

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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January 27, 2015 – A friend posted that the Blizzard of 2015 had everything we'd want in a blizzard except for wind and snow. Once again, the words "epic" and "historic" and "crippling" did not apply but even though the dire predictions did not come to pass we still did get a lot of snow around here. The government was right to shut down transportation in the region. And that means skeleton crews at trading desks in NYC and newsletter writing firms, too. We've only got a short report for you today.

While the market flopped around yesterday weighing the effects of Euro QE against Greek elections and re-rise of the PIIGS, earnings season is taking its toll. Several Dow stocks got hammered and more will feel the pressure today.

As we said yesterday, the major indices reached the tops of triangles making them ready to cycle down within the patterns. Overall, this is a flat market with a downward bias. Is everyone waiting for Apple's numbers after the bell today? I would not want that kind of pressure.

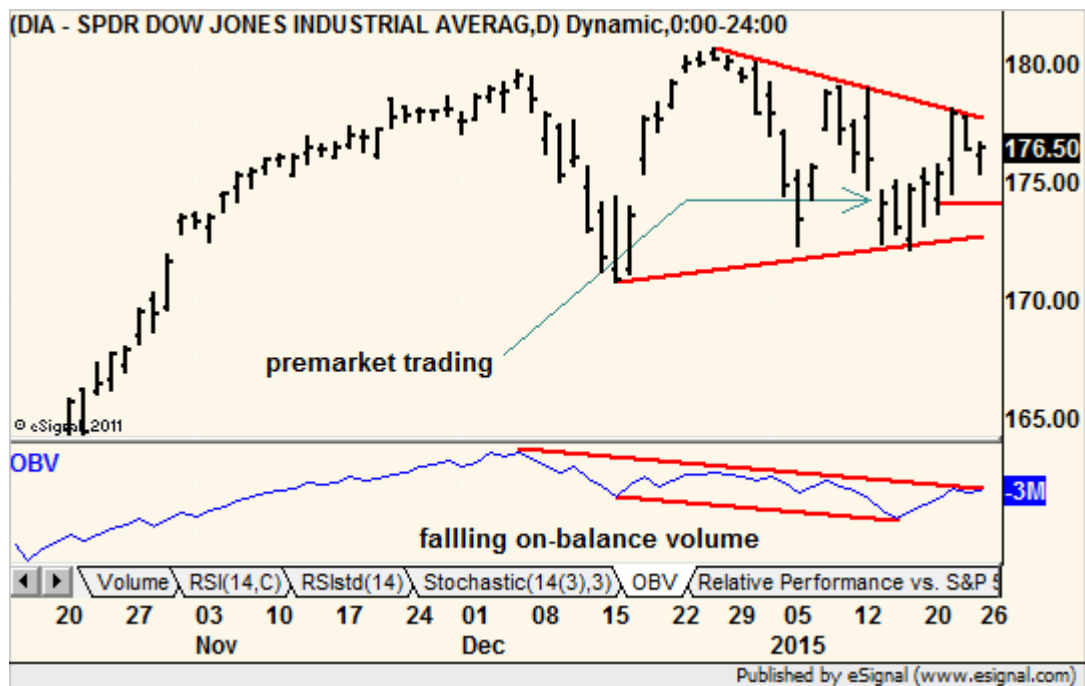


The hourly chart shows the trend break, test and re-break. The path of least resistance is down barring some news that happens during the day.

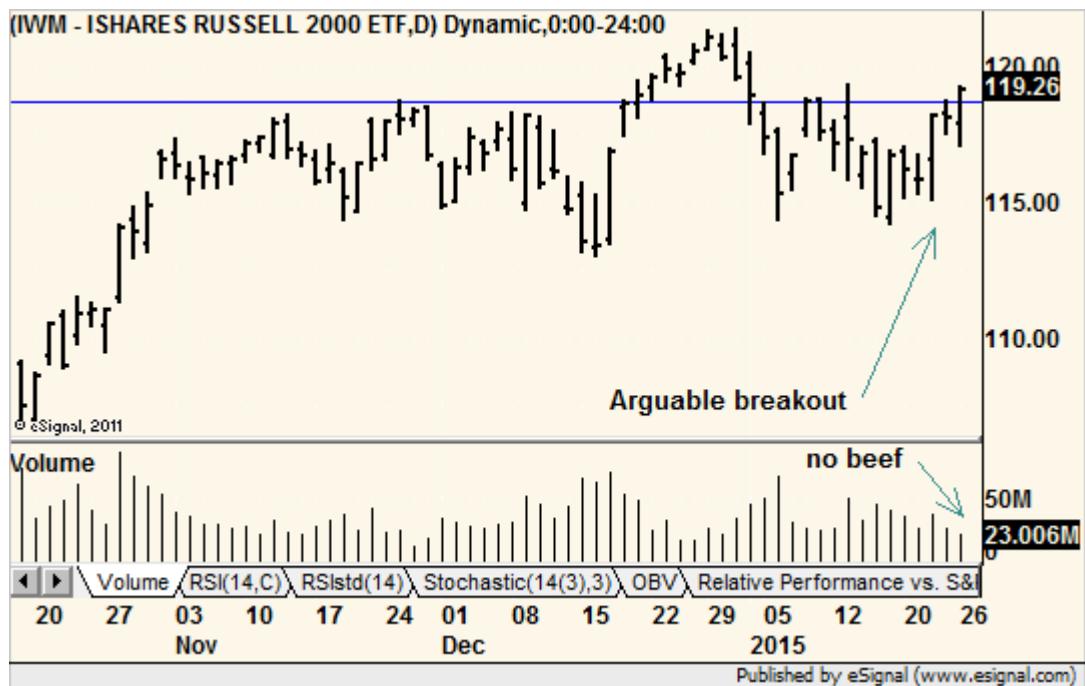
Check out the commodity vs. its stocks comparisons below. No stock picks and pans today other than moving a few things around in the Radar Screen as we anticipate a light, snowed-in market awaiting Apple.

One last note – The Saudi market is up big. It could be on some hope following their king's death and new regime. Or more likely it is on increasing prospects for oil to go up in price.

Index Charts of the Day



The Dow ETF is well on its way to testing the bottom of the pattern. Money is leaving, too.



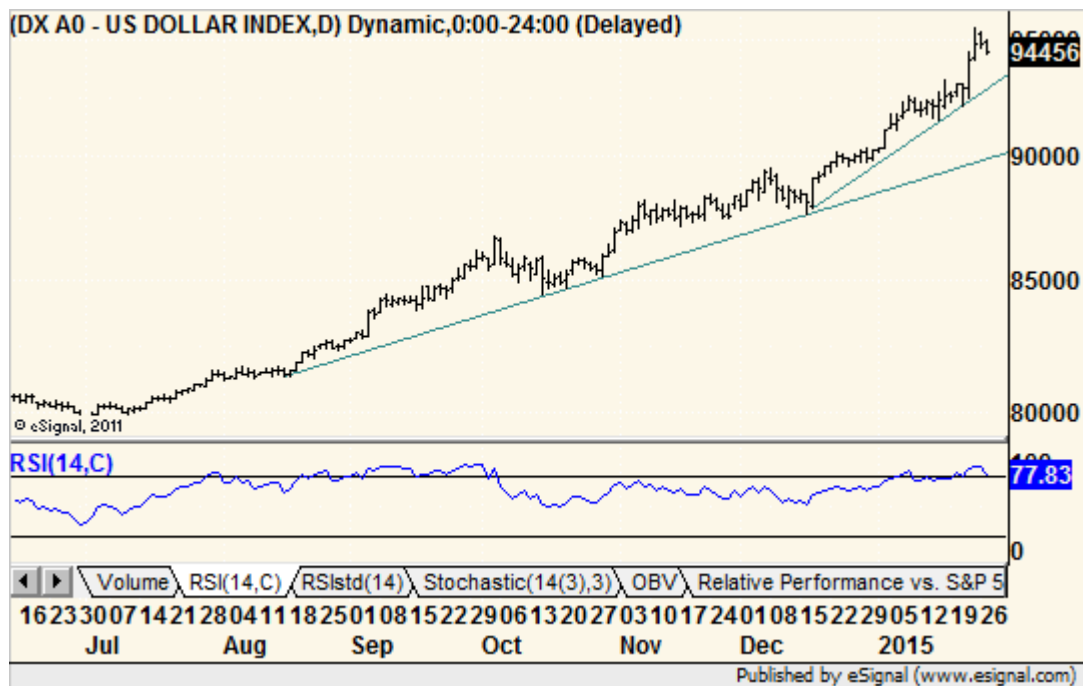
The Russell ETF appeared to take out resistance yesterday with no volume. Today, it is back below the line so it never really broke out.

The Radar Screen

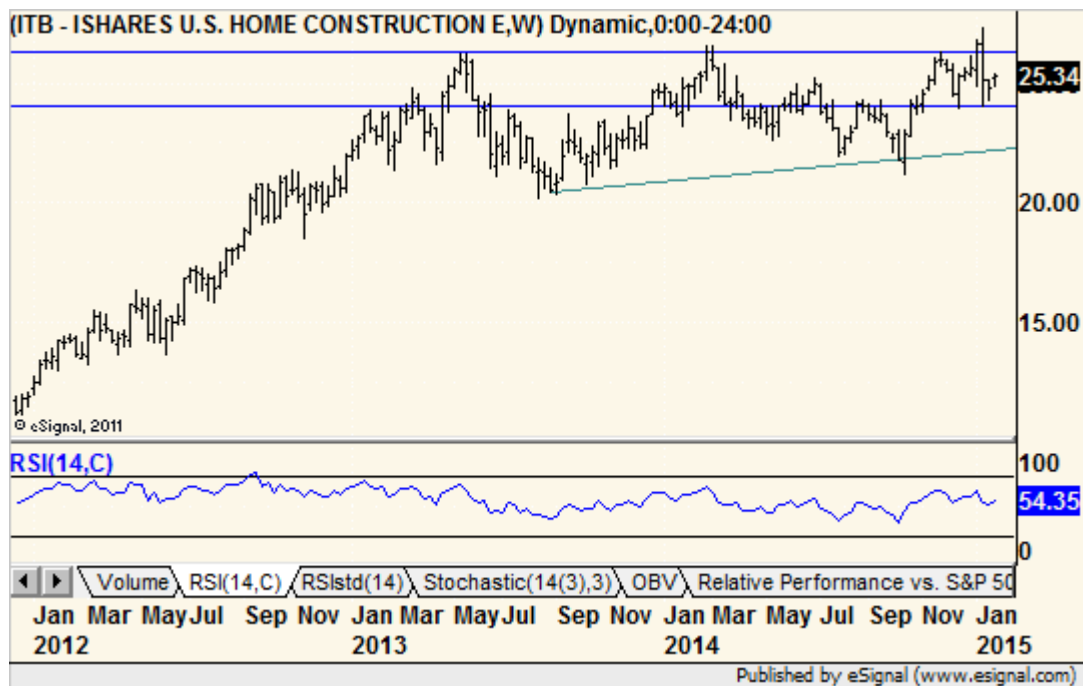
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Alibaba BABA – Pausing at November trendline. Nice little range in progress. Buy close above it over 105.		1/27
Paychex PAYX – Broke out Friday from two-month range that tested 50-day average. Now pausing. Buy new high with close over 48.50		1/27
Caterpillar CAT – Major support at 80 would be hot but we'll bite at 82. Gapping down below that so here we go!	Moved	1/6
Bearish Implications		
Procter & Gamble PG – Head-and-shoulders-like possibility and short setup. Sell close under 89.40. Big Friday gain, proving why we wait for real signals. Gapping down this morning so we missed this trade yesterday by pennies.		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		1/21
Visa V – Falling on-balance volume w/ support developing. Looking to sell break of 252.50 on close.		1/16
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Valero Energy VLO – Huge one-week rally actually scored the breakout but we cannot chase it. Way overbought short-term. Still waiting.	Changed	1/9
Apple AAPL – Earnings today so we'll back off.	Removed	1/22
Tesla TSLA – Bullish RSI divergence after a long decline. Still in a down trend but risk lovers may give this a shot. For those who bit, working nicely.		1/22
Continental Resources CLR – 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
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Still in rally mode. Be alert – RSI divergence.		1/5
Real Estate ETF IYR – Still in rally mode but scored bear reversal on volume		1/5
Tobacco index – Much improved. TOB index just broke out.		1/5
Banks – Breakdown. Monster rally Thursday to test the break but the trend is still to the downside.		1/12
Healthcare ETF XLV – Now holding in a range but on-balance volume is falling.		1/15
Brazil ETF EWZ – Arguable breakout but we'd like something a little more solid		1/22
Updates		
Copper – Scored hammer candle at support and now double bottom may be in progress		
Post POST – On the heels of a merger, this acquiring cereal maker soared for a monster breakout. Too big for us to chase so watch to see if it eases back orderly for another shot.		

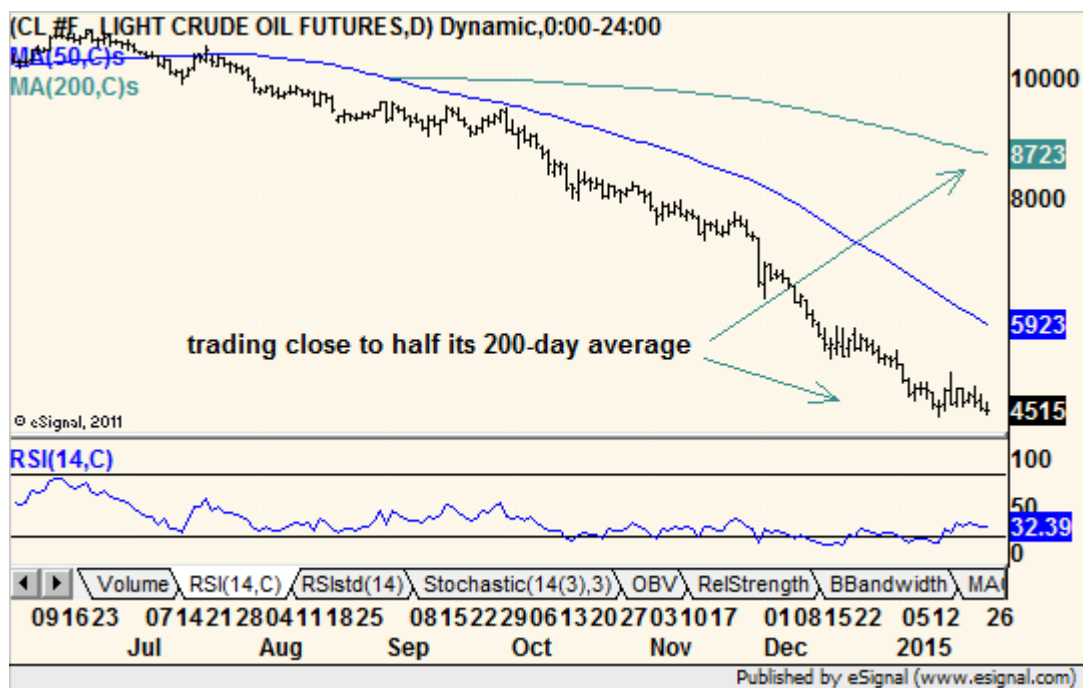
Market Highlights



US dollar index – Yeah, probably time for a pullback to the steeper line.



Homebuilding ETF – Bounced off short-term support. The question is whether the breakout failure in the longer-term is still in effect or did it pull back by an acceptable amount to keep the bulls alive. We'll still give this the benefit of the doubt but it needs to make a new high to confirm. That means we'll miss some of it. Clearly a break of the middle line would be bearish and target the lower line.



Oil – A huge spread below its 200-day average suggests the rubber band needs to snap back. Is that a small bullish RSI divergence?



Energy ETF – Here we see a real double bottom in progress. The important point is that over the past two weeks energy stocks rallied as oil eased lower. We like this as a bullish sign.



Gold – This is a breakout and after a pause we'd say 1400 is in the cards. That is the height of the pattern projected up to its second integral multiple.



Gold Miners ETF – Here, gold stocks are a bit weaker than the commodity but a breakout from the current pullback would suggest more upside ahead.

>> We like oil better than gold due to the relative performances of their stocks. However, we still like gold, too.

Today's Lesson

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

Old Trendlines



Regional Bank ETF – Old trendline come back into play. Here we see two meeting at the apex of a triangle where the 200-day happens to be. With plunging on-balance volume a move back to that level would be a big sell trigger (if it makes it there at all).

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	155.54	7.2%	150.00	145.05	1/7	19
	INTC	INTEL CORP	35.81	0.5%	35.00	35.64	1/7	19
	LO	LORILLARD INC	66.02	2.4%	63.00	64.46	1/13	13
	FCX	FREEMPORT-MCMORAN INC	19.56	-1.5%	18.80	19.85	1/21	5
	PM	PHILIP MORRIS INTL INC	83.05	-1.8%	82.00	84.55	1/21	5
	HAL	HALLIBURTON CO	41.46	1.6%	40.00	40.82	1/22	4
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	40.05	-0.6%	41.50	39.79	1/14	12
	MCO	MOODYS CORP	94.23	-1.7%	96.00	92.67	1/15	11

Notes: no changes

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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