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2019 Cotton No 2 Bulletin

Forecast & Strategy

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Based on Daniele Prandelli's Studies

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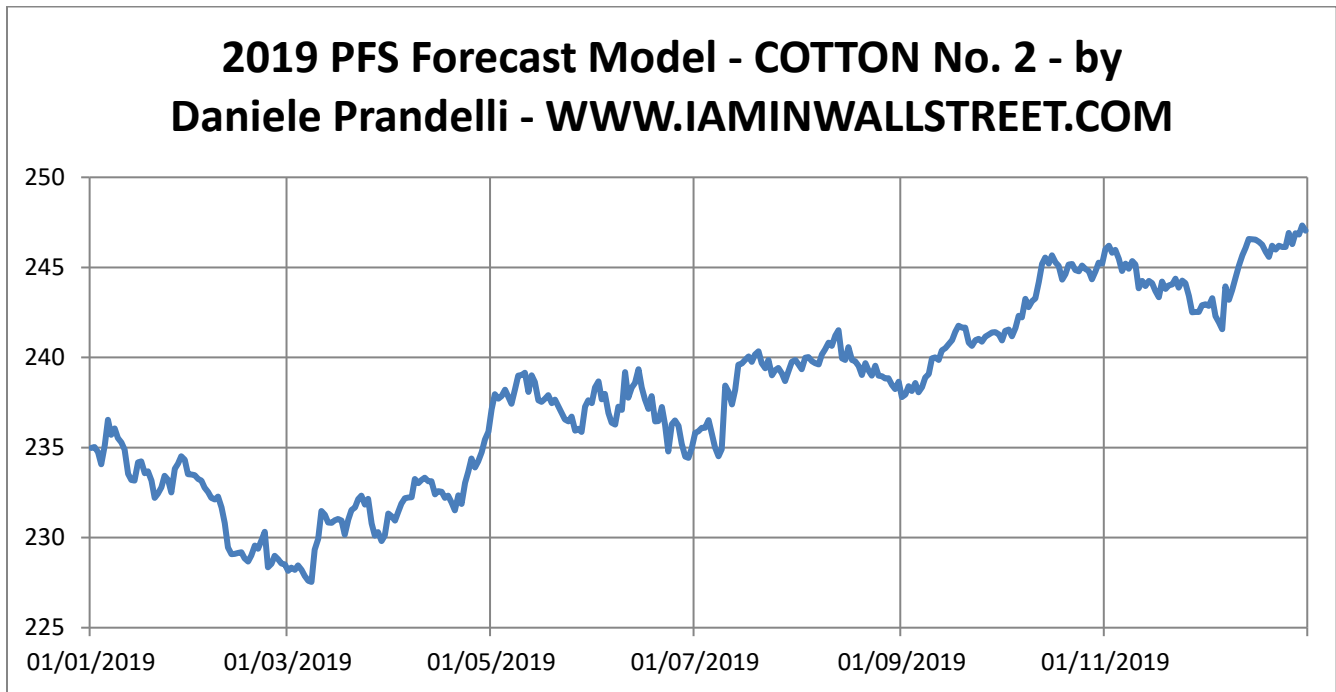
This is just a quick special Update because of the unexpected last drop under 64.80. What happened is evident: Cotton was in a very important time window around mid-June, and from that point, an important movement had to begin. The polarity of the cycle was suggesting a Low, which happened perfectly at 64.80, the Key Price we were using to follow the uptrend and close the position under it in case the forecast was wrong.

This is the chart I sent you in June:

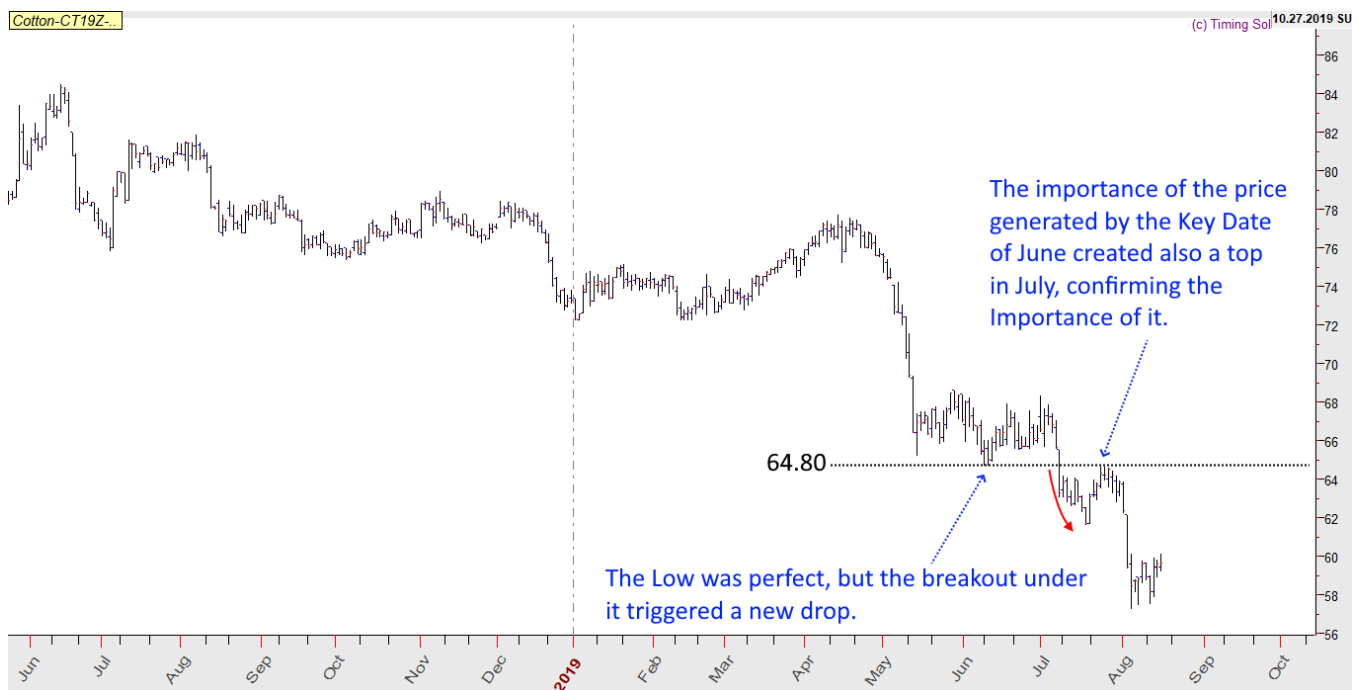


However, right when the PFS Model was suggesting a strong up push, this energy inverted dramatically the polarity, and the breakout under 64.80 was a very dangerous signal of weakness. My strategy was clear: LONG above 64.80 and FLAT under it.

We see the expression of this new energy from the PFS Model:



In the PFS Model chart here above, you see the new strong up push starting on July 8. Sometimes it happens that this energy inverts the polarity, and this is what happened in July:



You can imagine my disappointment when I saw the breakout under 64.80. I know that the energy can invert the polarity, but I was hoping to make big profits with Cotton, instead I had to take a little loss. This movement changed the plans, and it is evident that the pattern remains very negative.

I knew when a new swing had to start and from which point, but it happened in the direction that had the less chances, considering my studies.

The important thing is to know when it can happen and be ready to immediately close the position if we see a breakout of an important Key Price.

After that strong breakout, I had no signal to open any LONG position, hence, I had nothing to say.

With this Update I only want to say that it is a risk opening a LONG position while Cotton keeps this configuration. However, we can use this simple strategy, hoping that it works in case Cotton turns up. The Low on August 5 is significant, and we should be careful if we see a new breakout under it, expecting a new down acceleration. Around August 16-20 I have a potential top, where Cotton should push lower then. However, if Cotton does a High and then breaks out the level 60.92, we can try to open LONG positions and be always LONG above it and FLAT under it. If Cotton remains under this level

after a potential top of August 16-20 and Cotton pushes down under 57.10, I would not suggest opening any LONG position at all.

If you have experience in trading Cotton (like every other Market), you know it is always better to wait for the Market to show you the way, instead of trying to anticipate a change in trend that never comes, with the risk of losing a lot of money against the main trend. I tell you these words especially in this situation of uncertainty, because the downtrend is in front of anyone, and fighting it can be painful.

Also, look at the stairs pattern of Cotton. We should see a change of this pattern to bet for higher levels.



I will keep you updated in case I see a new different opportunity. If I do not see anything new, I will be back on September 26.

Good Trading!

Best Regards,
Daniele Prandelli

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