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W: [www.iaminwallstreet.com](http://www.iaminwallstreet.com)

E: [info@iaminwallstreet.com](mailto:info@iaminwallstreet.com)

# 2019 Cotton No 2 Bulletin

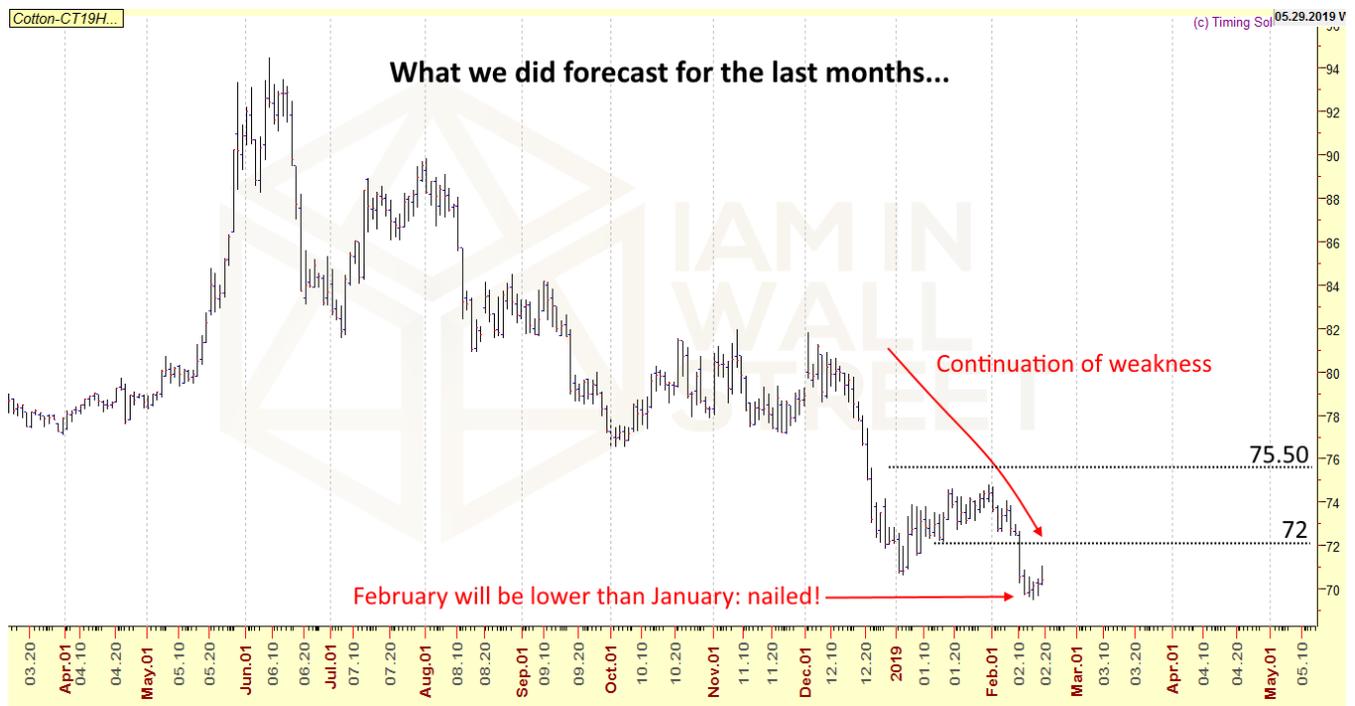
## *Forecast & Strategy*

# February 20, 2019 - UPDATE

*Based on Daniele Prandelli's Studies*

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Everything has worked as we did forecast, with lower levels in February and a general continuation of weakness. We have not seen any important movement anyway, where Cotton accelerated down just one day, and it was enough to push the Commodity under the January's Low. It is also interesting to see how the acceleration started with a breakout under the level 72 that I mentioned as important:



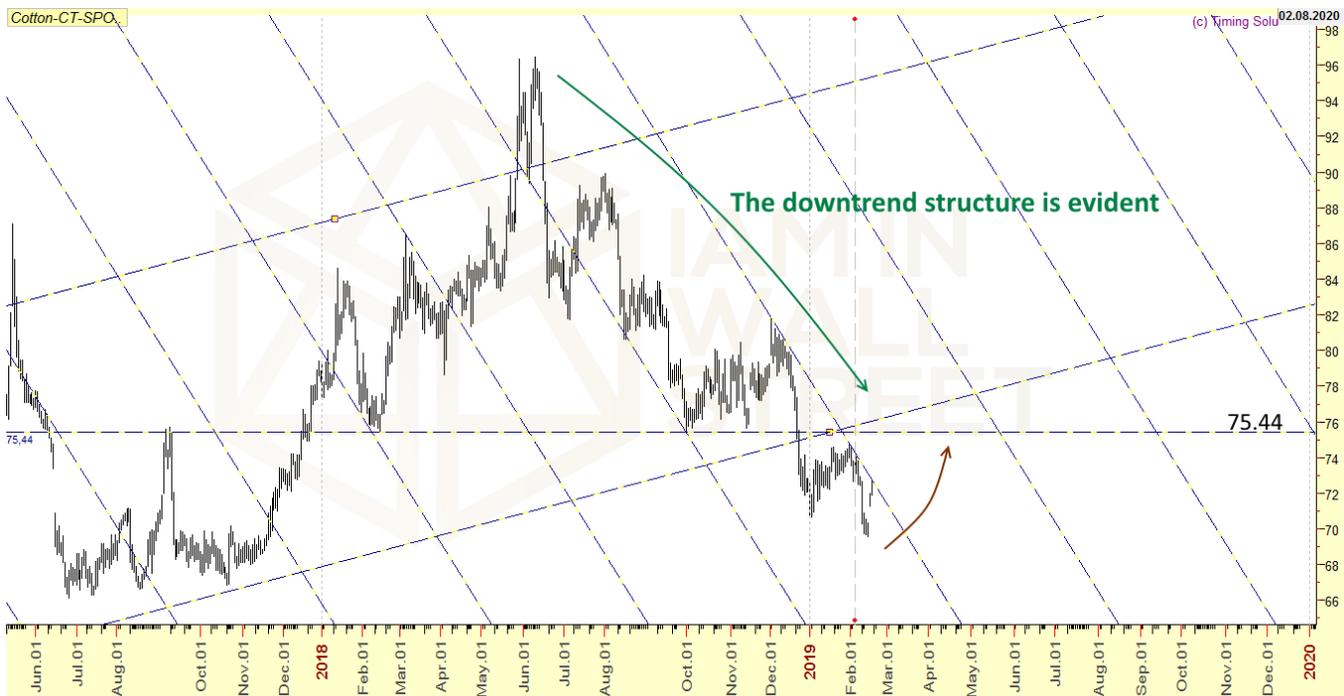
If we followed the downtrend, as the forecast suggested, it is now time to take the profits and remain FLAT, without opening the SHORT position with the new contract. Or, if you believe in a continuation of the downtrend (which is possible for a little while), I would use a tight stop-profit above 73.26. Let's see the new Contract and what the forecast model suggests.

We have to move to the May 2019 Contract.

## ***COTTON No 2 May 2019 Futures CTK19***

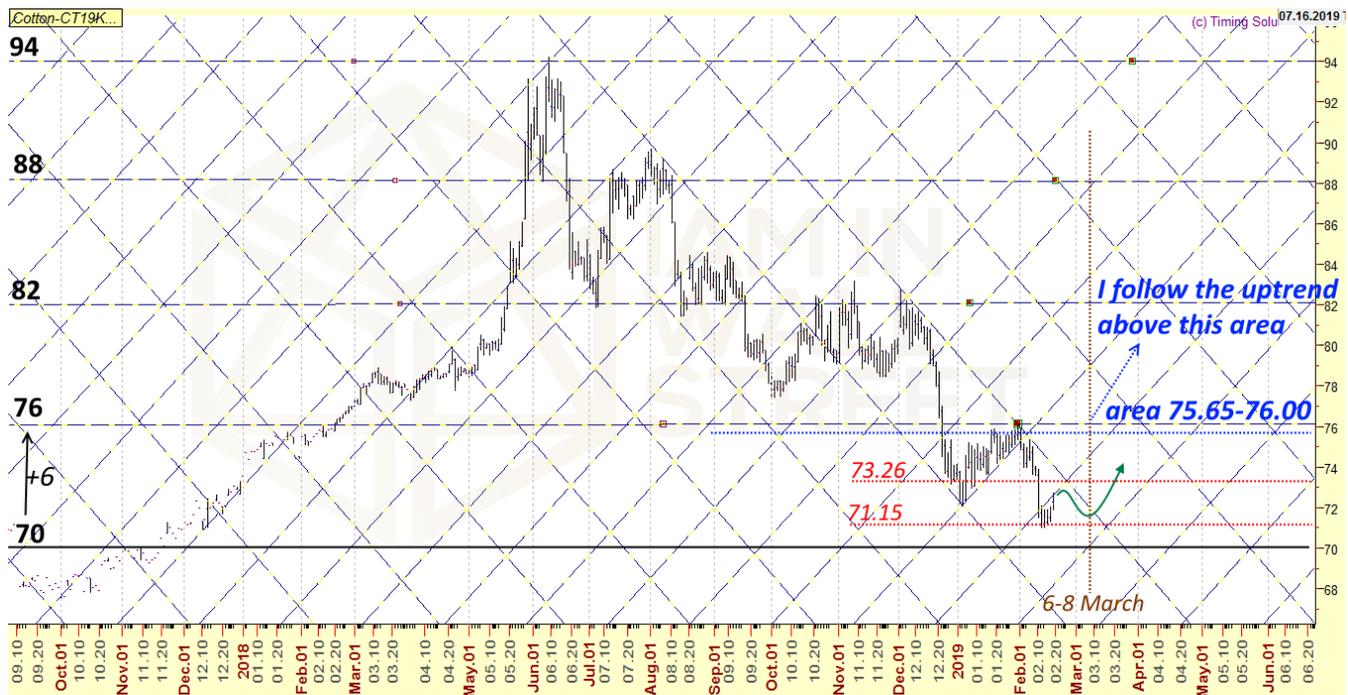
The PFS Forecast Model is very clear: after the weakness of the last months, it now suggests the beginning of a new uptrend. Obviously, we do not trust blindly to the Forecast, and we work with the price map to understand where we can get the signal that a new uptrend is really beginning.

A first chart that may help is from the SPOT; look at the grid that created often acceleration points once crossed, and look at the level at 75.44, which is very significant:



If we are expecting to see a proper uptrend, probably it is wise to wait for a movement above area 75.44; that movement would break the High of January, providing a first signal for a change in trend. We can work with this area to confirm the trend, but do not expect it to work precisely, of course. Cotton can play around it for a while.

However, the chart of the May 2019 Contract should help to understand where some Key Prices are:



There is a kind of division of 6 dollars, exactly at 70-76-82-88-94.

For my studies, we should also monitor 71.15, very reliable, and 73.26, less reliable but still important.

About the trading approach, I will monitor the next days for a possible important breakout to open LONG positions. However, my last studies suggest the time window of March 6-8 as a potential opportunity, above all if we see a Low. It can be just a short-term Low, and not the lowest Low. In that time-window, I will monitor the price map to create an aggressive strategy to open LONG positions (as long as we see a Low).

For now, I believe we should not rush, we can wait. The SPOT chart shows 75.44 as important, the May Contract shows the level 76 (and also 75.65) as important; it is evident that this is at the moment the most important level. I wait, and only if I see a movement above area 75.50-76 in advance, then I will open LONG positions above it. Otherwise, I wait for March 6-8 to read the Market and open new LONG positions.

If you have any question, please do not hesitate to contact us.

Good Trading!

Best Regards,  
Daniele Prandelli

E-mail: [info@iaminwallstreet.com](mailto:info@iaminwallstreet.com)

[www.iaminwallstreet.com](http://www.iaminwallstreet.com)

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## 2019 COTTON NO. 2 PRICE FORECAST & STRATEGY BULLETIN

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