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THE MARKET NOTE | **MAY 20 2023**



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Market Note: ChatGPT As A Research Tool

ChatGPT will revolutionize how investors conduct due diligence and derive unique insights on investments, industries, competitive landscapes, and find/source new ideas.

This paper aims to create multiple frameworks to leverage ChatGPT technology and ChatAI to leverage our investment research. There are various levers we can pull with this technology, which we'll discuss below. Each lever should add value to the investment process. If it doesn't, we shouldn't add it.

Why do this anyways? Using ChatGPT in our investment research process will supercharge our ability to derive insights and create/find new ideas. Additionally, it should allow us to go from 0 to 1 on a new idea or industry much more quickly.

This essay examines the four main ChatGPT frameworks I use to improve my investment research.

Let's get after it.

Framework 1: Industry & Company Analysis

A straightforward way to start this is to run Michael Porter's Forces framework through GPT.

We can copy/paste the answers and then go back, edit, and see how they compare to what we see in real life.

This will save us a ton of time on the initial leg work, allowing us to turn over more rocks and go from zero to one on more ideas.

After we find a company we like, we can use ChatGPT to experiment with competition, its history, interviews with current and former management teams, what it's like to work there, and what other investors have thought about it.

Specifically, we can use ChatGPT to create counterarguments to our bull theses and generate short reports based on our bull thesis. **THIS IS HUGE.**

Here's how that initial research might look, according to ChatGPT:

First, start by asking broad, open-ended questions to generate ideas and perspectives. For example, you could ask ChatGPT "What are the most promising industries for growth in the next five years?"

As ChatGPT provides answers, take note of any interesting or relevant points, and use them to formulate more focused questions. For example, if ChatGPT mentions the renewable energy industry as a promising area for growth, you could ask "What are the biggest challenges facing the renewable energy industry?" or "Which companies are leading the way in renewable energy technology?"

Use ChatGPT to help you gather information and insights from a variety of sources. You can ask it to provide summaries of articles, explain complex concepts, or compare and contrast different points of view on the renewable energy industry.

Be aware of the limitations of a large language model like ChatGPT. While it can provide a wealth of information and insights, it's not able to provide personalized advice or recommendations on specific stocks. It's always important to do your own due diligence and research before making any investment decisions.

Finally, remember to use ChatGPT as a tool, and use it in conjunction with other research methods and resources. Use it to supplement and enhance your own knowledge and expertise, rather than relying on it solely for investment decisions.

We can ask ChatGPT to run its best practices through a company like Home Depot. Here's the response:

Start by asking broad, open-ended questions to generate ideas and perspectives. For example, you could ask ChatGPT "What is the business model of Home Depot?"

As ChatGPT provides answers, take note of any interesting or relevant points, and use them to formulate more focused questions. For example, if ChatGPT mentions that Home Depot is a home improvement retailer, you could ask "How does Home Depot's business model differ from its competitors?" or "What are the biggest challenges facing the home improvement retail industry?"

Use ChatGPT to help you gather information and insights from a variety of sources. You can ask it to provide summaries of articles about Home Depot, explain its financial performance, or compare and contrast its business model with other home improvement retailers.

Be aware of the limitations of a large language model like ChatGPT. While it can provide a wealth of information and insights, it's not able to provide personalized advice or recommendations on investing in Home Depot. It's always important to do your own due diligence and research before making any investment decisions.

Finally, remember to use ChatGPT as a tool, and use it in conjunction with other research methods and resources. Use it to supplement and enhance your own knowledge and expertise, rather than relying on it solely for investment decisions.

Finally, we can leverage ChatGPT to create Bull and Bear Arguments for any company we want. Here's an example for Home Depot:

Bull argument:

- *Home Depot is the largest home improvement retailer in the world, with a strong brand and a loyal customer base.*
- *The home improvement industry is relatively stable, with consistent demand for home repair and improvement products.*

- *Home Depot has a strong track record of financial performance, with steady revenue and profit growth.*
- *The company has a strong online presence, which allows it to reach a wider customer base and compete with other e-commerce retailers.*

Bear argument:

- *The home improvement industry is highly competitive, with many large and well-established players.*
- *Home Depot faces significant pressure from e-commerce retailers, which can offer lower prices and a wider selection of products.*
- *The housing market is subject to cyclical fluctuations, and a downturn could impact Home Depot's financial performance.*
- *The company's reliance on physical stores could limit its growth potential in the long term.*

Michael Porter's Five Forces In ChatGPT

One of my favorite things about ChatGPT is its ability to analyze any company using Porter's Five Forces Framework. The best part is it takes seconds, and you can instantly see how a company ranks with each force (low to high).

You can also create an "Investable" score that takes the ranking of each force and determines how "Investable" the company is based on the rankings.

I love using this because it lets me get a quick snapshot of the business while focusing on what matters most: **determining the company's main drivers.**

Here's the prompt if you want to copy-paste it for your research:

Create a detailed Porter's Five Forces analysis on {insert company}. Assume I am an MBA-level investment executive using this to help make an investment decision. Rank each force from low to high, then provide a final "Investable" score from 1 to 5, with 1 being the lowest score.

Here's an example of the Five Forces Framework on Hagerty (HGTY):

The threat of New Entrants: Low

- *The automotive collector market is a niche market, and Hagerty is a well-established and well-known name in the market. Hagerty has developed a strong brand presence and extensive network of relationships, making it difficult for new entrants to break into the market.*

The threat of Substitutes: Low

- *Hagerty offers specialized services such as appraisals, collector car insurance, and concierge services that cannot be easily substituted by other companies. The company has an extensive network of clients, relationships, and resources that make it difficult for other companies to replicate.*

Bargaining Power of Suppliers: Low

- *Hagerty has very few suppliers, and most of its suppliers are also its customers. This gives Hagerty a lot of bargaining power when it comes to negotiating prices and contract terms.*

Bargaining Power of Buyers: Low

- *Hagerty has a loyal customer base and the company is not dependent on any particular buyer. The company also has a wide range of services and products, making it difficult for buyers to switch to other suppliers.*

Competitive Rivalry: Low

- *Hagerty's competitors are few and far between and the company has developed a strong brand presence in the market, making it difficult for competitors to gain a foothold in the market.*

Investable Score: 4

Once you have the prompt written, you only need to change the company.

Hamilton Helmer's 7 Powers Framework Using ChatGPT

We can do the same analysis using Hamilton Helmer's 7 Powers Framework. The only thing we changed in our prompt is replacing "Porter's Five Forces" with "Helmert's 7 Powers."

Here's the prompt to copy-paste for your research:

Create a detailed Hamilton Helmer's 7 Powers analysis on Hagerty. Assume I am an MBA-level investment executive using this to help make an investment decision. Rank each force from low to high, then provide a final "Investable" score from 1 to 5, with 1 being the lowest score.

Check out the result for Hagerty (HGTY).

Economies of Scale: Moderate

- *Hagerty offers a range of services and products but does not have the economies of scale of larger companies.*

Product Differentiation: High

- *Hagerty's services and products are highly differentiated from those of its competitors. The company has a unique network of customers and relationships that make it difficult for competitors to replicate.*

Brand Recognition: High

- *Hagerty has a strong brand presence in the market and a loyal customer base. This gives the company an advantage in the market that is difficult for competitors to replicate.*

Barriers to Entry: High

- *Hagerty has an extensive network of clients, relationships, and resources that make it difficult for other companies to replicate.*

Supplier Power: Low

- *Hagerty has very few suppliers, and most of its suppliers are also its customers. This gives Hagerty a lot of bargaining power when it comes to negotiating prices and contract terms.*

Customer Power: Low

- *Hagerty has a loyal customer base and the company is not dependent on any particular buyer. The company also has a wide range of services and products, making it difficult for buyers to switch to other suppliers.*

Investable Score: 4

Finally, we can combine Porter's Five Forces and Helmer's 7 Powers to create a **Composite Business Quality Score** (1-5). Check it out below:

Hagerty's competitive advantage is based on its highly specialized products, well-developed distribution network, and established brand and customer base. It has a relatively low threat from suppliers, buyers, and substitutes, and a medium threat from competition and barriers to entry. The company also benefits from economies of scale, product differentiation, and access to distribution channels. The Composite Investable Score of 3.5 indicates that Hagerty is a relatively safe investment, but not a particularly attractive one.

Here's the prompt to combine Porter's and Helmer's Frameworks:

Create a detailed Porter's Five Forces analysis on Hagerty. Assume I am an MBA-level investment executive using this to help make an investment decision. Rank each force from low to high, then provide a final "Investable" score from 1 to 5, with 1 being the lowest score. Then, combine the Five Forces Analysis with Hamilton Helmer's 7 Powers Framework to create a Composite "Investable" score based on the two rankings with a summary of the results.

1. How consumer emotions and psychological factors influence purchasing decisions, and how companies can use this knowledge to improve their marketing and sales strategies.
2. The role of consumer psychology in shaping brand perceptions and loyalty, and how companies can use this knowledge to create a competitive advantage.
3. The impact of social norms and cultural factors on consumer behavior, and how companies can use this knowledge to tailor their products and services to different market segments.
4. The role of behavioral economics in understanding consumer decision-making and how companies can use this knowledge to improve pricing strategies and increase profitability.
5. The potential applications of consumer psychology in design and innovation, and how companies can use this knowledge to create products and services that are more appealing to consumers.
6. The impact of consumer psychology on the sustainability and ethics of business practices, and how companies can use this knowledge to create more responsible and sustainable products and services.
7. The role of consumer psychology in shaping consumer perceptions of value and quality, and how companies can use this knowledge to differentiate themselves from competitors.
8. The potential impact of advances in consumer psychology research on the future of marketing and advertising, and how companies can use this knowledge to stay ahead of the curve.
9. The use of consumer psychology in the development of personalized and experiential marketing strategies, and how companies can use this knowledge to create a more engaging and rewarding customer experience.
10. The potential applications of consumer psychology in the development of new business models and innovations, and how companies can use this knowledge to create value and achieve a competitive advantage.

 Try again

Framework 2: Industry Primers

You can use ChatGPT to create Industry Map Primers for any industry you want.

Prompt: Create an Industry Map for the Offshore Drilling Equipment and Services Industry. The Industry Map should be based on Bruce Greenwald's "Competition Demystified" book.

It will spit something out. If it's not detailed enough, use the below prompt:

This is great. Now can you get more detailed in each section? Also, assume I am an MBA-level executive and will use this information to invest in offshore drilling equipment services businesses.

You'll likely have to ask it to "keep going." So say that if it trails off before completing the task.

Finally, end with a summary of the Industry Map:

Keep going and end with a summary of the industry and where one should go to learn more.

That gets you the bare Industry Map Primer. But we can keep going and find all the components of an industry's value chain. See the prompt below for that:

What are the component parts of the Offshore Drilling Equipment & Services industry value chain? Be specific and detailed.

Then we can find out which parts of the value chain possess competitive advantages and specific barriers to entry. Use the following prompt:

What parts of the above value chain have substantial barriers to entry as a competitive advantage? Also, explain why some parts don't have strong barriers to entry if none exist.

Use Bruce Greenwald's "Competition Demystified" as a model to answer the above question.

And there you have it! You can use the above prompts to create Industry Map Outlines for any industry you want!

Framework 3: Personal Industry Expert Assistant

Our job as investors is constantly expanding our competence circle. We must study an industry's history, primary revenue and profitability drivers, good versus lousy management teams, and how to avoid scams and frauds.

We can expedite this process by creating a ChatGPT prompt to get any industry's top three, five, or ten learning resources.

For example, I've spent the last three months diving deep into the oil and gas industry. I'm trying to learn as much as possible about the space quickly.

Next up is the metals and mining industry. Here's how I used ChatGPT to get me up to speed more rapidly on the copper industry.

The Prompt

My goal: I want to become an expert in the copper mining industry. That means I need to know the ins and out of supply, demand, costs, geology, metallurgy, and valuation.

Specifically, I want to become an expert on how to value copper mines and silver mining companies. This includes valuing copper reserves, current production, and cost curve analysis.

Your role: You are a copper mining industry expert. You have decades of experience investing in copper stocks and are a well-renowned expert in the copper mining space.

The objective: Use your knowledge of the copper mining industry to list ten academic research papers on the copper mining industry, specifically focusing on mining valuation and investment analysis.

But before you give me your list of resources, please tell me the most important drivers of the copper mining industry. Then, discuss what matters most when analyzing copper mining companies and common pitfalls when assessing mining projects.

Ready? Let's go!

Check out the response ...

The copper mining industry is heavily influenced by a number of factors, including the global economic growth, demand from key industries such as construction and electronics, the cost of production, the price of copper, and geopolitical risks.

In terms of analyzing copper mining companies, there are a few key things to consider. First, it's important to evaluate the quality and size of the company's copper reserves, as well as their production levels and costs. Additionally, factors such as the company's management team, capital structure, and financial performance should be taken into account. When assessing mining projects, common pitfalls can include underestimating the costs of production or overestimating the size and quality of reserves.

Here are ten academic research papers on the copper mining industry, specifically focusing on mining valuation and investment analysis:

1. "Mining company valuation methods: The traditional discounted cash flow method versus a new alternatives" by Paulo Pereira and Fernando M. S. A. Correia
2. "Valuation of Copper Mining Companies: A practical approach" by Bernardo Hidalgo and Roberto Guzman
3. "The Valuation of Copper-Gold Deposits: A New Method for Building Decision Trees" by Mark Noppé and Sean Horan
4. "Evaluating mining projects with price uncertainty: A real options approach" by Rafael Epstein and Boaz Moselle
5. "Analysis of the determinants of the copper price and the copper industry's valuation using a structural model" by Antonio Manzanera and David Rodriguez
6. "An empirical analysis of the determinants of copper mining investment" by Claudia Alvarez and Daniel Goya
7. "Investment decision-making in mining industry: A review of literature" by Rama Shankar Yadav and Himanshu Agarwal
8. "Corporate social responsibility and shareholder value in the mining industry" by Nuno M. O. Fernandes and Ana R. Guedes
9. "The impact of foreign direct investment on the mining industry in China" by Mark Busse and Tony Tian
10. "An evaluation of the impact of environmental factors on financial performance of mining companies: Evidence from South Africa" by Andries J. Du Plessis and Marius F. Van der Merwe

The best part about this prompt is you can enter whatever metal you want. Replace copper with silver, gold, lithium, zinc, or iron ore, and let ChatGPT do the work for you.

I can also use this prompt for my oil and gas industry analysis. Specifically, I can dive deeper into sub-industries like oilfield services or parts and equipment.

Like anything else with ChatGPT, your imagination, and ability to craft a great prompt are the only limits.

Framework 4: Commodity-Specific Valuations

One common way to value commodity-linked stocks, like copper producers, is on a per pound of copper basis. We want to know the current implied per-pound price of copper based on the company's market cap.

ChatGPT simplifies this exercise, and here's how I did it.

I wrote the following prompt:

"Find copper prices per pound discounted by current share prices."

From there, I had it find the per-pound copper price valuations for three companies: **Antofagasta**, **First Quantum**, and **Freeport-McMoRan**.

Here is the output.

Company	Share Price (USD)	Copper Production (tonnes)	Revenue (USD billions)	Net Income (USD billions)	Growth Rate	Discount Rate	Copper Price Per Pound (USD)
Antofagasta	24.66	771,000	10.14	3.21	3.5%	8%	\$2.37
First Quantum	18.17	779,000	9.45	2.53	4%	9%	\$2.34
Freeport-McMoRan	37.13	3.3 million	24.52	3.95	2.5%	10%	\$2.50

Then I normalized the discount rate to 10%, added a column that reflected the company's potential share price if the per-pound copper price reflected current spot rates, and switched Net Income to EBIT (to adjust for non-cash expenses). Check out the result below.

Company	Share Price (USD)	Copper Production (tonnes)	Revenue (USD billions)	EBIT (USD billions)	Growth Rate	Discount Rate	Copper Price Per Pound (USD)	Hypothetical Share Price at Spot Copper Price (USD)	Upside Percentage from Current Stock Price to Spot Copper Price
Antofagasta	24.66	771,000	10.14	3.57	3.5%	10%	\$2.09	\$30.24	22.5%
First Quantum	18.17	779,000	9.45	3.05	4%	10%	\$2.06	\$24.67	35.8%
Freeport-McMoRan	37.13	3.3 million	24.52	6.73	2.5%	10%	\$2.15	\$54.27	46.2%

This is just a template. You can add different copper spot prices to see where companies would trade if copper hit \$5, \$6, or \$10/lb. You could then create a blended upside ratio based on the alternate potential copper price realities.

Use This As A Springboard

I hope you enjoyed this essay on a few ChatGPT frameworks I've found to help my investment research process.

Consider this a springboard for further research ideas. Modify my prompts, create your own, and just try it and see what happens.

The worst case is you waste an afternoon. Best case, you create a powerful AI investment research intern at your fingertips.

MO Portfolio Snapshot

The Macro Ops Portfolio

PDF: <https://tinyurl.com/mo-portfolio>

2023 YTD Return	2.96%
Total Notional Exposure	179.98%
Current Cash Value (%)	86.22%
2022 Final Return	10.21%
2021 Final Return	6.39%
2020 Final Return	66.40%

Futures, Bonds & FX

	Ticker	Contracts	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Dollar/Chinese Yuan	USDCNH	365,650	\$2,569,167.87	152.66%	0.76%	\$6.95	\$7.03	\$6.92	1.08%
Nasdaq 100 Futures	NQM2023	1	\$277,160.00	16.47%	0.36%	\$13,498.75	\$13,858.00	\$13,200.00	2.66%

Equities

Strategic

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Sprott Uranium	U.UN	6,431	\$77,687.01	4.62%	0.49%	\$11.73	\$12.08	\$10.44	2.98%
Foran Mining	FOM.TSXV	27,333	\$65,599.14	3.90%	0.24%	\$2.11	\$2.40	\$1.96	13.74%
Foran Mining (Second Leg)	FOM.TSXV	16,994	\$40,785.45	2.42%	0.53%	\$2.48	\$2.40	\$1.96	-3.23%
Vista Energy	VIST	6,727	\$136,018.89	8.08%	-0.28%	\$14.11	\$20.22	\$14.80	43.30%
Triple Flag Precious Metals	TFPM	2,013	\$29,202.21	1.74%	0.51%	\$16.65	\$14.51	\$12.35	-12.85%
Tidewater	TDW	1,174	\$52,872.33	3.14%	-0.13%	\$34.15	\$45.05	\$36.00	31.92%

Tactical

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Tesla, Inc.	TSLA	-472	-\$84,938.56	-5.05%	1.04%	\$197.00	\$180.14	\$234.00	8.56%
Bitcoin	BTCUSD	-5	-\$134,696.00	-8.00%	0.46%	\$26,820.00	\$26,939.20	\$28,363.00	-0.44%

Options

	Ticker	Contracts	Capital	Notional	At-Risk	Cost Basis	Current (Mid) Price	Stop-Loss	P&L
AG JAN 19 2024 \$20 CALLS	AG	237	\$4,259.70	0.25%	0.98%	\$70.00	\$18.00	\$0.00	-74.29%
PAAS JAN 19 2024 \$45 CALLS	PAAS	660	\$23,087.13	1.37%	0.98%	\$25.00	\$35.00	\$0.00	40.00%
HAL JAN 19 2024 \$60 CALLS	HAL	67	\$2,226.55	0.13%	0.53%	\$132.00	\$33.00	\$0.00	-75.00%

Trades Made This Week

- **LONG** Nasdaq 100 Futures (NQM2023)

[*Learn how to interpret our portfolio here.](#)

[*Learn how we size positions and issue trade alerts here.](#)

[*Set up trade alerts here.](#)

This Week's Picks: Top 10 Copper Producer Insights

This week, I [tweeted a thread](#) on my insights from the Top 10 Global Copper Producers' Q1 earnings report.

60% of the global copper supply comes from <10 producers. This is great because we can quickly learn about the entire copper supply story by reading a handful of quarterly reports.

Here's what I learned.

Production is down across 9/10 producers (Anglo-American grew production YoY), and everyone's experiencing Cash Cost inflation.

Producers, on average, saw a ~30% YoY increase in Cash Cost driven by two main factors:

- 1) **Increase in raw materials**
- 2) **Declining ore grades**

If I see one more Truflation graph on Twitter, I'm going to throw my laptop out my office window. Yes, nominal inflation is declining. But companies live in the *real* world, and *real-world* inflation is still hot.

Labor, equipment, diesel, cost of capital, and water are all more expensive than last year, regardless of ore grade. Meanwhile, copper is down 9% on the year, further squeezing profit margins.

Unfortunately for producers, I don't see this trend reversing anytime soon. When was the last time you heard someone graduating with a geology degree?

Then there's the ~~problem~~ reality of **declining ore grades**. The average copper (CuEq) grade for the top 10 global producers is [~0.60%](#). At the current grade, producers generate ~12 lbs of copper for every 2,000 lbs of rock. I know it's simple math, but it's crucial for cash cost inflation.

The lower the grade, the more expensive it is to mine the equivalent amount of copper. For example, suppose ore grades decline to 0.40%. At 0.40% grade, producers would need to extract 3,000 lbs of rock to generate the same ~12 lbs of copper.

Moving more rock requires *more* labor, equipment, diesel, and capital for the same amount of copper.

Declining ore grades creates a structurally higher cash cost environment. The only way producers "solve" that is through higher copper prices. But even then, higher prices incentivize more mining at *even lower* grades.

This creates a reflexive loop of increasing inflationary pressures, and I don't see an off-ramp.

There's so much to write about the copper market. Expect more copper-related Market Notes in the coming weeks.

Community Highlights

Three things you may have missed this week in the Comms Center!

1) Mike Gyulai's Wedge Pattern Analysis ([#classical-charting](#))

Mike, our resident Classical Charting expert, posted his R&D on wedge patterns this week. Here are his thoughts (emphasis added):

*“The recent breakthrough for me has been to not trade them as Breakout trades, **but instead to trade them as Mean Reversion trades**, very similar to my **Range Reversal setups**. The goal is to obtain the lowest-risk entry point possible in order to then ride out the sputtering inherent in reversal price action”*



2) Mark Neuberger's JPM Global Energy Outlook File Share ([#research](#))

Mark is the most prolific poster in #research. He provides immense value to the Collective/Comms Center. His latest report post, *JPM Global Energy Outlook*, is worth a read and fits our broader “long commodities” theme.

3) Phil Deane meets Russell Napier ([#general](#))

Phil attended the Festival of Mistakes at the Bank of England Museum this week with Russell Napier. I look forward to hearing the lessons and insights from his conversation with Russell.

[*Join our Comm Center here.](#)


The Vault: Framework & Process

This week, we pulled our Framework for Analyzing Gold and Silver from the vault. We're bullish on long-term precious metals; this guide provides a simple framework for analyzing these metals.

Check it out [here](#).

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Framework For Analyzing Gold & Silver

Similar to all other markets we trade, the foundation of our precious metals framework is the "[Marcus Trifecta](#)". A triangulation of the Macro, Technicals, and Sentiment. In this piece, we're going to cover the macro.

The macro framework is simple... It has little to do with inflation or "crisis insurance" of any other of the perfunctory narratives that commonly get passed around as wisdom.

Okay... so here it is... our macro framework is: RED. That's it, what do you think... Pretty good, huh?

Not impressed? Okay, that's fine, let me break it down for you then. RED is an acronym that stands for.

- **Relative Size**
- **Expected Real Returns**
- **Demand**

Here's what each of those means.

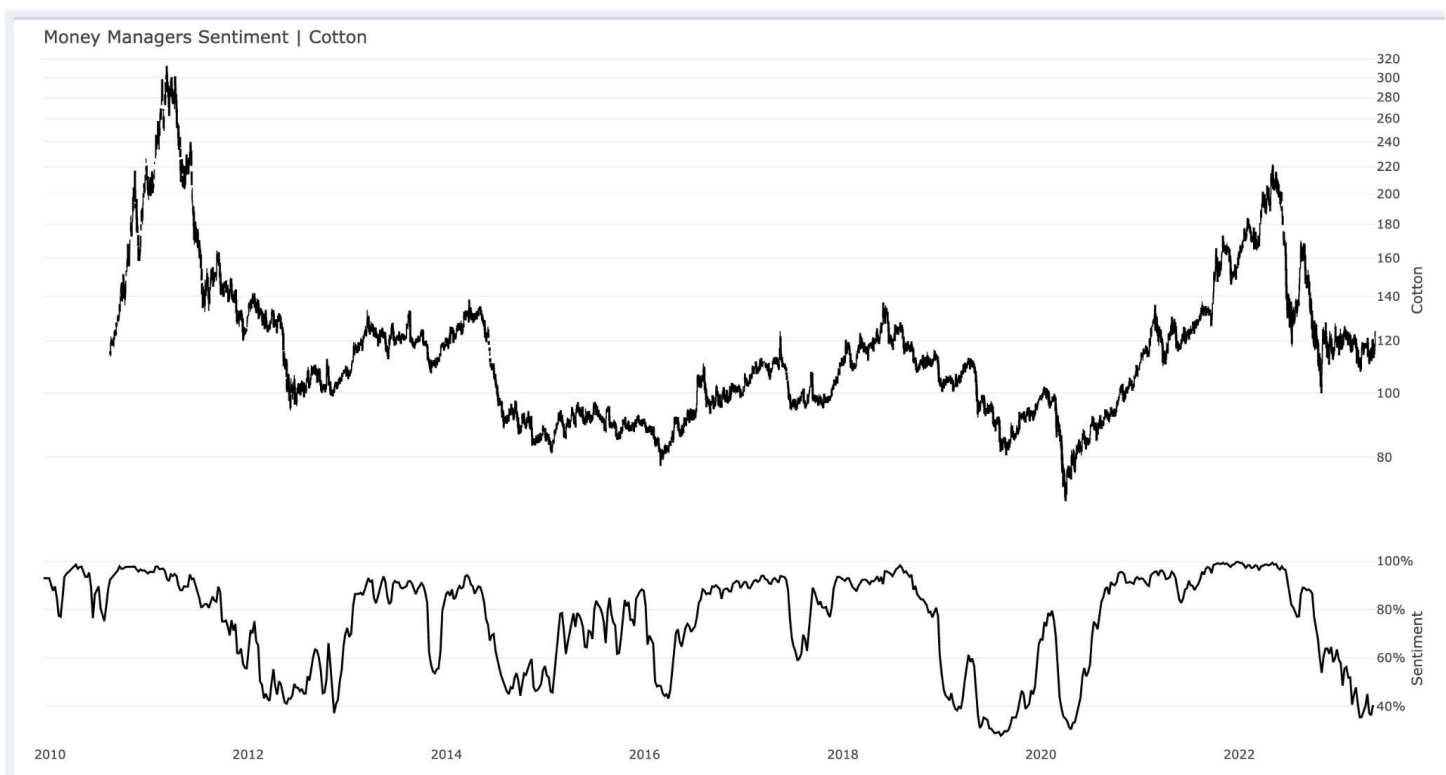
HUD Focus: Cotton Looks Interesting

There's a running joke at MO HQ that Octavio pitches long cotton every weekly meeting. I forget how many in a row it's been. But now cotton looks interesting.

Four indicators are pointing to higher cotton prices:

- Money Manager Sentiment
- Valuation Oscillator
- Large/Small Speculator Positioning

Let's start with Money Manager Sentiment. It's been a reliable bottom-picking indicator since 2016, with a "magic number" of <40%. The last time Sentiment was this low was 2020-2021 before cotton went on a huge run.

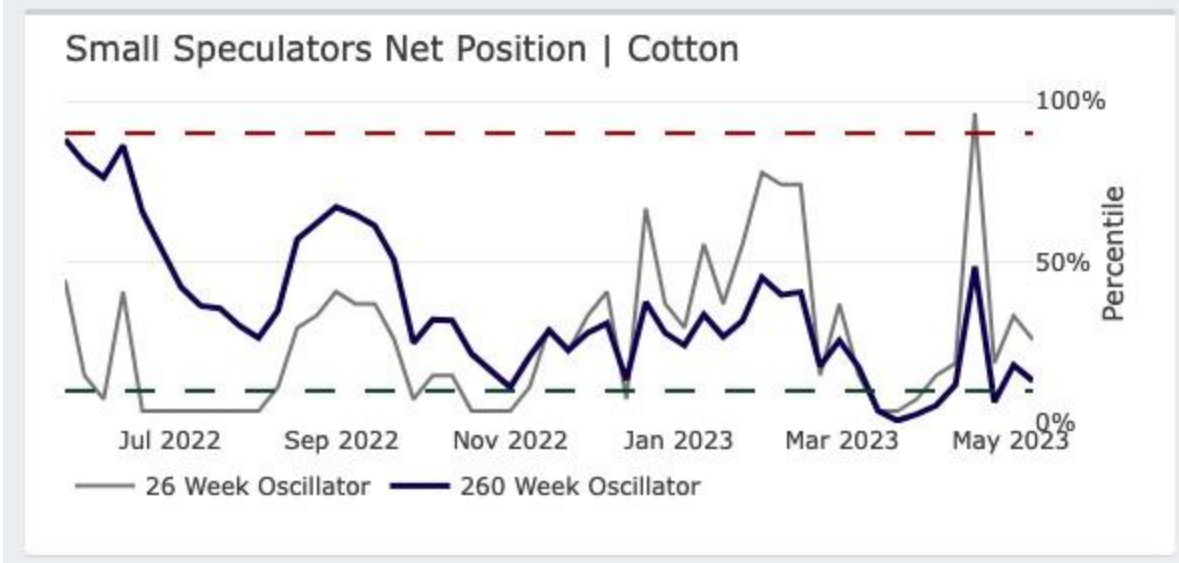
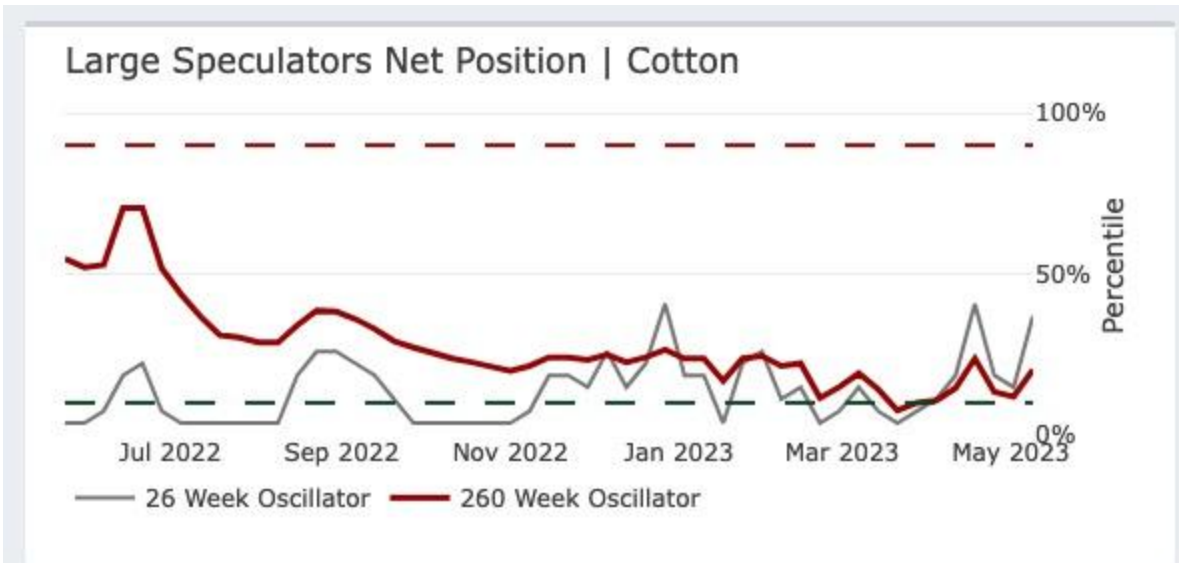


Then there's the Valuation Oscillator (see below).



The last four times Cotton's Valuation Oscillator was this low, it marked a bottom (2015, 2017, 2019, 2020).

Finally, let's examine Large/Small Speculator Positioning (see below).



It's important to remember that these indicators are tools to help inform *potential* buy/sell setups.

Octavio likes to use the moving average analogy. A breakout above the 50MA *increases* the probability of the trade working. Just as a breakout below the 50MA *decreases* the probability of profit.

The above indicators aren't "buy alert" triggers. Instead, they increase the *probability* that going long cotton will work.

Let's head to the charts.



Cotton is trying to break above its 200MA after breaking out from its seven-month volatility squeeze (confirmation bar on Friday).

[*Access the HUD here.](#)

The MO Trading Process Explained

Macro Ops Trifecta

- [The MO Trifecta Strategy Explained](#)
- [Expected Value \(EV\) & Bayesian Analysis](#)
- [Trade Alerts + Position Sizing](#)
- [The MO Portfolio Guide](#)

Sentiment

- [How To Be A Contrarian](#)
- [How To Play The Player](#)
- [The Hierarchy Of Markets](#)
- [Trend Fragility Indicator](#)

Technicals

- [Multidimensional Forecasting](#)
- [How to Manage to Uncertainty](#)
- [How to Read Price Action](#)
- [How to Spot Market Trends](#)
- [Momentum, Mean Reversion And Volatility](#)
- [Classical Charting, Price Patterns & Entries](#)
- [Which Time Frame To Focus and Why](#)

- [How To Exit A Trade](#)
- [How To Size Your Positions](#)
- [Position Sizing Calculator](#)
- [Key Options Spreads](#)
- [Trading Volatility](#)
- [Delta Hedging](#)
- [Advanced Options Mechanics](#)
- [When To Avoid Options](#)
- [Tactical Options Strategies](#)
- [The DOTM Options Strategy](#)
- [How To Use The SQN To Identify Market Regimes](#)
- [How To Execute BVO & FBVO Trades](#)
- [The FOMC Trade](#)

Fundamentals

- [Finding Compounders](#)
- [Investing In An Inflationary Environment](#)
- [Finding Inflation-Proof Companies](#)