



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —

03/13/22



## This Trading Floor Research report contains:

- *Preparing for a counter trend rally. A bear market rally could start Wednesday after the Federal Reserve meeting and the interest rate announcement.*
- *WaveDancer Inc. (WAVD). A new Buy candidate in the Computer Tech Services industry group.*
- The United States Oil Fund (USO) and what it is telling me about oil prices.
- S&P SmallCap 600 Energy Index (PSCE) and what it is telling me about the “Risk-On” trade.
- Update on: Flotek Industries Inc. (FTK); Tidewater Inc. (TDW); and Lifeway Foods Inc. (LWAY)



## Essential Lessons for Stock Market Success.

Class 3 is Tuesday March 15, 2022 at the USW New Carlisle ICD Training Center

A morning and afternoon class will be given:

9:00 am-12:00 am ET

4:00 pm-7:00 pm ET

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

Invite a family member or friend

Call Darla to reserve a seat at 219-778-2287

## Sectors, Industry Groups & Leadership Stocks

All the sectors finished lower on Friday. **8 of the 11** market sectors are in sell signals. **Energy, Basic Materials, and Utilities** are the only sectors in a buy signal. Energy stocks finished the week lower on the most significant weekly volume since the Energy sector uptrend began in March 2020.

The combination of substantial weekly volume and many energy stocks hitting important Fibonacci targets and reversing indicates that many oil stocks may have topped out for the next few weeks.

**Flotek Industries Inc. (FTK)** had a very poor close on Friday. A pullback to the 1.26-1.36 range is very likely. I am cutting back on my position size and selling  $\frac{3}{4}$  of my position early next week. (Refer to chart)

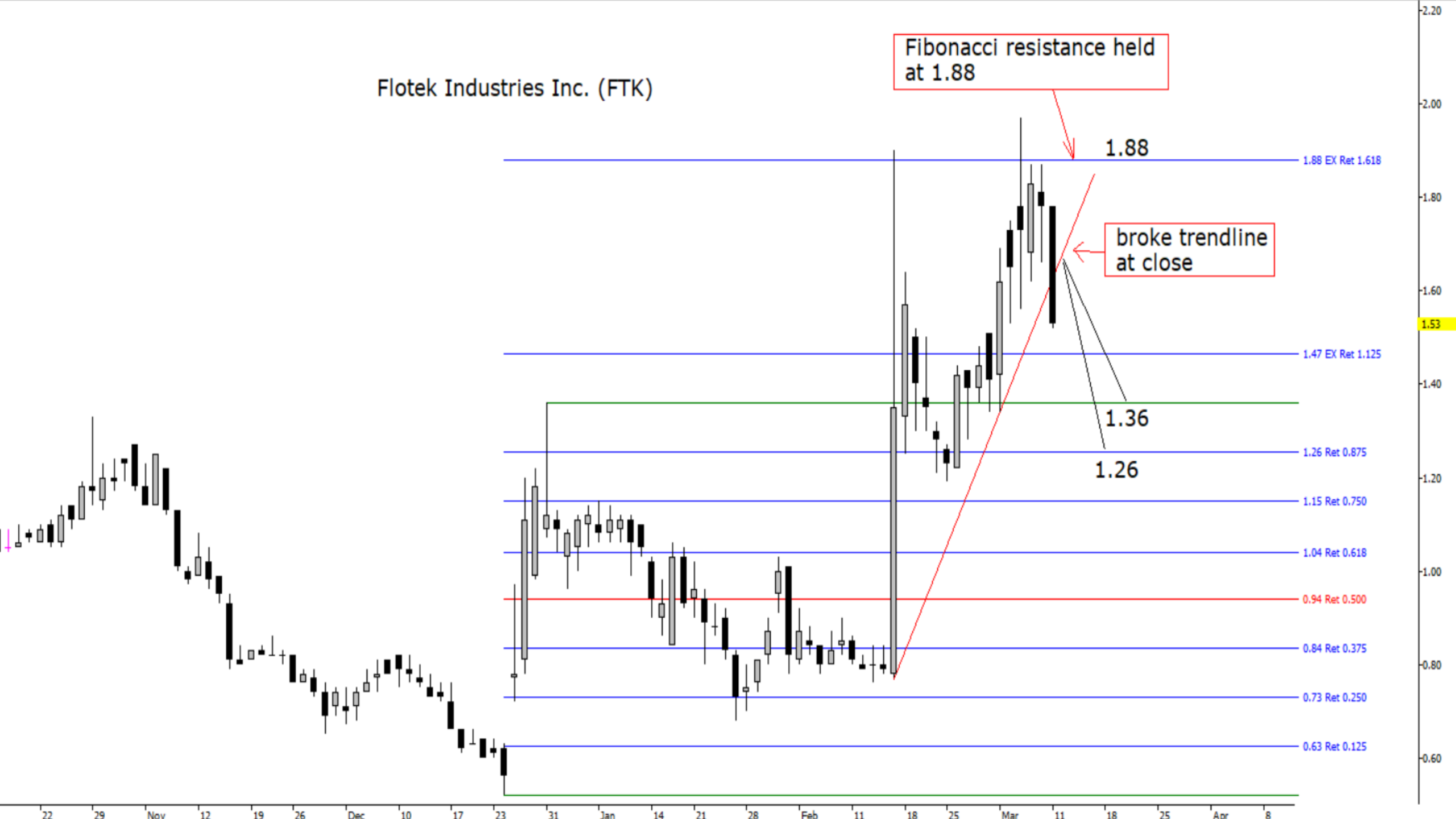
A big part of trading is knowing how to stay within comfortable position size limits. If Wednesday's pullback in energy stocks caused distress, it means you are trading above your comfort level. I expect elevated volatility in oil stocks and the market. If you have gone too heavy on Energy stocks, pull back your positions. Remember that trading requires maintaining capital for the long run. In a volatile market, smaller position sizes are the secret to success!

On Tuesday, the **United States Oil Fund (USO)** spiked to a new high of 87.84. Wednesday oil prices collapsed below Fibonacci support of 77.22, and energy stocks finished the week slightly lower. Closing below an important Fibonacci target indicates the parabolic move higher in oil prices is probably over. Still, the uptrend remains in place as long as the price doesn't close below the rising trendline. (Refer to chart). The Up/Down volume ratio decreased to 2.13 last week. Institutional buying cooled down but is still very strong.

The **S&P SmallCap 600 Energy Index (PSCE)** closed the week above its 10-day moving average but below the 9.93 Fibonacci target number. Look for oil stocks to pull back next week. Decrease position sizes and respect stops. (Refer to PSCE Chart)

**Tidewater Inc. (TDW)** closed 9.18% higher on the day and advanced 36% since the buy confirmation seven trading days ago. TDW has benefitted from the "Risk-On" signal in energy stocks. The next Fibonacci sell target is 25.90. (Refer to Chart)

# Flotek Industries Inc. (FTK)





# United States Oil Fund (USO)

Up/Down Vol Ratio 2.13

98.12

98.12 EX Ret 6.855

77.22

77.22 EX Ret 4.236

64.31

64.31 EX Ret 2.618

56.33

56.33 EX Ret 1.618

51.40 Ret 1.000

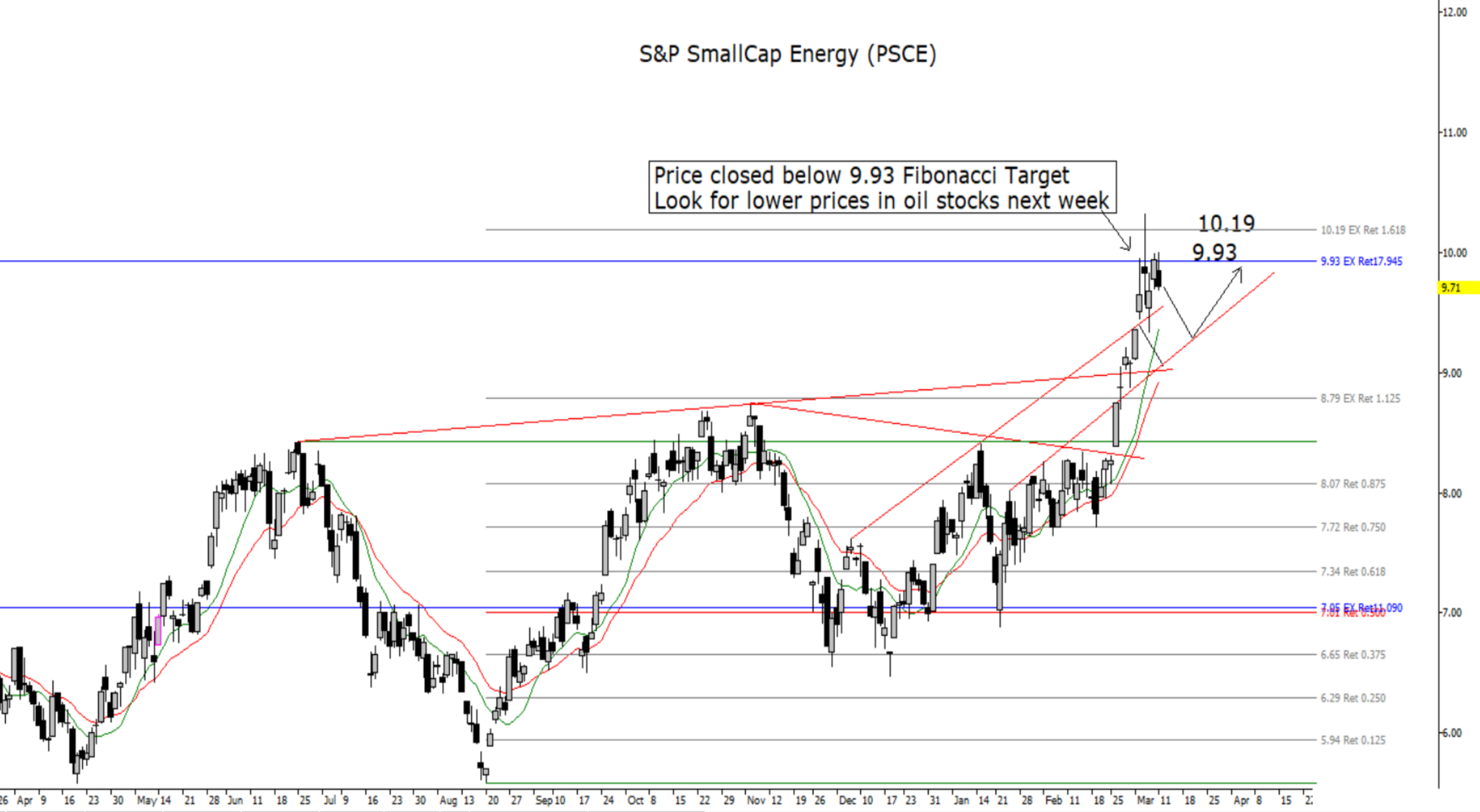
47.41 Ret 0.500

-110.00  
-100.00  
-90.00  
-80.00  
-70.00  
-60.00  
-50.00

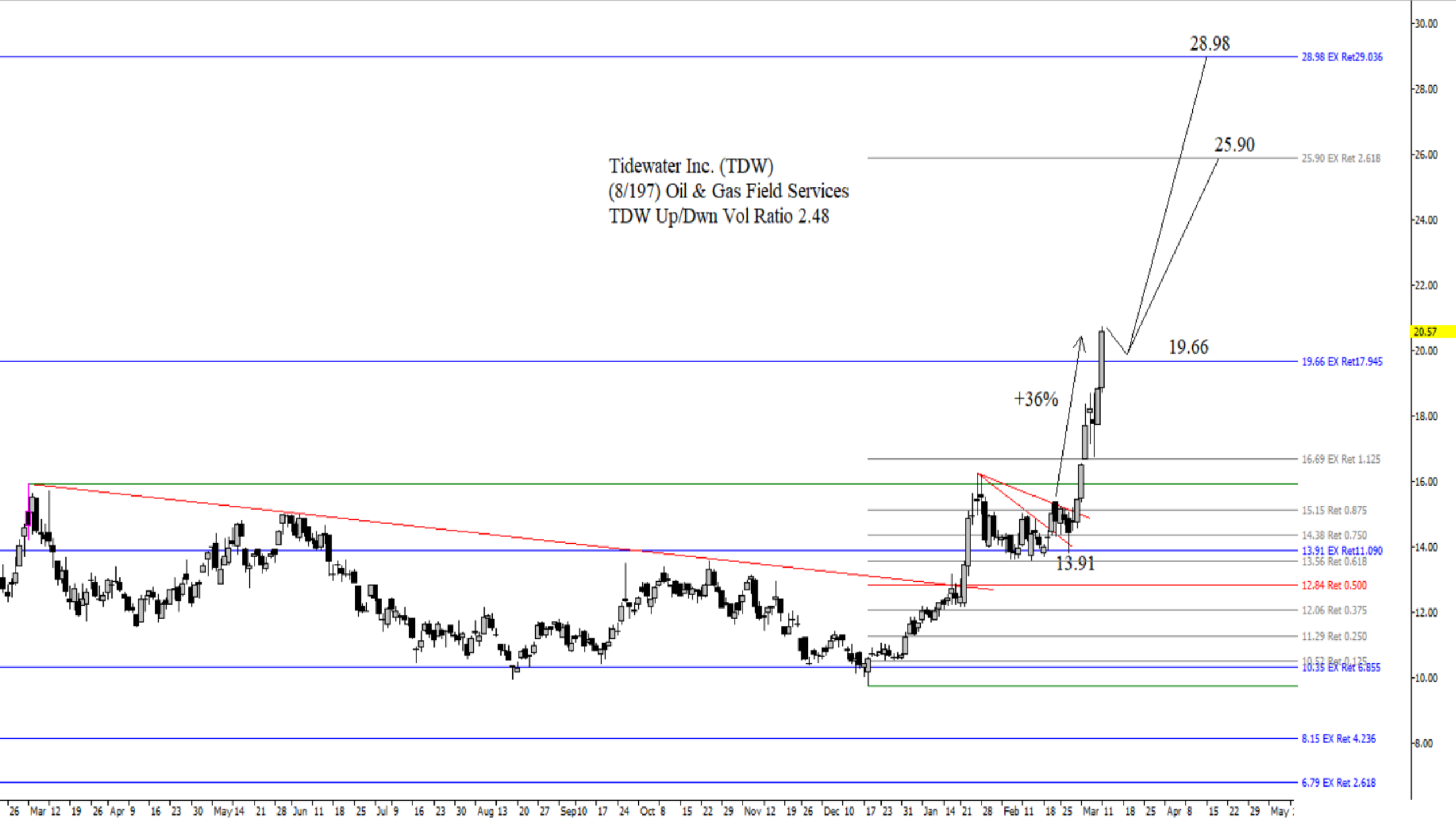
30 Aug 13 20 27 Sep 10 17 24 Oct 8 15 22 29 Nov 12 19 26 Dec 10 17 23 31 Jan 14 21 28 Feb 11 18 25 Mar 11 18 25

# S&P SmallCap Energy (PSCE)

Price closed below 9.93 Fibonacci Target  
Look for lower prices in oil stocks next week



Tidewater Inc. (TDW)  
(8/197) Oil & Gas Field Services  
TDW Up/Dwn Vol Ratio 2.48



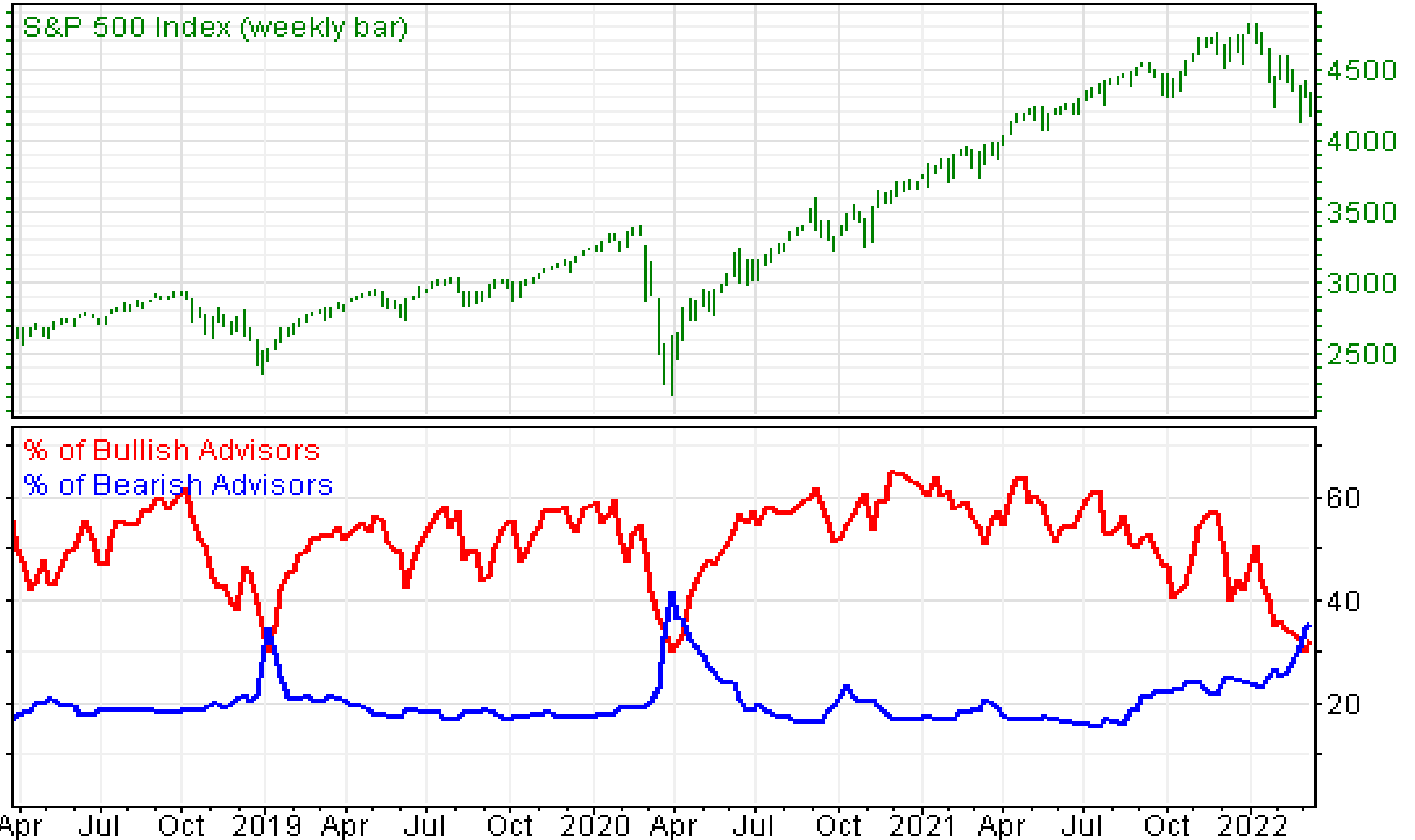


## *Bear Market Rally?*

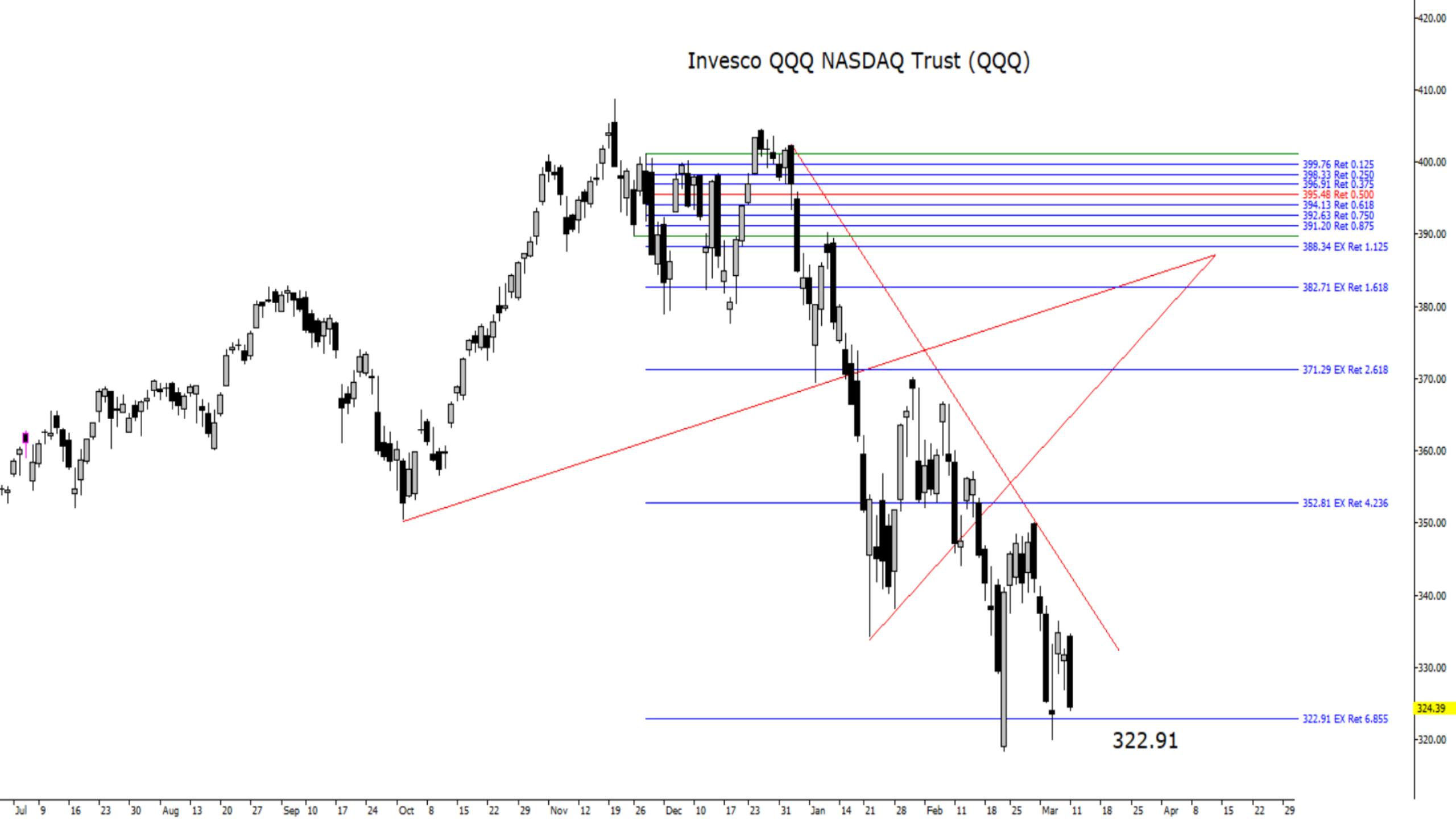
*Evidence is starting to mount that indicates a bear market rally (Counter trend rally) could begin as soon as this week. The catalyst is the Federal Reserve Boards' interest rate meeting on Tuesday and Wednesday. Since the beginning of the year, the market has been selling the rumor of an interest rate increase. Often when traders sell the rumor, they buy the news.*

- The Federal Reserves meeting is happening when the percentage of bullish advisors to bearish advisors has reached a point where a market bottom is possible. Market bottoms are very probable when the percent of bearish advisors exceeds bullish advisors as it did this week. (Refer to chart of Bullish/Bearish Advisors)
- Historic lows have happened in this March time cycle period. The market has a rhythm it follows in making highs and lows. This is the third prong of technical analysis called time cycle analysis. It is as important as price and volume and should not be ignored.
  1. The Covid crash ended March 23, 2020.
  2. The Financial Crisis bear market ended March 6, 2009.
  3. The Tech Wreck bear market ended March 12, 2003.
- Important Fibonacci downside price target in the **NASDAQ (QQQ)** is very close and is testing the target for the third time. (Refer to Chart)
- The **CBOE Volatility Index (VIX)** closed below the 31.20 target number. One last market downturn on Monday and Tuesday could take the VIX to the 44.6 target number. This would get the market to a capitulation level, starting a market advance. (Refer to Chart)
- **Wait for a text of market rally confirmation!**

# Bullish/Bearish Advisors 8 Mar 2022



# Invesco QQQ NASDAQ Trust (QQQ)



# CBOE Volatility Index (VIX)



## Sectors, Industry Groups & Leadership Stocks

On Friday, the best-performing industry group was **Food Dairy Products**, as the market fell apart. **Lifeway Foods Inc. (LWAY)** took advantage of the industry group strength and closed 3.70% higher on significant volume. Hopefully, everyone had a chance to buy LWAY on Thursday.

## Preparing for the Countertrend Rally

On Friday, the **Technology sector** was the worst-performing sector and finished at weekly lows. A flush lower in the sector early next week may allow a bear market relief rally to start in the back half of the week.

This week's TFR report focuses on a buy candidate in the **Computer Tech Services** industry group that could take advantage of the move. **Wavedancer Inc. (WAVD)** is under massive institutional buying and is ready to break out of its IPO base. With the proper encouragement, it could breakout with a technology relief rally.

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

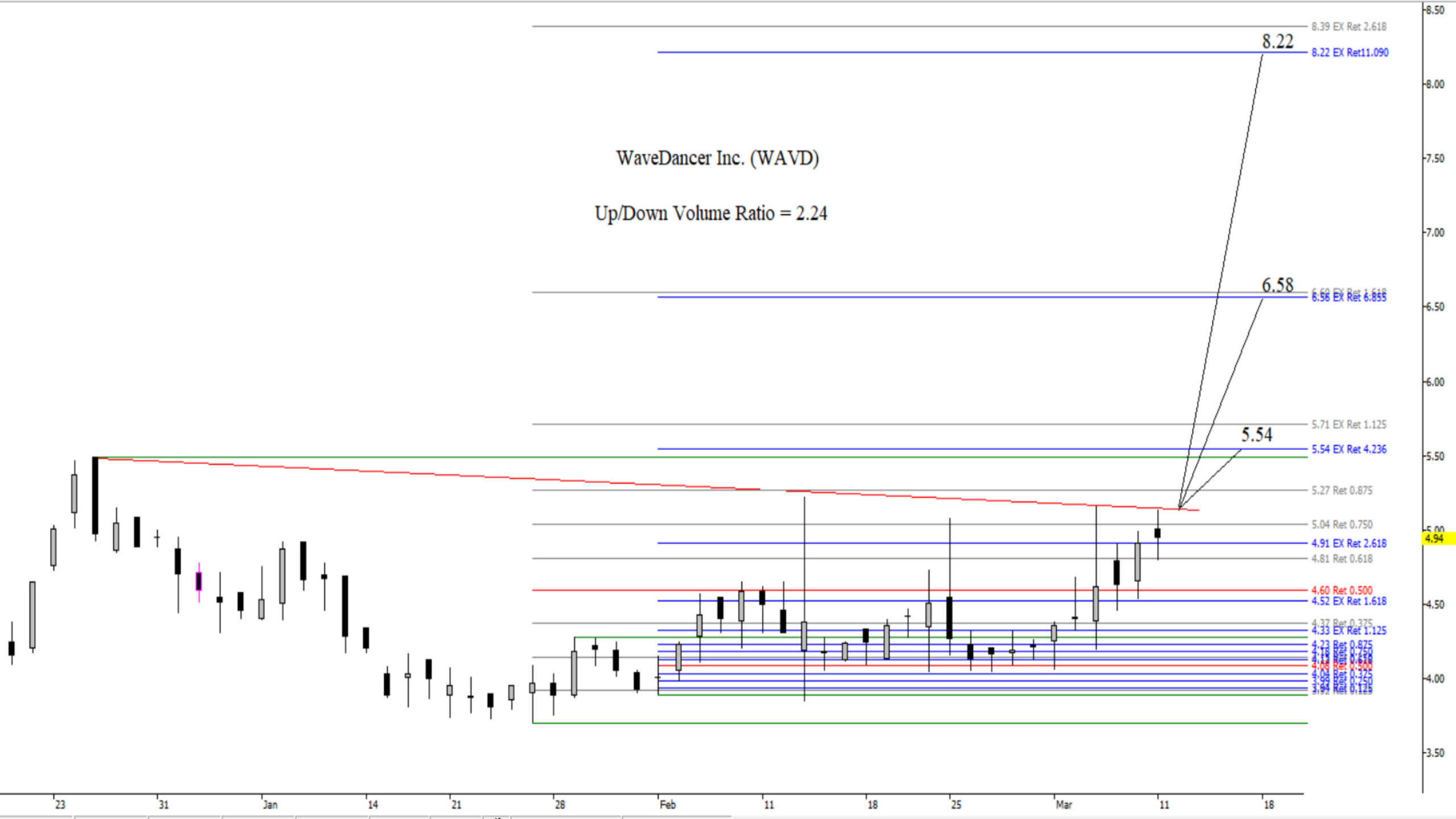
**I continue to recommend caution and high cash levels** until the market gives more sector and industry group buy signals.

*Buy candidate: WaveDancer Inc. (WAVD)*

- Industry Group: **Computer Tech Services**. The group currently ranks as the 119<sup>th</sup> strongest industry group out of 197 and is down -28.55% YTD. The industry group chart is following the NASDAQ chart lower, and should benefit from a relief rally.
- **WaveDancer Inc. (WAVD)** is an IT company that uses blockchain technology to solve supply chain issues and secure government and commercial organizations using their platform from cyber attacks.
- **WaveDancer Inc. (WAVD)** is ready to break out of an IPO base that started November 26, 2021. Once the stock can break free of Fibonacci resistance at 5.54, it could reach the first Fibonacci target of 6.58.
- **WaveDancer Inc. (WAVD)** will confirm a buy signal with a 30-minute close above 5.13.
- **Wait for a text confirmation!**
- Initiate position at 2-star(\*\*)
- **Under massive institutional accumulation** with an Up/Down Volume ratio of 2.24.
- **WaveDancer Inc. (WAVD)** closed at 4.94.
- **WaveDancer Inc. (WAVD)** VWAP is at 1.19
- Sell target prices: 1st target is 5.54; 2<sup>nd</sup> target is 6.58; 3<sup>rd</sup> target is 8.22
- Stop sell price: Close below 4.60.

# WaveDancer Inc. (WAVD)

Up/Down Volume Ratio = 2.24





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<sup>1</sup>The results are not (or may not be) representative of the performance of all selections made by Trading Floor Research (TFR) newsletter.

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