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03/07/21

This Trading Floor Research report contains:

- An explanation as to why bond prices are going lower and what it means for the stock market and your bond portfolio.
- Updating S&P 500 and NASDAQ (QQQ) downward Fibonacci price targets
- Updated industry group sell signals, and tech stock sell signals

Are bond prices going lower with rising inflation concerns or is something else happening?

As a market technician, I am trained to look at the charts and uncover the next move in stocks, industry groups, and markets I observe. I always know that the market is forward looking, and the reason will reveal itself 3-6 months down the road.

With bond prices going lower, my first thought on December 27, 2020 when I made the prediction of lower bond prices was that it was because of rising inflation concerns.

As we get closer to the end of March (3-months from the charts letting me know of a selloff) an answer is being revealed. The selloff could be tied to the SLR (Supplemental Leverage Ratio) exemption banks were given after the 2008 financial crisis. Apparently, Senators Elizabeth Warren and Sherrod Brown urged regulators to reject lenders' appeals to extend the SLR exemption that ends at the end of March. If they do not extend the exemption, this move will cause **forced liquidation of the bond's** banks are currently holding. The Democrats also demanded that the Fed monetize trillions in debt to fund Biden's 1.9 trillion in the fiscal stimulus bill. This is something the Fed could not do if the SLR exemption was not indefinitely extended. This is a very dangerous decision that will have serious financial repercussions and could lead to a stock market crash. **The next couple of weeks could be very volatile until this matter is resolved. Keep high levels of cash!**

We are at the point where the fundamentals and the technicals are in perfect alignment for continued lower moves in the markets. **I continue to stress high levels of cash.**



S&P 500 and NASDAQ Downside Price Targets

Let's inspect how price has aligned with the grim outlook of the bond market and how this will influence stocks.

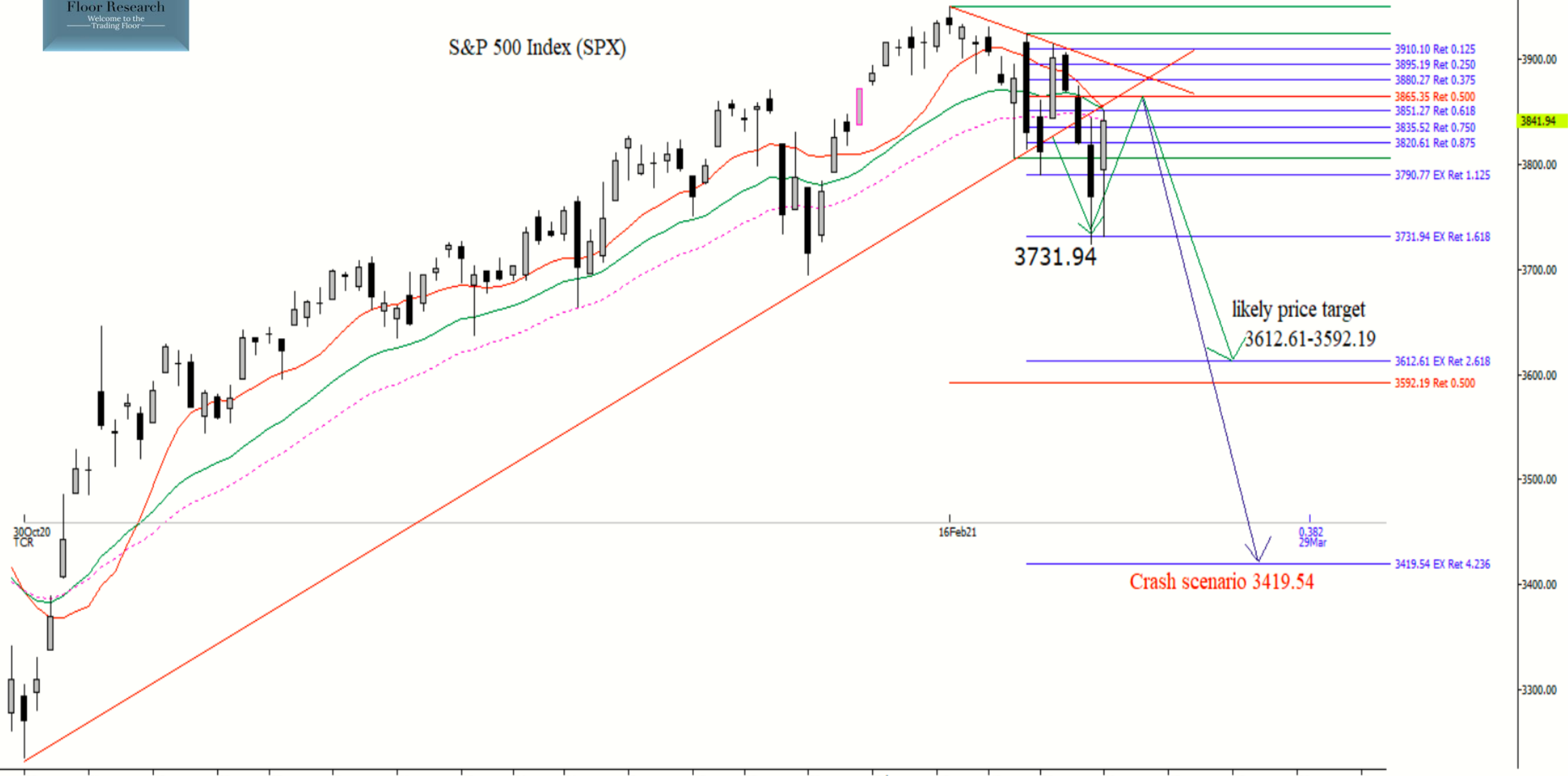
Last week I showed a chart of the S&P 500 and the QQQ's that lay out how this downside move would progress. I've included those same charts with last week's price filling in how my targets have played out so far. You will notice the S&P 500 and QQQ's have followed the target numbers. The S&P500 traded down to my **3731.94** target on both Thursday and Friday. Friday afternoon, the S&P 500 bounced. A bounce that could throw us back into the trend line and take us as high as **3880.27 to 3895.19**. If we continue to follow my original Fibonacci target calculation, we will conclude with a downside target at **3612.61 to 3592.19** on the S&P 500.

If the SLR exemption extension scenario I outlined lingers on for the next couple of weeks, it will cause more bond selling. This possibility could result in a market crash that would take the S&P 500 to the next Fibonacci number **3419.54**. Remember, my aim is never to predict a bottom. The aim is to keep your principal safe until we get new buy signals in the market. As we progress, these targets will become clearer with the other tools I use. **I will continue to guide you through this market correction, and the high probability stock setups that are sure to follow.**



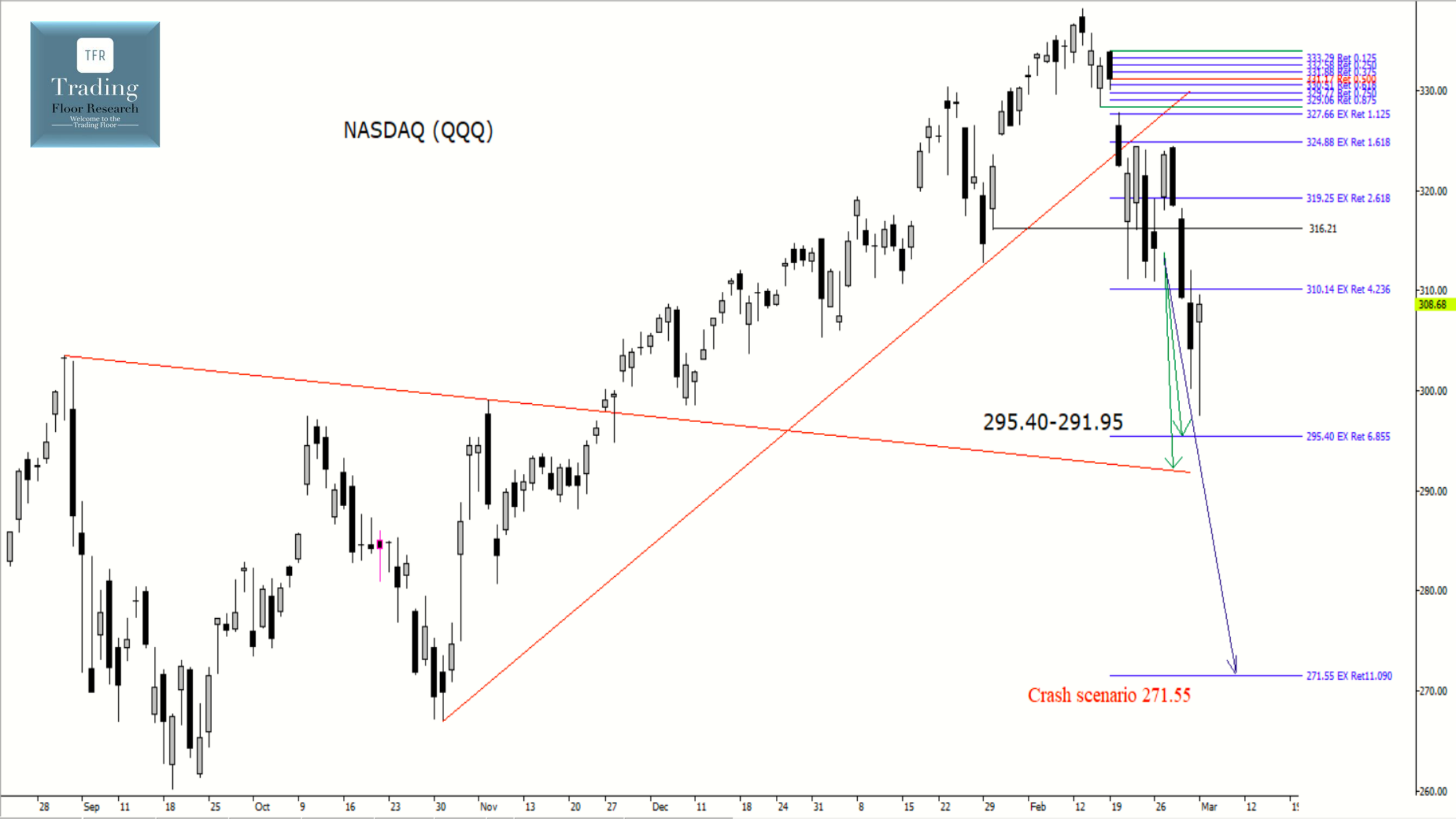


S&P 500 Index (SPX)





NASDAQ (QQQ)



Tech Stocks are weak, and Oil & Gas stocks are strong

As I predicted in last weeks newsletter, the big tech stocks are the weakness that led this market lower. Tech stocks should continue to push this market lower. Biotech's gave a sell signal last week. Stay away from Bio's for the time being. They will reemerge as a market leader. I will let you know when this happens, and we can reenter these strong growth leaders again.

- Oil & Gas-Drilling industry group is the strongest industry group in the market (1/197).
- Oil & Gas-Field Services industry group is 11/197.
- Oil & Gas-Royalty Trust industry group is 4/197.
- Oil & Gas-US Exploration industry group 10/197.

TFR Early Entry buy signals were given in these Oil & Gas industry groups when they were at the bottom of the 197 industry groups that make up the entire market back in mid November. Since that call Oil & Gas has become the strongest in the market and we have locked in some great gains. Oil & Gas will continue to be market leaders this year, and I am looking forward to new individual stock leaders that will emerge from this sector. Get ready, the best is yet to come!



TFR open positions as of 03/07/2021:



MBII	02/02/21	(2-star)	+21.74%
TUSK	02/24/21	(2-star)	-13.41%
PANL	02/16/21	(3-star)	-10.32%



Results of TFR closed positions as of 03/07/2021:

XPEV	Sold position	+41.83%	OTIC	Sold position 12/22/20	+41.80%
DADA	Stopped out	-12.6%	BTBT	Sold position 12/30/20	+101.15%
GPRO	Stopped out	-2.31%	LUNG	Sold position 12/31/20	+41.88%
FUV	Sold position	+67.34%	GBTC	Sold position 01/05/21	+95.29%
BLNK	Sold position	+76.25%	ZKIN	Sold ½ position 01/05/21	+28.57%
OPTT	Sold ½ position	+128%	TGC	Sold position 01/28/21	+309.82%
OPTT	Stopped out 1/2 position	+49.13%	SNMP	Sold position 01/28/21	+122.58%
BBIO	Sold Position	+21.81%	GP	Sold position 01/25/21	+41.29%
CVAC	Sold Position	+66.81%	GMDA	Sold position 01/26/21	-6.87%
NGMS	Stopped out	-11.22%	TUSK	Sold position 01/27/21	+1.77%
EH	Sold Position	+61.78%	ZKIN	Sold position 01/27/21	+16.17%
UFAB	Sold Position	+43.60%			

Results of TFR closed positions as of 03/07/2021:



CLIR	Sold position 01/28/21	+17.44%
VVPR	Sold position 01/27/21	+34.13%
CHNR	Sold position 01/27/21	-18.01%
ARYA	Sold position 02/08/21	+95.26%
USWS	Sold position 02/18/21	+217.90%
ARYA	Sold position 02/27/21	0.00%
NBAC	Sold position 02/26/21	-6.87%
SDPI	Sold position 02/26/21	+8.42%
BRN	Sold position 02/26/21	-14.15%
FURY	Sold position 02/26/21	-22.52%
GHSI	Sold position 02/25/21	-30.33%

Results of TFR closed positions as of 03/07/2021:

OGEN	Sold position 02/26/21	0.00%
TTOO	Sold position 02/25/21	+33.85%
THCA	Sold position 02/26/21	-6.14%
XELA	Sold position 02/26/21	-10.29%
AMST	Sold position 02/26/21	+6.45%





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