

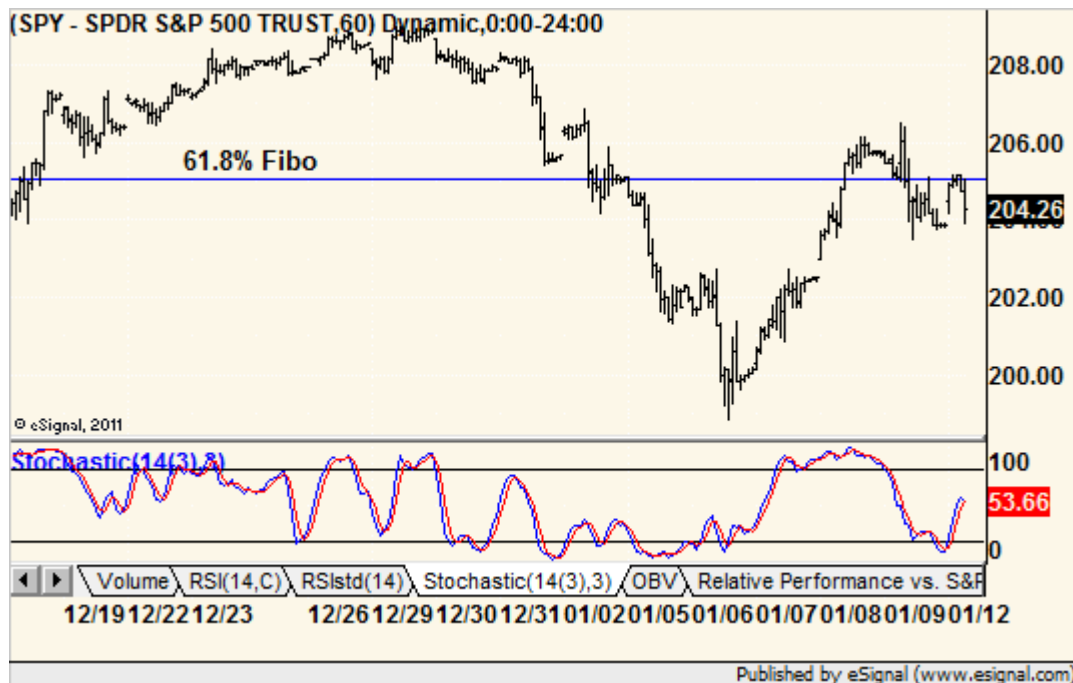
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

January 12, 2015 – The markets story of the day is the continued slide in oil prices. Supposedly, Goldman Sachs lowering a target from 70 to 40-ish is news but stranger things have happened. We saw an interesting tidbit on Bloomberg TV this morning comparing the 2008 oil price smash to today's. They said in 2008 it was a demand crisis affecting all asset classes. Today, they say it is a supply glut and that is local to just oil.

We still view energy as the play of the year although tactically we have to wait for signs it has actually stopped falling. Better to be a little late than early calling a bottom. Note we have refiner **VLO** in the Radar Screen with just such a warning (must break out first and it might take a while).



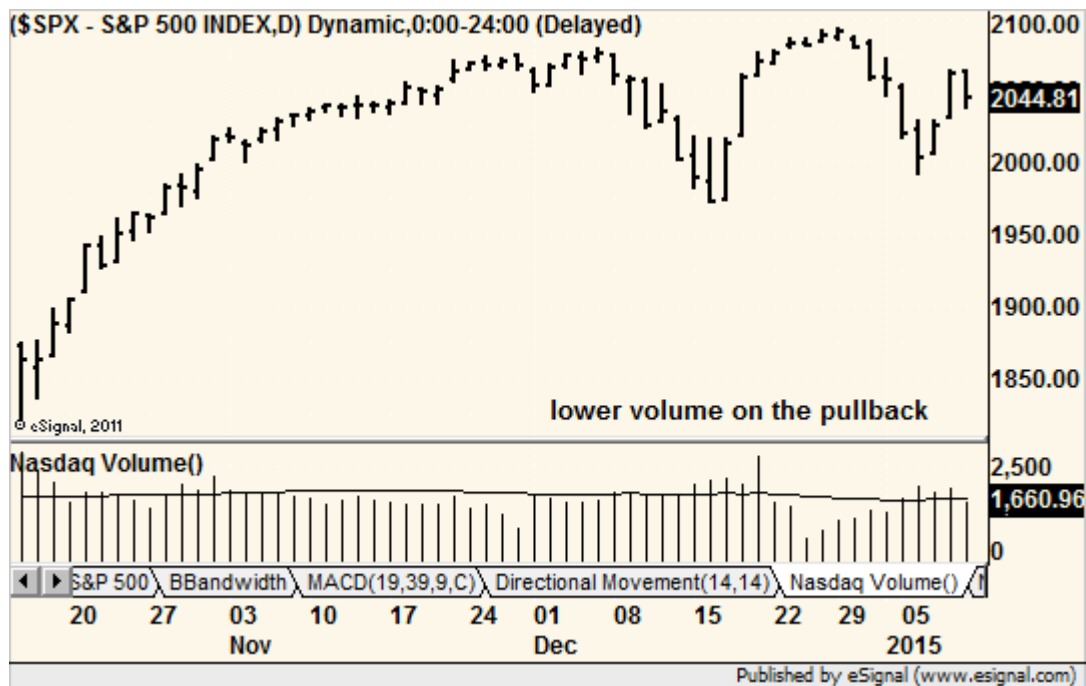
We have to clarify what we wrote about the intraday chart Friday. We said that it bounced of the Fibonacci level of the Dec-Jan decline but failure would be bearish. It did fail and it did fall but we did not emphasize that it was in the context of the intraday. The fall was significant but only in that time frame.

Here is a quote from Friday's daily chart - 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.

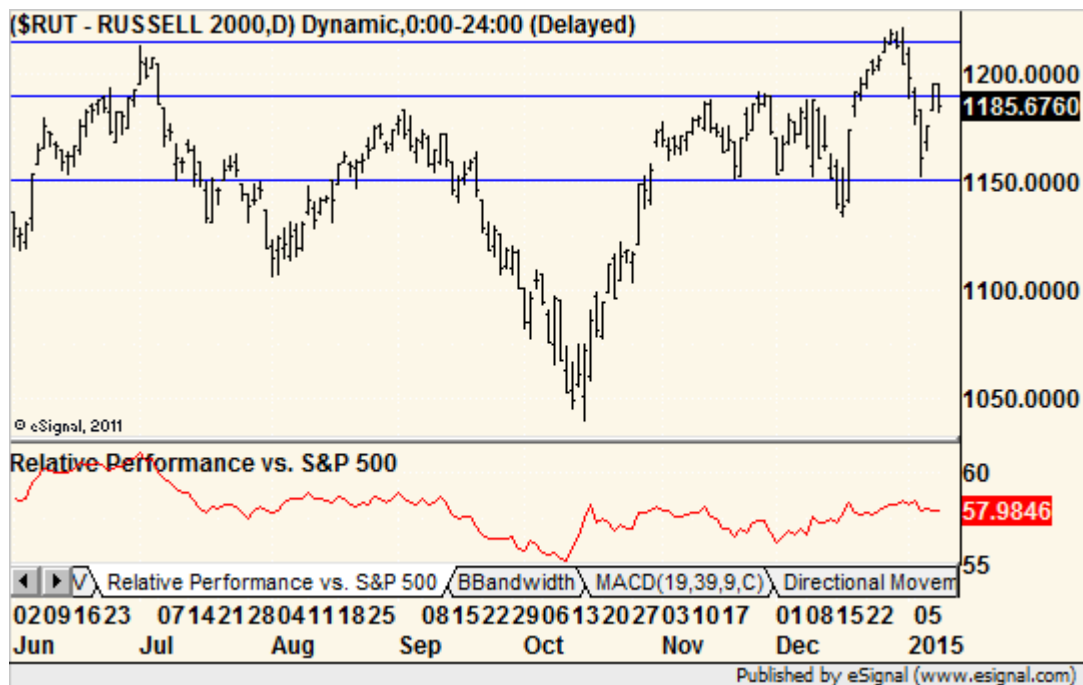
Today is day four. It needs to surge 1.5% on heavy volume to create the signal so the late morning fade in the premarket is a problem. For the Dow, it needs 266 points and based on last week that is entirely possible. But as of now it has not happened.

Precious metals miners are still acting better and we took a bite of **GDXJ** last week. And homebuilders have broken out. This is interesting considering "they" said lower oil would hurt housing. Lower heating oil, natural gas and interest rates win.

Index Charts of the Day



Not much new to add here. The pullback Friday was actually a good thing for the market as it attempts to get back to the old high. It still needs to punch through that for a longer signal.



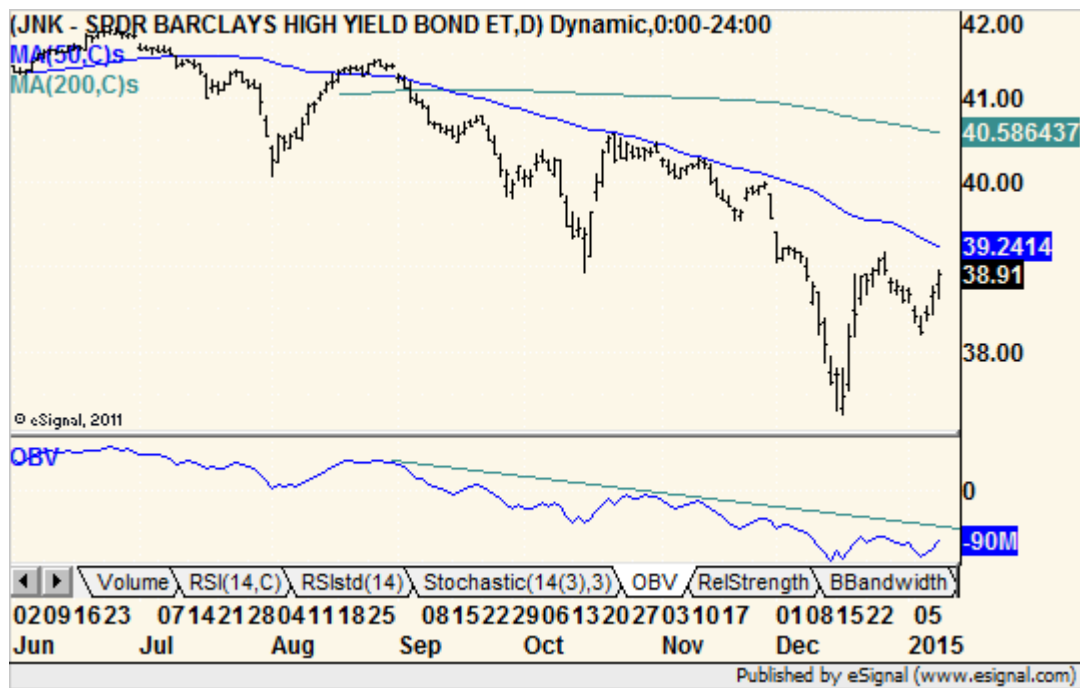
Just identifying levels for the Russell 2000. Performance seems to have stalled, however.

The Radar Screen

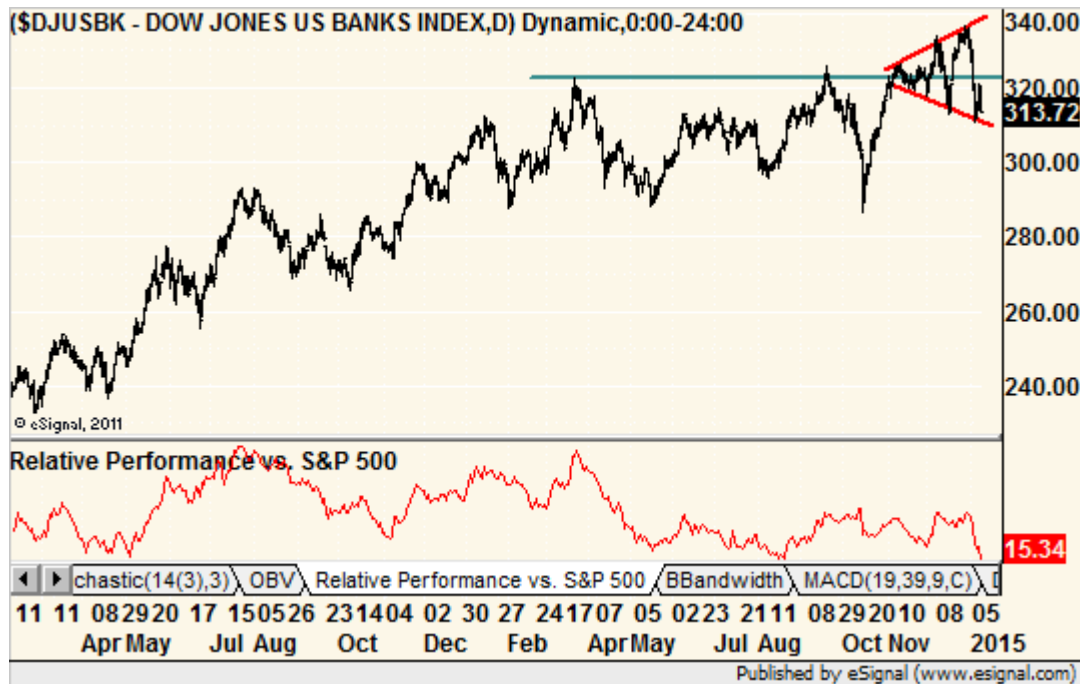
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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
Facebook FB – Money still pouring in here. Flag break Thursday but easing Friday. Likely buy Monday on the pullback	Moved	1/6
Twitter TWTR – Bullish RSI divergence. On-balance volume flattened out already. Holding breakout but easing on a down market Friday. Looks good here after Friday rally.	Moved	1/6
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Caterpillar CAT – Major support at 80 would be hot.		1/6
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
Electronic Arts EA – Toys were one of the worst performing groups Friday but unlike other laggards this one was in a rising trend. A bearish RSI divergence puts this here as a potential sell.	New	1/12
Sector Watch (observations that may spark ideas)		
Networking Index NWX - A breakout and test. Looking good.		12/18
Silver miners SIL - still watching possible double bottom. Breakout!		12/19
Silver Standard Resources SSRI – A silver miner with a double bottom awaiting a breakout. Rising on-balance volume, and RSI.	New	1/12
Gaming –Rallied enough last week 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
Banks – Looks like a breakout failure. So much for this sector joining the leaders	New	1/12
Travel/Tourism – Sector looks weak and some stocks are challenging at major support	New	1/12
Social Media – Improving charts FB, TWTR, YELP	New	1/12
Updates		
Google GOOGL – Did not confirm hammer bottom candle. Still time.		

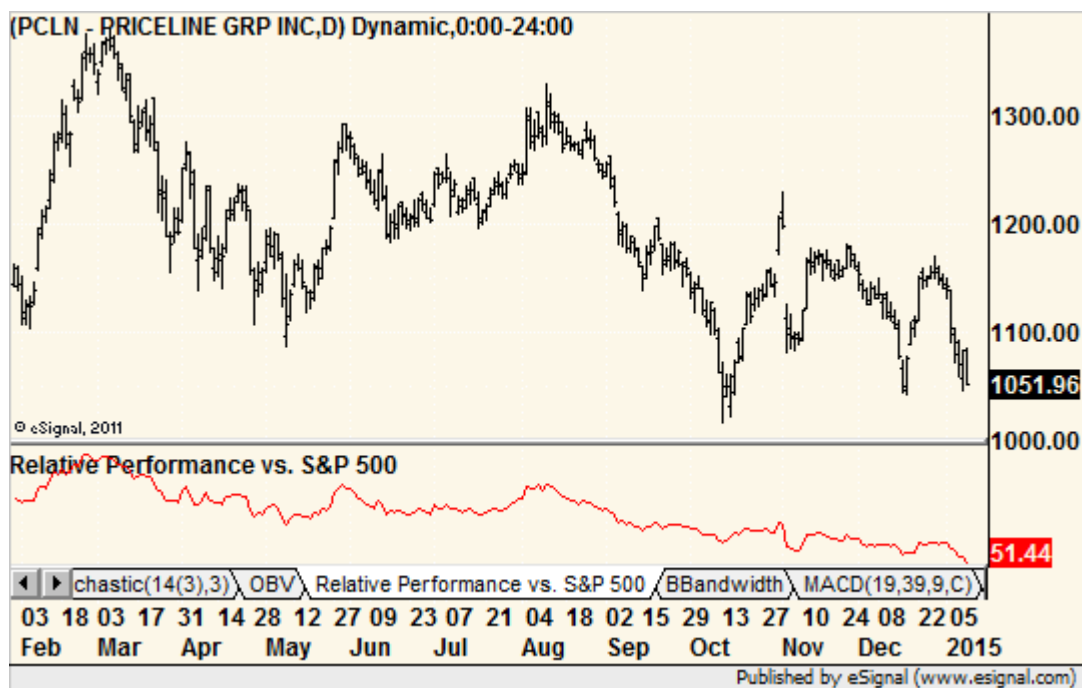
Market Highlights



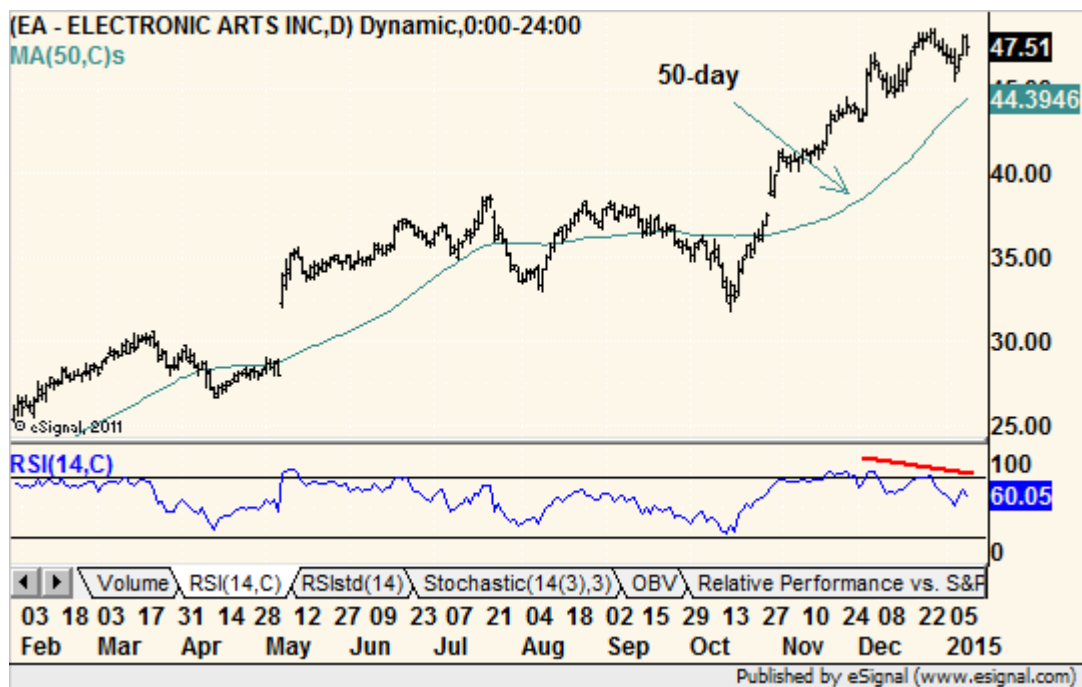
Junk Bonds ETF – Still a bit premature to call it a breakout.



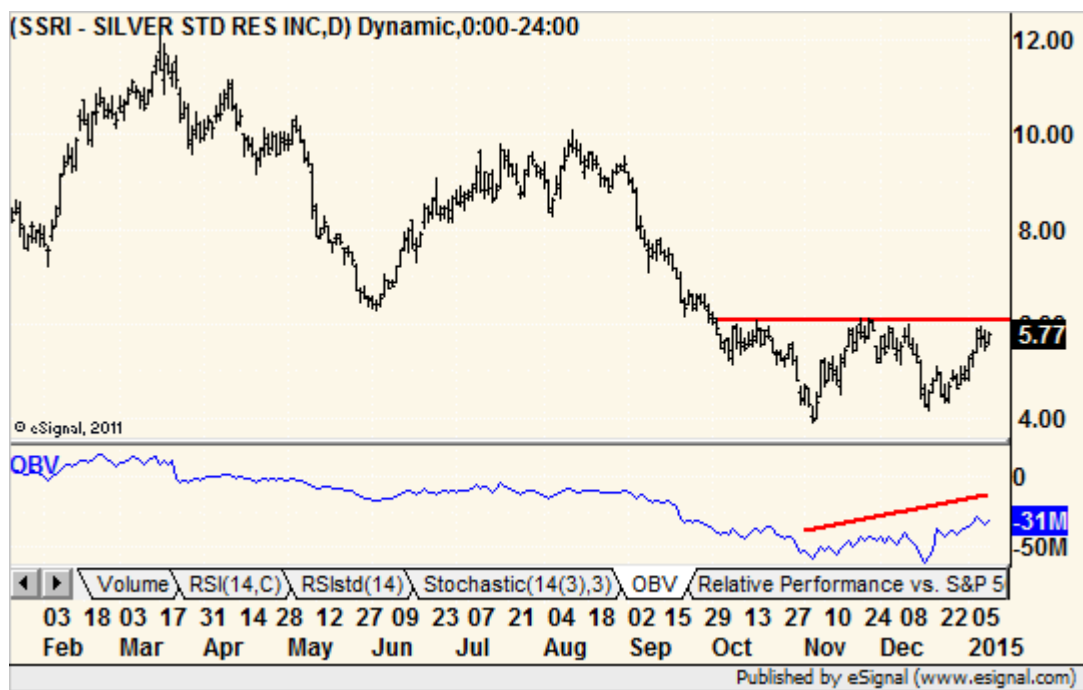
DJ Banks Index – The pattern is not reflected perfectly in other indices and ETFs but this one shows an expanding triangle at resistance. And even if you do not like the triangle idea you have to note the breakout failure. Now or never for banks. Note the change from possible relative performance breakout to breakdown.



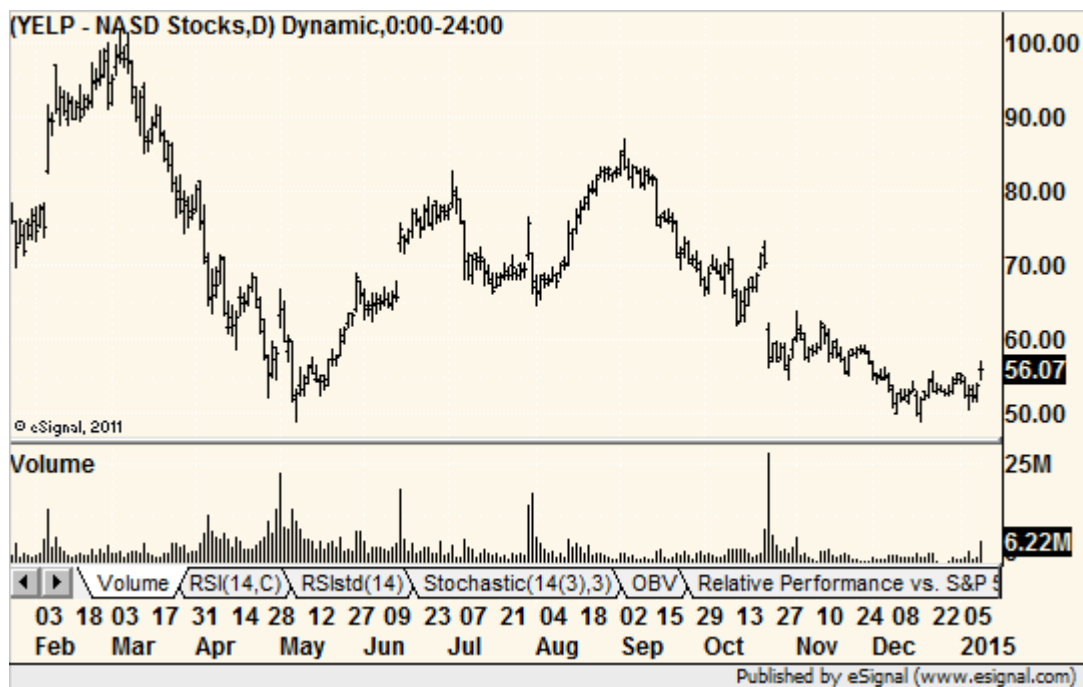
Priceline – You can make the terrorism connection but this travel agent looks terrible. **TRIP** looks close to a weekly breakdown.



Electronic Arts – Toys were one of the worst performing groups Friday but unlike other laggards this one was in a rising trend. A bearish RSI divergence puts this in the Holding Tank as a potential sell.



Silver Standard Resources – A silver miner with a double bottom awaiting a breakout. Rising on-balance volume, and RSI (not shown).



Yelp – Just a chart of interest as social media seems to be making a comeback. This one may have already bottomed.

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	19.31	2.0%	19.00	18.94	11/21	51
	COH	COACH INC	38.20	1.2%	36.50	37.75	12/29	13
	JDSU	JDS UNIPHASE CORP	13.43	-0.2%	13.25	13.46	1/7	4
	MTW	MANITOWOC INC	19.75	-1.3%	19.10	20.00	1/7	4
	NOC	NORTHROP GRUMMAN CORP	152.74	5.3%	148.00	145.05	1/7	4
	INTC	INTEL CORP	36.76	3.1%	35.00	35.64	1/7	4
	GDXJ	MARKET VECTORS JR GOLD MINER	27.48	1.5%	25.75	27.08	1/8	3
<u>Short</u>	none							

Notes: Fixed stop in **GDXJ**. Tweaked stop on **NOC**

Subscriber Corner

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Other Information

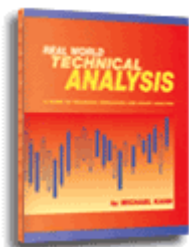
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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