



"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 9, 2019

Market Review

This issue comments on global stock markets (DJIA, \*S&Ps, \*TSM, \*ACWI, \*AAPL, Costco, Berkshire Hathaway, Russell, \*MSFT), metals (\*Gold, Silver), interest rates (\*EuroSwiss, \*10-Yr. T-Notes, T-Bonds), Cocoa, currencies, \*Soybean Oil and cryptos. \*Signifies a position in the Factor \$200,000 Tracking Account.

<p><u>Developing signals</u></p> <ul style="list-style-type: none"> <li>• Costco</li> <li>• Berkshire Hathaway</li> </ul>	<p><u>Existing positions</u></p> <ul style="list-style-type: none"> <li>• EuroSwiss rates</li> <li>• TSM</li> <li>• AAPL</li> <li>• ACWI</li> <li>• Soybean Oil</li> <li>• Microsoft</li> <li>• S&amp;Ps</li> <li>• 10-Yr T Notes</li> <li>• Gold</li> </ul>
<p>The Factor Tracking Account is currently leveraged at 1.7X. Capital Utilization is at 49.8%. Note: Factor does not include the nominal value of interest rate futures contracts.]</p>	

**Contents**

Trading commentary ..... 1

Global equity markets ..... 2

Interest rates ..... 9

Soybean Oil ..... 10

Metals ..... 10

Post Mortems ..... 12

Cryptos ..... 13

Trading commentary

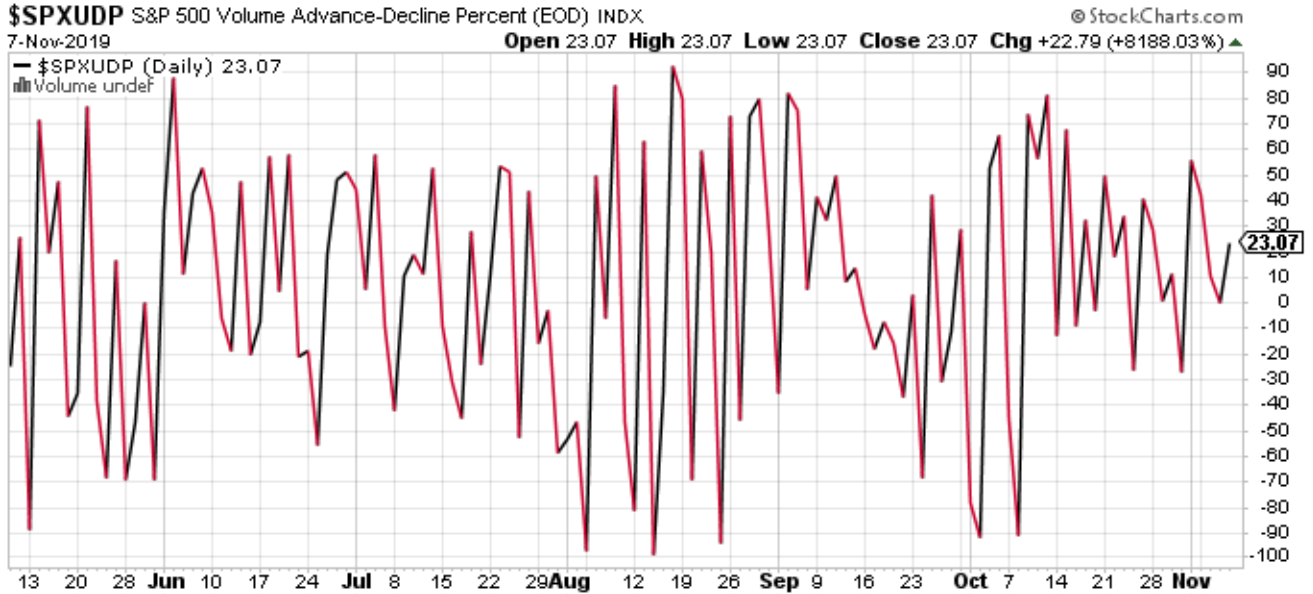
For most of 2019, I have taken an extremely shy approach to trading, as measured by:

- Portfolio leverage less than 1.0X. A leverage of 1.0 means that the composite underlying value of all carried positions equals the nominal value of a trading account.
- Capital utilization less than 20%. This means less than 20% of the nominal value of an account is required to meet margin requirements, the remainder sitting in cash equivalents.
- Average risk per trade less than 40 BPs, although in recent weeks this risk level has been increased.
- More aggressive and active trade management protocol than the past. This has led to my shortest average hold time for positions in many years.

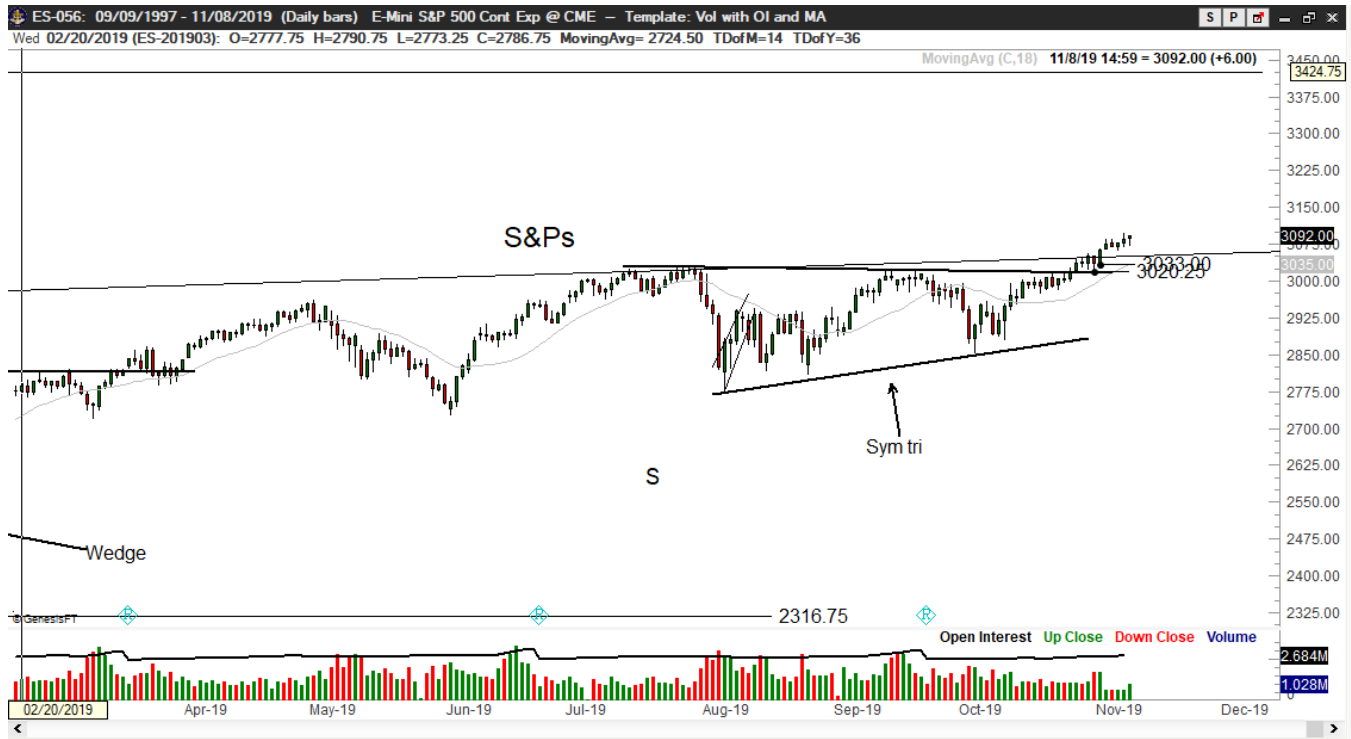
At least temporarily, I have taken a more "risk-on" trading stance. I would expect to tame down my portfolio before entering the U.S. Thanksgiving to New Year's holiday season, typically a dull and choppy time. There is a HUGE danger in a heavy portfolio, especially with concentration in one or two market categories (as is the case now in the Factor Tracking Account with U.S. equities). Sizable drawdowns can occur if a trader is not super judicious in trade management practices.

### Global equity markets

The S&P 500 cumulative A/D line continues to display healthy market breadth. It is disappointing that the breakout into new ATHs in the U.S. indexes has not been accompanied by at least one day of 80% Up/Down volume. This seems to me to indicate some susceptibility to shake-outs.

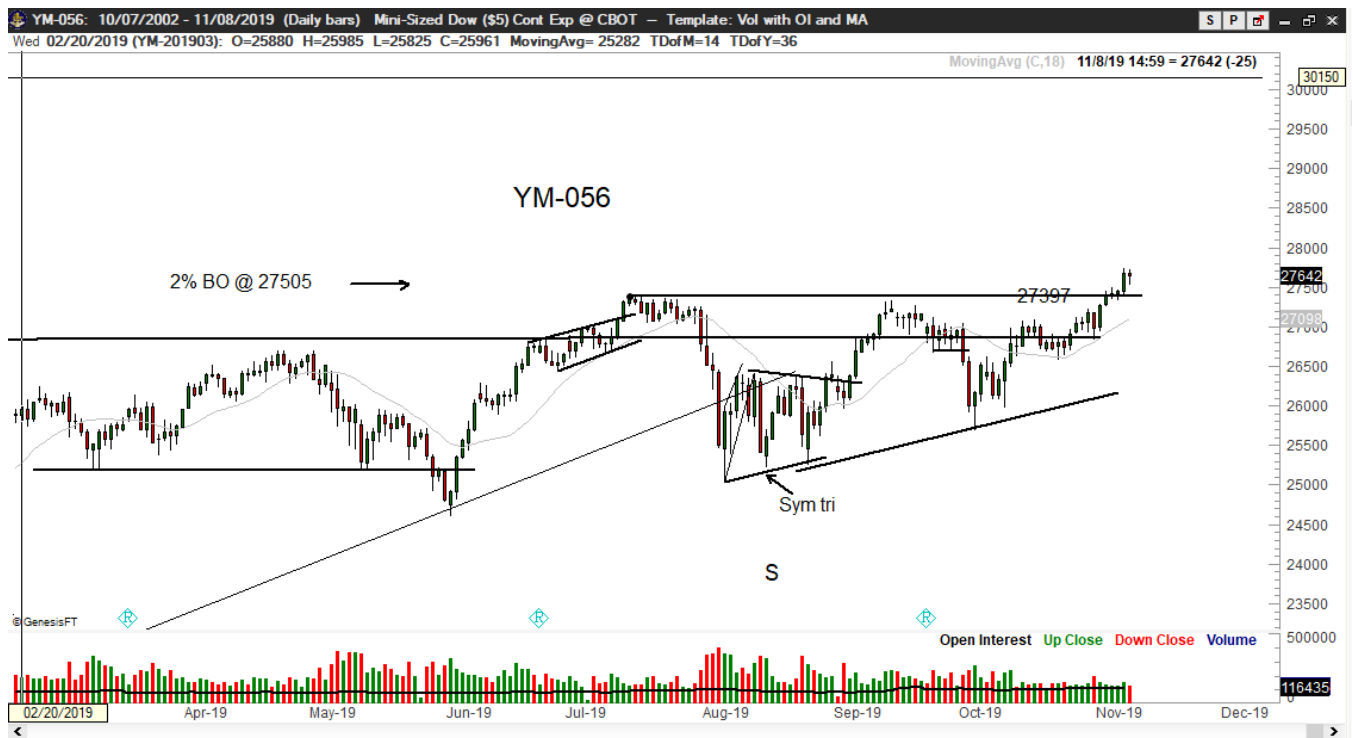
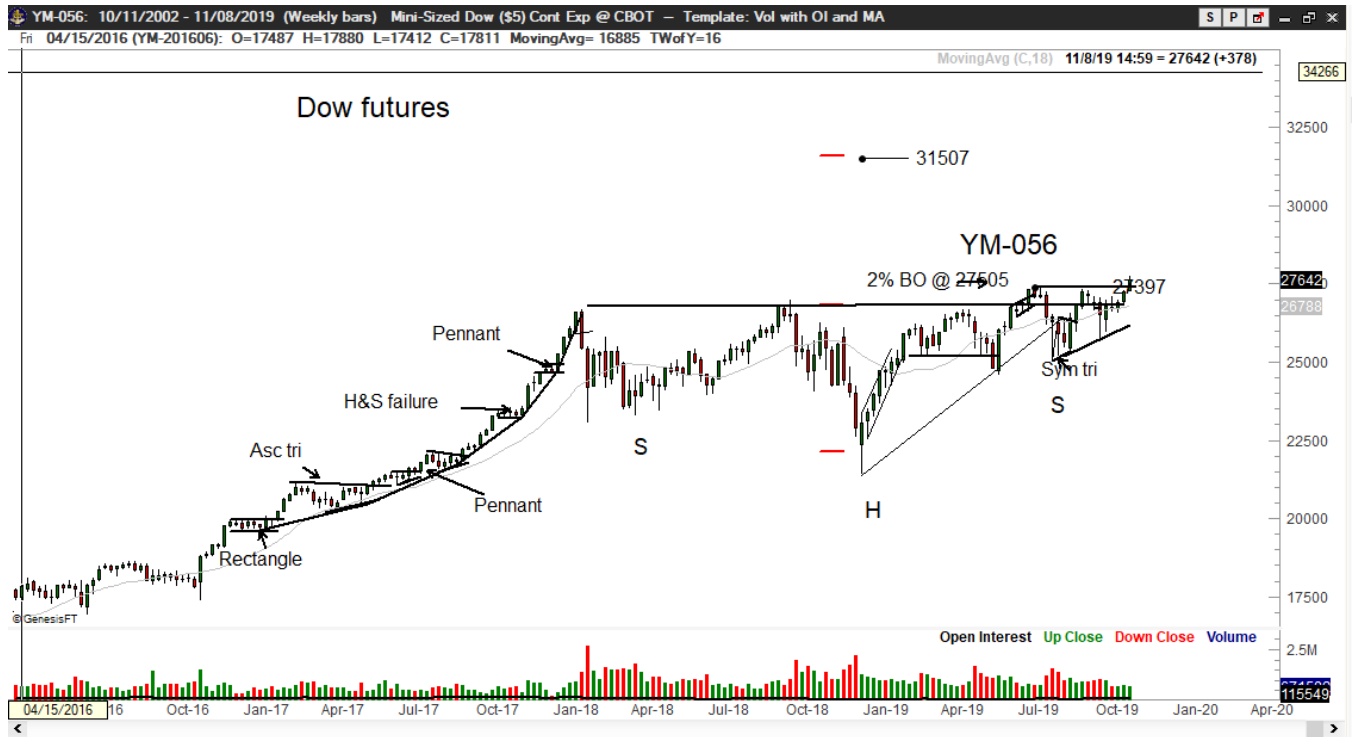


S&P 500 (CME)  
Factor is long.



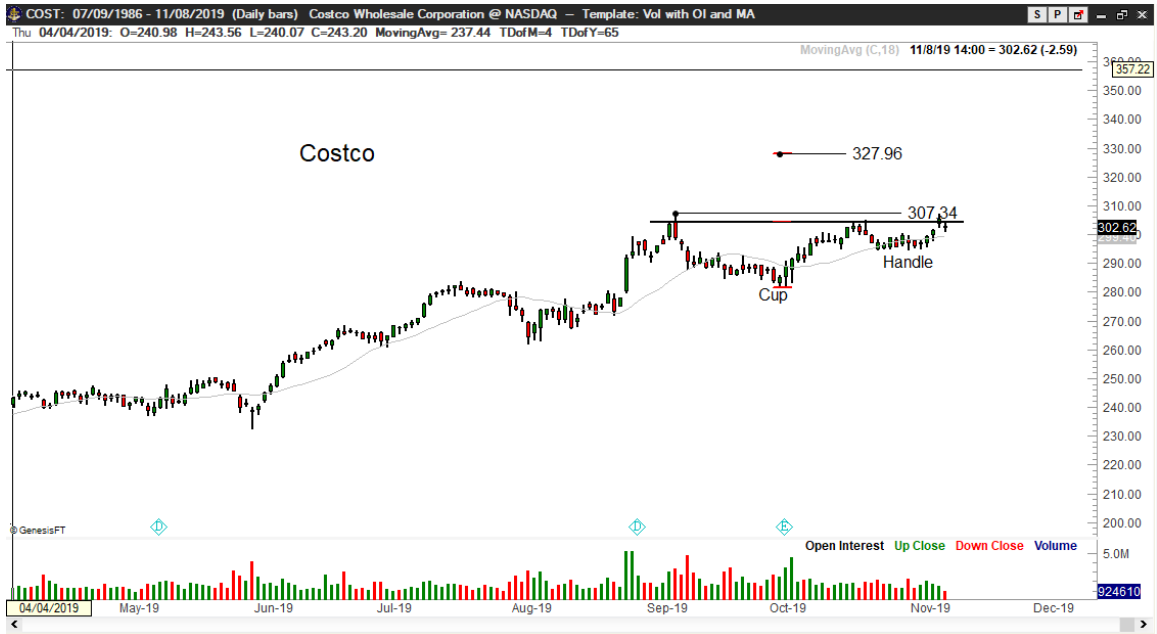
DJIA (CBOT)

The DJIA has now posted new ATHs, completing a continuation H&S pattern in the process. I am interested in the long side, but I am somewhat leery to taking on too much more risk in U.S. equities unless I can fine-tune trade management.



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.

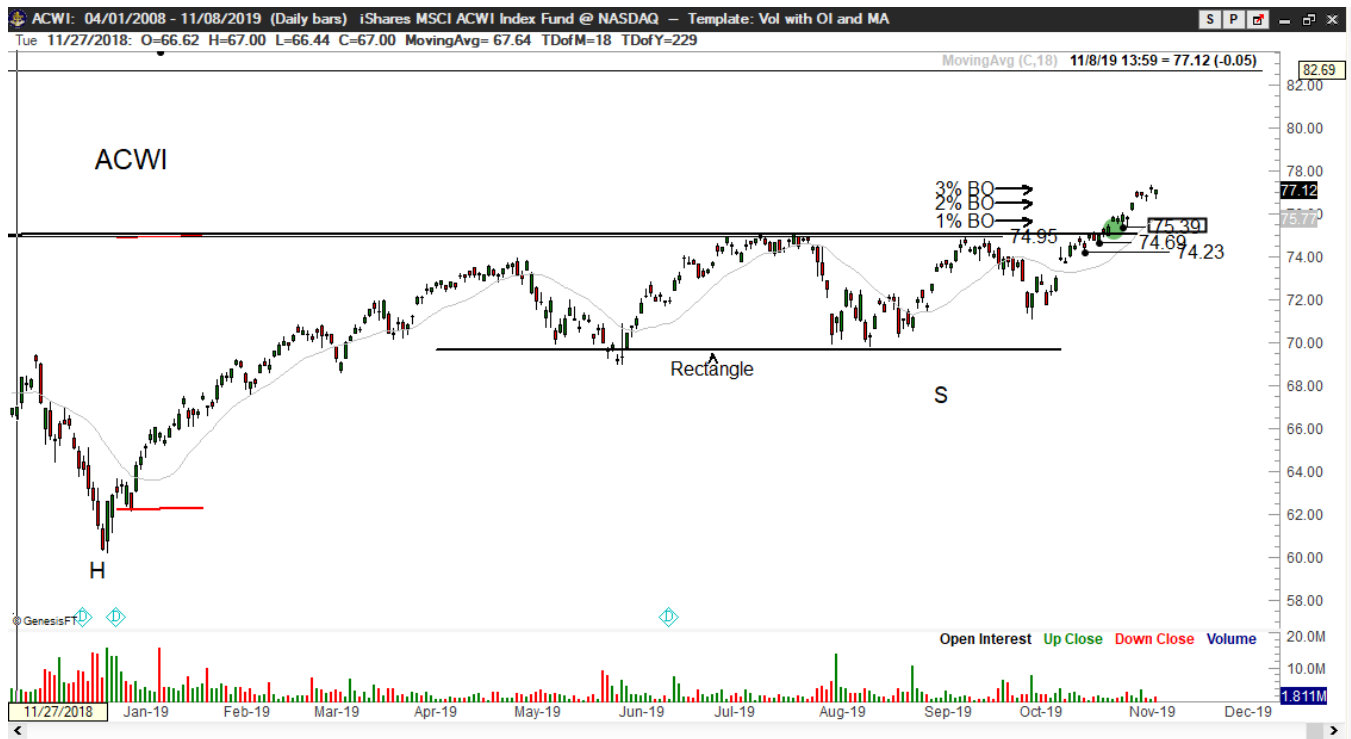
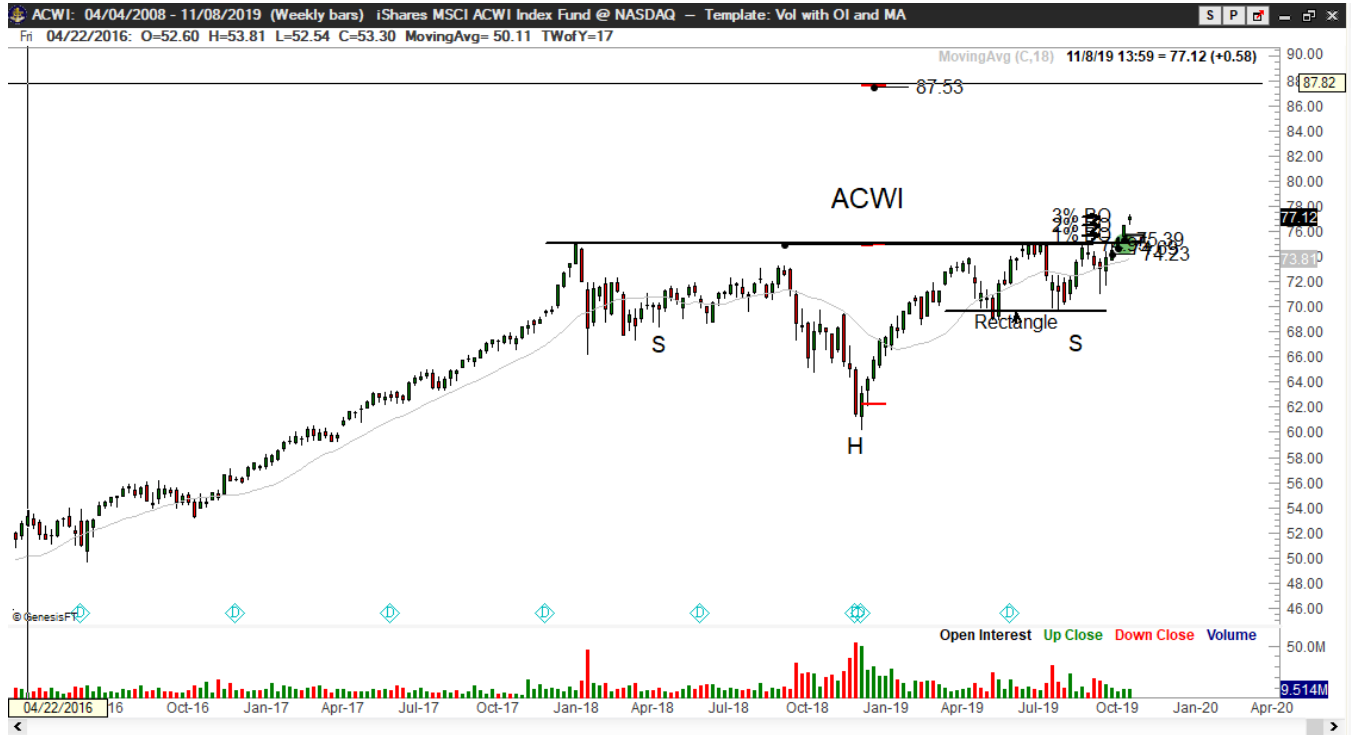


TSM (NYSE)

Factor is long. I will manage this trade using the 18-DMA. The stock has reached 70% of its measured target.

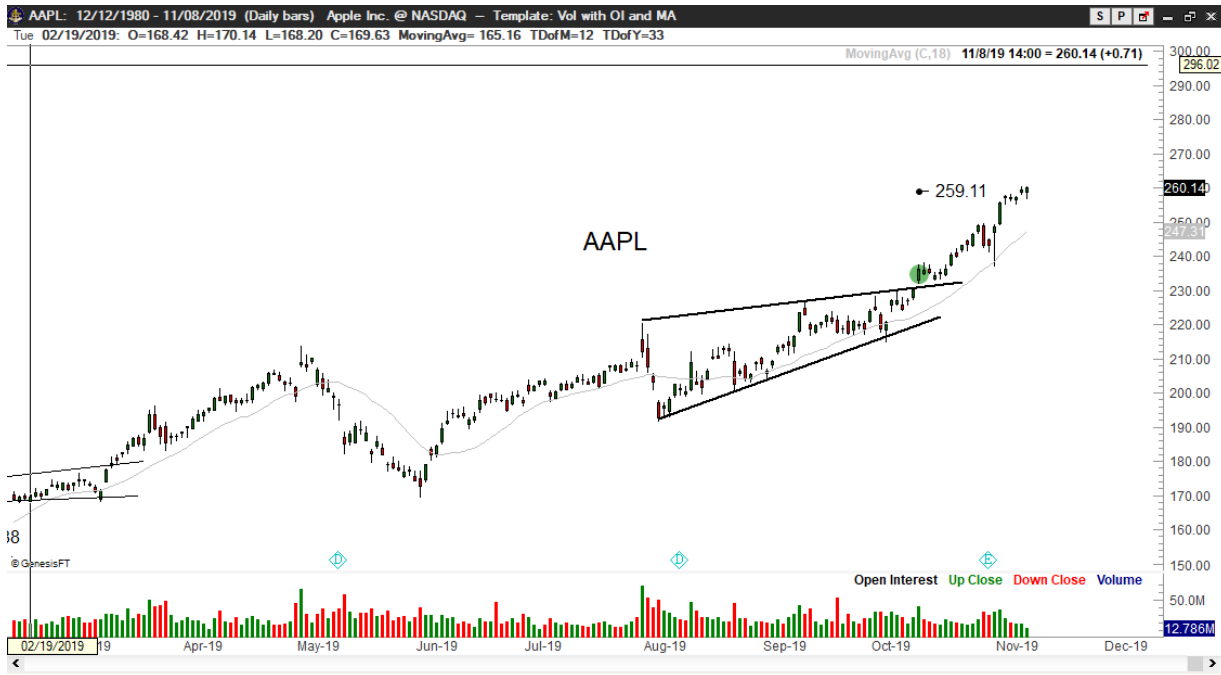


ACWI Fund (NASDAQ)  
Factor is long.



### AAPL (NASDAQ)

The target in AAPL was reached on Thursday. The rising wedge is typically a bearish pattern. This is an example of the wedge climbing out of the upper boundary – also known as a running wedge. Factor has covered half of the long position and will manage the other half with the 18 DMA.



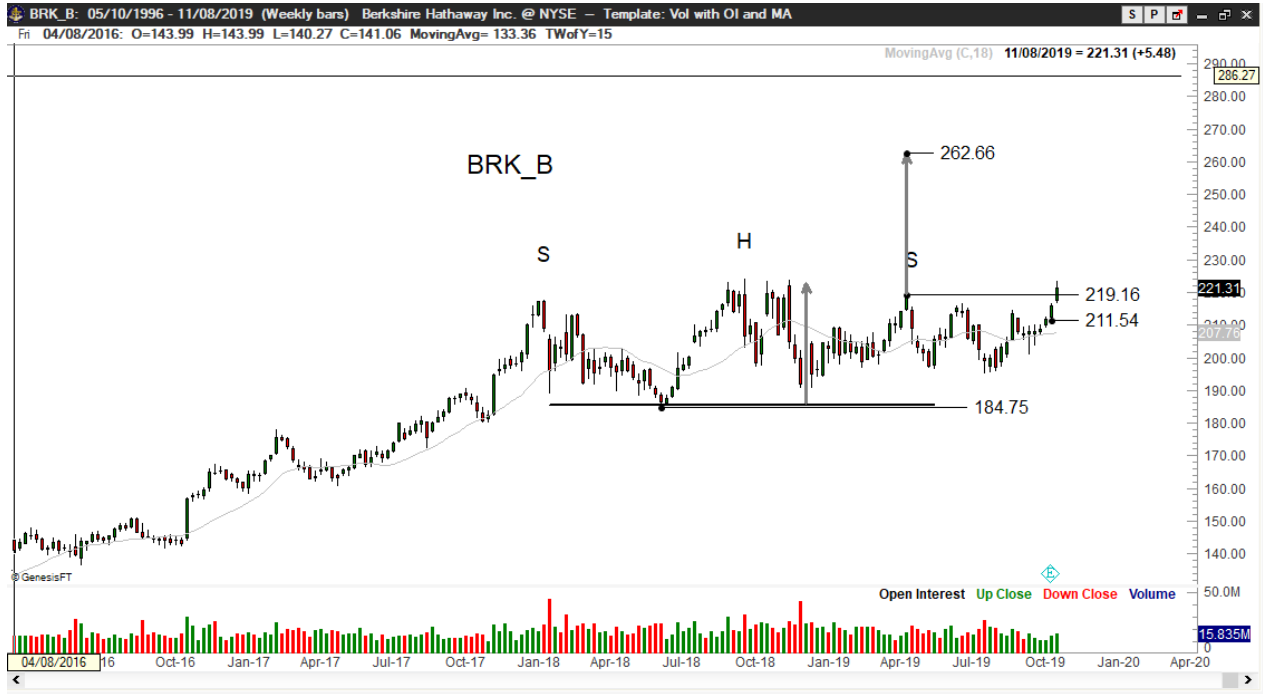
### MSFT (NASDAQ)

Factor is long. A small pennant was completed on Friday.



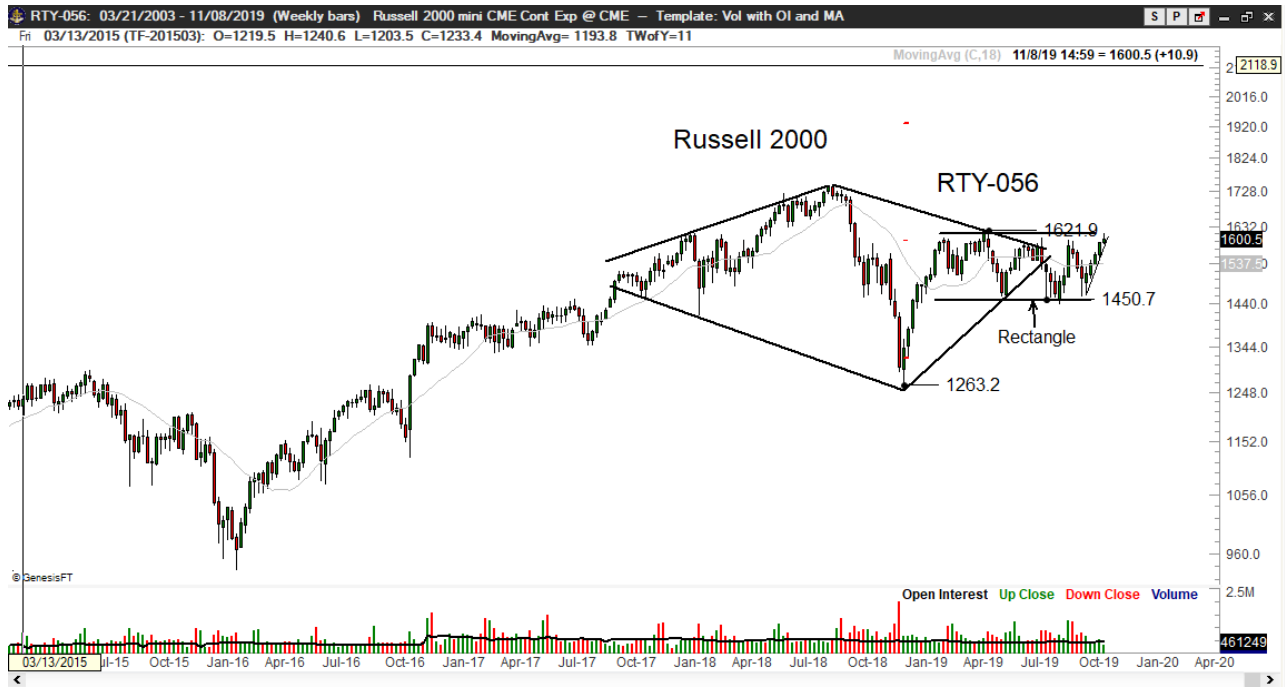
Berkshire Hathaway B-shares (NYSE)

The advance on Nov 7 completed a massive H&S failure pattern. Support should now exist at the previous right shoulder high. Factor is flat with orders to buy a retest.



Russell 2000

A decisive close above 1621 would be a breakout.





Interest rates

10-Year T-Bonds (spot and CBOT)

The decline on Nov 7 completed an M-top. Factor is short.



EuroSwiss (LIFFE)

Factor remains short this market.



## Soybean Oil

Factor is long. The market has reached the 70% level to the target. Remember that I do not use overnight stop orders in thinly traded 24-hour markets such as grains. Bean Oil appears to be forming a brief flag.



## Metals

### Silver

Silver has completed a bear channel. However, prices should find support at the double bottom on the weekly chart. Factor is flat.

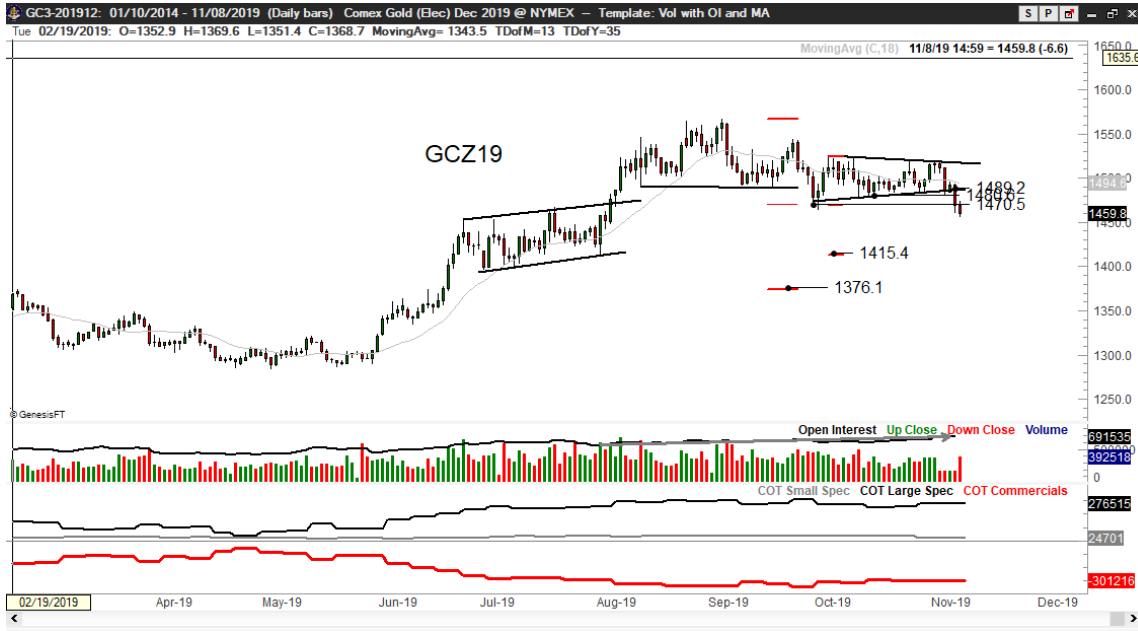


**Gold**

There are three negative technical factors in Gold.

- The daily chart has completed a 13-week failure top and 6-week continuation triangles
- The open interest has increased, indicating boldness on the part of shorts and possible mass liquidation by stall longs
- Commercial short positions remain at near all-time record levels

Factor is short. A correction to 1380 would retest the underlying inverted H&S pattern on the longer-term graphs.



Post Mortems	
5-Yr T-Notes Loss = 8 BPs	
AAPL Gain = 58 BPs	

plb  
###

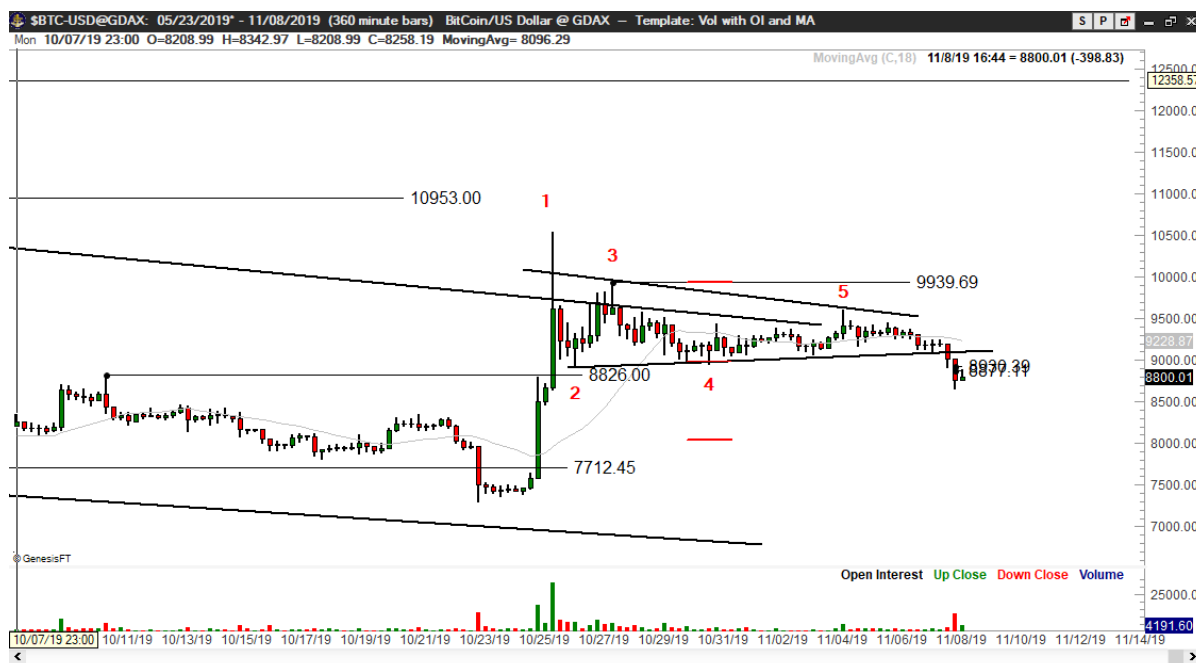
# The Factor Crypto Corner

## Cryptos

### Bitcoin

Two chart observations are worthy of note.

1. The decline from the Jun high has clearly taken the form of a bear channel.
2. Price has been rejected from the upper boundary of the channel via a completed 2-week triangle.



**Factor Tracking Account, November 8, 2019**

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

Factor LLC		11/8/2019																
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	Trade date	Price				
LUM20	EuroSwiss	9/11/19	S	100.97	3	101.050	30	100.80	11/6	100.66	Record NIRP	5-wk dbl top				\$ 636	NA	
TSM	Taiwan Semi	9/26/19	L	46.032	300	43.730	33	49.72/MA	11/6	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	254.98	11/4	258.87	11-wk running wedge	11-wk wedge	7-Nov	258.87	\$ 1,165	Closed	-	
AAPL	Apple	10/14/19	L	235.6	50	227.2	21	240.47/MA	10/25	Open/MA	11-wk running wedge	11-wk wedge				\$ 11,778	\$ 11,778	
MESZ19	Micro S&P	10/28/19	L	3031.00	3	2995.00	27	3018.50	11/6	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	3035.50	11/8	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	200	74.19	31	75.29	11/8	87.53	20-mo cont H&S	6-mo rectangle				\$ 15,142	\$ 15,142	
ACWI	All World Fund	10/28/19	L	75.712	200	74.19	31	76.13	11/8	87.53	20-mo cont H&S	6-mo rectangle				\$ 15,142	\$ 15,142	
ZLH20	Soybean Oil	10/29/19	L	31.18	2	30.79	23	31.84	11/7	32.83	10-wk running wdg	10-wk running wdg				\$ 1,240	\$ 37,416	
ZFZ19	5-Yr T Notes	10/31/19	L	118^28	1	118^12	25	118^235	11/4	122^18	Possible 9-wk asc tri	Possible 9-wk asc	5-Nov	118^235	\$ (146)	Closed	-	
G6AZ19	Aussie \$	11/1/19	L	0.6899	2	0.6854	45	0.6884	11/6	0.7087	12-week dbl bottom	12-week dbl bottom	7-Nov	0.6883	\$ (330)	Closed	-	
MGCZ19	Micro Gold	11/7/19	S	1479.2	4	1493.2	28	1490.2	11/7	1376.1	13-wk failure top	5-wk sym tri				\$ 2,700	\$ 59,168	
MGCZ19	Micro Gold	11/7/19	S	1479.2	4	1493.2	28	1490.2	11/7	1416.2	13-wk failure top	5-wk sym tri				\$ 2,700	\$ 59,168	
ZNZ19	1-Yr T-Notes	11/7/19	S	128^25	2	129^135	64	129^035	11/8	125^11	14-wk sym tri	14-wk sym tri				\$ 3,380	NA	
MSFT	Microsoft	11/7/19	L	144.19	100	140.73	18	143.47	11/8	152.97						\$ 14,419	\$ 14,419	
MSFT	Microsoft	11/7/19	L	144.19	100	140.73	18			163.47						\$ 14,419	\$ 14,419	
Trades as of															\$ 689	\$ 99,566	\$ 331,392	
Indicates open position value as of															ROR YTD	0.34%	Levered at	1.66
PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE																	Cap utiliz.	49.8%
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.																		

plb  
###