



# Trading Floor Research

01/22/23



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- UCloudlink Group Inc. (UCL)
- Olympic Steel Inc. (ZEUS)

## S&P 500

### Pivotal week for the S&P 500

*This week could be pivotal in deciding the direction of the S&P 500 for the next few months. The index has run out the clock on its sideways action, and the chart indicates that a decision is imminent.*

*Last week I stated that "the current over-bought status points to a pullback" and "I will look for a retest of the lower channel line and Fibonacci support between 3890.67 and 3848.61." The S&P 500 pulled back to 3885.54 before rallying again and closed the week at Fibonacci resistance at 3972.43 and the channel's top. (Refer to S&P 500 chart)*

*The top of the rising channel line crosses the descending trendline from January 4, 2022, high this coming Friday, January 27, 2023. Crossing of these two critical trendlines marks a potential time cycle turn date. If the S&P 500 rallies into the time cycle turn date, it will indicate a market high. Selling into January 27 will offer a turning point for a market low.*

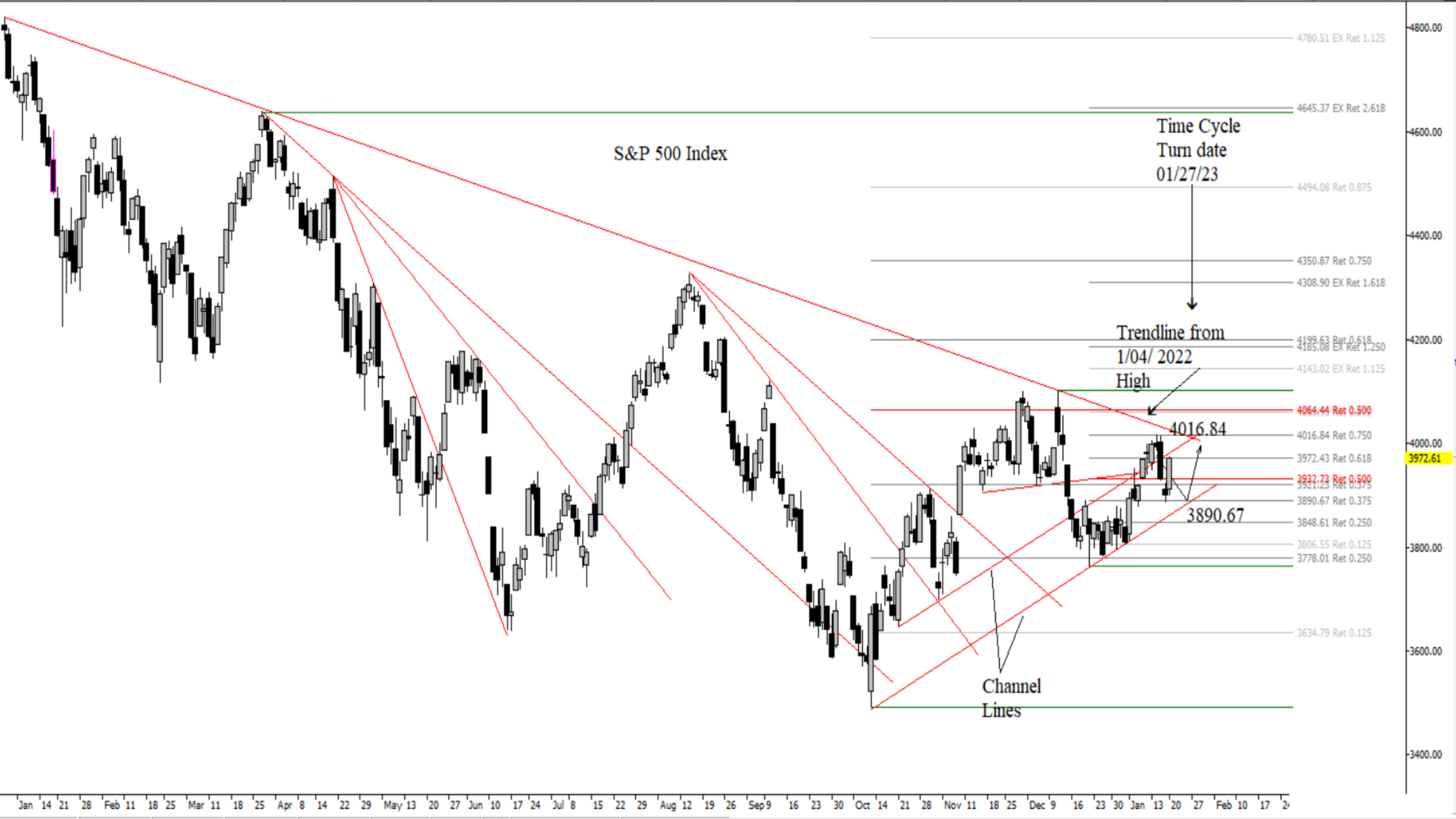
*The channel highs and lows will offer the most critical information. The channel low converges with Fibonacci support at 3890.67, and the channel high is at the crossing of previously mentioned critical trendlines and Fibonacci resistance of 4016.84.*

*A close below 3890.67 will break the lower channel and indicate the start of the next move lower. A close below 3806.55 will put the bears firmly in control of a market that could trend lower for the next few months.*

*If the S&P 500 can produce a weekly close above Fibonacci resistance at 4016.84 and the descending trendline from January 2022 high, it will put the bulls in control of a market that will officially begin the next uptrend.*

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

The **Telecom Services** industry group and the **Communication Services** sector gave buy signals on January 12, 2023, but the communications stocks have been trending higher since mid-December. In today's newsletter, I highlight a telecom stock that has provided leadership as others in the sector have followed. **UCloudlink Group Inc. (UCL)** is a Hong Kong based telecom services company that gave a new buy signal on Friday and is ready to break out of its month-long base.

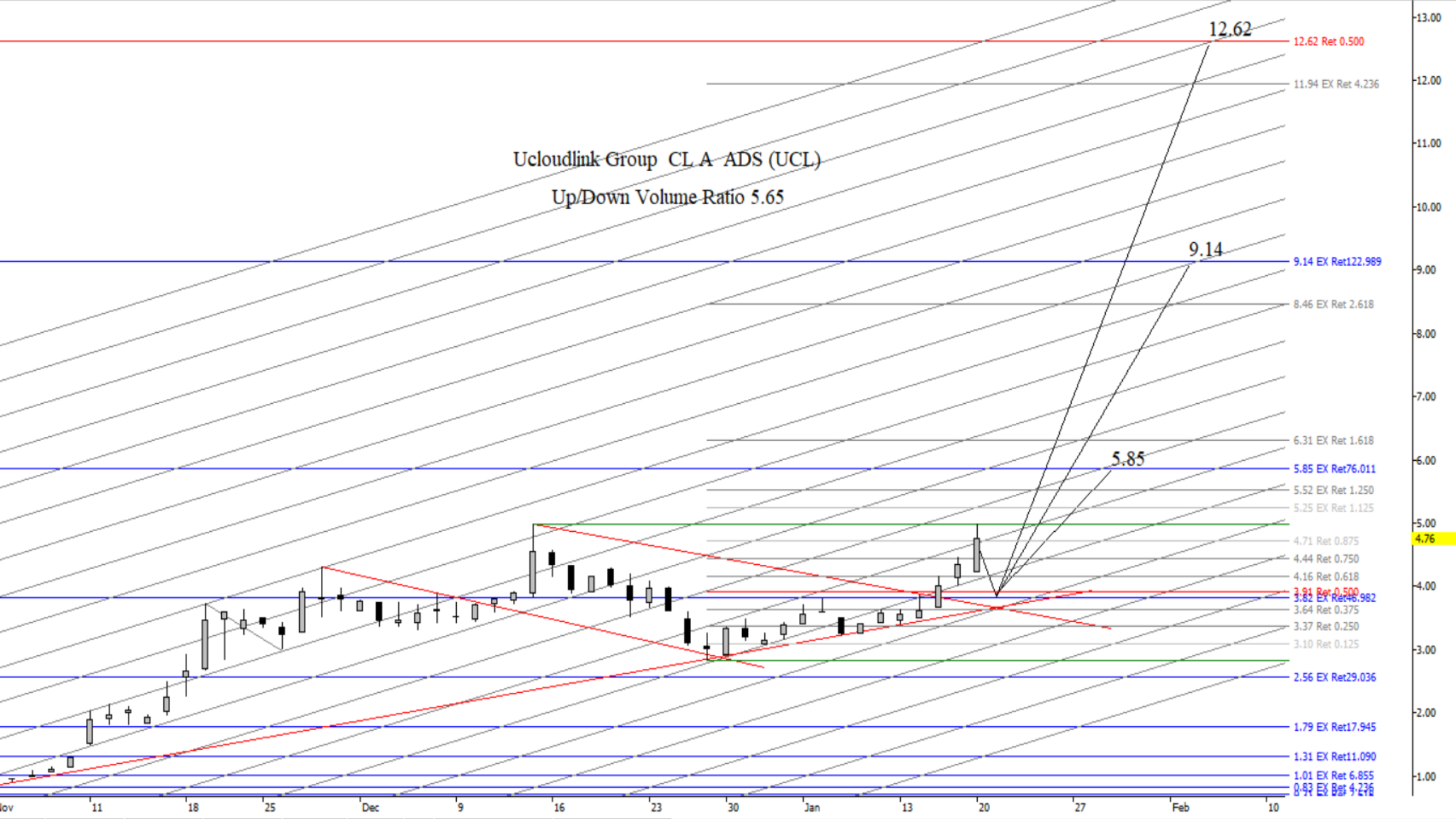
The **Basic Materials** sector has two industry groups showing exceptional strength after the recent buy signal. Aluminum and Steel industry groups provide opportunities I haven't seen since the beginning of 2022. Stocks in these strong groups show the power that indicates they can be held as a position trade.

The **Steel Producers** industry group is on the move again after giving a buy signal from a cup with a handle base that started in April last year. The group is showing tremendous accumulation at higher levels than all of 2022. My favorite stock in the group is **Olympic Steel Inc. (ZEUS)**, featured in this newsletter.

The **Aluminum** industry group gave traders a second chance to buy stock in the group after an earnings miss from Alcoa Corporation (AA). After the earnings miss, Aluminum stocks pulled back and alleviated the overbought conditions. The group's leader demonstrating price and volume strength is **Constellium NV (CSTM)**. The Netherlands-based company provides aluminum products for the aerospace and automotive industries.

## New buy candidate: UCloudlink Group Inc. (UCL)

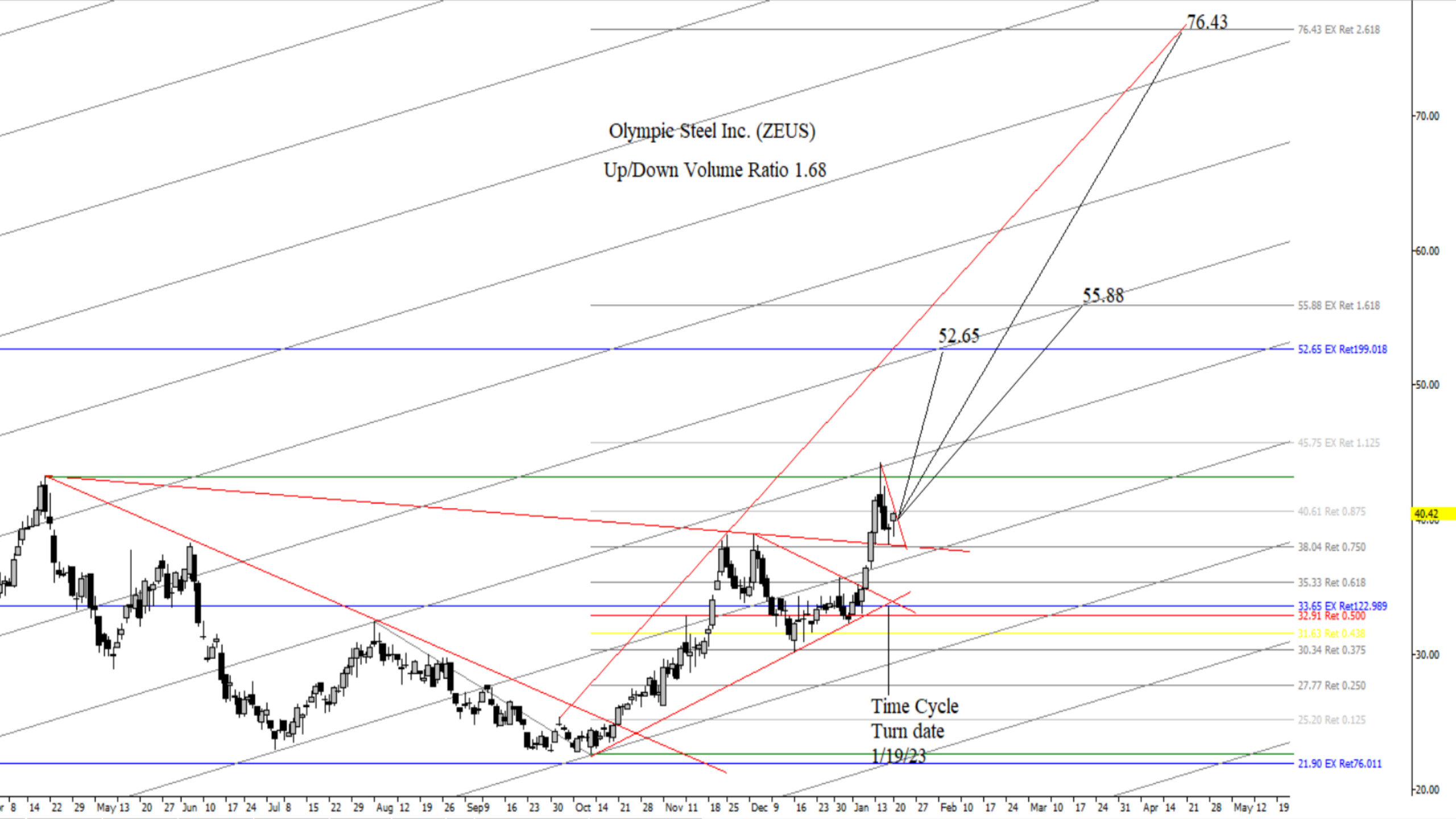
- Industry Group: **Telecom Services**. The Telecom Services-Foreign industry group is ranked 109<sup>th</sup> out of 197 and is up 5.85% YTD.
- **UCloudlink Group Inc. (UCL)** is a Hong-Kong provider of mobile data traffic sharing services using cloud SIM technology.
- **UCloudlink Group Inc. (UCL)** exploded higher in October and November and has been basing since early December. The stock gave a fresh buy signal on Friday as it completed a cup base. It may need a few more days to put in a handle. A pullback to Fibonacci support at 3.82 as the stock starts a handle will offer a buying opportunity.
- **UCloudlink Group Inc. (UCL) will be confirmed with a pullback to 50% of the base at 3.91 or Fibonacci support at 3.82.**
- Wait for confirmation!
- Initiate position with at 1-star(\*)
- Under massive accumulation with an Up/Down Volume ratio of 5.65.
- UCloudlink Group Inc. (UCL) closed at **4.77**.
- UCloudlink Group Inc. (UCL) VWAP is at 3.47
- Sell target prices: **1<sup>st</sup> target is 5.85; 2<sup>nd</sup> target is 9.14; 3<sup>rd</sup> target is 12.62.**
- Stop sell price: **Close** below **3.47**.



## New buy candidate: Olympic Steel Inc. (ZEUS)

- Industry Group: **Steel-Metal Products Distributor**. The **Metal Products Distributor** industry group is ranked 13th out of 197. The group is up +14.13% YTD and gave its last buy signal on January 13, 2023. Olympic Steel Inc. is also part of the **Steel** industry group, which provided a buy signal on January 12, 2023.
- **Olympic Steel Inc. (ZEUS)** produces and distributes hot and cold rolled steel products, stainless steel, and armor.
- **Olympic Steel Inc. (ZEUS)** broke out of its most recent cup-with-handle base on January 13, 2023. After the buy signal, the stock spent last week pulling back for the next surge higher. Last week's throwback into the trendline of the base found support at Fibonacci 38.04 target and alleviated overbought conditions.
- **Olympic Steel Inc. (ZEUS) will confirm with a 30-minute signal at 40.53 on above-average volume.**
- **Wait for confirmation!**
- Initiate position with at 2-star(\*\*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.68.
- Olympic Steel Inc. (ZEUS) closed at **40.42**.
- Olympic Steel Inc. (ZEUS) VWAP is at 22.01.
- Sell target prices: **1<sup>st</sup> target is 52.65; 2<sup>nd</sup> target is 55.88; 3<sup>rd</sup> target is 76.43.**
- Stop sell price: **Close** below **38.04**.







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