



March 20, 2022

Trading commentary

It is NOT the goal of the Factor Service to teach people to trade like me. Nor is it my intent to teach you to become a chartist.

Rather, the mission of the Factor Service is to prepare novice and aspiring traders for the mental and emotional battles necessary to become successful speculators. Learning to trade – and to take COMPLETE ownership of your trading – is a three- to five-year endeavor. I started at the Chicago Board of Trade in 1975 and was mentored by some fabulous traders. Yet, I blew up several accounts (I remember three, but there could have been more) and did not gain traction as a trader until 1979. It was not until 1981 that I had accumulated enough capital and knowledge/battle wounds to start Factor Research and Trading Inc.

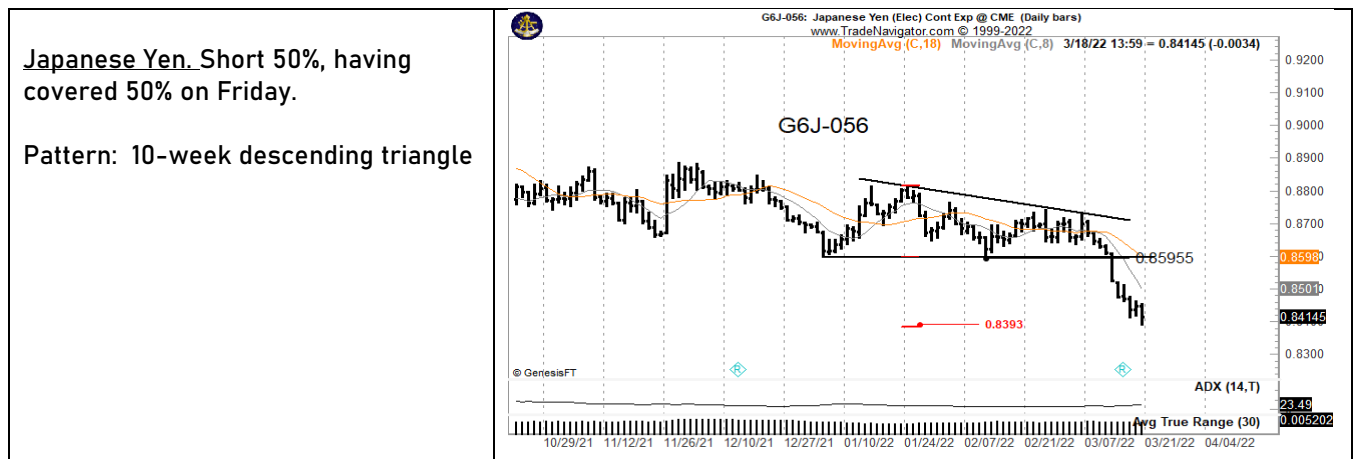
Learning to trade is a matter of learning from mistakes, many of them more than once (or twice, or thrice).

Trading is a matter of making trade-off. Use wider stops – and increase the win rate in exchange for larger drawdowns. Name the tactical change to a trading program and there will be trade-offs. My trading regime is filled with trade-offs. A high Gain-to-Pain ratio and Profit Factor are my goals. I give up absolute profitability as a trade-off. Aggressively I protect trading capital. I cut losses very quickly – this protects capital with the trade-off of being stopped out of a lot of trades that subsequently become winners.

Trade-offs. There are always trade-offs. There is NO way to optimize for all the outcomes you want.

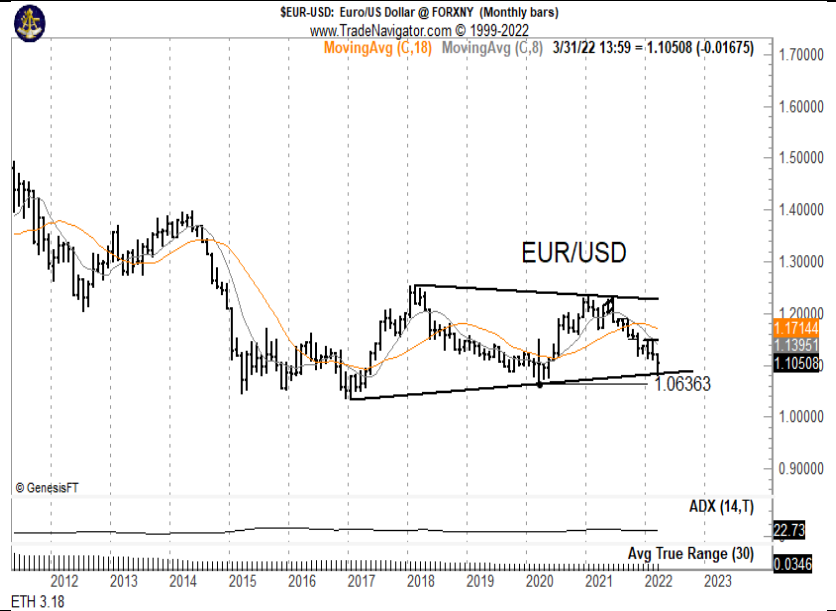
The wrinkle in playing the trade-off game is that there are always unintended consequences. Sometimes the unintended consequences are good news, more often they are unwelcomed. Then, in the process of addressing the unintended consequences new trade-offs occur.

Markets of interest



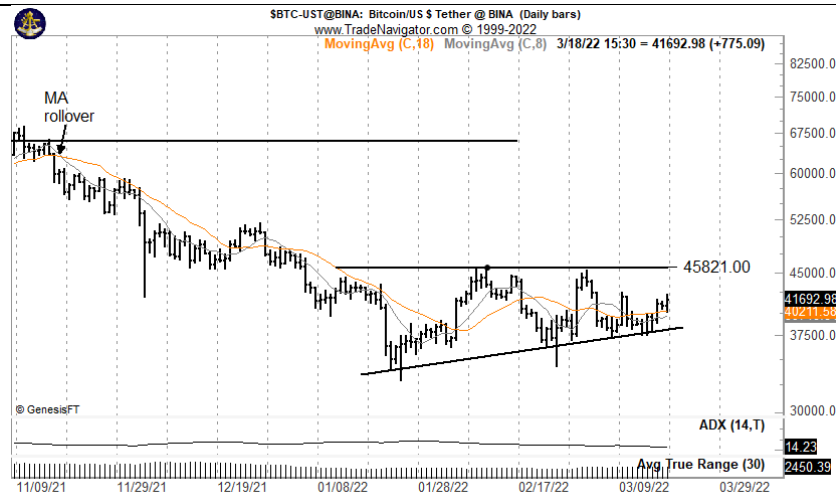
Eurocurrency futures. Flat. The chart construction I am paying attention to is a possible 5-year symmetrical triangle. A continuation pennant could be forming on the daily graph.

Pattern: 50-yr trendline, 5-year triangle



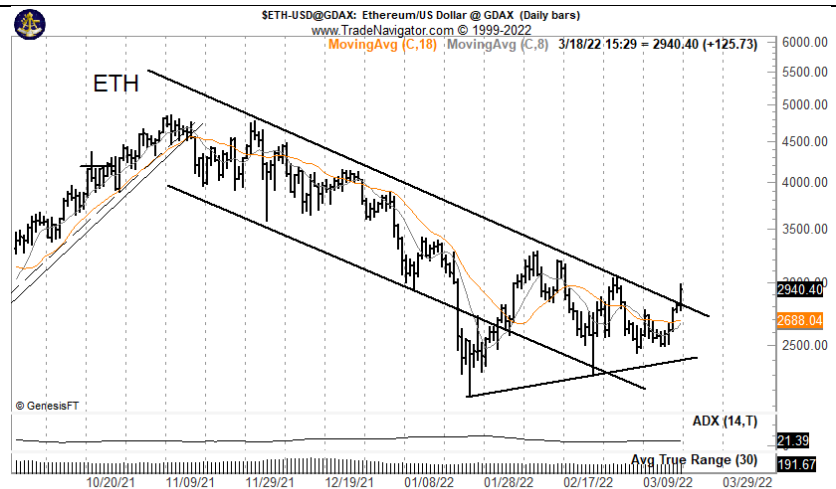
Bitcoin. Flat.

Pattern: Possible ascending triangle. Possible massive rectangle on weekly graph



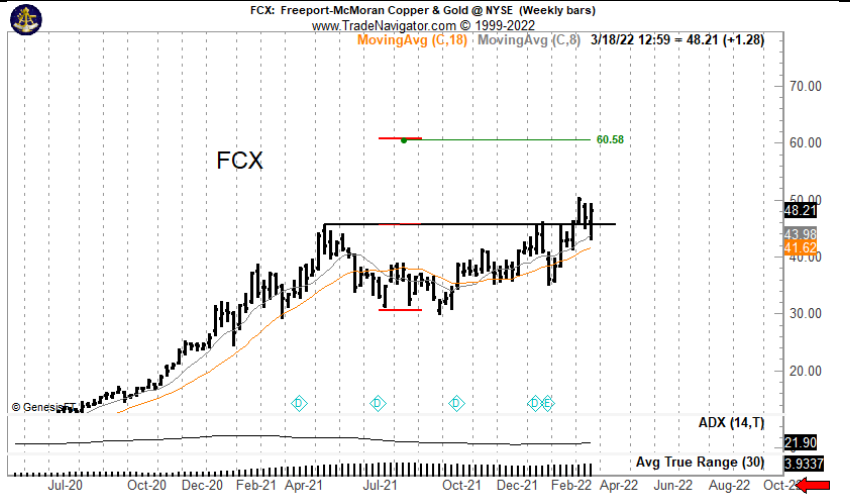
ETH. Flat. I am interested in the long side but am yet undecided on a trading tactic.

Pattern: Completed channel and possible symmetrical triangle



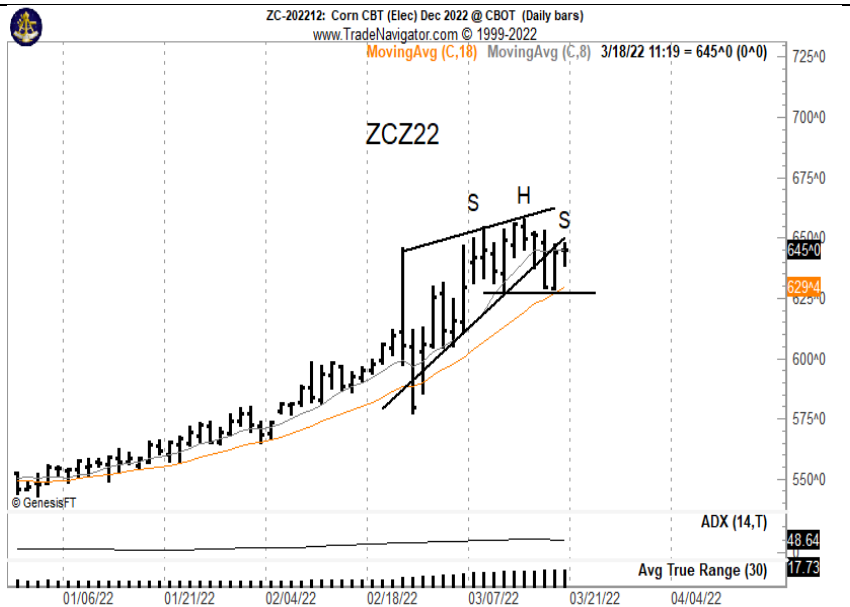
FCX. Long 100%, having been spun like a top this past week.

Pattern: 9-mo continuation saucer on weekly graph



Corn. Flat. The major trend is up. The daily chart of the May contract displays a possible descending triangle top. I don't trust the short side.

Pattern: Dec Corn displays a rising wedge and possible small H&S top pattern.



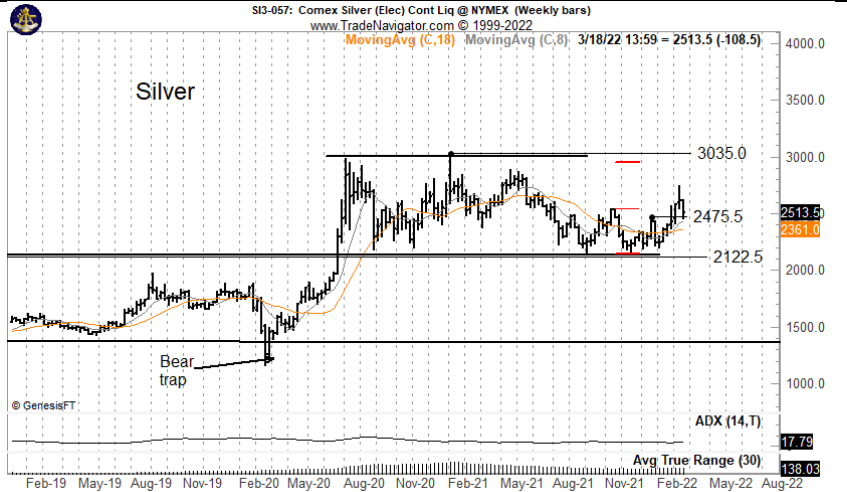
10-Yr T Notes: Flat. I have orders to short a stiff rally back to 125^14.

Pattern: H&S bottom failure



Silver. Long 50%, having been spun this past week.

Pattern: Completed 7+ month compound fulcrum bottom on daily graph, massive 17-mo. rectangle on weekly graph



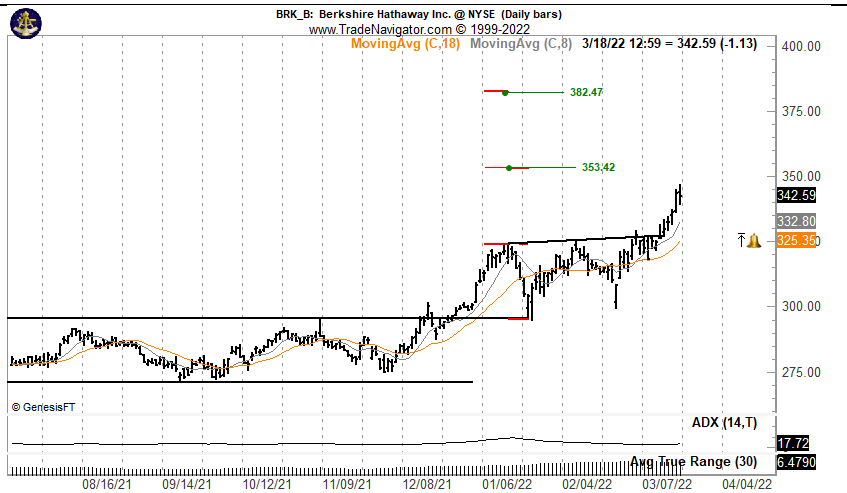
SIVR. Long 50% having been stopped out of 50% this past week.

Pattern: See Silver futures



BRK.B. Long 100%. A 3X target is noted on the chart.

Pattern: 8-week ascending triangle on daily chart as retest of underlying rectangle



Gold. Flat. I am interested in buying a retest of the underlying symmetrical triangle. The risk of a long position is the Feb 10 low.

Patterns: Possible Cup and Handle on the monthly graph



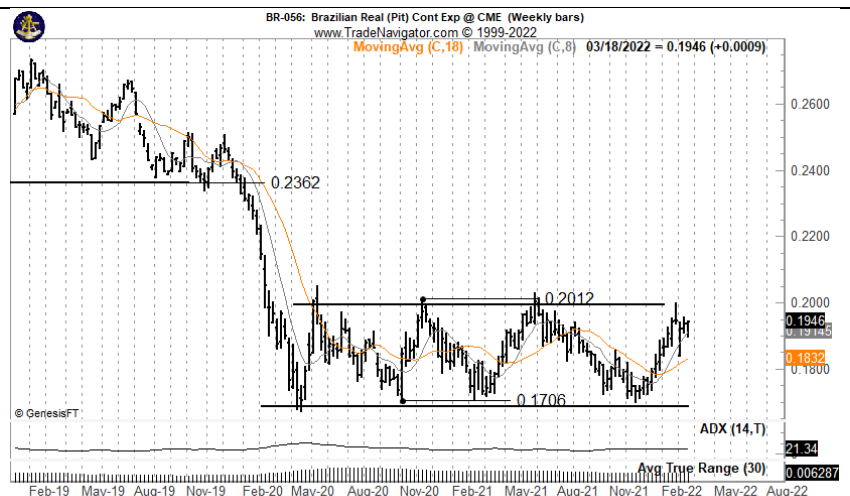
Canadian Dollar futures. Flat. An advance above the Jan high would be a failure buy signal.

Pattern: Possible descending triangle



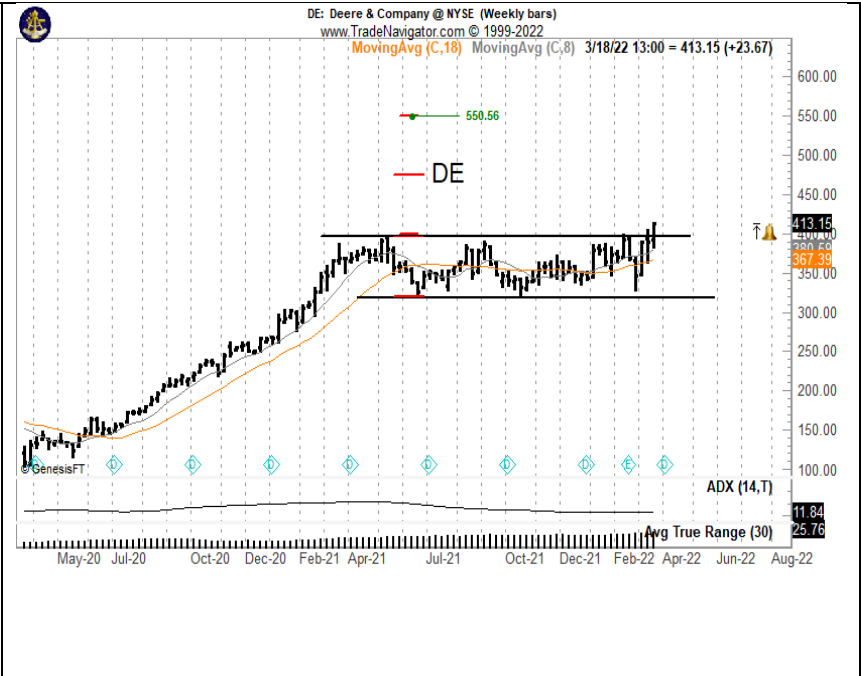
Brazilian Real futures. Flat. I cannot ignore such a well-defined rectangle. How crazy is the idea of being long the Real?????

Pattern: Well-defined rectangle




Deere & Co. The advance this past week completed a 12-mo rectangle – the rectangle is my favorite pattern. I am using a 2X target. The pic is my mom and dad (since deceased) riding my John Deere snow sled at our lake home in MN.

Pattern: Rectangle




plb
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Tracking sheet for the week of Mar 13 ending Mar 18

			Weekly position/symbol tracking - Prop ONLY		
W/O Mar 13					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
SIVR (etf)	L 100%			S 50% M 24.32, long 50%	27
GCM22	L 50%	Jun Gold		S 50% Tu 1950, flat	72
SCCO	L 50%			S 50% M 70.86, flat	7
FCX	L 50%			S 50% M 44.64, flat	-18
SIK22	L 100%			S 100% M 25.38, flat	24
BRK.B	L 50%			Hold	
G6JM22	S 100%			B 50% F .8411	117
		ZNM22	10-yr Ts	Unable	
		BTC	Spot	Unable	
		ZSX22	Beans	Cxld	
		G6CM22	Canadian \$	Cxld	
		BRM22	Brazilian Real	Unable	
		ZCZ22	Corn	Cxld	
		ESM22	S&Ps	S 100% M 4228.25, B 100% W 4270.25, flat	-22
		G6EM22	EuroFX	Unable	
			DE	B 100% F 408.12, long 100%	
			SIN22 (micro)	B 50% Th 25.21, long 50%	
			FCX	B 100% Th 47.14, long 100%	
			GCN22	Unable	
			ZSN22	Unable	
					207

Tracking sheet for the week of Mar 20, 2022

			Weekly position/symbol tracking - Prop ONLY		
W/O Mar 20					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
SIVR (etf)	L 50%				
BRK.B	L 100%				
G6JM22	S 50%				
SIN22	L 50%				
DE	L 100%				
FCX	L 100%				
		BTC	Spot		
		GCN22	Gold		
		G6CM22	Canadian \$		
		BRM22	Brazilian Real		
		ZCZ22	Corn		
		G6EM22	EuroFX		
					0

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