
TFR
Trading
Floor Research
Welcome to the
Trading Floor

10/18/26

This Trading Floor Research report contains:

Sector Update

S&P 500 and NASDAQ 100 (NDX) Update

Baozun (BZUN)

Sector Update

On Thursday, the **healthcare sector** generated a new buy signal, and on Friday, the technology sector confirmed a new sell signal. Unlike prior sector upturns this year, **biotech did not drive the healthcare move or issue its** own buy signal. Typically, biotech leadership signals a risk-on environment, but this time major **drug manufacturers, healthcare plans,** and **medical care** groups drove the buy signal, suggesting a more defensive rotation into healthcare stocks. Still, this new buy signal opens the door to fresh opportunities within the sector and its leading groups.

The **technology** sector's decisive sell signal marked a major shift in sector leadership this week. As the week progressed, more industry groups rolled over, including **semiconductors, semiconductor equipment, scientific and technical instruments, communication equipment, electronic components,** and **computer systems**—all issuing clear sell signals. **Consumer electronics** is one of the few groups still holding a buy signal, mainly because **Apple (AAPL)** is strong, and the market currently views it as a defensive tech stock. The major reversal signal I highlighted in last weekend's newsletter on **Nvidia (NVDA)** played out as expected, strongly indicating the technology sector was vulnerable to a sharp selloff.

NVDA's steep decline found support at the Fibonacci target I outlined at 213.17, with a low of 212.85, and bounced just enough to avoid a formal sell signal on Thursday. On Friday, NVDA successfully retested this same Fibonacci level, with a low of 213.35. Despite these bounces, massive distribution drove accumulation down to two-month lows, signaling significant technical damage. Although NVDA narrowly avoided a formal sell signal, I remain cautious given the persistent underlying weakness in both NVDA and the broader technology sector this week.

Healthcare Sector



Technology Sector



S&P 500 and NASDAQ 100 (NDX) Update

Two weeks ago, I cautioned that the S&P 500 had closed below its critical 7683.38 Fibonacci level on my long-term monthly chart, signaling a likely market top in progress. Since then, the market has been marked by significant volatility and price noise, which is typical of the topping process. I noted that brief moves back above the trigger Fibonacci level can occur during this phase. However, the continued inability to generate a new buy signal amid this volatility strongly suggests that a sustained downtrend is taking shape.

This past week, the S&P 500 posted two sessions with declines of more than 1% on heavy volume, pushing accumulation down to year-to-date lows. Friday's volume surge brought the total to five distribution days since the index peaked nine trading days ago—a concentration of heavy selling that is often seen at major market tops. Five distribution sessions within 20 trading days is a notable warning sign. This persistent selling pressure, following the S&P 500's recent sell signal on my long-term chart, reinforces my view that the topping process I projected two weeks ago is completing. Significant weakness in technology stocks further weighed on the index, pushing the S&P 500 to close the week below the critical 7683.38 Fibonacci level and putting bears firmly in control.

With large-cap technology stocks finally succumbing to selling pressure, the NASDAQ 100 (NDX) issued its first sell signal since mid-July. The NDX is now quickly approaching the midpoint of its recent range at 28,969.11. Bulls stepped in to defend the Fibonacci 1/2 level in September. Now, with the NDX under pressure from heavy distribution over the past eight sessions, this area will be a key test to see whether bulls can still maintain control. With accumulation tumbling after four distribution days in the past seven sessions and Friday's new sell signal, any bounce from the 50% level is likely to be short-lived. I'll be watching for a retracement back to the Fibonacci 3/4 level at 29,865.66, where I would look to short QQQs using inverse ETFs and capitalize on the next likely move lower.

S&P 500


7,900.00
7,850.00
7,800.00
7,750.00
7,700.00
7,659.44
7,600.00
7,550.00
7,500.00
7,450.00
7,400.00
7,350.00
7,300.00
7857.63
7764.54
7716.66
7683.38
7620.90
7525.14
7429.38
7381.49
161.8 (7,857.63)
12.5 (7,830.19)
25.0 (7,815.86)
37.5 (7,801.52)
50.0 (7,787.19)
87.5 (7,744.20)
100.0 (7,729.87)
112.6 (7,668.97)
161.8 (7,659.01)
100.0 (7,620.90)
87.5 (7,573.02)
61.8 (7,474.58)
50.0 (7,429.38)
12.5 (7,285.73)
9/10/26
Sell Signal
SP-500
Standard & Poors 500
Buy
Sell
20
27
3
10
17
24
31
8
14
21
28
5
12
26
2
Aug 2026
Sep 2026
Oct 2026
10/16/2026
Nov 2026
Arith
Volume
Moving Average 50
35.0M
28.7M
25.0M
20.0M
15.0M
10.0M
5.0M
0.00
Up/Down Volume Ratio
Donchian Channels 100
Donchian Channels 20
Donchian Channels 260
2.00
1.00
0.70

NASDAQ 100 (NDX)



Confirmed Buy: Baozun (BZUN)

- *Since the specialty retail group's most recent time-cycle low on October 1, the group has continued to strengthen, confirming a new buy signal on October 9. As I highlighted in last weekend's newsletter, specialty retail has demonstrated remarkably accurate time-cycle patterns over the past year—this latest low marks the third such cycle in 2026. If this pattern holds, the group could rally from here and potentially top out around November 9.*
- *I initially capitalized on this reliable cycle by purchasing* ***GameStop (GME)*** *after it confirmed a breakout from a cup-with-handle base on October 5. Since then, leadership within the group has broadened. New leaders are emerging, such as Baozun (BZUN), which I purchased on Thursday after it confirmed a breakout from its 13-month cup-with-handle base that began last September. BZUN's breakout is being fueled by surging accumulation and is diverging positively from the broader market.*
- **Baozun (BZUN),** often referred to as the "Shopify of China," is a leading digital commerce enabler based in Shanghai. The company helps international and domestic brands implement e-commerce strategies, connecting them with Chinese consumers across digital and physical channels.
- Last week's rally propelled BZUN to its first weekly close above the weekly cloud since last November, signaling the start of a likely sustained uptrend. Bulls established control of the 13-month range with a decisive close above the Fibonacci 1/2 number at 3.51. Additionally, a double-top breakout on the point-and-figure chart underscores strong demand and suggests even higher prices ahead. *On Friday,* ***Baozun (BZUN)*** *traded past its first Fibonacci target, prompting me to sell a third of my position for a 5.6% gain.*
- Baozun (BZUN) position was started at 1/2-star.
- Baozun (BZUN) ***was purchased at 3.57.***
- Baozun (BZUN) *is undergoing significant accumulation, soaring past 52-week highs.*
- Baozun (BZUN) closed at 3.79.
- Baozun (BZUN) ***has an anchored VWAP of 2.93.***
- ***The Fibonacci sell targets****: 1st target 3.77; 2nd target 4.18; 3rd target is 4.59; 4th target is 4.88; 5th target is 5.59.*
- *Stop price: Close below 3.18.*

Specialty Retail Industry Group (Time Cycle Analysis)



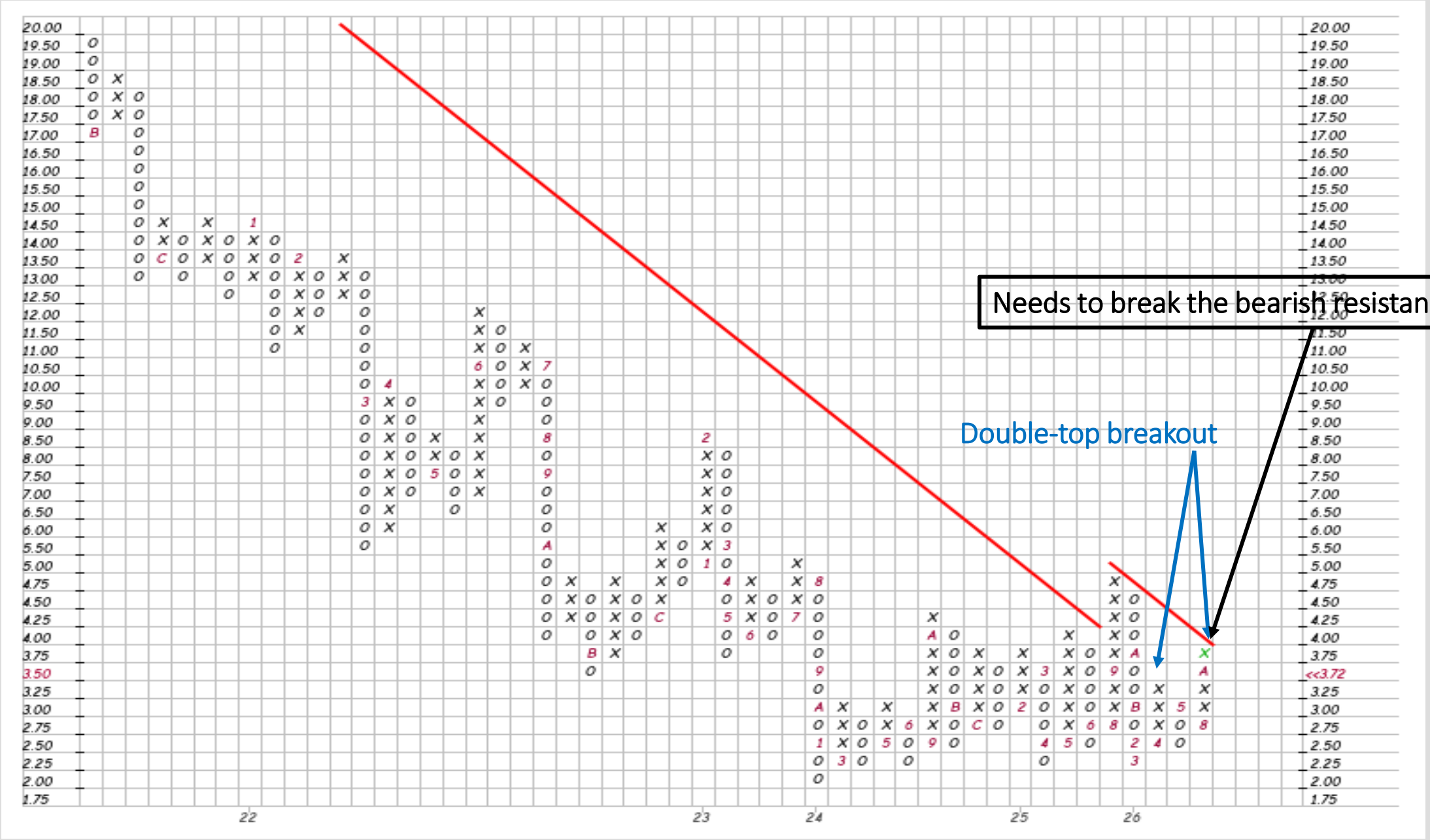
Baozun (BZUN)


4.53
4.18
cup-with-handle base
Massive accumulation, soaring past 52-week highs
BZUN
Baozun Inc
Consumer Cyclical Sector(C)
Specialty Retail
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
10/16/2026
Volume
Moving Average 50
Up/Down Volume Ratio
Donchian Channels 100
Donchian Channels 20

Baozun (BZUN) (Weekly Chart)



Baozun (BZUN)


Needs to break the bearish resistance line
Double-top breakout

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