



TFR

Trading Floor Research

Welcome to the
— Trading Floor —

11/12/23



This Trading Floor Research report contains:

S&P 500 Update

CBOE 10-year Treasury Yield Index (TNX)

Direxion 7-10 Year Treasury Bear 3X (TYO)

2x Long VIX Futures ETF (UVIX)

S&P 500 Update

Friday's **S&P 500** move higher started after an early morning gap and a pullback retest of the critical 1/2 number of the July high to October low at 4355.42. The firm 1/2 number acted as a springboard to send the markets higher for the remainder of the day. Volume was the critical component missing from Friday's move, making me question if it was a bull trap. I have low confidence and trust when a move higher lacks volume.

To confirm further uptrend in the S&P 500, I needed a close above the October 17 high at 4393.57 on above-average volume. The S&P 500 achieved the price signal by closing significantly above 4393.57. But the volume was pathetic. It was below average and one of the worst volume days of the week.

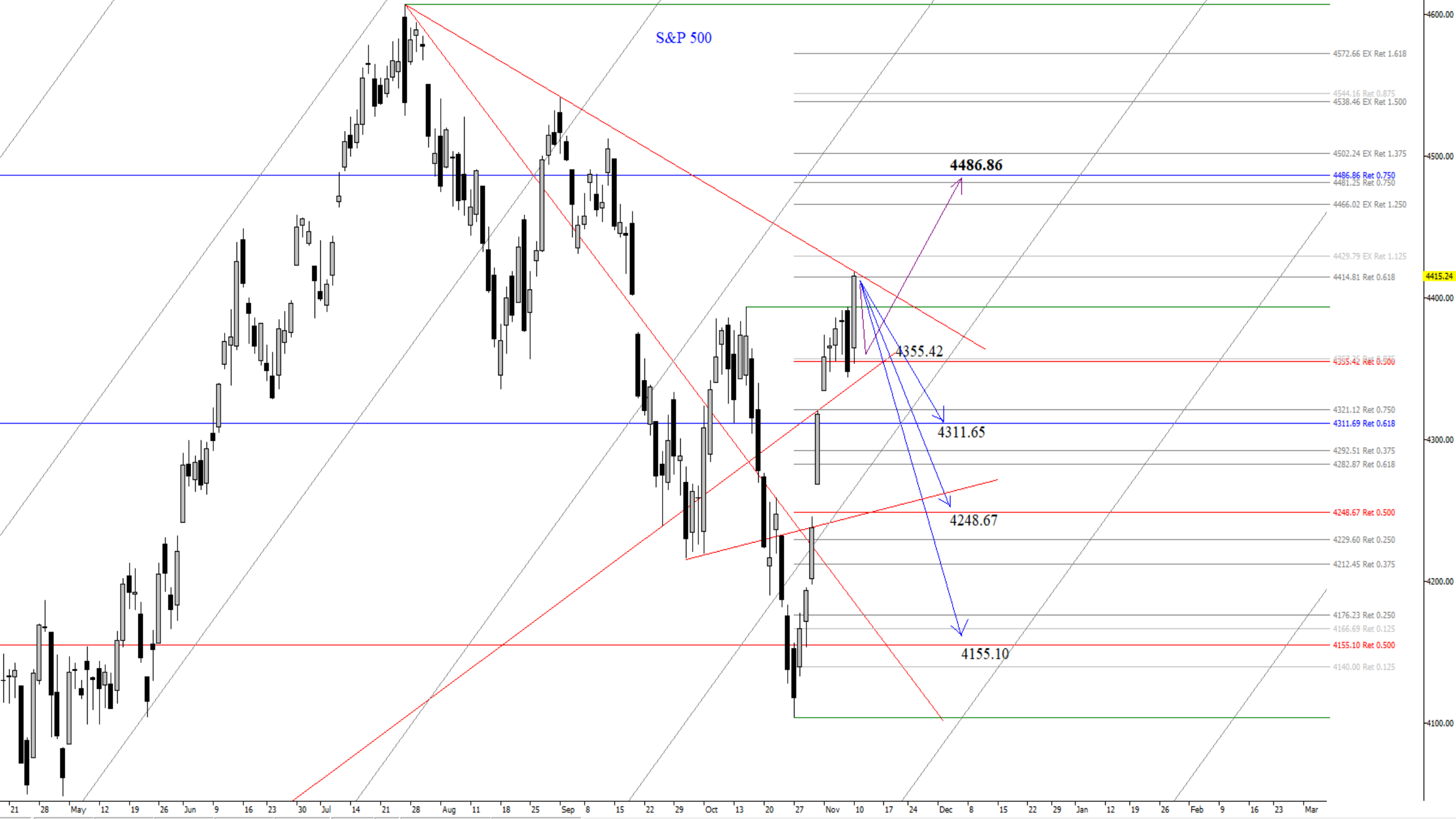
An S&P 500 rally that takes out significant Fibonacci levels with below-average volume is always questionable. Comparing Friday's accumulation day to Thursday's distribution day increases the likelihood of a bull trap.

The previous day was a bearish engulfing day that engulfed the entire week's trading and closed near the day's lows. The probability of continuing the downtrend from Thursday's action was significant. It was enhanced by closing below the critical 1/2 number of the July high to October low at 4355.42 on the largest volume of the week.

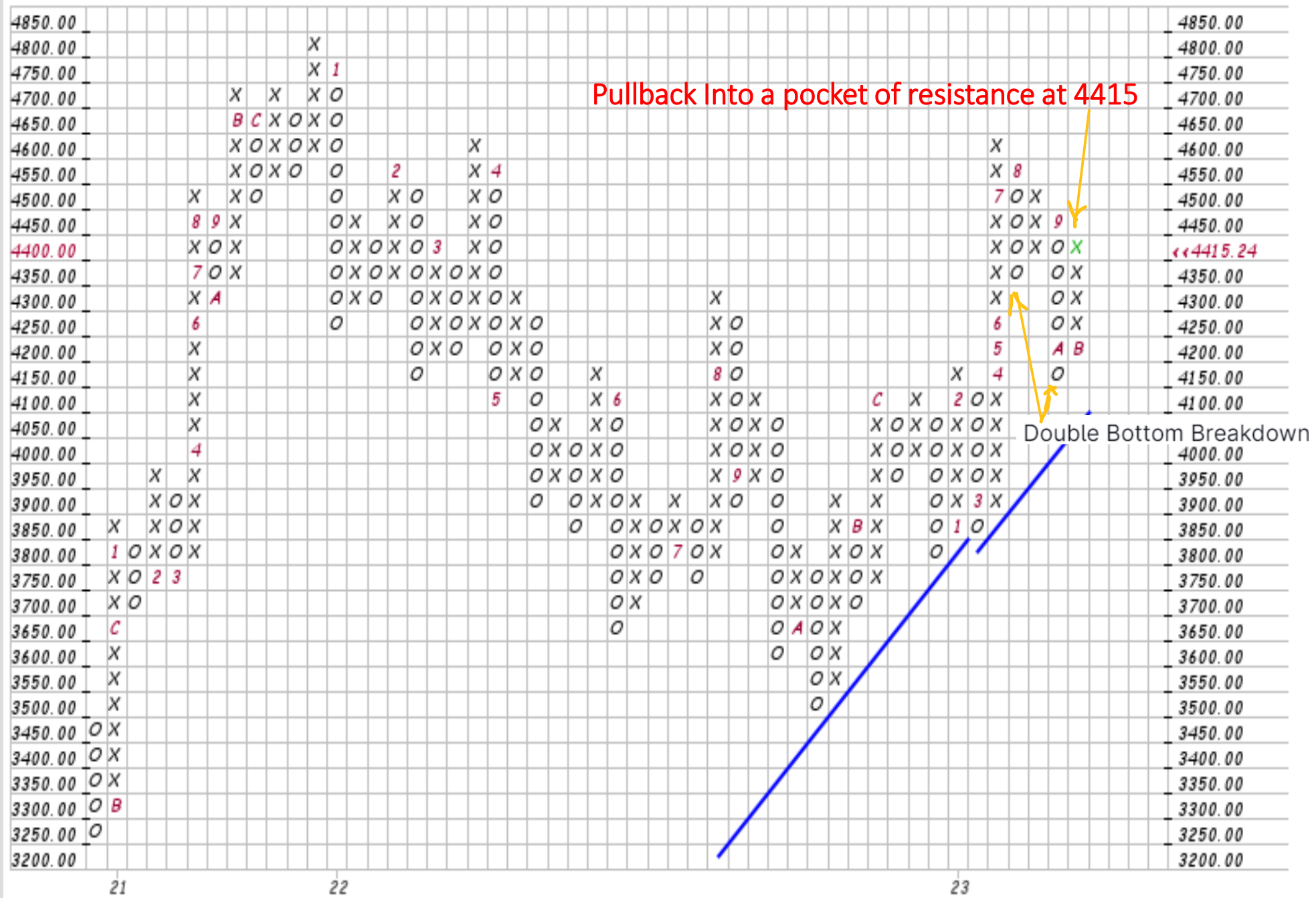
Last week had zero accumulation days and one distribution day. The weekly advance was made on below-average weekly volume.

Friday's trading finished by closing at Ichimoku cloud resistance, the 5/8 number from the July high to the October low, and the descending trendline from the July high. Last week's lack of volume confirmation and Friday's close into significant price resistance added to a questionable finish and increased the probability of another pullback.

Suppose volume rises on the S&P 500 and can remove the considerable resistance. A continued move higher will be more reliable. In that case, the next Fibonacci upside target is at the bear market 3/4 number of 4486.86. Otherwise, last week's volume left me very cautious.



S&P 500



Volatility Update

Volatility has seen a considerable contraction over the past three weeks and is completing a pattern that could lead to a rapid expansion.

This week, the **2X Long VIX Futures (UVIX)** completed a measured move that overlays for potential expansion. Similar volatility contractions occurred from August 18 to September 14 and July 6 to July 27.

The recent contraction that started on October 23 has moved the same distance lower as the previous two.

Once The two previous contractions ended, they experienced a 44% and a 75% higher move. This UVIX expansion could do the same.

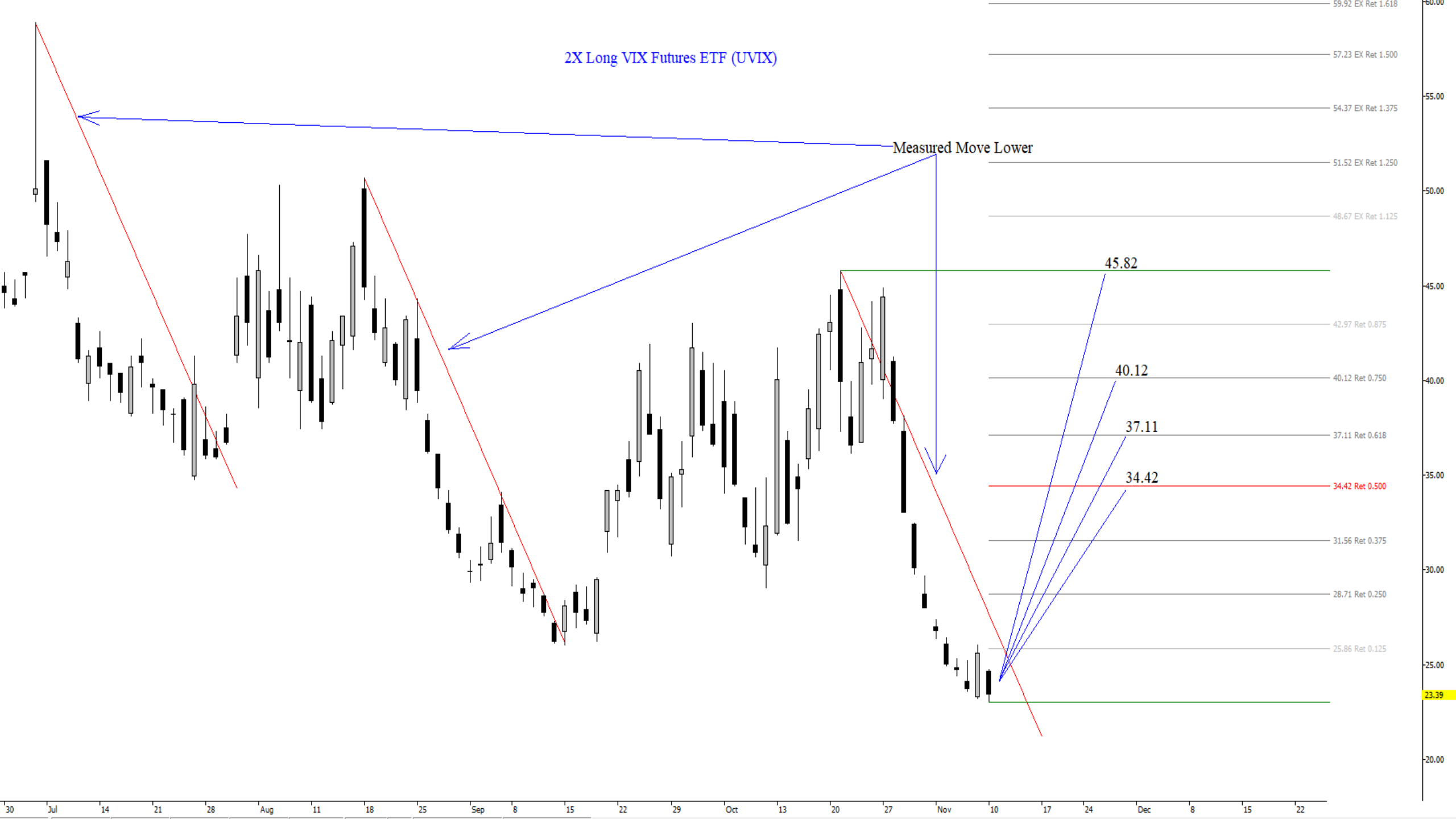
30-minute confirmation may come as soon as Monday.

Buy candidate: 2X Long VIX Futures ETF (UVIX)

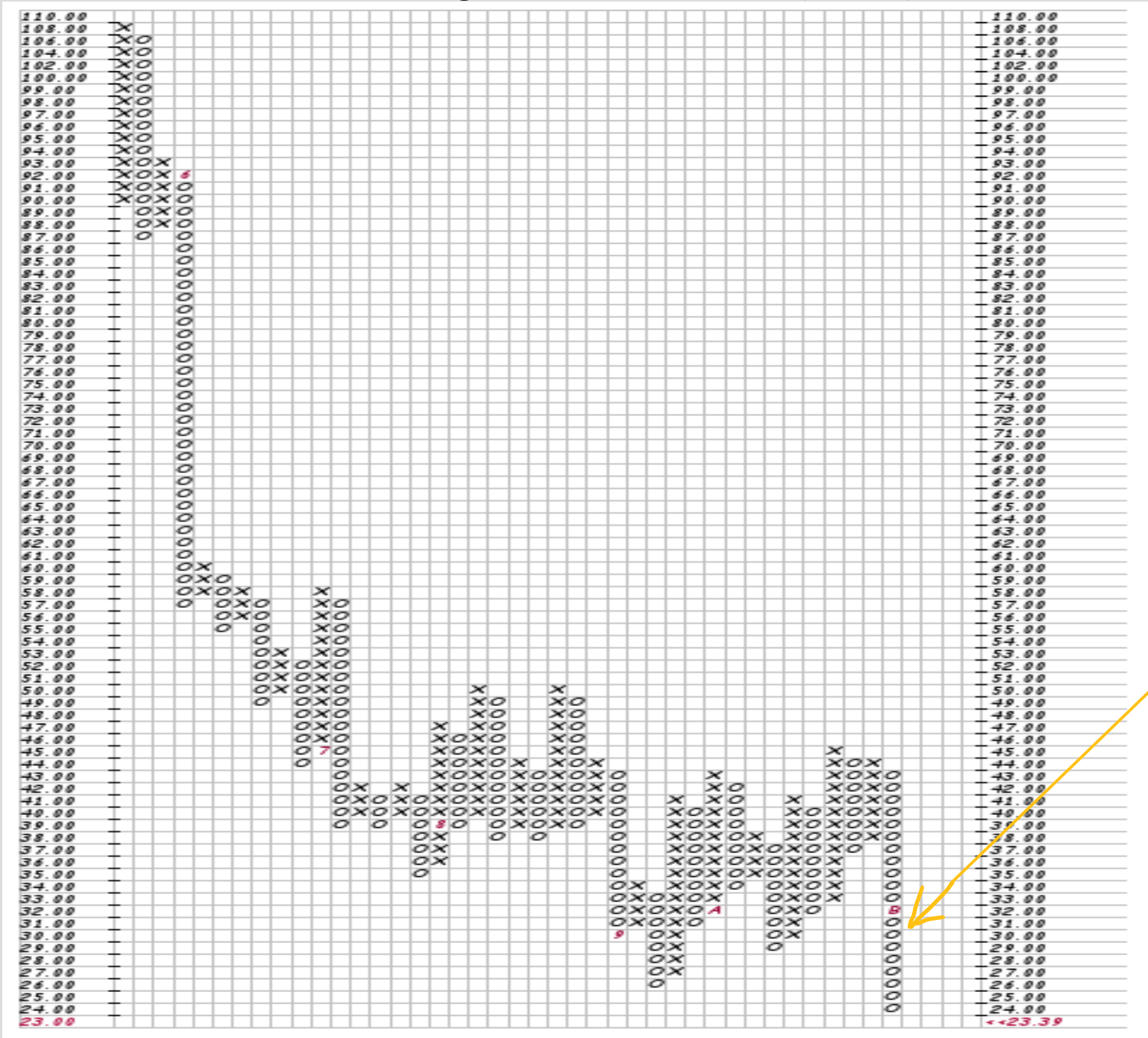
- **Portfolio: VIX Short-term Futures Index.** This ETF corresponds to the move in 2x the S&P VIX Short-Term Futures Index.
- **2X Long VIX Futures ETF (UVIX) trade is designed to expand when the VIX Short-term Futures contract moves higher. The measured move of the recent pullback points to the imminent expansion of UVIX. The Point & Figure chart has set up a long Tail-Down pattern. The pattern will be confirmed when the UVIX hits 27.00.**
- **2X Long VIX Futures ETF (UVIX) will Confirm with a 30-minute buy signal.**
- **Wait for text confirmation!**
- **Start position at 1-star(*).**
- **Up/Down Volume Ratio on 2X Long VIX Futures ETF (UVIX) hit 1.28 as it hit a 100-period high on the 30-minute chart.**
- **ProShares VIX Short-term Futures ETF (VIXY) closed at 23.39.**
- **ProShares VIX Short-term Futures ETF (VIXY) Anchored VWAP is at 95.78.**
- **Sell target price: 1st target is 34.42; 2nd target is 37.11; 3rd target is 40.12.**

Stop sell price: Close below 21.23.

2X Long VIX Futures ETF (UVIX)



2X Long VIX Futures ETF (UVIX)



Long Tail
Down
Pattern

10-year Treasury Yield Update

CBOE 10-year Treasury Yield Index (TNX)

Since the market is following every tick of the 10-year treasury, and Moody's Investors Service lowered its outlook on the U.S. government's debt on Friday to "negative" from "stable," I am providing a roadmap of the next likely interest rate move.

My analysis of the CBOE 10-year treasury yield still points higher. The three-week pullback in the 10-year yield has held at key Fibonacci support of 4.509%.

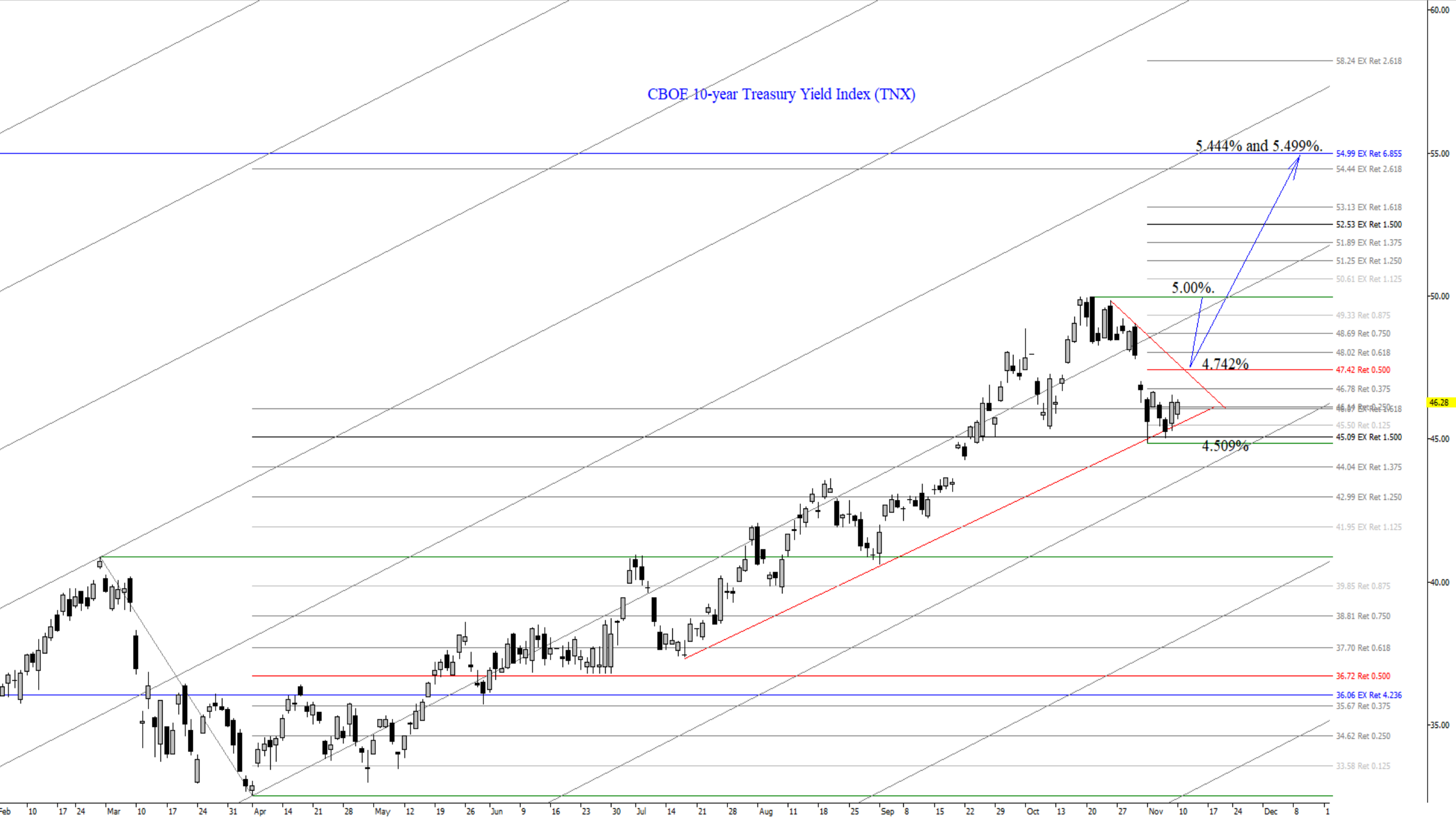
The long pole on the Bullish Point & Figure chart was a warning that we would see a rate pullback three weeks ago. Long poles typically indicate an overbought condition and a likely retreat of the 10-year yield. After the pullback, the Point & Figure chart is bullish and still points towards higher rates.

A close back above the 1/2 number of the recent range at 4.742% suggests that the 10-year yield could hit a Fibonacci target between 5.444% and 5.499%.

Closing above 5.499% would catapult interest rates considerably higher.

A close below 4.509% would point to lower rates, with the next critical Fibonacci support at 4.299%.

CBOE 10-year Treasury Yield Index (TNX)



CBOE 10-year Treasury Yield Index (TNX)



Pull back from
Long Pole
alleviating
overbought
conditions

Buy candidate: Direxion 7-10 Year Treasury Bear 3X (TYO)

• *Direxion 7-10 Year Treasury Bear 3X (TYO) is an ETF designed to move 3x in the inverse direction of the 7–10-year treasury bond.*

Direxion 7-10 Year Treasury Bear 3X (TYO) Point & Figure chart has completed a spread Triple Top Breakout. A close above 15.87 and breaking the descending trendline from the October 19 high will send TYO higher.

• *Direxion 7-10 Year Treasury Bear 3X (TYO) will Confirm a Buy with a 30-minute close above 15.87 with increased volume.*

• *Wait for text confirmation!*

• *Start position at 1-star(*).*

• *Direxion 7-10 Year Treasury Bear 3X (TYO) closed at 15.54.*

• *Direxion 7-10 Year Treasury Bear 3X (TYO) Anchored VWAP is at 11.34.*

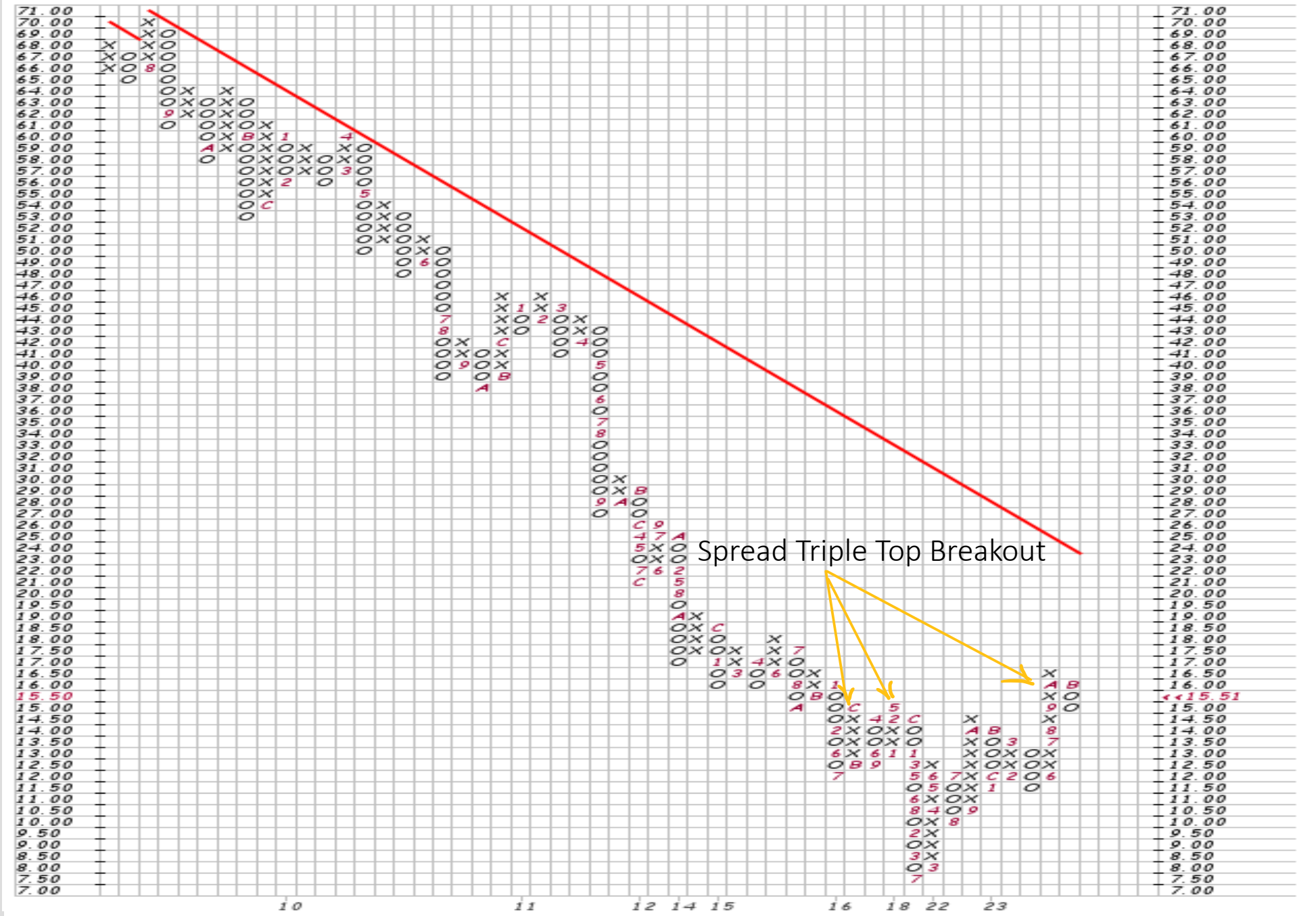
• *Sell target price: 1st target is when TYO hits 17.34; 2nd target is when TYO hits 18.05; 3rd target is when TYO hits 19.68*

Stop sell price: Close below 15.09.

Direxion Daily 7-10 year Treasury BEAR 3x (TYO)



Direxion 7-10 Year Treasury Bear 3X (TYO)





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