

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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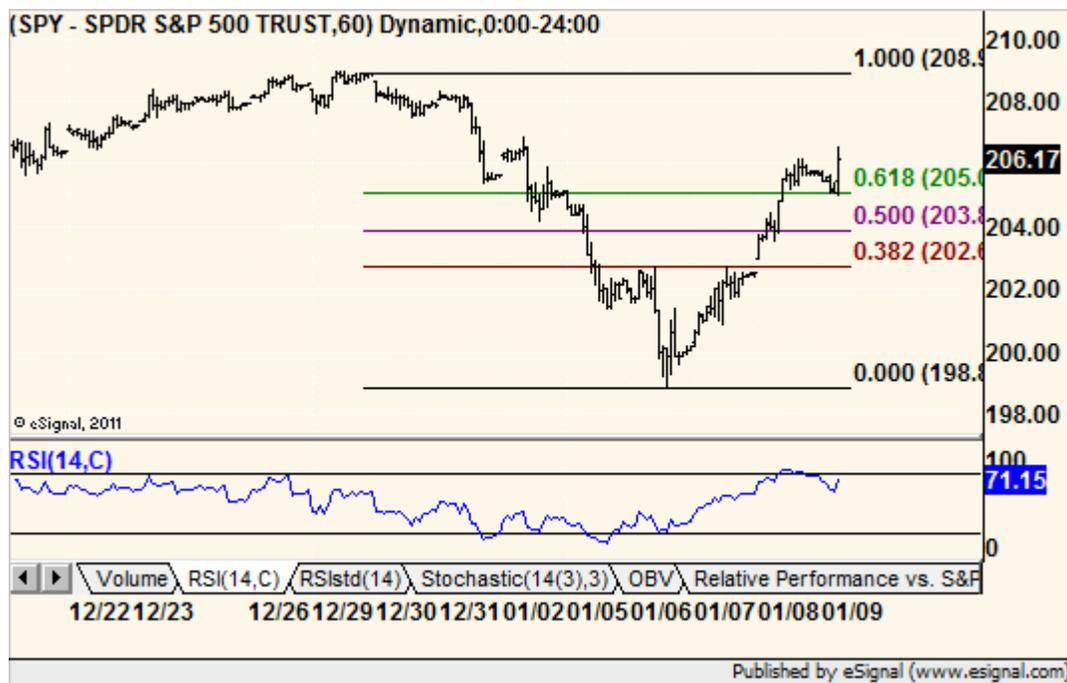
January 9, 2015 – Here is your “justification” for the rally, taken verbatim from MarketWatch: U.S. stocks ended Thursday with the largest advance in three weeks, as two days of steady oil prices along with dovish comments by a Federal Reserve member helped further fuel a buying frenzy begun Wednesday.

We see a rebound from short-term oversold conditions in the context of a long-term bull market. With that said, we also see some similarities to the December rally, which, as we know, fizzled. Will this be the second leg a double top pattern? With so much talk of the decennial pattern (years ending in 5) and the Presidential cycle being bullish, we wonder if it is already too bullish out there.

With oil and gas so low, consumer stocks are doing well. With interest rates so low, dividend stocks and housing are doing well. Sounds good, right? We worry when tech stocks lag, as they have been doing since November.

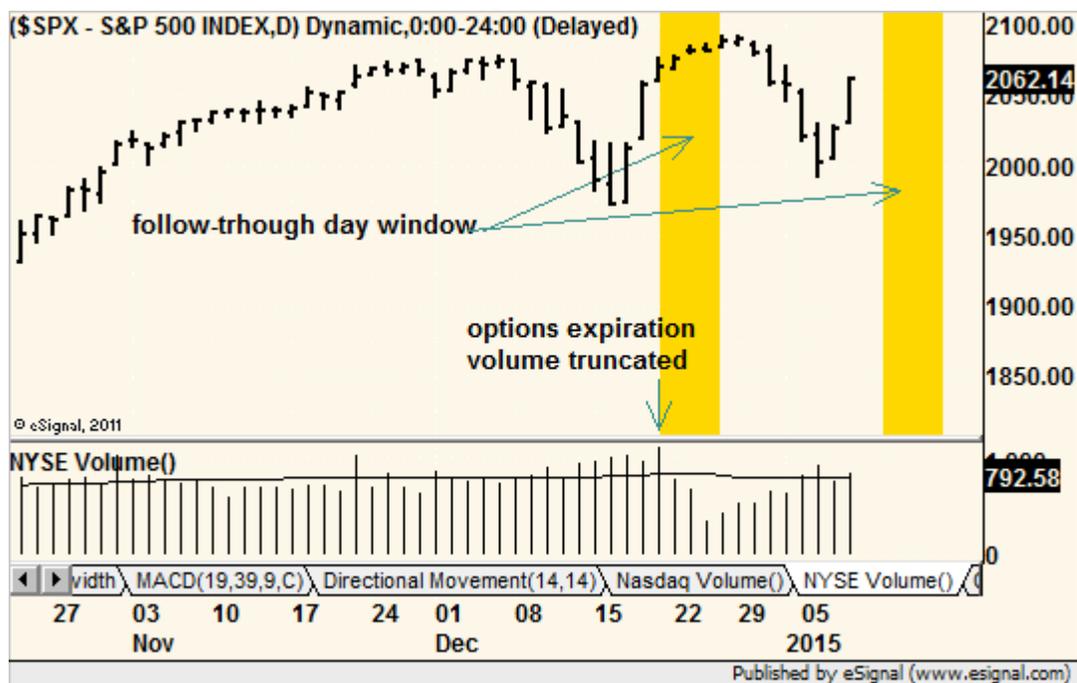
And then there is the jobs report – better than expected – to send stocks up yet again. But good news was good? Not so fast. Labor participation and hourly wages went down. We are not economic report weed divers in but it seems that this is license for the Fed to keep rates low longer.

But we'll let the charts dictate.

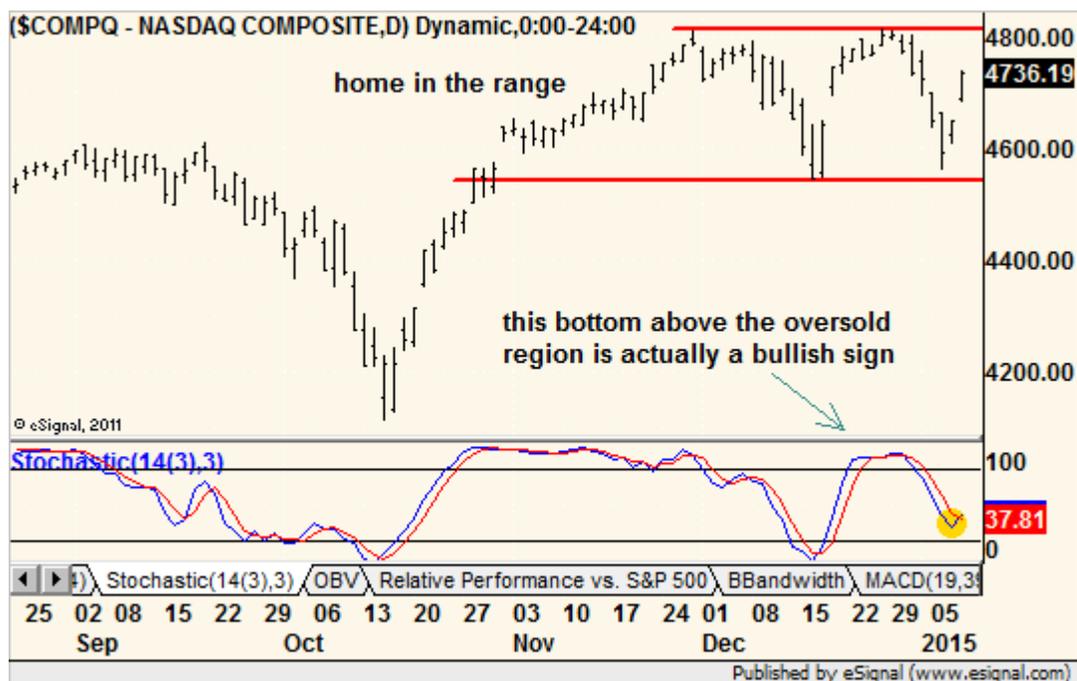


Check out the nice break and test of the 61.8% Fib. This chart was printed just after the jobs report and it looks as if the rally will continue. However, failure now would be quite bearish in our view. Let's rephrase that. This is a bullish chart but because it looks so nice if it turns over now then its outlook flips 180 degrees.

Index Charts of the Day



It is already time to talk about a follow-through day (FTD) window. Today is only day three of the rally attempt and the S&P 500 is already two-thirds of the way to its old high. We can see this recovery mirroring the previous one with a fade at the high and no volume. Considering the last one was during the holidays, another low volume coast to the highs would be significant – and bearish. Now, if there is a pause here and then the surge four to seven days into the rally then we will get the bullish FTD signal.



A nice range to trade with a bullish warning in stochastics.

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.

Bullish Implications		
Junior Gold Miners ETF GDXJ – With three closes over the 50-day average, this looks compelling. It has a speed bump at the Nov high but through there is completes a double bottom with an eye on a reversion to the mean at the 200-day average. That is also near a 50% retrace of the second half decline. We are going to take a nibble as it is holding in the face of a rising dollar.	Triggered	1/8
Valero Energy VLO – Here is a nutty idea – an oil refiner. The chart has potential for a trendline breakout and clearly nobody wants to touch this group. Trailing P/E under 7 and 2.2% div yield. Waiting for the breakout although we might have to be very patient. Buy 51.	New	1/9
Google GOOGL – Bullish hammer at Dec low support. This is a good setup with a higher close today.	New	1/9
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Facebook FB – Money still pouring in here. <u>Flag break Thursday but easing Friday. Likely buy Monday on the pullback</u>		1/6
Twitter TWTR –On-balance volume flattened out already. <u>Holding breakout but easing on a down market Friday. Will look to buy on a shallow pullback.</u>		1/6
Caterpillar CAT – Major support at 80 would be hot.		1/6
Nordic American Tankers NAT – FRO 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. <u>Spike rally should pull back according to precedent.</u>		1/7
Lorillard LO – 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.		1/7
Sector Watch (observations that may spark ideas)		
Aerospace/Defense Sector index DFX, DFI – We are changing our tune on this sector as it continued to outperform.		12/15
Networking Index NWX - A breakout and test. Looking good.		12/18
Silver miners SIL - still watching possible double bottom. Breakout!		12/19
Gaming – Basically now or never. Rallied enough Wednesdays to keep us interested		12/22
Utilities ETF XLU – Consider buying the dip to the 50-day average. Nice rising on-balance volume.		1/5
Real Estate ETF IYR – New high		1/5
Tobacco index –good support coming up for this defensive sector. Big dividends to be had, too. Keeping an eye on it.		1/5
Homebuilders ETF ITB – One day after a headline that falling oil can hurt housing we see this weekly chart. Bullish pattern on the breakout. Is that a small breakout in relative performance?		1/8
Updates		
none -		

Market Highlights



Valero Energy – Here is a nutty idea – an oil refiner. The chart has potential for a breakout and clearly nobody wants to touch this group. Trailing P/E under 7 and 2.2% div yield. Waiting for the breakout although we might have to be very patient. Buy 51.



Google – Bullish hammer at Dec low support. This is a good setup with a higher close today.

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>	CIEN	CIENA CORP	19.55	3.2%	19.00	18.94	11/21	48
	COH	COACH INC	38.37	1.6%	36.50	37.75	12/29	10
	JDSU	JDS UNIPHASE CORP	13.66	1.5%	13.25	13.46	1/7	1
	MTW	MANITOWOC INC	20.23	1.2%	19.10	20.00	1/7	1
	NOC	NORTHROP GRUMMAN CORP	152.17	4.9%	145.00	145.05	1/7	1
	INTC	INTEL CORP	36.69	2.9%	35.00	35.64	1/7	1
	GDXJ	MARKET VECT JUNIOR GOLD MINER	26.32	-2.8%	35.00	27.08	1/8	0
<u>Short</u>	none							

Notes: New long in **GDXJ**.

No shorts at this time but that does not mean we are not looking for something to fade this rally.

Subscriber Corner

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

Other Information

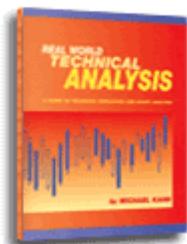
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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