



TFR

Trading Floor Research

Welcome to the
—— Trading Floor ——



05/07/24

This Trading Floor Research report contains:

Market & Sector Update

A Weekly Follow-up of current stock positions

Market Update

Yesterday, all three indexes crossed over the 50-day SMA. Unfortunately, the crossover was on significantly below-average volume. The volume was so poor that, at times, I wondered if the exchange was still open.

The S&P 500 and QQQ finished with -34% below average volume, and the Russell 2000 volume was -32% below average. The meager volume associated with the 50-day SMA crossover didn't allow bull market confirmation.

Every up day since the market low of April 19 has been on below-average volume. The S&P 500 Up/Down Volume indicator made another 100-day low, highlighting the lack of accumulation. If the market continues moving higher on below-average volume, it would be the first time in my 35-year career.

By the end of the day, the SPY and the QQQs had rallied to their 3/4 Fibonacci numbers at 516.72 and 440.27, respectively. Reversals can happen at 3/4 Fibonacci numbers. A reversal is more likely when the advance is made on below-average volume.

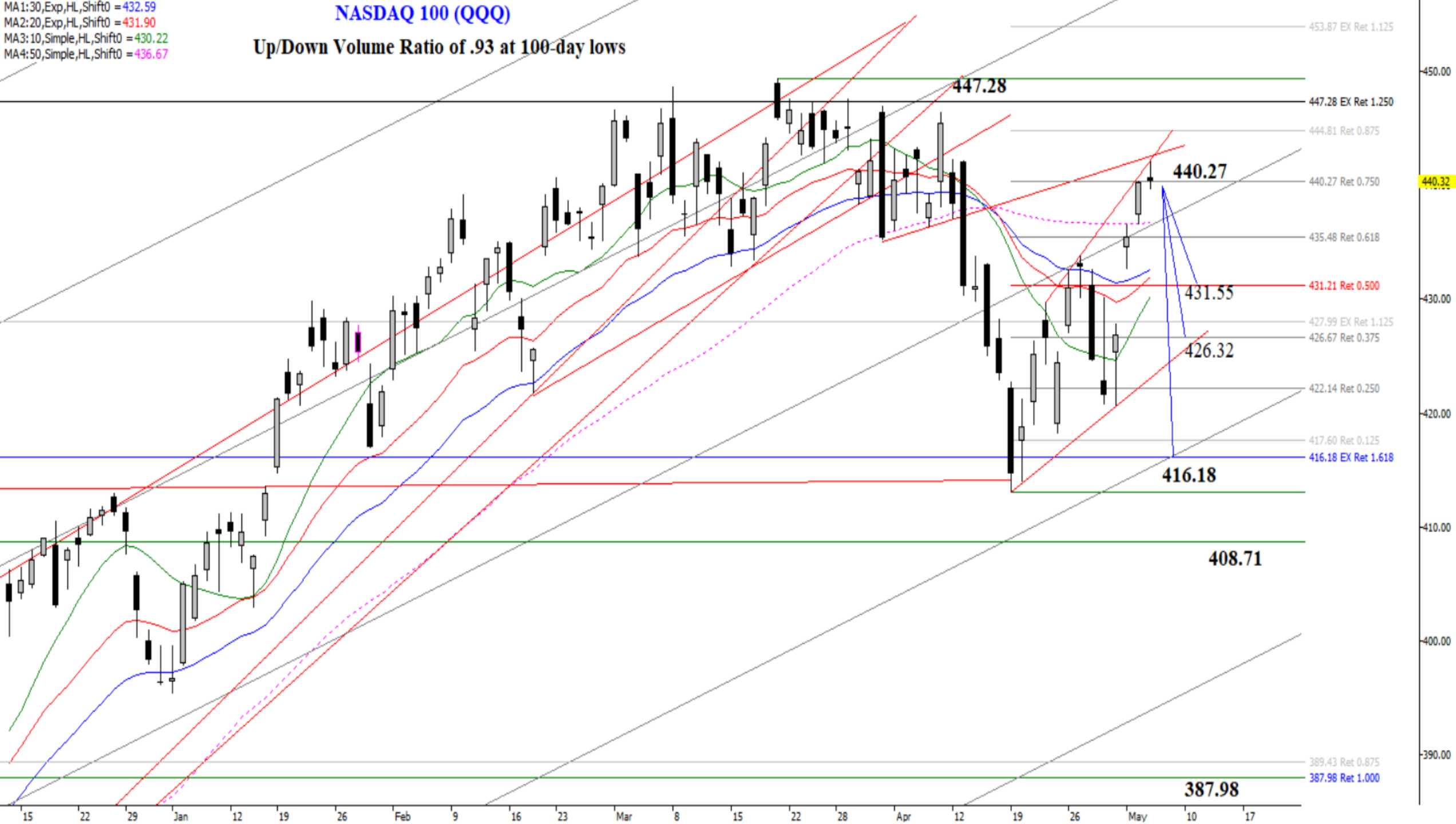
Remember that the 50-day didn't resist yesterday's market advance and will not act as support on the way back down. That is because the 50-day SMA measures trend, not support or resistance. Closing below the 50-day SMA will confirm the next move lower. If the indexes stay above the 50-day SMA, getting strong volume associated with the next substantial market advance will confirm the next bull trend.

I continue to wait for confirmation of the bull or bear trend. If I receive confirmation of a move lower from this level, I plan to repurchase the **ProShares UltraPro Short QQQ (SQQQ)** and the **Direxion Small Cap Bear 3x (TZA)**.

MA1:30,Exp,HL,Shift0 = 432.59
MA2:20,Exp,HL,Shift0 = 431.90
MA3:10,Simple,HL,Shift0 = 430.22
MA4:50,Simple,HL,Shift0 = 436.67

NASDAQ 100 (QQQ)

Up/Down Volume Ratio of .93 at 100-day lows



Sector and Industry Group Update

Today, the **Consumer Staples sector** gave a buy signal. Substantial accumulation indicates that large sums of money are headed toward the safety trade and supports the idea that the market could be preparing for its next potential drop.

The confirmed consumer staple industry groups include **Farm Products, Beverages-Soft Drinks, Confectioners, Household & Personal Products, and Education & Training Services.**

The consumer staples move, in combination with last week's **utility sector** buy, indicates the market is nervous and positioning away from potential volatility. Lack of volume as the indexes move higher and increased volume in defensive areas are possible red flags. So far, accumulation has been so substantial in utilities that it has not offered a retracement for low-risk entry. I have been unable to purchase the **Direxion Utilities Bull 3x (UTSL)** I highlighted in Sunday's report.

The same might happen for the consumer staples. The strongest accumulation comes from Beverages-Soft Drinks, Education & Training Services, and Household and Personal Products industry groups. As they confirm their next move, I am focused on these groups for potential emerging leaders.



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)

- **Vital Farms Inc. (VITL) was purchased on April 22 at 1.34.** On May 2nd, I sold half of the position at the first Fibonacci target of 28.47, yielding a 10.80% gain. Today, I sold another 3/8 position at 29.67 with a +15.50% gain. The stock has gone straight up into earnings and is very extended, as it reports on Thursday. I am leaving a small 1/8 position.
- **DiDi Global Inc. (DIDIY) was purchased on May 02 @ 5.05.** The DIDIY position closed at 4.97, at a 1.6% loss.
- **Full Truck Alliance Co. LTD (YMM) was purchased on May 03 @ 8.77.** The YMM position closed at 8.67, at a 1.1% loss.

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