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Pic of the week

To the right is a picture of a video that was doing the rounds on Twitter when Trump had a state visit to the UK; let us just say he has had warmer welcomes at his campaign rallies.

Biden, who is currently leading the Democratic primary race has used this footage to further his advantage to further his political campaign, but it is worth noting that it is the Americans, predominantly white middle America who will be voting and initially voted for Trump after feeling they were the minority as suggested by a study which The Atlantic refers to in their article People Voted For Trump Because They Were Anxious, Not Poor.

Aim of the newsletter

Every Sunday I review a particular theme within my portfolio to help determine what political, economic and technical factors are having an impact on the markets.



this issue

1. Australia, latest from down under
2. Commodities & Brazil
3. Book of the week
4. Portfolio PnL

Australia, latest from down under

Brexit, QE and US-China trade war are the main topics of conversation surrounding the intrinsic value of the \$AUD.

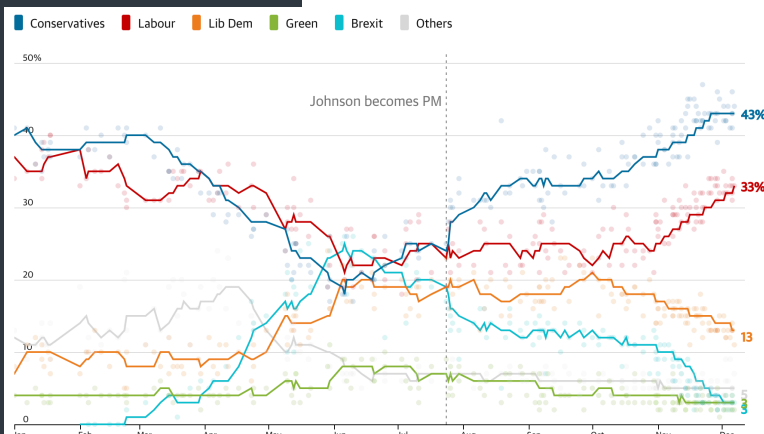
Over on the other side in the UK the conservatives are set to win the election as the final days of the campaign get closer, this may see the \$AUD rise in price as Australian farmers have been losing out due to a loss in exports caused by the confusion in the limits of agriculture Australia can export to the EU.

Then on the other side depending on where you look, we have the US-China trade war situation which has been now going on for 17 months! It seems current negotiations taking place are aimed at a de-escalation rather than a resolution.

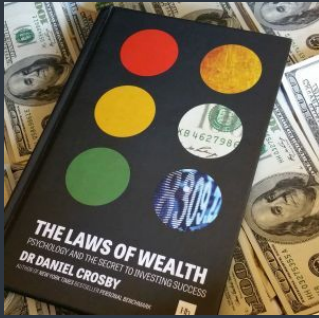
And lastly, interest rates which have been put on hold recently by the RBA. With talks circulating of a potential cut again and possibly having to use QE in the midst of a global recession puts some heavy downward pressure on the Aussie.

I currently have 3 FX pairs containing the \$AUD on my watchlist, two of those being the AUDUSD and GBPAUD.

Providing market conditions don't stray too far from the current norm I can see myself placing a few trades with the following targets in sight.



Book of the week



Written by behavioural finance psychologist Dr Daniel Crosby documents ways in which we are prone to obscuring lucid financial decision making and how we can self-manage this

One of his rules I want to hone in one which fits with the theme of this week is being able to look at trouble in the markets as a sign of opportunity which is where opportunities in the markets lie and as traders, we capitalise and ride the velocity when things go from terrible to not quite so terrible

So using these weeks themes the current opportunities in the markets are:

- Brexit
- US-China trade deal
- Brazilian drought

PnL performance

This week both my high and low volatile portfolios performed well this week, owing most of my success down to my Coffee trade which I expect to see further upside

This Month's Q&A

This week I will be closely monitoring the developments surrounding the US-China trade war and the UK elections and the impact it will be having on my portfolio.

- Low vol:
+0.53%
- High vol:
+13.27%

Search: CactusFund on ForexFactory to continue the conversation, otherwise Happy Trading 😊



Brazilian Real, Weather, Trade War and Commodities

Brazil is a nation known for producing commodities in vast amounts but unfortunately, it has been experiencing a drought, to put this into perspective the monthly average precipitation for November is 3.8in, however, the current month to date as of Friday only produced 0.02in.

So it is hardly surprising that commodities in Softs and Grains have risen across the board.

Also, trade tensions between US-China coupled with a weak Brazilian Real have increased agriculture exports as well as tightened supplies. Hence why December 15th will be a pivotal date where Trump has placed a deadline to increase further tariffs on China if negotiations do not move forward, do not be surprised to expect the latter; although the Chinese are said to be losing roughly \$86B/year they would ideally wait and go into negotiations with Trump, not in office providing he does not win the next election or better, get impeached.

I currently have one Soft and one Grain on my watchlist, if we start off with the soft which is Coffee I have currently been in a position from 2 weeks ago, and if conditions get worse or continue then I am expecting the price to easily push past this key resistance where price has naturally stalled.

Corn is the soft commodity on my watchlist, I am currently short this commodity however I will be slowly exiting this position as I believe it will revert to the upside for the reasons mentioned before as well as specifically for the following reasons pertaining to corn:

- harvesting has been below its 5 yr average
- Ethanol demand has been on the rise which usually means that Corn will rise also for the purpose of making biofuels from Corn which may in turn increase exports in Corn which have been low

