



# Trading Floor Research

12/04/22



## This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- Direxion Daily S&P 500 Bear 3X (SPXS)
- United States Oil Fund LP (USO) Update
- Array Technologies Inc. (ARRY) Energy Solar

## S&P 500

Friday saw the S&P 500 recovering from a devastating hit. The closing price at 4071.55 was still insufficient to overcome Fibonacci resistance at 4072.26. The close below the critical Fibonacci resistance sets the stage for a pullback next week. The likelihood of a market pullback from time and price squaring remains high. The confluence of time cycle turn dates between November 30 and December 2 holding price below 4072.26 leads me to believe price and time have squared a potential top.

A chance for a December rally could occur if the S&P 500 can close above the descending trendline from the January market high. If the market can close above the January high, the Fibonacci target number is 4155.10.

The S&P 500 is short-term overbought. It continues to try to cross the critical descending trendline from the January high and Fibonacci resistance at 4072.26 on the cycle turn dates. The most significant probability is for the index to pull back and retest Fibonacci support at 3949.46 and the rising trendline from the October 13 low.

If the S&P 500 breaks the ascending trendline, this points to a more severe decline and a potential retest between 3742.02 Fibonacci target from the long-term chart and 3705.10 throwback into the descending trendline.

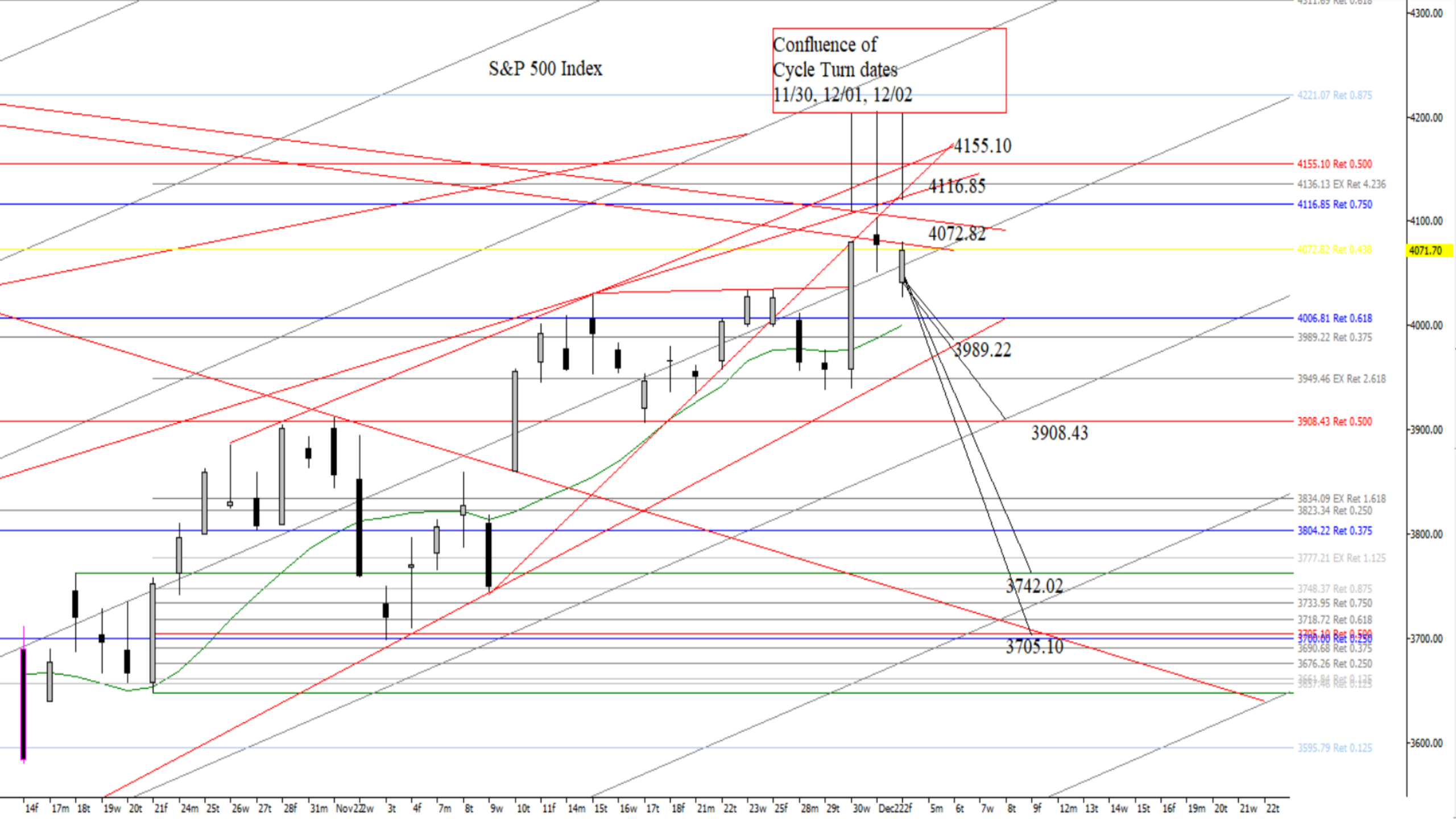
A way to take advantage of this potential move lower would be by purchasing the **Direxion Daily S&P 500 Bear 3X (SPXS)** with a 30-minute confirmation. I have a full write-up in this report.

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

*I recommend caution and 80% cash*

# S&P 500 Index

Confluence of  
Cycle Turn dates  
11/30, 12/01, 12/02



Buy candidate: Direxion Daily S&P 500 Bear 3X (SPXS)

- *Portfolio: Short the S&P 500. This trade is designed to move 3x the inverse daily performance of the S&P 500 (SPX).*
- *The Direxion Daily S&P 500 Bear 3X (SPXS) trade is designed to take advantage of the next potential move lower in the S&P 500 (SPX). As the S&P 500 completes a bear market rally at the time cycle turn dates and Fibonacci target of 4072.26, I will watch for confirmation of a reversal with a 30-minute sell signal.*
- *The Direxion Daily S&P 500 Bear 3X (SPXS) will Confirm a Buy with a daily close above Fibonacci resistance at 19.49 and a 30-minute sell confirmation from SPX at 4026.63.*

*Wait for text confirmation!*

- *Start position at 1-star(\*).*
- *Direxion Daily S&P 500 Bear3X (SPXS) closed at 18.83.*
- *Direxion Daily S&P 500 Bear 3X (SPXS) VWAP is at 48.28*
- *Sell target price: 1<sup>st</sup> target is 21.33; 2<sup>nd</sup> target is 24.30; 3<sup>rd</sup> target is 29.12.*
- *Stop sell price: Close below 17.43.*



Direxion Daily S&P 500 Bear 3X (SPXS)

29.12 29.12 EX Ret 6.855

24.30 24.30 EX Ret 4.236

21.33 21.33 EX Ret 2.618

19.49 EX Ret 1.618

18.35 Ret 1.000

18.84

## United States Oil Fund LP (USO)

Crude oil is making headlines as the European Union starts sanctioning Russian oil and OPEC considers deeper oil outputs. With such a big week ahead for crude oil, now is an excellent time to review and update the crude oil trade.

A few weeks ago, I recommended using the United States Oil Fund (USO) to go long. Since then, the United States Oil Fund (USO) has tested my stop at 67.73 with a gap opening of 66.67 and a low of 65.37 on November 21. At close, USO had reversed entirely and was unchanged from the previous day at 69.03 on the largest volume since the March high.

*The following day's higher close created a Pivot Point Reversal, a term coined by Jesse Livermore. The Pivot Point Reversal is why the three following days' closing below my stop of 67.73 did not generate a sell signal. To create a stop-sell, United States Oil Fund would need to close below the Pivot Point Reversal of 65.37.*

*United States Oil Fund (OSU) has since rallied to Fibonacci resistance at 72.00 on Thursday, and on Friday threw back into the descending trendline from the June 14 high.*

*A close above 72.00 next week will send the United Oil Fund (USO) to Fibonacci resistance at 77.89. A close above 77.89 will send shares soaring back to June highs and the Fibonacci target of 87.84. (refer to the United States Oil fund (OSU) chart).*

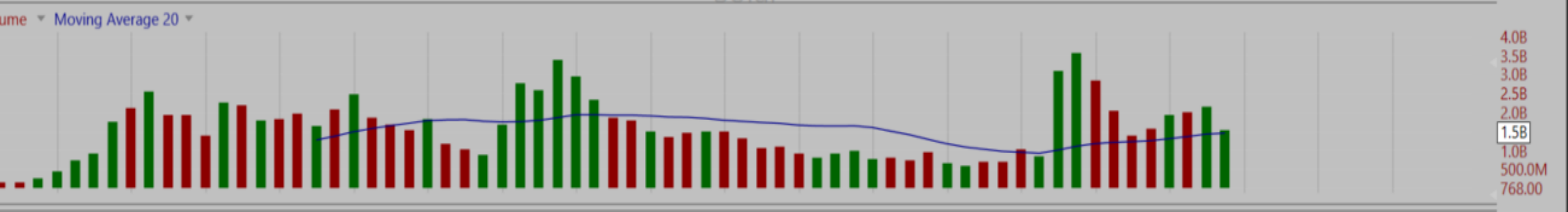
# United States Oil Fund LP (USO)





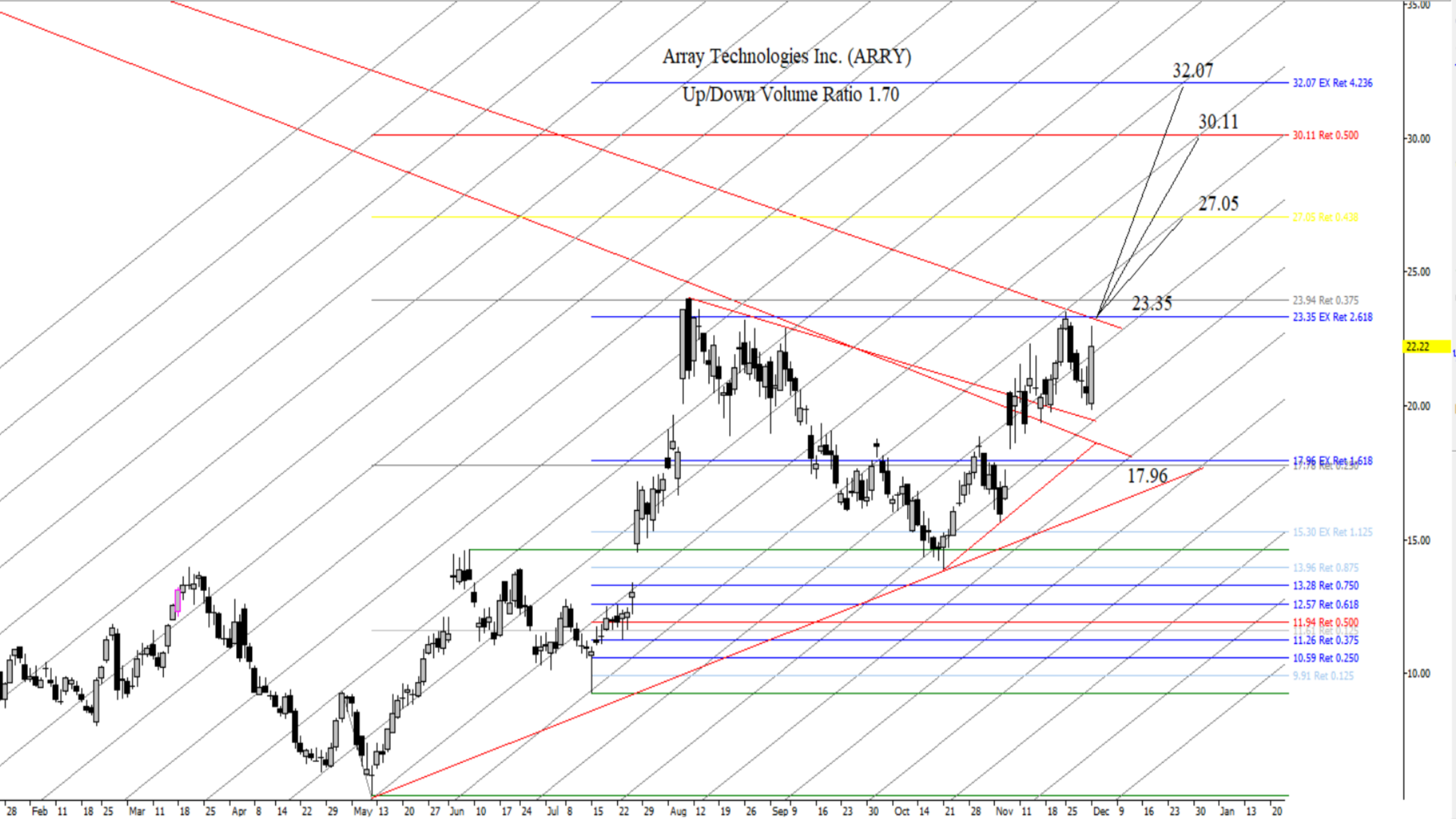
## New buy candidate: Array Technologies Inc. (ARRY)

- Industry Group: **Energy Solar**. The group currently ranks as the 2<sup>nd</sup> strongest industry group in the market out of 197 and is up 40.20% YTD. **Energy Solar** gave its most recent buy signal on November 10, 2022.
- The market and the Energy Solar industry group are on the verge of breaking critical trendlines. If the market breaks its descending trendline, solar stocks will break the handle trendline of a Cup-with-Handle base that started in 2008. (Refer to Solar industry group chart). The leader in the group that will benefit the most is Array Technologies Inc. (ARRY).
- If the market breaks higher from here, I want to be ready to purchase more leadership stocks. Array Technologies Inc. (ARRY) designs and manufactures ground mounting systems for solar energy projects.
- **Array Technologies Inc. (ARRY)** was an IPO in October 2020 and is setting up the early phase of a Primary Cup-with-Handle base. The industry group's strength and stock accumulation create a great setup.
- **Array Technologies Inc. (ARRY) will confirm with a daily close above 23.35 on above-average volume.**
- Initiate position with at 1-star(\*).
- Under institutional accumulation with a Daily Up/Down Volume ratio of 1.70 making 100-day highs.
- Array Technologies Inc. (ARRY) closed at **22.22**.
- Array Technologies Inc. (ARRY) VWAP is at 19.04
- Sell target prices: **1<sup>st</sup> target is 27.05; 2<sup>nd</sup> target is 30.11; 3<sup>rd</sup> target is 32.07**
- Stop sell price: **Close** below **17.96**.



# Array Technologies Inc. (ARRY)

Up/Down Volume Ratio 1.70



22.22



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