



Trading Floor Research

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09/26/21

This Trading Floor Research report contains:

- What to watch for on the CBOE Market Volatility Index (VIX)
- Path forward for Cryptocurrencies and further downtrend
- Parker Hannifin Corp. (PH). A new Sell (SHORT) candidate in the Machinery General Industrial Industry group.
- Epsilon Energy Ltd (EPSN). A new Buy candidate in the Oil & Gas US Exploration & Production Industry group.
- Tesla Inc. (TSLA). A new Buy candidate in the Auto Manufacturers industry group.

CBOE Market Volatility Index (VIX)

In last weekend's newsletter (9/19/21) I wrote, *"Using the Head-and-shoulders top, the swing rule would indicate a minimum drop of 941 Dow points."* The actual drop in the Dow Jones Industrial Average was 971 points lower on Monday. Those last 30 points lasted less than 5 minutes and coincided perfectly with my VIX target for Monday at 25.40. At that point, I covered my VIX calls.

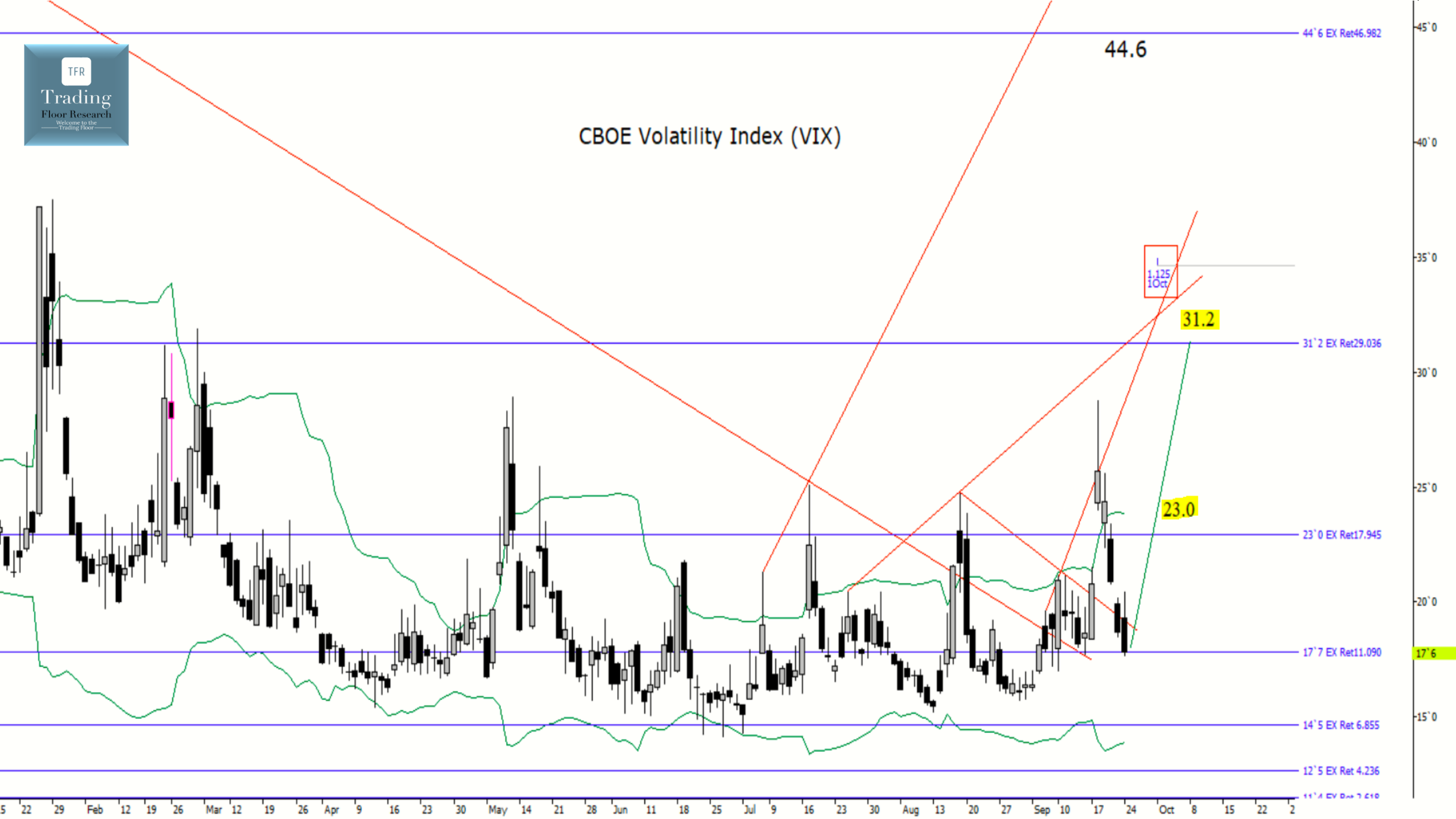
On Friday, the VIX came back to its 17.70 Fibonacci number and closed at 17.75. I will re-enter my VIX calls, with a 30-minute close above 19.98. Watch for my text alert!

A VIX close above Fibonacci target of 23.00 could send the VIX to the 31.2 Fibonacci target number or trendline crossing at 32.2.

This is important because it would not only offer another opportunity to make a lot of money going long the VIX, but it would also indicate another bad sign for the market. The next cycle turn date on the VIX is October 1, 2021.



CBOE Volatility Index (VIX)



44.6

44'6 EX Ret46.982

1:125
10c

31.2

31'2 EX Ret29.036

23.0

23'0 EX Ret17.945

17'7 EX Ret11.090

17.6

14'5 EX Ret 6.855

12'5 EX Ret 4.236

11'4 EX Ret 2.610

15'0

20'0

25'0

30'0

35'0

40'0

45'0

The Dow Jones Industrial Average & Parker Hannifin

The Dow Jones Industrial Average spent the rest of the week rallying back from its 971 point drop on Monday. It made its high on the Thursday 9/23/21. This is the cycle turn date. On the same day, the DJIA index rallied back into the neckline of its head-and-shoulders top. Throwbacks are always a great place to enter trades at low-risk entry. This is potentially a good place to put on a short position or buy puts on a weak stock. (Refer to DJIA chart on next slide)

The stock I intend to short is Parker Hannifin (PH). The stock initially gave a 20-day closing low sell signal on May 12, 2021. This was followed by another on June 14 and August 19. During this time, PH has been under heavy institutional distribution with an Up/down volume ratio of .60. Anything less than 1 indicates institutional selling. This stock is clearly under massive institutional selling.

PH is trading below its 200-day and 50-day moving average, and the 200-day Moving average crossed the 50-day moving average to the downside last week. This is known as a death cross. Very bearish!

Parker Hannifin (PH) is in the Machinery-Gen Industrial industry group. The Machinery-Gen Industrial industry group gave a sell signal on Monday and rallied back to the underside of its 50-day moving average. Institutions took advantage of the rally and sold the industry group. This is a sign that Institutions have given up on the industry group.

Parker Hannifin full report and chart are included in following slides.

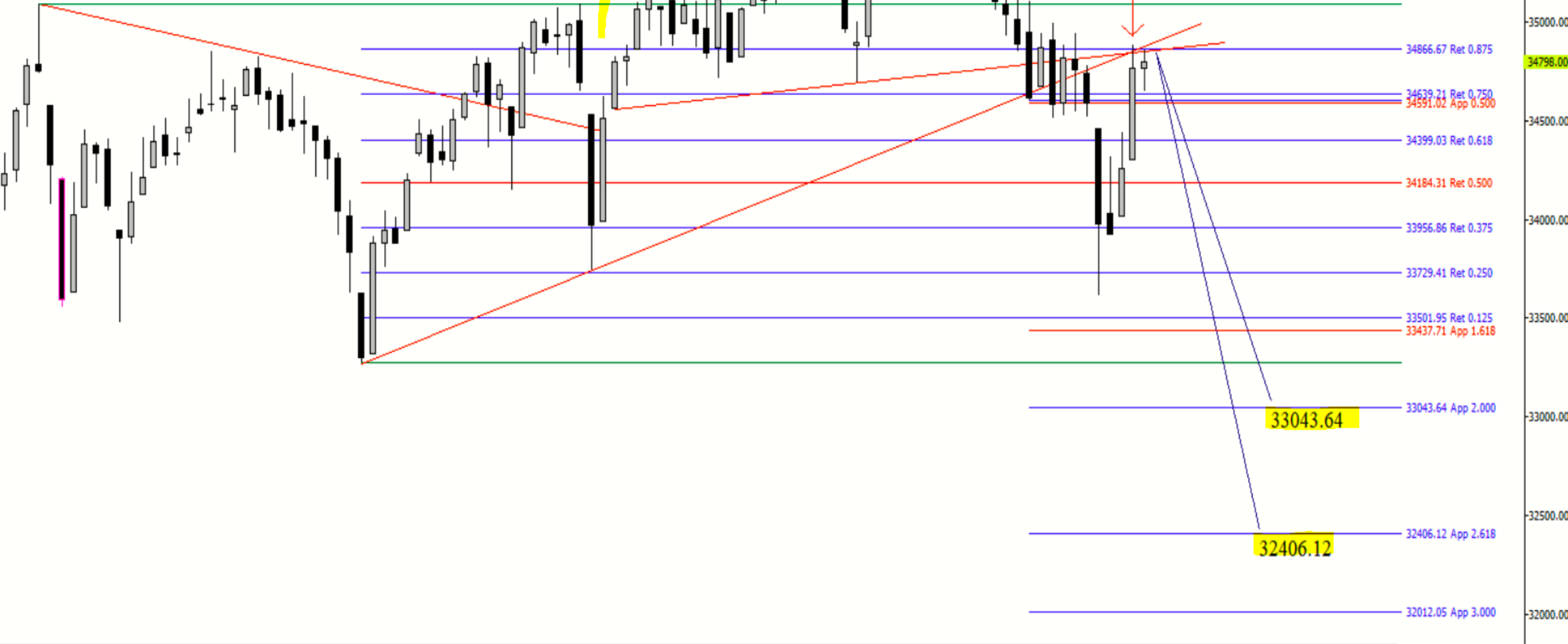


Dow Jones Industrial Average

36218.65 EX Ret 1.618

Head-and-shoulders top

Cycle turn date on Thursday 9/23/21



35321.57 EX Ret 1.125

34866.67 Ret 0.875

34639.21 Ret 0.750

34591.02 App 0.500

34399.03 Ret 0.618

34184.31 Ret 0.500

33956.86 Ret 0.375

33729.41 Ret 0.250

33501.95 Ret 0.125

33437.71 App 1.618

33043.64 App 2.000

32406.12 App 2.618

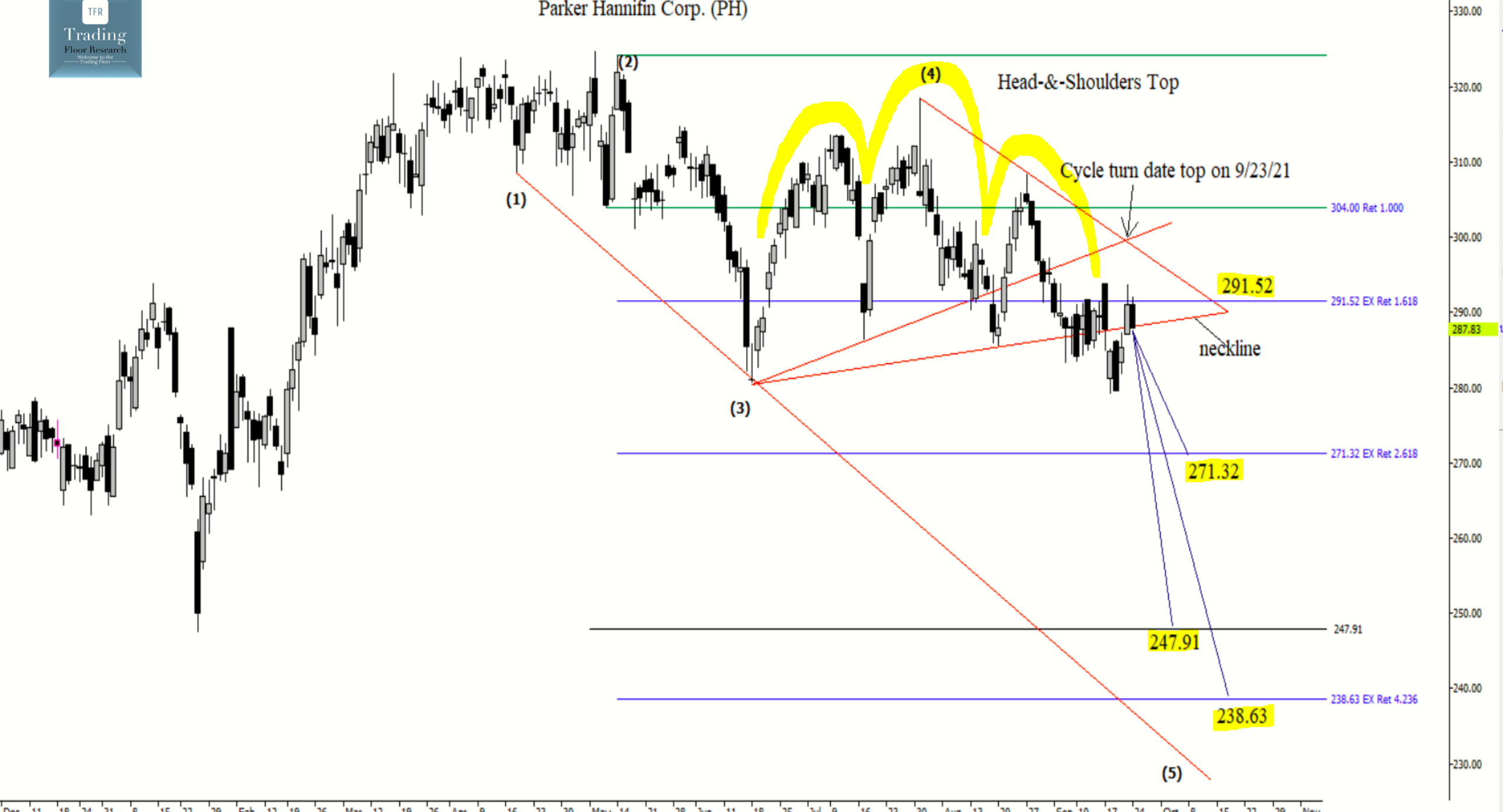
32012.05 App 3.000

36000.00
35500.00
35000.00
34798.00
34500.00
34000.00
33500.00
33000.00
32500.00
32000.00

- New Short Sell Candidate: **Parker Hannifin Corp. (PH)**
- Industry Group: **Machinery Gen Industrial**. The group currently ranks as the 39th strongest industry group in the market out of 197 and is up +13.17% YTD. The industry group gave a sell signal on 9/20/21.
- PH makes systems to control motion, flow and pressure using hydraulic, pneumatic/electromechanical components.
- PH gave a 20-day closing low sell signal on 9/21/21.
- PH closed on it's 10-day moving average on Friday. This indicates a strong downtrend.
- PH closed below Fibonacci resistance at 291.52 to close below the neckline of its Head-and-shoulders top.
- PH had a cycle turn date on September 23, 2021.
- **Swing rule of Head-&-Shoulders top indicate a downside price target of 251.70.**
- Initiate the short Position at 2-star(**).
- Under massive institutional distribution with an Up/Down Volume ratio of .60.
- closed at **287.84 on Friday.**
- PH VWAP is at 73.89.
- target price: **1st target is 271.32, 2nd target is 247.94, 3rd target is 238.63**
- Stop buy price: End of day **Close** below 291.52.



Parker Hannifin Corp. (PH)



(1)

(2)

(4)

Head-&-Shoulders Top

Cycle turn date top on 9/23/21

304.00 Ret 1.000

291.52

291.52 EX Ret 1.618

neckline

(3)

271.32 EX Ret 2.618

271.32

247.91

247.91

238.63 EX Ret 4.236

238.63

(5)

330.00
 320.00
 310.00
 300.00
 290.00
 287.83
 280.00
 270.00
 260.00
 250.00
 240.00
 230.00

Dec 11 18 24 31 8 15 22 29 Feb 5 12 19 26 Mar 5 12 19 26 Apr 2 9 16 23 30 May 7 14 21 28 Jun 4 11 18 25 31 Aug 7 14 21 28 Sep 4 11 18 25 31 Oct 1 8 15 22 29 Nov 5 12 19 26

Downtrend continues in cryptocurrency

I first went negative on **Bitcoin (GBTC)** on May 02, 2021. “A close below 41.69 will increase the probability that Bitcoin will continue its move lower in the short term. The downside target numbers on GBTC are 29.31 and 26.50.” (Refer to the May 02, newsletter in the “Newsletter Library,” on tfrtrader.com)

Bitcoin (GBTC) achieved both target levels by June 8, 2021. After another month of basing at those levels, GBTC moved higher. This time it topped out at a lower high from the April 2021 high at my Fibonacci 1.125 number 41.39. 1.125 is a very weak Fibonacci number and can often lead to big moves. GBTC has been no exception to the rule. In thirteen trading days, GBTC hit a low of 32.90 on Friday.

GBTC may try a small retracement between 36.02 and 37.50 before it continues its bear market move lower. It had a projected time cycle low on Friday and is short-term oversold.

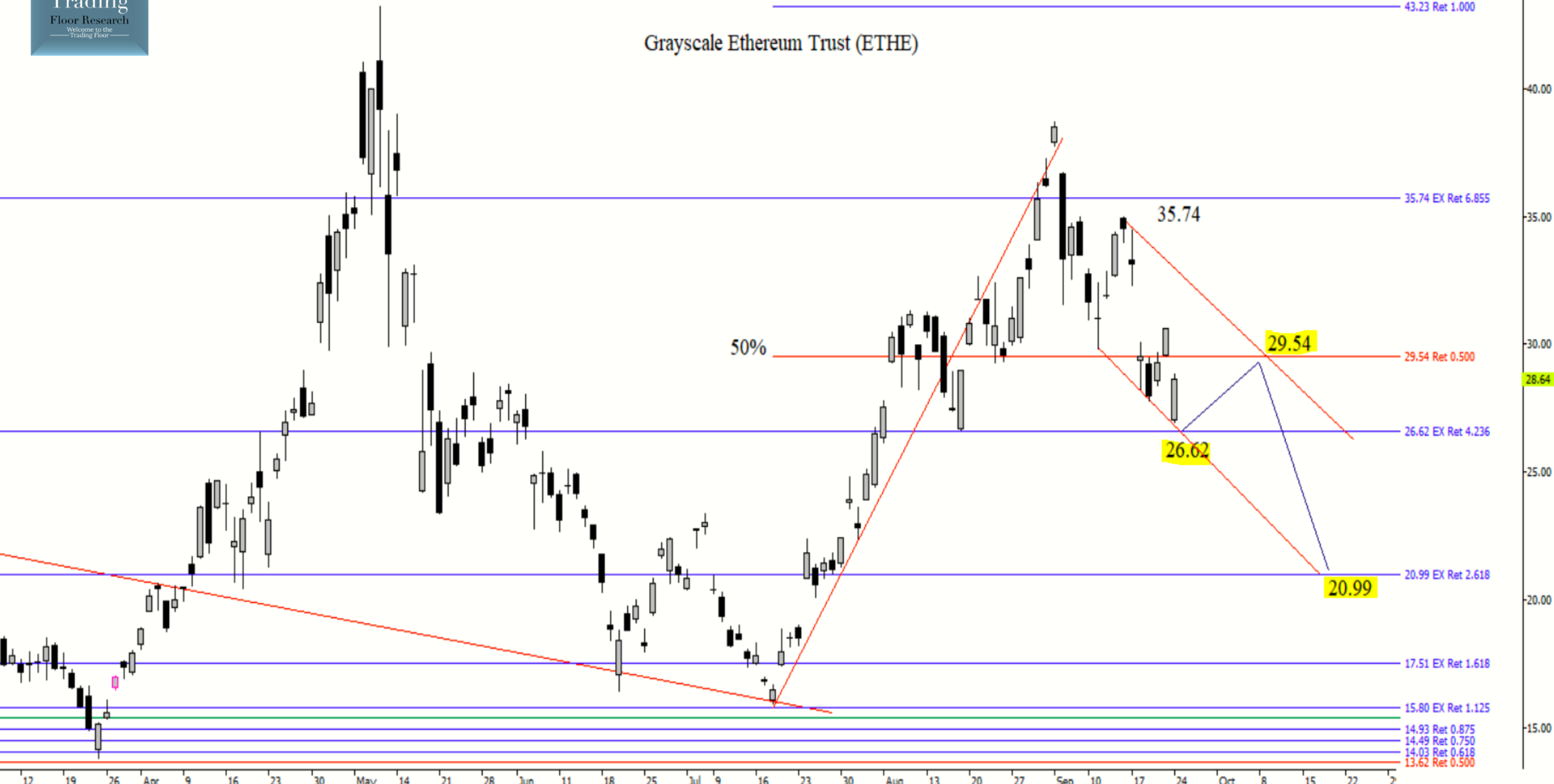
GBTC closed at a 20-day closing low on September 21 and is currently trading below its 50-day moving average. The next move lower has a potential target between 29.31 and 27.86. (Refer to chart)

Ethereum (ETHE) has been very strong until recently. After topping out September 3, 2021, just above its Fibonacci target number 35.74, It has started a downward move. This past week ETHE gapped below its 50% Fibonacci number and gave a 20-day closing low sell signal.. This put the bears firmly in control. On Friday, ETHE found support at Fibonacci support of 26.62. This could lead to a short-term bounce but should reverse quickly and hit Fibonacci downside target numbers of 20.99 and 17.51. (Refer to chart)

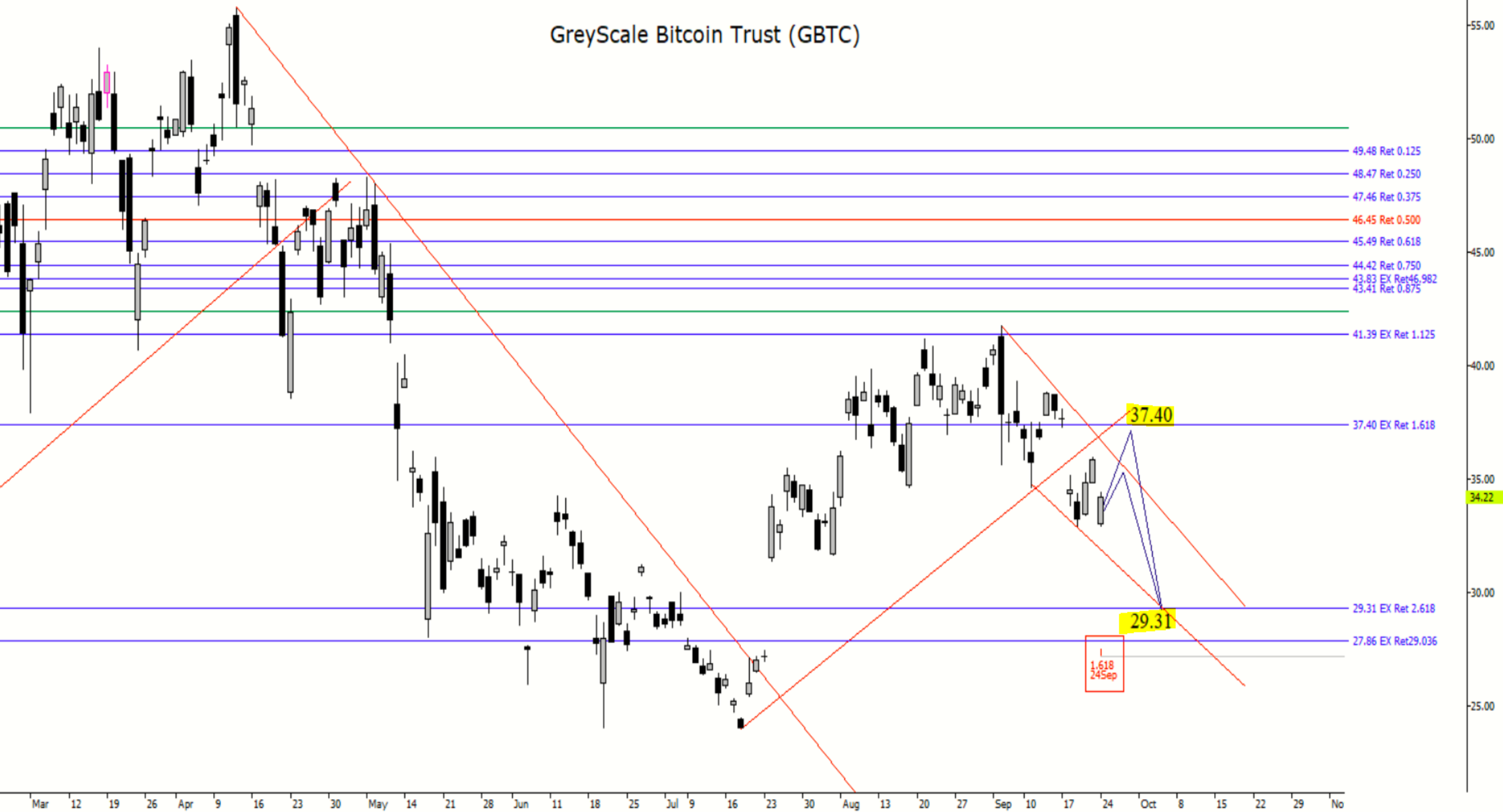
Avoid all cryptocurrencies and cryptocurrency stocks for now.



Grayscale Ethereum Trust (ETHE)



GreyScale Bitcoin Trust (GBTC)



- New buy candidate: **Tesla Inc. (TSLA)**
- Industry Group: **Auto Manufacturers**. The group currently ranks as the 70th strongest industry group in the market out of 197 and is up +2.15% YTD. The industry group gave a buy signal on Friday September 24, 2021 with above average volume.
- TSLA manufactures high performance fully electric vehicles and batteries.
- TSLA has formed a double cup-with-handle base and broke out of the handle on Friday.
- TSLA has a cycle turn date on October 5, 2021.
- *Two options for a buy signal:*
- 1) TSLA will confirm a buy signal with a 30-minute close above 775 on increased volume. Wait for confirmation!
- 2) Wait for a throwback to the trendline of the Handle in the cup-with handle base between 762.53 & 760.48 and confirmation on the 5-minute chart. I will send a confirmation text!
- Initiate position with at 1-star(*). Market concerns
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.1.
- TSLA closed at **774.39**.
- TSLA VWAP is at 131.55.
- Sell target price: **1st target is 821.24, 2nd target is 855.29**
- Stop sell price: End of day **Close** below **734.55**.



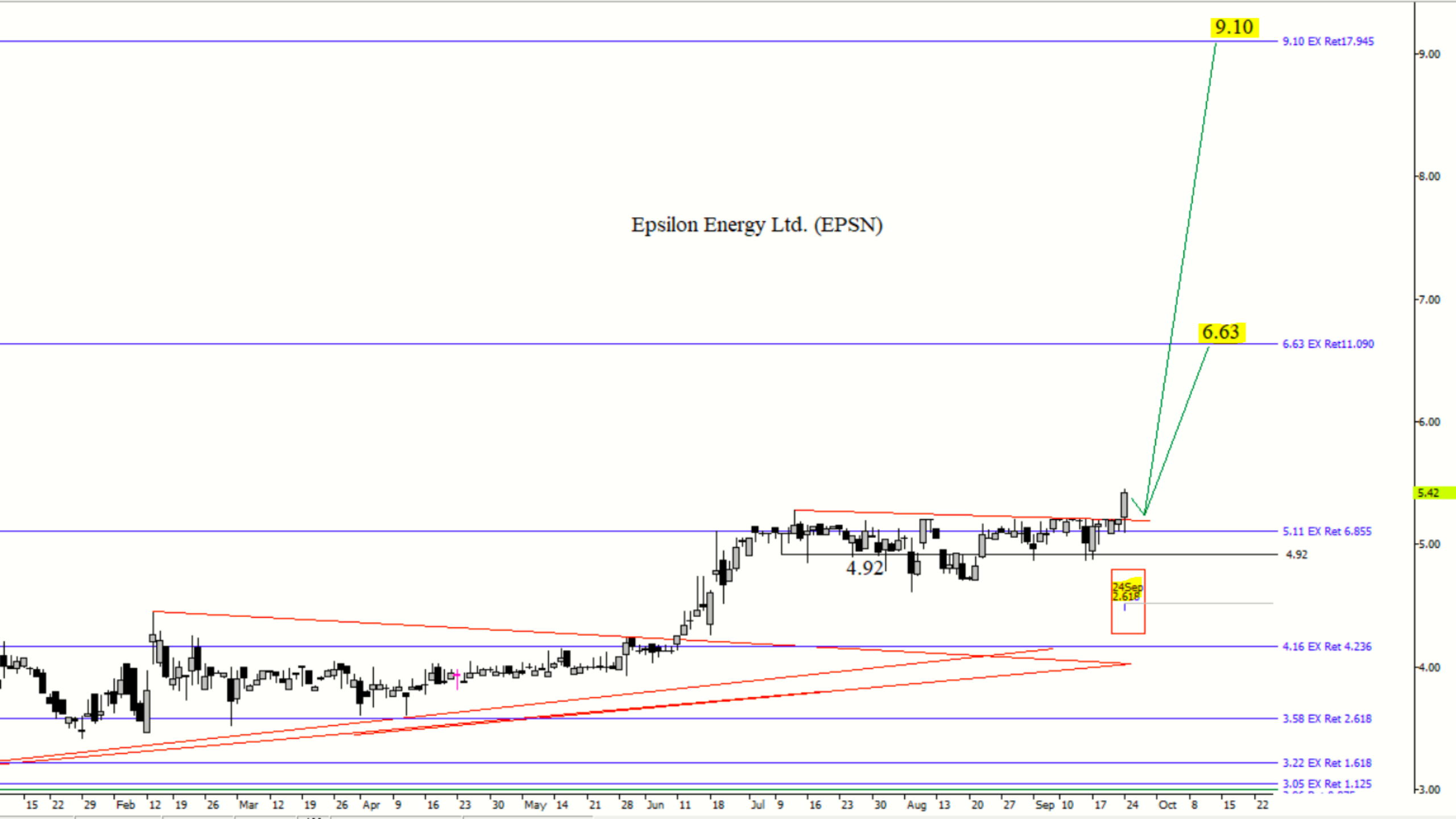
Tesla Inc. (TSLA)



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- Buy candidate: **Epsilon Energy Ltd. (EPSN)**
- Industry Group: **Oil & Gas US Exploration & Production**. The group currently ranks as the 19th strongest industry group in the market out of 197 and is up 97.30% YTD. The group gave a 20-day closing high with massive volume buy signal on September 2, 2021
- EPSN is engaged in oil and gas exploration and production primarily in Pennsylvania and Oklahoma.
- First quarter earnings were up 1000%. This could be the beginning of great earning to come on this stock. The analyst's consensus estimate is an increase of 1000% in earnings for 2021. That is the kind of accelerating earning that could launch this stock much higher.
- EPSN broke out to all time highs with volume 265% above average on Friday. It has been in a Cup-with-handle IPO base since March 2019.
- **After first entering EPSN in July, the stock is finally starting to move on its September 24 time cycle date!**
- **EPSN buy is confirmed with a throwback to 5.21 and confirmation on the 5-minute chart. Wait for confirmation text!**
- Initiate position with at 1-star(*).
- Under institutional accumulation with an Up/Down Volume ratio of 1.6.
- EPSN closed at **5.42**.
- ESPN VWAP is at 3.62
- Sell target prices: **1st target is 6.63; 2nd target is 9.10**
- Stop sell price: **Close** below **5.11**.



Epsilon Energy Ltd. (EPSN)



Epsilon Energy Weekly Chart

Cup with handle IPO Base



Moving Average 50





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¹The results are not (or may not be) representative of the performance of all selections made by Trading Floor Research (TFR) newsletter.

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