



TFR

Trading Floor Research

Welcome to the
— Trading Floor —



This Trading Floor Research report contains:

- S&P 500 (SPX). Update
- BMO REX MicroSectors FANG Index 3x Leveraged ETN (FNGU)
- Vertex Inc. (VERX)
- The Vita Coco Company Inc. (COCO)
- Gorilla Technology Group (GRRR) Long Tail Down Setup

S&P 500

S&P 500 is hugely overbought as it approaches substantial Fibonacci resistance at 4155.10

After a couple of days of panic buying at the end of the quarter, many declared that the bear market was over. Even though the price on the S&P 500 potentially gave a new buy signal on Friday, it is not a confirmed signal if volume doesn't cooperate. The S&P 500 volume was not only below average on Friday, but it was also below average the entire week.

Last week's rally sent the S&P 500 into the rising trendline from October 13, 2022, low. Throwing back into the trendline with below-average volume sent the index into overbought conditions last experienced at the peak of the January rally on February 2, 2023. Closing at 4109.31 got the S&P 500 very close to the most critical Fibonacci number since the start of the bear market in January 2022.

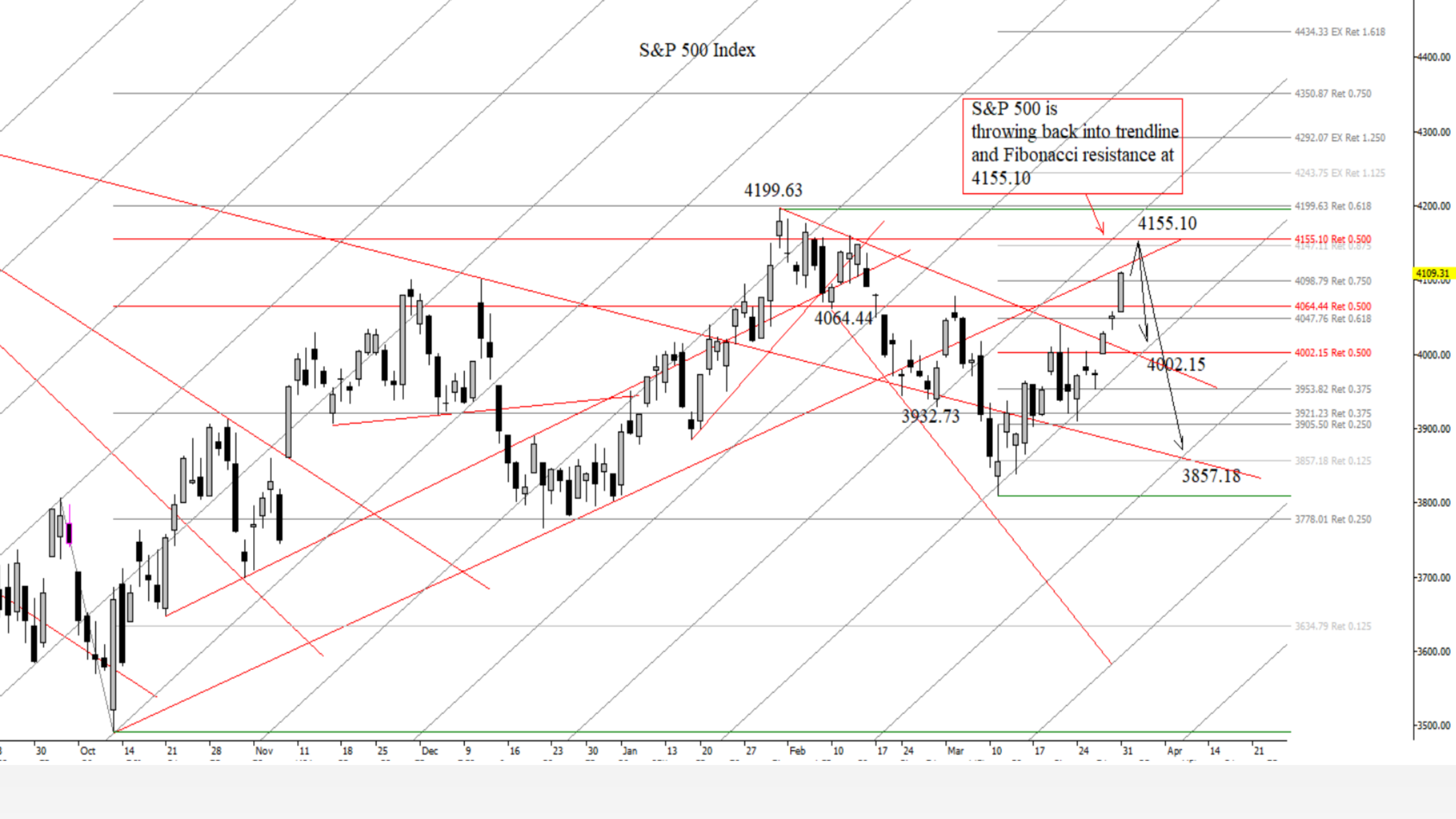
4155.10 marks 50% of the range from the January 2022 high and October 2022 low. There is not a stronger number in the 15 months. Approaching 4155.10 with extremely overbought conditions indicates a high probability of pullback this week.

I will be focused on the volume during the pullback. Any further price advance should be suspect if the retracement occurs with multiple distribution days after this past week's low volume rise.

The first area to watch for a potential pullback is Fibonacci support at 4002.15 which overlays the declining trendline from the February 2 high. If the S&P 500 closes below 4002.15, I will focus on a throwback into the declining trendline from the January 2022 high and Fibonacci support at 3857.18.

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

S&P 500 Index



Industry Group & Sector Analysis

The **Utilities** Sector gave a buy signal on Thursday, and **Technology** issued a buy signal on Friday. They were the only two Sectors that edged into a buy signal with slightly above-average volume.

Volume was a critical missing component this past week. Four days in a row, the **Consumer Defensive** sector offered a price move that could have confirmed a buy signal, except for the inability to post above-average volume. The lack of volume confirmation means Consumer Defensive is still in a sell.

The rest of the sectors fared much worse. In a rally that appeared powerful enough to lure many into becoming bulls, most sectors did not give price or volume signals confirming a move higher. The lack of sector and industry group confirmation puts into question the ability of the market to move higher. As leaders go, so goes the market.

The buy signal in the **Technology** sector started to broaden beyond the FANG stocks. It is included industry group buys in **Software Applications** and **Software Infrastructure** as well as **Computer Systems** and **Internet Content**.

Most of the strength focused on MSFT, NVDA, AAPL, GOOGL, TSLA, and META. After the pullback in these stocks ended on Tuesday with a throwback into the descending trendline from the February 2 high, the **NYSE MicroSectors FANG Index ETN (FNGS)** rallied higher and closed above critical Fibonacci resistance at 26.21.

Friday's close at 26.87 demonstrated substantial institutional accumulation as the Up/Down volume ratio hit 2.59. A level last seen in May of 2020 as the MicroSectors FANG ETN (FNGS) broke out of a base at 16.89 and doubled in the next 18 months. The 2021 rise of the S&P 500 was almost entirely due to the FANG stocks, and the market seems to be returning to the same playbook to push the overall market higher.

With a successful retest of Fibonacci support at 26.21, I will purchase the **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU)** to take advantage of the next potential higher move.

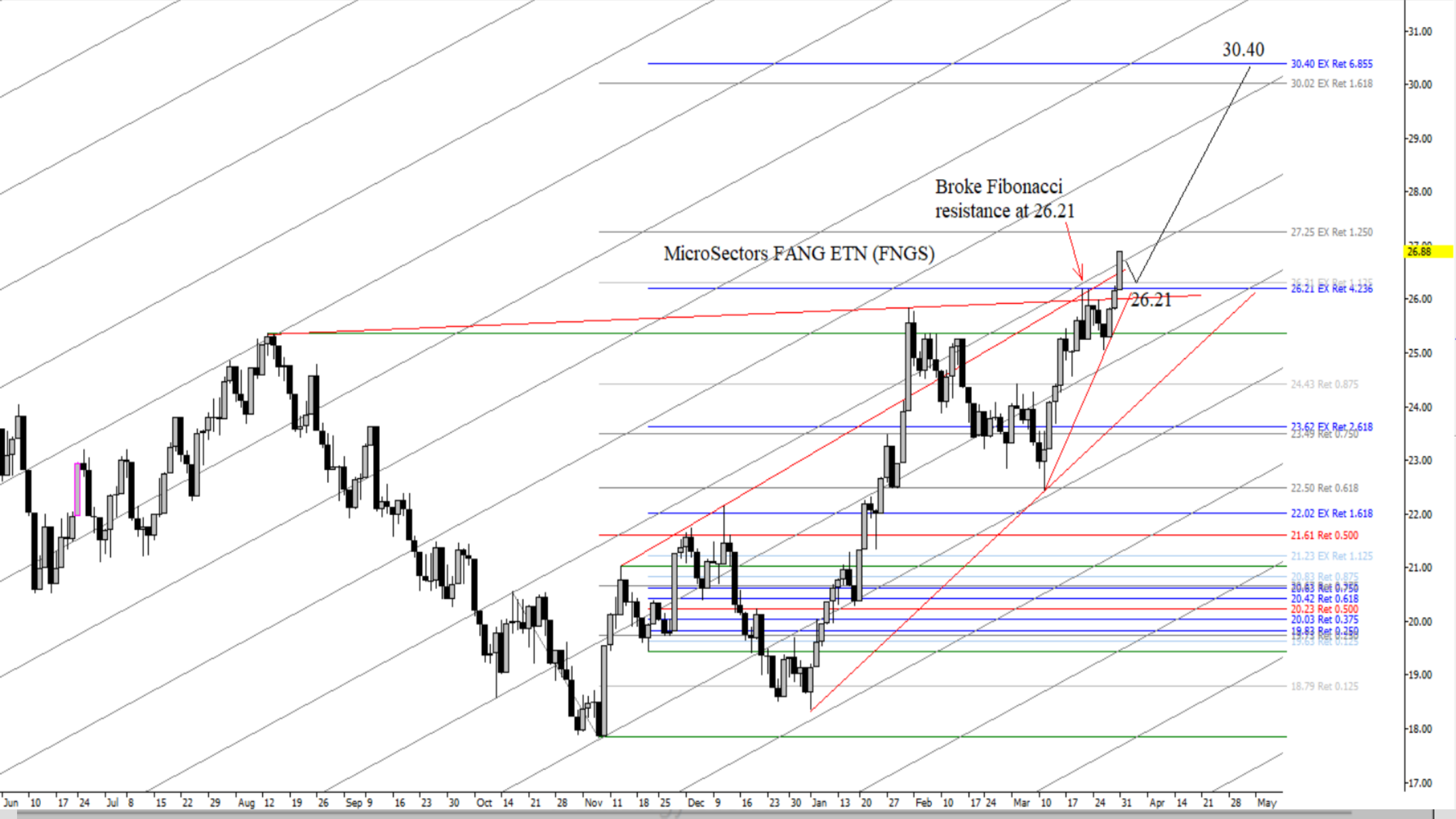
The bears are in control of the Russell 2000 and indicate "**Risk-Off**" in the markets.

Buy candidate: BMO REX MicroSectors FANG Index 3x Leveraged ETN (FNGU)

- **Portfolio: NYSE MicroSectors FANG Index.** The trade takes advantage of the potential move higher in the NYSE MicroSectors FANG Index. The NYSE MicroSectors FANG Index is best observed using the **MicroSectors FANG ETN (FNGS)** and is what I have used for my analysis.
- **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU)** trade is designed to move higher by 3x the daily price move of the NYSE MicroSectors FANG Index.
- *The MicroSectors FANG ETN (FNGS) has shown relative strength in the market. It is under heavy accumulation with an Up/Down Volume ratio of 2.59 as it completed a Cup-with-handle pattern. At the same time, the ETF conducts a very bullish Point & Figure Spread Double Top pattern above the 45-degree bearish resistance line. On Friday, FNGS closed above significant Fibonacci resistance at 26.21. A pullback to 26.21 will offer an opportunity to purchase BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU).*
- **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU) will confirm with a 30-minute buy and pullback to 26.21.**
- *I will send a text confirmation*
- *Start position at 3-star(***)*.

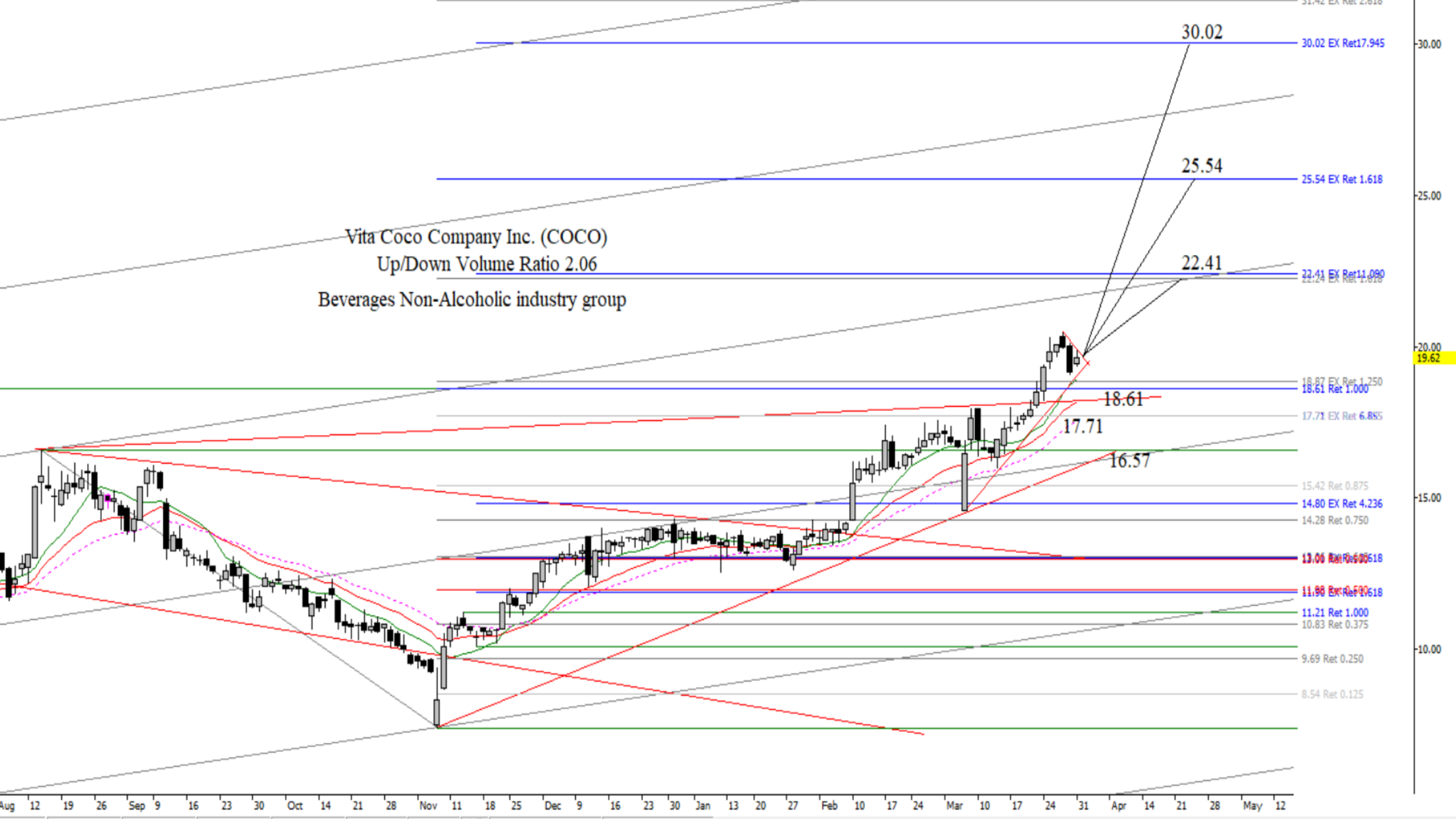
- **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU) closed at 103.46.**

- **BMO REX MicroSectors FANG Index 3X Leveraged ETN (FNGU) VWAP is 117.44.**
- **Sell the BMO REX MicroSectors FANG Index 3X Inverse Leveraged ETN (FNGD) when MicroSectors FANG ETN (FNGS) hits: 1st target is 30.40; 2nd target is 37.17; 3rd target is 48.14.**
- **Stop sell price: Close below 25.37 on MicroSectors FANG ETN (FNGS) .**



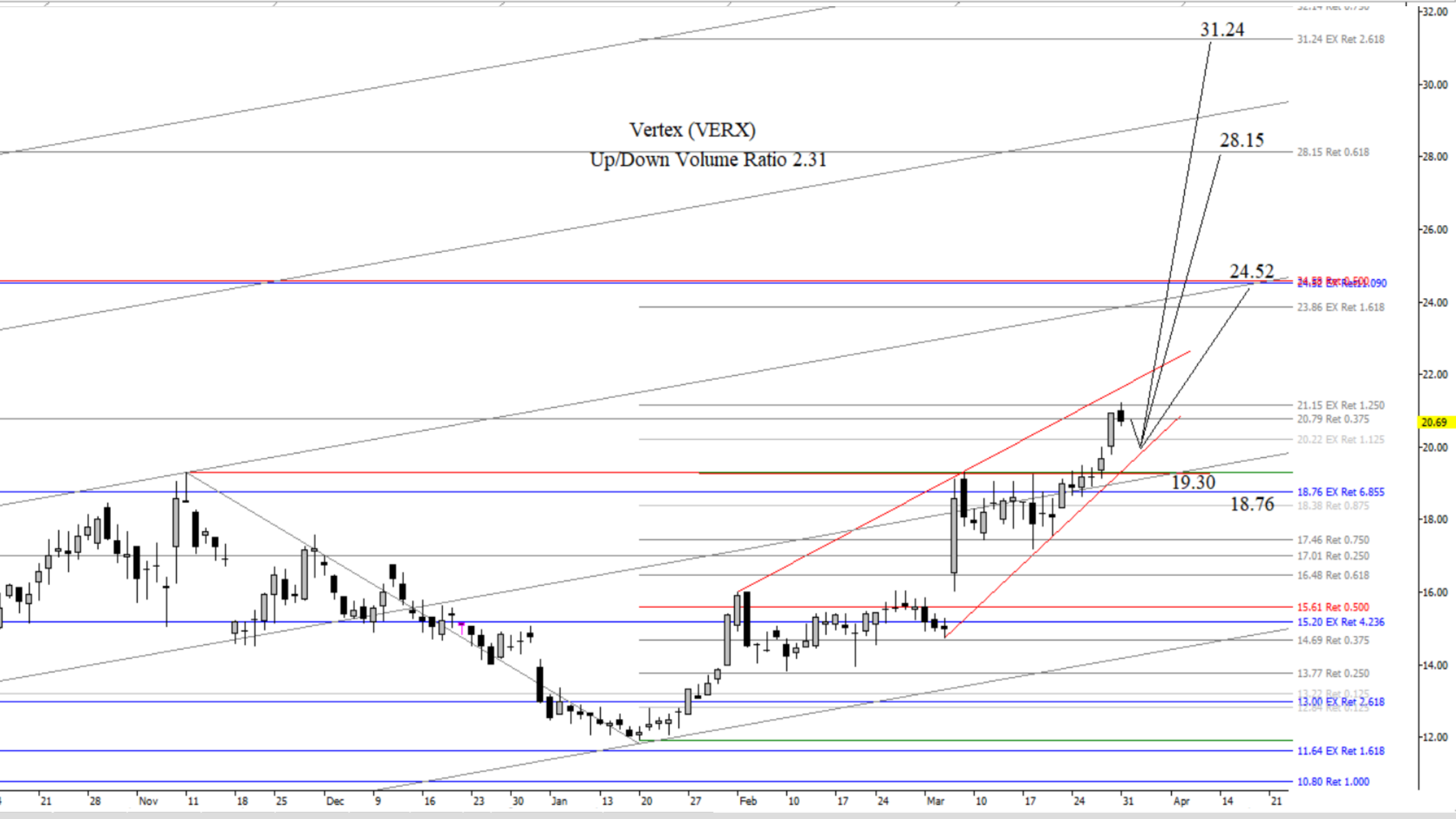
Buy Candidate: Vita Coco Company Inc. (COCO)

- **Industry Group: Beverages Non-Alcoholic.** The Beverages Non-Alcoholic industry group ranks as the 63rd strongest industry group out of 197 and is up 2.72% YTD, and is in a buy signal since February 23, 2022
- **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)** is under heavy institutional accumulation as market speculators pay attention to Consumer Defensive stocks like Vita Coco. The stock was an IPO on October 21, 2021, and as it breaks out of its Primary Base offers tremendous upside potential. A potential pullback to Fibonacci support at 18.61 will create a low-risk entry for this Primary Breakout candidate.
- ***Vita Coco Company Inc. (COCO) will provide a confirmation with a 30-minute close above 19.88.***
- ***Wait for text confirmation!***
- ***Start Position at 2-star(**)***
- ***Under heavy institutional accumulation with an Up/Down Volume ratio of 2.06.***
- ***Vita Coco Company Inc. (COCO) closed at 19.62.***
- ***Vita Coco Company Inc. (COCO) VWAP is at 12.63.***
- ***Sell target prices: 1st target is 22.41; 2nd target is 25.54; 3rd target is 30.02***
- ***Stop sell price: Close below 16.57.***



New buy candidate: Vertex Inc. (VERX)

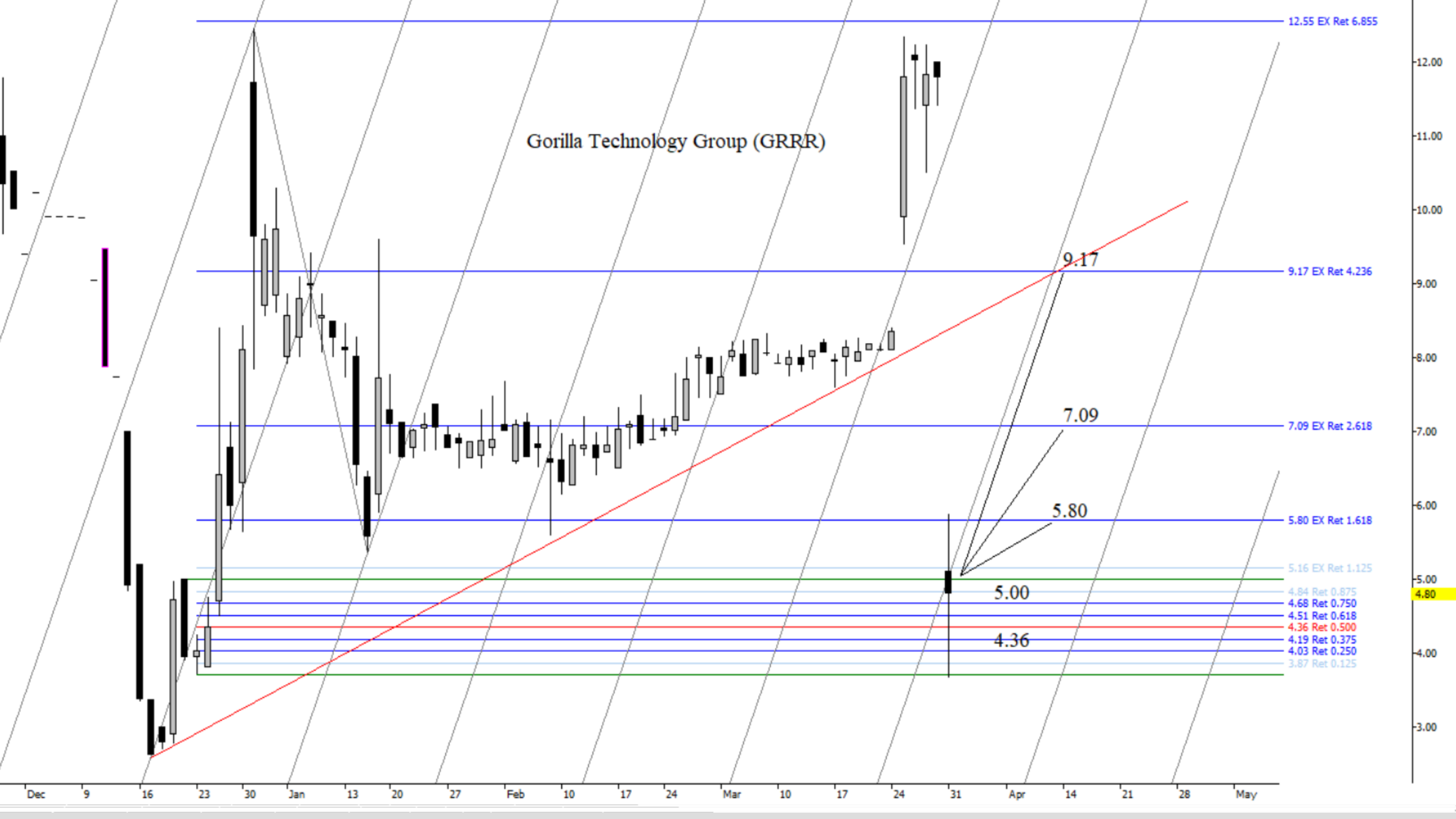
- Industry Group: **Computer Software Financial- Computer Application**. Vertex Inc. (VERX) is part of the Computer Software Financial and Computer Application industry groups within the Technology sector. The Computer Software Financial industry group is up +11.19% YTD and is ranked 25th out of 197. The Computer Application industry group gave a buy signal on Friday.
- **Vertex Inc. (VERX)** provides tax processing software and consulting services for corporations.
- **Vertex Inc. (VERX)** is under massive accumulation, highlighted by the Up/Down volume ratio at 2.31. The stock is a leader in the Computer Application industry group, giving a buy signal last week. VERX broke out of a Spread Quadruple Top Point and Figure pattern above the 45-degree bearish resistance line. The highly bullish setup will provide low-risk entry with a pullback to Fibonacci support at 19.30.
- **Vertex Inc. (VERX) will confirm with a 30-minute buy after a pullback to 19.30.**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 2.31, breaking 100-day highs.
- Vertex Inc. (VERX) closed at **20.69**.
- Vertex Inc. (VERX) VWAP is at 21.31.
- Sell target prices: **1st target is 21.15; 2nd target is 24.52.**
- Stop sell price: **Close** below **18.76**.

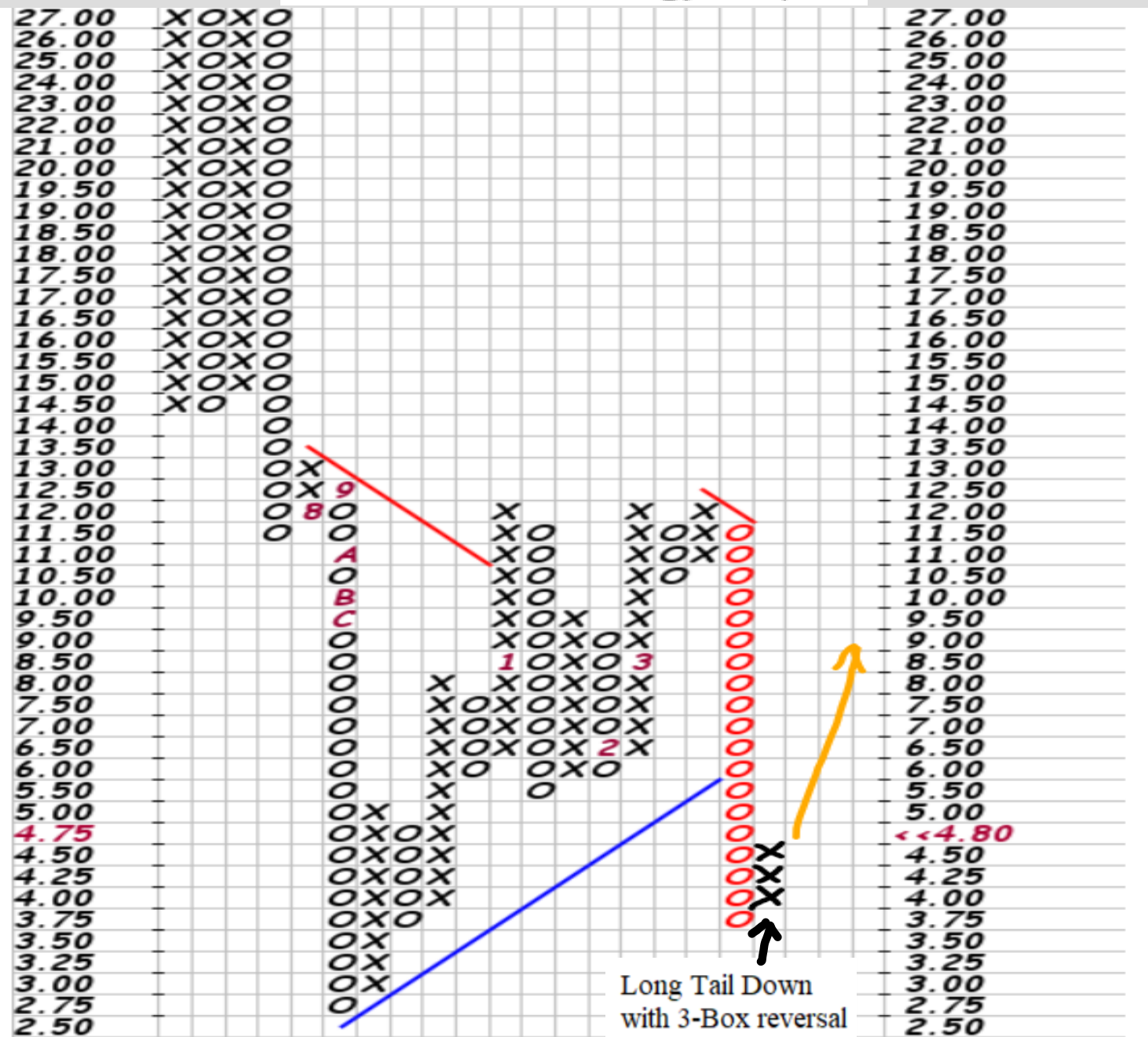


New **Long Tail Down** buy candidate: **Gorilla Technology Group (GRRR)**

- Industry Group: **Computer Application**. The Computer Application industry group gave a buy signal on Friday. **Gorilla Technology Group (GRRR)** is also an AI stock. AI stocks did very well last week.
- **Gorilla Technology Group (GRRR)** is a Taiwan-based company that provides Edge AI technology with computing, video analytics, big data, and IoT.
- **Gorilla Technology Group (GRRR)** cratered 58% on Friday after a prospectus change that allows security holders to sell up to 71.2 million shares. The potential sale would create a significant dilution of shares. The move lower has created a Long Tail Down pattern. The Long Tail Down pattern is one of my favorites to take advantage of recent market volatility. GRRR is part of the Computer Application industry group that gave a buy signal on Friday. It also provides AI technology. The recent strength in AI-related stocks and the long tail-down pattern sets up the potential for a reversion to the mean trade.
- **Gorilla Technology Group (GRRR) will confirm with a 30-minute buy on increased volume at 5.00.**
- Initiate position with at 1-star(*).
- Gorilla Technology Group (GRRR) closed at **4.80**.
- Gorilla Technology Group (GRRR) VWAP is at 7.85.
- Sell target prices: **1st target is 5.80; 2nd target is 7.09; 3rd target is 9.17.**
- Stop sell price: **Close** below **4.36**.

Gorilla Technology Group (GRRR)







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