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Trading Floor Research

Welcome to the
— Trading Floor —

2/08/26

This Trading Floor Research report contains:

Dow Jones Industrial Average Update

S&P 500, NASDAQ 100 Index (QQQ) & Sector Update

Atea Pharmaceutical (AVIR)

Dow Jones Industrial Average Update

*The financial news media focused heavily on the **Dow Jones Industrial Average** hitting 50,000—a meaningful accomplishment for the DJIA as it broke out on its third buy signal since December 11. However, price and accumulation levels have been diverging from those of the **S&P 500** and **NASDAQ**, even as the DJIA has stair-stepped higher since December.*

The limited sample size and price-weighted nature of the DJIA, with just 30 stocks, create significant barriers to the index accurately reflecting overall market direction.

*Friday's 1,206.95-point advance and breakout underscored the massive divergence from the broader market of 5,600 listed stocks. With a sample size representing just over 0.5% of the overall market, and the price-weighted methodology giving outsized influence to the highest-priced stocks, the DJIA's move was largely driven by three stocks: **Caterpillar (CAT) +7.08%**, **Goldman Sachs (GS) +4.31%**, and **Amgen (AMGN) +4.49%**.*

*This overemphasis distorts the true breadth and direction of the equity market. At the same time, it highlights the notable strength of the **industrial sector** and the **biotech industry group**—both of which have shown relative strength throughout the recent selloff.*

Dow Jones Industrial Average (DIA) ETF



S&P 500, NASDAQ 100 Index (QQQ) & Sector Update

*In last weekend's newsletter, I outlined the **S&P 500's** vital signs and highlighted emerging problems. The issues began with a sell signal on November 18, and since then, the index has been unable to generate a new buy signal, with mounting technical evidence pointing to a historically long topping process. For several weeks, the S&P 500 has continued to struggle against the confluence of Fibonacci resistance between 6958.35 and 6965.77. While the bears have yet to take decisive control, last week's selloff on massive distribution signals a stampede toward the exit. Tuesday and Wednesday marked the largest distribution days since last April's tariff selloff, underscoring extreme market pressure and a time for heightened caution.*

*Tuesday's **technology sector** sell signal fueled the continued plunge in the **NASDAQ 100 (QQQ)** on Wednesday and Thursday. A gap below Fibonacci support at 615.51 pushed the QQQs to a close beneath the critical Fibonacci level at 608.88. Closing below this pivotal midpoint of the October-to-November range decisively put the bears in control. Driving the QQQs below 50% of the range has occurred on massive distribution days, underscoring the bears' decisive control and signaling the need for extreme caution amid a continued downtrend in the NASDAQ and technology-related stocks.*

*As the **S&P 500** and **NASDAQ** continue to roll over from a three-month topping process marked by persistent distribution, signs of market rotation have emerged. Wednesday produced the first buy signal in the **consumer defensive sector** since August 2024, with **grocery store stocks** leading the way with a 2.97% advance. Emerging leaders in the grocery industry group are setting up and may confirm soon. The **trucking industry group** was the primary beneficiary of this rotation into the industrial sector, issuing a buy signal and posting a 6.17% advance from one of the group's strongest accumulation levels in its history. I will be closely watching trucking stocks as they set up their next move.*

S&P 500, NASDAQ 100 Index (QQQ) & Sector Update (Continued)

*As the selloff in the **S&P 500** and **NASDAQ** continued on Thursday, it broadened significantly beyond **technology stocks**. **Consumer cyclicals** and **healthcare sectors** issued new sell signals, underscoring that the selloff is now spreading to additional areas of the market. By the slimmest of margins, the **financial services sector** avoided a sell signal—missing the trigger by just 0.03%.*

*Strength persists in **energy, industrials, and consumer defensive sectors**, which continue to offer selective opportunities for stock purchases. Otherwise, **I am maintaining a large cash position until the market establishes a firmer footing.***

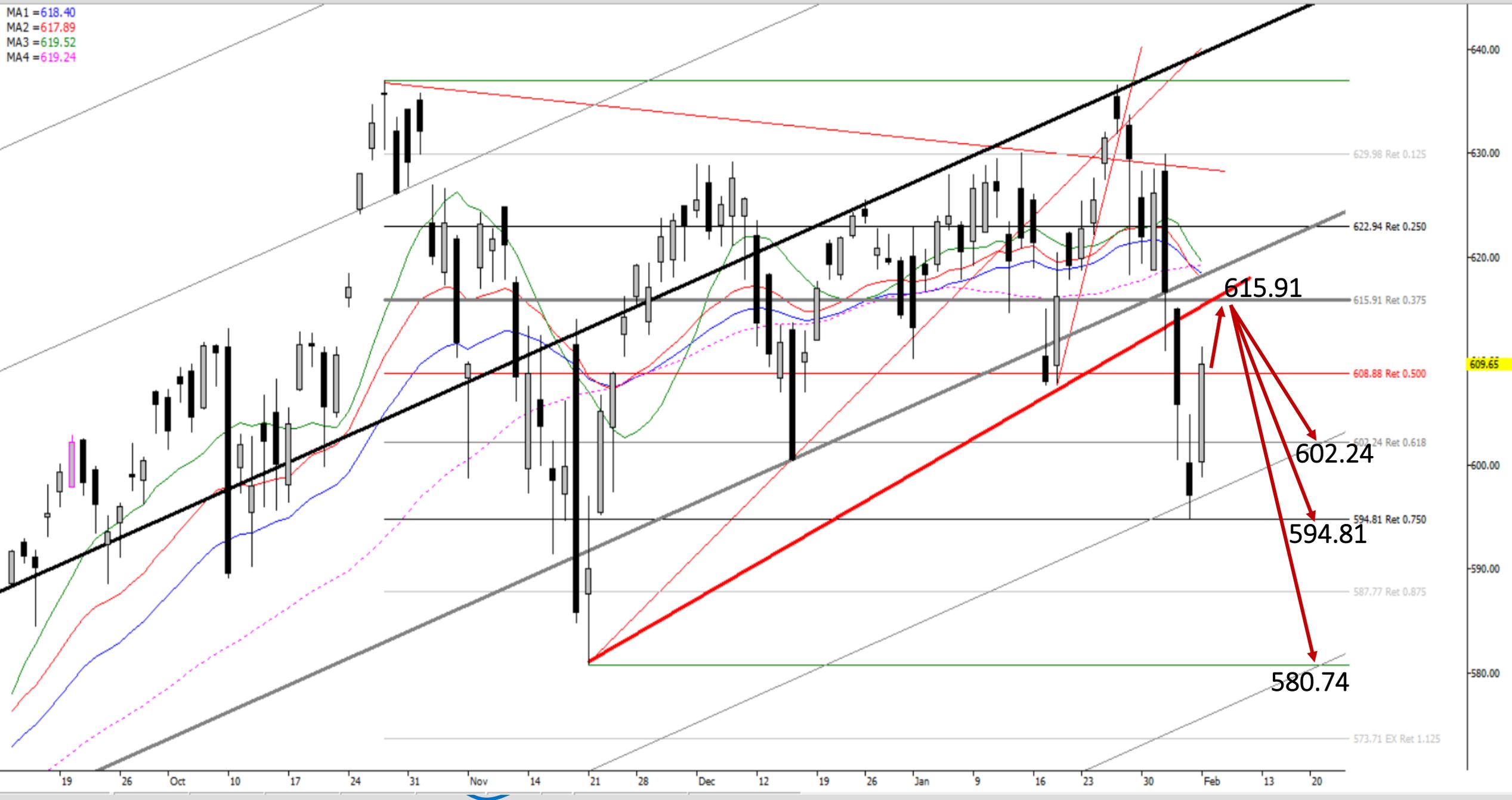
*Friday's rally signals that the **S&P 500** and **NASDAQ 100 (QQQ)** are attempting their first retracement from the recent selloff.*

*The **S&P 500** moved higher and tested its first Fibonacci pullback target at 6917.42. A push above this level at the close suggests the retracement may extend a bit further to the significant Fibonacci target between 6958.35 and 6965.77.*

*The **NASDAQ 100 (QQQ)** Fibonacci retracement was held at 608.88, with bulls and bears battling for control at this level throughout Friday's session. A pullback to these Fibonacci levels, as short-term oversold conditions are alleviated, is likely setting up attractive shorting opportunities.*

NASDAQ 100 Index (QQQ)

MA1 = 618.40
MA2 = 617.89
MA3 = 619.52
MA4 = 619.24

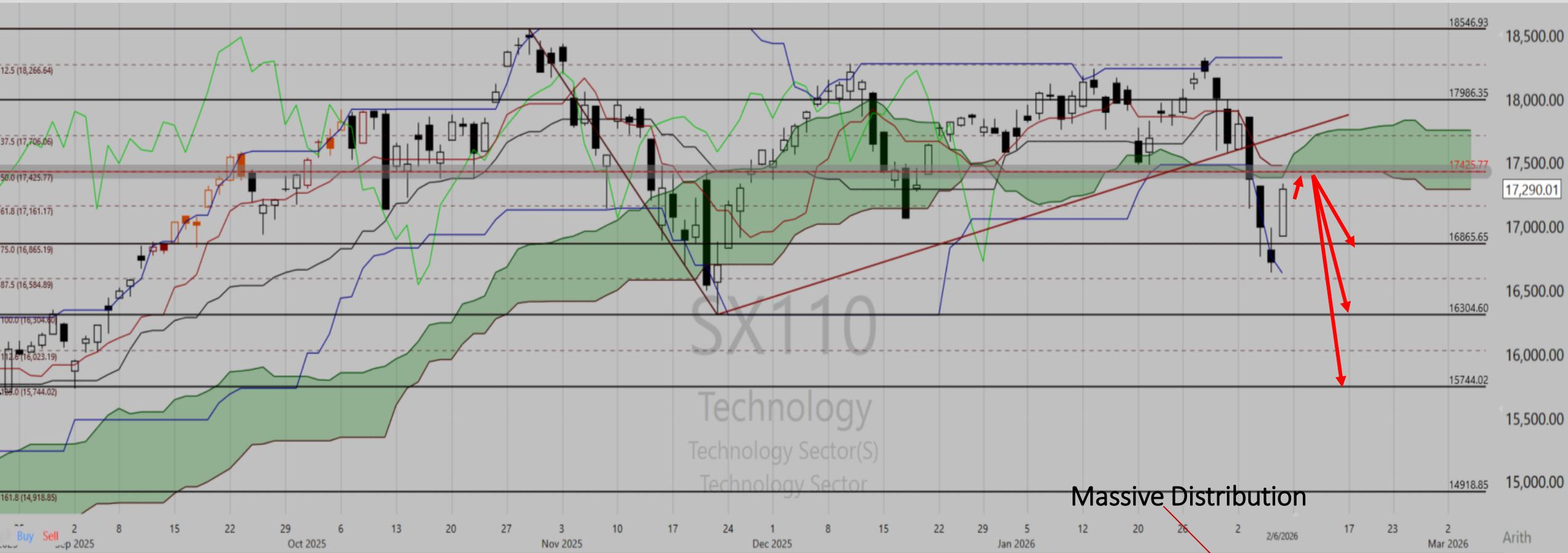


S&P 500

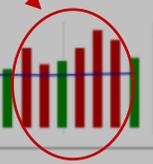
Resistance at the 1.618 Fibonacci expansion from last year's tariff sell-off at 6958.35 and the 2.618 Fibonacci expansion from the 2022 bear market at 6965.77 remain strong barriers.



Technology Sector



Massive Distribution



Accumulation dropping



Confirmed Buy: Atea Pharmaceutical (AVIR)

- *Industry Group: **Biotechnology**. **Biotechnology stocks** have been stair-stepping higher since breaking out of their base and giving a buy signal in June last year. This steady advance has led to one of the most consistent industry-group moves in the market. Recently, biotechnology stocks have stood out as one of the few areas of the market that have diverged positively amid ongoing pressure. Many biotech names have continued to move higher over the past few days despite broader market weakness, creating a relatively safe zone for swing trades.*
- **Atea Pharmaceutical (AVIR)** is a clinical-stage biopharmaceutical company, founded in 2012 and based in Boston, that focuses on discovering, developing, and commercializing oral antiviral therapeutics for serious, life-threatening viral infections.
- *On Monday, I purchased **Atea Pharmaceuticals (AVIR)** after confirming a cup-with-handle base that began in July. The right side of the base has formed above the weekly cloud and has sustained for the past seven weeks. This is the first time AVIR has held above the weekly cloud for multiple weeks since April 2021, a pattern that often signals a stock ready to make a substantial move. Strong volume has pushed accumulation to 100-day highs, pointing to the potential for significantly higher prices. The point-and-figure chart further underscores strong demand after a powerful spread triple-top breakout.*
- The **Atea Pharmaceuticals (AVIR)** position was started at 1-star.
- **Atea Pharmaceutical (AVIR) was purchased at 4.04.**
- **Atea Pharmaceutical (AVIR) is undergoing significant accumulation, breaking 100-day highs with an Up/Down Volume Ratio of 1.99.**
- **Atea Pharmaceutical (AVIR) closed at 4.15.**
- **Atea Pharmaceutical (AVIR) has an anchored VWAP of 13.83.**
- **The Fibonacci sell targets: 1st target 4.49; 2nd target 4.77; 3rd target is 5.13; 4th target is 5.29; 5th target is 5.91.**
- **Stop price: Close below 3.75**

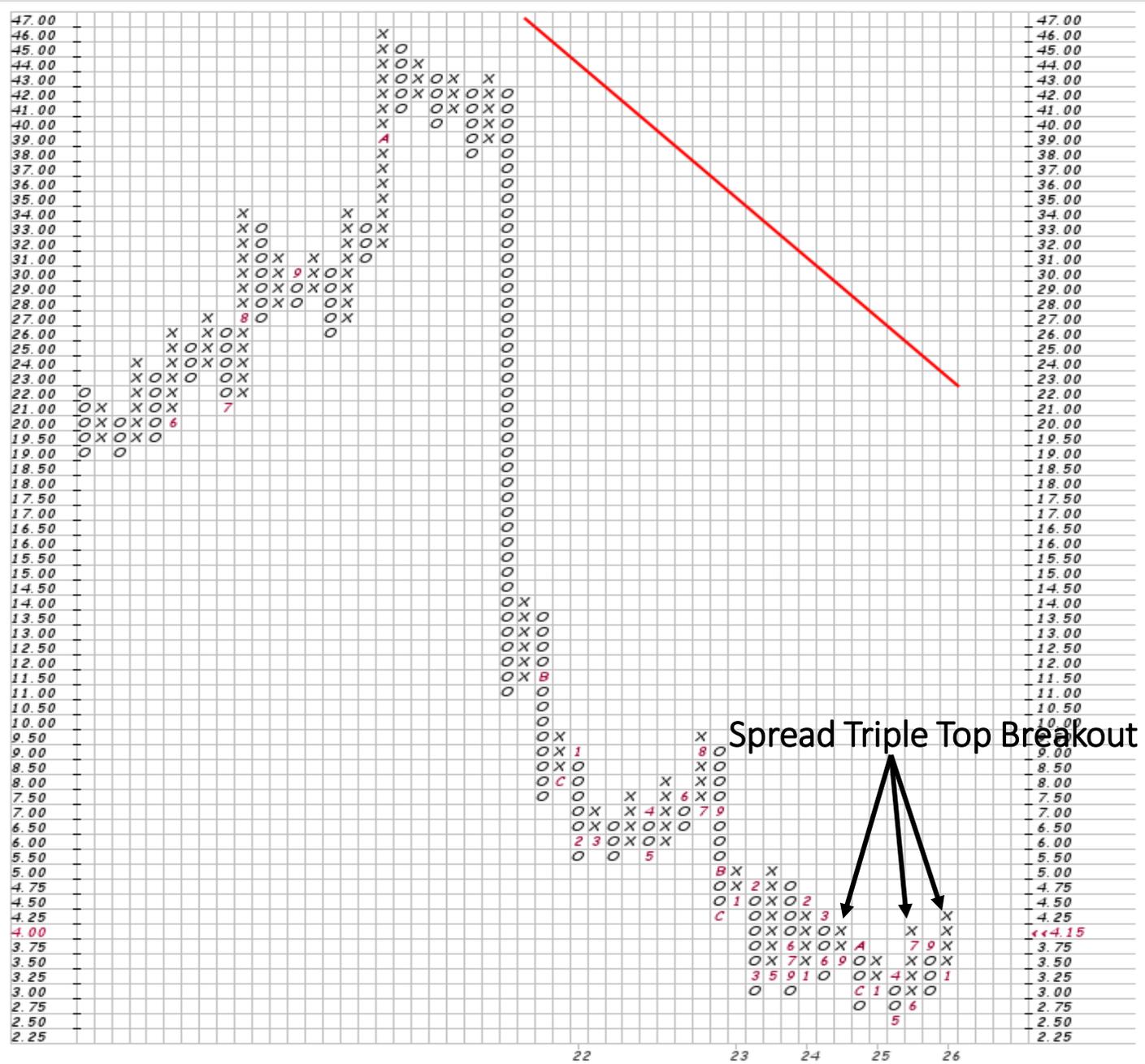
Atea Pharmaceuticals (AVIR)



Atea Pharmaceuticals (AVIR) (Weekly Chart)



Atea Pharmaceuticals (AVIR)



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