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Trading Floor Research

Welcome to the
— Trading Floor —



10/02/22

This Trading Floor Research report contains:

- **S&P 500 (SPX).** The successive target lows for the Index
- **ProShares VIX Short-term Futures ETF (VIXY).** This ETF corresponds to the move in the S&P VIX Short-Term Futures Index.



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Sectors, Industry Groups & Leadership Stocks

S&P 500

The S&P 500 bounce concluded on Wednesday at 3736.74, just five points shy of the significant Fibonacci resistance at 3742.02. From there, the market continued to tumble right into Friday's close.

Based on a declining trendline projection from January 24, 2022 low, if the S&P 500 bottoms out next week, it would hit the trendline just below the 1.618 Fibonacci point of the June low to August high at 3211.43. This projection comes close to the next Fibonacci downside target at $\frac{3}{8}$ from the long-term Chart of 3261.69. (Refer to S&P 500)

If broken, the market has the potential for one more turning point before the ultimate bear market move at 2742.27.

The S&P 500 could target the minor extension of 50%, mirroring what happened in the October 1987 crash. That number is 3002.20, with another significant short-term number just below 2949.49. This projection would become a strong probability in a crash situation. (Refer to S&P 500)

The Volatility Index (VIX) racing to the 62-66 range will also serve to highlight the ultimate Fibonacci target.

Sectors, Industry Groups & Leadership Stocks

S&P 500

The markets are under massive distribution in a seasonally weak period.

I am placing a heavy emphasis on high cash levels, especially over the next week.

The S&P 500 downward momentum initiated by bouncing off 4300 like a brick wall provides a very powerful signal that usually resolves at 50% of the entire move higher. The Fibonacci target in this case is 2742.27, though the possibility of a conclusion at the minor extension of 50%, which is 3002.20, is possible. (For more information, refer to my S&P 500 monthly chart)

The next target is the significant 3261.69 Fibonacci number from my long-term chart now that the S&P 500 has closed below the big target of 3742.02 and completed the week at market lows of 3585.62. Closing below 3261.69 will only increase the probability of achieving the 2742.27 S&P 500 target number.

*The bears are in control of the Russell 2000 and indicate “Risk-Off” in the markets.
I recommend caution and cash*

S&P 500 Index



Minor Extension of 50%
from long term chart
3002.20

3211.43

3002.20-2949.69

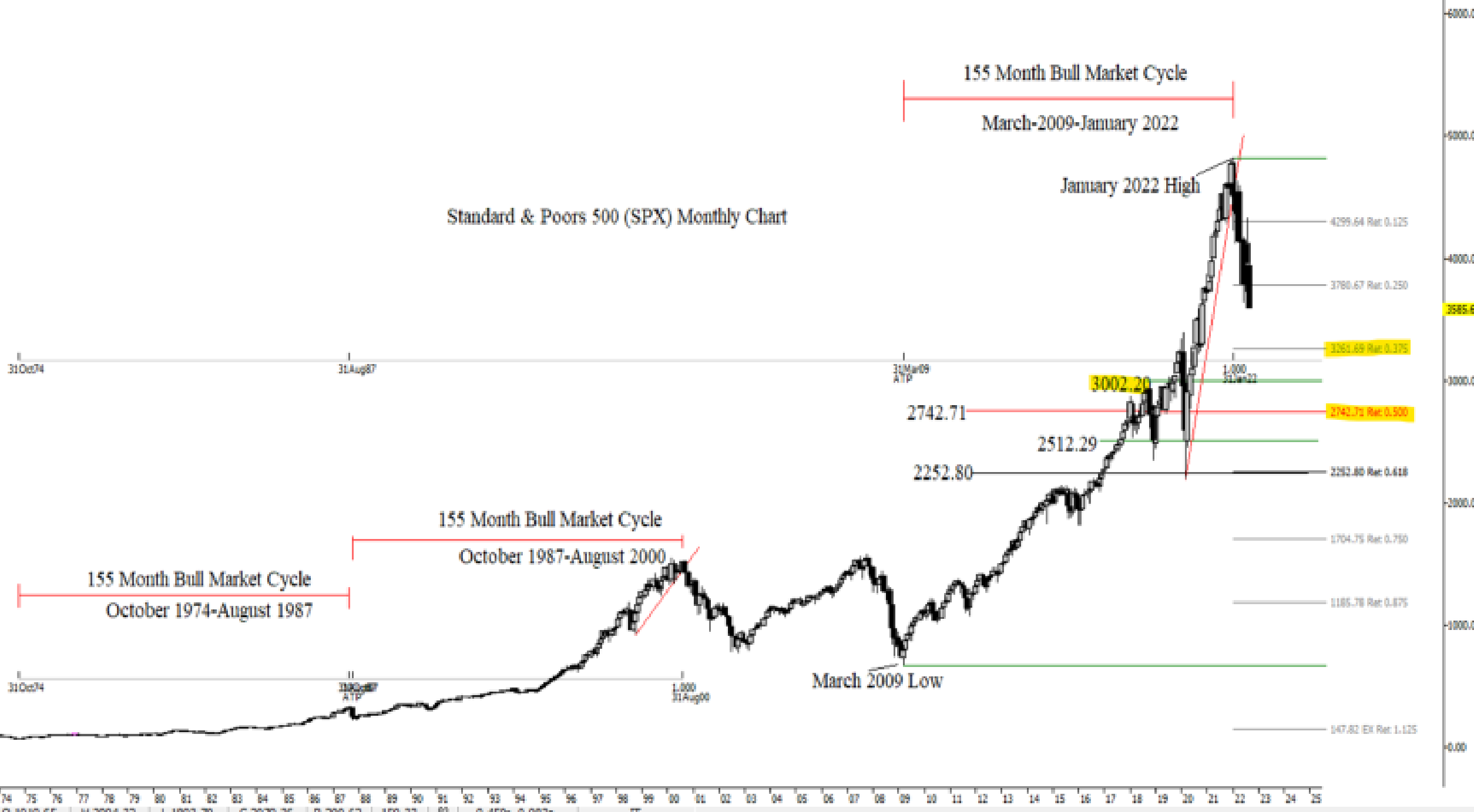
2742.27-2706.58

3585.62

4600.00
4400.00
4200.00
4000.00
3800.00
3600.00
3400.00
3200.00
3000.00
2800.00
2600.00

4 21 28 Feb 11 18 25 Mar 11 18 25 Apr 8 14 22 29 May 13 20 27 Jun 10 17 24 Jul 8 15 22 29 Aug 12 19 26 Sep 9 16 23 30 Oct 14 21 28 Nov 11 18 25

Standard & Poors 500 (SPX) Monthly Chart



VIXY is the ETF alternative for capturing gains with market fear

Even as bearish sentiment hits all-time highs, market fear is notably absent.

Sentiment indicators have been displaying record amounts of bearishness in the market.

So, with all this, why isn't the market reversing?

First, all sentiment indicators are considered to be secondary indicators. Primary technical analysis indicators are price, volume, and time, all of which I focus on in my research for this newsletter.

Many on Wall Street and Main Street, however, have become believers of the bear trend and acknowledge that they are bearish. Sentiment indicators measure those feelings and report levels that eventually lead to market reversals.

Sentiment indicators miss some of the most critical components. Namely, how market participants have reacted to their feelings that the market will move lower and miss investor's market complacency.

Trading Floor Research differs from other investor's model of "riding out the storm" and "investing for the long-term." I have built my career on successful market timing, something many industry experts would like to claim no one can do. Over the course of my time conducting market research, I have found that many other analysts use the wrong tools to market forecast, which seems to be the root cause of their inabilities.

Looking back at the question posed earlier, the answer is that most market participants take advice from market experts instead of acting on what their bearish feelings have been telling them. This is why the market continues to move lower, with sentiment indicators hitting record levels.

Bearishness doesn't lead to a market reversal, fear does.

VIXY is the ETF alternative for capturing gains with market fear

Bearishness and fear are not equal. To reach a market bottom, fear needs to become the primary force. Fear is the strongest and most compulsive human emotion. Fear is best measured in the market by expanding the CBOE Volatility Index (VIX).

In my newsletter last week, I noted that the CBOE Volatility Index VIX, also known as the fear index, has been compressing all year (No fear!).

Even as the market continued lower this week, the fear index barely budged.

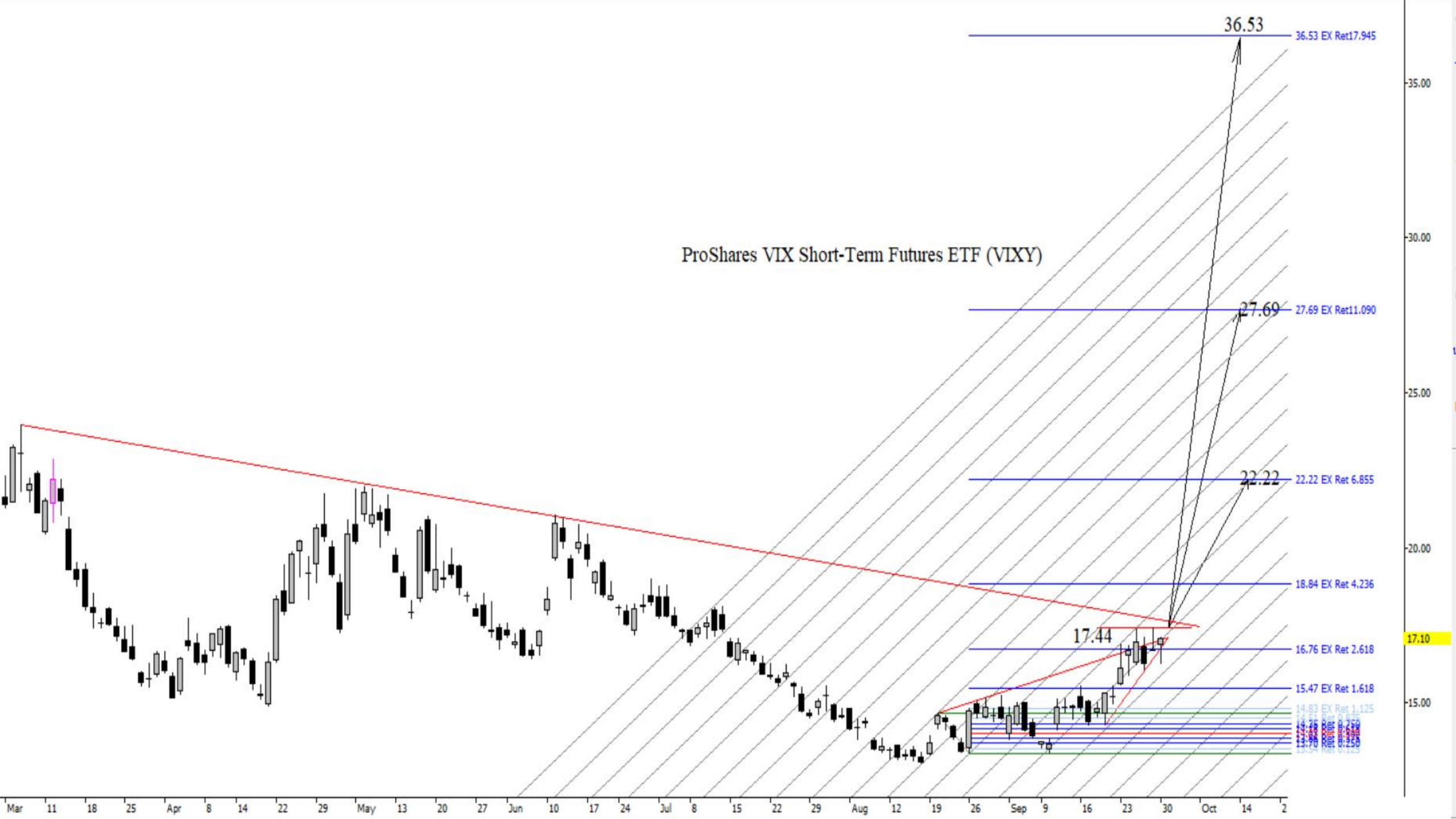
The path ahead once the VIX closes above the declining trendline from the January 24 high, is the start of a fear-based selloff in the market. At this point, the VIX will finally expand and hit its target range of 62-66 and a meaningful and tradeable bottom will be in place. My prediction is that many market participants will swear off stocks for years to come, despite any persuading words from market experts.

To take advantage of this move, I am using the ProShares VIX Short-term Futures ETF (VIXY).

On Friday, the Up/Down Volume Ratio closed above a 100-day high, a move that typically happens when VIXY is ready to expand. The last time this happened was the start of the covid crash on February 25, 2020, which led to a 485% gain.

The VIXY ETF has held above significant Fibonacci support at 16.31 the entire week and closed Friday at 17.10. Closing above the descending trendline from March 8, 2022, high at 17.76, would signal the expansion of fear necessary for market capitulation has started. It also allows speculators to make money in a down market.

ProShares VIX Short-Term Futures ETF (VIXY)



Buy candidate: ProShares VIX Short-term Futures ETF (VIXY)

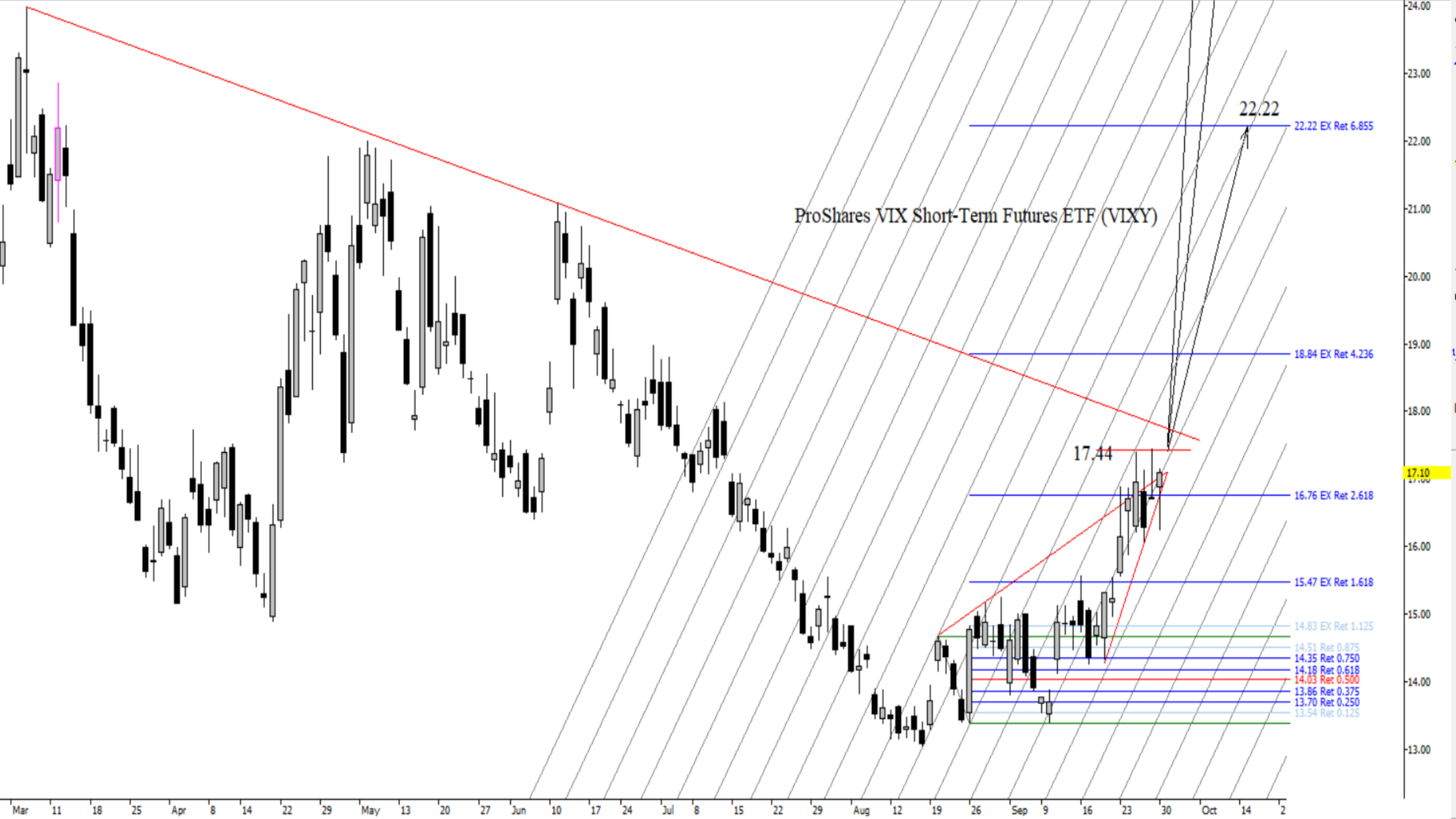
- *Portfolio: VIX Short-term Futures Index.* This ETF corresponds to the move in the S&P VIX Short-Term Futures Index.
- *ProShares VIX Short-term Futures ETF (VIXY) trade is designed to expand when the VIX Short-term Futures contract moves higher. The Up/Down Volume ratio making a 100-day high is pointing to imminent expansion of the VIXY.*
- *ProShares VIX Short-term Futures ETF (VIXY) will Confirm a Buy with a daily close above 17.76*
- *Wait for text confirmation!*
- *Start position at 1-star(*).*
- *Up/Down Volume Ratio on ProShares VIX Short-term Futures ETF (VIXY) hit a 100-day high under accumulation at 1.10*

- *ProShares VIX Short-term Futures ETF (VIXY) closed at 17.10.*

- *ProShares VIX Short-term Futures ETF (VIXY) VWAP is at 40.50.*

- *Sell target price: 1st target is 22.22; 2nd target is 27.69; 3rd target is 36.53.*

Stop sell price: Close below 16.31.





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