



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

05/23/23



Trading Floor Research Weekly Follow-up Report:

- *S&P 500 (update)*
- *2X Long VIX Futures ETF (UVIX)*

S&P 500

The S&P 500 closes below 4155.10

The **S&P 500** closed at 4145.58, below its critical bear market 50% number of 4155.10. But the **NASDAQ 100 (QQQ)s** -1.28% drop did not push the index back below its necessary 50% bear market number at 331.58.

Reclaiming significant Fibonacci numbers like 50% after a rally will typically cap the rally attempt and lead to a strong reversal. If both the SPX and the QQQs close back below their critical 50% numbers, the probability of a meaningful market decline increases exponentially.

Weakness in the market sectors is telling a similar story.

After two weeks of lying flat on its back, the **Basic Materials** sector finally gave a sell signal today. With **Building Materials** as the only industry group in the sector to avoid a sell signal, it is surprising it took this long.

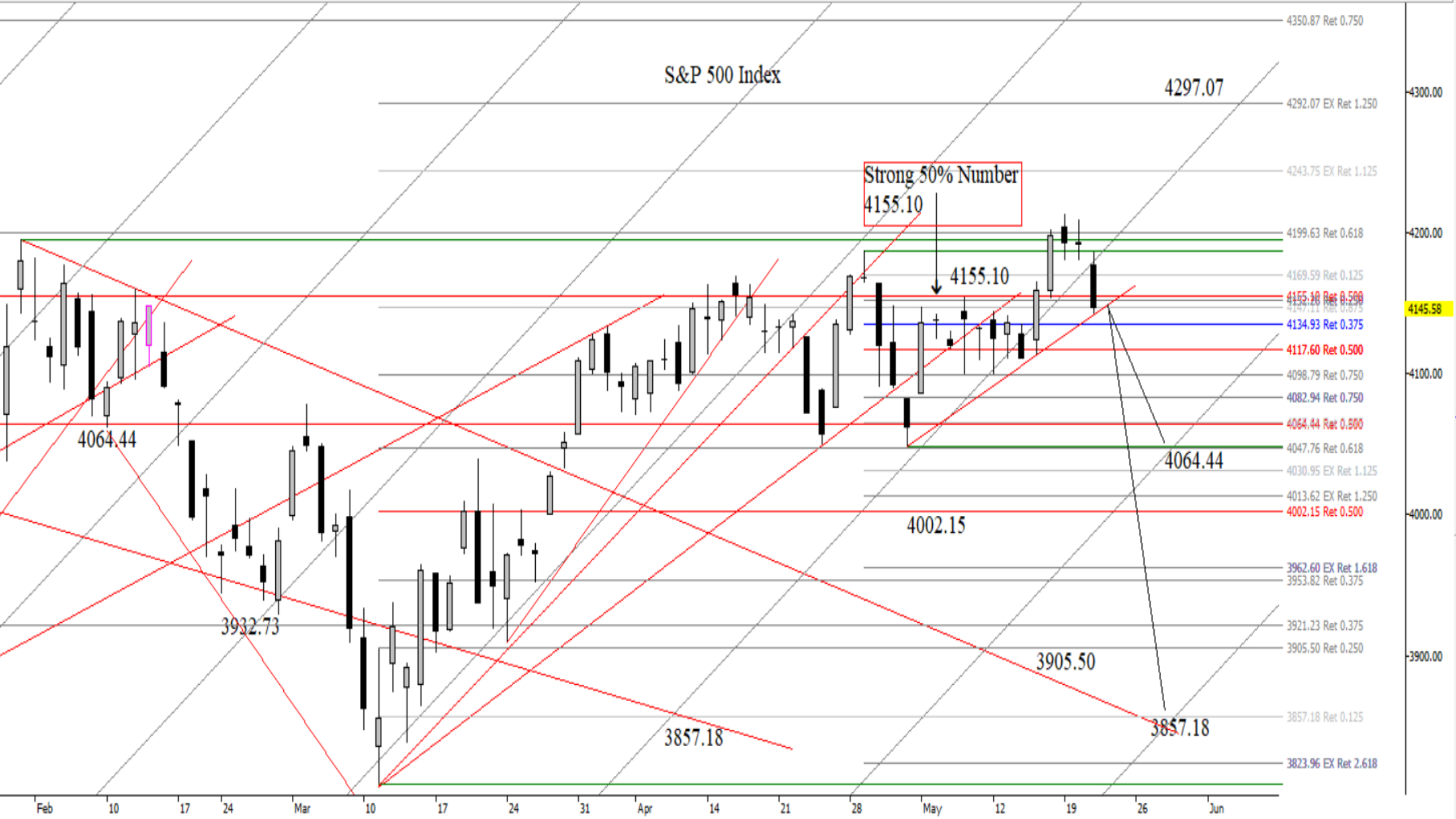
The overbought **Technology** sector sold off on a larger volume than yesterday's up day. Volume is on the wrong side and points toward distribution. The only thing that carried the markets beyond their 50% bear market numbers was the Technology sector. The robust technology industry groups that pushed the sector higher are incredibly overbought and need to pull back. If the Technology sector does not start getting more group participation and showing institutional accumulation, the rally will not last.

Surprisingly, the **Consumer Defensive** sector gave a sell signal on Monday. Even the defensive stocks got too expensive.

The only sector in a confirmed buy signal backed by institutional accumulation is the **Healthcare** sector. With a successful market pullback that can hold at the 50% numbers, I will focus on leadership stocks in the Healthcare sector.

I recommend caution and 90% cash in a safe U.S. Treasury money market.

S&P 500 Index



05/23/23



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(Please, watch this list closely. If a TFR recommended stock does not appear in this list, it has been sold or was never bought)

- Flywire Corporation (FLYW) hit a new high today at 32.01 before the downward push of the market dragged the stock lower. So far, the pullback looks constructive as FLYW threw back into its downward-sloping trendline from the May 15 high and held at the 30.63 Fibonacci support. To be safe in this market, I will sell with a close below 30.63 and lock in a small profit.*
- Ambrx Biopharma Inc. (AMAM) was purchased yesterday at 13.63, and today at the high, the stock has already advanced by 10.70%. The first Fibonacci target is at 16.69.*

05/16/23



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- The ProShares UltraPro Short Dow 30 (SDOW) was purchased at 26.84 with a 30-minute confirmation. With the S&P 500 closing back below its critical 50% bear market number at 4155.10, I want to short the weakest index in the market. The weakest index is currently the Dow Jones Industrial Average.*
- X4 Pharmaceuticals Inc. (XFOR) was purchased yesterday at 2.17 and was trading higher at 2.27 this morning. The drag of the market pulled the stock lower and closed at 2.06. XFOR is a strong stock under massive institutional accumulation. I will hold the stock through a market selloff unless it closes below its stop at 1.84.*

Buy candidate: 2X Long VIX Futures (UVIX)

- **Portfolio: 2X Long VIX Futures (UVIX).** This ETF corresponds to the move in 2X the VIX Futures Index and **CBOE Volatility Index (VIX)**

Be aware that the 2X Long VIX Futures (UVIX) ETF generates a K-1 for tax purposes.

• *2X Long VIX Futures (UVIX) trade is designed to expand when the VIX Futures contract moves higher. The UVIX is highly correlated to the CBOE Volatility Index (VIX) move but is not an exact two-beta relationship. The CBOE Volatility Index (VIX) has reclaimed a substantial Fibonacci number at 17.70 and confirmed a buy on the 30-minute chart. I am going long Volatility with the 2X Long VIX Futures ETF (UVIX) when UVIX gives confirmation.*

- *2X Long VIX Futures (UVIX) will Confirm with a 30-minute confirmation at 10.24.*

- *I will send a text confirmation*

- *Start position at 2-star(**).*

- *2X Long VIX Futures (UVIX) closed at 9.96. The CBOE Volatility Index (VIX) closed at 18.53.*

- *2X Long VIX Futures (UVIX) VWAP is at 49.56.*

- *Sell target price on CBOE Volatility Index (VIX): 1st target is 23.00; 2nd target is 31.20; 3rd target is 44.60*

Stop sell price: Close below 17.70 on the CBOE Volatility Index (VIX).

CBOE Volatility Index (VIX)





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