



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —

07/9/22



This Trading Floor Research report contains:

- *Repare Therapeutics Inc. (RPTX)*. A new BUY candidate in the Medical Biomed/Biotech industry group.
- Vertex Pharmaceuticals Inc. (VRTX). A new BUY candidate in the Medical Biomed/Biotech industry group.
- Li Auto Inc. ADS CL A. (LI). A new Chinese BUY candidate in the Auto Manufacturing/ Chinese Electric Vehicle industry group.



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# 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

2<sup>nd</sup> Class meets: Thursday July 14, 2022

Location: Career Development Center Burns  
Harbor

## Sectors, Industry Groups & Leadership Stocks

After an impressive week, the **S&P 500** stopped at the firm **50%**, number **2907.19**, as it did last week. The index traded above the number on Thursday and Friday but could not close above. The strength of this number can not be over-emphasized. Closing above 50% of the range indicates that bulls have taken control from the bears. Bears will hold that line as it becomes the most significant battle between bulls and bears on the chart. Closing above 2907.19 with above-average volume will keep the bear market rally going a little longer. If the S&P 500 can close above 2907.19, the following S&P 500 target numbers are 4043.45 and 4109.93. (Refer to S&P 500 chart)

An S&P 500 close below 3839.61 will indicate that the rally could not get past solid resistance at 2907.19, and I will send a text recommending selling the **Direxion Daily S&P 500 Bull 3X (SPXL)** position.

If the S&P 500 closes below the significant 3742.02 Fibonacci number from my long-term chart, the market will resume its downtrend, and I will start raising more cash again. (Refer to S&P 500 chart)

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

*I recommend a 75% cash position.*

# S&P 500 Index



## Sectors, Industry Groups & Leadership Stocks

As market pundits on CNBC and Fox Business continue to debate whether we are in a recession, the forward-looking stock market has already made it clear.

I included a chart of how sectors perform during a business cycle. You will notice that late-stage expansion of the business cycle has the energy sector as the leading sector. That was the case for the last six months, but as I reported in the June 20, 2022 newsletter, the energy sector gave a sell signal on June 16, 2022. (Refer to energy sector chart). The market told us in mid-June that the economic expansion was over.

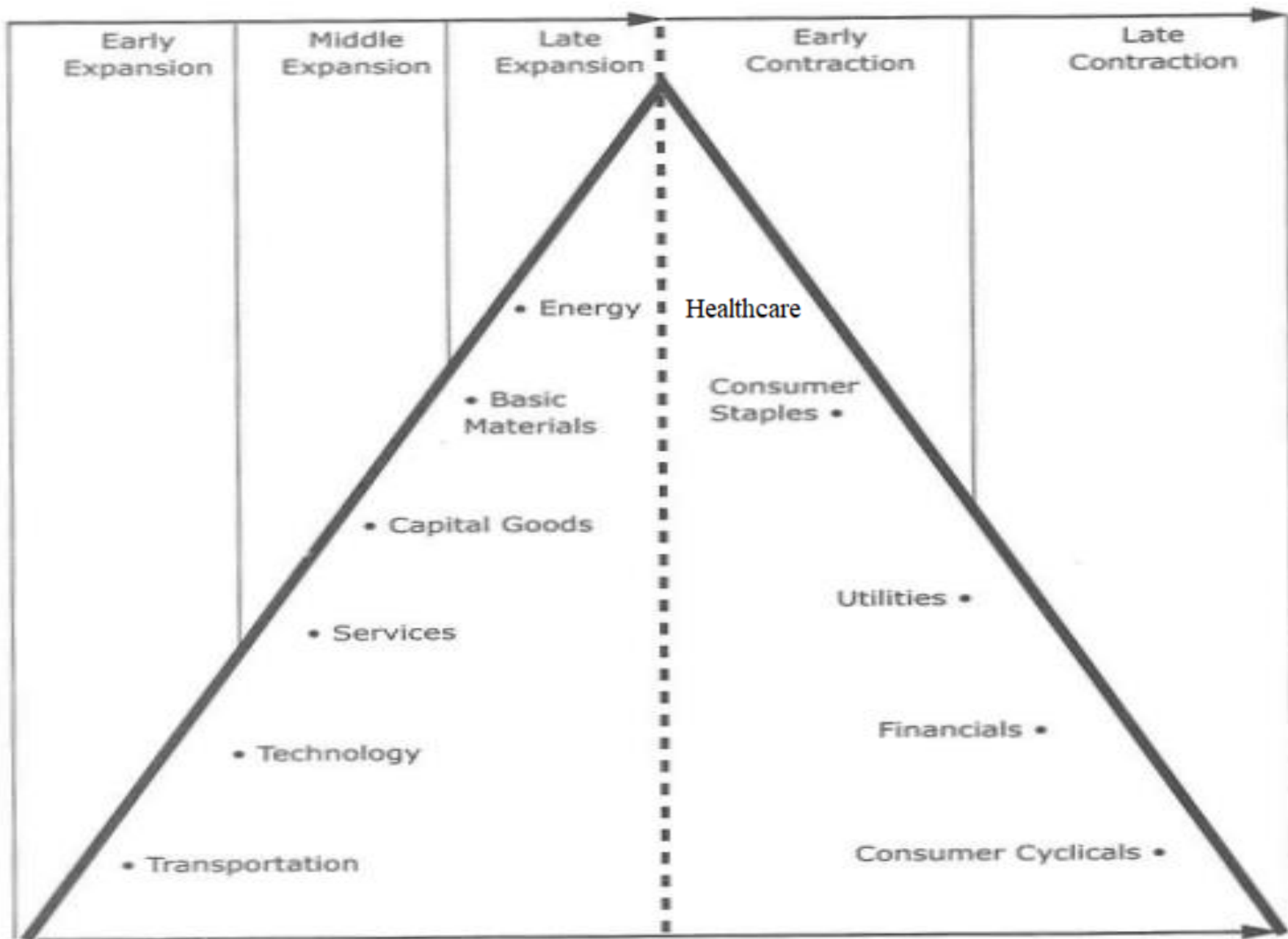
This past Thursday, July 7, 2022, the Healthcare sector gave an impressive buy signal, followed by a buy signal in the Medical Biotech industry group on June 24, 2022. Healthcare leads in the early contraction of the business cycle. (Refer to business cycle chart and healthcare sector chart)

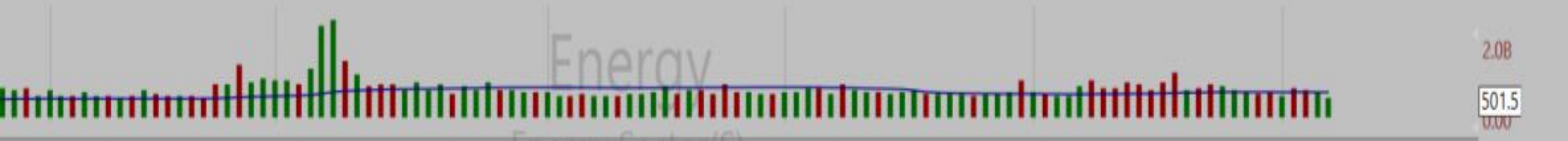
By the time the pundits have this figured out, the stock market opportunities will have passed. Stocks lead the business cycle. Not the other way around.

As the **Healthcare sector** strengthens, many opportunities are showing up in the **Medical Biotech** industry group. In last week's newsletter, I highlighted the purchase of **Direxion Daily S&P Biotech Bull 3X (LABU)**. Tuesday's TFR text confirmation of LABU offered subscribers a 29% return by Friday's close at 9.76. The next Fibonacci target number is 12.53.

I also highlighted the strength of **Cogent Biosciences (COGT)** in Tuesday's newsletter, and Wednesday, TFR confirmed the purchase at 10.41. After-hours trading on Friday had COGT trading at 11.55. The next target numbers are 13.23 and 15.55.

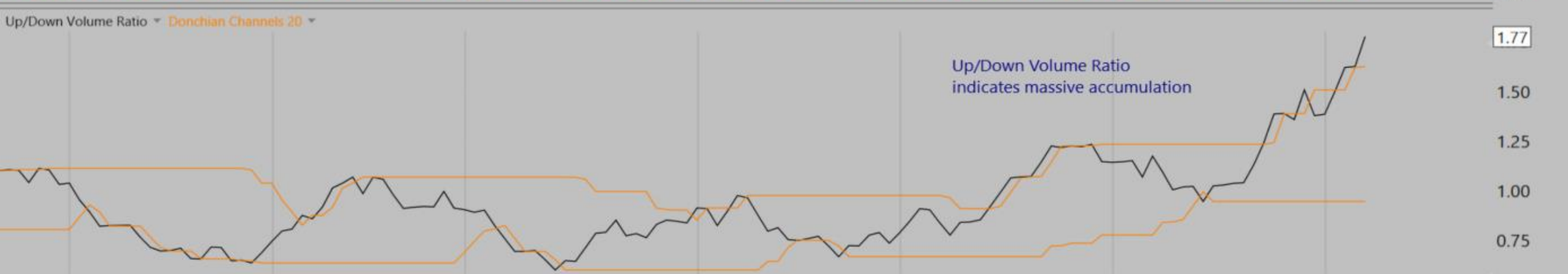
Following the strength in the Healthcare sector and the Medical Biotech industry group, I have added new Biotech buy candidates in this week's newsletter **Repare Therapeutics Inc. (RPTX)** and **Vertex Pharmaceuticals Inc. VRTX**.







# Healthcare Sector



## Sectors, Industry Groups & Leadership Stocks

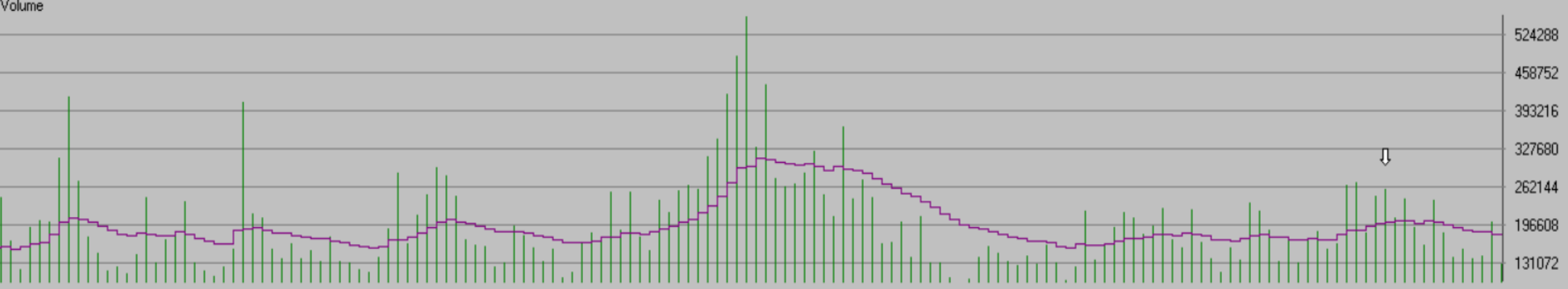
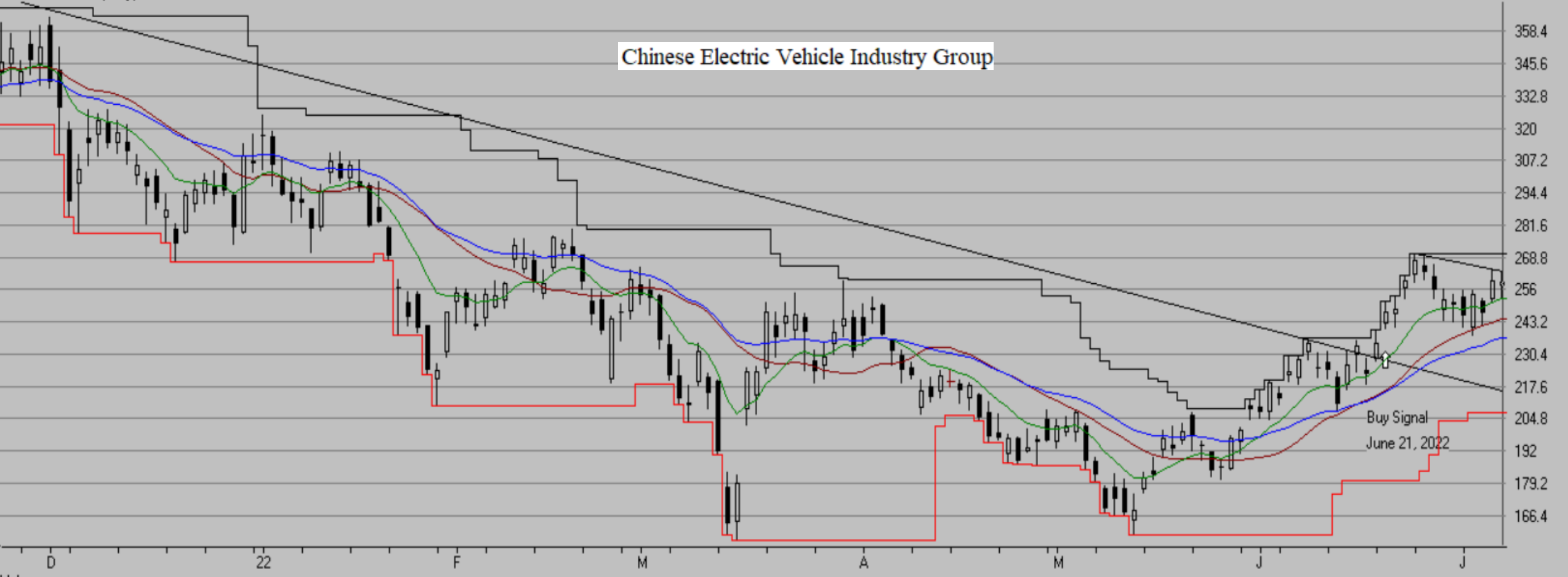
*The Auto Manufacturers industry group is very close to a buy signal, and the leadership stocks in the group are Chinese. Market strength comes from the Chinese Electric Vehicle industry group after a buy signal on June 21, 2022.*

*The leader in the group is **Li Auto Inc. (LI)**.*

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*I highlighted Chinese markets in the June 26, 2022, newsletter as they gave a buy signal. It looks like the strength in Chinese stocks is carrying over to Electric Vehicles. Li Auto Inc. is a feature in this report.*

# Chinese Electric Vehicle Industry Group



## Buy Candidate: Li Auto Inc. ADS CL A. (LI)

• **Industry Group: Auto Manufacturing/ Chinese Electric Vehicle.** Li Auto Inc. ADS CL A. (LI) is gaining strength from the confirmed buy signal in the Chinese market and the Chinese Electric Vehicle industry group. The Chinese Electric Vehicle industry group gave a buy signal on June 21, 2022. The Auto Manufacturing industry group is very close to a buy signal and currently ranks 180th out of 197. It is down -35.32% YTD. A buy signal in the Auto Manufacturing industry group would strengthen the trade more.

- *Li Auto Inc. ADS CL A. (LI) manufactures Electric Vehicle SUVs and sells them in the Chinese market.*
- *Li Auto Inc. ADS CL A. (LI) is putting a handle on a massive IPO double bottom base that started in November 2020. The handle is forming above Fibonacci support at 38.34 as accumulation on the stock hits new highs.*
- *Li Auto Inc. ADS CL A. (LI) will provide confirmation with a 30-minute buy signal at 39.55*
- *Wait for text confirmation!*
- *Start Position at 2-star(\*\*)*
- *Under massive institutional accumulation with an Up/Down Volume ratio of 2.31*
  
- *Li Auto Inc. ADS CL A. (LI) closed at 38.90*
  
- *Li Auto Inc. ADS CL A. (LI) VWAP is at 28.69.*
  
- *Sell target prices: 1st target is 47.; 2nd target is 50.16; 3<sup>rd</sup> target is 53.01*
  
- *Stop sell price: Close below 37.44.*

# Weekly Chart of IPO Base

Li Auto Inc. (LI)  
Up/Down Volume Ratio 2.31

Confirmation of  
Double Bottom Base  
at 37.44

47.69



Li Auto Inc. (LI)  
Up/Down Volume Ratio 2.31



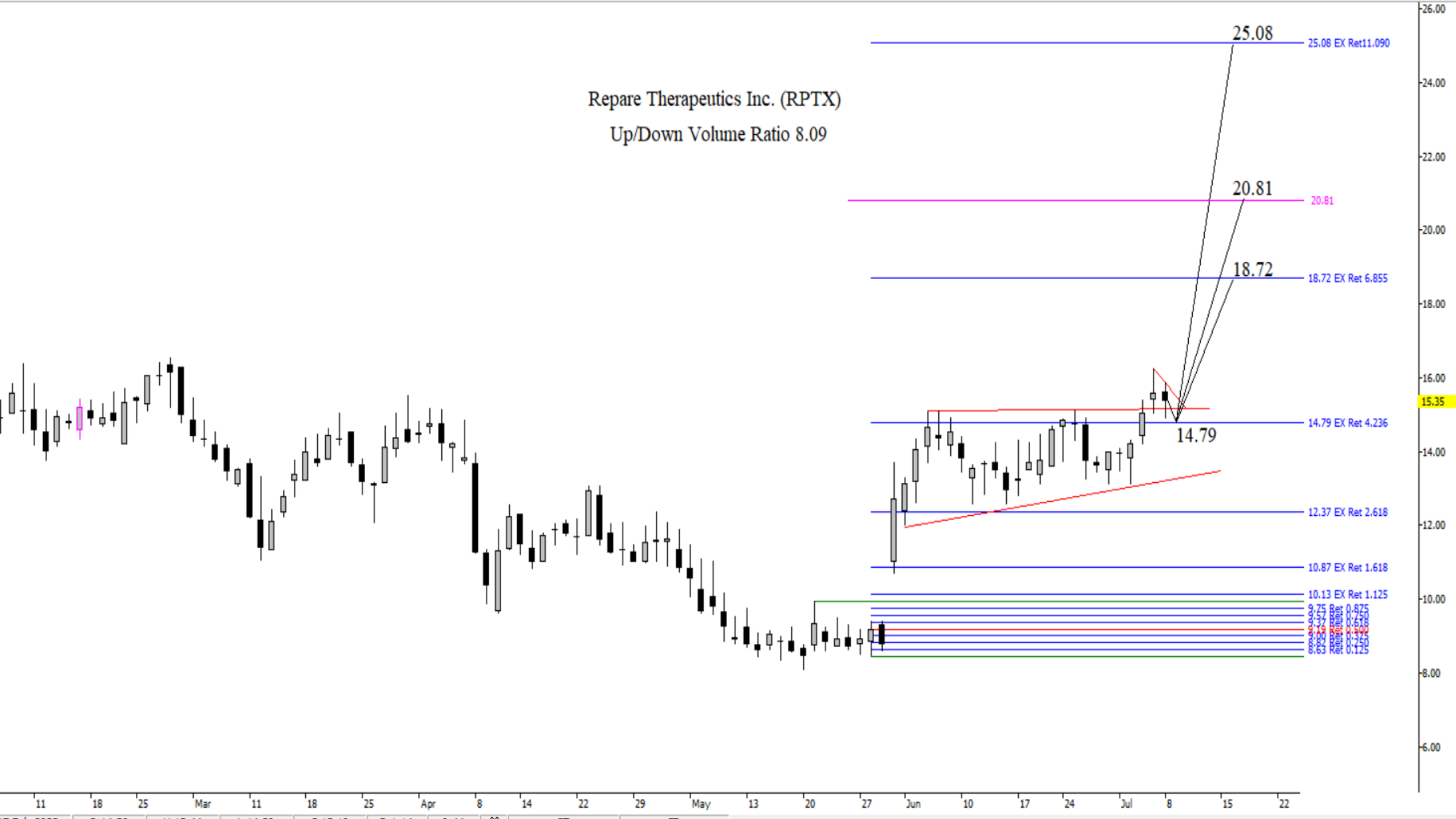
## Buy Candidate: Repare Therapeutics Inc. (RPTX)

- *Industry Group: **Medical Biomed/Biotech*** . The Medical Biomed/Biotech industry group ranks as the 29<sup>th</sup> strongest industry group out of 197 and is down -23.84% YTD. The group triggered a buy on June 24, 2022.
- ***Repare Therapeutics Inc. (RPTX)** is a Canadian Biotech company that develops oncology drugs for patients that target specific vulnerabilities of tumor cells.*

*On June 02, 2022, Repare Therapeutics Inc. (RPTX) gave a buy signal on the biggest daily volume since the stock started trading more than two years ago. Since then, the stock has been held back by Fibonacci resistance at 14.79. Thursday shares broke loose of the resistance, and Friday found support at 14.79.*

- ***Repare Therapeutics Inc. (RPTX) will confirm with a 30-minute close above the trendline at 15.55 or another retest of 14.79.***
- ***Wait for text confirmation!***
- ***Start Position at 1-star(\*)***
- *Under intense institutional accumulation with an Up/Down Volume ratio of 8.09*
- *Repare Therapeutics Inc. (RPTX) closed at 15.35.*
- *Repare Therapeutics Inc. (RPTX) VWAP is at 20.81.*
- *Sell target prices: 1st target is 18.72; 2nd target is 20.81; 3<sup>rd</sup> target is 25.08*
- *Stop sell price: Close below 13.10.*

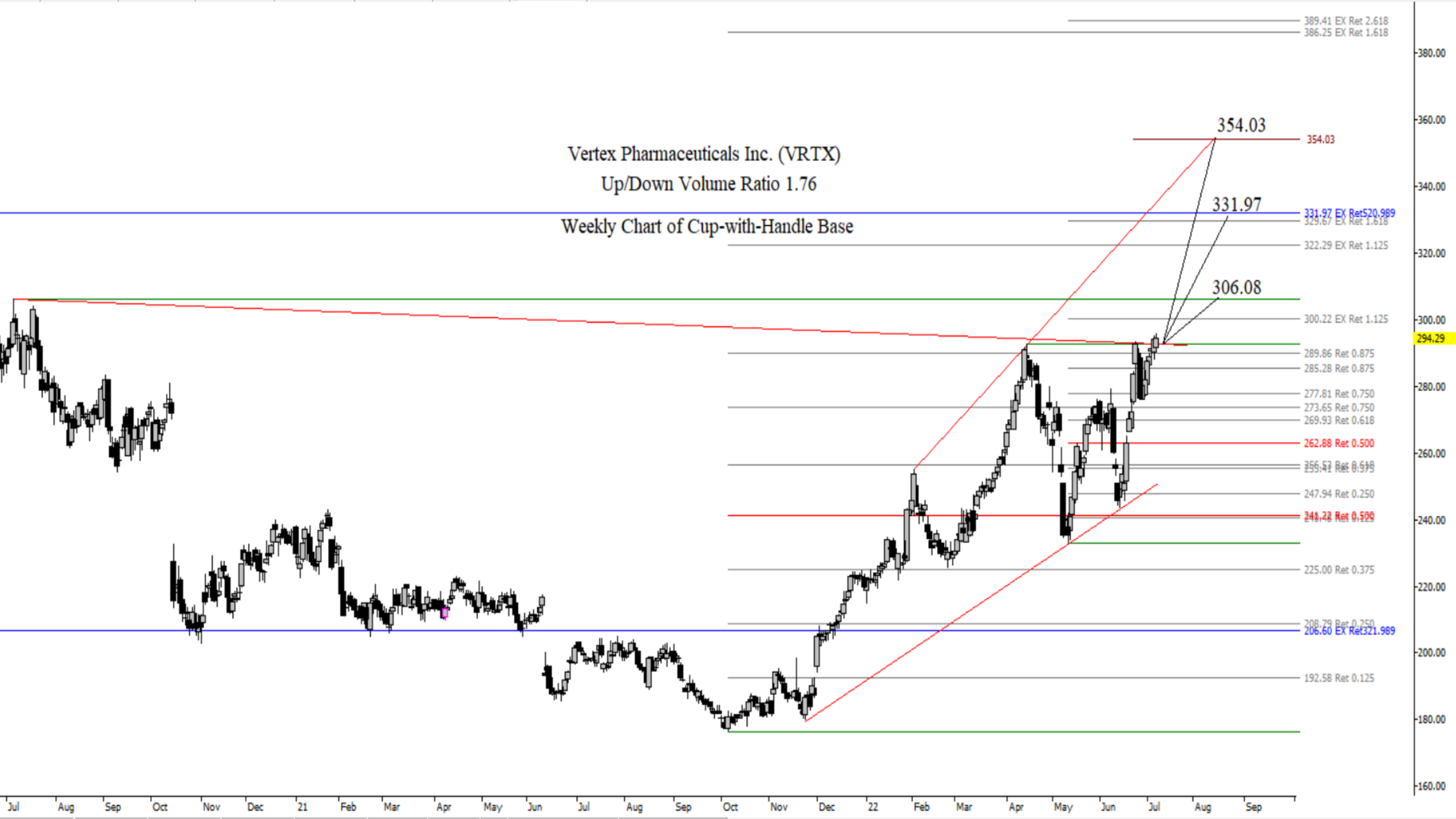
Repare Therapeutics Inc. (RPTX)  
Up/Down Volume Ratio 8.09





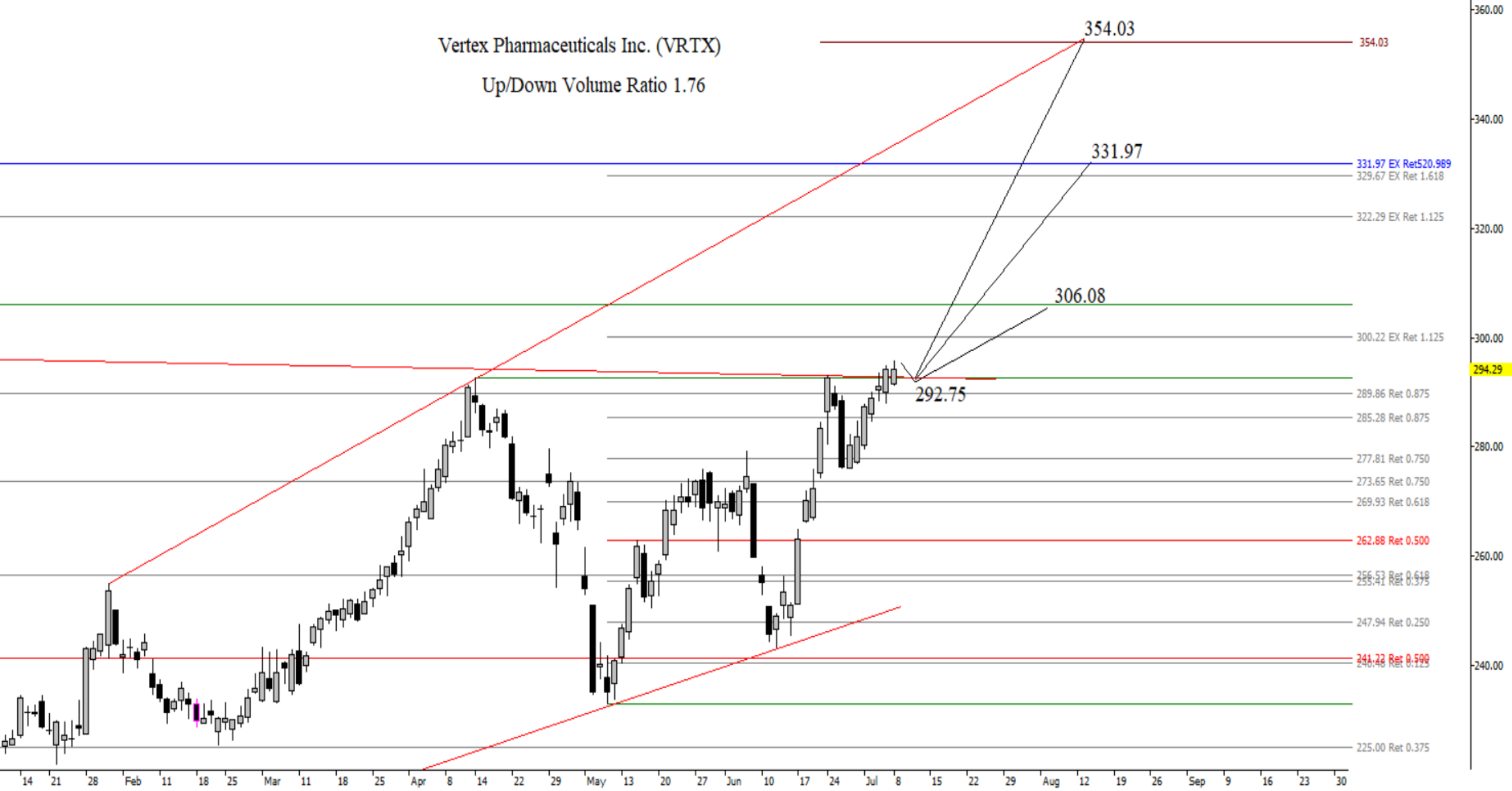
## Buy Candidate: Vertex Pharmaceuticals Inc. (VRTX)

- *Industry Group: Medical Biomed/Biotech* . The Medical Biomed/Biotech industry group ranks as the 29<sup>th</sup> strongest industry group out of 197 and is down -23.84% 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 295.74 or a throwback into the trendline at Fibonacci support 292.75*
- *Wait for text confirmation!*
- *Start Position at 1-star(\*)*
- *Under massive institutional accumulation with an Up/Down Volume ratio of 1.73*
- *Vertex Pharmaceuticals Inc. (VRTX)closed at 294.29.*
- *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 1.76





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<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.

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