



Trading Floor Research

Welcome to the
Trading Floor



01/17/22

This Trading Floor Research report contains:

- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) A New Buy candidate capturing lower prices in the 7-10-year treasury.
- Petroleo Bras Partners ADR Preferred A (PRB.A). A new Buy Candidate in the Oil & Gas Integrated industry group.
- iShares Dow Jones US Financial Services Index Fund (IYG) A Buy candidate capturing the upside potential of the Financial Services sector.



Essential Lessons for Stock Market Success.

Class begins this Thursday January 20,2022 at the USW Burns Harbor Career Development Center and goes for 5 weeks. (No class January 27)

A morning and afternoon class will be given:

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

Learn how to identify winning stocks before they move higher and short stocks before they move lower.

Invite a family member or friend

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

Sectors, Industry Groups & Leadership Stocks

8 of the 11 market sectors are in sell signals. The Energy, Financial Services, and Utility sectors are the only sectors that have provided a buy signal.

As we close out trading for the first two weeks of the new year, the S&P 500 index is down -2.2%; the NASDAQ Composite is down -4.8%, and the Russell 2000 is down -3.7%. This is an awful start for the new year, and it comes with a lot of institutional distribution. Next week I will focus on what W.D Gann told us about the January effect for stocks and what it tells us about the direction of the indexes for 2022.

Energy continued to trend higher this week with solid institutional accumulation on Tuesday, Wednesday, and Friday. The top five performing industry groups year to date are all oil & gas related. Two gave powerful buy signals from very constructive bases this past week and have shot out of the gate with strong price performance.

Oil & Gas Integrated is one of those groups, and it broke out of a cup-with-handle base that started in June 2021. Most stocks in this group didn't move higher with last year's surge in oil stocks and offer upside potential. I am focusing on a Brazilian stock from this group in this week's report called **Petroleo Bras**.

The **Energy Sector** had a weekly time cycle turn date this past week. This could be a temporary high, as stocks in the sector pull back and set up the next thrust higher.

The **Financial Services** Sector gave a strong buy signal two weeks ago. Financial Services are typically a strong sector as the economy contracts. Friday's selloff of Big bank stocks on their quarterly earnings offered the pullback I was looking for in the sector and an opportunity to buy the **iShares Dow Jones US Financial Services Index Fund ETF (IYG)**. This week's report highlights this trade again as we approach critical Fibonacci support and a throwback into the IYG trendline.

Sectors, Industry Groups & Leadership Stocks

The S&P 500, NASDAQ, and Russell 2000 remain in sell signals, and finished the week with losses.

The small-cap Russell 2000 is trading in the lower half of its ten-month base and close to 52-week lows. The bears are firmly in control of the Russell 2000 and strongly indicate "Risk-Off" in the markets.

I continue to recommend caution and high cash levels until more market sectors and industry groups show volume confirmation.

Wait for "Risk On" to get aggressive!

Treasury prices continue the downtrend I predicted 1 year ago

One year ago, I made a bold prediction concerning the 10-year U.S Treasury bond in my January 6, 2021, report. If you are interested in reading the full report, you can view the report in the Trading Floor Research Newsletter library at <https://www.tfrtrader.com/public-pdfs>.

December 27, 2020:

“The iShares 7–10-year treasury is set up in an inverted cup-with-handle base. The bottom of the cup and rising two-year trendline from November 2018 converge at 119.20. If we close below this number, US treasuries could collapse.”

January 06, 2021:

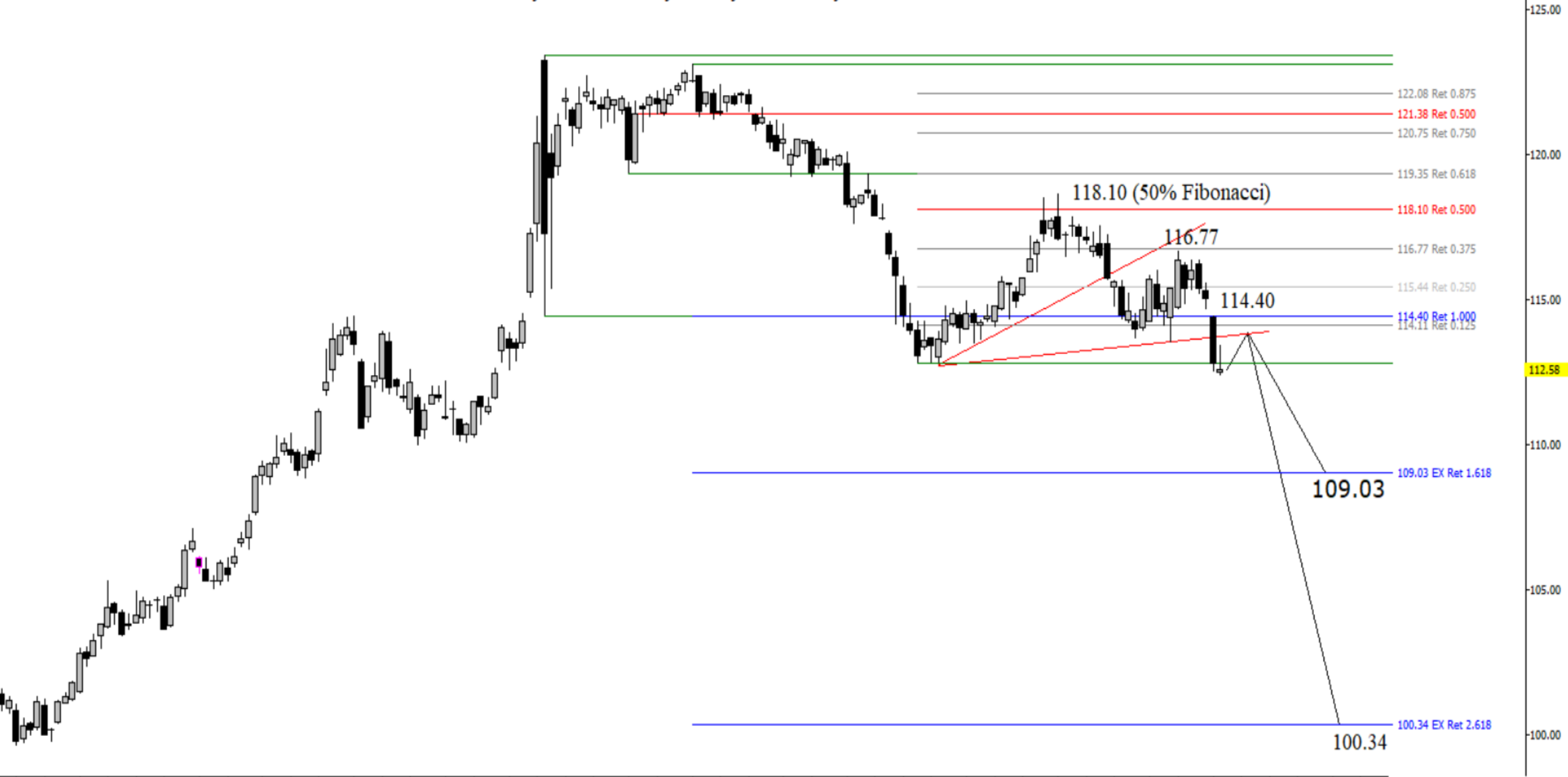
Today treasuries started the selloff by closing below 119.20, breaking the two-year rising trendline, and completing the inverted cup and handle base. The 10-year Treasury traded above 1% for the first time since March last year. I believe we are seeing a historic trend change in US Treasuries that will last for many years to come. We will see higher highs in yield and lower lows in price from this point. A bear market in US Treasuries is very probable. This is a trend we haven't seen for forty years and will make stocks more difficult to trade.”

The 10-year Treasury yield is up 17.2% in the first ten trading days of 2022 and closed at 1.79%. Since my prediction on January 6, 2021, 10-year treasury yields have risen 80% and look to go considerably higher as the 10-year treasury prices have broken down below a lower-level inverted cup-with-handle base that started April 2021. (Refer to iShares Barclays 7–10-year Treasury Bond (IEF) chart)

The higher yields have created a bear market in technology stocks that will continue in 2022. This is where the TFR newsletter will help readers find industry groups that are going higher and provide shorting opportunities in industry groups breaking down.

The TFR newsletter is a valuable resource to guide readers to industry groups and individual stocks, providing upside potential. The newsletter is designed to direct you to opportunities in this challenging market and not try to guess bottoms in sectors like technology as it continues to trend lower. Cash will be a valuable resource as we strategically pick where to invest. When I report “Risk On,” we will have the cash to take advantage of market opportunities moving considerably higher. I will provide proper buy signals to take advantage of those opportunities.

Weekly iShares Barclays 7-10 year Treasury



Buy candidate: Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO)

- Market: 10-year US Treasury Bond. This trade is designed to move 3x the inverse move of the iShares Barclays 7–10-year US treasury Bond ETF (IEF).
- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) is seeking the performance corresponding to three times the inverse of the 7–10-year US Treasury Bond Exchange Traded Fund (IEF).
- 7–10-year US Treasury Bond Exchange Traded Fund (IEF) closed below the handle of the inverse cup-with-handle base that started April 1, 2021. The top of the base is Fibonacci 50% resistance at 118.10, and the handle of the more extensive cup-with-handle base began March 13, 2020.
- **The continuation of higher yields and a bear trend in bond prices is probable. I am looking for a lower leg to end at a Fibonacci price target of 110.34 on the IEF and 10.66 on the Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO).**
- **Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) will confirm with a pullback to 8.91-8.82 range or a 30-minute close above 9.05 on increased volume.**
- **Wait for a text confirmation!**
- Initiate position at 1-star(*)
- **Under institutional accumulation** with an Up/Down Volume ratio of 1.1.
- Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) closed at 9.03.
- • Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO) VWAP is at 10.37.
- Sell target price: 1st target is **10.66**
- Stop sell price: Close below **8.78**.

Direxion 7-10 Year Treasury bear 3x Bond ETF (TYO)



Buy candidate: Petroleo Bras Partners ADR Preferred A(PR.B.A)

- **Industry Group: Oil & Gas Integrated.** The group currently ranks as the 16th strongest industry group out of 197 and is up 11.75% YTD. The group gave a 20-day closing high on 01/11/2022 with above-average volume.
- **Petroleo Bras Partners ADR Preferred A (PRB.A)** is a preferred stock with an 18% dividend of a Brazil-based company engaged in the exploration, refining, production, and distribution of oil and gas. The preferred has more institutional accumulation than the common share PBR and pays a higher dividend. The more significant total return potential is why I chose the preferred stock.
- Petroleo Bras Partners ADR Preferred A(PR.B.A) gave a buy signal on Friday, with a 20-day high on massive volume. The stock is short-term extended and needs to pull back. A pullback in the energy sector will allow this stock to give low-risk entry.
- **Petroleo Bras Partners ADR Preferred A(PR.B.A) will confirm a buy signal with a retracement to Fibonacci support at 10.57 and a throwback to the trendline.**
- **Wait for a text confirmation!**
- **Initiate position at 1-star(*)**
- **Under institutional accumulation** with an Up/Down Volume ratio of 1.81.
- Petroleo Bras Partners ADR Preferred A(PR.B.A) closed at 11.43.
- Petroleo Bras Partners ADR Preferred A(PR.B.A) VWAP is at 9.76.
- **Sell target prices: 1st target is 11.69; 2nd target is 17.68**
- **Stop sell price: Close below 9.93.**

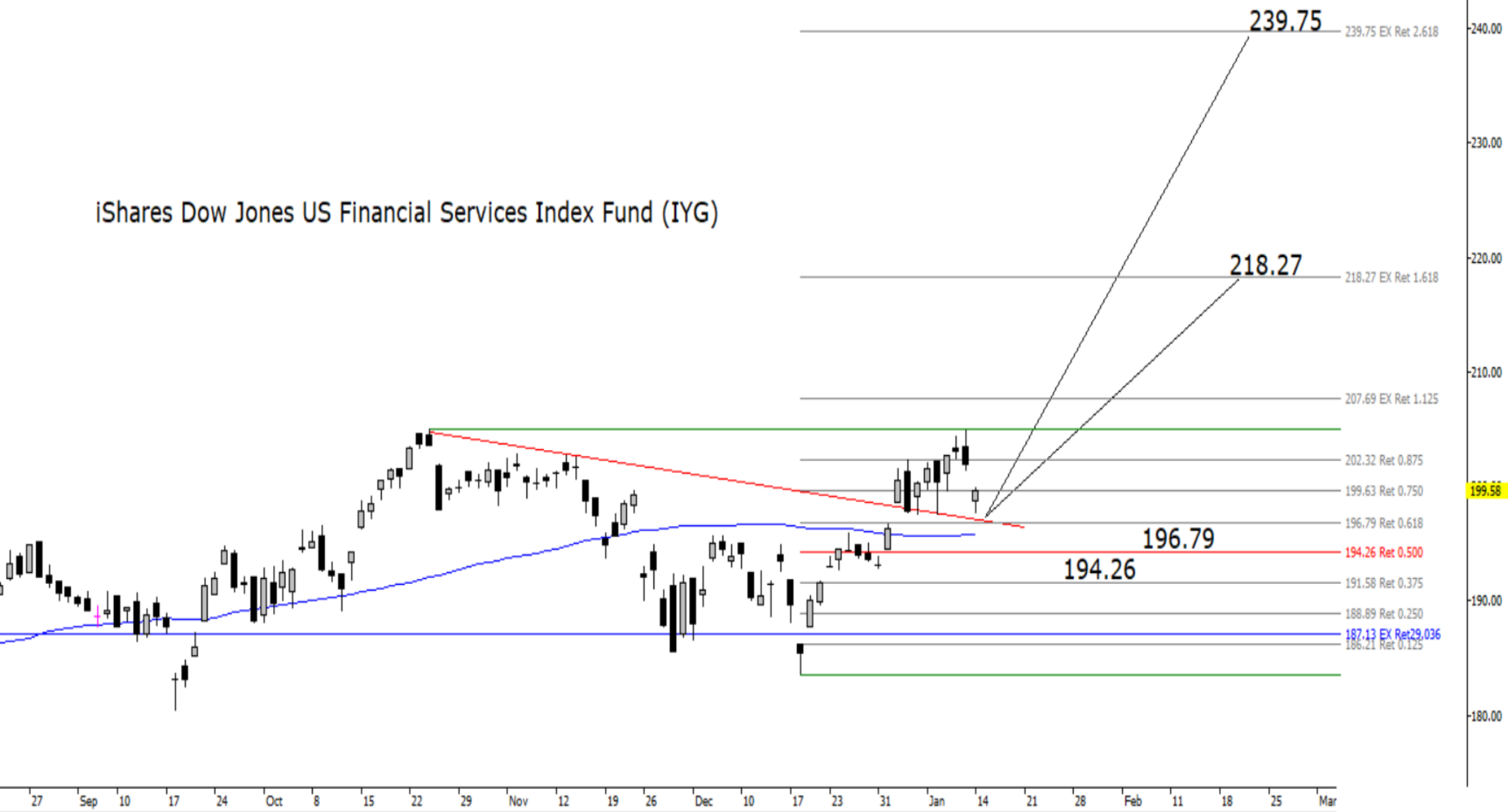
Petroleo Brasileiro SA Petrobras ADS Preferred A



Buy candidate: iShares Dow Jones US Financial Services Index Fund (IYG)

- Sector: Financial Services. The Financial Services sector gave a buy signal on Friday.
- iShares Dow Jones US Financial Services Index Fund (IYG) *is an Exchange-traded fund ETF seeking performance corresponding to the Dow Jones U.S. Financial Services Index*
- Institutional buying is strong in the financials. iShares Dow Jones US Financial Services Index Fund (IYG) gave a buy signal on January 4. The ETF gapped above the trendline of the cup-with-handle base that began October 25, 2021, with multiple above-average volume days.
- The sharp pullback I was looking for in the iShares Dow Jones US Financial Services Index Fund (IYG) happened on Friday when Wells Fargo and Citigroup missed earnings. The pullback didn't trade low enough to hit my target **between 196.79 and 194.26 but closed below Fibonacci support at 199.63**. Therefore, we will need additional confirmation.
- iShares Dow Jones US Financial Services Index Fund (IYG) will confirm a buy signal with a pullback to the trendline and Fibonacci support at 196.79 or a 30-minute buy signal above Fibonacci resistance at 199.63.
- Wait for a text confirmation!
- Initiate position at 2-star(**)
- Under institutional accumulation with an Up/Down Volume ratio of 1.60.
- iShares Dow Jones US Financial Services Index Fund (IYG) closed at 199.58.
- iShares Dow Jones US Financial Services Index Fund (IYG) VWAP is at 127.25.
- Sell target prices: 1st target is **218.27**; 2nd target is **239.75**
- Stop sell price: Close below **194.26**.

iShares Dow Jones US Financial Services Index Fund (IYG)





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