



# Trading Floor Research



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- NASDAQ (QQQ) and ProShares UltraPro Short (SQQQ) Update
- Bilibili Inc. CL Z ADS (BILI)
- Ehang Holdings Ltd CL A (EH)

## S&P 500

*After many days of holding 3804.22 Fibonacci support, the S&P 500 finally gave a relief rally. The market quickly tested my first target number of 3908.43, which peaked at 3906.19.*

*In one day, the 87-point rally on the S&P 500 took the TFR Trading Channel to overbought conditions and turned many bears into bulls in true bear market fashion. (Refer to TFR Trading Channel chart)*

*The S & P 500 might have more gas in the tank and could still hit the 3949.46 Fibonacci target. If the market can overcome the 3908.43 resistance, the 3949.46 target lines up well with the rising trendline from November 17, 2022, low. (Refer to S&P 500 chart)*

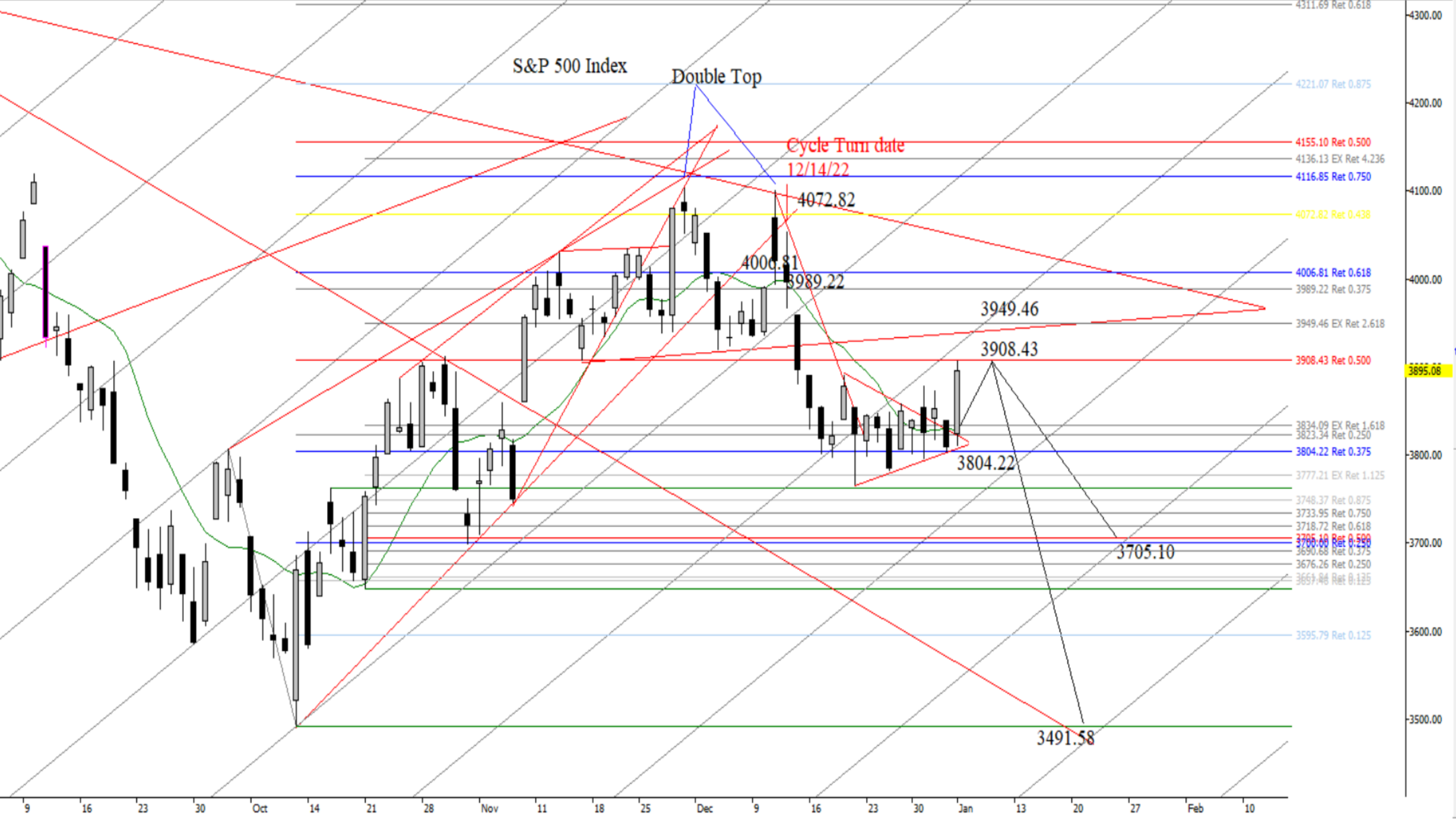
*That November 17 low marked the first test of Fibonacci 3908.43 from the October rally and the first pullback of a two-month topping formation in the market.*

***50% of the range of the topping formation is at 3923.15. The first test of the bulls taking control of the market will happen at this critical number. Multiple closes above 3923.15 indicate that the bulls are again taking control of the market.***

*At this point, it is an improbable scenario. Even with Friday's above-average volume on a considerable price increase, the Up/Down Volume ratio continued to drop and is currently at .71. Institutional selling is getting worse with each passing day.*

The bears are in control of the Russell 2000 and indicate "Risk-Off" in the markets.

I recommend caution and 90% cash



## Buy candidate: ProShares UltraPro Short 3X ETF (SQQQ)

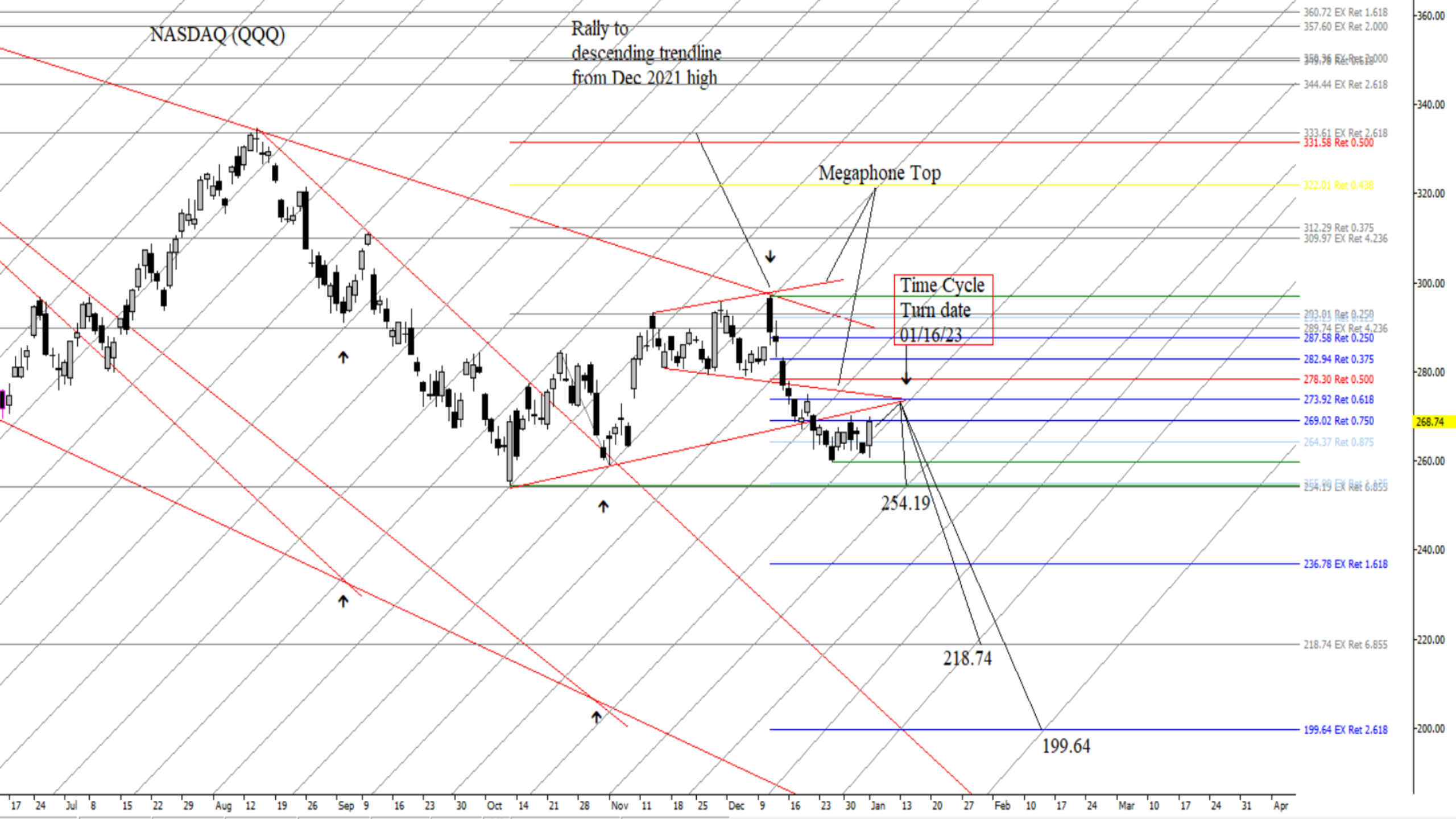
- **Portfolio: NASDAQ (QQQ).** The NASDAQ QQQs completed a megaphone top by closing below the trendline of the widening triangle. The pattern points to a market that could move considerably lower. I am using the ProShares UltraPro Short 3x ETF (SQQQ) to take advantage of the potential move. This ETF corresponds to the three times the inverse move in the NASDAQ QQQ. The next time cycle turn date is January 16, 2023.
- **ProShares UltraPro Short (SQQQ)** rallied into the time cycle turn date on December 28, 2022. The time cycle high on the turn date led to this week's pullback in the SQQQ. Once the pullback is complete, I will purchase the SQQQ position with a 30-minute confirmation.
- **ProShares UltraPro Short (SQQQ)** will confirm with a potential rally early this week and a pullback to the 54.51 Fibonacci target before resuming the uptrend. (Refer to SQQQ chart)
- **Wait for text confirmation!**
- **Start position at 1-star(\*).**
- **Accumulation is strong with an UP/Down Volume Ratio of 1.37**
- **ProShares UltraPro Short (SQQQ) closed at 53.50.**
- **ProShares UltraPro Short (SQQQ) VWAP is at 47.80.**
- **Sell target price: 1<sup>st</sup> target is 60.54; 2<sup>nd</sup> target is 69.55; 3<sup>rd</sup> target is 80.28**
- **Stop sell price: Close below 48.34.**

# NASDAQ (QQQ)

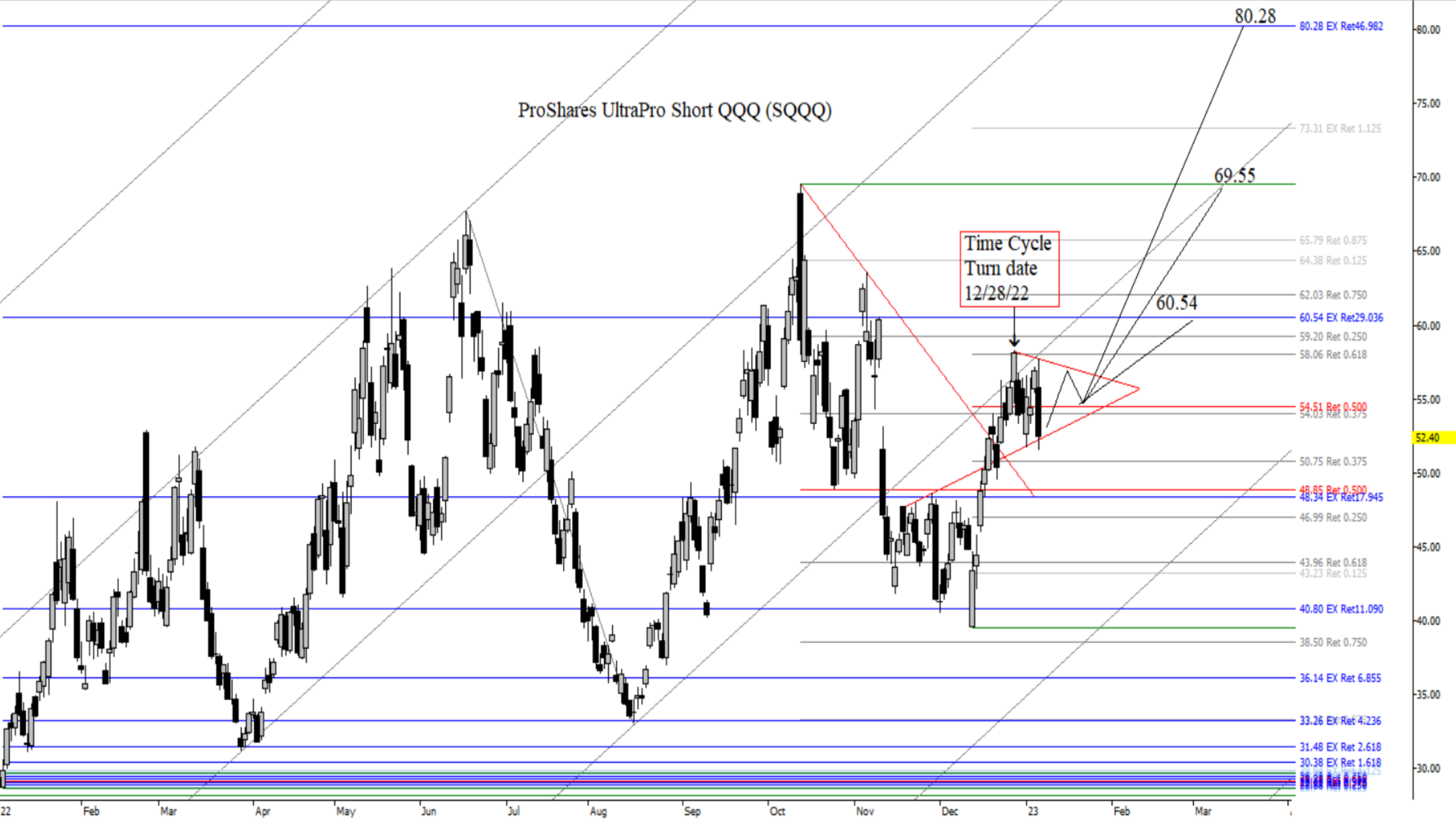
Rally to  
descending trendline  
from Dec 2021 high

Megaphone Top

Time Cycle  
Turn date  
01/16/23



# ProShares UltraPro Short QQQ (SQQQ)



*Copied from the December 13, 2022, TFR Newsletter*

*Sectors, Industry Groups & Leadership Stocks*

*Chinese internet stocks are leading the way*

*The KraneShares CSI China Internet ETF (KWEB) tracks the CSI Overseas China Internet Index with stocks primarily focusing on internet and internet-related technology. The KraneShares CSI China Internet ETF (KWEB) ) bottomed out about seven weeks ago and rose 84%.*

*Friday, the ETF topped out just below critical Fibonacci resistance at 32.04 and closed at 31.03. The ETF also threw back into an ascending trendline from the March 2022 low. The 10-day moving average is 29.00, indicating the shares are short-term overbought.*

*Based on the price movement of the previous pullback, shares could retreat to Fibonacci support at 28.89 and a throwback to the descending trendline from the June 2022 high at 28.34.*

*On the next impulse move higher, the greatest obstacle for the KraneShares CSI China Internet ETF (KWEB) will come with the VWAP at 38.35. This could act as a solid resistance for further progress of a Chinese bull market in internet stocks.*

*The seven-week move higher in the iShares MSCI China ETF (MCHI) has had steady accumulation and taken the Up/Down Volume ratio from massive distribution at .62 to substantial accumulation at 1.33.*

*The Chinese internet stocks are under greater accumulation than the broader Chinese market as measured by the iShares MSCI China ETF (MCHI). After a constructive pullback in Chinese internet stocks, I will be looking for opportunities in this leadership sector of the market. (Refer to chart of KWEB)*



## Sectors, Industry Groups & Leadership Stocks

### Chinese internet stocks Continue to lead in the new year and could go parabolic

*As the December 13 newsletter report indicates, I was very bullish on the KraneShares CSI China Internet ETF (KWEB). My research revealed that a pullback tested the 28.89 Fibonacci support and began the next push higher. The relative strength of the Chinese market to the US market has been nothing short of amazing over the past few weeks. The S&P 500 has moved sideways as Chinese stocks continue their advance.*

*On Wednesday, the price behavior of Chinese stocks took relative strength to a new level. As the S&P 500 continued to move sideways, the KraneShares CSI China Internet ETF (KWEB) gapped higher and took out the rising trendline from the March 15 low. This kind of price behavior will happen before a parabolic advance. (Refer to chart of KWEB)*

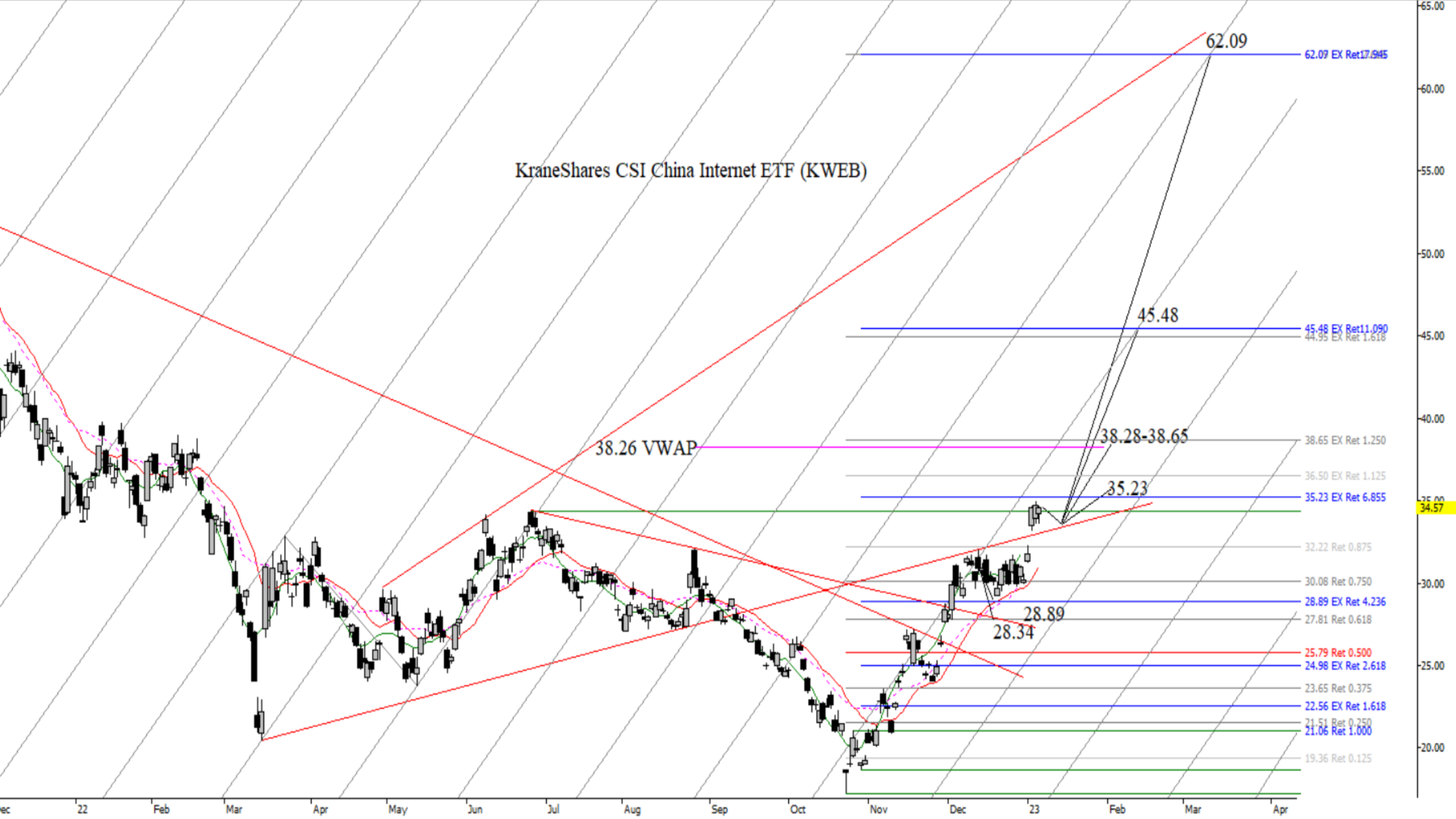
*Chinese stocks are once again short-term overbought and could use a few days' rest before the next advance. A pullback to the rising trendline and 10-day moving average would be a great place to purchase the CSI China Internet ETF (KWEB).*

*On the next impulse move higher, the greatest obstacle for the KraneShares CSI China Internet ETF (KWEB) will come with the VWAP at 38.35 and Fibonacci resistance at 35.23. Clearing above the 35.23 to 38.35 range will send shares much higher.*

*Since the mid December report accumulation of Chinese internet stocks has grown stronger. The Up/Down Volume ratio has moved from 1.33 to 1.61 and hit a 100-day high. Big money is purchasing with both hands.*

*The Chinese internet stocks are under greater accumulation than the broader Chinese market as measured by the iShares MSCI China ETF (MCHI). After a constructive pullback in Chinese internet stocks, I will be looking for opportunities in this leadership sector of the market. (Bilibili Inc. CL Z ADS is featured in this report and is a strong candidate to purchase)*

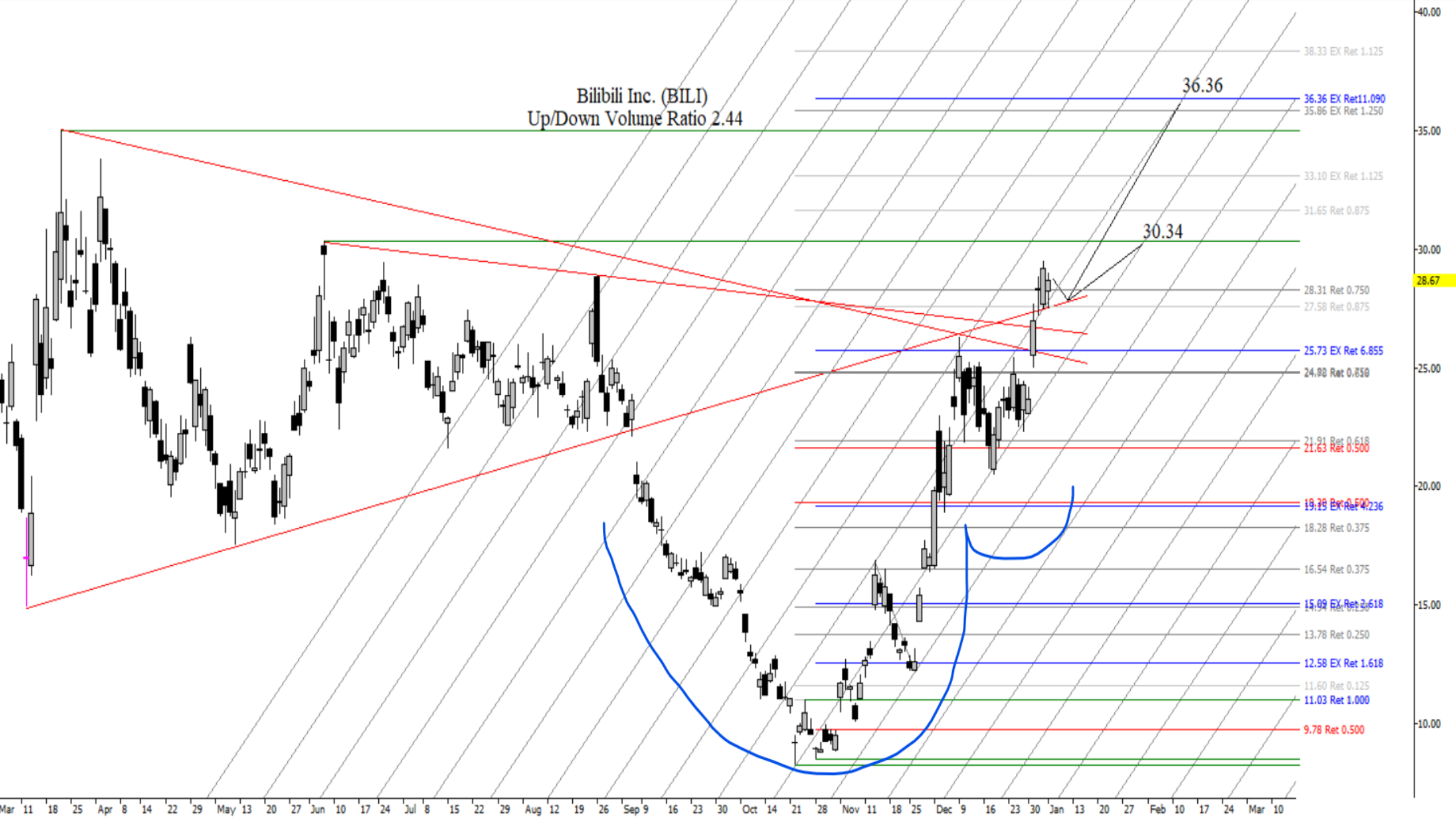
# KraneShares CSI China Internet ETF (KWEB)



## New buy candidate: Bilibili Inc. CL Z ADS (BILI)

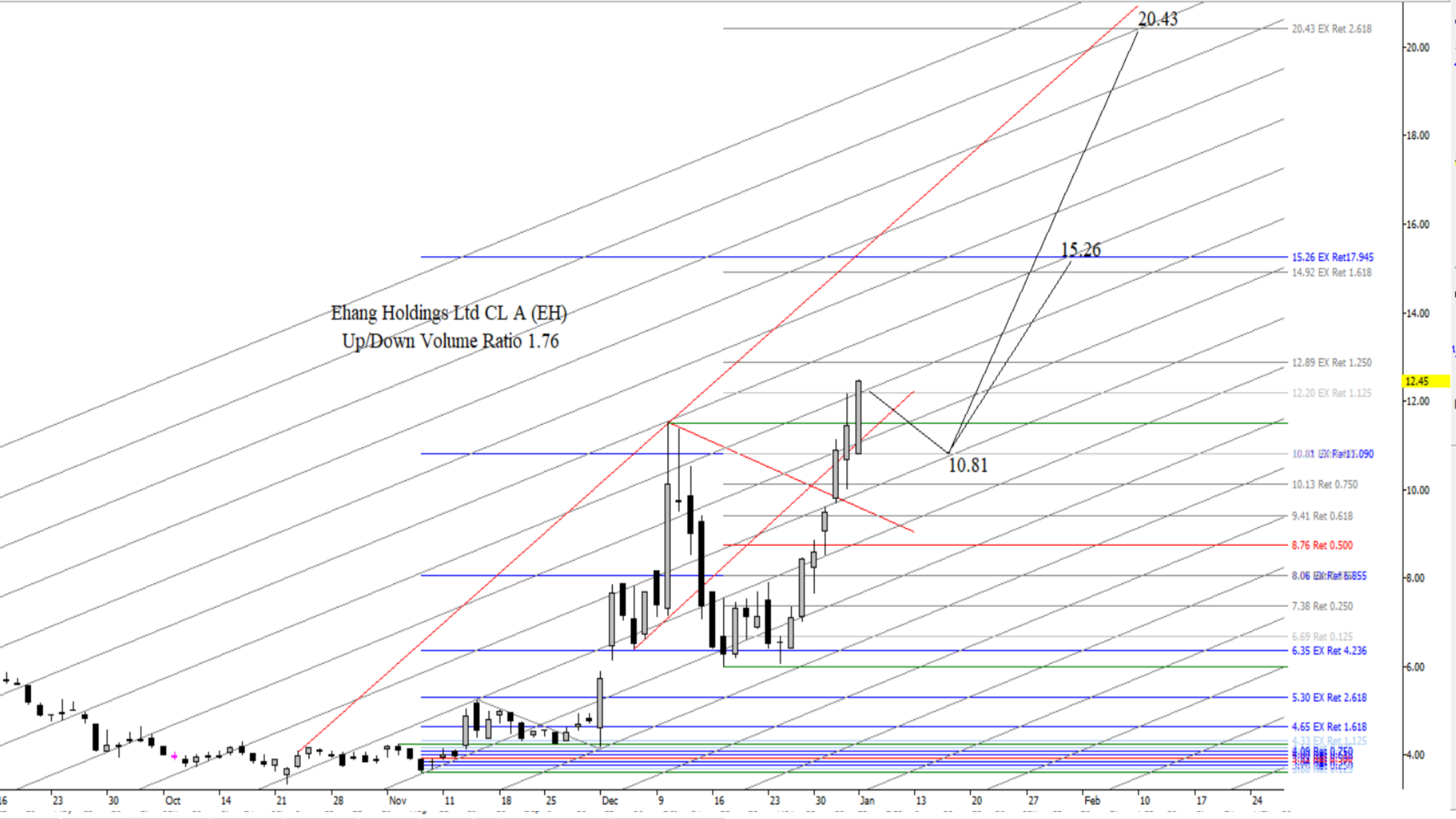
- Industry Group: **Internet Content**. The Internet Content industry group is in a sell signal and is influenced by the cap weightings of US internet stocks like Alphabet Inc. (GOOG) and Meta Platforms (META). The subgroup of Chinese internet stocks is in a buy signal and a better indication of the strength I see in stocks like Bilibili Inc. CL Z ADS (BILI). Investors can use the KraneShares CSI China Internet ETF (KWEB) to monitor the strength.
- **Bilibili Inc. CL Z ADS (BILI)** is a Chinese internet content and entertainment provider.
- **Bilibili Inc. CL Z ADS (BILI)** gapped above critical Fibonacci resistance at 25.73 and broke out of a cup-with-handle formation this past week. After a pullback to its rising trendline from March 14, 2022, low and a test of the 10-day moving average, the stock should resume its uptrend.
- **Bilibili Inc. CL Z ADS (BILI)** will confirm with a 30-minute buy on increased volume after a pause and minor pullback of shares.
- **Wait for confirmation!**
- Initiate position with at 2-star(\*\*).
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.44 at 100-day highs.
- Bilibili Inc. CL Z ADS (BILI) closed at **28.65**.
- Bilibili Inc. CL Z ADS (BILI) VWAP is at 39.03.
- Sell target prices: **Resistance at 30.34; 1<sup>st</sup> target is 36.36; 2<sup>nd</sup> target is 51.51; 3<sup>rd</sup> target is 53.56**
- Stop sell price: **Close** below **25.73**.

# Bilibili Inc. (BILI) Up/Down Volume Ratio 2.44



## New buy candidate: Ehang Holdings Ltd CL A (EH)

- Industry Group: **Aerospace & Defense**. The Aerospace & Defense industry group gave its most recent buy signal on November 10, 2022, and is ranked 60th out of 197. Since the group issued its buy signal, it has gone sideways, but leadership stocks like Boeing Co. (BA) have emerged. The strength in the Chinese market has also allowed Chinese leadership to emerge from the Aerospace & Defense industry group.
- **Ehang Holdings Ltd CL A (EH)** is a Chinese company that develops, designs and sells Autonomous Ariel Vehicles (AAV).
- The last time I recommended **Ehang Holdings Ltd CL A (EH)** in the TFR newsletter was in the December 06, 2020, report at 13.63, just before its meteoric two-month rise to 129.80. This stock can move when the conditions are right. The conditions look very promising, with the potential for a parabolic move in the Chinese stock market and strength in Aerospace & Defense. Ehang Holdings Ltd CL A (EH) is a bit extended after last week's action higher, and I am looking for a pullback in shares before the next thrust. A Pullback to Fibonacci support at 10.81 and a high handle for the most recent cup-with-handle base will offer a good entry.
- Ehang Holdings Ltd CL A (EH) **will confirm with a pullback to 10.81 and 30-minute buy signal.**
- **Wait for confirmation!**
- Initiate position with at 2-star(\*\*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.76.
- Ehang Holdings Ltd CL A (EH) closed at **12.45**.
- Ehang Holdings Ltd CL A (EH) VWAP is at 36.09
- Sell target prices: **1<sup>st</sup> target is 15.26; 2<sup>nd</sup> target is 20.43**
- Stop sell price: **Close** below **8.76**.





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