



TFR

Trading Floor Research

Welcome to the
—— Trading Floor ——



07/30/24

This Trading Floor Research report contains:

Russell 2000 (IWM) Update

S&P 500 (SPX) Update

A Weekly Follow-up of current stock positions

Russell 2000 (IWM) Update

Yesterday's lack of market follow-through indicates we might transition back to "Risk-off." The market's inability to follow through was evident in the **Russell 2000 (IWM)**. After closing above the key Fibonacci 3/4 number at 223.76, it couldn't confirm the next move higher and finished back below the critical number. Today's Russell 2000 rally came up short as IWM was unable to reclaim the 3/4 number. It has also found resistance at the Fibonacci 1.618 expansion at 224.56 from the base that began in March.

The failed move indicates that IWM will likely continue to retrace to the potential Fibonacci pullback targets of 217.00, 212.83, 211.87, or 206.74. Substantial accumulation in the Russell 2000 (IWM) still points to higher prices, but a pullback is likely in the next few days.

Another example of yesterday's inability to follow through is **The Real Brokerage (REAX)**. I purchased the stock last week as it was breaking significant Fibonacci resistance on solid accumulation. Yesterday morning, it was pushing higher. But by midday, it began to sell off, broke its rising trendline from June's bottom, closed below Fibonacci resistance, and gave a sell confirmation. Accumulation is still substantial, but price is the final arbiter. If the pullback is orderly, it may once again be purchased. For now, I am backing away and watching my other positions closely for lack of follow-through and sell confirmation.

MA1:30,Simple,HL,Shift0 = 209.71
MA2:20,Exp,HL,Shift0 = 215.86
MA3:10,Simple,HL,Shift0 = 221.21
MA4:50,Exp,HL,Shift0 = 209.70



S&P 500 (SPX) Update

The S&P 500 issued a sell signal last Wednesday, indicating its next move lower. Confirmation came today. The index has been in a sideways trend for the past five sessions, alleviating oversold conditions. The top of this sideways movement represented a weak 1/3 retracement from the recent drop of the July 16 high. The S&P 500 downside Fibonacci targets are now at 5316.26, 5150.38, and 4818.62.

*Following today's confirmation of the S&P 500's next move lower, I shorted the S&P 500 index by purchasing the **Direxion Daily S&P 500 Bear 3x (SPXS)**.*

Last week, a significant shift was observed in the top ten mega caps. Seven were in sell signals, indicating a potential change in market dynamics. Now, eight of the top ten have made the sell list, including NVDA, MSFT, META, GOOGL, LLY, AVGO, TSM, and AMZN. These mega-caps, which previously drove the indexes higher, are now in a sell signal. With 80% of the largest in a sell signal, they are likely to lead the S&P 500 lower, potentially causing a shift in market trends.

Understanding how stocks react to news is crucial. GOOGL was already in a sell signal before last week's earnings, which beat expectations. MSFT was in a sell before beating earnings expectations tonight. Both have continued to sell off on the news.

It is not the news that sets the direction; it's how stocks react to the news that sets the direction. The earnings selloffs indicate an excessive supply of shares in the mega caps with very few buyers as the stocks complete the topping process. Lack of demand after fantastic news often causes stocks to drop considerably lower, as everyone who wants to own them has already bought.

S&P 500 Weekly Chart





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This Trading Floor Research report is the weekly follow-up:

(Please, watch this list closely. If a TFR recommended stock does not appear in this list, it has been sold or was never bought)

- The Chefs' Warehouse Inc. (CHEF) was purchased on July 23 at 42.55. CHEF closed at 42.81.
- Sight Science Inc. (SGHT) was purchased on July 24 at 8.28. SGHT closed at 7.75.
- Direxion Daily S&P 500 Bear 3x (SPXS) was purchased today at 7.98. SPXS closed at 8.03.

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