



## ***The "Dunn" Weekend Report***

**Update: 11.29.20**

### ***"Harry's Trading Gems"***

- *Some Gems I learned along the way*
- *My Gratitude to the Wolfpack*
- *SPX update and path expectations*
- *Put call update and backtest*
- *Week in Review - under the surface*
- *Vol Bands*
  - *ES chart with Vol bands placed*
- *Closing remarks*

11/20/20 SPX close: **3557.54**

11/27/20 close: **3638.35 (+2.27%)**

Weekly range (3552.77 - 3644.31 )

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**My Trading/Mental  
Quote of the Week:**

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***“Try spending as much time reviewing your mind as you do reviewing your charts/analysis and see what happens. Understanding your emotions, feelings and beliefs and their respective impact positively or negatively on your trading should be a priority in your routine.”***





I wanted to finish up with something meaningful and with some real meat to it, but without it being inordinately long...so I put together what I'm going to call **Key Gems** that I've learned throughout my trading/investing journey.

Gems worth illuminating in call out format with a bit of substance to them.

***It has been an absolute privilege and honor to have hosted you in the hot corner.***

***I wish nothing but happiness, health and prosperity to each and every one of you and your families as we head towards 2021 & beyond. I sincerely hope you've learned something impactful along the way and I thank you for giving me the opportunity to teach you to fish. I've enjoyed it more than you will ever know, so thank you.***

## Harry's Trading Gems:

- **Separating Accounts & Strategies**

My solution to not mixing investments with trades and trades with investments and anything in the middle was to create literally separate buckets for time-frames and strategies. For whatever reason I could not handle short term trades mixed in with my Swing investments in stocks, indexes etc with much longer hold times. And vice versa.

By separating them and only looking at the Swing accounts as frequently as needed it allowed me the mental help to let positions run, and set stops based on analysis not emotions. To not overmanage and to keep it simple. It also allowed me to trade the shorter term fluctuations better as I had an account and strategy dedicated to just that and nothing else.

- **The use of leverage (options, futures etc)**

Going to keep it simple here. If you can't make money consistently using NO leverage, ie trading shares of stocks or indexes or Etf's etc in non margin in accounts... **you Definitely will NOT make money using options or futures or margin accounts.** I was very guilty of this thinking somehow using leveraged vehicles would help my trading, in-fact all it was was my mind trying to get rich quick and the way to do that was using leverage (options, futures, etc). Trading consistently and profitably is difficult enough so by incorporating leverage one is only making it much more difficult on themselves especially starting off. Get the basics down without leverage, build a plan a strategy, get consistency. Then build up to the leverage. Too many try to skip this step! (I did!)

## Harry's Trading Gems:

- **Find a trading "Style" that fits YOUR personality.**

There are a myriad of strategies that traders can employ. From day trading off minute charts to holding core positions for months or years. With a chunk in between. The problem is one size does not Fit all. We must not try to force a strategy upon ourselves that simply doesn't work with our personalities. Some can't get in and out of positions multiple times in a day let alone week or months or year, they don't even like looking at their balances regularly. They like to build core swing positions that they hold for weeks or months or beyond. The alter ego to this is someone who doesn't like any positions on overnight, they check their balances all the time and like little victories with little risk, and day trading with no bias overnight fits their personalities perfectly. Give yourself the benefit of the doubt and try to move into a strategy that aligns with your already hard-wired personality.

- **Align your trading strategies with the "time-frame" being analyzed & traded!**

This sounds simple and basic but sometimes is overlooked by many. If you are buying a vehicle off of a Daily Chart, don't exit that position off of a 5 or 10 minute chart! If you are day trading a 3 minute chart, don't turn it into a long term "investment" once you are wrong. Get out off the 3 minute chart & exit off the same time-frame or "general time region" you entered the "trade" on. Too many times I've been shaken out of long term swing positions because of a bearish short term chart only to **REGRET THAT!** And too many times early on I turned a short term "trade" into a long term LOSING POSITION. Make sure to delineate and stream-line your "time-frame" decisions.

## Harry's Trading Gems:

- **Friends don't let friends Trade without "stops"**

The faster you can align your trading behavior/mentality with stops are good. That Stops are a critical part of risk control and staying in the game for the long run. As I've quoted many times Stops are a check against our Ego or pride. They are our safety release valve and escape hatch. We must not view stops as a negative emotion or frustrating part of trading. I know this because I felt that way for a long time! On the onset of a trade, we know our risk (stop out level) and our reward or profit objective. If we are ok with that upon taking a position, taking a stop shouldn't inflict the negative mental emotions that come with that said stop out. When I used to take positions without a plan, the stops can be painful because I wasn't managing any risk and trading was all about "feelings and emotions" vs logic and math. Frankly, if you don't learn to use stops effectively you won't be trading for the long run it really is that simple.

- **Form this key Habit: Add to winning positions & cut losers quickly.**

This is about the most over quoted phrase or strategy out there I realize that, but its so darn true once you've done this long enough to realize the brilliance in it. When I started out I did the opposite, I added to losers because they had to come back and I couldn't be wrong....only to lose more, and more and more. How many times have we all cut a winner to pay for a loser?!?!? Too many....im laughing actually as I type....SO STOP it! seriously stop it! Winners tend to continue, so the logic is pretty simple, let them run and add to them. In practice this is much harder to implement, but it can be learned. Once I finally was able to get over this hurdle it helped my consistency immensely. I don't even think about adding to a losing position anymore in fact all I think about is how fast should I bail on losers....and in turn go focus on adding to my winners!

## Harry's Trading Gems:

- **Simplicity is Bliss**

There are a million indicators and tools and opinions and strategies and on and on and on. The problem is none of them are 100% successful. There is no system that can be built with 100% winners. And finding the next best trendy indicator or system is just that a trend. I found after a long long time of chasing the rabbit hole, that there is in fact Beauty in Simplicity. If you can find a few things that work really really well and can learn to understand their winning attributes as well as when they are susceptible to a losing streak or trade you can then place your expertise and time in 1 or 2 or a few areas that can make you money in any environment as long as you execute. Find something that works, stick with it, fine tune it, then accept it can't be successful 100% of the time. The next best thing well is just that, till something else comes along. Focus more time on you and you're successful handful of strategies than becoming a Renaissance man....simple is in fact better I've learned over the long run.

- **Always think in a "Probabilistic Mindset" (might be the most important call out!)**

Too many struggling traders think in terms of absolutes. ***The market Has to do this or Has to do that.*** This in itself creates a Major mental obstacle. If something Has to happen you will then in turn **not remain flexible with your positions**, but rather stubborn and prideful and this can lead to account destruction. I know because I've done it, not once not twice but more times than anyone should admit! Flip this mental state with one open to all possibilities and then place probabilities on them. If you enter a position thinking I'll be correct 63% of the time do you go ALL IN!?!?! Of course not. You already have admitted that you will be wrong 37 out of 100 times. So you then are in a much Healthier mental state to tackle the "being wrong", you are on a path to acceptance, which then will not lead to account ruin. Trading in probabilities is a key to longevity as it keeps you grounded and disciplined.



### **Equity thoughts:**

**The Batch of individual stocks I put out on ["the List"](#) last weekend continue to hold my attention as many have been moving very nicely higher as some others sit and look like they want to fall to their buy regions.**

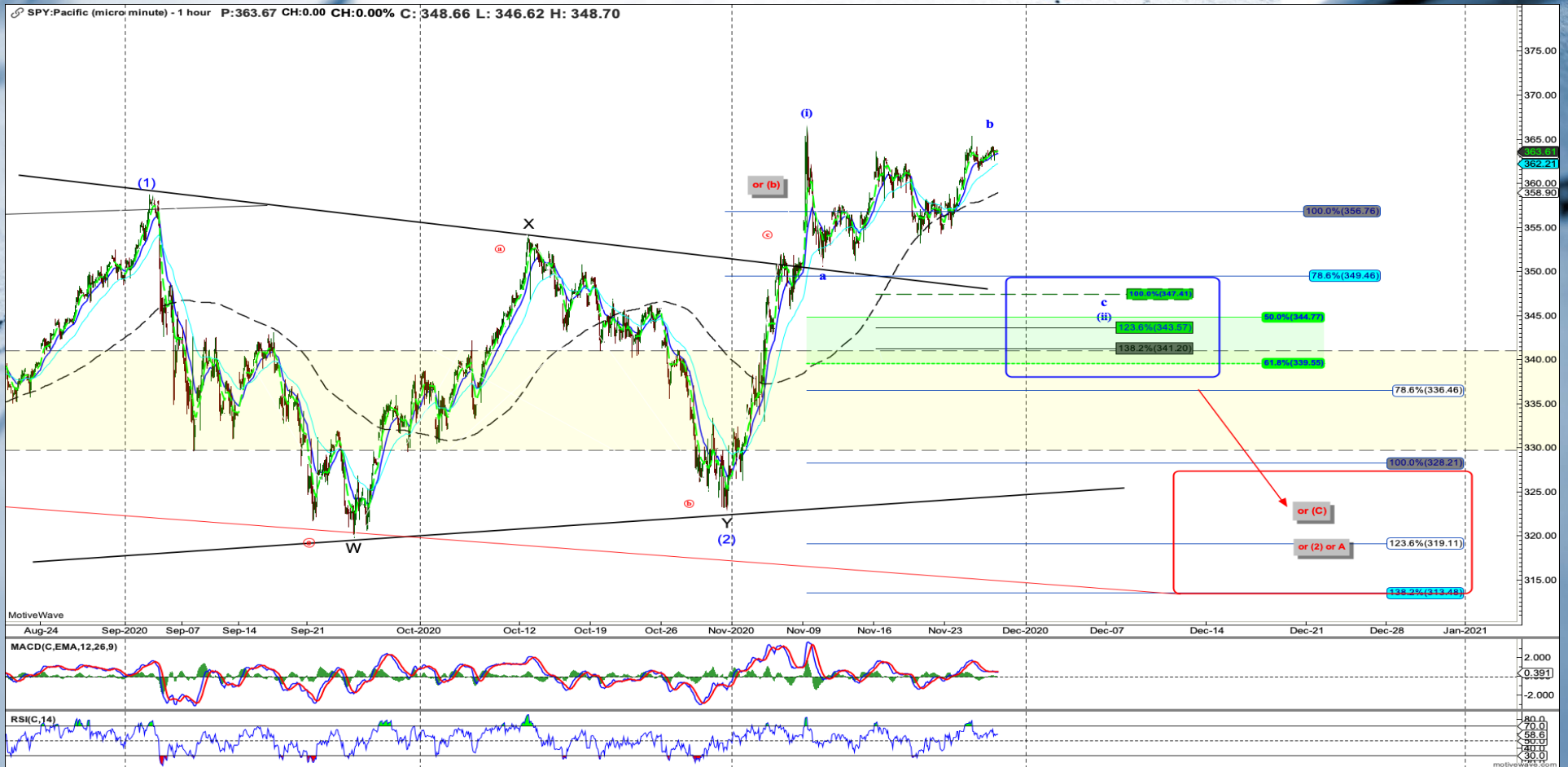
**My focus remains on looking for solid entries in the bullish individual stocks swing setups as that is where the easier patterns reside currently and nice long setups for next year are setting up.**

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**I'm seeing a confluence in some charts that still need a bullish wave ii consolidative pull-back as well as some other charts needing to complete the rest of their C waves down. If these paths play out the bout of weakness could be pretty swift and quick, so playing it will be difficult and may take concentration away from the long-side entries setting up.**

## SPX - 2 hour via SPY chart: remains in upper part of range

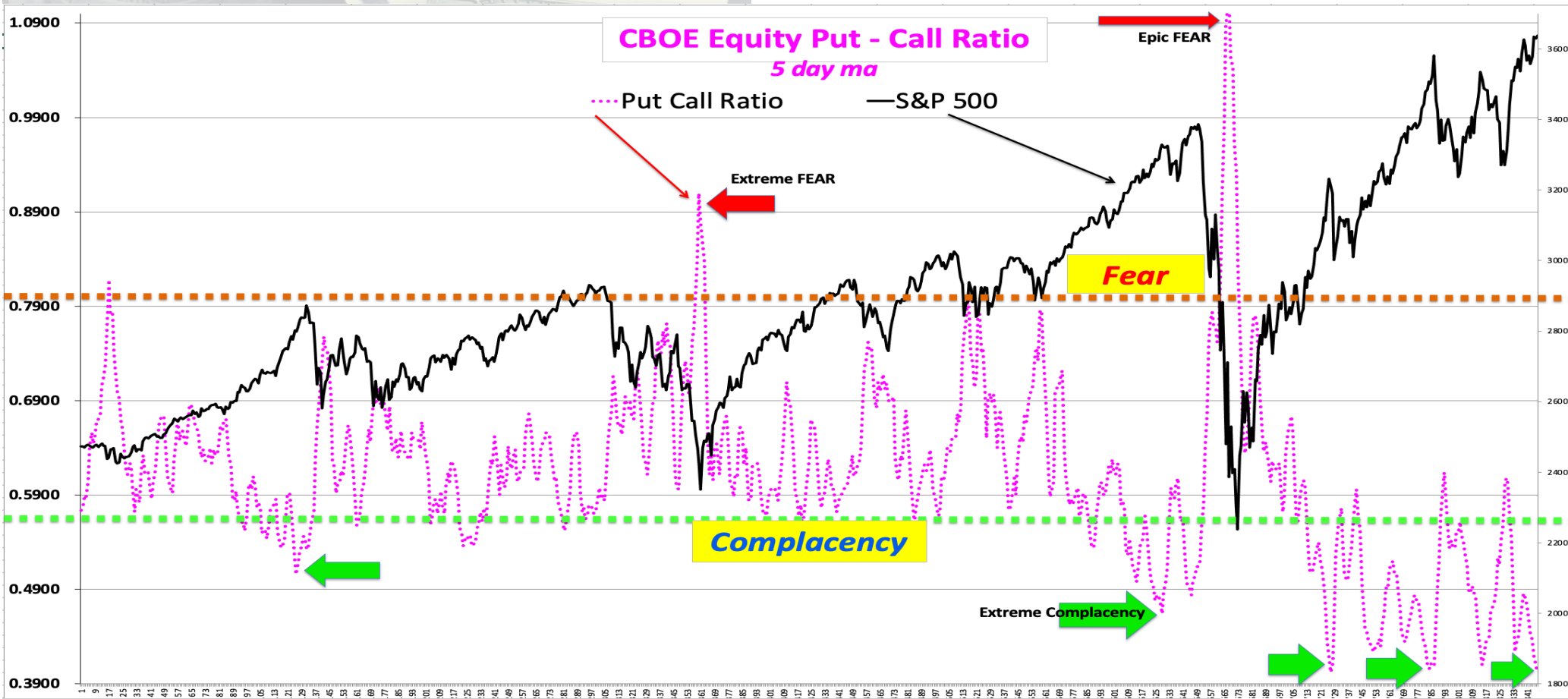
SPX remains in a tight range above the potential triangle breakout between 3500 and the mid 3600's. The pattern still looks like another triangle of sorts building for the potential wave (ii) shown in blue. Last week the SPX moved to the upper part of the range closing last Friday at 3638. The c of (ii) still looks realistic to me and has some micro-land support in need of some pullbacks to fit their respective patterns and that measures 3490-3400 region. The other pattern still open to me is a further decline in the C wave of a bigger wave 2 shown in Red. This pattern fits better with how bullish sentiment is right now and where options positioning is. That would be down to 3270-3100 for that path.



## Put Call Ratios

Remain in the very complacent region → **still ultra complacent...**

The 5-day has plunged back to new lows again. In fact you have to go back to 2010 and 2000 and the late 1990's to find historical times it's been THIS LOW!



# Put Call Ratios: Historical Context

*We are in rare waters...*

Trade Date	1 Week Later (%)	2 Weeks Later (%)	1 Month Later (%)	2 Months Later (%)	3 Months Later (%)	6 Months Later (%)	1 Year Later (%)
1997-01-29	0.75%	3.92%	2.37%	-1.66%	3.73%	23.27%	27.57%
1997-05-02	1.45%	2.06%	4.00%	11.20%	16.50%	11.16%	38.02%
1997-06-09	3.59%	1.82%	5.17%	10.23%	7.91%	14.01%	29.61%
1997-07-03	-0.03%	-0.18%	3.64%	1.19%	4.75%	6.34%	26.22%
1997-08-29	3.53%	2.26%	5.32%	2.19%	6.22%	16.96%	6.43%
1997-12-29	1.39%	-0.13%	3.37%	9.90%	15.57%	18.93%	30.26%
1998-01-30	3.28%	4.06%	7.32%	13.04%	14.36%	14.32%	29.86%
1998-02-25	0.42%	2.45%	5.55%	4.18%	4.73%	4.79%	19.38%
1998-03-16	1.51%	1.32%	3.71%	3.53%	-0.21%	-4.59%	21.04%
1998-03-25	0.56%	-0.03%	0.54%	-0.72%	2.81%	-3.25%	17.07%
1998-04-20	-3.30%	-0.14%	-1.26%	-1.54%	5.38%	-5.98%	16.24%
1998-05-04	-1.38%	-1.45%	-3.51%	2.17%	-0.86%	-2.09%	18.71%
1998-06-09	-2.76%	0.10%	3.59%	-2.59%	-8.49%	6.20%	17.90%
1998-07-08	0.72%	-0.20%	-6.58%	-16.50%	-15.59%	9.08%	19.55%
1998-11-23	-1.09%	-0.57%	3.39%	5.39%	4.78%	9.81%	18.21%
1998-12-08	-1.57%	1.88%	7.93%	2.94%	9.84%	10.28%	18.83%
1998-12-21	3.24%	5.78%	1.86%	5.68%	5.47%	10.83%	19.17%
1998-12-24	0.15%	3.07%	1.38%	0.98%	6.84%	8.57%	18.82%
1999-01-22	4.44%	1.16%	3.75%	3.54%	10.75%	10.75%	17.64%
1999-03-10	0.85%	-1.42%	4.78%	4.15%	2.47%	4.45%	6.21%
1999-03-19	-1.27%	1.68%	0.53%	3.46%	3.35%	2.78%	12.71%
1999-03-30	2.01%	2.13%	3.24%	0.08%	3.90%	-1.43%	15.91%
1999-04-07	0.12%	0.70%	0.39%	0.58%	5.20%	-1.92%	12.65%
1999-04-22	-1.18%	-1.97%	-2.10%	-1.69%	0.16%	-5.11%	5.05%
1999-05-19	-2.94%	-3.32%	-0.10%	2.45%	-0.85%	5.64%	7.70%
1999-06-08	-1.23%	1.41%	5.85%	-1.29%	2.51%	8.05%	10.67%
1999-06-18	-2.05%	3.60%	2.55%	-0.74%	-0.55%	5.66%	9.06%
1999-06-29	3.29%	3.46%	-0.77%	-0.24%	-5.12%	7.86%	7.33%
1999-11-09	4.01%	2.88%	3.14%	6.76%	3.40%	1.30%	4.88%
1999-11-16	-1.09%	-1.57%	-0.09%	2.47%	-2.28%	1.95%	-2.61%
2000-02-03	-0.57%	-2.58%	-2.36%	4.90%	-1.08%	1.94%	-5.30%
2000-02-24	2.09%	3.57%	12.86%	9.16%	3.37%	11.27%	-7.95%
2000-04-28	-1.36%	-2.17%	-2.06%	0.16%	-2.24%	-6.06%	-13.97%
2000-06-05	-1.47%	1.25%	-1.46%	-1.03%	3.62%	-10.38%	-12.54%
2000-07-13	-0.02%	-3.09%	-1.60%	-0.93%	-8.77%	-11.30%	-18.73%
2000-09-07	-1.44%	-3.56%	-6.22%	-4.68%	-10.05%	-17.91%	-27.29%
2010-04-15	-0.25%	-0.40%	-6.27%	-7.96%	-9.51%	-2.77%	8.48%
2020-06-09	-2.57%	-2.37%	-1.72%	4.49%	3.89%		
2020-08-27	-0.85%	-4.12%	-3.82%	-2.69%	4.16%		
2020-10-13	-1.96%	-3.45%	1.73%				

Here are all the times that the 5 day put call ratio has dropped sub 0.41 in history and the forward returns from there...

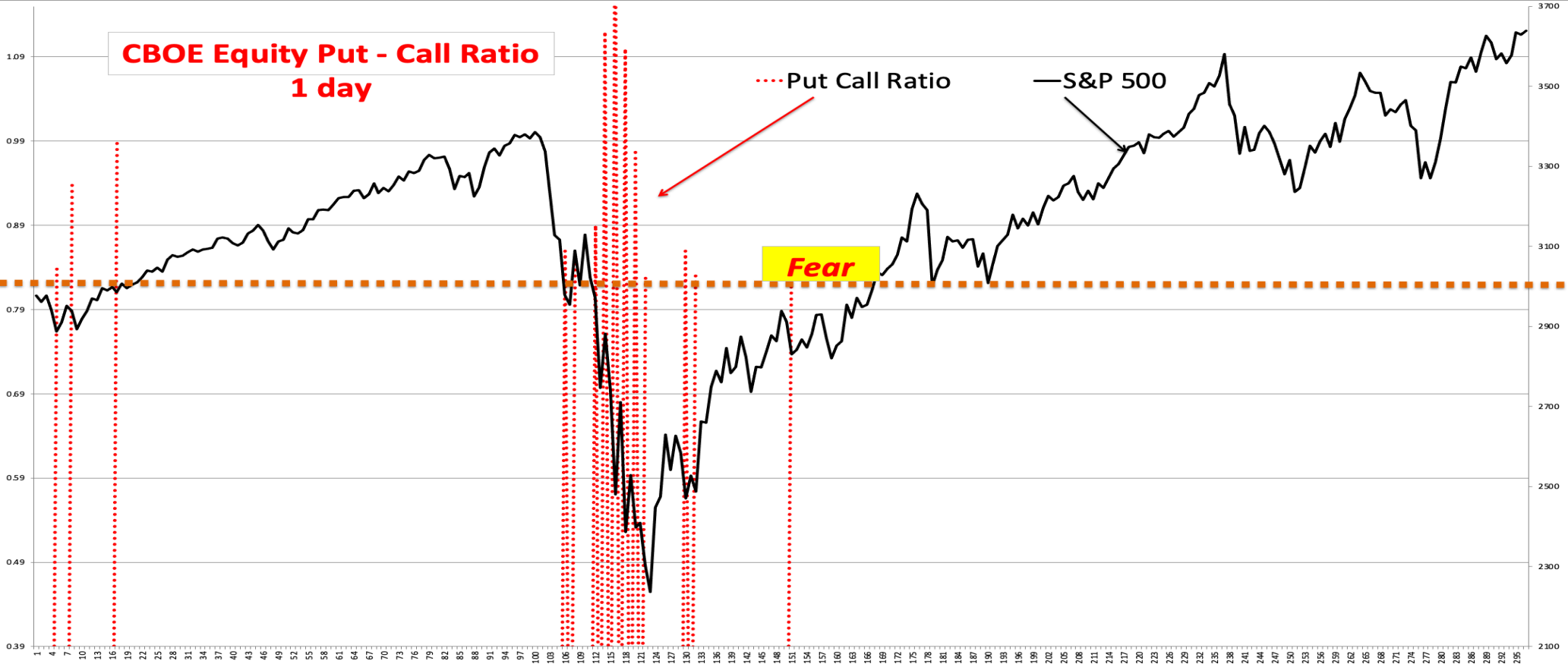
As you can see from 1997 to 1999 didn't matter much (ex the '98 hard correction)

It obviously mattered from 2000 on and that dreaded bear....

Even this August and October helped register decent pull-backs...



It has now been a whopping **146** Trading sessions since we had a fear spike...or any decent put buying....



## Factors, Indexes etc

2020	This WEEK	
94.37%	8.06%	Renaissance IPO ETF
15.87%	6.86%	High Beta
-4.41%	4.04%	iShares MSCI Factor Value
10.58%	3.93%	Russell 2000
0.28%	3.72%	Small-cap Value
-27.82%	3.54%	GSCI Commodity Index
28.39%	2.96%	nasdaq 100 equal weighted
39.15%	2.96%	nasdaq 100
-14.69%	2.90%	High Div Low Vol
7.39%	2.87%	S&P 500 equal weighted
22.44%	2.83%	Momentum
-1.17%	2.82%	Mid-cap Value
-3.19%	2.82%	iShares S&P 500 Value
-1.88%	2.80%	Russell 1000 Value
7.92%	2.76%	Mid-cap 400
15.78%	2.75%	Transportation Index
-2.40%	2.70%	Vanguard Value
14.61%	2.70%	Vanguard Total Market
-0.25%	2.60%	EuroStoxx 50
11.52%	2.56%	ibd 50
32.72%	2.55%	growth
10.88%	2.39%	MSCI ACWI
30.14%	2.35%	growth
15.26%	2.33%	S&P 100
12.35%	2.30%	S&P 500
4.67%	2.25%	Dow Jones Industrial Avg
11.50%	2.19%	Quality Factor (ishares)
4.78%	2.07%	MSCI ACWI ex-US
34.79%	2.06%	nasdaq
5.12%	2.04%	Vanguard all world ex US
10.47%	2.00%	Emerging Markets
2.56%	1.93%	Foreign Mkts EX US/CANADA
10.88%	1.80%	Quality Factor (invesco)
1.71%	1.01%	low Vol
-6.02%	0.65%	low Vol
8.97%	-0.02%	7-10 Yr Treasury Bond
5.95%	-0.03%	Barclays Agg Bond ETF
-4.47%	-0.68%	US Dollar Index
17.12%	-0.80%	20+ Yr Treasury Bond
18.62%	-4.50%	Gold Etf

## Sectors and Sub sectors

2020	Week	
-43.16%	11.78%	Oil Services
-34.43%	8.66%	Energy
2.83%	6.76%	Metals & Mining Etf
31.91%	6.32%	Retail
-7.21%	4.75%	Financials
-13.91%	3.69%	Regional Banks
44.04%	3.22%	Semis
15.30%	3.13%	Biotechs
25.88%	2.95%	Discretionary
42.01%	2.85%	expanded Tech-Software
16.15%	2.80%	Materials
21.59%	2.74%	Communications Services
14.02%	2.71%	Transportation
9.21%	2.49%	Industrials
12.35%	2.30%	S&P 500
-0.10%	2.18%	Telecom
33.10%	2.12%	Technology
27.51%	1.35%	Home Builders
27.85%	1.26%	Home Construction
6.27%	0.63%	Staples
6.46%	0.59%	Health-care
-0.34%	0.35%	Utes
-8.10%	0.33%	REITS
-8.51%	-0.02%	Real Estate
-39.56%	-1.02%	REITS
18.62%	-4.50%	GOLD etf
16.26%	-4.65%	Gold & Silver Miners

## This Week:

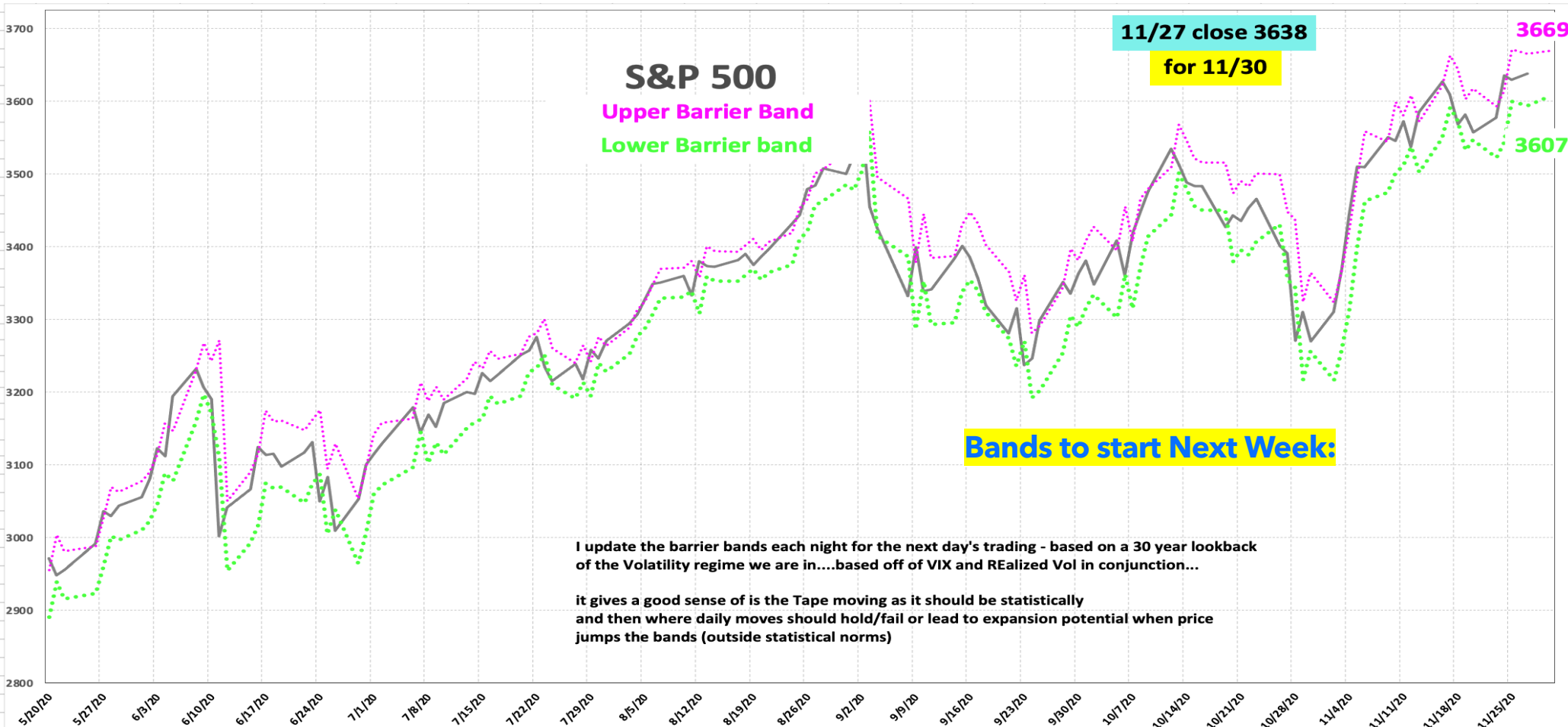
- We had ourselves a "risk on" week. IPO's and High Beta at top of leaderboard say it all.
- Leadership factors/asset classes : **IPO's, High Beta, MSCI world, Small caps and Commodities**
- Leadership Sectors: **Oil service, energy, metal and mining, retail, financials & regional banks**
- Bond, the Dollar, Gold & Reits where the only **RED on week.**
- equal weighted SPX outperformed the SPX by **57 bps**
- Value outperformed Growth again this past week.



# - Volatility Barrier Bands

Detailed Write-up and Summary  
for Newer Members

<https://www.elliottwavetrader.net/members/atchat/?threadId=6197423>



- Volatility Barrier Bands

# - Volatility Barrier Bands



## ***Some final thoughts...***

Trading and battling Mr Market is one of the toughest of tasks out there. It is no easy feat. It requires some hard work, dedication, focus and learning from our mistakes. One thing I will forever be Grateful for is EWT Trader. Trading and chart analysis by yourself and always in your own mind or in a vacuum can be very lonely and excruciatingly difficult as its of course an emotional undertaking.

I came to EWT as an individual and I'm leaving as very proud member of the Wolf-pack. Going at the markets with this fantastic community built here on the site is just so great, and it really can not be understated. The amount of Care, and just good people here is awesome. The quality of analysis is second to none. The lessons shared both good and bad builds a database of experience you just can not find anywhere else.

I wish you all nothing but the best and will miss each and every one of you. Cheers to the wolfpack, may it live on into perpetuity.

Here's to a healthy, happy and of course prosperous 2021.

A big fat & hearty Big Gulps to you all. -HD

