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Trading Floor Research

Welcome to the
— Trading Floor —

01/12/25



This Trading Floor Research report contains:

Market Update

Sector Update

ProShares UltraShort Consumer Services (SCC)

S&P 500 Update

*After adding eight distribution days since the market topped on December 6, the **S&P 500** gave an official sell signal on Friday. The sell was underscored by the "**January Effect**" indicator.*

As the S&P 500 did on Friday, breaking the first-week low can signal a January Effect downtrend lasting for many months. The third week of January is also observed for market highs and lows as additional confirmation. If the lows are broken in both periods, expect a further downtrend. The market will be considered in a downtrend until the highs of the two periods are broken. Once a downtrend is confirmed, the high prices in these weeks can likely be a high for many weeks.

A warning was also given by the S&P 500 closing below the Ichimoku cloud. However, the S&P 500 closed under the cloud in August and September and gapped back into the cloud the next day. It used the cloud as support on three occurrences and resumed the previous uptrend. When the index cannot use the Ichimoku cloud as support quickly, it often indicates a more significant drop. What the S&P 500 does early this week should add to a more conclusive indication of a possible prolonged correction.

Remember that going into January, my S&P 500 long-term chart pointed to a significant top with a monthly close below 5921.02 and a potential first Fibonacci target of 4804.96.

Fridays close below the December 20 and January 2 lows, escalated the probability of a further drop significantly. It triggered a double bottom breakdown on the point & figure chart, increasing the likelihood of hitting the next Fibonacci targets at 5765.39 and 5666.90.

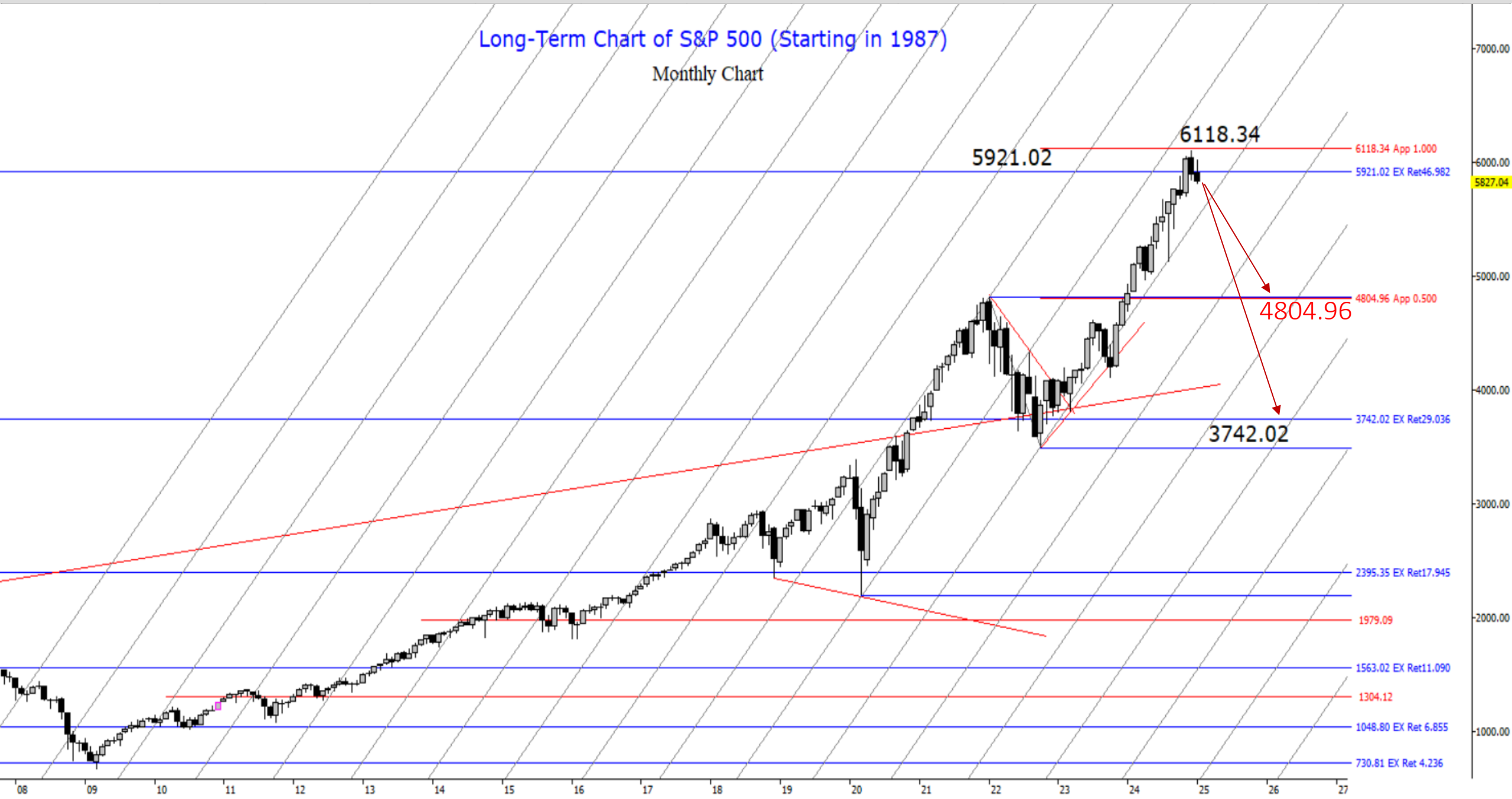
S&P 500 (SPX)



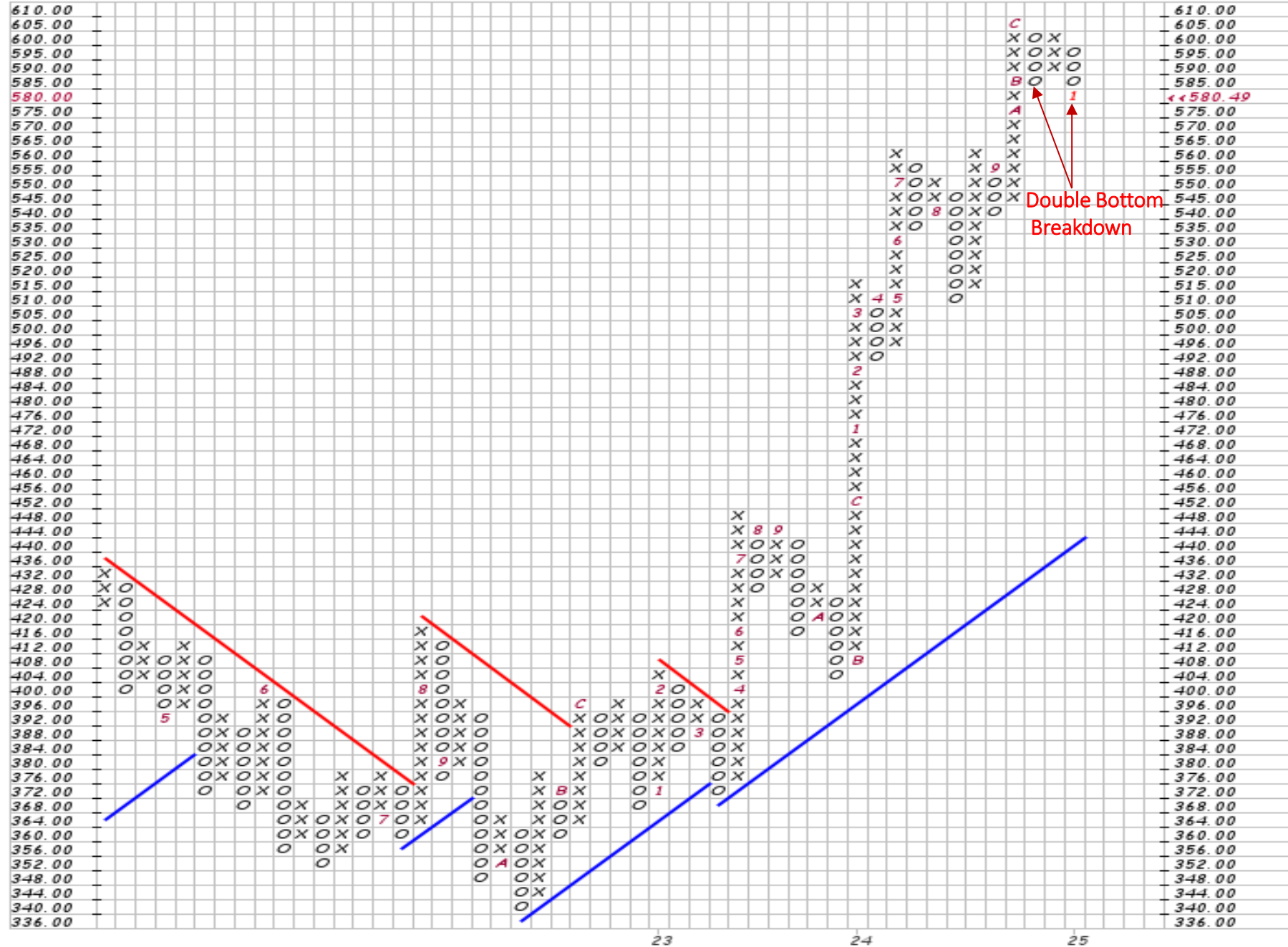
S&P 500 (SPX) Long-term Chart

Long-Term Chart of S&P 500 (Starting in 1987)

Monthly Chart



S&P 500 (SPY)



Sector Update

Ten of the eleven sectors are in a sell signal as of Friday. The **consumer cyclical** sector gave a sell signal leaving only the **technology** sector in a buy. If the technology sector provides a sell this week, I expect an acceleration of the market's next move lower.

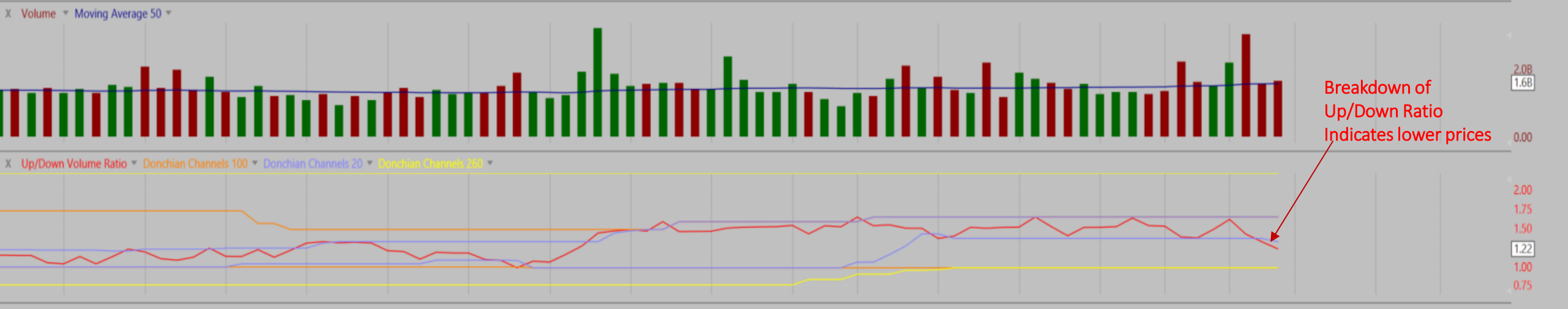
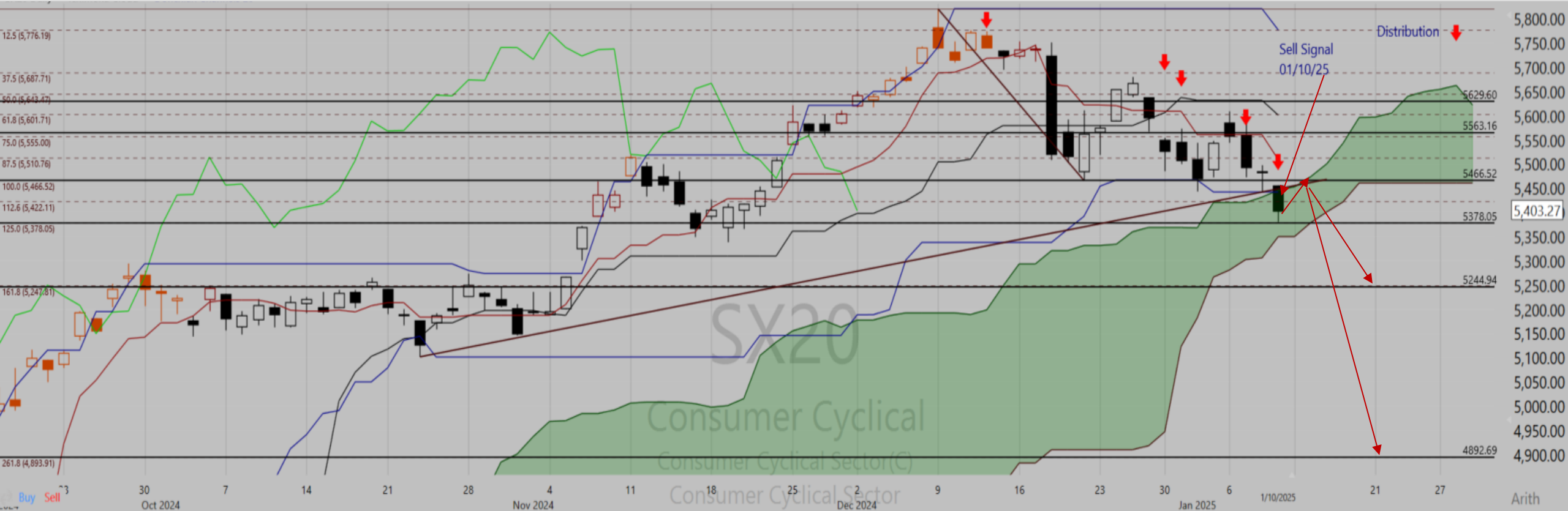
Despite the **consumer cyclical** sector giving a sell signal under heavy distribution, the auto manufacturing industry group is one of the few consumer cyclical groups without a sell signal. **Auto manufacturers'** most recent buy signal came on December 5 and has outperformed the sector since then. One of the strongest stocks in the group is **Rivian (RIVN)**.

In last week's newsletter, after RIVN broke its descending trendline from the July high, I mentioned that I was waiting for a retest. It had rallied to the Fibonacci 3/4 number at 16.52 on massive volume and was short-term overbought. Confirmation came on Wednesday as the stock returned to the 1/2 number of the base at 14.18. Accumulation has remained strong during the orderly pullback. Monday is an Ichimoku cloud twist. A twist can often indicate the start of a time cycle turn and the resumption of the uptrend. However, I kept my position small again due to the continued market and sector risk.

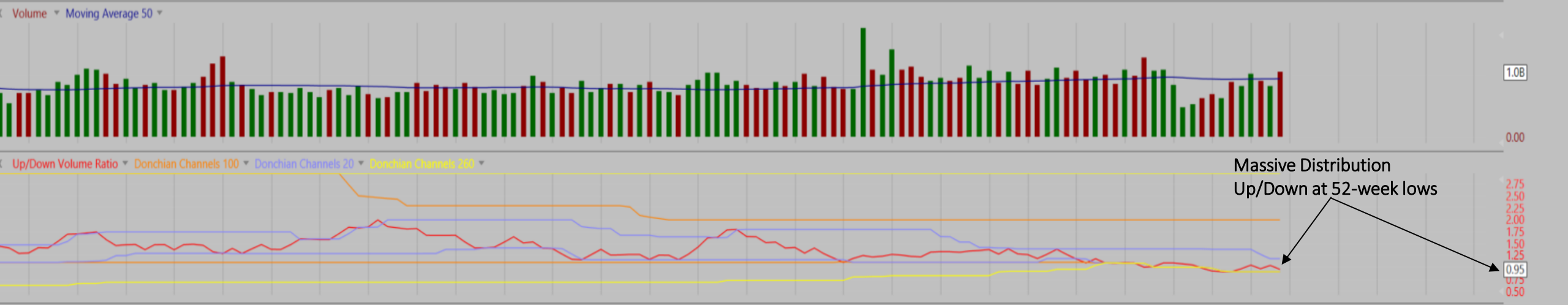
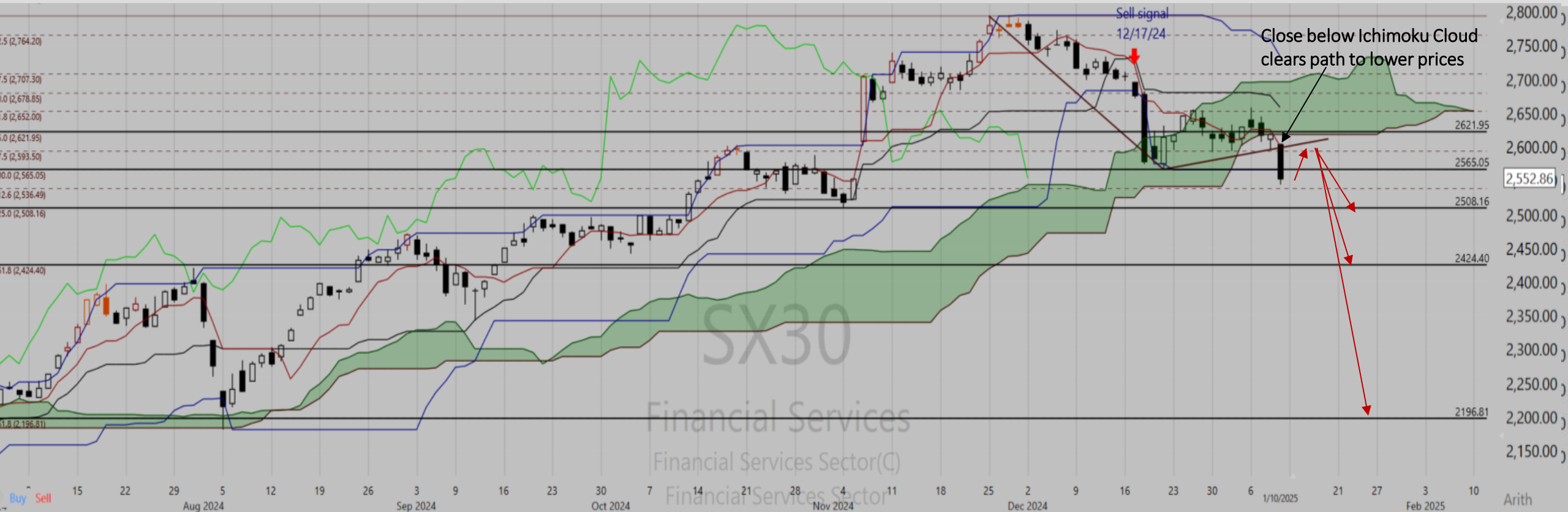
I am focused on the **ProShares UltraShort Consumer Services (SCC)** ETF as the consumer cyclical sector sets up for another potential push lower. Accumulation is hitting 100-day highs in SCC as distribution in the consumer cyclical sector signals massive selling. Confirmation may come soon, and it is featured in this report.

Additionally, I am looking at potential shorts in the **financial** and **real estate** sectors. I plan on using inverse ETFs to capitalize on their next moves.

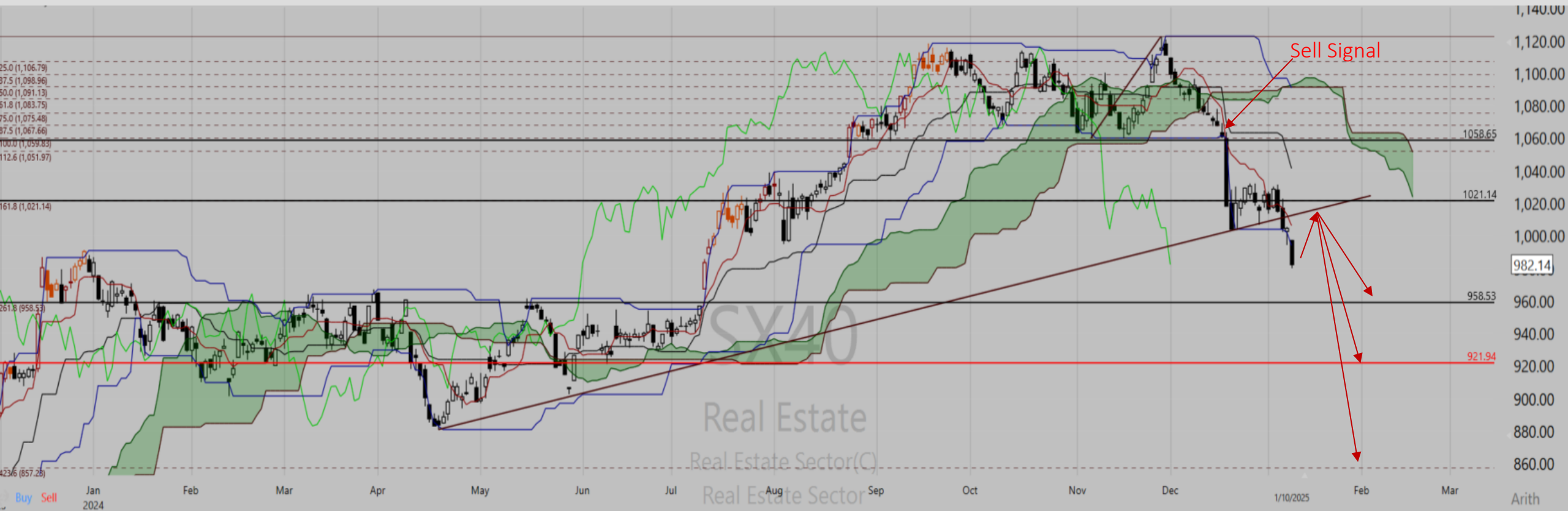
Consumer Cyclical Sector



Financial Services Sector



Real Estate Sector



Buy candidate: ProShares UltraShort Consumer Services (SCC)

- *Portfolio: Short the Consumer Cyclical Sector. This trade is designed to move 2x the inverse daily performance of the Consumer discretionary stocks*
- *The ProShares UltraShort Consumer Services (SCC) trade is designed to take advantage of the next potential move lower in the Consumer Cyclical Sector.*
- *The ProShares UltraShort Consumer Services (SCC) closing above Fibonacci resistance at 9.52 should send the ETF considerably higher. The up/down volume ratio hitting 100-day highs supports the move. I am looking for a potential pullback to the 9.19-9.30 range before the next push higher. Fibonacci support is at 9.30, and the cloud conversion line is at 9.19.*

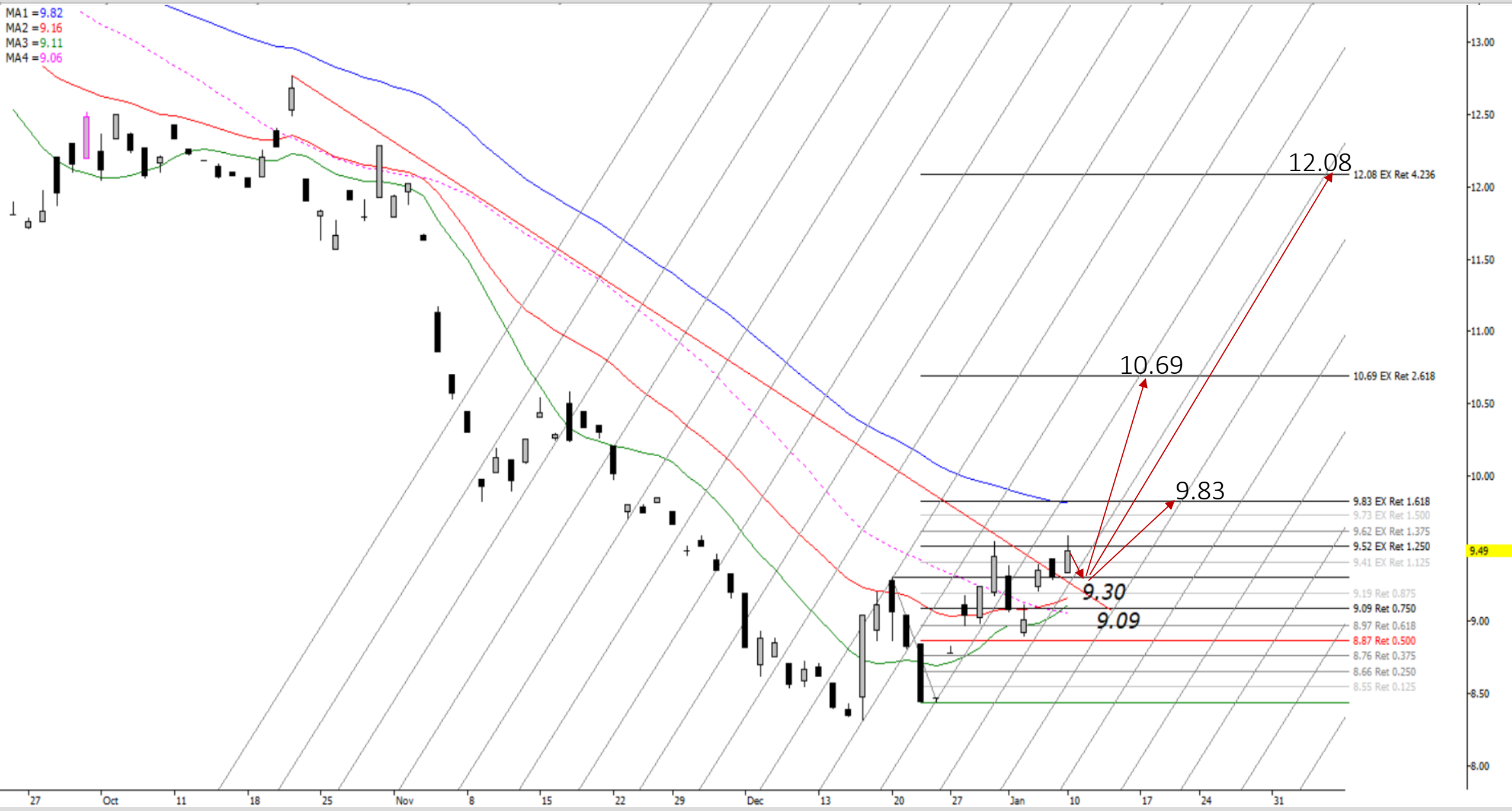
Wait for text confirmation!

- *Start position at 2-star(**).*
- *ProShares UltraShort Consumer Services (SCC) closed at 9.50.*
- *ProShares UltraShort Consumer Services (SCC) Anchored VWAP is at 24.90.*
- *Fibonacci Sell targets: 1st target is 9.83; 2nd target is 10.69; 3rd target is 12.06.*

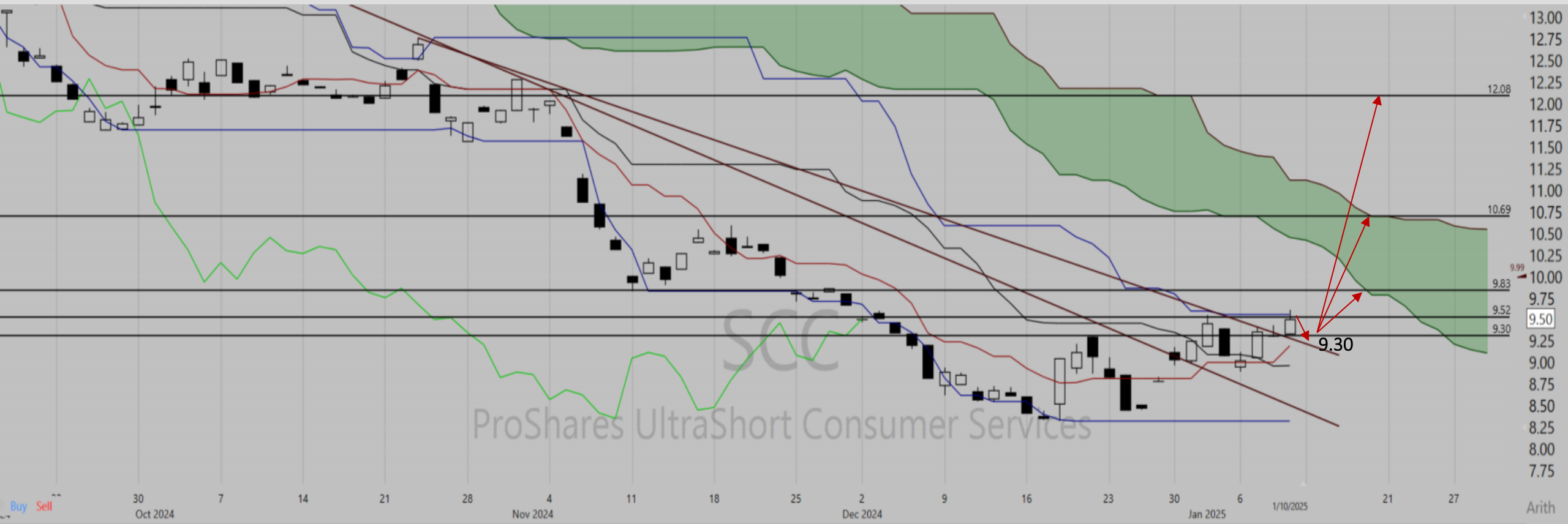
Stop sell price: Close below 9.09.

ProShares UltraShort Consumer Services (SCC)

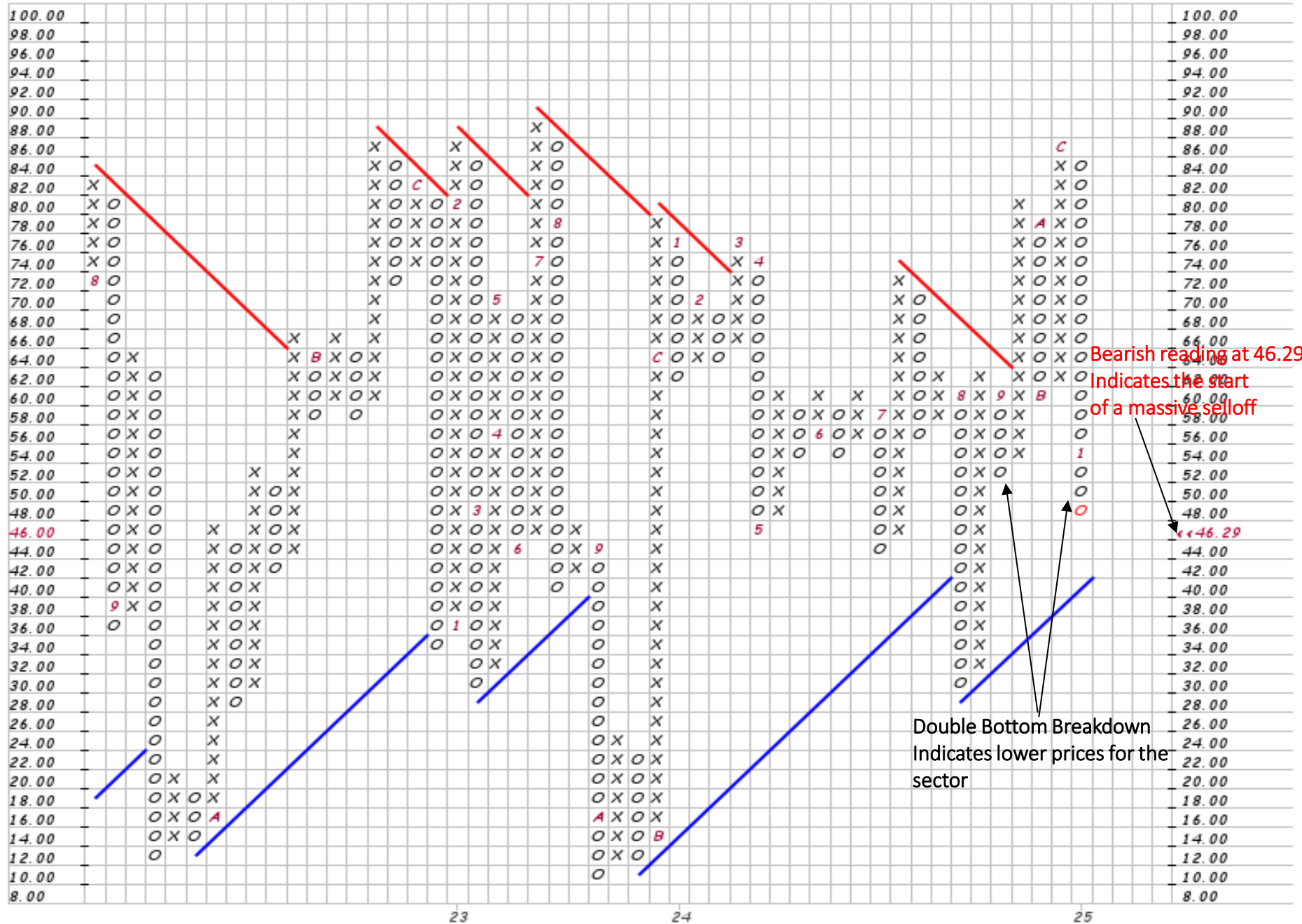
MA1 = 9.82
MA2 = 9.16
MA3 = 9.11
MA4 = 9.06



ProShares UltraShort Consumer Services (SCC)



Consumer Discretionary Bullish Percent Index



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