



"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, November 2, 2019

Market Review

This issue comments on global stock markets (DJIA, *S&Ps, NASDAQ, *TSM, *ACWI, *AAPL, Costco, MSFT), metals (Gold, Silver), interest rates (*EuroSwiss, *5-Yr. T-Notes), currencies (New Zealand \$, *Aussie \$, Canadian Dollar), *Soybean Oil 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"> • Microsoft • SLV • Costco • New Zealand Dollar • Canadian Dollar 	<ul style="list-style-type: none"> • EuroSwiss rates • TSM • AAPL • ACWI • 5-Yr T Notes • Soybean Oil • Aussie \$ • S&Ps
<p>The Factor Tracking Account is currently leveraged at 1.7X. Capital Utilization is at 38.7%. Note: Factor does not include the nominal value of interest rate futures contracts.]</p>	

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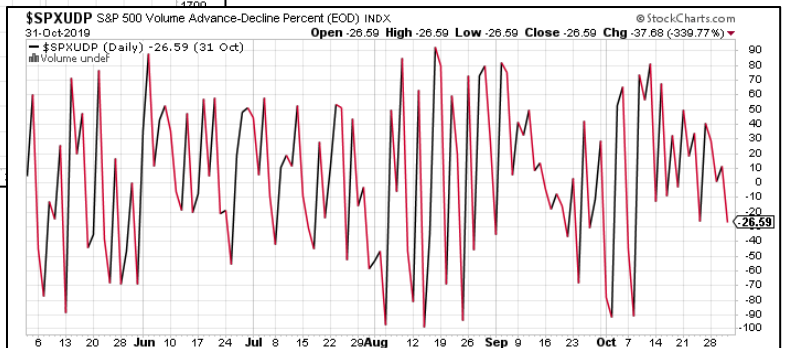
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Global equity markets

Note: Both graphs shown below are as of the close on Oct 31. The S&P cumulative A/D line continues to trend into new highs. However, buyers do not appear to be aggressive, as shown by the meager S&P Up/Down volume ratio. The current rally is susceptible until buyers are willing to pay up in droves.



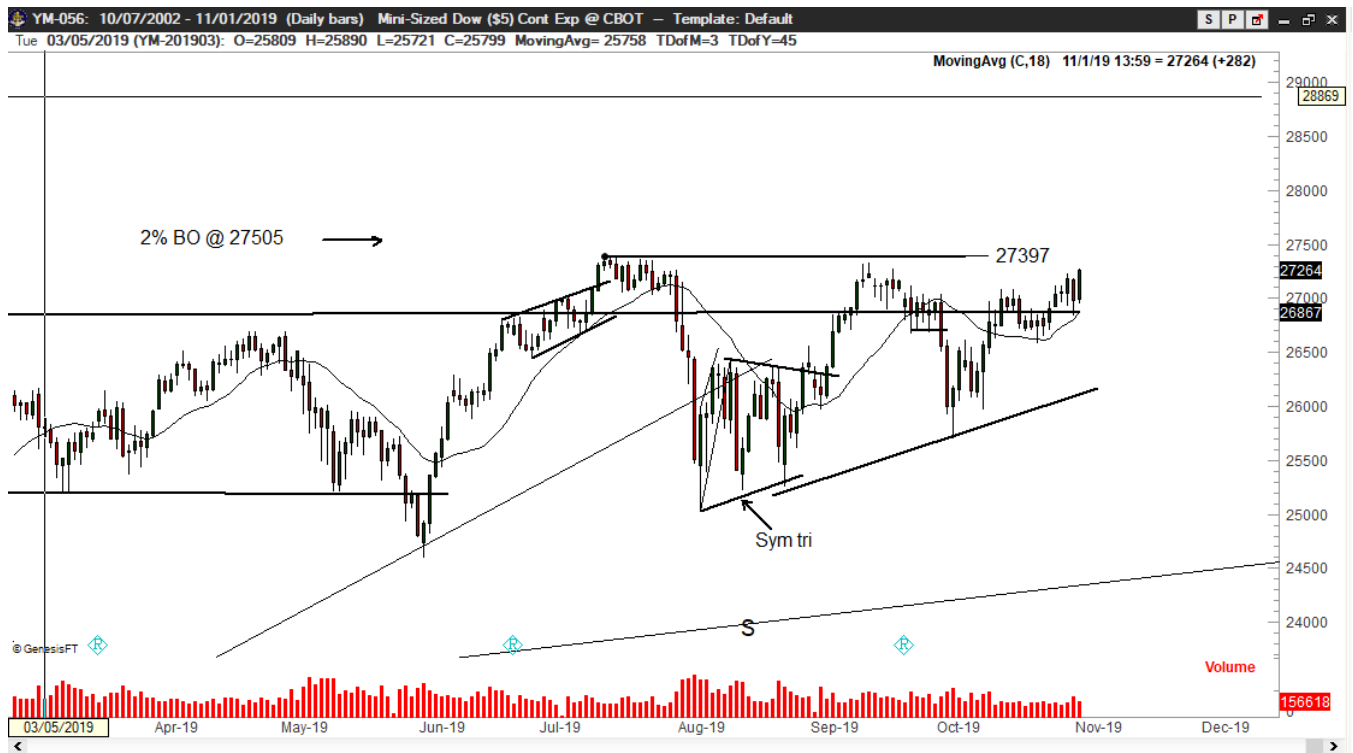
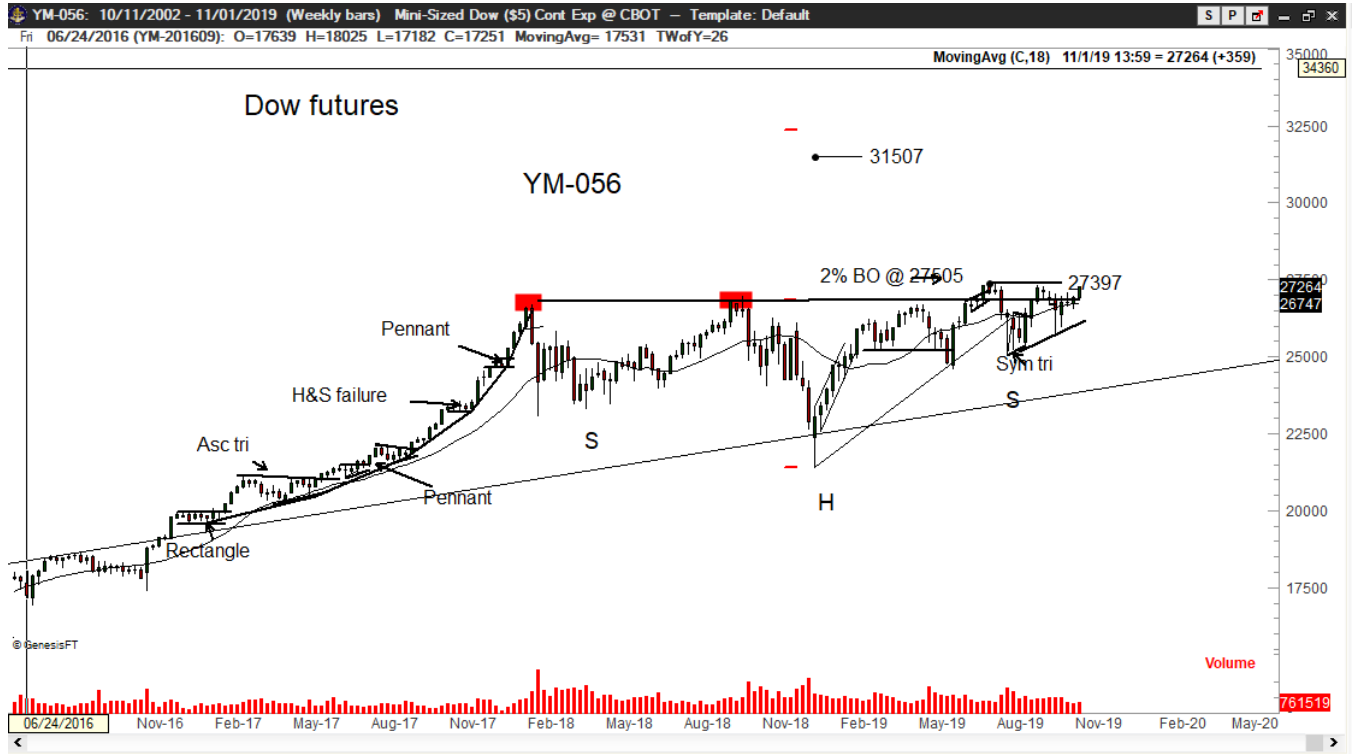
S&P 500 (CME)

The S&P Index is attempting to penetrate the neckline of a 22-month continuation inverted H&S pattern. Note that a 15-week ascending triangle has been completed on the daily chart of the Dec contract. Perhaps this triangle will serve as the launching pad to complete the larger H&S configuration. Factor is long.



DJIA (CBOT)

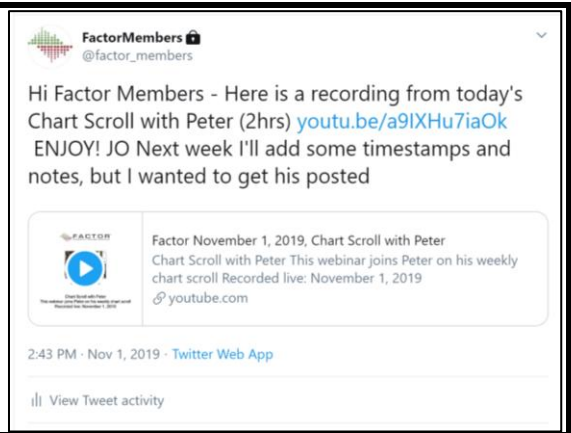
The DJIA is within striking distance of a new ATH. An advance above 27,505 would mark a breakout. Factor is flat.



Factor chart scroll

It was a blast doing a 2-hour complete symbol scroll with so many members of the Factor on Friday. The recorded video of the time can be accessed with this link.

youtu.be/a9IXHu7iaOk



NASDAQ

NQ posted a new ATH this past week. While the trend is strongly up, please note the possibility (NOT prediction) of a rising wedge pattern on the daily graph.



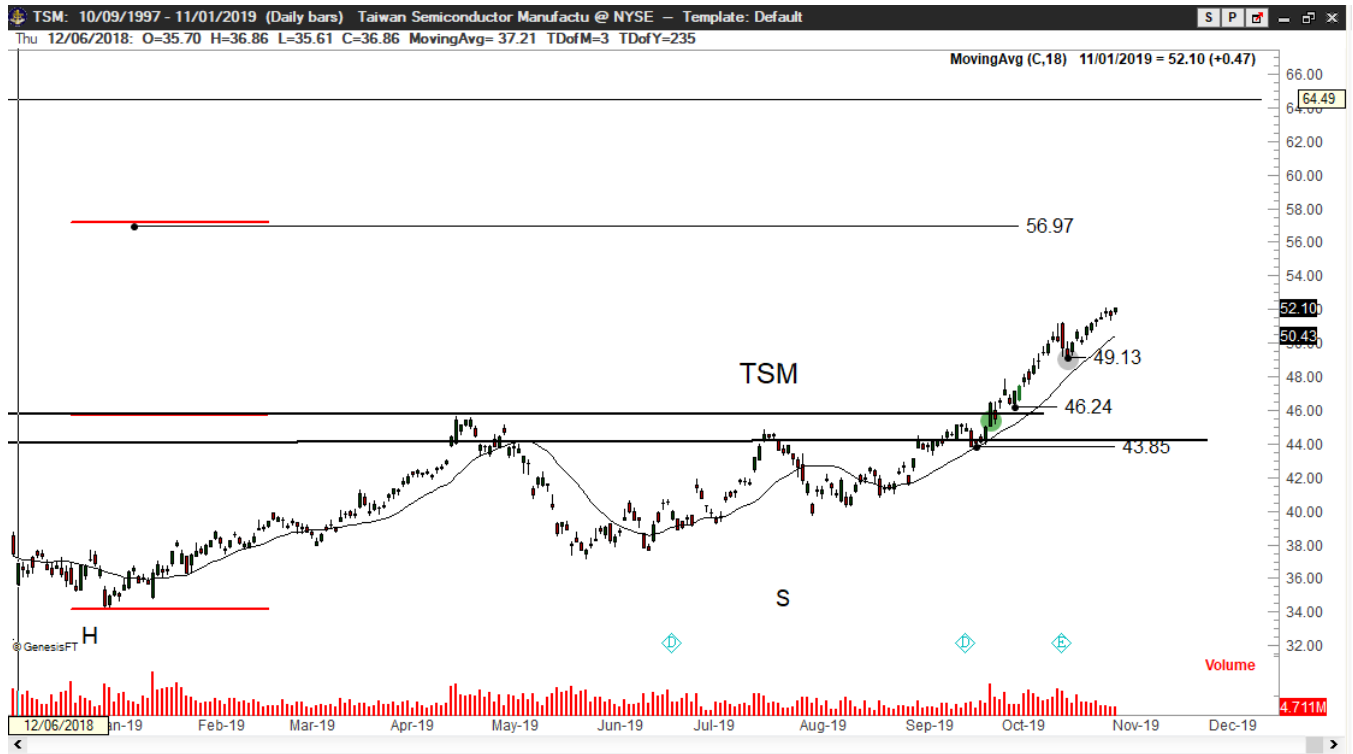
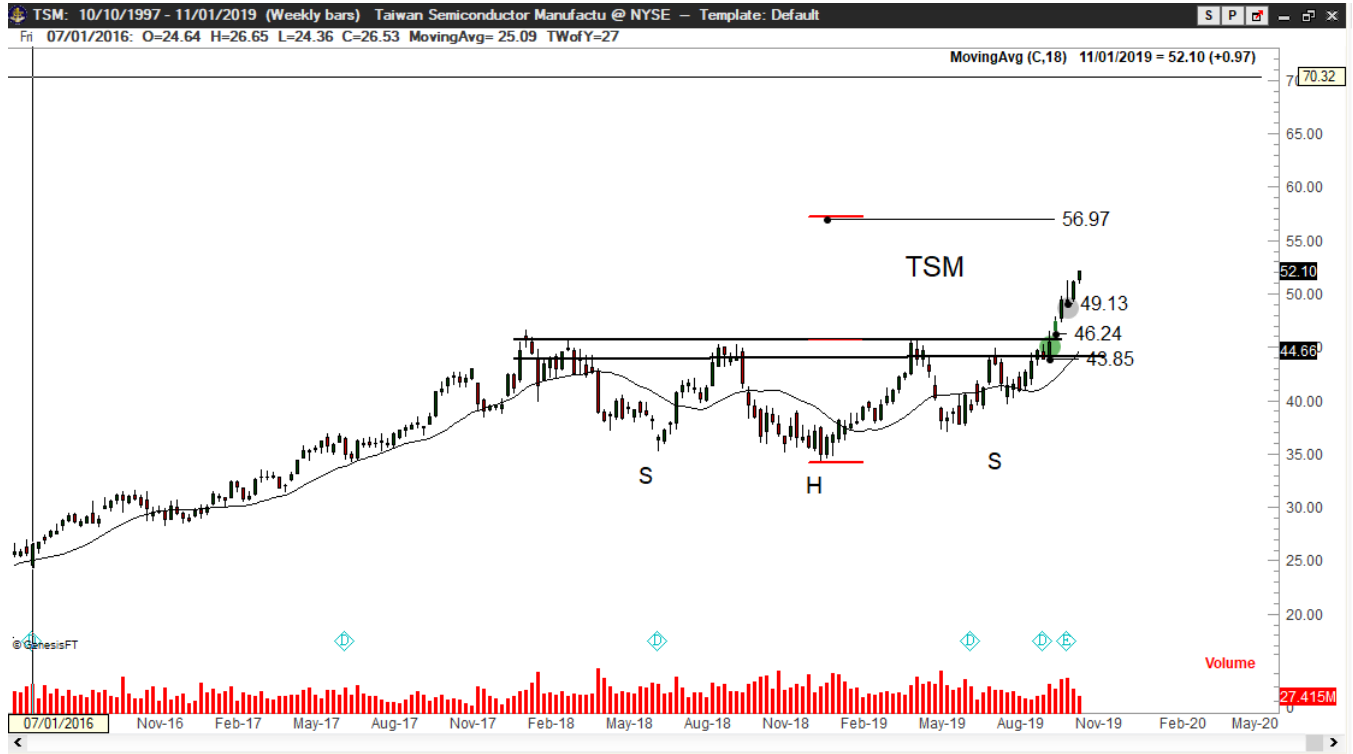
Costco (NASDAQ)

The daily chart of Costco displays a possible Cup and Handle continuation pattern. I will buy a breakout if/when it occurs. Factor is flat.



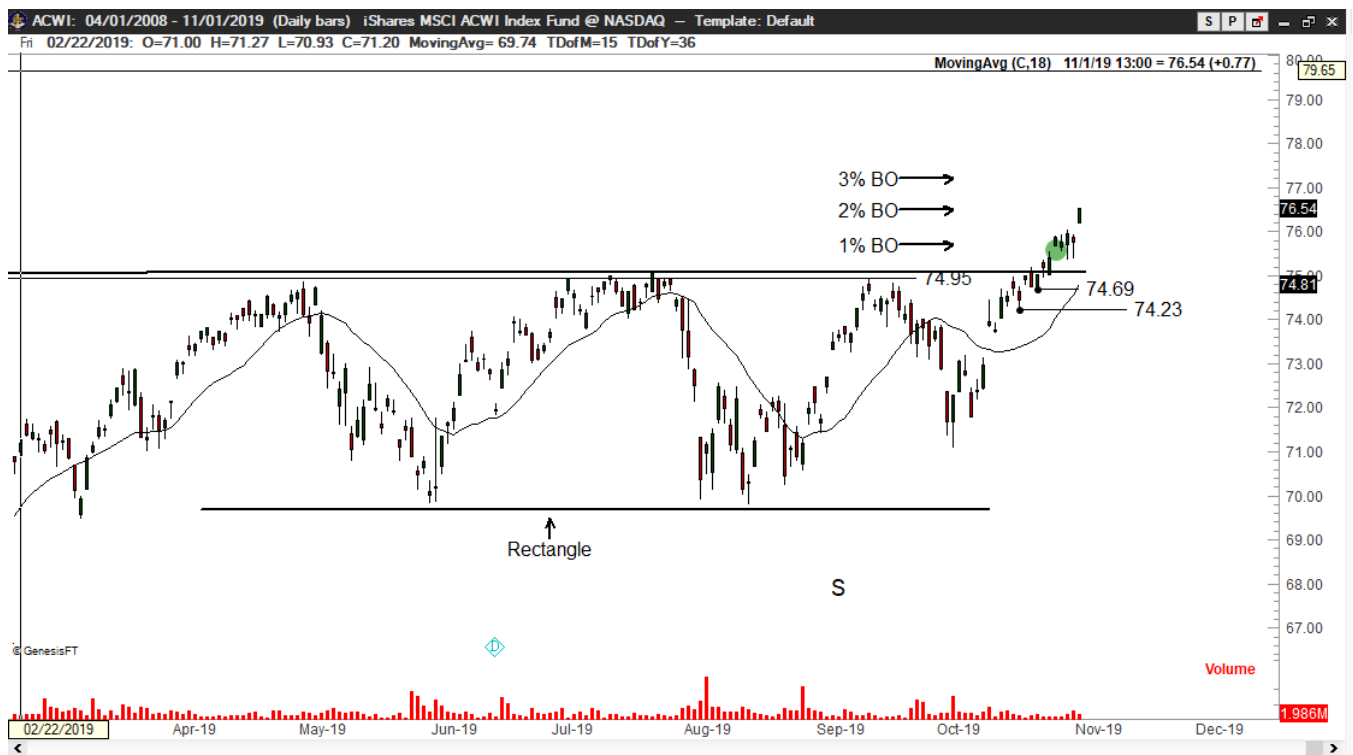
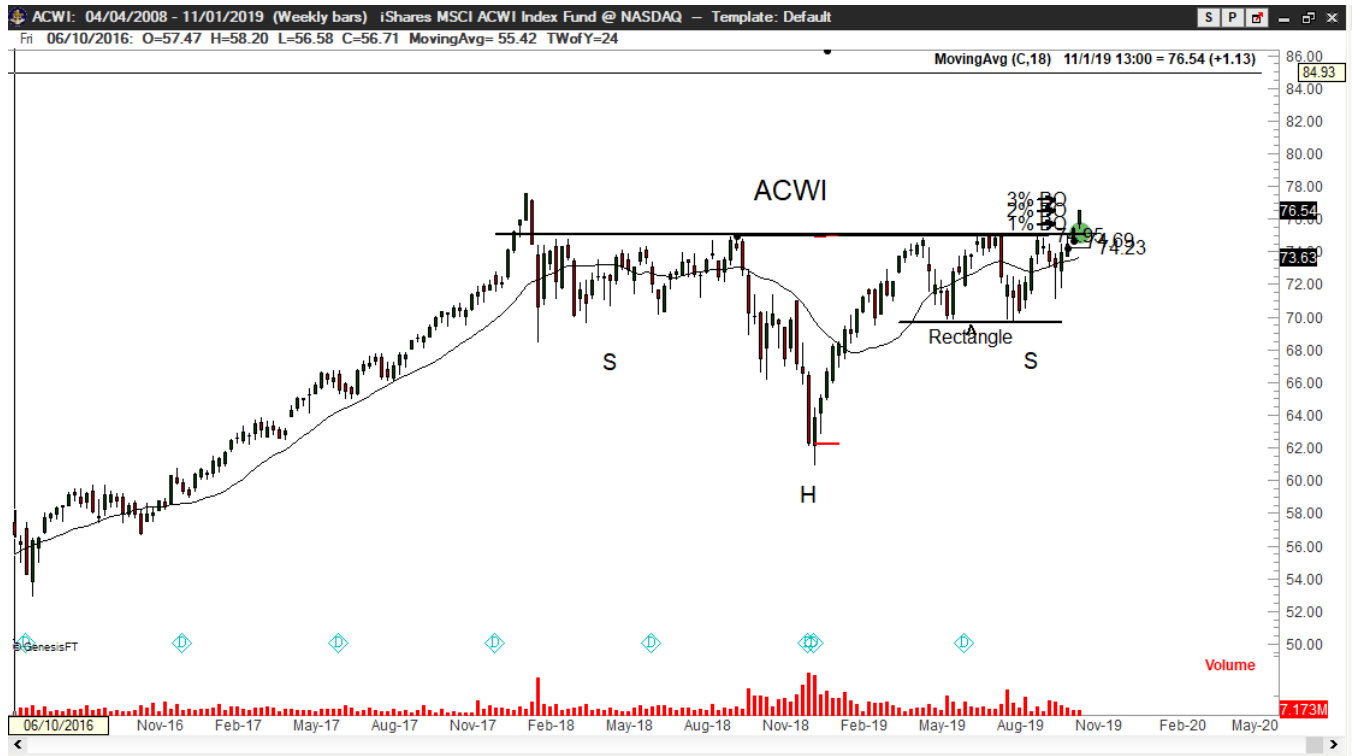
TSM (NYSE)

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



ACWI Fund (NASDAQ)

Factor is long. The All-World ACWI Index Fund has broken through the neckline of a 21-month inverted H&S configuration. The right shoulder has completed a 5-month rectangle. Friday's advance was impressive – we will have to see if there is further follow-through. Factor is flat.



AAPL (NASDAQ)

Factor is long based on the completion of a running wedge. The advance has exceeded the 70% mark of 251.30 for the purpose of applying the 3DTSR for 1/2 of the position. I will attempt to ride the remaining tranche based on the DMA.



MSFT (NASDAQ)

Factor is flat. The rally this past week completed a 13-week ascending triangle – but immediate follow-through has been lacking. Yet, it is possible that the Oct 28 gap up will remain a daily and weekly breakaway gap. I remain interested in owning MSFT.



Interest rates

5-Year T-Bonds (spot and CBOT)

Factor is long the 5-Yr Notes (futures). I viewed the advance on Thursday as a sign-of-strength and possible lift-off for the completion of a 9-week ascending triangle. An advance in futures equates to a decline in yields.



EuroSwiss (LIFFE)

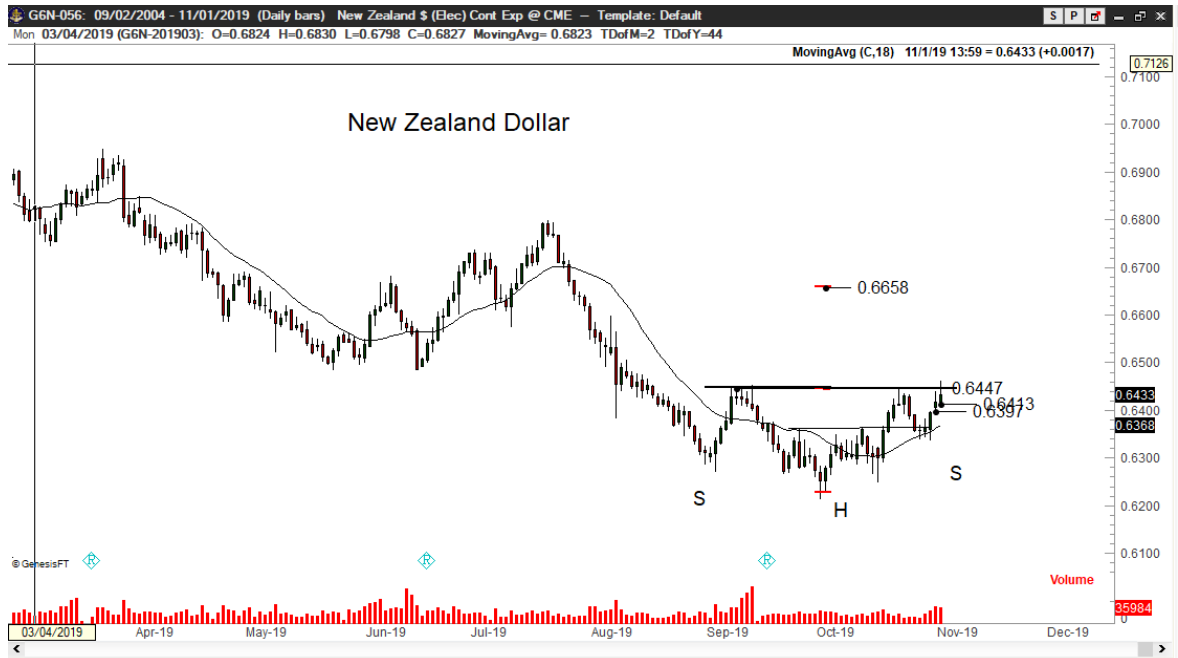
Factor remains short this market.



Currencies

New Zealand Dollar

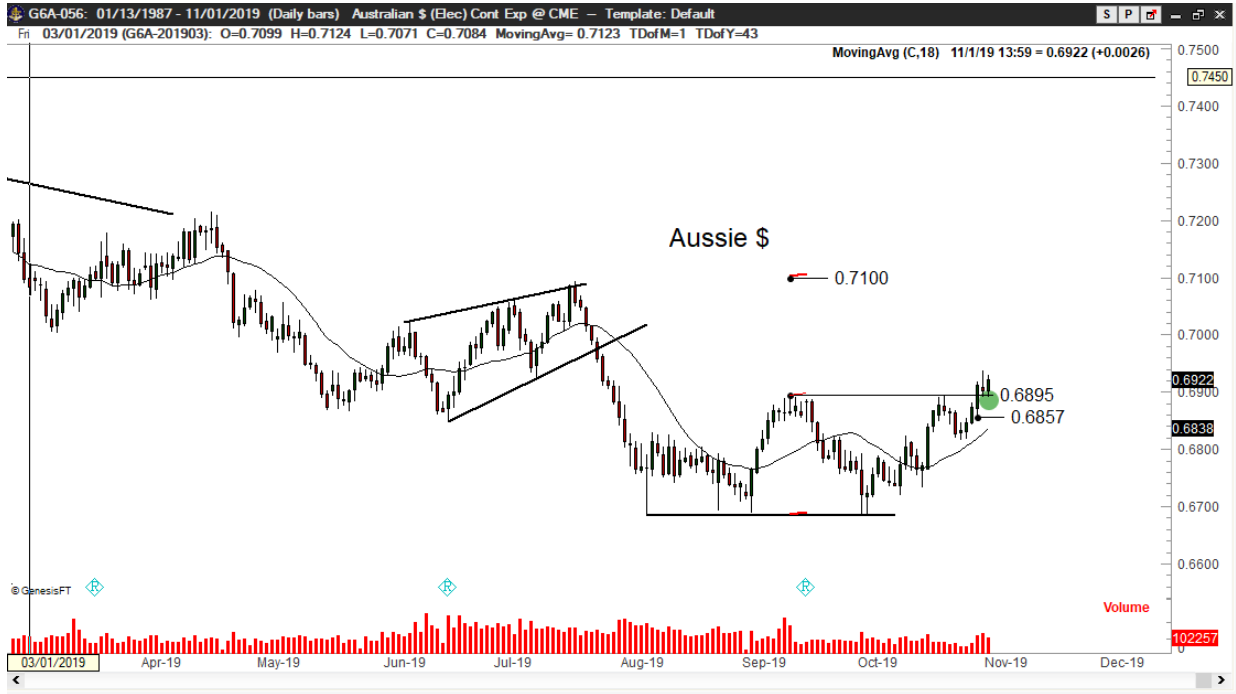
The rally on Friday punched through the neckline of a 9-week inverted H&S bottom – stopping me into a long position. The rally did not hold, although no serious damage was done to the chart.



Nevertheless, my policy is to exit losing trades on Friday, which I did. Factor is flat. I will reconsider a long position if the H&S is completed on a closing basis.

Australian Dollar

The advance on Wednesday completed a 12-week double bottom in Aussie \$ futures. Factor is long with a target of .7088.



Canadian Dollar

I was stopped out of a long position in Canadian \$ futures this past week, but the chart of the Dec contract continues to display a possible ascending triangle. I have a feeling that I am not done with the long side of the C\$. The large COT Commercial short position could be a headwind against a strong advancing trend.



Soybean Oil

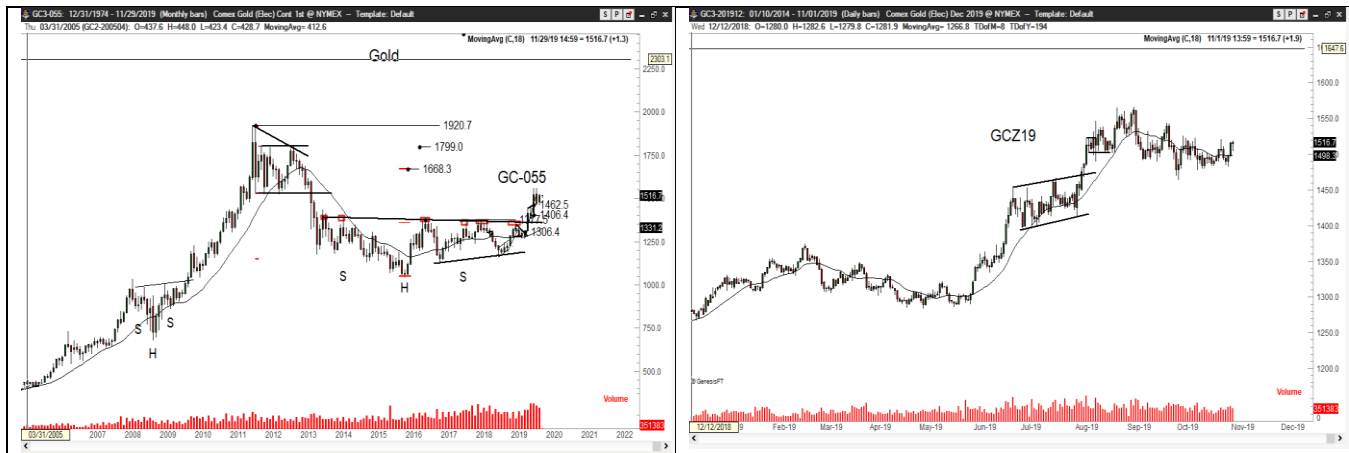
Factor remains long a tranche of Bean Oil, having been stopped out of a tranche this past week because the market was stalling. The advance on Oct 22 completed a running wedge. The target is 32.83 with an extremely tight protective stop.



Metals

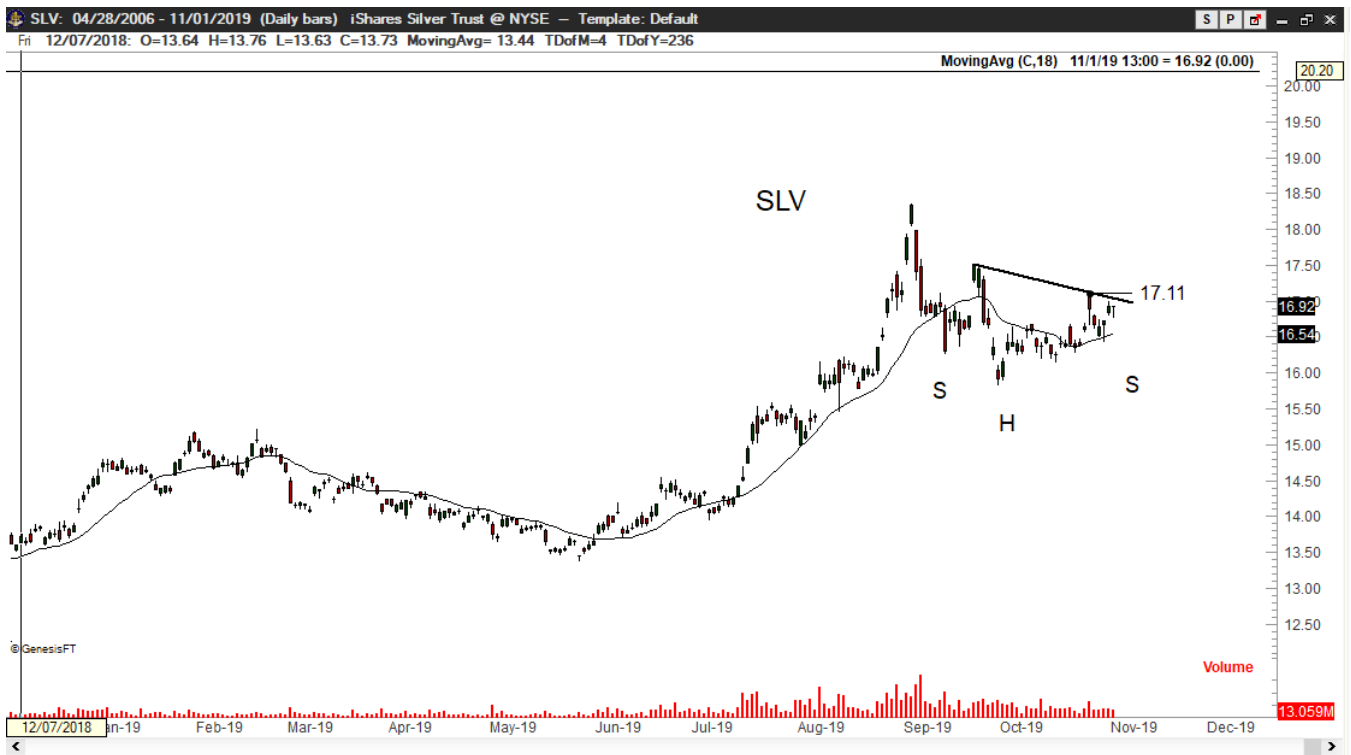
Gold

The daily Gold chart is in the process of morphing – at least that is what I hope is happening. The long-term charts, having completed a massive inverted H&S, are quite constructive, but a near-record short position by Commercials could put downward pressure on the market.



Silver

Silver is very undervalued relative to Gold. The long-term weekly chart displays a possible double bottom. Due to the volatility of Silver futures, I will consider using the ETF for a long position. Factor is flat, having been stopped out of a trade this past week.

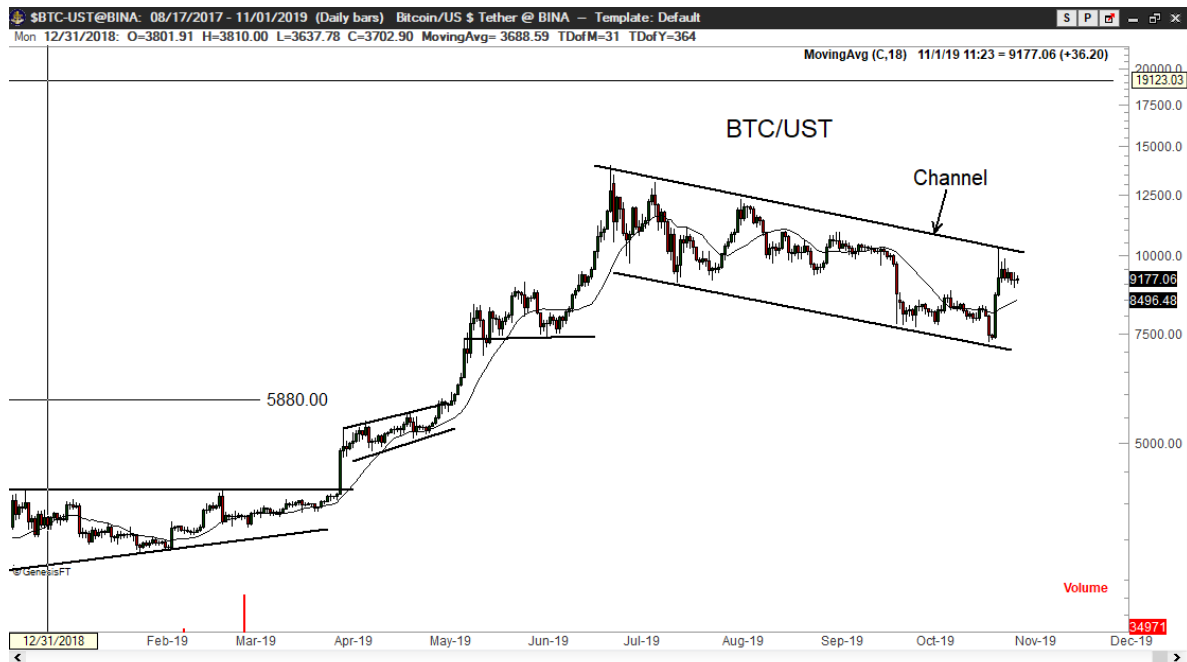


The Factor Crypto Corner

Cryptos

Bitcoin

The historic bull trend remains intact. The daily chart displays a bear channel. I will monitor BTC for a buying opportunity.



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Factor Tracking Account, November 1, 2019

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

Factor LLC																	11/1/2019	
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	3	101.050	30	100.89	10/22	100.66	Record NIRP	5-wk dbl top				\$ 636	NA	
TSM	Taiwan Semi	9/26/19	L	46.032	300	43.730	33	48.97/MA	10/31	56.970	20-mo cont H&S	20-mo cont H&S				\$ 13,810	\$ 13,810	
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	Open/MA	11-wk running wedge	11-wk wedge				\$ 11,778	\$ 11,778	
G6CZ19	Canadian \$	10/18/19	L	0.7616	1	0.7567	25	0.7628	10/28	0.8273	Monthly chart channel	11-wk "W"	30-Oct	0.7627	\$ 105	Closed	-	
G6CZ19	Canadian \$	10/18/19	L	0.7616	1	0.7567	25	0.7608	10/21	0.8273	Monthly chart channel	11-wk "W"	30-Oct	0.7608	\$ (170)	Closed	-	
SIZ19	1k oz NY Silver	10/25/19	L	1791.50	2	1773.00	19	1784.00	10/27	1964.00	Poss 5-yr dbl bottom	7-wk flag	28-Oct	1784.00	\$ (160)	Closed	-	
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	29-Oct	1777.00	\$ (286)	Closed	-	
MESZ19	Micro S&P	10/28/19	L	3031.00	3	2995.00	27	3016.50	11/1	3235.00	Poss 21 mo cont H&S	3-mo sym tri				\$ 2,100	\$ 45,465	
MESZ19	Micro S&P	10/28/19	L	3031.00	3	2995.00	27	2997.00	11/1	3235.00	Poss 21 mo cont H&S	3-mo sym tri				\$ 2,100	\$ 45,465	
ACWI	All World Fund	10/28/19	L	75.712	400	74.19	31			87.53	20-mo cont H&S	6-mo rectangle				\$ 30,285	\$ 30,285	
ZLH20	Soybean Oil	10/29/19	L	31.18	2	30.79	23	30.97	10/29	32.83	10-wk running wedge	10-wk running wedge				\$ 1,240	\$ 37,416	
ZLH20	Soybean Oil	10/29/19	L	31.18	2	30.79	23	31.34	10/30	32.83	10-wk running wedge	10-wk running wedge	31-Oct	31.33	\$ 170	Closed	-	
ZFZ19	5-Yr T Notes	10/31/19	L	118^28	1	118^12	25	118^19	11/1	122^18	Possible 9-wk asc tri	Possible 9-wk asc				\$ 1,040	NA	
G6AZ19	Aussie \$	11/1/19	L	0.6899	2	0.6854	45			0.7087	12-week dbl bottom	12-week dbl bottom				\$ 2,640	\$ 137,980	
G6NZ19	New Zealand \$	11/1/19	L	0.6456	1	0.6394	31	Mkt	11/1	0.6658	10-wk H&S	10-wk H&S	1-Nov	0.6435	\$ (215)	Closed	-	
Trades as of															\$ (556)	\$ 77,407	\$ 333,976	
Indicates open position value as of																Levered at	1.67	
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE															ROR YTD	-0.28%	Cap utiliz.	38.7%
<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.																		

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