



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —

4/12/26

**This Trading Floor Research report contains:**

S&P 500, Sector, and Industry Group Update

Direxion Daily MSFT Bear 1x Shares (MSFD)

Prelude Therapeutics (PRLD)

## S&P 500, Sector, and Industry Group Update

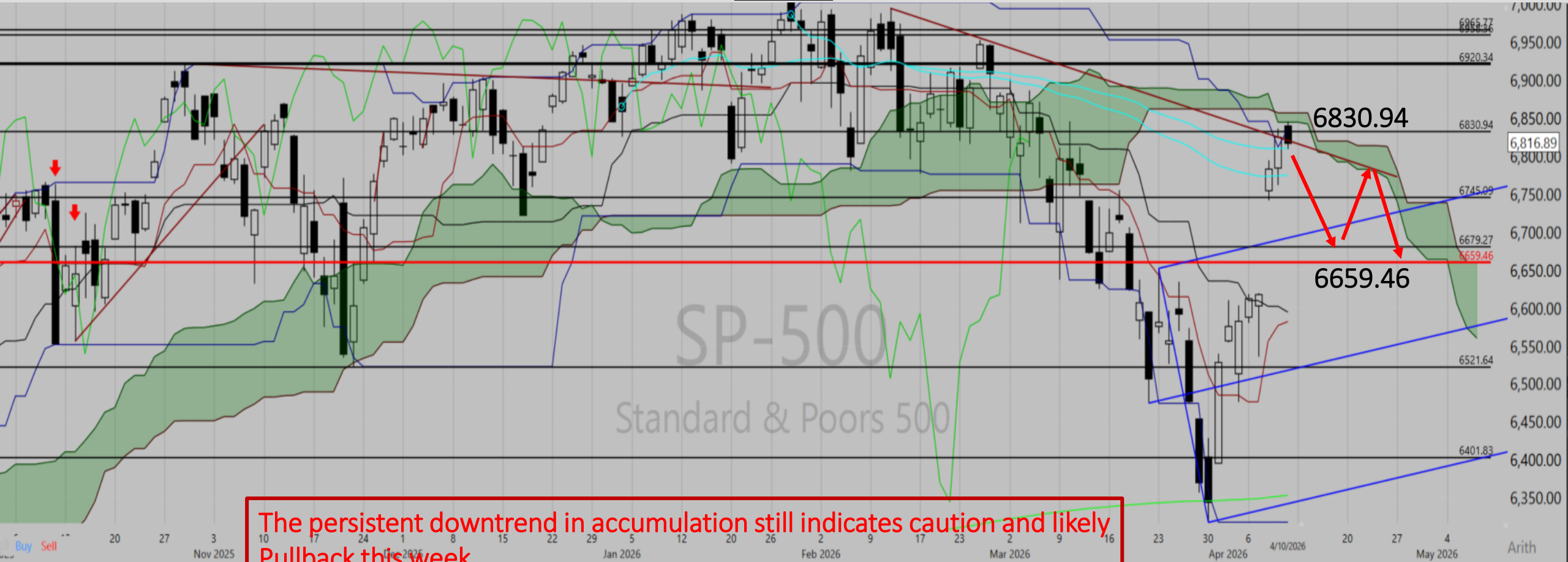
*Wednesday's 2.51% surge in the **S&P 500** on above-average volume triggered a **follow-through day**, signaling the potential start of a **new uptrend**. However, price and volume action in the NASDAQ and across market sectors did not fully support that conclusion.*

*As of Friday's close, 7 of 11 sectors remain in confirmed sell signals, with **utilities**, **industrials**, and **healthcare** the only sectors issuing new buys. Pockets of strength emerged at the industry group level, with buy signals in **biotechnology**, **capital markets**, **semiconductor equipment**, **computer systems**, **electronic components**, and **farm & heavy construction machinery** — though below-average volume across many other groups tempered the conviction behind those signals.*

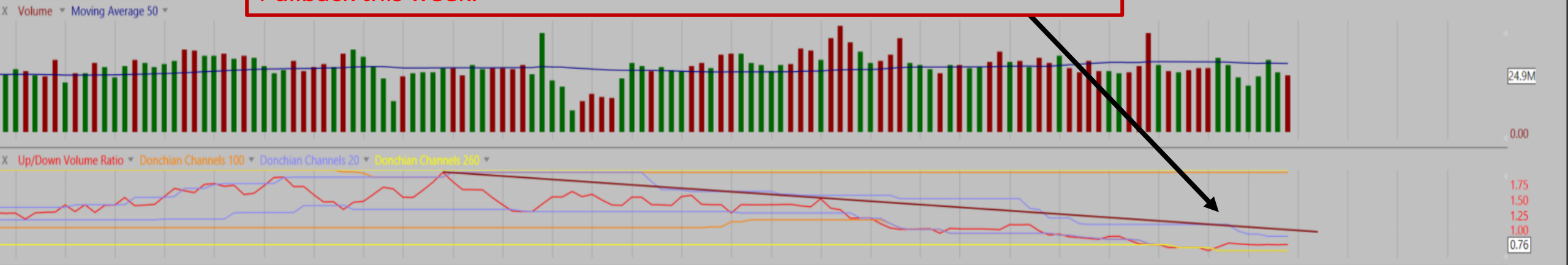
*The S&P 500 rally stalled on Thursday and Friday at a confluence of resistance — the critical Fibonacci 3/4 level of 6,830.94 and the bottom of the daily cloud. Reversals at Fibonacci quarter numbers are common, and a sustained close above this level is needed to avoid a pullback to the Fibonacci support zone between 6,679.27 and 6,659.46. That zone is reinforced by the median line, the 50% level of Wednesday's gap at 6,679.27, and the strong Fibonacci half number of the February-to-April range at 6,759.46. A persistent downtrend in accumulation adds to the caution and points to a likely pullback this week. I am also watching whether the SPX can hold above the critical midpoint of its YTD range, as a close below 6,659.46 would put the bears back in control and jeopardize the rally's sustainability.*

*The **NASDAQ** and **the technology sector's** failure to confirm new buy signals suggest that, outside select pockets of strength in **semiconductors**, **electronic components**, and **computer systems**, technology stocks are unlikely to lead this market higher. As highlighted in recent newsletters, **software stocks** remain exceptionally weak. Last week's price action only reinforced that view, with software stocks closing considerably lower and breaking down from an inverted cup-with-handle top amid massive distribution that points to significantly lower prices. This group should be avoided.*

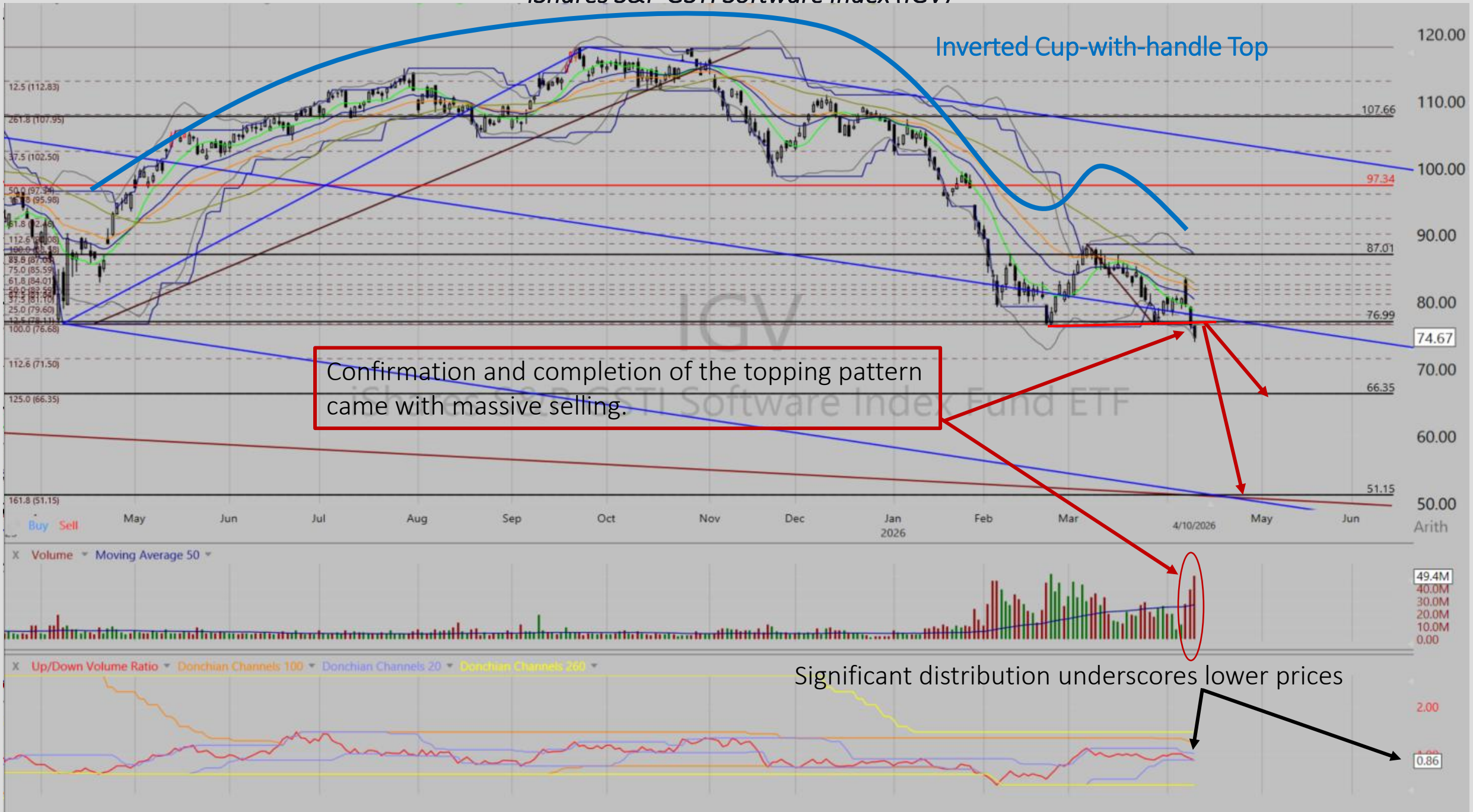
# S&P 500



The persistent downtrend in accumulation still indicates caution and likely Pullback this week.



# iShares S&P GSTI Software Index (IGV)



Inverted Cup-with-handle Top

Confirmation and completion of the topping pattern came with massive selling.

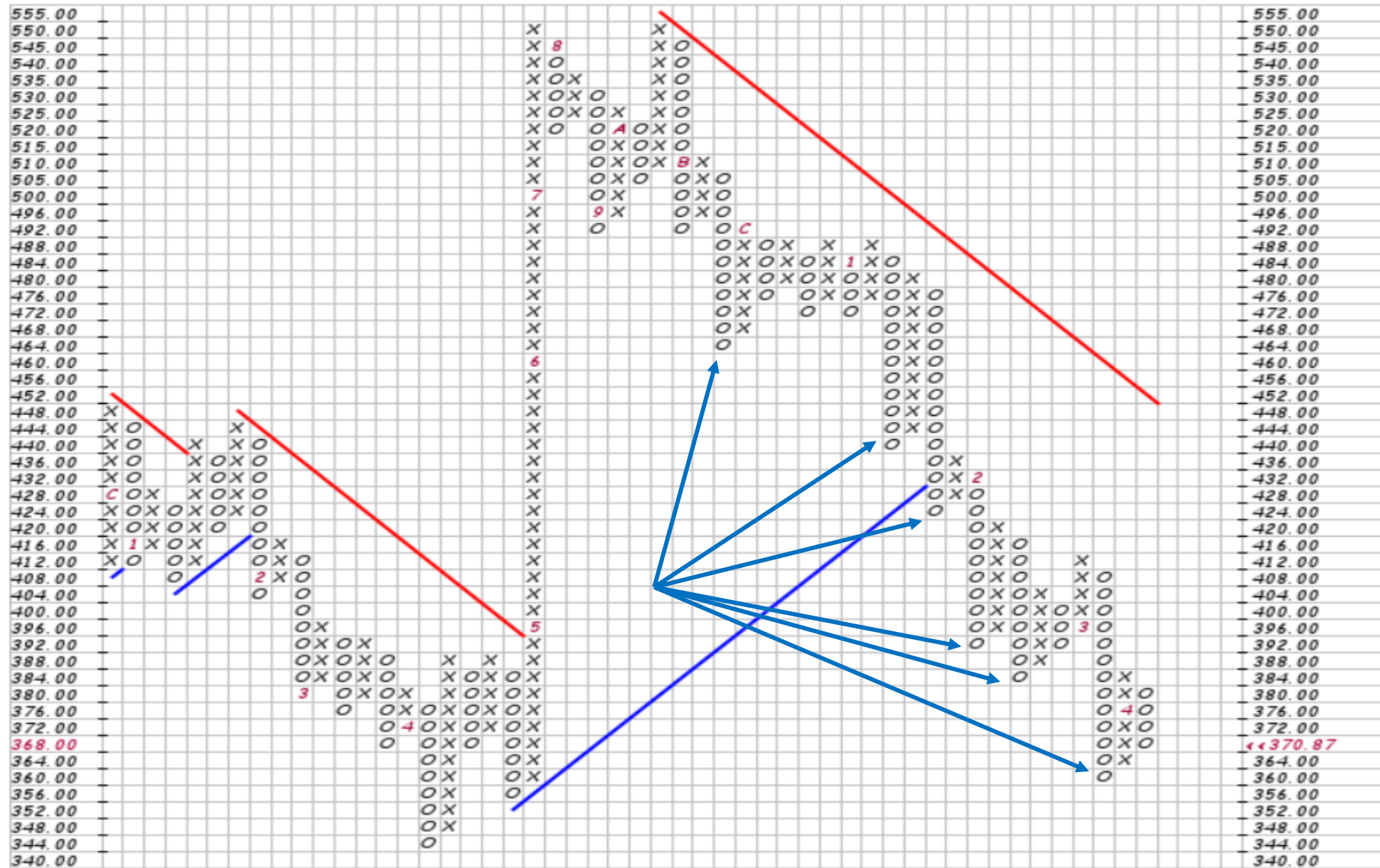
Significant distribution underscores lower prices

## *Confirmed Buy: Direxion Daily MSFT Bear 1x Shares (MSFD)*

- **Direxion Daily MSFT Bear 1x Shares (MSFD)** is an exchange-traded fund designed to deliver the inverse (-1x) of the daily price performance of Microsoft (MSFT).
- While the S&P 500 continued its upward trend, software stocks moved sharply in the opposite direction. The **iShares S&P GSTI Software Index (IGV)** plunged 3.95% on Thursday and another 3% on Friday, breaking down from an inverted cup-and-handle topping pattern on significantly above-average volume and sending IGV to new YTD lows not seen since November 2023. The inability to participate in the broader market rally underscores the severity of the software unwind. A close below Fibonacci support at 76.68 points to the next downside target at 66.35, and breaking that level would complete the pattern — with a measured move approaching the 2022 lows at 51.15, where the median line, the Fibonacci 1.618 expansion from the inverted base, and a significant trendline from the November 2021 top all converge. **Software infrastructure** and **software application** stocks both confirmed their next leg lower on considerable distribution, with the heaviest selling in software infrastructure — volume ran 110% above average on Thursday, and distribution levels hit 52-week lows.
- *To capitalize on the move lower in software infrastructure, I purchased the **Direxion Daily MSFT Bear 1x Shares (MSFD)** as it confirmed its next probable trend higher. Accumulation levels on **Microsoft (MSFT)** have fallen to their lowest point since the 2022 bear market, as it leads the group lower. MSFT has already broken down from its inverted cup-with-handle top, and Wednesday's retracement high was a retest of the handle's lows — confirming the next leg lower is already underway. The MSFT 32.6% decline has been orderly, as reflected in the stair-step pattern on the point-and-figure chart, with the next Fibonacci downside targets at 344.79, 331.00, 292.13, 280.29, and 214.60.*
- The **Direxion Daily MSFT Bear 1x Shares (MSFD)** position was started at 1/2-star.
- **Direxion Daily MSFT Bear 1x Shares (MSFD)** *was purchased at 14.76.*
- **Direxion Daily MSFT Bear 1x Shares (MSFD)** *is undergoing significant accumulation, with an up/down ratio at 1.23.*
- **Direxion Daily MSFT Bear 1x Shares (MSFD)** closed at 14.75.
- **Direxion Daily MSFT Bear 1x Shares (MSFD)** *has an anchored VWAP of 13.82.*
- *The Fibonacci sell targets: 1<sup>st</sup> target 15.62; 2<sup>nd</sup> target 16.04; 3<sup>rd</sup> target is 16.53; 4<sup>th</sup> target is 17.19; 5<sup>th</sup> target is 18.14; 6<sup>th</sup> target is 20.51.*
- *Stop price: Close below 14.64.*

# Microsoft (MSFT)

Stairstep double and triple bottoms indicate an orderly decline

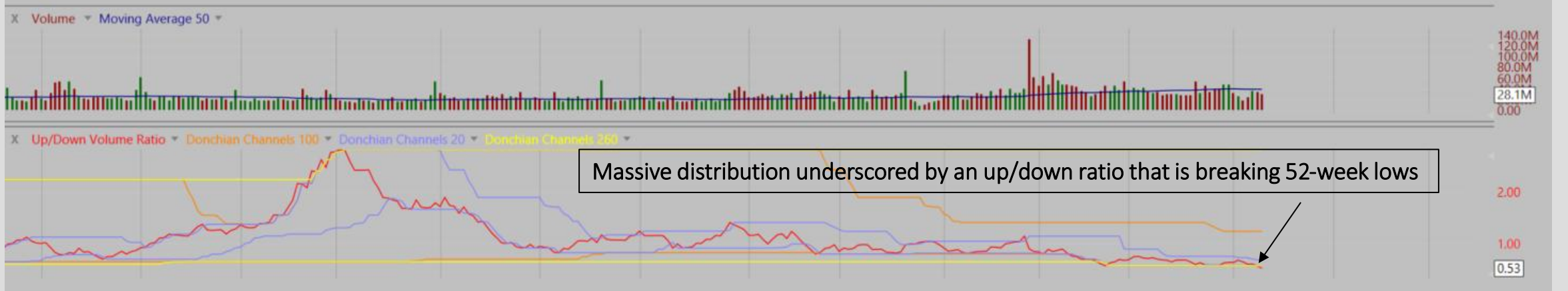


# Direxion Daily MSFT Bear 1x Shares (MSFD)

MA1 = 14.17



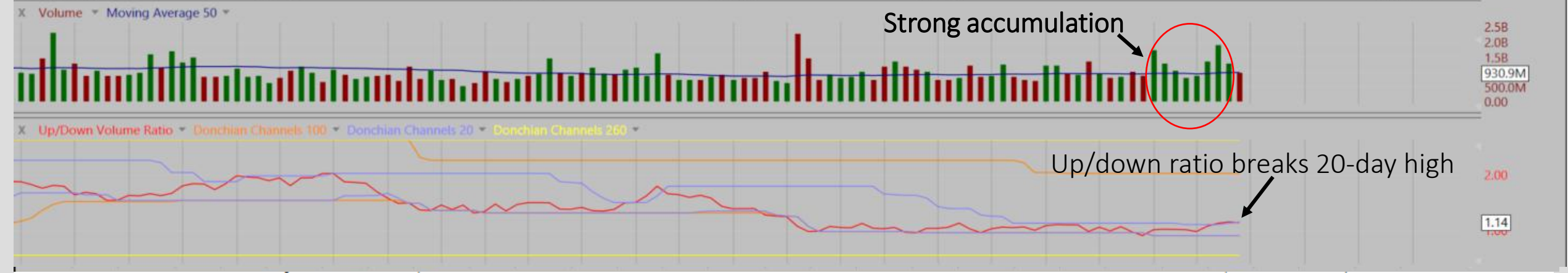
# Microsoft (MSFT)



## **Confirmed Buy: Prelude Therapeutics (PRLD)**

- **Industry Group: Biotechnology.** Last week, the **biotechnology group** broke out of a double-bottom basing pattern on significant accumulation. The most convincing leadership continues to come from biotechnology as last week's surge drove the group to new YTD highs. My **Allogene Therapeutics (ALLO)** position hit its first two Fibonacci targets, where I sold two-thirds, locking in gains of 16.6% and 33.3%. With many emerging biotech leaders setting up in constructive bases, last week's S&P 500 follow-through should provide enough support to sustain the group's next move higher.
- **Prelude Therapeutics (PRLD)** is a clinical-stage biopharmaceutical company focused on discovering and developing precision oncology therapies for underserved cancer patients.
- *Capitalizing on the strength in the biotech group, I purchased **Prelude Therapeutics (PRLD)** following Friday's confirmation. PRLD broke out of a five-month cup-with-handle base on Wednesday. Thursday, it retraced to its trendline from the base's November top, setting up a low-risk entry for Friday. The retracement reversed at the weak Fibonacci 7/8 level, which often precedes a powerful surge. Additionally, the handle formed above the weekly cloud, which often serves as a launching pad for outsized moves, while a triple-top breakout above the bearish resistance line on the point-and-figure chart further underscored the strong demand building behind PRLD.*
- The **Prelude Therapeutics (PRLD)** position was started at 1/2-star.
- **Prelude Therapeutics (PRLD) was purchased at 4.46.**
- **Prelude Therapeutics (PRLD) is undergoing significant accumulation, hitting 100-day highs.**
- **Prelude Therapeutics (PRLD) closed at 4.08.**
- **Prelude Therapeutics (PRLD) has an anchored VWAP of 10.90.**
- **The Fibonacci sell targets: 1<sup>st</sup> target 4.98; 2<sup>nd</sup> target 5.89; 3<sup>rd</sup> target is 6.10; 4<sup>th</sup> target is 9.15.**
- **Stop price: Close below 3.83.**

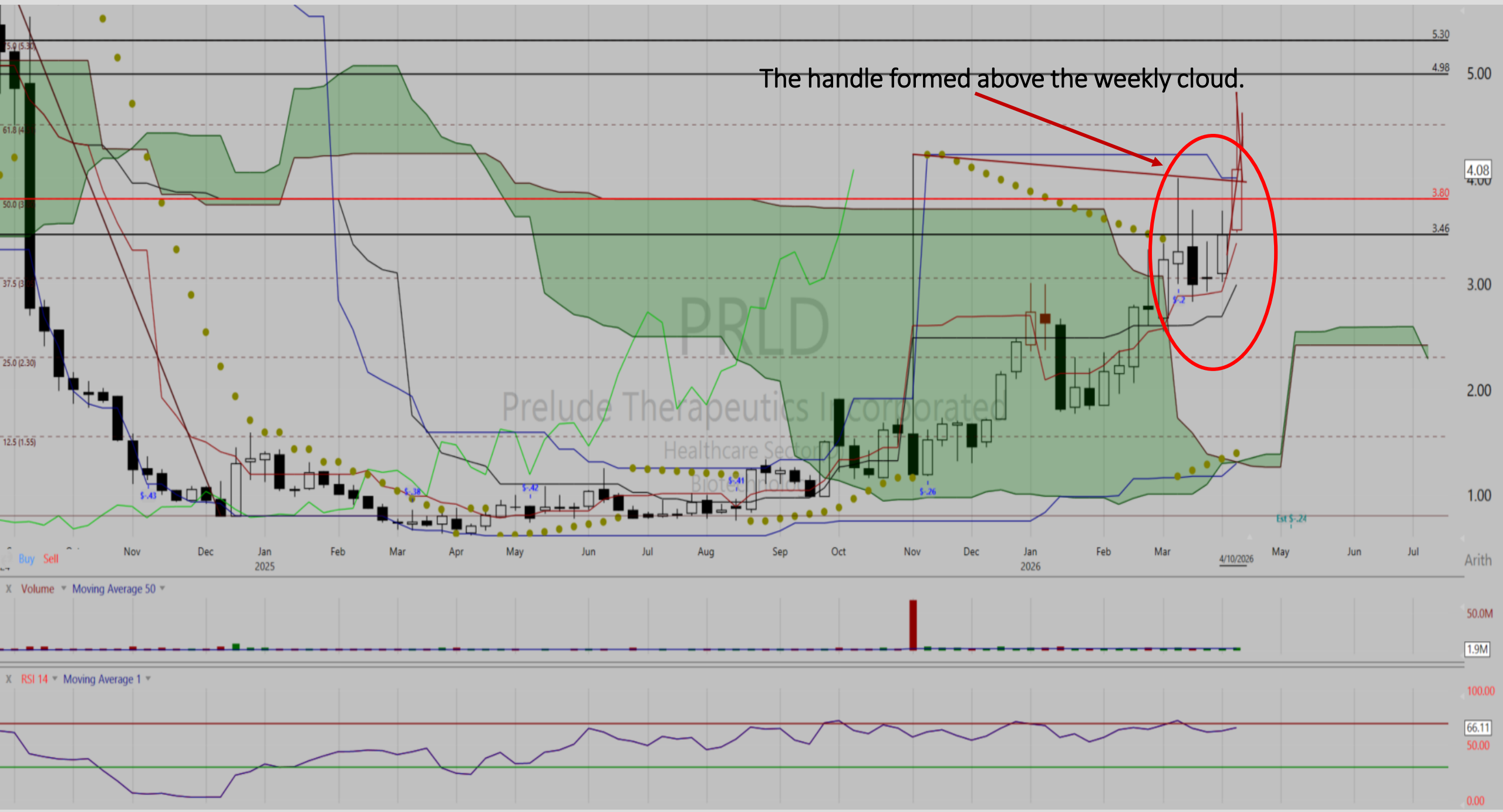
# Biotechnology Industry Group



# Prelude Therapeutics (PRLD)

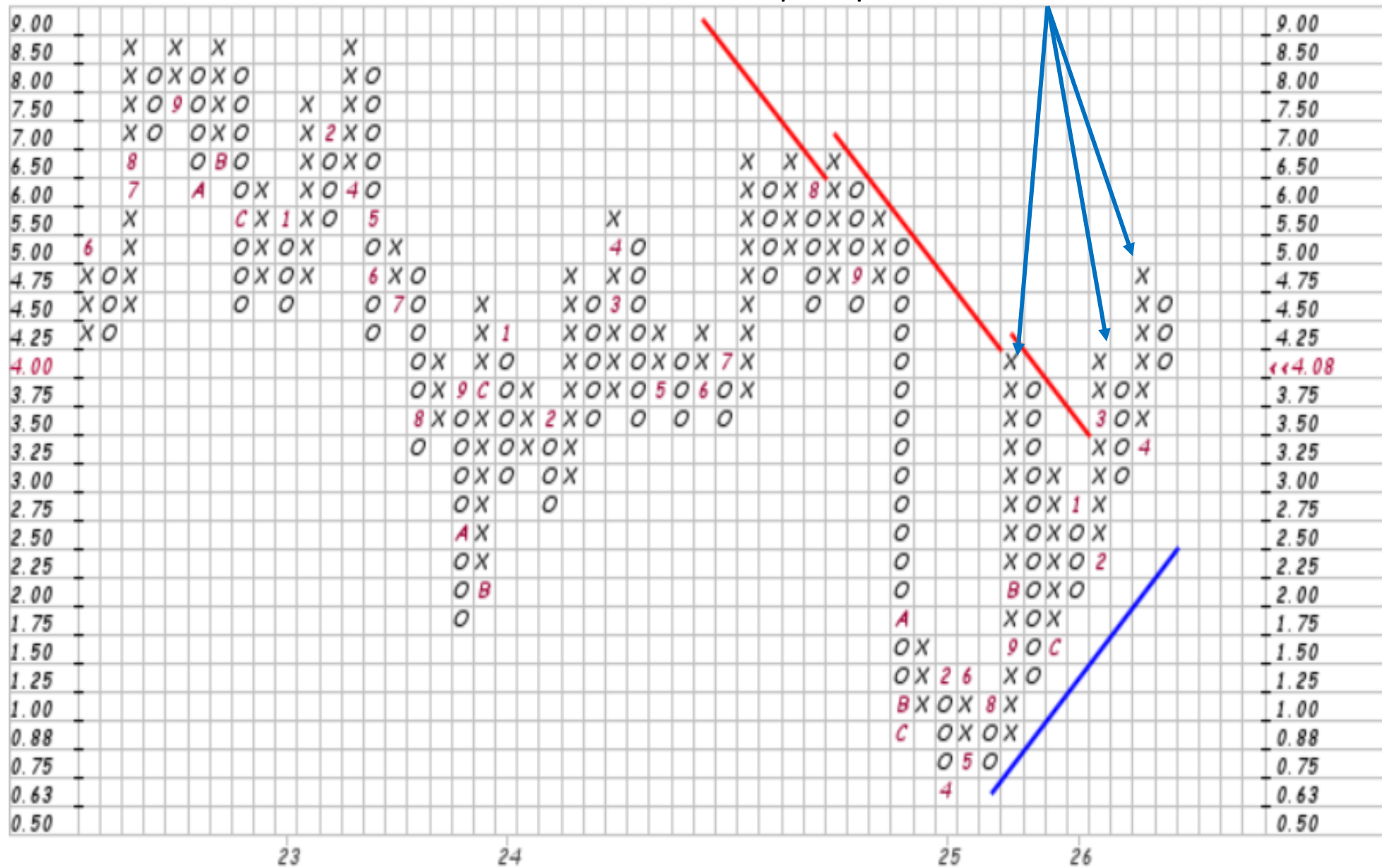


# Prelude Therapeutics (PRLD) Weekly Chart



Prelude Therapeutics (PRLD)

Triple top breakout above bearish resistance line



# Disclaimer

Before using this site, please make sure that you note the following important information:

## Do your Own Research

Our content is intended to be used and must be used for informational purposes only. It is very important to do your own analysis before making any investment based on your own personal circumstances. You should take independent financial advice from a professional in connection with, or independently research and verify, any information that you find on our Website and wish to rely upon, whether for the purpose of making an investment decision or otherwise.

*The content of this email is confidential and intended only for the recipient specified in the message. It is strictly forbidden to share any part of this message with any third party without the written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion so that we can ensure such a mistake does not occur in the future.*



The results do not represent the performance of all selections made by the Trading Floor Research (TFR) newsletter.

We look for investment resources and inform you of these resources, which you may choose to use in making your own investment decisions. **Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.** This material is being provided for informational purposes only, and nothing herein constitutes investment, legal, accounting, or tax advice or a recommendation to buy, sell, or hold a security. No recommendation or advice is given on whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors, or markets identified and described were or will be profitable. All information is current as of the date herein and is subject to change without notice.