



TFR

Trading Floor Research

Welcome to the
— Trading Floor —



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- ProShares UltraPro Short Dow 30 (SDOW)
- Warrior Metallurgical Coal Inc. (HCC)
- Alpha Metallurgical Resources Inc. (AMR)

S&P 500

A reversion rally in S&P 500 alleviates oversold conditions.

After a week of back-and-forth price action, the S&P 500 alleviated the oversold conditions of the previous week's 147-point drop.

The index used the downward-sloping trendline from the January 2022 high as a springboard to start Thursday's rally that took prices higher. After hitting the weekly low Thursday morning at 3928.16, the market was still oversold as it came close to my 3908.43 Fibonacci target.

Although a rally is expected after throwing back into a critical trendline, I warned that the rally potential could be muted due to the simultaneous close below the trendline from the October low. The upside targets I gave last week of any rally were based on a throwback into the October low trendline and Fibonacci resistance between 4016.84 and 4033.65.

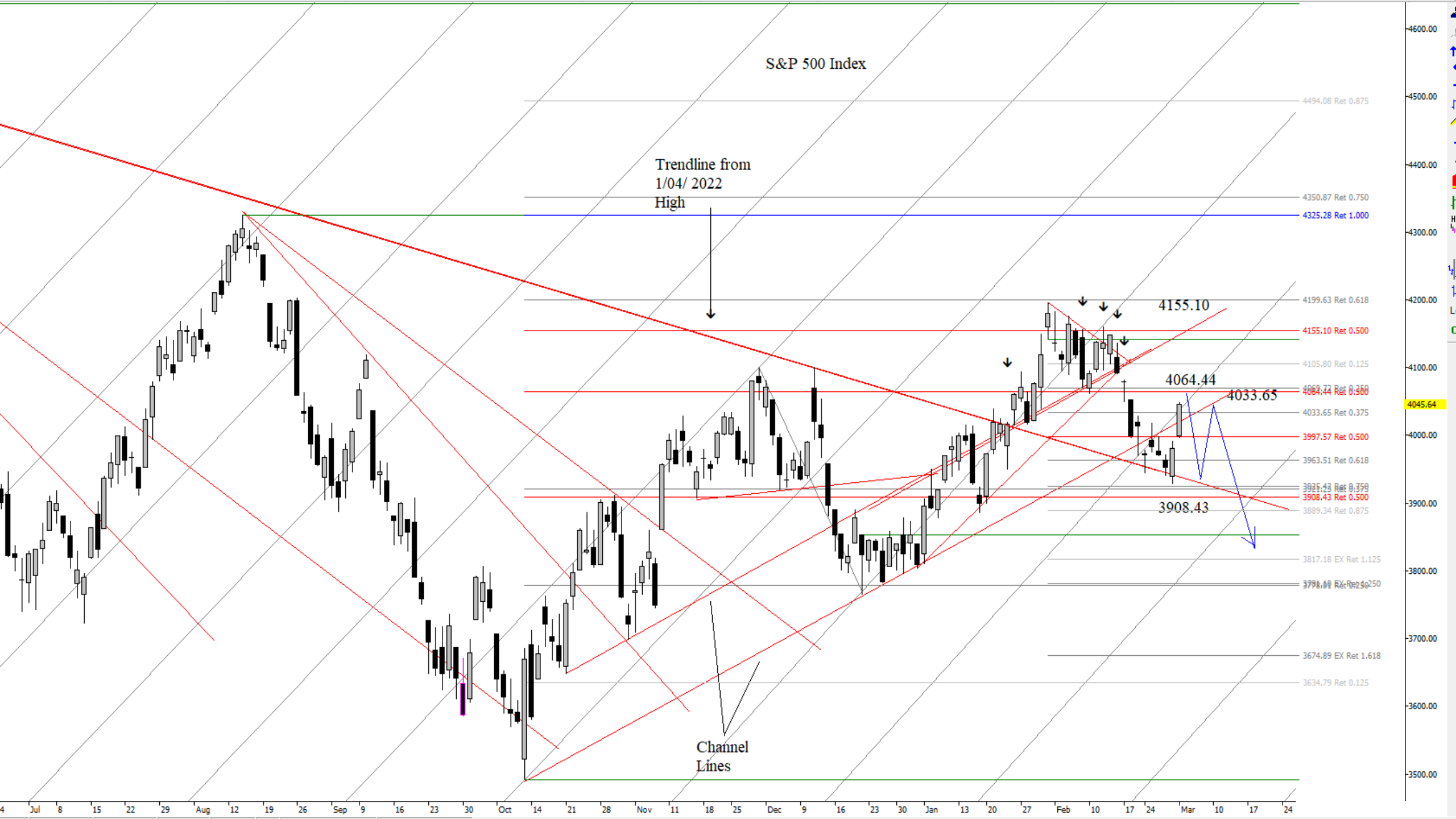
Monday's rally attempt went to my first price target of 4016.84 and reversed lower. The S&P 500 spent the next three days stair-stepping lower as the index returned to the downward-sloping trendline from the January 2022 high. The weekly close went beyond my second target at 4033.65 and finished the week at 4045.64 12. Closing above the second target indicates the index could reach the 4064.46 target before reversing lower again.

This week could produce more sideways action before resuming the downtrend—the most significant probability points to a continued decline.

Last week's rally did not produce any buy signals in the sectors. This is due to the significant damage to sectors and industry groups. The most promise came from the Basic Materials sector as the Copper and Aluminum industry groups gave buy signals. Steel and Coal continued to look strong.

I recommend caution and 85% cash.

S&P 500 Index



Trendline from
1/04/ 2022
High

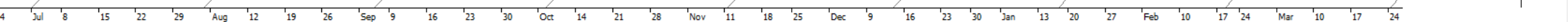
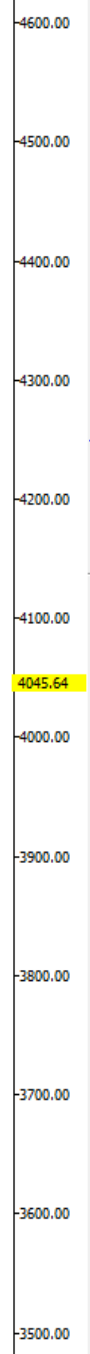
Channel
Lines

4155.10

4064.44

4033.65

3908.43



Industry Group & Sector Analysis

For a second week, **Technology** and **Financial Services** stocks avoided sell signals. All industry groups in both sectors are in sell signals. Any rally and selloff in either sector should be considered noise until the price confirms industry group buy signals or sector sell signals. The bullish percent chart on the Technology sector dipped below 50%. This indicates that the bears are taking control.

Price has confirmed sell signals in the Basic Materials, Communication Services, Consumer Defensive, Energy, Healthcare, Real Estate, and Utilities sectors.

The **Energy** sector found a little life at the end of the week with a buy signal in the **Oil & Gas Refining** industry group. All other Oil & Gas industry groups continue to show weakness and are stuck in sell signals. Therefore, I continue to hold my **Direxion Energy Bear 2X (ERY)** to take advantage of the next move lower in the Energy sector.

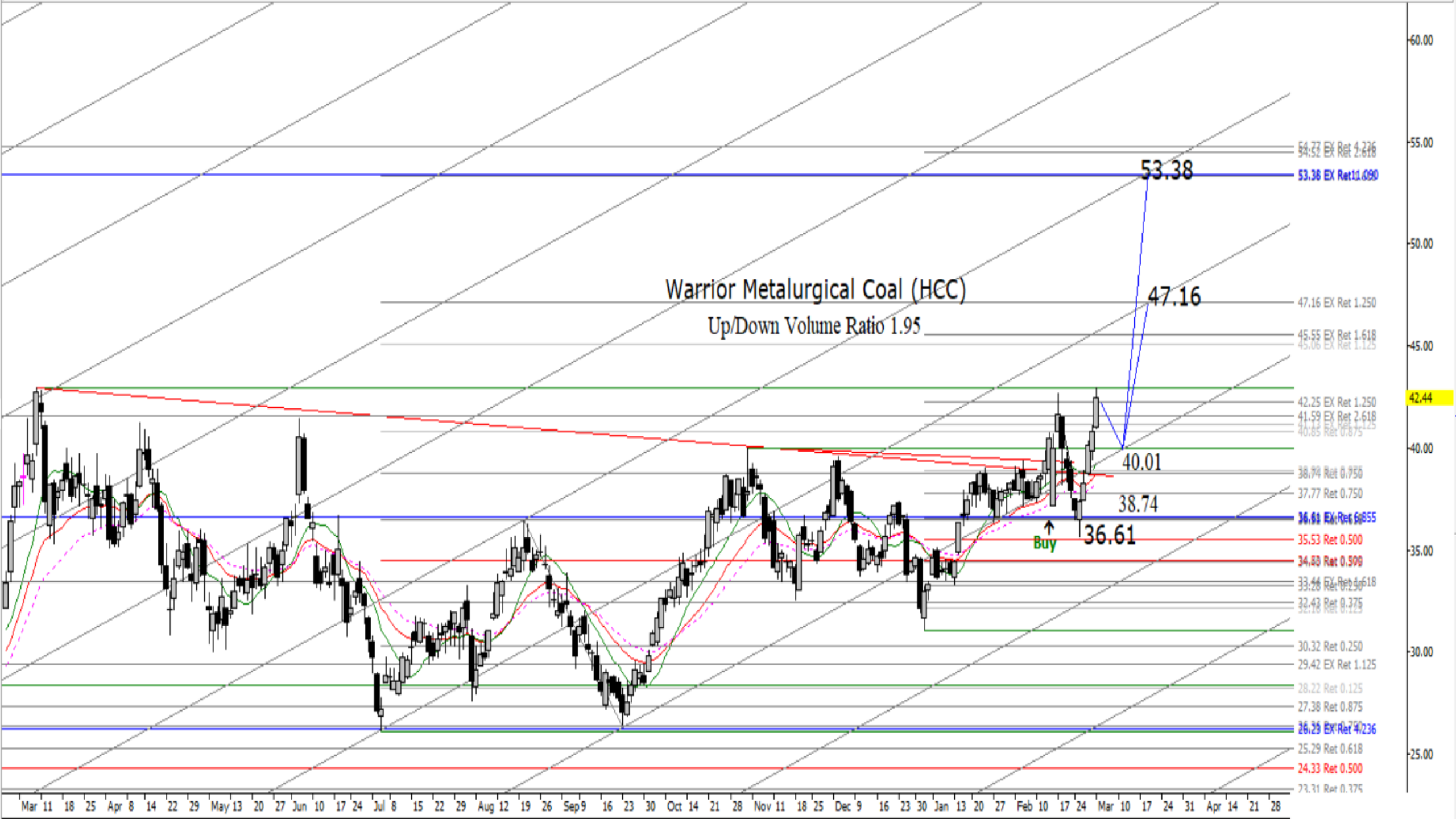
Friday, the **Coal** industry group gave a second buy signal within the past 2-weeks and closed at new highs. The first signal was on February 16. **Warrior Metallurgical Coal (HCC)** was the only industry group leader on the first signal and the TFR recommendation. **Alpha Metallurgical Resources Inc. (AMR)** is becoming a leader and supporting the move. The last time I recommended Alpha Metallurgical Resources Inc. (AMR) in the newsletter, it made an 81% gain in 24 trading days. Warrior Metallurgical Coal (HCC) and Alpha Metallurgical Resources Inc. (AMR) are industry group leaders from the Coal Metallurgical Subgroup, which is also in a buy signal. HCC and AMR are highlighted in today's report.

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

I recommend caution and 85% cash.

New buy candidate: Warrior Metallurgical Coal Inc. (HCC)

- Industry Group: **Coal**. The Energy Coal industry group gave its most recent buy signal on March 3, 2023. The first signal was on February 16, 2023. The group is up +14.57% YTD and is ranked 92nd out of 197. Warrior Metallurgical Coal Inc. (HCC) is also part of the Coal Metallurgical Stock Subgroup, which gave its buy signal on February 16, 2023. The Coal Metallurgical Subgroup is pushing the overall Coal group higher. The actual group leadership is highlighted by the fact that the Coal Power Generation Subgroup of stocks is still in a sell signal occurring on January 3, 2023.
- **Warrior Metallurgical Coal Inc. (HCC)** produces and exports metallurgical coal used in steel production. The Steel Producers and Coal industries are strong groups in the Basic Materials sector. They support each other in a sector with a sell signal.
- Six trading days ago, **Warrior Metallurgical Coal Inc. (HCC)** threw back into its trendline and tested Fibonacci support at 36.61. The decisive move on HCC kicked off with a gap lower on earnings and finished at the top of the day's trading range on massive volume. The stock demonstrated strong technical behavior. On Friday, HCC hit a new high. It is again short-term overbought, and I am looking for the stock to return to Fibonacci support at 40.01.
- **Warrior Metallurgical Coal Inc. (HCC) will confirm with a 30-minute buy on increased volume after a throwback to Fibonacci support between 40.01 and 38.74.**
- Initiate position with at 2-s r(**).
- Under institutional accumulation with an Up/Down Volume ratio of 1.95 at 100-day highs.
- Warrior Metallurgical Coal Inc. (HCC) closed at **42.44**.
- Warrior Metallurgical Coal Inc. (HCC) VWAP is at 23.60
- Sell target prices: **Resistance at 42.95; 1st target is 47.16; 2nd target is 53.36; 3rd target is 69.04-70.20**
- Stop sell price: **Close** below **36.61**.



New buy candidate: Alpha Metallurgical Resources Inc. (AMR)

- Industry Group: **Coal**. The Energy Coal industry group gave its most recent buy signal on March 3, 2023. The first signal was on February 16, 2023. The group is up +14.57% YTD and is ranked 92nd out of 197. Alpha Metallurgical Resources Inc. (AMR) is also part of the Coal Metallurgical Stock Subgroup, which gave its buy signal on February 16, 2023. The Coal Metallurgical Subgroup is pushing the overall Coal group higher. The actual group leadership is highlighted by the fact that the Coal Power Generation Subgroup of stocks is still in a sell signal on January 3, 2023.
- **Alpha Metallurgical Resources Inc. (AMR) develops** metallurgical coal used in steel production in Pennsylvania, Virginia, and West Virginia. The Steel Producers and Coal industries are strong groups in the Basic Materials sector. They support each other in a sector with a sell signal.
- **Alpha Metallurgical Resources Inc. (AMR) broke out of its 10-month base on Friday with above-average volume. It is short-term overbought, and I am looking for the stock to return to Fibonacci support at 176.60 before moving higher.**
- **Alpha Metallurgical Resources Inc. (AMR) will confirm with a 30-minute buy on increased volume after a throwback to Fibonacci support at 176.60.**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 1.32 at 100-day highs.
- Alpha Metallurgical Resources Inc. (AMR) closed at **183.00**.
- Alpha Metallurgical Resources Inc. (AMR) VWAP is at 76.66
- Sell target prices: **Resistance at 186.18; 1st target is 197.18; 2nd target is 223.15; 3rd target is 260.03; 4th target is 311.80**
- Stop sell price: **Close** below **166.21**.

Alpha Metallurgical Resources Inc. (AMR)



Dow Jones Industrial Average shows relative weakness and a new sell signal.

This year, the relative weakness of the indexes is found in the Dow Jones Industrial Average. Many may not realize that the Dow went negative for the year over the past two weeks. Friday's rally got the index just above the red line with a Year-To-Date return of +.74%.

The index has stumbled in a sideways pattern since it topped on December 13, 2022. The bears took decisive control of the base on February 21 with a close below 50% of the range, a break of the trendline from the December 19 low, and a new sell signal.

Within the 3-month base, the index defines a new downtrend's start with a lower high and lower low.

On the back of Salesforce Inc's earnings release, last week's rally is a reversion to the mean to alleviate oversold conditions. The oversold rally had the DJIA index closing at a confluence of Fibonacci targets. The convergence of Fibonacci targets crossed the rising trendline from the December low on Friday at 33422.80. The throwback into the trendline serves as a high probability area to short the Dow Jones Industrial Average.

So far, the DJIA has been able to hold up at critical Fibonacci support of 32806.79. The Fibonacci support is 50% from January 2022 high to the October 2022 low. The Bullish Percent is currently at 46.66%. If the Bullish Percent stays in the bearish territory, a weekly close below 50% of the bear market range at 32806.79 could send the index back to October lows.

I am highlighting ProShares UltraPro Short Dow 30 (SDOW) to take advantage of the lower potential move in the DJIA.

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

I recommend caution and 85% cash.



Dow Jones Industrials (DJI)

- 36258.33 EX Ret 4.236
- 35916.18 Ret 0.125
- 34879.71 Ret 0.250
- 34114.37 Ret 0.125
- 33883.84 Ret 0.375
- 33653.32 Ret 0.375
- 33422.80 Ret 0.500
- 33356.39 EX Ret 2.618
- 33205.19 Ret 0.618
- 32961.76 Ret 0.750
- 32806.79 Ret 0.500
- 32731.23 Ret 0.875
- 32270.19 EX Ret 1.125
- 32039.67 EX Ret 1.250
- 31828.36 Ret 0.618
- 31562.86 EX Ret 1.618
- 31361.01 EX Ret 1.618
- 30733.86 Ret 0.750
- 30678.85 EX Ret 1.125
- 30230.27 Ret 0.875
- 30006.08 Ret 0.750
- 29769.33 Ret 0.618
- 29697.39 Ret 0.875
- 29557.70 Ret 0.500
- 29333.50 Ret 0.375
- 29109.31 Ret 0.250
- 28885.12 Ret 0.125

31828.36

30733.86

29557.70

37000.00
36000.00
35000.00
34000.00
33000.00
32000.00
31000.00
30000.00
29000.00

22 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 23 Feb Mar Apr May

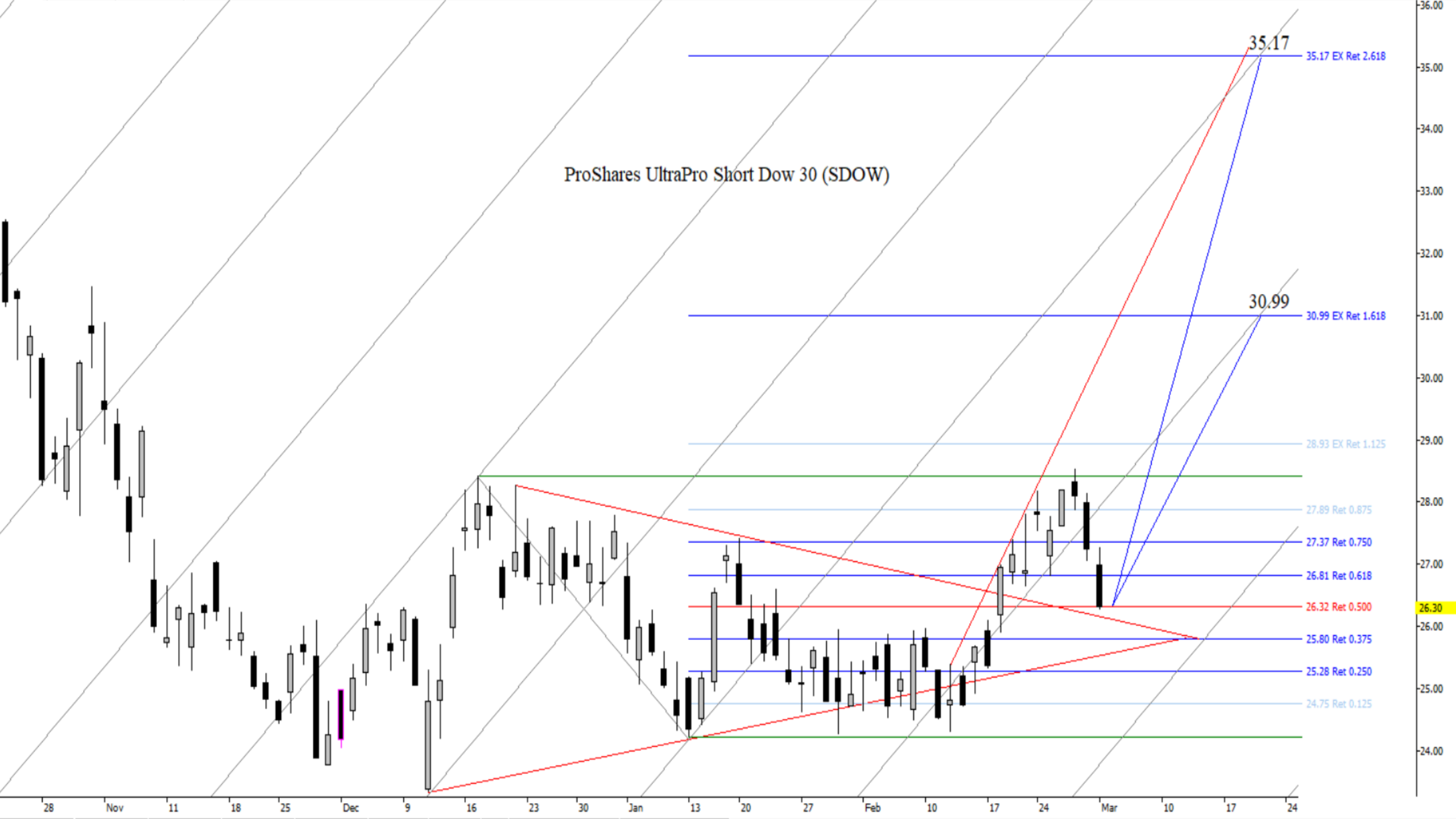
Buy candidate: ProShares UltraPro Short Dow 30 (SDOW)

- *Portfolio: Short- Dow Jones Industrial Average (DJIA).* This ETF corresponds to the move 3X the inverse move of the Dow Jones Industrial Average Index
- *ProShares UltraPro Short Dow 30 (SDOW) trade is designed to move higher at 3x the Dow Jones Index rate moving lower.*
- *The Dow Jones Industrial Average rallied into its broken trendline to alleviate the short-term oversold market conditions.*
- *ProShares UltraPro Short Dow 30 (SDOW) will Confirm a 30-minute buy after completing the throwback into the trendline.*
- *I will send a text confirmation*
- *Start position at 2-star(**).*

- *ProShares UltraPro Short Dow 30 (SDOW) closed at 26.31.*

- *ProShares UltraPro Short Dow 30 (SDOW) VWAP is at 52.07*
- *Sell target price on the ProShares UltraPro Short Dow 30 (SDOW): Resistance at 27.79; 1st target is 30.99; 2nd target is 35.15*

- *Stop sell price: Close below 25.28.*



ProShares UltraPro Short Dow 30 (SDOW)

35.17
35.17 EX Ret 2.618

30.99
30.99 EX Ret 1.618

28.93 EX Ret 1.125

27.89 Ret 0.875

27.37 Ret 0.750

26.81 Ret 0.618

26.32 Ret 0.500

25.80 Ret 0.375

25.28 Ret 0.250

24.75 Ret 0.125

36.00
35.00
34.00
33.00
32.00
31.00
30.00
29.00
28.00
27.00
26.00
25.00
24.00

28 Nov 11 18 25 Dec 9 16 23 30 Jan 13 20 27 Feb 10 17 24 Mar 10 17 24



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