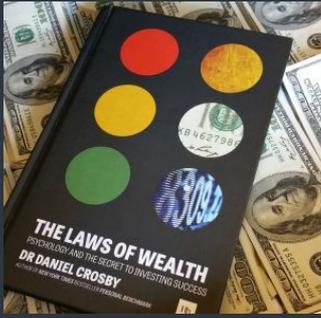


Book of the week



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%

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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

