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10/17/21

This Trading Floor Research report contains:

- A closer look at last week's markets.
- A closer look at Sectors and Industry Groups.
- Affirm Holdings Inc. CL A (AFRM). A new Buy candidate in the Finance-Credit Card/ Payment Processing Industry group.
- First Western Financial (MYFW) . A new Buy candidate in the Banks-West/Southwest industry group.

A Closer look at last week's Market

You would think after Thursday's Follow-through day and Friday's continued gains in the markets, I would have more stocks to tell you about than room in my newsletter to report them. Unfortunately, that is not the case. That is telling me that the market is not yet giving the all-clear sign.

In addition, the Russell 2000 has yet to give a buy signal. Remember that a buy signal in the small-cap index will let me know we have gone back to a "risk-on market." A "risk-on market" is a market that allows me to bulk up on my trades and favors upside momentum stocks. My stock profits can run to higher price target numbers.

If the Russell 2000 small-cap index had closed after the first half-hour of trading on Friday morning, we would have gotten a buy signal. The small-cap index would have met all the factors I look for in a buy signal and a "risk-on market." Unfortunately, the markets continued to trade for another six hours as they usually do to complete a daily session.

We saw the small-caps move consistently lower on Friday and close at the low of the day, cutting into Thursday's gains. Thursday's move higher was on below-average volume, and Friday's move lower was on increased volume. Strong markets do not have that kind of price & volume relationship.

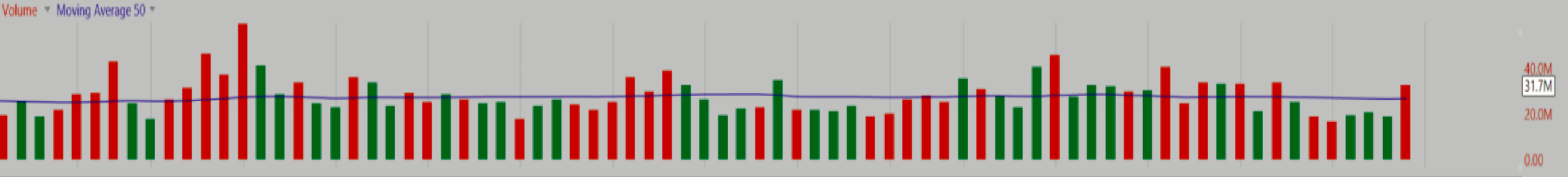
Although the market felt like "risk-on" for the first half-hour of trading on Friday, the Russell 2000 clearly said we are still at "risk-off" by the end of the day. (Refer to Russell 2000 chart)

Russell 2000 Index (IWM)



Friday's down day on Increased volume!

iShares Russell 2000 Index Fund ETF



A Closer Look at Sectors and Industry Groups

One sector gave a buy signal on Friday. It was Financial Services. That is why I am recommending a bank stock and a financial payment processing company in this report.

The Energy sector continued to be in a buy signal and pushed even higher on Thursday and Friday.

Unfortunately, Energy stocks are very short-term overbought and could move lower next week. That is why I am not posting any new energy ideas in this report. After a pullback in the Energy sector, I will be posting new oil & natural gas stock picks.

The Transportation-Trucks and Transportation-Rail industry groups gave buy signals last week.

Unfortunately, most of the stocks in these industry groups do not meet my minimum institutional accumulation parameters I need to see. Achieving these numbers would indicate overwhelming institutional buying that leads to big upside moves.

I will continue to monitor these groups to see if institutions start to buy with conviction and charts give proper entry.

Buy candidate: **Affirm Holdings Inc. CL A (AFRM)**

- Industry Group: Finance-Credit Card/ Payment Provider. The group currently ranks as the 51st strongest industry group in the market out of 197 and is up 4.88% YTD. The group has not given a buy signal. The Financial sector has given a buy signal.
- I want you to be ready to purchase AFRM when the group gives a buy signal. That is why I am putting this stock in the report now.
- **Affirm Holdings (AFRM) is setting up an IPO base that is textbook perfect of IPO bases that have led to the biggest winners I have owned.**
- AFRM provides a very popular "Buy now Pay later" online service for retail. It already has two contracts with Amazon.com and Target. This type of purchasing is becoming very popular with Millennials. It allows consumers to split the cost of their purchase into installments payments with no fees and no late payment charges.
- Affirm Holdings (AFRM) already had four massive buy **signals** as it has formed the right side of its base. (Refer to chart)
- Affirm Holdings (AFRM) is short-term extended and is likely to pull back and form a high handle as it waits for the Financial Credit card/ Payment transfer industry group to give a buy signal.
- Buy on a pullback to 129.52 and wait for 30-minute confirmation.
- **I will send a confirmation text!**
- Initiate position with at 3-star(***)
- Under institutional accumulation with an Up/Down Volume ratio of 1.7.
- AFRM closed at 146.73.
- AFRM VWAP is at 17.21
- Sell target prices: **1st target is 180.45; 2nd target is 208.89; 3rd target is 262.86**
- Stop sell price: Close below **108.54.**



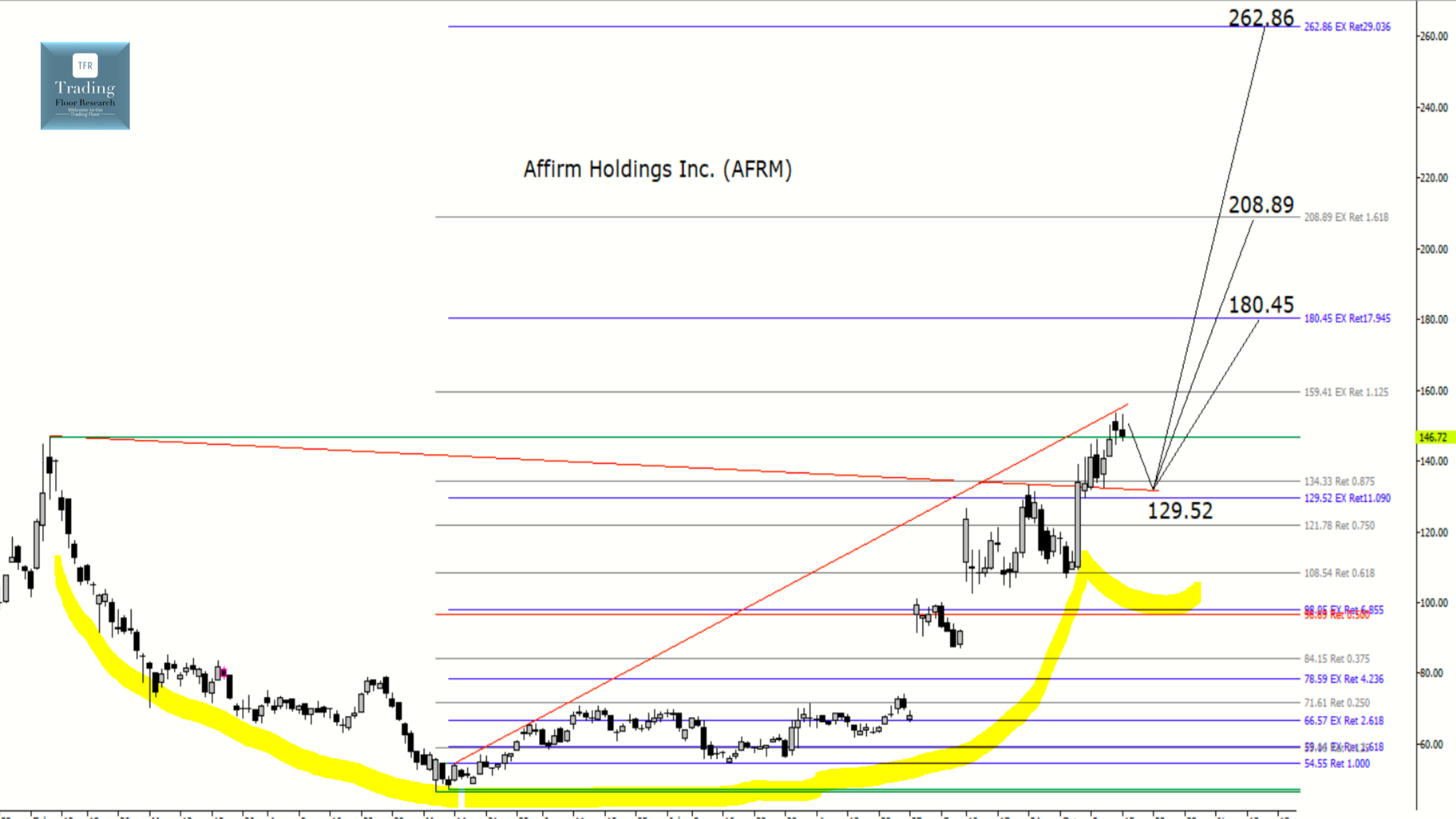


Affirm Holdings Inc. (AFRM)





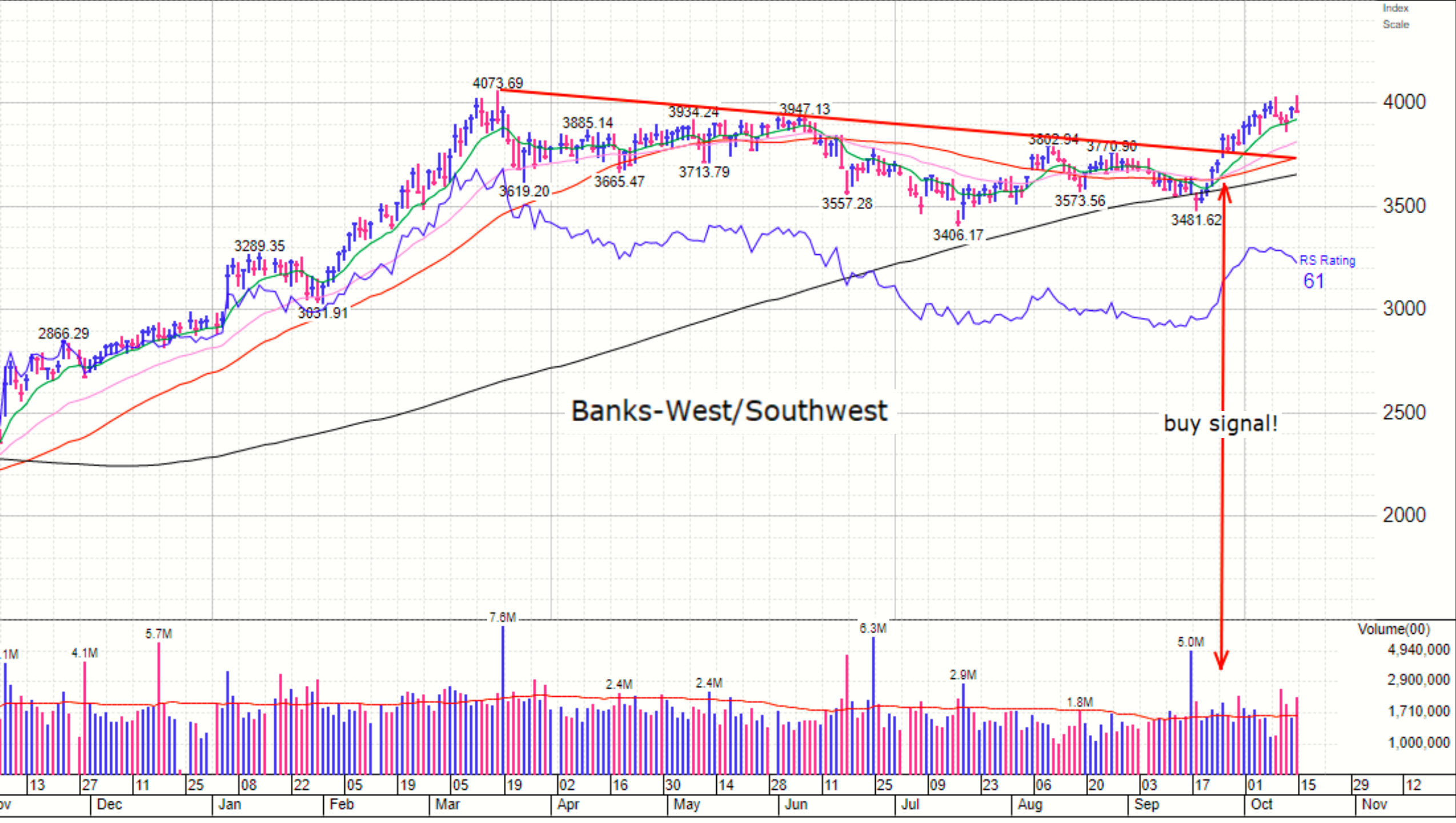
Affirm Holdings Inc. (AFRM)



Buy candidate: First Western Financial (MYFW)

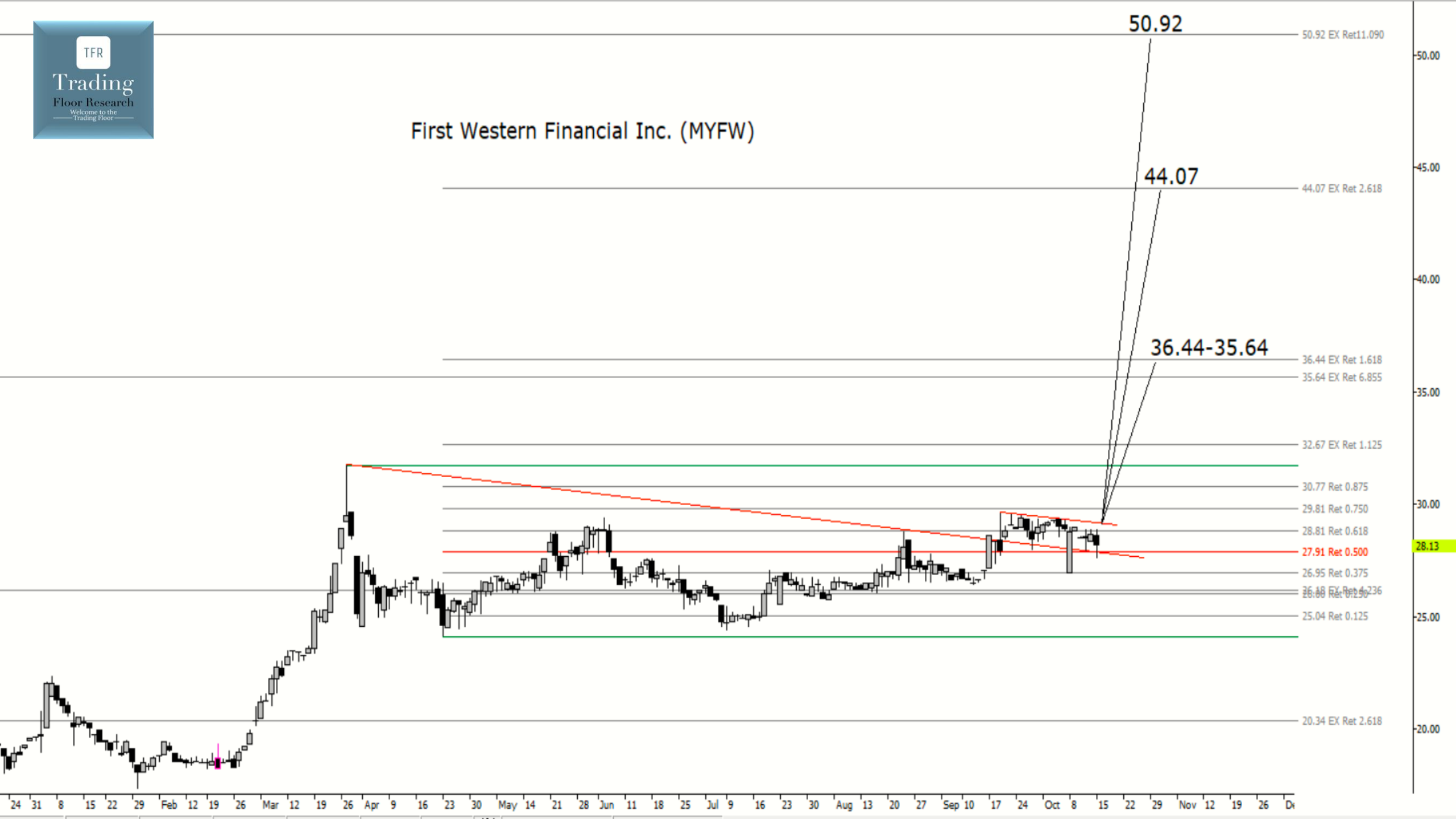
- Industry Group: Banks **West/Southwest**. The group currently ranks as the 77th strongest industry group in the market out of 197 and is up 34.41% YTD. The group gave a 20-day closing high with an above-average volume buy signal on September 27, 2021. (Refer to chart)
- First Western Financial (MYFW) is a regional bank with operations in Colorado, Arizona, and California.
- There is an earning report in four days. Beware of the risks of buying a stock before an earnings release.
- The earnings/share growth rate on MYFW is 80%, with a P/E ratio of 9x. That gives MYFW a PEG ratio of .1125. MYFW is incredibly cheap! Based on its PEG, the fair value is at 250/share.
- First Western (MYFW) is ready to break out of a high handle to an IPO cup with a handle base that started in July 2018.
- MYFW is completing a throwback to its trendline.
- **MYFW will confirm a buy with a 30-minute close above 28.88 with increased volume.**
- **Wait** for confirmation text!
- Initiate position with at 3-star(***)
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.3.
- MYFW closed at 28.13.
- MYFW VWAP is at 18.83
- Sell target prices: 1st target is **35.64-36.44**; 2nd target is **44.07**; 3rd target is **50.92**
- Stop sell price: Close below **27.91**.







First Western Financial Inc. (MYFW)





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