



Trading Floor Research

Welcome to the
Trading Floor



01/03/21

This Trading Floor Research report contains:

- A look at sector rotation and the current business cycle
- American Virtual Cloud Technologies Inc. (AVCT). A new Buy Candidate in the Computer Tech Services industry group.
- mCloud Technologies Corp. (MCLD) A new Buy candidate in the Computer Tech Services industry group.

Sectors, Industry Groups & Leadership Stocks

10 of the 11 market sectors are in sell signals.

As we begin a new trading year, the lack of Industry group and sector buy signals in the market is astounding. After the TFR Early Entry Buy signal on December 6, 2021, the **utility sector** has moved 5.2% higher. No other sector has given a buy signal since the November selloff.

The market gave some sector and industry groups new highs in the year's final week, but new highs without volume are very suspect. I chose to keep most of my assets in cash until the market provides volume confirmation. Hopefully, we will see it in the first week of trading for the new year.

The Computer Tech Services industry group gave a very impressive buy signal last week, and this report's leadership stocks are my focus. One of the leadership stocks is a recent IPO.

*If institutions aren't buying, the previous week's rally will end quickly. The **S&P 500, NASDAQ, and Russell 2000 remain in sell signals**. Even though the S&P 500 closed at an all-time high last week, the lack of volume has kept this index from confirming a buy signal.*

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

Some leadership industry groups showed encouraging price strength this past week. Volume declined tremendously through the week. Without volume, this rally should be viewed as very suspect.

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

Wait for "Risk On" to get aggressive!

How Market Sectors Perform During A Business Cycle

As we start a new year, I think it's essential to look at what technical analysis says about where we are in the business cycle.

I provided a slide showing what sectors outperform during the stages of a typical economic cycle.

The late expansion stage of a business cycle has Energy as the leading sector. Three of the top five industry groups from 2021 came from the energy sector. They include Energy Coal, Oil & Gas US Exploration & Production, and Oil & Gas Canadian Exploration & Production. It is also worth noting that Energy Coal topped in mid-October, and most Oil & Gas industry groups trended lower between early October and mid-November.

The late expansion stage of the business cycle could be ending.

In the past few weeks, technical analysis has indicated that we have started the early contraction stage. Let's look at the evidence.

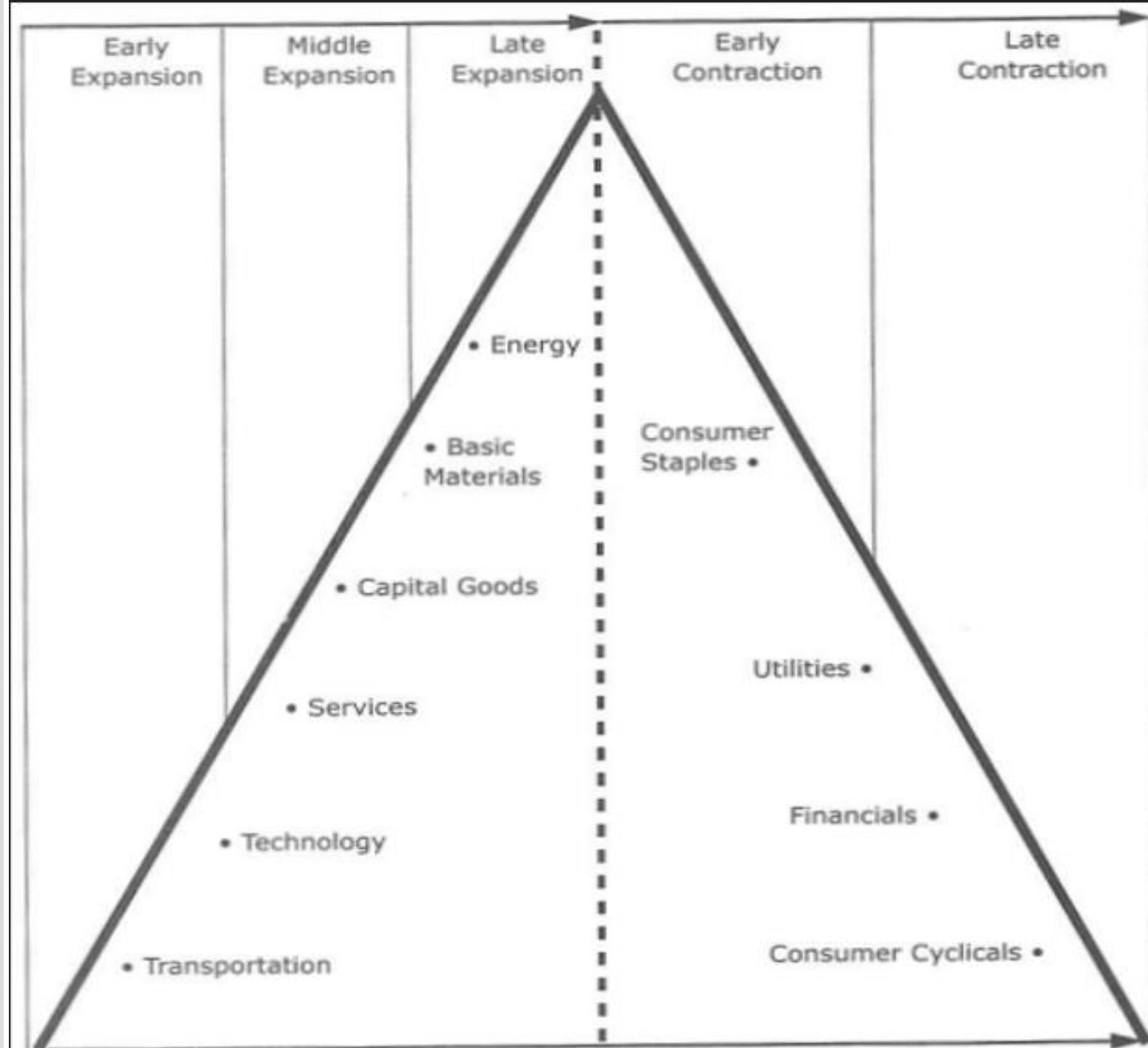
In the December 8, 2021, newsletter, I reported that the Utility Sector gave a buy signal. This is an early contraction sector that should outperform.

In the December 19, 2021, newsletter, I reported a buy signal in the Medical Ethical Drugs industry group. This is a consumer staple and a group that should perform well in early contraction.

Last week I got a buy signal in the Soap & Cleaning Preparations industry group and market strength in many food industry groups. These are all consumer staple industry groups and provide more evidence that we are beginning the early stages of economic contraction.

As traders and market speculators, we need to know where we are in the business cycle. Providing a roadmap keeps us on the right path for market success, and technical analysis gives us early indications for a trader's edge.

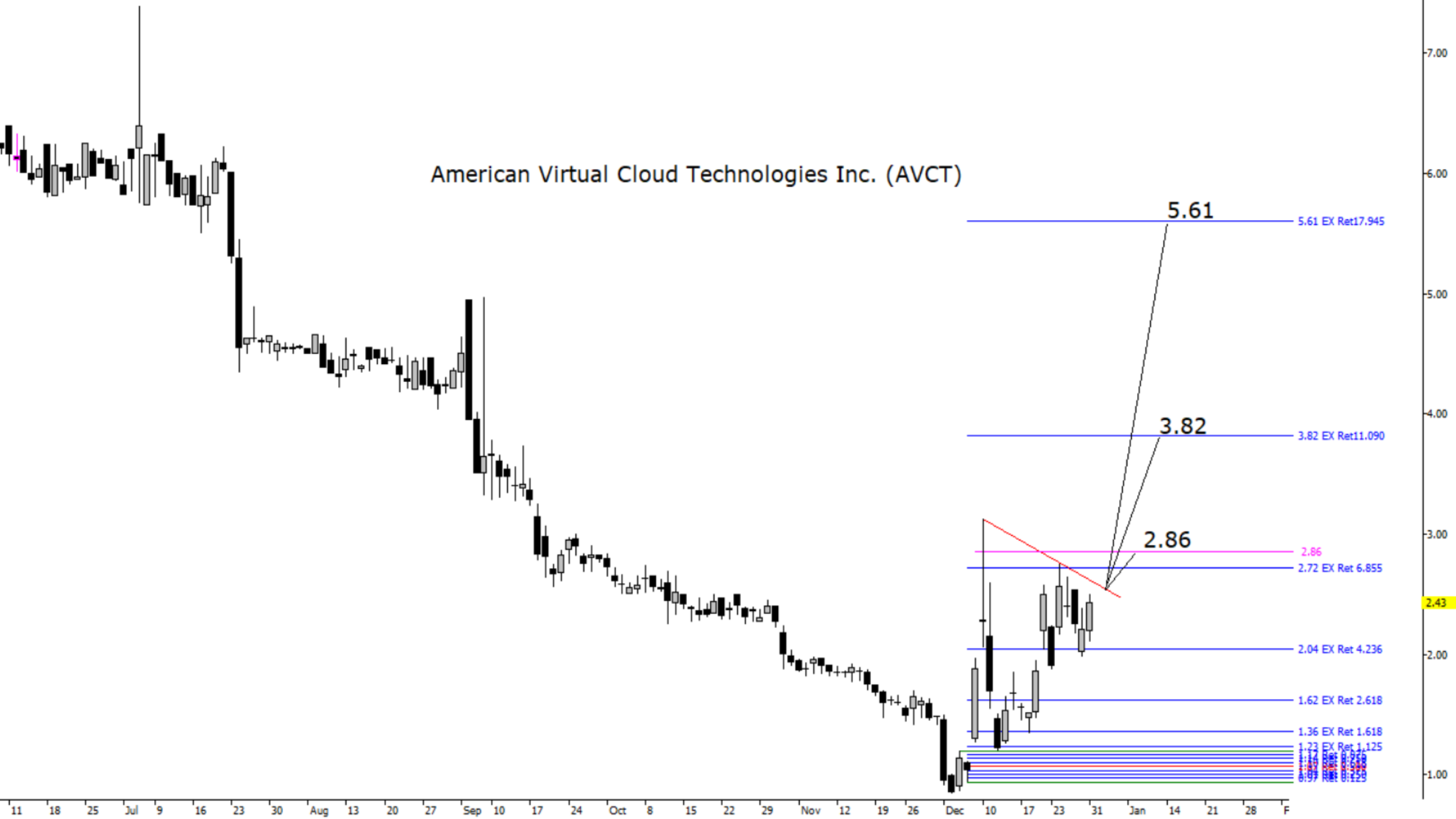
How Market Sectors Perform During A Business Cycle



Buy candidate: American Virtual Cloud Technologies Inc. (AVCT)

- Industry Group: Computer Tech Services. The group currently ranks as the 29th strongest industry group out of 197 and was up 30.79% in 2021. The group gave a 20-day closing high on 12/27/21 with above-average volume.
- American Virtual Cloud Technologies Inc. (AVCT) provides organizations with cloud communications, managed, and cybersecurity services.
- American Virtual Cloud Tech Inc. (AVCT) gave a buy signal on December 10, 2021, with a 20-day high on massive volume gapping the 50-day moving average. Since then, the stock has made a cup-with-handle base and could soon break out of the handle.
- **American Virtual Cloud Technologies Inc. (AVCT) will confirm a buy signal with a 30-minute close above 2.55 on increased volume.**
- **Wait for a text confirmation!**
- Initiate position at 1-star(*)
- **Under massive institutional accumulation** with an Up/Down Volume ratio of 3.4.
- American Virtual Cloud Technologies Inc. (AVCT) closed at 2.43.
- American Virtual Cloud Technologies Inc. (AVCT) VWAP is at 2.86.
- Sell target prices: 1st target is **2.86**; 2nd target is **3.82**; 3rd target is **5.61**
- Stop sell price: Close below **2.04**.

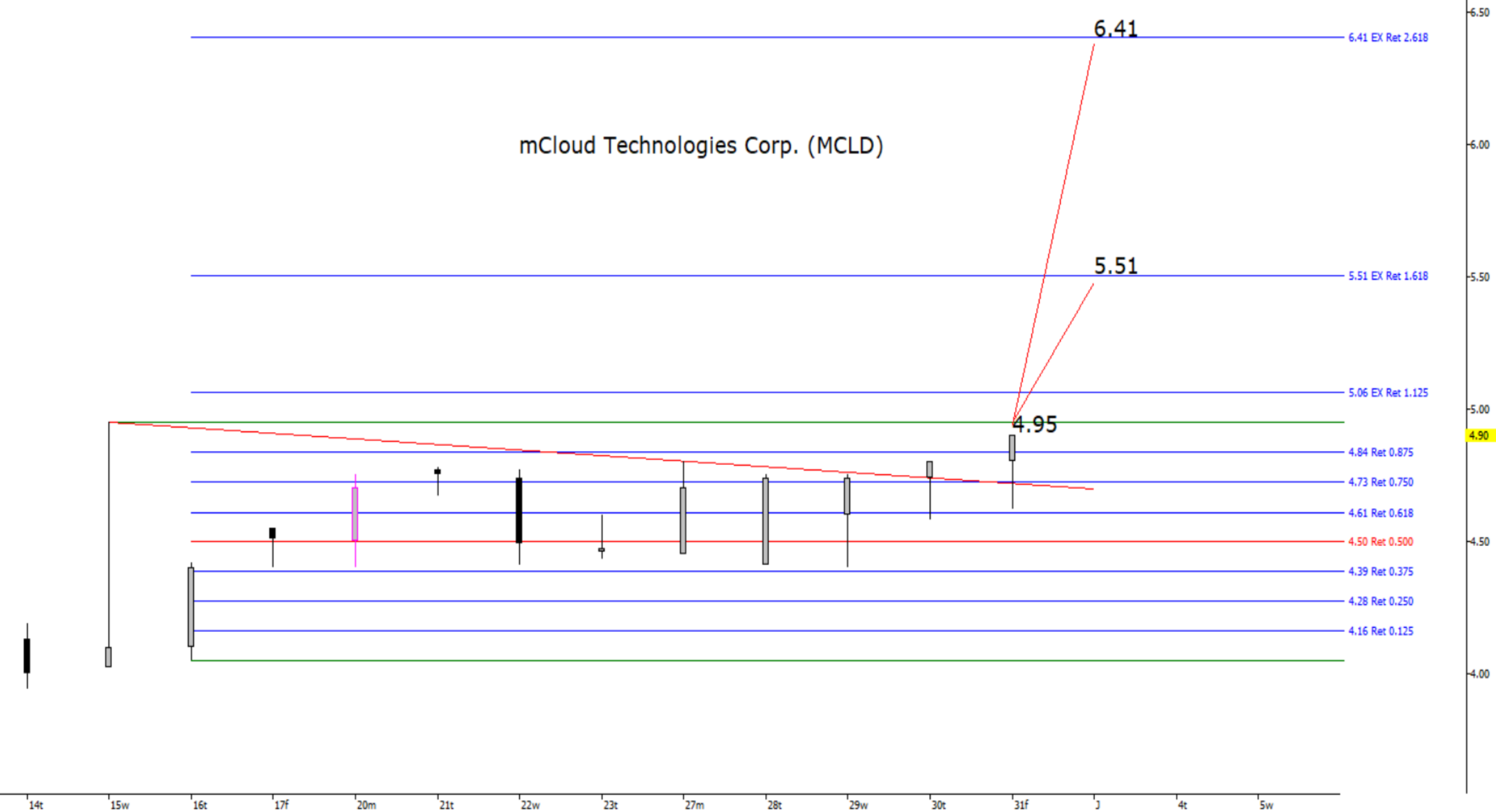
American Virtual Cloud Technologies Inc. (AVCT)



Buy candidate: mCloud Technologies Corp (AVCT)

- Industry Group: Computer Tech Services. The group currently ranks as the 29th strongest industry group out of 197 and was up 30.79% in 2021. The group gave a 20-day closing high on 12/27/21 with above-average volume.
- mCloud Technologies Corp. (MCLD) provides asset management solutions combining the internet of things, artificial intelligence, and cloud software.
- mCloud Technologies Corp. (MCLD) gave a buy signal on its IPO day, November 11, 2021, with a 20-day high on massive volume. Since then, the stock has made a cup-with-handle base and could soon break out of the handle.
- mCloud Technologies Corp. (MCLD) will confirm a buy signal with a 30-minute close above 4.95 on increased volume.
- **Wait for a text confirmation!**
- Initiate position at 1-star(*)
- **Under massive institutional accumulation** with an Up/Down Volume ratio of 3.6.
- mCloud Technologies Corp. (MCLD) closed at 4.90.
- mCloud Technologies Corp.. (MCLD) VWAP is at 4.39.
- Sell target prices: 1st target is **5.51**; 2nd target is **6.41**
- Stop sell price: Close below **4.39**.

mCloud Technologies Corp. (MCLD)





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