



# Trading Floor Research



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- KraneShares CSI China Internet ETF (KWEB) Update
- Sunlands Technology Group (STG)
- New Oriental Education & Technology Group Inc. (EDU)
- Seadrill Ltd (SDRL)

## S&P 500

*How quickly the market can change in a week. The S&P 500 showed strength I hadn't seen in months. The index cleared key Fibonacci resistance at 3908.43 and 3949.46.*

*The Up/down Volume ratio improved to .91. The ratio still indicates distribution in the market but shows institutions were doing some buying.*

The S&P 500 still faces hurdles to prove it has turned the corner.

The most immediate is the long-term trendline from January 4, 2022, high. The trendline lines up with the next Fibonacci resistance at 4016.64.

Closing above 4016.64 would increase the long-term cycle and open the way for higher prices.

The probability of Breaking the long-term trendline over the next few days will be made even more difficult by the over-bought conditions and the S&P 500 trading above the channel lines from October 13, 2022, low. The current over-bought status points to a pullback this week.

If the retreat is shallow and doesn't close below the upper channel line, it will indicate much higher prices. If the S&P 500 breaks below the upper channel, I will look for a retest of the lower channel line and Fibonacci support between 3890.67 and 3848.61.

The Russell 2000 is close to a **BUY** signal. Indicating the markets are very close to "Risk-ON." I will advise when this happens.

I recommend caution and 80% cash.



## Sectors, Industry Groups & Leadership Stocks

### Chinese internet stocks are ready to go parabolic

*As bullish as I am on Chinese internet stocks, they needed a rest. In last week's newsletter, I wrote, "Chinese stocks are once again short-term overbought and could use a few days' rest before the next advance. A pullback to the rising trendline and 10-day moving average would be a great place to purchase the **CSI China Internet ETF (KWEB)**."*

*Thursday, the CSI China Internet ETF completed its pullback with a test of the 10-day moving average and the rising trendline. On Friday, the **CSI China Internet ETF closed above the critical Fibonacci resistance at 35.23**. (Refer to chart of KWEB)*

*After the well-deserved rest, the KraneShares CSI China Internet ETF (KWEB) should push higher and test 38.35 VWAP resistance. **Clearing the 38.35 resistance will send shares much higher.***

*The charts indicate a move in Chinese stocks resembling the shape of a parabola. A parabolic move in the Chinese market will create strong momentum in Chinese stocks, and I will continue to add new names over the next few weeks.*

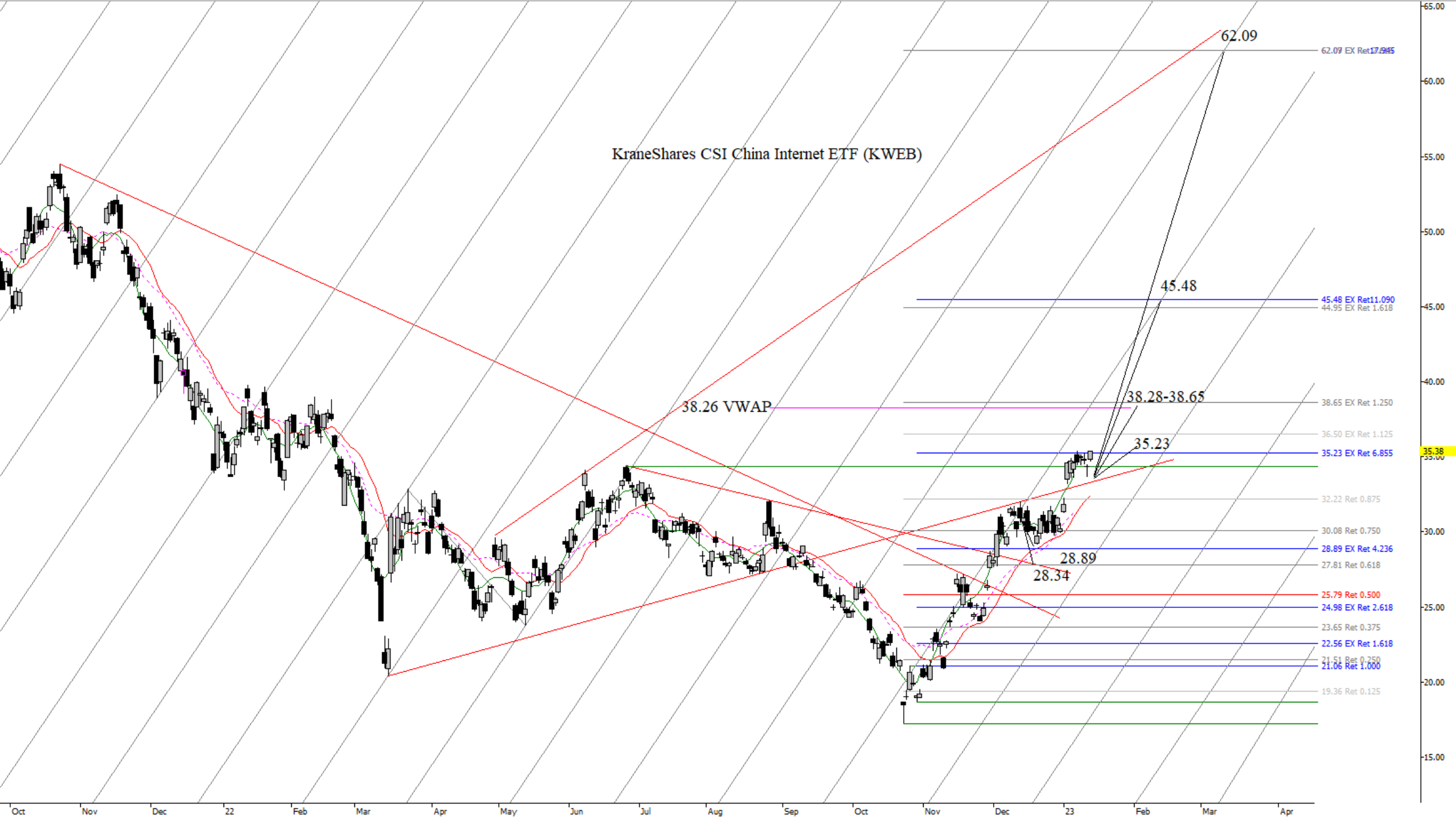
*Last week, I recommended the purchase of **JD.com Inc. (JD)** and **Bilibili Inc. (BILI)** to take advantage of the move higher in Chinese internet stocks.*

***Chinese Consumer Service Education** stocks are also very strong. The Chinese Consumer Service Education subgroup gave a buy signal on January 6, 2023. (Refer to Chinese Consumer Service Education subgroup chart)*

*On Thursday, I confirmed a buy on **Sunlands Technology Group (STG)** in the Chinese Consumer Service Education subgroup. A write-up is included in this report.*

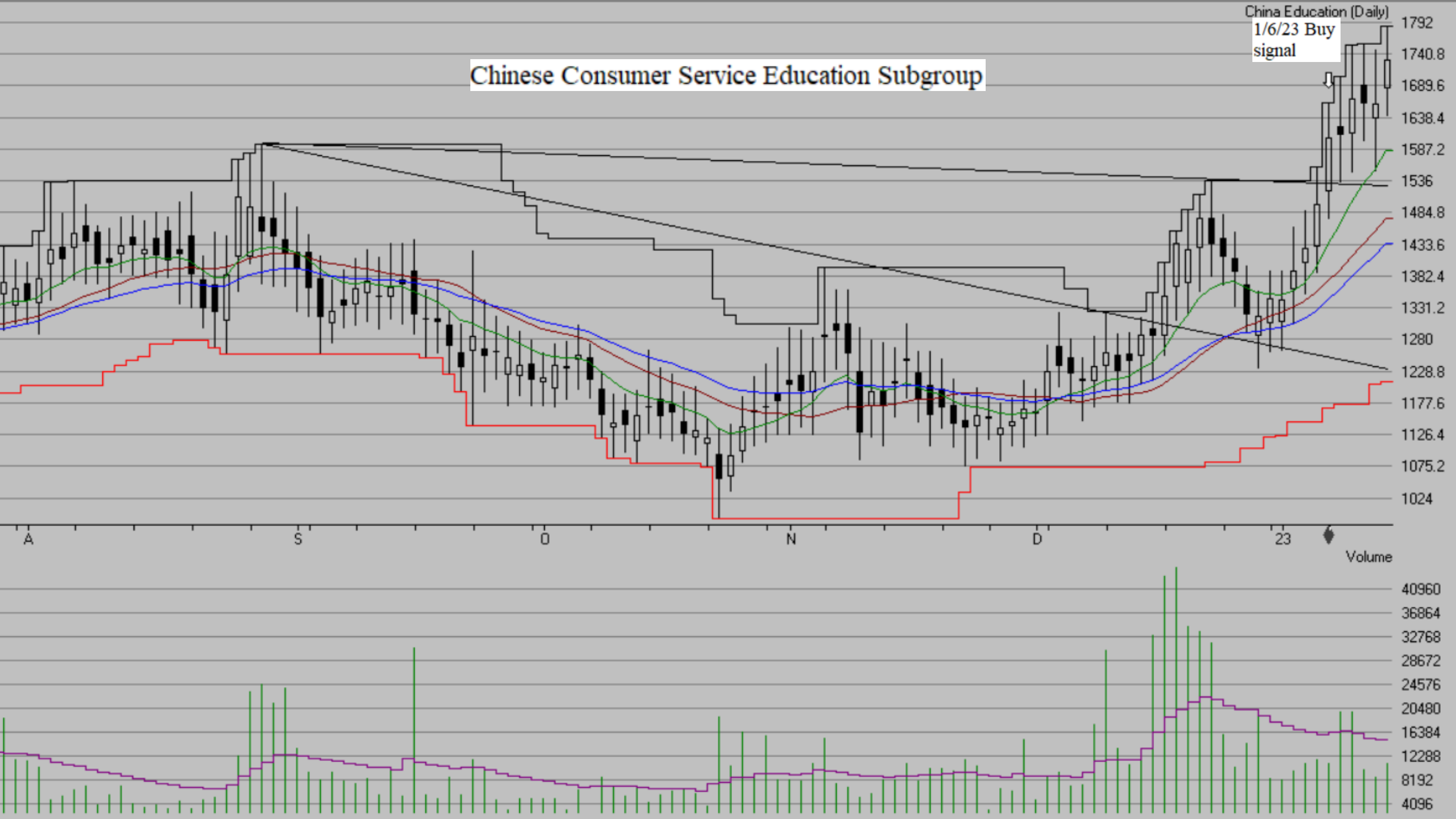
*On Friday, **New Oriental Education & Technology Group Inc. (EDU)** gave a fresh buy signal that could send the stock higher. It is featured in this report.*

# KraneShares CSI China Internet ETF (KWEB)



# Chinese Consumer Service Education Subgroup

China Education (Daily)  
1/6/23 Buy signal

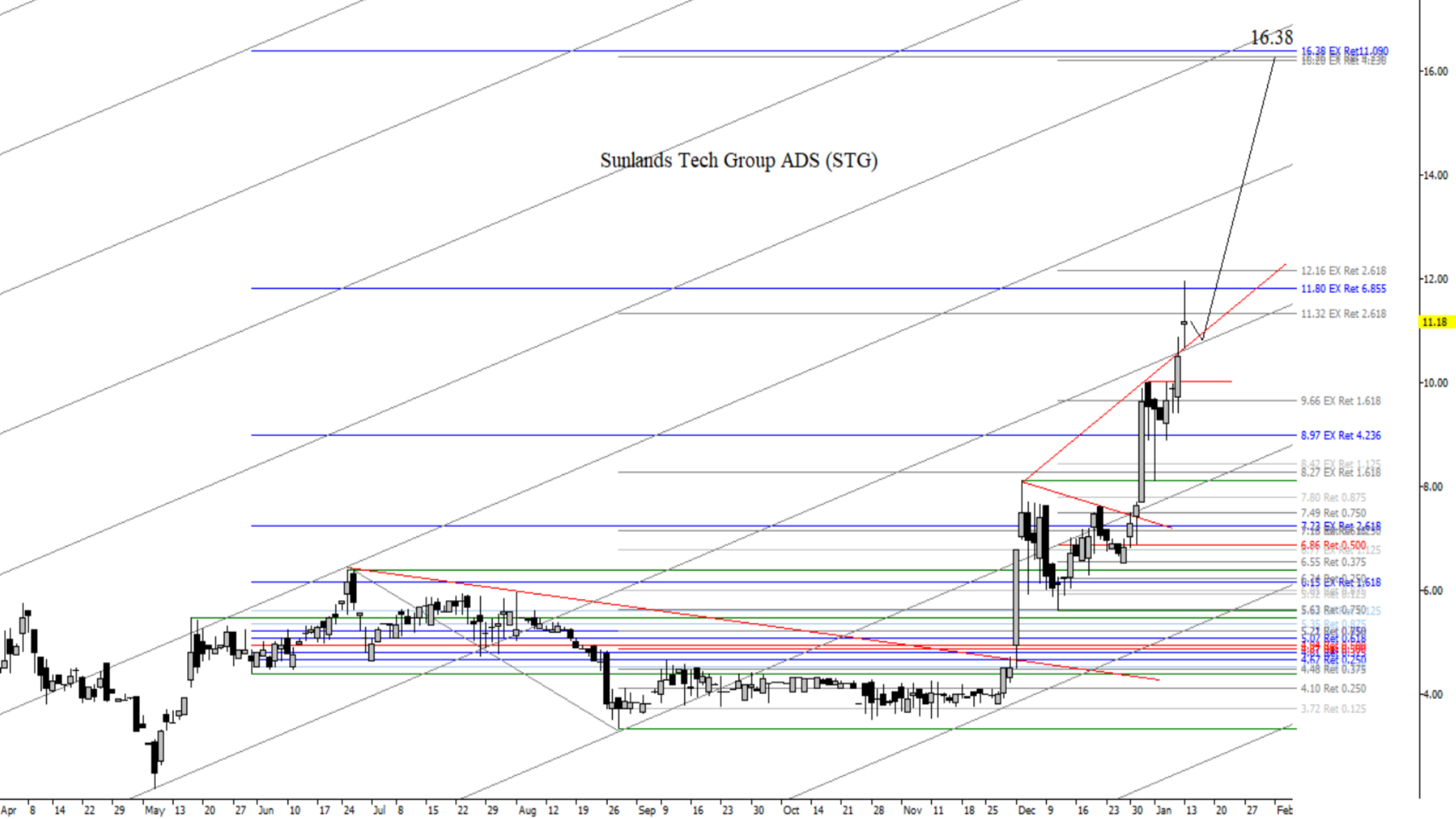


## New buy candidate: Sunlands Technology Group (STG)

- Industry Group: **Consumer Services Education**. The Consumer Services Education industry group is ranked 23rd out of 197 and has not given a buy signal. The Chinese Consumer Service Education subgroup gave a buy signal on January 6, 2023, as the strength in Chinese stocks led the way.
- **Sunlands Technology Group (STG)** is a Chinese online provider of graduate and post-graduate education services to over a million students.
- **Sunlands Technology Group (STG)** exploded higher out of its most recent base on Thursday and Friday. Friday, the stock hit Fibonacci resistance at 11.80 and is short-term overbought. It may rest for the next few days before starting its next surge.
- **Sunlands Technology Group (STG)** confirmed with a 30-minute signal at 10.80 on Thursday and hit a high the next day at 11.95.
- I initiated the position with a 1-star(\*).
- Under massive accumulation with an Up/Down Volume ratio of 2.23.
- Sunlands Technology Group (STG) closed at **11.18**.
- Sunlands Technology Group (STG) VWAP is at 24.77
- Sell target prices: **1<sup>st</sup> target is 16.38; 2<sup>nd</sup> target is 23.78**
- Stop sell price: **Close** below **8.97**.



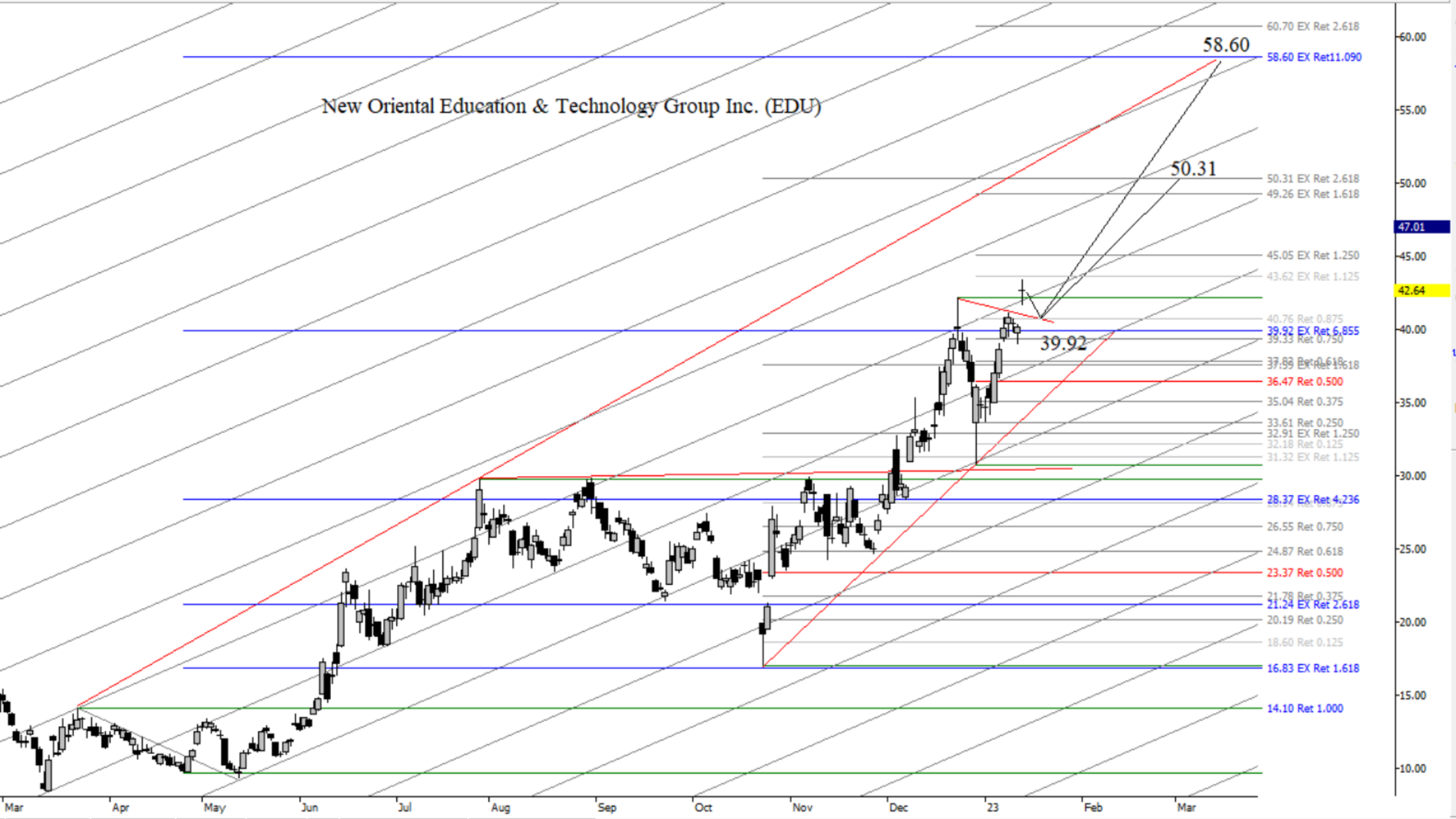
# Sunlands Tech Group ADS (STG)



## New buy candidate: New Oriental Education & Technology Group Inc. (EDU)

- Industry Group: **Consumer Services Education**. The Consumer Services Education industry group is ranked 23rd out of 197 and has not given a buy signal. The Chinese Consumer Service Education subgroup gave a buy signal on January 6, 2023, as the strength in Chinese stocks led the way.
- **New Oriental Education & Technology Group Inc. (EDU)** is a Chinese language training provider and courses for preparing students to take tests.
- **New Oriental Education & Technology Group Inc. (EDU)** broke out of its most recent cup-with-handle base on Friday. The handle of the base formed above Fibonacci support at 39.92. The stock could throw back into the descending trendline of the base at 40.76 before moving higher.
- **New Oriental Education & Technology Group Inc. (EDU)** will confirm with a 30-minute signal on above-average volume.
- **Wait for confirmation!**
- Initiate position with at 2-star(\*\*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.71.
- New Oriental Education & Technology Group Inc. (EDU) closed at **42.64**.
- New Oriental Education & Technology Group Inc. (EDU) VWAP is at 61.32.
- Sell target prices: **1<sup>st</sup> target is 50.31; 2<sup>nd</sup> target is 58.60**
- Stop sell price: **Close** below **39.92**.

# New Oriental Education & Technology Group Inc. (EDU)



## Sectors, Industry Groups & Leadership Stocks

### Oil & Gas Drillers are leading energy stocks higher

*On November 13, 2022, newsletter, I advised that the **Energy** sector gave a sell signal but added, “Institutional accumulation indicates that energy will be an excellent place for new purchases after a well-needed rest.”*

*The resting period for Energy stocks is over. The Energy Sector gave a buy signal two months after the sell signal on Thursday. The sectors reentry carried the **Oil & Gas Equipment & Services** group, **Oil & Gas Integrated** group, and **Oil & Gas Midstream** group along for the ride.*

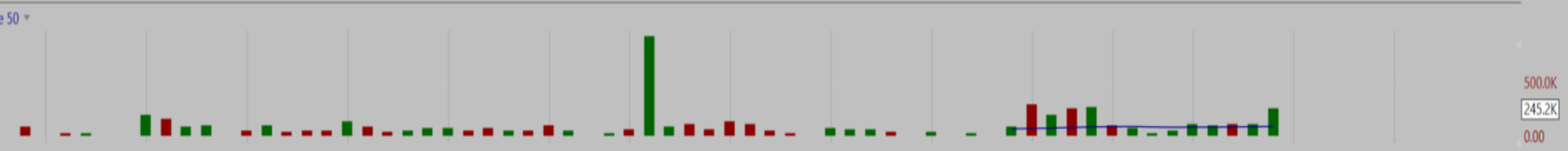
*My favorite energy group, **Oil & Gas Drilling**, took a significant leap forward after giving a buy signal a week before the rest of the sector. The first industry group out of the gates creates relative strength that traders should not ignore.*

*The 6-day accumulation is the strongest since the October lows as the drillers broke the descending trendline from the June 2022 highs. Oil & Gas Drillers are the leading industry group in the Energy sector and is the group I have focused on since I recommended the purchase of **Borr Drilling Ltd. (BORR)** in the January 01, 2023, newsletter.*

*This week I am adding an IPO ready for a **Primary Bakeout (PBO)**. A **PBO** is my favorite technical setup. It typically works best in an industry group that has recently confirmed a buy. **Seadrill Ltd (SDRL)** is the PBO from the Oil & Gas Drilling industry group and is featured in this newsletter.*

## New buy candidate: Seadrill 2021 Ltd (SDRL)

- Industry Group: **Oil & Gas Drilling**. On November 13, 2022, newsletter, I advised that the Energy sector gave a sell signal but added, “Institutional accumulation indicates that energy will be an excellent place for new purchases after a well-needed rest.” The Energy sector has given a buy signal, and Oil & Gas Drilling industry groups is the leader providing a buy signal one week before the sector.
- **Seadrill Ltd (SDRL)** is an oil drilling service company based in Bermuda. They are an international provider of offshore drilling and well services.
- **Seadrill Ltd (SDRL) completed a primary breakout (PBO) on Friday. The recent IPO broke out of its primary base with a 20-day closing high on massive volume.**
- **Seadrill Ltd (SDRL) will confirm with a 30-minute confirmation at 34.71 on above-average volume.**
- **Wait for confirmation!**
- Initiate position with at 2-star(\*\*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.65.
- Seadrill Ltd (SDRL) closed at **34.37**.
- Seadrill Ltd (SDRL) VWAP is at 31.79
- Sell target prices: **1<sup>st</sup> target is 38.34; 2<sup>nd</sup> target is 44.51**
- Stop sell price: **Close** below **31.79**.





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