



May 22, 2022

Commentary

I entered the weekend COMPLETELY FLAT in the Factor Prop account. I cannot recall the last time I was out of all trades.

Nothing more clears the head of fog than being without a position. I should do it more often, if for no other reason than to dampen the FOMO genes still populating my body.

Given the debacle that is the U.S. stock market I spent some time Friday surveying the damage in my IRA, Keough, Roth, et al accounts (not part of the Factor Prop structure). Here is the tale compared to a few benchmarks:

Category	2022 YTD*
Benchmarks	
• S&Ps	-18.2%
• NASDAQ	-27.5%
• Bitcoin	-37.2%
• Gold	+8%
Actual Factor & Trust/Pension accounts	
• Wealth manager (50%/50% blend of stocks & yield instruments)	-13.6%
• Self-directed retirement stocks	-4.7%
• Factor Prop Account (futures/FX)	+31.2%
• Factor Prop (equities)	+3.4%
• Bitcoin account	-12.5%
• Cash and equivalence	-5% vs. inflation
*Through May 20	

As a side note, I am 60% committed to BTC in my Bitcoin account, 100% in cash in the Prop Account and about 80% in cash in self-directed retirement accounts. My wealth manager is 100% committed to equities and interest-bearing assets.

I'm sure you have already heard, but the eight consecutive weeks of losses currently experienced by the DJIA has not happened in more than 100 years. The equity markets seemingly have no ability to get off the mat. The weekly charts are UGLY. Yet, by many measures the market is severely oversold. I see no trade based on my approach to charting.

My opinion (opinion ONLY) is that the Fed takes inflation seriously – at least it better. Inflation can wipe out wealth in powerful ways, not just at the grocery store and gas pump. It should be noted that the Fed is hugely behind the curve (and the free market). The Fed Fund rate at 75 basis points is a full 250 basis points behind the freely traded 2-Yr T-Notes. These 50 basis point hikes by the Fed represent a meager attempt at taking inflation seriously.

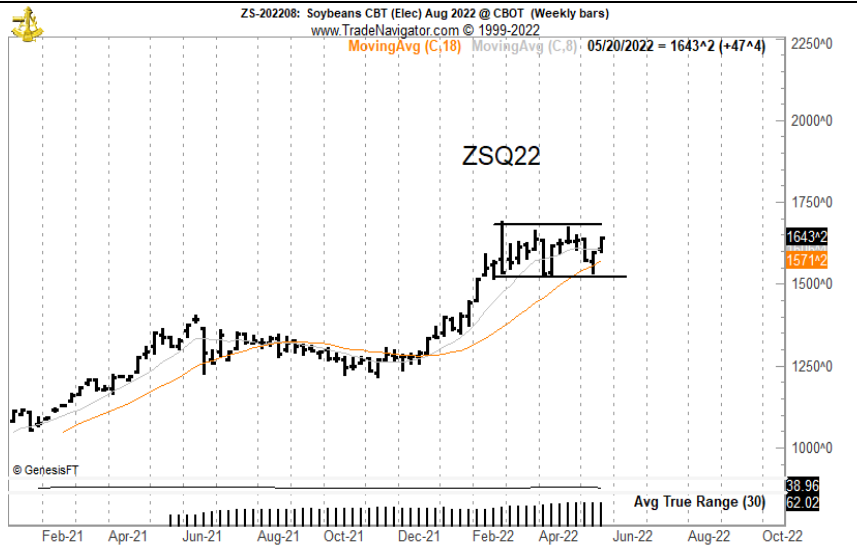
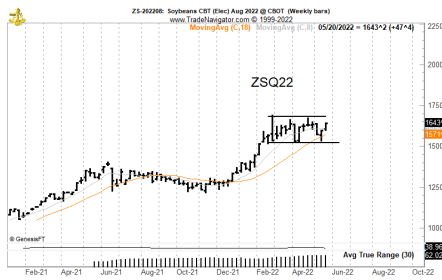
I do not see much that excites me on the charts. Experience has taught me that a few quick losing trades following a good profit run signals a strong possibility of choppy markets for a few months. However, I may begin to place some orders early next week, but at a reduced basis point risk level.

Markets of interest

Note: Following are charts that stood out to me for one reason or another during my Saturday scroll. As of this writing I do NOT have any working orders. I will decide on my order flow (if any) Sunday afternoon.

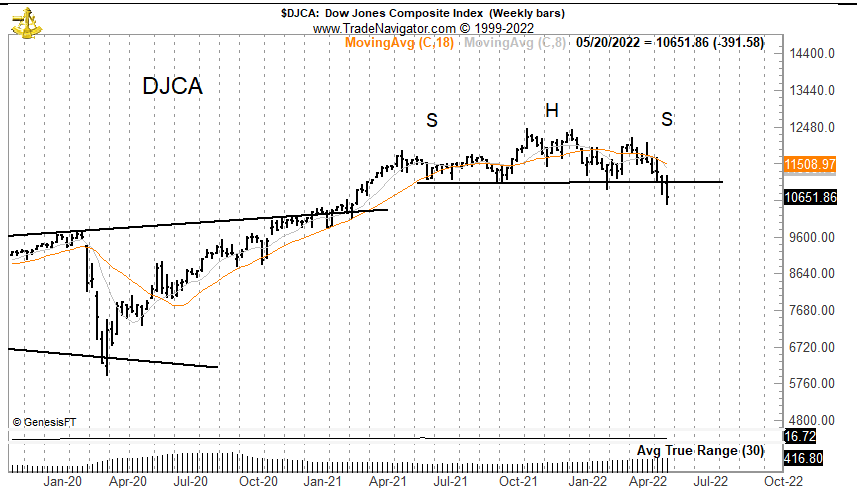
Aug Soybeans. Aug will become the most active old crop contract when Jul expires. It is possible to view the Nov contract as a continuation H&S pattern.

Pattern: Rectangle in Aug contract

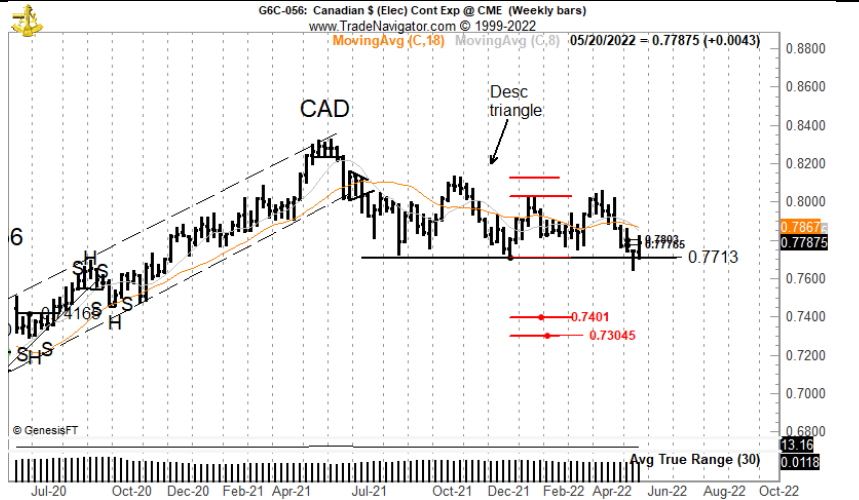


Dow Jones Composite. This is NOT a pretty picture.

Pattern: H&S top

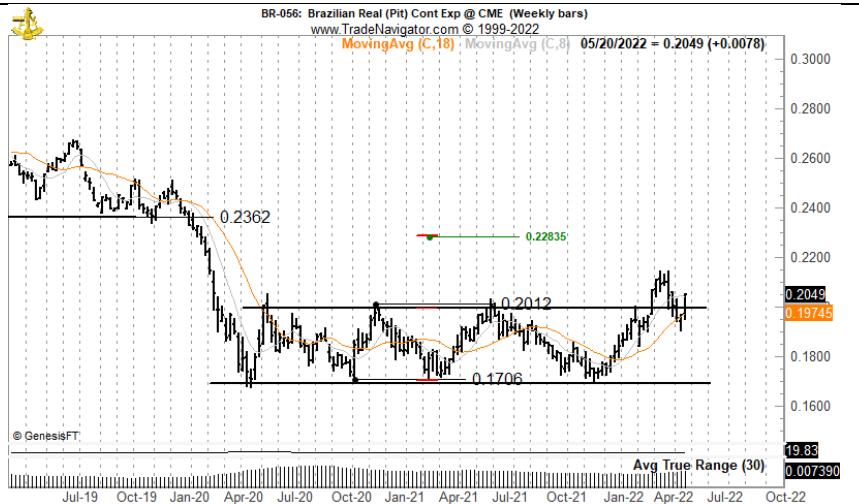


Canadian Dollars. I will continue to monitor the C\$ for a recompletion of the ascending triangle on the weekly graph.



Brazilian Real. Following a hard retest, the Real bull market has generated a secondary buy signal. I am interested in buying a dip.

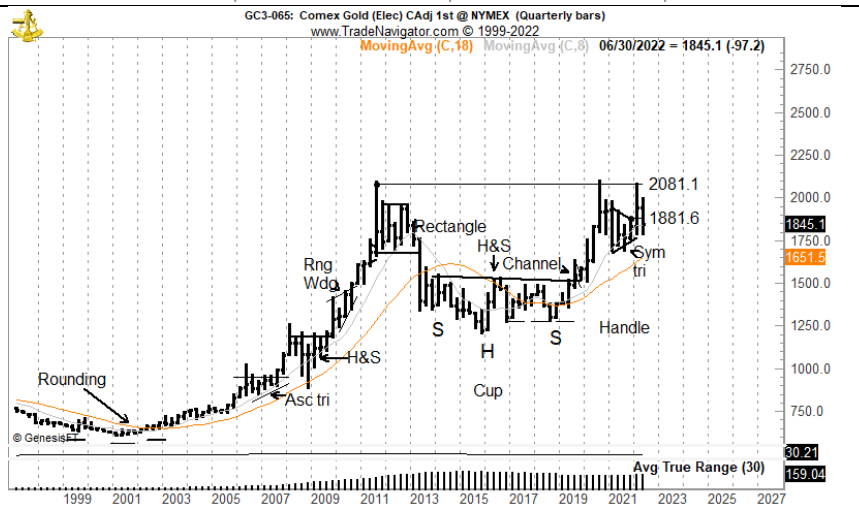
Pattern: Rectangle



Gold. A 10+ year continuation pattern continues to form. I am not sure about timing, but this will be a bull market for the ages when it occurs.

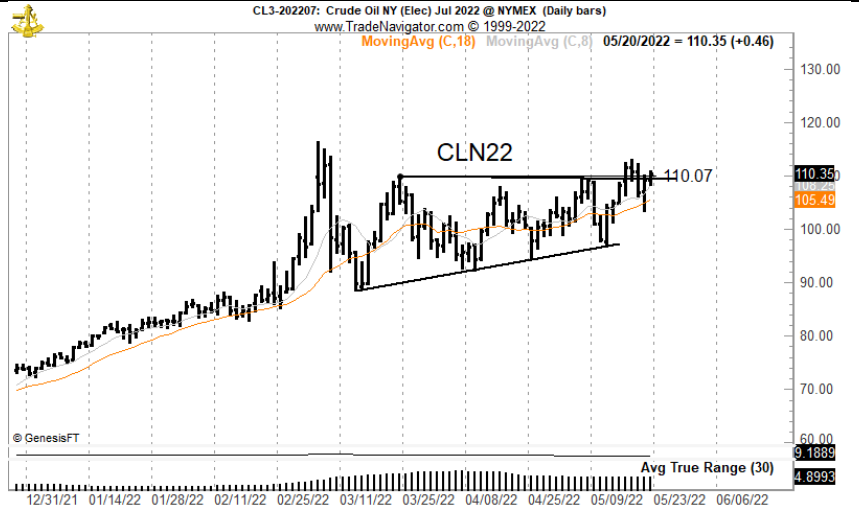
Pattern: Massive Cup & Handle

Note: I like the long-term prospects in Gold and have bought Pax Gold in my Bitcoin portfolio.



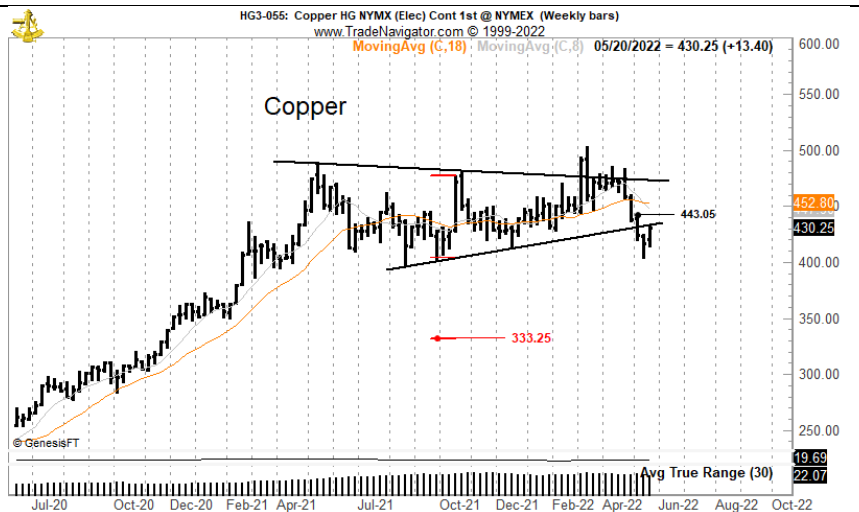
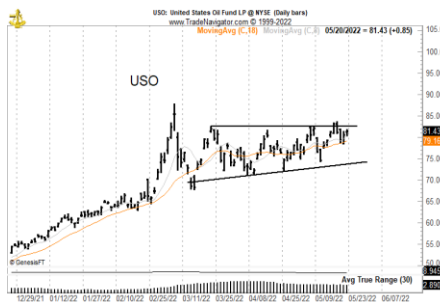
Jul Crude Oil. A recompletion appears to be occurring.

Pattern: Ascending triangle

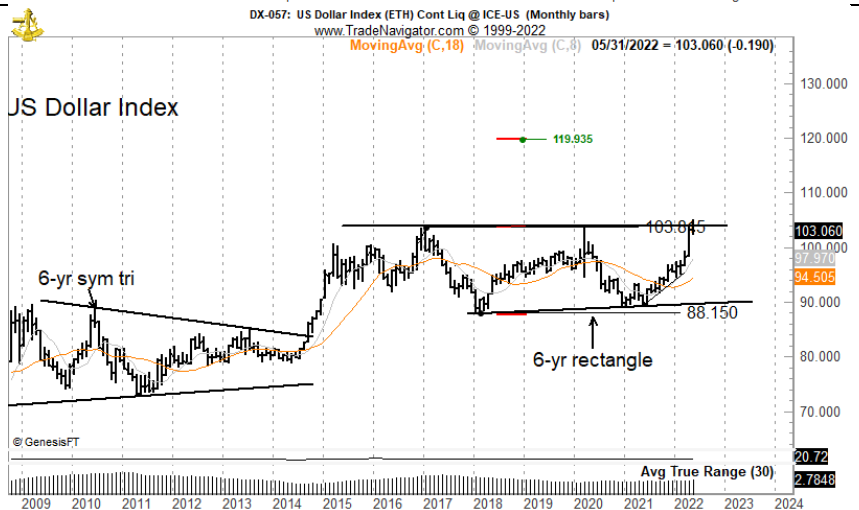


Copper. If a daily chart pattern sell signal occurs, I will take it.

Pattern: End around

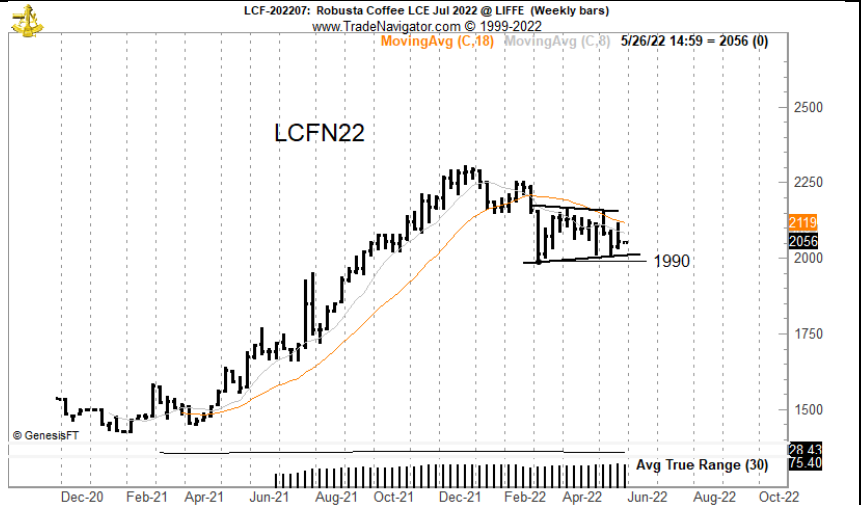


U.S. Dollar Index. The massive rectangle is still in play. I can imagine myself becoming either long or short depending on the further construction of the daily graph.



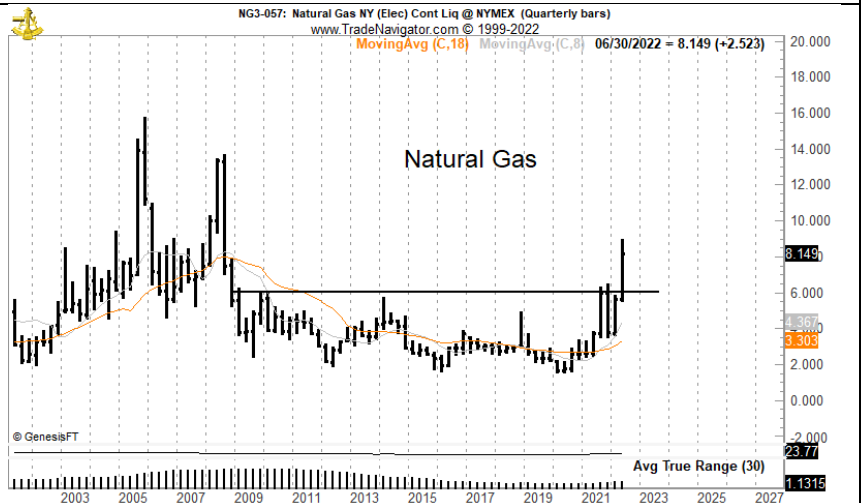
Jul London Coffee.

Pattern: Continuation symmetrical triangle

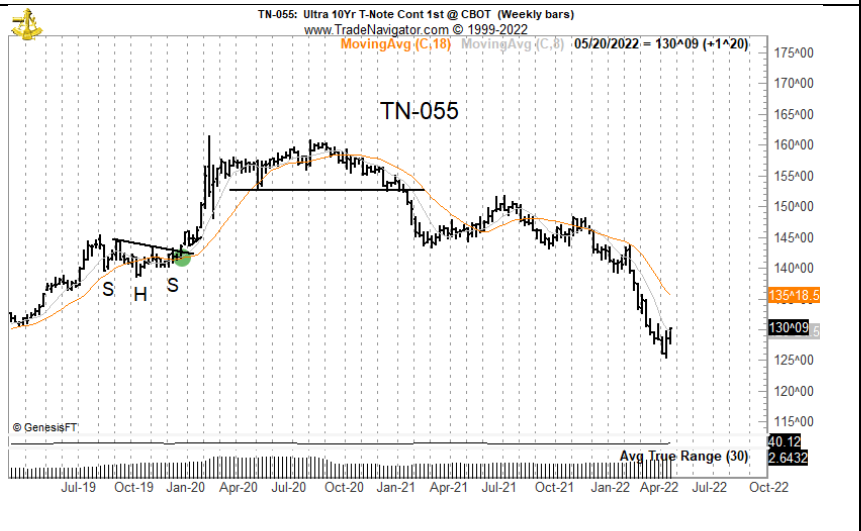


Natural Gas. I continue to believe a massive bottom has been completed.

Pattern: Multi-year rectangle

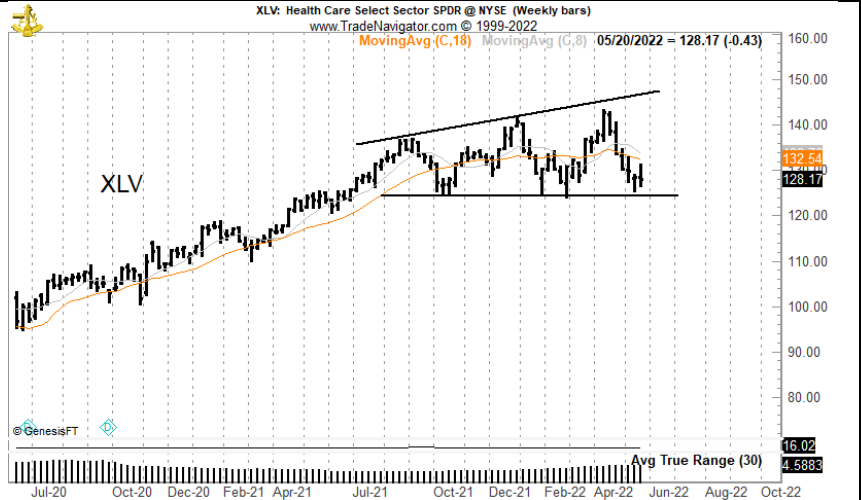


Treasuries. Interest rate futures are forming tradeable bottoms. Yet, I believe the major trend remains down. The 2-Yr Notes are forming a rounding bottom on the daily continuation chart.

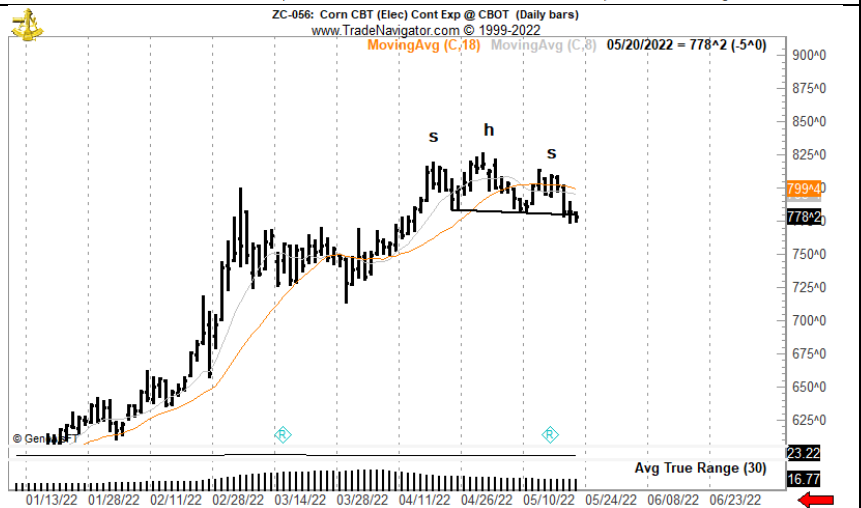
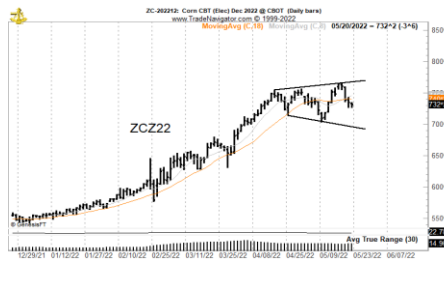


XLV

Pattern: Classic right-angled broadening triangle



Corn. The 056-continuation daily chart (rolls at expiration) displays a possible H&S top. The Dec contract displays a possible broadening pattern.




Current positions

NONE


plb
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Tracking sheet for the week of May 15 ending May 20

			Weekly position/symbol tracking - Prop ONLY		
W/O May 15					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
G6EM22	S 150%	EuroFX		S 50% Tu 1.0558, S 100% 1.0463, flat	158
KWN22	L 125%	KC Wheat		S 40% M 13.47, S 45% Th 12.92, S 40% F 12.73, flat	242
DXM22	L 50%			S 50% Tu 103.98, flat	-11
		ZSQ22	Beans	Unable, cxld	
		CLN22	Crude Oil	B 100% M 111.50, S 50% W 108.55 & 50% 107.71, flat	-41
		LCFN22	Lnd Coffee	Cxld	
		DXM22		Unable, cxld	
					348

Key: B = buy, S = sell, M = Monday, Tu = Tuesday, W = Wednesday, Th = Thursday, F = Friday

Tracking sheet for the week of May 22, 2022

			Weekly position/symbol tracking - Prop ONLY		
W/O May 22					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
NONE					
		ZSX22		Soybeans	
		Canadian \$			
		Brazilian \$			
		CLN 22 or CLQ22		Crude Oil futures	
		LCFN22		London Coffee	
					0

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plb
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