

THE ROBINSON REVIEW



Monday, 12/11/17

December can be the worst month for trading and volatility, history has shown. Very often, thin markets get thinner as players shutter their books and diminish operations heading into the holidays.

When markets get thinner, swings can get more violent.

While it may be an exhausted cliché that markets are very often driven more by the competing emotions of fear and greed, I fall back on another equally exhausted cliché. "if the shoe fits".

Which is where we are, unfortunately this cold Monday Morning in Chicago.

The Grains:

Soybeans succeeded in luring in the greedy bulls just last week with a fresh 5-month high. We looked poised to extend the rally back and reclaim 100% of the summer highs. Alas, fear has now taken over as we once again saw selling pressure overtake the fear of a weather issue in South America.

Fear is now driving those who got long on last week's highs. They had visions of new highs in their heads. Their faith in the bull move has now been replaced with the fear of being trapped in a market that might receive no bullish news from the weather man this week.

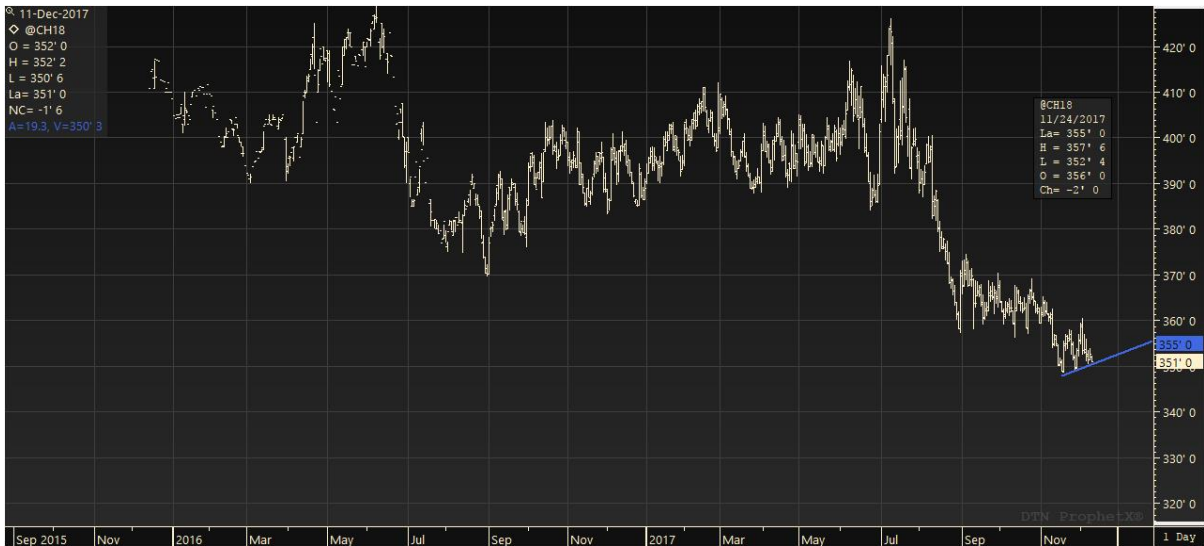
To confound their position, the USDA has a mini-data dump tomorrow. Any surprises on the carryout side, and you might have the weak longs-- those who bought looking for a quick rally to new highs-- being forced out of their positions by their margin clerks at best- or their spouses or bankers at worse.



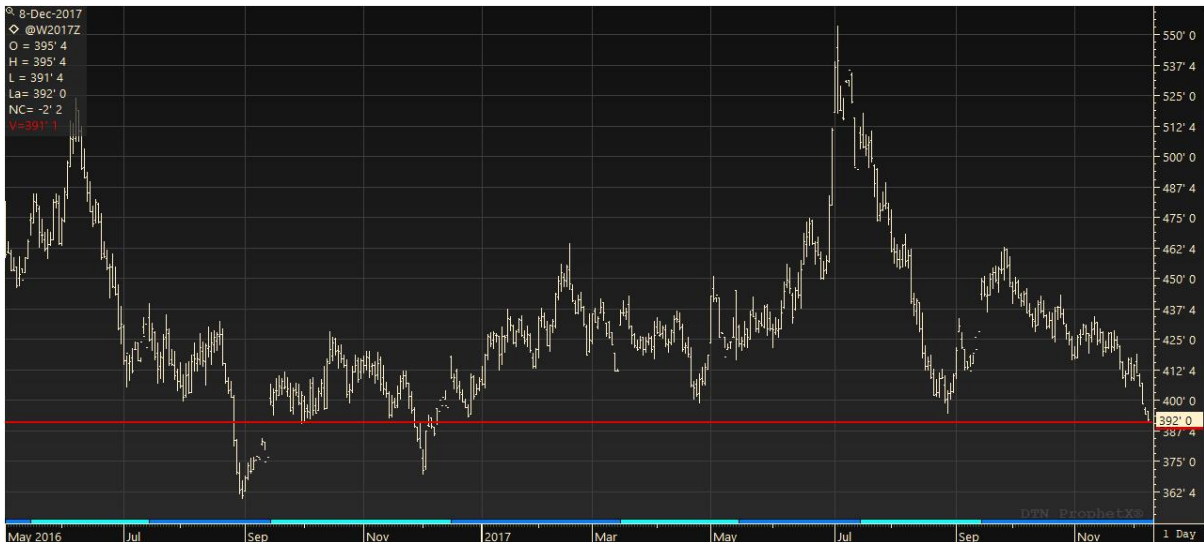
The above chart was as of about 6:45 AM CST today. Those moving averages at 100-day and 200-day should be watched carefully today. A failure there opens the door to a flush down to the longer term trend line below. Caveat Emptor.

Corn: Sadly both corn and wheat are in the same boat today. Corn is resting on it's nascent trend-line. Will that line have the life expectancy of a may-fly? This week shall tell that tale. For now, it's a line, in conjunction with the "double bottom" at 3.48 which the bulls have rested their hopes, fears and check books upon.

A surprising change in fund position as of last Tuesday--- The funds had covered-- or bought back close to 37K contracts of their previous 200K bet short. They are on the books now at short 160K. Still a big bet, but certainly they took some profits and booked that cash in their coffers for year end. Perhaps they were steeling themselves for a drought driven bean rally as well, which alas, fizzled last week. In any event, money flow has been one of the driving forces for 2017 price discovery. Ignore it at your own peril, if you ask me.



Wheat. What can one say? Contract lows and mistletoe for the wheat. New lows this morning in Chicago March contract. The longer term chart shows there is another 30 cents of potential heat for the bulls. South America needs to get a weather issue soon to give the funds a reason to cover their short bet of 118K contracts. They bought back just 3K contracts last week. So far, they are certainly being "greedy" holding this winning short bet and patiently waiting for new lows.



Let's finish up today with a shout out to the gold bugs. As \$1300/oz faded into the rear view mirror last week you knew something was a foot if you happen to watch cable network financial news as much as I do while at work during market hours. Suddenly, the advertisers quietly pulled their intense "buy gold" ads. The frequency of those ads is a great barometer for price movement in gold.. Making new monthly highs--- you'll see them every 3 minutes. See the market dump \$30 or \$40 bucks in 6 days, they quietly back away.

Over the weekend, a friend of mine told me he had a new drinking game. Basically, you had to take a drink every time someone said either "bit coin" or "bubble". He figured you might run the risk of alcohol poisoning if you left the TV on too loud. Bottom line, I wouldn't be surprised to see bit coin 50K by month's end or bit coin 50 cents by month's end.

Now that the futures market has entered the fray, it was not surprising to see the first few hours of trade marked by liquidity and platform "issues". Its one reason the margin requirements are so high to trade a

A typical retail client with 1K or 3K in their account won't be able to touch those futures. Try 40 or 50K in margin to trade a one lot?

I am not smart enough to know if this is tulip mania 2017 or not. I do know that it's a bad idea to trade something if you are not capitalized and not willing to take losses. Regardless, the success and interest of block chain or bit coin has put some more pressure on gold. Justified or not, the "success" of bit coin's vertical rise over the past month, has taken some interest away from gold and towards crypto currencies.

I have no desire to trade bitcoin as of yet. I do have some clients eager to trade it and no doubt, I'll have a birds-eye view of how it all plays out. Right now, it looks a alot like playing 10k dollar a hand black jack in the high roller room. We'll see how it all plays out.

For everyone else, I'd watch the US dollar/ gold spread. There's more liquidity and more historical data to go on if you are looking for a good spread to trade.

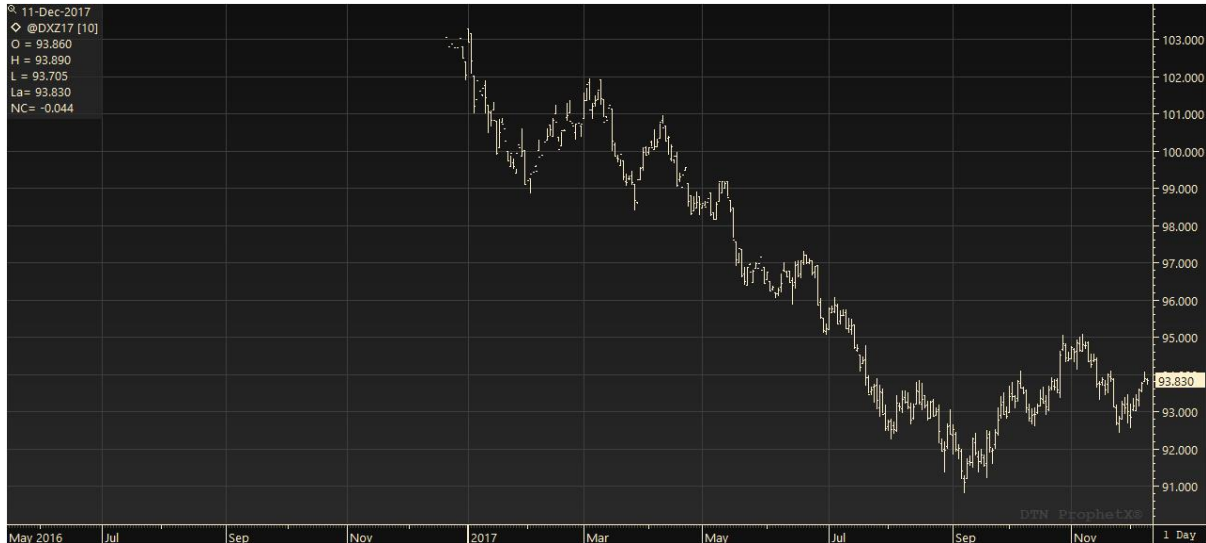
Bitcoin is just too new and uncertain. But, with that comes opportunity. Just ask the Winklevoss twins.

Those are two guys who are probably happy they finally have some vehicle to hedge their massive long bet, I'm sure.

In any event, here's a gold chart and a dollar chart for the rest of us mortals.



The US dollar index is below. So far, being short gold/long the dollar has been a good spread over the last 10 days. Can the dollar take out resistance at 95?



Have a great Monday. Keep your discipline and try to resist the temptation to need to be in on every move you see on the screen. December is a dangerous month for day traders.

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