



TFR

Trading Floor Research

Welcome to the
— Trading Floor —



10/15/22

This Trading Floor Research report contains:

- **S&P 500 (SPX).** Update on this week's rally and successive target lows for the Index
- **MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ).** This trade is designed to move 3X inverse the daily performance of the FANG Innovation Index.
- **CBOE Market Volatility Index (VIX) and ProShares VIX Short-term Futures ETF.** Update on expansion of fear
- **JP Morgan Chase & Co. (JPM).** Short setup after earnings



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Sectors, Industry Groups & Leadership Stocks

S&P 500

Thursday, the markets gapped lower on CPI news that inflation has stayed persistently high after this year's Fed tightening.

Within three minutes of trading, the S&P 500 hit its daily lows and started to rally on this horrible news. The rally would have been more believable if it had happened at a critical Fibonacci target. In the past, when the S&P 500 started to unravel as it headed into a crash mode and miraculously turned, it pointed to government manipulation in the market through the "Plunge Protection Team." This type of Fed intervention might happen more often as we get closer to elections making it more challenging to take advantage of the downtrend in the S&P 500 for the next three weeks. That is why I advised decreasing the size of the ETF short position as it hit and stalled at a target number.

Even with Fed intervention, the S&P 500 could only rally to the Bull and Bear 50% number from the September 30 low to the October 5 high. The inability to close above 3695.92 keeps the bears in control of the S&P 500. If a short-term rally has hopes, the S&P 500 will need to close above 3695.92 and the long-term Fibonacci number at 3742.02. Until this happens on volume, I remain bearish.

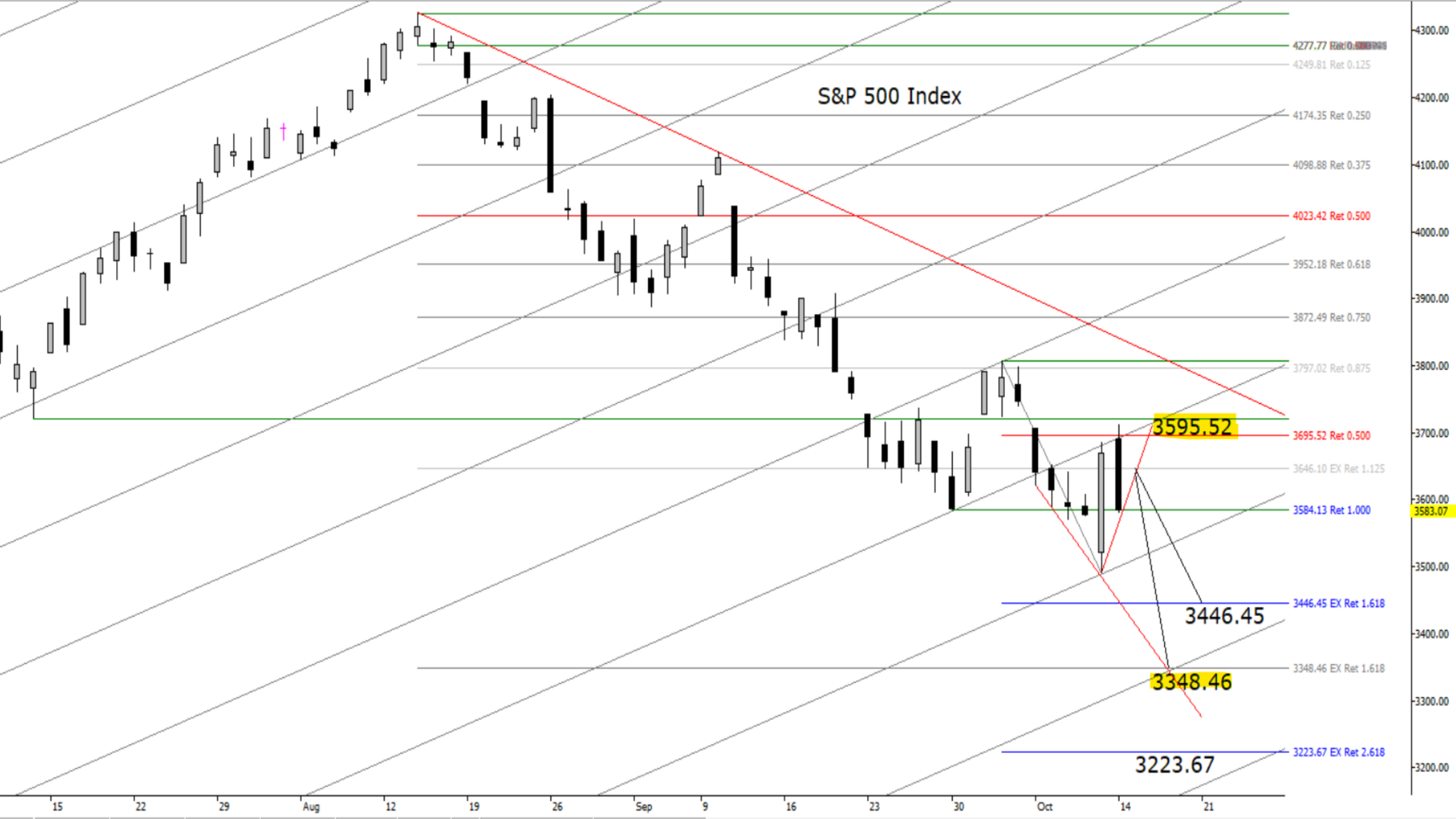
Friday, the S&P 500 rallied to the 10-day moving average before selling off and closing one point below the September 30 lows at 3584.13. The strongest trending markets will pull back to the 10-day moving average. The one-day rally kept the bears in control as it continued to support a strong downtrend leaving the S&P 500 in a vulnerable position and slightly oversold. (Refer to chart of TFR Trading Channel)

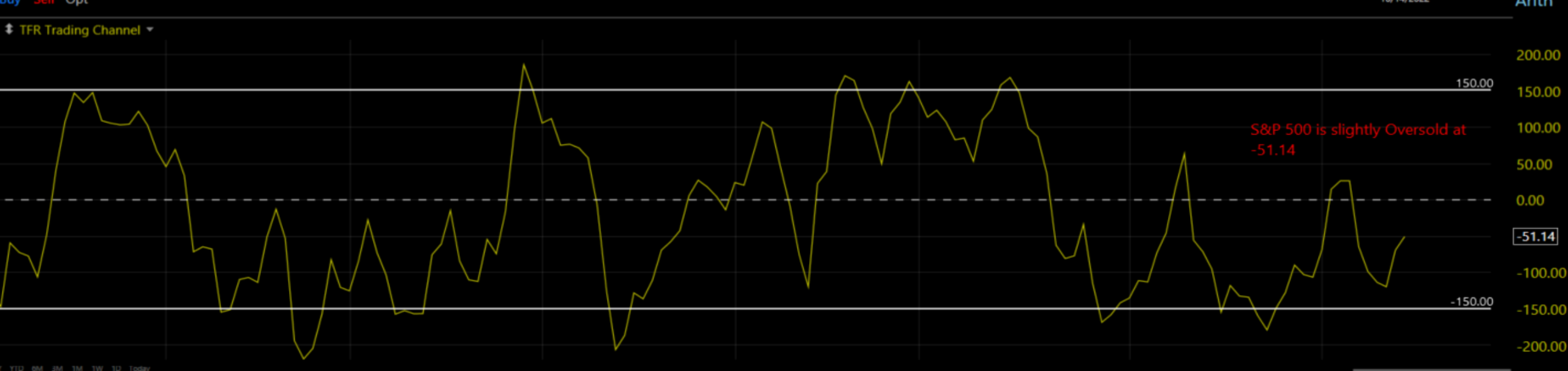
The next near-term downside, the Fibonacci target on the S&P 500, is 3446.45 and 3348.46. (Refer to S&P 500 chart)

I have recommended high cash levels for some time, but I am emphasizing this for the next week.

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

I recommend caution and cash





VIXY & VIX a play on market fear

The market continues to feel no fear as the CBOE Volatility Index (VIX) compresses.

The possibility of nuclear Armageddon and the Federal Reserve continuing to tighten until something breaks the VIX indicates a complete lack of fear.

Even as the S&P 500 closed six points from the worst close of the year, the VIX closed almost a half point lower on the week.

The index is still set up for expansion as it closed above its key Fibonacci 31.20 target but needs to close above the downward-sloping trendline from the January highs at 34.52 to see fear expand.

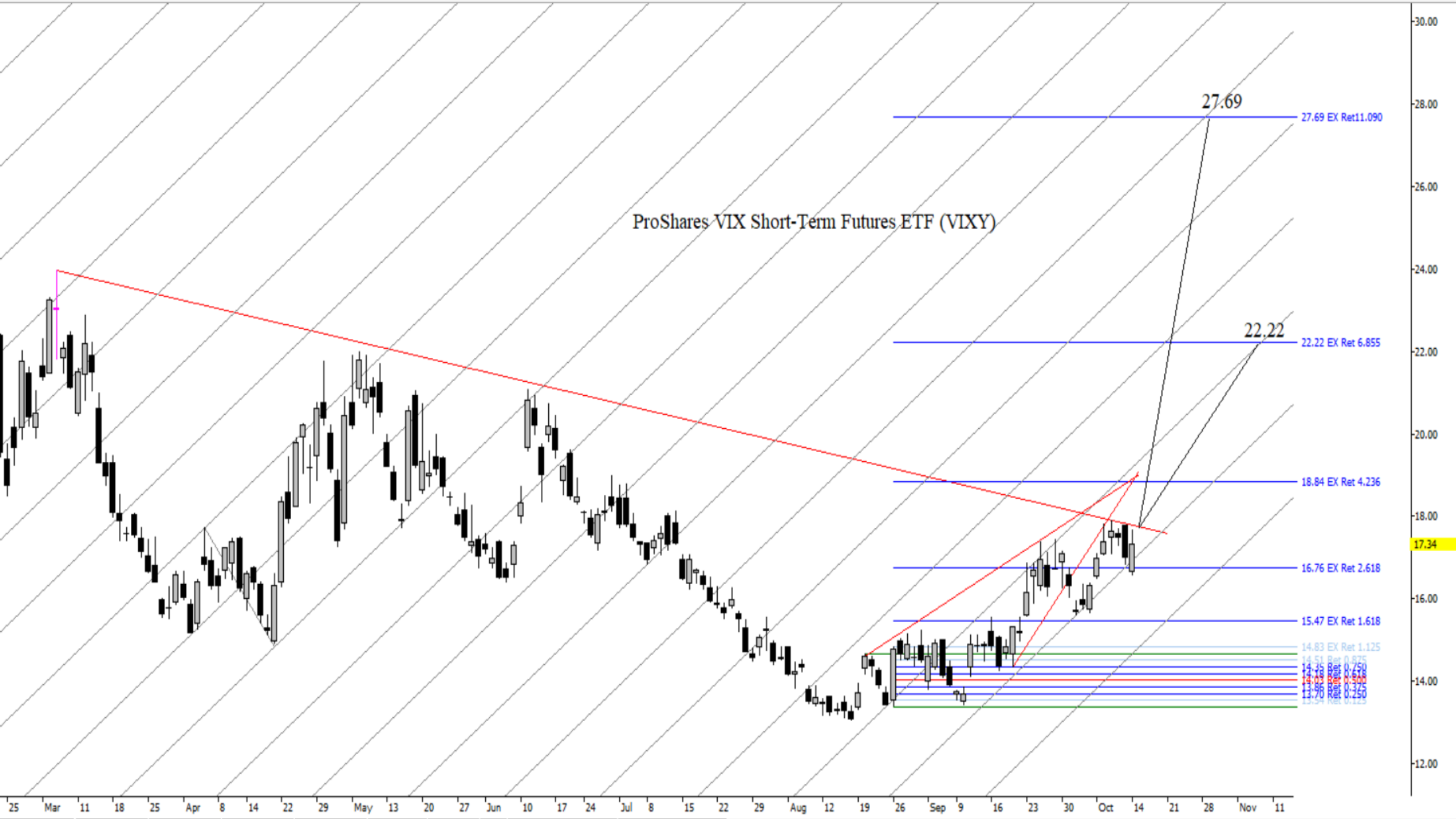
Once fear expands, look for the VIX to hit 66. (Refer to VIX chart)

The ProShares VIX Short-term Futures ETF (VIXY) tested Fibonacci support at 16.76 on Friday and came back to close at 17.34. A close above the descending trendline at 17.73 will send shares higher. (Refer to VIXY Chart)

CBOE Volatility Index (VIX)



ProShares VIX Short-Term Futures ETF (VIXY)



Buy candidate: MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ)

- *Portfolio: Short FANG & Innovation Index (BERZ). This trade is designed to move 3X inverse the daily performance of the FANG Innovation Index.*
- *MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ) trade is designed to take advantage of the next potential move lower in FANG Innovation Index (BERZ). The FANG and innovation stocks led the market in the last stages of the bull market. They are now leaders in the opposite direction. Friday, BERZ threw back into its trendline as it tested its 10-day moving average and the 1/8 number at 41.28 to close above Fibonacci support at 45.86. A bounce off the weak eight number could send BERZ significantly higher.*
- *MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ) will confirm a Buy with a close above 47.26 on increased volume.*
- *Wait for text confirmation*
- *Start position at 1-star(*).*
- *Up/Down Volume Ratio on BERZ is 1.80.*
- *MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ) closed at 47.19.*
- *MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ) VWAP is at 33.82.*
- *Sell target price: 1st target is 64.05; 2nd target is 72.47; 3rd target is 93.48.*
- *Stop sell price: Close below 45.86*

Buy candidate: MicroSectors FANG & Innovation -3x Inverse Leveraged ETN (BERZ)

•*Portfolio: Short of FANG stocks and NASDAQ Innovation stocks. I provided the list of the 15 stocks in FANG Innovation Index and their market weightings*

FANG Innovation Index Components:

7.584% MICRON TECHNOLOGY INC

7.174% ADOBE INC

7.059% NETFLIX INC

7.025% ALPHABET INC-CL A

6.998% SALESFORCE INC

6.978% MICROSOFT CORP

6.917% APPLE INC

6.641% AMAZON.COM INC

6.606% NVIDIA CORP

6.587% INTEL CORP

6.585% QUALCOMM INC

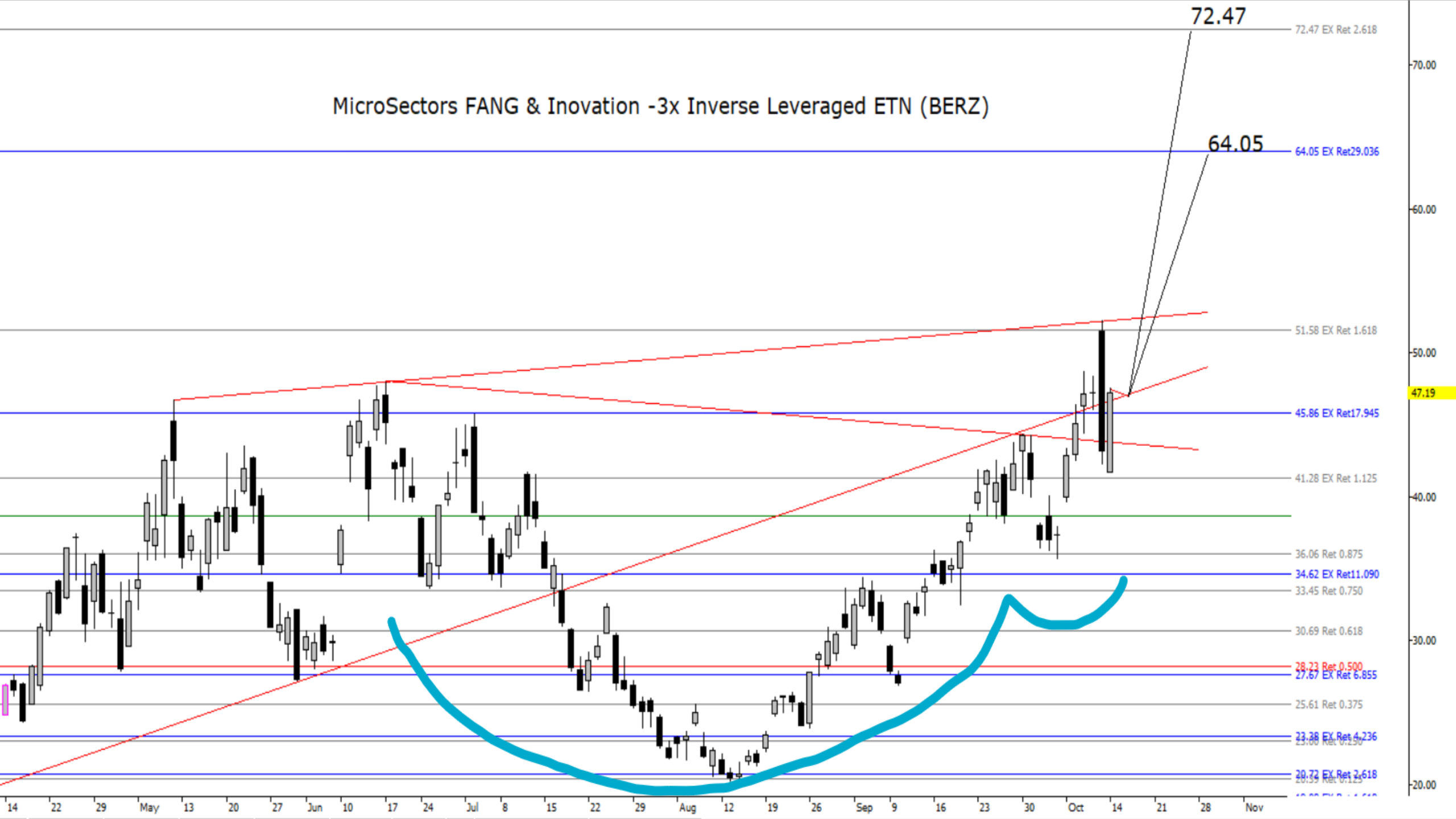
6.493% META PLATFORMS INC-CLASS A

6.407% BROADCOM INC

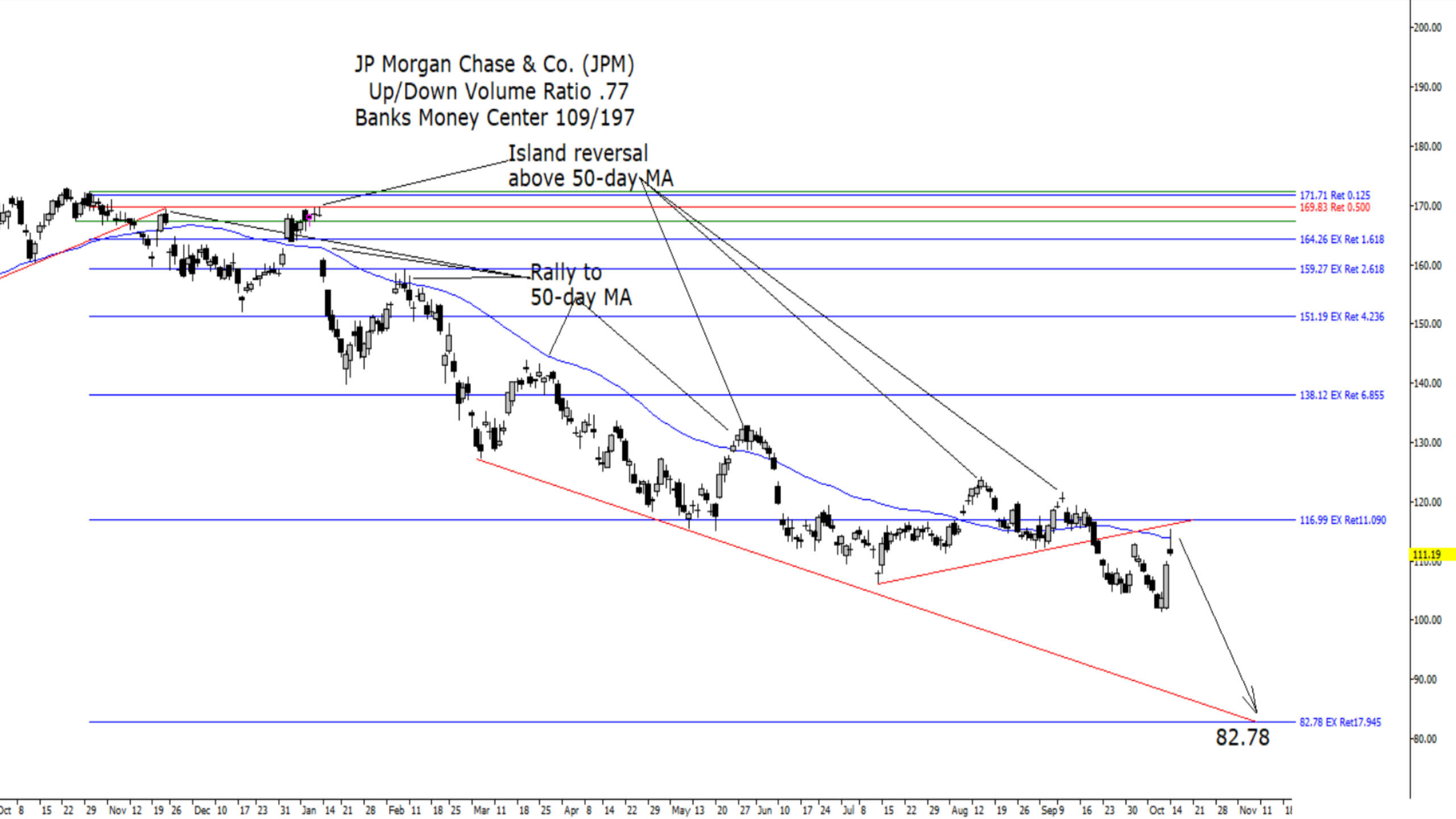
5.616% ADVANCED MICRO DEVICES

5.329% TESLA INC

MicroSectors FANG & Inovation -3x Inverse Leveraged ETN (BERZ)



JP Morgan Chase & Co. (JPM)
Up/Down Volume Ratio .77
Banks Money Center 109/197





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