

# The Monthly – November 2021

An archive of the completed month plus highlighted member content

## Overview

- Thoughts on a Weekend Afternoon - Quick Access Links
- Factor Member Private Twitter - Evergreen & Educational
- Spotlight Links - To Watch & Read
- PDF download of this Monthly

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## Thoughts on a Weekend Afternoon Quick Access Links

### November

- [Thoughts on a Weekend Afternoon, November 7, 2021](#)
- [Thoughts on a Weekend Afternoon, November 14, 2021](#)
- [Thoughts on a Weekend Afternoon, November 21, 2021](#)
- [Thoughts on a Weekend Afternoon, November 28, 2021](#)

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## Factor Member Private Twitter Evergreen & Educational



**FactorMembers**  @factor\_members · Nov 1

...

My confidence in a pattern should have little to no influence on whether I take a trade. Confidence is subjective. A signal is a signal is a signal, especially if it is a clearly defined horizontal pattern **\$SONY**



**FactorMembers** @factor\_members · Nov 1

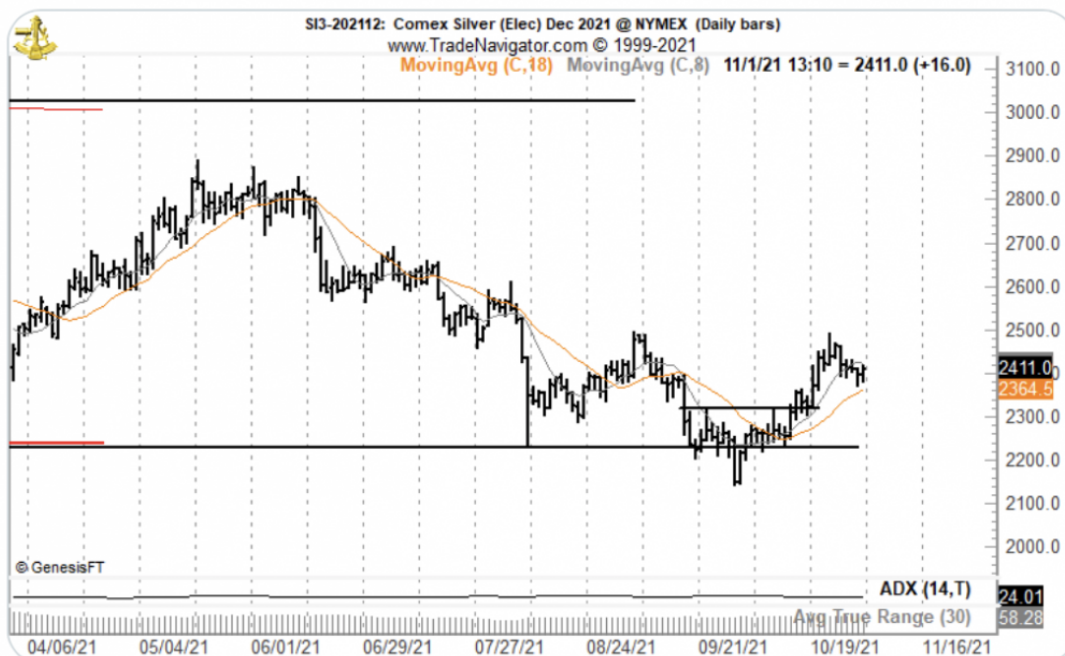


Test question

Markets almost never give me what I really want -- and when they do it often means I don't want it

But, I've wanted Dec Silver to decline back toward 23.00.

What would I be looking for if this happened? Name the pattern I would love to see develop.



17



16



**FactorMembers** @factor\_members · Nov 1



Pull back could become right shoulder of an inverted H&S - then we could really have an interesting set up

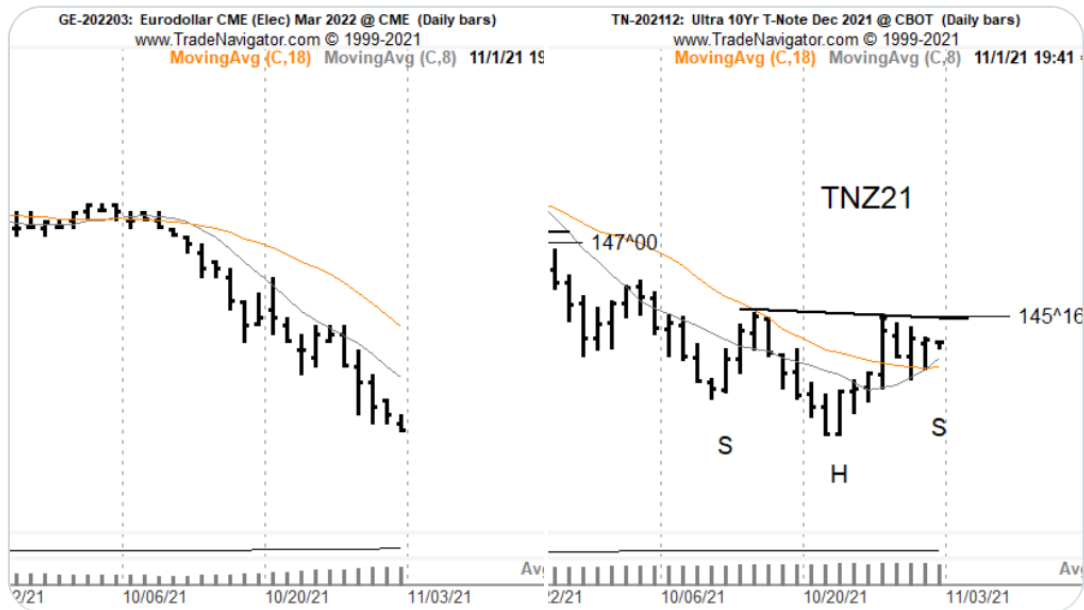




**FactorMembers** @factor\_members · Nov 1

...

Observation. Despite the narrative of higher interest rates coming down the road, the long-end of the yield curve (30-Yrs, Ultra 10s and 30s) could present buying opportunities while the short-end futures are stuck in the mud [\\$GE\\_F](#) [\\$TN\\_F](#)



**FactorMembers** @factor\_members · Nov 3

...

Trading errors -- what to do when they happen

I made a trading error today - cost me 16 BPs

My policy is to cover trading errors at the market

I've seen other traders self-destruct by speculating with an error position



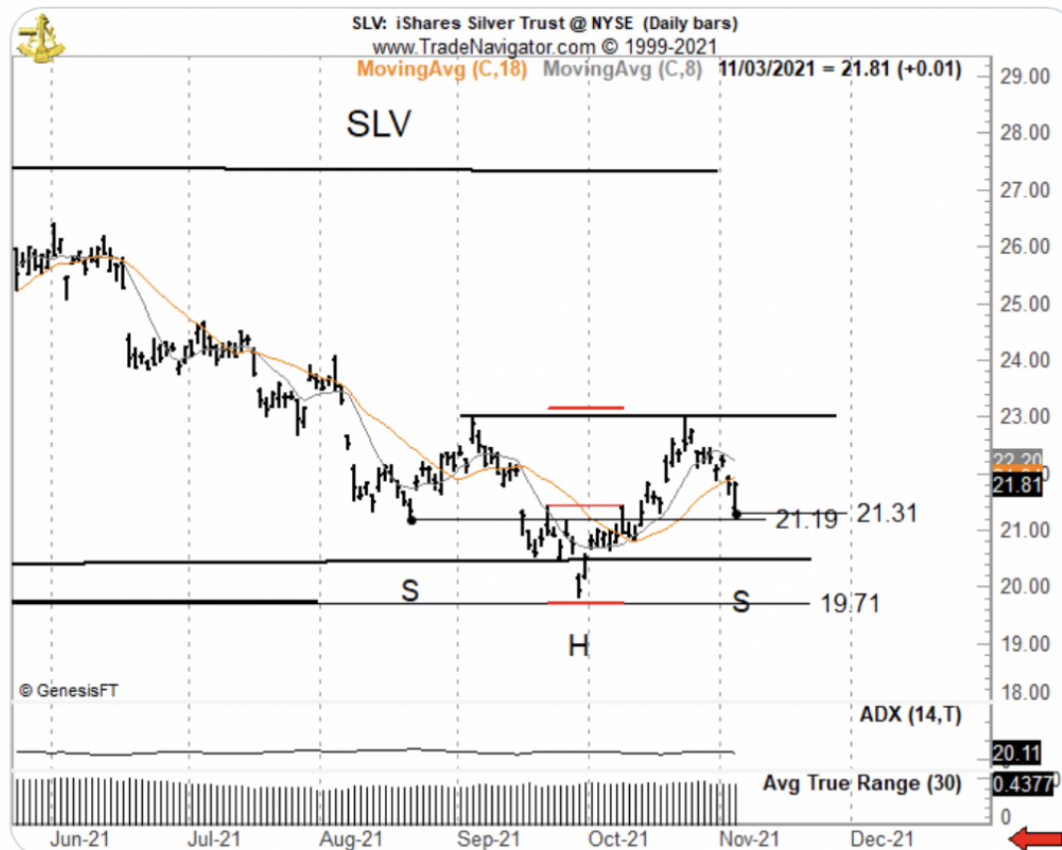


**FactorMembers** @factor\_members · Nov 3

...

The best H&S patterns tend to have symmetry or balance in duration and height of shoulders.

**\$SLV** came within 12 cents of left shoulder low. I am hoping for more slopping around above \$21 for another week or so



2



30



**FactorMembers** @factor\_members · Nov 3

...

BTW, "slopping around" is not a precise term within classical charting principles



**FactorMembers** @factor\_members · Nov 3

...

A huge challenge for those wanting to adopt a swing trading style is getting over the idea that the next trade (series of trades) has any importance whatsoever





**FactorMembers** @factor\_members · Nov 4

...

Member Q&A Forum

Q. Do you usually enter then exit your entire position in a market at the same time?

A. Typically I enter my entire position at the same date/price but stage out of a position in two parts, one with aggressive management, one with looser management.

**Member follow-up question/comment**



**Wolf Overclocked** @OverclockedWolf · Nov 4

...

Replying to @factor\_members

50/50?



1



**FactorMembers** @factor\_members · Nov 5

...

50% of the initial risk, not 50% of the position by volume



**Mahesh** @mahesh2511 · Nov 9

...

Replying to @factor\_members

Hi Peter Do you trial your stops or just leave it at breakeven and let the trade run until you exit at target or 3dtsr?



1



**FactorMembers** @factor\_members · Nov 9

...

On half my trade I actively and aggressively advance stops.

On half my trade I less aggressively move stops relative to 18 DMA



**FactorMembers** @factor\_members · Nov 9

...

Lesson from experience (thankfully not a recent experience)

The position for which we don't think a stop loss order is necessary is usually the position that produces the biggest hurt





**FactorMembers** @factor\_members · Nov 9

...

Member Q&A Forum

Q. Are both halves of a trade with two tranches of equal size (# of shares or futures contracts)?

A. No. Both tranches will have equal initial basis point risk but the tranche subject to tighter trade management (closer initial stop) will carry larger size.

### Member follow-up question/comment



**Sarjan Zaveri** @SarjanZaveri · Nov 9

...

Replying to @factor\_members

Very interesting, is there a typical %allocation you like to stick to as a rule of thumb?

1      ↻      ♥      ↗



**FactorMembers** @factor\_members · Nov 9

...

Yes. My max risk per trade averages around 60 basis points (or 6/10th of 1% of nominal capital), so risk on each 50% or half of a trade has initial risk of 30 BPs.

1      ↻      ♥ 3      ↗      |||



**Sarjan Zaveri** @SarjanZaveri · Nov 9

...

Understood, thank you! If your goal was to grow your account as opposed to capital preservation, would you add more risk per trade or would you be involved in more trades but risk same per trade?

1      ↻      ♥      ↗



**FactorMembers** @factor\_members · Nov 9

...

More risk per trade, but never more than 150 to 200 BPs otherwise random probability would ruin the account

1      ↻      ♥ 2      ↗      |||



**Sarjan Zaveri** @SarjanZaveri · Nov 9

...

Thank you!



**FactorMembers** @factor\_members · Nov 11

...

I perhaps too casually refer to the Cup and Handle pattern, often incorrectly, but as a way to define general construction. To qualify as a C&H, depth of Cup should not exceed 15%-20% of underlying price, and Handle should be <30% of Cup depth

6      ↻      ♥ 24      ↗      |||



**FactorMembers** @factor\_members · Nov 11

...

One additional point - Cup and Handles are always continuation patterns, never reversals at lows

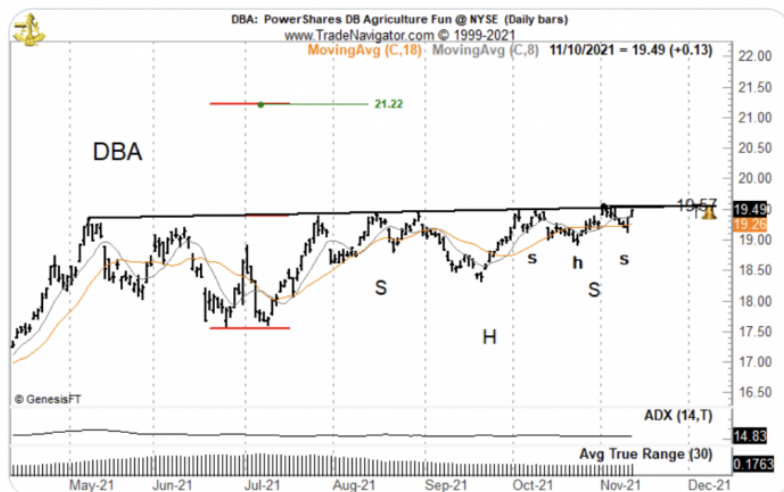




FactorMembers @factor\_members · Nov 11

Lots of stuff going on in \$DBA

1. 6-mo running wedge or asc tri
2. 3+ mo inv H&S
3. 6-wk inv h&s
4. BO level 19.57 + .13 (2/3rds ATR) = 19.70
5. Need volume and ADX to expand



4    26    26



FactorMembers @factor\_members · Nov 11

So, I am sizing the trade as follows

50% - 30 BP risk to the 11/9 low (LWR)

50% - 30 BP risk to 11/10 low (LDR)

Here is how the entry order gets structured





**FactorMembers** @factor\_members · Nov 11

I am not a fan of complicated cross market global macro narratives/scenarios, such as:

"If USDX does this, then metals to that and stocks do such and such and interest rates go here"

I believe in trading each market on the merit of its own chart



**FactorMembers** @factor\_members · Nov 12

In the # of characters allowed please summarize the key things you could do in your market speculation activities that would most positively affect your performance (or routine, emotional stability, process et al)

I am sure many other members will relate.

## Member follow-up question/comment



**Robi Coco** @robikotroczo123 · Nov 12

Replying to @factor\_members

Focus on fewer trades, properly quantify risk/reward and trade bigger size.



**Jeremy Sweckard** @sweck3 · Nov 12

Replying to @factor\_members

1. Wade into trades that I "feel" are questionable signals.
2. Keep stop inside the pivot until a higher low has been made.



**Crk** @CraigKe95427088 · Nov 12

Replying to @factor\_members

Become a specialist on what suits how you view things and perfect it over time.



**Thorsten Frings** @ThorstenFrings1 · Nov 12

Replying to @factor\_members

Strategy / pattern trading backtest -> stupid filling of an excel sheet with data of virtual trades

To get more secure in doing what i do and knowing better what better not do do.



**Martin A** @WineGeek64 · Nov 12

Replying to @factor\_members

- 1- Focus on becoming a better trader instead of trying to make money.
- 2- remove Twitter from my phone as it is a major cause of my overtrading
- 3- fewer trades + bigger size = more conviction
- 4- respect my s/l



**Jerr Y** @MarketM3lter · Nov 15

Replying to @factor\_members

My biggest losses have come from anchoring to a thesis , without proper context, (including yours), of chat rooms, newsletters, private twitter, and stubbornly hold or add to losing positions when I should have cut loose many tens of thousands of \$ of losses ago. Risk management .



**FactorMembers** @factor\_members · Nov 15







**Reid Schroeder** @Reidm\_ · Nov 12

...

Replying to [@factor\\_members](#)

1. Keep trading separate from hedging long term portfolio.
2. Use only the trades entered when the markets are closed.



**Matt Howell** @mhowell98 · Nov 12

...

Replying to [@factor\\_members](#)

I am long-term buy and hold.

Follow the Pareto principle religiously. Not afraid to make a huge bet for a rare huge opportunity that comes along (crypto).

My biggest mistakes have been from overtrading, so I limit how much financial media I consume.



**Dave A** @Dadutrades · Nov 12

...

Replying to [@factor\\_members](#)

Fewer trades, weekly charts, accepting more volatility (longer time frame means this is a given), not worrying too much about entry timing.



**Richard Bargh** @richbargh · Nov 12

...

Replying to [@factor\\_members](#)

More discipline to stick to my process



**stack owl** @stackowl · Nov 12

...

Replying to [@factor\\_members](#)

Better note taking / recording



**Homegrown Charts** @KiteGradient · Nov 12

...

Replying to [@factor\\_members](#)

1. Risk management with stop entry at time of order entry
2. Order entry outside of market hours
3. Limit time looking at market, including Twitter
4. Develop and stick to the plan (trading vs investing)





**atom** @TITAN46792395 · Nov 12

...

Replying to [@factor\\_members](#)

1. Assessing direction and timing (primarily and eventually based on the merits of its own chart)
2. Risk managements
3. Pareto principle
4. Action in a way that suits your personality.

All the above is what I learned from you, the Master.



**eddchiang** @eddchiang · Nov 12

...

Replying to [@factor\\_members](#)

Setting a stop loss at the time of trade entry so taking a loss is automatically done for me



**Michael J. Maio** @3rdmilcharts · Nov 12

...

Replying to [@factor\\_members](#)

Quantifying the amount of risk involved in every trade I take.

Identifying a time frame and estimated duration of a trade since I've found some to be considerably longer than others.

Taking time off from the smaller TF trades to focus on what I think are the "big fish"

Routine



**wellshill** @wellshill1 · Nov 12

...

Replying to [@factor\\_members](#)

Stick with a process to pursue consistency. Take loss quickly and take profits into strength. Leverage up gradually and reduce leverage quickly.



**Andrey Supranonok** @ASupranonok · Nov 12

...

Replying to [@factor\\_members](#)

Always read and be intellectually curious



**Miles Beckler** @milesbeckler · Nov 12

...

Replying to [@factor\\_members](#)

Hodl





**T-man** @tolatrader · Nov 12

...

Replying to @factor\_members

Systematic approach with rules as you advocate. Practice and concentrate on few patterns and get better with analysis on past actions&results.  
#actionjunkie #fomosucker



3



**Matt C** @Mattwilakuty · Nov 12

...

Replying to @factor\_members

Trade less.



3



**Bund** @MichaeldeBond · Nov 12

...

Replying to @factor\_members

1. Accept losses as an entrance fee to the markets 2. Trade less 3. Make permanent notes in book on how I feel and what I see 4. Don't take risk when emotionally unsecured 5. Keep soul and body in good shape 6. Try being the best human person I can possibly be



2



**Mihai Marginean** @MihailMarginean · Nov 12

...

Replying to @factor\_members

Automation



1



**Spilar** @Spilarko · Nov 12

...

Replying to @factor\_members

Trade with smaller size, put a lot of info into trading journal, spend as much time with charts as possible



2





**cngo98** @cngo98 · Nov 12

...

Replying to [@factor\\_members](#)

Preserve capital until a setup blinks green for you.

With strong conviction, go juggular.

Zoom out and look for divergence in price action vs momentum then lay it on big.

Don't overtrade.

Keep working your system.

Keep reading and finding new things.



**Pedro Andrade** @pfandrade · Nov 12

...

Replying to [@factor\\_members](#)

emotional stability on holding a trade



**David Kiash** @Dkiash · Nov 12

...

Replying to [@factor\\_members](#)

Get my losses under control. Is take a loss. Try to find a point where I take enough risk to let a trade work but get out before I take so much risk it continues to eliminate all my prior profits.



**Anthony Keyworth** @keyworthanthony · Nov 12

...

Replying to [@factor\\_members](#)

Stick to a method and then have the confidence to trade bigger size (i.e. go up to 0.25-0.5% of capital).



**Imran** @FuturesOperatOr · Nov 12

...

1. Prepare, stick to a consistent routine
2. Trade small size
3. Take small losses/cut risk
4. Secure partial profits
5. Lock in significant profits
6. Continually review and refine





**FactorMembers**  @factor\_members · Nov 15

...

There is NOTHING magical about any technical tool - charts, MAs, et al.  
NOTHING  
VERY LITTLE EDGE IS FOUND IN TA  
The payoff in trading is found in trade and risk management



**FactorMembers**  @factor\_members · Nov 16

...

For me once a trade is over -- IT'S over. On to the next trade. The question of "where do I get back in" is not a consideration. I need an entirely new reason to re-enter a trade as a new trade independent of previous trade.



**FactorMembers**  @factor\_members · Nov 16

...

I understand this agnostic approach to swing trading may be difficult for some Factor members to understand. Truthfully it took me years to think of a trade as nothing more or less than a datum point in a series of data point subject to random sequencing.



**FactorMembers**  @factor\_members · Nov 16

...

If your goal is to be a successful trader -- as a career or for supplemental income -- then it is important to view trading as a marathon, not a sprint. What matters is next year, not the next trade -- and then the year after and each successive year.



**FactorMembers**  @factor\_members · Nov 16

...

A couple of questions I ask myself prior to a trade:

Is the pattern I am looking at for this specific trade based on one of the best 2 or 3 price patterns in this market in the past year?  
Am I waiting for the right side of the chart to be fully revealed (the breakout)?





**FactorMembers** @factor\_members · Nov 17



Long ago I found that chasing markets much past the initial breakout is a losing practice

Pyramiding a profitable trade raises the avg. entry price. Even slight corrections then put the entire trade into the red.

My initial entry is my final entry as a general rule

### Member follow-up question/comment



**Imran** @FuturesOperatOr · Nov 17



Replying to @factor\_members

What about managing each latter entry independently?



2



**FactorMembers** @factor\_members · Nov 17



Only if the entry was a clear continuation pattern, but then the LDR of that continuation pattern becomes the risk point of the initial entry



1



1



**Imran** @FuturesOperatOr · Nov 18



Sometimes you enter on a correction after an initial breakout with a resting limit. How do you determine the level to do this at?



1



**FactorMembers** @factor\_members · Nov 18



Breakout plus the ATR factor



1



2



**FactorMembers** @factor\_members · Nov 17

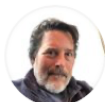


There is a thought running through my mind as it pertains to stock holdings in my Prop and retirement accounts

Where is the exit door and under what process and circumstances do I run for the door

### Member follow-up question/comment





**Andrew Greig, CFA, CMT** @awgreig · Nov 18

...

Replying to @factor\_members

I view as 2 separate issues. In retirement accts may trim growth or rebalance to more blue chip but don't worry about too much about price as div income is driver. In prop my stops take me out and if current environment is not working I stop or reduce new positions



**FactorMembers** @factor\_members · Nov 18

...

Golden



**Ben** @B\_W\_Anderson · Nov 18

...

Then how do you view ETF's like SLV and GSG, relative to blue chips and growth stocks, in the retirement accounts? Thanks.



**FactorMembers** @factor\_members · Nov 18

...

I am personally not a big fan of commodity-related ETFs because the price erodes based on the carrying charge of the underlying. I prefer to express my commodity exposure via futures contracts. There are exceptions of course, but I look at such ETFs as more short term plays



**FactorMembers** @factor\_members · Nov 18

...

It is vitally important that I constantly remind myself that no matter what I might think the markets are going to do

I should not nervously react in anticipation, but

Keep trading each chart on the basis of its own merits





**FactorMembers** @factor\_members · Nov 18

...

Member Q&A

Q. Is 2021 going to be a typical Pareto Principle 80/20 year for you?

A. 2021 has been really outstanding year for the Prop Account and consistent with Pareto. To date ...

20% of trades = 87% of profits

10% of trades = 57% of profits

Final trade list will be released



**FactorMembers** @factor\_members · Nov 18

...

Position or swing trading????

In the past month there have been dicey corrections in a few markets (cryptos, Treasuries).

I adopted swing trading early in my career because I am not particularly fond of riding out such corrections.

Some ppl have the temperament. I don't.

### Member follow-up question/comment



**Hassan** @hassanSolim123 · Nov 18

...

Replying to @factor\_members

Would u kindly describe what the difference between the “Position” Trader and “Swing” Trader? Excuse my ignorance!

1



2



**FactorMembers** @factor\_members · Nov 19

...

As a swing trader I am interested in remaining with positions that proceed quickly and in sustained manner with minimum of corrections.







**FactorMembers** @factor\_members · Nov 22

...

Normally, oldest position automatically gets offset first.  
Some FCMs allow Special Offsets. This is what I use. Under Special Offsets, I must identify which existing position gets offset by which opposing trade.  
I can choose to first offset the newest position.

2     12    



**FactorMembers** @factor\_members · Nov 22

...

For example, I liquidated Silver on Nov 19 that entered on Nov 10 while Silver I liquidated today was entered on Oct 14. This structure can only be done with Special Offset provisions



**FactorMembers** @factor\_members · Nov 22

...

Rule #1 - always protect capita  
Rule #2 - always remember rule #1  
Rule #3 - in any given market over a given time frame, we may think we know what a market will do, we might even be rather confident, but in fact we do not have a clue

### Member follow-up question/comment



**Juan Pecantet** @jpecantet · Nov 23

...

Replying to @factor\_members

new trades that do not know how to do it, put together a process of:  
- initial risk protection  
- how to take early profits  
- position reduction.

The greatest risk of loss of capital is at the beginning of the trade, then you must have a process to minimize the risk.

1     3  



**FactorMembers** @factor\_members · Nov 23

...

Juan, you nailed it here. Many traders get an early profit and then build a bigger position. This is quicksand. Challenge is to bleed risk out of a trade starting in day one.

1     4    



**Juan Pecantet** @jpecantet · Nov 23

...

Definitely Peter. That is why I emphasize having a process, because surely many traders yesterday were very angry or disappointed. If you were angry or disappointed, it is because you dont have a process. When you have a process your emotions will decrease.





**FactorMembers** @factor\_members · Nov 23

...

Each Thanksgiving I fondly remember the trade that catapulted Factor into a legitimate prop trading firm at CBOT/CME - Swiss Franc. Move wasn't that big, but my sizing was INSANE

I bought on Wed H&S completion. Thursday was Holiday. Wedge completed a week later. [\\$SF\\_F](#)





**FactorMembers** @factor\_members · Nov 25



POSTED: Real Vision Interview: What Are the Secrets, Lessons & Wizardry of Great Traders? – Peter Brandt interviews Jack Schwager ENJOY! -- JO [peterbrandt.com/real-vision-in...](http://peterbrandt.com/real-vision-in...)

The screenshot shows a website interface for FactorMembers. At the top right, there is a 'Become Factor Member' button and a 'Public Blog' link. Below this is a navigation bar with 'Member Portal >>>', 'Private Twitter Alerts', 'Factor Reports', and 'Knowledge Center'. A secondary navigation bar contains icons for 'CLASSICAL CHARTING', 'HUMAN ELEMENT', 'MULTI-MEDIA ROOM' (circled in red), and 'MISCELLANEOUS DOCUMENTS'. The main content area features a video player with a thumbnail of Peter Brandt and Jack Schwager, titled 'INTERVIEW PETER BRANDT & JACK SCHWAGER'. Below the video, there is a text-based article snippet starting with 'What Are the Secrets, Lessons & Wizardry of Great Traders?'.

**LINK at the bottom of this Monthly**



**FactorMembers** @factor\_members · Nov 26



Give back Friday. When alarm rings I exit the escape door immediately. I do not wait in the theater to see if the fire suppression system kicks.

In my opinion the time to do damage control is when damage occurs. Stops tightened. Exited many trades (Canola, Euros) overnight



**FactorMembers** @factor\_members · Nov 26



When I say that  
-capital preservation is more important than opinion of chart or market  
And  
-it's easy making money in markets, the challenge is keeping it

These are the kinds of days/markets I am referring to

This is where rubber meets the road





**FactorMembers**  @factor\_members · Nov 29

...

Delivery months coming due. First notice day for delivery of Dec KC Wheat is tomorrow. Delivery is made at the option of the short/seller. Make sure you cover by EOB today KWZ21



**FactorMembers**  @factor\_members · Nov 29

...

More Pareto Principle (PP) than you probably want to hear

PP applies whether a trader is net profitable or not

For net profitable, the 80% offset each other, allowing the 20% to be what counts

For net unprofitable, the 80% completely offsets the 20%

- Factor Member Private Twitter tweet count for this month: 122
- Are you following our private Twitter? We highly recommend you do - [Steps for access](#)



## Spotlight Links To Watch & Read



Real Vision Interview: What Are the Secrets, Lessons & Wizardry of Great Traders? – Peter Brandt interviews Jack Schwager

November 25, 2021 / by Peter Brandt

### What Are the Secrets, Lessons & Wizardry of Great Traders?

*"What do the top traders across asset classes have in common? Jack Schwager, author of the best-selling series Market Wizards, sits down with his long-time friend, Peter Brandt CEO of Factor LLC, to share some insights on his career as a financial writer and the inception of writing some of the most highly acclaimed financial books. After interviewing over seventy of the best traders, Schwager outlines some of the commonly held characteristics among these professionals, including flexibility, the ability to pivot and adapt their trading strategy, and to have an appreciation for risk management. Schwager also shares his journey to creating FundSeeder, the trading data and analytics platform, which focuses on finding undiscovered talent in traders and connecting them to investment opportunities."*

Interviewed by Peter Brandt on November 16, 2021.

#### Watch

- [Real Vision Interview: What are Secrets, Lessons & Wizardry of Great Traders? Peter Brandt interviews Jack Schwager](#)

#### Read

- [The Pervasive Influence of Vilfredo Pareto \(May 2021\)](#)
- [A Brief Introduction to Probability Theory and the Random Distribution of Results: Understanding the Concept of Sequencing in the Trading Operation](#)

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Original post: <https://www.peterlbrandt.com/the-monthly-november-2021/>

