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12/08/24

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This Trading Floor Research report contains:

S&P 500 Update

Chinese Market Update

ContextLogic Inc. (LOGC)

Quantum Computing Inc. (QUBT)

InflaRx (IFRX)

FinVolution Group (FINV)

Youdao Inc. (DAO)

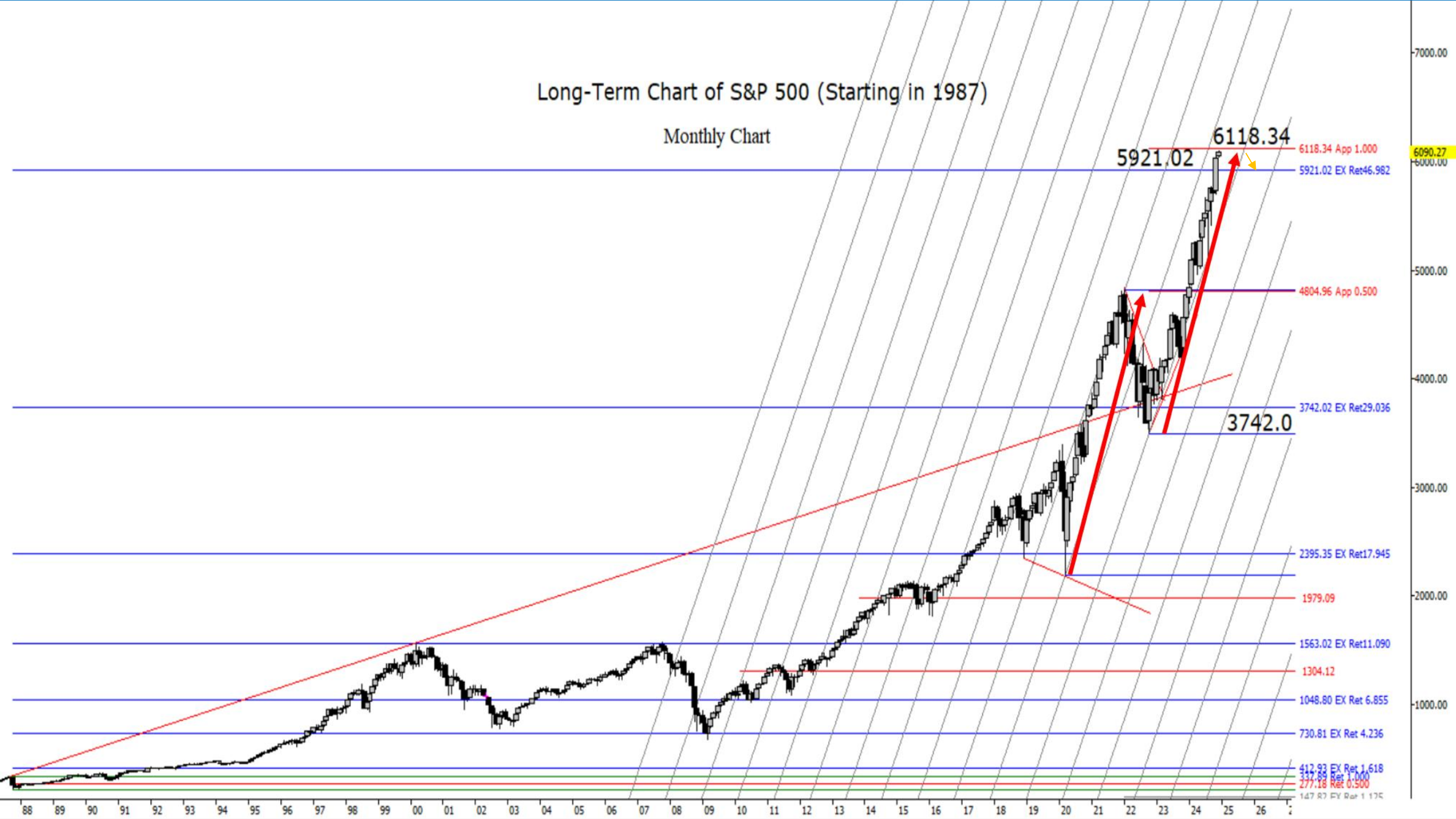
S&P 500 Update

The S&P 500 is quickly approaching another critical Fibonacci target at 6118.34. What makes 6118.34 crucial is that it marks the same distance the S&P 500 traveled in the previous bull market run.

From the Covid crash low of 2191.86 to the January 2022 high, the S&P 500 traveled 2,626.76 points. From that point, a 10-month bear market began, bottoming at 3491.58. Adding the same distance traveled of the previous bull market of 2,626.76 points to the S&P 500 low of 3491.58 gets you precisely to 6118.34.

Reversals will commonly happen at 100% Fibonacci expansions. The size and significance of these back-to-back bull runs have created a Fibonacci target that should be watched closely.

The potential for a reversal from 6118.34 is likely. If a selloff happens and closes below the critical 5921.02 Fibonacci number from my long-term chart, it will indicate a substantial market top. A retracement that Holds at 5921.02 will likely propel the market with another leg higher.


Long-Term Chart of S&P 500 (Starting in 1987)
Monthly Chart
6118.34
5921.02
3742.0
6118.34 App 1.000
5921.02 EX Ret46.982
4804.96 App 0.500
3742.02 EX Ret29.036
2395.35 EX Ret17.945
1979.09
1563.02 EX Ret11.090
1304.12
1048.80 EX Ret 6.855
730.81 EX Ret 4.236
412.93 EX Ret 1.618
337.89 Ret 1.000
277.18 Ret 0.500
147.82 EX Ret 1.125
6090.27
7000.00
6000.00
5000.00
4000.00
3000.00
2000.00
1000.00
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26

Chinese Market Update

On Thursday and Friday, my focus turned back to ***small-cap Chinese stocks*** *as they were again starting to move from constructive bases. At the end of the day on Thursday, I purchased* ***FinVolution (FINV),*** *as it was confirmed from a cup-with-handle base that began on October 7.*

The first impulse move in September was driven by extremely high accumulation levels, last seen in February 2021. It led to an explosive two-month move with a 158% gain.

Spending the last two months in a cup-with-handle base has left the recent accumulation unresolved and opened the way for considerably higher prices. The ability to close above the downward-sloping trendline of the handle and Fibonacci resistance at 6.86 on massive volume opens the way for the next move.

I focused on many other Chinese names Friday morning, including a repurchase of ***Youdao (DAO).*** *Since I sold DAO with a 30.7% gain at the Fibonacci target of 6.47, it has used the level as support that could springboard it to the next level. The coiled spring pennant has formed with accumulation that has continued to soar.*

I got confirmation on DAO as the Chinese market was lifting on Friday. A 6.65% move took shares to Fibonacci residence at 7.04. Breaking 7.04 this week will send shares considerably higher.

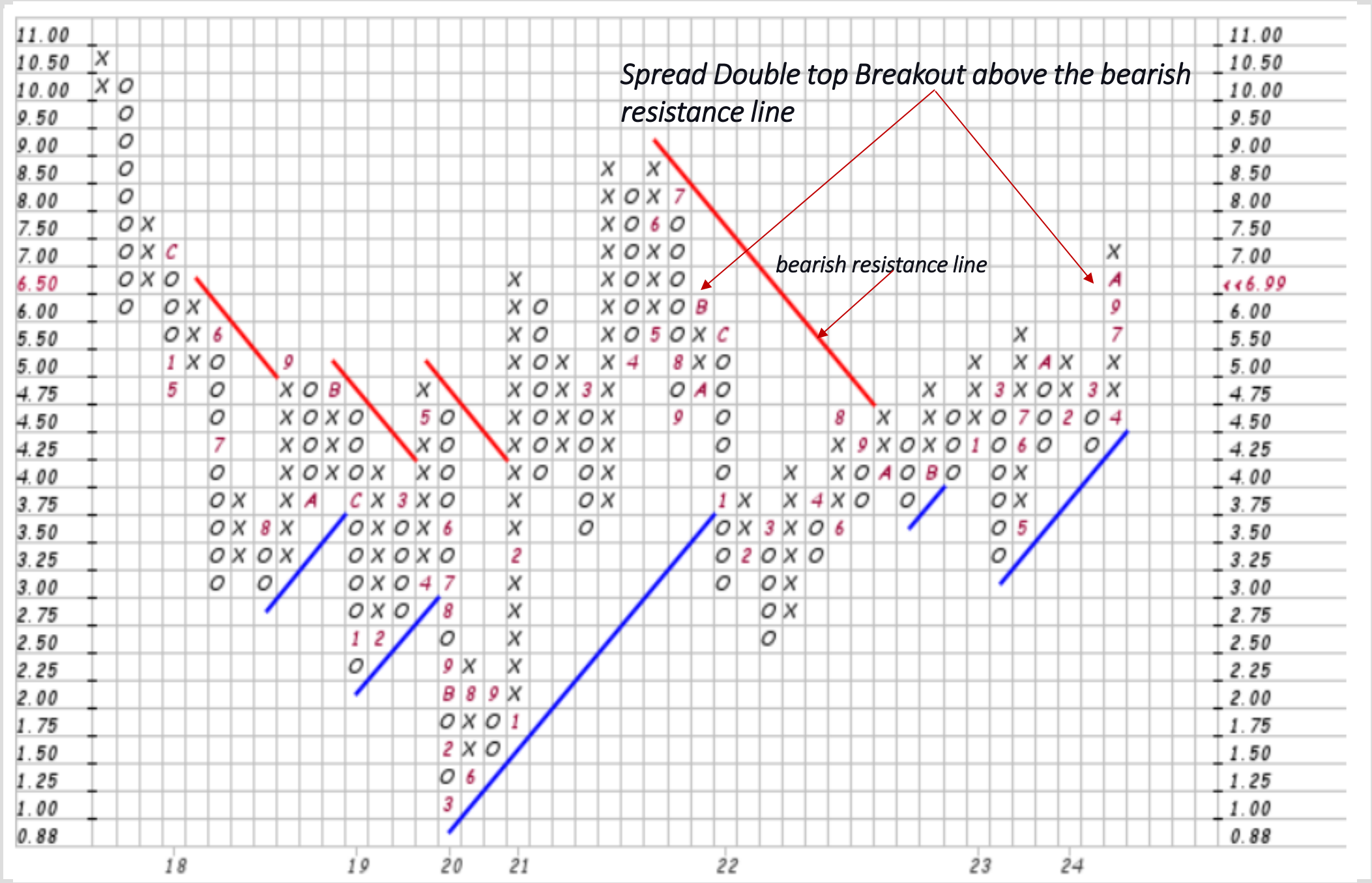
Other Chinese names are on my radar, which should confirm soon.

Confirmed Buy: FinVolution Group (FINV)

- *Industry Group:* ***Credit services: The Credit services industry group gave its most recent buy signal on November 6.*** *The group continues to trend higher but shares of many of the stocks in this group are being distributed. The strength of* ***FinVolution Group (FINV)*** *mostly comes from the strength of the Chinese small-caps.*
- ***FinVolution Group (FINV)*** *is a Chinese company that provides online consumer financing.*
- ***FinVolution Group (FINV)*** *was purchased breaking out of a cup-with-handle base that started on October 7. The up/down volume ratio indicates massive accumulation, breaking 100-day highs with an incredible 2.12 reading. The point & figure chart broke a spread Double top above the bearish resistance line at 6.50, indicating significantly more demand.*
- Started position at 1-star(*).
- FinVolution Group (FINV) was purchased at 6.89.
- FinVolution Group (FINV) *is undergoing significant accumulation, with an Up/Down Volume Ratio of 2.12, breaking 100-day highs.*
- *FinVolution Group (FINV))* closed at 6.99.
- FinVolution Group (FINV) ***anchored VWAP is at 4.96.***

- ***The Fibonacci sell targets****: 1st target 7.24; 2nd target 7.62; 3rd target is 7.98-8.19; 4th target is 8.38.*
- *Stop price: Close below 6.48.*

FinVolution Group (FINV)



FinVolution Group (FINV)

Confirmed Buy: Youdao Inc. (DAO)

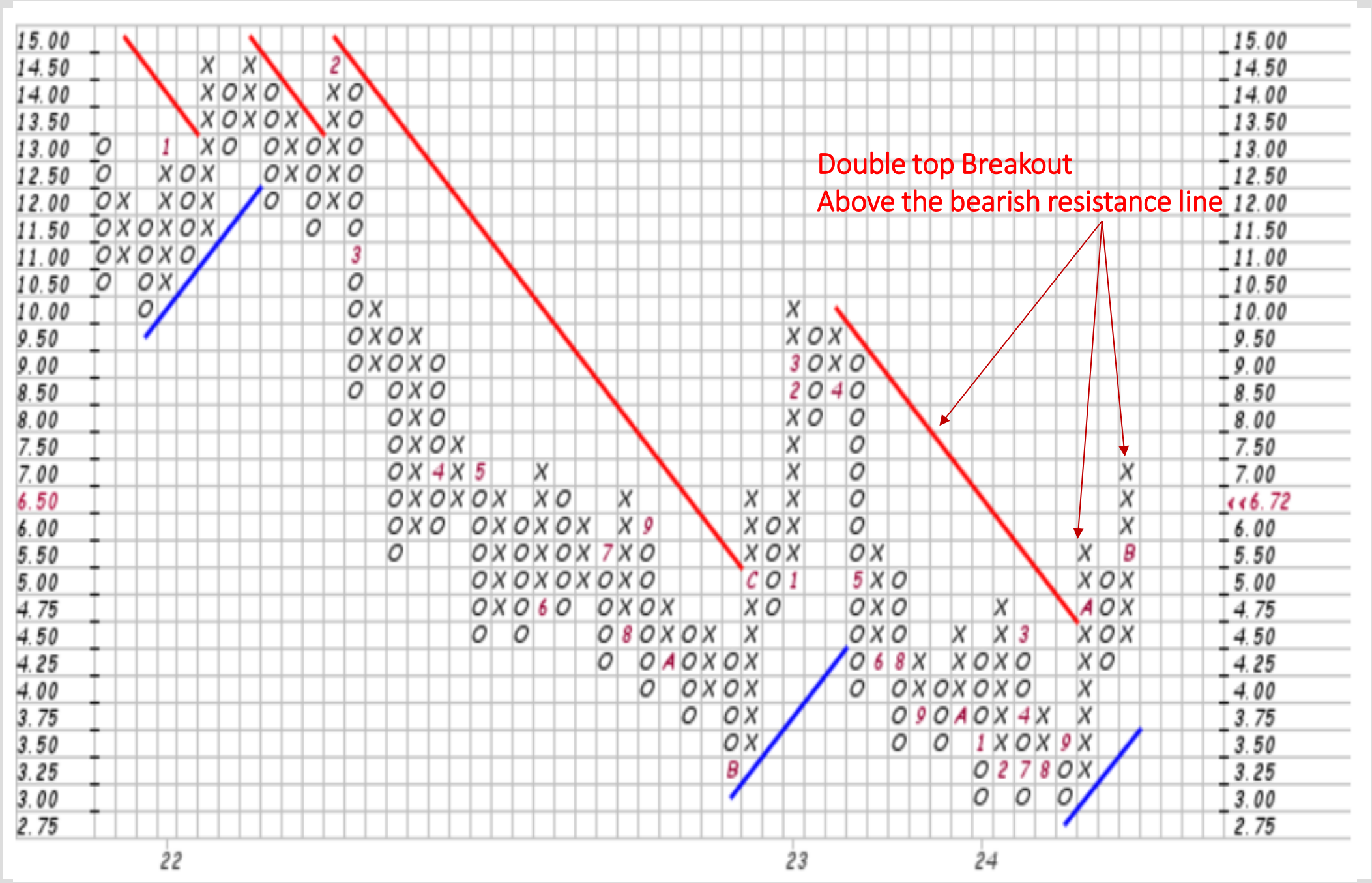
- *Industry Group:* ***small-cap Chinese Stocks: The Chinese market gave a buy signal on Tuesday, September 24. Low-priced Chinese stocks continue to lead the way as they confirmed their next move last week.***

- ***Youdao Inc. (DAO)*** *is a computer software education company providing intelligent learning and online marketing services.*
- ***Youdao Inc. (DAO)*** *broke out of a Spread Ascending Triple Top on the Point & Figure chart. I purchased Youdao Inc. (DAO) as it confirmed its next move. The move started as the base's handle coiled above the weekly Ichimoku cloud with massive accumulation. The up/down volume ratio is hitting 52-week highs, highlighting the unbelievable share demand as DAO breaks out of a seven-session pennant on Friday.*
- Position Started at 1.5 stars.
- Youdao Inc. (DAO) was purchased at 6.65.

- Youdao Inc. (DAO) *is undergoing significant accumulation, with an Up/Down Volume Ratio of 2.60, breaking 52-week highs.*
- *Youdao Inc. (DAO)* closed at 7.00.
- Youdao Inc. (DAO) ***anchored VWAP is at 17.16.***
- ***Fibonacci resistance at 7.04 that held shares from further progress on Friday.***
- ***The Fibonacci sell targets****: 1st target 7.81; 2nd target 8.62; 3rd target is 10.87.*
- *Stop price: Close below 6.18.*

Youdao Inc. (DAO)

Youdao Inc. (DAO)



Confirmed Buy: Quantum Computing Inc. (QUBT)

- *Industry Group:* ***Quantum Computing:*** *The Quantum Computing group gave a buy signal on October 16. Since then, the group has been stair-stepping higher as accumulation is accelerating. The up/down volume ratio is at 52-week highs, indicating significantly higher levels. Many emerging leaders are starting to move on tremendous accumulation. One of those leaders is* ***Rigetti Computing Inc. (RGTI),*** *which I sold half my remaining shares with a 61.1% gain on Friday.*

- ***Quantum Computing Inc. (QUBT)*** *provides application software for quantum computers.*

- ***Quantum Computing Inc. (QUBT)*** *completed its second stairstep retracement on Tuesday, and I purchased the stock on Wednesday. Its orderly ascent continues to be supported by incredible accumulation and one of the strongest industry groups in the market. By Wednesday afternoon, I sold 1/3 of the position at the first Fibonacci target with a 13.55% gain and another 1/3 of my Quantum Computing Inc. (QUBT) position at the second Fibonacci target of 8.69 with a 33.7% gain.*

- Position Started at 1 star.

- Quantum Computing Inc. (QUBT) was purchased at 6.50.

- Quantum Computing Inc. (QUBT) *is undergoing significant accumulation, with an Up/Down Volume Ratio of 5.74 breaking 52-week highs.*

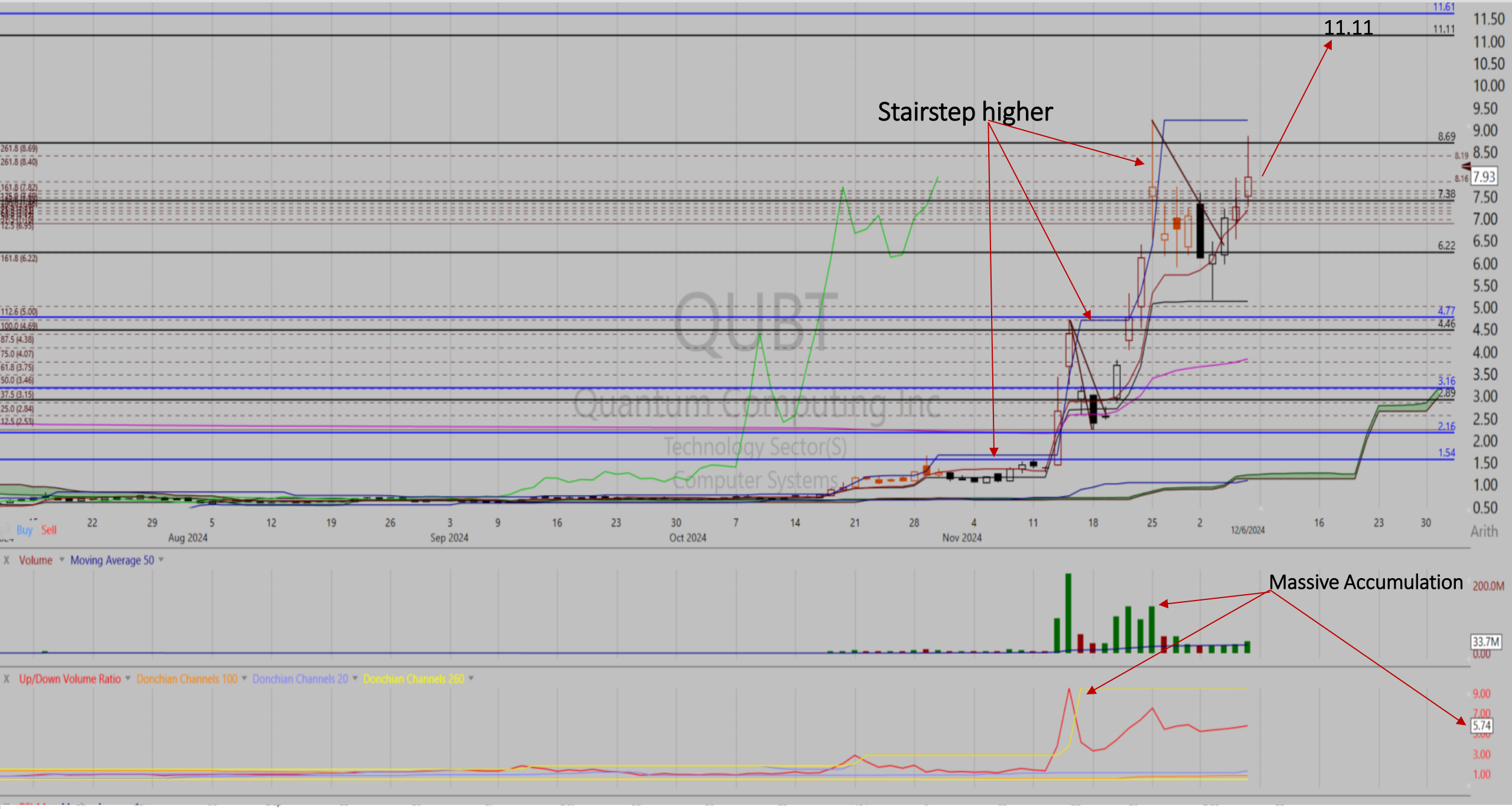
- *Quantum Computing Inc. (QUBT)* closed at 7.93.

- Quantum Computing Inc. (QUBT) ***anchored VWAP is at 3.84.***

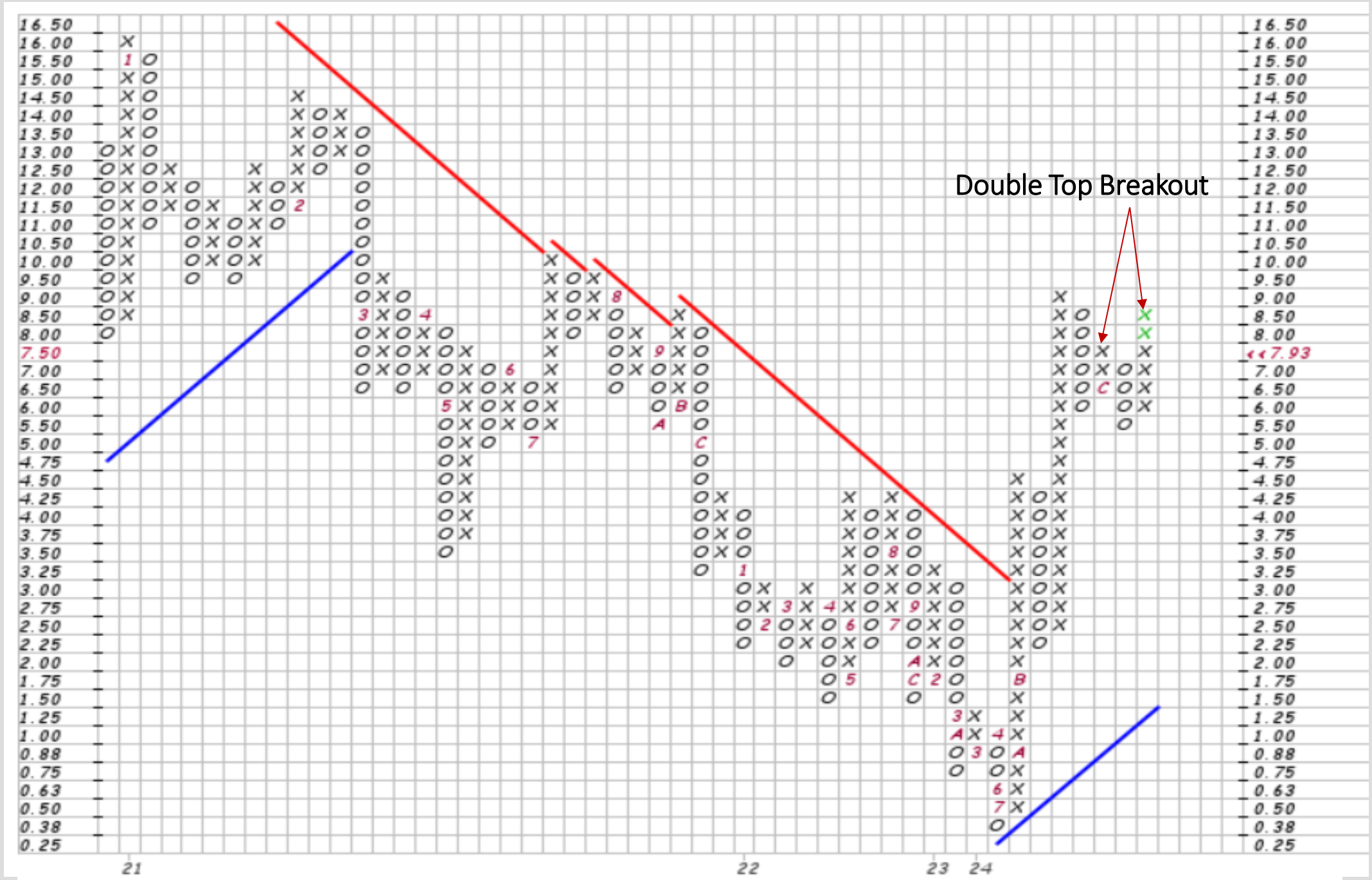
- ***The Fibonacci sell targets****: 1st target 7.38; 2nd target 8.69; 3rd target is 11.11;*

- *Stop price: Close below 5.31.*

Quantum Computing Inc. (QUBT)



Quantum Computing Inc. (QUBT)



Confirmed Buy: ContextLogic Inc. (LOGC)

- *Industry Group: **Retail Internet:** The Retail Internet group gave a buy signal on November 5. Since then, the group has moved considerably higher, spurred by enthusiasm for Christmas shopping. The group has moved higher by +18.46% YTD.*

- ***ContextLogic Inc. (LOGC)** is the parent company of Wish.com, which provides online retail services that enable merchandise to be sold.*

- ***ContextLogic Inc. (LOGC)** broke out from a high handle to a base that started in February. The move is happening with the strongest stock accumulation since going public in 2020. Two weeks of closes above the weekly Ichimoku cloud also occurred for the first time since going public. The ability to clear the weekly cloud typically opens the way for blue skies and the start of a significant trend. A triple top breakout on the point & figure chart highlights significant demand that sends a stock considerably higher. As the high handle formed, LOGC could not close above its Fibonacci resistance at 7.20. With Monday's close above 7.20, it confirmed its purchase.*

- Position Started at 1 star.

- ContextLogic Inc. (LOGC) was purchased at 7.21.

- I sold 1/3 of the position at 7.84 with a 7.1% gain and another 1/3 at 8.35 with a 15.8% return. I am holding the remaining 1/3 position.

- ContextLogic Inc. (LOGC) *is undergoing significant accumulation, with an Up/Down Volume Ratio of 2.79, breaking 52-week highs.*

- *ContextLogic Inc. (LOGC)* closed at 8.04.

- ContextLogic Inc. (LOGC) ***anchored VWAP is at 113.21.***

- ***The Fibonacci sell targets**: 1st target 7.84; 2nd target 8.48; 3rd target is 8.95; 4th target is 10.55.*

- *Stop price: Close below 6.95.*

ContextLogic Inc. (LOGC)

ContextLogic Inc. (LOGC)

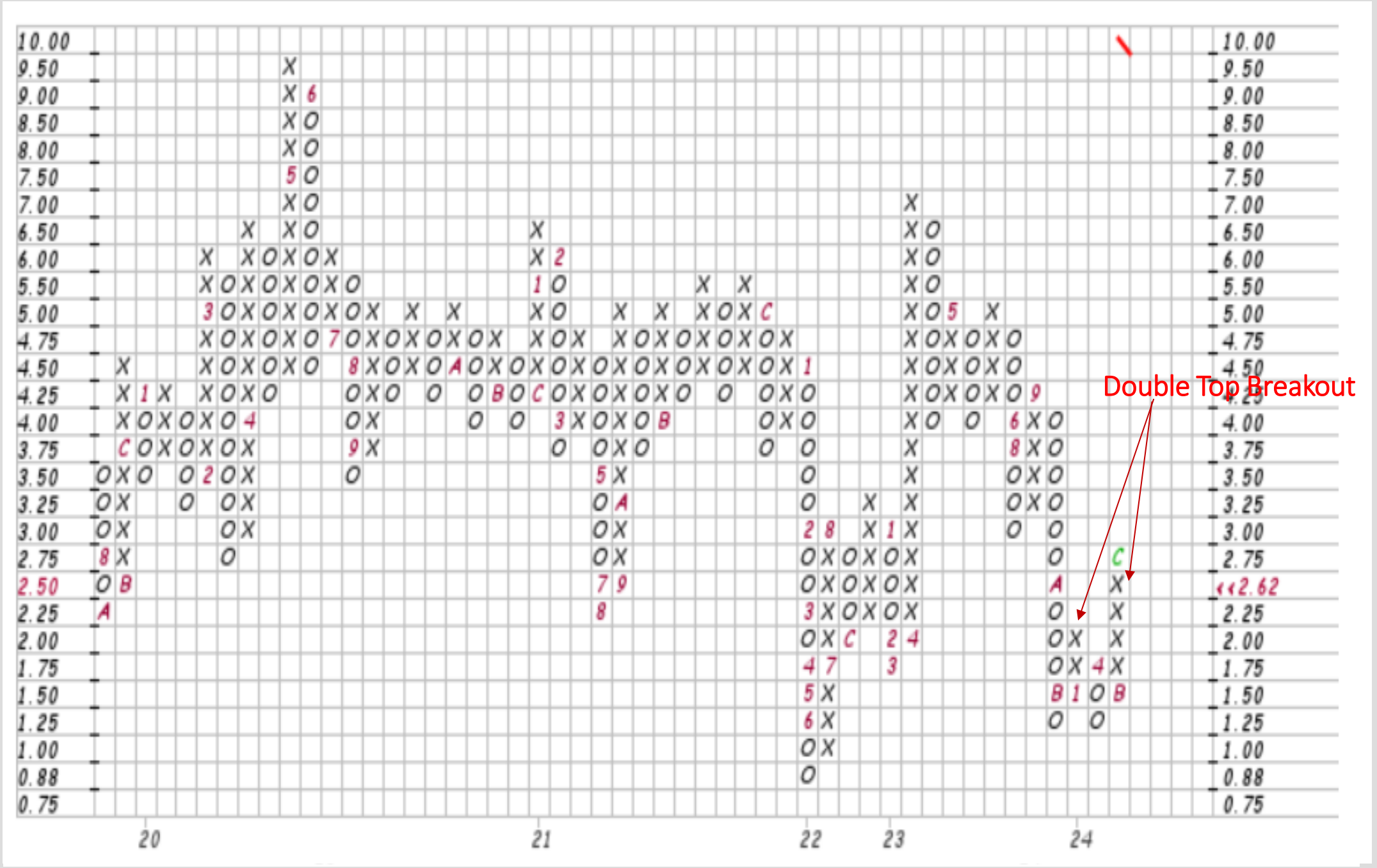
Confirmed Buy : InflaRx (IFRX)

- *Industry Group:* ***Medical Biotech:*** *The Biotech group is in a sell signal, but the bulls retook 50% of the recent range this week, indicating the bulls are taking control. It is unusual that I would purchase a Biotech when I am short the healthcare sector, but the price setup and accumulation on InflaRx (IFRX) looks so strong that it could move against the industry. I am keeping a tight because it is a play against the sector.*
- ***InflaRx (IFRX)*** *is a German company that develops first-in-class potent and specific inhibitors of C5a.*
- ***InflaRx (IFRX)*** *completed a four-week cup-with-handle base that confirmed its purchase on Thursday. The one-day shakeout on the handle tagged 50% of the range, creating a well-structured base as the bulls retained control. On Friday, shares raced to the first Fibonacci target at 2.67, and I sold 1/3 of the position to lock in a quick 9.9% return. Accumulation is massive as it moves to the strongest since April 2023, when the stock had an incredible two-day pop with a 252% gain. A double top breakout on the point & figure chart also points to strong demand.*
- Position Started at 1 star.
- InflaRx (IFRX) was purchased at 2.43.

- InflaRx (IFRX) *is undergoing significant accumulation, with an Up/Down Volume Ratio of 3.07, breaking 52-week highs.*
- *InflaRx (IFRX)* closed at 2.62.
- InflaRx (IFRX) ***anchored VWAP is at 4.83.***
- ***The Fibonacci sell targets****: 1st target 2.67; 2nd target 3.01; 3rd target is 3.21; 4th target is 3.94.*
- *Stop price: Close below 2.21.*

InflaRx (IFRX)

InflaRx (IFRX)



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