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Trading Floor Research

Welcome to the
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—— Trading Floor ——



06/20/21

This Trading Floor Research report contains:

- What this week's price and volume are saying about the next move in the S&P 500.
- Sell signals in infrastructure industry groups.

This week's S&P 500 unusual price & volume pattern that has led to historic market tops

This week the S&P 500 did something I have seen at other major market tops. It has happened at the top in April 2000, the top in August 2007, and more recently the top in February 2020. This is very rare, and the price and volume pattern placement is unusual. That is why it stuck in my memory as I observed the same price and volume pattern occur this week.

As the S&P 500 traded lower on Tuesday, Wednesday, Thursday and Friday, volume not only increased every day, but it also increased with greater velocity than the day before. This formed a volume pattern that looked parabolic. This is very rare at or near market highs. (Refer to chart)

This type of volume behavior in a market decline is more common at a market bottom. You would expect to see volume increase like this when the S&P 500 has already experienced a market decline, and market participants are capitulating or throwing in the towel. This is one of the volume characteristics I see near a market low. It puts me on the alert for a new bull trend.

When I see distribution days with accelerating volume near a market high, I have trained myself to be on alert of further declines.

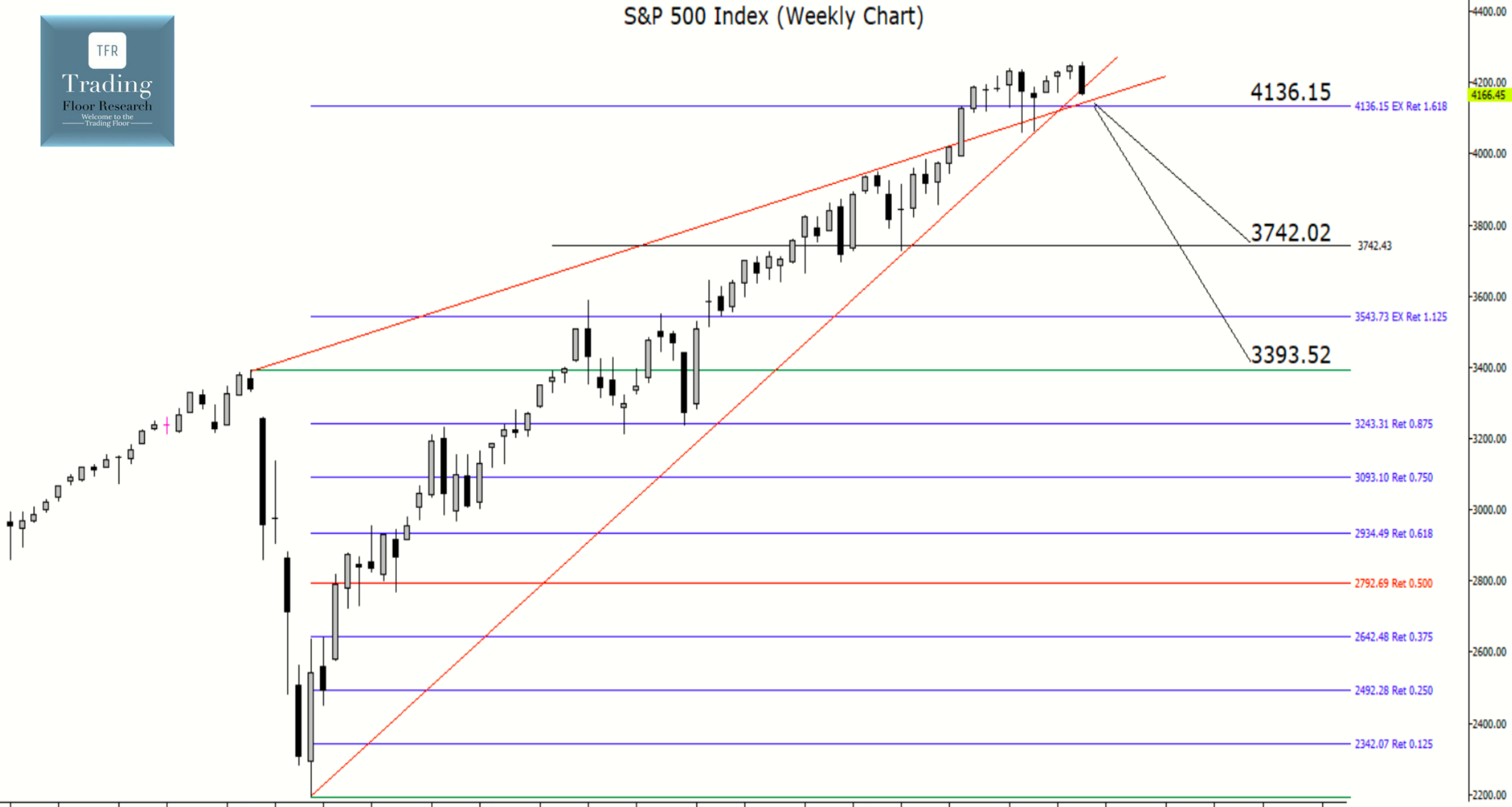
Maybe this was capitulation in the market, and this week's market selloff has completed with this price and volume pattern. That is one possibility. That is why I rely on the Fibonacci numbers to give more conclusive evidence. If the S&P 500 closes below **4136.15**, it will violate a very important Fibonacci number. This will confirm a sell signal in the market. (Refer to Chart)

Friday, the S&P 500 closed below a trend line that goes back to the March 2020 lows. Combined with 5 distributions days, the probabilities of a market decline are growing. I will send an alert next week if the S&P 500 closes below 4136.15. The next target numbers lower will be 3742.02 and 3393.52. (Refer to chart)



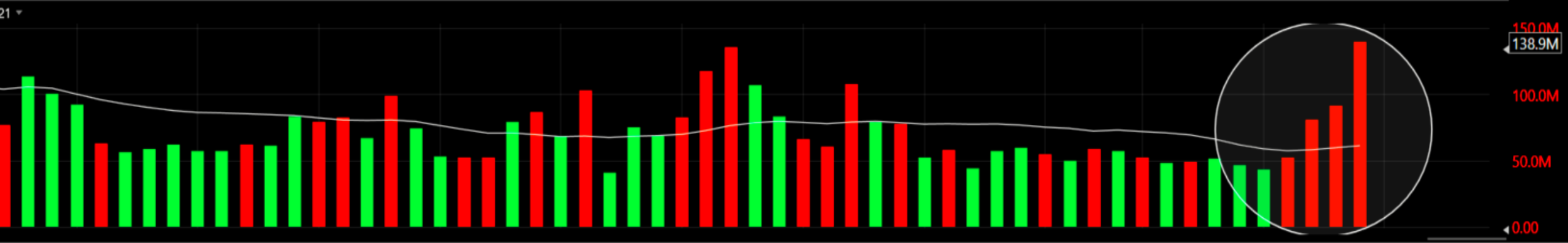
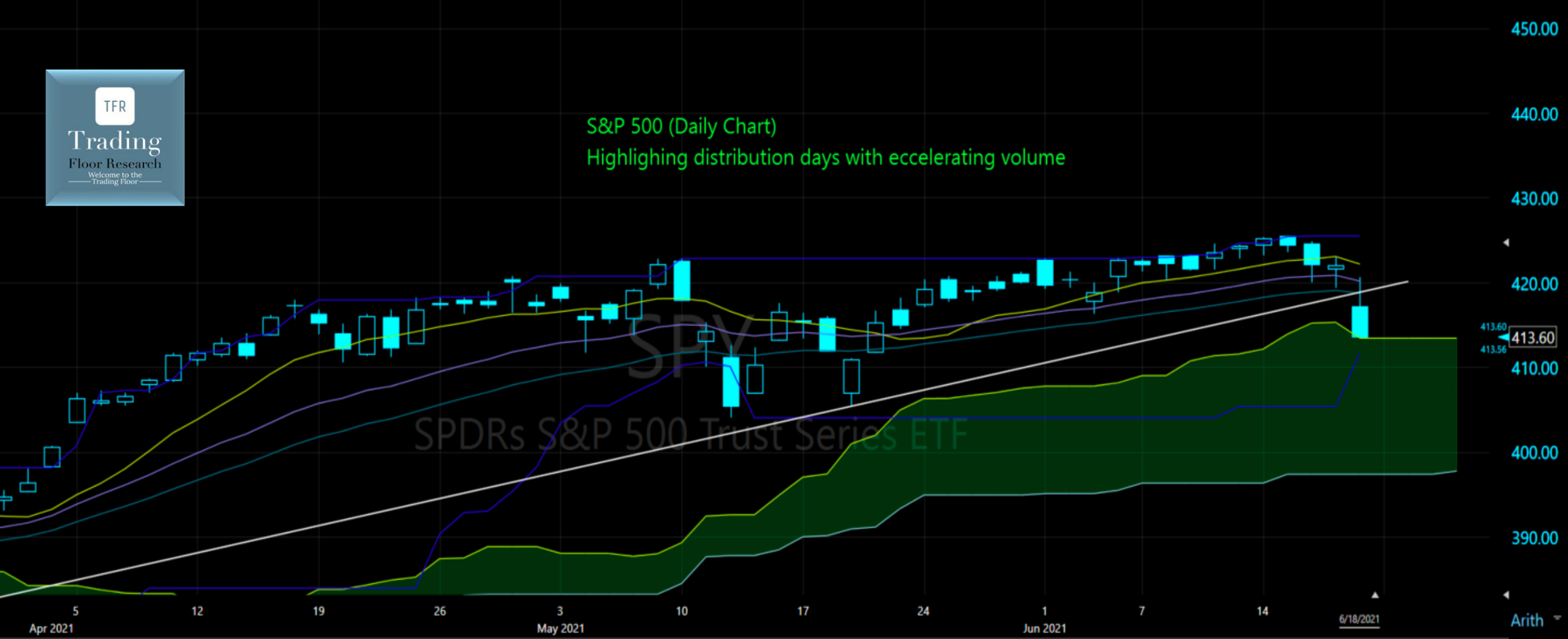


S&P 500 Index (Weekly Chart)





S&P 500 (Daily Chart) Highlighting distribution days with ecelerating volume



Infrastructure stocks breaking down

There was a lot of wreckage on Wall Street this past week, and many industry groups gave sell signals. Some industry group sell signals affected stocks in the TFR portfolio. When industry groups give a sell signal, it is my policy to lighten up on stocks I own in those groups. Remember that 60% of an individual stocks move is tied to its industry group. You are paddling against the current holding a stock in an industry group going lower. The individual stock can go higher, but the probabilities are against you. Making money is about staying on the side of greatest probability. With 80% of the 197 industry groups going to a sell signal last week, the probability of a stock moving higher is low. It is time to play defense and move to cash.

Leisure Gaming Equipment is an industry group that gave a sell signal. Therefore, I sold PlayAgs Inc. (AGS) in the TFR portfolio.

The industry group that surprised me with a sell signal last week was Steel Producers. (Refer to chart) It forced me to sell Mechel Pao ADS (MTL). I would suggest lightening up on other steel stocks if you own them.

The reason steel stocks may have given a sell signal might have something to do with the infrastructure bill in Congress. I noticed other infrastructure related industry groups are giving similar sell signals. Other infrastructure industry groups that gave sell signals include Building Cement/Concrete/aggregate, Steel specialty alloys, Building Heavy Construction, and Telecom Infrastructure.





Steel Producers



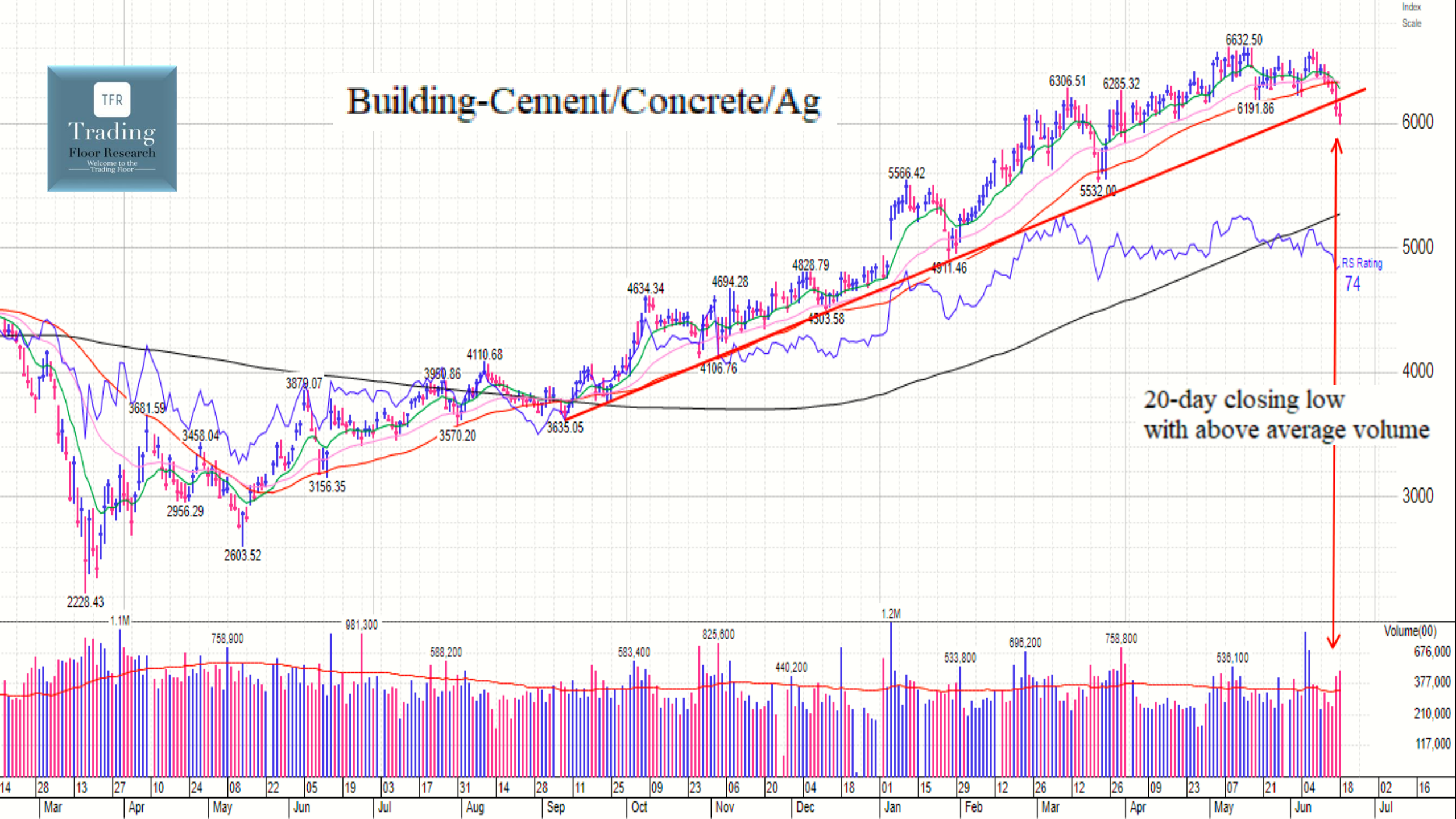
20-day closing low with above average volume

RS Rating 93

Index Scale
300
250
200
150
100
Volume(00)
9,770.00
4,670.00
2,230.00
1,060.00



Building-Cement/Concrete/Ag

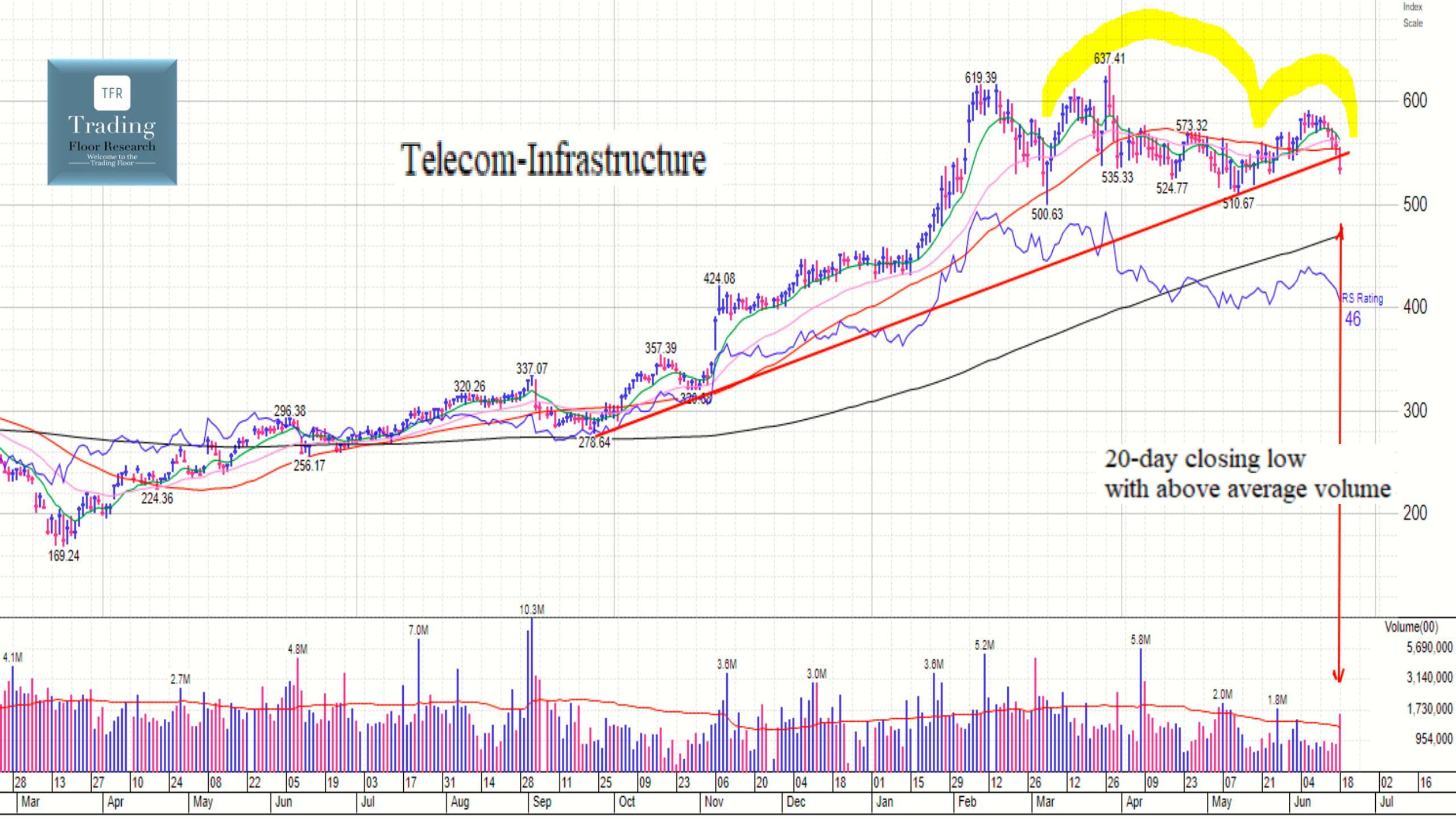


20-day closing low with above average volume

RS Rating 74



Telecom-Infrastructure



Oil, Meme & Chinese stocks still look strong

Two areas of the market that are still showing strength are Chinese stocks, and Meme stocks. Two areas I highlighted the last two weeks. Although we did not get a confirmed buy signal in BlackBerry Limited (BB), a meme stock that was a buy candidate last week, I will text you when we get a confirmed signal.

Even though oil stocks sold off, we didn't get a sell signal in any oil group last week. Oil is still in play and my favorite stock in the Oil & Gas US Exploration industry group, New Concept Energy Inc. (GBR), showed good strength Friday afternoon. It rallied as high as 5.98 on above average volume. I am staying in this position. GBR backed away from Fibonacci resistance at 5.80. (Refer to chart)

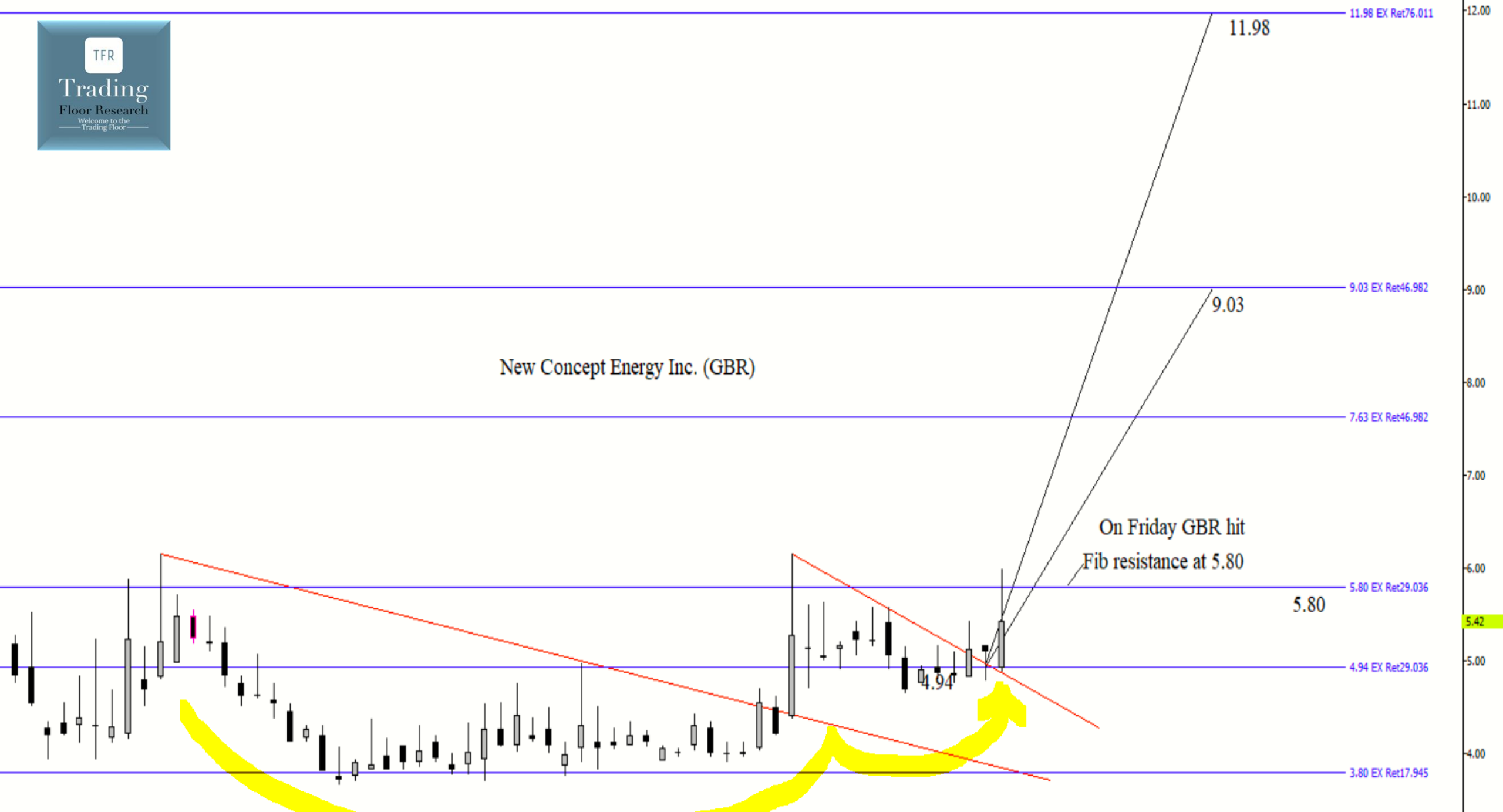
I am seeing cross currents in some industry groups. A cross current came from Home Builders last week. Home builders held up, but household/office furniture and building wood products gave a sell signal. When I see this kind break down in corelated industry groups, it is a warning that home builders could be next. Be careful.

I will keep you posted if more industry groups of stocks we own give sell signals next week.



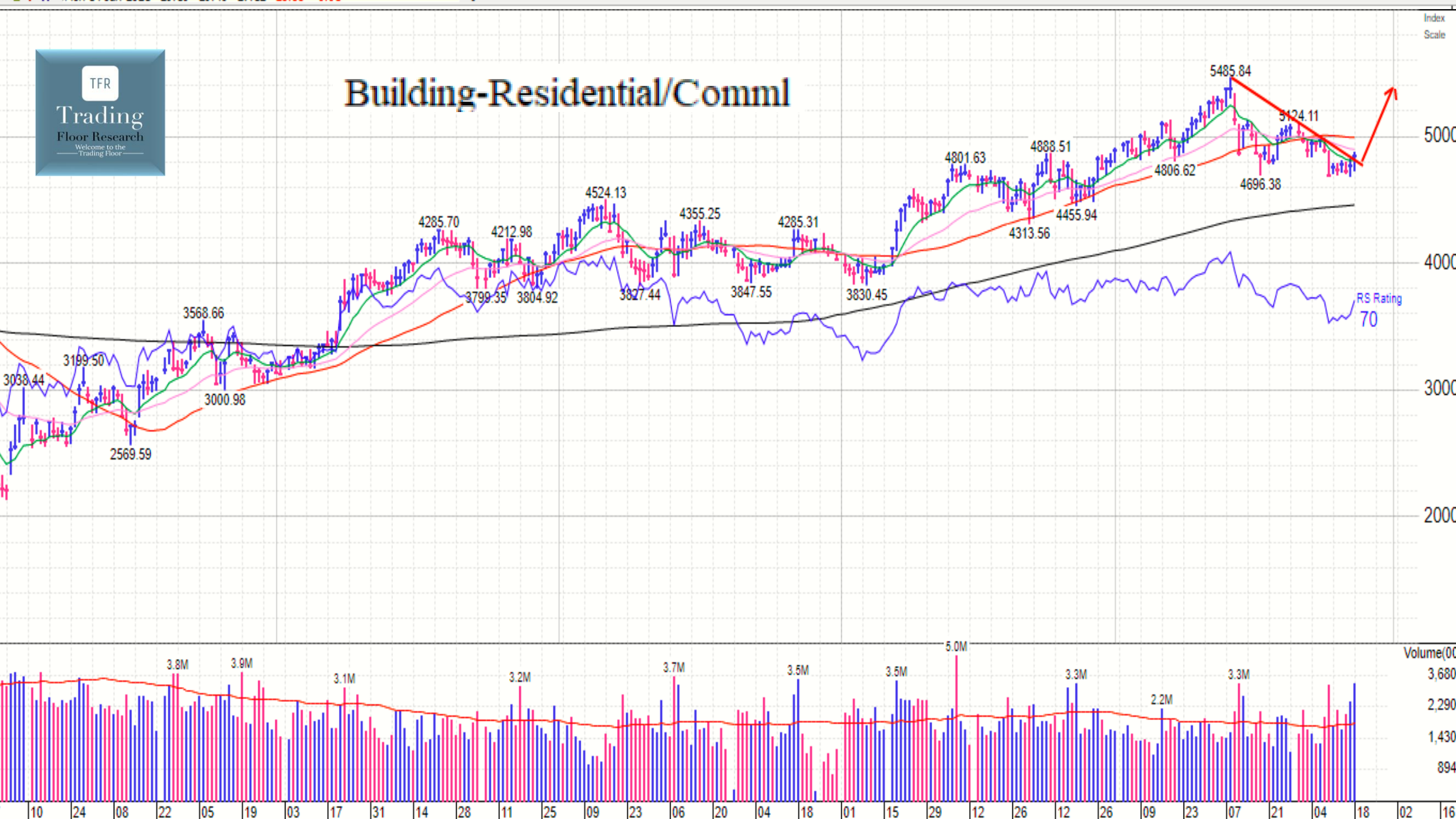


New Concept Energy Inc. (GBR)



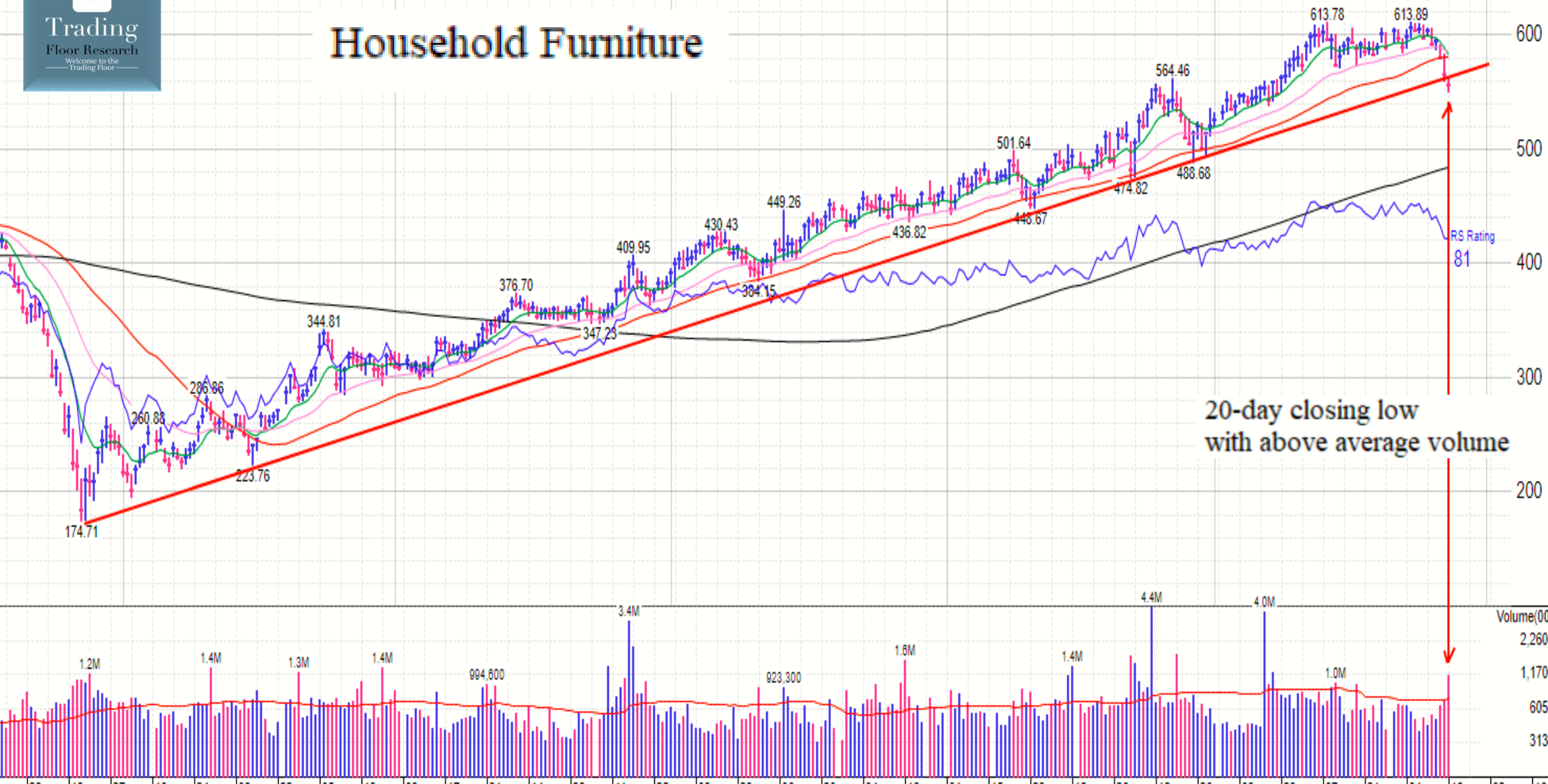


Building-Residential/Comml





Household Furniture



20-day closing low with above average volume

RS Rating
81

Volume(000000)
2,260
1,170
605
313



Results of TFR closed positions

XPEV	Sold position	+41.83%	OTIC	Sold position 12/22/20	+41.80%
DADA	Stopped out	-12.6%	BTBT	Sold position 12/30/20	+101.15%
GPRO	Stopped out	-2.31%	LUNG	Sold position 12/31/20	+41.88%
FUV	Sold position	+67.34%	GBTC	Sold position 01/05/21	+95.29%
BLNK	Sold position	+76.25%	ZKIN	Sold ½ position 01/05/21	+28.57%
OPTT	Sold ½ position	+128%	TGC	Sold position 01/28/21	+309.82%
OPTT	Stopped out 1/2 position	+49.13%	SNMP	Sold position 01/28/21	+122.58%
BBIO	Sold Position	+21.81%	GP	Sold position 01/25/21	+41.29%
CVAC	Sold Position	+66.81%	GMDA	Sold position 01/26/21	-6.87%
NGMS	Stopped out	-11.22%	TUSK	Sold position 01/27/21	+1.77%
EH	Sold Position	+61.78%	ZKIN	Sold position 01/27/21	+16.17%
UFAB	Sold Position	+43.60%			

Results of TFR closed positions



CLIR	Sold position 01/28/21	+17.44%
VVPR	Sold position 01/27/21	+34.13%
CHNR	Sold position 01/27/21	-18.01%
ARYA	Sold position 02/08/21	+95.26%
USWS	Sold position 02/18/21	+217.90%
ARYA	Sold position 02/27/21	0.00%
NBAC	Sold position 02/26/21	-6.87%
SDPI	Sold position 02/26/21	+8.42%
BRN	Sold position 02/26/21	-14.15%
FURY	Sold position 02/26/21	-22.52%
GHSI	Sold position 02/25/21	-30.33%

Results of TFR closed positions

OGEN	Sold position 02/26/21	0.00%
TTOO	Sold position 02/25/21	+33.85%
THCA	Sold position 02/26/21	-6.14%
XELA	Sold position 02/26/21	-10.29%
AMST	Sold position 02/26/21	+6.45%
TUSK	Sold position 03/19/21	-23.69%
MBII	Sold position 03/24/21	+23.91%
PANL	Sold position 03/24/21	-1.85%





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