



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

05/14/23



This Trading Floor Research report contains:

S&P 500 (SPX). Update

Direxion Daily Tesla (TSLA) Bear 1X ETF (TSLS)

Flywire Corporation (FLYW)

Still setting up from last week

Sovos Brands (SOVO)

S&P 500

Market Comments

The S&P 500 finished the week down -.31% as the battleground for the bulls and bears narrows.

The narrowing price range indicates a big move is coming.

The S&P 500 will move higher with a close above 4155.10 or lower, with a close below 4117.60.

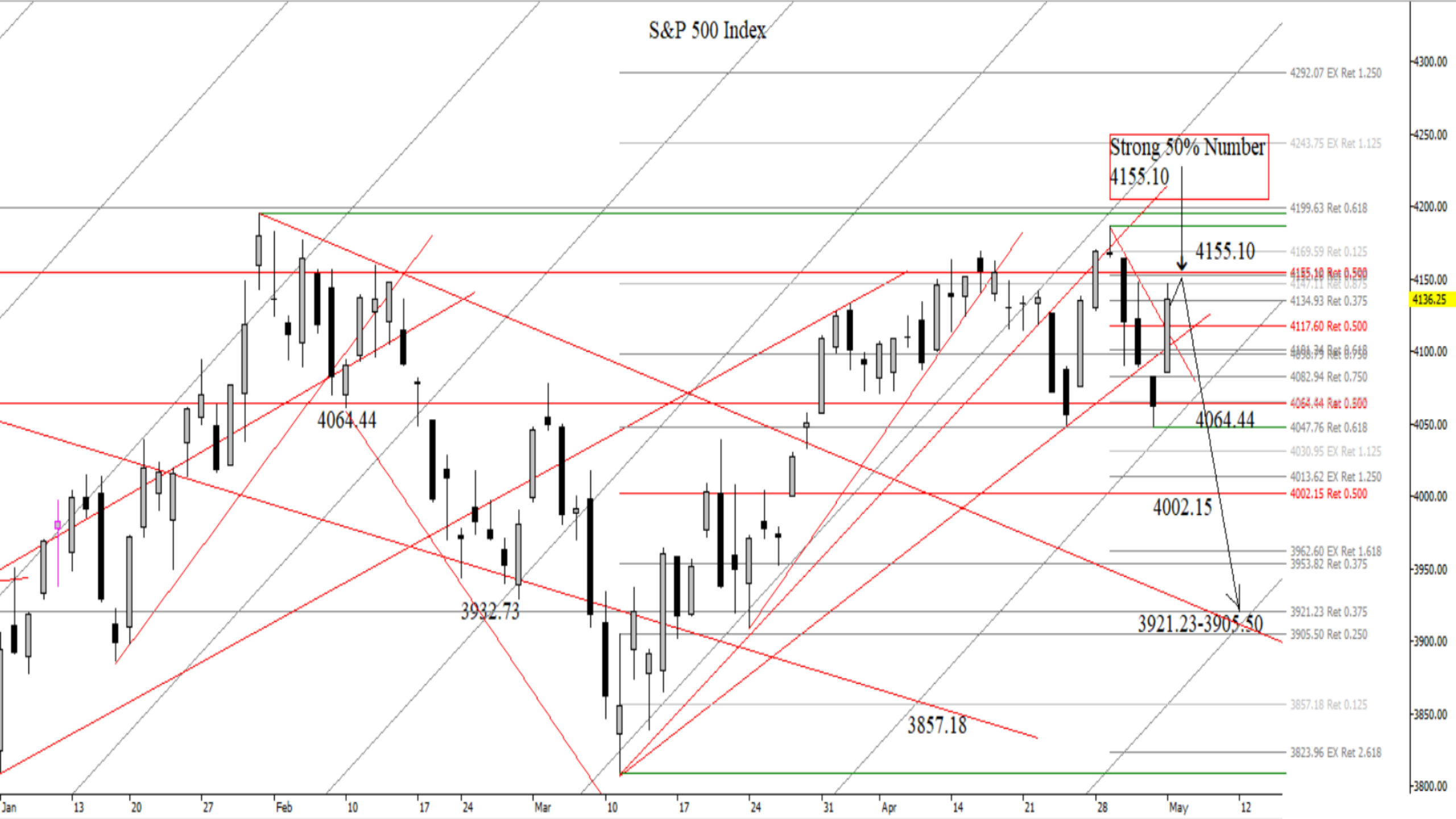
On the downside, the bears can't break through the 4117.60 level on a closing basis. This past week, four selloffs were met with intraday rallies keeping the index from closing below 4117.60. The midpoint (50%) of April's monthly high-to-low range is 4117.60.

On the upside, the bulls tried to challenge and failed at 4155.10 again this past Wednesday. 4155.10 is a more substantial number than 4117.60. We have seen how 50% of the range of the entire bear market has stopped the S&P 500 from moving higher for the past 29 trading days.

As the bull and bear challenges are taking place, the S&P 500 throwback into the rising trendline from the March 13 low also stops forward progress. The combination of the throwback and the stronger of the two numbers being 4155.10, tends to favor a decline with a close below 4117.60.

I recommend caution and 90% cash in a safe U.S. Treasury money market.

S&P 500 Index



Industry Group & Sector Analysis

Most sectors finished the week in the lower half of their range. The **Technology** sector finished at the top of its range but is still in a sell signal.

Although Basic Materials has not given an official sell signal, Friday, it closed in a weak position. It will not take much to send the sector into an official sell signal.

The **Energy** sector gave its most recent sell signal on May 2. Since then, it has been putting a handle on an inverted cup-with-handle pattern. I am watching the sector closely for an opportunity to purchase the **Direxion Energy Bear 2x (ERY)**.

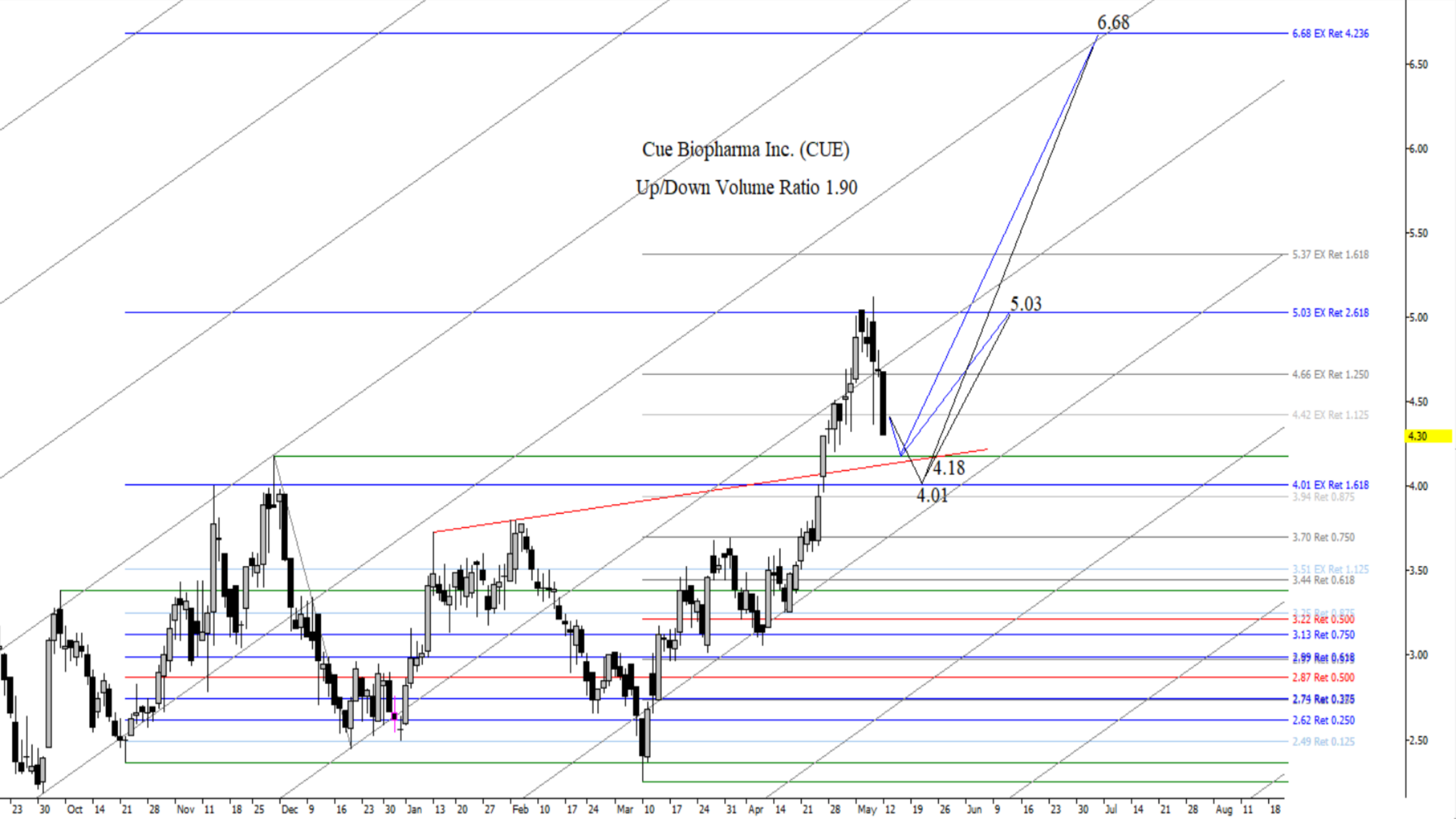
Although many industry groups in the **Healthcare** sector sold off on Friday, it is still looking strong since its buy signal on April 5, 2023.

The sector's strength comes mainly from the **Biotechnology** and the **Medical Devices** industry groups. My focus is on stocks in these groups.

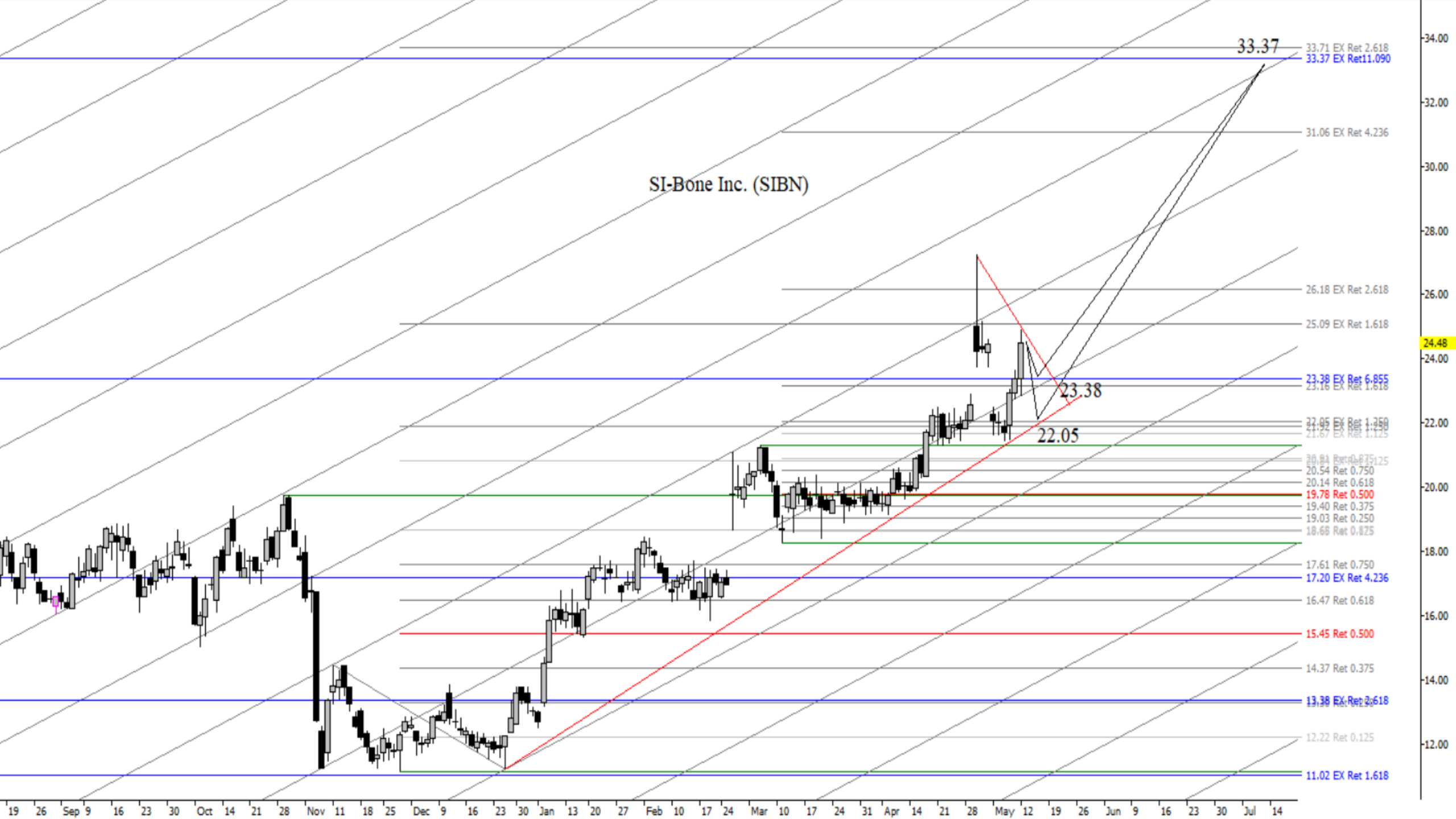
Some Biotech like **Cue Biopharma Inc. (CUE)** and **SI-Bone Inc.(SIBN)** are strong stocks but must complete their pullbacks before I recommend purchasing. (refer to charts of CUE and SIBN)

Aquestive Therapeutics Inc. (AQST) may have finished its pullback on Friday, as the stock hit Fibonacci support at 1.77, but could still hit Fibonacci support at 1.40 before it resumes its uptrend. I am watching Aquestive Therapeutics Inc. (AQST) very closely. (refer to AQST chart)

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



SI-Bone Inc. (SIBN)

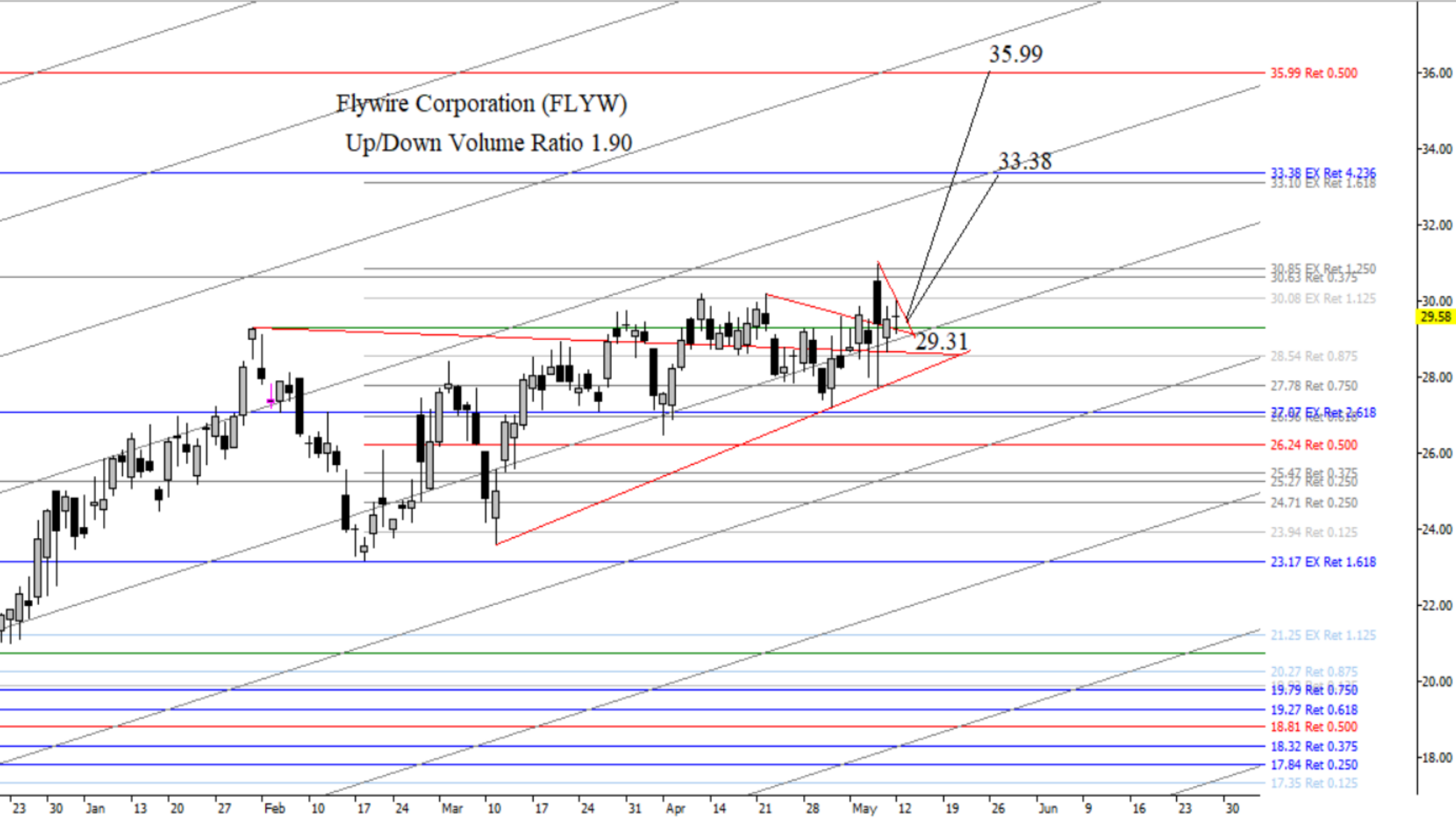


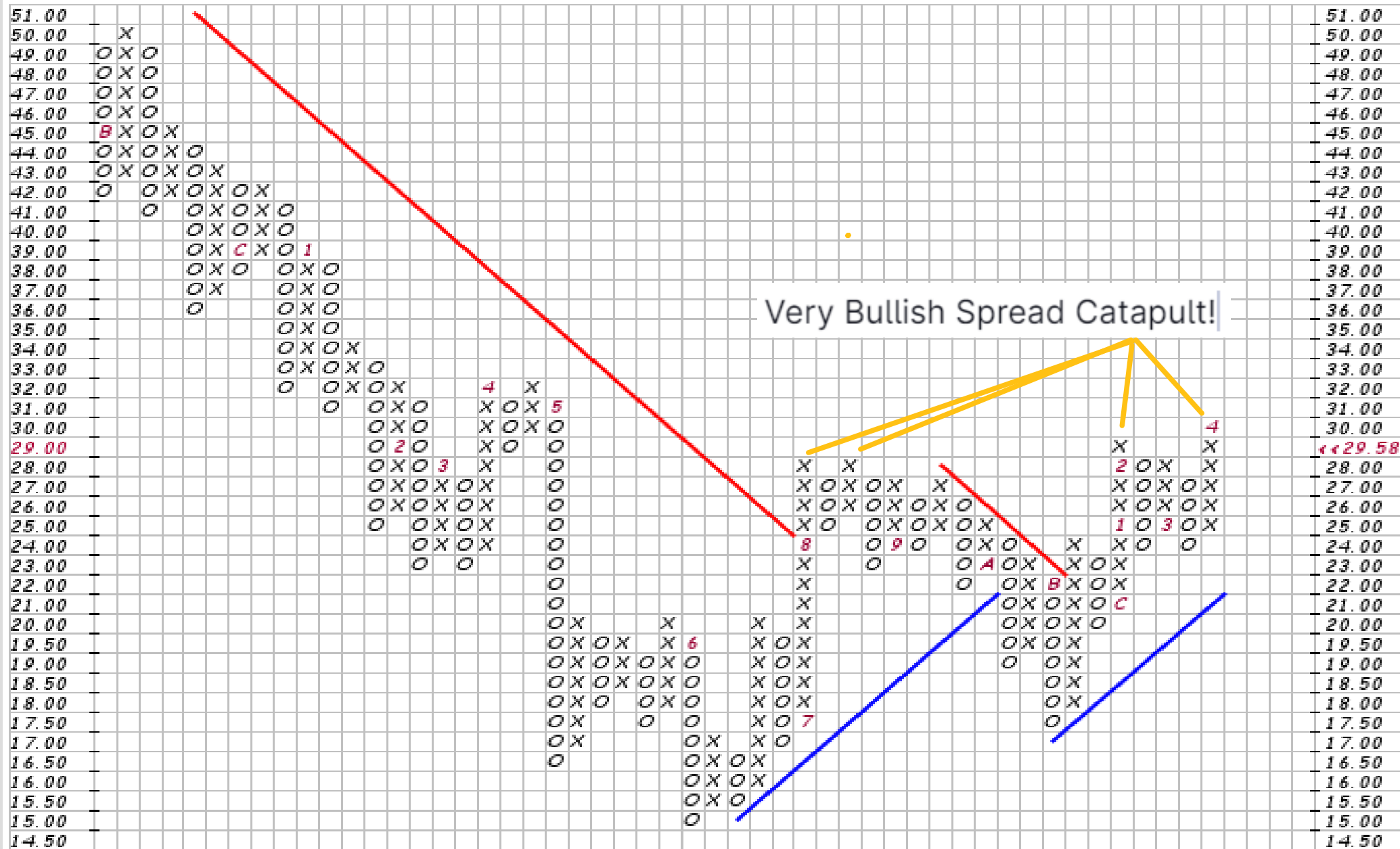


BUY candidate: Flywire Corporation (FLYW)

- Industry Group: **Finance Credit Card/ Payment Processing**. The group currently ranks as the 107th strongest industry group of 197, up 3.80% YTD. A subgroup of Payment processors is acting well. The strength is coming from stocks like StoneCo (STNE), Toast (TOST), PagSeguro Digital (PAGS), and recently acquired Paya Holdings (PAYA).
- **Flywire Corporation (FLYW)** payment technology removes boundaries to enable global payments and receivables process through a seamless transactional experience.
- **Flywire Corporation (FLYW)** has been basing in a tight range above Fibonacci support at 29.31 with strong accumulation. The stock is completing a handle to a Cup-with-Handle base that started on February 2.
- **Flywire Corporation (FLYW) will confirm with a break of the 30-minute trendline at 29.64**
- **Wait for text confirmation!**
- Initiate position with a 1-star(*).
- Under institutional accumulation with a Daily Up/Down Volume ratio of 1.91.
- Flywire Corporation (FLYW) closed at **29.58**.
- Flywire Corporation (FLYW) VWAP is at **28.44**
- Sell target prices: **1st target is 33.38; 2nd target is 35.99**
- Stop sell price: **Close** below **29.31**.

Elywire Corporation (FLYW)
Up/Down Volume Ratio 1.90





Very Bullish Spread Catapult!

BUY candidate: Sovos Brands (SOVO)

- Industry Group: **Packaged Food**. The Packaged Food group currently ranks as the 63rd strongest industry group of 197 and is up 4.40% YTD. **Packaged Food** gave its most recent buy signal on May 01, 2023.
- **Sovos Brands (SOVO)**, headquartered in Louisville, KY, is taking small quality food brands with high growth potential and converting them to market leaders.
- **Sovos Brands (SOVO)** was an IPO on September 23, 2021. Twenty-one months later, it is completing the handle of its primary base. Confirmation of the Primary Breakout (PBO) happened last week on earnings. I did not confirm before the earnings release and take on additional risk. The stock hit Fibonacci resistance at 19.44 on earnings, pulled back, and held at the weak 7/8 number of 18.40 on Friday. Holding at a weak 7/8 number could lead to an explosive move higher, and the pullback may offer another opportunity to purchase shares at low-risk entry.
- **Sovos Brands (SOVO) is a buy with a 30-minute confirmation.**
- **Wait for text confirmation!**
- Initiate position with a 3-star(***)).
- Under massive institutional accumulation with a Daily Up/Down Volume ratio of 3.28.
- Sovos Brands (SOVO) closed at **18.45**.
- Sovos Brands (SOVO) VWAP is at 14.61
- Sell target prices: **Fibonacci resistance is at 19.44; 1st target is 22.48; 2nd target is 27.39.**
- Stop sell price: **Close** below **17.57**.



Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)

What is happening with the Direxion Daily Tesla TSLA Bear 1X ETF (TSLS) trade?

You might wonder why I sold the Direxion Daily Tesla TSLA Bear 1X ETF (TSLS) Friday morning.

What's worse, the ETF proceeded to move higher after I sold.

Answer:

Because of the increase in the price of Tesla Inc. (TSLA) shares, the Point & Figure chart turned up and gave a Double Top Breakout. I will immediately cover a short position with a Point & Figure buy signal. (Refer to before and after Point & Figure chart)

Tesla's (TSLA) powerful Point & Figure reversal above Fibonacci support at 167.88 changed the favored probability from moving lower to higher. That is how quickly my opinion needed to change. Taking small losses will keep me in the game for significant gains.

I am featuring the **Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)** trade in today's newsletter. Some of my best trades have happened from stocks that whipsaw me out of a transaction.

Unfortunately, after I sold my downside bet, Tesla (TSLA) proceeded to trade lower for the remainder of the day. By the end of the day, the stock is back on the list of potential short candidates.

Tesla (TSLA) must close below Fibonacci support at 167.88 and trade below 166 to turn the Point & Figure chart down to a double-bottom breakdown. But where shares closed at 167.98, it is not out of the question.

Next week's confirmation could lead to the gains I initially sought.

The second mouse gets the cheese!



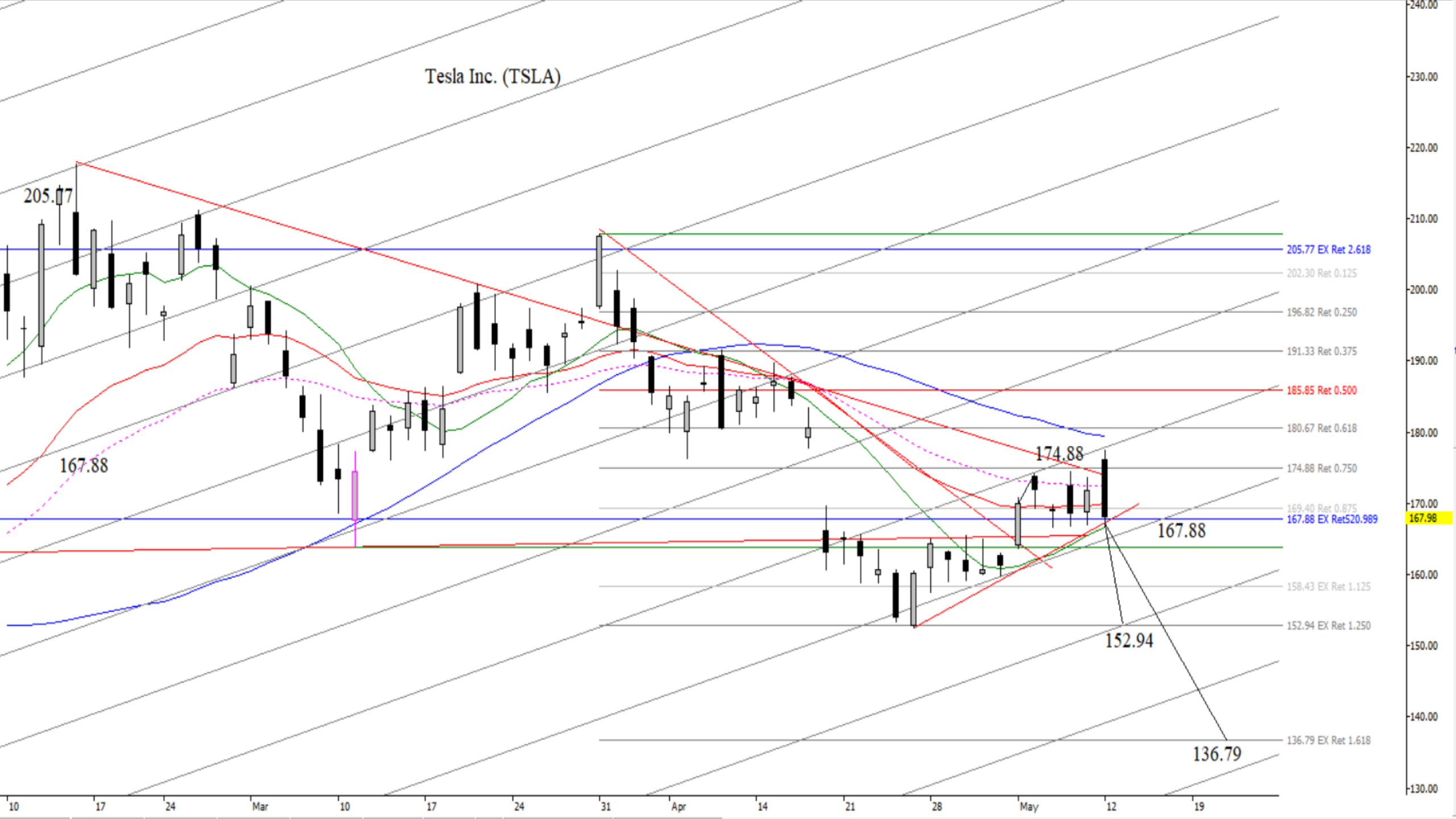
Last week:
The Chart was setting up
with a throwback into the
Bullish Resistance Line

Before

Friday:
Very Bullish Double Top Breakout
that should reverse lower on the Point & Figure on Monday



Tesla Inc. (TSLA)

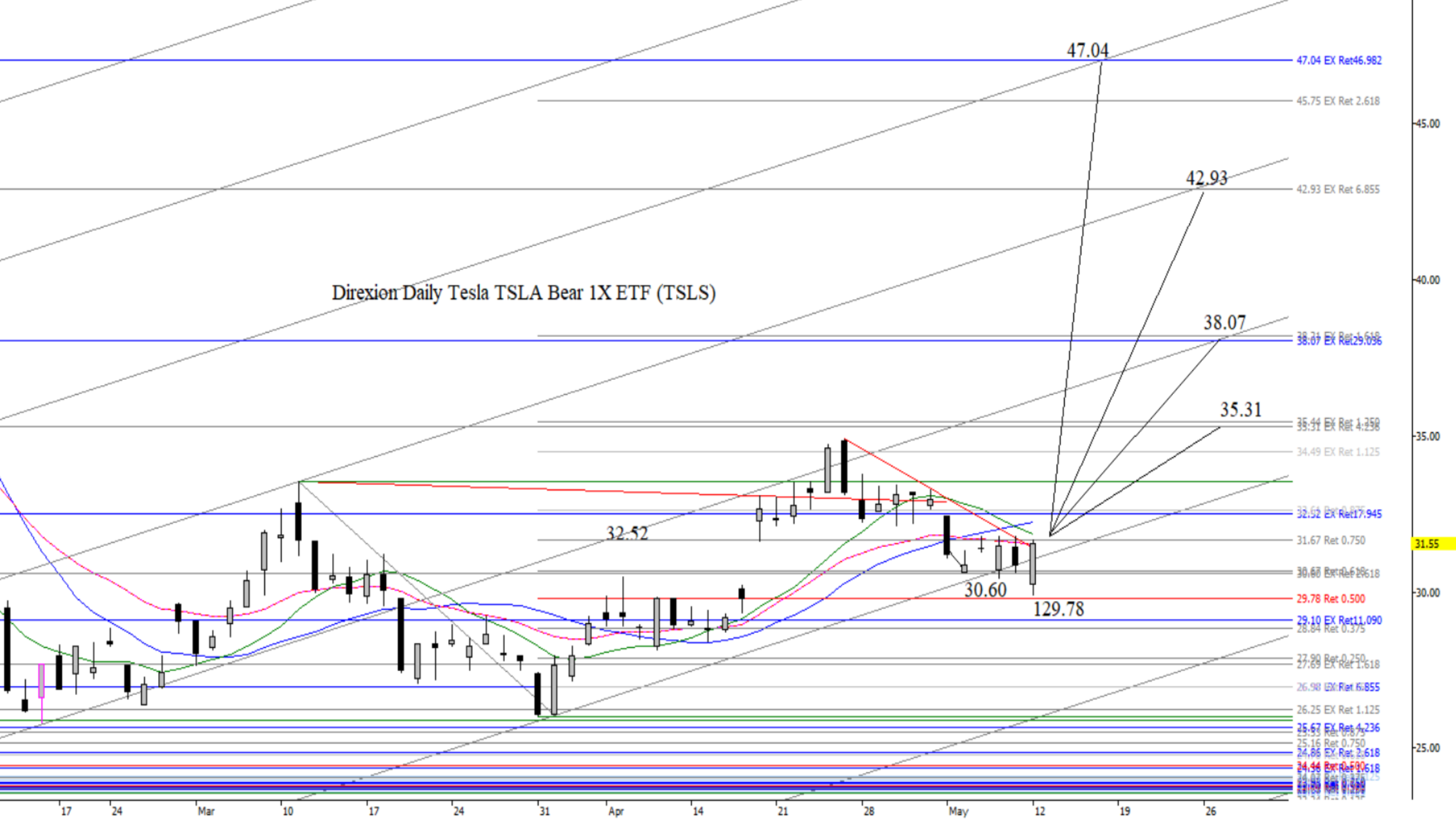


Buy candidate: Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)

- *Portfolio: Short Tesla Inc. (TSLA). This trade is designed to move inverse the daily performance of Tesla Inc. (TSLA).*
- *Tesla Inc. (TSLA) 's massive rally turned the charts up Friday morning. The stock sold off the rest of the day and closed pennies above its critical Fibonacci support at 167.88. To turn the Point & Figure chart down and give a double bottom breakdown, TSLA must hit 166. Closing below 167.88 after hitting 166 will put the stock in play as a shorting opportunity. I will short the stock using the **Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)**.*
- *I will purchase the **Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)** with a 30-minute confirmation after TSLA hits 166.*
- *Wait for text confirmation!*
- *Start position at 2-star(**).*
- *Direxion Daily Tesla TSLA Bear 1X ETF (TSLS) closed at 31.57.*
- *Direxion Daily Tesla TSLA Bear 1X ETF (TSLS) VWAP is 34.10.*
- *Sell target price: 1st target is 35.31; 2nd target is 38.07; 3rd target is 42.93; 4th target is 47.04.*

Stop sell price: Close below 30.60.

Direxion Daily Tesla TSLA Bear 1X ETF (TSLS)





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