

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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February 4, 2015 – Oil was an easy hero to credit for Tuesday's big rally but look at all markets. Stocks up, Greece up, oil up, bonds down, dollar down, gold down. Do you see a "risk on" theme there? Suddenly everyone got bullish if not cocky but when we think hard it was really a release of tension. The tension was that oil was going to \$35, sectors of the market would keep falling (energy) and the economies of Texas, North Dakota and several countries around the world would collapse.

We are not saying it was all real but when any market is disrupted the way oil was then bad things happen. Like an earthquake. Small movements don't take down towns but big ones do.

However, this morning oil is giving back a big chunk of yesterday's gains. The US is holding steady but European stocks, which did not participate in the late day rally since they were already closed, are in the red. The message we take is that all markets are still churning around and we cannot extrapolate three days of oil strength into a major reversal. European stocks were already up big and needed a rest.

One thing we can do is take advantage of today's weakness there and pick up some Italy via the ETF. Chart below. You will see quite clearly why we like it.

Another event was Australia cutting its interest rates as yet another Central Bank stays engaged. Good for stocks everywhere. The Aussie market hit a seven-year high. The Aussie dollar hit a six-year low.



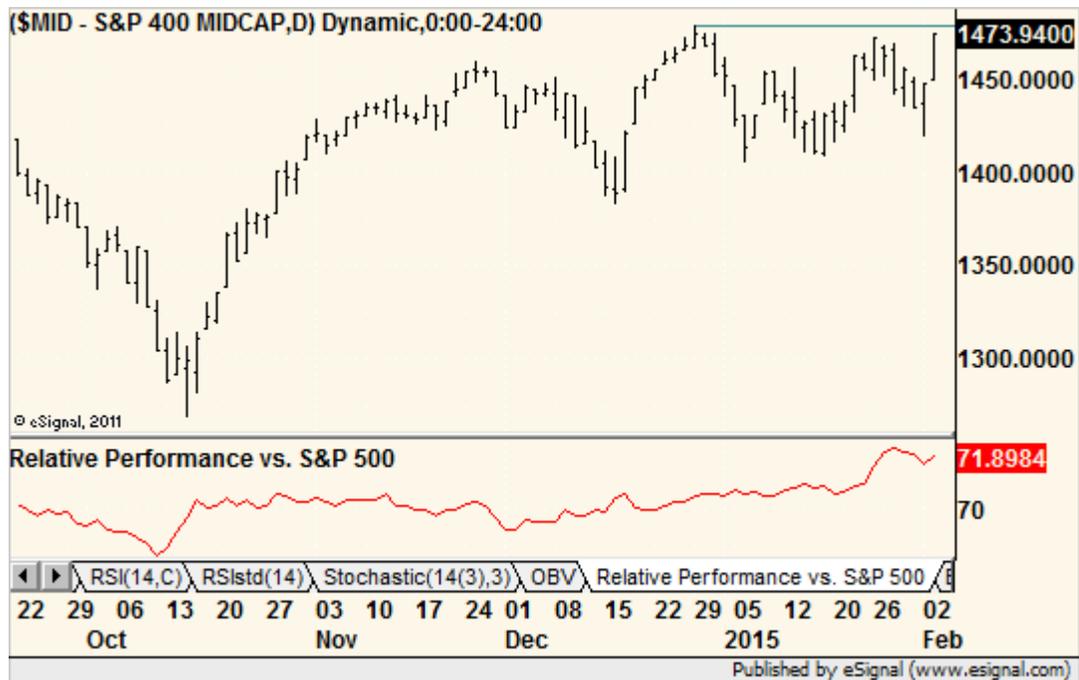
As we suggested, the path of least resistance was up but of course we could not know how much in one day. Today, it is not as clear. The short-term trend is up but it looks a little shaky and big resistance is overhead.

We must now defer to the daily charts below as prices are now at the tops of triangle patterns across the board.

Index Charts of the Day



Volume was up yesterday but it was not as strong as it was for Friday's sell off. Still within the confines of the triangle.



The midcaps are the only group that is challenging its December high. This is the strongest of the bunch.

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		
Gold ETF GLD – Breakout now tested. Buy resumption of the trend at 123.50.		2/3
Italy ETF EWJ - We prefer to analyze home markets as the charts are better but we will operate in the US via ETFs. Italy has a trend break, 200-day average break, a pause and then another breakout. We will take advantage of today's dip and buy the ETF at the open.	New	2/4
HR Block HRB – Here is another fuzzy setup due to the rising resistance line. We like the pause at the line and rising on-balance volume. Watching one day.	New	2/4
Bearish Implications		
Hilton HLT – Breakout failure for this hotel. Note falling on-balance volume. We'll sell a bounce to resistance to 26.75		2/2
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Mondelez MDLZ – Kraft spinoff and Oreo cookie maker now sitting on critical support. Worth a short as we can argue it broke down Wednesday. We'll wait a day for a small bounce possibly to 36.75		1/29
Green Mountain Keurig GMCR – My personal favorite coffee company but not favorite stock is also sitting on critical support. Also waiting a day for a small bounce before selling. Waiting for breakdown test possibly to 128.		1/29
Marriott MAR – Volume and momentum indicators are flat for this hotel so we wait for the break one way or the other.		2/2
Coach COH – This luxury retailer is getting a lot of chatter and it does have a base in progress, albeit with a sloppy “handle” over the past month. Note the relative performance chart is close to a breakout, too. Hard to quantify it but we'll watch for signs to buy.	New	2/4
Sector Watch (observations that may spark ideas)		
Tobacco index –TOB still in rising trend		1/5
Banks –Down trend even with this week's gains		1/12
Healthcare ETF XLV – Now holding in a range but falling on-balance volume		1/15
Updates		
none –		

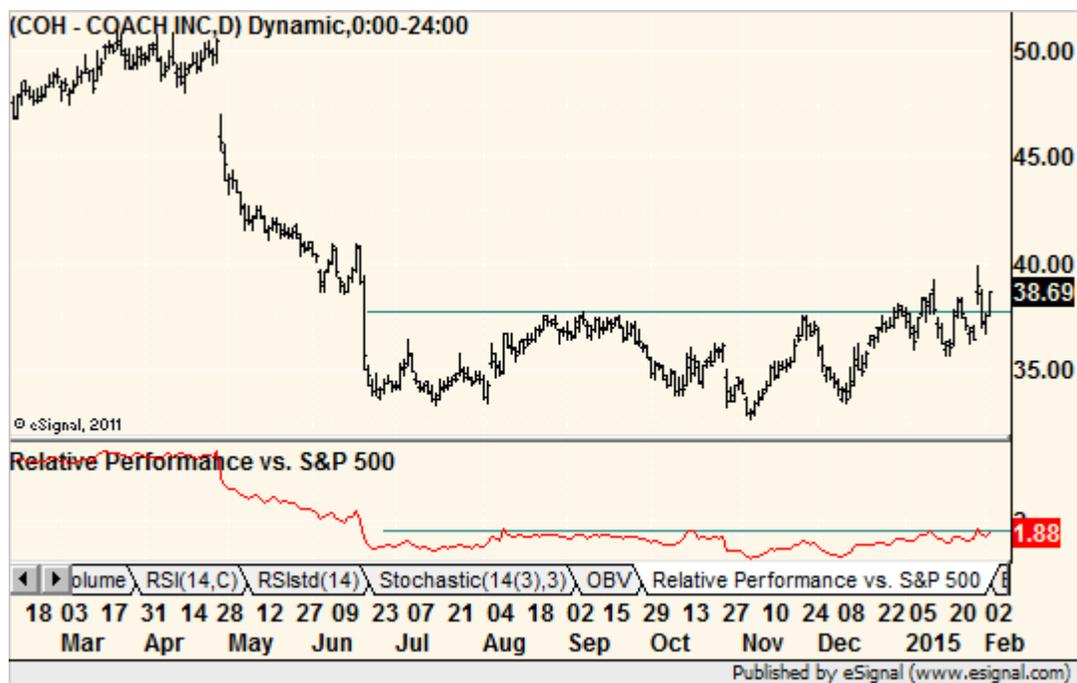
Market Highlights



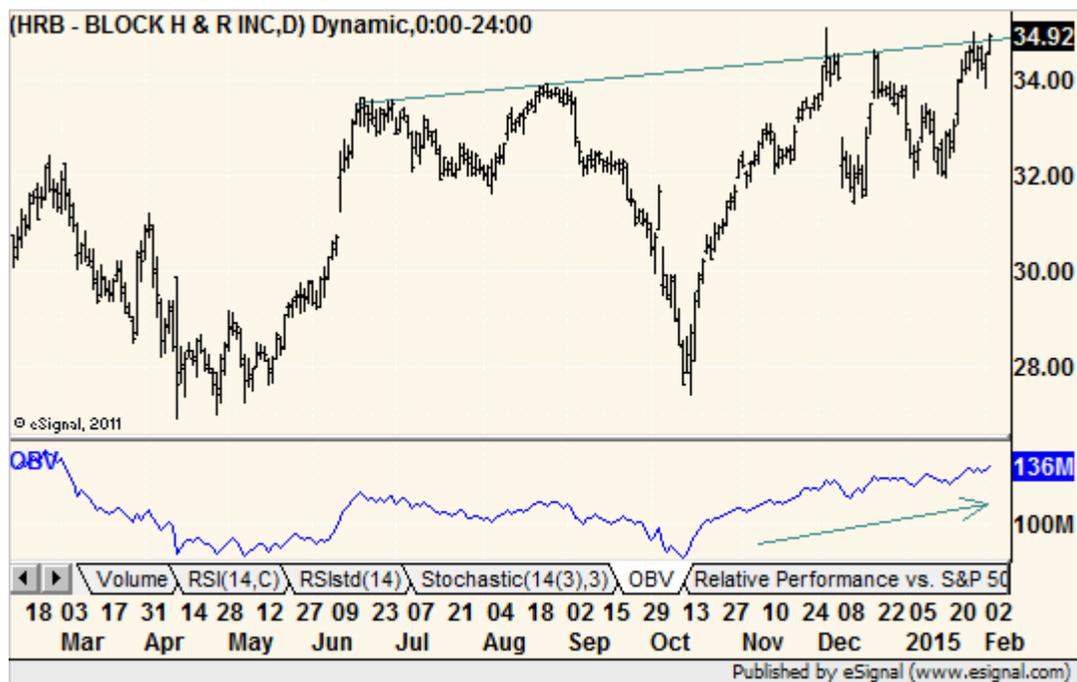
Italy – We prefer to show home markets as the charts are better but we will operate in the US via the **EWI** ETF. As we can see, this market has a trend break, 200-day average break, a pause and then another breakout. We will take advantage of today’s dip and buy the ETF at the open.



Junk Bonds ETF – Almost gave stocks its blessing yesterday. Just missed.



Coach – This luxury retailer is getting a lot of chatter and it does have a base in progress, albeit with a sloppy “handle” over the past month. Note the relative performance chart is close to a breakout, too. Hard to quantify it but we’ll watch for signs to buy.



HR Block – Here is another fuzzy setup due to the rising resistance line. We like the pause at the line and rising on-balance volume. Watching one day.

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	160.48	10.6%	154.00	145.05	1/7	27
	LO	LORILLARD INC	66.46	3.1%	64.00	64.46	1/13	21
	CAT	CATERPILLAR INC DEL	83.92	5.2%	80.00	79.74	1/27	7
	TOT	TOTAL S A	55.46	4.2%	52.50	53.25	2/2	1
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	39.63	0.4%	40.50	39.79	1/14	20
	MCO	MOODYS CORP	92.00	0.7%		92.67	1/15	19
	V	VISA INC	259.79	-3.4%	260.00	250.99	1/27	7
	CSCO	CISCO SYS INC	27.12	-0.9%	27.75	26.88	1/30	4
	BRK.B	BERKSHIRE HATHAWAY INC DEL	148.29	-1.8%	150.00	145.57	1/30	4

Notes: Lowered stop in **HIG** short as it looks as if the stock may break out to the upside. No sense in taking more of a loss than needed.

Stopped out of **MCO** short, which is too bas since it had a beefy intraday profit at one point. But we were right to lower the stop all the way yesterday as it rallied big. The only way to make a big profit here was to nail the intraday low Monday but at least we ended up slightly green.

Raising stops on several longs, as might be expected after yesterday's rally.

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

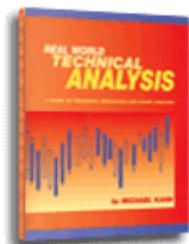
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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