



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —



10/23/22

## This Trading Floor Research report contains:

- **S&P 500 (SPX).** Update
- **Invesco S&P SmallCap 600 Energy Index (PSCE).** This trade is designed to moves inline with the daily performance of the S&P SmallCap 600 Energy Index.
- **Direxion Daily Gold Miners Bull 2X ETF (NUGT).** This trade seeks the performance of 2X the NYSE ARCA Gold Miners Index.
- **NACCO Industries Inc. (NC).** New BUY candidate in the Energy Coal industry group.



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- Ability to track TFR positions
- See what I am currently holding at the price I purchased and its current returns
- A 30-minute chart to view where the confirmed buy signal occurred

## Sectors, Industry Groups & Leadership Stocks

### S&P 500

The bears took control of the S&P 500 on Thursday with a decisive close below 3695.52 and a distribution day.

Friday morning, the selling continued as the index challenged the weak eighth number at 3646.10 and used it as a springboard to stage a new rally attempt. By 1:00 pm, the bulls had retaken control at 3695.52, and one hour before the close, the index had crossed the critical and decisive 3742.02 number. Closing at 3752.75 on substantial volume starting from a bounce off a weak eighth number indicates the market could rally to 4023.42.

Friday was also a Follow-through day as the S&P 500 closed 2.43% higher on bigger volume than the previous day. “A bull market has never started without a follow-through day, but not all follow-through days lead to a bull market.” William O'Neil

I need to see a close above the downward-sloping trendline from the August high and a 20-day closing high on above-average volume to get a confirmed signal on the S&P 500. Still, Friday's Follow-through day and close above 3742.02 on increased volume are enough to sell all inverse ETFs. I will sell the remainder of my positions in SPXS, REW, GGLS, and BITI.

*I recommend caution and a significant cash position, but we can start rebuying stocks in small amounts.*

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

*I recommend caution and cash*



### S&P 500 Index

Index needs to close above 20-day high at 3806.91 and trendline to confirm market will move higher

4023.42

3806.91

3695.52

3584.13

3223.67



## Commodity Related Stocks Give Buy Signals

The only industry groups to give buy signals this week were commodity-related, and **Energy** was the only sector to provide a buy signal.

In the Wednesday newsletter, I highlighted the **Oil& Gas Equipment & Services** industry group as the first group to confirm a buy signal in the Energy sector.

I recommended the **Direxion Daily Oil Services Bull 2x (ONG)** to take advantage of the move and said it had confirmed a 30-minute buy signal, although I wanted to see a pullback to enter the position. On Friday's close, ONG had extended its gains by another 10.46% on massive volume. I will advise when we get the next opportunity to purchase at low-risk entry.

On Friday, the SmallCap Energy stocks gave a buy signal. When small-cap stocks provide a buy signal, it indicates "RISK ON" and an opportunity to add risk to the portfolio. Interestingly, energy stocks are currently giving the Risk On signal. Considering the overall market conditions, I will keep my position size small, but I will use the buy signal to purchase the **Invesco S&P SmallCap Energy ETF (PSCE)**. It is a featured ETF in this report.

The **Energy Coal** industry group gave a buy signal on October 6, 2022. Since then, the group has been going sideways and putting a handle on its cup-with-handle base. (refer to chart). This past week a leadership stock in the group **NACCO Industries Inc. (NC)** gave a buy signal breaking out of its cup with handle base on massive volume and has spent the past two sessions throwing back into its trendline at 53.72. Once it completes the throwback and confirms a 30-minute buy signal, I will send a text notice. NACCO Industries Inc. (NC) is a featured stock in this report.

In the October 9 newsletter, I highlighted that **Gold stocks** had provided a buy signal. Since then, the stocks have pulled back in an orderly retracement. On Friday, the Gold group and many leadership stocks in the group broke the downward-sloping trendline that began at the buy signal. I am purchasing the **Direxion Daily Gold Miners Bull 2X shares (NUGT)** with a 30-minute confirmation to take advantage of this potential move. Direxion Daily Gold Miners Bull 2X shares (NUGT) are highlighted in this report.

# COAL Industry Group



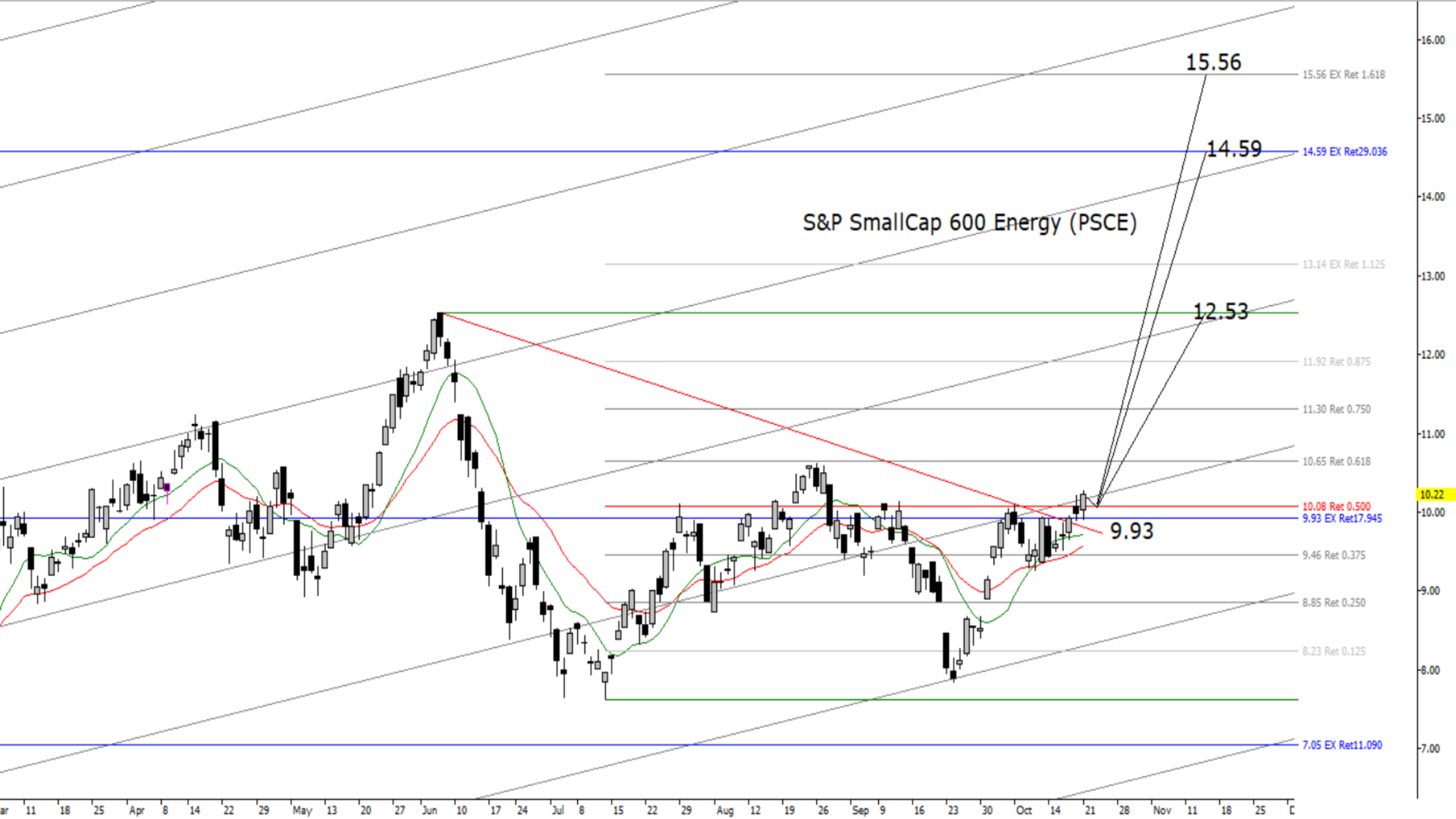
# Coal Basic Materials Sector(C) Coal





**Buy candidate: Invesco S&P SmallCap 600 Energy Index (PSCE)**

- **Portfolio: S&P SmallCap 600 Energy Index.** The ETF invests in the securities of small-capitalization US energy companies that comprise the S&P SmallCap Energy Index. The Index is designed to measure the overall performance of common stocks of US energy companies. These companies are principally engaged in producing, distributing, or servicing energy-related products, including oil and gas exploration and production, refining, oil services, and pipelines.
- **Invesco S&P SmallCap 600 Energy Index (PSCE)** trade is designed to take advantage of the next potential move higher in Small Cap oil stocks. On Friday, PSCE gave a 20-day closing high, breaking the downward-sloping trendline from June 8 on an above-average volume buy signal. It closed above 50% of the 5-month trading range at 10.08, putting the bulls in control. It may try to pull back and retest Fibonacci support at 9.93 before resuming an uptrend. I will take advantage of a pullback and buy shares.
- **Invesco S&P SmallCap 600 Energy Index (PSCE) will confirm a Buy with a close above 10.27 on increased volume.**
- **Wait for text confirmation**
- **Start position at 2-star(\*\*).**
- **Up/Down Volume Ratio on PSCE is 1.40 and made a 100-day high on Thursday indicating massive institutional buying.**
- **Invesco S&P SmallCap 600 Energy Index (PSCE) closed at 10.22.**
- **Invesco S&P SmallCap 600 Energy Index (PSCE) VWAP is at 11.39.**
- **Sell target price: 1st target is 12.53; 2nd target is 14.59; 3rd target is 15.56.**
- **Stop sell price: Close below 9.46**



### S&P SmallCap 600 Energy (PSCE)

- 15.56 EX Ret 1.618
- 14.59 EX Ret 29.036
- 13.14 EX Ret 1.125
- 12.53
- 11.92 Ret 0.875
- 11.30 Ret 0.750
- 10.65 Ret 0.618
- 10.22
- 10.08 Ret 0.500
- 9.93 EX Ret 17.945
- 9.46 Ret 0.375
- 8.85 Ret 0.250
- 8.23 Ret 0.125
- 7.05 EX Ret 11.090

## Buy candidate: Direxion Daily Gold Miners Bull 2X ETF (NUGT)

• **Portfolio: Gold Miners Index.** This trade is designed to move 3X the daily performance of the Gold Miners Index.

• **Direxion Daily GOOGL Bear 1X (GGLS)** trade is designed to take advantage of the next potential move higher in gold stocks. The Gold industry group gave a buy signal on October 4, 2022. After an orderly 2 ½ week pullback, the group broke its downward-sloping trendline. Direxion Daily Gold Miners Bull 2X ETF (NUGT) needs to close above 50% at 25.73, putting the bulls in control to confirm a buy signal.

• **The Direxion Daily Gold Miners Bull 2X ETF (NUGT) will confirm a Buy with a 30-minute close above 25.73.**

• **Start position at 1-star(\*).**

• **Up/Down Volume Ratio of 1.30 indicates institutional buying**

• **Direxion Daily Gold Miners Bull 2X ETF (NUGT) closed at 26.83.**

• **Direxion Daily Gold Miners Bull 2X ETF (NUGT) VWAP is at 26.13.**

• **Sell target price: 1st target is 29.63; 2nd target is 34.46; 3rd target is 42.27.**

• **Stop sell price: Close below 21.82**

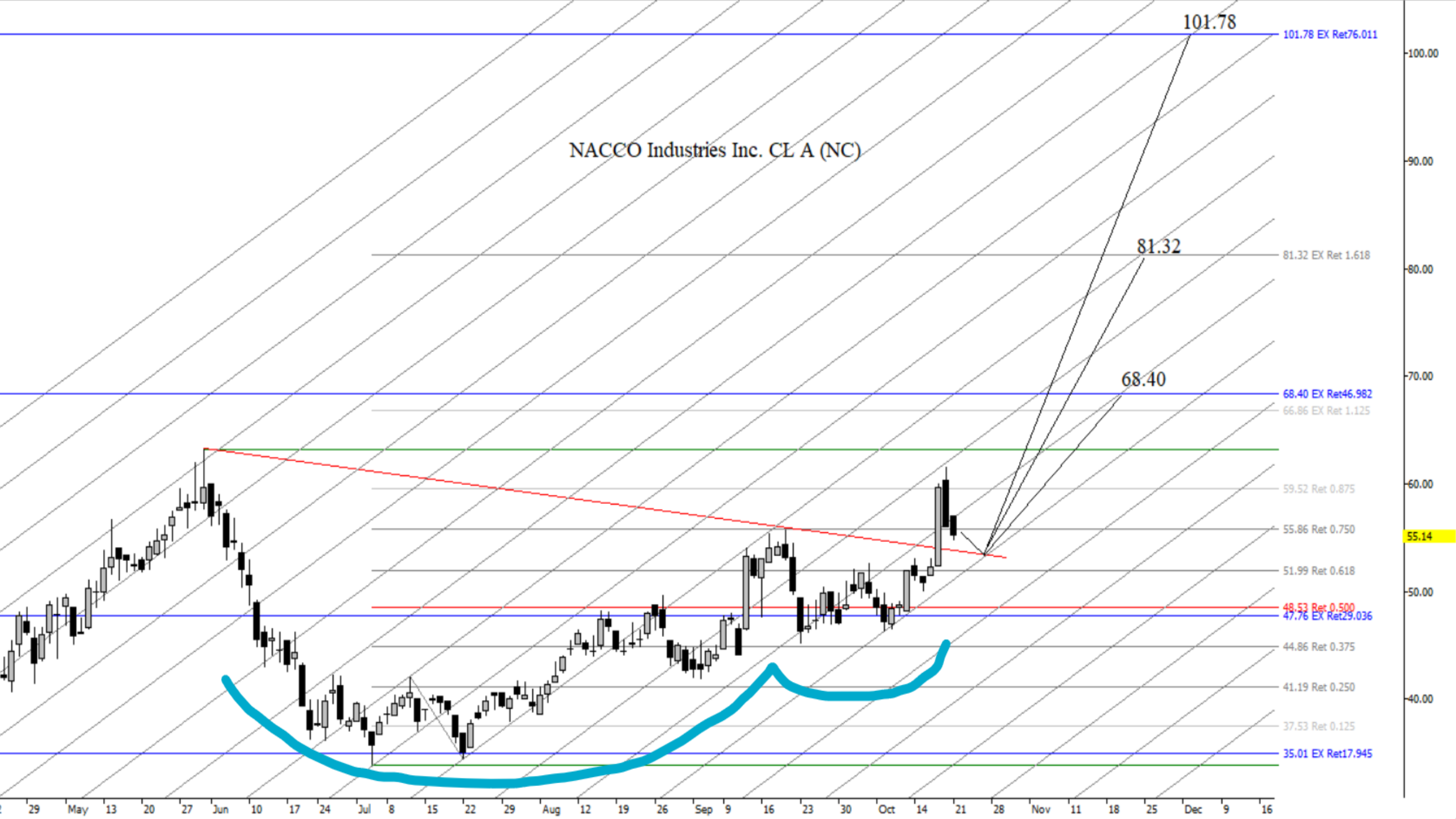


## Buy Candidate: NACCO Industries Inc. (NC)

- *Industry Group: Energy Coal.* The Energy Coal industry group ranks as the 9<sup>th</sup> strongest industry group out of 197 and is up 80.94% YTD, and is in a buy signal since October 6, 2022
- **NACCO Industries Inc. (NC)** is a surface miner of coal used primarily for power generation with mines in 12 states including Indiana, Ohio, and Pennsylvania.
- **NACCO Industries Inc. (NC)** broke out of a cup-with-handle pattern that started in June. The stock pulled back over the last two days and is throwing back into its trendline. The 10-day moving average needs a couple more days to catch up to the current price.
- **Caution:** Use limit orders when purchasing the stock, it has a large bid to offer spread. Do not purchase at the market!
- **NACCO Industries Inc. (NC) will provide confirmation with a 30-minute close above 57.52.**
- **Wait for text confirmation!**
- **Start Position at 2-star(\*\*)**
- *Under institutional accumulation with an Up/Down Volume ratio of 1.42*
- *NACCO Industries Inc. (NC) closed at 54.90.*
- *NACCO Industries Inc. (NC) VWAP is at 29.02.*
- *Sell target prices: 1st target is 68.40; 2nd target is 81.32; 3<sup>rd</sup> target is 101.78*
- *Stop sell price: Close below 47.76.*



# NACCO Industries Inc. CL A (NC)





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