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10/03/21

This Trading Floor Research report contains:

- Examining markets and sectors in correction
- What the S&P 500 long-term chart is telling me about October.
- Weatherford International PLC (WFRD). A new Buy candidate in the Oil & Gas Machinery/Equipment Industry group.
- Tesla Inc. (TSLA). A Buy candidate waiting for confirmation in the Auto Manufacturers industry group.

Examining the market and sectors in correction

As the markets work through this correction, I will keep you posted on what I am focusing on. The overall signal that the market has completed a correction will be a follow-through day. The earliest this day can appear is four days after a new low has been in place in any of the indexes. This is such an important tool for me. There has never been a bull market that hasn't started without a follow-through day. I will keep you posted.

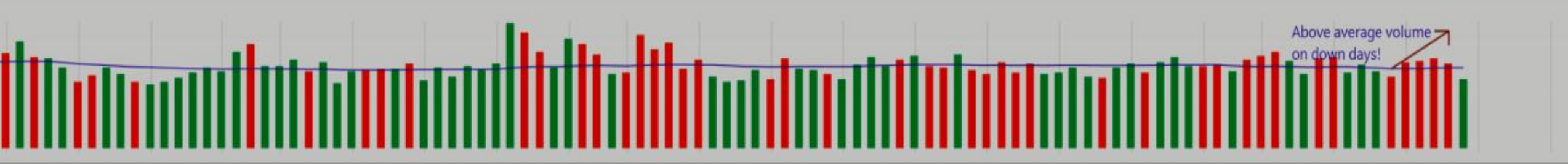
The other thing I am watching are the charts of the sectors. Currently, 9 of the eleven sectors I watch are in sell signals. The two in buy signals are Energy and Consumer Cyclicals. Hopefully, everyone bought Epsilon Energy (EPSN) last week. In this report, I highlighted another Energy stock I would like to purchase next week.

The three sectors that are in sell signals putting the greatest pressure on the indexes are Technology, Healthcare, and Financial Services. Technology with the mega-cap stocks that have pushed this market higher in the last few months are carrying the greatest weight. The Technology sector gave a sell signal on Tuesday last week. Even though technology was -7.4% lower in September, the sector avoided a sell signal through most of the month. Now that technology has given a sell signal, the market downside could speed up.

Volume was above average on the four down days in technology this past week, and lower on Friday. Friday was the only up day last week. This is a sign that institutions are aggressively moving out of technology stocks. You should too. Caution and cash are highly recommended in all tech names. (Refer to Technology sector chart on next slide)



TECHNOLOGY SECTOR



S&P 500 Long-term Chart

The S&P 500 has broken down from a rising wedge formation. The long-term chart shows a -17.86% correction is possible before the S&P 500 hits meaningful Fibonacci support. The quick rise in the monthly chart has left an air pocket of support until we hit 3742.02. (Refer to Chart on next slide)

We have entered the month of October. The first half of October is notorious for market crashes. One of the biggest market crashes happened October 19, 1987. The market was down 22.6% in one day. It should not go unnoticed that the crash happened 34 years ago. This is a major Fibonacci number, and one that affects many charts I watch.

Technical analysis is never about predicting the future. It is about using all the facts and creating the path of highest probability. This is the path of highest probability for the next few weeks. Stay ready for the great opportunity that follows.



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



4545.72 Top

-17.68% correction

3742.02

3742.02 EX Ret29.036

2395.35 EX Ret17.945

1563.02 EX Ret11.090

1048.80 EX Ret 6.855

4500.00

4357.04

4000.00

3500.00

3000.00

2500.00

2000.00

1500.00

- Buy candidate: **Tesla Inc. (TSLA): (Still waiting for buy confirmation on Tesla)**
- Industry Group: **Auto Manufacturers**. The group currently ranks as the 70th strongest industry group in the market out of 197 and is up +2.15% YTD. The industry group gave a buy signal on Friday September 24, 2021 with above average volume.
- TSLA manufactures high performance fully electric vehicles and batteries.
- TSLA has formed a double cup-with-handle base, broke out of the handle last week, and tested Fibonacci support at 762.53.
- TSLA has a cycle turn date on October 5, 2021.
- *Two options for a buy signal:*
- 1) TSLA will confirm a buy signal with a 30-minute close above 789 on increased volume. Wait for confirmation!
- 2) Wait for a throwback to the trendline of the Handle in the cup-with handle base between 757. I will send a confirmation text!
- Initiate position with at 1-star(*). Market concerns
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.1.
- TSLA closed at **775.22**.
- TSLA VWAP is at 131.55.
- Sell target price: **1st target is 821.24, 2nd target is 855.29**
- Stop sell price: End of day **Close** below **734.55**.

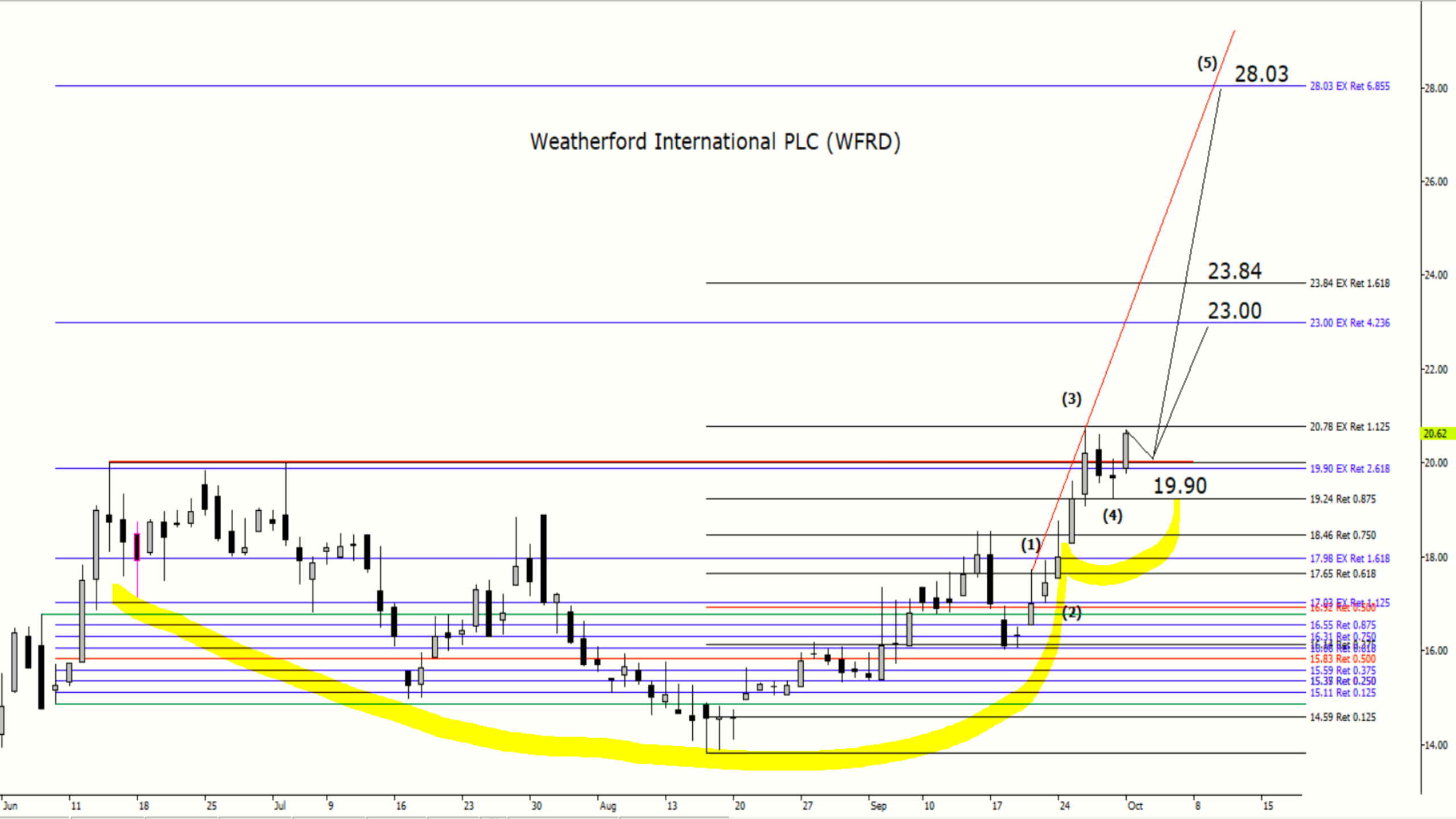




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- Buy candidate: **Weatherford Intl PLC. (WFRD)**
- Industry Group: **Oil & Gas Machinery Equipment**. The group currently ranks as the 18th strongest industry group in the market out of 197 and is up 39.97% YTD. The group gave a 20-day closing high with above average volume buy signal on September 27, 2021
- WFRD provides equipment, technology and services for the oil and gas drilling and production industry worldwide.
- WFRD is ready to break out of a high handle to an IPO cup with handle base that started in June 2021.
- WFRD is completing an over-under-over pattern in the handle of the base. I am looking for one more pullback to the trendline and Fibonacci support at 19.90.
- **WFRD buy is confirmed with a throwback to 19.90 and confirmation on the 5-minute chart. Wait for confirmation text!**
- Initiate position with at 1-star(*). Market concerns
- Under institutional accumulation with an Up/Down Volume ratio of 1.5.
- WFRD closed at **20.62**.
- WFRD VWAP is at 17.21
- Sell target prices: **1st target is 23.00; 2nd target is 28.03**
- Stop sell price: **Close** below **19.24**.



Weatherford International PLC (WFRD)





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