

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**January 22, 2015** – It's ECB day and the CME has lifted initial circuit breakers from its currency futures. But it does seem that there is a lot of hoopla surrounding the Euro-stimulus plan and it could end up being a whole lot of nothing. Or maybe a big deal. No way to know until it happens. And it just did with bond purchases of 60 billion euros per month. Where have we seen this show before?

The stock market opened low yesterday and clawed its way back. That leaves it still sitting on support even though the cash S&P 500 seems to have lifted off it. The Russell 2000 ended with a loss on the day and did not take out its prior day's high.

One thing on the charts that could turn into something was the bearish key-reversal bar on the **TLT** ETF. This follows a bullish reversal two days ago in 10-year yields so it is a warning of some kind. Not too big of a warning at this time because utilities had a super up-day to keep a lid on the rising rate possibility.

Gold ticked over 1300 in the premarket yesterday but has since backed down. Lots of nervousness ahead of the ECB, we suppose as it was lower this morning before coming back after the news.

Not much to report on oil today as the small range in Crude is still intact. Not much movement in oil sensitive stock markets such as Saudi and Russia, either. We do see a little movement in Brazil but that is less of an oil tell. Chart below.



As we can see on the hourly chart, the **SPY** moved above the upper red line for a tentative breakout yesterday. What is more important is the green line – the old pattern bottom – was not broken and that is starting to turn the bias from down to up in the very short-term. Overall, we think the market is still a sideways mess since Dec.

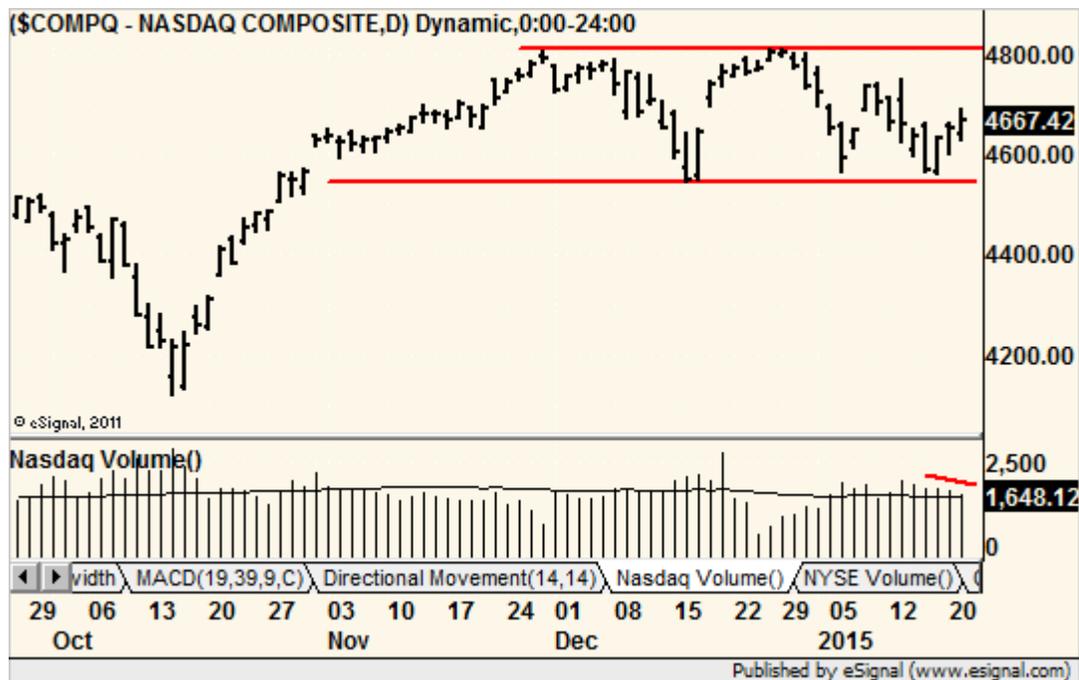
We started to find more short sale candidates but just like that long buy candidates popped up. And we bought two of them yesterday on the close thanks to breakouts.

It all may change after the ECB. We still see big earnings bombs (**LE**) and superstars (**UAL**) in odd juxtaposition. If anyone tells you they have this current market figured out, don't believe them.

## Index Charts of the Day



The red line is still key and the S&P 500 has not really lifted off it. The longer this takes the more bearish it becomes. Note MACD sticking around the zero line for zero momentum.



Uncertainty all around. Note falling volume on the past few days of “strength.”

## The Radar Screen

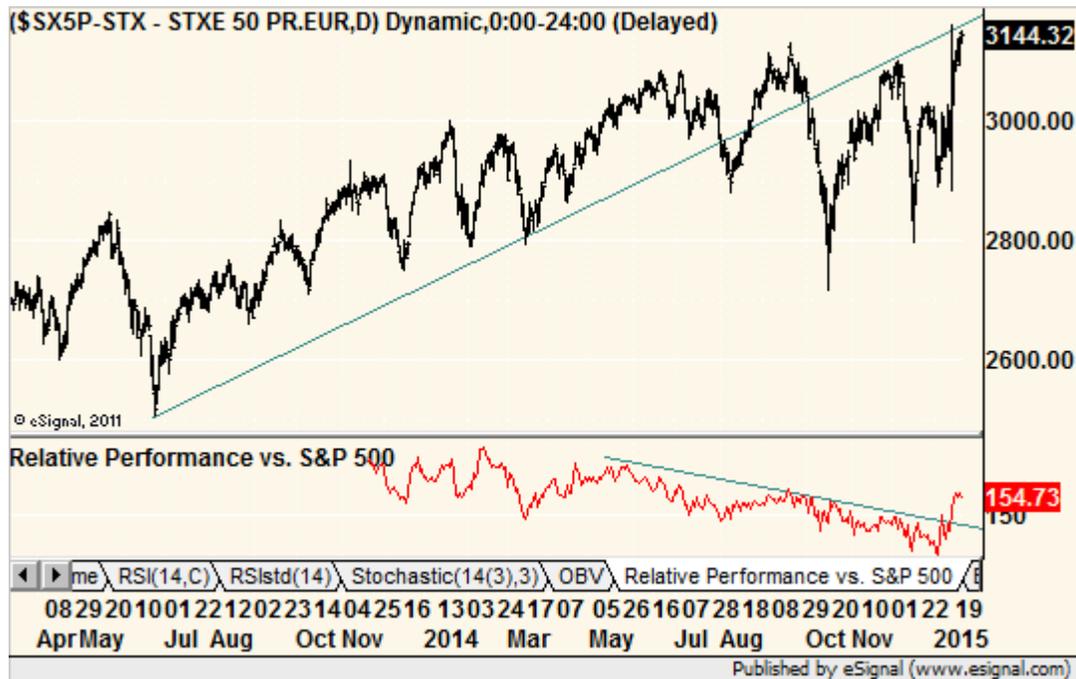
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Freeport McMoran FCX</b> – Copper was crushed and copper stocks went with it. However, <b>FCX</b> 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.	<b>Triggered</b>	1/15
<b>Philip Morris Intl PM</b> – 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.	<b>Triggered</b>	1/21
<b>Halliburton HAL</b> – 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. <b>Higher close today would be the signal.</b>	<b>Moved</b>	1/21
<b>Bearish Implications</b>		
<b>Procter &amp; Gamble</b> – 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
<b>Amazon AMZN</b> – Ready to break support. Sell close under 284.50. <u>Big rally Wednesday so this may not happen.</u>		1/16
<b>3M MMM</b> – Similar pattern to S&P 500. Sell close under 159.		1/16
<b>Nike NKE</b> – Breakout failure and possible short setup. Looking to sell support break with a close under 92.10.		1/14
<b>Monsanto MON</b> – 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		1/21
<b>Visa V</b> – Falling on-balance volume w/ support developing. Looking to sell break of 252.50 on close.	<b>Moved</b>	1/16
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Caterpillar CAT</b> – Major support at 80 would be hot but we'll bite at 82.		1/6
<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 2.4% div yield. Waiting for the breakout but we have to be <b>very</b> patient.		1/9
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Utilities ETF XLU</b> – Still in rally mode		1/5
<b>Real Estate ETF IYR</b> – Still in rally mode but scored bear reversal on volume		1/5
<b>Tobacco index</b> – Much improved		1/5
<b>Banks</b> – Breakdown		1/12
<b>Healthcare ETF XLV</b> – Now holding in a range but on-balance volume is falling	<b>Changed</b>	1/15
<b>Updates</b>		
<b>BP BP</b> – Oil stock with low price and big dividend. We did not give a specific buy signal but it was hit yesterday with an ice gain and trendline breakout.		

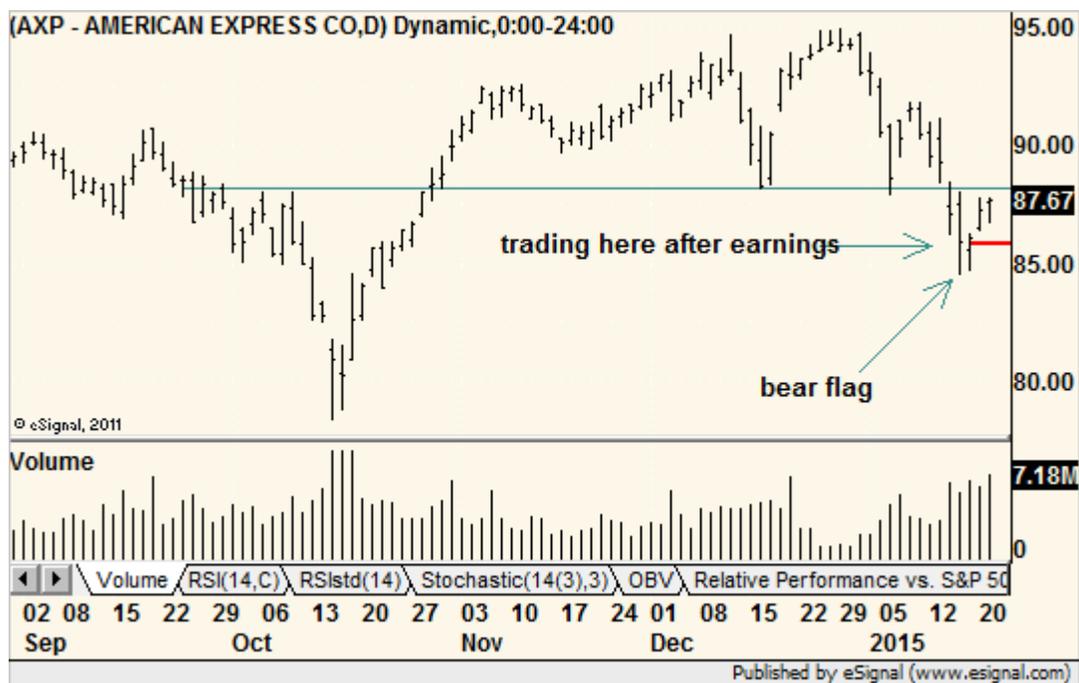
## Market Highlights



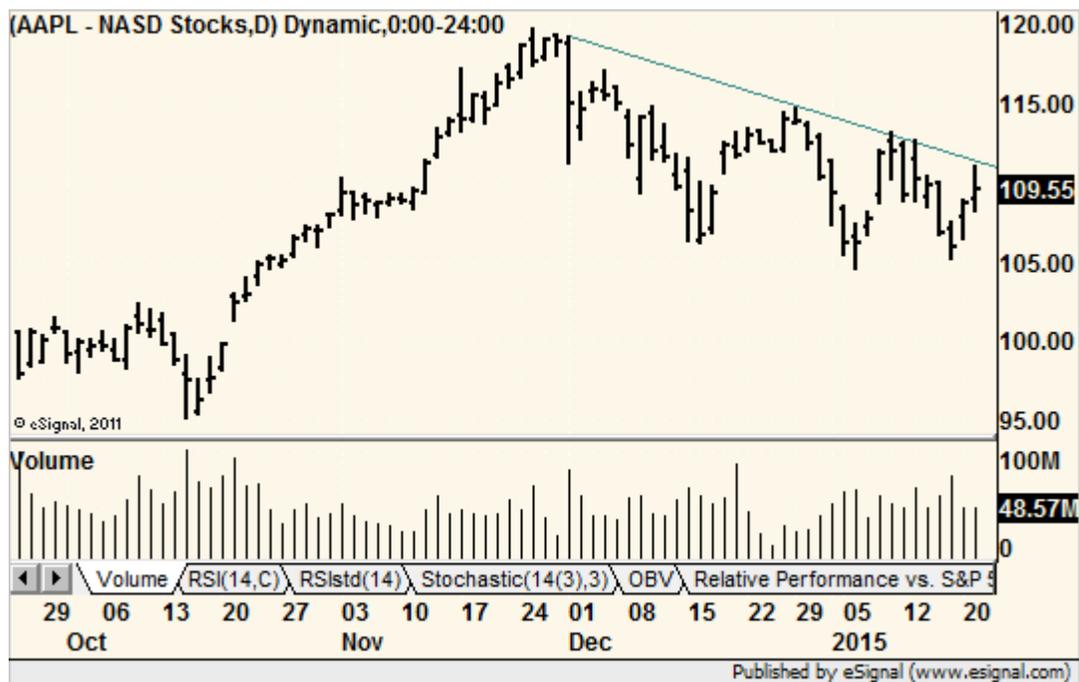
**Brazil ETF** – Not the greatest breakout but it is there.



**Stoxx 50** – The pan-Europe blue chip index hit a new high and is now testing the old trendline. Note the sever shift in relative performance vs. the US. This is pre-ECB this morning.



**American Express** – We pooh-poohed this stock last week with its support break and it is not clear why we did not say to actually sell it. Check out its post-earnings plunge this morning. It is clear that financials are not the place to be.



**Apple** – Giving the trendline another go for a breakout?



**Tesla** – Bullish RSI divergence after a long decline. Still in a down trend but risk lovers may give this a shot.



**Continental Resources** – Breakout? Could be premature but it does look encouraging. This is an oil and gas explorer/producer.

## Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

### Measuring the Move



**Morgan Stanley** – We are not trading it since the risk/reward is not that great. However, the target for the head-and-shoulders breakdown is still below. The current pause is at the midway point, as it usually is.

Two-pager on measuring, [click here](#).

## 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>NOC</b>	NORTHROP GRUMMAN CORP	154.24	6.3%	148.00	145.05	1/7	14
	<b>INTC</b>	INTEL CORP	36.48	2.4%	35.00	35.64	1/7	14
	<b>GDXJ</b>	MARKET VECTORS JR GOLD MINER	29.65	9.5%	28.50	27.08	1/8	13
	<b>LO</b>	LORILLARD INC	65.71	1.9%	63.00	64.46	1/13	8
	<b>FCX</b>	FREEMPORT-MCMORAN INC	19.85	0.0%	18.80	19.85	1/21	0
	<b>PM</b>	PHILIP MORRIS INTL INC	84.55	0.0%	82.00	84.55	1/21	0
<u>Short</u>	<b>HIG</b>	HARTFORD FINL SVCS GROUP INC	39.70	0.2%	41.50	39.79	1/14	7
	<b>MCO</b>	MOODYS CORP	92.72	-0.1%	96.00	92.67	1/15	6

**Notes:** New longs in **FCX** (copper/gold) and **PM** (tobacco) triggered at the close.

## 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.



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