



TFR

Trading Floor Research

Welcome to the
— Trading Floor —



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- Direxion Technology Bear 3x (TECS)
- ProShares UltraPro Short QQQ (SQQQ)

S&P 500

Technical Analysis gives a dire warning sign for the S&P 500

The S&P 500 racked up three distribution days in five trading sessions as distribution got more intense in the back half of the week. Last week's downward price action was highlighted by accelerating volume.

The extreme Institutional selling points to more downside in the S&P 500. That is a reason to keep high cash levels in a safe U.S. Treasury money market, collecting 4.5%. I am also moving my money to treasury bills. Check with your broker to see what they are offering.

The S&P 500 finished the week filling in the missing pieces about the next move lower. Friday's closing below the downward-sloping trendline from the January 2022 high is a very ominous sign for the market. The downward volume pressure it takes to close below the most significant trendline of the 2022 bear market points to a price waterfall. The price behavior of breaking a downward-sloping trendline rather than throwing back into it can be considered a broken pattern. Broken patterns offer a more substantial move than the pattern itself.

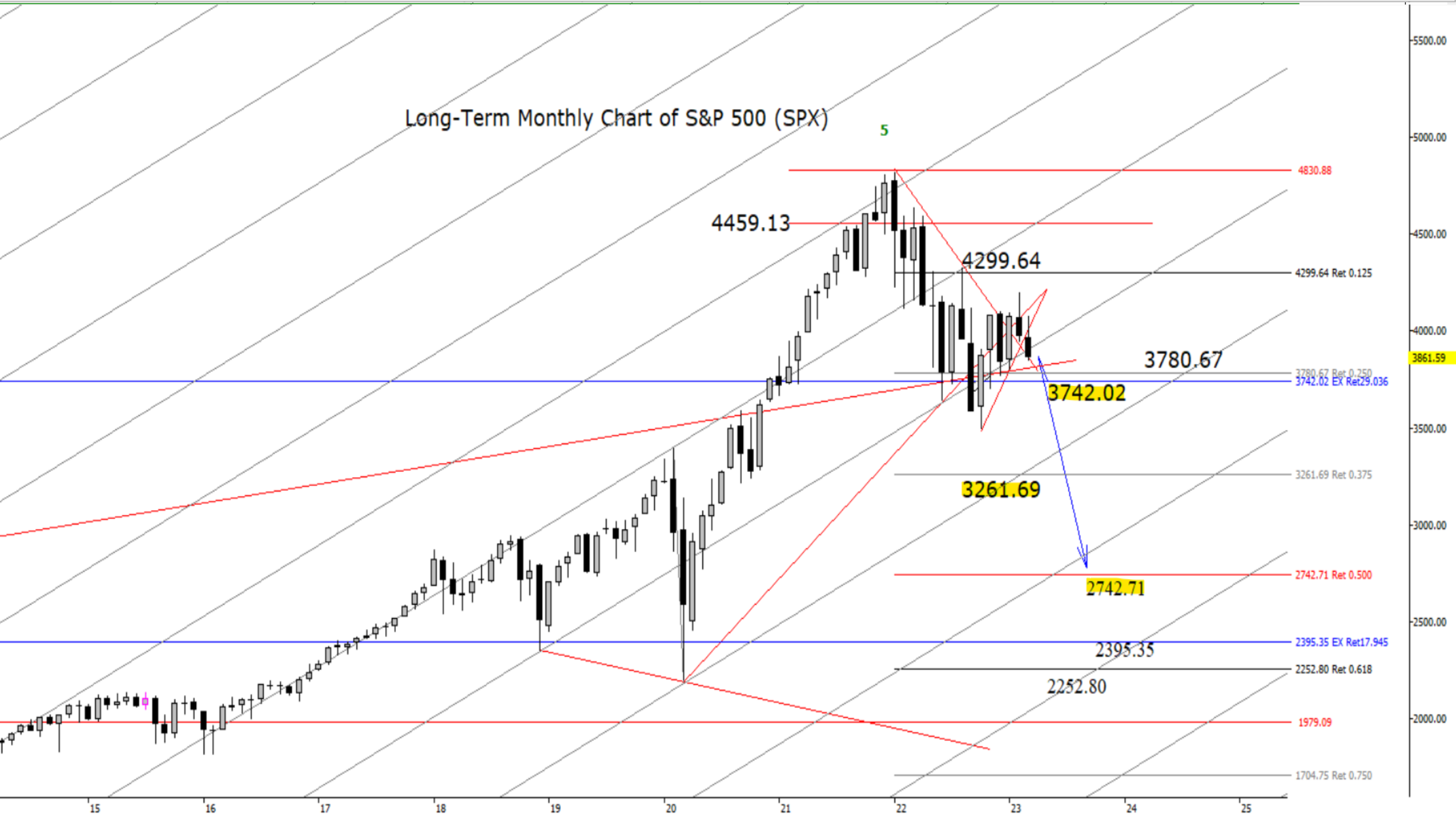
The Point & Figure chart supports what I see on the bar chart. The weekly Point & Figure chart of the S&P 500 broke its 45-degree trendline from the Covid crash low. Every other decline through the 2022 bear market has bounced off this significant trendline. Breaking the 45-degree trendline on the weekly chart does not happen often. The last time it happened was the start of the Covid crash.

The combination of breaking both significant trendlines indicates the S&P 500 is heading towards the 2742.71 target area I highlighted in my long-term charts in August of 2022. Hitting this Fibonacci target has been highly probable since the bear market began.

The next significant Fibonacci targets offering a bounce are 3742.02 and 3261.69 on the long-term chart.

I recommend caution and 90% cash in a safe U.S. Treasury money market.

Long-Term Monthly Chart of S&P 500 (SPX)



5

4459.13

4299.64

3780.67

3742.02

3261.69

2742.71

2395.35

2252.80

4830.88

4299.64 Ret 0.125

3780.67 Ret 0.250
3742.02 EX Ret 29.036

3261.69 Ret 0.375

2742.71 Ret 0.500

2395.35 EX Ret 17.945

2252.80 Ret 0.618

1979.09

1704.75 Ret 0.750

15

16

17

18

19

20

21

22

23

24

25

5500.00

5000.00

4500.00

4000.00

3861.59

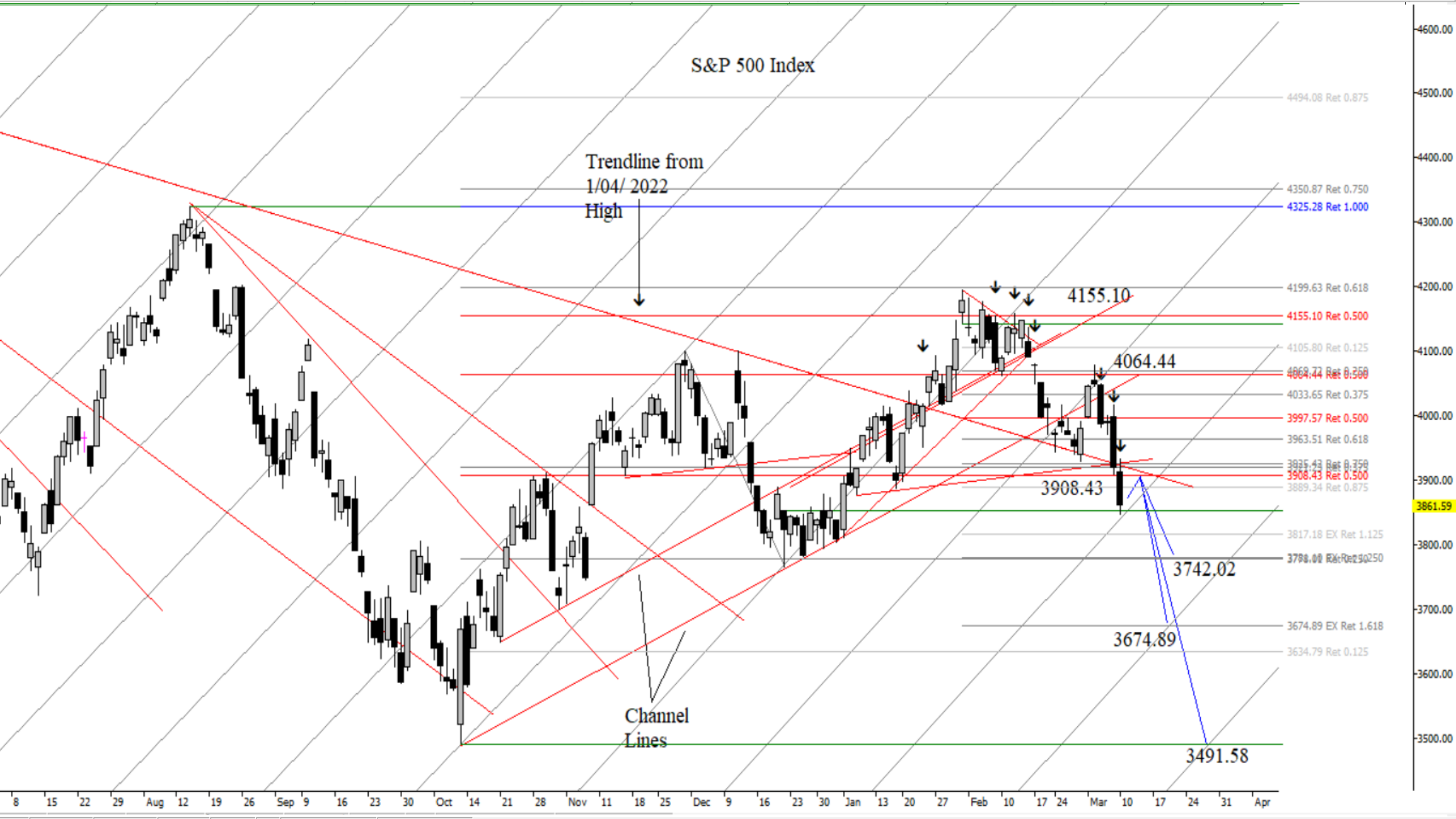
3500.00

3000.00

2500.00

2000.00

S&P 500 Index



Industry Group & Sector Analysis

The only two remaining sectors in a buy signal, **Technology** and **Financial Services**, gave sell signals this past week. All industry groups in both sectors have been in sell signals, and it was surprising that Technology and Financial Services held in as long as they did.

The **Financial Services** sector is in the eye of the storm of the market's most recent selling and the seizer of SVB Bank. After The sell signal on Financial Services, the sector dropped an additional 7.1% last week. The financial services sector is playing catchup to the other sectors that have been in a sell for multiple weeks. Regional Banks industry group is leading the way.

The **Technology** sector just gave its sell signal on Friday, and it might also play catchup on the downside. That is why I am highlighting the **Direxion Technology Bear 3x (TECS)** in this report. If the catchup is anything like Financial Services, it could offer oversize profit potential this coming week. The bullish percent chart on the Technology sector completed a double bottom formation and closed at 38%. The bears are in control of the Technology Sector.

Price has confirmed sell signals in all the Sectors. The sell includes Basic Materials, Communication Services, Consumer Defensive, Energy, Healthcare, Real Estate, Utilities, Financial Services, and technology sectors.

The **Energy** sector and the **Utilities** sector have resumed their selloff. Therefore, I continue to hold my **Direxion Energy Bear 2X (ERY)** and the **ProShares UltraShort Utilities (SDP)** to take advantage of the next move lower.

The bears are in control Of the Russell 2000 and indicate "**Risk-Off**" in the markets.

I recommend caution and 90% cash.

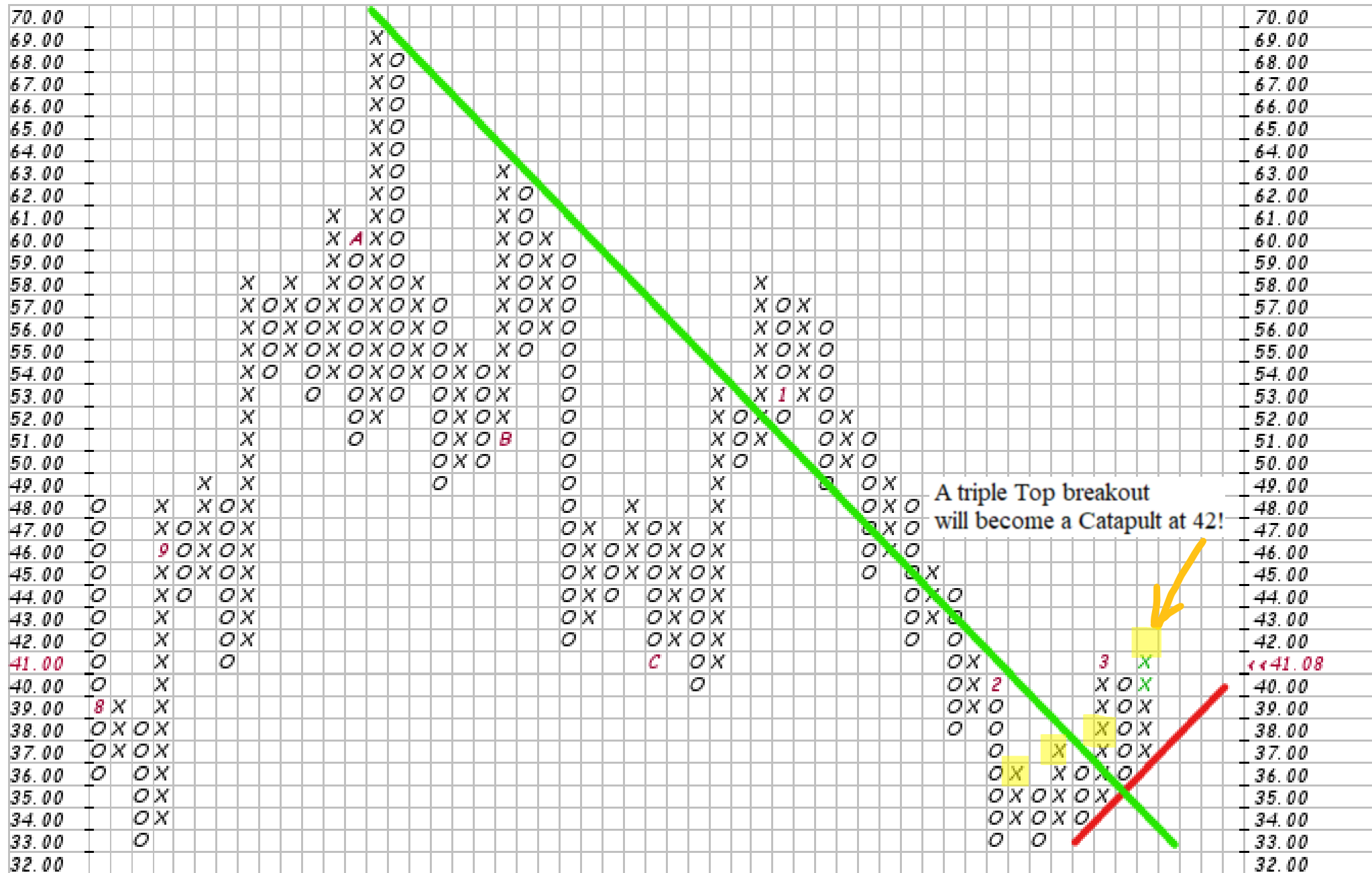
Buy candidate: ProShares UltraPro Short 3X ETF (SQQQ)

- *Portfolio: NASDAQ (QQQ).* The NASDAQ QQQs completed a Point & Figure double-bottom sell signal. The pattern points to a market that could move considerably lower. (Refer to the P&F chart of QQQ). I am using the ProShares UltraPro Short 3x ETF (SQQQ) to take advantage of the potential move. This ETF corresponds to the three times the inverse move in the NASDAQ QQQ. The Bullish percent chart gave a double bottom breakdown at 32%. The Bullish percent tells us that the new sell signal came with the bears controlling the NDX.
- *ProShares UltraPro Short (SQQQ) will complete a bullish catapult when the shares hit 42. A pullback in shares between 39.76 and 38.22 will offer a great entry. Otherwise, I will buy on the next 30-minute signal. Shares closed above Fibonacci resistance at 40.80.*
- *ProShares UltraPro Short (SQQQ) will confirm with a 30-minute buy signal at 41.54 or pullback to Fibonacci support.*
- *Wait for text confirmation!*
- *Start position at 1-star(*).*
- *Accumulation is strong with an Up/Down Volume Ratio of 1.20*
- *ProShares UltraPro Short (SQQQ) closed at 41.08.*

- *ProShares UltraPro Short (SQQQ) VWAP is at 47.80.*
- *Sell target price: 1st target is 45.08; 2nd target is 48.34; 3rd target is 51.22; 4th target is 54.51; 5th target is 60.54*
- *Stop sell price: Close below 38.22.*



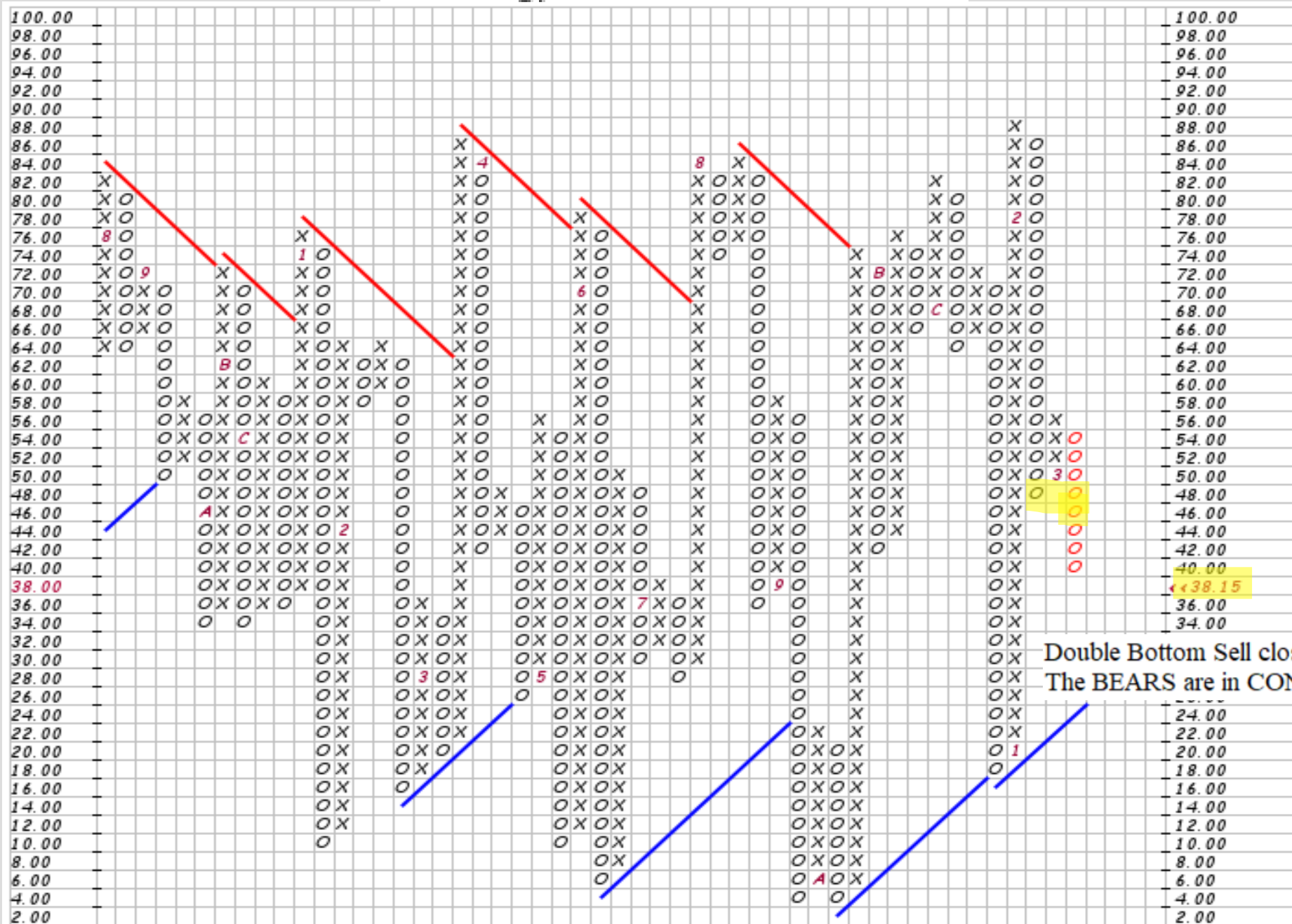
SQQQ ProShares UltraPro Short QQQ Nasdaq

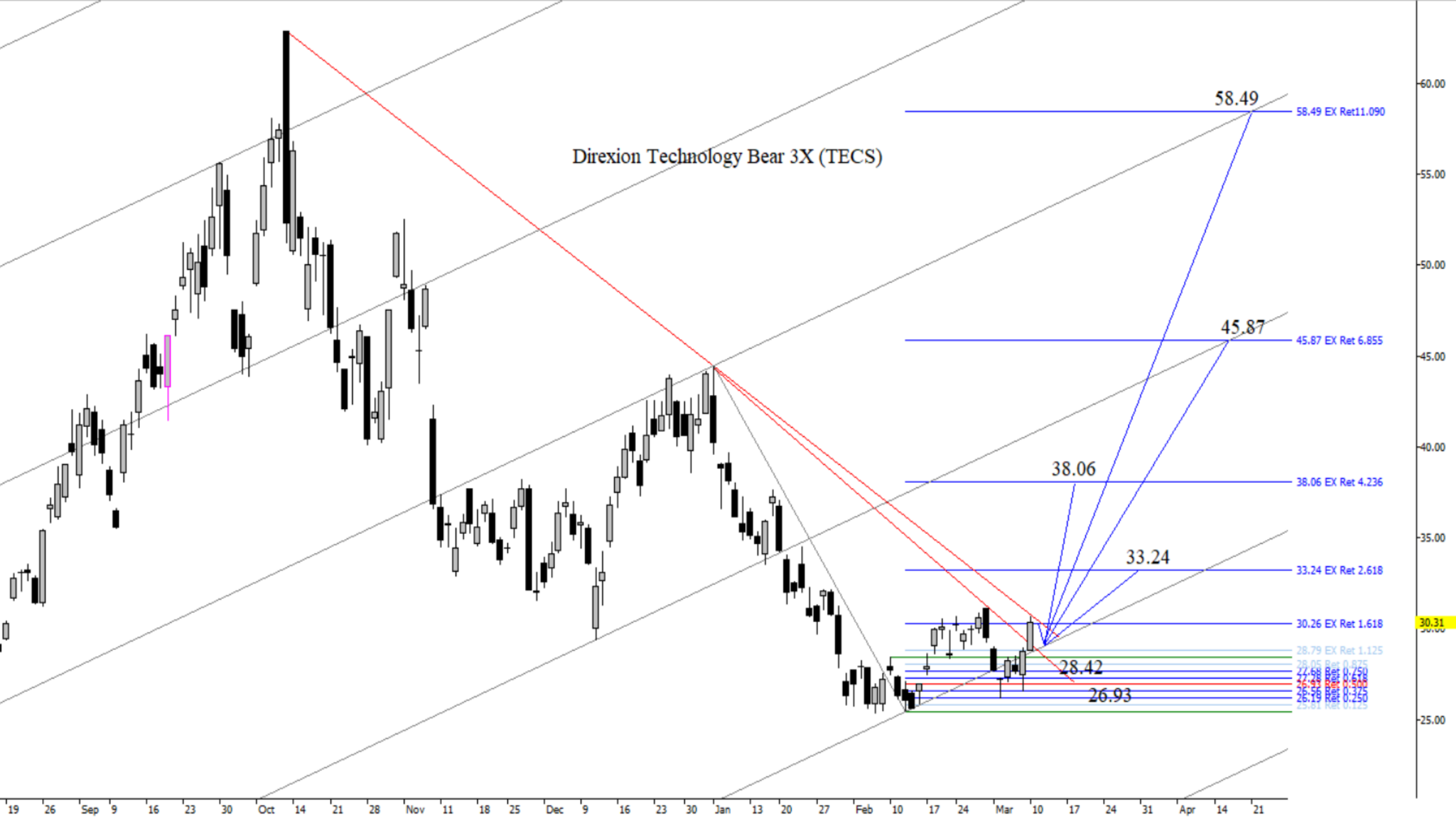


Buy candidate: Direxion Technology Bear 3x (TECS)

- *Portfolio: Short-Technology Sector. This trade is designed to move three times the inverse of the daily performance of S&P's Technology Sector.*
- The **Technology Sector** gave a sell signal on Friday as the Bullish percent chart completed a double bottom sell and moved to a 38.15% bearish reading. The bears are in control of tech stocks, and the sector is in a sell. (Refer to P&F Bullish Percent chart)
- *Direxion Technology Bear 3x (TECS) trade is designed to take advantage of the next potential move lower in the Technology Sector.*
- *Direxion Technology Bear 3x (TECS) put its third point on the declining trendline and could throw back into the previously broken trendline before moving higher. Fibonacci support is between 28.79 and 28.42 and is the potential pullback zone.*
- *Direxion Technology Bear 3x (TECS will confirm with a pullback to 28.79-28.42 or a close above 31.10.*
- *Wait for text confirmation!*
- *Start position at 1-star(*).*
- *Accumulation is substantial, with an Up/Down Volume Ratio of 1.07*
- *Direxion Technology Bear 3x (TECS) closed at 30.31.*
- *Direxion Technology Bear 3x (TECS) VWAP is at 281.42*
- *Sell target price: 1st target is 33.24; 2nd target is 38.06; 3rd target is 45.87; 4th target is 58.49*
- *Stop sell price: Close below 26.93.*

Technology Sector Bullish Percent Index







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