



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

01/29/23



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- ProShares UltraPro Russell 2000 ETF (URTY)
- S&P Biotech Bull 3X ETF (LABU)
- Valens Semiconductor Ltd (VLN)

S&P 500

Bulls take control of S&P 500 on pivotal week

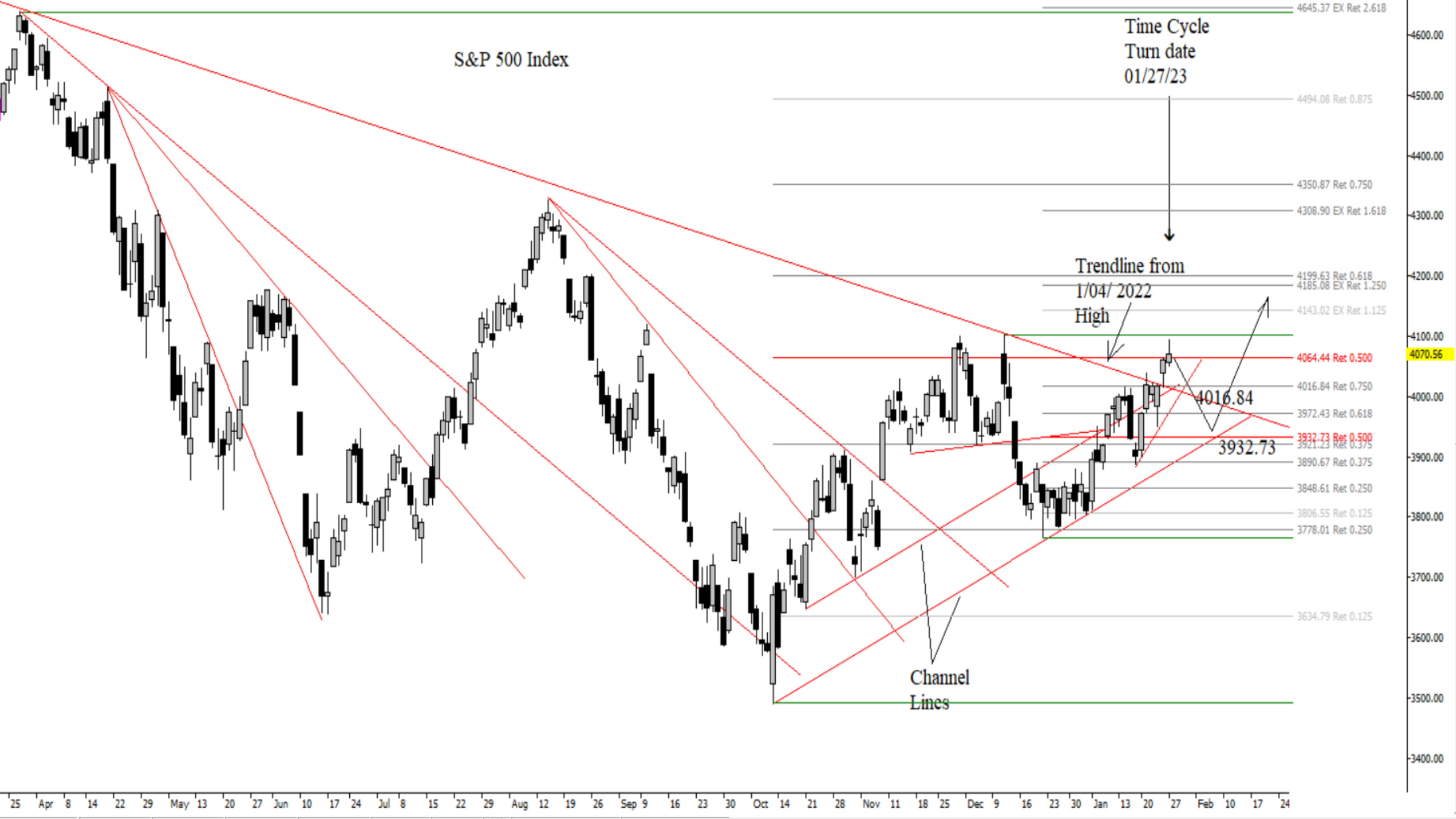
The S&P 500 exploded higher on strong volume Thursday and Friday to close out the week above Fibonacci resistance at 4016.84 and the descending trendline from January 2022 high. With a weekly close above 4016.84, the bulls have taken control of the market, and we have officially started the next uptrend.

The bull run might take a pause this coming week due to the cycle turn date I wrote about in last week's newsletter. A rally into the cycle turn date indicates a market high. The market rallied into January 27, 2023.

Friday's cycle turn date happened at a Strong Fibonacci resistance of 4064.44. The 4064.44 number marks 50% of the range from March 29, 2022, high to October 13, 2022, low. A substantial 50% number on a cycle turn date in an overbought market points to a market selloff.

Now that the market is in an uptrend, this week's pullback will offer an excellent opportunity to move a more substantial cash position back into the market. For the first time in a long time, we can buy the dips instead of selling the rips.

If the S&P 500 closes below 4016.84, The pullback target is the lower channel line and Fibonacci support at 3932.73.



The Russell 2000 gave a **BUY** signal that indicated “**Risk-ON**” in the market.

I will use the market pullback to deploy cash back into stocks, and I am focused on two ETFs leading the way.

Small caps were the first market segment to turn down in 2021; they lead the market as we turn higher. After the market completes its pullback, I will purchase the **ProShares UltraPro Russell 2000 ETF (URTY)**. The ETF moves three times the daily percentage move of the **Russell 2000 Index** and is featured in this report.

With the market indicating it is time to add risk to the portfolio, the **Biotechnology industry group** is showing the strength I anticipate in the Risk-On market environment. Biotech's usually are the stocks that represent the **Risk-On** trade and one of the first industry groups to give a buy signal. The first signal was on November 11, 2022, with a follow-up signal on December 2, 2022. The first industry group to give a buy signal is typically the one that will provide the market leadership and greatest strength in a new bull market. The combination of being the first out of the gate in a Risk-On environment makes the Biotechnology industry group the place to hunt for new market leaders.

To take advantage of the potential move in Biotech, In this week's report, I am recommending the repurchase of an ETF that subscribers made a 67% gain between June and August last year. The **S&P Biotech Bull 3X ETF (LABU)** corresponds to three times the price movement of the **S&P Biotechnology Select Industry Index**. LABU has spent the last two weeks putting a handle on a base that started in September 2022. This past week's demand for shares and the Risk-On environment indicate it is time to re-enter the trade after this week's market pullback.

Medical Biotechnology Industry Group



6161.97

9,400.00
9,200.00
9,000.00
8,800.00
8,600.00
8,400.00
8,200.00
8,000.00
7,800.00
7,600.00
7,520.56
7,400.00
7,200.00
7,000.00
6,800.00
6,600.00
6,400.00
6,200.00

Buy Sell
Volume Moving Average 20



1.0B
502.0
0.00

Buy candidate: S&P Biotech Bull 3X ETF (LABU)

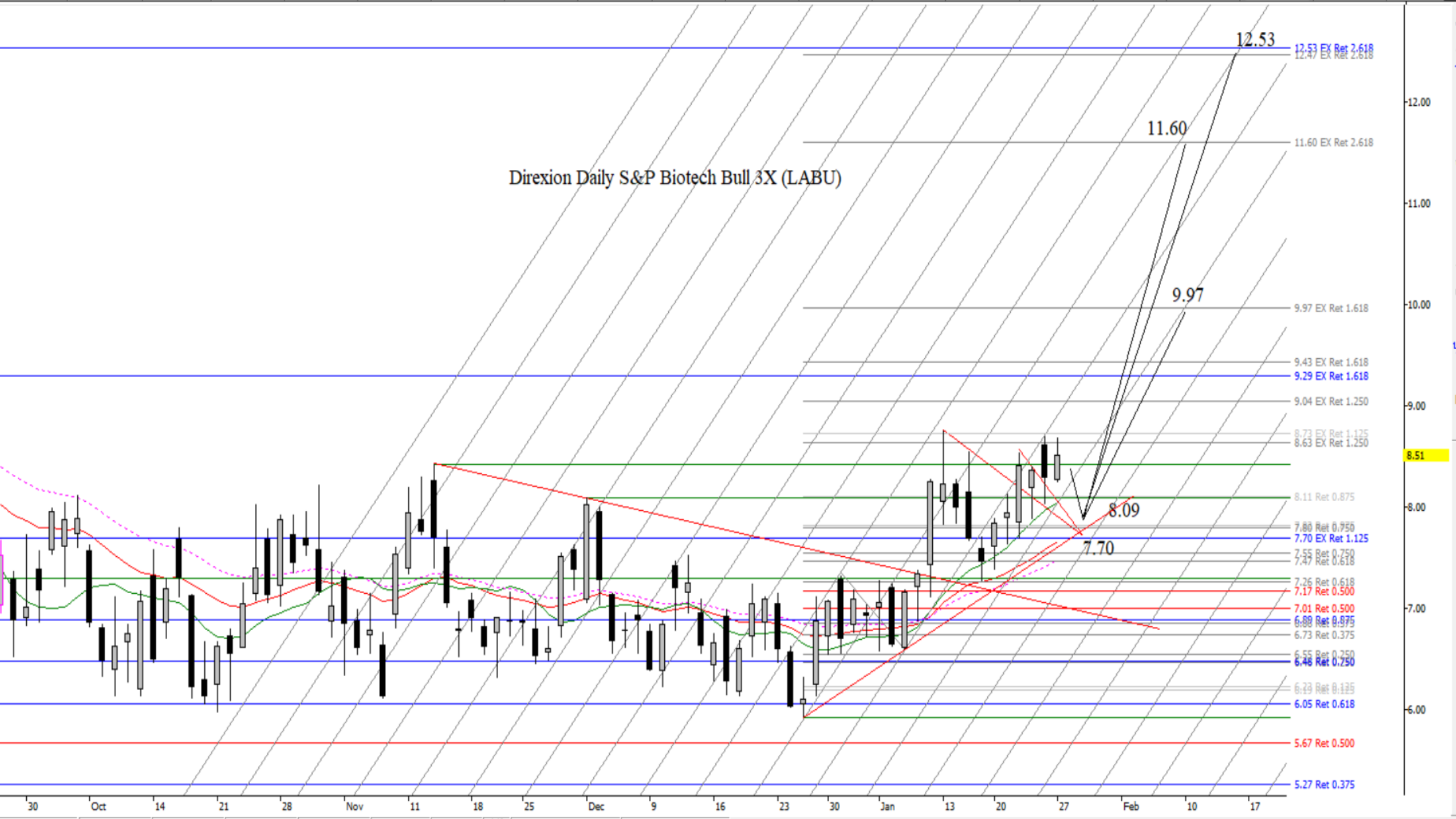
- **Portfolio: Long the Biotechnology Select Industry Index.** This ETF is designed to correspond to 3X the price movement of the S&P Biotechnology Select Industry Index.
- **The S&P Biotech Bull 3X ETF (LABU) trade is designed to take advantage of the potential short-term rally in the S&P Biotechnology Select Industry Index.** The Biotech industry group showed tremendous relative strength in November and December with strong buy signals. The industry group is putting a high handle on a cup-with-handle base and is ready to resume its uptrend.
- **The S&P Biotech Bull 3X ETF (LABU) will Confirm a Buy with a pullback to Fibonacci support at 8.09 and 7.80 or a 30-minute close above 8.68 on above-average volume.**
- **Wait for text confirmation!**
- **Position is at 5-star(*****).**

The Up/Down Volume Ratio is at 1.81

- **S&P Biotech Bull 3X ETF (LABU) closed at 8.51.**
- **S&P Biotech Bull 3X ETF (LABU) VWAP is at 17.76**
- **Sell target price: 1st 9.97 target is ; 2nd target is 11.60; 3rd target is 12.53; 4th target is 17.77.**

Stop sell price: Close below 7.70.

Direxion Daily S&P Biotech Bull 3X (LABU)

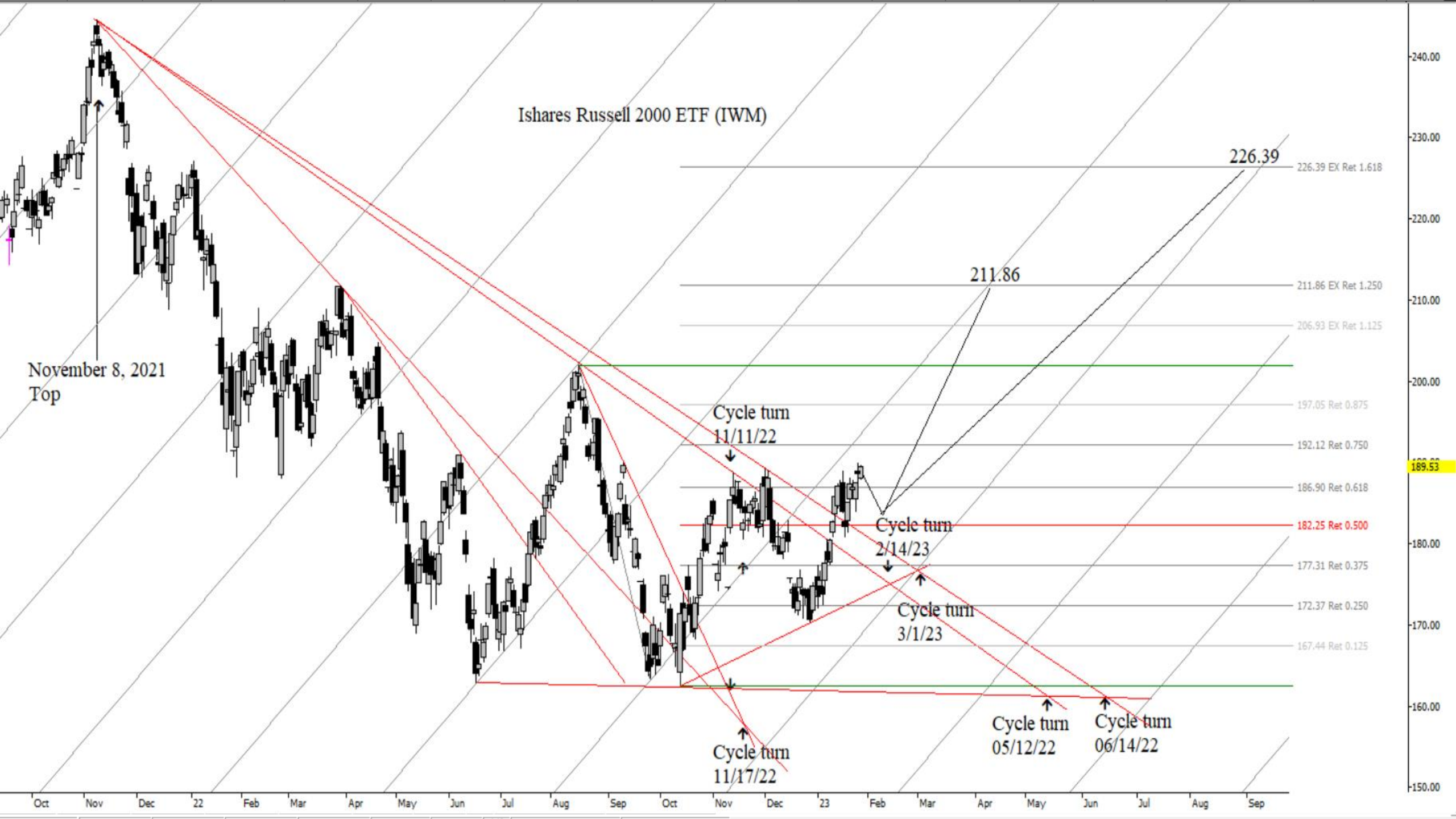


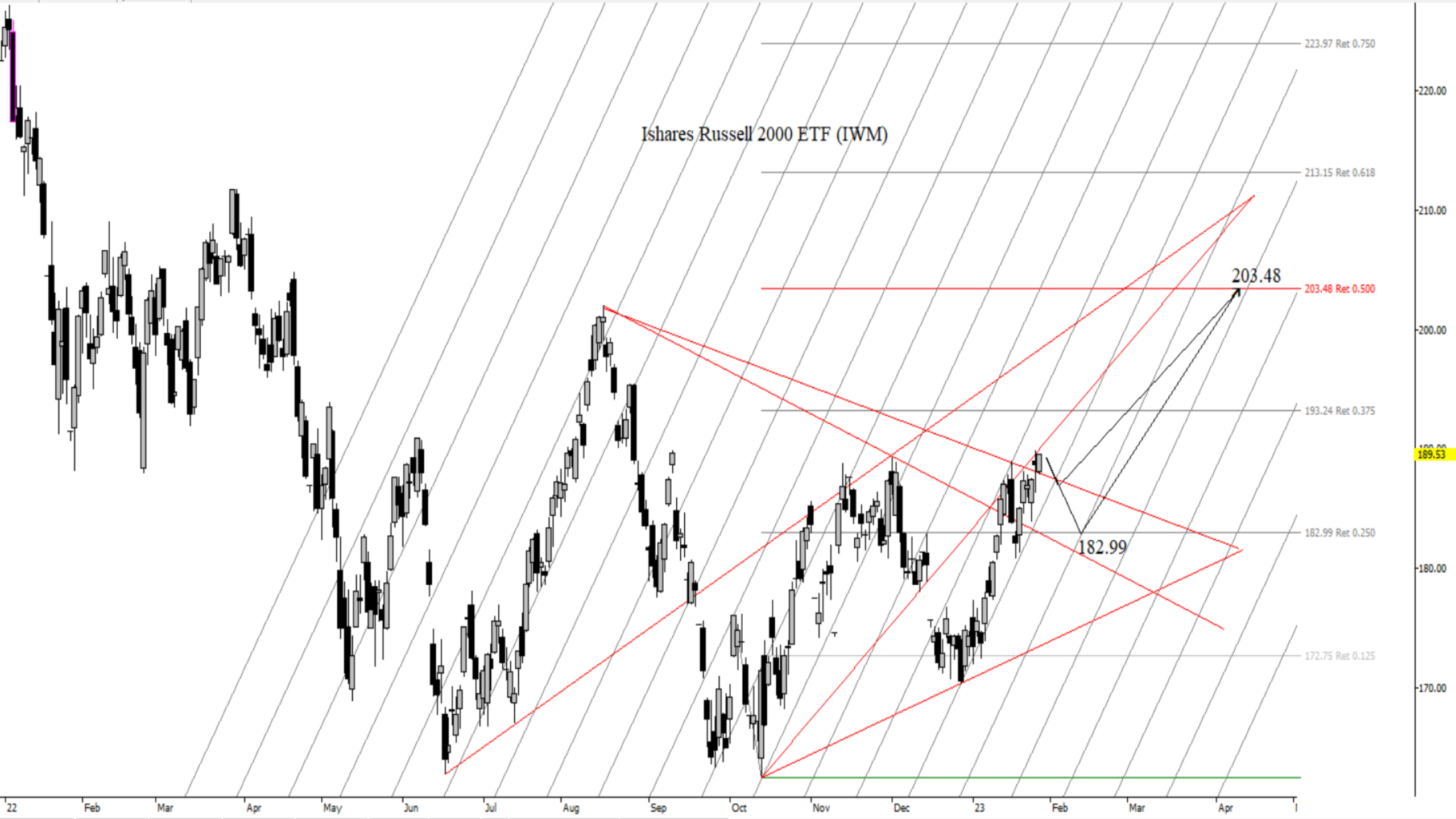
New buy candidate: ProShares UltraPro Russell 2000 ETF (URTY)

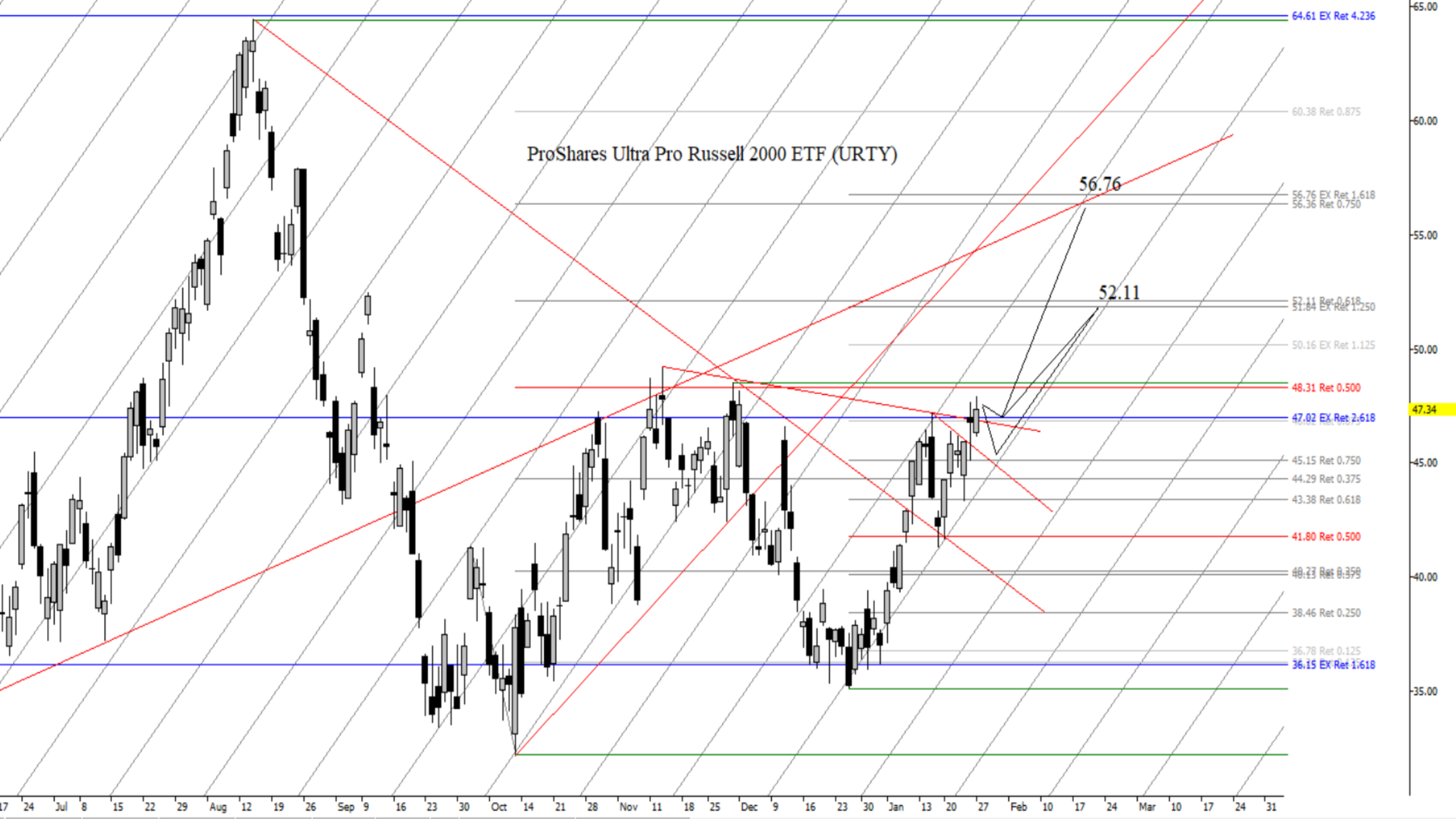
- *Portfolio: Russell 2000 Index.* This ETF is designed to correspond to 3X the price movement of the Russell 2000 Small Cap Index. The trade is designed to take advantage of the potential short-term rally in Russell 2000 Small cap stocks.
- **Russell 2000 Index** broke its long-term trendline from the November 8 2021 high on January 12, 2023. The trend reversal happened two weeks before the S&P 500 broke its downward sloping trendline. The market is telling me that small caps are showing relative strength, and small caps should be the focus for new stock acquisitions. Next weeks market pullback could take the IWM to 182.99 before resuming the uptrend. (Refer to Russell 2000 (IWM) charts)
- ProShares UltraPro Russell 2000 ETF (URTY) is ready to break out of a cup-with-handle base after a pullback next week. The pullback will offer lower risk entry on the trade. If URTY closes below 47.02 shares could retrace to 45.15-44.29 support.
- ProShares UltraPro Russell 2000 ETF (URTY) will confirm with a pullback to Fibonacci support between 45.15 and 44.29.
- Wait for confirmation!
- Initiate position with at 3-star(***)
- Under institutional accumulation with an Up/Down Volume ratio of 1.24.
- ProShares UltraPro Russell 2000 ETF (URTY) closed at **47.34**.
- ProShares UltraPro Russell 2000 ETF (URTY) VWAP is at 59.81.
- Sell target prices: **1st target is 52.11; 2nd target is 56.76; 3rd target is 64.61.**
- Stop sell price: **Close** below **41.80**.

Ishares Russell 2000 ETF (IWM)

November 8, 2021
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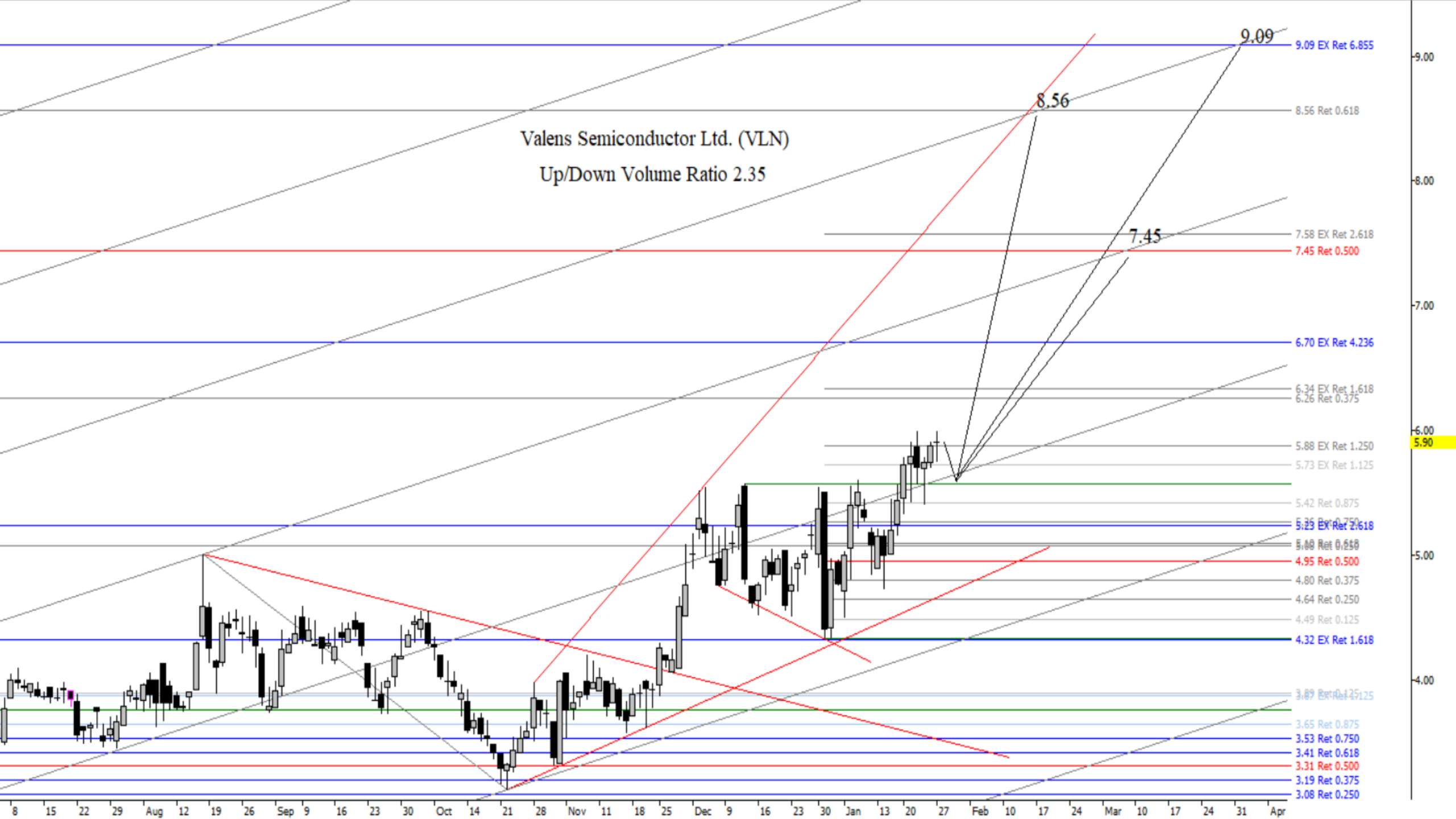




New buy candidate: Valens Semiconductor Ltd (VLN)

- Industry Group: **Electronic Semiconductor Fabless**. The **Electronic Semiconductor Fabless** industry group is ranked 88th out of 197 and is up 16.74% YTD. The Electronic Semiconductor Fabless industry group gave a buy signal on January 23, 2023.
- **Valens Semiconductor Ltd (VLN)** is an Israeli-based designer and developer of semiconductors for headset devices.
- **Valens Semiconductor Ltd (VLN)** is a recent SPAC acquisition in its primary base. The SPAC conversion sent the stock into a tailspin, but it is finally getting some traction with the current strength in the Semiconductor Fabless stocks. The stock is under heavy accumulation as it bases on Fibonacci support and VWAP support between 5.23 and 5.43.
- **Valens Semiconductor Ltd (VLN) will be confirmed with a pullback to the VWAP at 5.43 or Fibonacci support at 5.23.**
- Wait for confirmation!
- Initiate position with at 3-star(***)
- Under massive accumulation with an Up/Down Volume ratio of 2.35.
- Valens Semiconductor Ltd (VLN) closed at **4.77**.
- Valens Semiconductor Ltd (VLN) VWAP is at 3.47
- Sell target prices: **1st target is 7.45; 2nd target is 8.56; 3rd target is 9.09.**
- Stop sell price: **Close** below **5.23**.

Valens Semiconductor Ltd. (VLN)
Up/Down Volume Ratio 2.35





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