close above the right shoulder high at 1544. Factor is flat. I am willing to try the long side of Gold again, but need to monitor the price action on a day-to-day basis to fine-tune an entry.



## Grains

### Corn

The advance on Monday completed one of the classiest (but short-duration) H&S bottom patterns I have seen in a long time. This is the type of balance and symmetry within a H&S pattern that I love to see. I took partial profits on Tuesday when the market closed the Aug 13 gap. My only reason for covering a tranche was to give me additional staying power on the remaining position. The weak close on Friday puts into motion the 3DTSR. I will protect one of the two remaining tranches accordingly – and be willing to take a small loss on the final tranche.



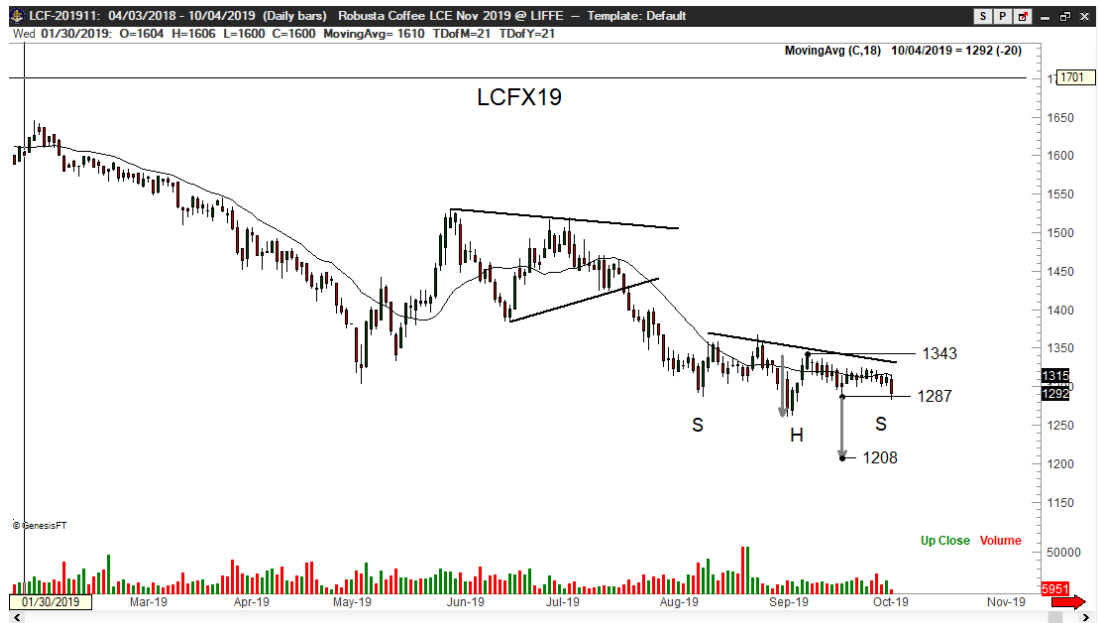
Soybean Meal (CBOT)

An awkward H&S bottom was completed on the daily chart of Dec Meal on Tuesday. I bought the retest on Wednesday. I am using Thursday's low to protect the trade. Consistent with my rule to not to losing trades into weekends, I covered half of my position on Friday.



London Coffee (LIFFE)

Concise and shorter-duration patterns have been more reliable than long-duration patterns. Recent examples of the former might include trades in Sep in DAX and the Emerging Market Index. I have found that the London Robusta Coffee contract is a better charting market than the NY Arabica Coffee contract. London Coffee is forming a possible 9-week H&S failure pattern. I might have shorted this market on Friday, but I generally make it a rule to not take a trade the same day I notice it. This policy is intended to prevent emotional knee-jerk reactions. I will make a determination on Sunday afternoon as to orders for Monday morning. Factor is flat.

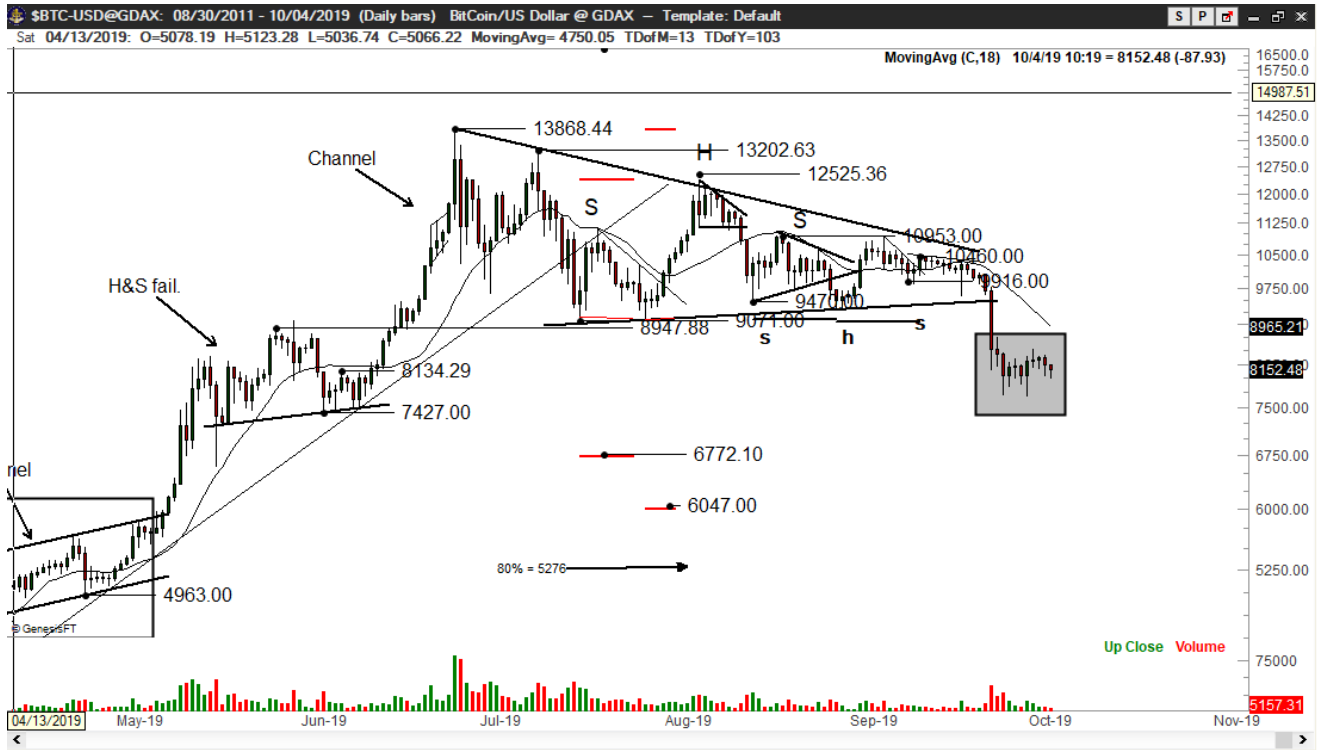


# The Factor Crypto Corner

## Cryptos

### BTC

The dominant chart construction in BTC remains the descending triangle completed on Sep 24. The period since this initial decline is likely to be all or part of a continuation pattern. While my main interest in cryptos is Bitcoin, the charts indicate that some of the macro caps and alt-coins are bottoming against BTC. I do not trade crypto pairs.



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Factor Tracking Account, October 4, 2019

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

Factor LLC																		10/4/2019		
Model Tracking Account Trade History and Portfolio																				
Constant nominal capitalization: \$200,000																				
(See disclaimers and notes below)																				
Market		Entry								Stop Date Δ	Target	Pattern		Exit		Net	Capital to carry trade	Value of trade (entry)		
		Date	L/S	Price	Size	Initial stop	BP risk	Current Stop	Weekly			Daily	Date	Price						
LUM20	EuroSwiss	9/11/19	S	100.97	1	101.050	10	100.91	10/1	100.76	Record NIRP	5-wk dbl top	3-Oct	100.91	\$	140	Closed	-		
LUM20	EuroSwiss	9/11/19	S	100.97	3	101.050	30	100.96	10/4	100.66	Record NIRP	5-wk dbl top					\$	636	NA	
USD/NOK	USD/NOK	9/25/19	L	9.0161	70k	8.9629	22	9.0829	10/3	9.2274	7-mo rectangle	Re-entry					\$	3,500	\$ 70,000	
USD/NOK	USD/NOK	9/25/19	L	9.0161	70k	8.9629	22	9.0317	9/27	9.2274	7-mo rectangle	Re-entry					\$	3,500	\$ 70,000	
TSM	Taiwan Semi	9/26/19	L	46.032	200	43.730	23	45.970	10/2	56.970	20-mo cont H&S	20-mo cont H&S					\$	9,206	\$ 9,206	
TSM	Taiwan Semi	9/26/19	L	46.032	300	43.730	33	44.930	10/1	56.970	20-mo cont H&S	20-mo cont H&S					\$	13,810	\$ 13,810	
ZCZ19	Corn	9/30/19	L	3.790	1	3.7075	20			3.91 r	6-wk H&S bottom	6-wk H&S bottom	1-Oct	3.91	\$	595	Closed	-		
ZCZ19	Corn	9/30/19	L	3.790	1	3.7075	21	3.8300		4.015	6-wk H&S bottom	6-wk H&S bottom					\$	1,500	\$ 18,950	
ZCZ19	Corn	9/30/19	L	3.790	1	3.7075	21	3.7475		4.015	6-wk H&S bottom	6-wk H&S bottom					\$	1,500	\$ 18,950	
MGCZ19	Micro Gold	9/30/19	S	1488.3	2	1503.1	30	1495.10	10/1	1421.2	9-wk H&S top	9-wk H&S top	2-Oct	1495.40	\$	(148)	Closed	-		
MGCZ19	Micro Gold	9/30/19	S	1488.3	2	1508.1	40	1495.10	10/1	1421.2	9-wk H&S top	9-wk H&S top	2-Oct	1495.40	\$	(148)	Closed	-		
ZMZ19	Soybean Meal	10/2/19	L	305.3	1	299.8	27	Mkt	10/4	317.20	9-wk H&S	9-wk H&S top	4-Oct	303.20	\$	(215)	Closed	-		
ZMZ19	Soybean Meal	10/2/19	L	305.3	1	299.8	27	301.4	10/3	317.20	9-wk H&S	9-wk H&S top					\$	1,450	\$ 30,530	
Trades as of															\$	224	\$	35,102	\$	231,446
Indicates open position value as of																				
ROR YTD															0.11%					
Levered at																				1.16
Cap utiliz.																				17.6%

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE

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 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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