



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

04/16/23



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- Reneo Pharmaceuticals Inc. (RPHM)
- Sigma Lithium Corporation (SGML)

Still Setting up from last week

- Workday, Inc. (WDAY)
- Universal Electronics (UEIC) Long Tail Down Setup

S&P 500

The bears kept control as the S&P 500 challenged 4155.10

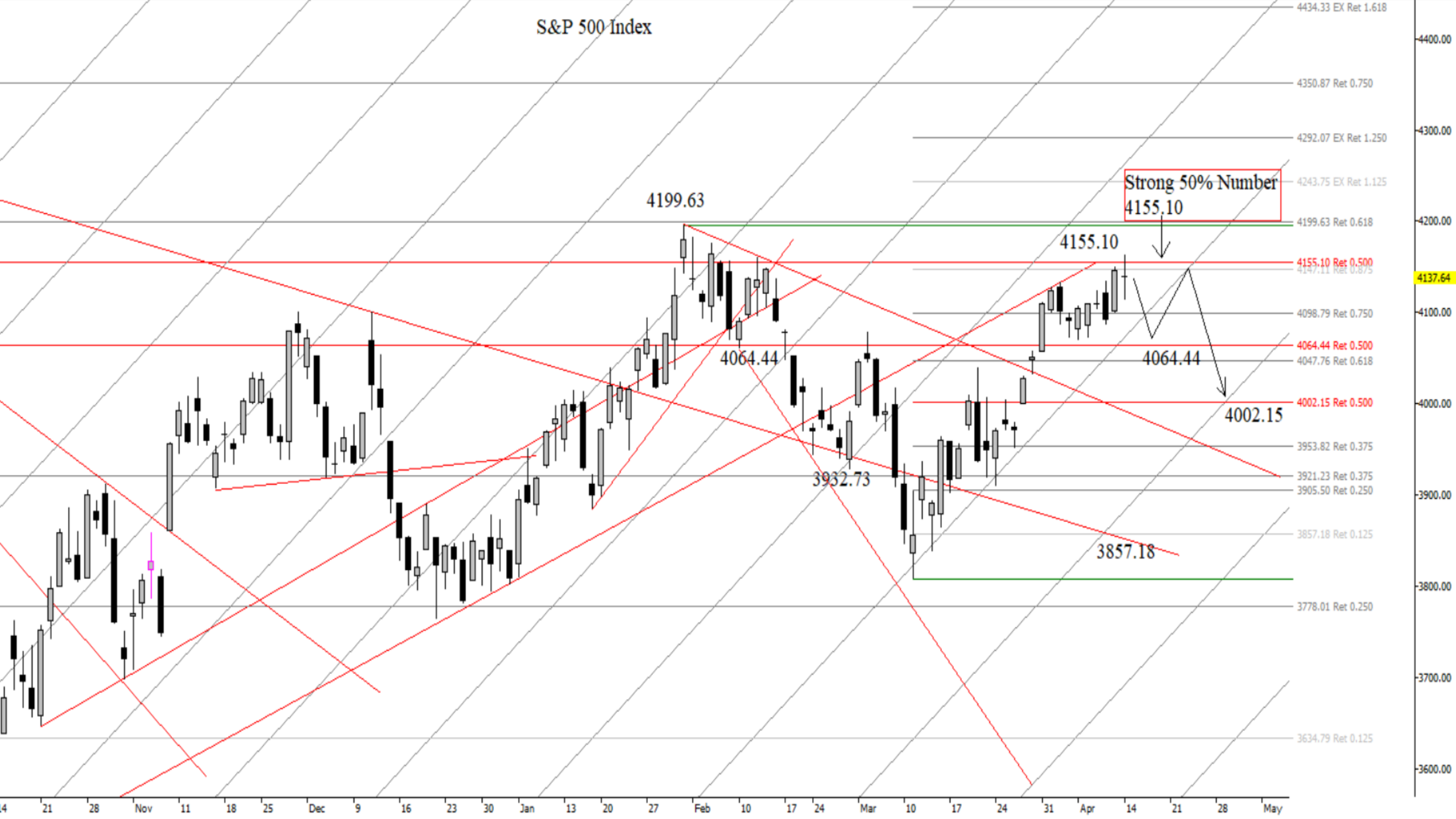
On Friday morning, the S&P 500 challenged its most substantial bear market Fibonacci number at 4155.10. The bulls needed to establish a close above 4155.10 to take control of the S&P 500. But Friday was a clear victory for the bears as the index traded above 4155.10 for less than 20 minutes before the bears took control with emphasis. After the opening 30-minute attempt, the next 30 minutes took back all the opening gains and more with increased volume—a clear sign of distribution. The market tumbled until mid-day when the bulls dug in their heels for an end-of-day rally attempt. Unfortunately, even with the last hour's shot, the bulls couldn't reclaim 50% of the day's trading range, much less the significant 50% number at 4155.10.

For the bears to claim any new ground to the downside, the S&P 500 must close below Fibonacci support at 4064.44. Last week's lows were able to hold the necessary support. A definite trend, either way, requires all three indexes to point in the same direction. By the end of the week, they were out of sync again. The DJIA is in a short-term sell signal, but the S&P 500 and the NASDAQ (QQQ) are pointed to higher ground.

Market distribution should be noticed. Even though the S&P 500 finished the week with a .79% advance, distribution days are adding up. Tuesday and Wednesday added two new distribution days to the previous week's distribution. The S&P 500 distribution day count is at three in the past seven sessions. Five distribution days in twenty sessions will usually indicate a market top. Distribution days are adding up as the S&P 500 challenges its most critical bear market hurdle at 4155.10.

I recommend caution and 80% cash in a safe U.S. Treasury money market.

S&P 500 Index



Industry Group & Sector Analysis

The **Basic Materials** sector gave a new buy signal last week. Gold and Silver are the leading industry groups in the sector, and both sold off hard from overbought levels on Friday. I will be buying back my gold stocks after this pullback. The only new buy signals in the sector came from **Copper** and **Industrial Metals and Mining**. Copper stocks are overbought, and I will wait for any new purchases. The Industrial Metals and Mining group is set up well and ready to advance. The leader in the group is **Sigma Lithium Corp. (SGML)**, and the stock is featured in this report.

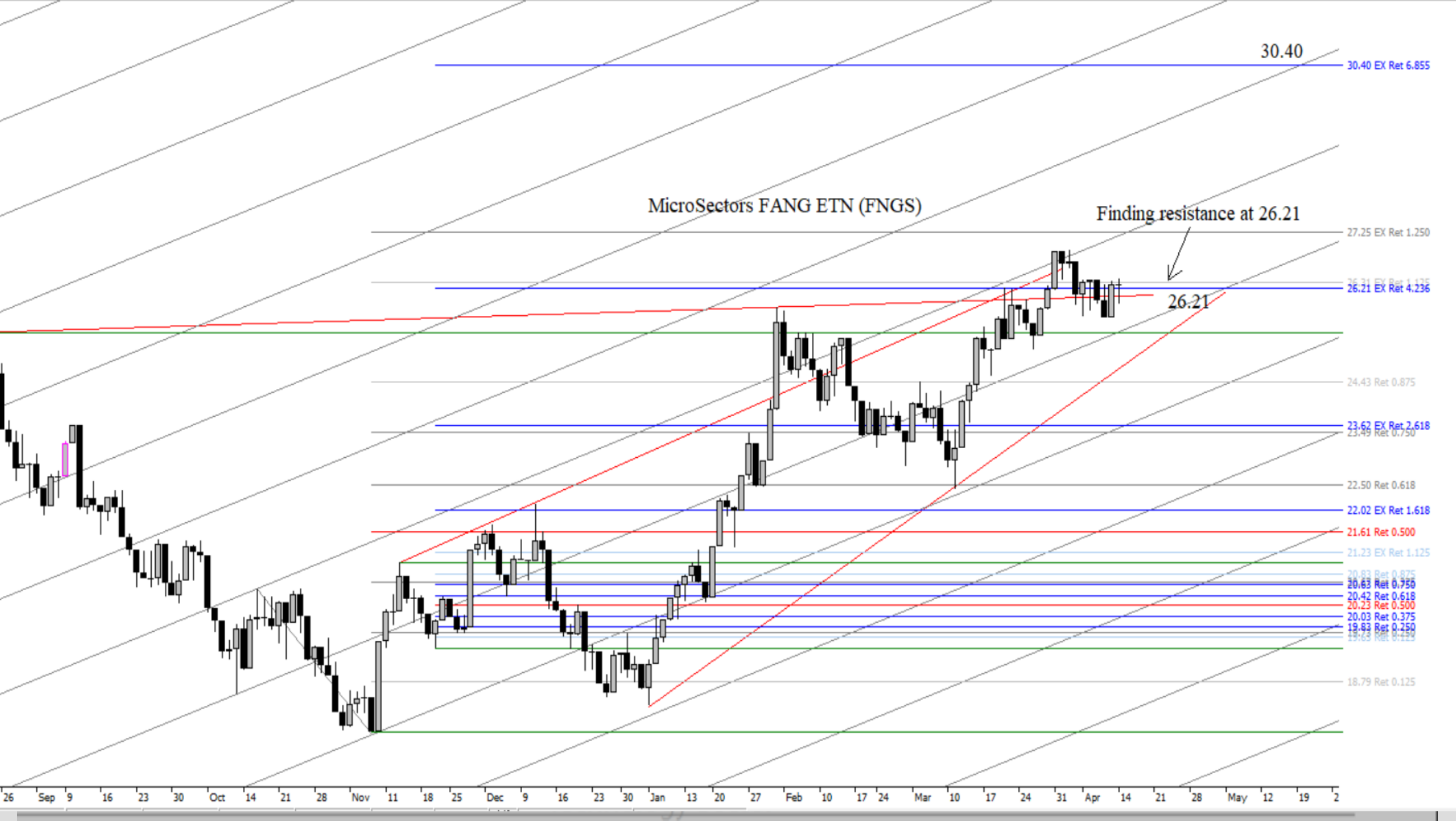
The **Healthcare** sector looks strong after it gave a buy signal two weeks ago. Unfortunately, the incredible strength has led to overbought conditions. **Biotechnology** stocks, my favorite industry group in the sector, gave a buy signal on Thursday. The buy signal in the Biotech industry group could open many short-term trading opportunities in the fast-moving stocks. Today's report includes **Reneo Pharmaceuticals Inc. (RPHM)**.

Unfortunately, I can't buy **Direxion Daily S&P Biotech Bull 3x (LABU)** as I would typically do with the Biotech's giving a new buy signal. The Point & Figure chart is retracing from a double bottom breakdown. Until I get demand confirmation on the Point & Figure chart, I will stay neutral on purchasing LABU.

Most leadership stocks in the Healthcare sector are overbought with last week's rise, but a constructive retracement should offer a new batch of buy candidates.

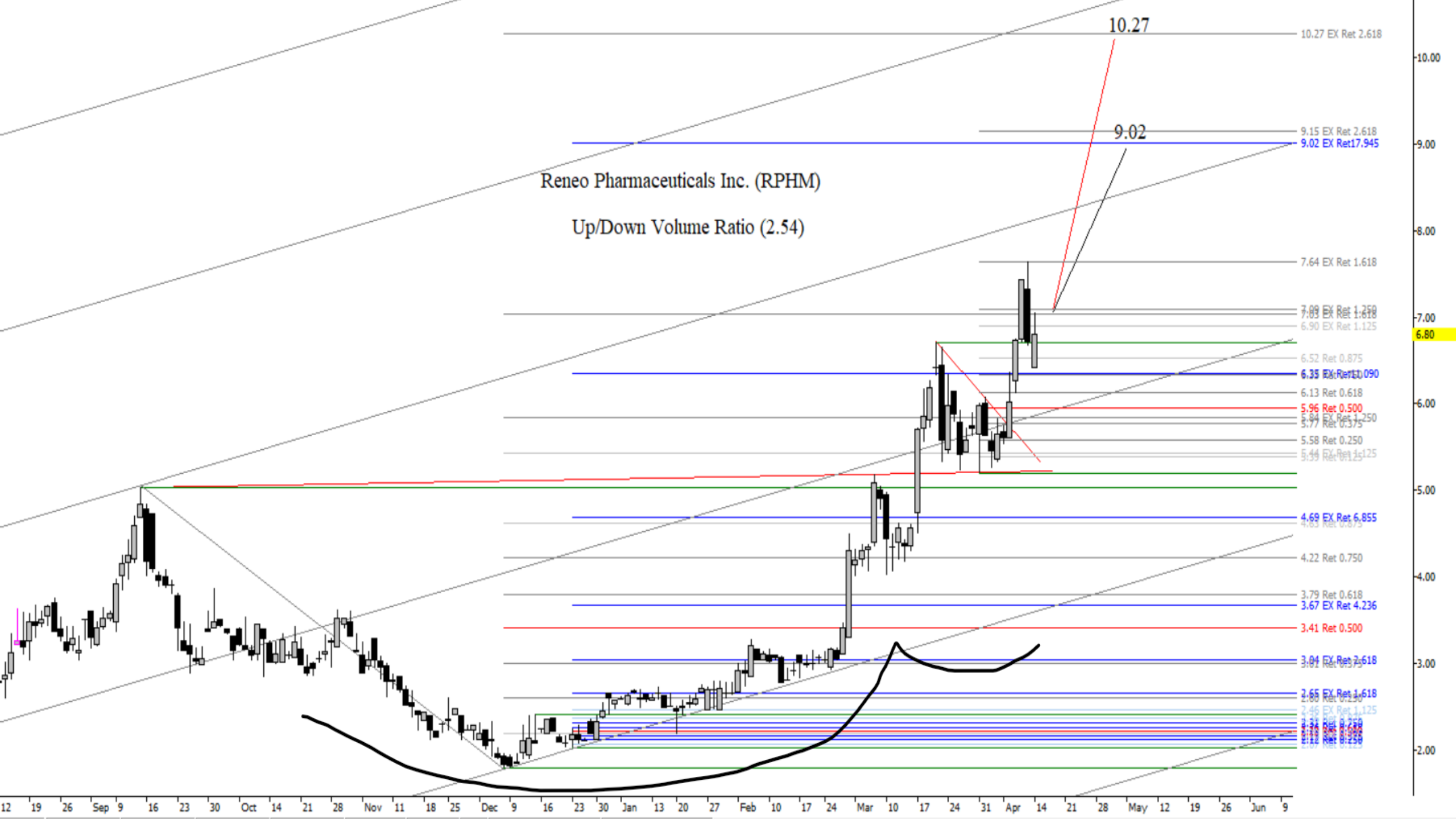
The **FANG** stocks' continued strength is vital to the market's ability to move higher. Last week I watched the **NYSE MicroSectors FANG Index ETN (FNGS)** battle Fibonacci resistance at 26.21. FNGS has been held in check at 26.21. For most of the week price was trading below 26.21. At Friday's close, FNGS edged above 26.21 to close at 26.25. Closing four cents above the number is not convincing enough. I will need to see basing above 26.21 and a 30-minute buy signal to purchase the **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU)** to leverage the trade and take advantage of the next potential higher move.

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



BUY candidate: Reneo Pharmaceuticals Inc. (RPHM)

- Industry Group: **Medical Biomed/Biotech**. The group currently ranks as the 50th strongest industry group of 197 and is down 2.55% YTD. The **Medical sector** gave its most recent buy signal on April 05, 2023, and the Biotech industry group gave a buy signal on Thursday, April 13.
- **Reneo Pharmaceuticals Inc. (RPHM)** develops therapies for rare genetic mitochondrial diseases.
- **Reneo Pharmaceuticals Inc. (RPHM)** has been looking strong the past few weeks but has been basing under Fibonacci resistance at 6.35. The Point and Figure chart is a high-probability setup. The stock has broken out from a spread quadruple top P&F chart trading above the 45-degree bearish resistance line. On Tuesday, the stock closed above 6.35, giving a new buy signal. On Friday, RPHM came back and retested Fibonacci support at 6.35. The subsequent 30-minute confirmation will send shares higher.
- **Reneo Pharmaceuticals Inc. (RPHM) will give confirmation with a 30-minute buy signal.**
- **Wait for text confirmation!**
- Initiate position with a 2-star(**).
- Under massive institutional accumulation with a Daily Up/Down Volume ratio of 2.54
- Reneo Pharmaceuticals Inc. (RPHM) closed at **6.80**.
- Reneo Pharmaceuticals Inc. (RPHM) VWAP is at 6.67
- Sell target prices: **Resistance at 7.03; 1st target is 9.02; 2nd target is 10.27**
- Stop sell price: **Close** below **6.35**.

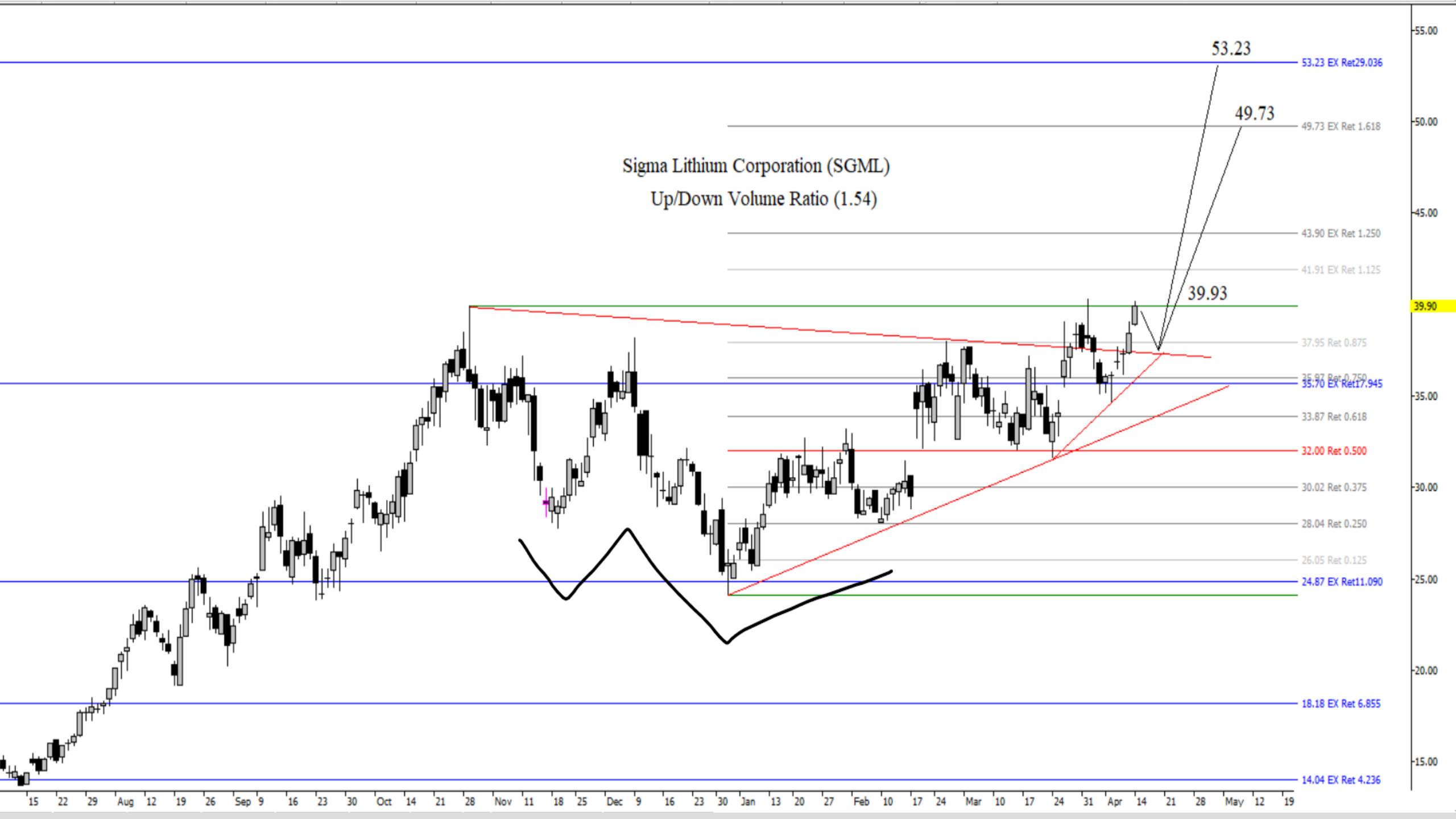


RPHM Reneo Pharmaceuticals Inc.



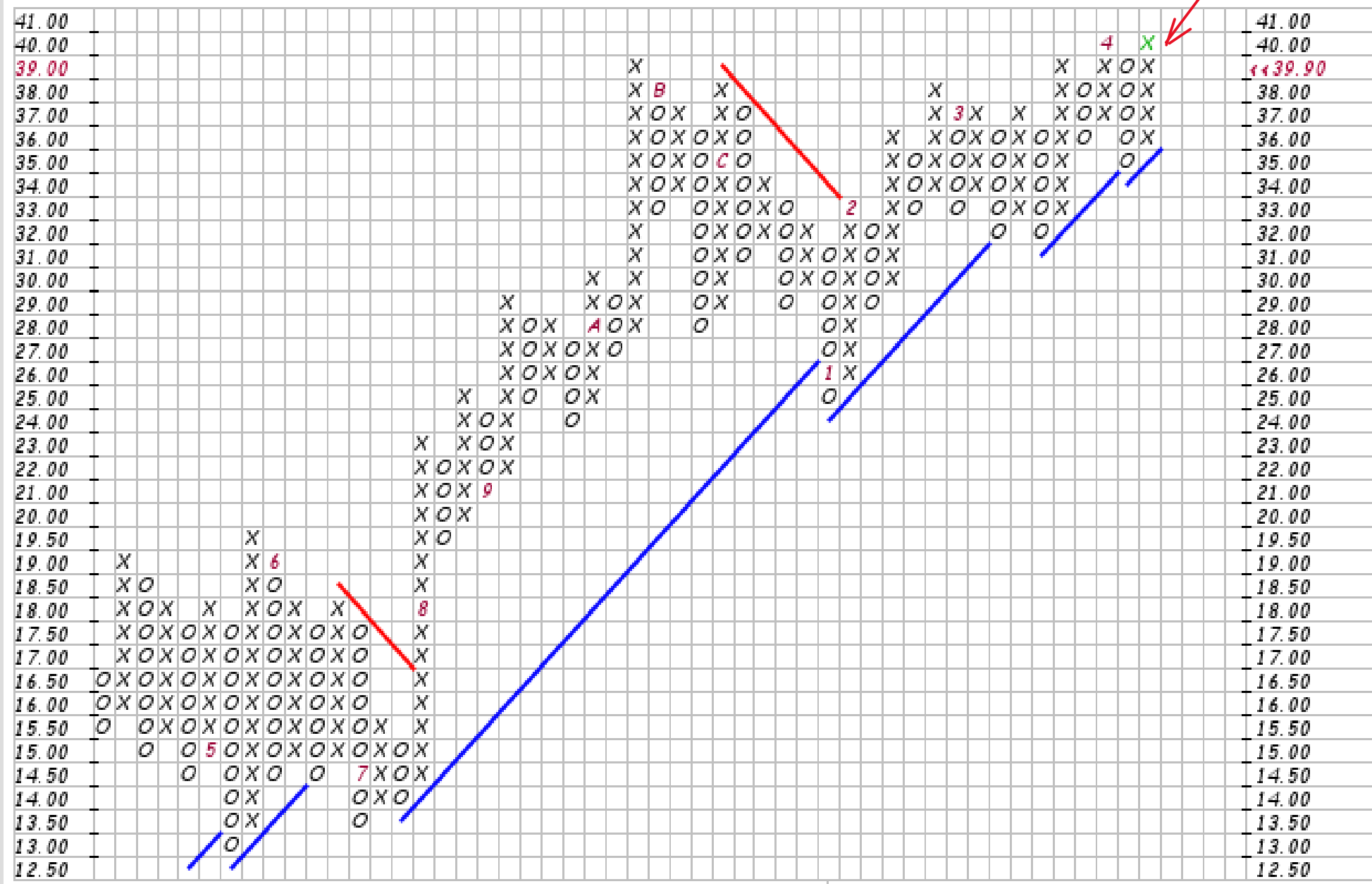
New buy candidate: Sigma Lithium Corporation (SGML)

- Industry Group: **Mining Metal Ores**. Sigma Lithium Corporation (SGML) is a member of the Mining Metal Ores industry group, is up +16.01% YTD, and is ranked 31st out of 197.
- **Sigma Lithium Corporation (SGML)** is a Canadian lithium mining company with its largest mine in Brazil.
- The bullish structure of the Point & Figure chart strongly indicates demand for **Sigma Lithium Corporation (SGML)** stock. At the beginning of April, SGML broke out of a spread triple top and is close to confirming a new high with a catapult formation at 41. At the same time, SGML has formed an inverted head and shoulders formation that has broken the neckline and done a throwback and a classic double bottom base.
- Sigma Lithium Corporation (SGML) will confirm with a pullback to 37.24.
- **Wait for text confirmation**
- Initiate position with at 2-star(**).
- Under heavy accumulation with an Up/Down Volume ratio of 1.74.
- Sigma Lithium Corporation (SGML) closed at **39.90**.
- Sigma Lithium Corporation (SGML) VWAP is at 25.54
- Sell target prices: **1st target is 43.90; 2nd target is 49.73; 3rd target is 53.23.**
- Stop sell price: **Close** below **35.70**.



SGML Sigma Lithium Corp.

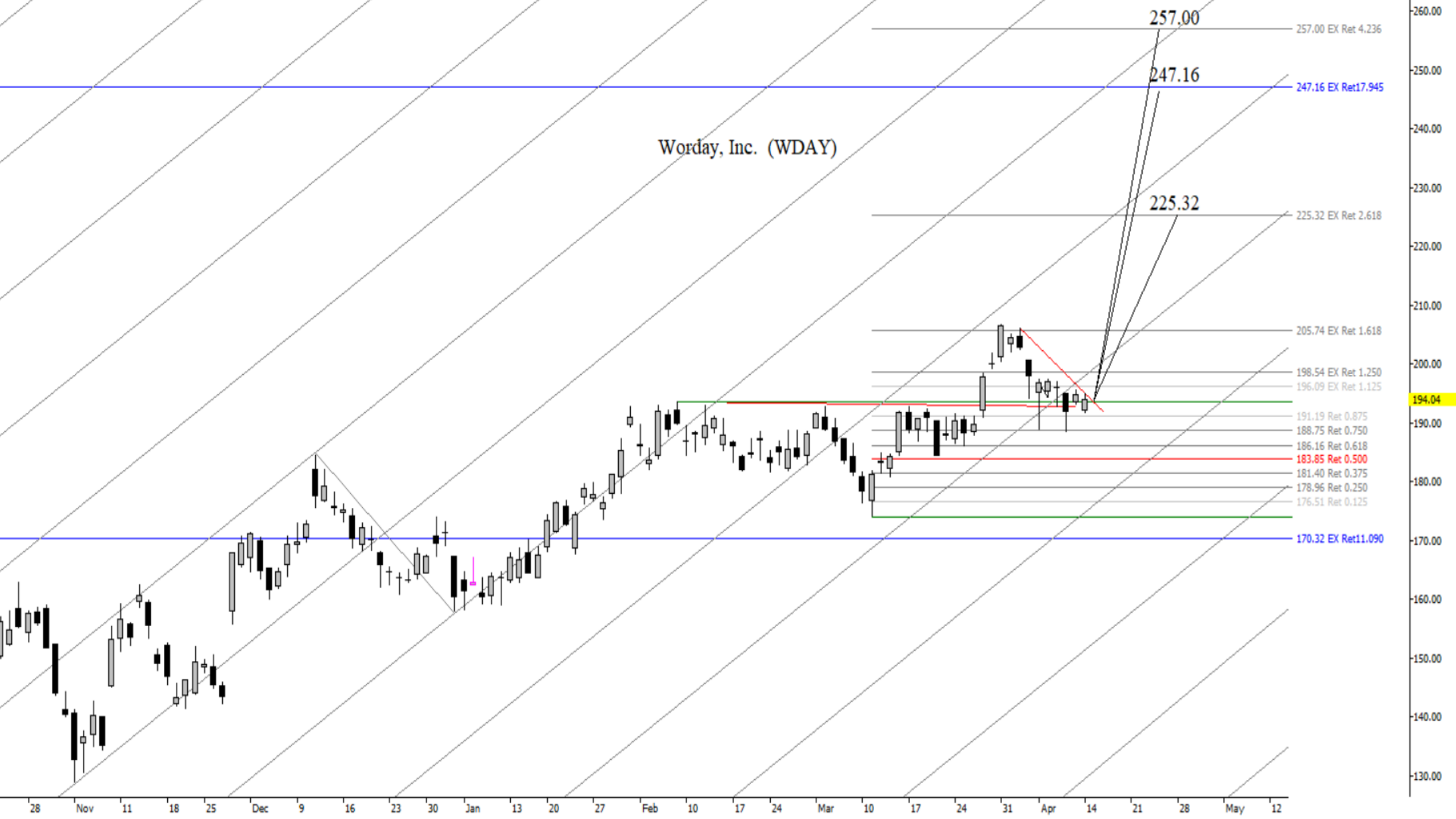
VERY BULLISH!
 Spread Triple Top Breakout
 becomes Catapult at 41

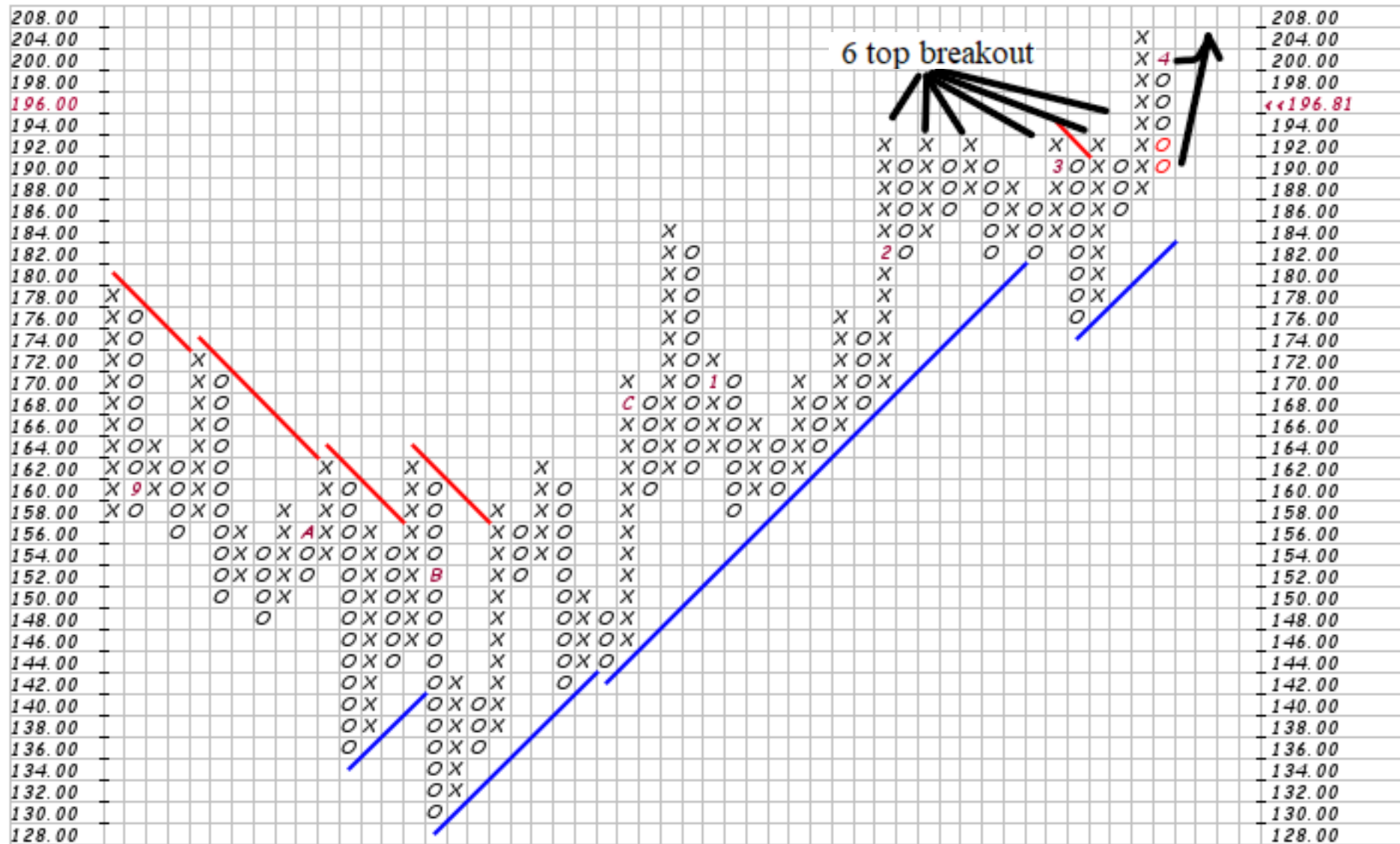


BUY candidate: **Workday, Inc. (WDAY)**

- Industry Group: **Computer Software Enterprise**. The group currently ranks as the 96th strongest industry group out of 197 and is down +6.30% YTD. The Technology Sector gave a buy signal on March 31, 2023.
- **Workday, Inc. (WDAY)** provides enterprise cloud-based payroll, workforce management, and analytics applications.
- **Workday, Inc. (WDAY)** broke out of its base on March 29 and rallied to Fibonacci resistance at 205.74. The stock retraced to the top of its base, and Fibonacci support at 188.75. At the same time, WDAY broke out of a spread six top Point & Figure base and pulled back into the pocket of the base last week. The pattern sets up a high probability trade.
- Workday, Inc. (WDAY) will confirm with a 30-minute buy signal at 198.32
- **Wait for text confirmation!**
- Initiate position with a 3-star(***)).
- Under institutional accumulation with a Daily Up/Down Volume ratio of 1.34
- Workday, Inc. (WDAY) closed at **196.81**.
- Workday, Inc. (WDAY) VWAP is at 142.36
- Sell target prices: **Resistance at 205.75; 1st target is 225.32; 2nd target is 247.16; 3rd target is 257.00**
- Stop sell price: **Close** below **188.75**.

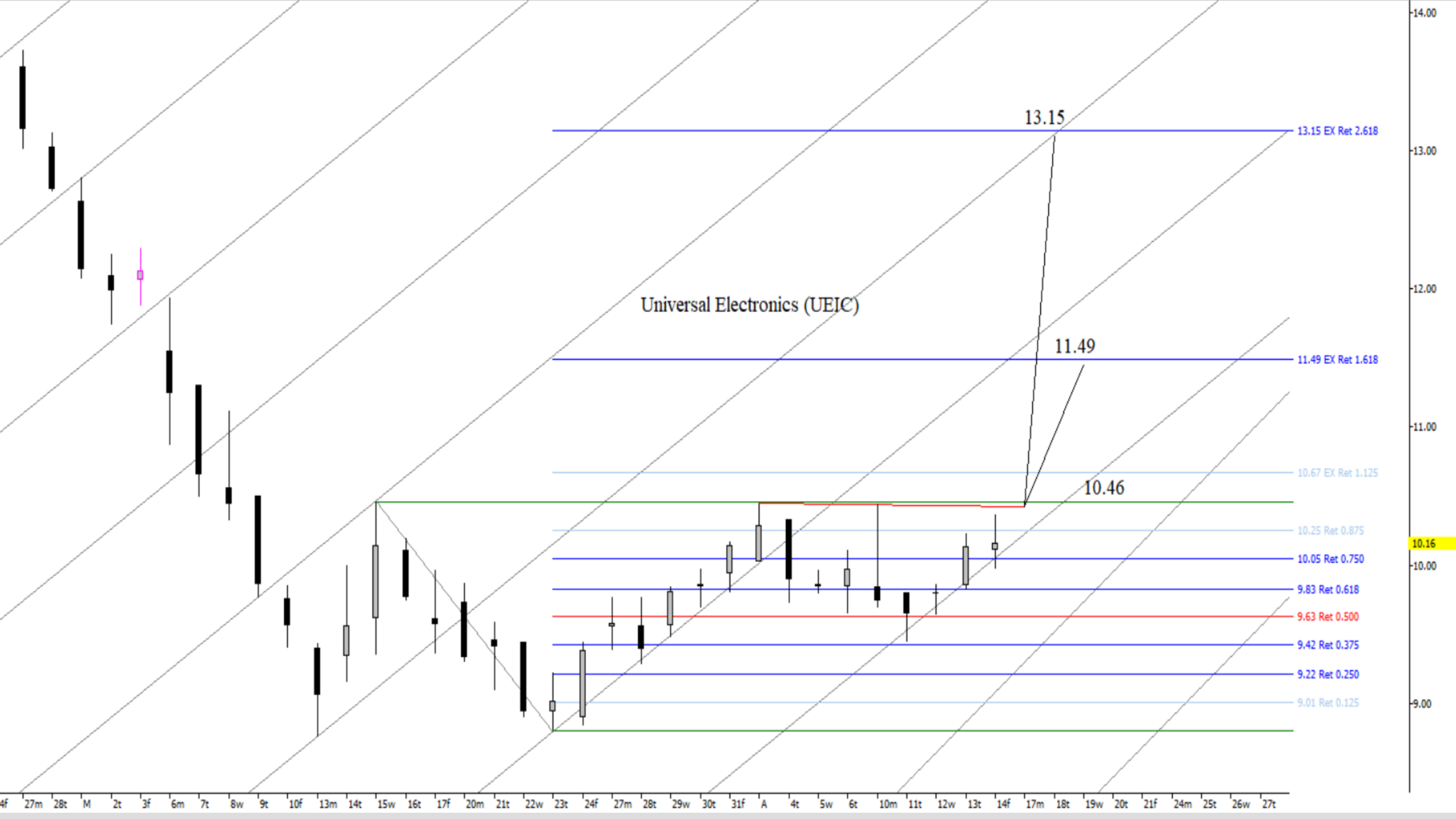
Worday, Inc. (WDAY)

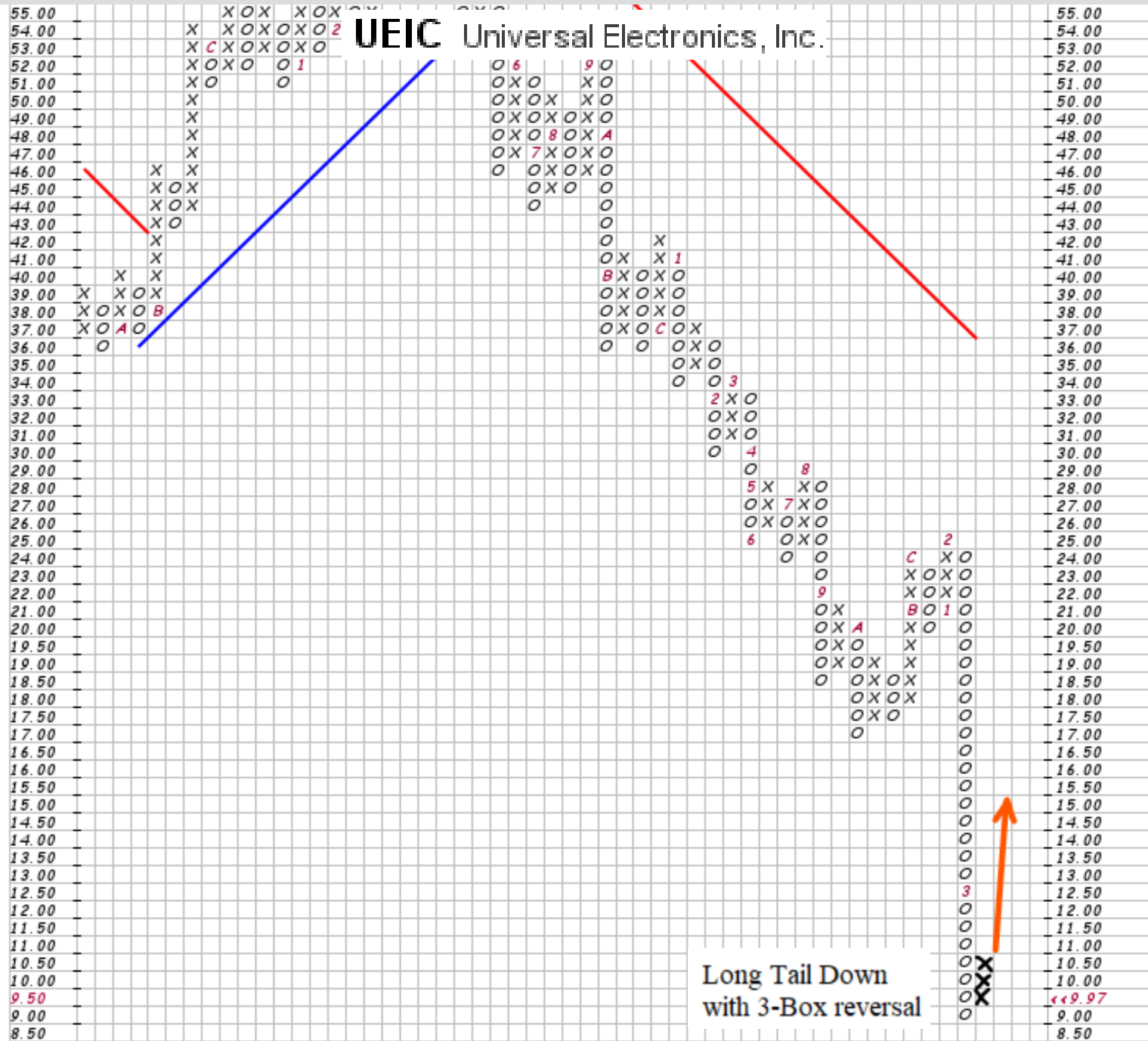




New **Long Tail Down** buy candidate: **Universal Electronics (UEIC)**

- Industry Group: **Consumer Product Electronics**. The Consumer Product Electronics industry group gave a buy signal on March 20, 2023. The Consumer Product Electronics industry group is down -.47% YTD and is ranked 101st out of 197.
- **Universal Electronics (UEIC)** markets entertainment, smart home, and climate management controls.
- **Universal Electronics (UEIC)** sold off hard with massive volume on their last earnings report. After almost two months of selling pressure, the stock is ready for a reversion to the mean. The selloff has created a Point & Figure long tail-down pattern. The long tail-down pattern has been one of my favorite patterns in high-volatility markets and best quantifies a buying point on a highly oversold stock.
- **Universal Electronics (UEIC) will confirm with a 30-minute buy on increased volume at 10.50.**
- Initiate position with at 1-star(*).
- Universal Electronics (UEIC) closed at **9.97**.
- Universal Electronics (UEIC) VWAP is at 38.82.
- Sell target prices: **1st target is 11.49; 2nd target is 13.15; 3rd target is 15.83.**
- Stop sell price: **Close** below **9.63**.





Long Tail Down
with 3-Box reversal



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