



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

06/16/24



This Trading Floor Research report contains:

Russell 2000 (IWM) Update

Sector and Industry Group Update

Grayscale Ethereum Trust (ETHE)

ProShares UltraShort Financials (SKF)

06/16/24



AIQ Zoom Workshop

June 20, 2024 (5-6:30 pm Eastern)

Join David Wozniak, CMT, and Steve Hill, the CEO of AIQ Systems, for the AIQ Zoom Workshop.

In the first part, Steve Hill will cover Leveraged Candlestick Patterns for Predictive Stock Analysis.

In the second segment, David Wozniak of Trading Floor Research will discuss his annual Summer Forecast, highlighting excellent market opportunities by sector and industry group.

<https://us02web.zoom.us/meeting/register/tZ0qd-ygqzkuG9Hsg7WYrzq22Oj0mMngtD1Y#/registration>

Russell 2000 (IWM) Update

Wednesday's **Russell 2000 (IWM)** rally was stopped at its Fibonacci 3/4 number of 206.74. Since it closed below 206.74 on May 22, every rally attempt has concluded at the 3/4 number. Wednesday's bounce lasted less than 20 minutes above the substantial Fibonacci number before resuming the downtrend for the remainder of the day.

Reversals happen at 3/4 numbers, and the crossing of two trendlines highlighted Thursdays. An ascending trendline from the April low crossed a trendline from the March 28 high. Where trendlines converge often gives time cycle highs and lows. The price setup had IWM tail above the convergence and closed below. (Refer to IWM Chart)

Finding resistance at the 3/4 number and closing below the trendline crossing set up a high-probability downside pattern for IWM. That is why I stayed with my TZA position even though it closed a few pennies below my stop.

The high-probability Russell 2000 pattern played out with a strong selloff on Thursday. IWM spent 3 1/2 hours below the critical Fibonacci 1/2 number at 201.61 but could not confirm its next move lower during that time. At 2:30 pm ET, IWM traded back above 201.61 and closed at 201.90. The inability to confirm and the failure of the Bears to retain control led to selling the remainder of my TZA position.

The first 1/3 position was sold with a +4.1% gain. The remaining 2/3 position was sold with a -1.7% loss, as the trade netted a slim +0.23% gain.

On Friday, the Russell 2000 (IWM) closed below the critical 1/2 number at 201.61, and the bears took back control. Once I get confirmation, I will reinstate the **Direxion Small Cap Bear 3x (TZA)** position.

The Fibonacci targets are 19.98, 21.49, 22.21, 23.94, and 25.04.
The stop is a close below 18.45.

MA 1:30,Simple,HL,Shift0 = 204.55
MA 2:20,Exp,HL,Shift0 = 202.94
MA 3:10,Simple,HL,Shift0 = 202.35
MA 4:50,Exp,HL,Shift0 = 202.70

Small-cap Russell 2000 (IWM)

Up/Down Volume Ratio of .99



214.44 EX Ret 1.125
209.30 Ret 0.875
206.74 Ret 0.750
204.03 Ret 0.618
202.42 EX Ret 2.618
201.61 Ret 0.500
199.04 Ret 0.375
198.78
196.47 Ret 0.250
193.91 Ret 0.125
191.34
186.85 EX Ret 1.618
185.01 EX Ret 1.500
183.07 EX Ret 1.375
181.12 EX Ret 1.250
179.18 EX Ret 1.125

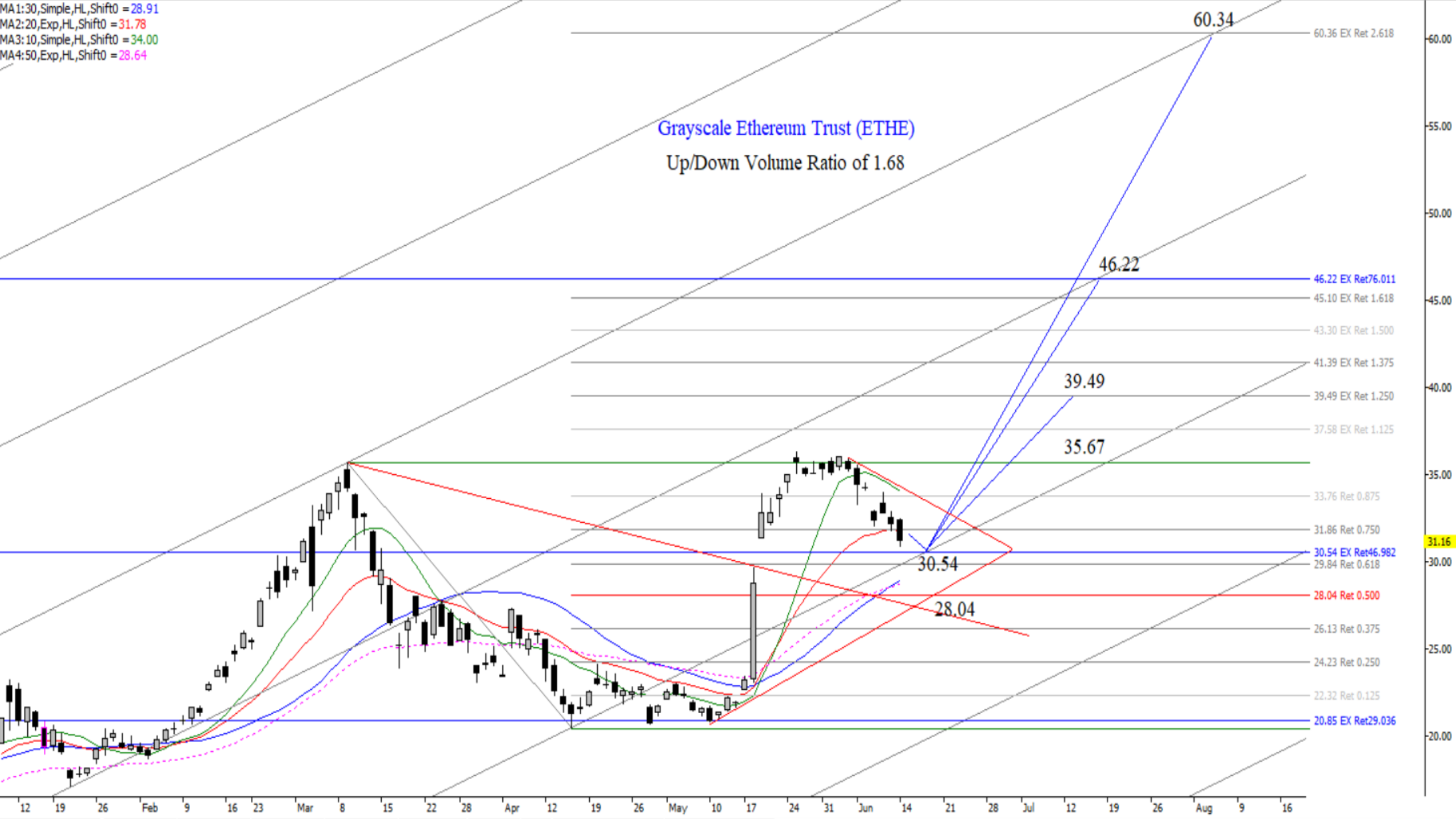
Buy Candidate: Grayscale Ethereum Trust (ETHE)

- *Portfolio: A grantor trust that holds the Ethereum cryptocurrency coin. This ETF is solely invested in and derives value from the price of Ethereum (ETH).*
- *Grayscale Ethereum Trust (ETHE) completed multiple Double Top Breakouts on the Point & Figure chart. The latest breakout was a Spread Double Top breakout at 36 and is pulling back from that level to alleviate the overbought Long Pole formation. ETHE is also completing the handle of a Cup-with-handle base that started on March 11. ETHE pulled back to its target Fibonacci retracement area at 30.54 on Friday. Breaking this area could send shares to Fibonacci support at 29.84 or 28.04. 28.04 is the ½ number of the ETHE base.*
- *Once the Grayscale Ethereum Trust (ETHE) retracement concludes I will purchase following confirmation.*
- *Wait for text confirmation.*
- *Start position at 1-star(*)*
- *Grayscale Ethereum Trust (ETHE) closed at 31.54.*
- *Grayscale Ethereum Trust (ETHE) Anchored VWAP is at 20.75.*
- *Grayscale Ethereum Trust (ETHE) is undergoing significant accumulation, with an Up/Down Volume Ratio of 1.68, at 100-day highs*
- *The Fibonacci sell targets: Resistance at 35.67, 1st target is 20.47; 2nd target is 39.49; 3rd target is 46.22; 4th target is 60.34.*
- *Stop sell price: Close below 28.04.*

MA1:30,Simple,HL,Shift0 = 28.91
MA2:20,Exp,HL,Shift0 = 31.78
MA3:10,Simple,HL,Shift0 = 34.00
MA4:50,Exp,HL,Shift0 = 28.64

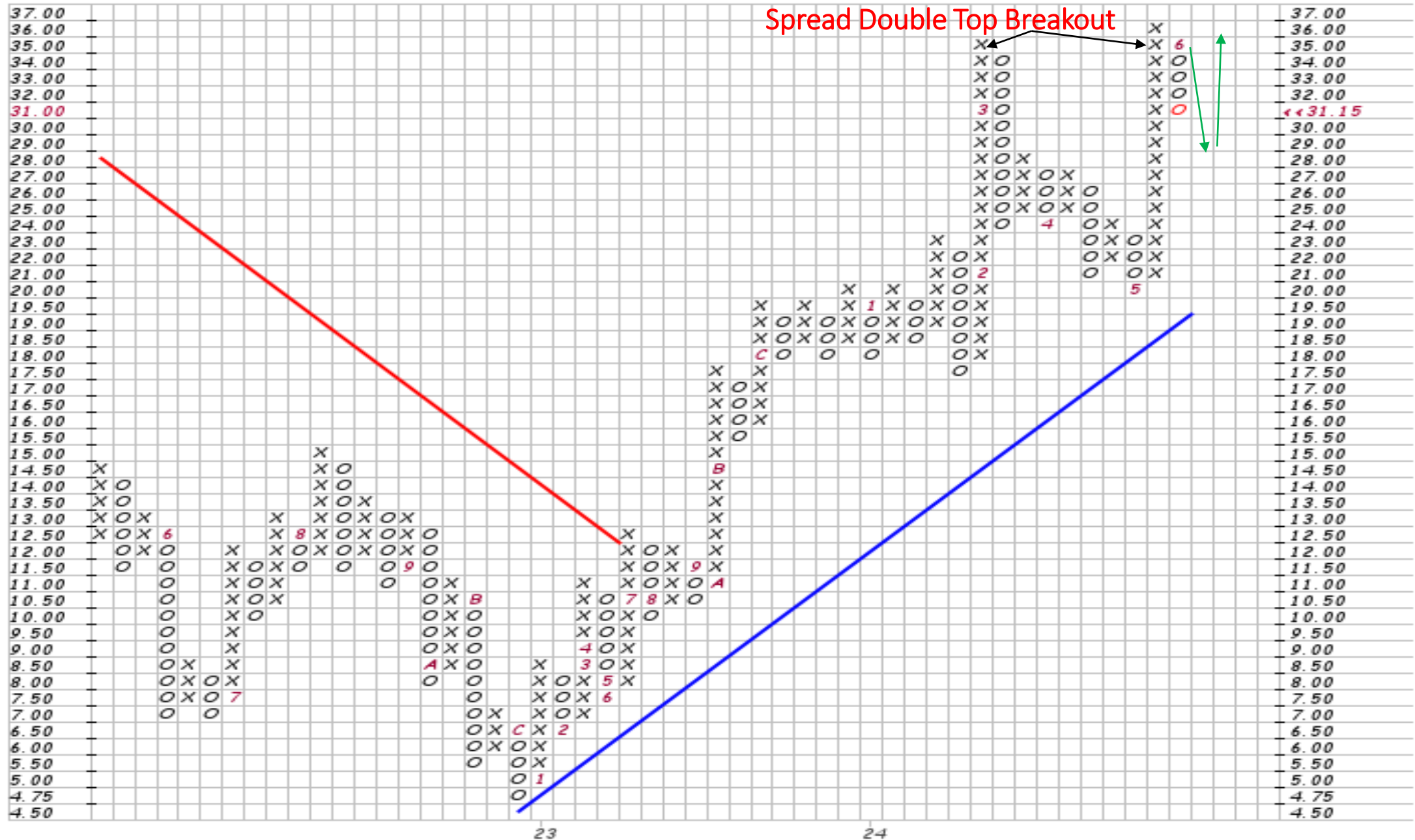
Grayscale Ethereum Trust (ETHE)

Up/Down Volume Ratio of 1.68



Grayscale Ethereum Trust (ETHE)

Spread Double Top Breakout



Sector & Industry Group Update

*In ten of the past eleven trading sessions, more stocks have moved lower as the **NASDAQ** has made new highs. The last time the market breadth diverged with this much persistence at new highs was in October 2007.*

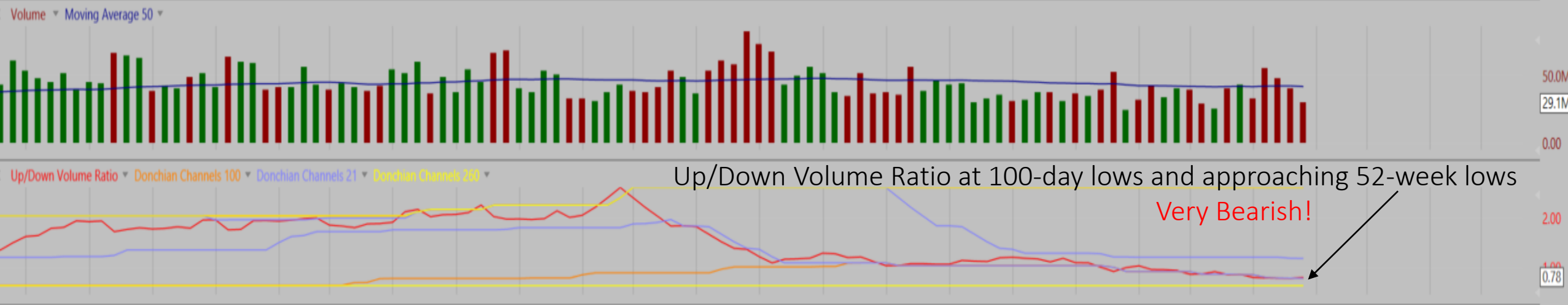
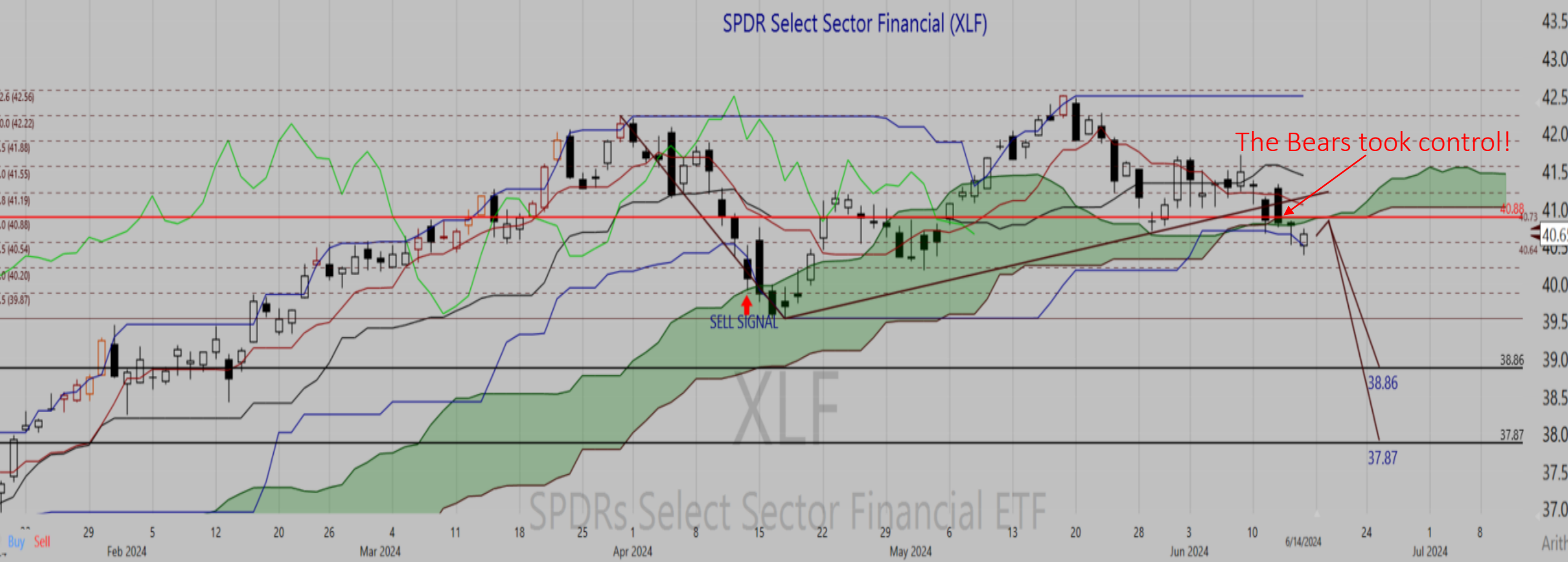
The musical chairs of the mega-cap AI stocks may continue to keep the S&P 500 and NASDAQ moving higher. However, it's important to note that it only takes one mega-cap boost to keep the index rally alive, and the narrowing market breadth presents a substantial risk that we should be cautious about.

At this point, most of my focus will be on the deterioration of the sectors and industry groups. I continue holding my Direxion Energy Bear 2x (ERY), as the energy sector led Thursday and Friday's downside move with a two-day loss of -2.51 %. ERY has moved +4.6% from Tuesday's purchase.

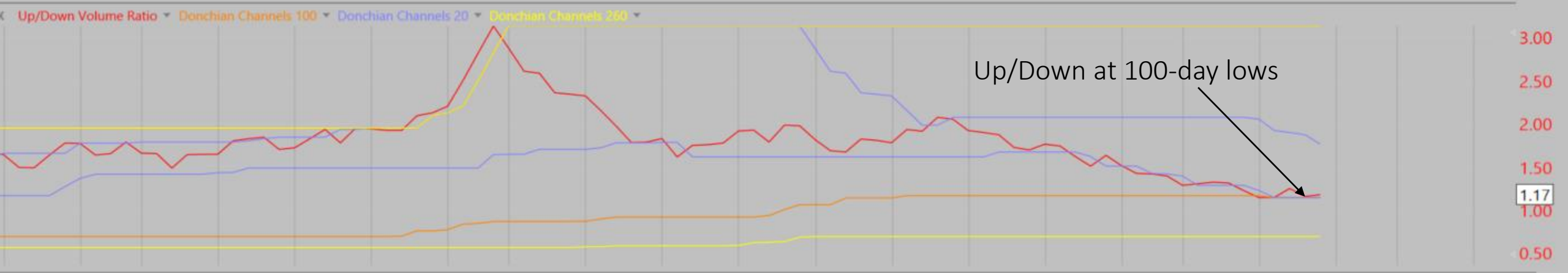
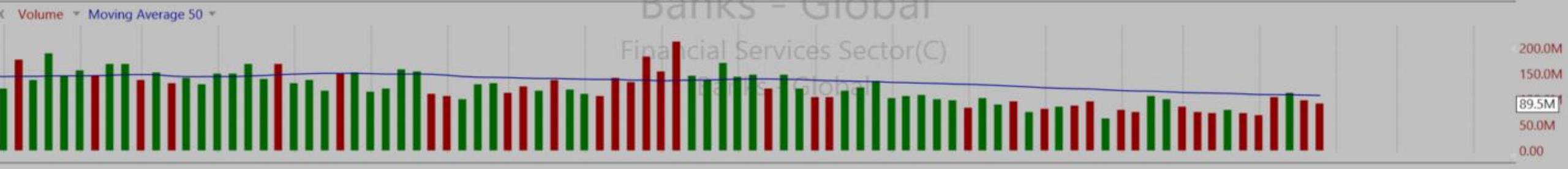
Earlier this week, I brought to your attention the sell signals on **JP Morgan (JPM)**, **Citigroup (C)** and **Wells Fargo (WFC)**. Since Tuesday's sell signals, the relative weakness in the **money center banks** has worsened, and distribution is pointing at significantly lower levels. Thursday, the entire **global bank** industry group confirmed a sell signal, underlining the urgency of the situation.

With regional banks under massive distribution trading near April lows and large banks' new confirmed sell signal, I purchased the **ProShares UltraShort Financials (SKF)** when I got confirmation on Friday. Today's newsletter highlights ProShares UltraShort Financials (SKF).

SPDR Select Sector Financial (XLF)



Global Banks Industry Group



ProShares UltraShort Financials (SKF)

is a confirmed BUY.

- *Portfolio: SPDRs Select Sector Financial ETF (XLF).* The ProShares UltraShort Financials (SKF) ETF corresponds to the move 2X the inverse move of the Financial Select Sector Index
- *ProShares UltraShort Financials (SKF) trade is designed to move higher at 2x the Financial Select Sector Index rate moving lower.*
- *The Financial Sector confirmed a sell signal on April 12. The runup in May lacked the volume necessary to confirm a buy, and since then, it has dropped below 50% of the April to May range, indicating that the bears have taken control.*
- *ProShares UltraShort Financials (SKF) confirmed a Buy at 13.06 on Friday.*
- *Position is at 1-star(*).*
- *ProShares UltraShort Financials (SKF) is undergoing massive institutional accumulation, with an Up/Down Volume ratio of 2.14. It has broken 100-day highs and is approaching 52-week highs.*

- *ProShares UltraShort Financials (SKF) closed at 12.99.*
- *ProShares UltraShort Financials (SKF) VWAP is at 32.27*

- *Sell target price on the ProShares UltraShort Financials (SKF) 1st target is 13.88; 2nd target is 14.22; 3rd target is 14.49.*
- *Fibonacci resistance is at 13.33*
- *Stop sell price: Close below 12.65.*

MA1:30,Simple,HL,Shift0 = 12.43
MA2:20,Exp,HL,Shift0 = 12.60
MA3:10,Simple,HL,Shift0 = 12.67
MA4:50,Exp,HL,Shift0 = 12.62

ProShares UltraShort Financials (SKF)

Up/Down Volume ratio of 2.14, breaking 100-day highs and approaching 52-week highs



Disclaimer

Before using this site, please make sure that you note the following important information:

Do your Own Research

Our content is intended to be used and must be used for informational purposes only. It is very important to do your own analysis before making any investment based on your own personal circumstances. You should take independent financial advice from a professional in connection with, or independently research and verify, any information that you find on our Website and wish to rely upon, whether for the purpose of making an investment decision or otherwise.

The content of this email is confidential and intended only for the recipient specified in the message. It is strictly forbidden to share any part of this message with any third party without the written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion so that we can ensure such a mistake does not occur in the future.



The results are not (or may not be) representative of the performance of all selections made by the Trading Floor Research (TFR) newsletter.

We look for investment resources and inform you of these resources, which you may choose to use in making your own investment decisions. **Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.** This material is being provided for informational purposes only, and nothing herein constitutes investment, legal, accounting, or tax advice or a recommendation to buy, sell, or hold a security. No recommendation or advice is being given as to whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors, or markets identified and described were or will be profitable. All information is current as of the date herein and is subject to change without notice.