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Trading Floor Research

Welcome to the
— Trading Floor —



06/07/23

This Trading Floor Research Weekly Follow-up report contains:

Market Comments & Sector Rotation

Direxion Energy Bull 2x (ERX)

Vita Coco Company Inc. (COCO)

Market Comments & Sector Rotation

Big cap-weighted tech stocks went lower today as the Energy, Real Estate, and Industrials sectors surged higher to new buy signals.

*Just as the broader market moving lower wasn't enough to pull the **S&P 500** lower against the cap-weighted influence of the big tech stocks, the overall market going up is not enough to push the S&P 500 higher against the weight of big techs going lower.*

*After a burst of buying in the **Technology** sector this morning, the sector sold off and crossed below its bear market Fibonacci 50% number. The critical Fibonacci 50% number marks the range from November 2021 high to the October 2022 low. For the past seven trading sessions, the technology sector had stumbled around the Fibonacci 50% number.*

Today, tech stocks crumbled once they closed below the 50% range on the 30-minute chart and took down the S&P 500 and the NASDAQ.

*As big tech was getting hammered, the **Energy** sector that signaled a positive reversal on Friday was surging. Friday's Bullish Percent chart reversal at 22% gave the early tipoff that Energy stocks would move higher.*

Energy stocks finished the day 2.28% higher and confirmed a new buy signal.

*With today's buy signal in Energy, I purchased shares of **Superior Drilling Products Inc. (SDPI)** to take advantage of the move. It was the highlighted stock in this past weekend's report.*

***By the end of the day, all six Oil & Gas industry groups had confirmed a buy signal.** With the buy confirmation since October last year, I want more overall exposure to energy stocks. I will use the **Direxion Energy Bull 2x (ERX)** to take advantage of the move higher. The ETF is highlighted in this report.*

Market Comments & Sector Rotation

The **Consumer Cyclical sector** gave a **buy signal** yesterday as the major markets moved sideways.

The Consumer Cyclical Bullish Percent chart supports the move higher, with a close at 58.49%, indicating a bullish reading.

Industry group buy signals within the sector have come from **Auto Parts, Auto Manufacturers, Recreational Vehicles, and Auto & Truck Dealerships**.

The Automotive theme stands out in the recent buy signals. The Automotive theme is a strong indication of future stock opportunities.

Consumer Cyclical Residential Construction stocks simultaneously broke out of their bases with substantial volume yesterday.

The unified power of the **Residential Construction industry group** is an excellent reason to look at the **iShares Dow Jones US Home Construction Index Fund ETF (ITB)**.

The substantial accumulation of Home builders indicates that ITB can be bought as a position trade. A confirmation to buy will come after the ETF has alleviated short-term overbought conditions from yesterday's move. I will let you know when I get confirmation, and a full report will be included in the weekend publication.

Buy candidate: Direxion Energy Bull 2x (ERX)

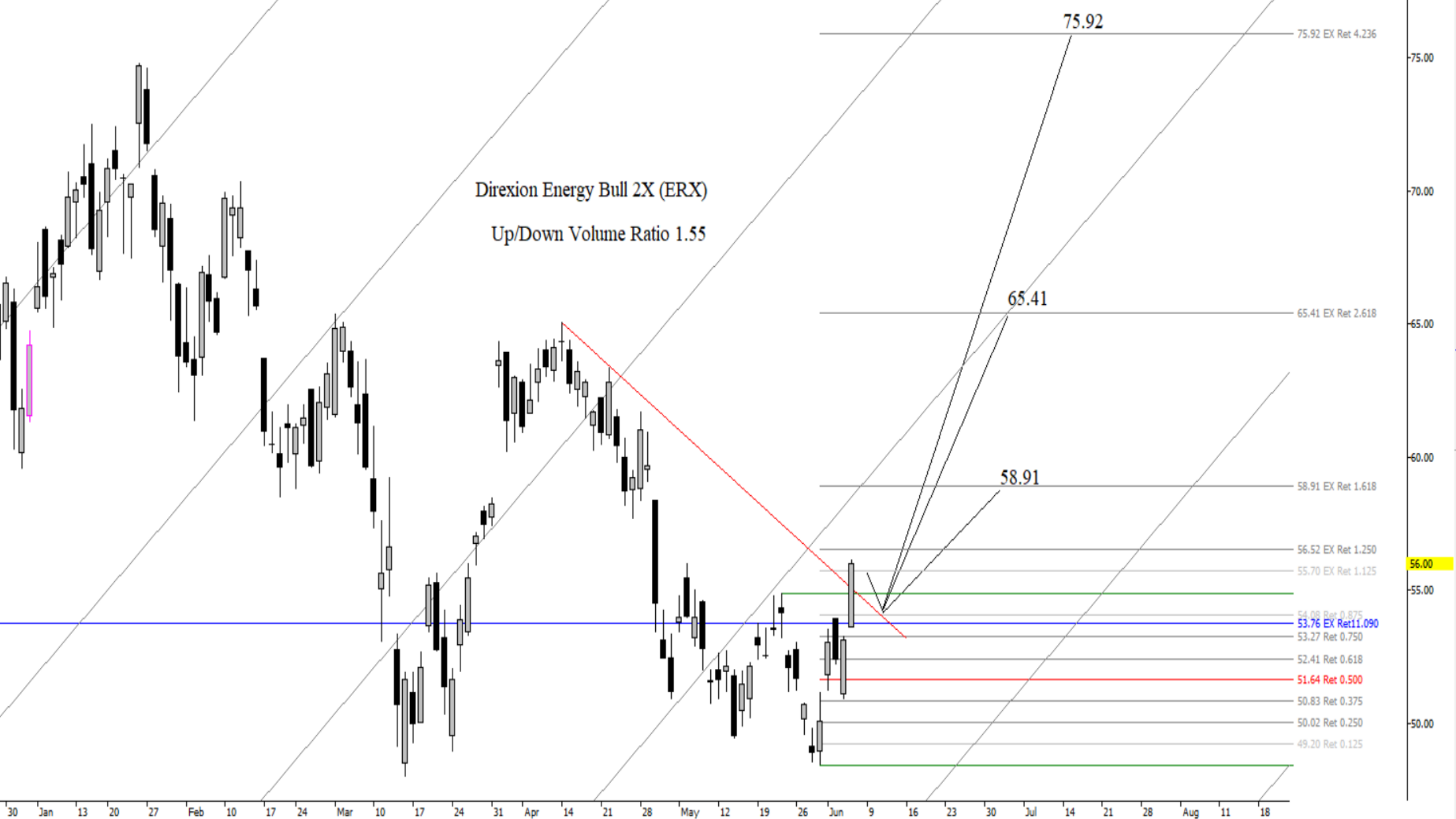
- *Portfolio: Energy Select Sector Index and SPDRs Select Sector Energy ETF (XLE).* This ETF corresponds to the move 2X the move of the Energy Select Sector Index
- *Direxion Energy Bear 2X (ERY) trade is designed to increase at 2x the Energy Select Sector Index rate.*
- *The SPDRs Select Sector Energy ETF (XLE) gave a buy signal today as the XLE closed above its descending trendline and above 50% of the range from the April high to the June low. The bullish Percent surged to 47.82% from Friday's 22% reversal. The reversal and quick move are a substantial positive. A pullback to Fibonacci support at 54.89 would provide low-risk entry.*
- *Direxion Energy Bull 2x (ERX) will Confirm a Buy after a throwback into the descending trendline from the April 14 high and 30-minute confirmation.*
- *I will send a text confirmation*
- *Start position at 2-star(**).*
- *Under institutional accumulation with an Up/Down Volume ratio of 1.55, hitting 100-day highs.*

- *Direxion Energy Bull 2x (ERX) closed at 56.03.*

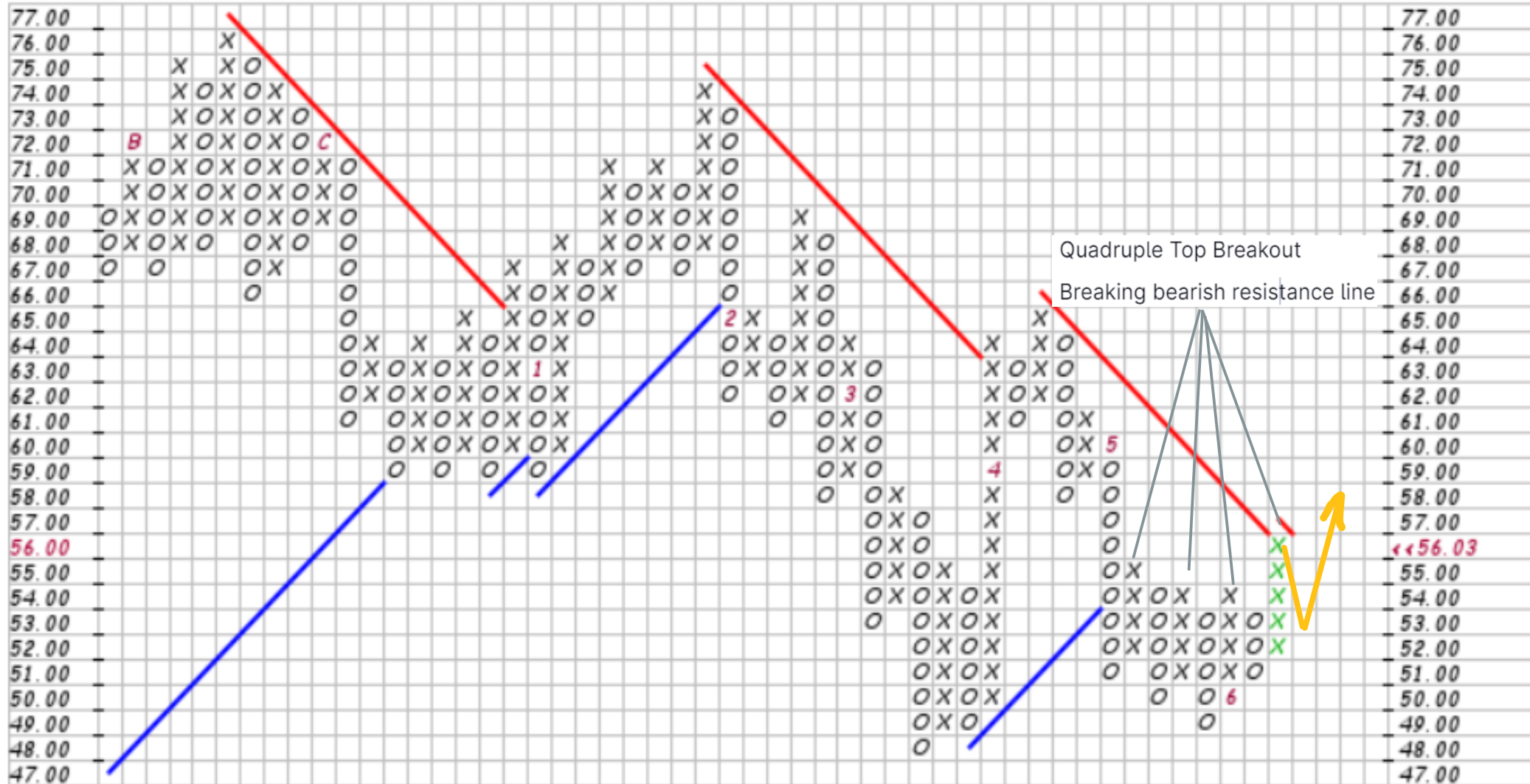
- *Direxion Energy Bull 2x (ERX) VWAP is at 40.90.*

- *Sell target price on the Direxion Energy Bull 2x (ERX): 1st target is 58.91; 2nd target is 65.41; 3rd target is 75.92*

- *Stop sell price: Close below 53.76.*

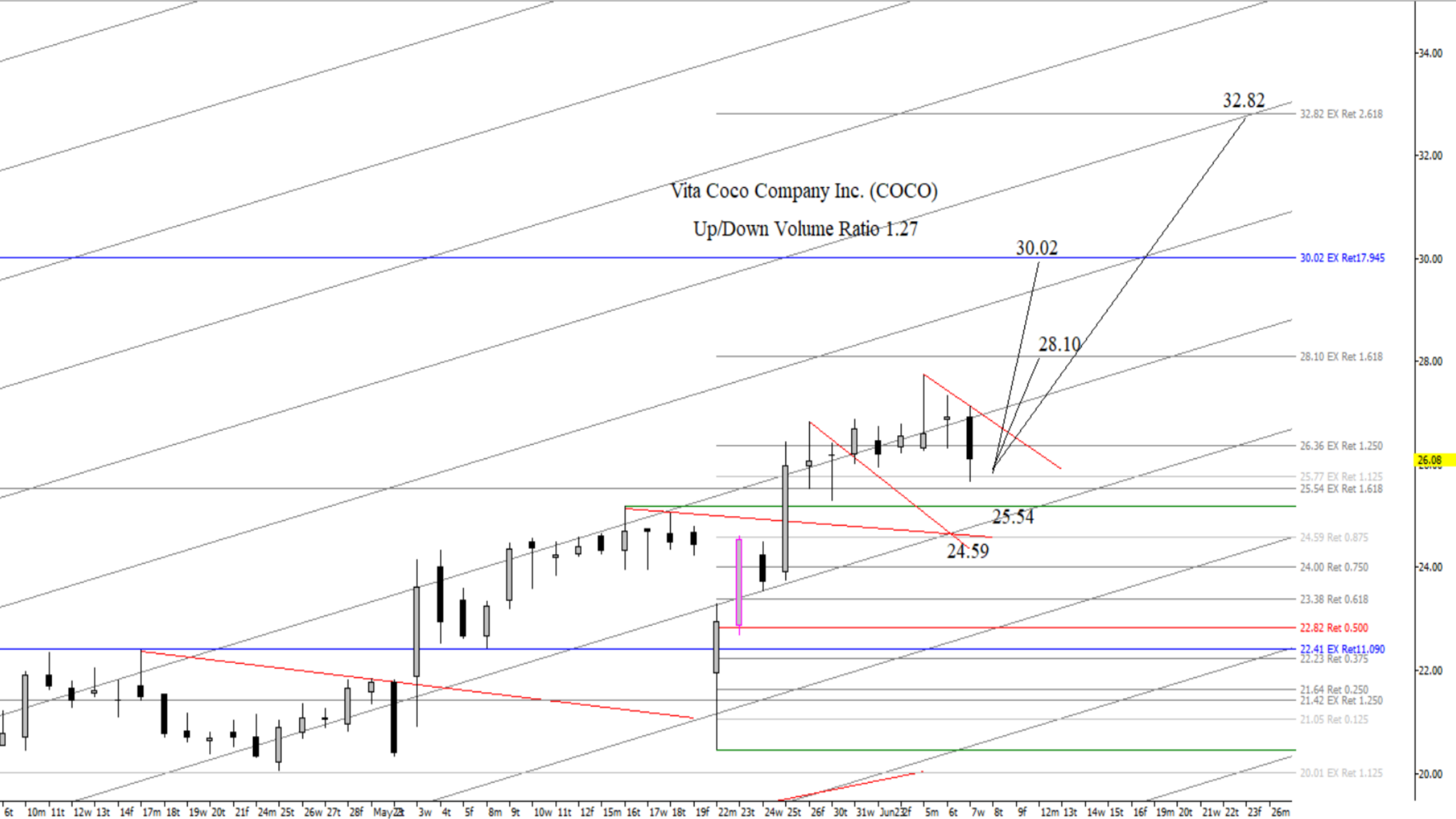


Direxion Energy Bull 2X (ERX)

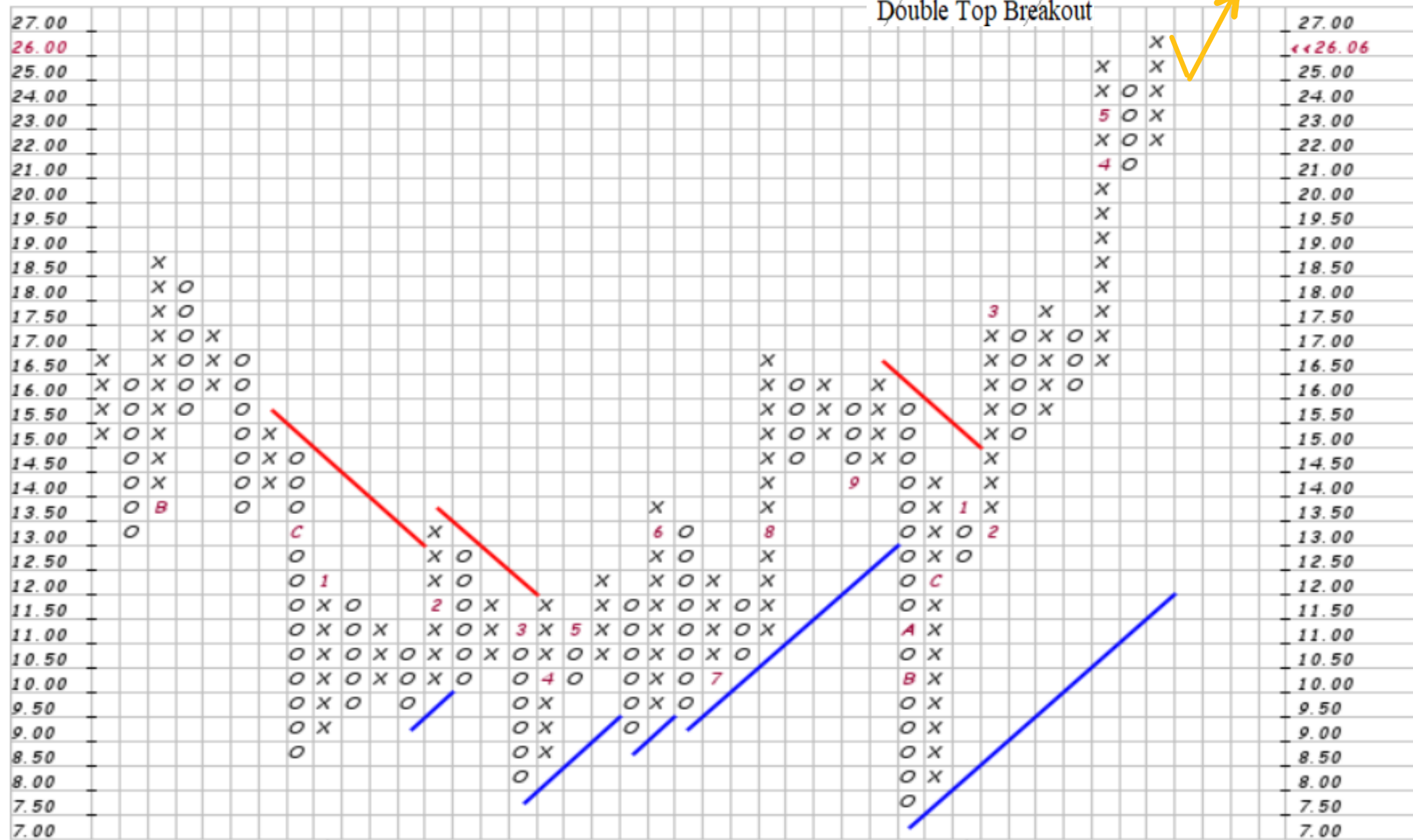


Buy Candidate: Vita Coco Company Inc. (COCO)

- **Industry Group: Beverages Non-Alcoholic.** The Beverages Non-Alcoholic industry group ranks as the 20th strongest industry group out of 197 and is up 23.42% YTD and is in a buy signal since February 23, 2022. **Innovative drink makers like Monster (MNST), Celsius (CELH), and Vita Coco (COCO) are driving the Beverages Non-Alcoholic Industry group higher.**
- **Vita Coco Company Inc. (COCO)** products include coconut water, energy drinks with coconut oil and milk, and protein-infused water.
- **Vita Coco Company Inc. (COCO)** hit a new high after announcing a secondary offering on May 22. This is extremely rare for a stock to have the strength needed to do that. When this happens, the stock should be bought. The probability of moving higher is exceptionally significant. In addition, COCO broke out of its Primary Base, offering tremendous upside potential.
- **Today, Vita Coco Company Inc. (COCO) completed the pullback to Fibonacci support at 25.54, creating a low-risk entry for this Primary Breakout candidate.**
- *Vita Coco Company Inc. (COCO) will confirm with a 30-minute buy signal.*
- *Wait for text confirmation!*
- *Start Position at 3-star(***)*
- *Under institutional accumulation with an Up/Down Volume ratio of 1.27.*
- *Vita Coco Company Inc. (COCO) closed at 26.08.*
- *Vita Coco Company Inc. (COCO) VWAP is at 14.37.*
- *Sell target prices: 1st target is 28.10; 2nd target is 30.02; 3rd target is 32.82*
- *Stop sell price: Close below 25.18.*



Double Top Breakout





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