



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

11/27/22



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- **Consumer Defensive sector** price & volume indicate it is a new market leader.
- RLX Technology Inc. (RLX)
- Clorox Co. (CLX)

S&P 500

Over the past week, I've focused on the critical 3989.22-4006.81 zone. The S&P 500 closed above the zone at 4027.26 on Wednesday, allowing the index to rally to 4072.82. This is a minor extension of 50% of the range from the January 2022 high to the October low.

If the S&P 500 closes above 4072.82, the index will be able to rally to 4116.85 with an outside chance of hitting 4155.10.

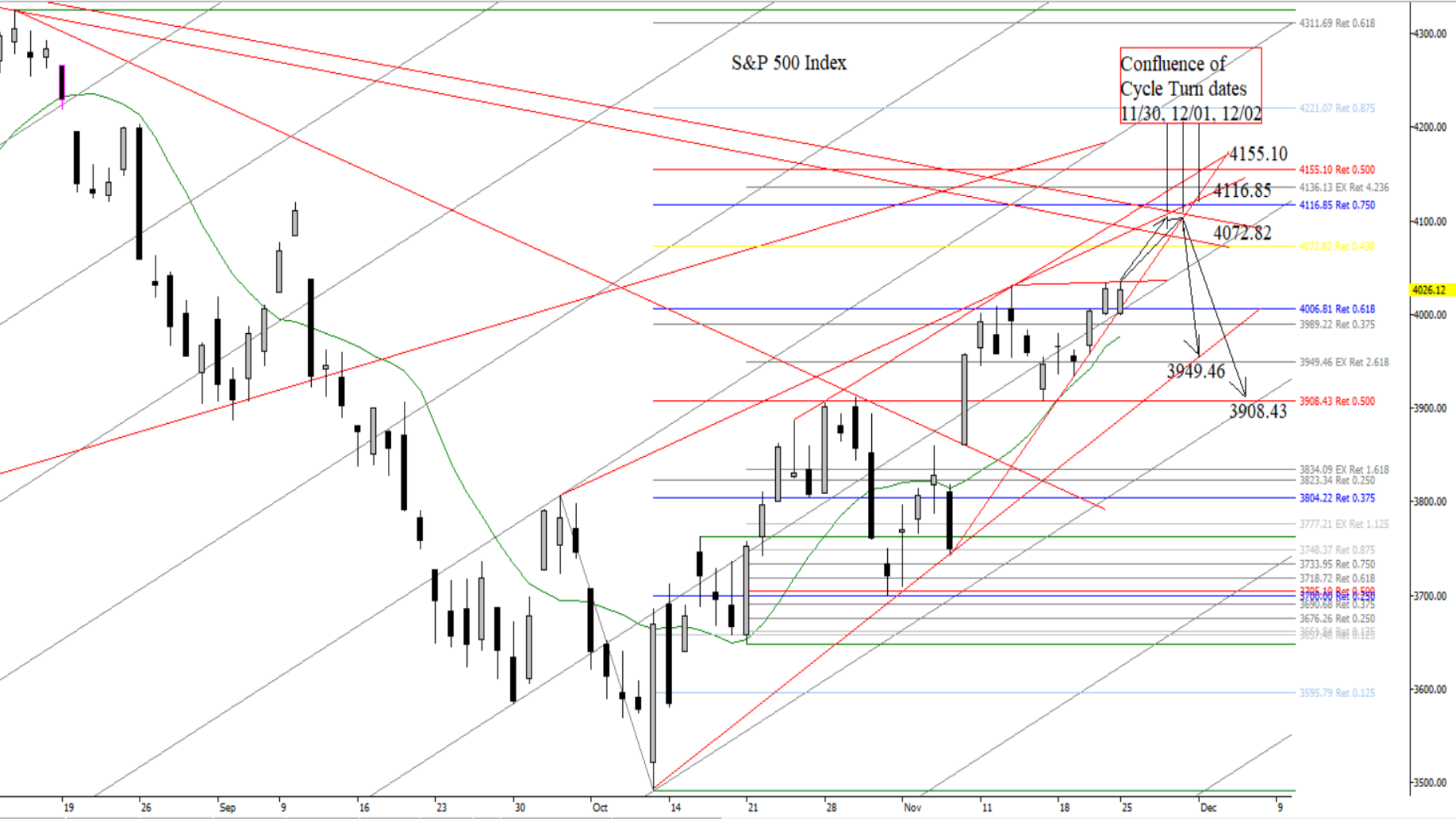
4155.10 is the most decisive number on the S&P 500 chart. Breaking this number will put the bulls in firm control of the long-term chart. I am taking into consideration the strength of 50% of the trading range developed over an entire year. Due to this strength, the likelihood of taking out 4155.10 in the next few weeks is minimal. The S&P 500 is still under institutional distribution with an Up/Down Volume Ratio of .69. The bears do not readily concede a substantial 50% number of this caliber.

Next week marks a confluence of time cycle turn dates starting on November 30 and ending on December 2. If the S&P 500 hits the critical Fibonacci numbers of 4072.82, 4116.85, or 4155.10 on the time cycle dates, it will square time and price. Be ready for a potential swift selloff in the market that could develop after a 30-minute confirmation of a reversal.

In the event of time, price squaring, and a price reversal, the S&P 500 will need support at Fibonacci 3949.46. If the S&P 500 closes below 3908.43 it is a significant indicator that the market could move much lower again

The bears are in control of the Russell 2000 and indicate "Risk-Off" in the markets.

I recommend caution and 80% cash



Sectors, Industry Groups & Leadership Stocks

*Institutions are finally starting to buy stocks in the **Consumer Defensive** sector.*

*As the bear market wears on and the realization that buying the dips in technology stocks isn't working, I see the most vigorous institutional accumulation occurring in the **Consumer Defensive** Sector. The sector gave a buy signal on Wednesday as it completed a Double Bottom base and showed the highest Up/Down Volume Ratio in the market as it made multiple 100-day highs. (Refer to Consumer Defensive chart).*

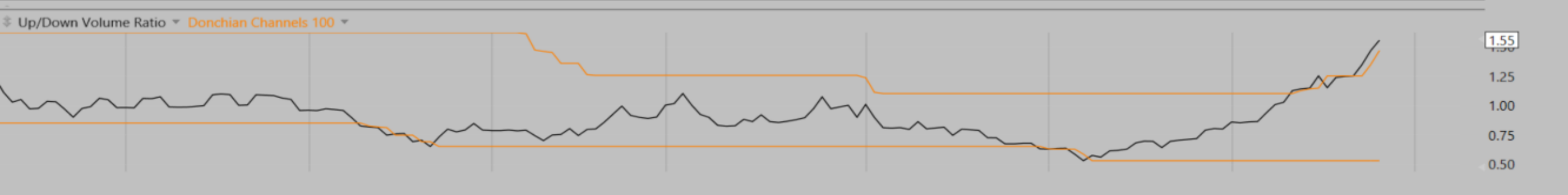
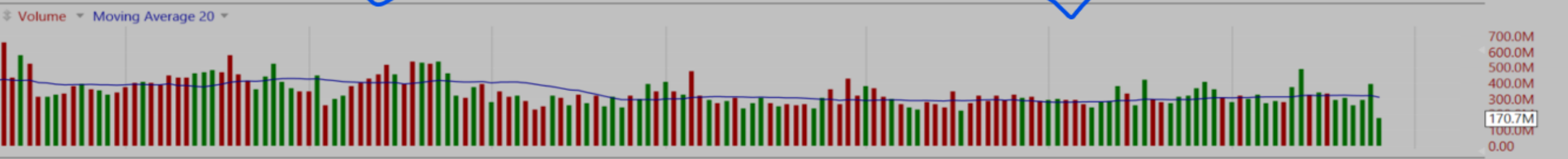
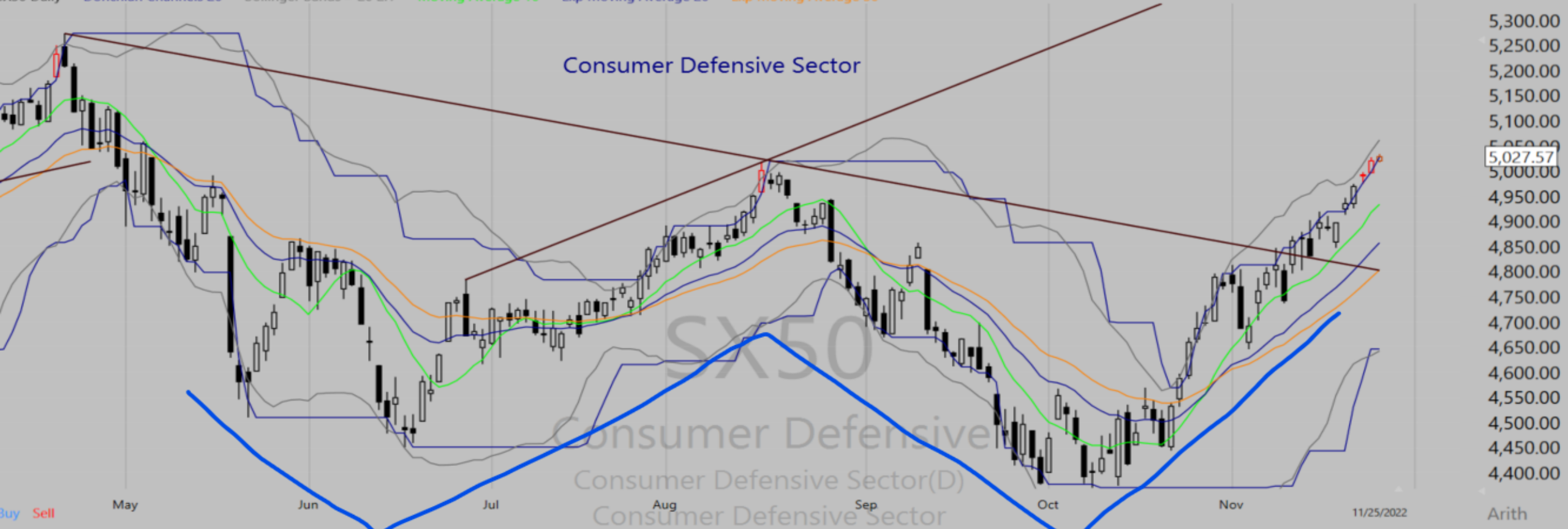
*The strength displayed by the Consumer Defensive sector mirrors the **Energy** sector earlier this year as it led to massive gains in oil and natural gas stocks. Two weeks ago, I pointed out that energy stocks broke their rising trendline and I expected a pause in their price advance. Since then, institutional buying has shifted to Consumer Defensive stocks. Energy is now treading water and losing institutional sponsorship. While I still see some smaller-cap oil and gas stocks working, the sector itself is no longer leading the market. Consumer Defensive is the new market leader.*

*The **Consumer Defensive** industry groups I am focused on and given a buy signal are **Tobacco** and **Household & Personal Products**.*

*The leaders in the Tobacco industry group are **Philip Morris International (PM)**, **Universal Corp (UUV)**, and **RLX Technology Inc. (RLX)**.*

*The mid-cap **RLX Technology Inc. (RLX)** broke out of its base on Wednesday and began to pull back on Friday. This move allowed for an opportunity to buy the stock at a low-risk entry. Institutional accumulation of RLX is the strongest in the Tobacco group as the Up/Down Volume ratio at 1.56 climbs to new 100-day highs. RLX Technology Inc. (RLX) is highlighted in this report.*

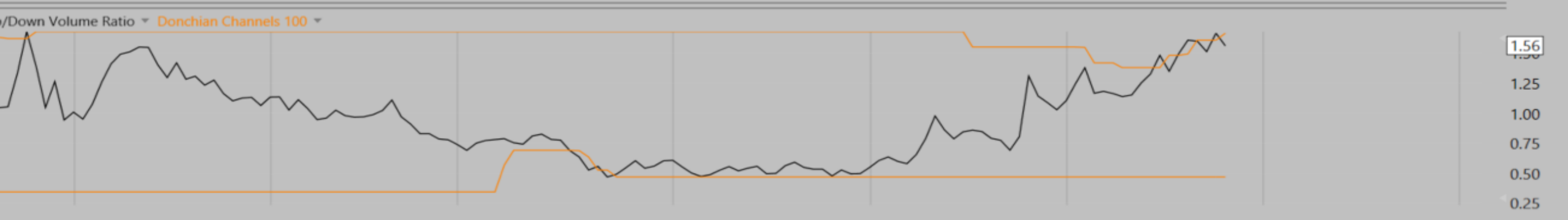
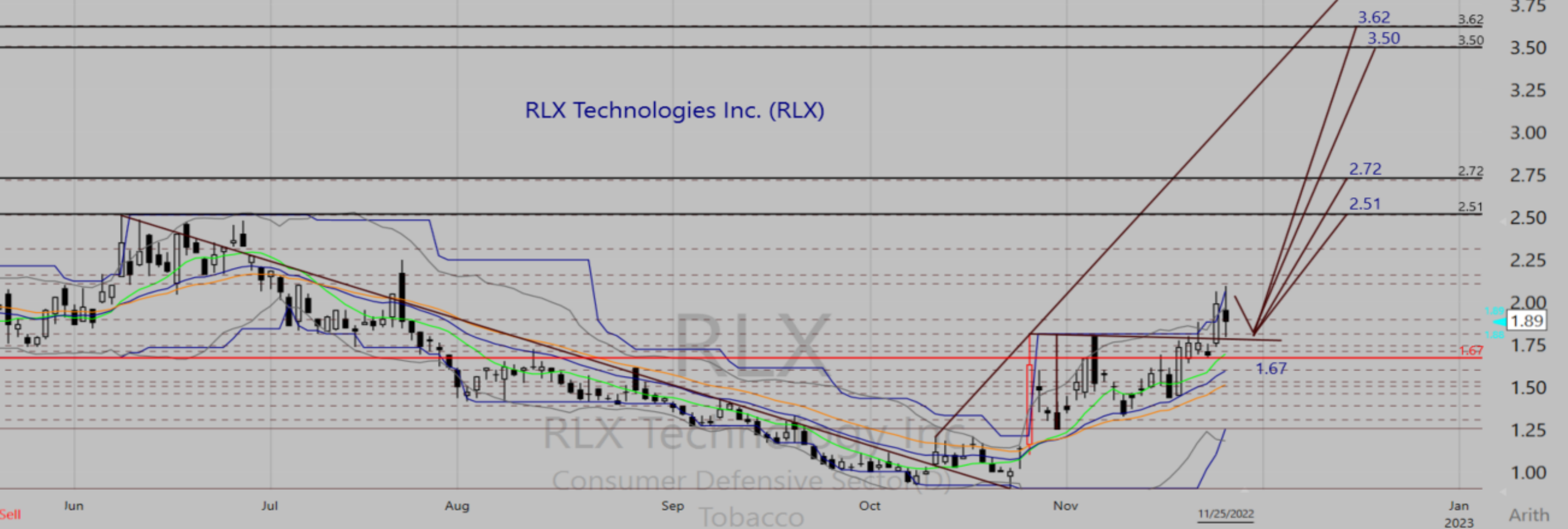
*In the **Household and Personal Products** industry group, very high institutional accumulation can be seen from **Clorox Co. (CLX)**. The stock is preparing to break out of a sideways base that started in May. Clorox Co. (CLX) is featured in this report.*



New buy candidate: RLX Technology Inc. CL A ADS (RLX)

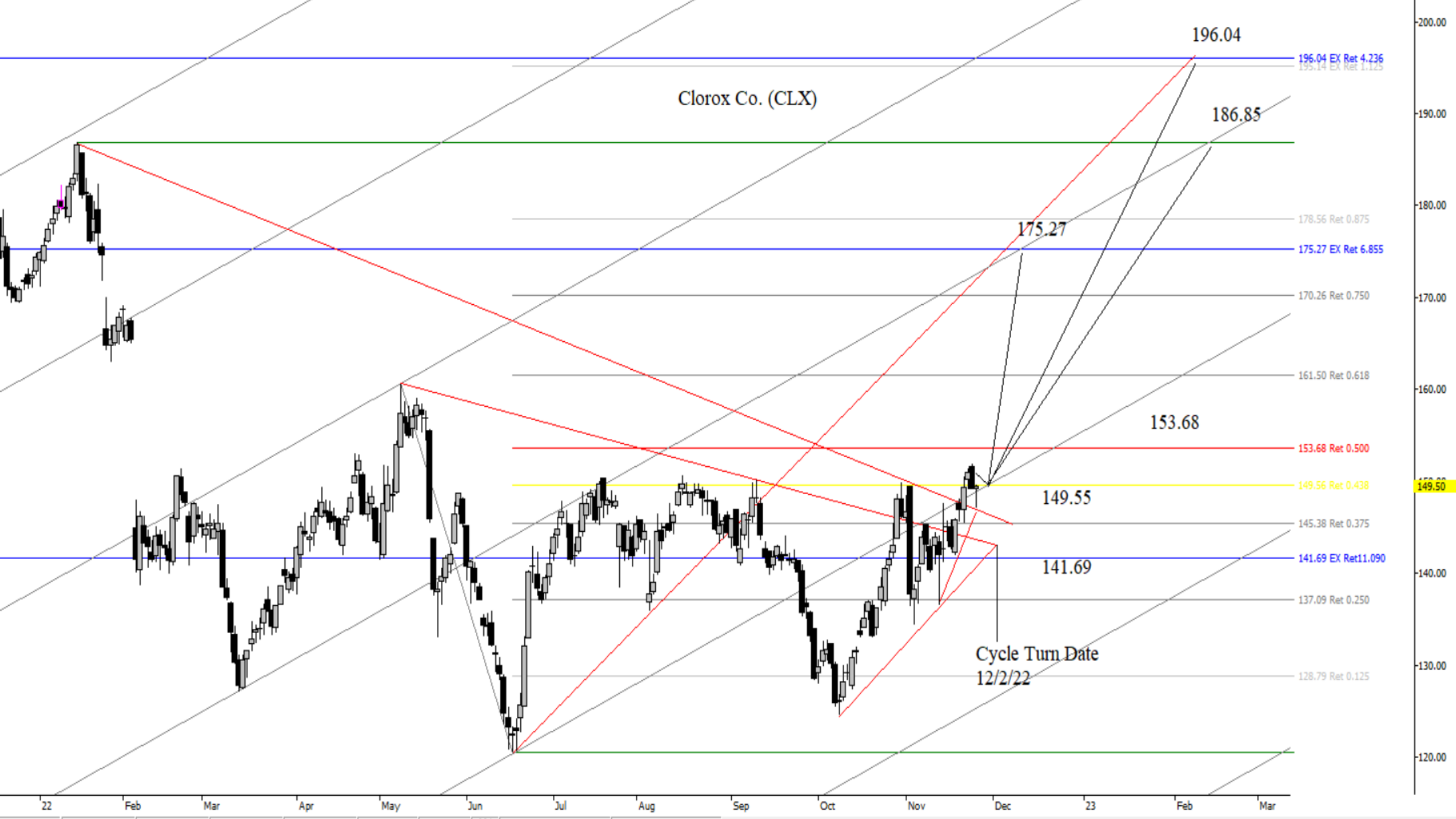
- Industry Group: **Tobacco**. The group currently ranks as the 176th strongest industry group in the market out of 197 and is down -9.32% YTD. Tobacco gave its most recent buy signal on November 18.
- **RLX Technology Inc. (RLX)** is headquartered in China and manufactures and sells Electronic Nicotine Delivery Systems (ENDS) or e-vapor products.
- **RLX Technology Inc. (RLX)** was an IPO on January 22, 2021, and was priced at 12.00. On the first day of trading, it shot up to 30.97 and was in a downtrend until it bottomed on October 24, 2022. The trend reversal occurred on October 26, with a catalyst day buy signal. RLX has been tightening up in a wedge formation, waiting for a buy signal from the industry group. After the group buy signal, the stock started trading above 50% of its range at 1.67. Wednesday, it emerged from the handle of its base with a follow-on buy signal. After a throwback into the trendline at 1.81, it is ready to move higher.
- **RLX Technology Inc. (RLX) will confirm with a 30-minute close above 2.09 on increased volume.**
- Initiate position with at 1-star(*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.56. The ratio hit a 100-day high on November 14 and has trended higher.
- RLX Technology Inc. (RLX) closed at **1.88**.
- RLX Technology Inc. (RLX) VWAP is at 5.99
- Sell target prices: **1st target is 2.51; 2nd target is 2.72; 3rd target is 3.50-2.62**
- Stop sell price: **Close** below **1.67**.

RLX Technologies Inc. (RLX)



New buy candidate: Clorox Co. (CLX)

- Industry Group: *Household and Personal Products/Soap & Cleaning Preparations*. The **Soap & Cleaning Preparations** group currently ranks as the 180th strongest industry group out of 197 and is down -25.99% YTD. Soap & Cleaning Preparations gave the most recent buy signal on October 28.
- **Clorox Co. (CLX)** manufactures cleaning products, trash bags, water filtration systems, and food items. In addition to the opportunity for price appreciation, CLX offers a 3.2% dividend. A dividend increase in July indicates management confidence in the company's balance sheet.
- **Clorox Co. (CLX)** topped at 239.94 in August 2020. After bottoming in June, the stock has made higher highs and higher lows in a seven-month base. For the past five months, it has found resistance at the 50% minor extension of the 52-week range. Last week CLX closed above the Fibonacci barrier and found support at 149.55 on Friday after throwing back into the descending trendline.
- **Clorox Co. (CLX) will confirm with a daily close above 153.68 on increased volume.**
- Initiate position with at 1-star(*).
- The up/Down Volume ratio shows strength as it closed at 1.93 and 100-day highs.
- Clorox Co. (CLX) closed at 149.50.
- Clorox Co. (CLX) VWAP is at 162.82
- Sell target prices: **1st target is 175.27; 2nd target is 186.85; 3rd target is 196.04.**
- Stop sell price: **Close** below 141.69.





Trading Floor Research

Welcome to the
Trading Floor

¹The results are not (or may not be) representative of the performance of all selections made by Trading Floor Research (TFR) newsletter. We look for investment resources and inform you of these resources, which you may choose to use in making your own investment decisions. **Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.** This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date of herein and is subject to change without notice.



Trading Floor Research

Welcome to the
Trading Floor

Disclaimer

Before using this site, please make sure that you note the following important information:

Do your Own Research

Our content is intended to be used and must be used for informational purposes only. It is very important to do your own analysis before making any investment based on your own personal circumstances. You should take independent financial advice from a professional in connection with, or independently research and verify, any information that you find on our Website and wish to rely upon, whether for the purpose of making an investment decision or otherwise.

The content of this email is confidential and intended for the recipient specified in message only. It is strictly forbidden to share any part of this message with any third party, without a written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so that we can ensure such a mistake does not occur in the future.

