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# *2019 Cotton No.2 Forecast & Strategy Bulletin*

*Based on Daniele Prandelli's Studies*

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## INTRODUCTION

This is the 2019 Forecast for the Cotton No. 2 Market. This is the third year we create a forecast for Cotton, and we are very happy about the results we are having with it. Using specific studies we can create a forecast model that statistically worked well when we tested it in the past. As I always do, I show how the model worked in the past, so you can judge it by yourself. We do the same studies with [S&P500, Live Cattle and Grains](#), where we had good results in the last years.

We are also able to provide some specific Key Levels for each contract, in this way we have one more tool to study the Market and have confirmations about the right trend to follow.

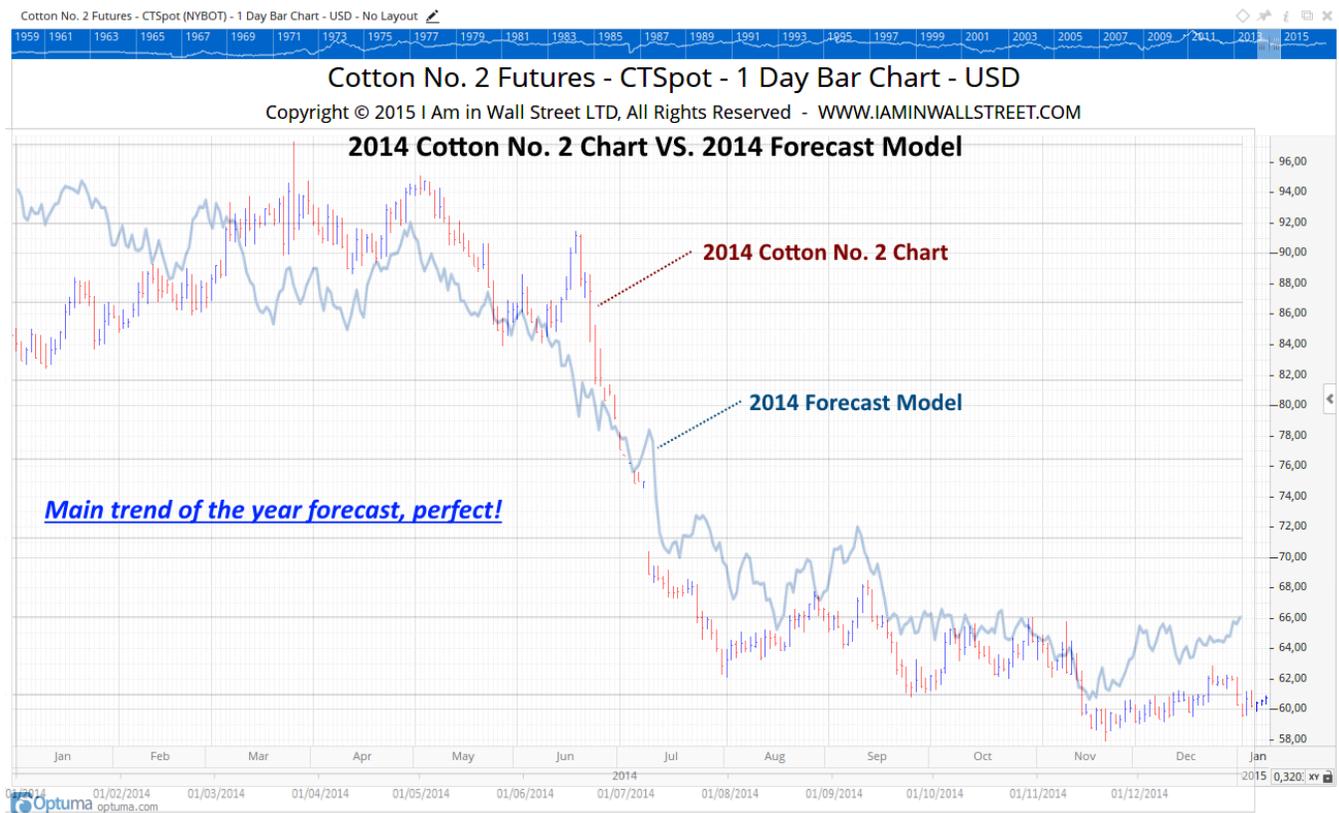
For now, here below you can see the Forecast Model results of the last five years. Even if sometimes it is not very precise (*the 2018 has been perfect*), I am very happy about it because the Model was able to forecast the Top and the Bottom of the year, 5 times out of 6, within a reasonable time window; in 2014 the Forecast Model was just perfect! In 2015 the Model did miss to forecast the Low of the year for just 20 days, and it did forecast the double Top perfectly in May and July; in 2016 it was only 15 days off to forecast the Bottom of the Year, and 1 month off for the Top of the year. In 2017, we saw the exceptional situation for the Forecast Model, because it got inverted during the summer, and the High suggested by the Model turned out to be the Low of the year. However, we can appreciate the Low of January, just 2 days off; the 2018...

well, the 2018 is a perfect year, according to the PFS Forecast Model, you will see it here below. It is hard to believe that these forecast were created one year in advance.

As I said, it was able to forecast the main trend most of the times and it is not always precise to forecast the exact day of Tops or Bottoms! But still, even if you look at the 2016, you see the Forecast Model was suggesting an uptrend starting in February, top in July (top made at the beginning of August) and new Bottom in mid-August (bottom made at the end of August) and finally up. My conclusion is that the Forecast Model works well with Cotton. Do not forget this Model is calculated one year in advance, be realistic, do not expect it to be perfect! If it was, I would sell it for 50.000 USD, don't you think?

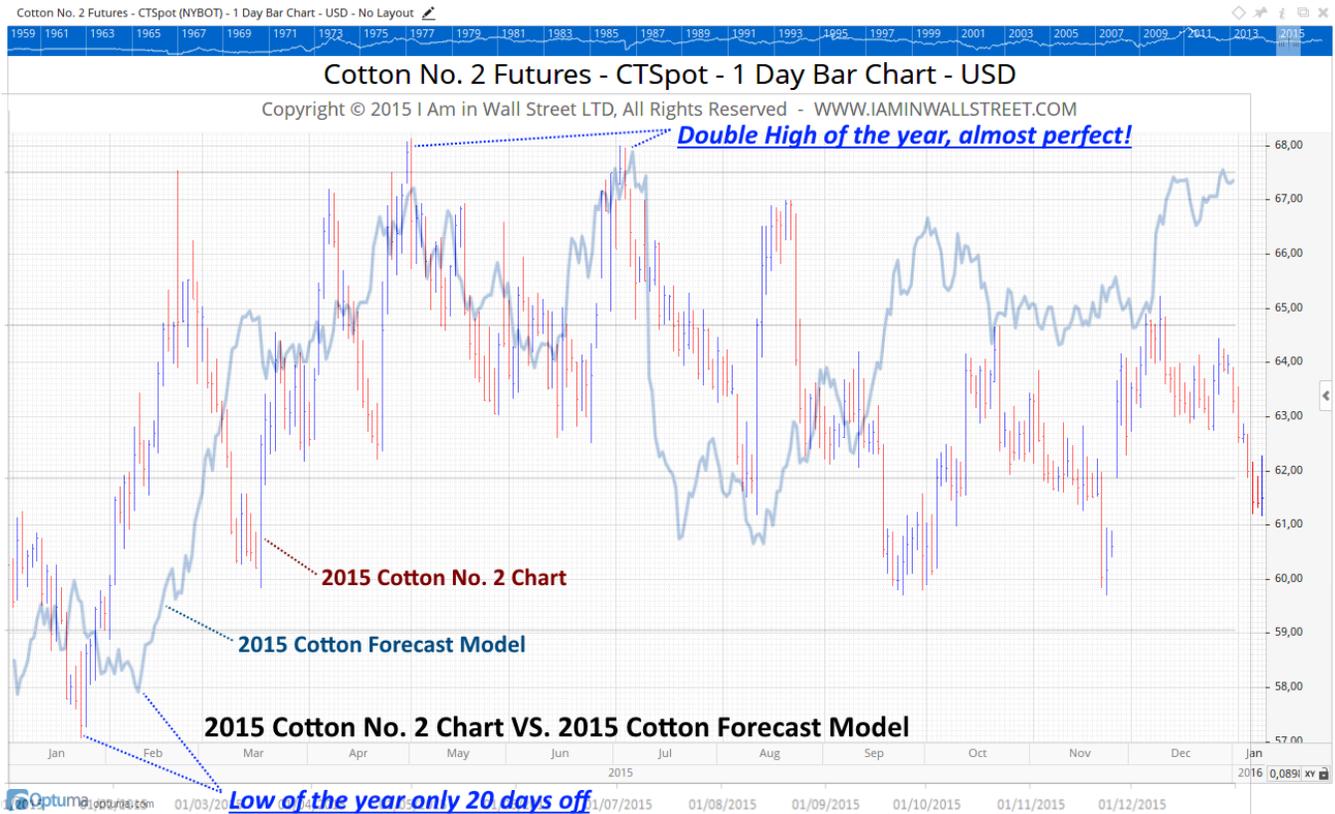
## HOW THE FORECAST MODEL WORKED IN THE LAST YEARS

This is the 2014 Cotton Price Chart VS. the 2014 Cotton Forecast Model:



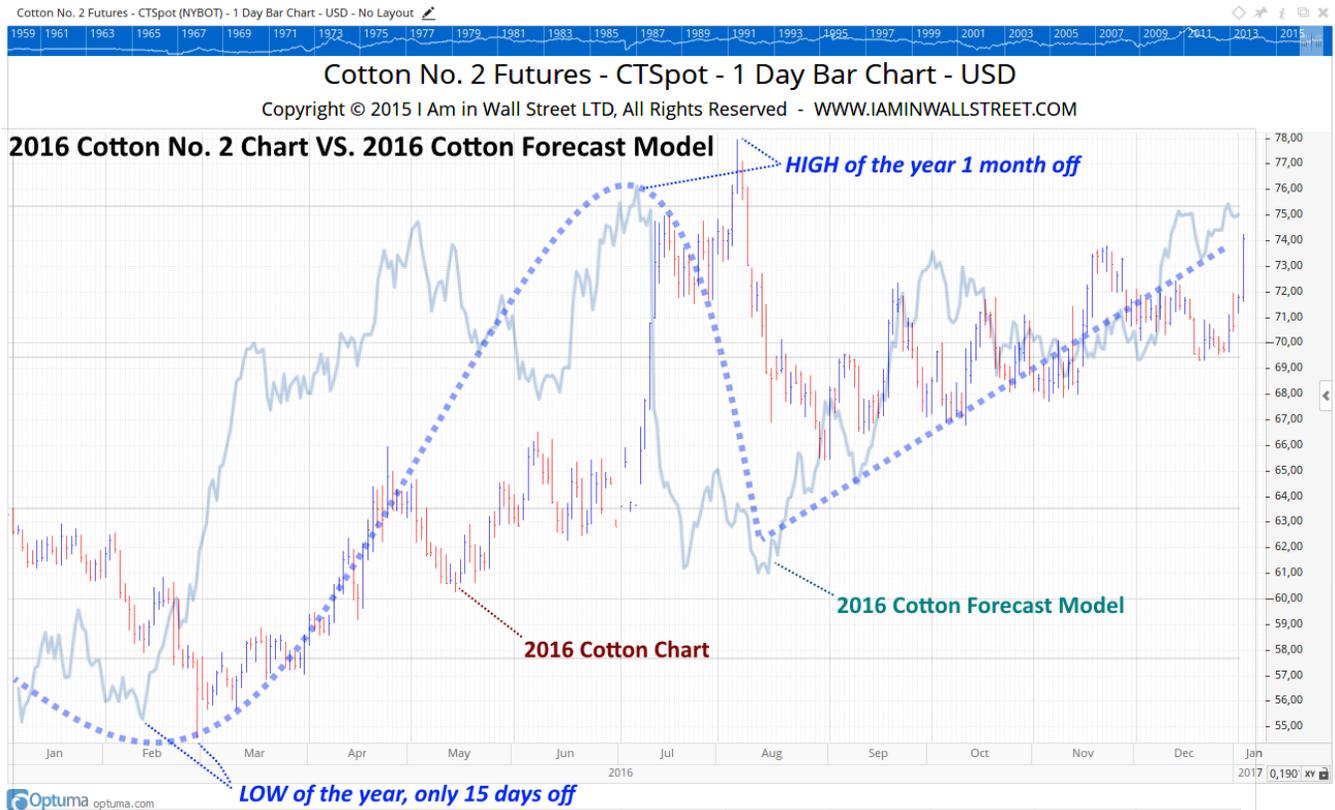
There is no reason to explain anything; the 2014 Cotton Forecast Model was just perfect.

## This is the 2015 Cotton Price Chart VS. the 2015 Cotton Forecast Model:



The 2015 was not an easy year; you see how many choppy movements we had to deal with! But still, as I said before, the Model was able to forecast the main trend of the year.

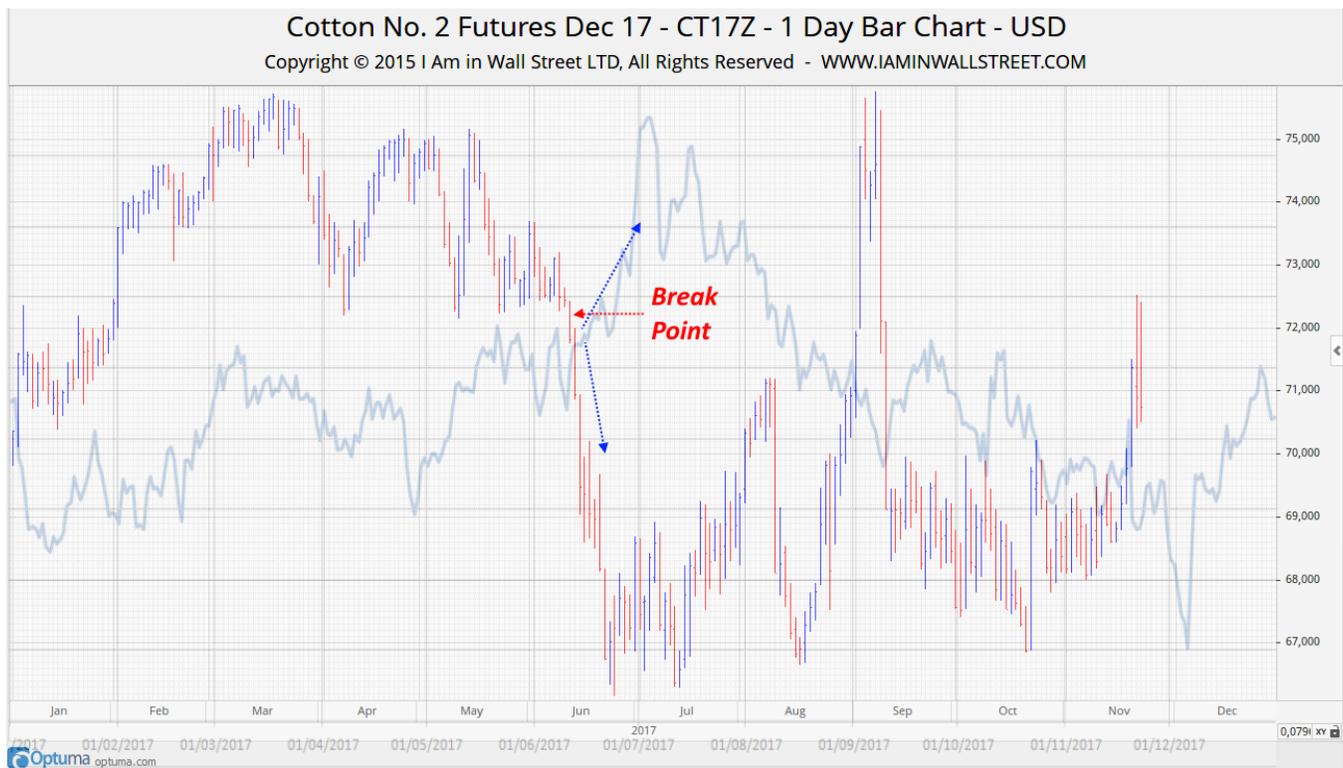
## This is the 2016 Cotton Price Chart VS. the 2016 Cotton Forecast Model:



The 2016 Cotton Forecast Model was able to forecast the main trend of the year, but we had probably some troubles in July due to a strong fast up push, lasting just 3 days. The dots blue line tries to simplify the model, showing how the main trend was the real one we had to follow, and even if we had to suffer in July, with patience we could make very good profits! A constant uptrend started in February as suggested by the forecast, and even if we were about to close the position at the beginning of July, it was a great trade anyway. We cannot trade every swing buying at the Low and selling at the Top!

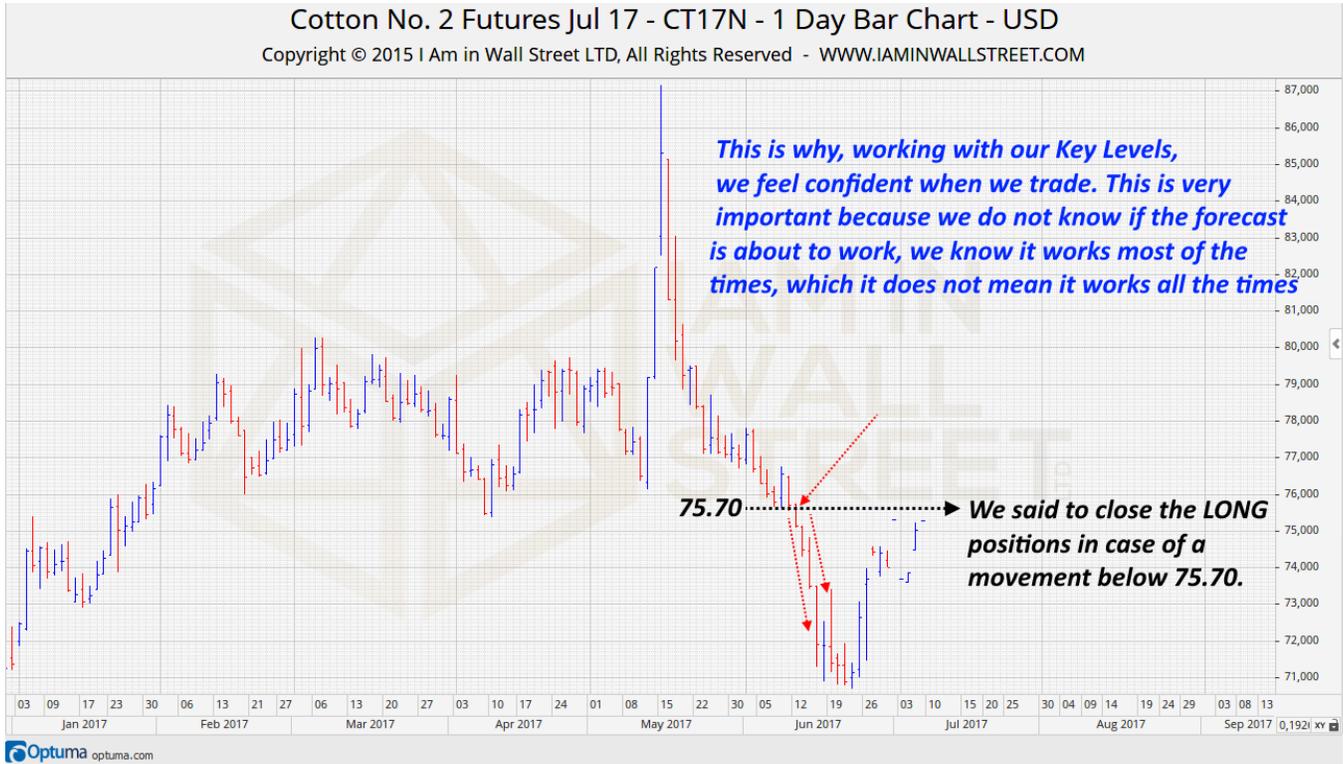
What makes the difference in using the forecast model, is you: how you handle a hypothetical position, above all when you have to let the position to run, taking some safe profits when you have them, do not be greedy!

### This is the 2017 Cotton Price Chart VS. The 2017 Cotton Forecast Model:

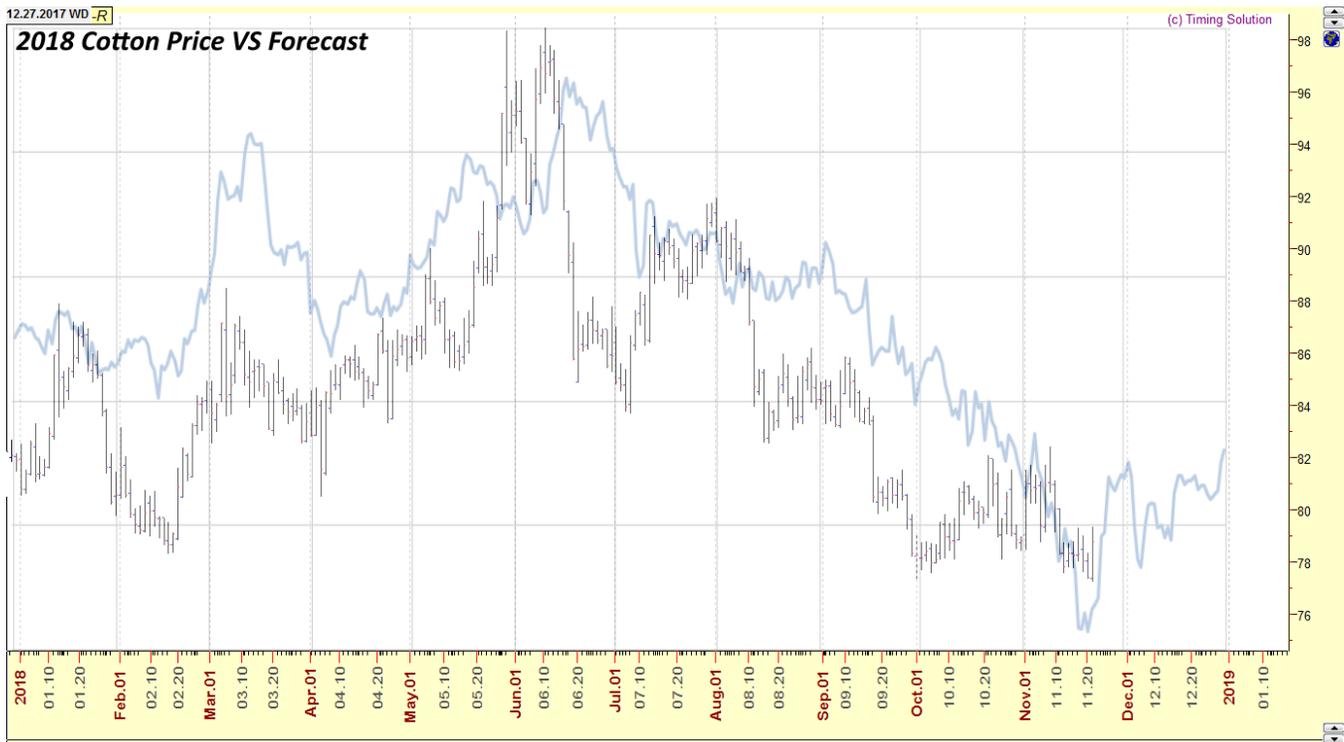


The forecast was good until June, when Cotton was to a make or break point: the PFS (the Polarity Factor System forecast model) was about to push to new Highs, but Futures broke the support of the previous days, beginning a strong fall. In the Update of April 20, 2017, we said: *“If something goes wrong, we need a level to protect our position and remain FLAT, this is at 75.70: a consolidation under*

*it can be a dangerous signal". The down acceleration under 75.70 is evident in the July Contract; we had to close any LONG position under it:*



## This is the 2018 Cotton Price Chart VS. the 2018 Cotton Forecast Model:

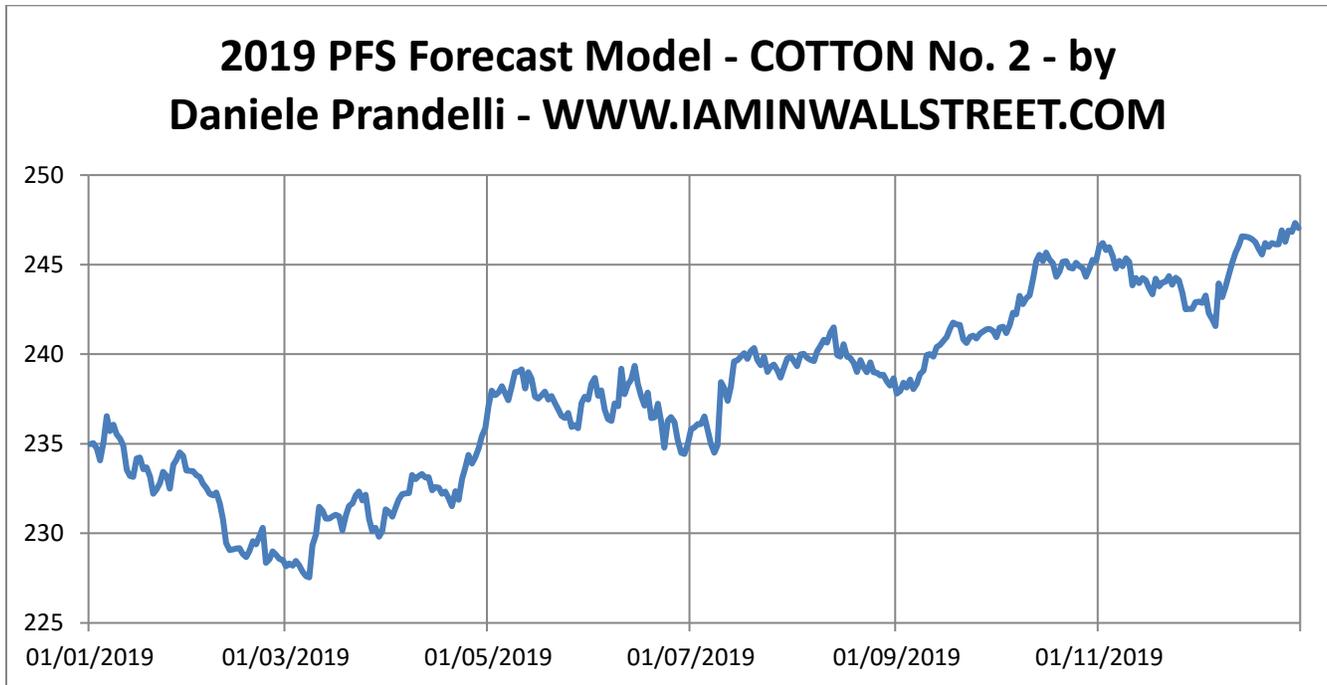


It has been fantastic! If you want to download the Updates I sent during the year, please follow this link:

<https://iaminwallstreet.com/download-previous-annual-forecast-strategies-bulletins/#1544198090036-4db4d5b8-90a9>

## 2019 COTTON NO. 2 FORECAST MODEL

It is now time to see the 2019 Cotton No. 2 Forecast Model:



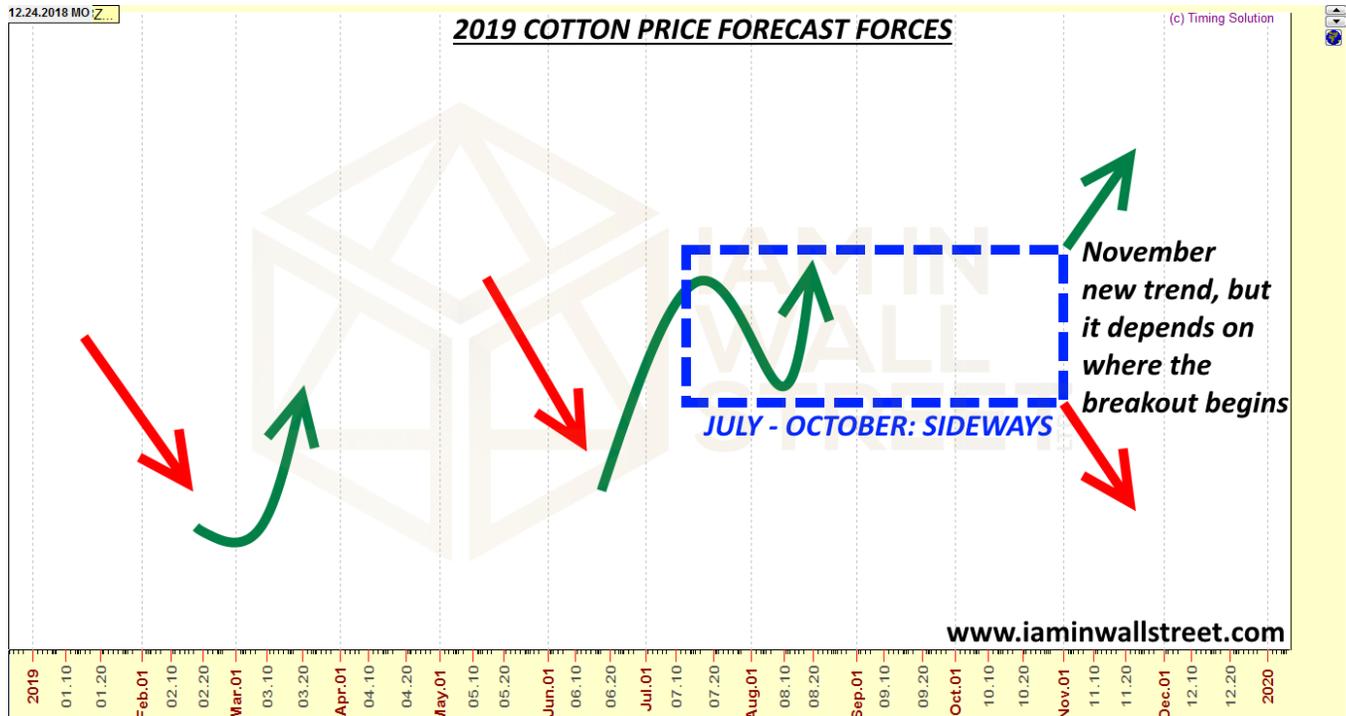
*\*\*\* you have the PFS in Excel Format, included in the 2019 Cotton No. 2 Bulletin*

This is the 2019 Cotton Forecast Model, but **I want you to pay attention to what I have to say**. The natural cycle has several forces acting during the year. If we look at the forecast, we can state that we are expecting a general up trend, which is possible, but it is not the right way to read the Forecast Model. The general energy suggests February lower than January, which means we should see, from January, a descent into February; from the last ten days of

February/beginning of March, a new bullish energy should work, pushing Cotton price higher until May. This is what you have to understand: you see May is higher than the other previous months. If Cotton is very weak, it is possible we see a strong descent into February, and just a little up push or a sideways movement until May, and then down again with a sharp decline in June. I am not saying that Cotton will be bearish instead of bullish, I am just saying that you have to pay attention also to what the Market is telling you, and you should understand the energy behind the movements. I am explaining here which of these forces are, to better take advantage of the Forecast Model. Let's go on: from the Top in May, we should see a pullback into June, and from the Low of June, another up push into July. From July to October, we should see a sideways pattern, moving in a sideways range.

Now, the last months: the forecast model suggests a breakout over the sideways range, and new up push in the last two months of the year. But I want to tell you more: attention to the breakout! If we see a breakout under the support in October or November, we will probably see a negative trend in the last two months of the year, until the end of 2019.

In the following chart I show the most important forces that should affect the swings of Cotton in 2019:



I told you these details because the 2019 may not be an easy year for Cotton. Studying Cotton, I saw a few possible difficult situations, above all between March and May.

# THIS SERVICE INCLUDES UPDATES DURING THE YEAR, WHICH ARE MORE IMPORTANT THAN THE FORECAST!

To understand this, and avoiding any misunderstanding, please read the PDF I have created: [Annual Bulletin - You have to understand this](https://iaminwallstreet.com/wp-content/uploads/2018/11/Annual-Bulletin-You-have-to-understand-this-by-Daniele-Prandelli.pdf)

<https://iaminwallstreet.com/wp-content/uploads/2018/11/Annual-Bulletin-You-have-to-understand-this-by-Daniele-Prandelli.pdf>

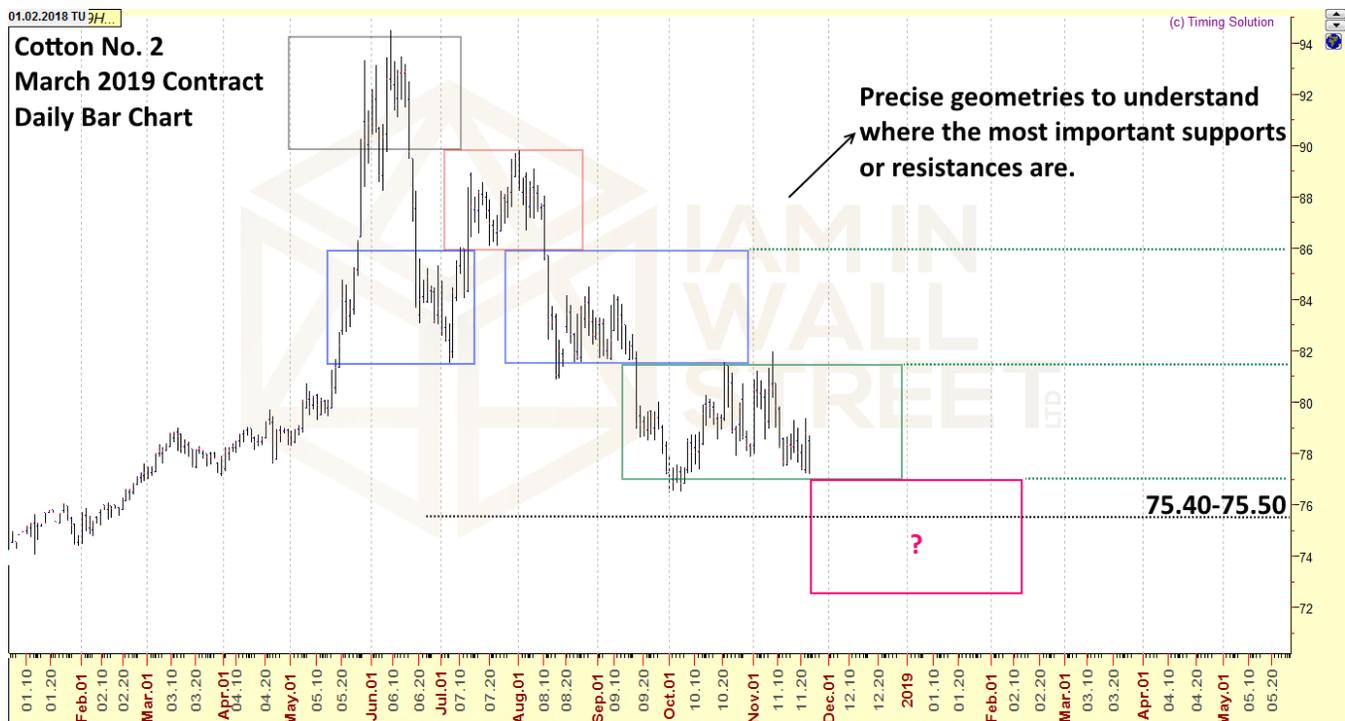
During the year, I will provide Updates, or let me say **the super important Updates!** Yes, because we need to study the Price Map of each Contract we are going to deal with. If you read the Updates of the previous years, you understand how they can be important to create a proper strategy and understand where we have confirmation of expected and not expected movements.

## Updates appointments:

- January 2, 2019
- February 20, 2019
- April 25, 2019
- June 26, 2019
- September 26, 2019
- November 28, 2019

We must speak about the price map; for this reason, at fixed dates, I will send you an Update, a few days before the Roll-Over, because the Contracts change, and so our price map does.

We can have a look at the **March 2019 Contract Chart**, even if we will be able to provide a much better and clearer analysis at the first Update, on January 2, 2019:



Cotton is now moving with sideways patterns and down accelerations of just one or two days; then, a new sideways and choppy movement begins. I admit I do not like this kind of pattern, because I can keep monitoring the Commodity for weeks, and then I may miss the entire movement if I am one day late.

However, it is quite easy to read the most important levels during these kinds of pattern.

To make you understand what I mean, I drew the rectangles in the chart here above. They are quite precise. I believe there is a strong energy at 80.70 and 81.75. Possible supports at 76.56-77.19. At 75.40-75.50 there is also a very important level, where usually Cotton does not remain around for long. It means that Cotton consolidates above it or under it, without moving choppy around it for many days. These levels may be useful when we want to follow a trend, but we need a price confirmation. However, I am not planning to follow any trend with a new trade in December, and I mainly wait for January.

Hence, I am not expecting anything important on December, and I would close the SHORT positions (*that should be already open thanks to the 2018 Cotton Bulletin*) and I would remain FLAT. Or, we can let the SHORT position to run with a STOP-PROFIT above 81.75, in case we see a new up push. The downtrend of Cotton is evident, and it is wise to not fight against it, above all in December, which is usually the most insignificant month of the year (in terms of trading, of course).

In January, I will provide more details, with a few nice tools about how to handle Cotton, with a hopefully (for me) successful trading strategy.

2019 Forecast & Analysis Bulletins are available for S&P500, Corn & Soybeans and Live Cattle. Visit the website to know more: [www.iaminwallstreet.com](http://www.iaminwallstreet.com)

For any question you have, please [contact us](#).

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Good Trading!

Best Regards,  
Daniele Prandelli

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