

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

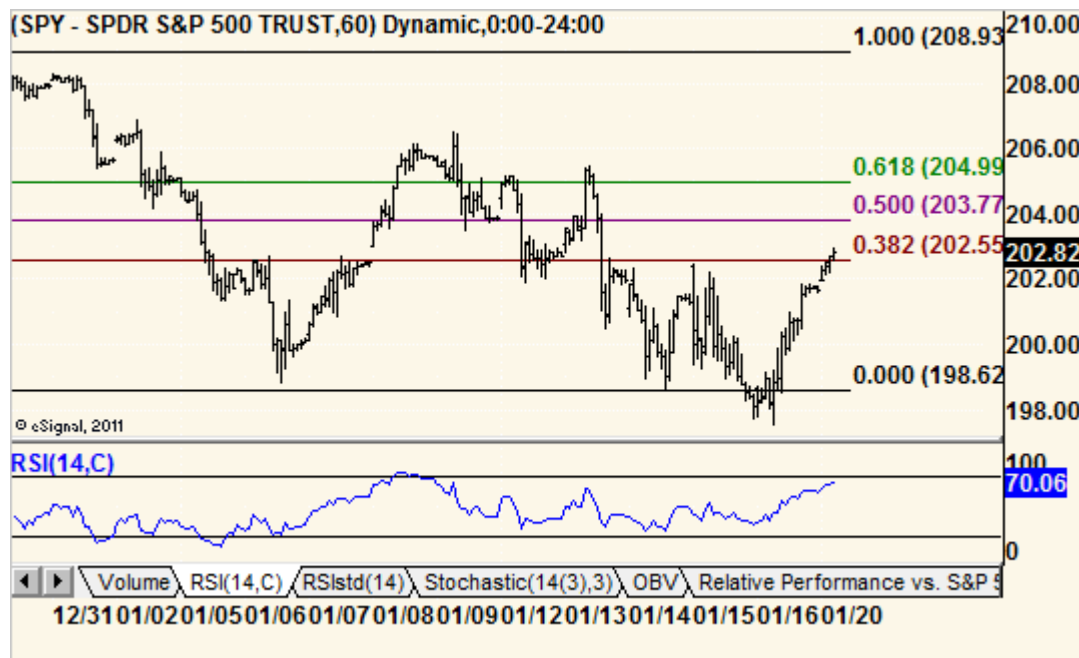
January 20, 2015 – It was quite a long weekend with gold rising, Swiss Franc soaring and Packers collapsing, arguably more than China's stock market did Monday. Tiger Woods gets a tooth knocked out and tonight POTUS gives a speech. Somehow stocks seem to like what is going on, as they rebound from last week's losses.

Oil got some headlines, too, with a rally off its worst levels but it is still forming a small base. At this time, it is not big enough to reverse a bear market but as the Chinese say, a journey of a 1000 miles starts with one step.

And speaking of China, we'd like to say the tea leaves were there because there was a rather significant bearish RWSI divergence in place but that has been true for at least a month. Was the Swiss exchange rate situation just setting the stage where government mandates in China could have such a chilling effect? China's currency is pegged, too.

One thing we can mention, oil and gold stocks are getting serious looky loos. We're only half kidding about applying this Oxford dictionary meaning to that phase. "A person who, out of curiosity, lingers around the scene of an accident, etc., or strives to get a look into the private property of others, especially celebrities."

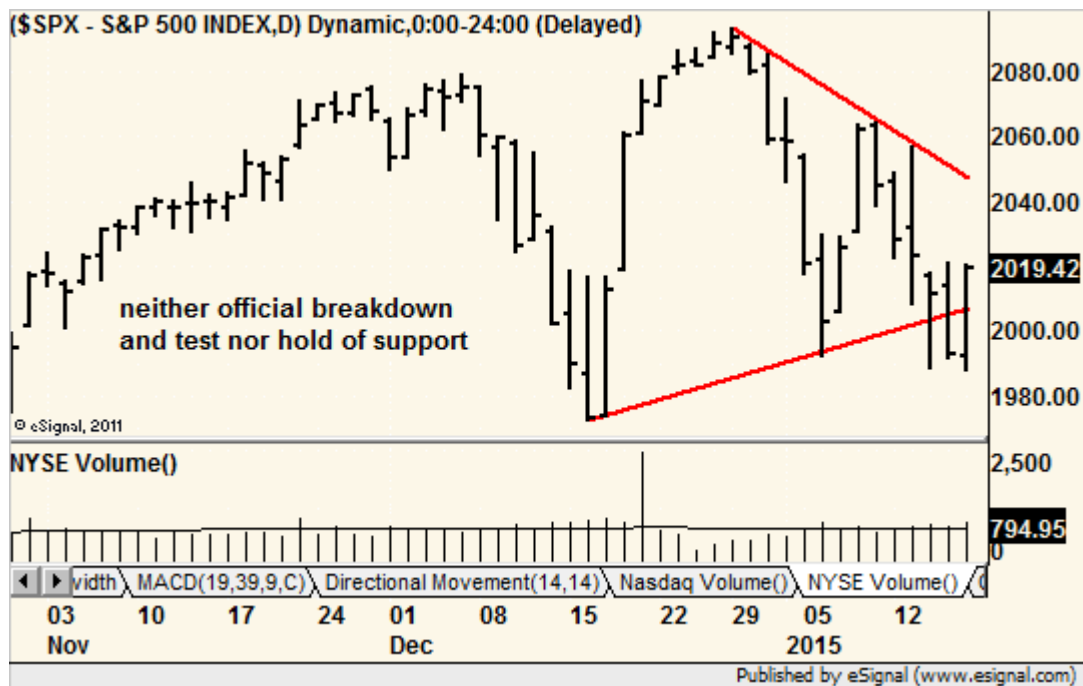
With prices so low in these markets it is natural for people to think they are super bargains. And we believe they are. Oil stocks more than oil. Gold more than gold stocks, although we took a position in the latter two weeks ago.



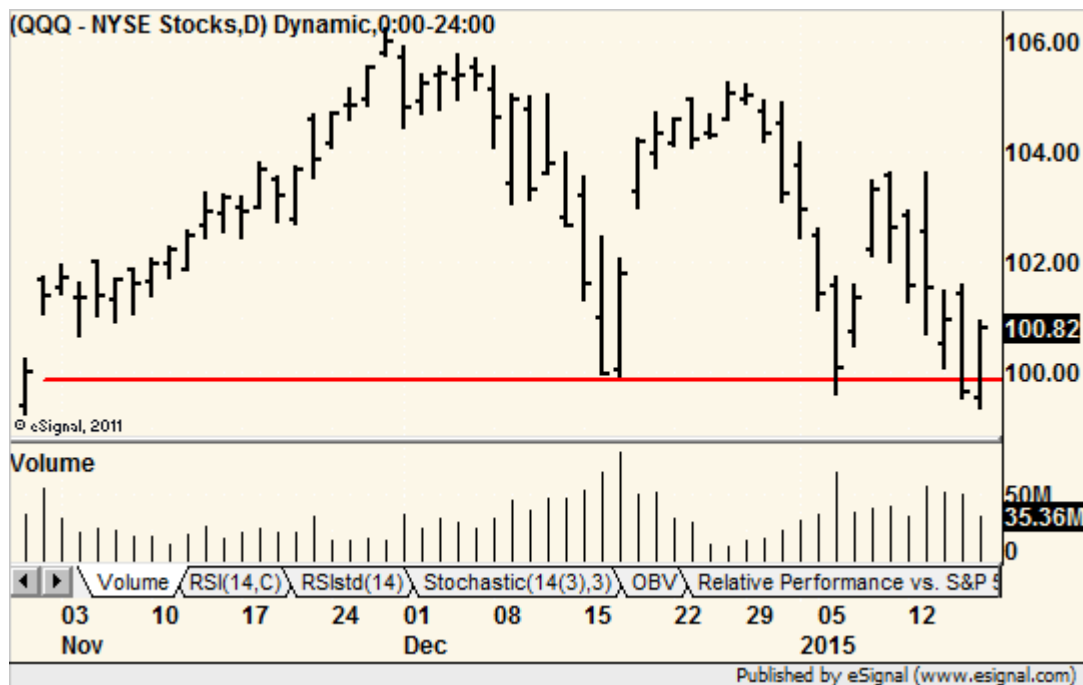
On the hourly chart, we can see the Friday rally into this morning. We left the old Fibonacci lines from the Dec-Jan decline in place to show the rebound from the minor breakdown of the low. As of this writing the market is back at the 38.2% level. Do or die yet again right here. But check out the daily chart of the S&P 500 itself below where we will see the rebound is still just a test of a trendline breakdown. Which itself is also a do or die moment.

Now eyes partially turn to the ever awaited round of QE by the ECB. This MarketWatch article explains: <http://www.marketwatch.com/story/the-winners-from-draghis-qe-america-and-britain-2015-01-14?dist=beforebell>

Index Charts of the Day



The S&P 500 The breakdown was negated but was it real? Is this just floundering around support? Or a bounce into another leg up within the triangle shown? And where was the volume on Friday's rally? More questions than answers and that is why the "do or die" theme runs rampant today.



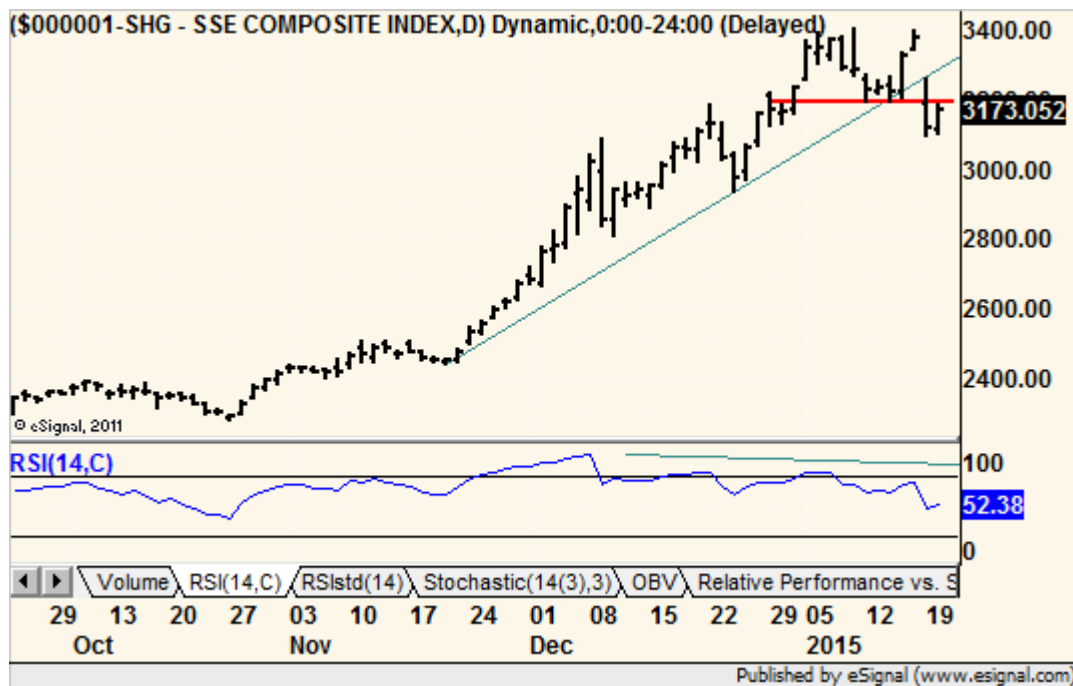
Following up with the Nasdaq-100 ETF we can see a marginal breakdown and reversal. Again, no volume on the rally. It really has to pack on the gains after the (presumed) initial opening jump in order to confirm the bullish case here. Anything less and this looks more like a pause before breakdown.

The Radar Screen

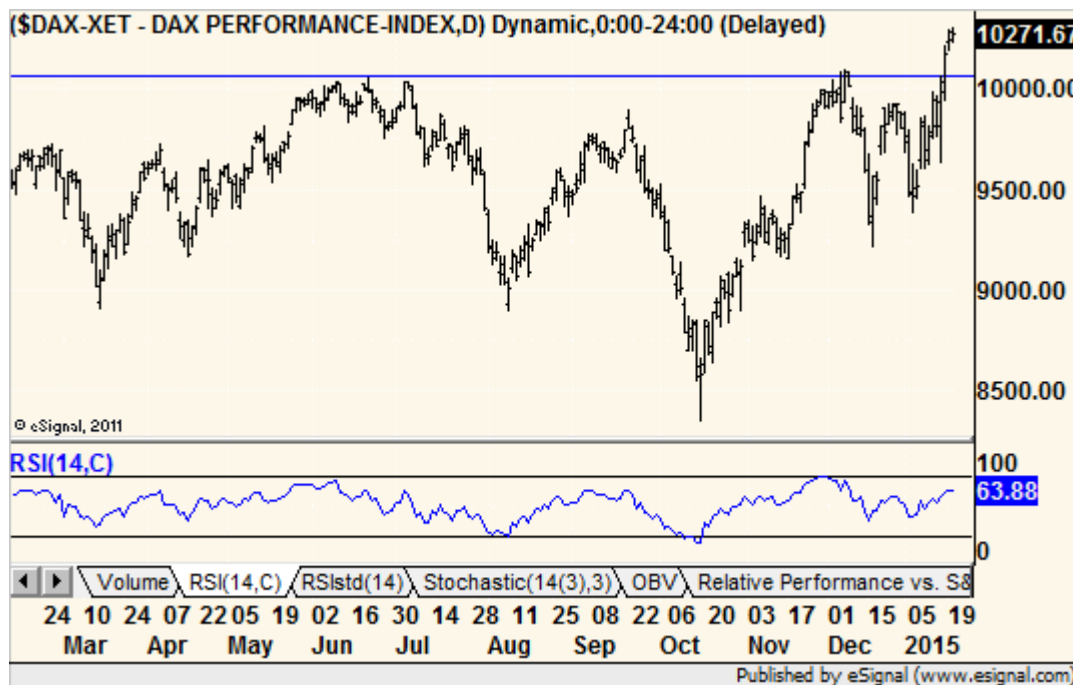
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 and copper stocks went with it. However, FCX ended with a hammer candle, which is bullish with confirmation. Note the climactic action, too, with a giant loss after a bear trend and huge volume. Buy a close over Wednesday's high of 19.36.		1/15
Bearish Implications		
Procter & Gamble – Head-and-shoulders-like possibility and short setup. Sell close under 89.40. <u>Big Friday gain, proving why we wait for real signals.</u>		1/14
Amazon AMZN – Ready to break support. Sell close under 284.50		1/16
3M MMM – Similar pattern to S&P 500. Sell close under 159.		1/16
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 –A bearish RSI divergence puts this here as a potential sell. Rather resilient	Removed	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 but we have to be very patient.		1/9
Nike – Breakout failure and possible short setup. Looking to sell support break		1/14
Visa – Breakdown albeit a smaller one. Falling on-balance volume, too.		1/16
Sector Watch (observations that may spark ideas)		
Gaming –Rallied enough last week to keep us interested	Removed	12/22
Utilities ETF XLU – Still in rally mode		1/5
Real Estate ETF IYR – Still in rally mode		1/5
Tobacco index – Much improved	Changed	1/5
Homebuilders ETF ITB – Big reversal after a breakout	Removed	1/8
Banks –Breakdown		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.		1/15
Updates		
Morgan Stanley MS – Continuing on the weak financials theme down big in the premarket.		
Priceline PCLN – Support breakdown		

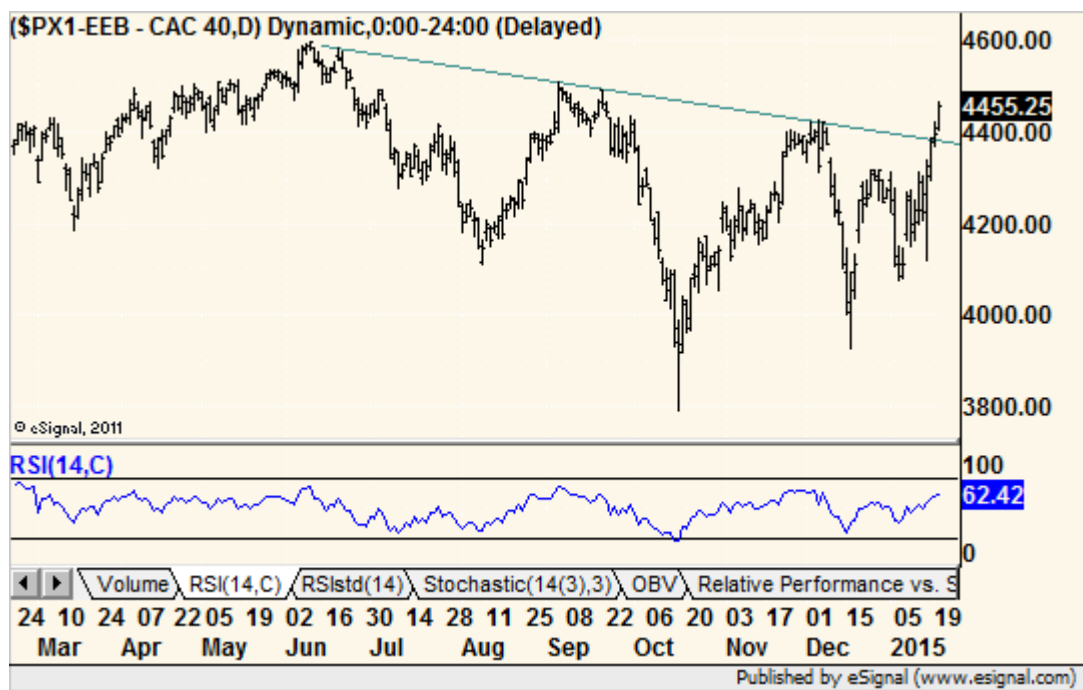
Market Highlights



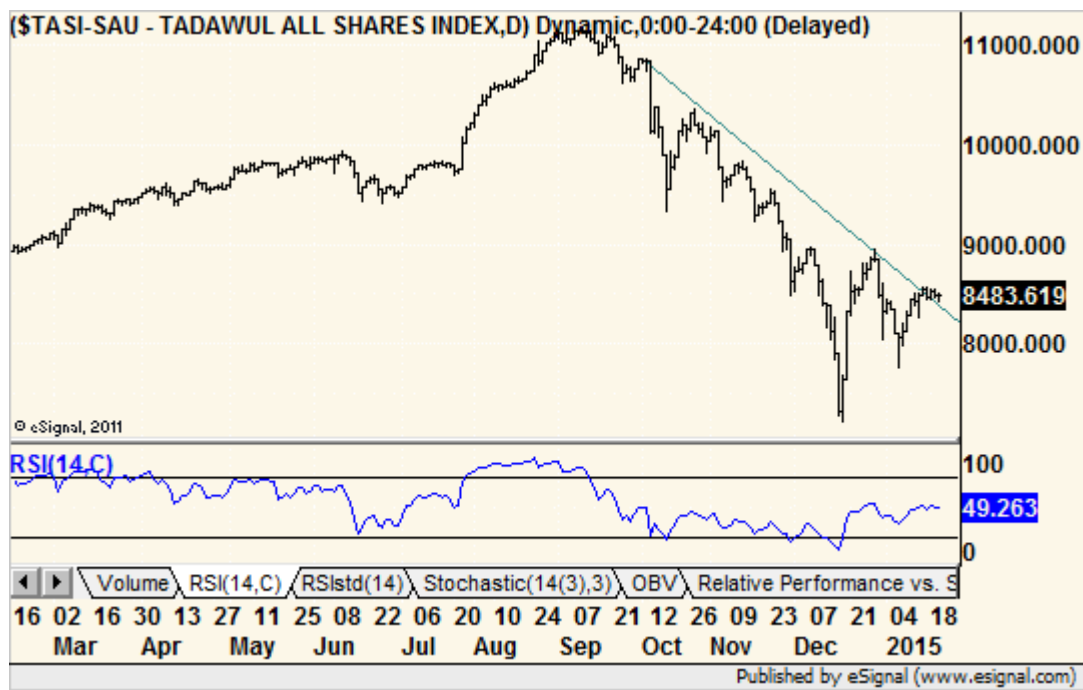
China – Monday’s plunge was big but not in context of recent action. We see a double top breakdown with test, so far. This may not be enough of start a falling trend but reality has set in and we’d say the big gains are done. Probably time to move on.



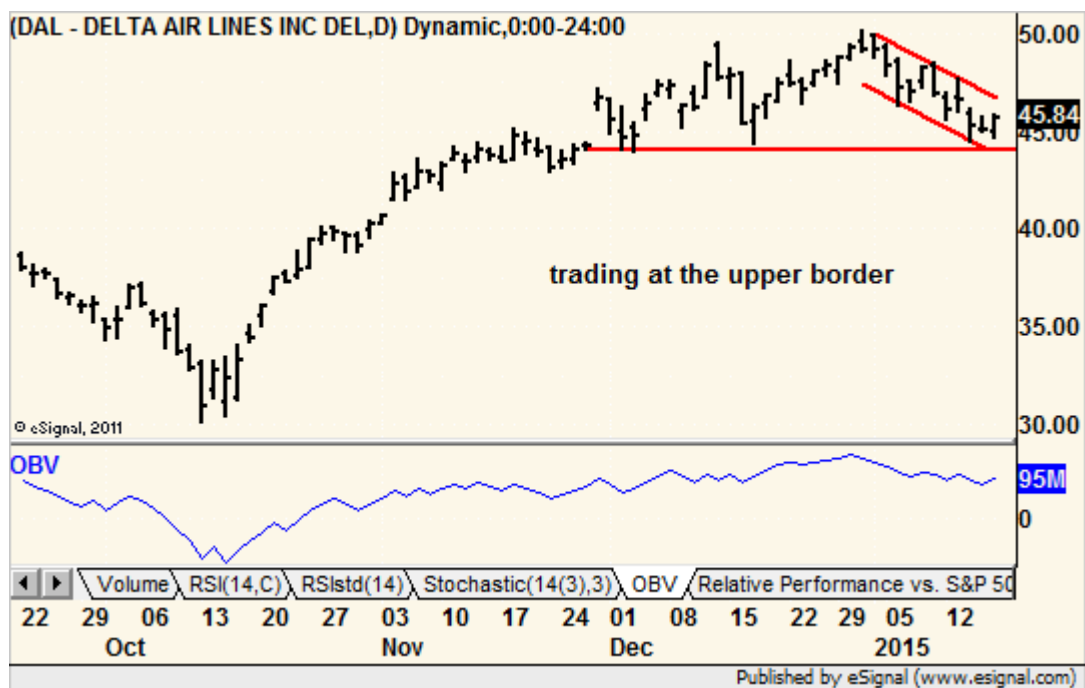
Germany – While we were distracted, Germany moved to all-time highs.



France – France expecting a little euro-QE? Trend breakout.



Saudi Stock Market – Just an update on the market we think will telegraph a real oil rebound. Not yet. .



Delta Airlines – Another oil tell. Delta jumped on earnings this morning but is just now at the top of the flag pattern. If it fails, then we'll keep the bullish view on oil. Still, it has to break support before we can be confident the market sees higher oil hurting future profits.

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.

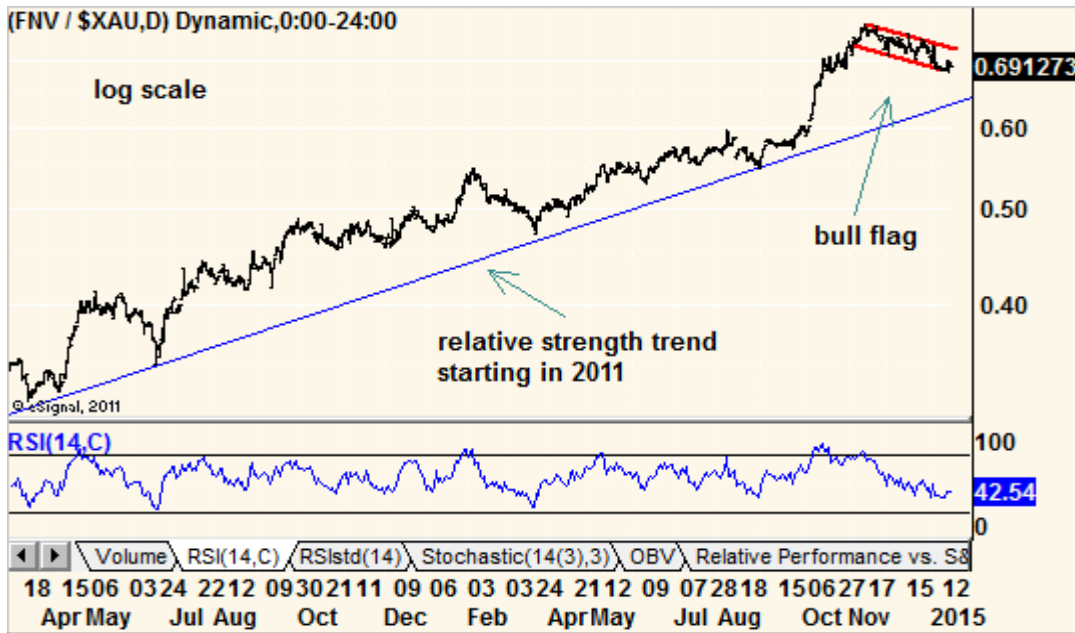
	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	NOC	NORTHROP GRUMMAN CORP	153.33	5.7%	148.00	145.05	1/7	12
	INTC	INTEL CORP	36.45	2.3%	35.00	35.64	1/7	12
	GDXJ	MARKET VECTORS JR GOLD MINER	28.89	6.7%	27.50	27.08	1/8	11
	LO	LORILLARD INC	65.21	1.2%	62.00	64.46	1/13	6
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	39.96	-0.4%	41.50	39.79	1/14	5
	MCO	MOODYS CORP	94.13	-1.6%	96.00	92.67	1/15	4

Notes: Sold **FB** on the open Friday as the sector and market looked shaky beforehand. Too bad for us the market and stock bounced. Still, the original reason to buy is gone. Took at 3.5% loss in 6 days.

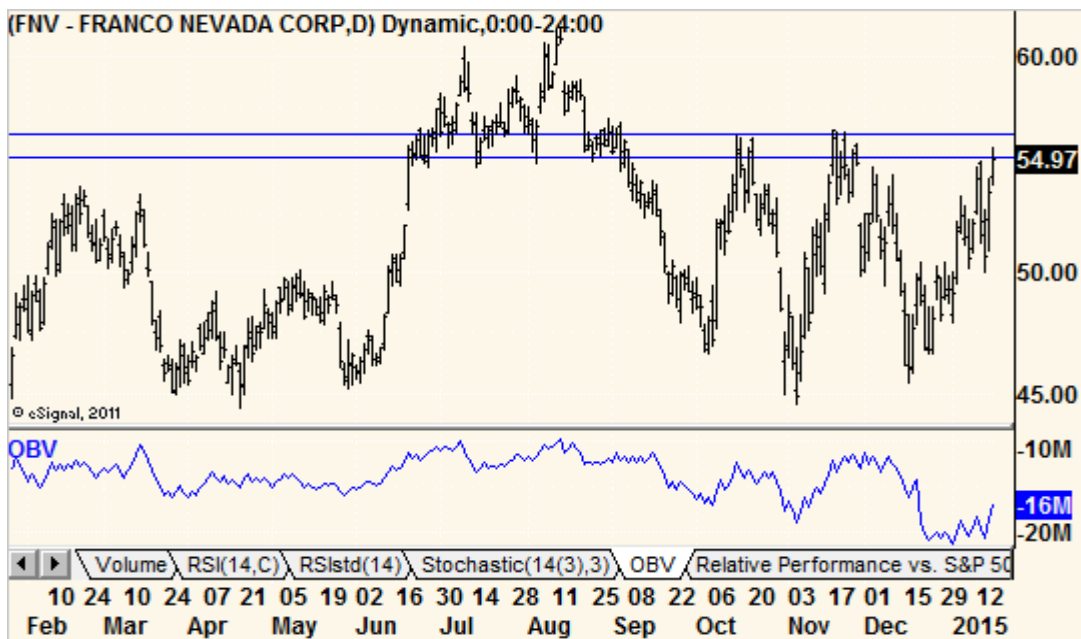
Raised stop in **GDXJ**.

Subscriber Corner

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



Franco Nevada – This gold stock has been outperforming its sector for years but got ahead of itself late last year. The relative performance (ratio) chart above shows a consolidation within that long-term trend just waiting for the next breakout. That has not yet happened. See next chart...



Here, we see the stock itself now reaching a resistance zone. Recall that the sector is near its lows while this stock is far from the same. Would like on-balance volume shown here to be a bit stronger but the bottom line is that a breakout through this zone would be a good buy signal.

Note to Tim - Normally, analysis on the home exchange is better since it is more active. However, in this case the US market volume swamps Canadian volume and we'd stay American.

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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