

The Monthly – February 2022

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

February Numbers

- Tweets posted on our Private Member Twitter: 145
- Updates and Special Reports posted on the Member site: 4

Thoughts on a Weekend Afternoon Quick Access Links

February

- [Thoughts on a Weekend Afternoon, February 5/6, 2022](#)
 - [Thoughts on a Weekend Afternoon, February 12/13, 2022](#)
 - [Thoughts on a Weekend Afternoon, February 19/20, 2022](#)
 - [Thoughts on a Weekend Afternoon, February 26/27, 2022](#)
-

Factor Member Private Twitter Evergreen & Educational



FactorMembers  @factor_members · Feb 1

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I do actually expose myself to some global-macro sources of opinion/research. One of these is Bridgewater's (Ray Dalio) monthly letter because I am a fan of Dalio. Excerpt from monthly letter just received.

As a result of these policies and their effects, policy makers—and particularly the Fed—will increasingly be confronted with a set of choices that will be as challenging as any since the 1970s. Because economies are now experiencing self-reinforcing growth, the natural workings of the economic machine will continue to sustain a high level of nominal growth that is likely to produce a level of inflation that is well in excess of policy targets. For central banks, asymmetric policy alternatives leave an unlimited ability to tighten and a limited ability to ease on their own, which encourages delay and falling further behind, which is likely to make it increasingly difficult to balance economic growth and inflation. Given the inertia in the system, it is unlikely that the current level of nominal spending growth and its impacts on inflation can be contained without aggressive monetary tightening in the very near term.

In contrast to this unfolding story, the markets are discounting a smooth reversion to the prior decades' low level of inflation, without the need for aggressive policy action—that it will mostly just naturally happen on its own. We see a coming clash between what is about to transpire and what is now being discounted. The inevitability of this clash is due to the mechanical influence of MP3 policies on nominal incomes, spending, asset prices, and inflation, as we describe below.



FactorMembers  @factor_members · Feb 1

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Just a post note on the Dalio tweet

While I find exposure to global macro considerations interesting (sometimes helpful), the reality is that one of best parts of being chart-based swing trader is that I do NOT need to take these things into account for a trade.





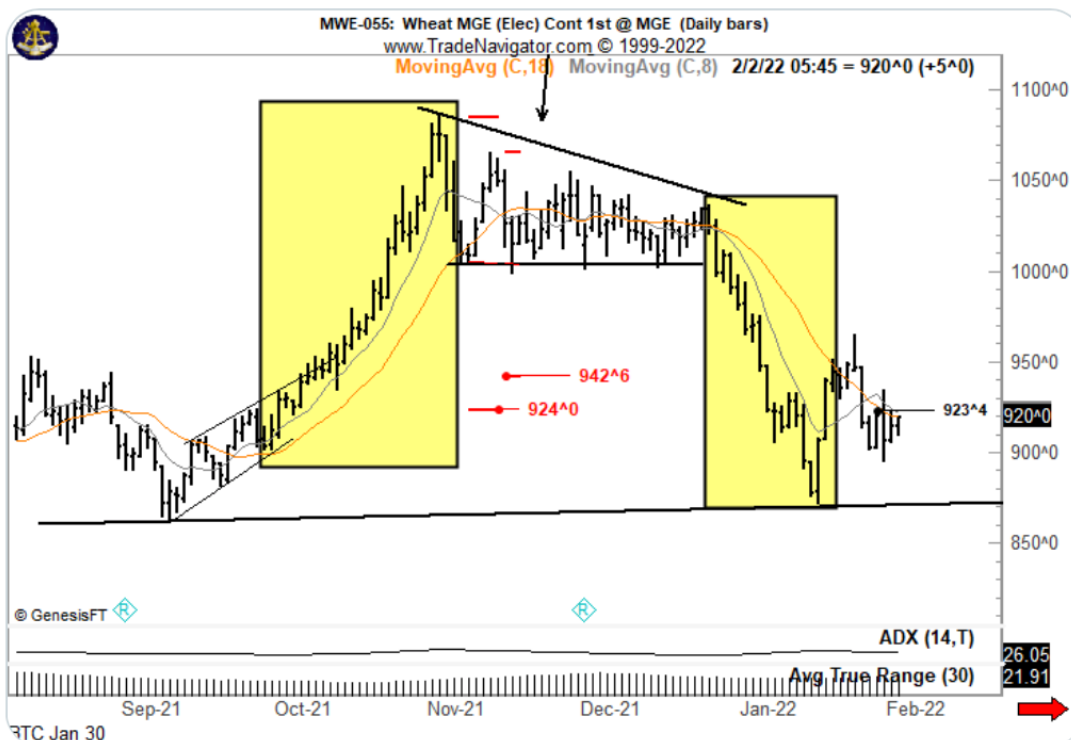
FactorMembers @factor_members · Feb 2

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Price thrusts (the sweet spot of a Pareto move) are characterized by these conditions

1. Prolonged series of higher lows and new highs
2. Corrections seldom > 2-3 days
3. Seldom will close below prev. day low
4. Seldom will 3DTSR occur

I didn't catch all, but here are examples



FactorMembers @factor_members · Feb 2

...

Most of my profits as a trader have come from thrusts

My PRIMARY interest as trader is to catch thrusts

Beyond a 2 to 4 wk time horizon for thrusts I really have no interest to even understand a market





FactorMembers @factor_members · Feb 2

...

The commonality of every trader in every edition of Market Wizards:
1. First and foremost they consider themselves risk managers
2. They all have individualized approaches that fit only themselves



Carl @ShorthouseCarl · Feb 2

Replying to @factor_members

Reading market wizards was an eye opener to me. The mentality of what it takes to be a trader. And each has their own individual journey. And focus on risk management.



FactorMembers @factor_members · Feb 2

...

"Strong opinions weakly held" is an important concept for a chart based swing trader. In fact, it is preferable for me NOT to have a market opinion just because I might have a position - or that I can hold a strong opinion without having a position



FactorMembers @factor_members · Feb 3

...

The trades that work best offer a very brief window of opportunity for entering. He/she who hesitates and is not ready to act quickly miss out.

The trades that offer second/third/fourth/et al chances to casually enter are often the trades that do not work



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FactorMembers @factor_members · Feb 3

...

Another way to say this is that trades that make it easy to enter are more often than not the trades that do not work.

The trades that make it hard to enter are typically the winners.



FactorMembers @factor_members · Feb 4

...

[#Jobs_Report](#)

In my experience it is a mistake joining a thrust immediately following a big report. Better to let the market settle in for a few hours if not for a day or so My trading rule (broken a few times each year) is to only go with trades pre-determined previous day

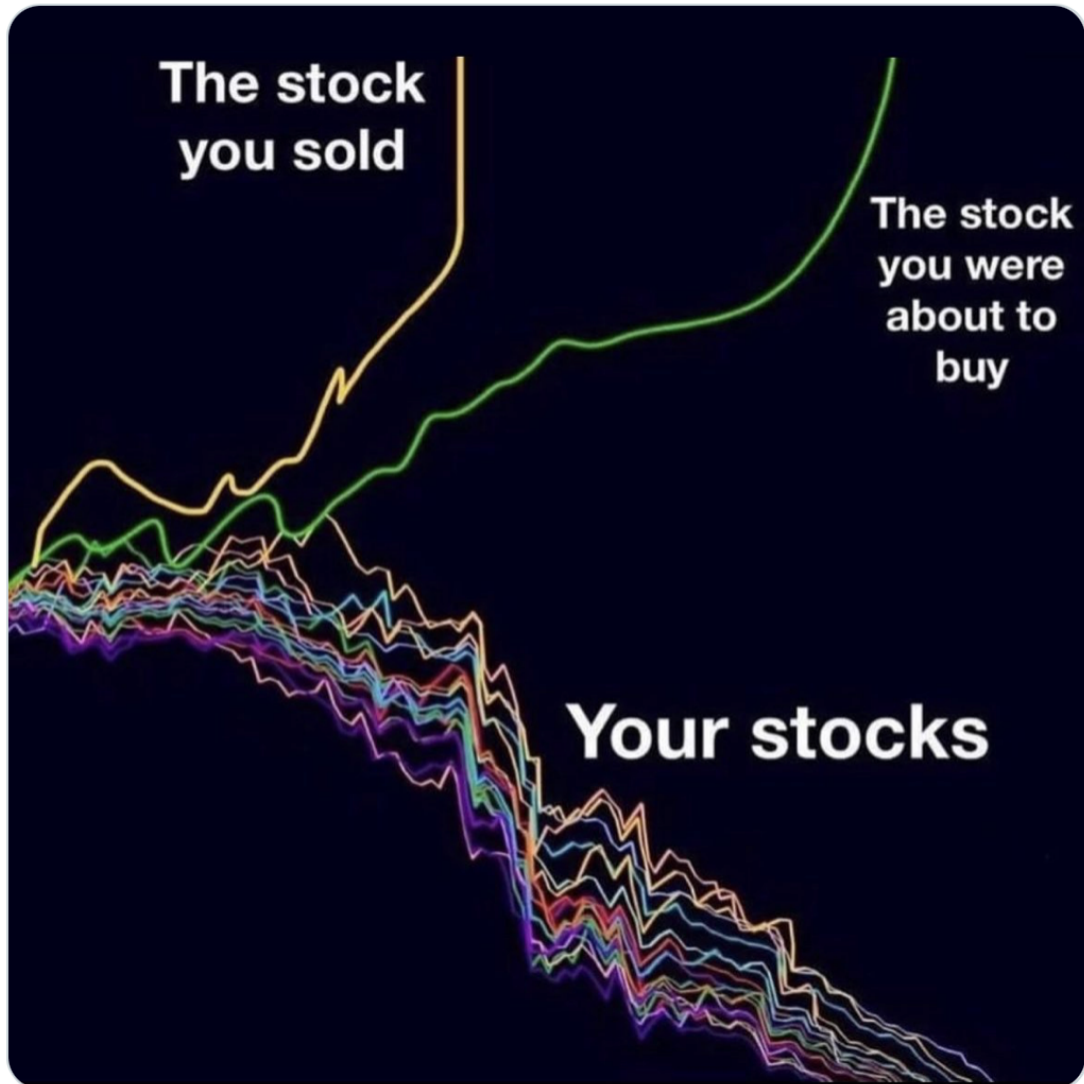




FactorMembers  @factor_members · Feb 7

...

Shared with me by a Factor Member. Been there, done that, know that.



FactorMembers  @factor_members · Feb 7

...

Anecdotal observation: Real estate markets in Tucson and Minnesota remain hot. The historic liquidity tsunami from the Fed has a very long tail. Lots of money floating in U.S. This has inflation implications. Covid pipeline remains spotty. Fed is behind the curve.





FactorMembers @factor_members · Feb 8

...

Something I learned a long time ago is that a rules based trader needs to be able to take a position exactly opposite what he might think about a certain market if his method so dictates

Market opinions should not matter to a disciplined rules-based trader



FactorMembers @factor_members · Feb 9

...

Symmetrical triangles - there are a variety of ways to measure a target from the sym tri (not of them are really wrong). For a continuation I generally measure the height of the tri from point #2 to upper boundary and project this amount upwards from the upper boundary \$KC_F



FactorMembers @factor_members · Feb 9

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How big is the futures market?

The \$CME traded 3 billion contracts in 2021 worth one quadrillion USDs

A quadrillion is 1 followed by 15 zeros, that's

1,000,000,000,000,000





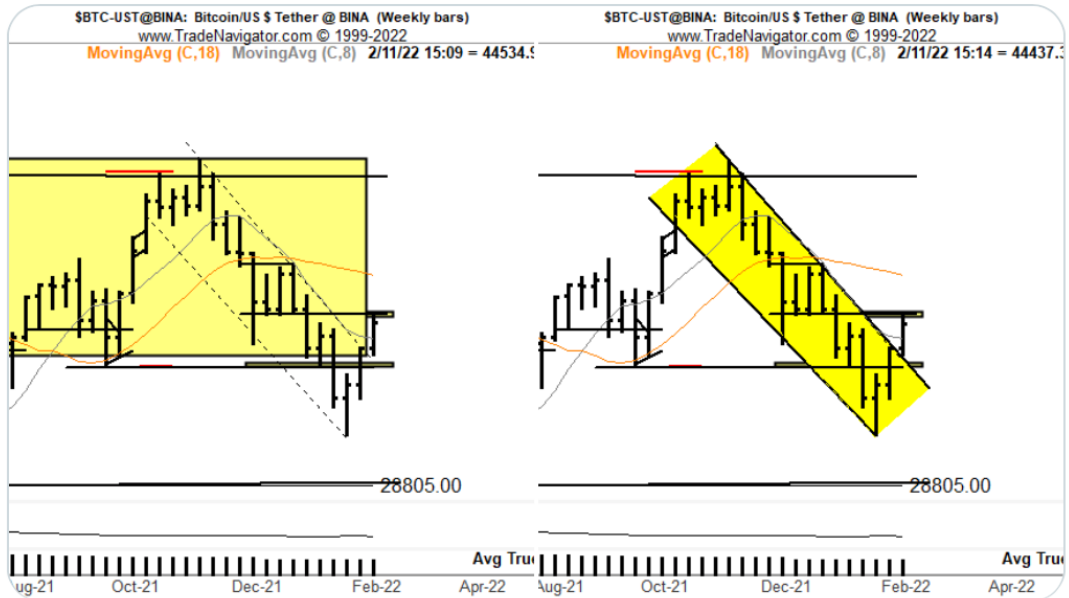
FactorMembers @factor_members · Feb 9

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Factor Member Q & A

Q. Why didn't the H&S top in bitcoin keep you from buying the breakout of your channel?

A. Great question - something each chartist must deal with individually. I go by the "Principle of Recency," meaning the most recent pattern completed takes precedent.



Member follow-up question/comment



Juan Pecantet @jpecantet · Feb 10



Replying to [@factor_members](#)

When I'm confused I try to think about what are the conditions for a bullish or bearish market. Conditions are mathematical functions that prevail over the opinion of a person. So you can use the MA for this.



4



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FactorMembers @factor_members · Feb 10



Juan, thanks for all your great and insightful posts to members today. Really appreciate your engagement



FactorMembers @factor_members · Feb 10



Perhaps the hardest part about trading is to think (head, heart and gut) about the next trade or series of trades as only a datum point in a series of data points subject to random probability. Instead, we attribute our egos, dreams, hopes and self image to trades. MISTAKE

Member follow-up question/comment



Mike Gibney @MikeGibneySD · Feb 11



Replying to [@factor_members](#)

I think this is where paper trading for a long period of time comes in. Allows you to develop a habit of generating data.. and thus the long series of data points, which builds on the habit/ability to analyze those data in an emotionless way.



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FactorMembers @factor_members · Feb 11




Completely agree. There has not been a set up I have not traded dozens of times.



 **Steve R.** @micro_trader_ · Feb 10 ...
Replying to @factor_members
I'm currently doing the CME micro contract challenge. Finally know what it's like to trade with no emotions or ego. Wish I can trade like that all the time. Having my best trading week ever.

 **FactorMembers** @factor_members · Feb 10 ...
It was the Ritchie Family (multiple Market Wizards) that first told me that trading smaller sizes can actually increase the bottom line. Of course I did not believe them -- at first. Now I completely accept the concept


 **Laymen_Brothers** @Laymen_Brothers · Feb 11 ...
Replying to @factor_members
What I did some time ago to keep a clear head is to switch from watching my PnL to watching my trading stats. Some may find that boring but in the end if the stats are allright, the PnL is allright as well.

Does not guarantee anything, but works for me.

 **FactorMembers** @factor_members · Feb 11 ...
Works. Trade the markets, not your equity. Learned that 40 years ago.

 **Crypto Joe** @Jhehli · Feb 11 ...
Replying to @factor_members
In your experience, what is the most promising timeline to think about trades? Days/weeks (e.g. Russia/Ukraine) or months (e.g. gold)?

 **FactorMembers** @factor_members · Feb 11 ...
For me, monthly and weekly charts are key but trades need to be managed with daily charts

 **FactorMembers** @factor_members · Feb 11 ...
Lot of wisdom told to me by the Old Timers at CBOT (old timers were guys who were in the pits during the 1940s)
Here is one adage
When the markets are calm you can get away with being sloppy
But when markets get volatile, you better have a very good reason for every trade

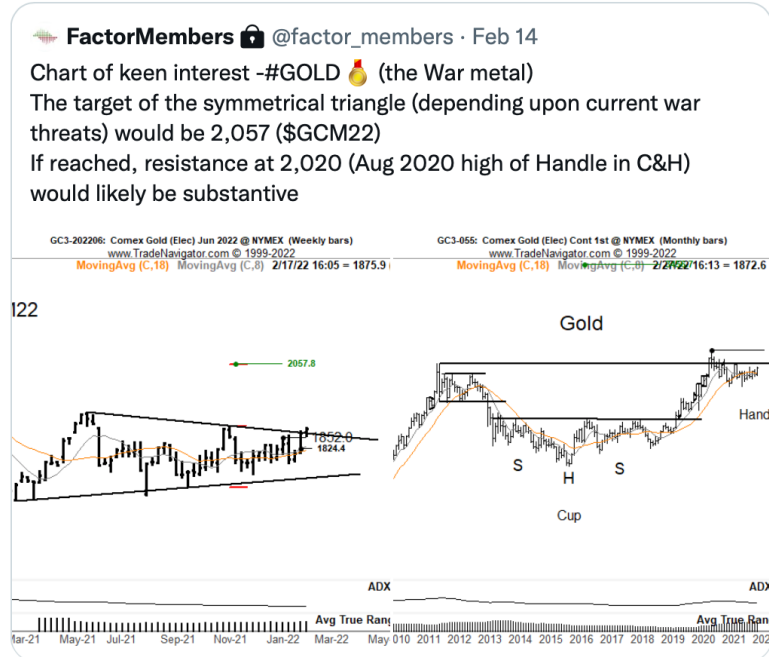




FactorMembers @factor_members · Feb 14

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I would MUCH prefer a breakout of key chart levels (such as Gold is threatening to do) occur with NO news. A breakout with global macro headlines is NOT my preference. We could be developing a "buy the rumor, sell the news" scenario



FactorMembers @factor_members · Feb 18

...

Sorry for poor quality, I had to snippet different pages together

Typical Volume in Head and Shoulders

The volume action during the formation of the Head and Shoulders in Republic Steel was also typical. Note the high volume accompanying the formation of the left shoulder, the somewhat higher volume at the head, but only slightly increased volume on the right shoulder. This is the typical volume picture to be looked for on the Head and Shoulders formation, but it should be noted here that the relative volume

- 43 -

IMPORTANT REVERSAL FORMATIONS

on the two shoulders and the head does not always follow this typical formula; volume on the right shoulder may, for example, be greater than on the left and, infrequently, greater than on the head. In general, however, increased volume accompanies the formation of both shoulders and the head which, of course, is to be expected from the operation of our general rule previously discussed of high volume on reversals.

We shall revert to the implication of the formation of the neck line at different levels, and discuss other interesting points appearing in Fig. II.1 later on. Let us turn first to another example of a Head and Shoulders top in which the pattern is not quite so obvious to the beginner but in which shoulder and neck levels conform more closely to the ideal picture.

FactorMembers @factor_members · Feb 18

Chart of interest \$MSFT forming a classic H&S top, although very abnormal for biggest volume to occur in arm pit of right shoulder

I do NOT short stocks of individual companies



Typical Volume in Head and Shoulders

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FactorMembers  @factor_members · Feb 20

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Short positions in stocks???

For many reasons I do not short individual stocks.

Occasionally I might short an ETF.

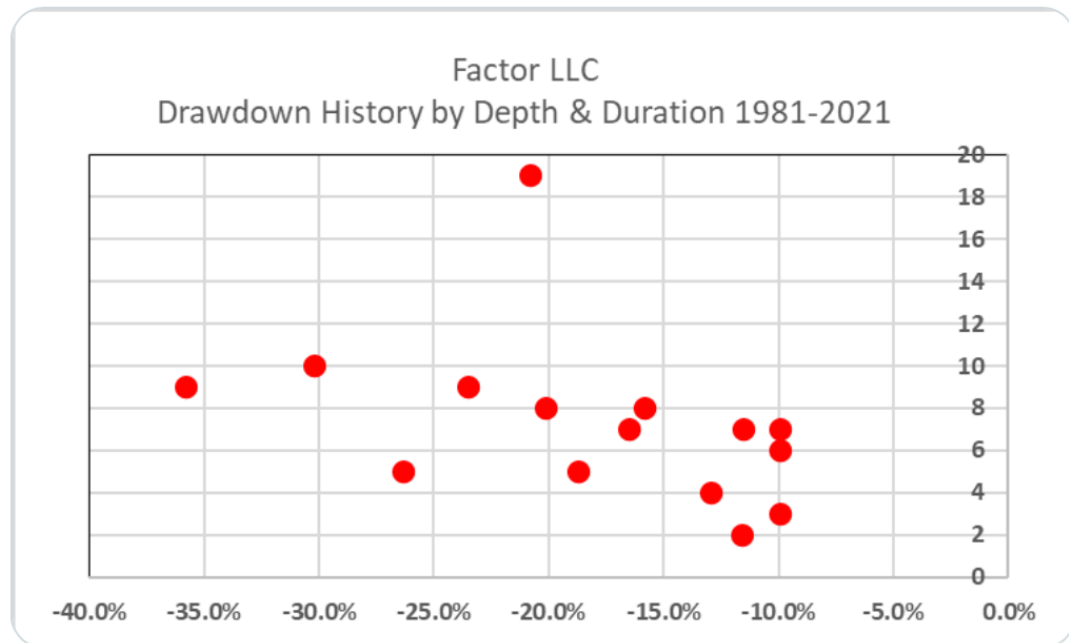
I do NOT trade Ultra ETFs - long or short



FactorMembers  @factor_members · Feb 21

...

Drawdowns and I are very well acquainted. Below shows depth and peak-valley-new peak duration of all Factor LLC Prop Account DDs >-10%.



Member follow-up question/comment



JK @jonbking · Feb 21

Replying to @factor_members

What's the y axis unit of measurement? Months, weeks, years? 🤔



FactorMembers @factor_members · Feb 21

Months



Sean Caffrey @scaffrey1 · Feb 21

Replying to @factor_members

Psychologically, how do you view drawdowns after having a stellar run of let's say up 50% YTD?



FactorMembers @factor_members · Feb 21

Drawdowns are the bane of a trader's existence. DDs cause a trader to doubt everything about his/her approach. There are asset DDs but also emotional DD. The emotional DDs are worse than asset DDs



s k @skputts · Feb 21

Replying to @factor_members

10 years where you had more than a 5.5% DD out of 40 years of trading! That's a hell of a good run.



FactorMembers @factor_members · Feb 21

Data is month-end to month-end

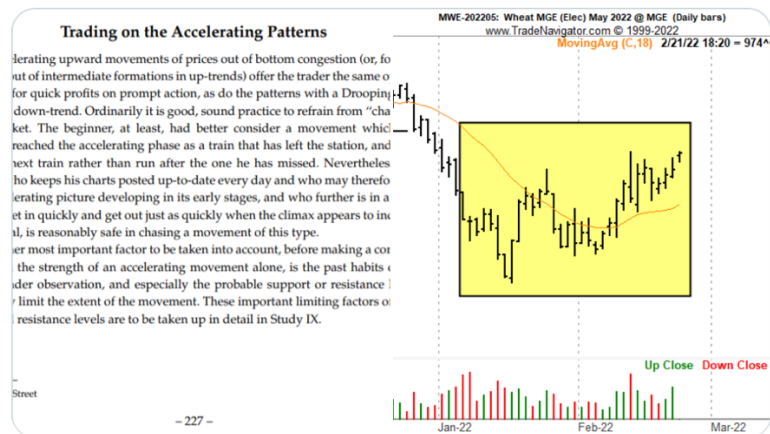
1. Plenty of intra-month 5%-plus DDs recovered intra-month
2. Measured on week-ending basis, more 10-plus, 20-plus and 30%+ DDs than indicated



FactorMembers @factor_members · Feb 21

Chart of interest - Minneapolis Wheat \$MWE_F

I'd be curious if Schabacker would consider Minnie Wheat as an accelerating pattern



Trading on the Accelerating Patterns

The accelerating upward movements of prices out of bottom congestion (or, for that matter, out of intermediate formations in up-trends) offer the trader the same opportunities for quick profits on prompt action, as do the patterns with a Drooping Bottom in a down-trend. Ordinarily it is good, sound practice to refrain from “chasing” the market. The beginner, at least, had better consider a movement which has already reached the accelerating phase as a train that has left the station, and wait for the next train rather than run after the one he has missed. Nevertheless, the trader who keeps his charts posted up-to-date every day and who may therefore see the accelerating picture developing in its early stages, and who further is in a position to get in quickly and get out just as quickly when the climax appears to indicate a reversal, is reasonably safe in chasing a movement of this type.

Another most important factor to be taken into account, before making a commitment on the strength of an accelerating movement alone, is the past habits of the stock under observation, and especially the probable support or resistance levels that may limit the extent of the movement. These important limiting factors of support and resistance levels are to be taken up in detail in Study IX.



FactorMembers @factor_members · Feb 21

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A reminder to all that I do NOT use entry stop orders in overnight markets except for extremely liquid markets such as Gold, major FX pairs, 10-Yr Ts, Eurodollars.



FactorMembers @factor_members · Feb 21

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Remember, dogs that chase cars often end up under the rear tires





FactorMembers @factor_members



1 of ??

Commentary on entering and exiting trades
-80-90% of my trade entries are with GTC stop orders, specifying quantity, price, stop type and trading session
-Jul Chi Wheat entered today was via GTC entry stop placed on Feb 15 at 8.21 stop, daytime sessions

3:13 PM · Feb 22, 2022 · Twitter Web App

View Tweet activity

32 Likes



Tweet your reply

Reply



FactorMembers @factor_members · Feb 22
Replying to @factor_members



2 of ??

At the same time as placing entry stop order I attach a contingent protective stop loss order, subject to immediate revision once my entry stop is filled

I have an alert system via text, email and computer beeping whenever an entry order is filled



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FactorMembers @factor_members · Feb 22



3 of ??

My job as a trader is to manage order flow, review orders each afternoon at 16:00 PM to make any revisions needed

After an entry order if filled I modify my protective stop order into an OCO order -- protective stop level OCO target



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FactorMembers @factor_members · Feb 22

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4 of ??

I cannot imagine how untenable it would be to wait until a breakout is noticed before taking action to enter a trade. Under such a structure I would miss many trades and screw up many more.

Being prepared IMO means having orders in place prior to breakouts

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FactorMembers @factor_members · Feb 22

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5 of ??

Analyzing markets occupies about 3 to 4 hours during Friday scroll to select best 10 to 20 patterns

-Then on Sunday reducing the 10 to 20 list to 10 or so markets worthy of carrying orders (which includes markets with positions

-This list is published in Weekend Update

W/O Feb 20			Weekly position/symbol tracking - Prop ONLY		
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
	L 50%	Bean Oil			
	L 50%	Bean Oil			
	L 100%	ETF			
	S 50%	5-Yr Notes			
	L 50%	Chi Wheat			
	L 100%	Jun Gold			
		G6CM22		Canadian \$ futures	
		MNQH22		Micro Nasdaq	
		G6EM22		EuroFX futures	
		ZWN22		Jul Wheat	
					0

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FactorMembers @factor_members · Feb 22

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6 of ??

I may modify the list during the week, placing or canceling orders accordingly

But my job is to manage the order flow that corresponds to the markets on the list

W/O Feb 20			Weekly position/symbol tracking - Prop ONLY		
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
ZLH22	L 50%	Bean Oil			
ZLK22	L 50%	Bean Oil			
CORN	L 100%	ETF			
ZFH22	S 50%	5-Yr Notes			
ZWN22	L 50%	Chi Wheat			
GCM22	L 100%	Jun Gold			
		G6CM22			
		MNQH22		S 50% M 14028.5	
		G6EM22			
		ZWN22		B 50% (in 2 tranches) Tu 8.21	
			RTYH22	S 50% M 1997.20	
			ZFM22		
					0

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FactorMembers @factor_members · Feb 22

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7 of ??

My trading guidelines specify that I should NOT enter a trade on the same day during which I might spot a new possible trade

But, I then may enter orders for said market in my afternoon order management session

My order management sessions last about an 30-60 minutes

1 ↻ 11 ↑ ||



FactorMembers @factor_members · Feb 22

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All other times I spend reviewing markets (including Tweeting times) are regarded as "Curiosity-Only" times

Most of the charts I post on Twitter do NOT result in me placing orders

1 ↻ 14 ↑ ||



FactorMembers @factor_members · Feb 22

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9 of ??

Members will know a new markets is being seriously considered for a trade when my post on @factor_members twitter contains the phrase: "Chart of TRADEABLE Interest"

You should assume that orders will be placed in such markets that afternoon after 16:00 MT





FactorMembers  @factor_members · Feb 23

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I track & graph my trading on a sequential closed trade NAV basis. This is the practice I recommend

Open profits are unrealized profits -- they do NOT belong to me
Best I can do is just follow my rules and know during big run ups I will give some back at the turns



FactorMembers  @factor_members · Feb 24

...

Limit up in Grains

I am waking up to Wheat and Corn being bid limit up. This means there are no sellers, even at limit up. I have to research the CME rules, but I believe new rules will allow for the market to-reopen with expanded limits, just not sure without looking on CME site



FactorMembers  @factor_members · Feb 24

...

Let me warn in the strongest possible language against FOMO
In grains and stock indexes we are much closer to the end of the thrust moves than from the start of the moves
Not exactly sure in PMs b/c they just completed major patterns
Real traders do not gamble, they manage risk





FactorMembers @factor_members · Feb 24



Note of caution to novice chartists

It is not unusual during times like this to become acutely aware of how many great chart trades you might have missed

I feel the same way -- 20/20 hindsight is the way of a trader

Self-forgiveness is a trading necessity



FactorMembers @factor_members · Feb 24



If there is one that especially bothers me, it is Minneapolis Wheat. I featured this pattern as a classic Schabacker horn earlier in the week [\\$MWE_F](#)





FactorMembers @factor_members · Feb 24



From the CME website, following are rules on expanded limits that would take effect tomorrow if necessary (with trading that begins this evening)
cmegroup.com/education/broc...

5. What are expanded price limits?

Generally, expanded limits for grain and oilseed contracts are triggered when two or more futures contract months within the first five to eight (depending on the contract) listed non-spot contracts settle at limit. Expanded price limits are approximately 50 percent higher than daily price limits and remain in place until no futures contracts settle at limit.

Triggering of expanded limits in one Soybean Complex (Soybean, Soybean Meal, and Soybean Oil) futures triggers expanded limits in the others; triggering of expanded limits in either Chicago Wheat futures or KC HRW Wheat futures triggers expanded limits in the other.

[Back to top](#)

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FactorMembers @factor_members · Feb 24



Reminder to all

Protecting capital **MUST** be considered more important than our opinion about a chart or a market.

Capital preservation is **JOB #1**



FactorMembers @factor_members · Feb 24



Comment on today's markets. I take **VERY** seriously the idea that today was a "buy the rumor, sell the news" day. I have been a seller today of Wheat, Soybean Oil, Silver. I do **NOT** stand in the way of a market reversal.





FactorMembers @factor_members · Feb 24



If I have not already do so, I want to make a point clear for all
It's important to
--set initial stops for purpose of sizing
--do sound chart analysis
--have rules w/ profitable trades
But once a trade digs into my pockets all other considerations become mute



FactorMembers @factor_members · Feb 24



Just so that every member understands this clearly.
While I do NOT like entering orders during trading sessions, once a trade has a meaningful gain (e.g., Silver, Gold, NQ, RTY) I will do whatever is necessary to prevent a trade from turning into a loser (i.e., BE stop)

Member follow-up question/comment



Imran @FuturesOperatOr · Feb 24



Replying to @factor_members

How much and how quick do you trail the gain if its not yet at 70% to target? If it's meaningful do you wait for it to correct and turn back in favor to trail the swing, or not mind getting trailed out at in the first correction in meaningful profit?



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FactorMembers @factor_members · Feb 24



I seldom mind getting stopped out.
No set rule, but I had 50 BP profit in SI_F, not letting that go loser
Markets today were primed for big reversals - prices have been running up and I believe in the "buy the rumor, sell the news" concept. Should have been even more aggressive



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Imran @FuturesOperatOr · Feb 24



How do you handle protecting at 50bp profit, simply breakeven or how much gain do you lock in also?



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FactorMembers @factor_members · Feb 24



Generally BE unless there was a small intervening retest low or other reason such as probable foot shot I saw in Nasdaq





FactorMembers @factor_members · Feb 24



Factor Member Q&A

Q. Can you give us some examples of of your sizes in most recent futures trades?

SI_F 1 lot per \$1MM

GCM_F 180 oz per \$1MM

NQ_F 6 micros per \$1MM

ZWN22 8 lots per \$1MM

BTC 1 BTC per \$1MM

CAD 9 lots per \$1MM

Member follow-up question/comment



superB @mcsuperb123 · Feb 24



Replying to @factor_members

1 lot is one contract right? looking at this, i think i'm taking too much risk....



1



Imran @FuturesOperatOr · Feb 24



I'm taking way way too much risk.



MarcoP @MarcoP46262425 · Feb 24



Replying to @factor_members

only 1 lot for silver seems very small, that's only \$120k notional. Mind sharing why you prefer such small position for silver?



2



FactorMembers @factor_members · Feb 24



In this case Silver had been running up, so this restricted size. In calmer markets and at bases my sizing would normally be larger



Rashid Garuba @ARashidGaruba · Feb 25



Replying to @factor_members

Remember Peter's stage in life.. He is more in preservation mode. From his book he took much larger risks when he started trading and that risk played a role in getting him going.. Also could have wiped him out. Most of us simply don't have the resources to trade as small as he.



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FactorMembers @factor_members · Feb 25



Very true statement that I am generally risk adverse. To some degree that has always been true, but in early years I also had foolish streak





FactorMembers @factor_members · Feb 24

...

In 2013 Mark Ritchie convinced me (grudgingly I must say) that more money can be made with smaller positions than w/ bigger ones. The Ritchie's founded CRT, the original HFT trading firm. He proved it to me mathematically. This is great but hard read



★★★★★ 49


amazon.com


My Trading Bible

My Trading Bible



Member follow-up question/comment

 **Imran** @FuturesOperat0r · Feb 24 ...
Replying to @factor_members
Thanks, intend to finish the book soon. Can you explain how the smaller positions make more money than larger ones?
1 ↻ ♥ ↗

 **FactorMembers** @factor_members · Feb 24 ...
Not without adequately explaining an Excel probability model developed for me by Ritchies with 701,000 cells of formula
2 ↻ ♥ 3 ↗ ||

 **Imran** @FuturesOperat0r · Feb 25 ...
Is it due to reduced extent of inevitable deep drawdowns over a large enough dataset, even with a strong edge/profit factor? What's the primary principle behind the model?
1 ↻ ♥ 1 ↗

 **FactorMembers** @factor_members · Feb 25 ...
1 of 2
Two factors, one had concrete statistics, one added adjustment for human emotions

1. Trade long enough and a 2 SD event in the random sequencing of wins and losses relative to benchmarks will occur
1 ↻ ♥ 5 ↗ ||

 **FactorMembers** @factor_members · Feb 25 ...
2 of 2
Increase the trading size beyond a certain threshold (various by trader) and temptation to take profit early or panic of losing large OTE will force decision based on equity, not on the market's price behavior. Harder to program this element
1 ↻ ♥ 6 ↗ ||

 **FactorMembers** @factor_members · Feb 25 ...
Without going too deeply into the equations, Mark does touch on this in the book
1 ↻ ♥ 3 ↗ ||




 **Enrico Racioppi** @raciops · Feb 25 ...
This book should be printed in your DNA (and behind), or it is better to change the job.


1 2

 **FactorMembers** @factor_members · Feb 25 ...
An approach to trading with a foundation of Ritchie, Schabacker and Pareto should seldom have a losing year


3 8

 **William Nichols** @BillyDymes · Feb 25 ...
Those are strong words

2

 **FactorMembers** @factor_members · Feb 25 ...
Well I would add one more
Cut losses quickly, let profits run

4

 **Phanihare** @phanihare · Feb 24 ...
Replying to @factor_members
Just curious...in practice when you get out of your long position do you consider going short? Or (well i know you only trade signals)....but was wondering when you close a long in futures why not go short after some observation?


1 1

 **FactorMembers** @factor_members · Feb 24 ...
I trade patterns. Patterns take a while to form. The ideal is 8 weeks to 14 weeks. I make no attempt to pick tops and bottoms for a new trade. Never have, never will


2

 **William Nichols** @BillyDymes · Feb 24 ...
Replying to @factor_members
That one's next on my list of trading books. Back burner, though... I've been on a C.S. Lewis kick past week or two.

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 **FactorMembers** @factor_members · Feb 24 ...
Mere Christianity is a good one

1 4

 **William Nichols** @BillyDymes · Feb 24 ...
Yeah it's a classic. This go around I seem to be enjoying his fantasy stuff the most, especially The Great Divorce. Short but beautiful. Rereading The Screwtape Letters is what sent me on the kick.





多多 @JonathanNG88 · Feb 24

Replying to @factor_members

Very hard book



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FactorMembers @factor_members · Feb 24

Extremely hard to follow it in places. But it is well worth the time to do so. I was one of three or four reviewers who he used as each chapter was written. I had to probe a lot to understand some of his wording



2



Gustavo @GustavoNaarez · Feb 24

Replying to @factor_members

Funny, I just finished the book today as you mentioned it some days ago. Great recommendation, thanks.



Laymen_Brothers @Laymen_Brothers · Feb 25

Replying to @factor_members

I read that book some years ago and reread the core message from time to time. I highly recommend it.

Besides nailing down profits into strength and following my stats this book had the strongest positive impact on my trading.

A great trader to learn from!



FactorMembers @factor_members · Feb 25

In years past I would often freeze when it was time to liquidate large profits after targets had been reached or almost met. Truthfully, I am still guilty of this from time to time.

But, when it is time to throw the panic switch and go flat I have become better over the years

Member follow-up question/comment



Alan Lattanner @highsierratradr · Feb 25
Replying to @factor_members
"You don't have to be first in, but it's a good trader trait to be first out." ~ CME trader Margery Teller (nickname "Large Marge" for her huge Eurodollar positions). My simpler version of her rule, "Panic early and often!" 😊

FactorMembers @factor_members · Feb 25
LOOOOOVE IT
There was never a pit like Eurodollars in the history of trading exchanges. There were so many little niches and huge traders. Pit felt like an acre in size when one was in it.
Panic early and often - especially when bombs start to fall literally and figuratively

Alan Lattanner @highsierratradr · Feb 25
fia.org/resources/marg...

FactorMembers @factor_members · Feb 25
Alan, it was always amusing (but understandable) how pit scalpers (trading bid/offer) clustered around the paper flow, even earning choice proximity space
And how those being shunted could yell, scream and waive arms without being seen/heard

Lab Mehmeti @labmehmet1 · Feb 25
Replying to @factor_members
Sad news, for all of us. If you are still guilty from time to time with all that experience, than for us that are younger in life and experience, should try harder...
Thank you coach...🙏 appreciate a lot.

FactorMembers @factor_members · Feb 25
We seek progress ... right up to the end, not perfection

William Nichols @BillyDymes · Feb 25
You must have been reading my mind. Every trade I make I fix something to tighten the process for the next trade. But the next trade always has a something that needs to be tightened up. I guess "getting it right" isn't a thing in this trade.

Enrico Racioppi @raciops · Feb 25
Replying to @factor_members
cluster is done.

Limit up @JohnHalcrow1 · Feb 25
Replying to @factor_members
Thanks for helping us.....seems I struggle with everything you do.....guess we are human

Enrico Racioppi @raciops · Feb 25
IMO Peter could struggle us more than reality. So when you face reality you are fine.





FactorMembers @factor_members · Feb 25



As I scroll through the charts this afternoon I am struck by the near absolute lack of developing patterns.

Time to rest with capital on the sidelines for now.



FactorMembers @factor_members · Feb 25



Thanks to all you Factor Members who hung with me during this crazy week. I look forward to calmer waters ahead. I am getting too old for as much volatility as we had. I hope you were able to stay with my thought process as things changed quickly.



FactorMembers @factor_members · Feb 27



25 minute impromptu Q&A (until 11:45 Mountain)

I have about 25 minutes right now if any members on Twitter have any questions I might answer to subjects to discuss. Keep your replies as part of this thread

Member follow-up question/comment



Edwin Chiang @eddchiang · Feb 27



Replying to @factor_members

PM was buy the rumor and sell the news?



2



2



Imran @FuturesOperat0r · Feb 27



Finished Ritchie book, read your reply on the two factors. Trying to understand further - reason smaller size makes more money is loss streak is smaller and smaller drawdowns to overcome, and better trader adherence to plan due to less emotions with smaller pnl swings?



1



2



FactorMembers @factor_members · Feb 27



Whether conscious or not, large PnL swings will affect a trader. Trading equity rather than trading what the markets give us is a large part of the cause, although there are some stats related to the random sequencing of Ps and Ls as well



3



Phanihare @phanihare · Feb 27



Replying to @factor_members

I see you are still long Gold...any plans to get back into silver? (I thought the gold chart broke down last week also) curious why you didn't cut it



1



2



FactorMembers @factor_members · Feb 27




I happened to get into Gold at a good price, quickly after the breakout, so I did not have a loss on Friday's close, so only got out of half. I am still long Silver etf -- had enough of Silver futures for a lifetime but I will change my mind on that I am sure



9



 **Calculus** @calycekr · Feb 27 ...
Replying to @factor_members

What is your short-term view on interest rates(5yr treasury)? What about the impact of the war and March FOMC? What will be the Fed's strategy against inflation?

 1   1 

 **FactorMembers** @factor_members · Feb 27 ...

Fed could pull back from rate hikes which I believe will add to the bearishness of the Treasuries.

   2  

 **TheOutsiders** @TheOutsiders · Feb 27 ...
Replying to @factor_members

Do you ever look at relative strength when going long an individual stock ? Or the chart pattern is enough

 1   2 

 **FactorMembers** @factor_members · Feb 27 ...

The pattern itself IS the relative strength. For example, I am looking to buy several stocks this week -- they are the ones that have made or are making new ATHs so that is an expression of relative strength.

   6  

 **10yequivalent** @10yequivalent · Feb 27 ...
Replying to @factor_members

In times of high uncertainty, between "taking a small position with very tight stops" and "waiting for more clarity in case there's bull/bear trap", which one do you think is a better choice? Or is it person/event dependent?

 1   1 

 **FactorMembers** @factor_members · Feb 27 ...

It is person/event dependent, but all things being equal I will always choose waiting for more clarity. During volatile times positions with a tight stop are begging to be hit.

   10  



 **Mahesh** @mahesh2511 · Feb 27 ...
Replying to @factor_members
Which markets should you not have overnight stops in. Is silver one of them?


 1   3 

 **FactorMembers** @factor_members · Feb 27 ...
Silver is one of them. Grains as well. Livestock. Softs, except London softs.


 1   6  

 **Mahesh** @mahesh2511 · Feb 27 ...
How do we manage risk on these markets overnight without stops?


 1   

 **FactorMembers** @factor_members · Feb 27 ...
Lived without overnight markets for 30 years in futures. Still live without overnight markets in stocks.

 1   1  

 **Mahesh** @mahesh2511 · Feb 27 ...
Sorry confused. Are you saying you don't trade these markets or just trade without stops.
Not sure what you mean by 'still live without overnight markets in stocks'
Please elaborate.
Thank you

 1   

 **FactorMembers** @factor_members · Feb 27 ...
I trade those markets without overnight stops. I am not terribly concerned about having positions without overnight stops. I do not use overnight stops in the stock market. I am willing to assume overnight risk

 1   1  

 **Mahesh** @mahesh2511 · Feb 27 ...
Thank you. Now I understand. Really appreciate your help. Thank you.





Edwin Chiang @eddchiang · Feb 27

...

Replying to @factor_members

US equities esp growth has bottomed? Or more pain to follow? I think they have priced in Fed rate hikes but I'm terrible with macro

1 1 1



FactorMembers @factor_members · Feb 27

...

I really would like to be a U.S. stock market bear, but reality is doing so is fighting the dominant historic trend.

1 4



Imran @FuturesOperat0r · Feb 27

...

What would change your mind? Must we not eventually expect a bear market?

2 1



FactorMembers @factor_members · Feb 27

...

In the big rollover in tech stocks in 2000 I really was not sure it was a bear market until Oct 2000. We could be building a stop, but it could take more time.



1 4





Edwin Chiang @eddchiang · Feb 27

...

Replying to @factor_members

Do you use chart patterns for retirement account investing or prefer dollar cost average? Thanks.

1 1



FactorMembers @factor_members · Feb 27

...

Combination. I follow IBD 50 for idea, tend to like themes (that change from time to time) but do mix in charts, particularly weekly charts.

5



Jason Kolb @jasonkolb · Feb 27

...

Replying to @factor_members

Can you please discuss reversal volume patterns? What do you look for in terms of volume compared to normal, as well as volume on red vs green candles (in a reversal to the upside, for example)? Also, which time frames are relevant when assessing reversals?

1 2



FactorMembers @factor_members · Feb 27

...

Truthfully I really do not pay that close attention to volume unless it is a big expansion of volume with a WBB candlestick. Huge huge huge volume is more often than not starting volume or stopping volume

6



Chris @ChrisGoals · Feb 27

...

Replying to @factor_members

What percentage of your total portfolio do you actively trade with? What is your target annual yield on that trading account? (I think I saw in your newsletter you did around 4000 basis points last year).

1 2



FactorMembers @factor_members · Feb 27

...

The Factor Prop account is my main source of income. Trading leveraged futures and forex I seldom am using more than 10% to 15% of account to meet margin requirements. I do not really have a ROR target -- my goal is to pursue excellence and see where that takes me

5



Mihai Marginean @MihailMarginean · Feb 27
 Replying to @factor_members
 Hi, Peter, you said some time ago that you are part of a small group of traders/investors. Is there a way in which we can join? (probably not but worth to try) 😊

FactorMembers @factor_members · Feb 27
 It is a group of peers that has been together for years and years

Future Focus @sherman2_rob · Feb 27
 Replying to @factor_members
 Is natural gas a trade here given the geopolitical climate

FactorMembers @factor_members · Feb 27
 I believe so, but politics plays a huge role in Nat Gas

Jason Kolb @jasonkolb · Feb 27
 Replying to @factor_members
 You've mentioned that you don't short stocks, is that because the macro trend in equities is still up?

FactorMembers @factor_members · Feb 27
 Partially yes. But two other reasons:
 1. Need to pay borrower dividends
 2. Broker can call the short back and force the short to cover

Brett W @pavestheway · Feb 27
 Stock could also gap up on a takeover

FactorMembers @factor_members · Feb 27
 I am, first and foremost, a risk manager. When markets are jumping around as is the case it is impossible to manage risk properly. So, what I might think about a chart or trade is meaningless.

FactorMembers @factor_members · Feb 27
 With volatility as it is already I have cancelled all orders to enter new positions until sometime after markets open on Monday.

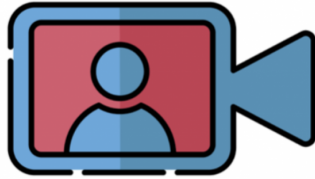
FactorMembers @factor_members · Feb 27
 Is there a bunch of \$\$\$ that can be made with wild mkts? Of course
 But, I could have buy stops way above a mkt and sell stops way below and be filled on both and not have it mean anything
 When I am filled on an order my hope is that it also informs me

- Factor Member Private Twitter tweet count for this month: 145



- Are you following our private Twitter? We highly recommend you do - [Steps for access](#)

Spotlight Links To Watch & Read



The Factor Tracking Sheet Explained – Video

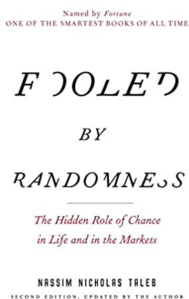
April 5, 2021 / by Peter Brandt

The Factor Tracking Sheet explained: How Peter uses it, abbreviations used, and links to download a PDF or Excel copy.

Watch

- [The Factor Tracking Sheet Explained - Video](#)

Read



- [Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets](#) (contains an affiliate link to our Amazon Store)
- [A Brief Introduction to Probability Theory and the Random Distribution of Results: Understanding the Concept of Sequencing in a Trading Operation](#) (Factor website)

Original post: <https://www.peterlbrandt.com/the-monthly-february-2022/>

