



October 17, 2021

Markets

Two or three trades in a week is all the excitement I really want. This past week was crazy – and I hope I do not experience as much weekly activity EVER again in my life. I came into the week with lots of positions – too many! It was a house-cleaning week. I feel fortunate to have survived the week without losing several hundred basis points. Fortunately, a couple of small winners (Eurodollars, DBC) were also stopped out to make up for minor damage from the majority of closed trades.

Also fortunate, I suffered paper cuts and avoided any gashes. It is the gashes that can take a trader out of the game. I closed 10 tranches this past week at an average loss of 18 basis points or a total loss of 181 BPs (1.8% of total capital). Interestingly, minus 18 is my average tranche loss dating back to the start of the Factor Service in 2014.

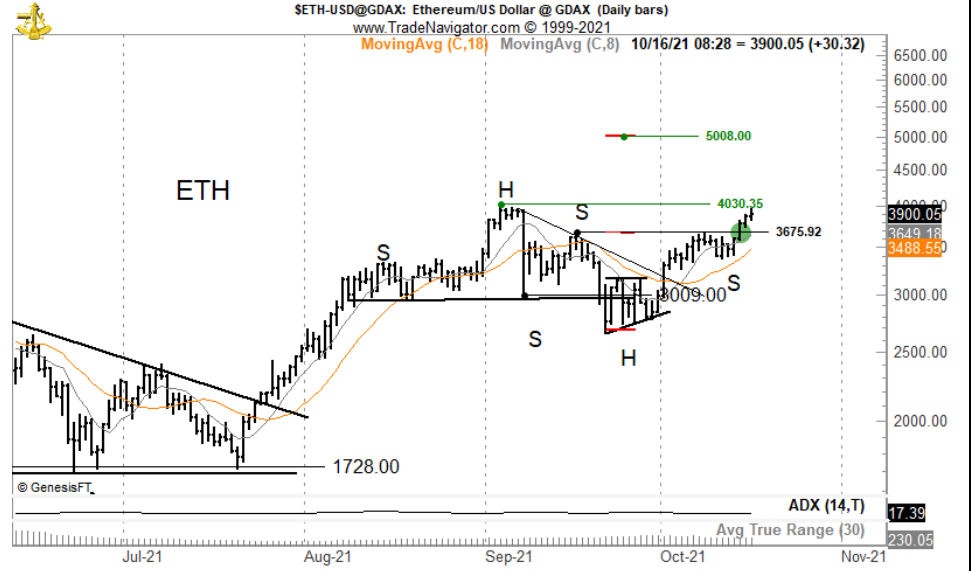
An interesting irony exists. My observation is that most novice/aspiring traders hate taking small losses out of worry that the markets in which they are stopped will turn around and go their way. Yet, an unwillingness to accept many small losses actually leads to some really big losses – and it is the big losses that badly end a trading venture.

Taking my pick between taking many small losses only to be flat when some anticipated moves occur on one hand and taking a few inevitable huge losses on one hand and my choice is easy – I will take the small losses even if it means missing some big moves because I was stopped out prematurely.

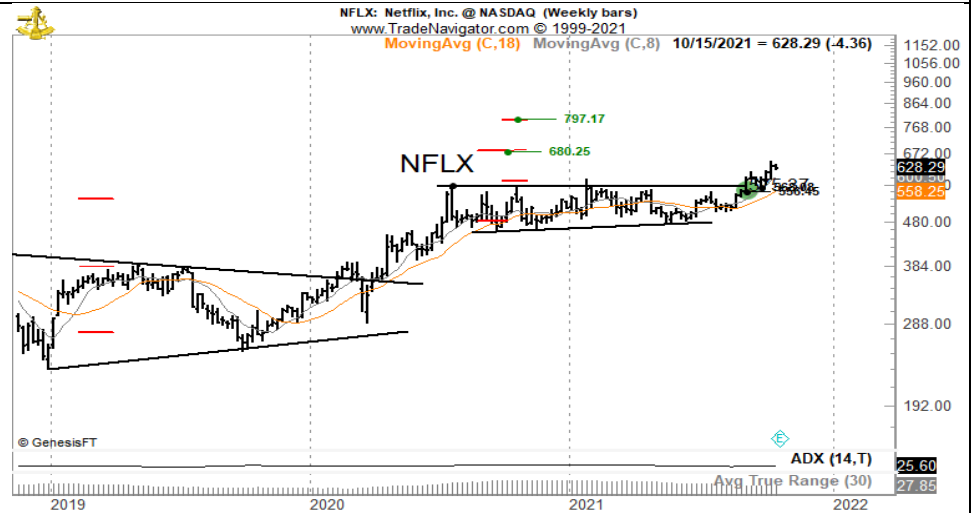
Factor members, your policy on taking losses – BIG or small – is the most important decision you must make regarding your trading operations.

Beginning Trades and New Trades During the Week

ETH. The advance on Thursday completed an inverted H&S formation. On a larger scale, ETH presents the possibility of a large Cup and Handle, pending a decisive close above the May 2021 high. I am 100% long.



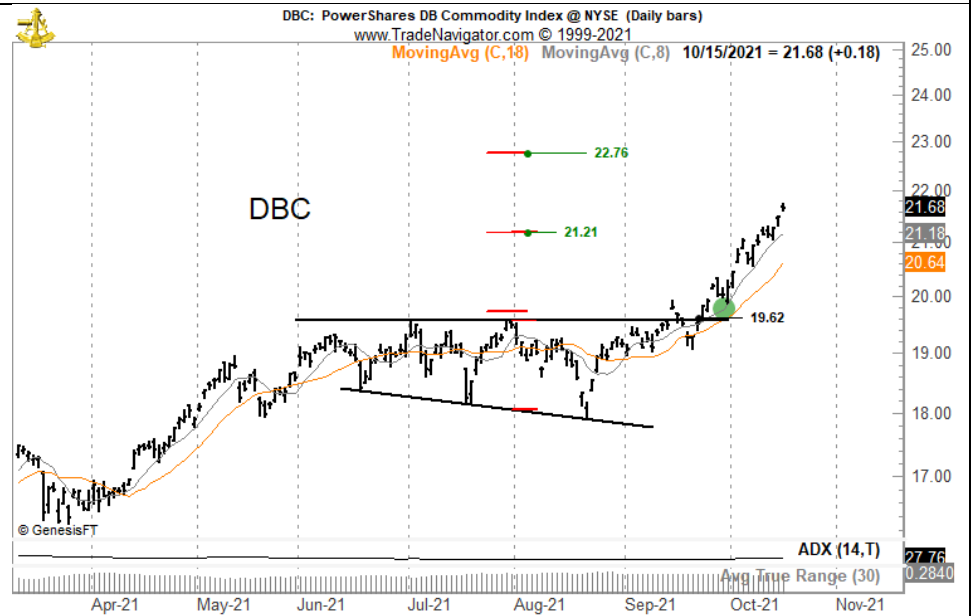
NFLX. I am long 50% having covered half of my position this past week.



GEZ24. I covered 50% of my short position this past week and remain short 50%.



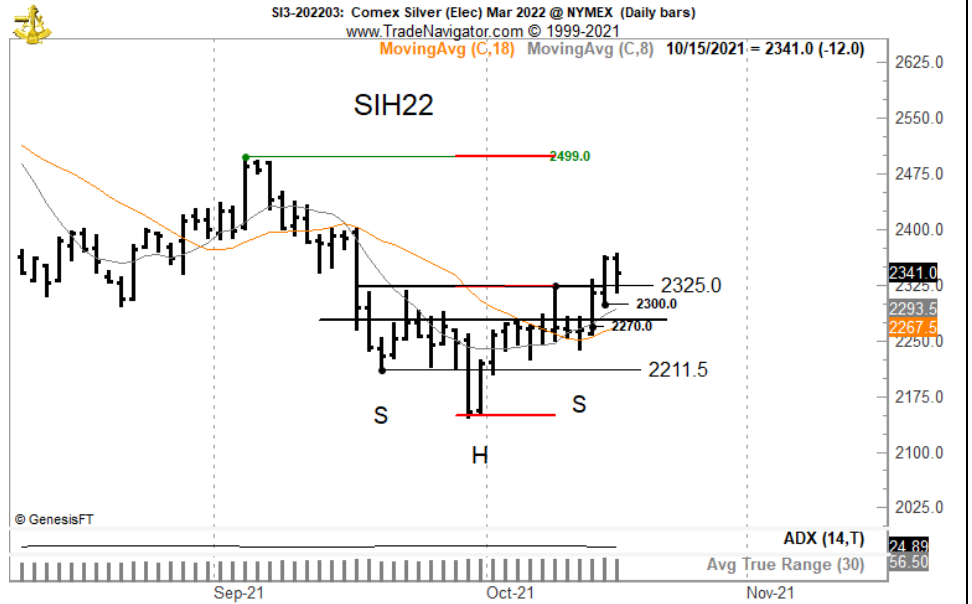
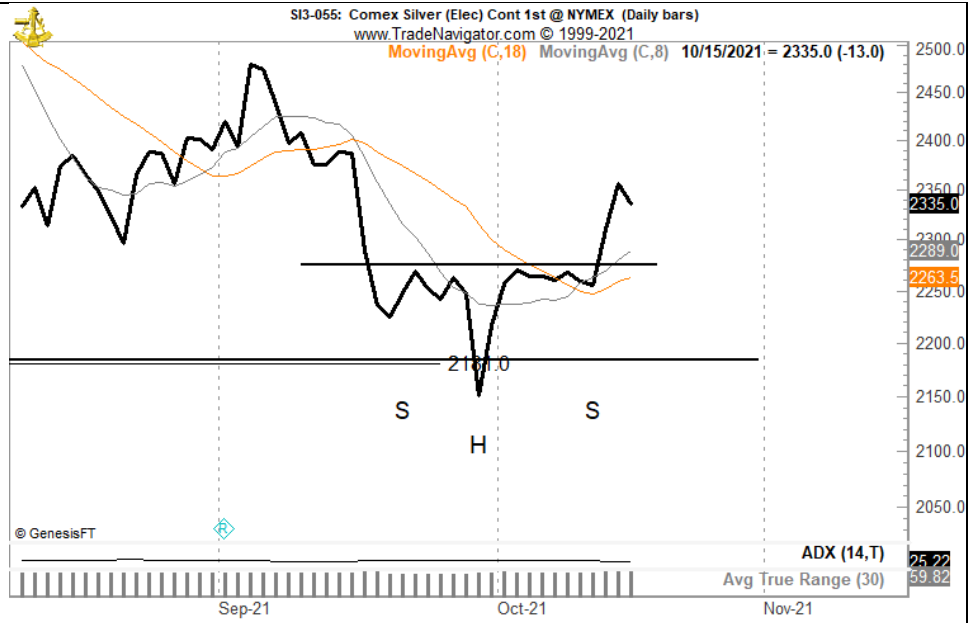
DBC. I am long 50%, having covered half my position this past week based on the 3-day trailing stop rule.



Silver. I missed something this past week. On a closing price chart, the breakout occurred on Wednesday. Concise closing price H&S patterns such as this can be super powerful. Yet, my focus was on the bar chart – and the bar chart version of the pattern was not completed until Thursday at a higher entry price.

I exited half of what I bought on Thursday on Friday's close, hoping to re-enter this tranche on a retest of the closing price H&S neckline.

I want to avoid getting stopped out at the price I should have bought at to start with.



Bitcoin. I remain long a 50% position. I would not be surprised if some selling enters the market now that we are retesting the ATH set in Apr.



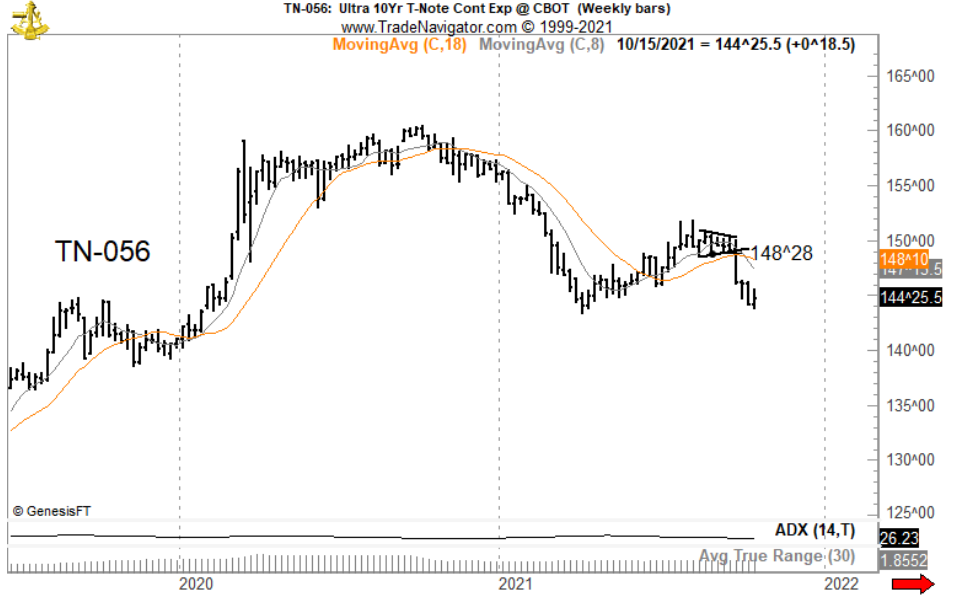
Ultra 10-Yr Notes. I am strongly convinced interest rate futures are headed lower. Reason? A multi-decade low in yields (high in prices) was made in 2020. For the next few years, I want to find ways to be short interest rate futures. The Ultra-10s retested the 18 DMA this past week, prompting the Member Tweet below.



The dominant trend in Treasury prices remains down (yields up). I am eager to return to the short side.

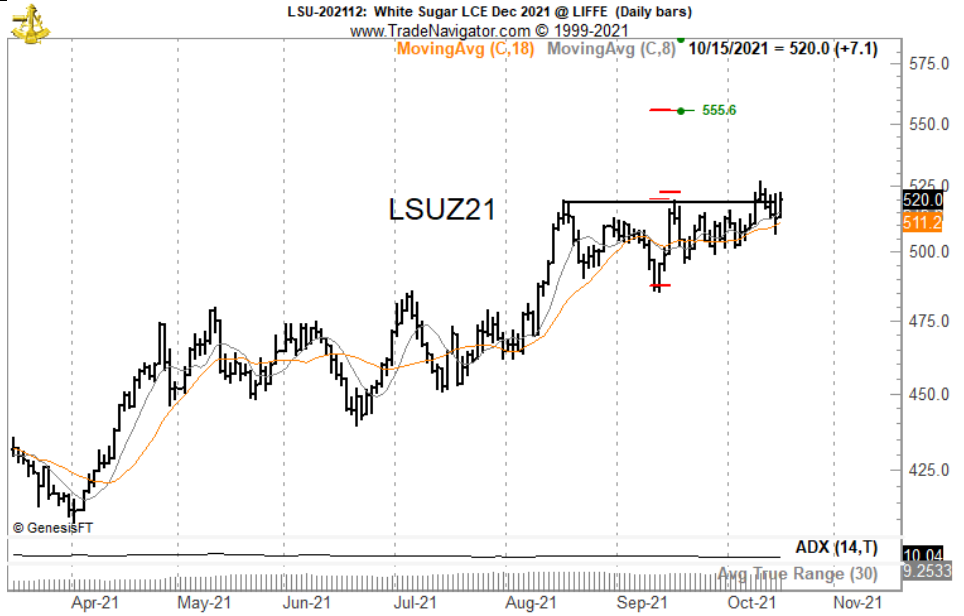


3:45 AM · Oct 15, 2021 · Twitter Web App



London White Sugar. I was stopped out of a long London Sugar position this past week.

I remain interested in the long side.



China A50 futures. I am long a 50% position with a tight stop.



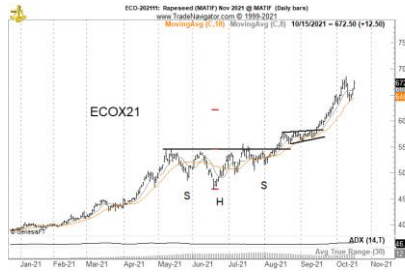
Charts not shown:
 British Pound – stopped out of a 50% position for loss
 Swiss Franc – stopped out of a 50% position for loss
 Mexican Peso – stopped out of a 50% position for loss
 Corn – stopped out of a 50% position in Dec '21 and Dec '22 futures for losses
 KC Wheat – stopped out of a 50% position for loss
 London Sugar – stopped out of a 100% position for loss
 July NY Sugar – stopped out of a 50% position for loss
 10-Yr T-Notes – stopped out of a 50% position for profit

Markets/symbols to be monitored next week

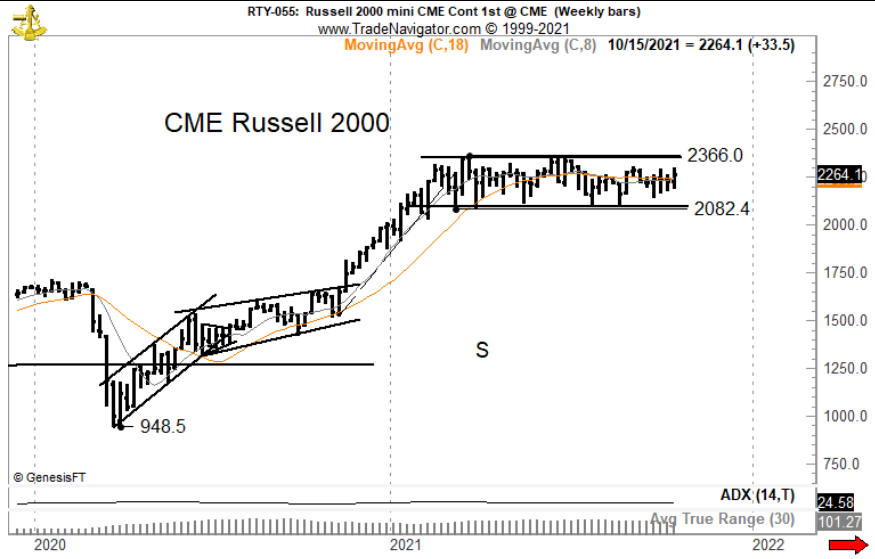
DBA. This ETF is poised to complete a large Cup and Handle.



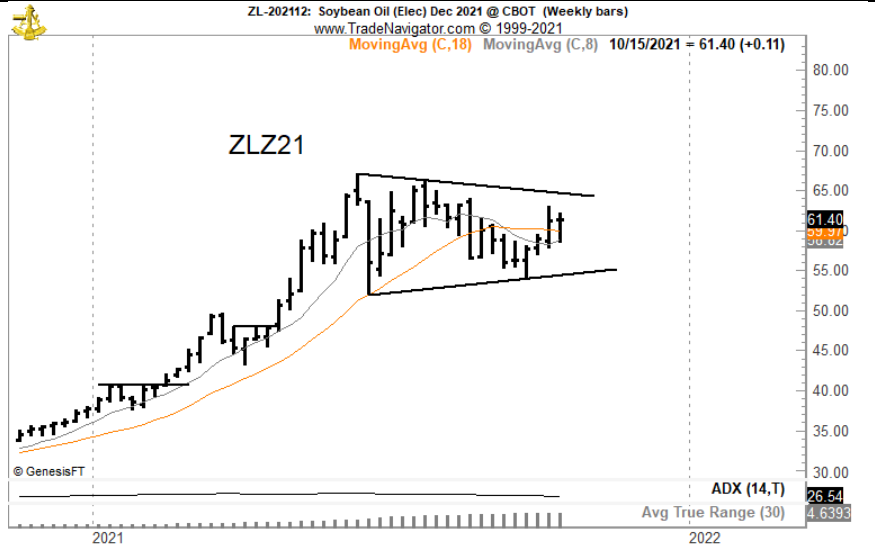
RSF22. The Jan 2022 contract is forming an ascending triangle. European Rapeseed (see below) has been much stronger than the Canadian market.



Russell. I have entry orders entered for a breakout in either direction. If I can buy a retest in S&Ps this next week, I will cancel the strategy for Russell.



Soybean Oil. This triangle is worth monitoring.




AMAT. An ascending triangle is forming.




EWQ. A number of the European equity ETFs are poised for a breakout. The French ETF is my preferred daily chart.



Tracking sheet for the week of Oct 10 ending Oct 15

			Weekly position/symbol tracking - Prop ONLY		
W/O Oct 10					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
BTC	L 50%			Hold	
CNZ21	L 50%		China A50	Hold	
DBC	L 100%		ETF	S 50% M 21.19; long 50%	53
G6BZ21	S 50%		GBP futures	B 50% W 1.3639, flat	-13
G6MZ21	S 50%		Mex Peso	B 50% F .04552; flat	-11
G6SZ21	S 50%		Swiss futures	B 50% W 1.0824, flat	-6
GEZ24	S 100%		Euro\$ futures	B 50% W 98.35, short 50%	54
KCWZ21	L 50%		KC Wheat	S 50% W 7.24, flat	-20
LSUZ21	L 100%		Dec Lnd Sugar	S 100% W 515.1, flat	-28
NFLX	L 100%			S 50% W 624.25, long 50%	24
ZCZ21	L 50%		Dec 21 Corn	S 50% Tu 5.18, flat	-24
ZCZ22	L 50%		Dec 22 Corn	S 50% W 5.15, flat	-24
ZNZ21	S 50%		10-yr Notes	B 50% W 131^11, flat	20
		DBA	U.S. ETF	Unable	
		BRK_B		Unable	
		ETH		B 100% Th 3756.20, long 100%	
		RSX21	Canadian Canola	Unable	
		RTYZ21	Russell futures	Unable	
		SBN22		B 50% M 19.33; S 50% W 19.02	-18
		SIH22		B 100% Th 23.455; S 50% F 23.405; long 50%	-3
		VYM		Unable	
		ZLH21	Bean Oil	Unable	
		TNZ21		S 50% 145^04; short 50%	
					4

Tracking sheet for the week of Oct 17

			Weekly position/symbol tracking - Prop ONLY		
W/O Oct 17					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
	BTC L 50%				
	CNZ21 L 50%		China A50		
	DBC L 50%		ETF		
	ETH L 100%		Ethereum		
	GEZ24 S 50%		Euro\$ futures		
	NFLX L 50%				
	SIH22 L 50%				
	TNZ21 S 50%				
		AMAT			
		DBA	U.S. ETF		
		EWQ	France ETF		
		LSUZ21	London Sugar		
		RSF21	Canadian Canola		
		RTYZ21 or ESZ21	Russell futures		
		SIH22			

plb

end