



Trading Floor Research

Welcome to the
— Trading Floor —



12/26/21

This Trading Floor Research report contains:

- Real Brokerage Inc. (REAX). A new Buy Candidate in the Real Estate Development/Operations industry group.
- Zendesk Inc. (ZEN) A new **SHORT** candidate in the Computer Software Enterprise industry group.
- Avalara Inc. (AVLR) A new **SHORT** candidate in the Computer Software Specialty Enterprise industry group.

Sectors, Industry Groups & Leadership Stocks

10 of the 11 market sectors are in sell signals.

As indicated in last Sunday's report, the **utility sector** is in a buy signal but pulled back last week.

The **Real Estate sector** hit a new high last week but did it with meager volume. The sector is not in an official buy signal, but a new high should not go unnoticed. Therefore, I included a solid stock breaking out of an IPO base from the **Real Estate Development/Operations** industry group in this week's report. **Real Brokerage Inc. (REAX)** has moved sideways in a tight range during December's significant up and down moves in the market. If volume enters the Real Estate sector this week, Real Brokerage (REAX) could make a move higher, and I want you to be ready.

Wednesday and Thursday, the **Healthcare sector** showed tremendous price strength with below-average volume. The sector is not in a buy signal without volume, but the price strength is encouraging. Volume confirmation could offer huge opportunities.

The S&P 500, NASDAQ, and Russell 2000 remain in sell signals. Even though the S&P 500 came close to an all-time high last week, the lack of volume has kept this index from confirming a buy signal. If institutions aren't buying, last week's rally will end quickly.

The small-cap Russell 2000 is trading in the lower half of its ten-month base. The bears are firmly in control of the Russell 2000 and strongly indicate "Risk-Off" in the markets.

Leadership groups showed encouraging price strength this past week. Volume declined tremendously into the Christmas holiday. Without volume, this rally should be viewed as very suspect.

I continue to recommend caution and high cash levels until the market sectors and industry groups show volume confirmation.

Wait for **"Risk On"** to get aggressive!

Watching the CBOE Volatility Index (VIX) for market clues

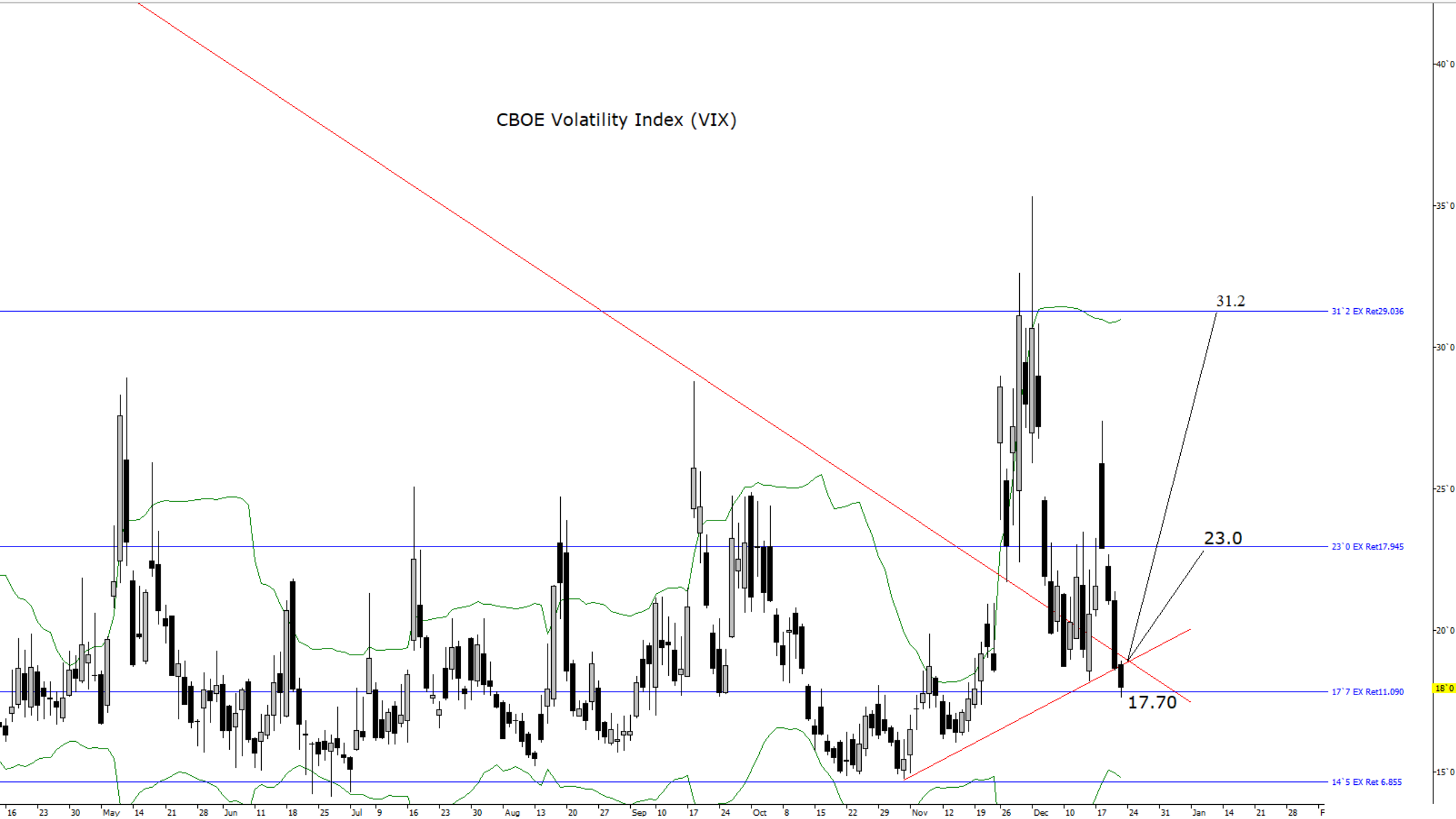
Over the past few weeks, the CBOE Volatility Index (VIX) has given me great clues to the next twist and turn the market would make. The latest indication came on Thursday as the VIX hit its Fibonacci target at 17.70. As the VIX hit its downside target, many of the stocks I watched were hitting Fibonacci upside resistance numbers with below-average volume. *The combination of these events has prepared me for another market selloff.*

I also must consider the solid upward bias of the market next week due to seasonality tendencies. Next week is regarded as the official Santa Clause rally. It has a long history of being one of the strongest trading weeks of the year.

My Fibonacci numbers also have high probabilities as to their accuracy. Therefore, I am adding short candidates to this week's report. If the market starts to decline, I want you to be ready.

This past week, traders seemed to prepare themselves for a big move higher by pushing the market up with no volume. If the market goes the other way, it could take traders by surprise and lead to a quick collapse. Being ready with short candidates will allow us to take advantage of the move lower.

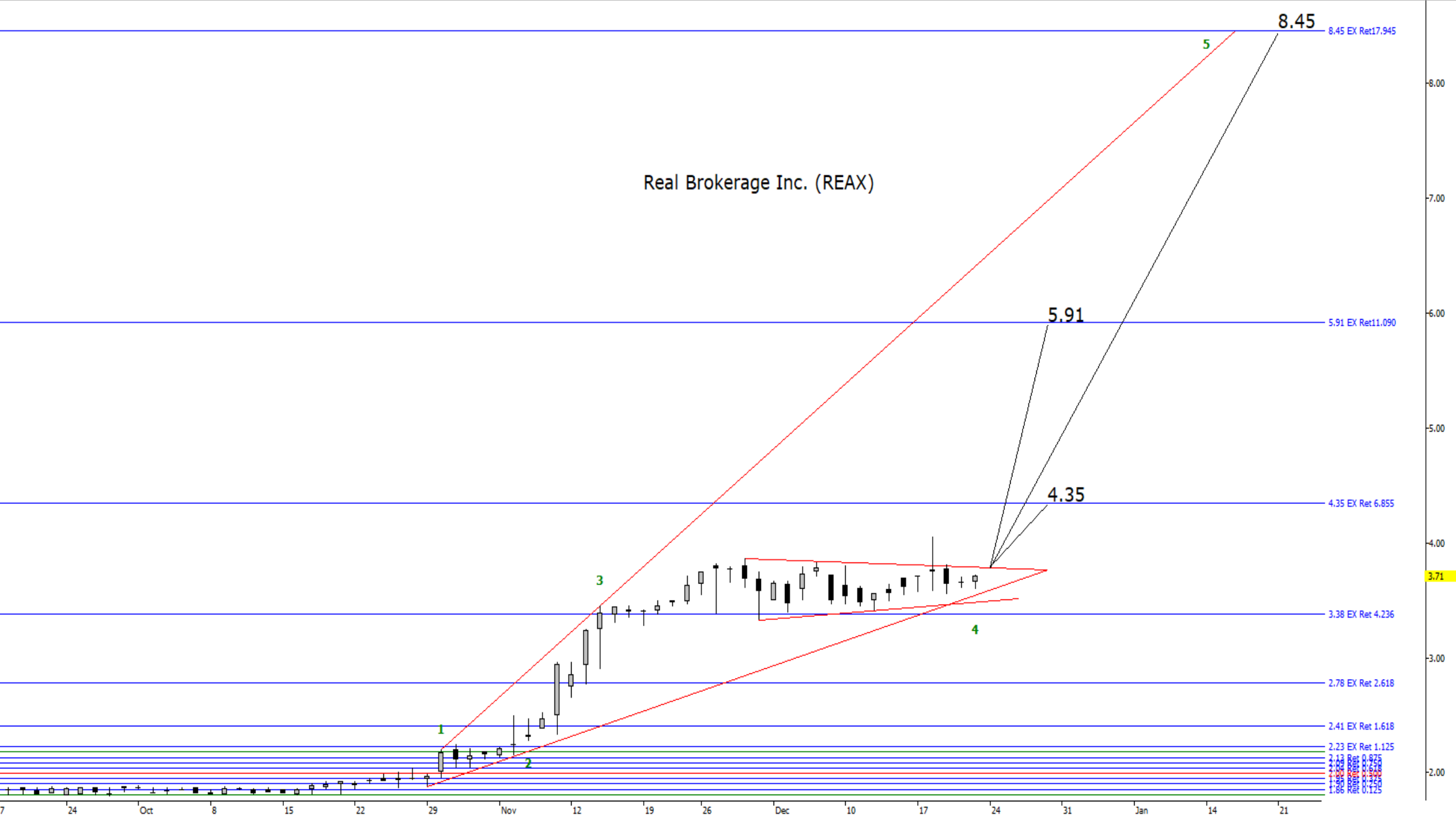
CBOE Volatility Index (VIX)



Buy candidate: Real Brokerage Inc. (REAX)

- Industry Group: Real Estate Development/Operations. The group currently ranks as the 49th strongest industry group out of 197 and is up 35.47% YTD. The group gave a 20-day closing high on 12/25/21 with below-average volume. Volume is necessary next week for confirmation.
- Real Brokerage Inc. (REAX) is a Canadian-based tech-powered real estate brokerage operating in 31 states and the District of Columbia.
- Real Brokerage Inc. (REAX) broke out of its IPO base on November 11, 2021. During recent market declines, the stock has traded above Fibonacci support 3.41 in a tight handle formation. It is ready to break out with industry group strength.
- Real Brokerage Inc. (REAX) could pull back to Fibonacci support at 3.38 with market weakness next week. This is a great place to start accumulating shares.
- Real Brokerage Inc. (REAX) will confirm a buy signal with a 30-minute close above 3.73 on increased volume.
- Wait for a text confirmation!
- Initiate position at 2-star(**)
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.3.
- Real Brokerage Inc. (REAX) closed at 3.71 on Thursday.
- Real Brokerage Inc. (REAX) VWAP is at 1.99.
- Sell target prices: 1st target is **4.35**; 2nd target is **5.91**
- Stop sell price: Close below **3.38**.

Real Brokerage Inc. (REAX)



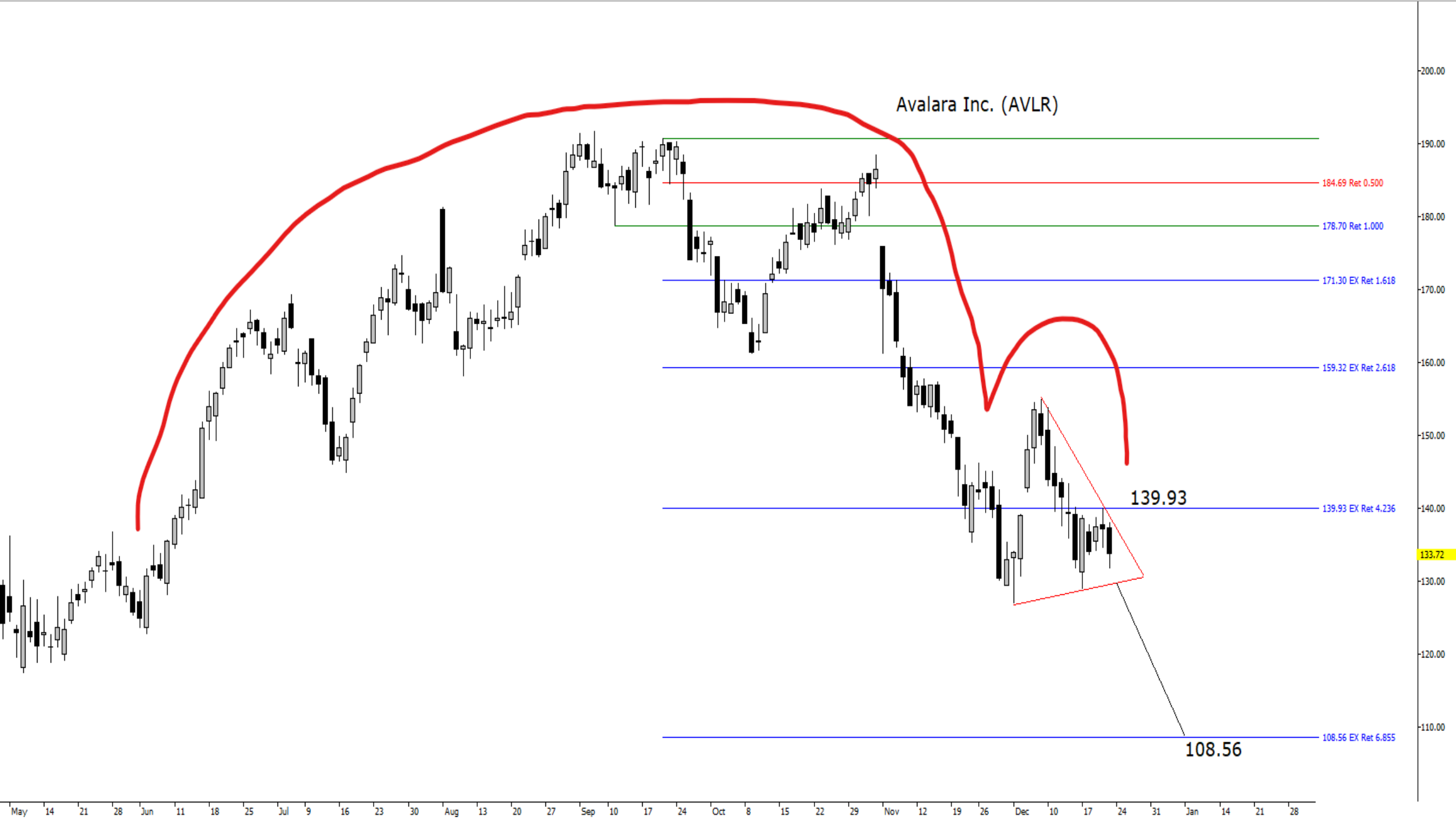
Short candidate: Zendesk Inc. (ZEN)

- Industry Group: **Computer Software Enterprise**. The group currently ranks as the 106th strongest industry group out of 197 and is down -3.75% YTD. The group gave a 20-day closing low sell signal on November 22, 2021.
- Zendesk Inc. (ZEN) Develops software as a service platform that helps customers engage with their customers.
- Zendesk has been trading under Fibonacci resistance at 105.49 since gapping below it on October 29, 2021. Last week's market rally had the stock rally back to its 105.49 resistance on below-average volume.
- Zendesk found institutional sellers at its 50-day moving average on Wednesday. A stock failing against a 50-day is a high probability area too short.
- **Zendesk Inc. (ZEN) will confirm a sell with a 30-minute close below 102.85**
- **Wait for confirmation text!**
- Initiate position with at 2-star(**).
- Under massive institutional Distribution with an Up/Down Volume ratio of 0.5.
- Zendesk Inc. (ZEN) closed at 103.35.
- Zendesk Inc. (ZEN) VWAP is at 72.69.
- Buy (Cover Short) target prices: **1st target is 92.93**; 2nd target is 72.92
- Stop sell price: Close below **105.49**.



Short candidate: Avalara Inc. (AVLR)

- Industry Group: **Computer Software Specialty Enterprise**. The group currently ranks as the 74th strongest industry group out of 197 and is up 5.60% YTD. The group gave a 20-day closing low sell signal on November 18, 2021. The industry group rallied to the 200-day moving average this week. This is a very vulnerable group.
- Avalara Inc. (AVLR) Develops cloud-based software solutions designed to improve accuracy and efficiency by automating
- Avalara Inc. Rallied to Fibonacci resistance on Wednesday at 139.93 and sold off on Thursday as the market continued to rally. This shows relative weakness at a critical Fibonacci number.
- Avalara Inc. (AVLR) 50-day moving average crossed the 200-day moving average to the downside last week. The moving averages are forming a very negative pattern called a death cross.
- Avalara has been forming an inverted cup-with-handle top since May 11, 2021.
- **Avalara Inc. (AVLR) will confirm a sell with a 30-minute close below the rising trendline at 132.25**.
- **Wait for confirmation text!**
- Initiate position with at 2-star(**).
- Under massive institutional Distribution with an Up/Down Volume ratio of 0.7.
- Avalara Inc. (AVLR) closed at 133.73.
- Avalara Inc. (AVLR) VWAP is at 100.41.
- Buy (Cover Short) target prices: **1st target is 108.56.**
- Stop sell price: Close below **139.93.**





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