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Trading Floor Research

Welcome to the
— Trading Floor —



08/28/22

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This Trading Floor Research report contains:

- **Direxion Daily S&P 500 Bear 3X (SPXS)**. An ETF BUY Candidate corresponding to 3X the inverse daily performance of the S&P 500.
- **ProShares Short Bitcoin Strategy ETF (BITI)**. An ETF BUY Candidate corresponding to the inverse daily performance of Bitcoin.

Sectors, Industry Groups & Leadership Stocks

On Friday, price preceded volume in giving a sell signal on the S&P 500 and the NASDAQ. Most of the time, volume through distribution days alerts that the price will move lower. One of the warnings of a potential market downturn are five or more distribution days. Looking back at this past Friday, price gave a conclusive sell signal, with the S&P 500 and the NASDAQ closing at a 20-day low on significant volume.

Confirmation from price rather than volume contributed to how the rally ended. In the newsletter the past two weeks, I've discussed the critical 4300 level, which we saw the S&P 500 reverse abruptly at. Gapping below the Fibonacci 50% number 4227.75 from the 2022 high to the low put the bears firmly in control Monday morning. From there, the bulls tried to retest 4227.75 on Thursday and fell short as they couldn't even close Monday's gap.

Hitting the weakest number in the eighth series at 4300 can lead to swift moves in the opposite direction. Friday's (-3.37%) 141.46-point decline in the S&P 500 is only the beginning of what this powerful signal could provide. The action is typically not resolved until the significant 50% number, in this case the number is 2742.27, of the entire move has been achieved. This aligns with my Technical Analysis Roadmap for the S&P 500 using the time cycle analysis and Fibonacci retracements model I created. To get a more in-depth understanding of this, you can view the recording of a presentation I gave on this Roadmap to the CBOE. The video is accessible on my website, tfrtrader.com, and my YouTube channel. (Refer to S&P 500 long-term chart).

If the S&P 500 can rally back to Fibonacci resistance at 4084.48 or 4137.08 by early next week, it will provide another opportunity to add to the Direxion Daily S&P 500 Bear 3x (SPXS) position and take advantage of the move. (Refer to S&P 500 chart).

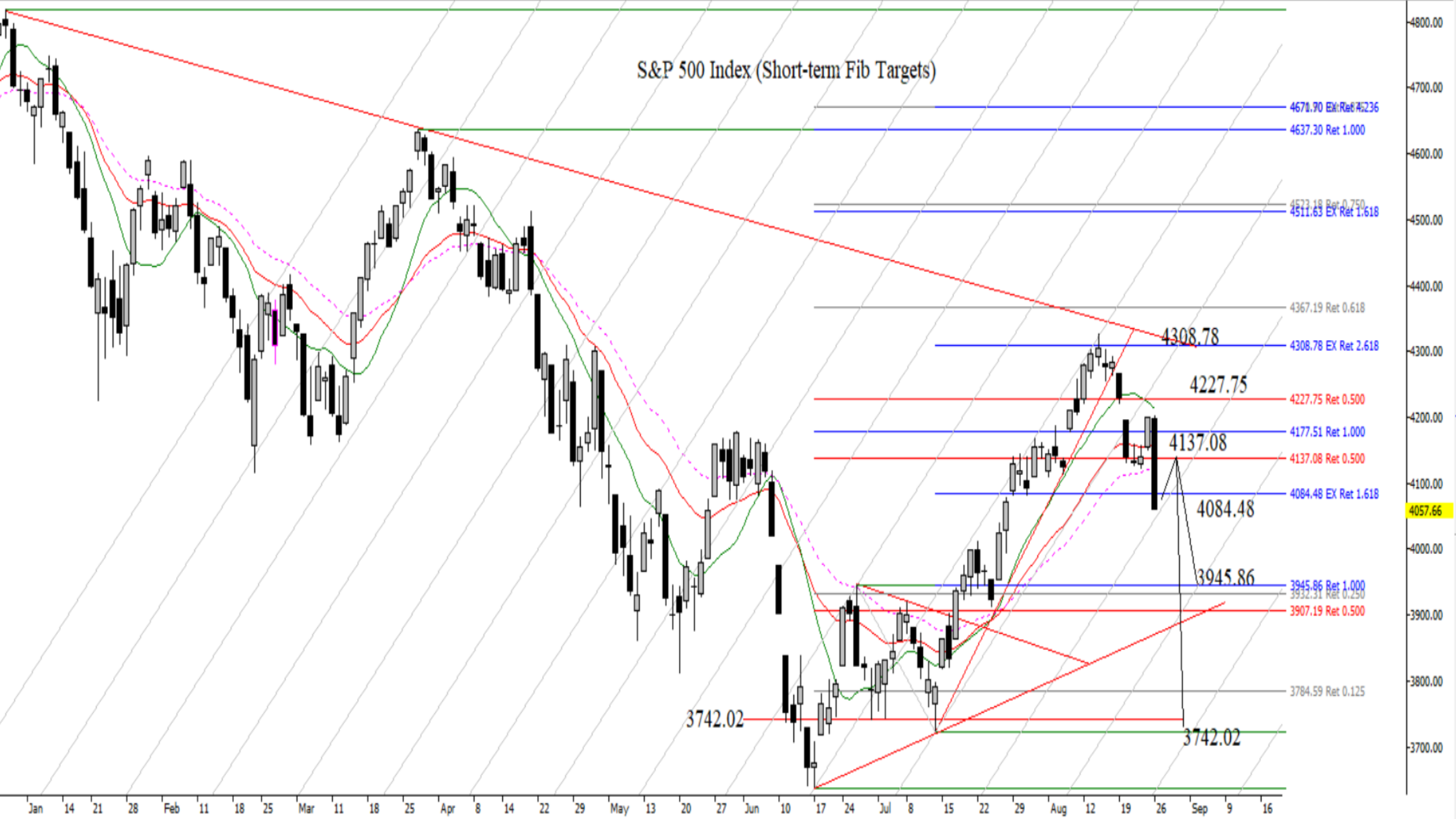
The next significant Fibonacci support is at 3945.86 and if it closes below the 3742.02 Fibonacci number from my long-term chart, the market will resume its major downtrend. A close below 3742.02 will serve to increase the probability of the 2742.27 S&P 500 target number.

I recommend caution and cash
the bears are in control Of the Russell 2000 and indicate "Risk-Off" in the markets.

Long-Term Chart of S&P 500 (Starting in 1987)



S&P 500 Index (Short-term Fib Targets)



Sectors, Industry Groups & Leadership Stocks

In addition to Friday's market index sell signals, four sectors gave fresh sell signals. Surprisingly, I observed a sell signal in the healthcare sector. Healthcare is a defensive sector and seeing a sell signal tells me this market decline will include stocks across the board, leaving few places to hide. I am currently at 90% cash. The only investments I plan on adding to my portfolio in the next few weeks will be positions capitalizing on the market moving lower.

A new sell signal in the technology sector puts large-cap market darling like Apple Inc. (AAPL), Alphabet (GOOG), and Amazon.com (AMZN) on the ropes. If you bought any tech stocks during the bear market rally, you should sell them.

Friday also saw sell signals in the real estate and communication service sectors. Other industries may not have provided official sell signals, came very close, and with additional selling next week, they will also find themselves in the same position.

I recommend caution and cash
the bears are in control Of the Russell 2000 and indicate "*Risk-Off*" in the markets.

Buy candidate: Direxion Daily S&P 500 Bear 3X (SPXS)

- *Portfolio: Short the S&P 500. This trade is designed to move 3x the inverse daily performance of the S&P 500 (SPX).*

- *The Direxion Daily S&P 500 Bear 3X (SPXS) trade is designed to take advantage of the next potential move lower in the S&P 500 (SPX). If the S&P 500 has a retracement rally, I will watch for SPXS to pull back to Fibonacci support between 20.01-19.74. After the retracement, I will watch for confirmation with a 30-minute buy signal.*

- *The Direxion Daily S&P 500 Bear 3X (SPXS) will offer an opportunity to purchase more shares if the S&P 500 rallies to retest 4084.4-4137.08 and SPXS retraces to the 20.01-19.74 range.*

Wait for text confirmation!

- *Increase position to a 3-star(***)*.

- *Direxion Daily S&P 500 Bear3X (SPXS) closed at 20.91.*

- *Direxion Daily S&P 500 Bear 3X (SPXS) VWAP is at 48.28*

- *Sell target price: 1st target is 21.33; 2nd target is 24.30; 3rd target is 29.12.*

Stop sell price: Close below 17.43.

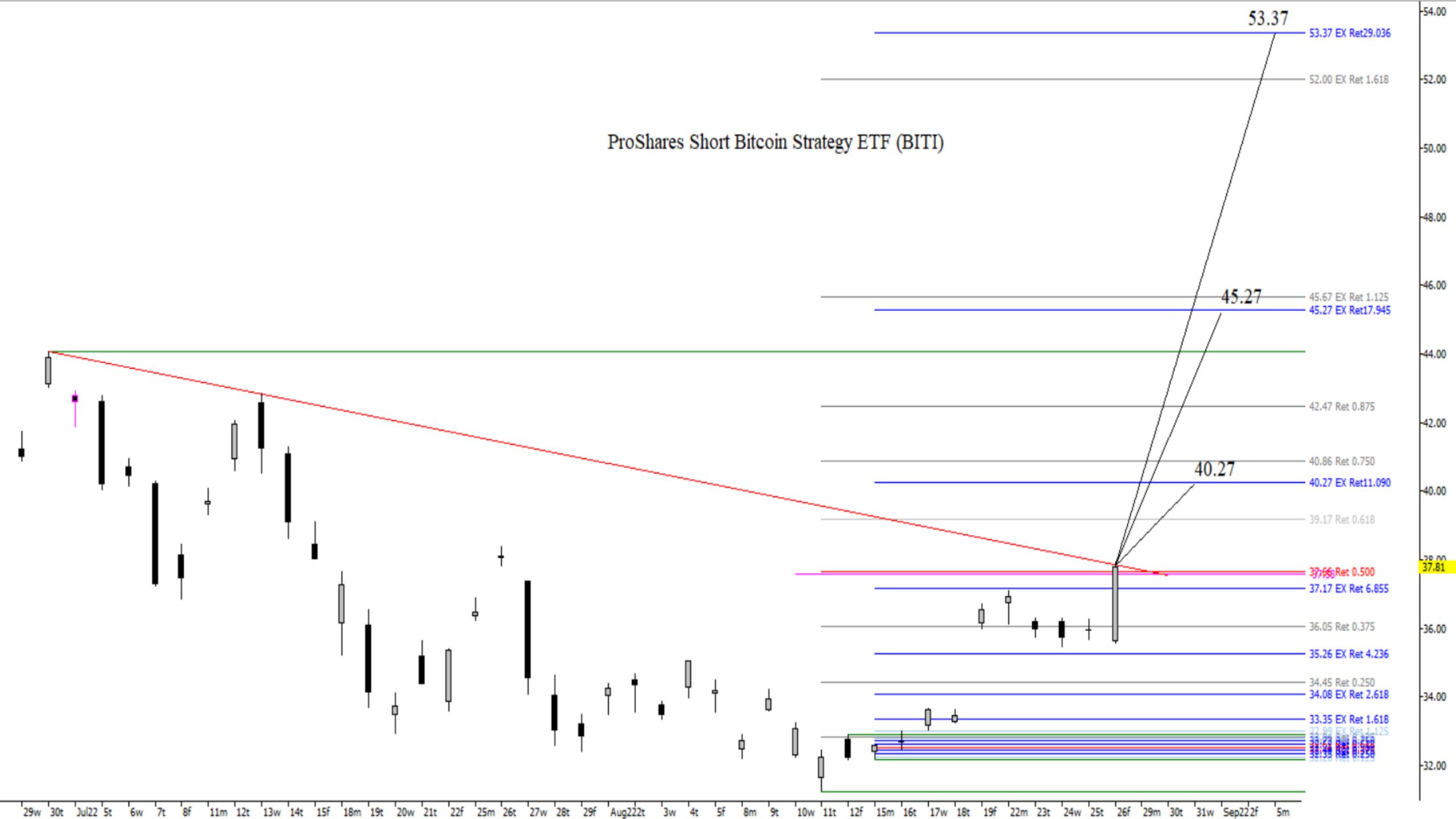


Buy candidate: ProShares Short Bitcoin Strategy ETF (BITI)

- **Portfolio: Short Bitcoin.** This trade is designed to move inverse the daily performance of Bitcoin.
- **ProShares Short Bitcoin Strategy ETF (BITI)** trade is designed to take advantage of the next potential move lower in Bitcoin. The ETF came to the market as an IPO on June 21, 2022, just as Bitcoin was bottoming from a crushing move lower that started in November last year. Bitcoin retraced to its 50-day moving average, and BITI formed its IPO base. On Friday, the ProShares Short Bitcoin Strategy ETF (BITI) gave a 20-day closing high buy signal with the most immense volume since going public. It also closed above 50% of its range, putting the bulls in control. BITI looks ready to move higher as Bitcoin is prepared to break new lows.
- **The ProShares Short Bitcoin Strategy ETF (BITI) will Confirm a Buy with a pullback to 37.66 or a confirmation signal with a 30-minute close above 37.92.**
- **Wait for text confirmation!**
- **Start position at 2-star(**).**
- **ProShares Short Bitcoin Strategy ETF (BITI) closed at 37.81.**
- **ProShares Short Bitcoin Strategy ETF (BITI) VWAP is at 37.54.**
- **Sell target price: 1st target is 40.27; 2nd target is 45.27; 3rd target is 53.37.**

Stop sell price: Close below 35.26.

ProShares Short Bitcoin Strategy ETF (BITI)





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