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# 2019 Cotton No 2 Bulletin

## *Forecast & Strategy*

# September 26, 2019 - UPDATE

*Based on Daniele Prandelli's Studies*

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Cotton has not given profits to me in the last months, after the breakout under 64.80 that happened in July. In the Update of August provided a strategy to open LONG positions because I believe Cotton has to turn up. We have seen a descent after August 16-20, as I said (top on August 18), and then it tested the Low of August 5, breaking under it with just an intraday movement and then up.

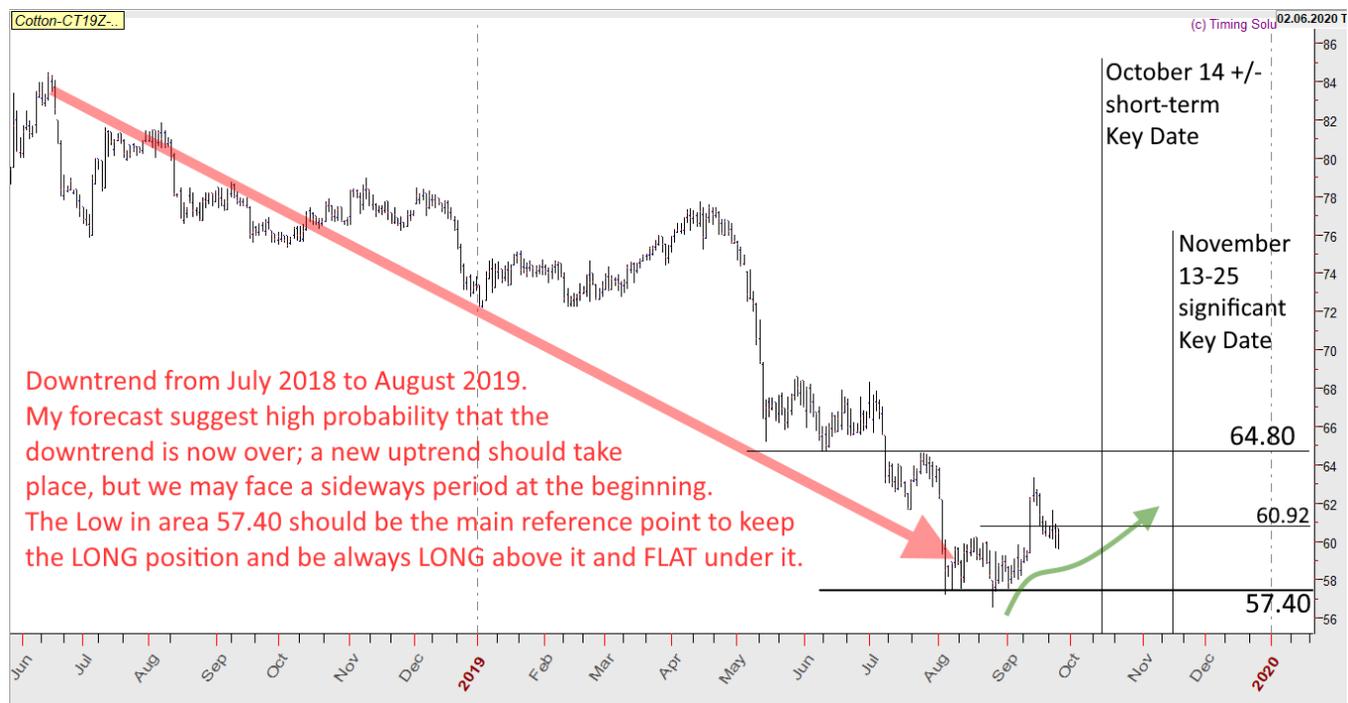
I gave you the level 60.92, but despite the strong up push, we cannot say that this level worked well, because then Cotton moved under it again.

After spending a lot of time on the Cotton charts, I want to say something that may be very important, a strong statement: **I think that the downtrend that started on June 2018 is now over with the Low of August. I believe we can expect a monthly uptrend and every strategy from now on should be created to open and maintain LONG positions.** As always, please let me say that I can be wrong, because I am not that stupid analyst who cannot accept of being wrong! For this reason, following a strategy with stop-loss orders is a must!

Considering this forecast, we can create a strategy of opening LONG positions with a stop-loss under 56.50 and be always LONG above it and FLAT under it. We can simply say: I invest only the amount I can accept to lose; if I accept of losing 1000 USD in case my stop is filled, I invest an amount that will give me

that loss under 56.50. If we are right, and we see a proper uptrend, we should be able to profit much more than 1000 USD. Let's say that Cotton reaches 70, we will make almost 3 times the potential loss; in this way, we create a strategy where we risk less than the expected profit. This is just an idea about how to create a strategy.

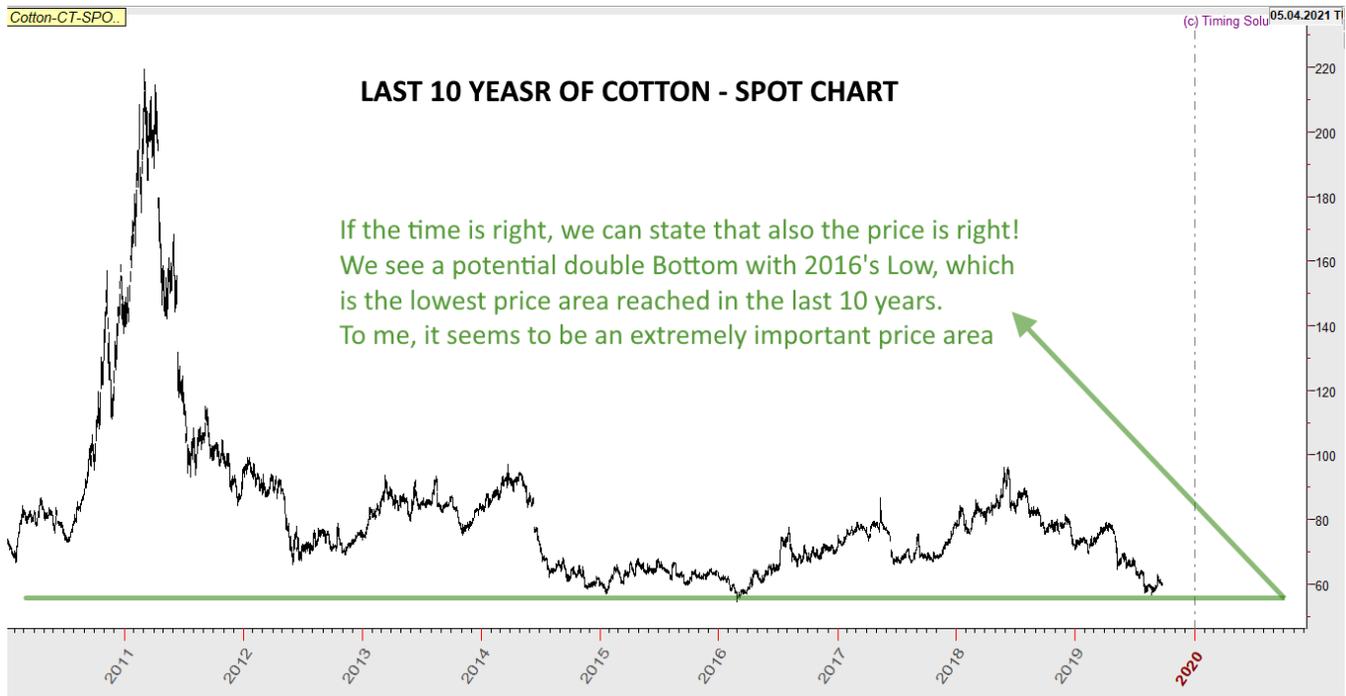
A movement above 64.80 would be a great signal for my call, and we should follow the uptrend with confidence then.



The level in area 60.92 can still be considered significant, but using it may need to work actively, opening LONG positions above it and being always ready to close the position under it.

**The area 57.40 should be the main support.**

The long-term chart gives us one more reason to believe in a possible LONG position from here, with a stop under the last Low: a potential double Bottom with the 2016's Low:



I have a few intermediate Key Dates that can help to read the Market and take position in the future. **Around October 14 there is a potential short-term change in trend**, which means that we can use it to open LONG positions if we see a Low, or take part of the profits in case we see a High (and then we can re-buy at lower levels, after the pullback). **Around November 13-25 there is a potential significant change in trend**; if we see a strong up push until this time-window, it may become a High, and in this case, I would suggest of

taking part of the profits; if we see Cotton remaining low during this time-window, it may be the right time to accumulate for a new uptrend.

All these strategies must be supported by the Low of August! This condition is very important. At most, we may see a double Low with the August's Low, but we should not see any strong acceleration under it.

Summing up, I work with LONG positions if the Cotton Market does not breakout the August's Low because my forecast suggests the end of the downtrend and the beginning of the uptrend from the August's Low. We will play with the Market to follow this forecast; if we see higher swing Highs and Lows, it should confirm the forecast even in a mid-term perspective.

As always, if I have news, I will be back to you.

Good Trading!

Best Regards,  
Daniele Prandelli

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