

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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January 21, 2015 – A rout was erased in the afternoon Tuesday as uncertainty ruled the day. What will happen with euro QE? Will the State of the Union speech have any surprises – or substance? We saw a market fade at a Fibonacci level (hourly chart below) and then come back to it.

Overnight, China rebounded and is almost back to its pre-meltdown level. Apparently, this juggernaut is not dead yet although we do not see a reason to put new money in.

Back to market uncertainty. Earnings are sending stocks every which way. For example, **NFLX** does well and soars. **IBM** not so well and drops. No theme there other than the market is just going with the flow. In other words, bad numbers are not being ignored as they are in a bull market and good numbers are not overlooked as they are in a bear market. Chop, chop, chop.

Gold reached 1300 this morning before backing down and it was up nicely yesterday even though the dollar was higher. That tells us that gold is internally strong and not just moving on currency trends.

Another trend? Falling interest rates. Bonds are at new highs and utilities are strong. Real estate is also strong but notched a short-term bearish reversal yesterday and might be ready for a dip. If you are looking for income, how about big oil? Yes, big oil stocks that pay beefy dividends. I wrote up **BP** yesterday for another website. Chart below.

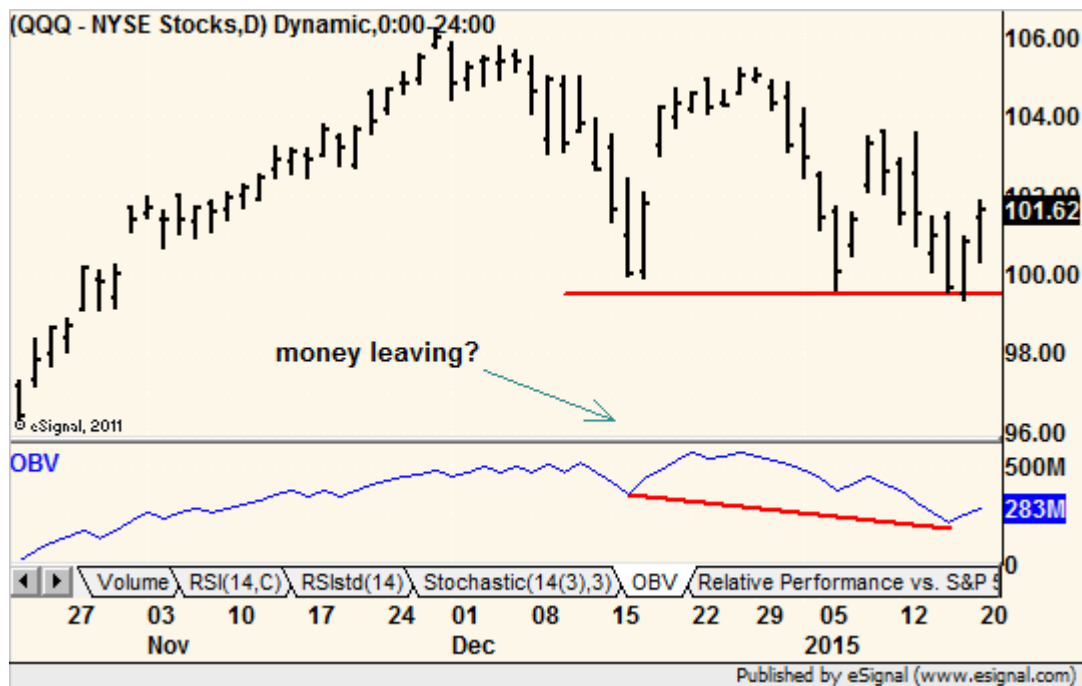


The hourly **SPY** chart shows a new declining channel (or wedge). The green line is what we thought was a key support and even though we would not draw it today it still could have lingering importance. A break below it should be bearish.

Index Charts of the Day



Still waiting for something to happen. The longer it stays at support the more likely it will be to break down.



We are sticking with the Nasdaq-100 ETF to show a new low in on-balance volume. Not a good sign although not a sell signal, either.

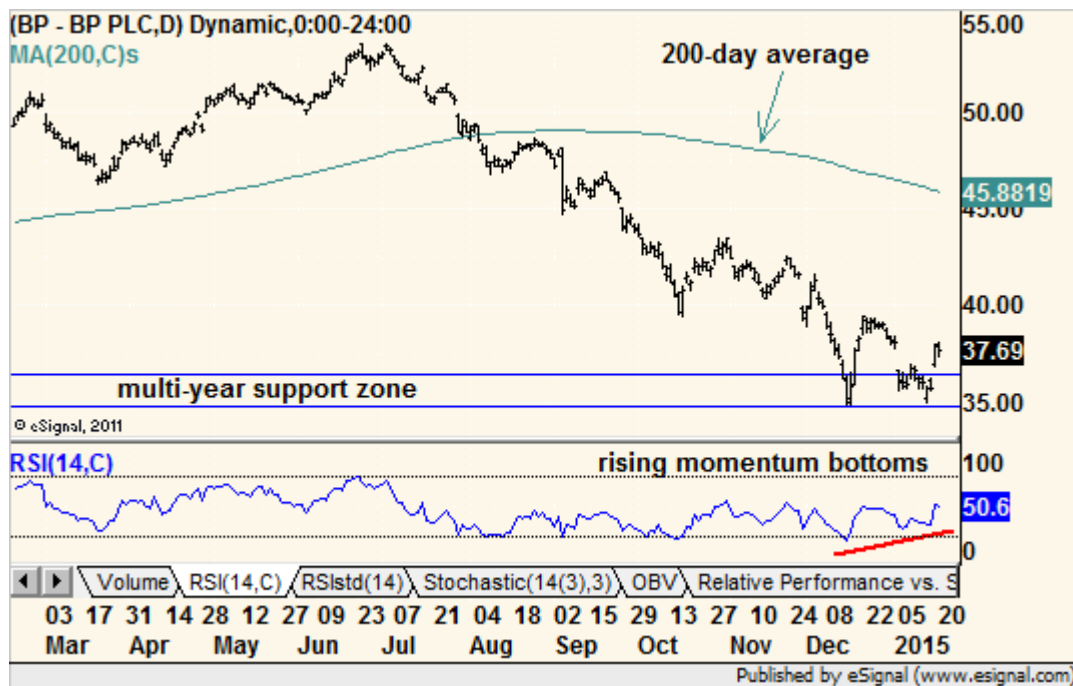
Bottom line – Market is flat with a negative bias.

The Radar Screen

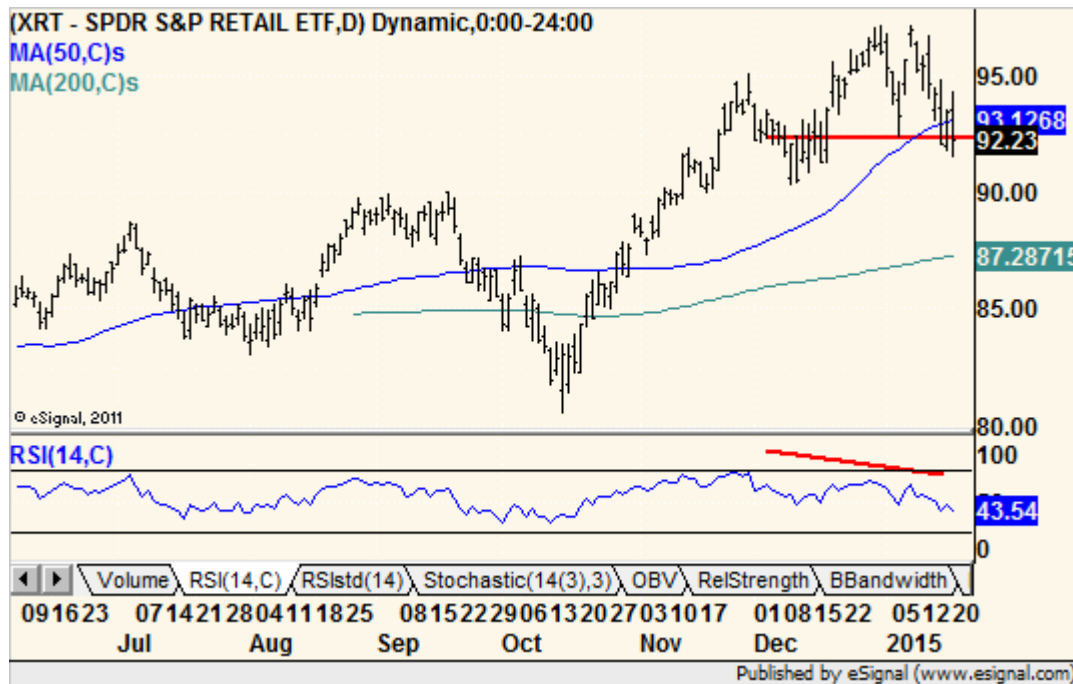
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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
Philip Morris Intl PM – This tobacco stock seems ready to join its peers in rallying. Bullish RSI divergence trumps trading below the 50-day average on this one. Beefy 4.8% dividend yield. Buy close above yesterday's high of 83.99.	New	1/21
Bearish Implications		
Procter & Gamble – Head-and-shoulders-like possibility and short setup. Sell close under 89.40. Big Friday gain, proving why we wait for real signals.		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
Nike NKE – Breakout failure and possible short setup. Looking to sell support break with a close under 92.10.	Moved	1/14
Monsanto MON – This is a lesson in the subtleties of stochastics. When "overbought" occurs at middle levels of the indicator we know the stock is weakening within its range. Sell close under 116.25	New	1/21
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
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
Visa V – Falling on-balance volume w/ support developing. Looking to sell break		1/16
Halliburton HAL – This oil services stock is in a nice range but we do not yet know if it is a continuation in the bearish trend or a base for a reversal. Time will tell but there is a lot of upside if it does break out. Note, not much of a dividend.	New	1/21
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Still in rally mode		1/5
Real Estate ETF IYR – Still in rally mode but scored bear reversal on volume		1/5
Tobacco index – Much improved		1/5
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		
Franco Nevada FNV – This gold stock smashed through resistance even though it did not break out relative to the gold sector. Still a buy signal.		
Delta Airlines DAL – Big breakout held into the close so this tell did not move to being bearish oil		

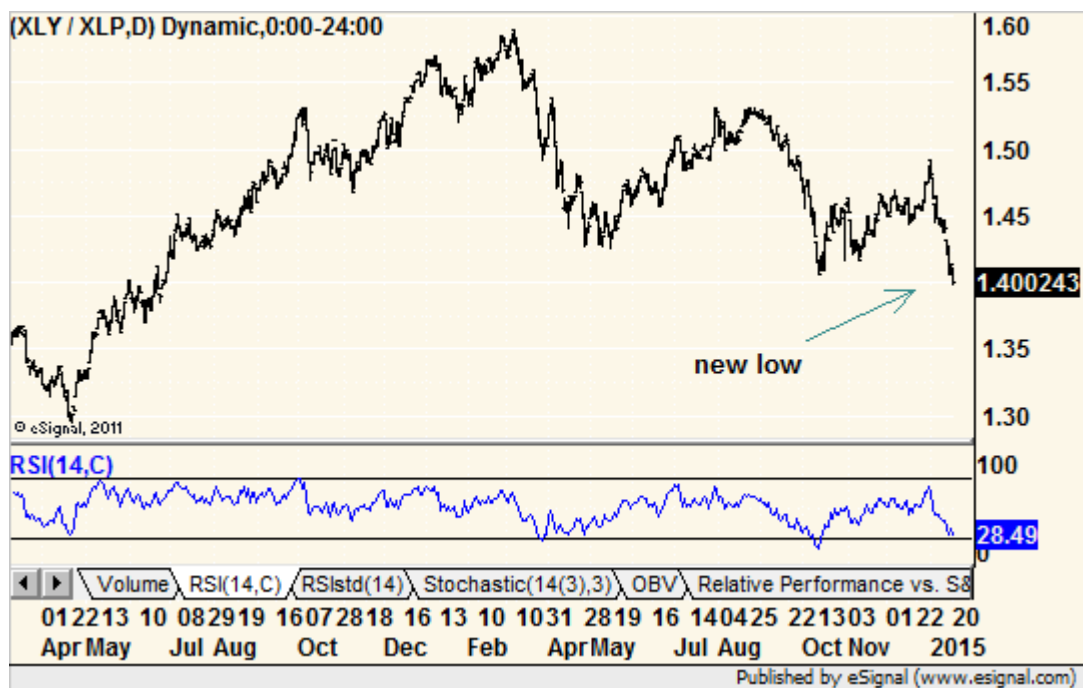
Market Highlights



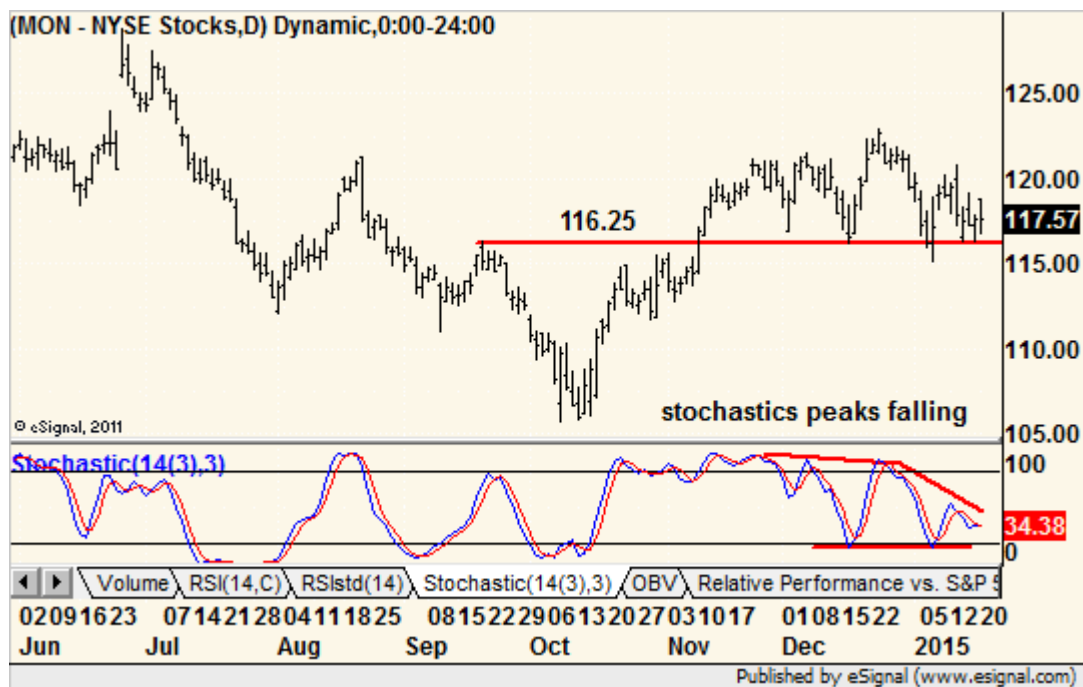
BP – Oil stock with a 6.4% dividend and technical signs it has bottomed.



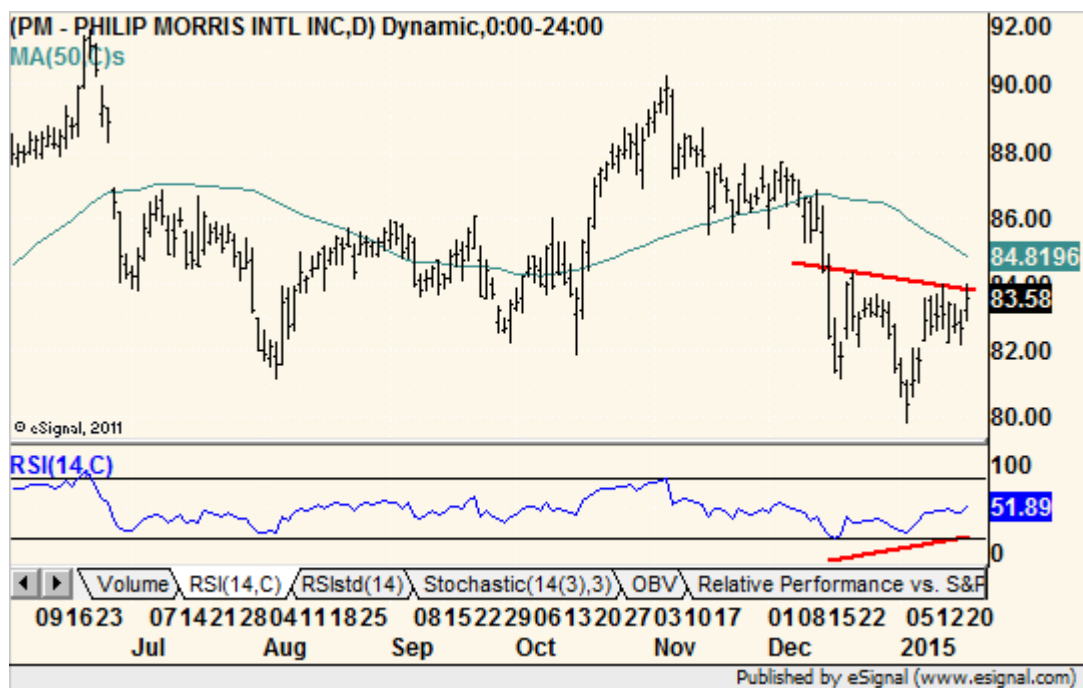
Retail ETF – What happened to this sector? Thanksgiving was great but Xmas apparently was not. This is an arguable double top breakdown. See next chart...



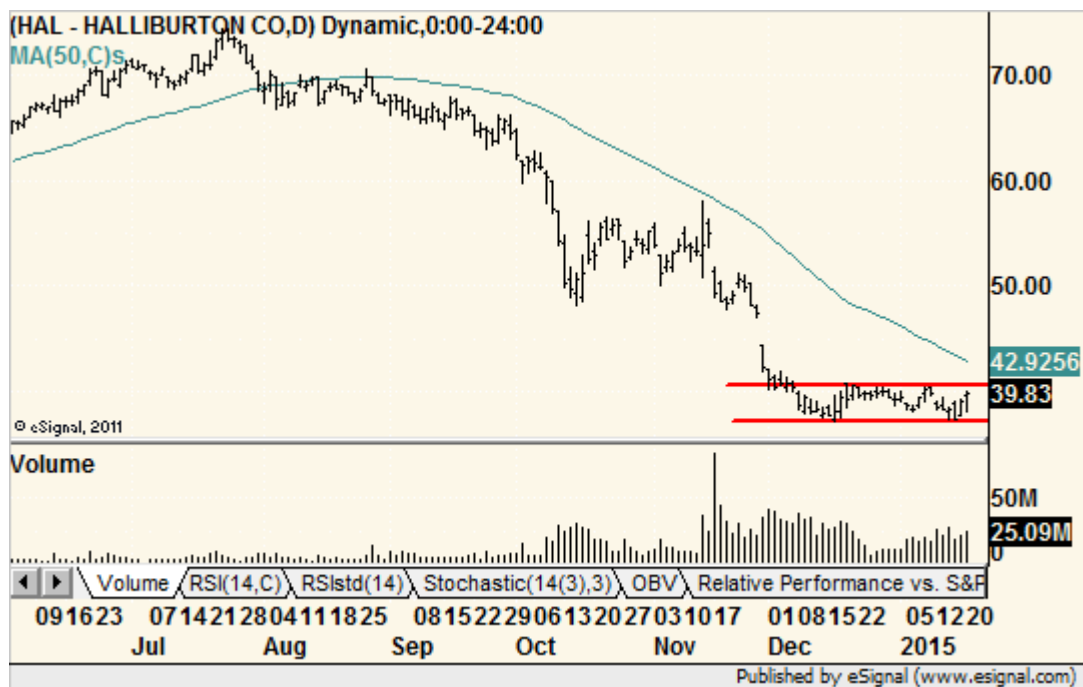
Discretionary/Staples ratio – This ratio just took out support and now is in a clear down trend. It is a sign the market is more defensive.



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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	153.73	6.0%	148.00	145.05	1/7	13
	INTC	INTEL CORP	36.09	1.3%	35.00	35.64	1/7	13
	GDXJ	MARKET VECTORS JR GOLD MINER	30.10	11.2%	28.50	27.08	1/8	12
	LO	LORILLARD INC	65.56	1.7%	63.00	64.46	1/13	7
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	39.71	0.2%	41.50	39.79	1/14	6
	MCO	MOODYS CORP	94.18	-1.6%	96.00	92.67	1/15	5

Notes: Raised stop again in **GDXJ**.

Also raised stop in **LO**.

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 Jack – RWSI was a typo. Should have been RSI. Our apologies.

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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