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08/22/21

This Trading Floor Research report contains:

- A short setup on the Russell 2000. Looking to take advantage of a move lower with a purchase of **Direxion Small Cap Bear 3x (TZA)**.
- AeroCentury Corp (ACY). A new Buy candidate in the Commercial Services-Leasing industry group.
- Hut 8 Mining Corp (HUT). Last weeks Buy candidate in the Financial Services-Specialty industry group, and a cryptocurrency mining infrastructure company could trigger a confirmation Buy signal Monday morning
- BitFarms LTD (BITF). Last weeks Buy candidate in the Computer Software Financial industry group, and a cryptocurrency mining company could trigger a confirmation Buy signal this week.



Essential Lessons for Stock Market Success.

Class 3 is next Thursday September 2, 2021, at the USW Burns Harbor Career Development Center

. No class this week (August 26)

A morning and afternoon class will be given:

- 8:30 am-10:30 am
- 4:00 pm-6:00 pm

This week is an off week.

Invite a family member or friend for the September 2 class and give them the opportunity to change their financial future

Call Sara to reserve a seat at 219-787-3101

Inspecting Small Caps and selling the Russell 2000

The direction of small-caps, as measured by the Russell 2000 index, is very important to the success of what I do as a trader and portfolio manager. 80% of the stocks I trade are small-caps. There are many reasons for this. The advantages include the potential for larger gains and undiscovered value by owning stocks that are less followed by Wall Street analysts. In addition, small-caps proportionately offer higher growth rates than large-caps. This can translate into larger stock returns.

Finally, smaller floats on small-caps mean less market supply of shares. A combination of fewer shares and greater demand offers greater profit potential.

The many advantages I find for investing in small-caps do not come without a price. They also carry more risk. Understanding the risk and balancing the greater profit potential is what I focus on every day.

My daily analysis includes looking at the chart of the small-cap Russell 2000 Index. When the Russell 2000 has given a buy signal and is emerging out of a base, I know the market is favoring more risky investments. This is a time to add more size to my trades as a percentage of my overall portfolio. The market is “Risk-On.”

Unfortunately, the small-cap Russell 2000 hit its high on March 15, 2021. That is why I have advised to keep position sizes small. The market has been “Risk-Off.” Since that time, the index has gone sideways and been under heavy institutional distribution. The Up/down volume ratio is currently 0.6. This past week, the Russell 2000 has completed an inverse cup-with-handle. I have a potential time cycle dates between August 27, 2021, and August 31, 2021. The Russell 2000 may rally for the next week into those cycle dates. (Refer to chart)

Inspecting Small Caps and selling the Russell 2000

I would like to take advantage of the potential move lower in the Russell 2000 Index. First, look for the markets to move a little higher next week. My Fibonacci target numbers for the retracement rally (a move higher) are **2207.77 and 2225.51**. Once the retracement level is achieved and we get a 30-minute sell signal, I will advise buying the **Direxion Small Cap Bear 3x (TZA)**. This is an ETF that takes advantage of a move lower in the Russell 2000 index and leverages that position 3 times.

We should also use this week as a time to check our 401k accounts and make sure we do not hold any small-cap funds or ETFs. If you do, I advise to sell into the rally.

As we move into a seasonally weak period in the markets (September-October), my aim is to focus on the weakest index. This appears to be the Russell 2000. The downside targets of this trade are: **1992.86 and 1778.07**.

As always, wait for my confirmation text.



Russell 2000 Index (RUT)



Class 2 Notes

AeroCentury Corp. (ACY) was part of my class discussion this week. I told everyone in class I would text them if ACY confirmed a buy signal. The confirmation came on Friday. All subscribers should have received a confirmation text. The research and Fibonacci target numbers for this new TFR Buy are included in this report.

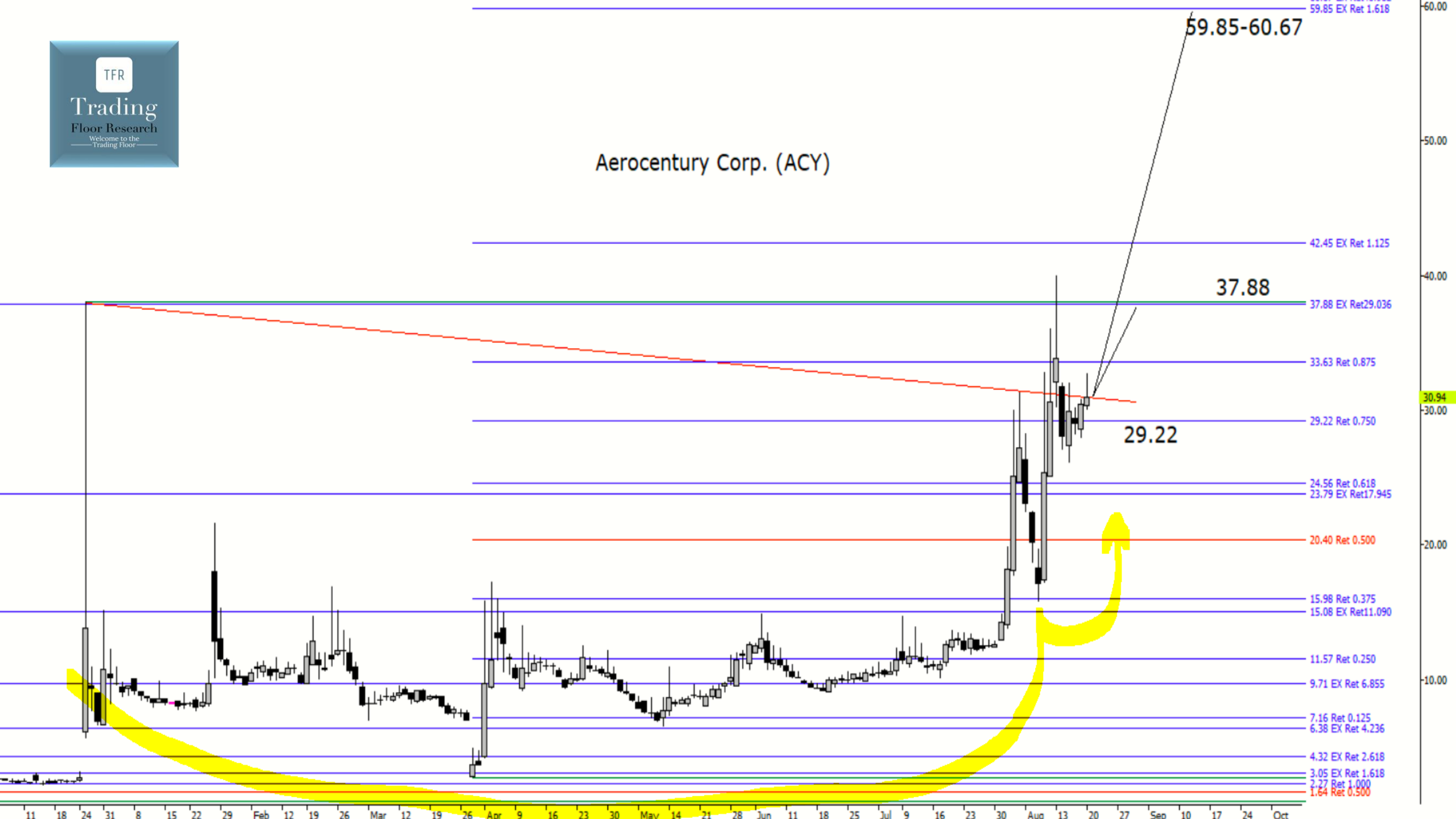
If you can't make the class, you can check out the class notes at tfrtrader.com. I post the notes Thursday night after class.

- New buy candidate: **AeroCentury Corp. (ACY)**
- Industry Group: **Commercial Services-Leasing**. The group currently ranks as the 42nd strongest industry group in the market out of 197 and is up 37.43% YTD. The industry group gave a buy signal on August 11, 2021 and has pulled back to the 20-day moving average. The group may start an impulse move higher next week.
- ACY is an aircraft operating lessor and finance company which specializes in leasing regional turboprop and jet aircraft and engines to regional air carriers.
- ACY completed a cup-with-high handle pattern that started on December 28, 2020.
- ACY confirmed a 30-minute buy on Friday after pulling back to Fibonacci support at 29.22
- **Buy signal was confirmed with a 30-minute close above 30.88 on increased volume.**
- Initiate position with at 1-star(*)
- Under massive institutional accumulation with an Up/Down Volume ratio of 5.1.
- ACY closed at **30.94 on Friday**.
- ACY VWAP is at 11.77.
- Sell target price: **1st target is 37.88, 2nd target is 59.85-60.67**
- Stop sell price: End of day **Close** below **29.22**.





Aerocentury Corp. (ACY)

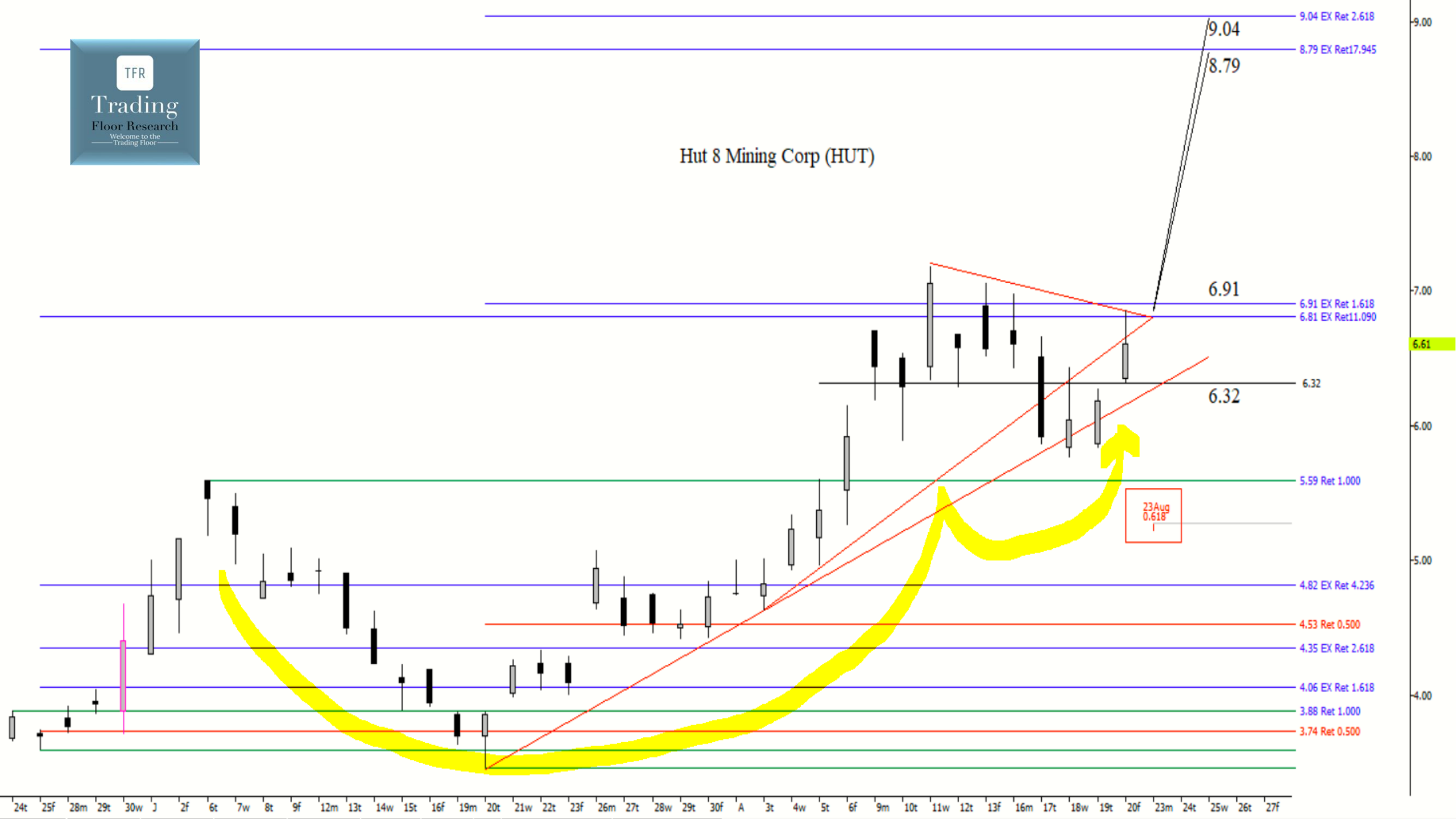


- Buy candidate: **Hut 8 Mining Corp (HUT)**
- Industry Group: **Financial Services Specialty**. The group currently ranks as the 9th strongest industry group in the market out of 197 and is up +23.18% YTD.
- HUT is a Canadian Ethereum and Bitcoin miner. Ethereum's buy signal is giving this trade legs.
- Hut broke out of an IPO first stage cup-with-handle pattern that started 3/08/2018, and is basing above Fibonacci support at 6.32
- Hut pulled back last week a little further than I anticipated. It came close to Fibonacci support at 5.59. On Friday HUT gave a 30-minute buy signal just below Fibonacci resistance at 6.81 and closed at 6.61.
- **A 30-minute close above Fibonacci resistance at 6.91, and breaking the downward sloping trendline from 8/11/21 top, will confirm a buy signal. Wait for confirmation text.**
- **Potential cycle turn date on Monday August 23, 2021**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 1.8.
- HUT closed at **6.61 on Friday**.
- HUT VWAP is at 4.83.
- Sell target prices: **1st target is 8.79; 2nd target is 9.04**
- Stop sell price: End of day **Close** below 5.59.





Hut 8 Mining Corp (HUT)

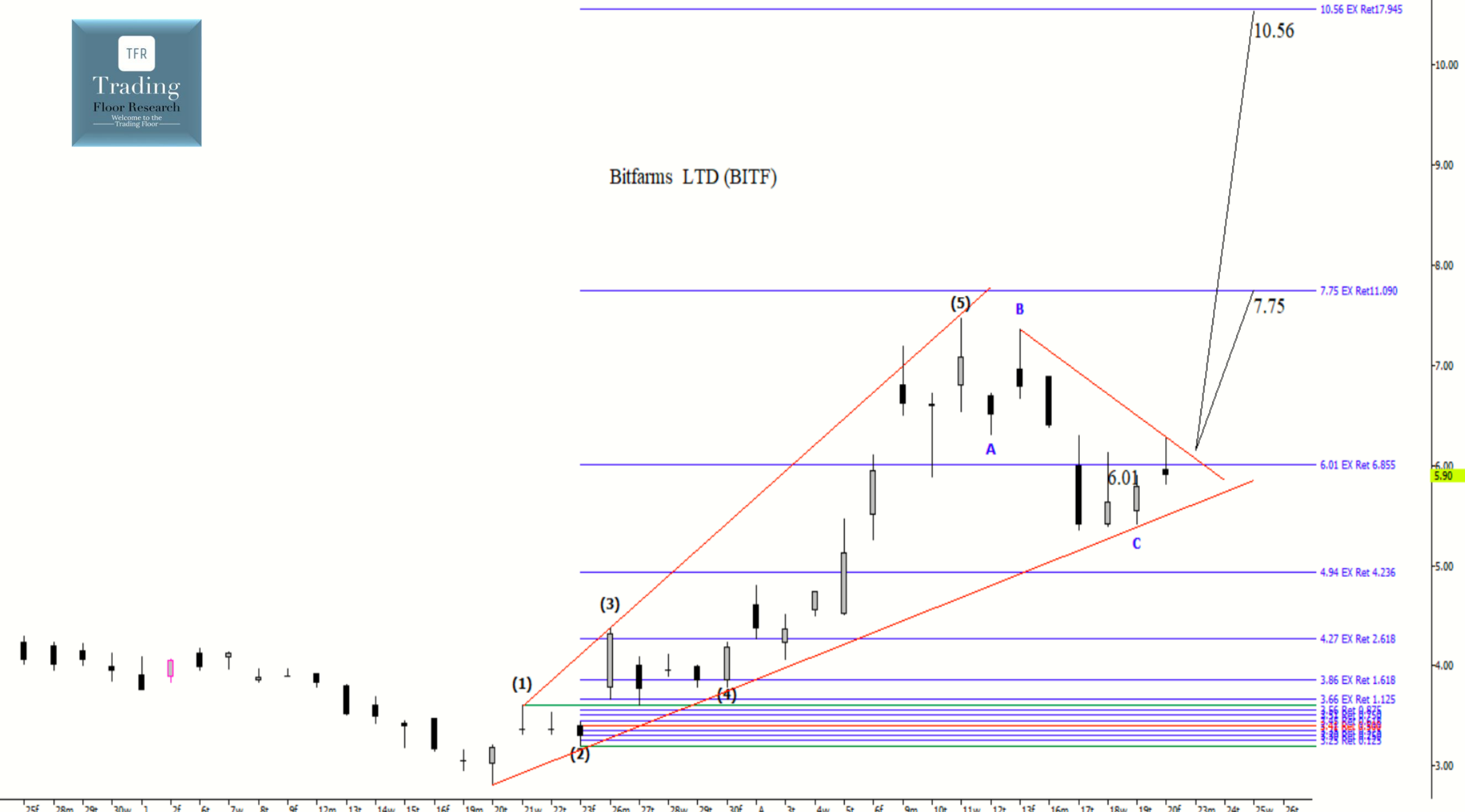


- Buy candidate: **BitFarms LTD (BITF)**
- Industry Group: **Computer Software Financial**. The group currently ranks as the 82nd strongest industry group in the market out of 197 and is down -.62% YTD.
- BITF is a Canadian cryptocurrency miner.
- BITF broke out of an IPO first stage cup-with-handle pattern that started 6/21/2021 and has tested Fibonacci resistance at 7.75.
- BITF has also completed 5 Elliot waves higher and is currently in an a-b-c correction. The c-wave completed last week at the VWAP 5.30. For the next two trading sessions BITF held Fibonacci support at 5.50. On Friday BITF gave a 30-minute buy signal but closed under Fibonacci resistance at 6.01.
- Buy on 30-minute close above Fibonacci resistance at 6.01 with increased volume. I will text with a confirmation alert.
- Initiate position with at 2-star(**).
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.5.
- BITF closed at **5.90 on Friday**.
- BITF VWAP is at 5.30.
- Sell target prices: **1st target is 7.75; 2nd target is 10.56**
- Stop sell price: End of day **Close** below 5.30.





Bitfarms LTD (BITF)





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