



Trading Floor Research

Welcome to the
— Trading Floor —



02/06/22

This Trading Floor Research report contains:

- *Digital World Acquisition Corp. (DWAC)* A new Special Purpose Acquisition Company Buy candidate.
- An important update on **Chevron Corp (CVX)** and the subtle topping signal the stock gave on Friday.
- The **CBOE Volatility Index (VIX)** and what it is telling me about the markets next move.
- **Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO)** and the progress it is making as yields go higher.



Essential Lessons for Stock Market Success.

Classes start again this week!

Class resumes this Thursday February 10, 2022 at the USW Burns Harbor Career Development Center

A morning and afternoon class will be given:

8:30 am-10:30 am

4:00 pm-6:00 pm

Learn how to identify winning stocks before they move higher and short stocks before they move lower.

Invite a family member or friend

Call Sarah to reserve a seat at 219-787-3101

Sectors, Industry Groups & Leadership Stocks

9 of the 11 market sectors are in sell signals. The **Energy** and **Financial Services** sectors were the two best performing sectors last week and still the only sectors in a buy signal.

The solid **Energy Sector** was up four out of five trading sessions last week and is getting short-term extended. It might be time for rest and pullback in the sector. The subtle topping signals I saw on Chevron Corp. (CVX) were more concerning. Please read the special report I provided in this TFR edition.

The CBOE Volatility Index (VIX) continues to provide excellent clues to the beginning and end of each market selloff as the market trends lower. On Friday, the VIX gave an inconclusive signal for the start of the week. Although the VIX closed above 23.0 for two days in a row, it also gave a 30-minute sell signal one hour before Friday's close.

For the market to continue lower, I will need to see a 30-minute buy signal in the VIX. If the VIX closes below 23.0 on Monday, look for the market to move higher and a new VIX target of 17.70. (Refer to VIX Chart).

Even though the **NASDAQ market gave a follow-through day last week**, the technology stocks continue to struggle. This was highlighted by the earnings selloff in Meta Platforms Inc. (FB). **Stay away from technology stocks** until I get new industry group buy signals in the sector.

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

I continue to recommend caution and high cash levels until the market gives more sector and industry group buy signals.

Wait for "Risk On" to get aggressive!

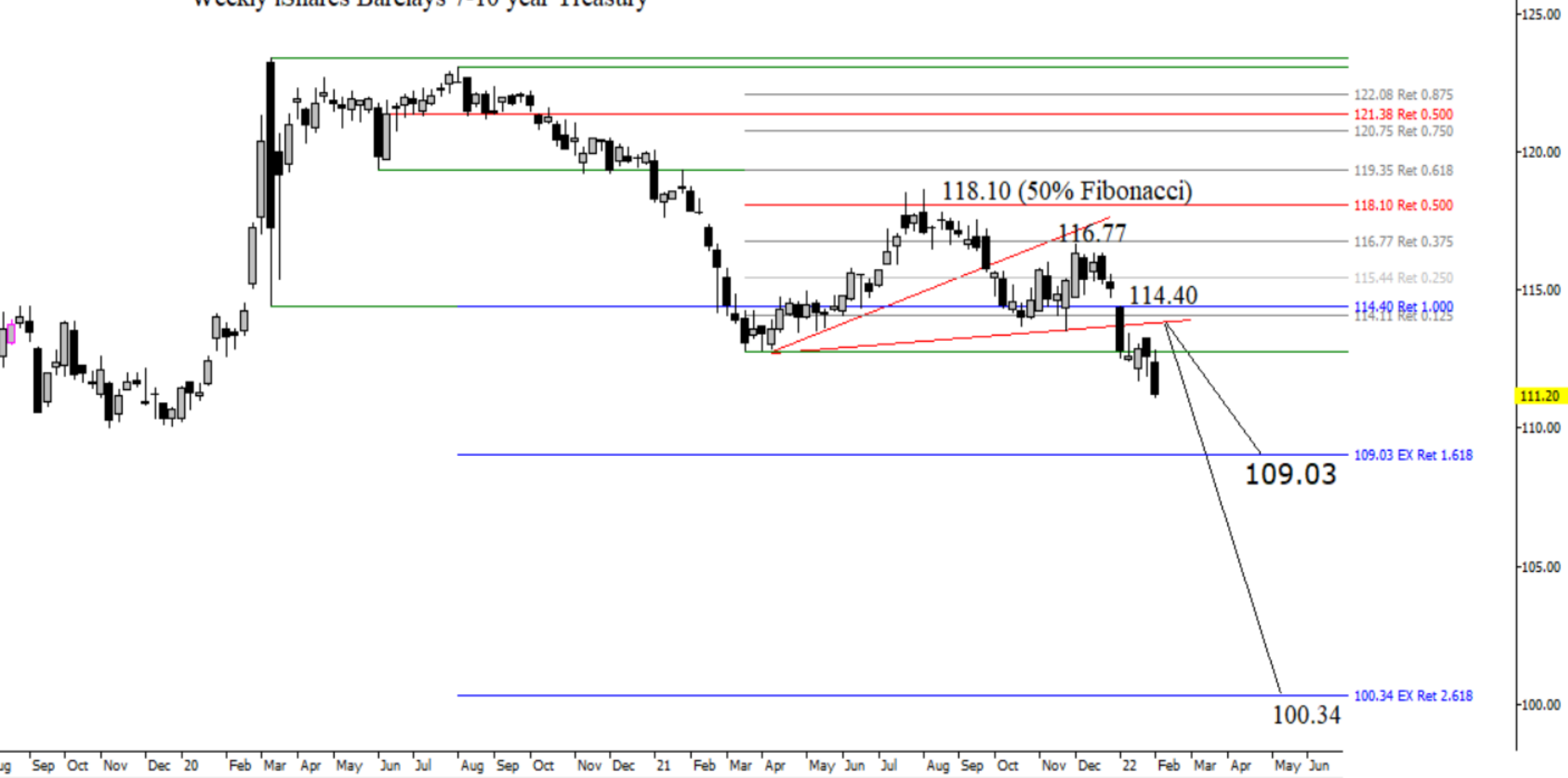
CBOE Volatility Index (VIX)



Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO)

- Market: 10-year US Treasury Bond. This trade is designed to move 3x the inverse move of the iShares Barclays 7–10-year US treasury Bond ETF (IEF).
- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) is seeking the performance corresponding to three times the inverse of the 7–10-year US Treasury Bond Exchange Traded Fund (IEF).
- 7–10-year US Treasury Bond Exchange Traded Fund (IEF) closed below the handle of the inverse cup-with-handle base that started April 1, 2021. The top of the base is Fibonacci 50% resistance at 118.10, and the handle of the more extensive cup-with-handle base began March 13, 2020. (Refer to Chart)
- **The Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) broke out of the handle of its cup-with-handle base on above-average volume last week. Look for yields and the (TYO) ETF to continue higher. (Refer to chart)**
- The 7–10-year US Treasury Bond Exchange Traded Fund (IEF) is **under institutional distribution** with an Up/Down Volume ratio of 0.7.
- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) closed at 9.29.
- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) VWAP is at 10.37.
- Sell target price: 1st target is **10.66**
- Stop sell price: Close below **8.78**.

Weekly iShares Barclays 7-10 year Treasury



Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO)



Digital World Acq Corp. and Truth Social

I have been reluctant to put Digital World Acq Corp. (DWAC) in Trading Floor Research because of the polarizing effect of Donald Trump. Many will choose not to buy this SPAC because of their feelings about Trump. I will caution those readers that I have seen political views cost investors a lot of money over the 32 years I invested. The winning strategy is always to follow price and volume when it comes to the stock market. Opinions will lose opportunities and money every time.

The market doesn't care about my opinion or yours. Currently, Digital World Acquisition Corp is one of the best-looking charts in the market. The amount of accumulation this stock shows as it completes a textbook inverted head and shoulders pattern is staggering. Only nine institutions own the stock. The rest of the buying comes from retail investors and indicates that it is very under-owned.

When I see charts like this, they have the potential to be the biggest winners of the year.

Digital World Acquisition Corp. (DWAC) will soon become Trump Media and Technology Group (TMTG) and roll out Truth Social. Truth Social will offer direct competition to Twitter. Trump had 150 million followers across various social media platforms. Many of these followers are likely to sign up for Truth Social. As an internet content provider, it is about eyeballs and advertising. The numbers could add up to a successful launch.

Digital World sprinted higher by 1643% in two trading days when the merger was announced. No other SPAC has ever rewarded investors like this. Since the announcement, DWAC has put in a very constructive base. As we approach the conversion date and the rollout of Truth Social, it appears the stock wants to break out once again.

Moving higher into the merger completion is not unusual for SPACs with a successful merger announcement. In the three weeks leading into the merger completion of DraftKings Inc. (DKNG), the stock went 90% higher. Seven weeks after the merger, it was up an additional 116%. Other successful SPACs like Virgin Galactic Holdings (SPCE) and Magnolia Oil & Gas Corp (MGY) offered similar rewards over the same period.

The SPAC conversion of Digital World Acquisition (DWAC) to Trump Media and Technology Group (TMTG) might do the same.

Buy candidate: Digital World Acquisition Corp. (DWAC)

- Industry Group: **Internet Content**. Once Digital World Acquisition Corp. (DWAC) merges with Trump Media and Technology Group (TMTG), it will join the Internet Content group. The group currently ranks as the 108th strongest industry group out of 197 and is down -4.02% YTD. The group came close to a 20-day closing high buy signal with above-average volume this past week on Alphabet Inc. (GOOG) earnings news.
- Digital World Acquisition Corp. (DWAC) announced the merger with Trump Media and Technology Group (TMTG) on October 20, 2021. Two days after the announcement, the stock was up a staggering 1643%. A good indication of SPAC's future performance is how they come out of the gate. No other SPAC has ever rewarded investors like this.
- Digital World Acquisition Corp. (DWAC) is completing the handle of a four-month inverted head and shoulders pattern. It is under massive accumulation.
- Trump had 150 million followers across various social media platforms. Many of these followers are likely to sign up for Truth Social. As an internet content provider, it is about eyeballs and advertising. The numbers could add up to a successful launch.
- ***Digital World Acquisition Corp. (DWAC) will confirm a buy signal with a 30-minute close above 86.10 with increased volume.***
- **Wait for a text confirmation!**
- Initiate position at 2-star(**)
- **Under massive accumulation** with an Up/Down Volume ratio of 2.0.
- *Digital World Acquisition Corp. (DWAC)* closed at 84.45.
- *Digital World Acquisition Corp. (DWAC)* VWAP is at 59.14.
- Target prices: 1st target is **92.47**; 2nd target is **102.68-105.85**; 3rd target is **159.99**
- Stop sell price: Close below **77.37**.

1643%
merger
announcement

Digital World Acq Cp (DWAC)

Trump Media and Technology Group (TMTG)

Neckline of
Inverted
Head & Shoulders

159.99

102.68-105.85

175.00 Ret 1.000

159.99 EX Ret1364.100

105.85 Ret 0.500

102.68 EX Ret843.055

67.25 EX Ret520.989

45.36 EX Ret321.989

31.83 EX Ret199.018

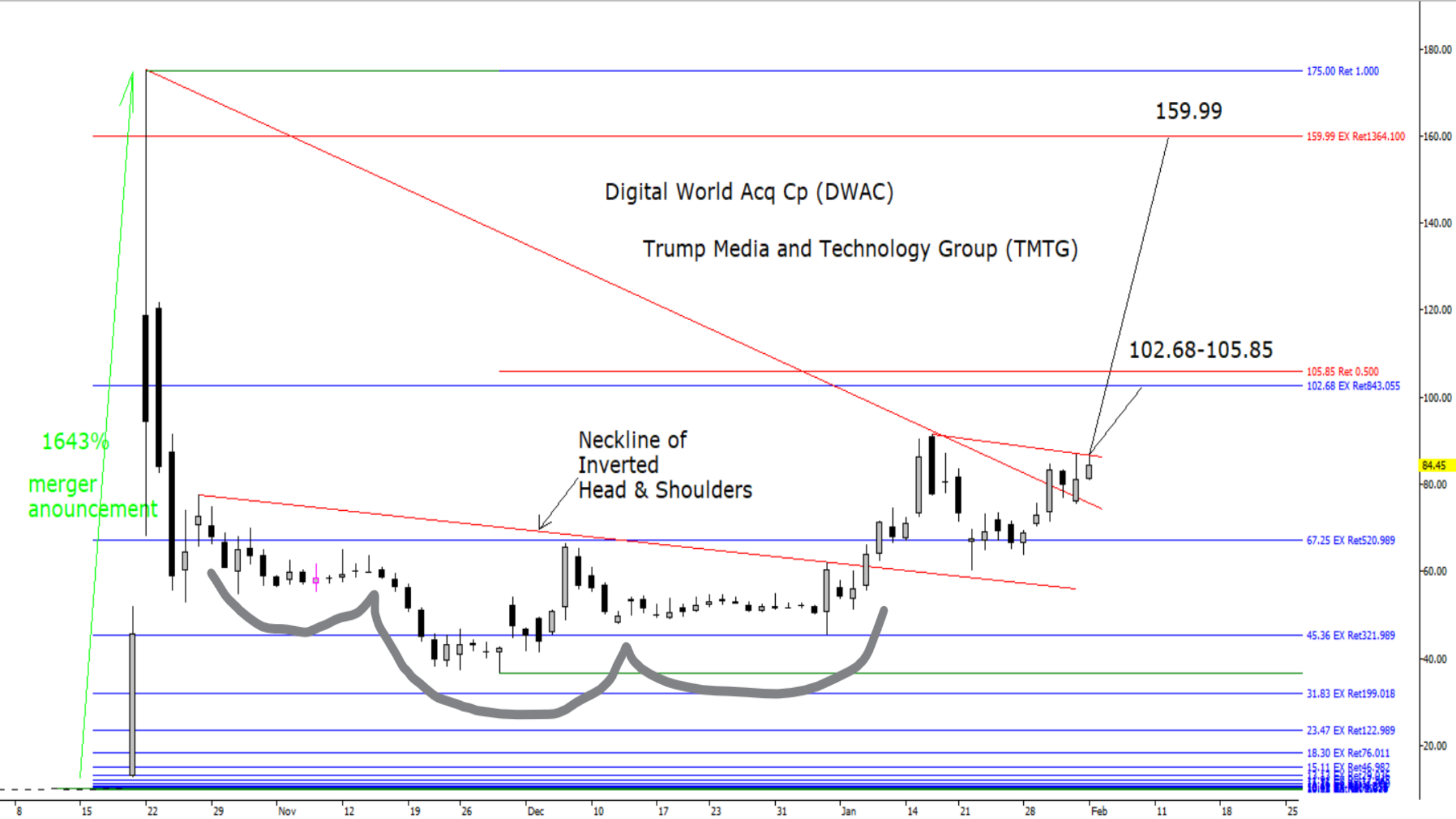
23.47 EX Ret122.989

18.30 EX Ret76.011

15.11 EX Ret46.982

12.11 EX Ret27.945

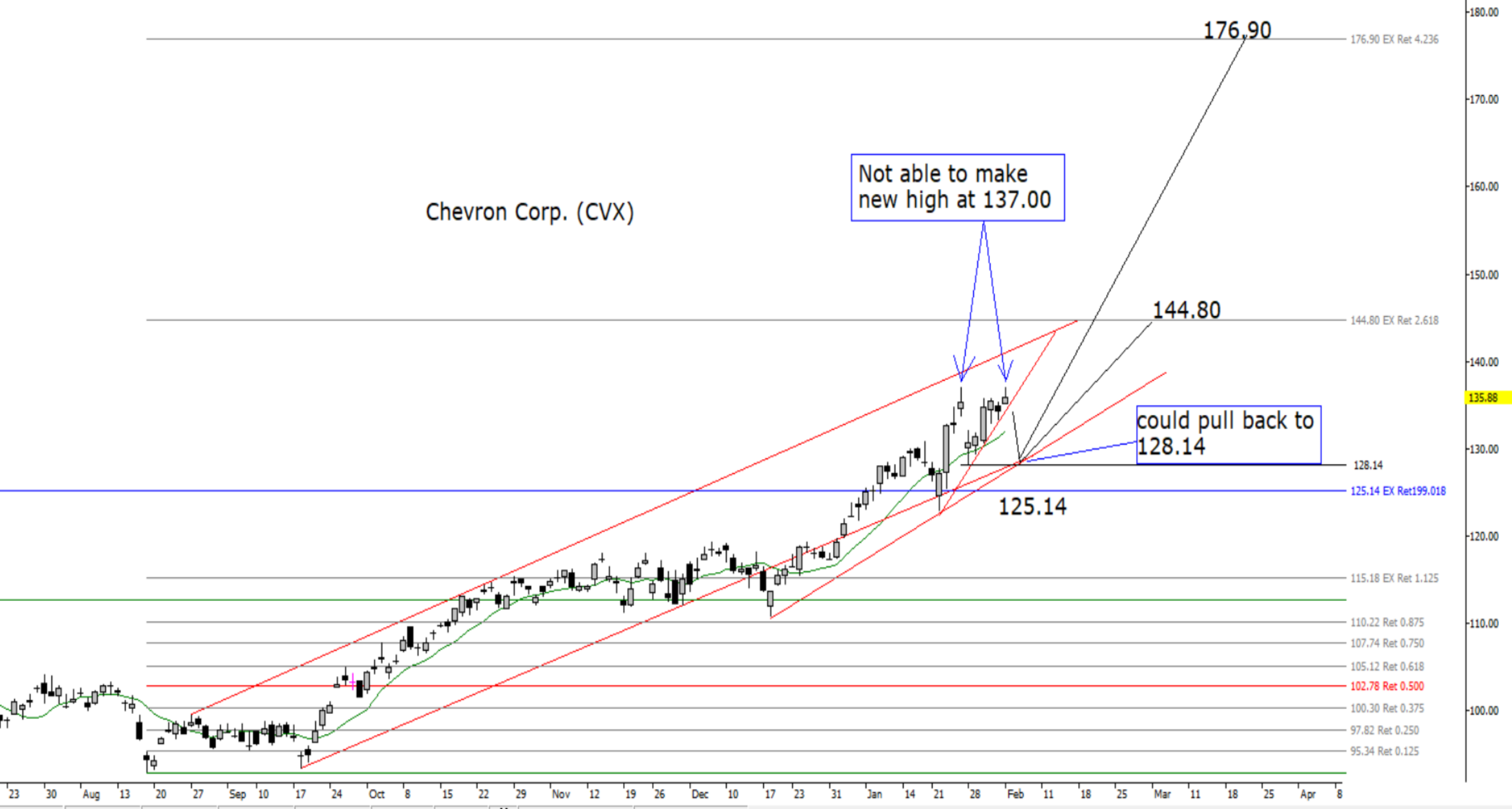
8 15 22 29 Nov 12 19 26 Dec 10 17 23 31 Jan 14 21 28 Feb 11 18 25



Chevron Corp. (CVX)

- **Industry Group: Oil & Gas Integrated.** The group currently ranks as the 5th strongest industry group out of 197 and is up 16.94% YTD. The group gave a 20-day closing high buy signal with above-average volume on January 4, 2022.
- Friday, **Chevron Corp. (CVX)** gave two significant technical clues. Both provide a high probability short-term direction
- The first ominous signal came with the inability of Chevron to make a new high above the 137.00 high made on January 27, 2022. The stock hit 137.00 to the penny and backed away from the number by Friday's close. When a stock gets that close to making a new high and can't, it usually leads to a short-term selloff. I would have been satisfied if the stock hit 137.01, but it couldn't. This might seem like a small thing to most traders, but these are the type of things that have saved me money over the years. (Refer to Chart)
- The second piece of troubling technical information came from relative strength. When the price returns to recent highs, it is essential to see the relative strength line confirm the price move. This can happen by relative strength matching the old high or making a new high. Neither one happened. This is very significant and should not be ignored. (Refer to Chart)
- Considering these two occurrences, **I will sell the stock if Chevron Corp gives a 30-minute sell signal before making a new high at 137.00.** This would indicate that Chevron could sell off to my original Fibonacci target at 125.14 or 128.14 target. I will look to purchase the shares back at that point.
- **Wait for text confirmation of a 30-minute sell signal!**
- Position is at 2-star(**)
- **Under institutional accumulation** with an Up/Down Volume ratio of 1.60.
- **Chevron Corp. (CVX)** closed at 135.88.
- **Chevron Corp. (CVX)** VWAP is at 104.99.
- Target prices: 1st target is **144.80**; 2nd target is **176.90**; 3rd target is **197.69**
- Stop sell price: Close below **125.14**.

Chevron Corp. (CVX)



Not able to make new high at 137.00

could pull back to 128.14

176.90

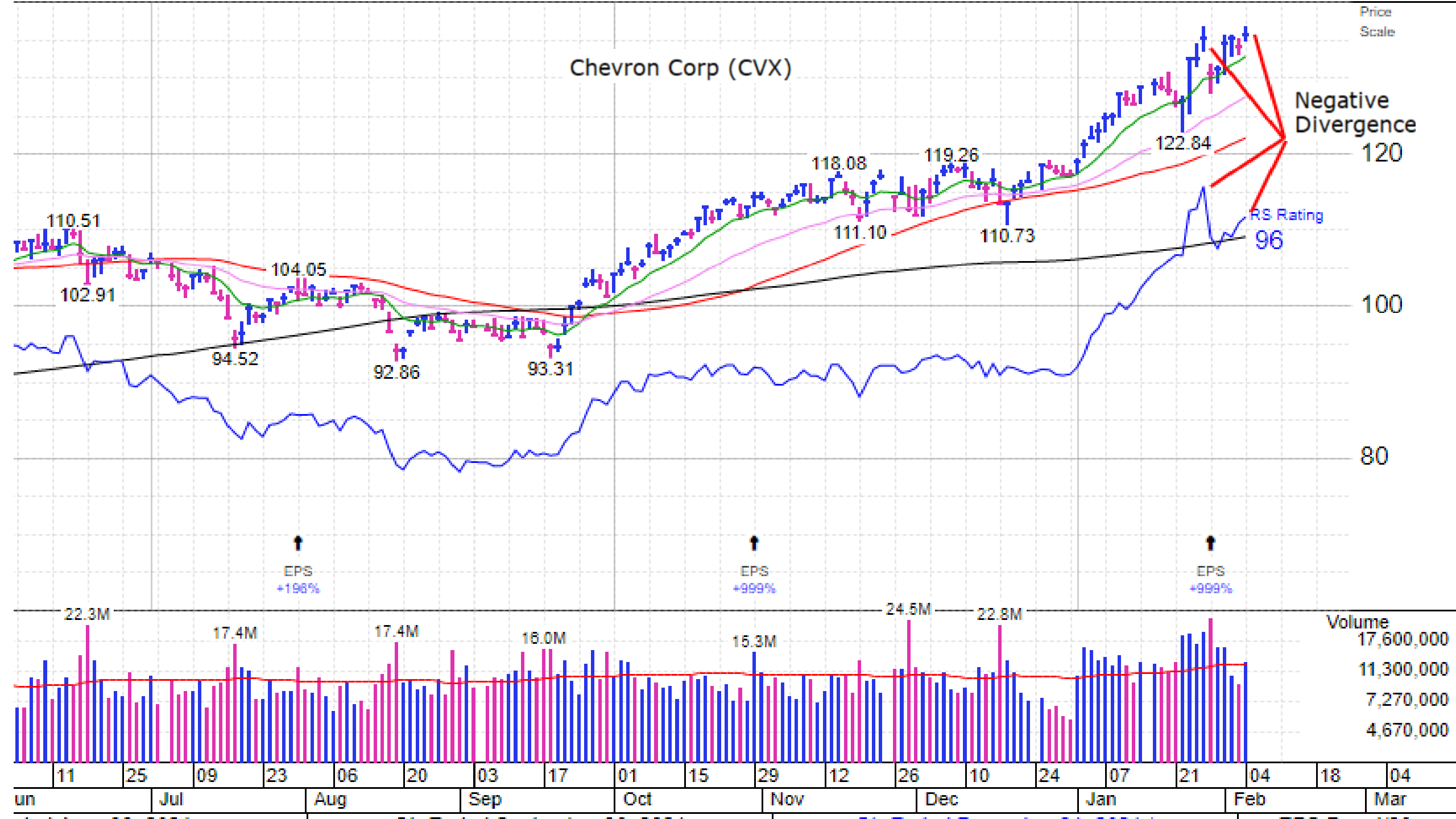
144.80

125.14

135.88

Chevron Corp (CVX)

Price Scale





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