

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**January 7, 2015** – Not only are European markets in turmoil over their economies and the specter of a Greek exit from the Eurozone but this morning the Eurozone inflation fell negative. Something is rotten and not in Denmark, which is not a Eurozone country. All the more reason for money to come home to the USA?

Elsewhere, with oil collapsing there is more nervousness that is taking over from the joy of lower gas prices. Now analysts worry this will spill over into housing although we do not see the connection. Indeed, the housing sector ETF is outperforming the market right now.

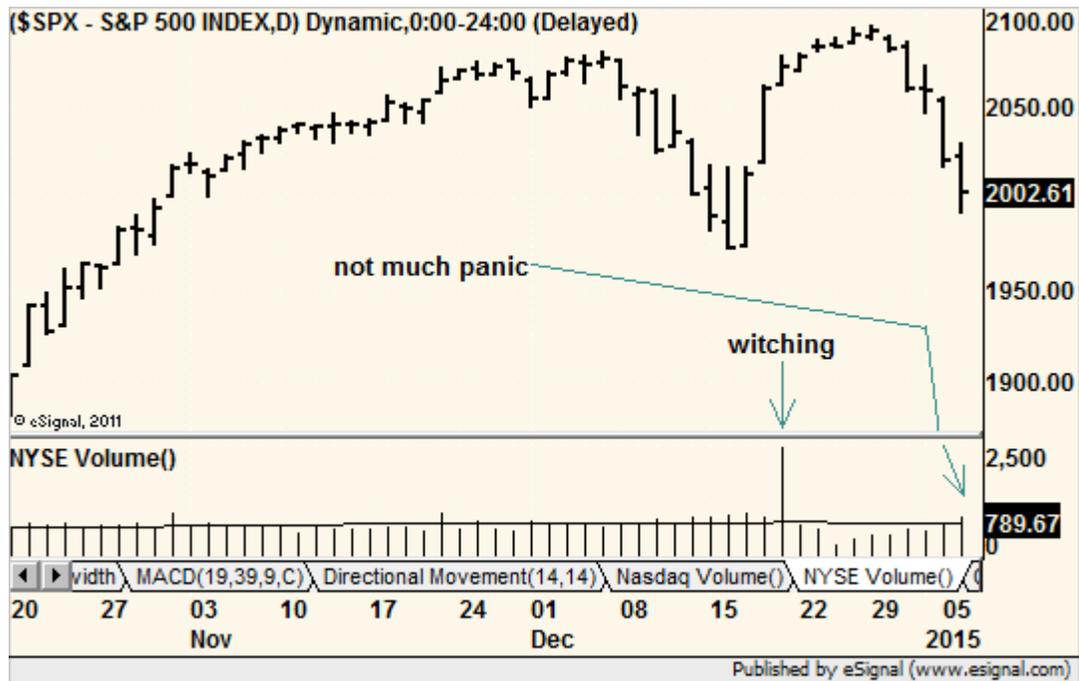
But the consumer is really the winner. Retail ETFs are soaring. Even consumer staples are beating the market, although that is a defensive play as well.



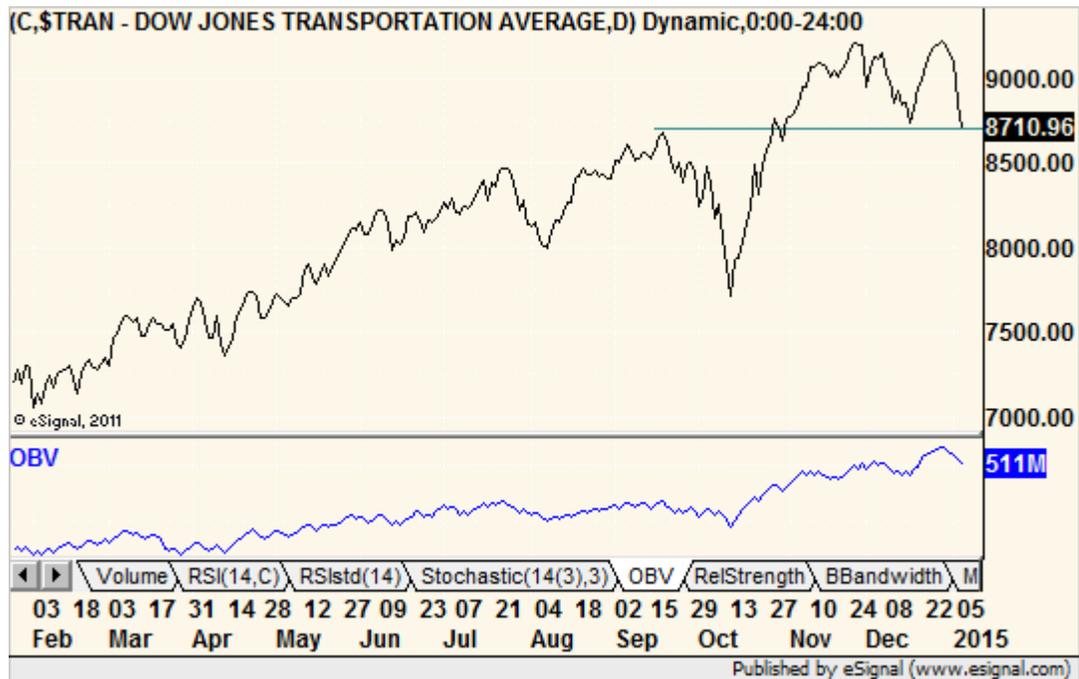
So much for the bulls coming back at the 61.8% Fib. However, now we can see a bullish RSI divergence as the **SPY** approaches its trendline. If the premarket gains continued then the bulls will really be back.

As we've been saying the long-term rising trend is still intact and now with a nice pullback under its belt the market can finally attempt a comeback. There were an awful lot of new 52-week lows yesterday so it is not an "all cylinders" view.

## Index Charts of the Day



Really not much concrete on this chart. All we really have is low volume, save for yesterday, on the selloff.



Close-only view of the trannies. At support.

## The Radar Screen

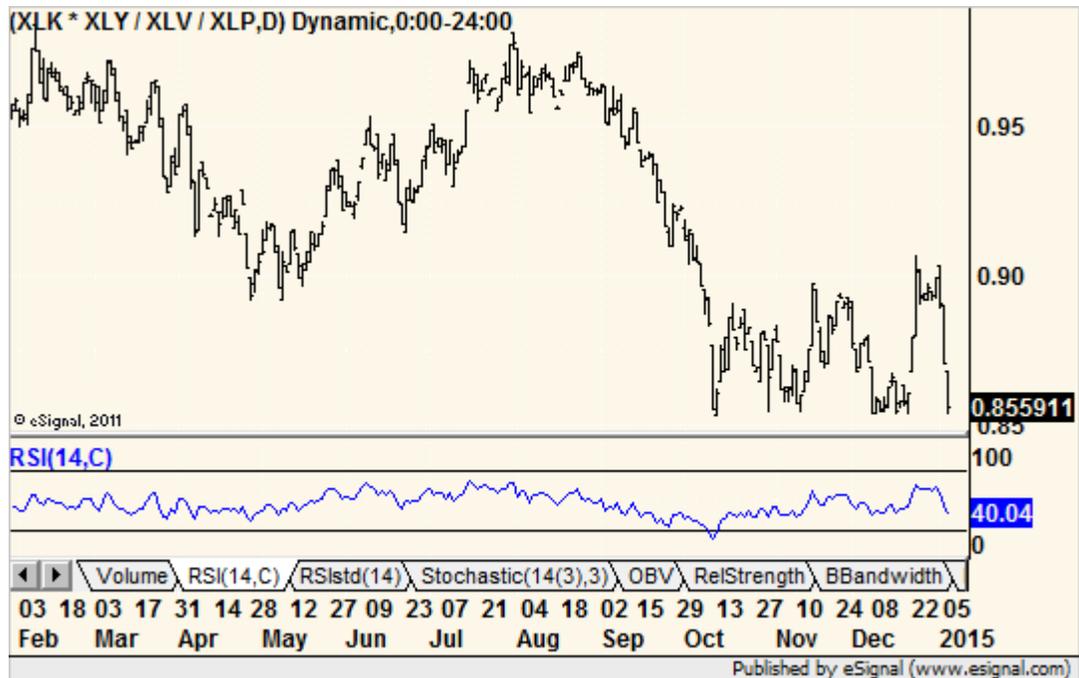
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances in the Radar Screen or the last major update. We do not take "buy/sell on close" triggers or "at the open" triggers if the stock moves more than 4-5%. See <http://quicktakespro.com/radar.html> for all Radar Screen rules and terms.

<b>Bullish Implications</b>		
<b>JDS Uniphase JDSU</b> - Networker with possible breakout. Watching just a little while longer. Small dip Monday so we are going to take a bite. Remember, networkers are one of the better sectors.	<b>Moved</b>	12/18
<b>Manitowac MTW</b> - This commercial vehicle maker supposedly getting Carl Icahn interest. We see a textbook double bottom in progress with confirming RSI divergence and 50-day average break. <b>Pullback may now be complete so we are going to buy now.</b>	<b>Moved</b>	12/29
<b>Northrup Grumman NOC</b> – This defense stock was in the green yesterday showing good relative strength. We’ve vchanged out minds on this sector and now like it on the rebound.	<b>New</b>	1/7
<b>Intel INTC</b> – Now at support from summer highs and December low. A good place to play a short-term bounce with low risk. Low risk if wrong, not of being wrong as the stop is very close.		1/6
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>3D Systems DDD</b> - Time to watch 3-D printing stocks again with big RSI divergence. <b>XONE</b> too.		12/29
<b>Panera Bread PNRA</b> – Breakout has failed so we move on with no harm done.	<b>Removed</b>	12/29
<b>Facebook FB</b> – Money still pouring in here.		1/6
<b>Twitter TWTR</b> – Bullish RSI divergence. On-balance volume flattened out already. Nice up-day Tuesday we wish we bought.		1/6
<b>Caterpillar CAT</b> – Major support at 80 would be hot.		1/6
<b>Nordic American Tankers NAT</b> – <b>FRO</b> is way too volatile for us but this oil tanker suggests the bottom for oil is close. There is a huge percentage from current trading to resistance but above that level we’ll have a “big base” breakout.	<b>New</b>	1/7
<b>Lorillard</b> – Tobacco stocks have huge dividend yields although some have precarious charts. This one is one of the better ones so we’ll watch it here.	<b>New</b>	1/7
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Aerospace/Defense Sector index DFX, DFI</b> – We are <b>changing our tune</b> on this sector as it continued to outperform. The breakdown was negated so we are going to buy <b>NOC</b> – chart below.	<b>Changed</b>	12/15
<b>Networking Index NWX</b> - A breakout and test. Looking good.		12/18
<b>Silver miners SIL</b> - still watching possible double bottom. <b>Breakout!</b>		12/19
<b>Gaming</b> – Basically now or never. See <b>WYNN</b> chart below.	<b>Changed</b>	12/22
<b>Utilities ETF XLU</b> – Consider buying the dip to the 50-day average. Nioce rising on-balance volume.		1/5
<b>Real Estate ETF IYR</b> – Look what sector is leading. Something is fishy here as defensive sectors are supposed to be lagging again but clearly some are not.		1/5
<b>Tobacco index</b> –good support coming up for this defensive sector. Big dividends to be had, too. Keeping an eye on it.		1/5

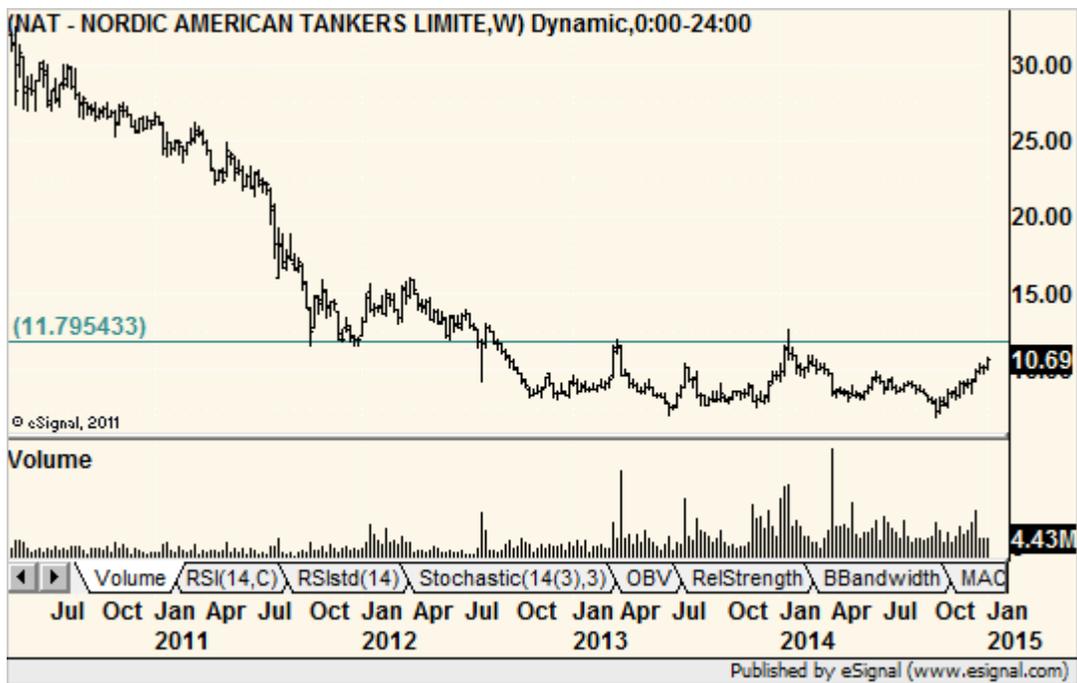
## Market Highlights



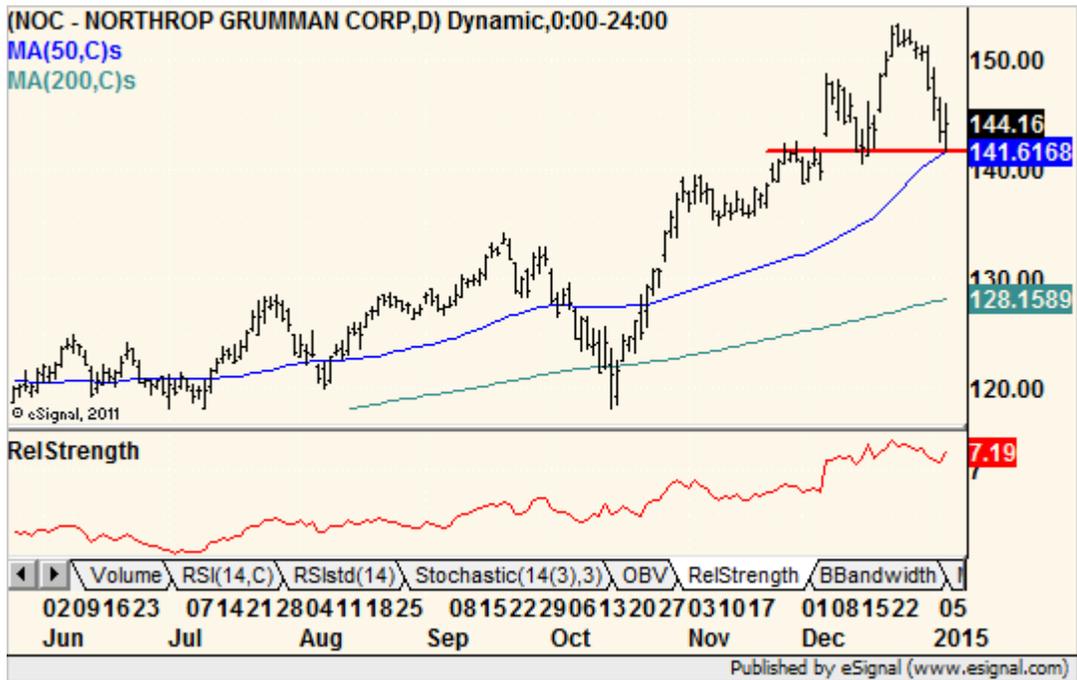
**Long T-bond ETF** – Overbought at resistance. Time to take the foot off the gas pedal. And that is good for stocks today.



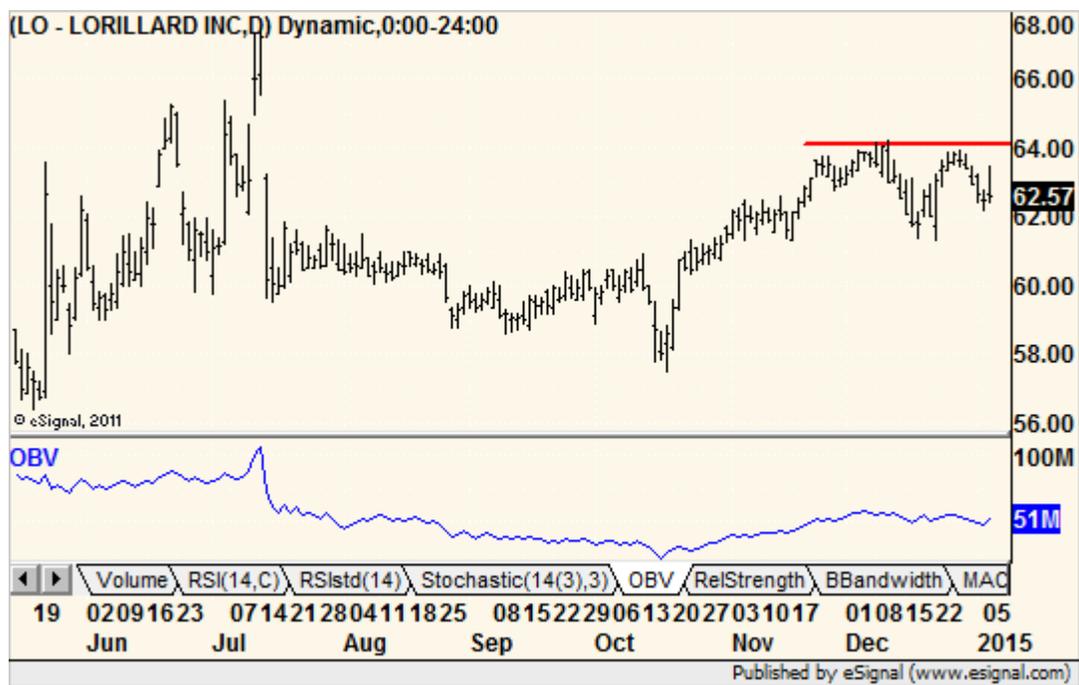
**Offense / Defense index** – Back to support again. Another reason for an up-day today.



**Nordic American Tankers** – I posted a chart of **FRO** to Twitter (way too volatile for us) but this oil tanker suggests the bottom for oil is mighty close. There is a huge percentage from current trading prices to resistance but above that level we'll have a “big base” breakout. Holding Tank (no pun intended).



**Northrup Grumman** – This defense stock was in the green yesterday showing good relative strength. We've changed our minds on this sector and now like it on the rebound.



**Lorillard** – Tobacco stocks have huge dividend yields although some have precarious charts. This one is one of the better ones so we’ll put it in the Holding Tank.

## Advice Tracker

This is a list of stocks that have triggered buys or sells and not a recommended portfolio. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in **red** mean that the position was stopped out. Stops in **red** were changed. Any position that moves in the desired direction and then reverses by 5% from the extreme that day is an automatic stop out. This is to compensate for the inability of this once per day newsletter to alert subscribers to the reversal.

	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	<b>NDLS</b>	NOODLES & CO	25.50	10.9%		23.00	11/21	46
	<b>CIEN</b>	CIENA CORP	19.07	0.7%	19.00	18.94	11/21	46
	<b>COH</b>	COACH INC	36.30	-3.8%	35.75	37.75	12/29	8
<u>Short</u>	<b>TIVO</b>	TIVO INC	11.10	16.2%	cover	12.90	11/10	57

**Notes:** **NDLS** finally broke technically so we're booking a nice profit, which was even better as the market was so weak.

Also covering short in **TIVO** as it is starting to look oversold and we think the market is ripe for rebound.

## Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Val – Yes, the long-term trend is up. The market got quite close to a reversal but the longer-term wins until proven otherwise.

## Other Information

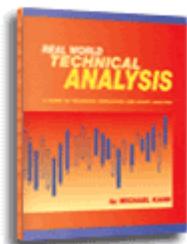
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently on financial television including PBS' Nightly Business Report.



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