



Trading Floor Research

12/26/22



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- NASDAQ (QQQ) Update
- ProShares UltraPro Short QQQ (SQQQ)
- Ivanhoe Electric Inc. (IE)

S&P 500

Price and volume have confirmed a sell signal on the S&P 500 as the index completed its fifth distribution day over the past 20 trading days, and price gave a sell signal on December 15.

Last week's selloff took the index down to 3764.49, which was very close to the 3742.02 Fibonacci target I have pointed out as the next area of support from the long-term chart. On Thursday, the market clawed its way back to close above 3804.22 by the end of the day.

The short-term oversold market and the ability to hold 3804.22 indicates that the S&P 500 could rally next week for the highly anticipated seasonal "Santa Clause Rally." I anticipate light volume on the holiday-shortened week, as most traders will take the week off. The lack of market participants can sometimes lead to wild swings.

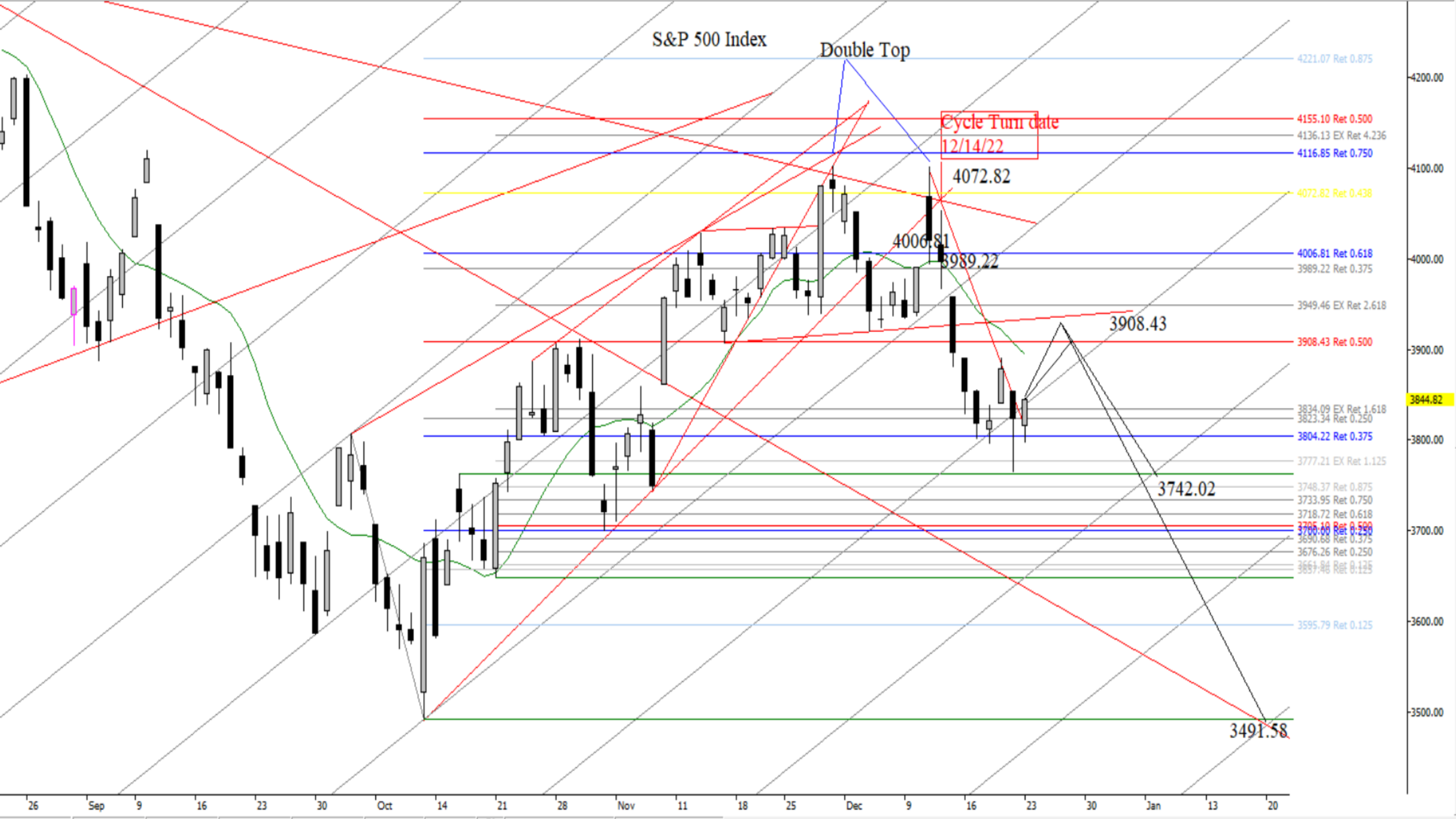
I would not expect the S&P 500 to close above Fibonacci resistance at 3908.43 but could throw back into its ascending trendline at 3931.19. (Refer to S&P 500 chart)

After this week's pause, the market should resume the downtrend and retest lows at 3491.58

My cash position is at 95% and watching long positions very closely.

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

I recommend caution and 95% cash



NASDAQ (QQQ)

The NASDAQ completed the broadening formation or megaphone top and led on the downside finishing the week with a -2.1% loss. The megaphone pattern indicates an unusually emotional market that is out of control. A crazy market like this attracts a lot of investor participation.

After drawing the last bull in the megaphone pattern, the NASDAQ closed below its ascending trendline from the October 13 low. Closing below the trendline increases the probability of a NASDAQ decline after working off oversold conditions with a pause and rally attempt this week.

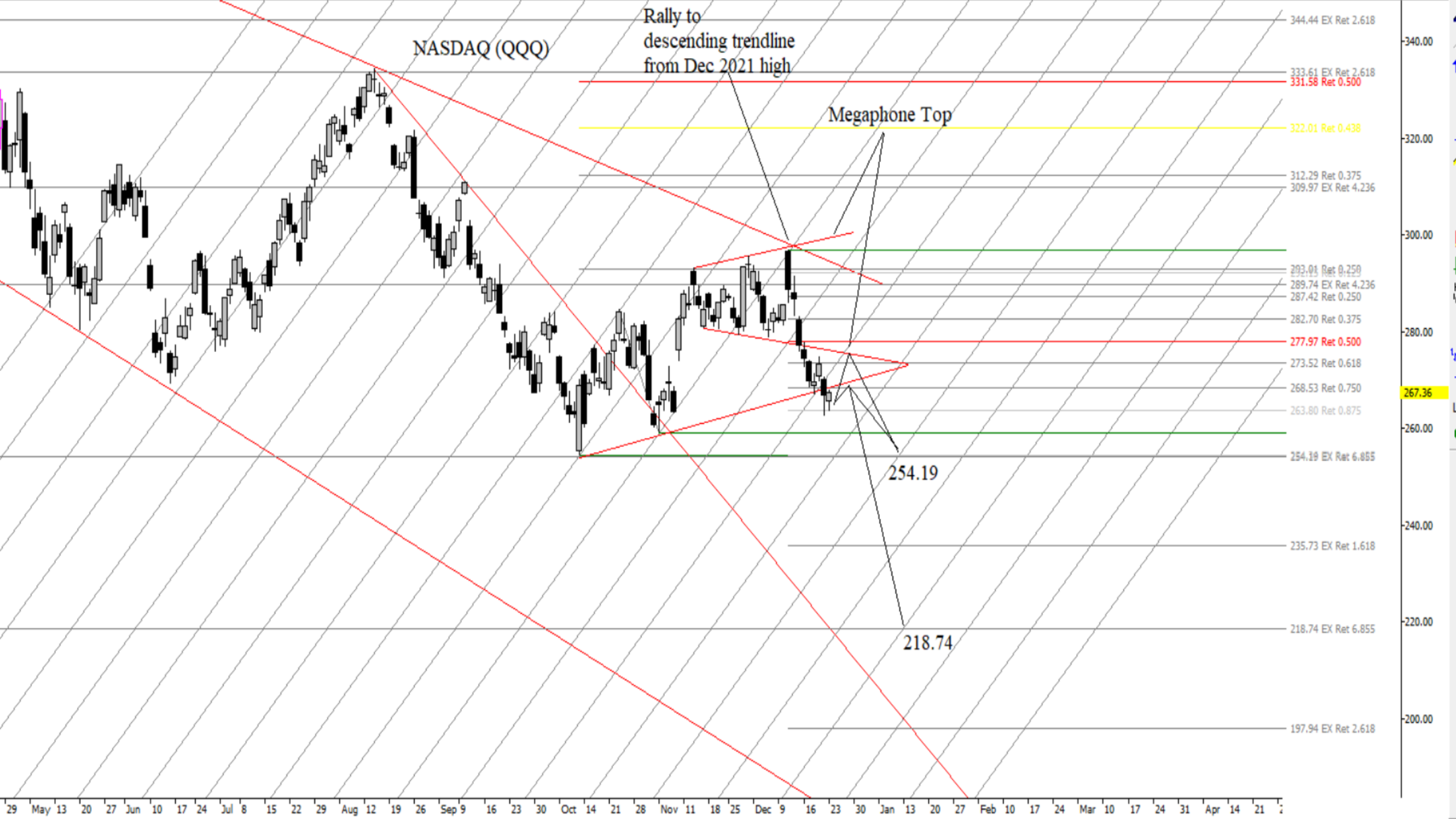
The descending trendline of the megaphone pattern is slightly above Fibonacci resistance at 275.64 on the QQQs.

If the QQQs can break the ascending trendline from the October lows and Fibonacci resistance at 268.53, it will rally into the descending trendline of the megaphone pattern. Any rally attempt past 268.53 should stop between the lower megaphone trendline and Fibonacci resistance in the 275.64 to 277.95 range.

I will take advantage of any rally between 275.64 and 277.95 and buy the **ProShares UltraPro Short (SQQQ)** for the next move lower in the NASDAQ. (Refer to NASDAQ QQQ chart) and (ProShares UltraPro Short (SQQQ) write-up in this report)

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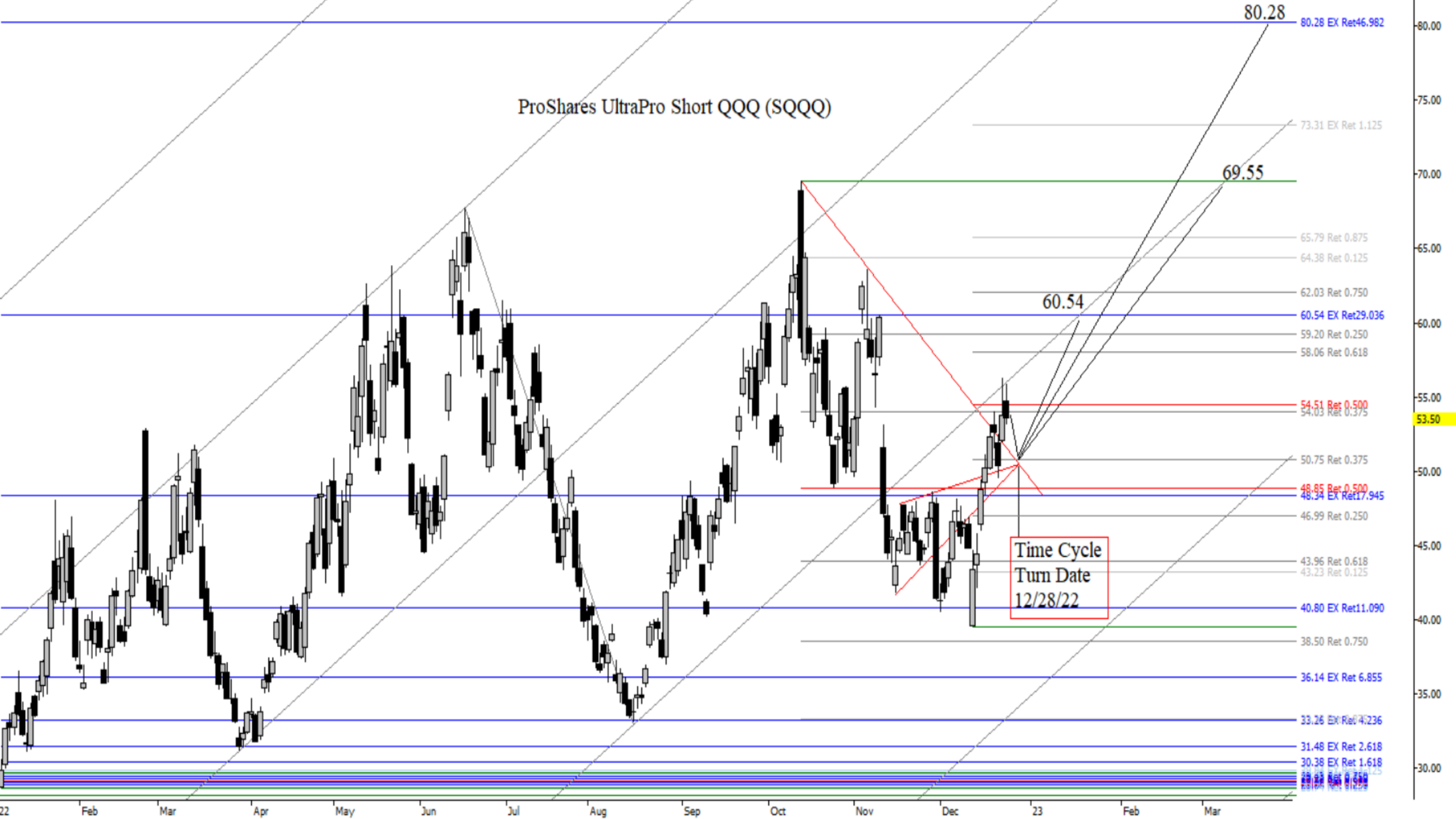
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Buy candidate: ProShares UltraPro Short 3X ETF (SQQQ)

- **Portfolio: NASDAQ (QQQ).** The NASDAQ QQQs completed a megaphone top by closing below the trendline of the widening triangle. The pattern points to a market that could move considerably lower. 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.
- **ProShares UltraPro Short (SQQQ)** closed at a 20-day high on December 15 with above-average volume. A quick rally took SQQQ into Fibonacci resistance at 54.51. A pullback into Fibonacci support at 50.75 and a throwback into three converging trendlines should offer another opportunity to buy shares. The next time cycle turn date is December 28, 2022. The SQQQs moving lower into the date could mark a possible low and squaring time and price.
- **ProShares UltraPro Short (SQQQ) will Confirm with a pullback to 50.75 and throwback to three converging trendlines on December 28.**
- **Wait for text confirmation!**
- **Start position at 1-star(*).**
- **Accumulation is strong with an UP/Down Volume Ratio of 1.3**
- **ProShares UltraPro Short (SQQQ) closed at 53.50.**
- **ProShares UltraPro Short (SQQQ) VWAP is at 47.80.**
- **Sell target price: 1st target is 60.54; 2nd target is 69.55; 3rd target is 80.28**
- **Stop sell price: Close below 48.34.**

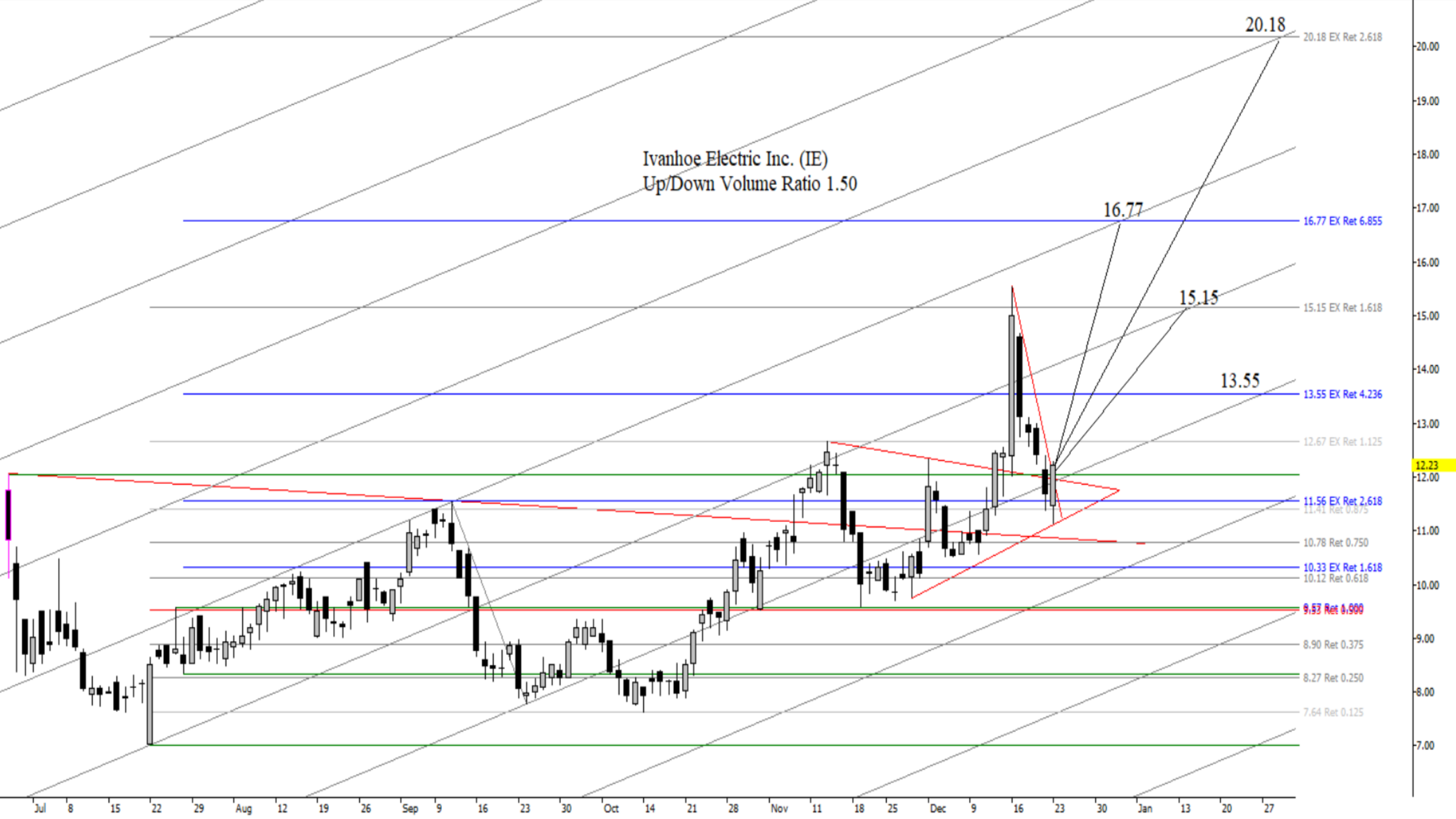
ProShares UltraPro Short QQQ (SQQQ)



New buy candidate: Ivanhoe Electric Inc. (IE)

- Industry Group: **Industrial Metals & Minerals**. The **Basic Materials** sector gave a sell signal on December 19, but many industry groups in the sector still look strong. They include Coal, Gold, Silver, Copper, Steel, and Industrial Metals & Minerals.
- **Ivanhoe Electric Inc. (IE)** is a Canadian mineral exploration & development company specializing in electric metals projects. They also own a controlling interest in a developer & manufacturer of Vanadium Flow Batteries (VRB Energy). VRBs are the next generation in energy storage as we move toward renewable energy.
- **Ivanhoe Electric Inc. (IE)** had a recent IPO at 11.75 on June 28, 2022. It has been moving sideways and coiling up since its IPO. On December 16, Ivanhoe Electric Inc. (IE) triggered a buy signal breaking out on significant volume. Last week, it pulled back into its trendline and Fibonacci support at 11.56 on decelerating volume.
- **Ivanhoe Electric Inc. (IE) will confirm with a 30-minute buy at 12.29 on increased volume.**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 1.50 at new highs.
- Ivanhoe Electric Inc. (IE) closed at **12.23**.
- Ivanhoe Electric Inc. (IE) VWAP is at 10.40
- Sell target prices: **Resistance at 13.55; 1st target is 15.15; 2nd target is 16.77; 3rd target is 20.18**
- Stop sell price: **Close** below **11.56**.

Ivanhoe Electric Inc. (IE)
Up/Down Volume Ratio 1.50





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