

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**January 13, 2015** – Energy stocks led the decline yesterday but all the damage happened right out of the gate. Most of the day was spent floundering around at lower levels. Why? Because the Vampire Squid put out a bearish call on oil. Didn't they call for \$80 oil just a few months ago?

We see a few more important events on the charts, from the British Pound dipping below \$1.51 to gold breaking out despite US dollar strength. And Treasury bonds keep rallying, this time taking out the 2011 peak (all-time high for the **TLT** ETF). Bonds are strong again this morning even as stocks look to open higher. That's not good for stocks.

Flight to safety in America? After all, stocks, bonds, the dollar and even gold are all higher. Yes, European markets are up today but the trend vs. the US is still down.

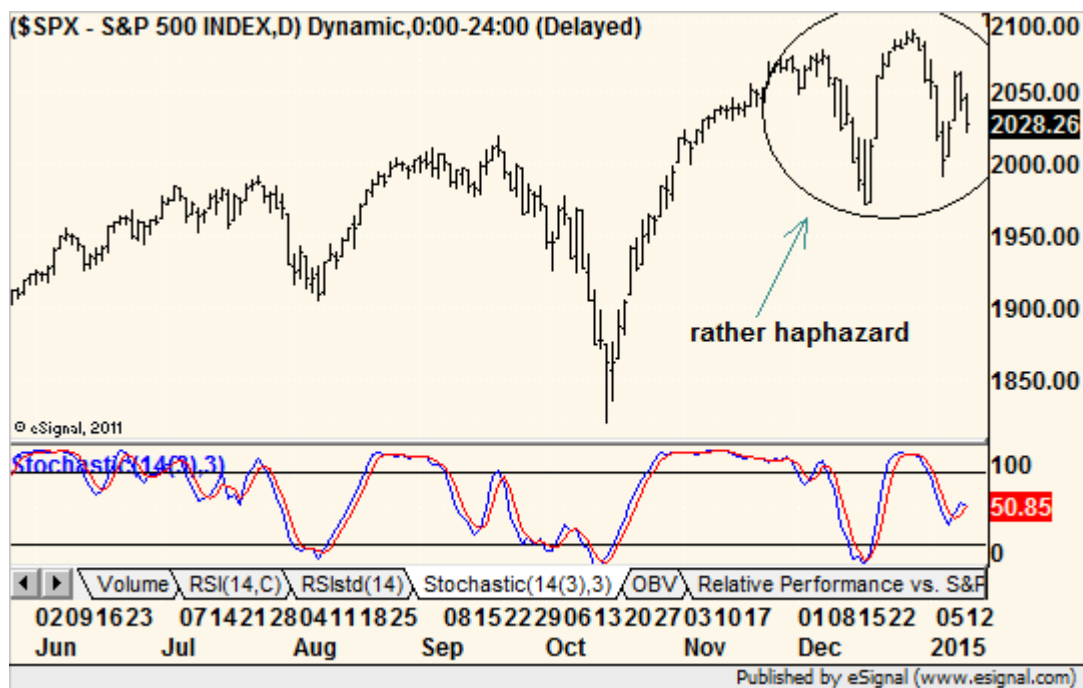
Oil is even lower in the premarket today. Take a look at the Big Picture section today to see that volume is actually getting into that washout, panic blow off stage. Interesting the Saudi prince said very publicly that \$100 will never happen again. That's a read on overly bearish sentiment.



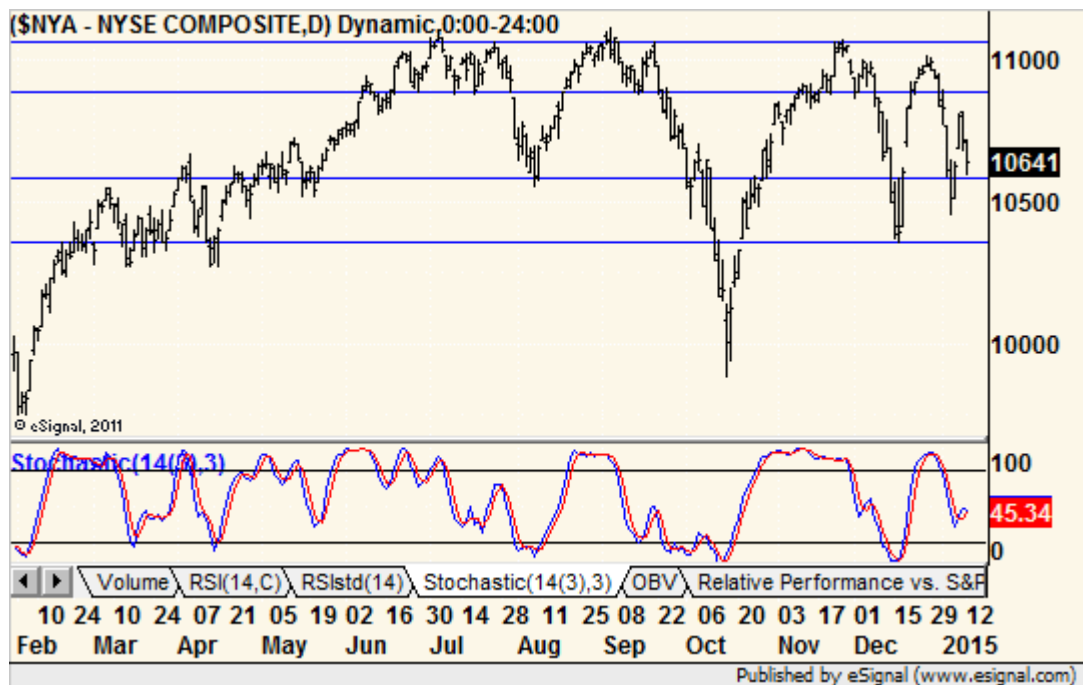
The hourly chart now shows how the Fibonacci retracement levels have supplied support and resistance recently. This market better get going right away with a channel break to the upside.

Here's our total view – the stock market is not dead yet although there are a lot of reasons to doubt it. We'll stick with the trend for now but after one more push to get everyone happy again that could be it. Energy is starting to throw off signs it is bottoming – yes, even as it got killed yesterday.

## Index Charts of the Day



In looking at the S&P 500 today we see directionless trading, save for the two-week moves. This churn could go either way although we still respect the long-term rising trend.



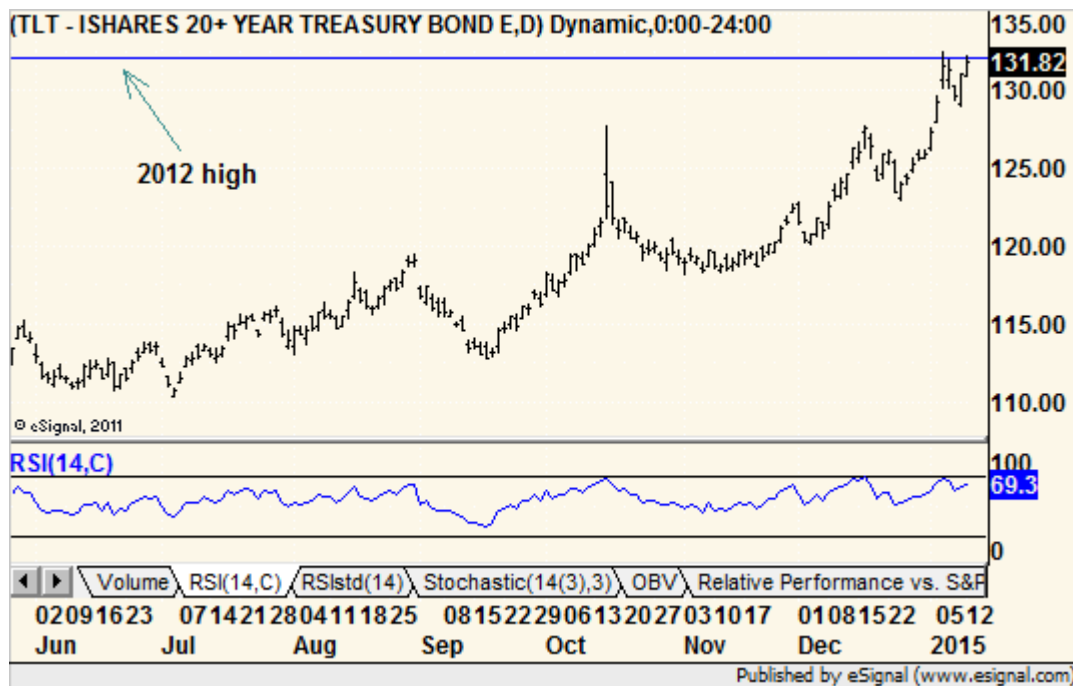
The NYSE composite offers clearer support and resistance levels to watch. If it fails now we'd look for a move to the bottom support where we do not think it will hold. However, if it can finally move higher, follow-through day or not, then we will look towards the old highs again.

## The Radar Screen

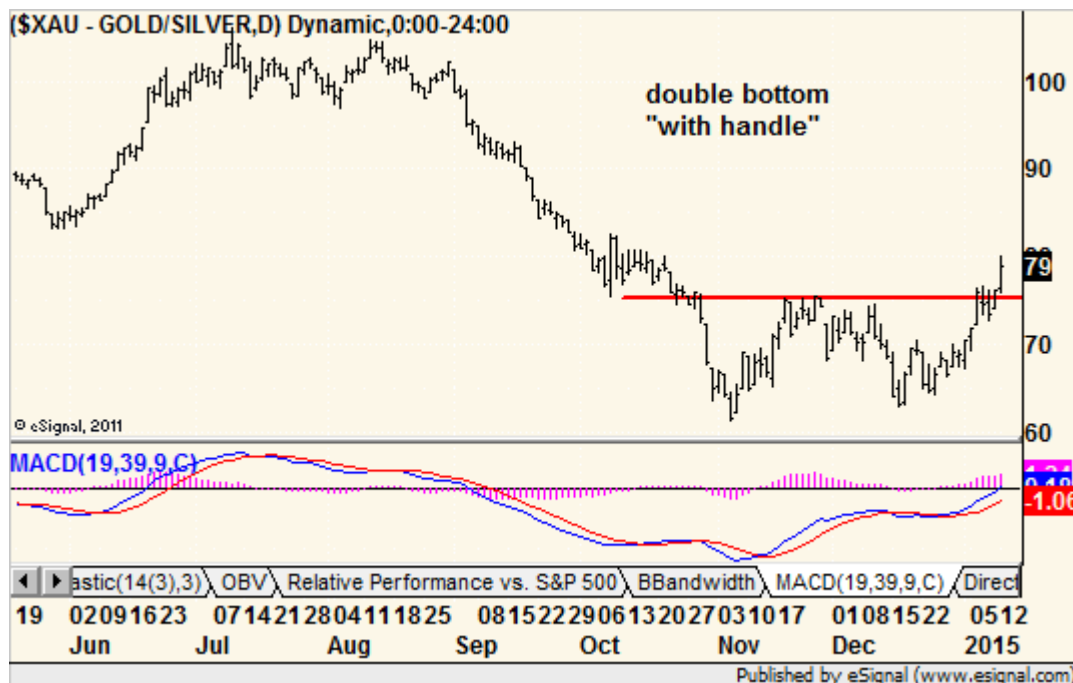
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Valero Energy VLO</b> – 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 <b>very</b> patient. Buy 51.		1/9
<b>Facebook FB</b> – Money still pouring in here. Flag break Thursday but easing Friday. Likely buy Monday on the pullback	<b>Triggered</b>	1/6
<b>Twitter TWTR</b> – Bullish RSI divergence. On-balance volume flattened out already. Holding breakout. Looks good here after Friday rally.	<b>Triggered</b>	1/6
<b>Lorillard LO</b> – Tobacco stocks have huge dividend yields although some have precarious charts. A higher close breaks an inverse head-and-shoulders.	<b>Moved</b>	1/7
<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>Caterpillar CAT</b> – Major support at 80 would be hot.		1/6
<b>Electronic Arts EA</b> – 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.		1/12
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Networking Index NWX</b> - A breakout and test. Looking good.		12/18
<b>Silver miners SIL</b> - still watching possible double bottom. Breakout!		12/19
<b>Silver Standard Resources SSRI</b> – A silver miner with a double bottom awaiting a breakout. Rising on-balance volume, and RSI. <b>Breakout</b>	<b>New</b>	1/12
<b>Gaming</b> –Rallied enough last week to keep us interested		12/22
<b>Utilities ETF XLU</b> – Consider buying the dip to the 50-day average. Nice rising on-balance volume.		1/5
<b>Real Estate ETF IYR</b> – New high		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
<b>Homebuilders ETF ITB</b> – 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? See <u>Monday's Barron's Online column</u> .		1/8
<b>Banks</b> – Looks like a breakout failure. So much for this sector joining the leaders. <b>Breakdown</b>		1/12
<b>Travel/Tourism</b> – Sector looks weak. Some stocks are challenging at major support		1/12
<b>Social Media</b> – Improving charts <b>FB, TWTR, YELP</b>		1/12
<b>Updates</b>		
<b>Google GOOGL</b> – Failed hammer led to support break		
<b>Yelp YELP</b> – Social media pulled back Monday but <b>this one now looks ripe to buy</b> . See note in Subscriber Corner.		

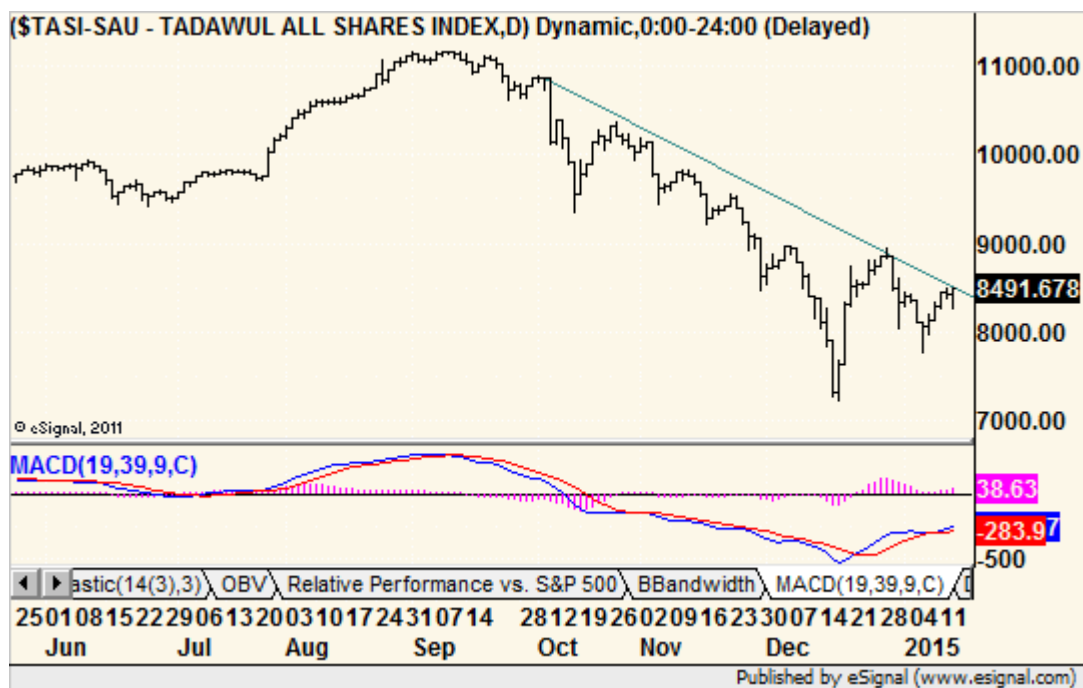
## Market Highlights



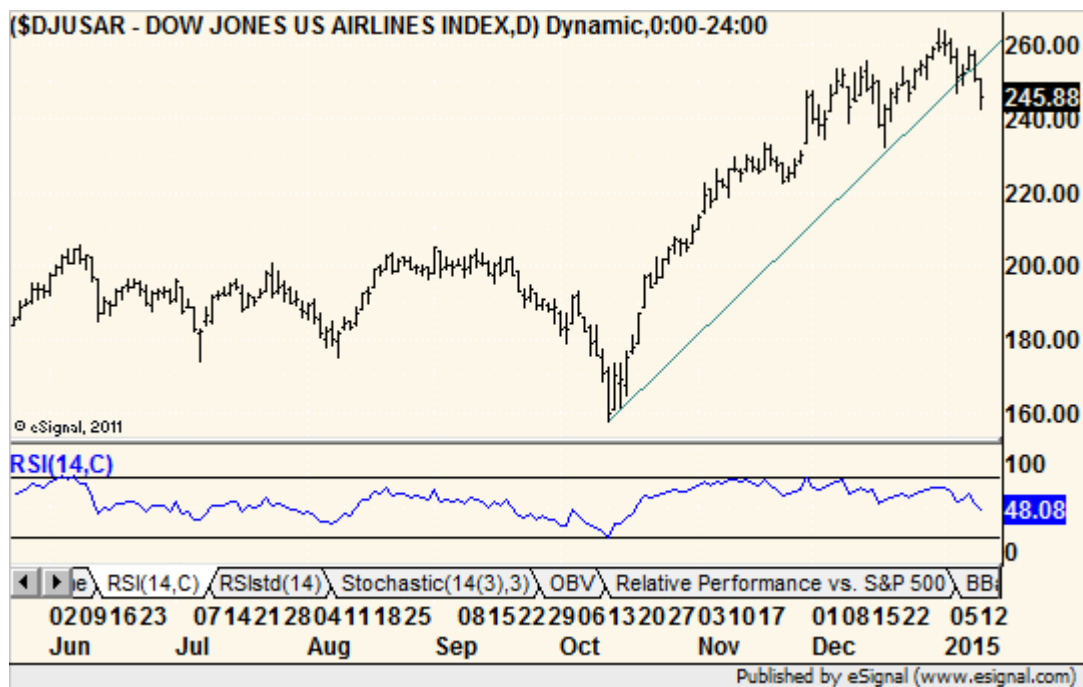
**Long T-bond ETF** – Stocks are rallying this morning but so are bonds. Hit a new intraday high overnight above the 2012 prior peak.



**PHLX gold stock index** – That is a classic pattern breakout. We love a pause at resistance before the breakout as a signal that the breakout was a real mood change and not just momentum.



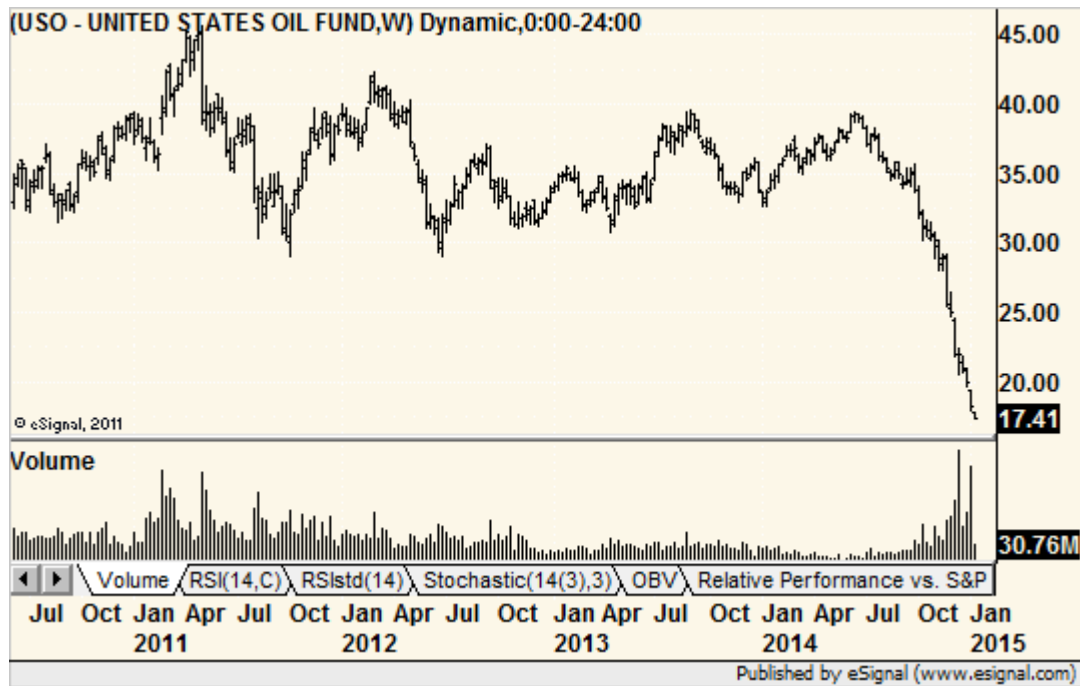
**Saudi Stock Market** – Hello. A higher low for this market and now challenging its trendline. A breakout here could signal the end of the oil slide. See the Big Picture section below for more.



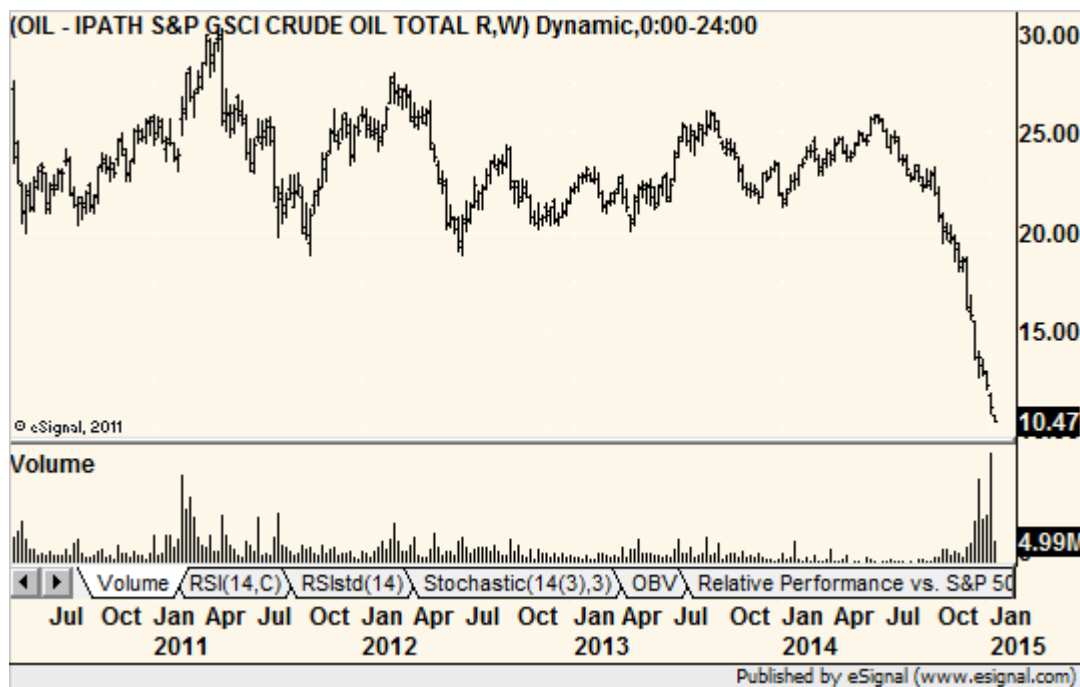
**DJ Airlines index** – This is bad considering oil was smashed yesterday. Another warning that oil is bottoming?

## The Big Picture

In this section, we take a macro look at things.



The Oil ETF sports huge volumes over the past few weeks as it tumbles. A slow motion capitulation. See next chart.



Same thing for a lesser known oil ETF. Both are wildly oversold in the weekly time frame.

## 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>CIEN</b>	CIENA CORP	19.35	2.2%	19.00	18.94	11/21	52
	<b>COH</b>	COACH INC	38.57	2.2%	36.50	37.75	12/29	14
	<b>JDSU</b>	JDS UNIPHASE CORP	13.53	0.5%	13.25	13.46	1/7	5
	<b>MTW</b>	MANITOWOC INC	19.22	-3.9%	19.10	20.00	1/7	5
	<b>NOC</b>	NORTHROP GRUMMAN CORP	151.97	4.8%	148.00	145.05	1/7	5
	<b>INTC</b>	INTEL CORP	36.60	2.7%	35.00	35.64	1/7	5
	<b>GDXJ</b>	MARKET VECTORS JR GOLD MINER	28.94	6.9%	25.75	27.08	1/8	4
	<b>FB</b>	FACEBOOK INC	76.72	0.0%	73.00	76.72	1/12	0
	<b>TWTR</b>	TWITTER INC	39.37	-2.3%	38.00	40.28	1/12	0
<u>Short</u>	<b>none</b>							

**Notes:** New longs in **TWTR** (at the open) and **FB** (at the close). We were not clear about what size pullback to buy on FB so we'll log it at the close (certainly not at the low).

**MTW** did not handle Monday's market pullback well. Now or never.

## 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 Christopher – We do not believe that gaps must be filled although we do consider them to be support and resistance features. Specific to **YELP**. It fell on low volume and is still above the trendline from the August high. We like it here – on sale from yesterday.

## Other Information

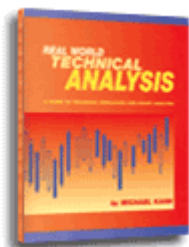
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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