



September 30, 2023

Factor Prop Account Positions as of close on Sep 29

- Short 50% Dec Micro Russell
- Short 50% Dec 10-Yr Notes
- Short 100% Dec '24 SOFR
- Short 25% Dec British Pounds
- Short 50% DAX
- Short 100% Eurocurrency

For the week ahead the focus of my attention will be on:

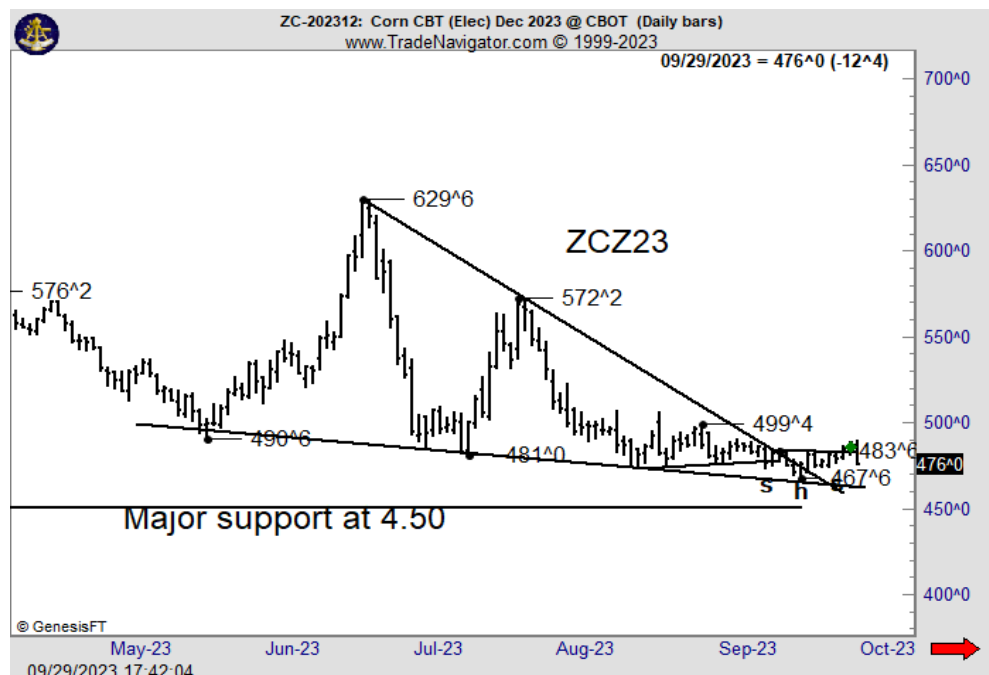
- Silver (long or short)
- COST
- AFL
- CHF/GBP

This past week (especially Friday) was one of the craziest weeks I have experienced as a trader. It was a week when it seemed nothing worked – and that the markets were consciously attempting to make me feel like an idiot. Several positions were stopped-out on Friday only to have the markets reverse back into the direction of the stopped trades.

Of course, the easy conclusion from Friday is that protective stops were too tight. And that might be the case. Yet, I am always hesitant to jump to conclusions on the same day as crazy markets. I will have more to say about this matter in the weeks ahead. The markets of recent months are stretching my thinking in a number of directions. Being chopped up normally does not make me timid to take the next trade in the series. I must be honest and admit that my baser self is becoming a bit timid – an emotion I will need to manage.

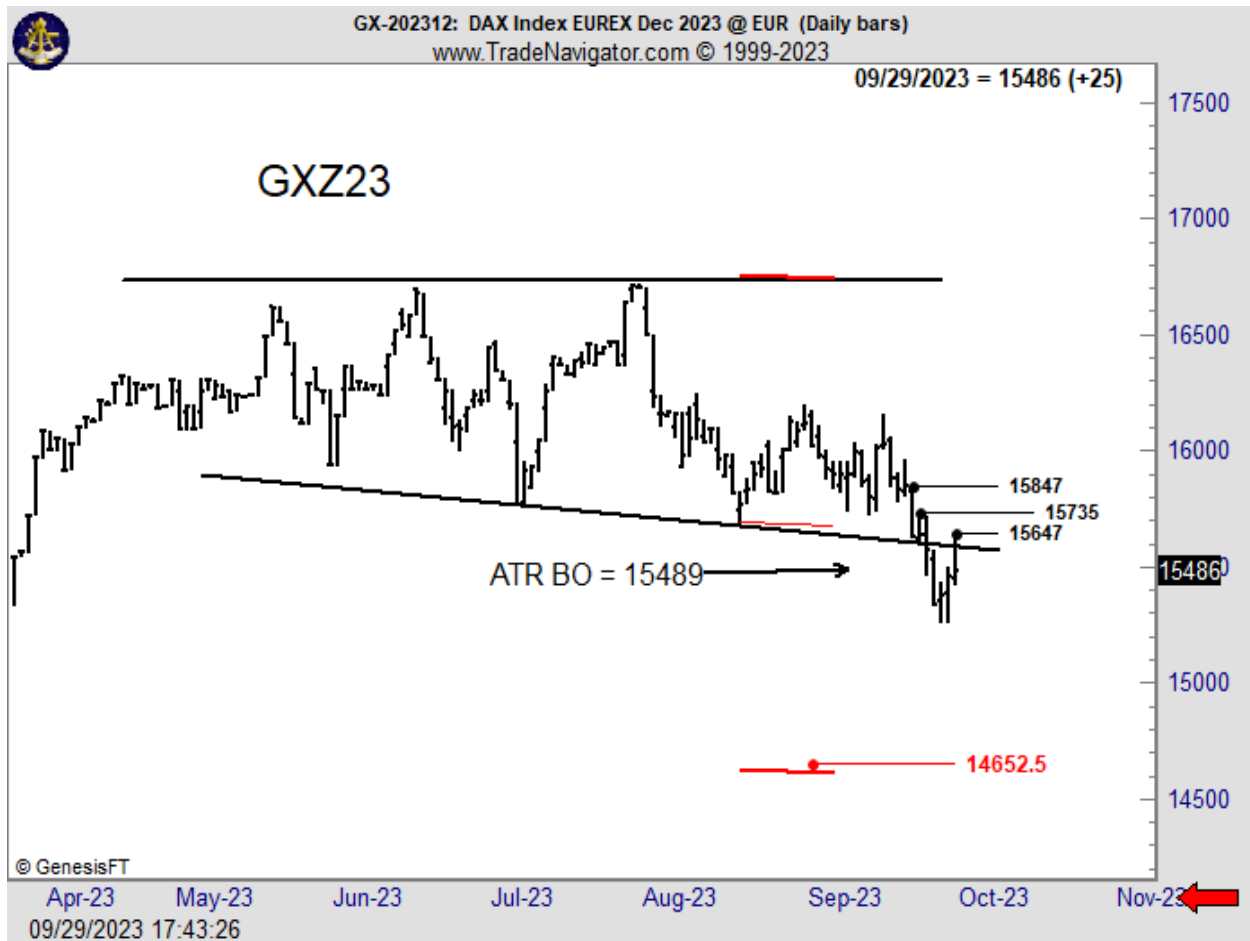
Dec Corn

I monitored Corn intraday on Friday because of the scheduled USDA Stocks in All Positions Report. When the market moved slightly above Thursday's high, I advanced the protective sell stops to just below Thursday's low to protect against a sweeping reversal bar. I am now flat. The falling wedge has NOT been nullified.



Dec DAX

The sharp breakout on Tuesday lacked follow through, stopping me out on Friday with the 3-day trailing stop rule. I resold a 50% position and will risk Friday's high.

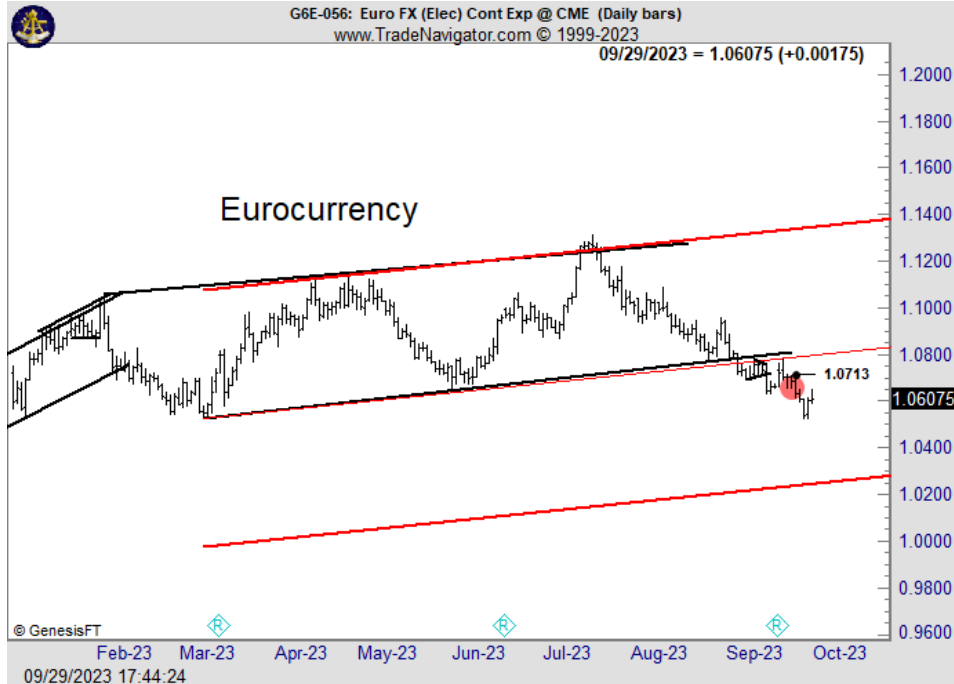


Comment on re-entering a market on the same day as a stop-out

After being stopped out of a 100% position in DAX on Friday I resold 50%. This is an exceptionally rare trading maneuver for me. My general trading policy is to NOT trade a market again on the same day as being stopped-out. This general rule is intended to prevent me from becoming obsessed with a market – which often results in more lost emotional capital than trading capital.

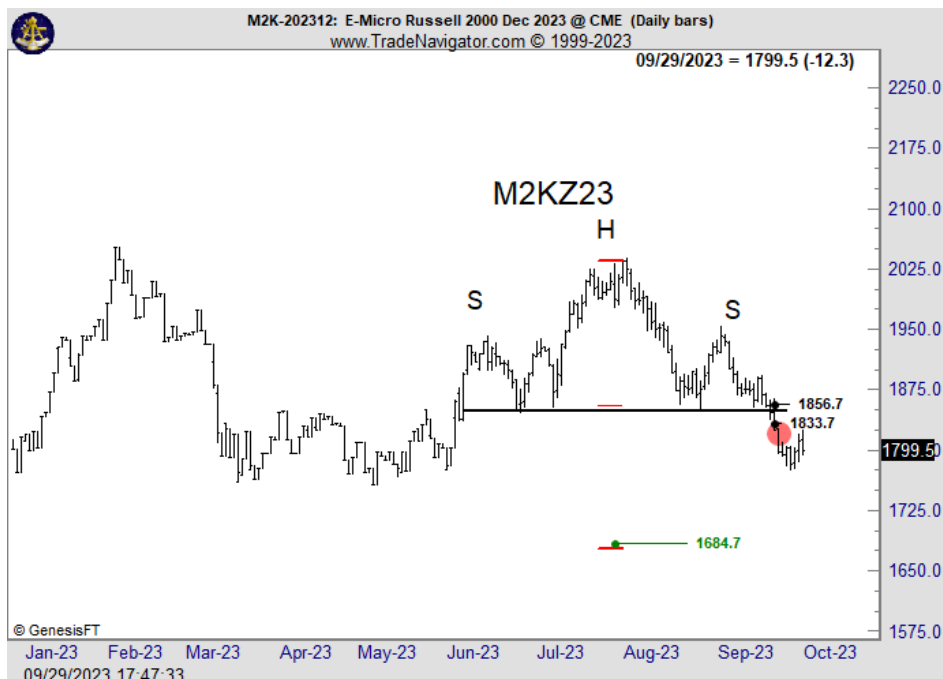
Dec Eurocurrency

Per the Sep 23 Factor Update I shorted this market right at the start of trading last Sunday afternoon, only to have the market put in a strong rally late in the week. The price bars did not set up as a 3DTSR on this chart and the entry price was not challenged, so I ended the week with a 100% short position.



Dec Russell

The market triggered a 3DTSR on Friday, stopping me out of 50% of my position before reversing to the downside. I remain short 50%.



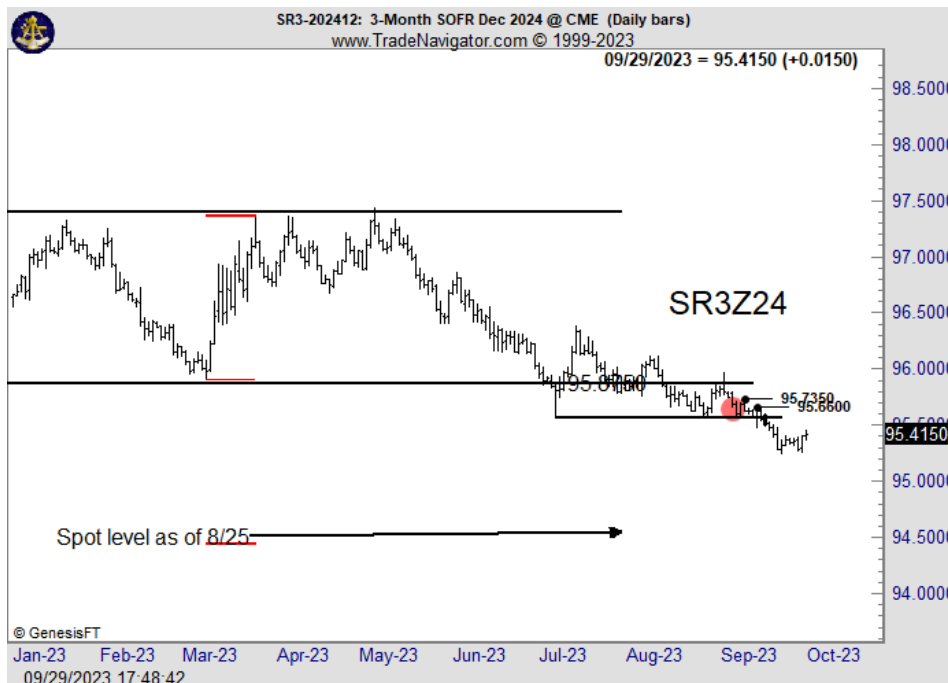
Dec 10-Yr Notes

While a 3DTSR did not technically occur this past week, I treated Thursday's "foot-shot" reversal as both the low and set-up day – and thus jammed stops after Thursday's session on 50% of my position. The stop was hit on Friday and I remain short 50%.



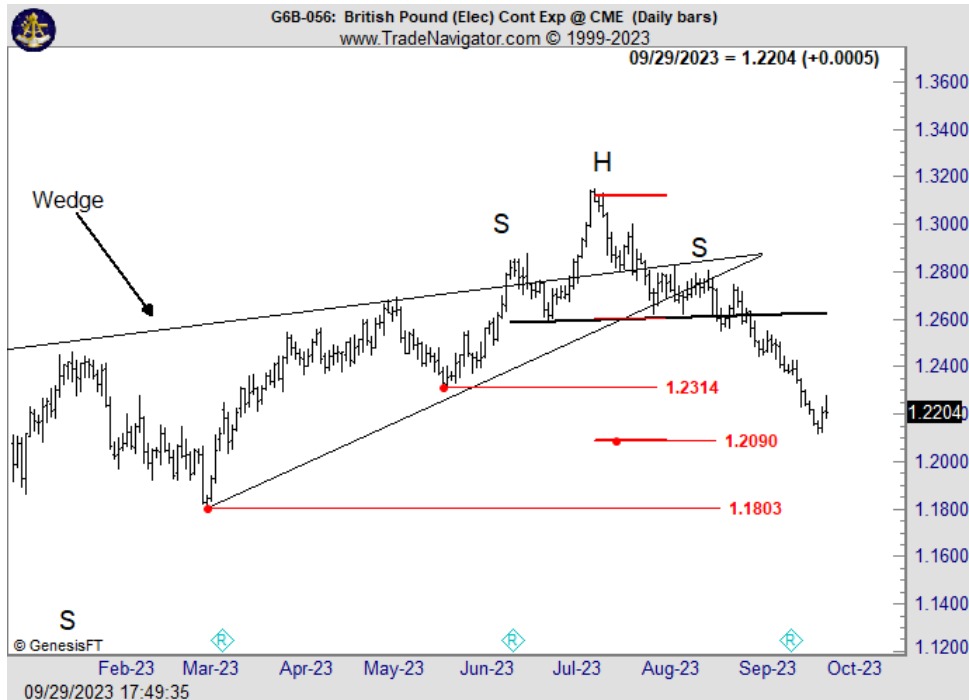
Dec 2024 SOFR

The trend remains down with lower targets. A 3DTSR is not currently set up in this market, although I will move stops on half of a 100% position to above Friday's high.



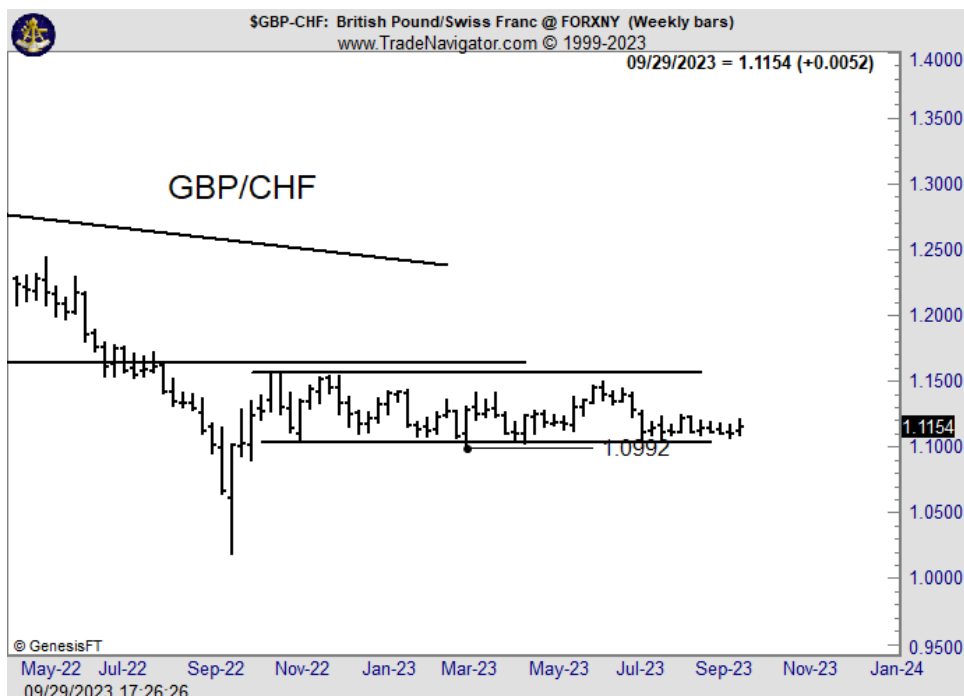
Dec British Pounds

For all practical purposes the second of the three downside targets was met on Thursday. I covered half of my short position on Friday based on the 3DTSR. I remain short a quarter of my original trade.



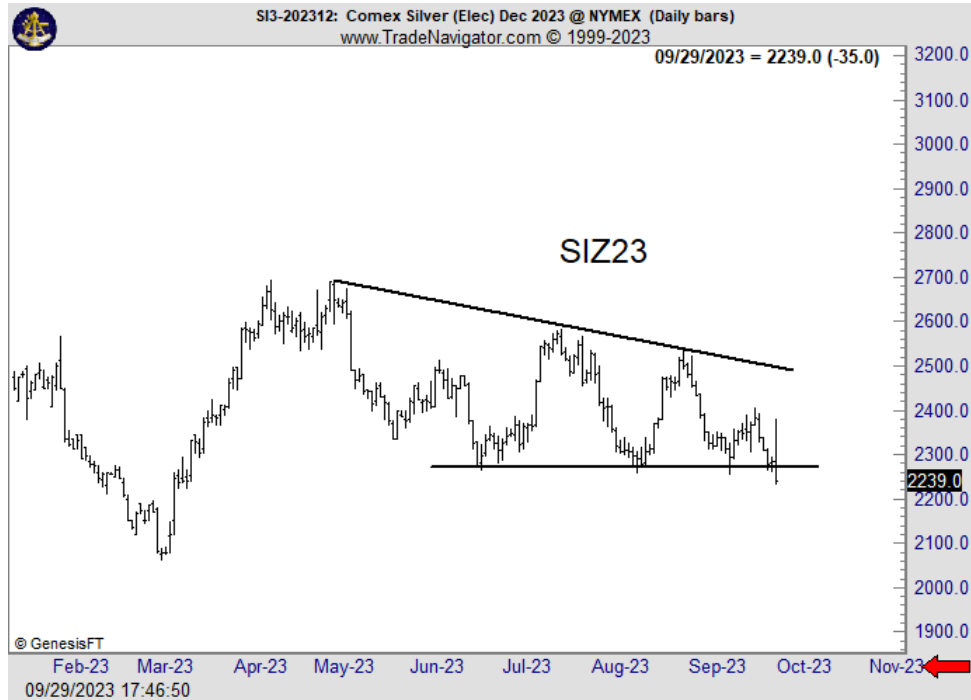
Swiss Franc/Pound

I continue to monitor this chart and currently have open resting orders to short a breakout.



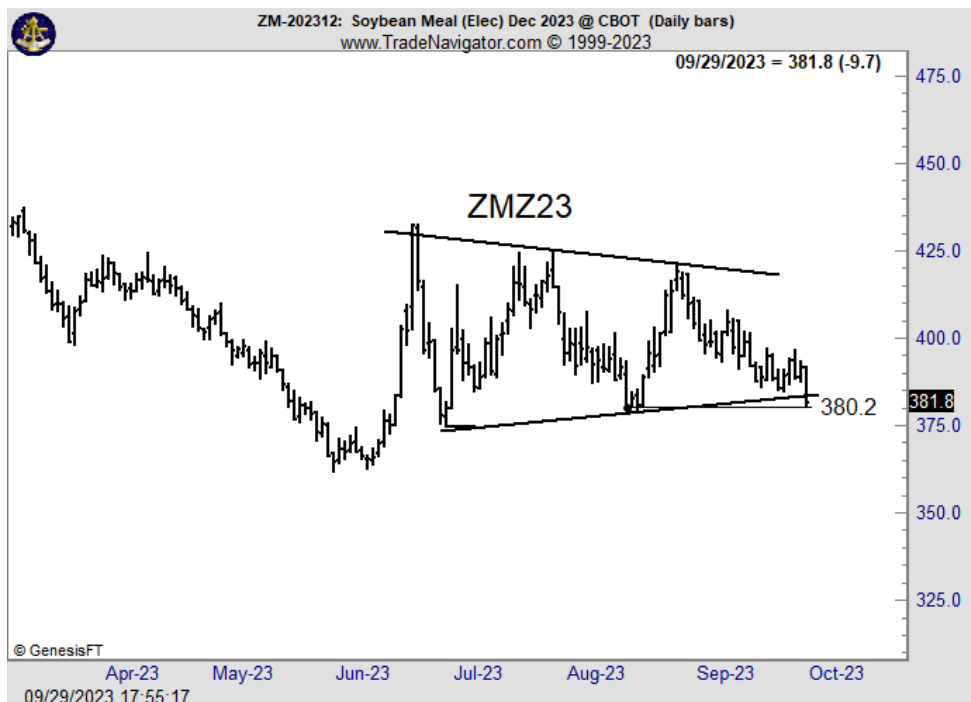
Dec Silver

Silver narrowly completed a descending triangle top on Friday. I've become a bit snake bitten by Silver over the past couple of years and will take a pass on this trade unless a brief rally develops early next week, stalls and provides a very measured risk shorting opportunity.



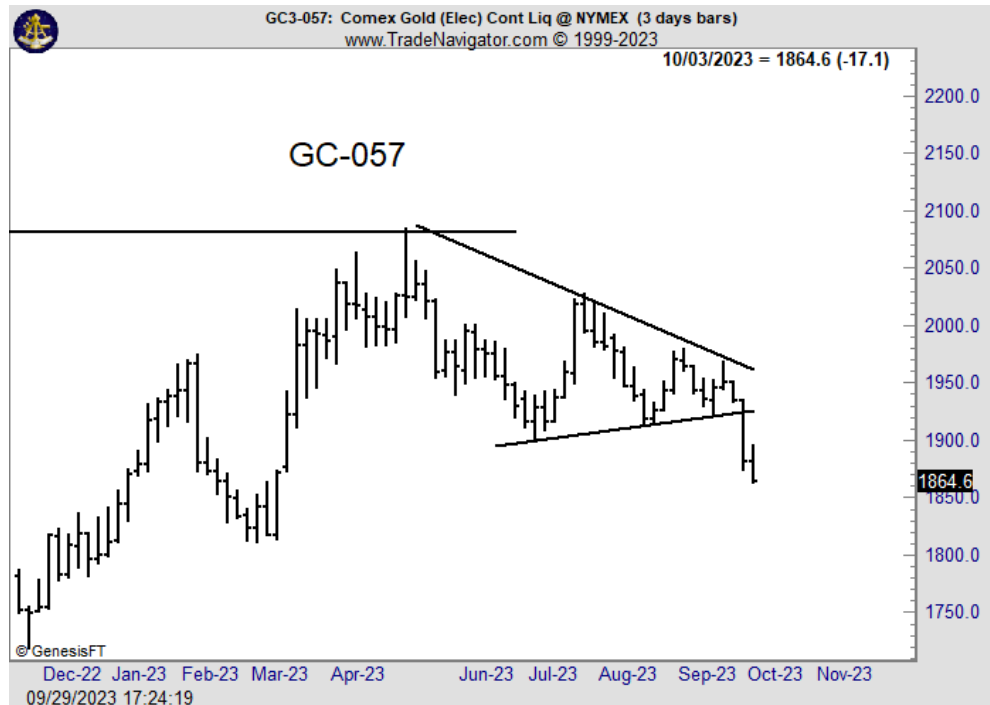
Dec Soybean Meal

A well-formed symmetrical triangle presents itself.



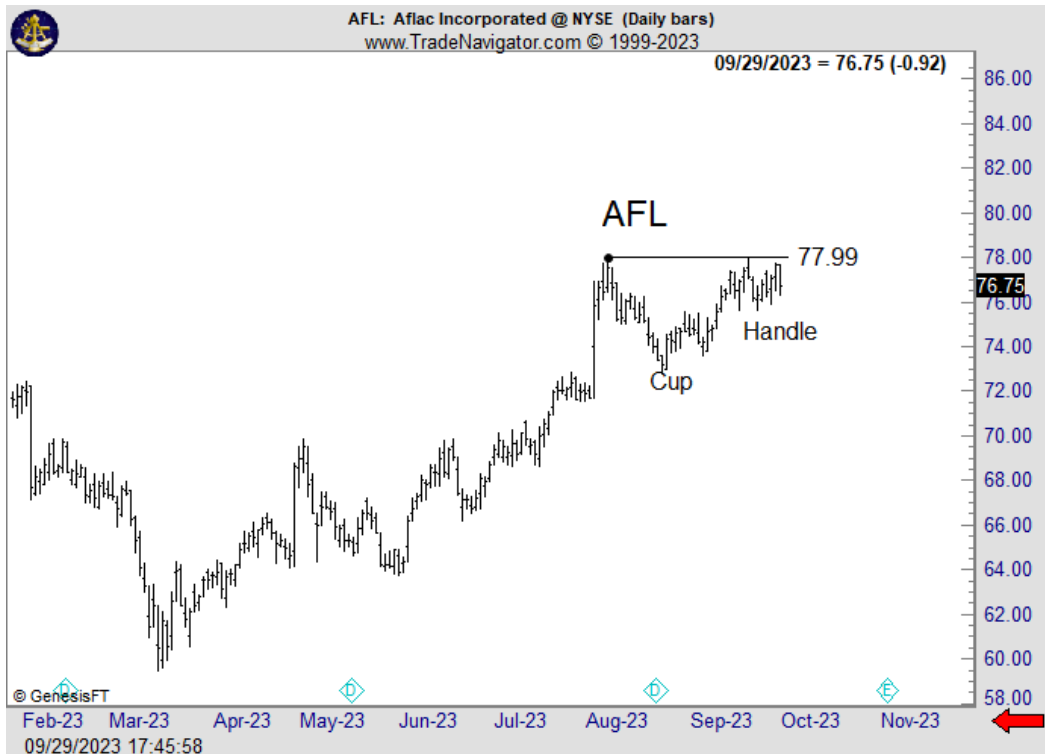
Gold

Hindsight is always so clear, including the symmetrical triangle top on the continuation chart. One of the problems with the futures markets occurs when the various continuation charts and charts of individual contracts do not show the same pattern but are yet harmonized in terms of suggested direction. This was the case in Gold.

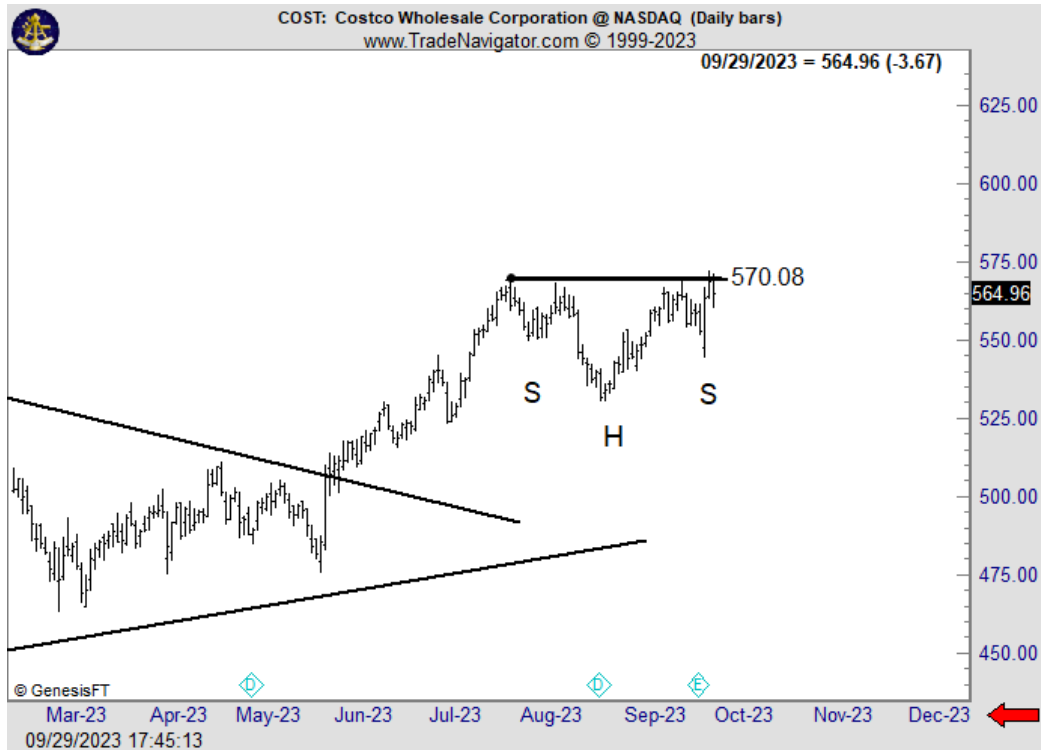


Stocks.

AFL. Aflac is forming a Cup and Handle pattern.



COST. Costco (my favorite retail store) is forming a continuation inverted H&S pattern.



Final thoughts

Challenging periods always challenge my thinking. And challenged thinking over the years has often resulted in trading breakthroughs, such as the adoption of active and aggressive trade management in 2014.

One of the thoughts I am pondering is whether it might be beneficial to settle on default chart settings. I look at charts for numerous patterns, in various ways (OHLC bar charts, candlesticks, line, Factor RealRange), in different time frames (4 hour, daily, three-days, weekly, monthly) and with different indicators (ADX, B-Bands, moving averages, COT, seasonals, etc.). Sometimes I wonder if I select from this list those conditions that best fit my bias, which would not be a good thing.

Might it make my life and trading easier, and your benefit from the Factor Service greater, if I were to decide on defaults? In other words, what if in the twilight of my career I were to set forth best practices in terms of trade identification, charting standards, trade entry, trade management and the like.

If you have a thought on this do not hesitate to send an email.

The Factor Prop Account trading record for Jan – Sep 2023 is available here:
<https://www.peterlbrandt.com/january-september-2023-factor-prop-account/>

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