



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —

07/17/22



## This Trading Floor Research report contains:

- **Vertex Pharmaceuticals Inc. (VRTX)**. A BUY candidate in the Medical Biomed/Biotech industry group.
- ***Direxion Financial Bear 3X (FAZ)**: A BUY candidate designed to move 3x the inverse daily performance of the Russell 1000 Financial Services Index.*
- **Golden Sun Education Group (GSUN)**. Friday, the stock confirmed a purchase of shares in the Consumer Services Education industry group.



Trading  
Floor Research  
Welcome to the  
Trading Floor

# Essential Lessons for Stock Market Success

Join Our Next Class

In

Burns Harbor, IN

Contact Sara to reserve a seat: 219-787-3101

David Wozniak, CMT

Chief Market Strategist at Trading Floor Research

3<sup>rd</sup> Class meets: Thursday July 21, 2022

Location: Career Development Center Burns  
Harbor

## Sectors, Industry Groups & Leadership Stocks

The **S&P 500** finished the week with an impressive move higher. But the action was insufficient to make up for the losses earlier in the week and came with below-average volume. Friday's price advance appeared to be primarily short covering as volume indicated that institutions were not participating.

Last week's selloff concluded Thursday morning as the S&P 500 traded below the strong Fibonacci support of 3742.02 for an hour and a half and began to bounce. The importance of 3742.02 can not be over-emphasized. As the S&P 500 has tried to find a footing, it has bounced off the number ten times over the past month. The more times the market challenges the number, it weakens the long-term support.

The market has moved sideways, adding four distribution days with an upper boundary of 3907.17, 50% of the range, and a lower boundary of 3742.02. (Refer to S&P 500 chart showing distribution)

A healthy market would base on accumulation. Adding another distribution day next week will increase the probability of breaking 3742.02. **A break of 3742.02 after five or more distribution days will push the market to new lows.**

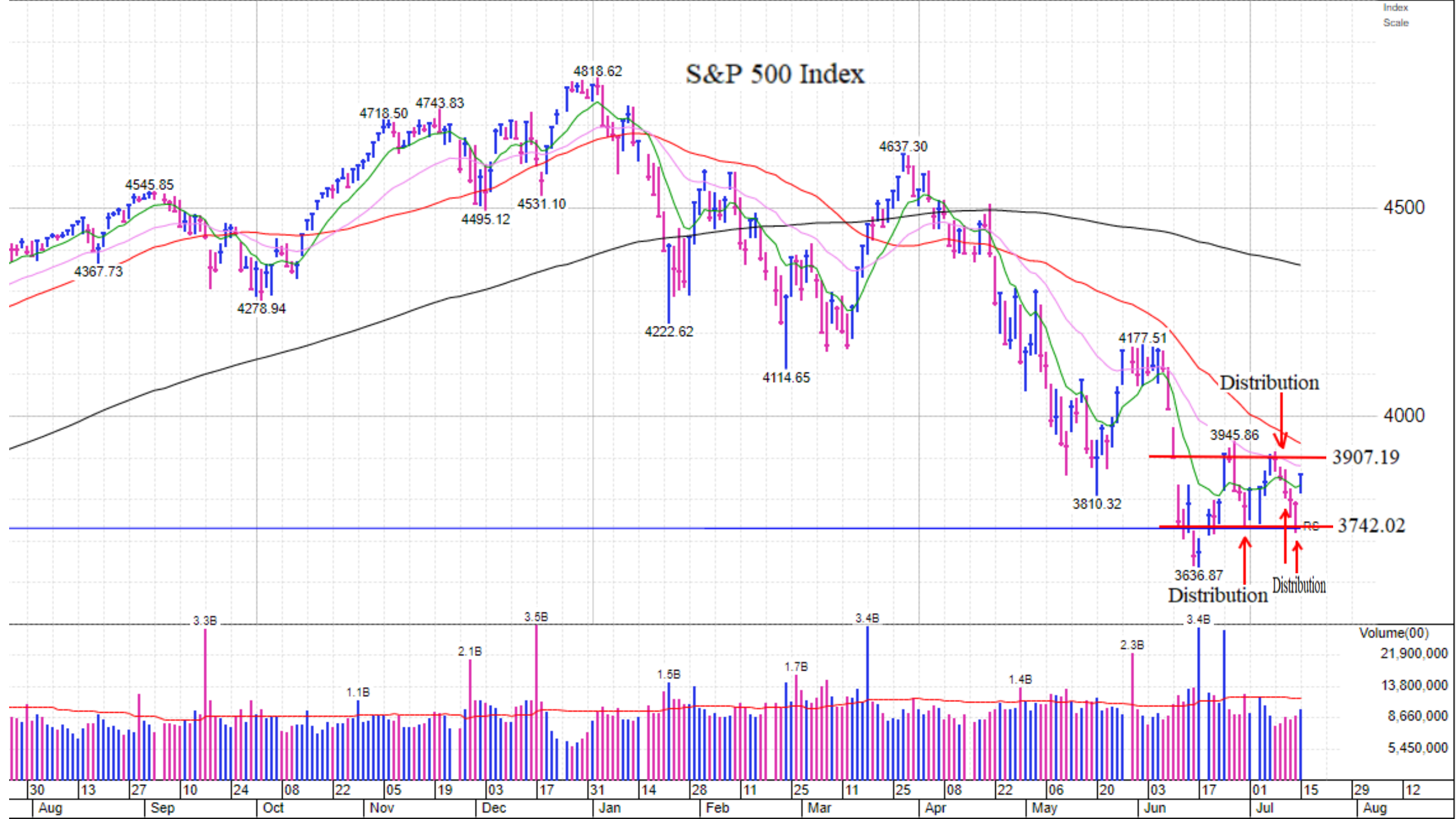
If the S&P 500 closes below the significant 3742.02 Fibonacci number from my long-term chart, the market will resume its downtrend. The near-term S&P 500 downside target numbers are 3608.05, 3445.91, and 3136.92. (Refer to S&P 500 chart)

The next major downside target number on the S&P 500 is 3073.01. (Refer to the Long-term chart of S&P 500)

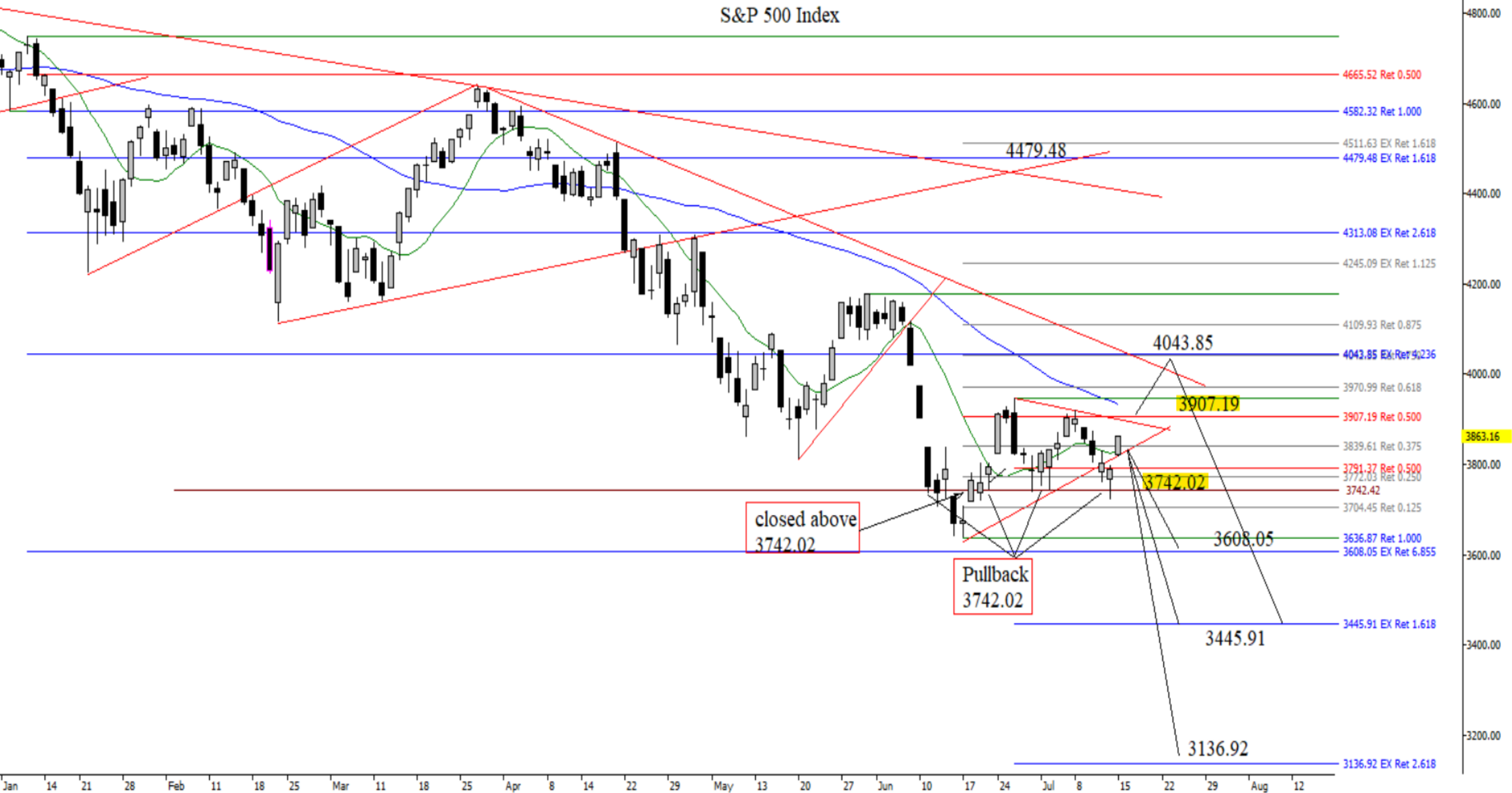
*The bears are in control Of the Russell 2000 and indicate "Risk-Off" in the markets.*

*I recommend a 90% cash position and caution*

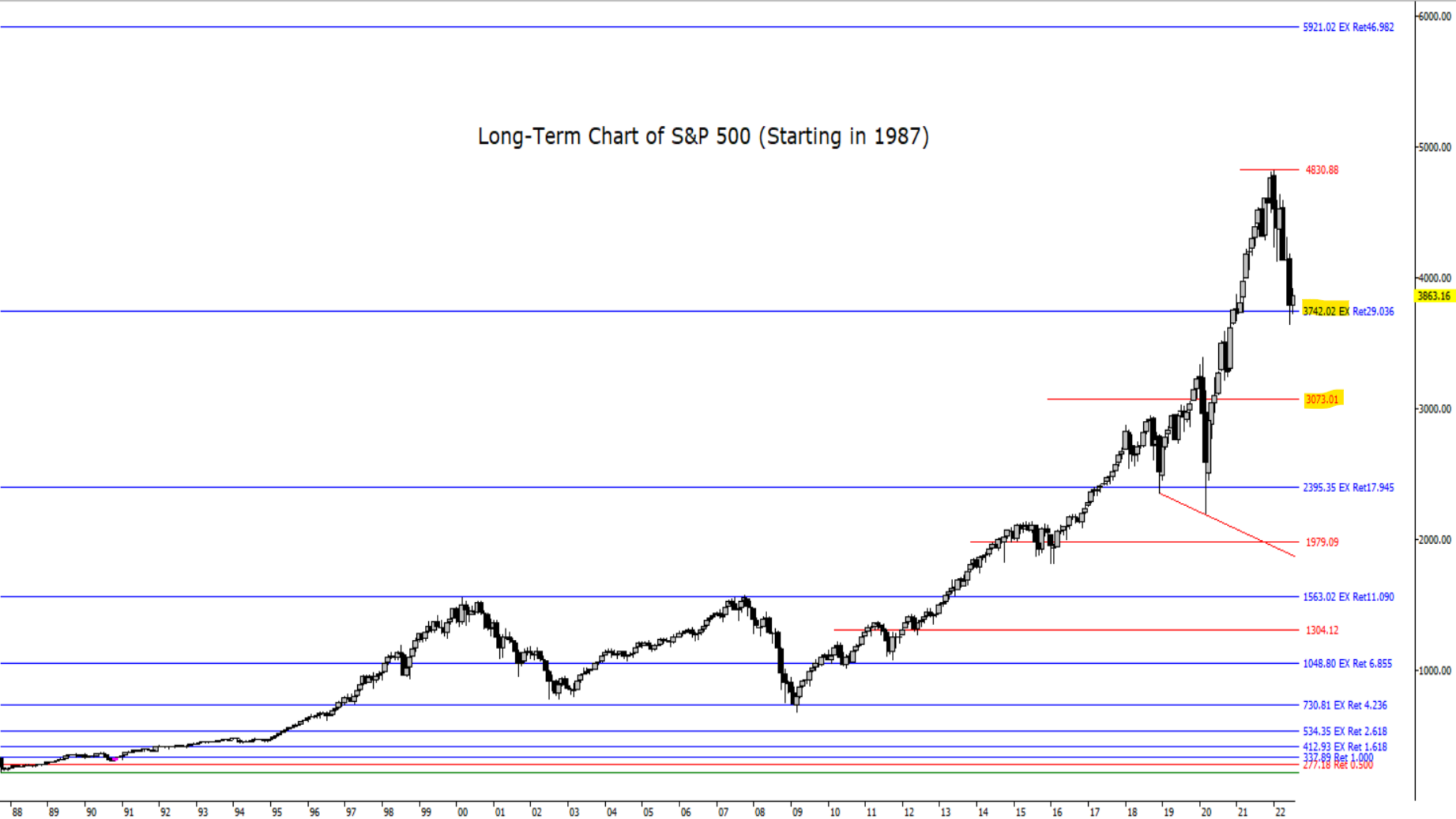
# S&P 500 Index



# S&P 500 Index



Long-Term Chart of S&P 500 (Starting in 1987)



## Sectors, Industry Groups & Leadership Stocks

### Vertex Pharmaceuticals Inc. VRTX)

Last week, the **Healthcare sector** and **Medical Biotech** were under accumulation as they built constructive continuation patterns above their 10-day moving averages. When Medical Biotech gave an **Early Entry TFR buy signal on June 24, 2022**, the group was ranked at 107/197 industry groups. Friday, Biotech's became the 9<sup>th</sup> strongest group in the market. Biotech's are showing incredible relative strength.

Closing above Fibonacci resistance at 9.29 will send **Direxion Daily S&P Biotech Bull 3X (LABU)** to its next Fibonacci target at 12.53.

**Vertex Pharmaceuticals Inc. VRTX)** did not confirm last week, but it is my favorite biotech setting up for its next move higher. There are very few biotech's with positive earnings. Vertex Pharmaceuticals' earnings are accelerating and indicate the stock is an undervalued growth stock. The PEG ratio stands at an impressive .332. As a portfolio manager, I would add greater weighting to stocks demonstrating a very low PEG. A PEG less than 1 is growth at a reasonable price (GARP). I am highlighting VRTX in this TFR report as a stock to own in the very strong Biotech industry group.

**Calculating the PEG Ratio for Vertex Pharmaceuticals (VRTX):**

P/E :  $292.84/13.56= 21.60X$

**PEG:**  $21.60/65= .332$

PEG < 1 = **Growth At a Reasonable Price (GARP)**

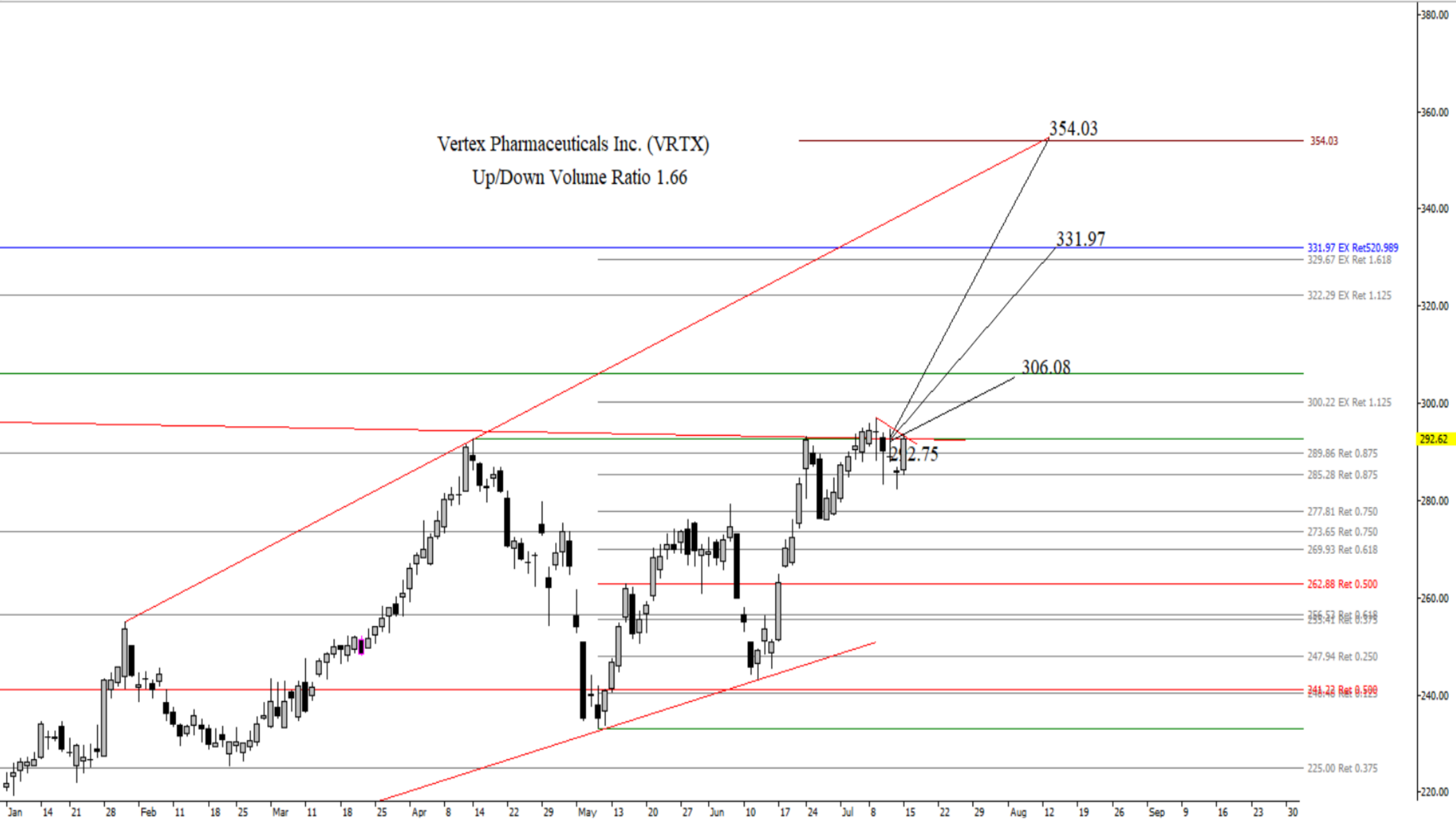


## Buy Candidate: Vertex Pharmaceuticals Inc. (VRTX)

- *Industry Group: Medical Biomed/Biotech* . The Medical Biomed/Biotech industry group ranks as the 9<sup>th</sup> strongest industry group out of 197 and is down -25.44% YTD, and is in a buy signal since June 24, 2022
- The FDA lifted its hold on **Vertex Pharmaceuticals Inc. (VRTX)** phase 1 trials for the treatment of diabetes last week. The company is in the Phase 1 trial for people with type 1 diabetes using stem cell replacement research and has commercialized therapies for cystic fibrosis.
- **Vertex Pharmaceuticals Inc. (VRTX)** broke out of a massive cup-with-handle pattern on Thursday that started in July 2020. The pattern handle has formed a cup-with-handle as the stock has been under heavy accumulation since its buy signal on June 23.
- *•Vertex Pharmaceuticals Inc. (VRTX) will provide confirmation with a 30-minute close above 293.53 or a throwback into the trendline at Fibonacci support 290.97*
- *Wait for text confirmation!*
- *Start Position at 1-star(\*)*
- *Under massive institutional accumulation with an Up/Down Volume ratio of 1.66*
- *Vertex Pharmaceuticals Inc. (VRTX) closed at 292.84.*
- *Vertex Pharmaceuticals Inc. (VRTX) VWAP is at 80.66.*
- *Sell target prices: 1st target is 306.08; 2nd target is 331.97; 3<sup>rd</sup> target is 354.03*
- *Stop sell price: Close below 292.75.*

# Vertex Pharmaceuticals Inc. (VRTX)

Up/Down Volume Ratio 1.66



## Sectors, Industry Groups & Leadership Stocks

### Golden Sun Education Group CL A (GSUN)

Recent IPOs setting up cup-with-handle bases on 30-minute charts have been giving impressive short-term returns. The latest stock to set up is **Golden Sun Education Group CL A (GSUN)** in the **Consumer Services Education** industry group.

Don't even attempt buying this stock if you don't have the ability to react to a TFR text buy confirmation and sell within minutes. 30-minute IPO setups move very fast. I mentioned the stock in my Thursday class in Burn's harbor.

Friday, Golden Sun Education Group closed 10.79% higher and confirmed its move with a 30-minute close above 24.49. You should purchase between 24.49 and 25.32.

**GSUN confirmed its buy on Friday!**

## Confirmed Buy: Golden Sun Education Group CL A (GSUN)

- *Industry Group: Consumer Services Education* . The Consumer Services Education industry group ranks as the 30<sup>th</sup> strongest industry group out of 197 and is down -12.17% YTD. The group gave a buy on June 24, 2022.
- *Golden Sun Education Group CL A (GSUN) is a Chinese K-12 premium offline education provider offering test preparation, language training, and academic courses to 20,000 students in 80 schools.*
- *Golden Sun Education Group CL A (GSUN) has set up a cup-with-handle base on the 30-minute chart since its NASDAQ offering on June 22, 2022. Friday, it completed the pattern with a daily close above 22.90. The stock has a small float of 11.8 million shares. Small floats can lead to significant short-term gains, but a small float can also cause a stock to tumble quickly after the gain is realized. This trade is meant for traders that can move rapidly with the increased risk.*
- *Golden Sun Education Group CL A (GSUN) confirmed with a 30-minute close above 24.49. Buy as close to 24.49 as possible.*
- *Start Position at 1/2-star(\*)*
- *Under intense institutional accumulation with an Up/Down Volume ratio of 4.20.*
- *Golden Sun Education Group CL A (GSUN) closed at 24.36.*
- *Golden Sun Education Group CL A (GSUN) VWAP is at 20.39.*
- *Sell target prices: 1st target is 29.64; 2nd target is 37.97*
- *Stop sell price: Close below 22.90.*

# Golden Sun Education Group (GSUN)

30-minute chart/ Cup-with-handle IPO Base



Volume Moving Average 50



## Sectors, Industry Groups & Leadership Stocks

The **Financial Services sector** is under extreme distribution and showed relative weakness as big banks reported earnings.

Friday, the sector threw back into the trendline broken to the downside earlier in the week by earnings misses in JP Morgan Chase & Co. (JPM) and Bank of America Corp. (BAC). The Up/Down volume ratio in the Financial sector is .56. Sellers are overwhelming the buyers. (Refer to Financial Services sector chart)

If the markets close below 3742.02 and take another leg lower, the weakness in the Financial Services sector would be a great way to take advantage of the move.

**Direxion Financial Bear 3X (FAZ)** threw back into the trendline break last week and closed below Fibonacci support at 28.98. A 30-minute close above 28.98 will offer an ideal entry. (I've included the full report in this newsletter)

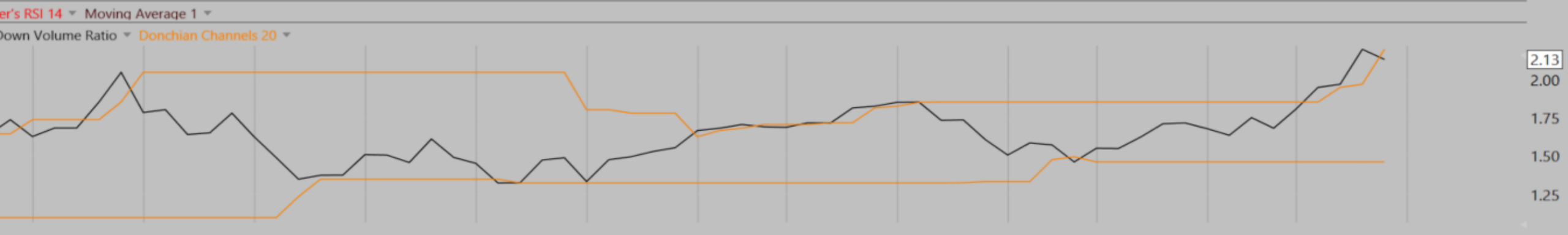
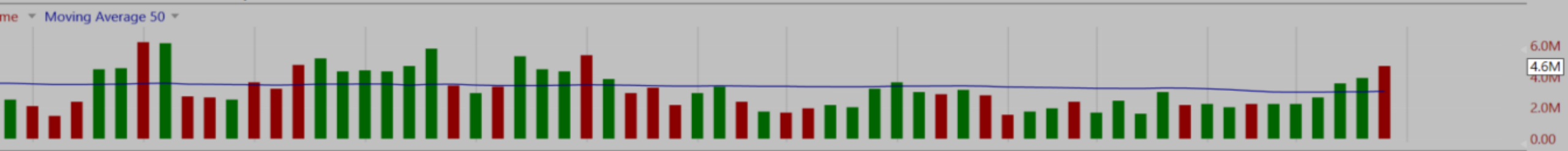


## Buy candidate: Direxion Financial Bear 3X (FAZ)

- *Portfolio: Short the Russell 1000 Financial Services Index. This trade is designed to move 3x the inverse daily performance of the Russell 1000 Financial Services Index*
- *The Direxion Financial Bear 3X (FAZ) trade is designed to take advantage of the decline in the Financial stocks as they resume their bear market trend. The most significant holdings in the index include JP Morgan Chase, Bank of America, Wells Fargo, Morgan Stanley, and Goldman Sachs Group. These stocks look like they are ready to take another leg lower.*
- *Direxion Financial Bear 3X (FAZ) has been stair-stepping higher since finishing a triple bottom in early April. The ETF is ready to break higher from its recent step after pulling back to a converging 10-, 20-, and 30-day moving average.*
- *The Direxion Financial Bear 3X (FAZ) will confirm a buy with a 30-minute close above 28.98.*
  
- *Wait for a text confirmation!*
- *Start position at 1 star(\*)*
- *The Up/Down Volume Ratio is 2.13*
- *Direxion Financial Bear 3X (FAZ) closed at 27.98*
  
- *Direxion Financial Bear 3X (FAZ) VWAP is at 104.24.*
  
- *Sell target price: 1st target is 33.22. 2nd target is 43.86.*

*Stop sell price: Close below 26.64.*







# Trading Floor Research

Welcome to the  
Trading Floor

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

We look for investment resources and inform you of these resources, which you may choose to use in making your own investment decisions. TFR is providing information on this resource to you subject to the TFR "Terms and Conditions of Service" disclaimer.

**Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.** This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date of herein and is subject to change without notice.



# Trading Floor Research

Welcome to the  
Trading Floor

**Disclaimer:** The information, opinions and ideas expressed herein are for informational and educational purposes only and are based on research conducted and presented solely by the author. The information presented does not represent the views of the author only and does not constitute a complete description of any investment service. In addition, nothing presented herein should be construed as investment advice, as an advertisement or offering of investment advisory services, or as an offer to sell or a solicitation to buy any security. The data presented herein were obtained from various third-party sources. While the data is believed to be reliable, no representation is made as to, and no responsibility, warranty or liability is accepted for the accuracy or completeness of such information. International investments are subject to additional risks such as currency fluctuations, political instability and the potential for illiquid markets. Past performance is no guarantee of future results. There is risk of loss in all trading. Back tested performance does not represent actual performance and should not be interpreted as an indication of such performance. Also, back tested performance results have certain inherent limitations and differs from actual performance because it is achieved with the benefit of hindsight.



# Trading Floor Research

Welcome to the  
Trading Floor

## Disclaimer

Before using this site, please make sure that you note the following important information:

### Do your Own Research

Our content is intended to be used and must be used for informational purposes only. It is very important to do your own analysis before making any investment based on your own personal circumstances. You should take independent financial advice from a professional in connection with, or independently research and verify, any information that you find on our Website and wish to rely upon, whether for the purpose of making an investment decision or otherwise.

*The content of this email is confidential and intended for the recipient specified in message only. It is strictly forbidden to share any part of this message with any third party, without a written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so that we can ensure such a mistake does not occur in the future.*

