



Factor Update, March 21, 2026

The Factor Update serves – along with the @Factor_Members X feed – as snippets into the trading of the Factor LLC House Prop Account focused primarily on risk and trade management, trading processes and dealing with emotions

Current Factor Prop Account positions	
<ul style="list-style-type: none"> • Long one unit of TPYP-etf • Long one unit of KC Wheat futures • Short one unit of 2-Yr Note futures • Long one+ unit of Crude Oil futures • Short one unit of NASDAQ futures • Short two units of DAX futures 	<ul style="list-style-type: none"> • Two long units of Corn futures • Short one unit of 10-Yr Bund Note futures • Short one unit of S&P futures • Long one unit of Soybean Meal • Long one unit of Cotton futures
Markets under consideration for New Initial Positions (NIPs)	
<ul style="list-style-type: none"> • Live Moo Cow futures 	<ul style="list-style-type: none"> • U.S. Dollar Index futures
<p>Note: I express positions in relationship to the risk of total nominal capital taken on a trade. Each unit of a trade represents an initial trade risk of \$3,500 of so per \$1 million of total nominal capital. A two-unit trade represents a risk of \$7,000 per \$1M Nominal. The maximum risk taken on a trade is three units, or \$10.5k per \$1M nominal. 2026 Sequential Closed Trade NAV performance to date = +1080 BPs as of Mar 20</p>	

Trading commentary

Big corrections are my favorite time in U.S. stock markets. With any hard correction in the general market my strategy with cash on the sidelines is simple. Look for stocks making new 52-week highs. These can be the leaders of a new bull trend if one is coming. Of course rectangles and right-angled triangles are my favorites. Here is the link.

<https://www.barchart.com/stocks/highs-lows>

Markets with positions

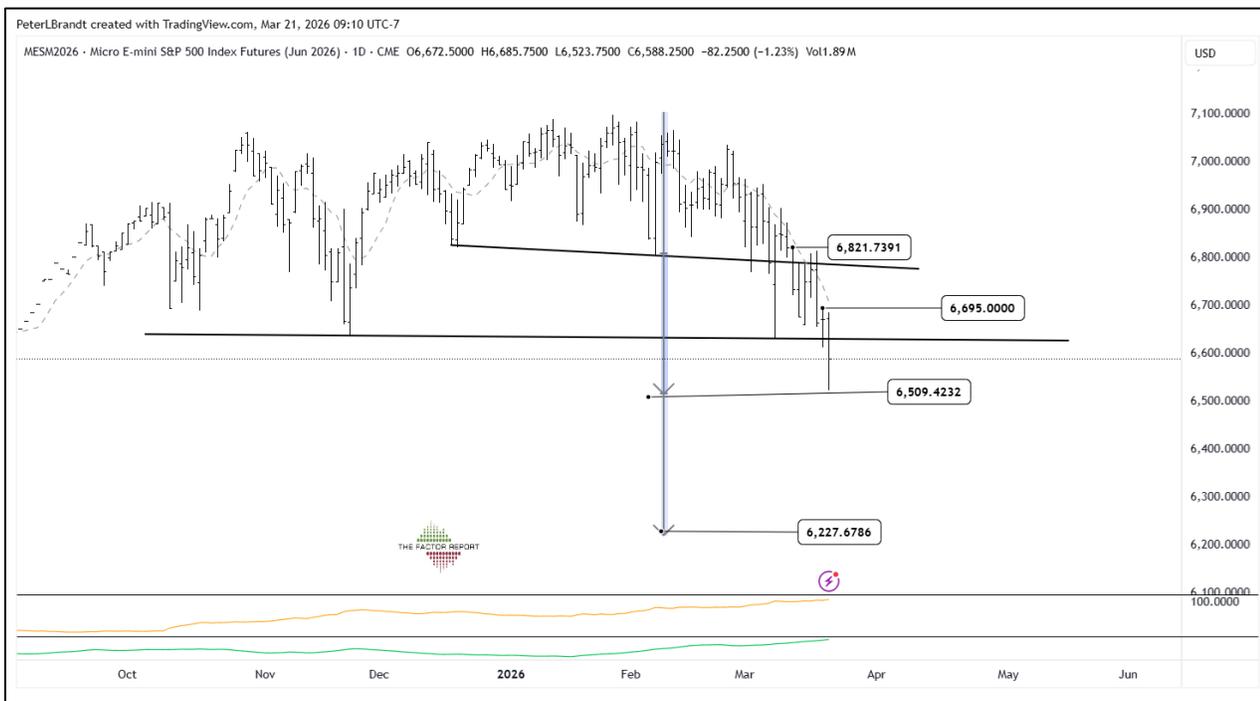
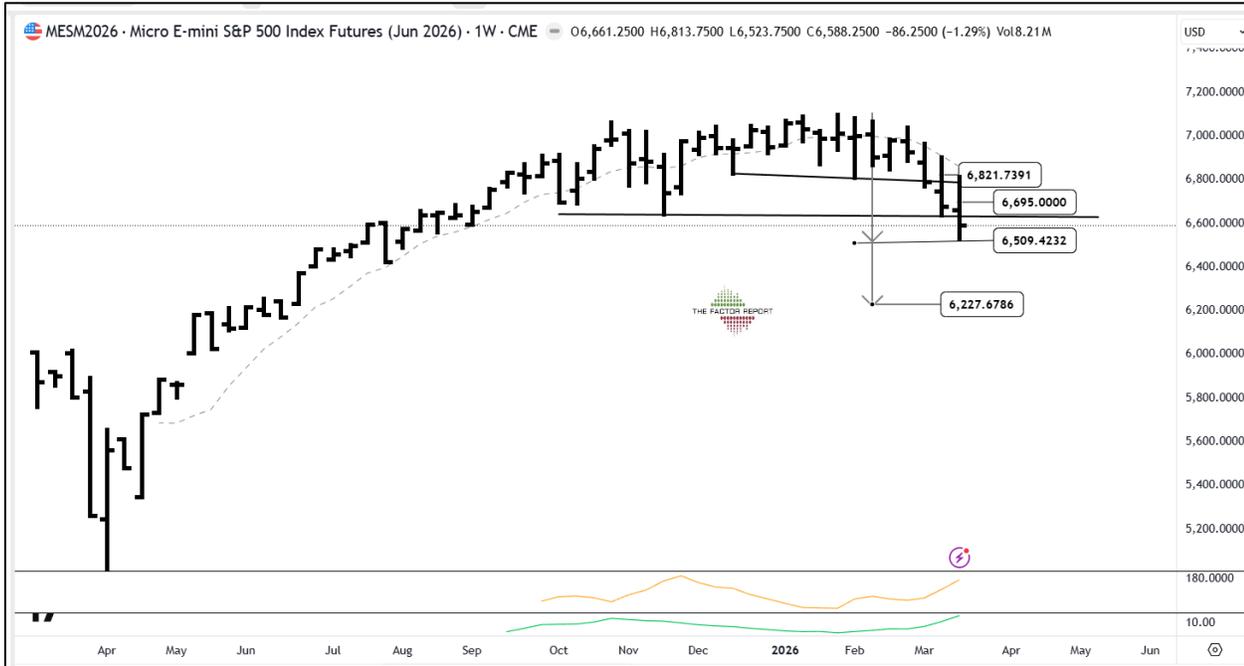
TPYP-etf

- Factor is long one unit from Feb 4.
- Current sizing = 1,800 shares/\$1M.
- The dominant chart pattern was a 14-month continuation-inverted H&S on the weekly and daily charts.
- The initial target has basically been reached.
- Stock attempted to complete a small pennant this last week but failed.
- I might buy a new high this coming week if it occurs.



S&P futures

- Factor is short a one-unit position from Mar 13.
- The sizing is 10 MES contracts per \$1M.
- The rally on Tuesday and Wednesday retested the H&S top pattern.
- I have locked in a profit with my current protective stop level, using 6,695 as the anchor point.
- I am short – I am NOT bearish. This is a pure chart play for me.
- I am cash heavy in my retirement accounts and will be looking for buying opportunities.



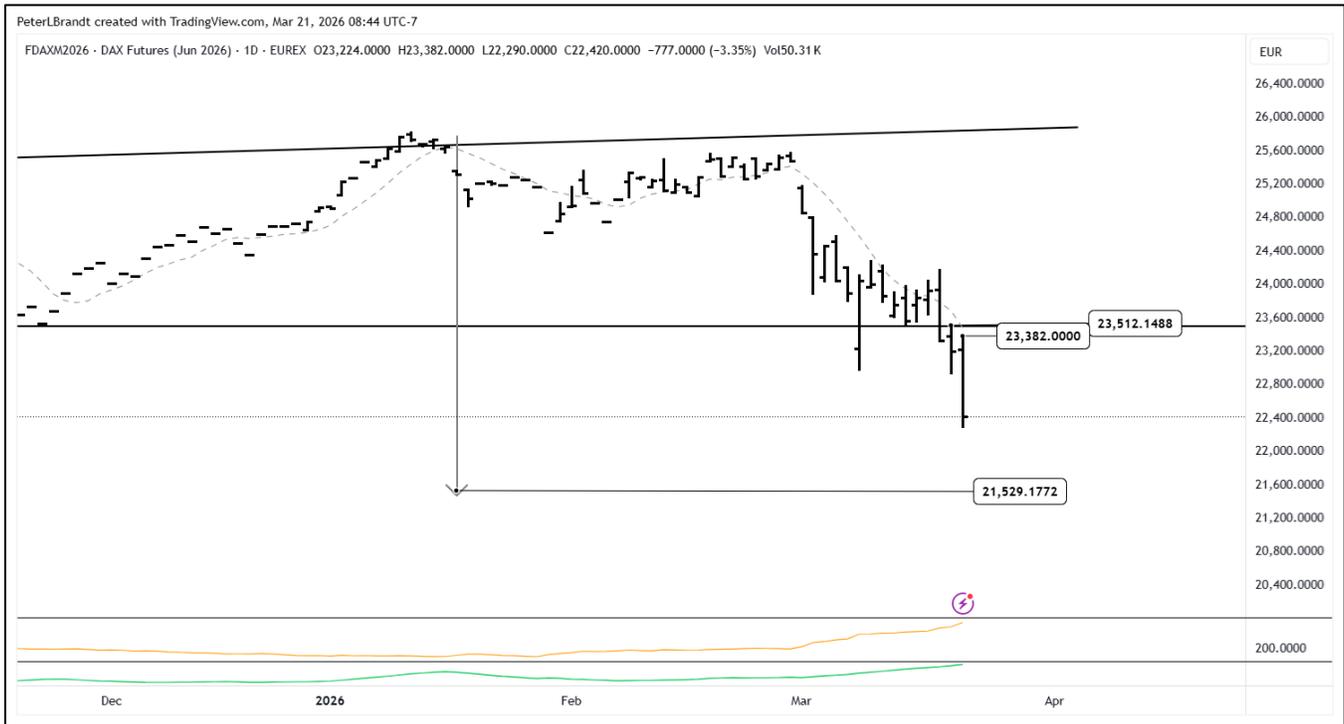
Soybean Meal futures

- Factor is long one unit in the Jul contract from Mar 19.
- Factor was long two units but exited one based on the Friday Closing Price Loss rule.
- The size is 3 lots per \$1M.
- The dominant pattern is a 9-mo compound fulcrum or complex “W” bottom.
- I thought the breakout above the Feb high was significant – more doubtful about it now.



DAX futures

- A 10-month right-angled broadening pattern was completed this past week.
- Factor shorted a two-unit position on Friday.
- The trade size is 7 lots per \$1M.
- Often the price target on a continuation chart is different than the target of a contract month chart.
- In such cases I typically go with the more conservative target.
- My stops are set to NOT allow the market much room to dig into my pocket.



Kansas City Wheat futures

- Factor is long one unit, having exited a half unit this past week.
- Sizing = 5 lots/\$1M.
- The dominant patterns were a wedge on the weekly chart and 7-month Chair with Ottoman on the daily chart of the May contract.
- The daily chart is forming a 5-point symmetrical triangle – this could qualify as a topping pattern. My stop is set accordingly. I have a profit locked in on this trade unless a huge gap down occurs.



Cotton futures

- Last week's Update was published prior to finalizing the Update.
- A unit of a long position was stopped out on last Friday's close (Friday Closing Price Loss Rule).
- The Factor remains long a unit from Mar 13.
- The dominant pattern is a 14-month common bottom.
- Trade sizing is 4 lots per \$1M.



Corn futures

- Factor is long a two-unit position at 4.79 in the Dec contract from Mar 6.
- Current sizing = 12 lots/\$1M.
- The dominant chart patterns are a “Flying M” on the weekly continuation chart and an 18-month common bottom on the daily chart of the December contract (not shown).



NASDAQ futures

- A 6-month common or rounding top was completed on Friday.
- Factor shorted a one-unit position in the June contract.
- Trade size is 5 micros per \$1M.
- The continuation and spot charts did NOT penetrate the Nov low. This is a warning bell.
- I will not give this trade much rope. I am considering two stop-out points (see bottom chart).



2-Year T-Note futures

- The dominant pattern is the completed 15-week rectangle on the daily chart.
- Factor is short a one-unit position.
- Profits were taken this past week at the initial target on a second unit.
- The size is 7 lots per \$1M.
- The 2X target is now in play.
- The 103.84 anchor is my stop point.



10-Yr Euro Bund futures

- The dominant chart features are the completed 30-month and 12-month descending triangles.
- Factor is short a one-unit position.
- The size is 3 lots per \$1M. I may split this into two tranches.
- The targets are shown on the chart.



Crude Oil

- The dominant pattern on the weekly chart is an 11-mo base featuring a daily and weekly breakaway gap.
- Factor is long an overweight unit.
- The size is 8 micros per \$1M.
- The daily chart appears to be coiling for another upward thrust – we will see.
- I would be willing to add to my position if a measured risk entry point is presented.



Markets under review for review or curiosity

Live Cattle futures

- A Cup and Handle pattern is a consideration, although COT and the intra-market spreads do not support another upward thrust.



U.S. Dollar Index futures

- A well-established rectangle is formed on the weekly chart.
- This pattern could be completed in either direction. It should be noted that overhead resistance is heavy.



Gold and Silver futures

- I remain a long-term bull on Gold and Silver
- I will monitor both of these markets if a deeper retest occurs.



Trades existed during the week ending Mar 20, 2026

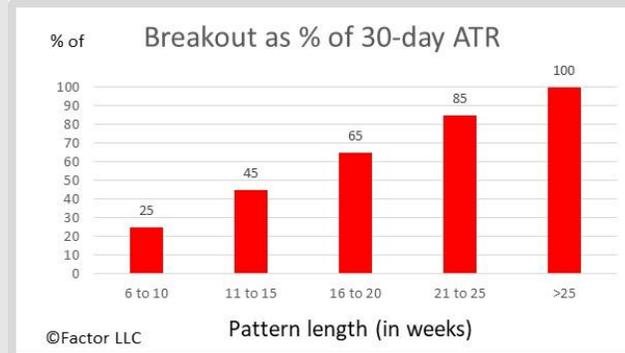
- One unit of Soybean Meal
- One unit of Bitcoin
- One unit of Cotton
- Two units of EuroFX
- One unit of 2-Yr Notes
- One-half unit of KC Wheat
- One unit of CENX

For the video version of this Factor Update Video click here: None this week

Just a reminder about ATR breakout levels

To determine an entry stop order I undergo the following process:

1. Identify the breakout level (e.g., a right shoulder high of a H&S bottom)
2. Determine the length of the pattern (in **weeks**)
3. Find the **30-day** ATR of the latest day within the pattern
4. Multiply the **30-day** ATR by the appropriate % of the weekly length of the pattern (e.g., the adjusted ATR for a 13-**week** H&S bottom would be 45% of the **30-day** ATR)
5. Add (long pattern)/subtract (short pattern) the adjusted **30-day** ATR to the breakout level. This becomes the entry stop level.



Trading commentary – Swing trading

People have different definitions. As for myself as a swing trader in the futures markets, swing trading looks like this:

- Positions held from a few days (for losses) to a few weeks and even a few months in rare exceptions.
- Intent is to catch sustainable short-term trends and then move onto the next trade.
- Targets on trades are seldom more than 10-15% of the underlying asset value.

I evolved as a swing trader for three major reasons:

- As a new trader with limited capital, I could not afford to tie up trading capital in markets that were not moving.
- I hate having to make the same dollar again. Risk-adjusted RORs is my compulsion. I like to make profits – I hate giving money back (I am referring here to closed trade NAV).
- Trading was the source of my living starting in 1981. I had to take money from my account to pay bills. The possibility of 50% drawdowns was something I had to purge from my trading approach.

Why my focus is on Profit Factor, Calmar and limited drawdowns rather than on maximizing ROR?

It's easy folks. If you shoot for the moon to upwardly explode the value of your trading account, then plan for the to make the same \$\$ over and over and over again. It is far easier to build the value of an account in increments over time by holding onto to gains. It is easy to make money trading – the challenge is to keep what you make.

Factor's trading approach in a nutshell

- Futures are the ideal asset class for swing trading
- Identify clear classical chart patterns (preferably on weekly charts and most preferably horizontal patterns)
- Enter with ATR breakout stops
- Risk no more than 35 to 40 basis points per unit (70 to 80 BPs per trade)
- Protect open profits (if they develop) like a banshee
- Try to achieve a BE trade within a week or so
- Take at least partial profits at targets

###