



December 10, 2022

For a listing of all trades executed during the past week please see the table on page 10.

Trading commentary

The markets during December are often quite tricky. I am winding down my trading for the year. My interest will be limited to weekly chart patterns. In the weeks ahead I will be preparing an update for the annual “January FX Effect” report and the annual Best Dressed List.

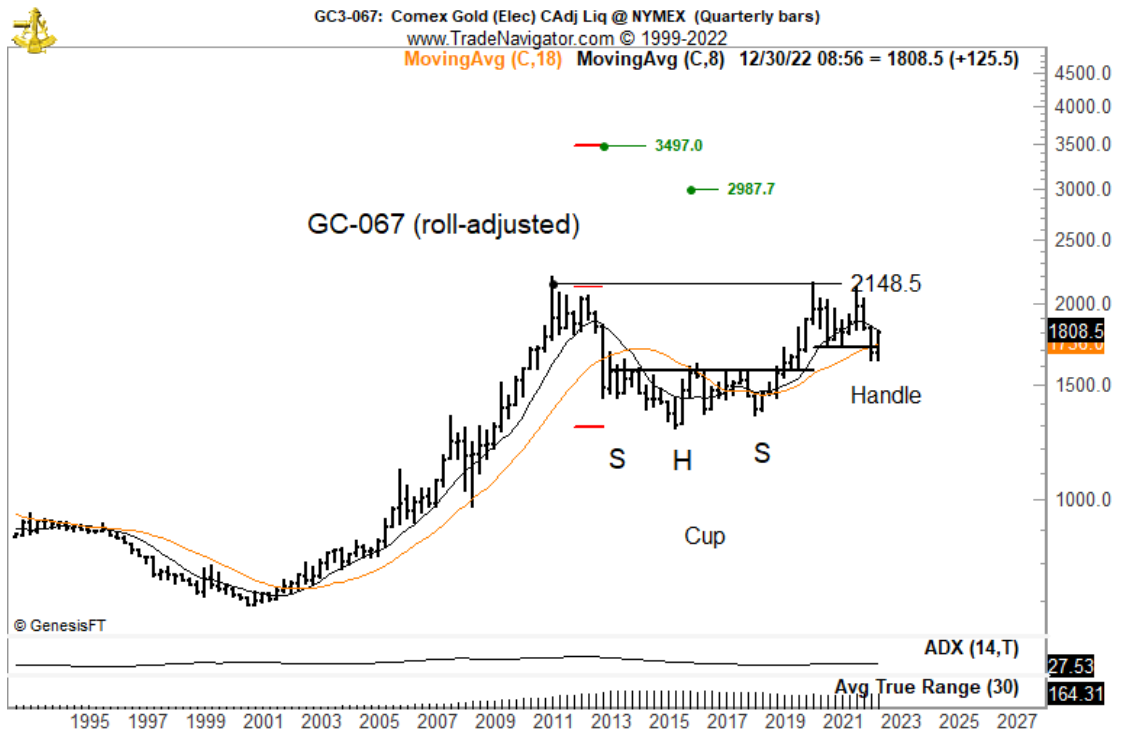
Positions at end of week

- Long 100% Gold futures
- Short 50% MATIF Corn futures
- Short 50% KC Wheat futures
- Short 100% CHN futures
- Long 50% (LT) Sugar futures

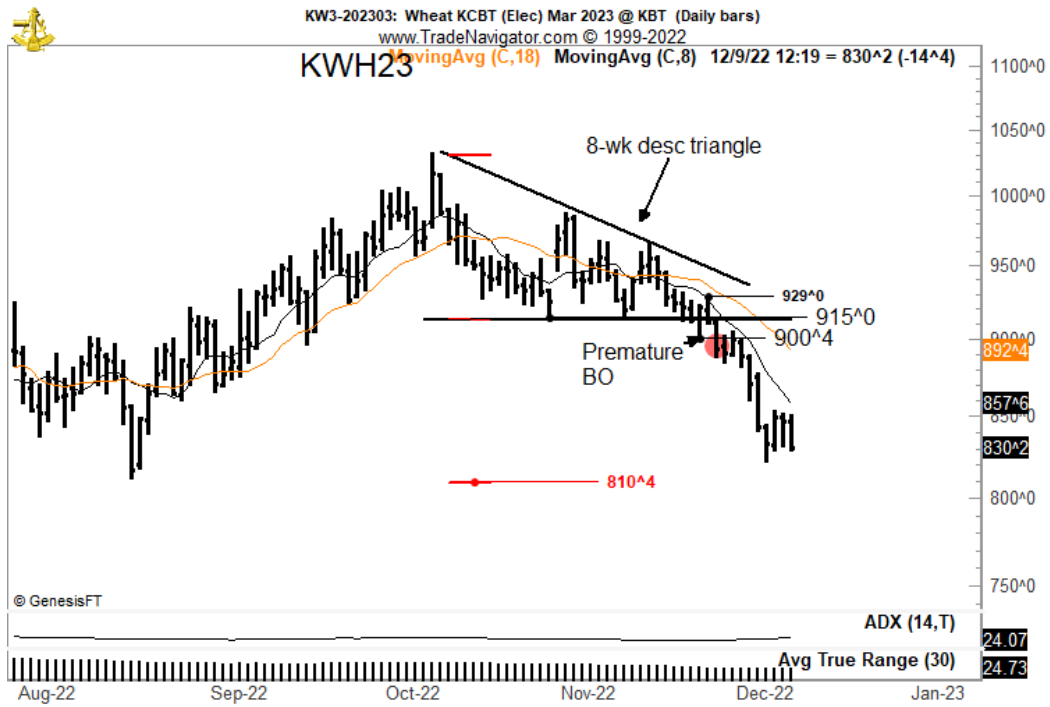
Trades are setting up in Rapeseed, global interest rates, Sugar and Soybeans.

Markets with positions

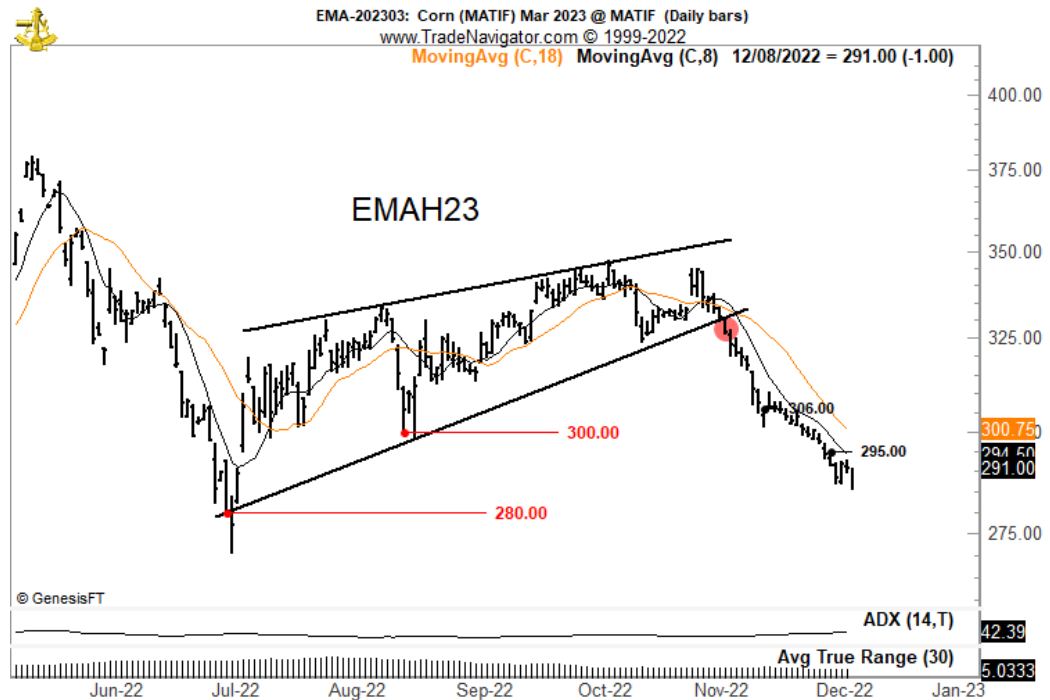
Gold. The Gold market continues to jerk higher. The initial target at 1857.9 is within reach. The Cup and Handle pattern on the monthly log scale chart has targets of 2987 and 3497. I expect a lot of back and filling along the way. In fact, the rally from the Nov low has probably gotten ahead of itself. While a decline back to 1720 would stop me out of my trade, such a decline would not negate the bullishness of the longer-term charts. Factor is 100% long.



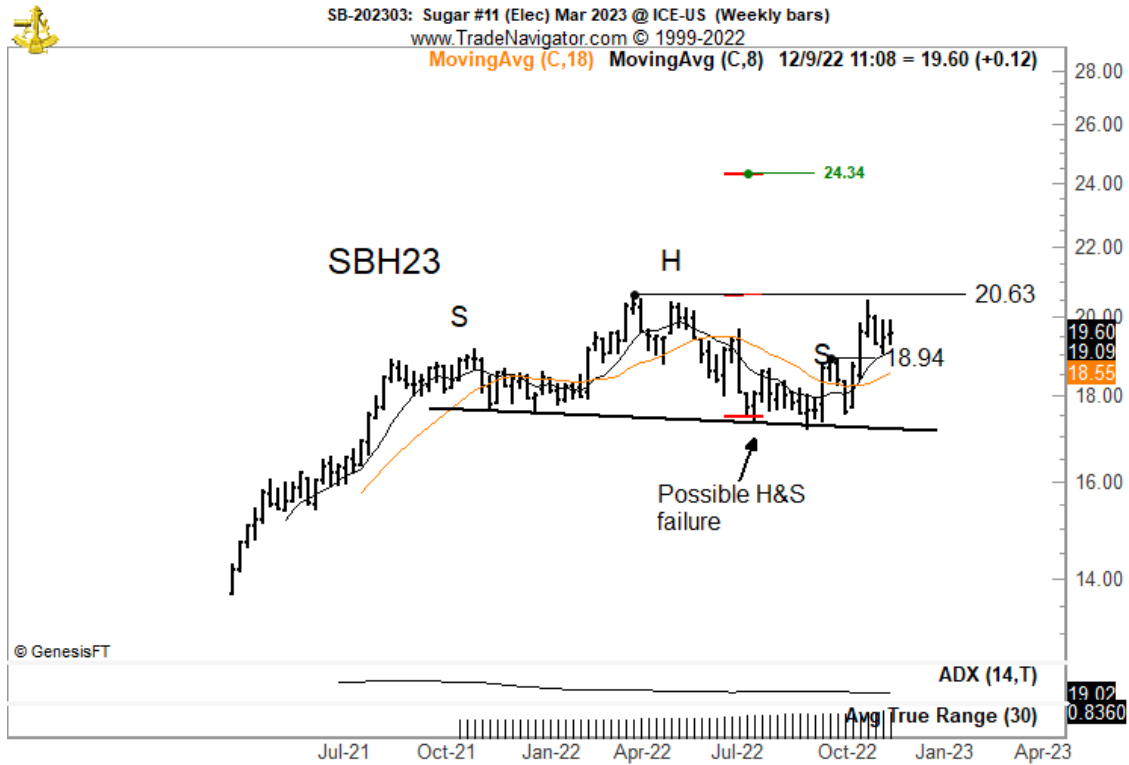
KC Wheat. Factor is short 50%, having covered 50% (two 25% tranches) this past week. The next target is 8.1225. I will give the market a little wiggle room to trend lower. Note that the possible 3DTSR this week did not trigger.



MATIF Corn. Factor remains short 50% based on the completion of a rising wedge in the Nov contract on Nov 8. The target is 280.25.



Sugar. A starter long-term (LT) position was entered in the Mar contract this past week. I will risk this trade to the late Nov low. The Mar contract has completed a possible H&S failure and the weekly continuation chart is forming a rectangle. A quite bearish chart scenario can also be told – I will save this for another day should the market start coming under pressure.



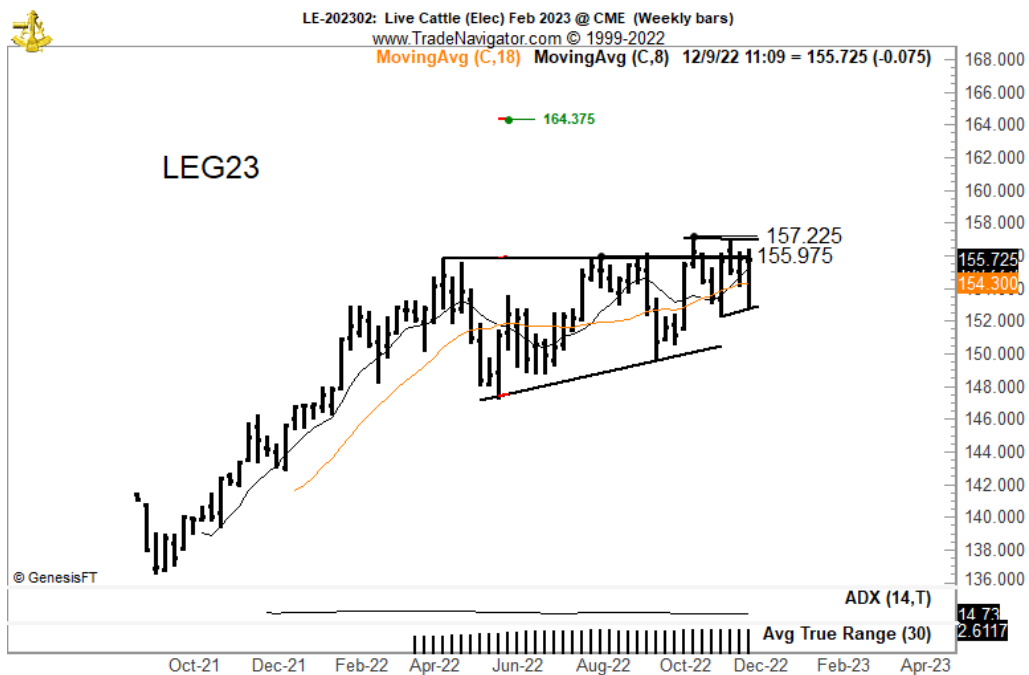
Chinese Yuan. The decline on Monday completed a H&S top. Factor is 100% short with tight stops on half the position.



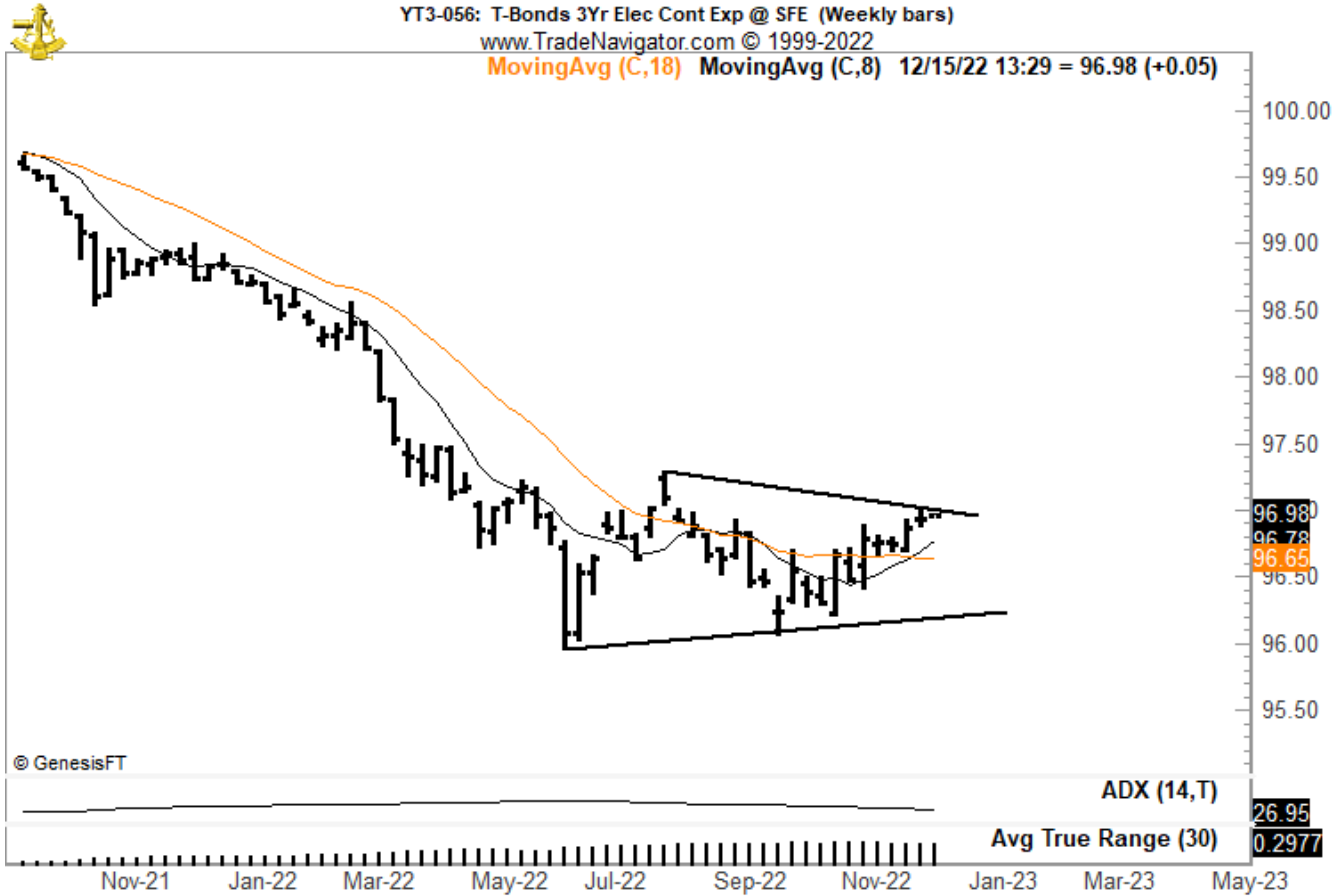
Post notes. This past week was “stop-out” week – I was stopped out of the Yen, German Bund, Mexican Peso, Euro STOXX, Aussie \$ and 5-Yr Notes (due to Friday closing price rule). These trade, in composite, produced a small profit of 51 basis points.

Markets under consideration

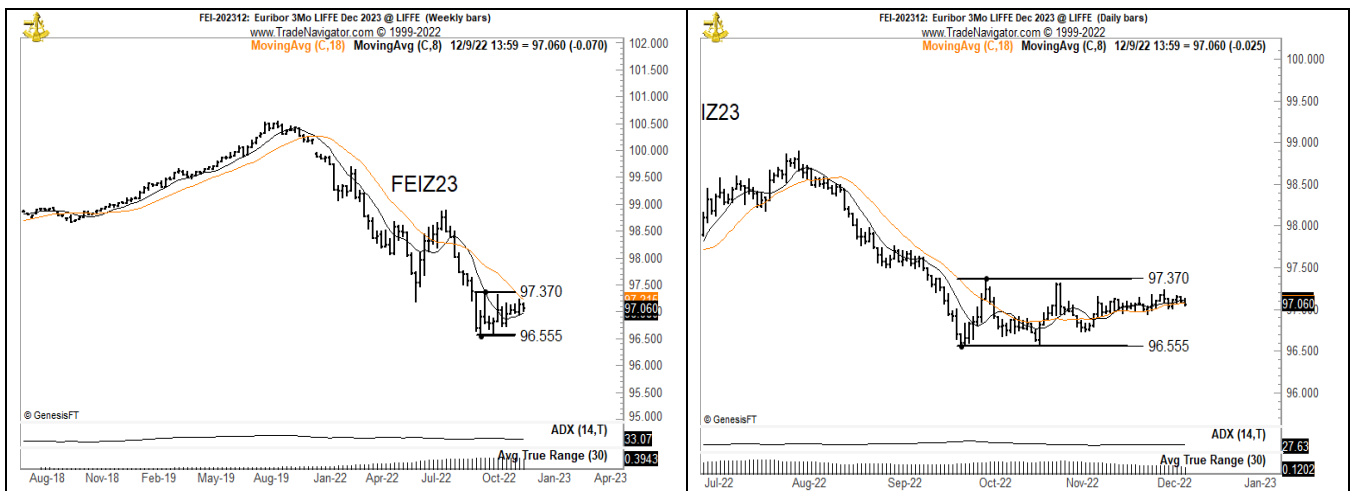
Live Cattle. Cattle appears poised for a massive advance based on the charts (it must be kept in mind that Cattle has not historically responded well to classical charting principles). The Apr and Feb contracts seem to be alternating as my preferred contract month. The Feb contract now has developed a triangle, the completion of which would also complete a larger ascending triangle.



3-Yr Bonds. The clearest interest rate chart for a strong decline is the 3-Yr Bonds. This contract is the thinnest traded of the treasuries.



Euribor. The Dec 2023 contract is forming a rectangle. I will monitor this market for a trading opportunity, and it is my instinct it will be a sell signal.



Soybeans. The new crop Nov contract presents a possible continuation ascending triangle.

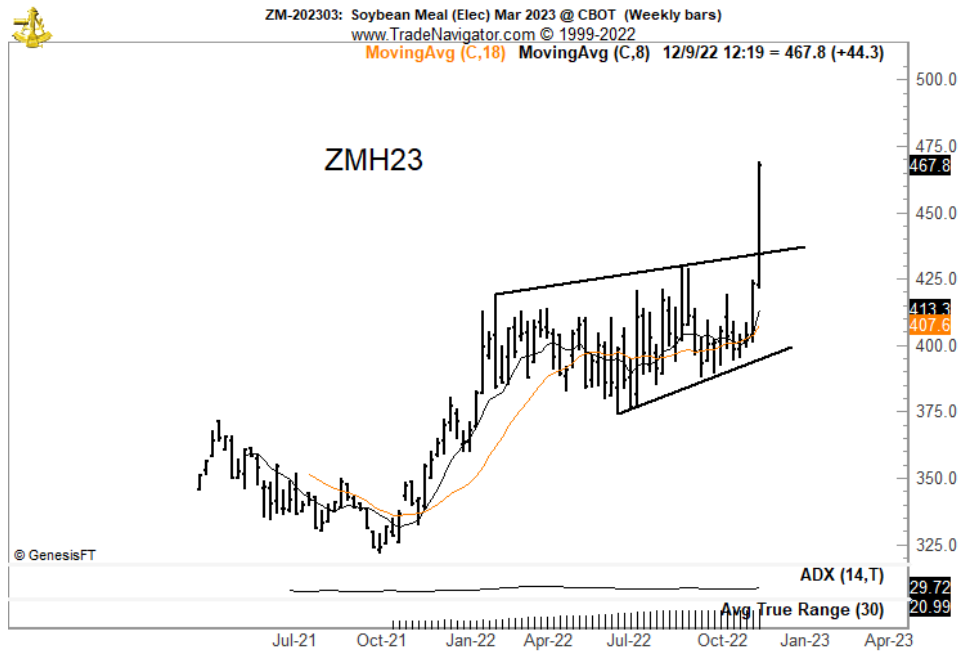


Vancouver Rapeseed. The inverted H&S bottom will be closely monitored for either completion or failure. It is common for a well formed pattern to offer possible trading signals in either direction. The Mar contract is shown.

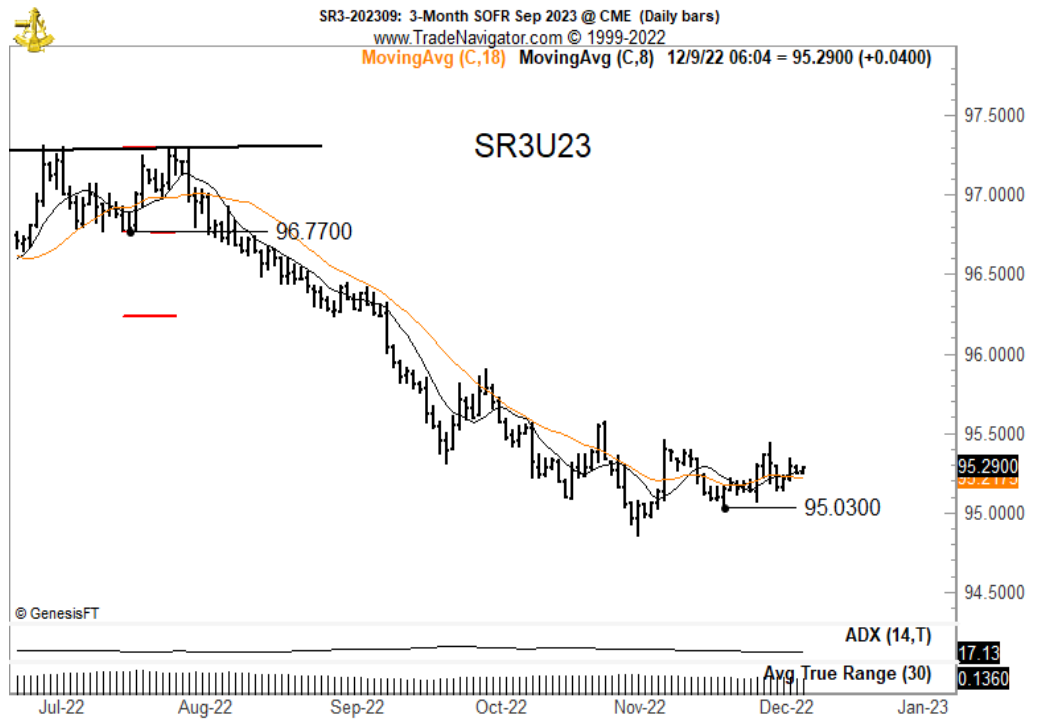


Other charts of interest

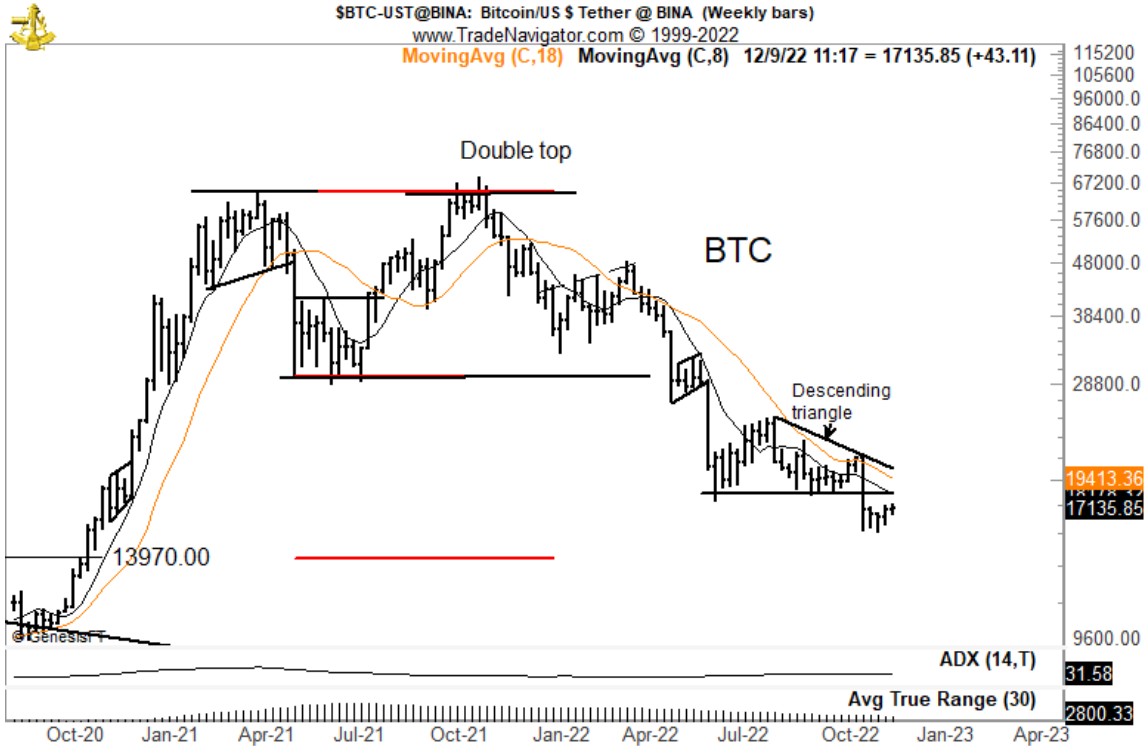
Soybean Meal. I have looked at Meal charts every which way from Sunday in recent weeks trying to find a measured risk trade. Unfortunately, the daily and continuation charts were messy. Congrats to a few Factor Members who I know caught this market. When Meal decides to run, it really runs.



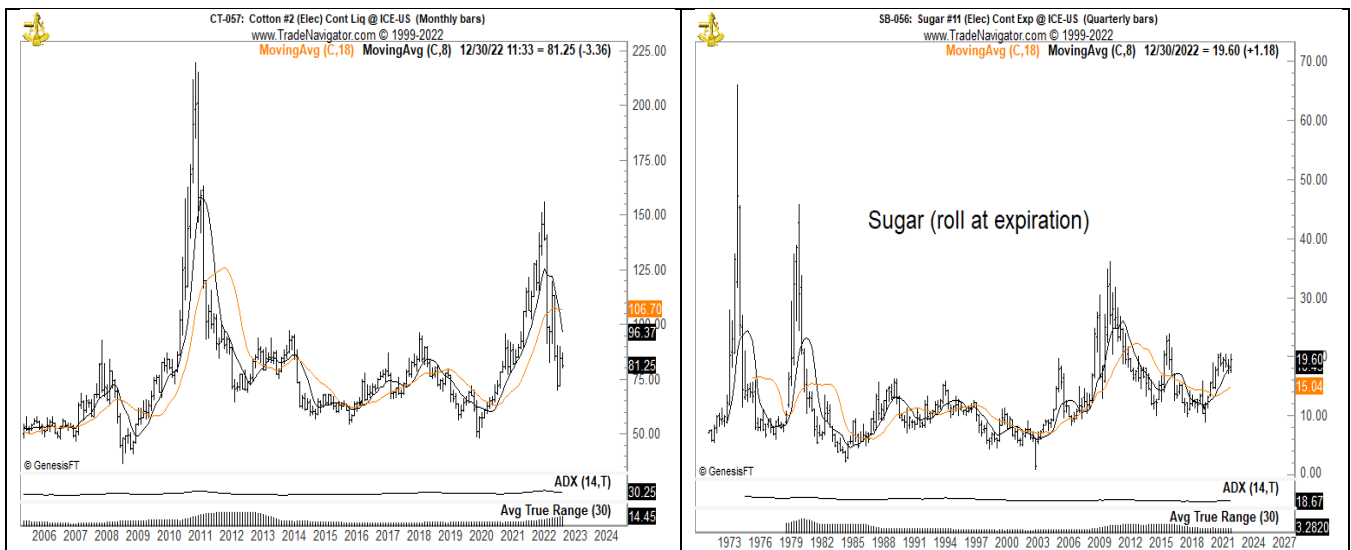
SOFR. When I look at the chart of the 3-month SOFR (scheduled to replace the Eurodollar contract) it is tough to get excited about the long side. In fact, the nearby continuation chart of SOFR has rallied a very meager 20 basis points from the Oct low. This fact leads me to believe that the Fed remains extremely aware of inflation pressures. The Sep 2023 contract could be setting up for a sell signal. An appropriate ATR move and close below 95.30 would be such a signal.



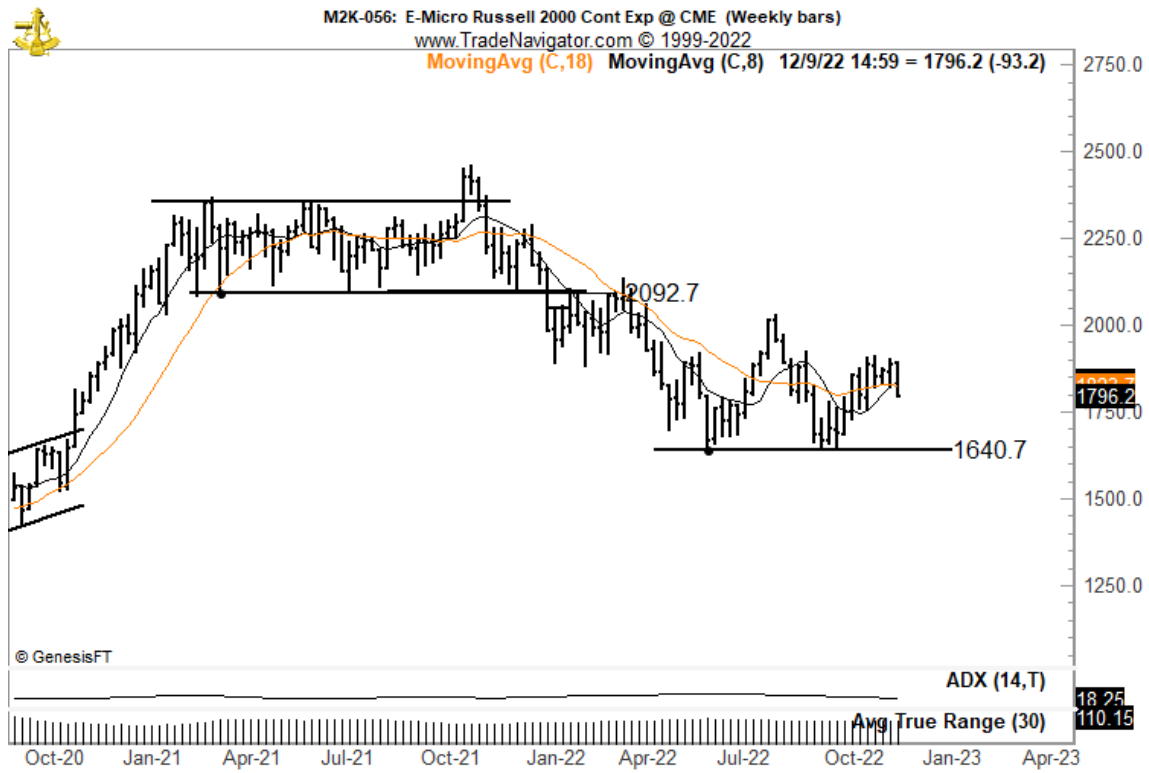
Bitcoin. The weekly and daily charts remain in down trends. The strong majority of congestion areas prove to be continuation in nature. Thus, the odds favor that the current 5-week congestion will be resolved on the downside. The log chart has a target around 13,000 from both the double top and descending triangle. Remember, though, targets are just guidelines and are not sacred.



Cotton and Sugar. I am including these chart just to illustrate a point I have made over the years – that commodity futures are the epitome of popcorn markets with huge bull moves and then almost complete retracements.




Russell 2000. The resolution of the trading range since May might be quite interesting. The 1640 level is obviously important.




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Tracking sheet for the week of Dec 4 ending Dec 9

			Weekly position/symbol tracking - Prop ONLY		
W/O Dec 4					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
GCG23	L 100%	Feb Gold		Hold	
G6AZ22	L 50%	Aussie \$		S 50% M .6734; flat	49
EMAH23	S 50%	MATIF Corn		Hold	
EXH23	L 50%	EuroSTOXX		S 50% W 3927, flat	38
G6MH23	L 50%	Peso		S 5-% M .05038; flat	-15
EBIH23	L 50%	Bund		S 50% F 140.46, flat	4
KWH23	S 100%	KC Wheat		B 25% Tu 8.285, B 25% W 8.375; short 50%	132
ZFH23	L 50%	5-Yr Notes		S 50% F 108^25; flat	-11
J7H23	L 50%	Yen		S 50% M .7436; flat	-11
		ZCH23	Corn	Unable, Cxld	
		CNHF23	Yuan	S 100% M 6.9614; short 100%	
		LEJ23	Cattle	Unable	
			SBH22 (LT)	B 50% (LT) M 19.61; long 50%	
			LSUH23	Unable	
					186
		Closed trades YTD	56.5%		

Key: B = buy, S = sell; M = Mon., Tu = Tu., W = Wed., Th = Thurs., F = Fri., Sa = Sat.; LT = Long-term position

Tracking sheet for the week of Nov 11

			Weekly position/symbol tracking - Prop ONLY		
W/O Dec 11					
Beginning Trades	Beginning Positions	Starting radar list for New Initial Positions	Symbols / orders added during week	Actions, End of week position	BP +/-
GCG23	L 100%	Feb Gold			
EMAH23	S 50%	MATIF Corn			
KWH23	S 50%	KC Wheat			
CNHF23	S 100%	Yuan			
SBH23	L 50% LT	Sugar			
		SR3U23	SOFR		
		RSH23	Rapeseed		
		ZSX23	Soybeans		
		FEIZ23	Euribor		
					0
		Closed trades YTD	56.5%		

Key: B = buy, S = sell; M = Mon., Tu = Tu., W = Wed., Th = Thurs., F = Fri., Sa = Sat.; LT = Long-term position

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