



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

08/27/23



This Trading Floor Research report contains:

NASDAQ 100 (QQQ), S&P 500 Update

Russell 2000, Regional Banks Update

ProShares UltraPro Short 3X (SQQQ)

Hawaiian Electric (HE)

PB (Prosperity Bancshares)

Market Comments

SPDR S&P Regional Banking ETF (KRE)

The Regional banks continue to lead the market lower.

*On Thursday, the **SPDR S&P Regional Banking ETF (KRE)** ran past its 43.92 Fibonacci resistance for two hours intraday and finished the day at 43.93.*

Thursday's bearish pattern formed on the Time Cycle turn date I wrote about in Tuesday's newsletter and highlighted the potential for a top.

On Friday, KRE spiked above 43.92 for 15 minutes and hit a lower high than the previous day's Time cycle turn date high. The lower high supports the August 24 time cycle high and the strong probability that KRE will trend lower from here.

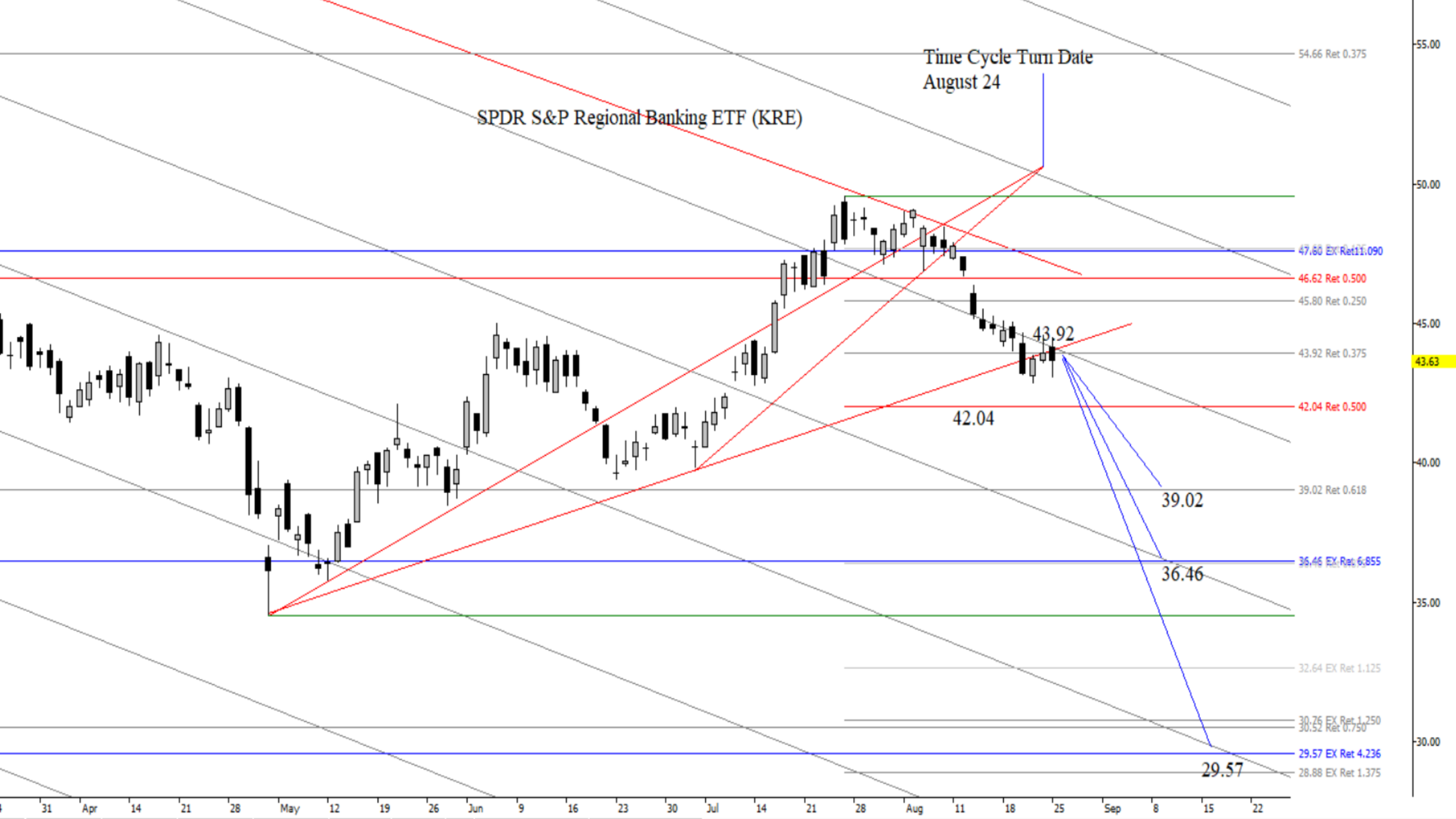
The rest of the day on Friday, the SPDR S&P Regional Banking ETF (KRE) traded below 43.92 and closed with a loss of -.31.

The weekly close indicates that KRE has squared Price and Time at 43.92 on August 24.

The squaring of Price and Time suggests a high probability of a KRE decline over the next few weeks.

This week, I will add the Oct 20, 42 Puts with 30-minute confirmation.

The next Fibonacci downside targets are 42.04, 39.02, 36.04, and 29.57.



SPDR S&P Regional Banking ETF (KRE)

Time Cycle Turn Date
August 24

54.66 Ret 0.375
47.60 EX Ret 1.090
46.62 Ret 0.500
45.80 Ret 0.250
43.92 Ret 0.375
42.04 Ret 0.500
39.02 Ret 0.618
36.46 EX Ret 6.855
32.64 EX Ret 1.125
30.75 EX Ret 1.250
30.52 Ret 0.750
29.57 EX Ret 4.236
28.88 EX Ret 1.375

55.00
50.00
45.00
40.00
35.00
30.00

31 Apr 14 21 28 May 12 19 26 Jun 9 16 23 30 Jul 14 21 28 Aug 11 18 25 Sep 8 15 22

Market Comments

Russel 2000 (IWM)

*The Russell 2000 (IWM) confirmed a sell signal last week, and I purchased the **Direxion Small Cap Bear 3x (TZA)** to take advantage of the lower move.*

The Russell 2000 (IWM) has many Regional bank stocks as components of the index and strongly correlates to the downward move in Regional Banks. With Regional Banks pointing lower, the Direxion Small Cap Bear 3x (TZA) should benefit from the added weakness.

Last week, the Russell 2000 (IWM) had a feeble rally off Fibonacci support at 182.25. It could barely achieve the first Fibonacci target at 186.90, with a high of 186.34.

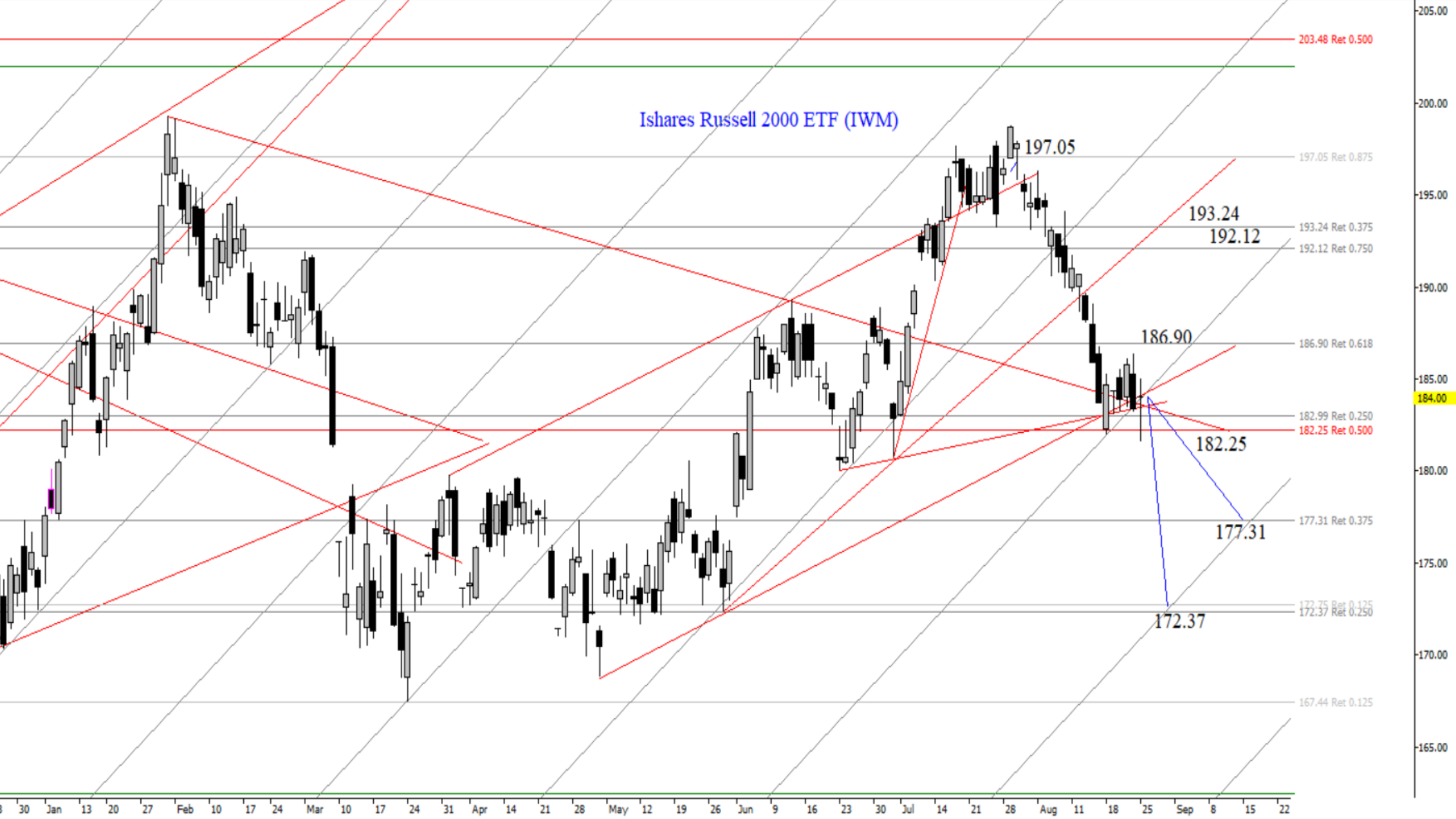
After confirming a move lower at Thursday's close, Friday morning's pop offered an excellent opportunity to enter the Direxion Small Cap Bear 3x (TZA) position at 27.29.

TZA closed the week at 27.93 as IWM closed at 184.00

A Russell 2000 (IWM) close below Fibonacci support at 182.25 will trigger a meaningful selloff.

From there, the next Fibonacci targets would be 177.31 and 172.37.

Ishares Russell 2000 ETF (IWM)



Prosperity Bank (PB)

I'm closely monitoring the ten recent regional bank downgrades from Moody's. **Prosperity Bancshares (PB)** is the relative weakest of the nine downgrades.

Last Tuesday, Prosperity Bancshares (PB) closed three cents above Fibonacci support at 55.75 and took one last gasp for air using the 55.75 Fibonacci support for a move higher. The retracement returned the shares to Fibonacci resistance at 57.68 and another retest of 55.75 Friday morning.

The most meaningful move happened in Friday's post-market trading. Prosperity Bank (PB) closed below 55.75 at 54.82 on 27,400 shares. This was an after-hours sell confirmation of Prosperity Bank (PB).

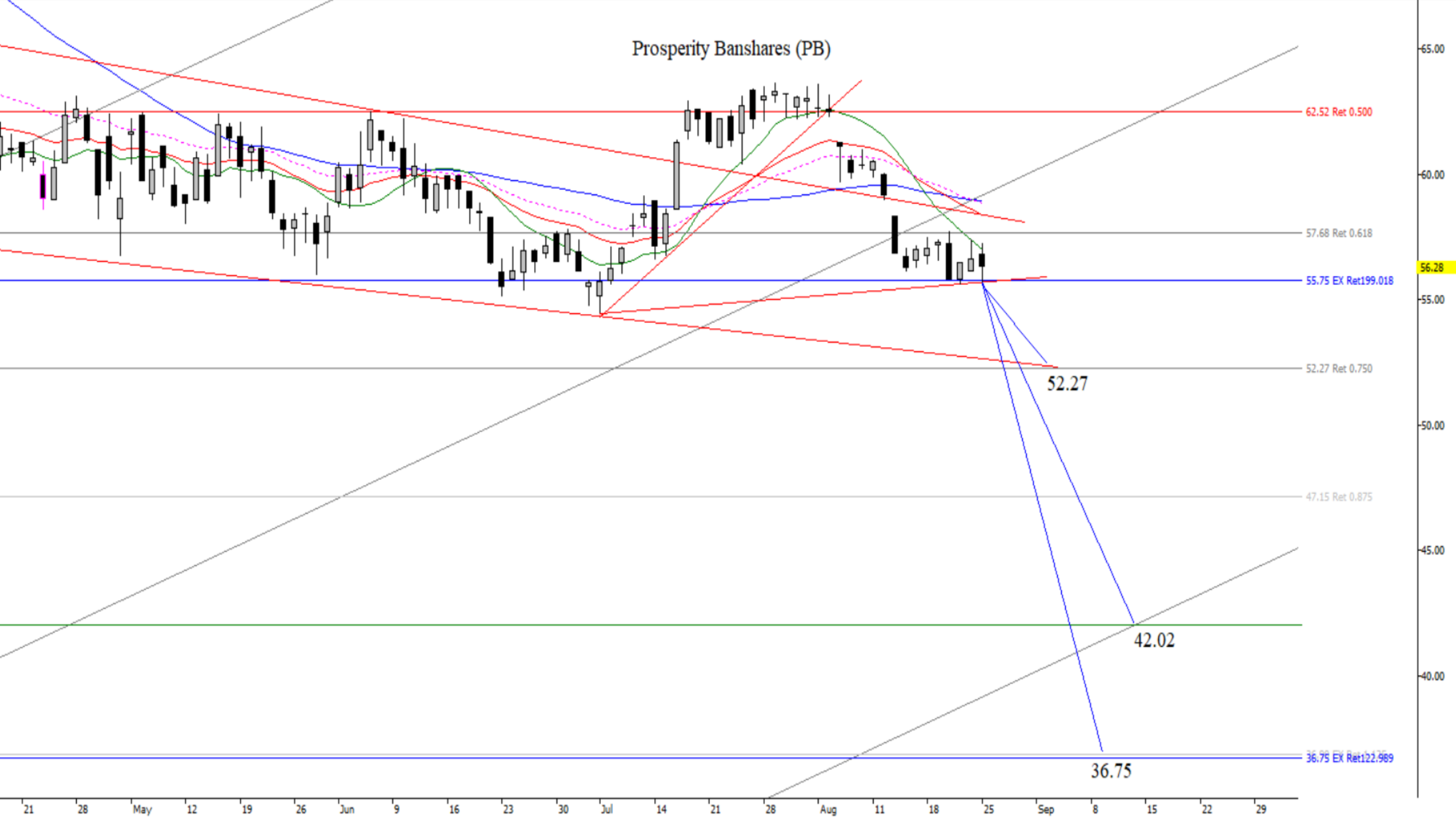
If Prosperity Bank (PB) holds below 55.75 for Monday morning's first half hour of trading, I will short the shares.

Prosperity Bank (PB) is very weak and could tumble quickly with a close below 55.75.

Fibonacci downside targets are 52.27, 42.02, and 36.75.

Once shares closed below 55.75, it would become the stop with a daily close above 55.75

Prosperity Banshares (PB)



Market Comments

S&P 500 Update

*On Thursday, the **S&P 500** had an intraday reversal to close below its Fibonacci retracement target of 4434.33.*

Last week, I outlined that the S&P 500 could return to its 4434.33 target.

The SPX Opening at the day's high and closing at the low produced a candlestick bearish engulfing pattern that almost engulfed the previous three trading days. Taking back nearly three days of upside in a few trading hours is very bearish behavior.

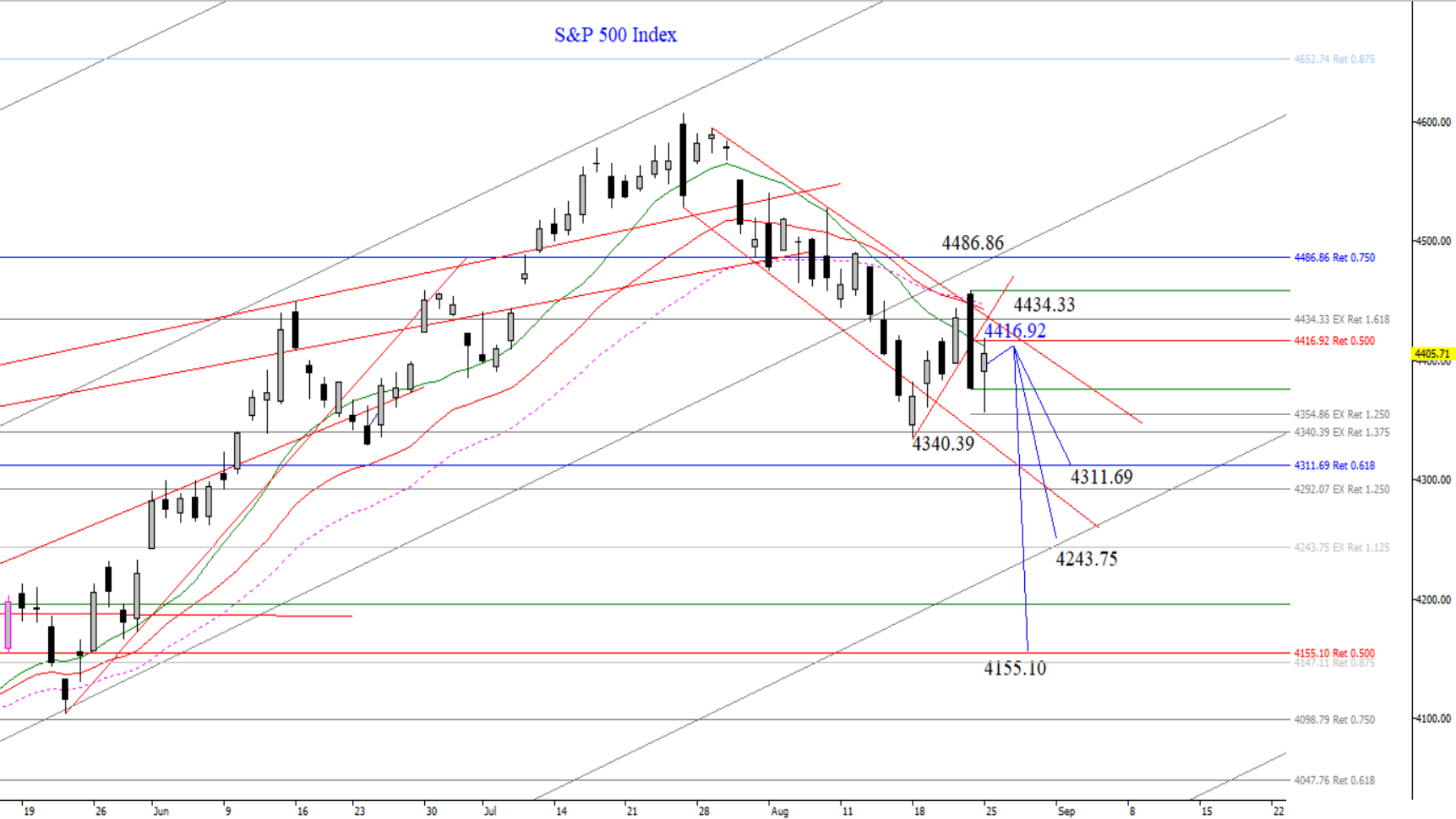
The S&P 500 confirmed its move lower and finished a little higher on Friday.

*If the SPX doesn't close above 50% of Thursday's bearish engulfing day at **4416.92**, the bears will stay in control, and the SPX will continue to trend lower.*

*I will look to purchase the **Direxion Daily S&P 500 Bear 3x (SPXS)** to take advantage of the following swing trade with confirmation this week.*

*The next Fibonacci downside targets on the S&P 500 are **4311.69** and **4155.10**.*

S&P 500 Index



Market Comments

NASDAQ 100 (QQQ) & ProShares UltraPro Short QQQ (SQQQ) Update

On Wednesday, the **NASDAQ 100 (QQQ)** nailed its bear market 3/4 number at 370.14 and finished below the critical number.

Thursday morning, Nvidia (NVDA) earnings news pushed the NASDAQ beyond the substantial 3/4 number for less than five minutes.

After the retracement move terminated at 370.14, the ProShares UltraPro Short QQQ (SQQQ) confirmed a move higher at 20.03.

Friday, the NASDAQ rally allowed TFR subscribers to re-enter the **ProShares UltraPro Short QQQ (SQQQ)** shares at 20.03 as SQQQ shares closed at 19.82.

The bears will retain control of QQQ shares if it doesn't close above **386.86**.

Friday, the NASDAQ QQQ closed at 364.02, holding above the 1/4 number from the July 19 top at 363.03.

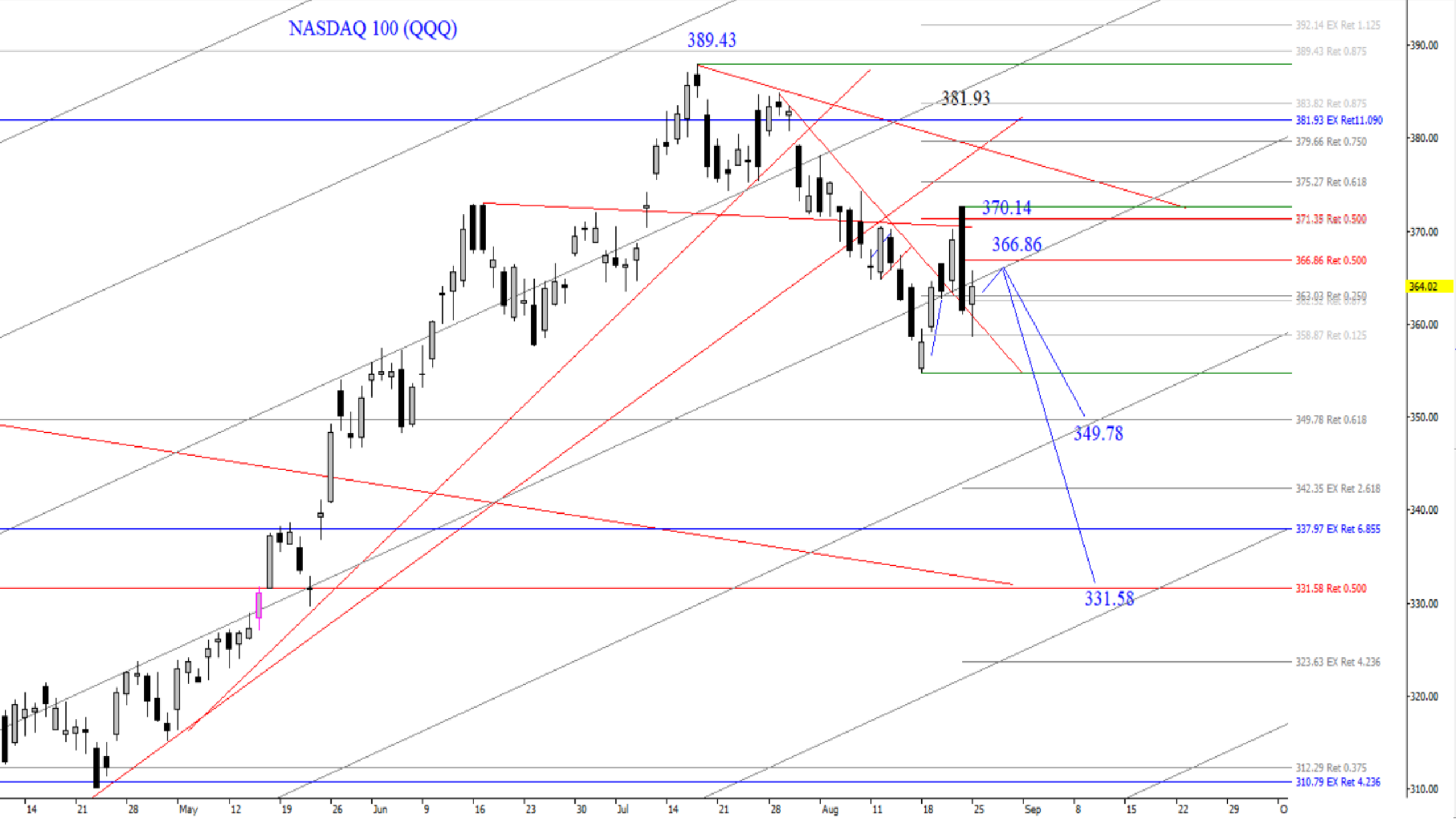
Next week, I will focus on the ability of the QQQs to take back the 1/4 number and close below Friday's low at 358.58. Closing below Friday's lows will create downward momentum once again.

Closing above 386.86 will allow the bulls to retest 370.14 one more time.

I am once again holding the **ProShares UltraPro Short QQQ (SQQQ)** position.

The QQQ downside Fibonacci targets are 349.78, 331.58, and 310.79. The stop is a daily close above 370.14.

NASDAQ 100 (QQQ)



Buy Candidate: Hawaiian Electric Indus (HE)

- *Industry Group: Utility Electric Power.* The **Utility Electric Power** industry group ranks as the 128th strongest industry group out of 197 and is up +.40% YTD.
- **Hawaiian Electric (HE)** is a utility servicing the islands of Maui, Oahu, Lanai, and Molokai. It has fallen sharply after getting blamed for the devastating Maui fire.
- The pummeling of **Hawaiian Electric (HE)** shares has created a long tail down Point and Figure pattern resembling Tesla's long tail down in January, leading to a 197% price advance. On Friday, HE found a floor at the Fibonacci support of 9.42 but immediately held up at the Fibonacci resistance of 10.42. If shares close below 9.42, they will go to the next Fibonacci support at 8.80. Once they can close above 10.42, they are likely to move higher.
- *I will wait for Hawaiian Electric (HE) to give a 30-minute price confirmation of a move higher. My objective is not to guess the bottom but to purchase when the shares indicate a high probability of moving higher.*
- **Wait for text confirmation!**
- **Start Position at 4-star(****)**
- *Institutional distribution has pushed the Up/Down Volume ratio to a historic low of .26. Indicating that most institutions that wanted to sell have sold.*
- *Hawaiian Electric (HE) closed at 9.66.*
- *Hawaiian Electric (HE) VWAP is at 32.53.*
- *Sell Fibonacci target prices: 1st target is 12.02; 2nd target is 14.63; 3rd target is 18.84; 4th Target 25.66.*
- *Stop sell price: Close below 8.80.*





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