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03/28/21

This Trading Floor Research report contains:

- Analysis on S&P 500 follow-through day, and the next steps to high probability stock purchases
- Steel-Producers industry group buy signal on Friday.

Market gives a Follow-through day in last hour of trading on Friday

Two weeks ago, when IBD went to a confirmed uptrend based on the Dow Jones Industrial Average making a new high, I warned that this was a very weak confirmation of the markets' ability to move higher from here. William O'Neil said, "no bull market has ever started without a follow-through day." The market had not made a follow through day. Without that kind of confirmation, my top-down analysis could not proceed with the high probability individual stock setups I demand.

Since then, the market has given some scary down days followed by enticing up moves. This is the definition of a "choppy market." In the 31 years I have traded the markets, I have lost more money in choppy markets than markets that go straight down. When markets go straight down, it is easy to stay out. Choppy markets entice you on the up days to get back in. Only to lose money the very next day and scare you out the following day. That is why I have continued to advise cash as we go through this period.

In the last hour of trading on Friday afternoon, the market may have given traders a glimmer of hope. Price and volume moved high enough on the S&P500 to give us a follow-through day. As many of you know, I analyze stocks using a "top-down analysis." That means that I need confirmation from the markets. I then need confirmation from industry groups, and individual stocks in those industry groups. Friday may have offered the market signal, but I still have not gotten the industry group confirmation I like to see. There were a couple of industry groups that gave a buy signal, but the leading stocks have not setup yet. More on that later in the report.



SLR Exemption & Group Rotation

The other troubling backdrop to the markets is that the SLR exemption will expire at the end of this week. Bonds do not appear to have priced this in yet. Although bonds traded higher this week, the IEF representing the 7–10-year U.S. Treasury closed below its 10-day moving average by the end of the week. This is very significant. The strongest of trends will retrace to the 10-day moving average. As we approach the March 31 date, the 10-year Treasury appears to be in the strongest of downtrends. Understand that the move higher this week changed nothing.

William O’Neil said, “no bull market has ever started without a follow through day.” He continued this statement with, “not every follow-through day leads to a bull market.” We do not need to know how to predict markets in order to make money. We need to know what the market is telling us today. The market is telling me to be on alert for industry groups that could give a buy signal. This is what I plan to report to you if it happens. Continue to keep high levels of cash. I am at 98% cash in my trading accounts.



Steel-Producers Buy Signal

An industry group that gave a buy signal on Friday was Steel-Producers. My favorite stock in the group continues to be ZK International (ZKIN). I want to be very clear that **I am not recommending to buy ZKIN. It has not properly setup yet.** The chart looks very constructive, and I wanted to let you know what I am seeing. Remember that ZKIN is not only a steel stock, but also a blockchain company. That means the stock price will benefit from bitcoin & Steel Producers when it reverses.

The first chart I am showing you is of a weekly chart showing how ZKIN has traded since it's IPO on Sept 1, 2017. The chart shows a long-term IPO base. Almost five years of sideways movement. The bulls are in control as the stock trades in the upper half of its trading range, and the entire trading period has set up a Cup-with handle base. The next thing you should notice is the volume that has come into the stock as it rose on the right side of the cup. That accumulation volume has led to an up/down volume ratio of 3.2. ZKIN is under massive accumulation.





ZK INTERNATIONAL GROUP (ZKIN)



Watching ZK International Group for the Buy

The next chart is a daily chart that highlights the cup of the weekly chart from the previous slide. ZK International's weekly handle is forming a cup-with-handle base on the daily chart. Its handle is forming properly. The base has held up at 50% of the range of the cup, and the bulls have continued to stay in control. We are waiting for the handle to properly form and give a 30-minute buy signal. Potential turn date is April 2. This might take a few more days.

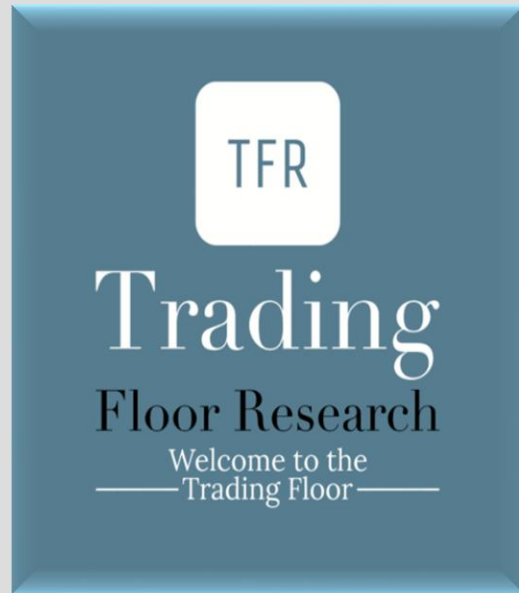




ZK INTERNATIONAL GROUP (ZKIN)



TFR open positions as of 03/28/2021:



NM	03/14/21 (3-star)	+34.71%
TOUR	03/17/21 (3-star)	-20.89%



Results of TFR closed positions

XPEV	Sold position	+41.83%	OTIC	Sold position 12/22/20	+41.80%
DADA	Stopped out	-12.6%	BTBT	Sold position 12/30/20	+101.15%
GPRO	Stopped out	-2.31%	LUNG	Sold position 12/31/20	+41.88%
FUV	Sold position	+67.34%	GBTC	Sold position 01/05/21	+95.29%
BLNK	Sold position	+76.25%	ZKIN	Sold ½ position 01/05/21	+28.57%
OPTT	Sold ½ position	+128%	TGC	Sold position 01/28/21	+309.82%
OPTT	Stopped out 1/2 position	+49.13%	SNMP	Sold position 01/28/21	+122.58%
BBIO	Sold Position	+21.81%	GP	Sold position 01/25/21	+41.29%
CVAC	Sold Position	+66.81%	GMDA	Sold position 01/26/21	-6.87%
NGMS	Stopped out	-11.22%	TUSK	Sold position 01/27/21	+1.77%
EH	Sold Position	+61.78%	ZKIN	Sold position 01/27/21	+16.17%
UFAB	Sold Position	+43.60%			

Results of TFR closed positions



CLIR	Sold position 01/28/21	+17.44%
VVPR	Sold position 01/27/21	+34.13%
CHNR	Sold position 01/27/21	-18.01%
ARYA	Sold position 02/08/21	+95.26%
USWS	Sold position 02/18/21	+217.90%
ARYA	Sold position 02/27/21	0.00%
NBAC	Sold position 02/26/21	-6.87%
SDPI	Sold position 02/26/21	+8.42%
BRN	Sold position 02/26/21	-14.15%
FURY	Sold position 02/26/21	-22.52%
GHSI	Sold position 02/25/21	-30.33%

Results of TFR closed positions

OGEN	Sold position 02/26/21	0.00%
TTOO	Sold position 02/25/21	+33.85%
THCA	Sold position 02/26/21	-6.14%
XELA	Sold position 02/26/21	-10.29%
AMST	Sold position 02/26/21	+6.45%
TUSK	Sold position 03/19/21	-23.69%
MBII	Sold position 03/24/21	+23.91%
PANL	Sold position 03/24/21	-1.85%





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