



October 03, 2021

Markets

Some weeks are quiet (1 or fewer new trades), some are normal (2 new trade entries) and some are absolutely nuts. I define this past week as bizarre. My preference are markets that are quiet or normal. Markets with multiple trade exits and entries are not my desire – but they happen. Crazy happened this week. This week I was stopped out of two trades (Nikkei Dow and AVGO), took target profits on one Pareto trade (Ultra T-Notes) and entered into eight different trades (Corn, DBC, GBP/USD, Pesos, KC Wheat, Bitcoin, T-Notes and Coffee). Crazy!

How many trades I exit and enter is not something I directly control. I am an order enterer – nothing more glamorous I am afraid. My goal is to enter orders that make sense based on my understanding of classical charting principles. This week presented itself with a lot of markets that developed chart patterns for which trades made sense. Orders were entered and orders were filled.

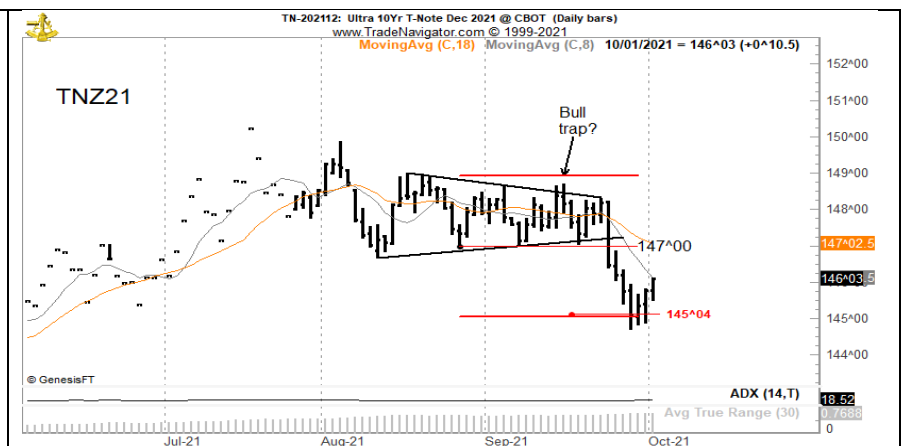
The big question for me when I put on a trade based on a chart is whether the signal will stand the test of time. Many signals may seem quality at the time of a trade, but morph themselves out of existence in subsequent days/weeks/months. Real Pareto trades normally come from a chart entry signal that is omni-obvious a year after the fact.

The overwhelming vast majority of daily bars on a chart do little more than take up space. Fewer than maybe a half-dozen daily bars per year on any given chart make a proclamation of something significance.

In my approach to charting and trading, these “days of proclamation” are clear breakout days that end a congestion and without hesitation begin a sustained trend toward a target implied by the nature of the congestion zone. I desire for all my trade entries to be on days of proclamation. Most of the price bars I based trades on get morphed out of existence.

Beginning Trades and New Trades During the Week

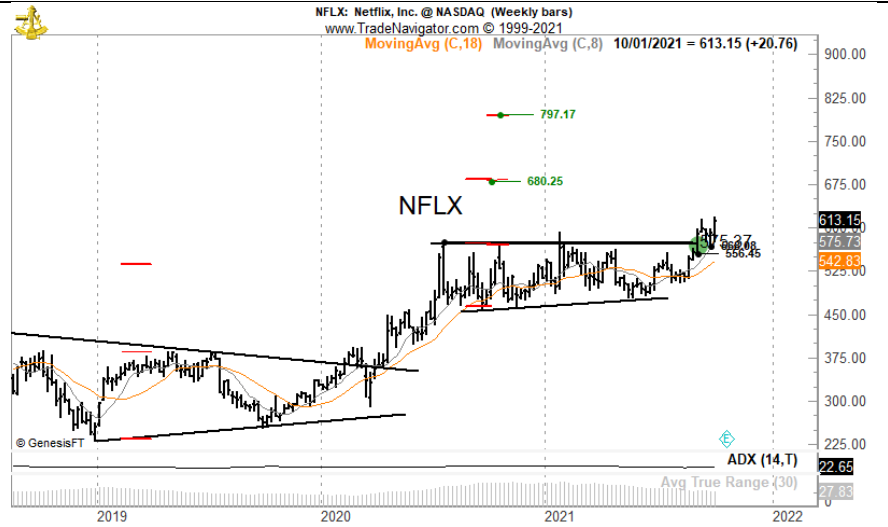
Ultra 10-Yr Notes. The price target of 145^04 was met in the Dec contract. I am flat. I want to re-enter on a strong counter-trend rally.



10-Yr T Notes. The trend in treasury futures remains down. After covering a trade in the Ultras I still wanted exposure so I shorted a 50% position in the regular 10-Yr contract. This was an emotional trade -- to be rectified. The daily chart triggered a 3-day trailing stop rule on Friday.



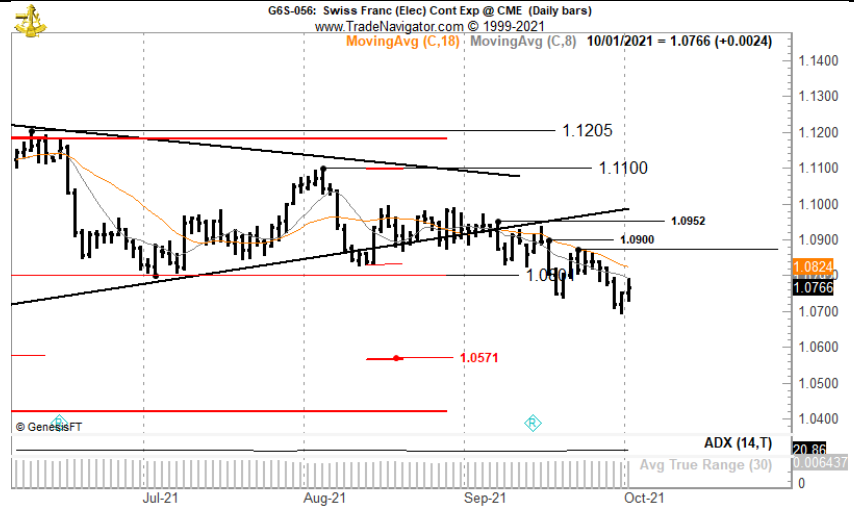
NFLX. I am long 100%.



GBPZ21. Looks like I could have a popcorn trade on my hands. I am 100% short. We will see if my stops hold or give way.



Swiss Franc futures. I remain short a 50% position.



GEZ24. I remain short a 100% position with tight stops on half.



DBC. I last week's update I mentioned I would buy this ETF on any small correction. I finally got it on Thursday. The buy is based on the Sep 23/24 completion of a right-angled broadening triangle. I am 100% long.



Corn. I bought a 100% position in Corn this past week. In my mind, this trade was not anticipatory in nature for a pending large symmetrical triangle) but, in fact, was based on the confirmation of a completed bear trap. I have sell stops set to trigger if this advance from the Sep low begins to roll over.

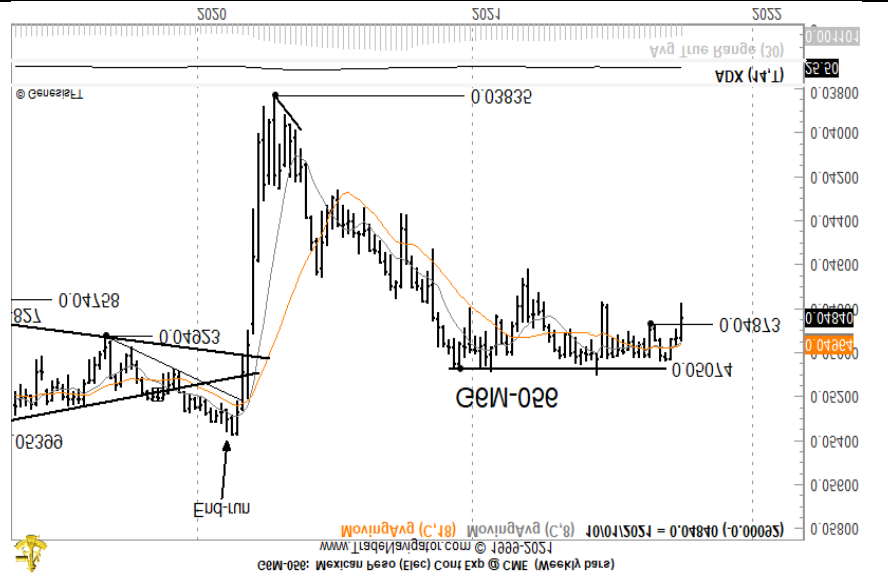


KC Wheat. The monthly chart completed a massive "W" bottom in early 2021. KC Wheat is in a strong bull trend with a target of 9.02. The daily chart this past week completed a Cup and Handle buy signal. I bought a 50% position based on the small inverted H&S in the Handle as an anticipatory trade and an additional 50% on Friday's close.

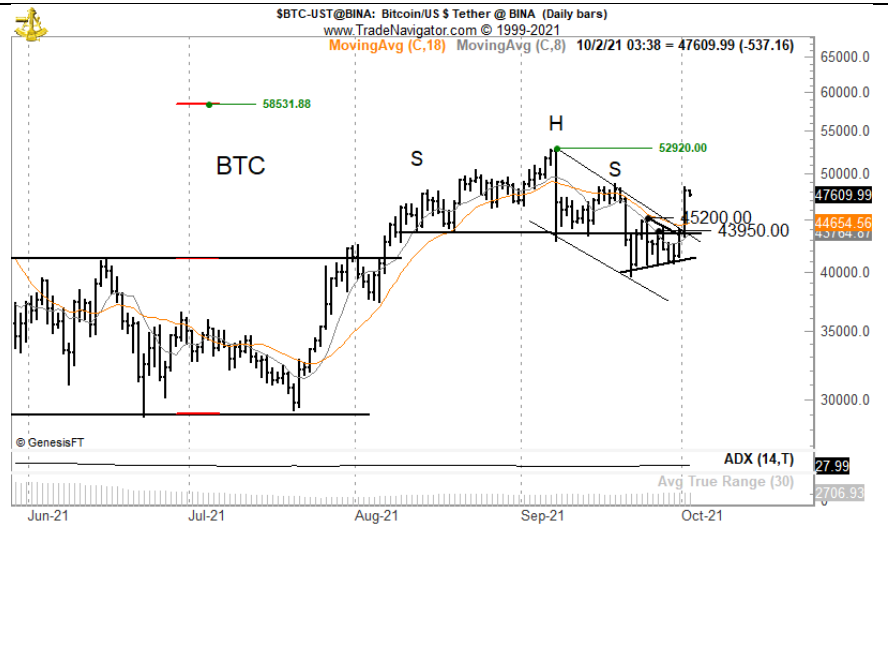
I want to point out that the continuation chart (not shown) cleared the May top by the required ATR margin while the Dec contract remains ten cents short of this mark. In this case I placed more weight on the continuation chart.



Peso futures. See the Special Email Alert dated Sep 30. I love the weekly chart but I am not in love with my 50% position. A massive compound fulcrum bottom has been completed (futures chart is flipped upside down to mirror the spot market). I held my short even though Friday was a complete outside reversal day and my position closed at a loss. I had planned to sell more on a retest but will wait and watch for a few days.



Bitcoin. I bought a 100% position (60 BP risk) in spot BTC on Friday. Let me make this as clear as I can – this is a “bet-on-the-come” maybe pattern, not a Pareto-type signal. It required some creative and nuanced thinking for me to consider the advance on Friday above 45,000 to be a buy signal. Sometimes getting cute with a chart really works, more often than not it does not work. If I had NOT bought on the breakout, I would not be interested now in buying a retest. I think there is a chance BTC can still have a further decline. I just have a sense that more congestion is needed on the weekly chart before another huge advance occurs in BTC.



Coffee. The “softs” are in strong uptrends. The advance on Friday completed a continuation symmetrical triangle by climbing above the Sep 29 and Aug 31 highs. Whether this trade works or not, this was a really quality signal. I am now 50% long.



Trades were negated and stopped out in Nikkei Dow and AVGO.



Charts not shown.

Markets/symbols to be monitored next week

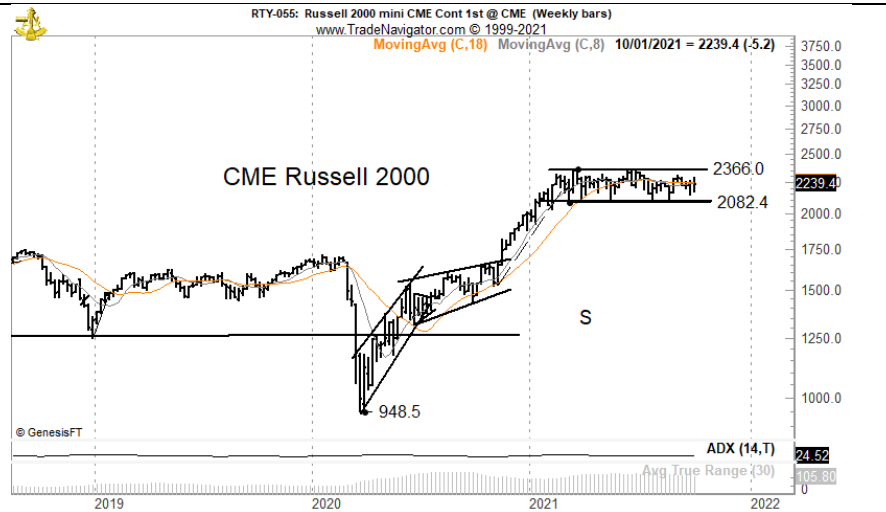
DBA. This ETF is poised to complete a large Cup and Handle. I am getting a bit nervous about exposure to ag markets, but I will take this trade if it is triggered.



RSF22. I am rolling my attention and orders from the Nov contract to the Jan 2022 contract.



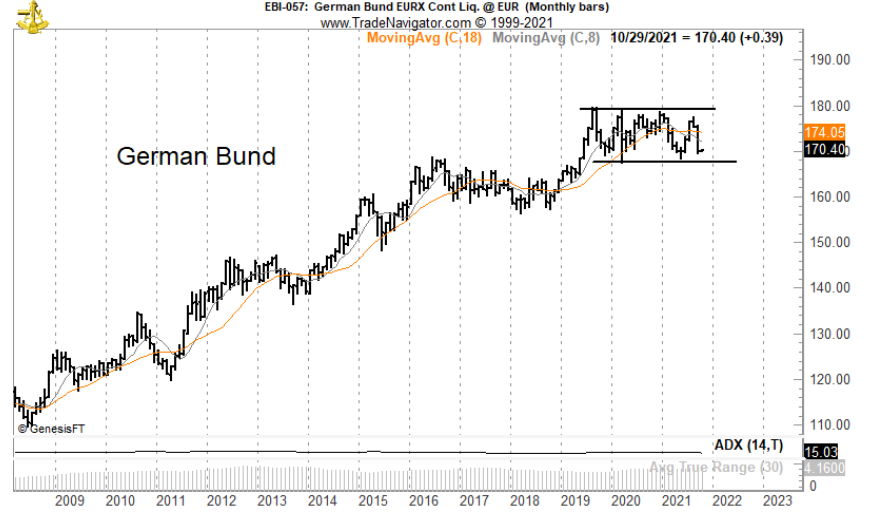
Russell. I have entry orders entered for a breakout in either direction.



China A50 futures. I will monitor this chart for the completion of a bottom.



German Bunds. Will EU yields ever roll over or forever be negative?



London White Sugar. I am considering this chart for what would be a quick swing trade.



Soybean Oil. It is crazy to think that the Bean Oil is forming a massive continuation triangle, but crazier things have happened.



2-Yr T Notes. Nobody expects higher rates on the short-end of the yield curve. Which is why I will monitor this chart.



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Tracking sheet for the week of Sep 26 ending Oct 2

			Weekly position/symbol tracking - Prop ONLY	
W/O Sep 26				
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position
AVGO	L 100%			S 100% F 482.48, flat
CHFZ21	S 50%		Swiss futures	Hold
GEZ24	S 100%		Euro\$ futures	Hold
NFLX	L 100%			Hold
NKZ21	L 100%		Nikkei Dow	S 50% Tu 2976, S 50% F 2923.5, flat
TNZ21	S 100%		Ultra 10-Yr Notes	B 100% Tu 145^04, flat
		ARKK		Cxld
		Corn		B 100% M 5.34, long 100%
		DBA		UA
		DBC		B 100% Th 20.02, long 100%
		EWQ		Cxld
		GBPJPY		Cxld
		GBPZ21	Pound futures	S 100% Tu 1.3588, B 25% F 1.3537, short 75%
		MWEZ21	Mpls Wheat	Cxld, see KC Wheat below
		RSX21	Canadian Canola	Unable
		Russell futures		Unable
		SLV		Cxld
		TSM		Cxld
			MXN futures Dec	S 50% Th .04821, short 50%
			KC Wheat Dec	B 50% F 7.32, long 50%
			Bitcoin spot	B 100% F 45202, long 100%
			T-Notes Dec	RO from Ultra S 50% W 131^22, short 50%
			Coffee Dec	B 50% F 200.30, long 50%

Tracking sheet for the week of Oct 3

			Weekly position/symbol tracking - Prop ONLY	
W/O Oct 3				
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position
CHFZ21	S 50%		Swiss futures	
GEZ24	S 100%		Euro\$ futures	
NFLX	L 100%			
Corn	L 100%		Dec futures	
DBC	L 100%			
GBP	S 75%		Dec futures	
Peso	S 50%		Dec futures	
KCWZ21	L 100%		KC Wheat	
BTC	L 100%			
ZNZ21	S 50%		10-yr Notes	
KCZ21	L 50%		Dec Coffee	
		DBA	U.S. ETF	
		RSX21	Canadian Canola	
		RTYZ21	Russell futures	
		China A-50	Futures	
		EBI	German Bund futures	
		LSUZ21	London Sugar	
		ZLH21	Bean Oil	
		2-Yr T-Notes	Futures	

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end