

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**January 23, 2015** – The ECB inspired a nice rally Thursday with 2% gains across Europe and an additional 1% this morning. The US added an additional surge in the afternoon after Europe closed so the latter needed to catch up. Asia also added 1% across the board but only Hong Kong has a major technical event (breakout) in place. Remember China already soared earlier this week.

We were a bit disappointed with the complete lack of response by oil, even taking into consideration the big expansion of supply yesterday. After all, if Europe is going to make a comeback demand for energy will increase. Apparently it did not. While I wrote a bullish Europe piece for Barron's Online yesterday it might have been lost that it was a short-term type of call.

Which brings us to the euro, which is getting crushed beyond the bear market it was already in. That may be good for European exporters but the rest of us will not be so happy as we try to sell there. Visitors there should be ecstatic but businesses working it from here, not so much. If the US dollar is soaring as it is then the US stock market may be under pressure once the initial joy of a punchbowl overflowing with cash somewhere in the world wears off.

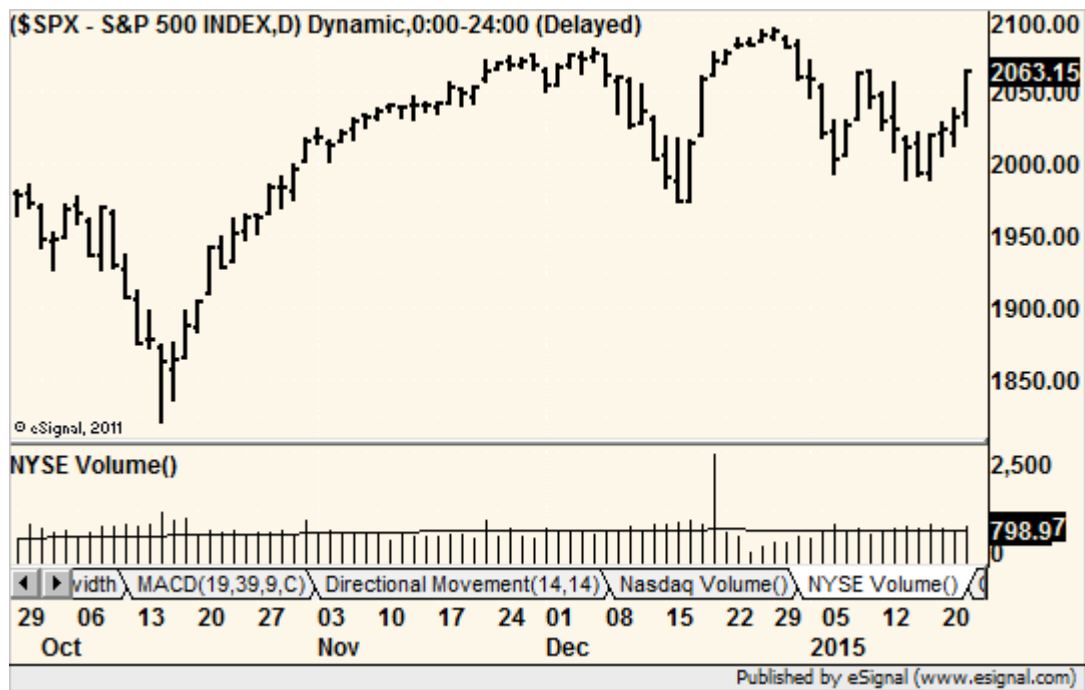
That is a hard to believe and even say when we look at the Dow's four-day, 500-point gain.



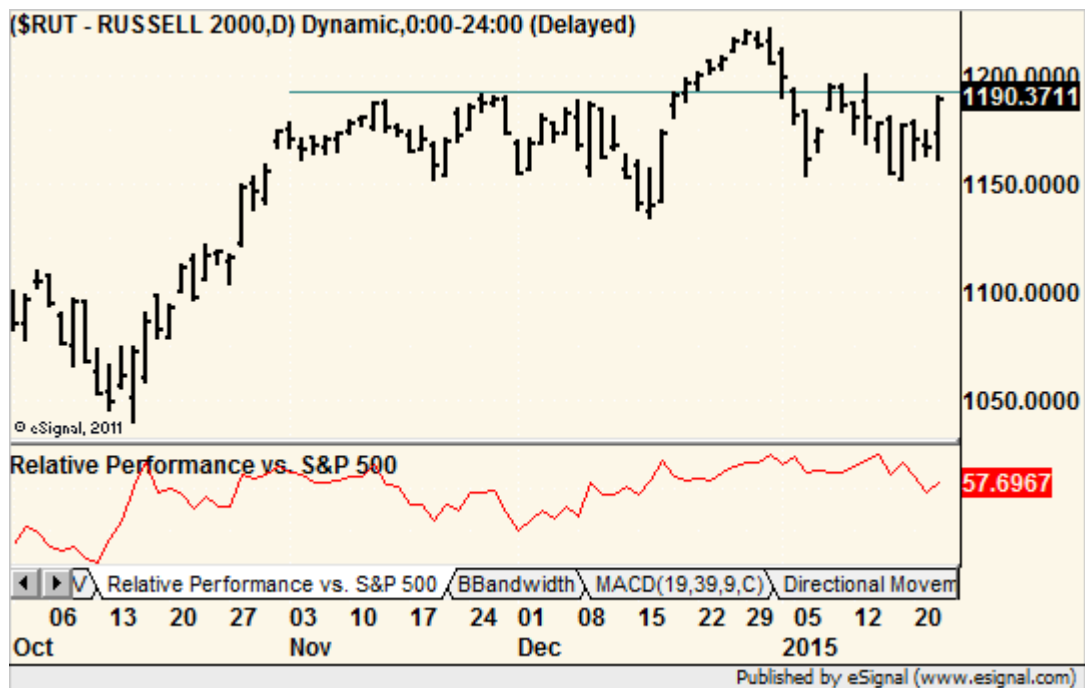
As we can see in the hourly chart, the **SPY** blew through the trendline although there was a lot of volatility right after the ECB announcement came out. The question is "chase or not chase?" Bonds tell us not to chase (see chart below). And a soaring dollar will make it hard for multi-nationals (a.k.a. big stocks) to do business in Europe.

Market Highlights charts today are more macro than for stock ideas. We still think the market is mostly sideways right now after yesterday's upside is over.

## Index Charts of the Day



What changed yesterday? The S&P 500 is still in a range and volume was still rather tame.



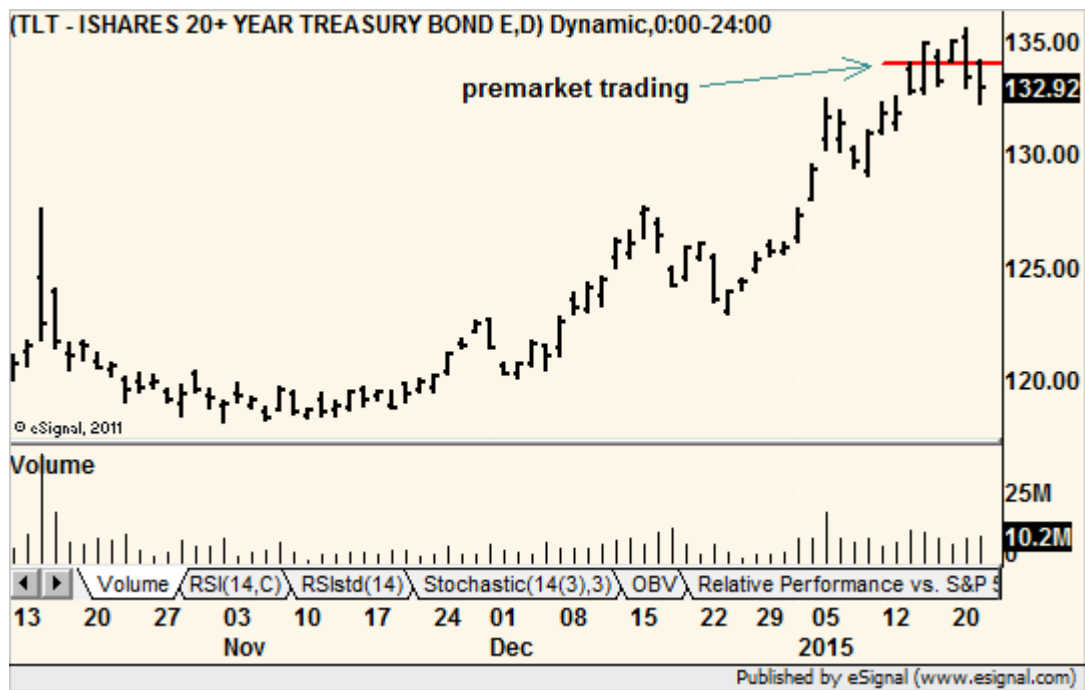
The Russell was up more than the big cap indices but we still cannot call a breakout here. Small stocks do not care about a rising dollar since the sell mostly domestically.

## The Radar Screen

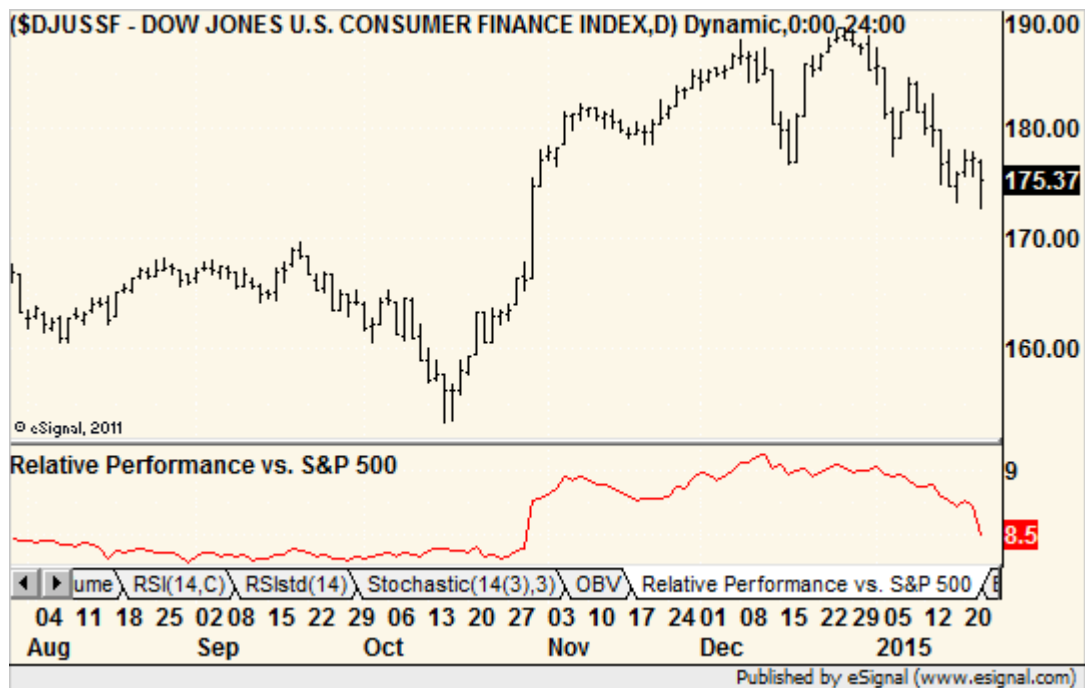
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>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. Higher close today would be the signal.	<b>Triggered</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>3M MMM</b> – Similar pattern to S&P 500. Sell close under 159.	<b>Removed</b>	1/16
<b>Nike NKE</b> – Breakout failure and possible short setup. Looking to sell support break with a close under 92.10. <u>Now has a bull flag look but we are going to move on with no harm done.</u>	<b>Removed</b>	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>		
<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 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>Apple AAPL</b> – Giving the trendline another go for a breakout? Moved above the line but on lower volume.		1/22
<b>Tesla TSLA</b> – Bullish RSI divergence after a long decline. Still in a down trend but risk lovers may give this a shot.		1/22
<b>Continental Resources CLR</b> – Base breakout? Could be premature but it does look encouraging. This is an oil and gas explorer/producer. We’d prefer a little pause first.		1/22
<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. <u>TOB index just broke out.</u>		1/5
<b>Banks</b> –Breakdown. <u>Monster rally Thursday to test the break bur the trend is still to the downside.</u>		1/12
<b>Healthcare ETF XLV</b> – Now holding in a range but on-balance volume is falling. <b>See chart below</b>		1/15
<b>Brazil ETF EWZ</b> – Arguable breakout but we’d like something a little more solid		1/22
<b>Updates</b>		
<b>Morgan Stanley MS</b> – Big rally did not close gap and is still within the parameters of the pause at the halfway point to the downside target (from yesterday’s Today’s Lesson).		

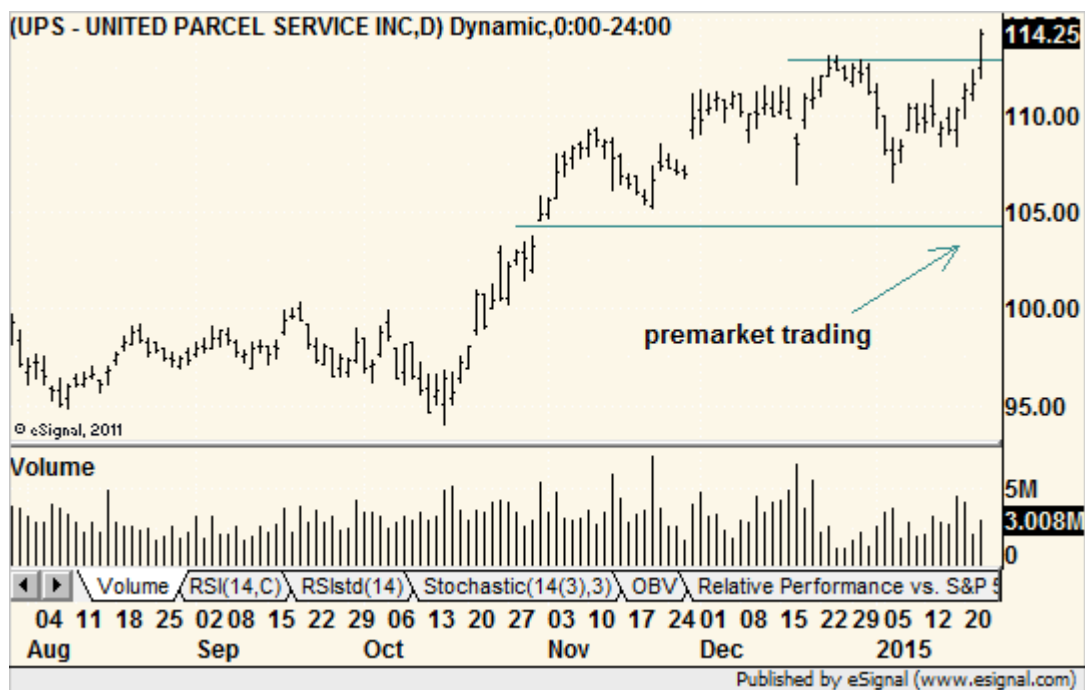
## Market Highlights



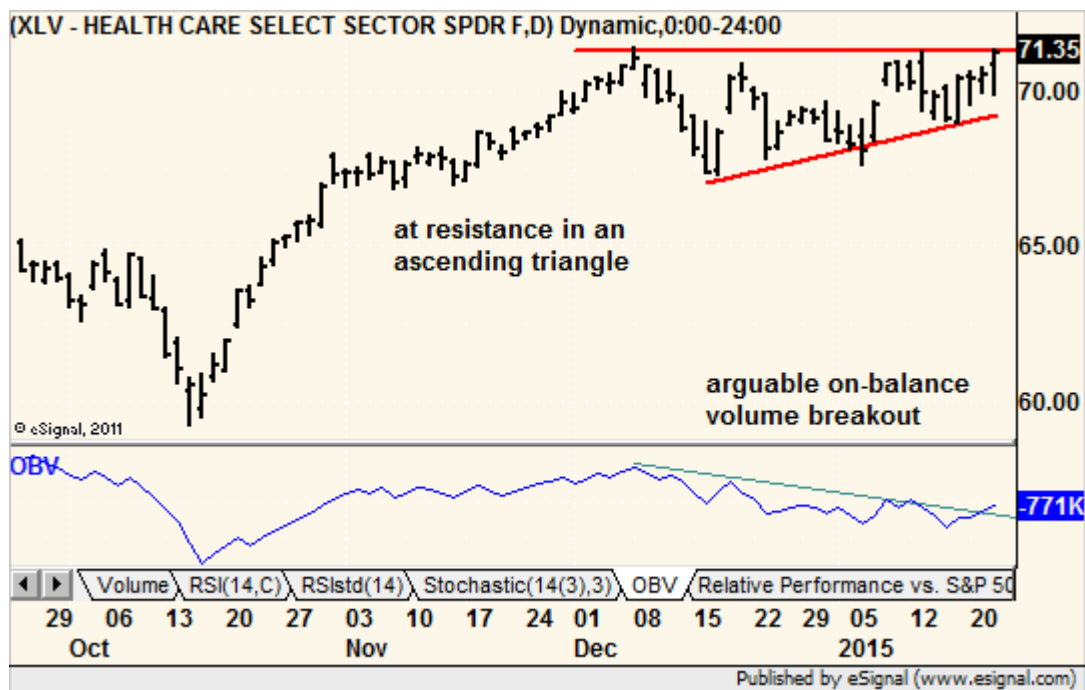
**T-bond ETF** – Although it scored a bearish reversal Wednesday, volume was mediocre and it is trading higher this morning. We think bonds just needed a rest and this is one reason why we are not jumping on the stocks rally.



**DJ consumer finance** – Although the banks had a big Thursday, consumer finance stocks were the worst group of the day. They are really lagging now. Which stocks are here? **AXP** (tanked yesterday), **V** (already on our bear list), **DFS** (profit miss), **SLM** (profit miss).



**United Parcel** – Premarket collapse on earnings. One day after a technical breakout and a generally stronger transport sector. This is bear market behavior.



**Healthcare ETF** – It lost its way relative to the market but may be on the verge of a comeback. Remember, healthcare is a defensive sector.

## 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	156.50	7.9%	150.00	145.05	1/7	15
	<b>INTC</b>	INTEL CORP	36.91	3.6%	35.00	35.64	1/7	15
	<b>GDXJ</b>	MARKET VECTORS JR GOLD MINER	29.07	7.3%	28.50	27.08	1/8	14
	<b>LO</b>	LORILLARD INC	66.10	2.5%	63.00	64.46	1/13	9
	<b>FCX</b>	FREEMPORT-MCMORAN INC	20.02	0.9%	18.80	19.85	1/21	1
	<b>PM</b>	PHILIP MORRIS INTL INC	85.16	0.7%	82.00	84.55	1/21	1
	<b>HAL</b>	HALLIBURTON CO	40.82	0.0%	39.00	40.82	1/22	0
<u>Short</u>	<b>HIG</b>	HARTFORD FINL SVCS GROUP INC	40.63	-2.1%	41.50	39.79	1/14	8
	<b>MCO</b>	MOODYS CORP	94.36	-1.8%	96.00	92.67	1/15	7

**Notes:** New long in **HAL** triggered at the close.

A little tweak in the **NOC** stop.

## 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

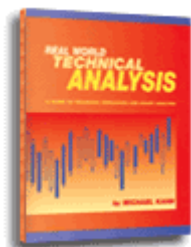
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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