

THE FACTOR

Ten Best Dressed List
1982-1983-1984

Written in June, 1985

Introduction

As many of you know, I love to fish, and do so nearly everyday for an hour or two. My fish of preference is the Walleye. A local fishing pro has said that "to understand the ways of the Walleye, you must study and understand the behavior of the very largest Walleye - for they are the best of the species."

If we use classical chart configurations as a basis for making trading decisions, it is also suiting that we too understand those trades that represent the "best of the species."

This document contains those market situations that I consider - in retrospect - as the "10 Best" examples of classical charting principles for the years 1982 thru 1984.

I used only two criteria to select these examples:

1. A "no question about it" extremely well defined chart formation.
2. An eventual move to the objective (of at least \$2,000 per contract).

Whether or not The Factor was successfully involved in the trade at the time was not an overt consideration.

A table at the end of this document lists some important information about each selection. These trades are not listed in any sort of rank order.

Summary

The following points summarize those market situations selected as among the 10 best each year:

1. These trades were all very profitable - the type of trades that - if caught - would have made a trader financially independent.
2. All the formations were clearly developed and substantial. There could have been little mistake in pattern identification.

3. In nearly every case, something of importance was also taking place on the weekly chart.
4. These trades broke out and went. There was no doubt. Of the 30 market situations, only 4 ever closed with a loss - the greatest being for \$500 for 1 day.
5. While the moves to the objectives might have hesitated along the way, in no case was there a clear signal that the objectives would not be reached.

Discussion

These trading situations represent the type of trades I want to be involved in. These are the types of trades that represent the "payoff." These are the types of trades that will represent the profit part of a trading program. Everything else, as far as I am concerned is either a trade made in the discovery process of finding these trades or a trade made just "playing" around.

The more a trader can concentrate on these types of market situations the better off he or she will be at the end.

These trades also reinforce for me the attitude that "if a trade goes right away, then fine," but if a trade does not go right away, then get out. Major trades do go right away. Trades that hesitate have no promise.

Authors' Note

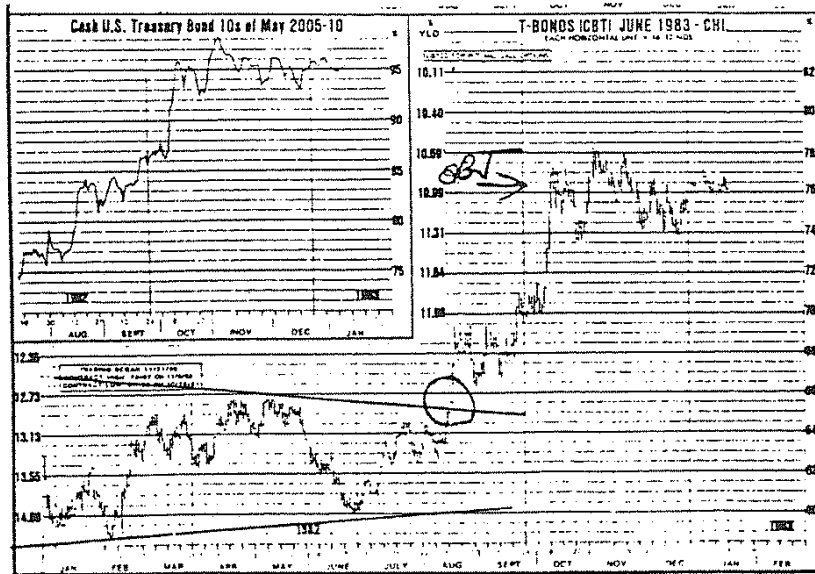
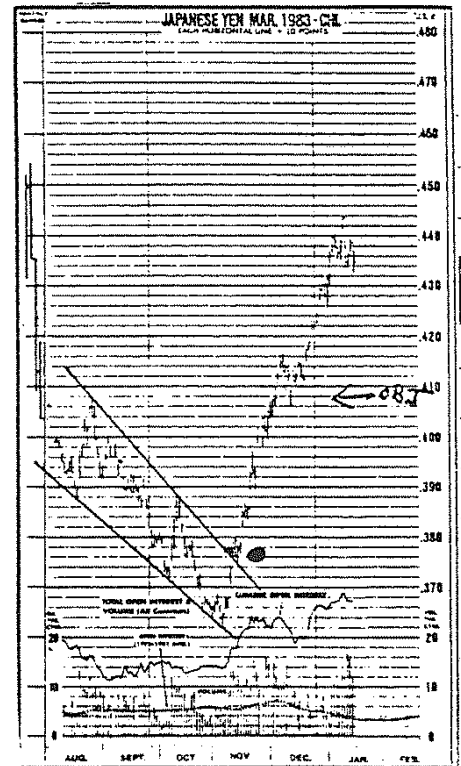
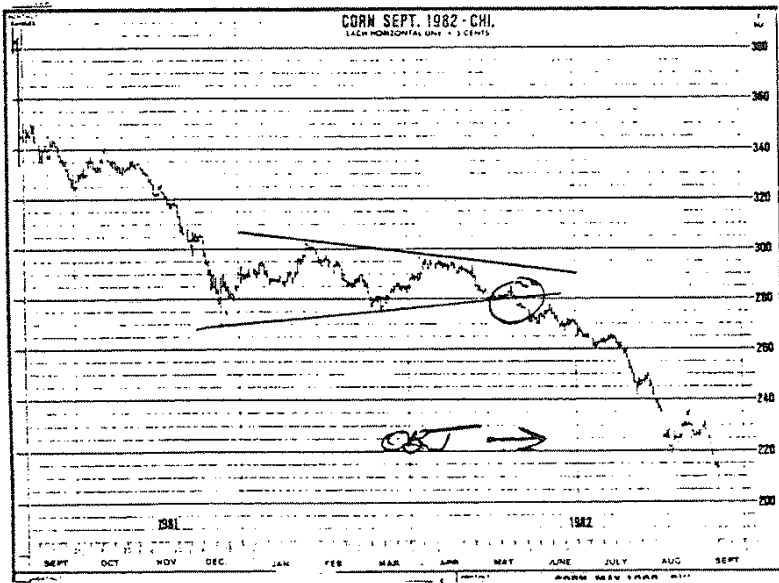
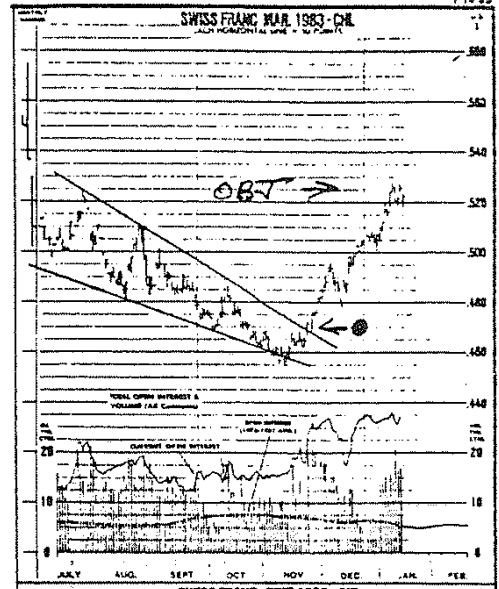
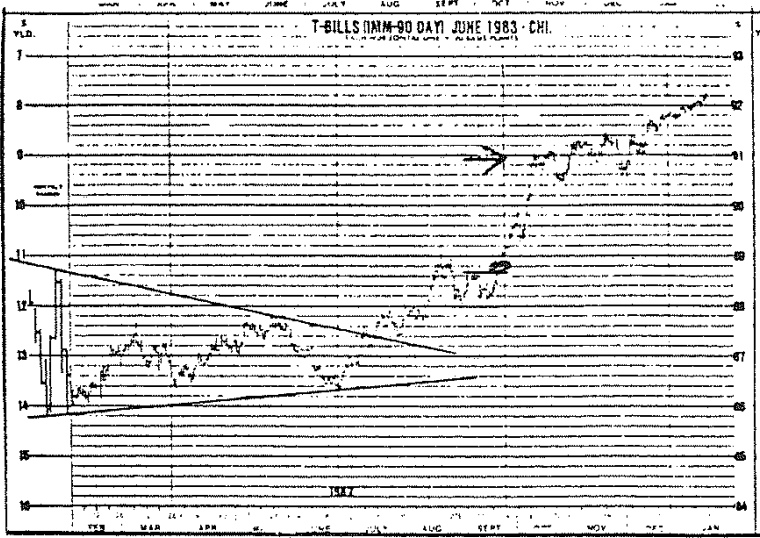
Some of the charts in the Best Dressed section are barely decipherable. When Peter created those pages for *Factor* subscribers, he gave no thought to the possibility they might later appear in a book. Because the charts are so old, it is impossible to recreate them in more readable versions.

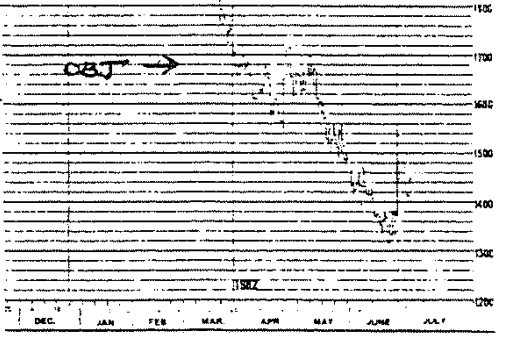
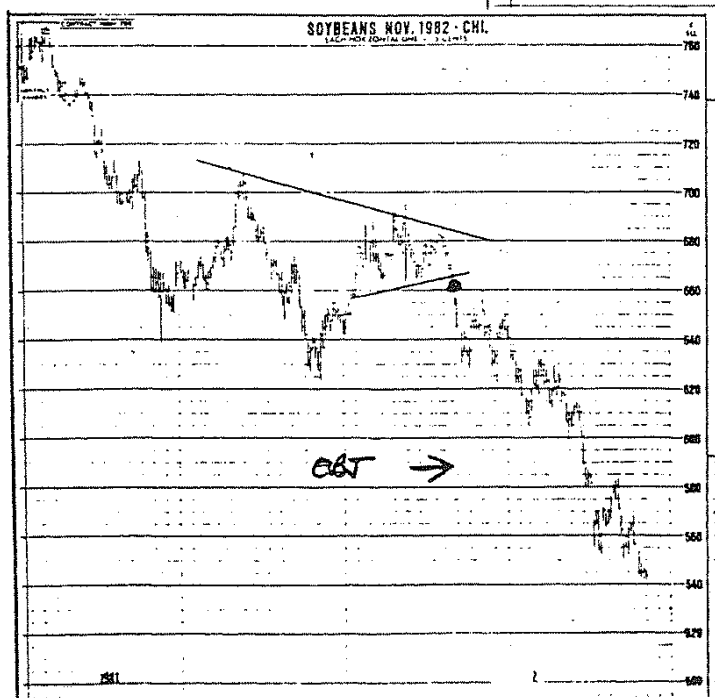
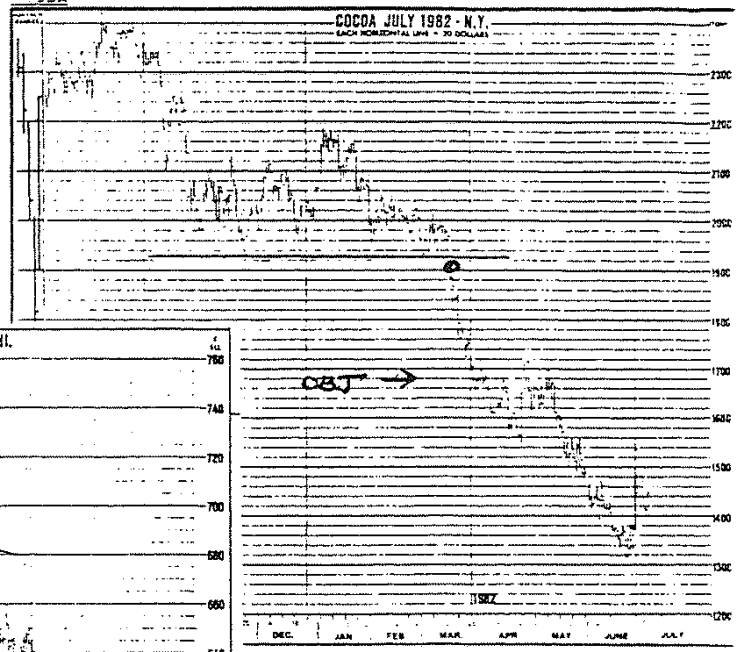
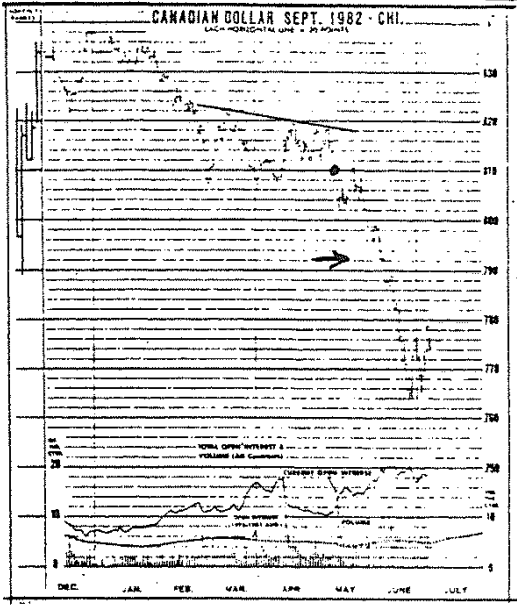
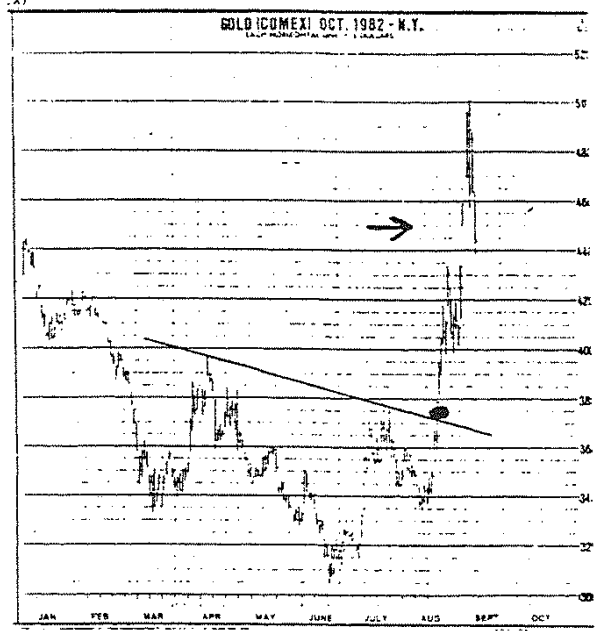
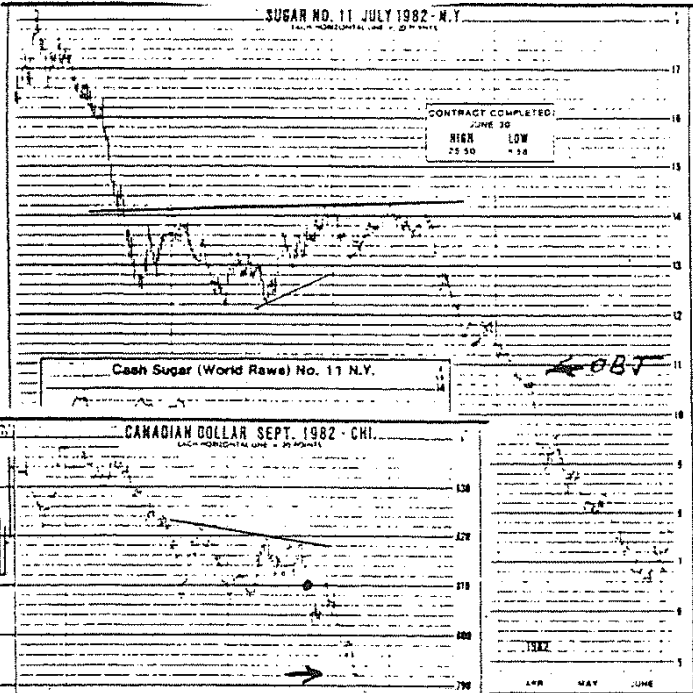
We think there is value to be gained from including the same charts and comments that Peter created when the situations were fresh in his mind. You may be able to find your own comparable historical charts to get a clearer picture. Commodity Perspective's *Encyclopedia of Historical Charts* is an excellent historical chart reference.

We apologize for any difficulties the fuzzy charts may cause. The only alternative was to omit them entirely. We decided to include them in the interest of completeness. There are many legible charts in the book which make the points we wanted to make.

Peter and Bruce

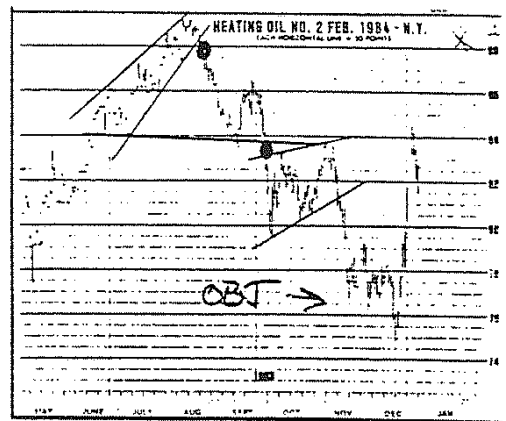
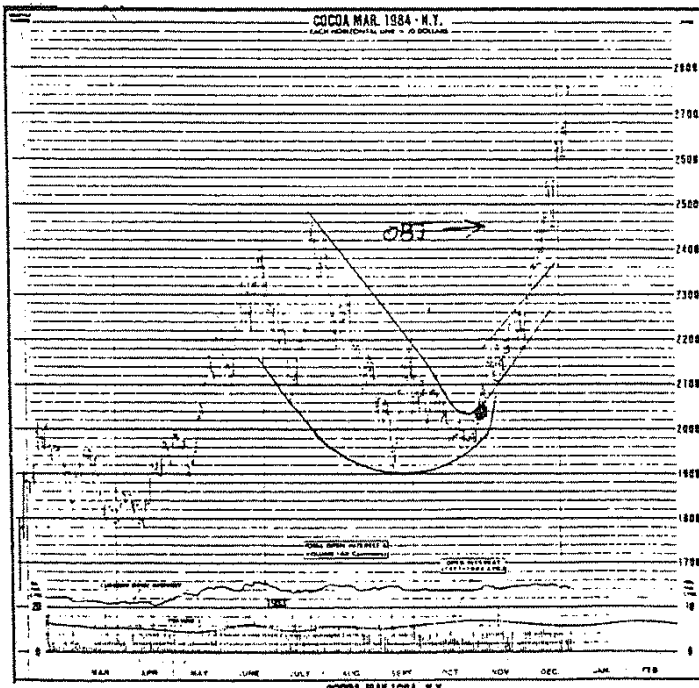
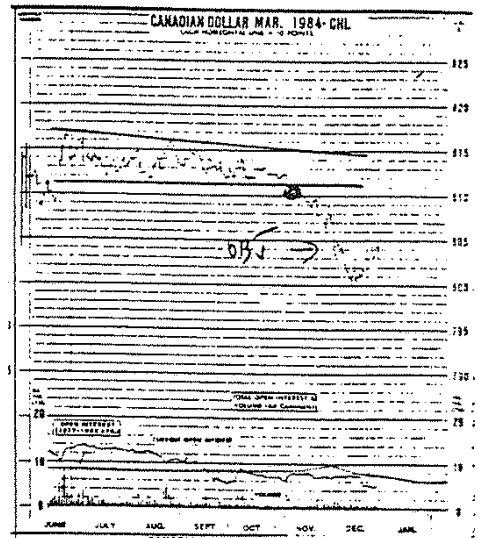
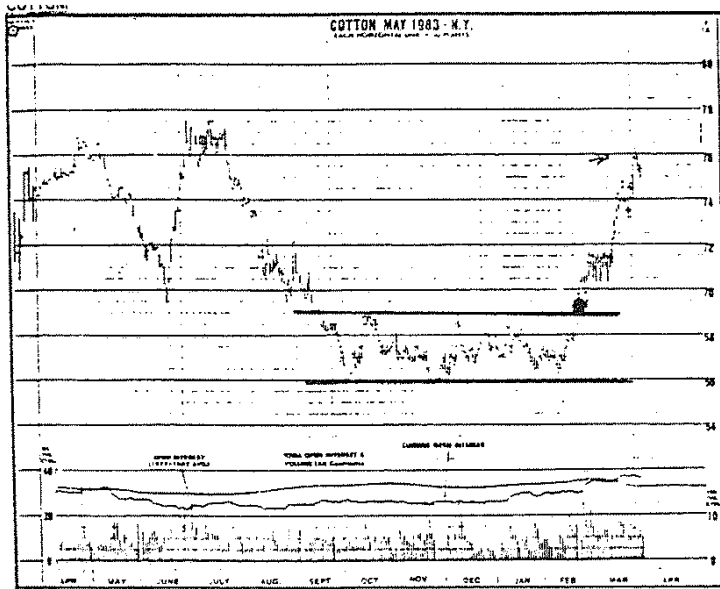
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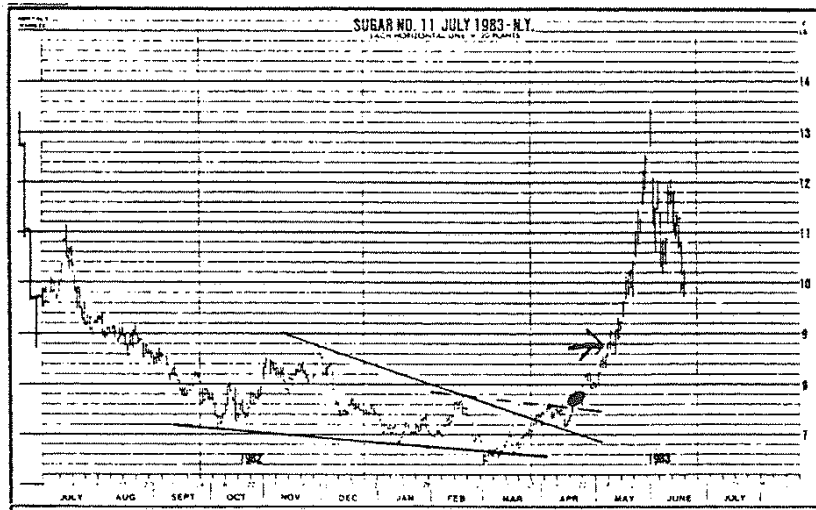
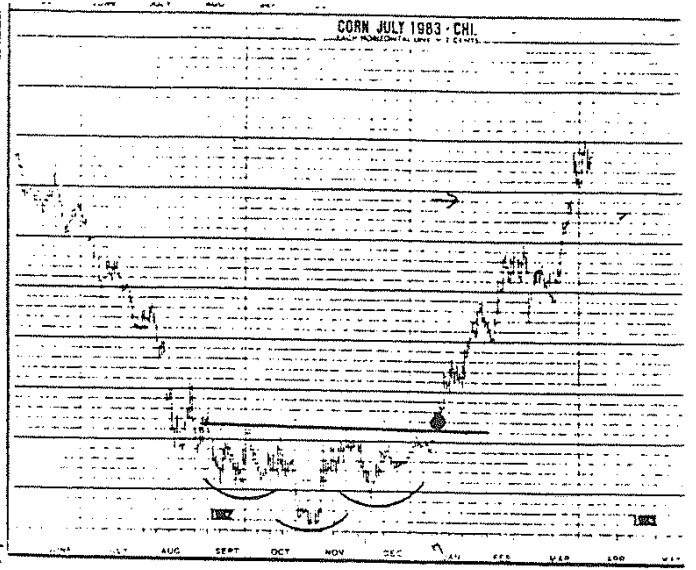
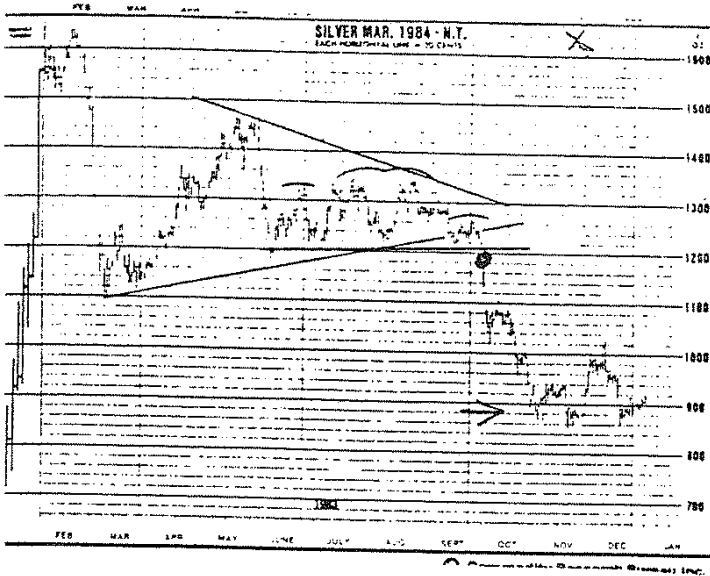




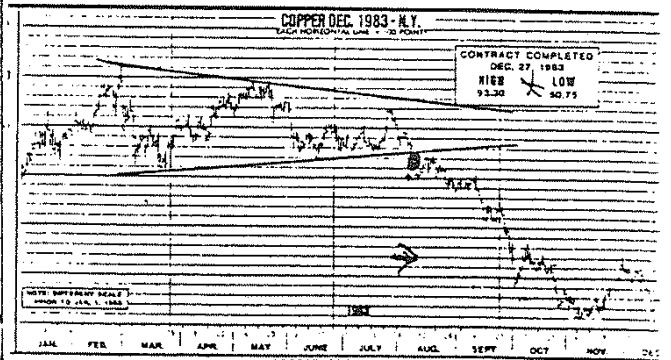
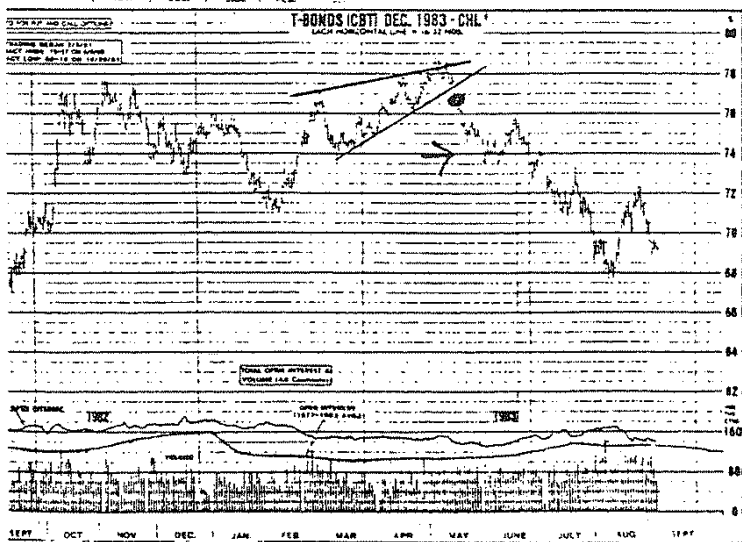
1982

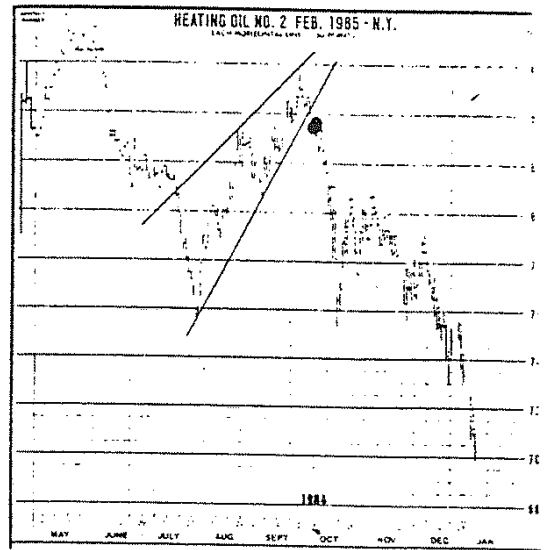
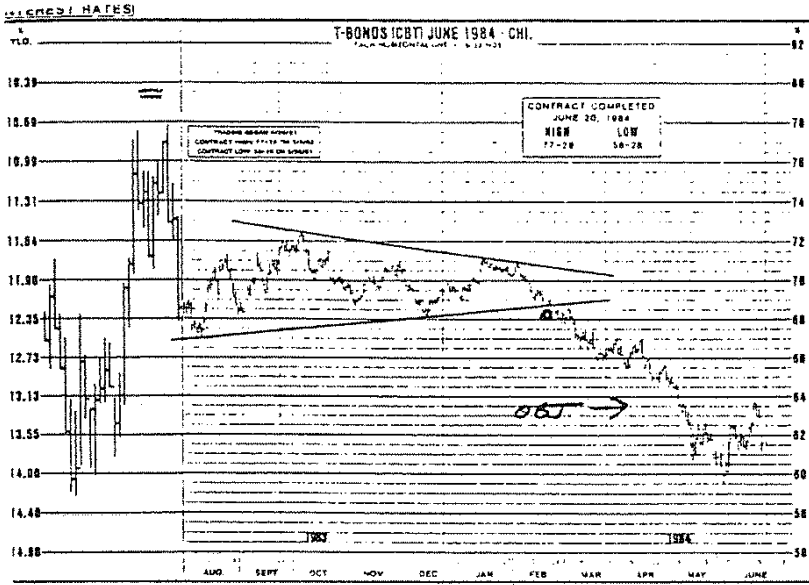
1983



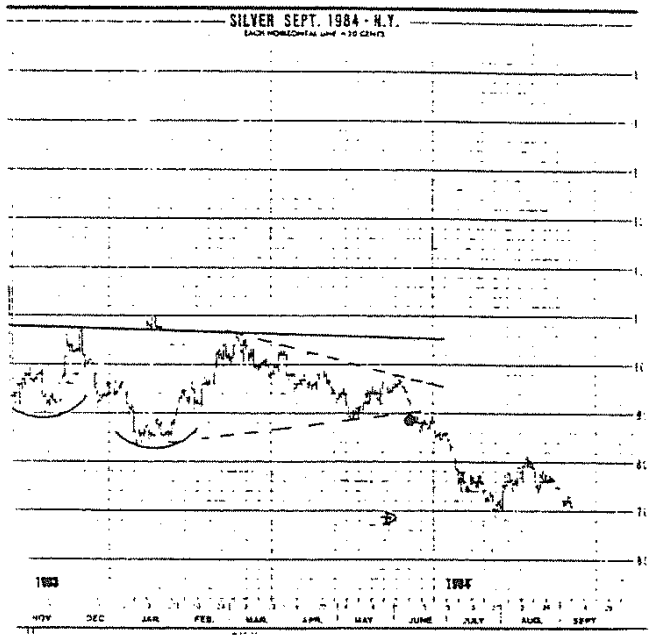
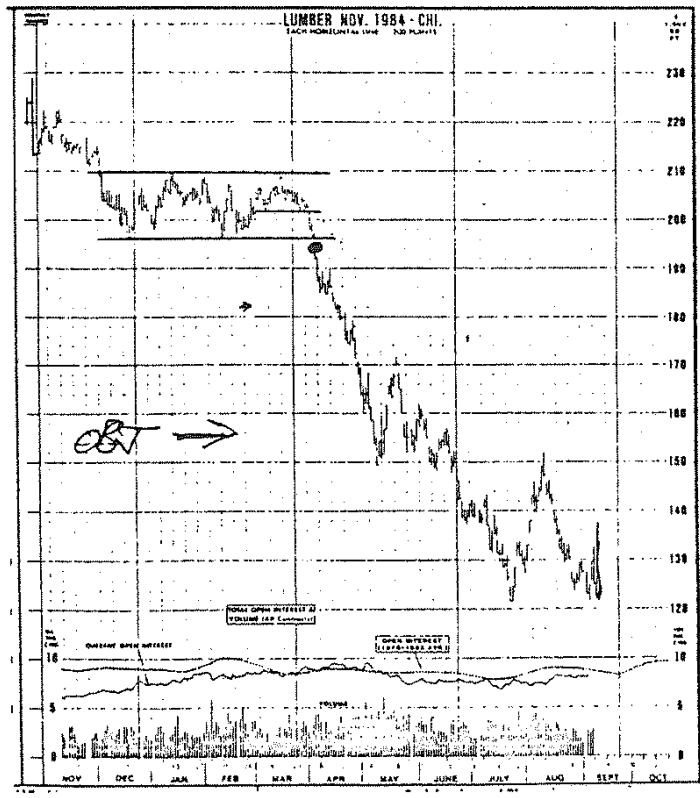


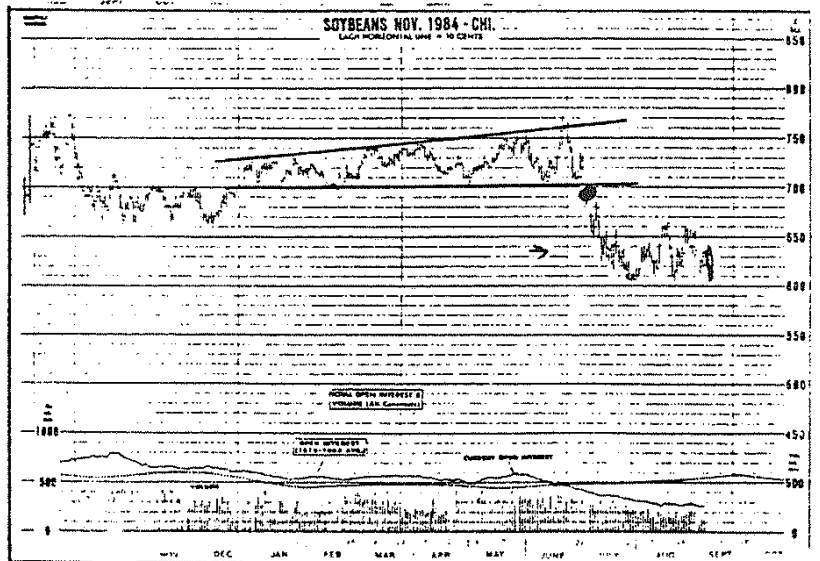
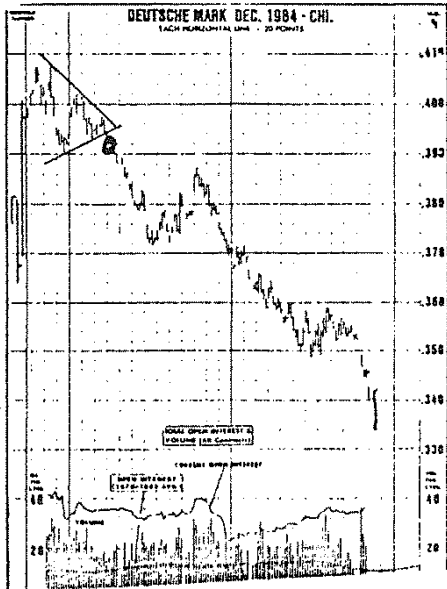
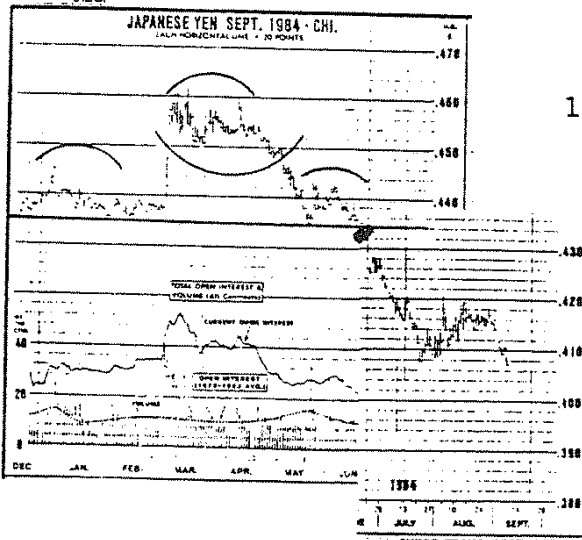
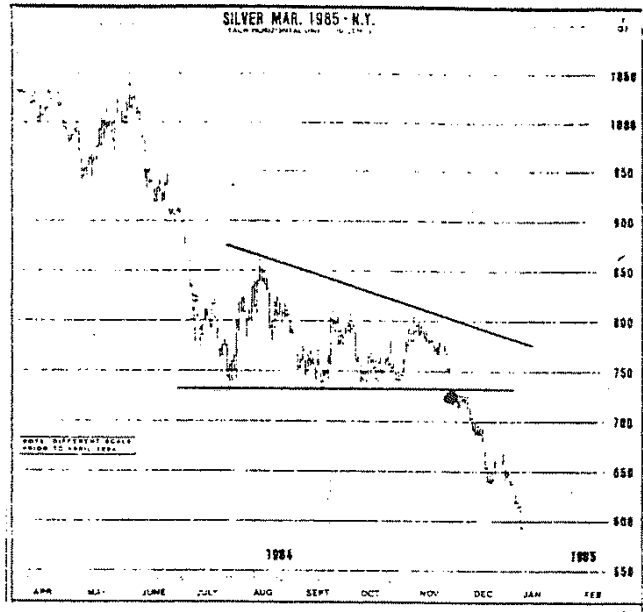
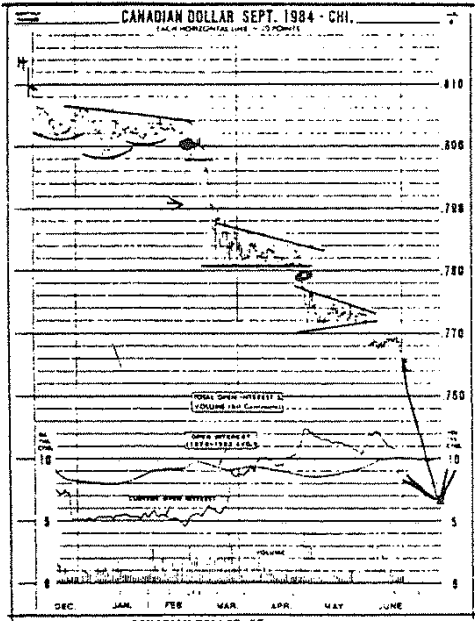
1983



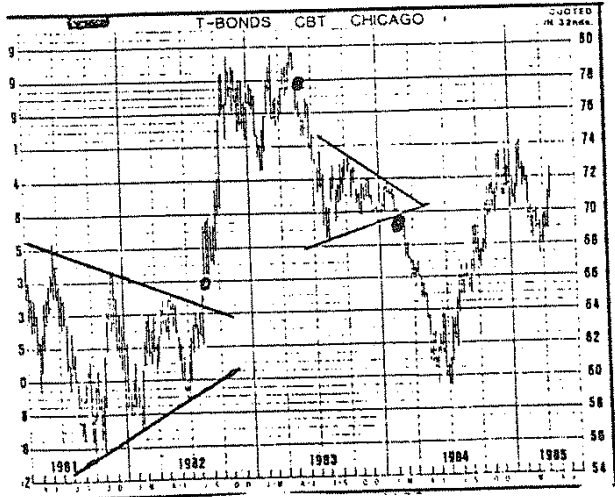
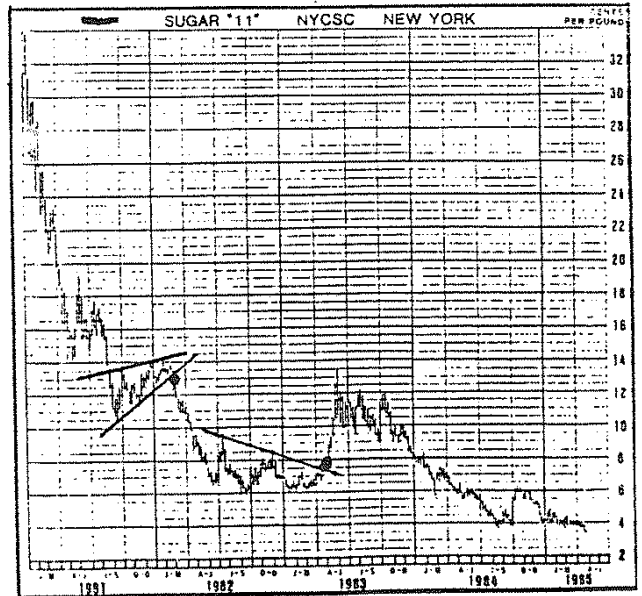
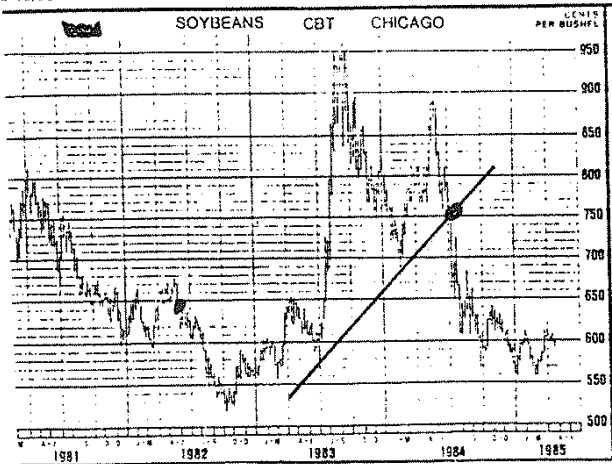
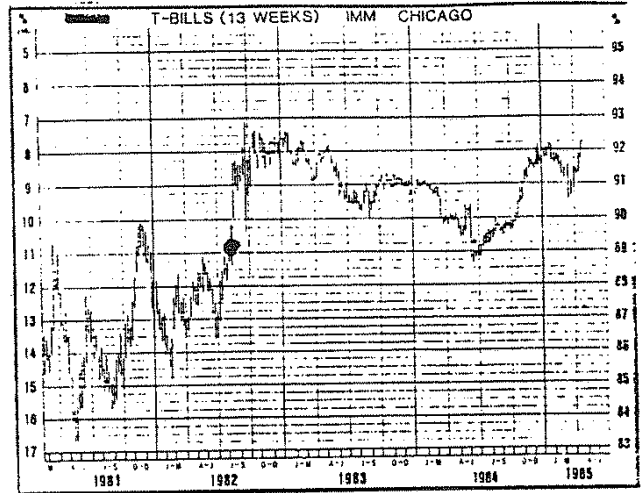
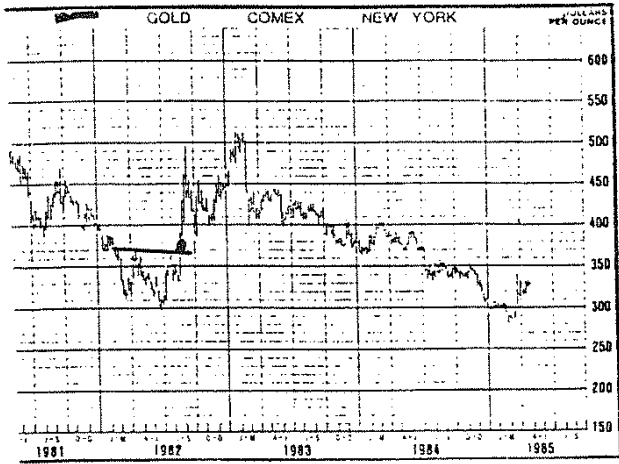


1984

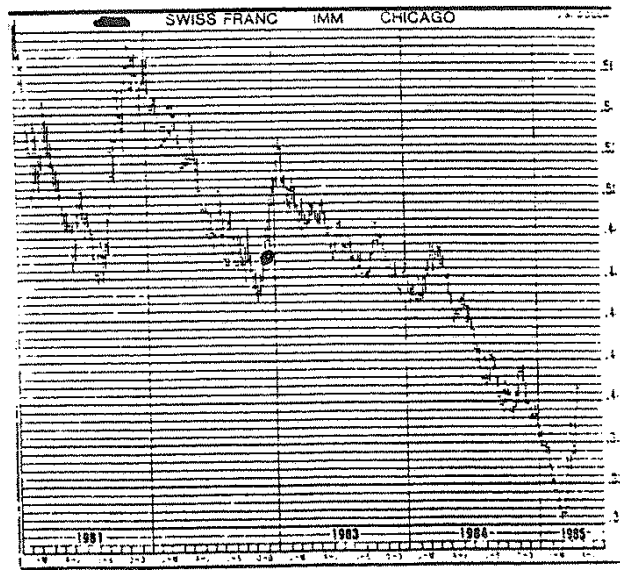
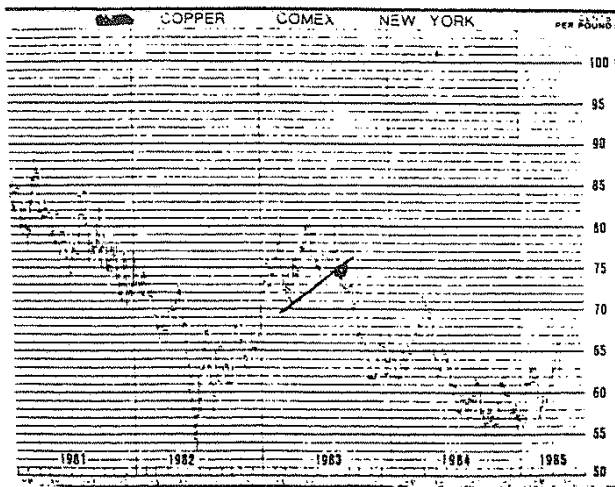
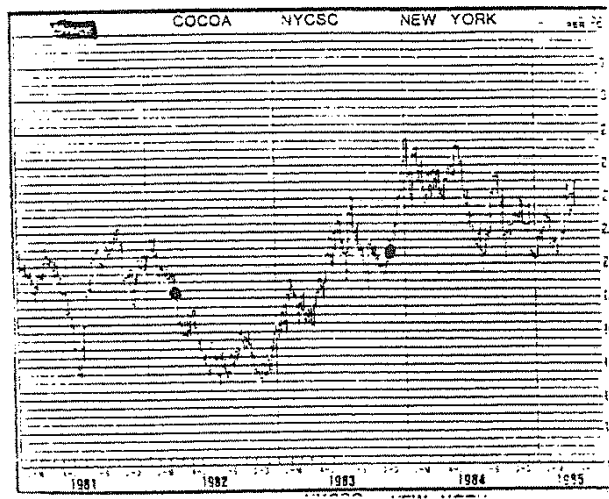
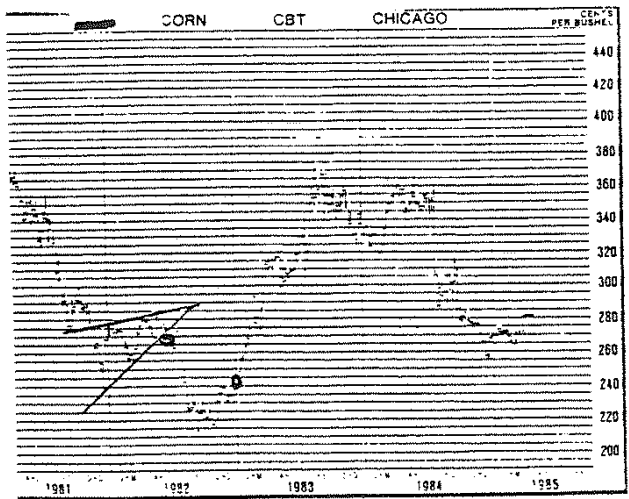
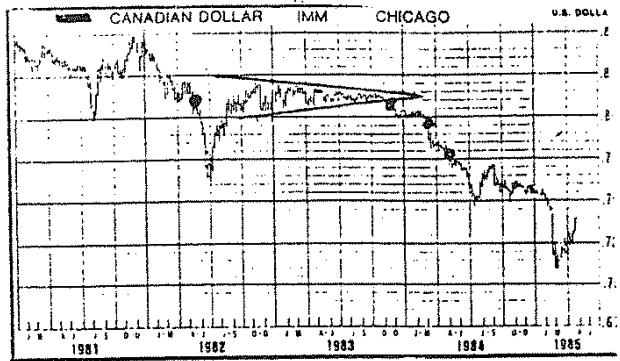
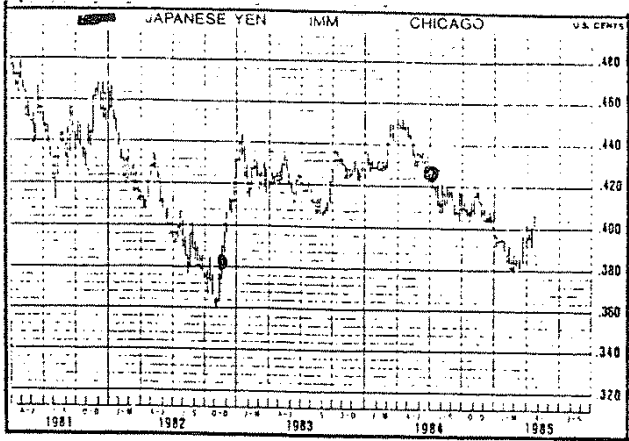




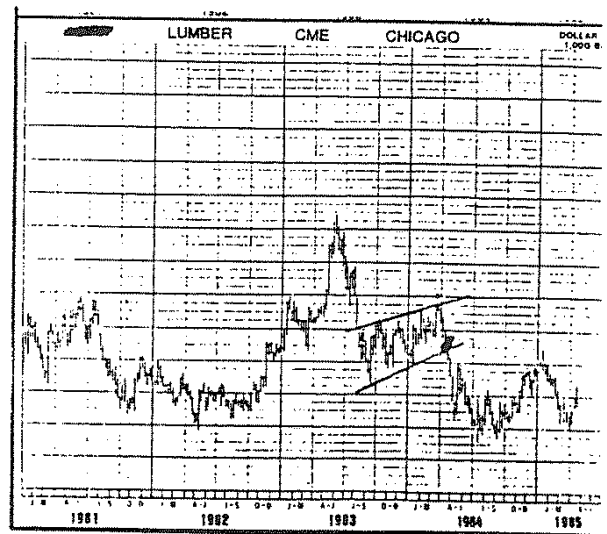
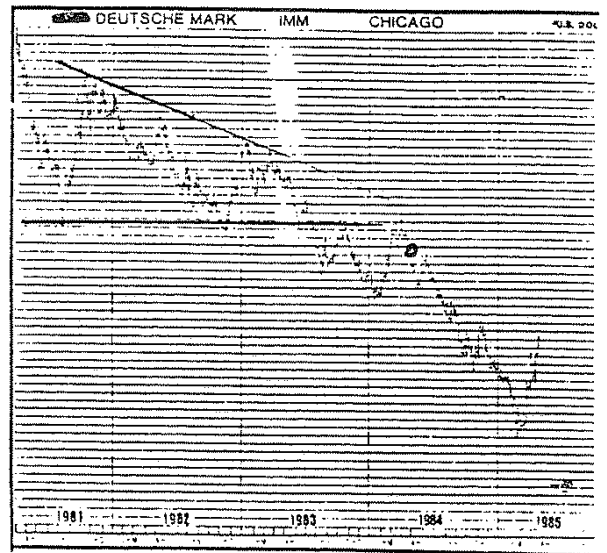
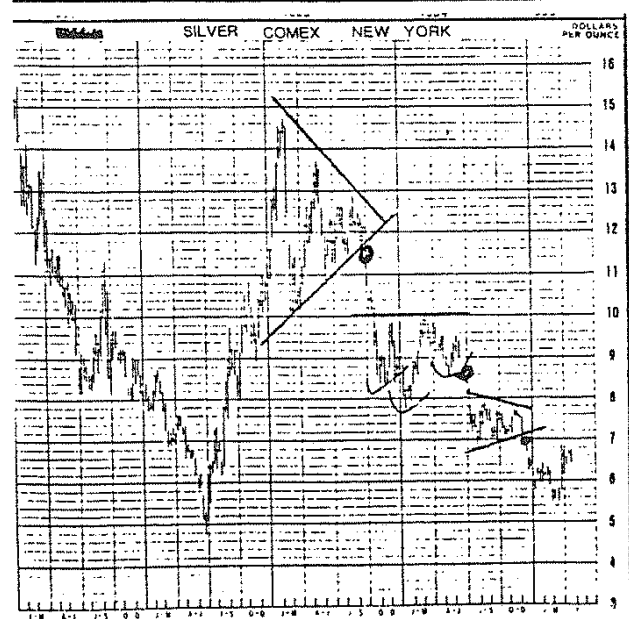
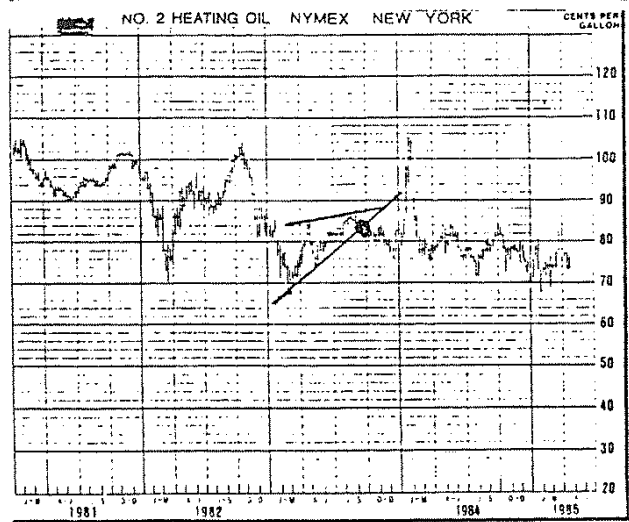
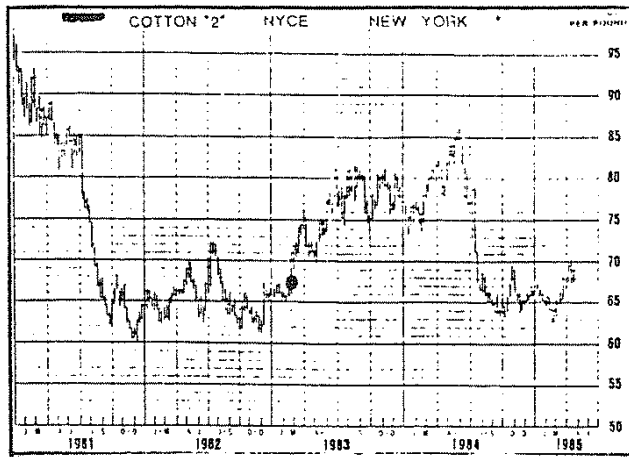
WEEKLIES



WEEKLIES



WEEKLIES



<u>YEAR/Trade</u>	<u>+/-</u>	<u>Daily Pattern</u>	<u>Worst Intra Day Loss</u>	<u>Worst Closing Loss</u>	<u># Days</u>	<u>Profit Potential</u>
1982						
T-Bills	+	Compound Fulcrum	**	-	-	\$5,000
Corn	-	Symmetrical Triangle	**	-	-	2,750
T-Bonds	+	Symmetrical Triangle	\$500	\$500	1	10,000
Swiss Franc	+	Wedge	**	-	-	6,100
Japanese Yen	+	Wedge	400	250	1	3,750
Gold	+	Head and Shoulders	**	-	-	7,000
Sugar	-	H & S Failure	**	-	-	4,600
Canadian Dollar	-	H & S Failure	**	100	1	3,800
Cocoa	-	Head and Shoulders	**	-	-	2,100
Soybeans	-	H & S Failure	**	-	-	4,500

**Less than \$300 per contract

Note: Profit potential based on profit taking procedures as listed in The Factor Trading Manual. Per Contract.

<u>Year/Trade</u>	<u>+/-</u>	<u>Daily Pattern</u>	<u>Worst Intra Day Loss</u>	<u>Worst Closing Loss</u>	<u># Days</u>	<u>Profit Potential</u>
1983						
Corn	+	Head and Shoulders	**	-	-	\$2,400
T-Bonds	-	Wedge	**	-	-	2,500
Sugar	+	Head and Shoulders	**	-	-	3,580
Silver	-	Head and Shoulders	**	-	-	10,300
Copper	-	Symmetrical Triangle	**	-	-	2,500
Cocoa	+	Horn	**	-	-	4,000
Cotton	+	Rectangle	**	-	-	3,000
Heating Oil	-	Wedge	**	-	-	4,200
Heating Oil	-	Head and Shoulders	**	\$200	2	1,890
Canadian Dollar	-	Descending Triangle	**	-	-	1,000
1984						
Soybeans	-	Right Angle Broadening	**	-	-	3,500
Silver	-	Descending Triangle	**	-	-	5,700
Yen	-	Head and Shoulders	**	-	-	2,875
Heating Oil	-	Wedge	**	-	-	2,730
T-Bonds	-	Symmetrical Triangle	**	200	1	6,000
Lumber	-	Rectangle	**	-	-	5,000
Silver	-	Symmetrical Triangle	\$500	-	-	8,000
D-Mark	-	Symmetrical Triangle	**	-	-	2,000
Canadian Dollar	-	H & S Failure	**	-	-	2,200
Canadian Dollar	-	Descending Triangle	**	-	-	2,700

**Less than \$300 per contract.

Note: Profit potential based on profit taking procedures as listed in The Factor Trading Manual. Per contract.

