



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —



10/30/22

## This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- **HilleVax Inc. (HLVX)** is a new BUY candidate in an IPO base from the Healthcare Sector and Biotechnology industry group.
- **United States Oil Fund (USO)**. A new BUY candidate designed to move inline with the daily performance of the Cushing, Oklahoma Benchmark Oil Futures Contract.
- **Innovative Solutions & Support (ISSC)** is a new BUY candidate in the Aerospace & Defense industry group.



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## Sectors, Industry Groups & Leadership Stocks

### S&P 500

In the last newsletter, I reported that the S&P 500 had completed a buy signal with a 20-day closing high on increased volume. The signal was preceded by a follow-through day and close above the critical 3742.02 Fibonacci number from my long-term chart.

The overbought conditions indicated the S&P 500 would pull back to the recently broken trendline and Fibonacci support at 3742.02. The retreat I was looking for started on Wednesday and was completed Thursday afternoon in after-hours trading.

After Amazon.com (AMZN) reported earnings, the futures threw back into the trendline and hit the 3742.02 Fibonacci target in after-hours trading. The index started the after-hours rally trading a half hour later when Apple Inc. (AAPL) reported its earnings. By the time the market opened Friday morning, the S&P 500 was already in rally mode and didn't give the low-risk buy opportunity on Direxion Daily S&P 500 Bull 3x (SPXL) ETF.

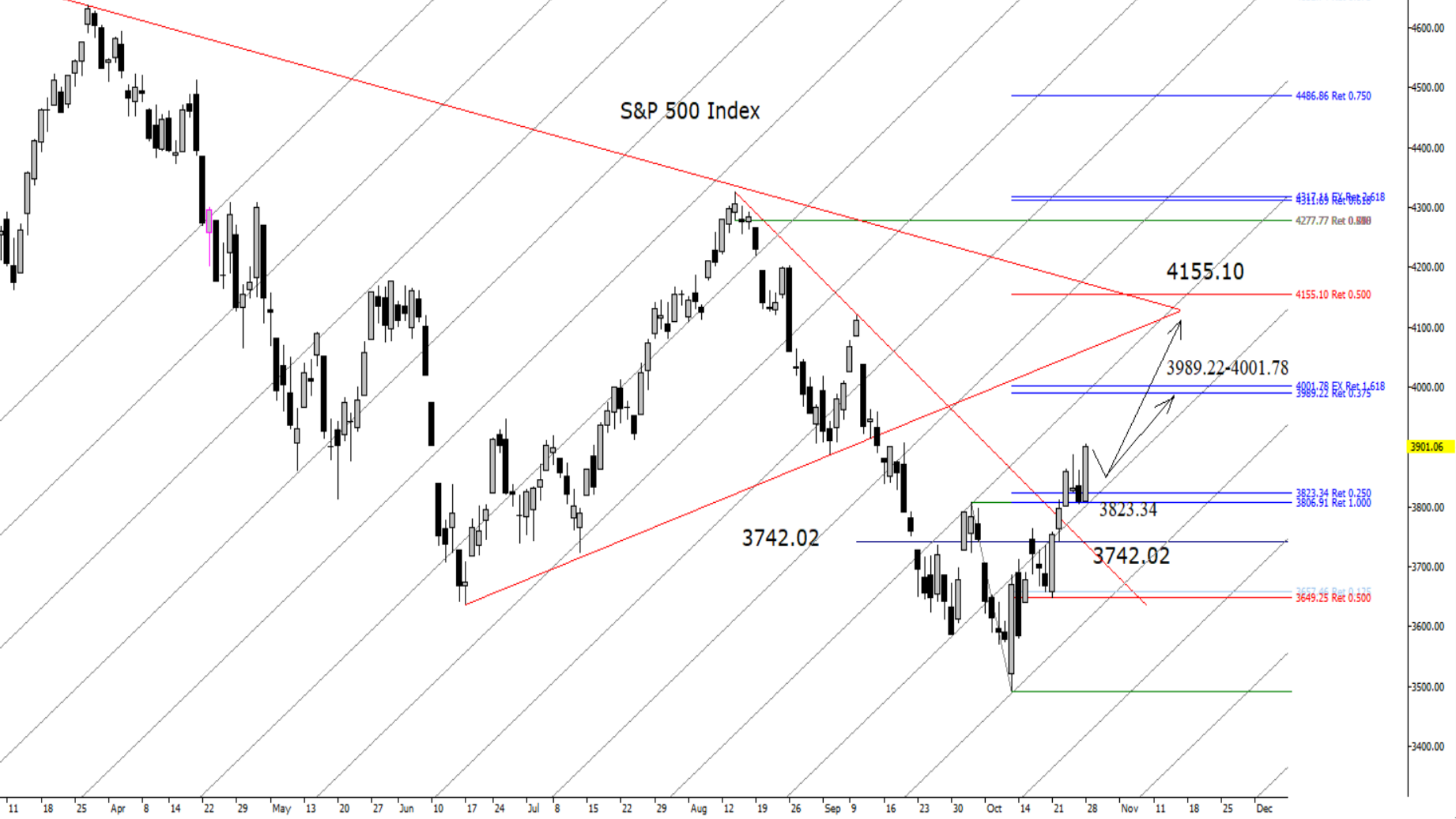
Closing above the high of Wednesday's tail, Friday was a very bullish sign of a continuation of the S&P 500 rally. The next significant Fibonacci target range is at 3989.22-4001.78.

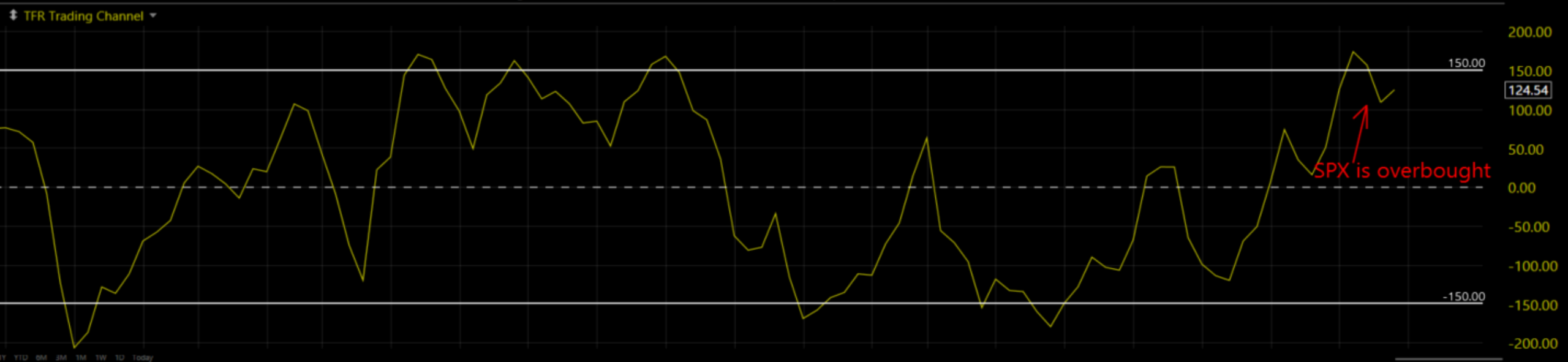
The markets are still overbought and could pull back over the next couple of days to the Fibonacci support range between 3823.34 to 3806.91. (Refer to TFR trading channel chart)

The S&P 500 bear market rally could last until the election and trade as high as 50% Fibonacci resistance at 4155 from the January high to the October low. (Refer to S&P 500 chart)

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

*I recommend caution and 80% cash*





## Sectors, Industry Groups & Leadership Stocks

Two sectors, **Healthcare** and **Industrials**, gave a buy signal this past week. The industry group that caught my attention from the industrials sector is **Aerospace & Defense**.

The **Aerospace & Defense** group issued a buy signal on Tuesday and a follow-up signal on Friday. The leader in the group is **Innovative Solutions & Support (ISSC)**, and it is featured in this report.

The strength in the **Energy** sector continued to accelerate. All six Oil and Gas industry groups are now in buy signals, and the oil futures are ready to break the downward-sloping trendline from June 8, 2022, high. **United States Oil Fund (USO)** is prepared to take advantage of the move in oil futures and is highlighted in this report.

After a buy signal in the **Healthcare** sector on Tuesday and a follow-up signal on Wednesday, I am adding a new healthcare stock ready to break out of an IPO base. **HilleVax Inc. (HLVX)** confirmed a 30-minute buy signal in the last half hour of trading on Friday at 21.09. The **HLVX** stock can be purchased Monday morning and is featured in this report.

### Buy candidate: United States Oil Fund (USO)

- **United States Oil Fund (USO)** is an ETF that reflects the daily changes of the spot price of light sweet crude oil delivered to Cushing, Oklahoma, as measured by the daily changes in the Benchmark Oil Futures Contract.
- **United States Oil Fund (USO)** trade is designed to take advantage of the next potential move higher in Small Cap oil stocks. On October 7, 2022, USO made a 20-day closing high on above-average volume, and the moving averages bow tied to proper order on and closed above Fibonacci resistance at 72.76. To complete the buy signal, USO must close above the descending trendline from June 14, 2022, high. • United States Oil Fund (USO) will confirm a Buy with a close above 10.27 above the trendline and a 30-minute buy signal..
- **Wait for text confirmation**
- Start position at 1-star(\*).
- Up/Down Volume Ratio on USO is 1.10.
- **United States Oil Fund (USO)** closed at 72.82.
- **United States Oil Fund (USO)** VWAP is at 62.54.
- **Sell target price: 1st target is 80.16; 2nd target is 87.84**
- Stop sell price: Close below 67.73

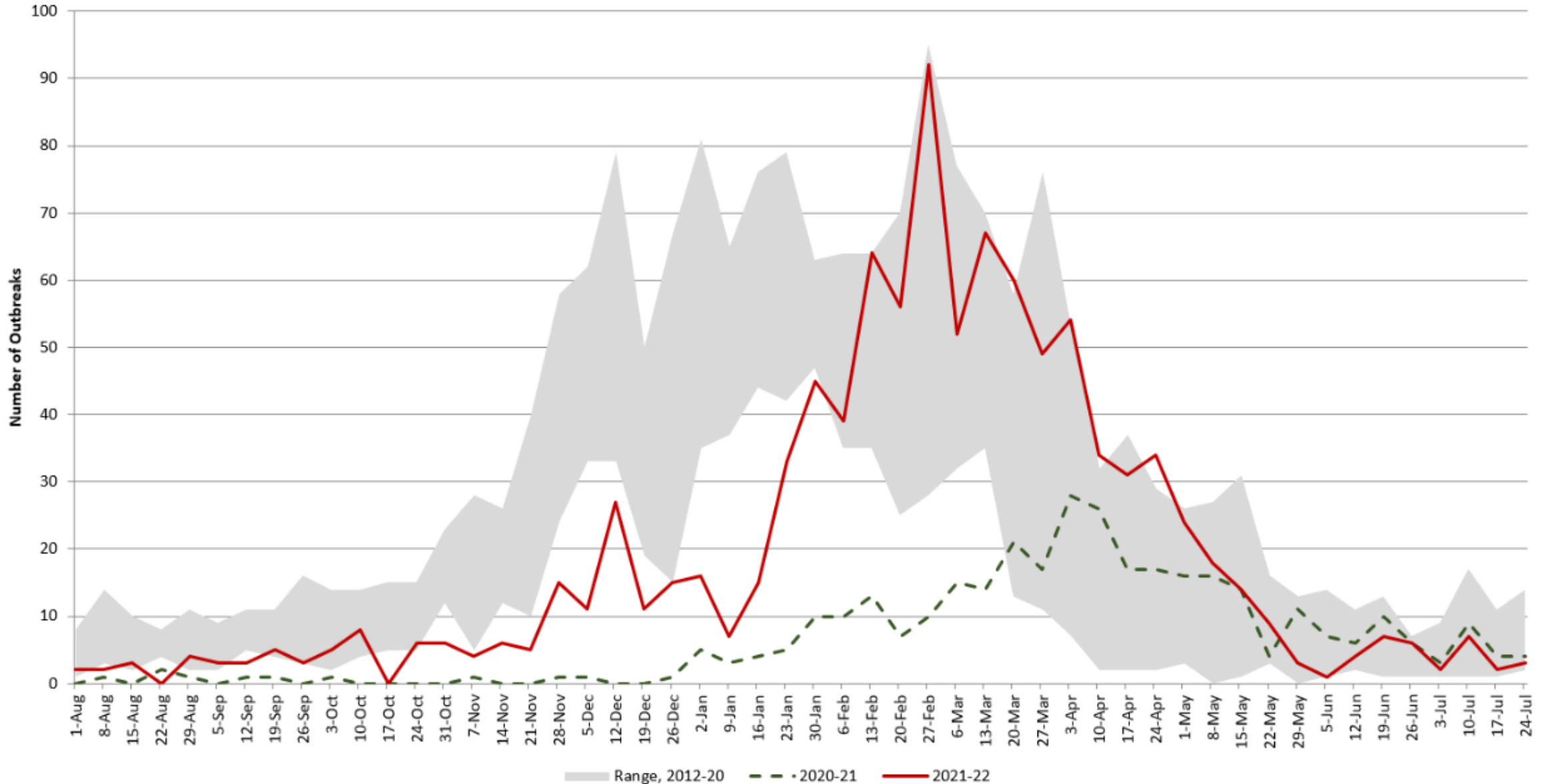




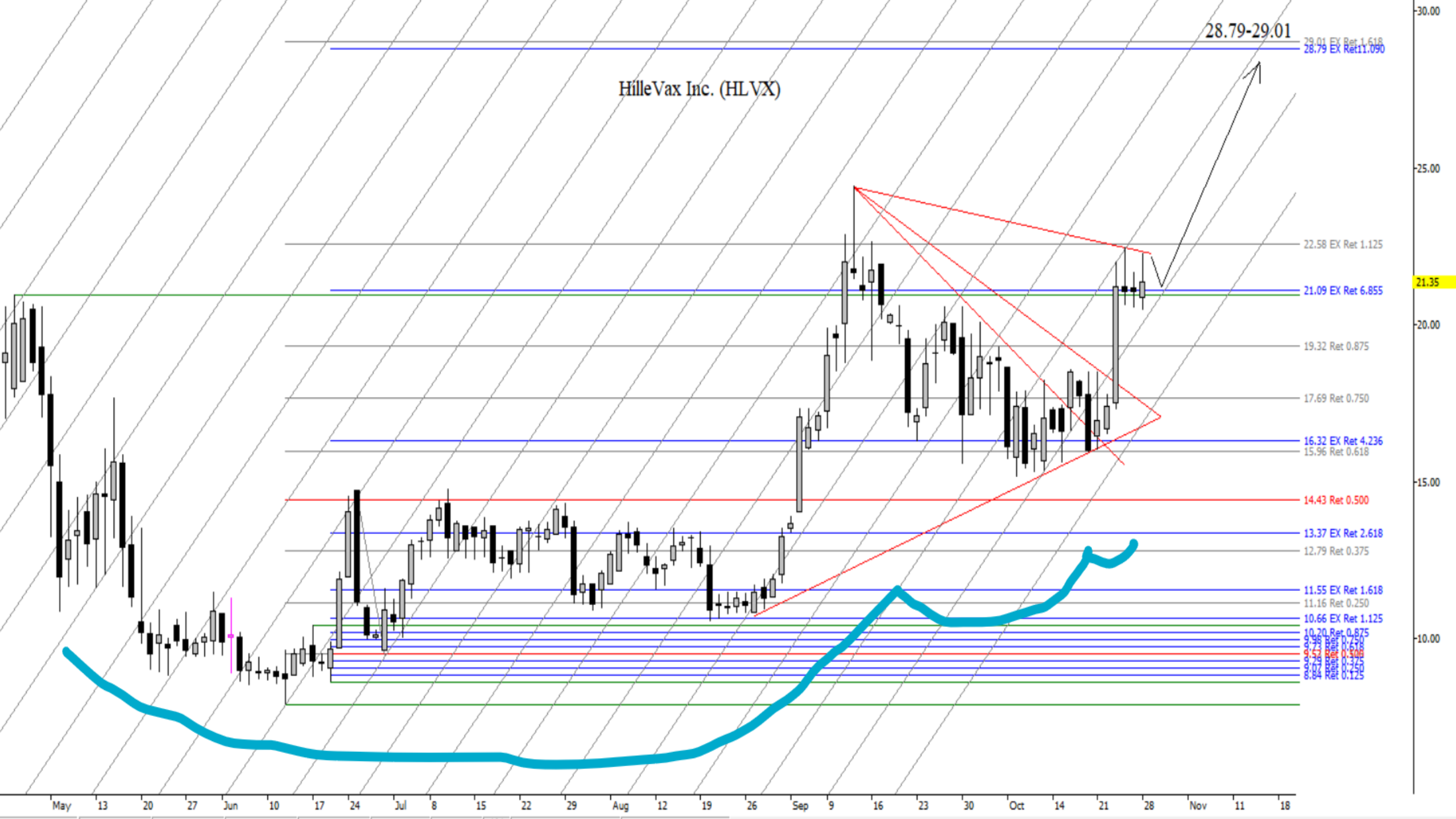
## Buy Candidate: HilleVax Inc. (HLVX)

- *Industry Group: Healthcare sector/Biotech industry group.* The Biotech industry group ranks as the 8<sup>th</sup> strongest industry group out of 197 and is down -22.40% YTD.
- **HilleVax Inc. (HLVX)** is a developer of a vaccine to protect against Norovirus infection. Norovirus is very contagious, and recorded data by the CDC indicate that outbreaks accelerate in November and peak in February. This past year 3xtimes the number of outbreaks have occurred over the previous year. This stock could get attention if we see further acceleration in the next few months. (Refer to CDC Chart)
- The Cup-with-handle IPO base that **HilleVax Inc. (HLVX)** is breaking out of indicates that traders are already focused on this stock. Friday's close confirmed a buy signal with a 30-minute confirmation at 21.40 after HLVX spent the past three days basing above Fibonacci support at 21.09.
- **HilleVax Inc. (HLVX) confirmed a buy with a 30-minute close above 21.40. I am looking to purchase shares between 21.40 and 21.09 Monday morning.**
- ***Start Position at 1-star(\*)***
- *Under institutional accumulation with an Up/Down Volume ratio of 1.38.*
- *HilleVax Inc. (HLVX) closed at 21.45.*
- *HilleVax Inc. (HLVX) VWAP is at 14.43*
- *Sell target price: 1st target is 28.79-29.01*
- *Stop sell price: Close below 17.69.*

# Number of Suspected or Confirmed Norovirus Outbreaks Reported by NoroSTAT-Participating States Per Week, 2012-2022

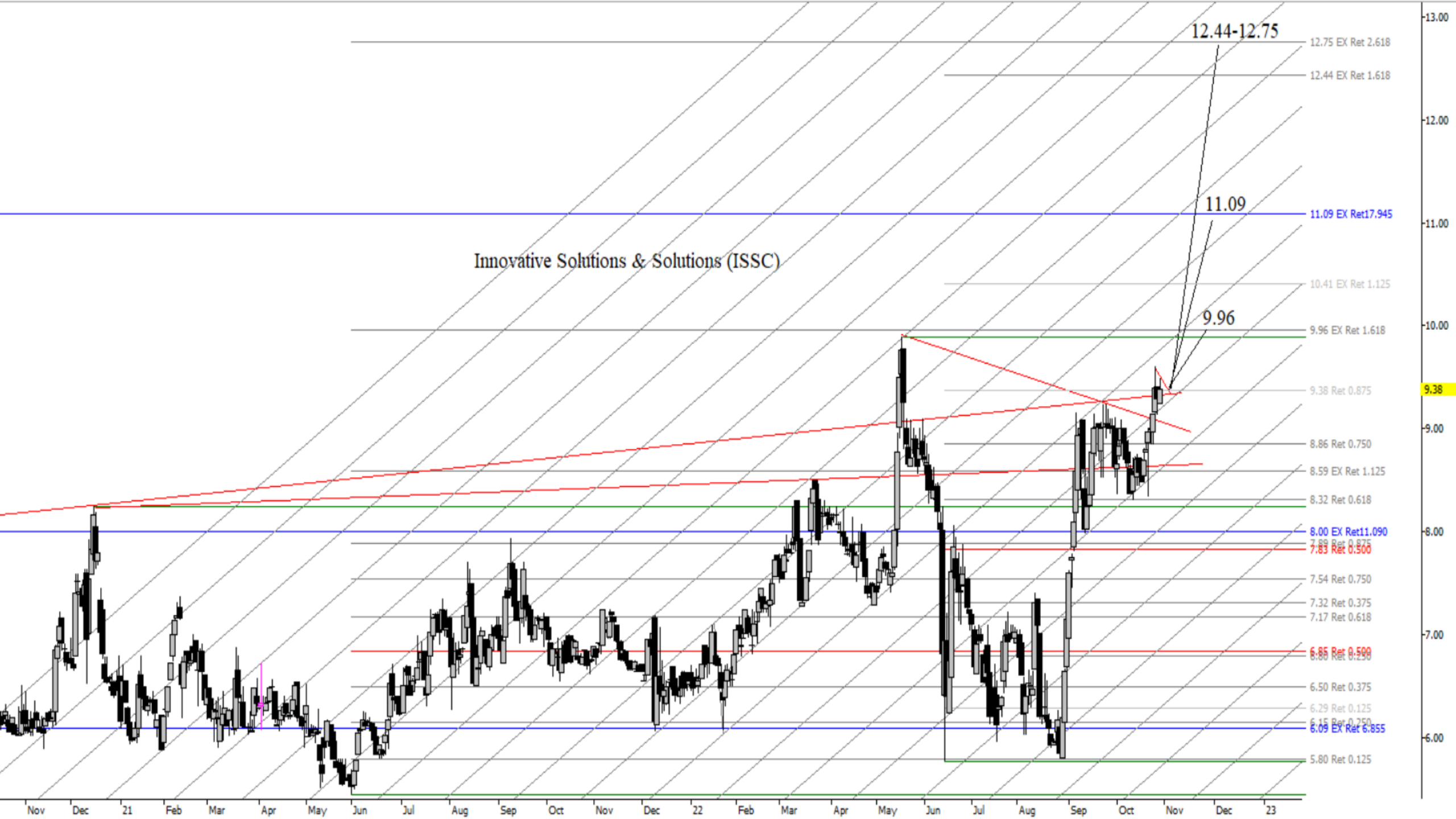


# HilleVax Inc. (HLVX)



## Buy Candidate: Innovative Solutions & Support (ISSC)

- **Industry Group: Aerospace & Defense.** The Aerospace & Defense industry group ranks as the 50<sup>th</sup> strongest industry group out of 197 and is up 5.12% YTD, and is in a buy signal since October 25, 2022
- **Innovative Solutions & Support (ISSC)** offers Flat Panel Display Systems, Autothrottles, Flight Information Computers, Engine and Fuel Instrumentation, Class 3 E-Charts, and RVSM solutions for the aviation industry.
- **Innovative Solutions & Support (ISSC)** broke out of a cup-with-handle pattern that started on May 17, 2022. By giving a 20-day closing high and closing above the trendline with above-average volume, ISSC gave a buy signal on Wednesday.
- **Innovative Solutions & Support (ISSC) will confirm with a 30-minute close above 9.49 on increased volume.**
- ***Wait for text confirmation!***
- ***Start Position at 2-star(\*\*)***
- *Under massive institutional accumulation with an Up/Down Volume ratio of 4.89*
- *Innovative Solutions & Support (ISSC) closed at 9.38.*
- *Innovative Solutions & Support (ISSC) VWAP is at 5.62.*
- *Sell target prices: 1st target is 9.96; 2nd target is 11.09; 3<sup>rd</sup> target is 12.44-12.75*
- *Stop sell price: Close below 8.86.*





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