

QUICK TAKES PRO

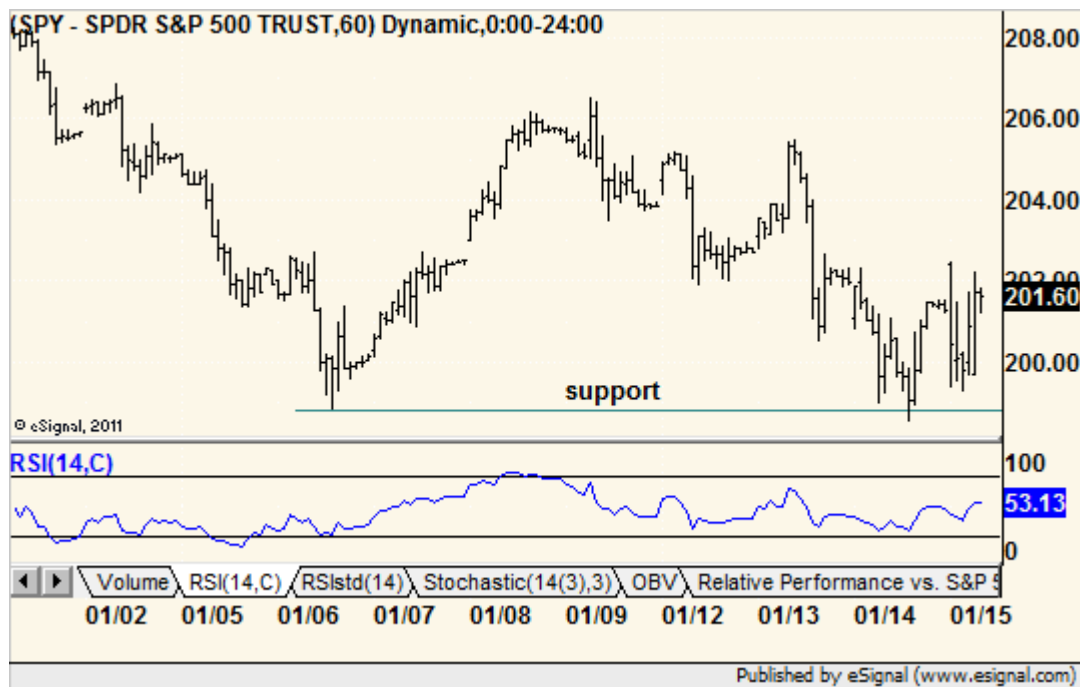
"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

January 15, 2015 – What started out as a test of short-term support threw in a breakdown scare (on the SPX) before the market came back to that same broken support. The premarket today was weak but also came back to that same level once again so it is decision time. If the market heads lower today we look for several percentage points down to test the major long-term trendline (1900 on the S&P 500). If it bounces then the bulls get some time to regroup as the sloppy sideways range continues. New highs will take some effort.

Any thoughts of an O'Neil follow-through day are now gone as the rally attempt was completely erased. Bonds remain strong. Gold is starting to move up. And even oil showed a little moxie yesterday but it will take a lot more than attitude to turn its bear around.

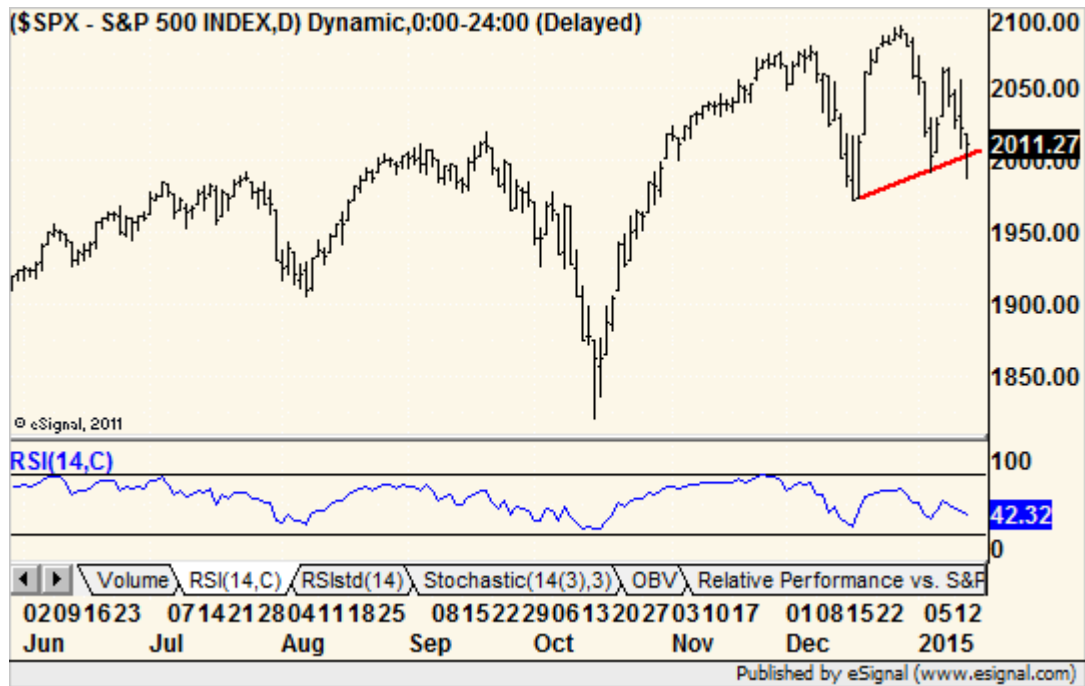
The news today is the Swiss unpegging of the franc to the euro. Swiss stocks are getting slammed and the euro tanked big time overnight. We've got a chart below showing a rebound there that could leave a reversal in place for the beleaguered euro.



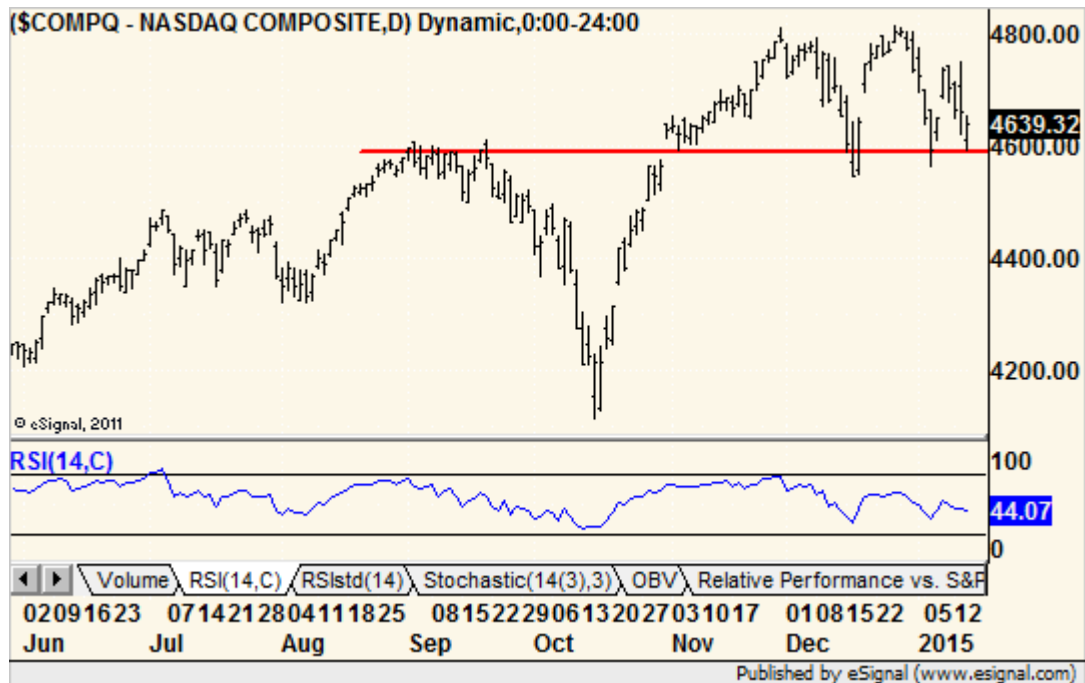
Yesterday, we said: "Now there are even more reasons (for market weakness) and the January low seems well within sight. (And then it was hit as soon as the weak retail sales numbers came out before the open.)"

We now have to see what happens at this crossroads with more weakness keeping the market on track to finish a correction down to the aforementioned long-term trendline and a 9.2% decline from the top. Just two days ago there were few bearish stock setups. There are more now. We are just hesitant to take marginal ones that already have downside momentum in place. Fresh breaks from support or pauses are much better.

Index Charts of the Day



The S&P 500 closed on the line. This morning it was well below but came back. We view this line as the difference between a rebound back into the sideways mess or a sign that a correction down to 1900 is in the works.



Nasdaq support is a bit fuzzy but the index bounced off it yesterday.

The Radar Screen

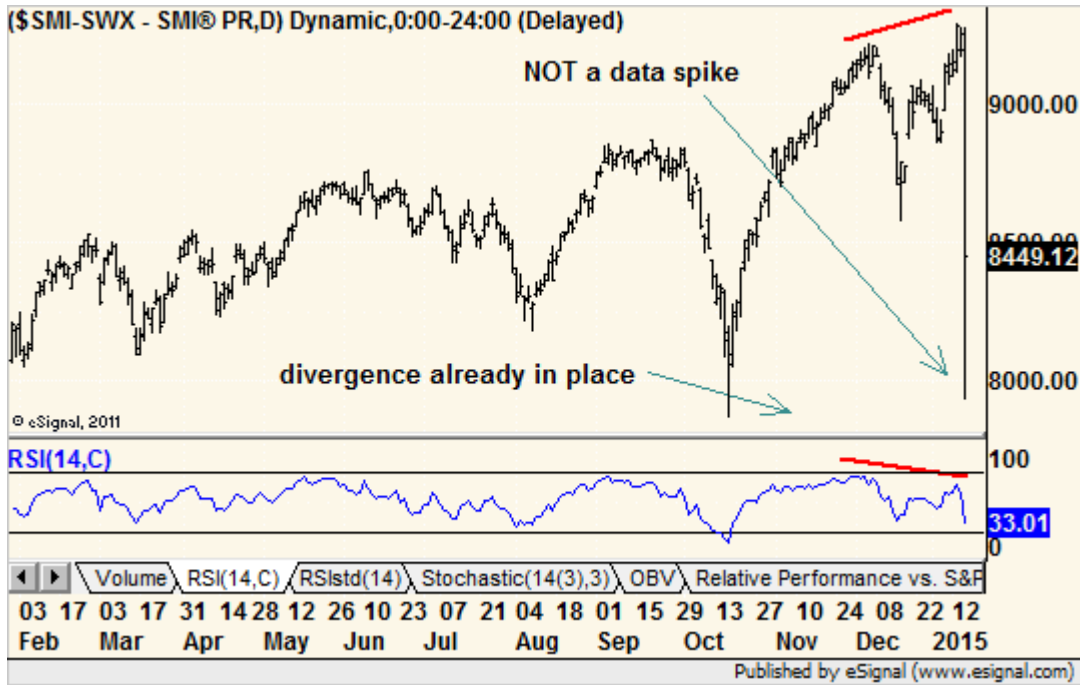
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Freeport McMoran FCX – Copper was crushed yesterday and copper stocks went with it. However, FCX ended with a hammer candle, which is bullish with confirmation. What is that? A small move up. Note the climactic action, too, with a giant loss after a bear trend and huge volume. Buy a close over yesterday's high of 19.36.	New	1/15
Bearish Implications		
Hartford Financial HIG – Head-and-shoulders. Sell close below 40.	Triggered	1/14
Moodys MCO – Sell close under 93 to complete the fan lines pattern.		1/14
Procter & Gamble – Head-and-shoulders-like possibility and short setup. Sell close under 89.40.		1/14
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Caterpillar CAT – Major support at 80 would be hot but we'll bite at 82.		1/6
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. <u>Higher close Wednesday</u>		1/12
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 2.4% div yield. Waiting for the breakout although we might have to be very patient.		1/9
Nike – Breakout failure and possible short setup. Looking to sell support break		1/14
Sector Watch (observations that may spark ideas)		
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 – Looks like time for a pullback, which would be nice.		1/5
Tobacco index –good support coming up for this defensive sector. Big dividends to be had, too. Keeping an eye on it. Up on a down day		1/5
Homebuilders ETF ITB – Big reversal after a breakout but it is not enough to invalidate the bullish signal. At least not yet.		1/8
Banks – Looks like a breakout failure. So much for this sector joining the leaders. Breakdown		1/12
Travel/Tourism – Sector looks weak and some stocks challenging major support		1/12
Social Media – Improving charts FB, TWTR, YELP		1/12
Healthcare ETF XLV – Bear reversal at resistance now creating possible double top. Also sitting on 50-day average and on-balance volume falling. Basically, this leader is done. Perhaps sell under triangle.	New	1/15
Updates		
none –		

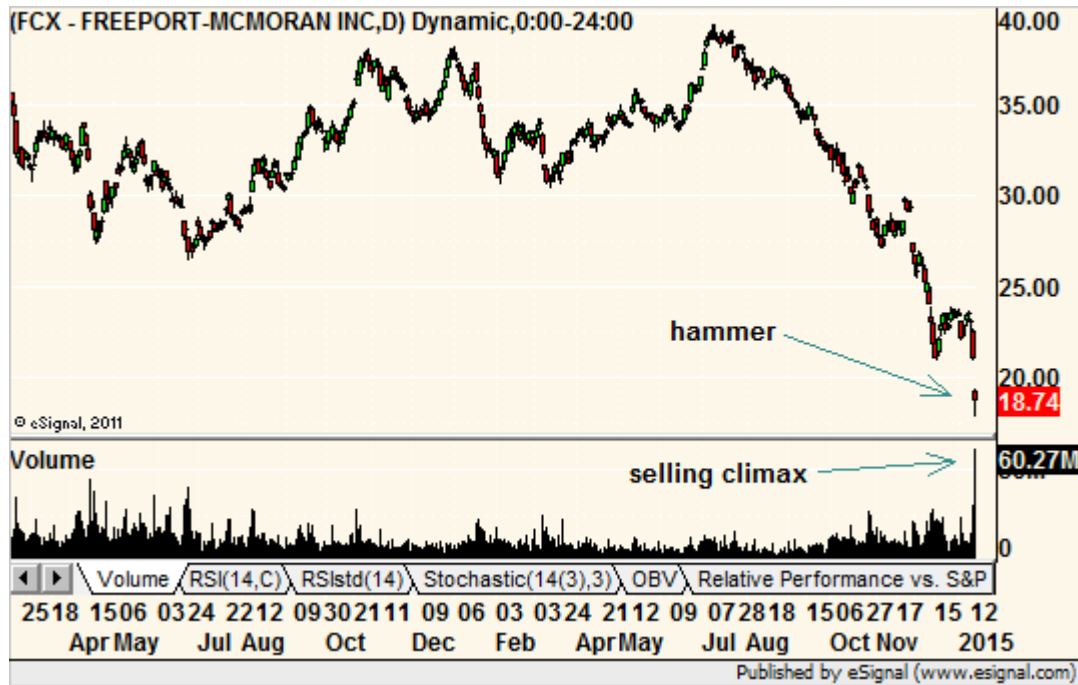
Market Highlights



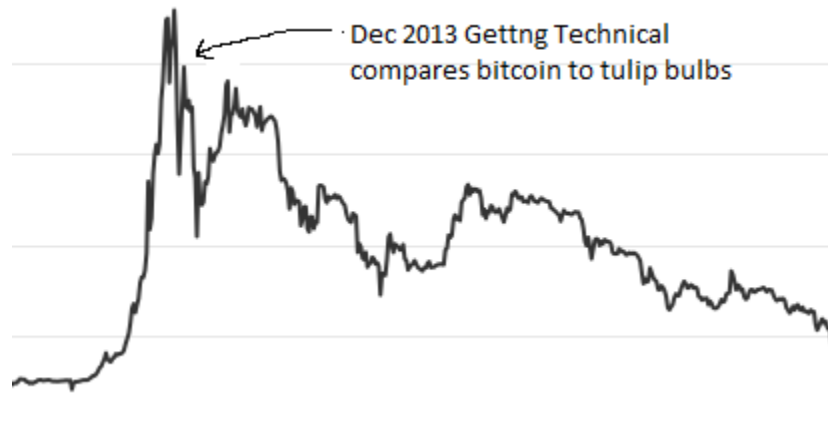
Euro Futures – We had to crop the chart to make it fit so the name is cut off. Anyway, after Switzerland broke its franc-euro peg, the euro plummeted. However, its recovery leaves a potential bullish hammer on the chart. There is a lot of day left to complete or negate the candle so keep an eye on it. A reversal now would send the dollar lower and gold higher.



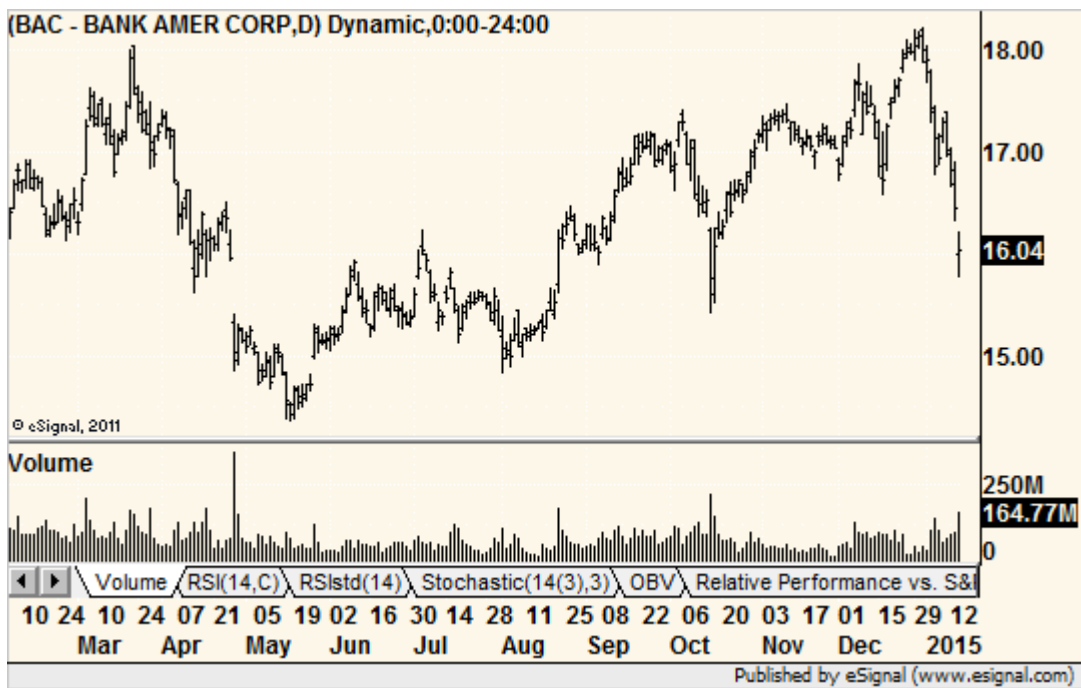
Swiss SMI Index – This chart shows morning trading down 8%. It was worse earlier. This was one of the better markets and now it is not.



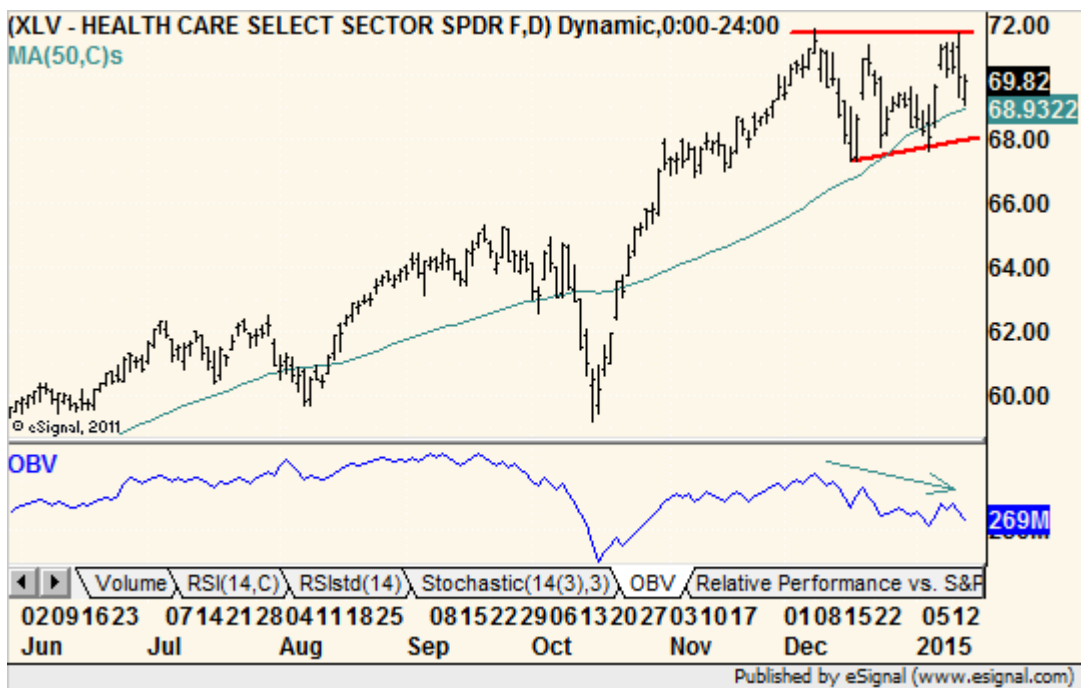
Freeport McMoran – Copper was crushed yesterday and copper stocks went with it. However, **FCX** ended with a hammer candle, which is bullish with confirmation. What is that? A small move up. Note the climactic action, too, with a giant loss after a bear trend and huge volume. Buy a close over yesterday’s high of 19.36.



Bitcoin – Please forgive the self-promoting labeling. I sent this to my Barron’s editors this morning. A little perspective on something that can only hurt regular investors.



Bank of America – Bank earnings are stinking up the place. C cracked this morning. JPM cracked yesterday.



Healthcare ETF – Bear reversal at resistance now creating possible double top. Also sitting on 50-day average and on-balance volume falling. Basically, this leader is done. Perhaps sell under triangle as shown.

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	19.00	0.3%		18.94	12/21	24
	COH	COACH INC	36.96	-2.1%	36.50	37.75	12/29	16
	JDSU	JDS UNIPHASE CORP	13.40	-0.4%	13.25	13.46	1/7	7
	NOC	NORTHROP GRUMMAN CORP	152.11	4.9%	148.00	145.05	1/7	7
	INTC	INTEL CORP	36.35	2.0%	35.00	35.64	1/7	7
	GDXJ	MARKET VECTORS JR GOLD MINER	27.25	0.6%	26.00	27.08	1/8	6
	FB	FACEBOOK INC	76.28	-0.6%	73.00	76.72	1/12	2
	TWTR	TWITTER INC	39.85	-1.1%	38.00	40.28	1/12	2
	LO	LORILLARD INC	64.63	0.3%	62.00	64.46	1/13	1
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	39.79	0.0%	41.50	39.79	1/14	0

Notes: Stopped out of **CIEN** on a gap down open. Maybe covered commissions.

New short in **HIG** at the close.

Why only one new short? We do not like to trade into a big move as it is happening due to potential rebounds/snapbacks. **HIG** broke support after a pause and was not in freefall like the market.

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

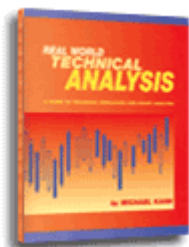
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a two-pager? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we’ll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015