

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

February 17, 2015 – Friday's trading was a see-saw affair, again driven by Greece. We do not see it really hurting us here and even over the holiday weekend Western markets came back from intraday or premarket lows. Asian markets were indifferent to the Greece noise and China has already killed its potential double top setup. In other words, it has not triggered a sell.

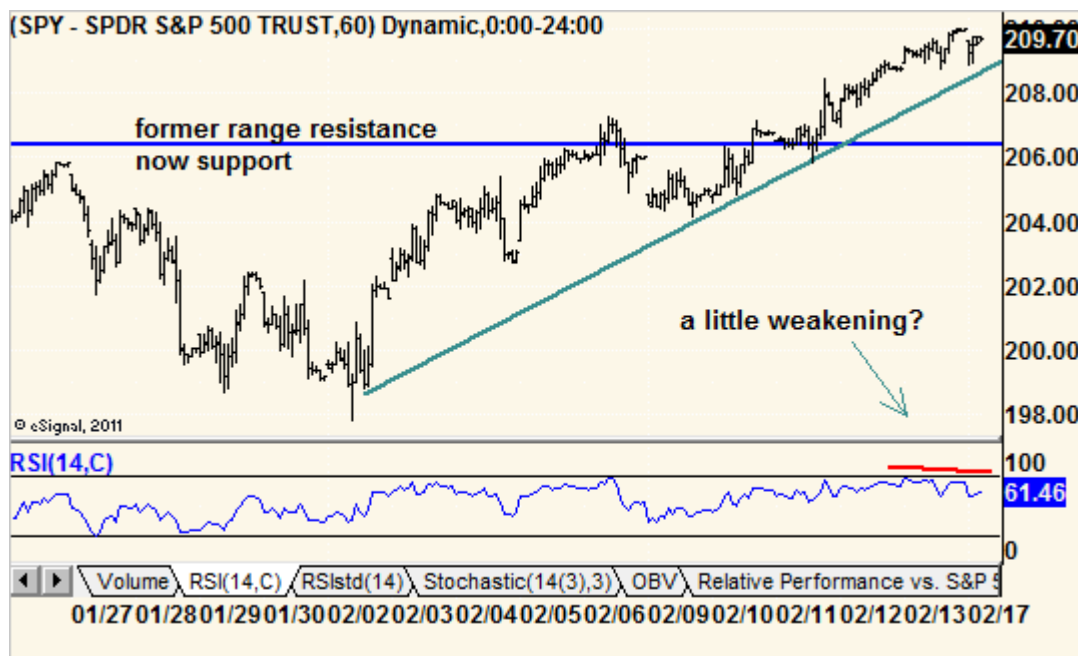
Commodities remain under pressure except for oil, which is still working its comeback attempt. Calls for \$20 crude are still out there, too.

However, we still see the market as embracing risk and the ratio of consumer discretionary to consumer staples has broken out to the upside (chart below). The ratio of junk to high grade corporate bonds has moved up but has not broken out. Same for high grade corporates to treasuries. However, junk bonds themselves have so it is not quite an all-out love for risk in the bond market.

As for Treasuries themselves, the correction is still in progress. Utilities (the **XLU** ETF) are very close to the downside target we set for their correction. In fact, I issued a buy call on **SO** Friday afternoon in another website and we'll offer it here today.

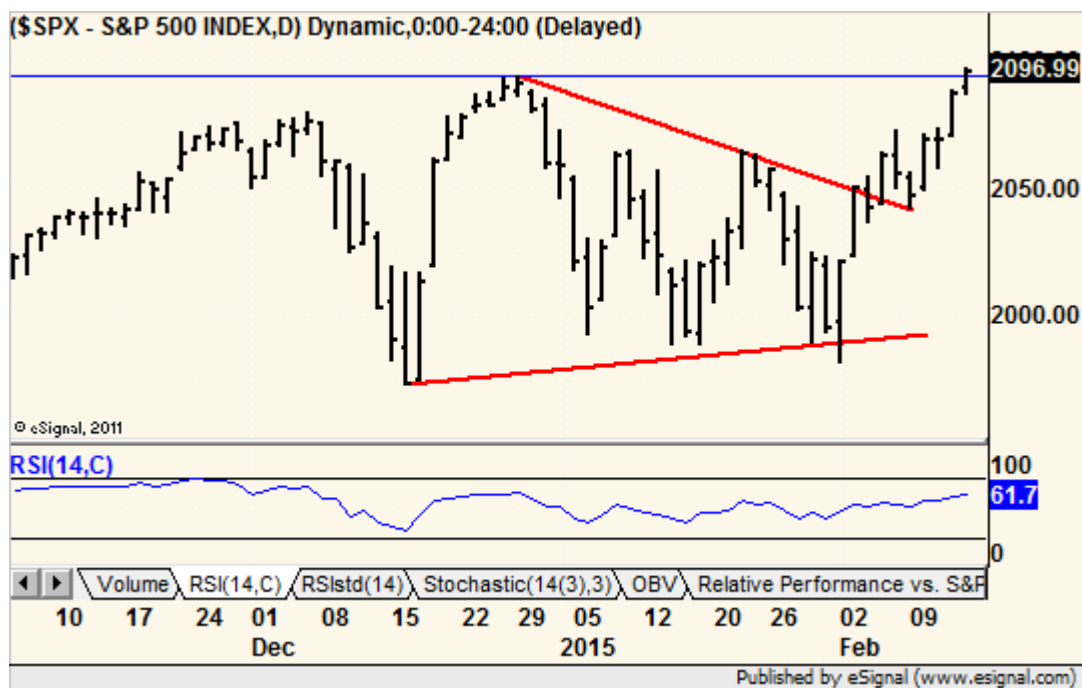
The bottom line is that risk is the word of the day, commodities are weak except for oil and bonds as an asset class are still in some sort of transitioning phase. Our outlook for the stock market for the next month or two is still positive thanks to continued strong breadth. There were 203 new 52-week highs on the NYSE on Friday and few of them were in non-stock bond equivalents.

The caveat? The latest survey of the American Association of Individual Investors shows bearish sentiment is now at its lowest level since the start of 2015.

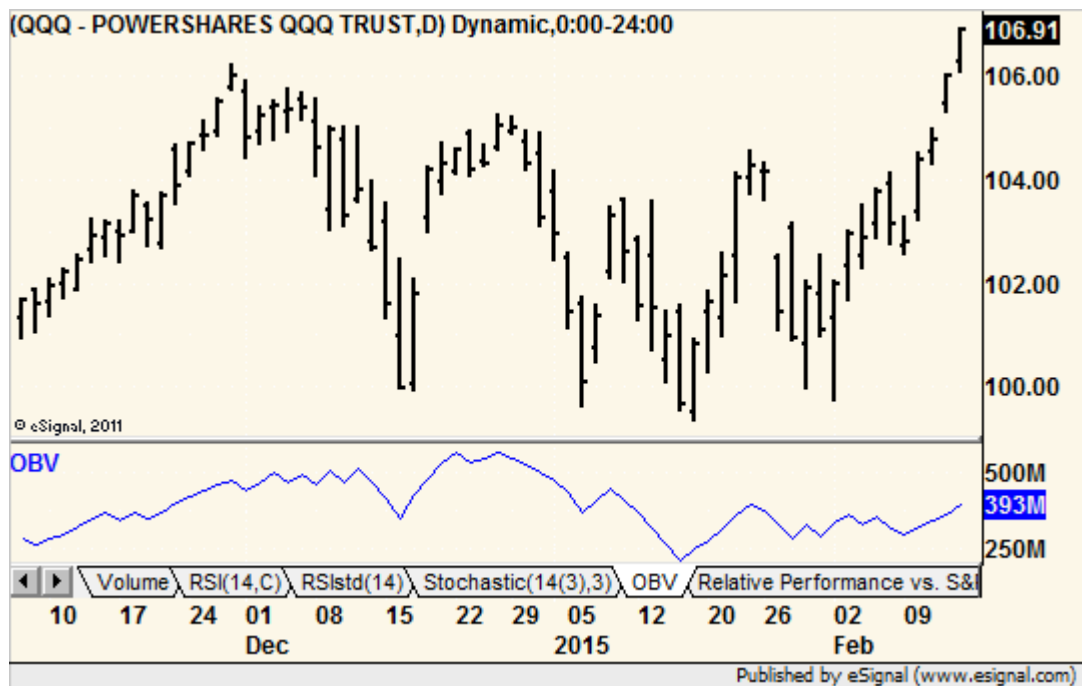


The hourly chart shows this morning's comeback and maintaining of the rising trend but RSI does have a little warning. Nothing to change our stance just yet but stock picks today will have to be more compelling or they won't make to this report.

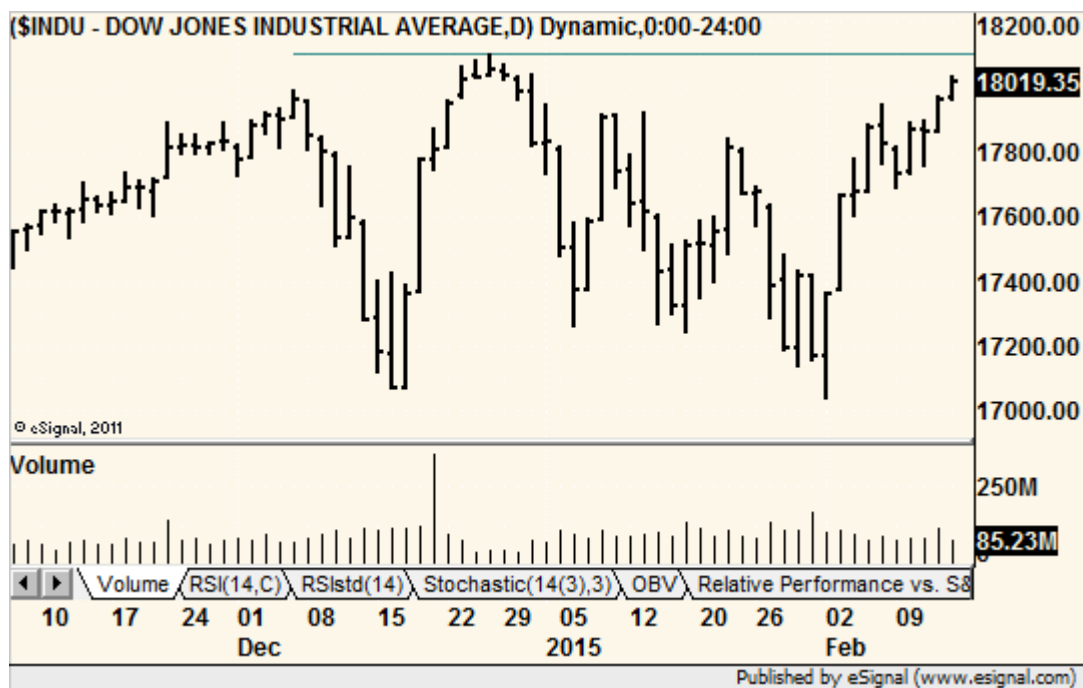
Index Charts of the Day



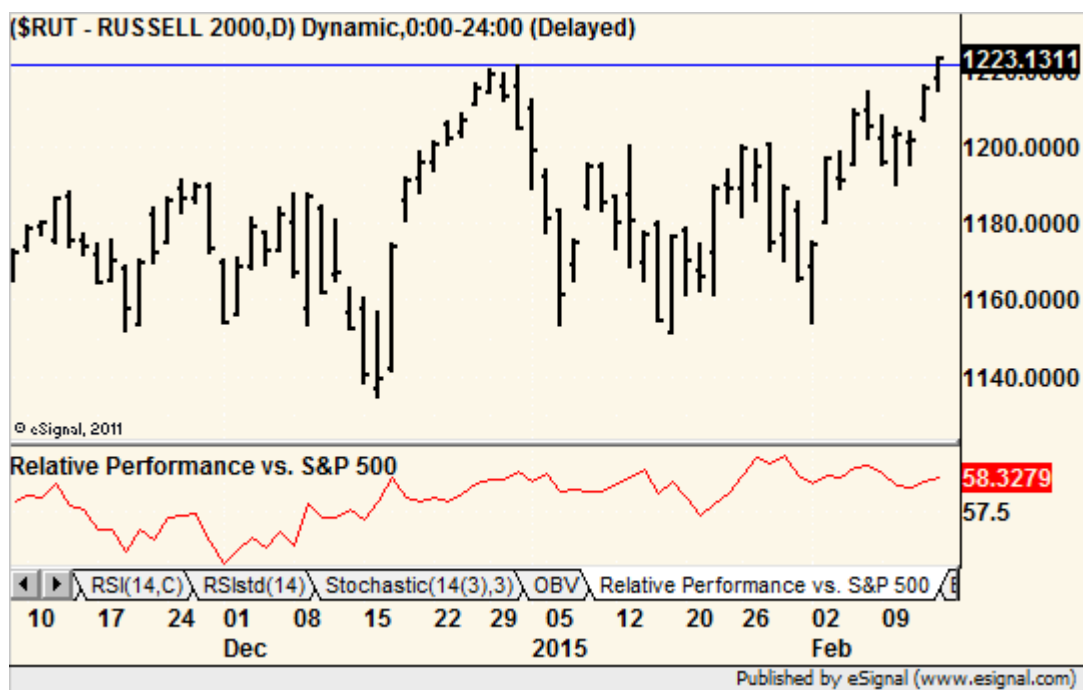
A new high but still arguably at resistance after a rather steep rally.



Should we worry that on-balance volume for the Nasdaq-100 ETF is not very impressive? Only a little.



The Dow has not breached resistance so that is more of a concern.



The Russell is above resistance to a new high but is not exactly leading the market. It is odd that with the soaring US dollar that domestically oriented small stocks are not leading as pundits suggest they should.

The Radar Screen

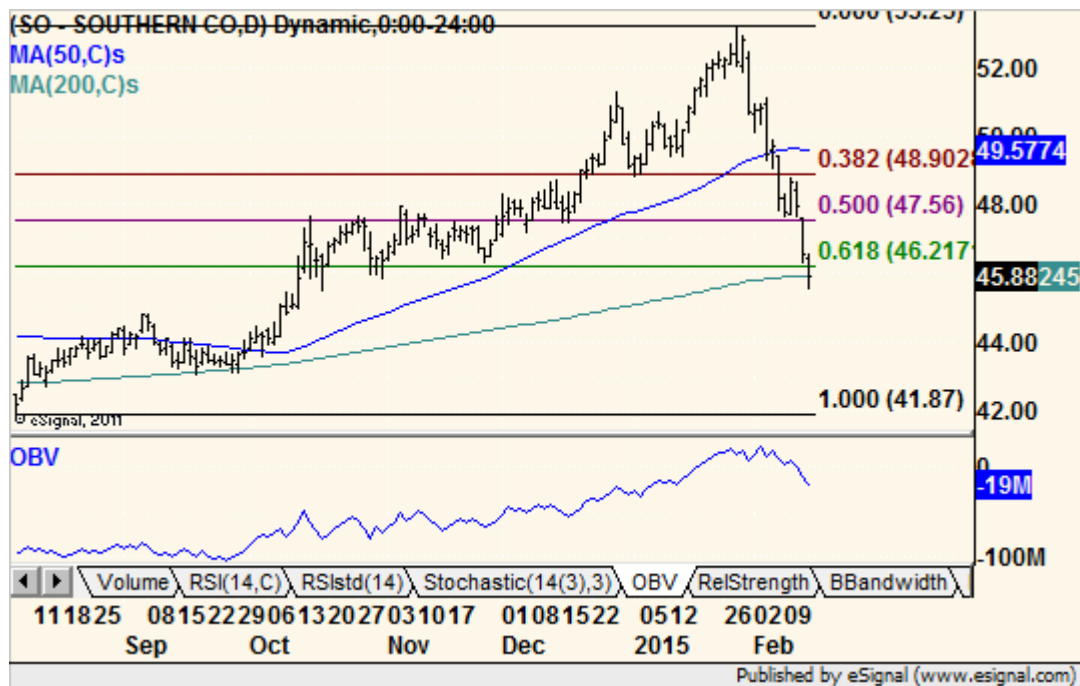
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 120.00		2/3
Barrick Gold ABX – This was a free chart of the day Tuesday but we'll make it official now. Buy breakout with a move over 13.25		2/5
Wal-Mart WMT – We saw a trend break reversed to the upside Monday and now threatens an upside break. On-balance volume not only stayed flat but is close to a new high already. Buy the breakout with a close over 87.00 .	Changed	2/6
Exxon Mobil XOM – Big oil is on the cusp of a breakout. This one has a nice pause at its July trendline. 3% div yield. Buying now	Triggered	2/10
Energy ETF XLE – Check out the new high in on-balance volume as money pours back into the sector. Now above 50-day average but a new high for the month above 80.85 would be a double bottom breakout.	Triggered	2/11
Travelers TRV – An insurance stock with a nice bullish setup following a false breakdown. We do wish volume was better. Buy close over 108.30		2/15
Conoco Phillips COP – Just another big oil stock. This one has a pause following a trend break. Even though prices are near a 52-week low, on-balance volume is at a 52-week high. Buy over 68.45. (not waiting for close)	Triggered	2/15
Utilities ETF XLU – The breakdown is clear. The 200-day average should meet support at the red line in a week or two at 45 and that would be a good place to think about buying some bargains. Buying now .	Moved	2/10
Southern Company SO – This is a utility that has come down to a good buy point at the 200-day average and 61.8% Fibonacci retracement. Overshoots in steep drops are to be expected. Also, note that not much money flowed out during the decline according to on-balance volume. Buying now .	New	2/17
Bearish Implications		
Healthcare ETF XLV – Now holding in a range. Looking at possible sell under 68.50 although with the market staying strong it might not get close. On-balance volume starting to curl higher		1/15
Holding Tank - red shade leans bearish, green shade leans bullish		
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.		2/4
Mylan Labs MYL – A drug stock looking to break out. Big up on Friday so we'd like a little rest here. Note stochastics bottoms never made the oversold region during the Nov-Feb decline and that leans bullish.	New	2/17
Sector Watch (observations that may spark ideas)		
Retail XRT – On the verge of a breakout. Breakout		2/6
Technology XLK – bull flag breakout		2/12
Homebuilding ITB – back in bull mode		2/12
Financials XLF – Broke through resistance. But waning relative to market	Changed	2/12
Updates		
Cablevision CVC – Broke out Thursday and gapped up Friday. We did not buy and would not buy today.		
Tyson Foods TSN – Still on the verge of a trend break.		

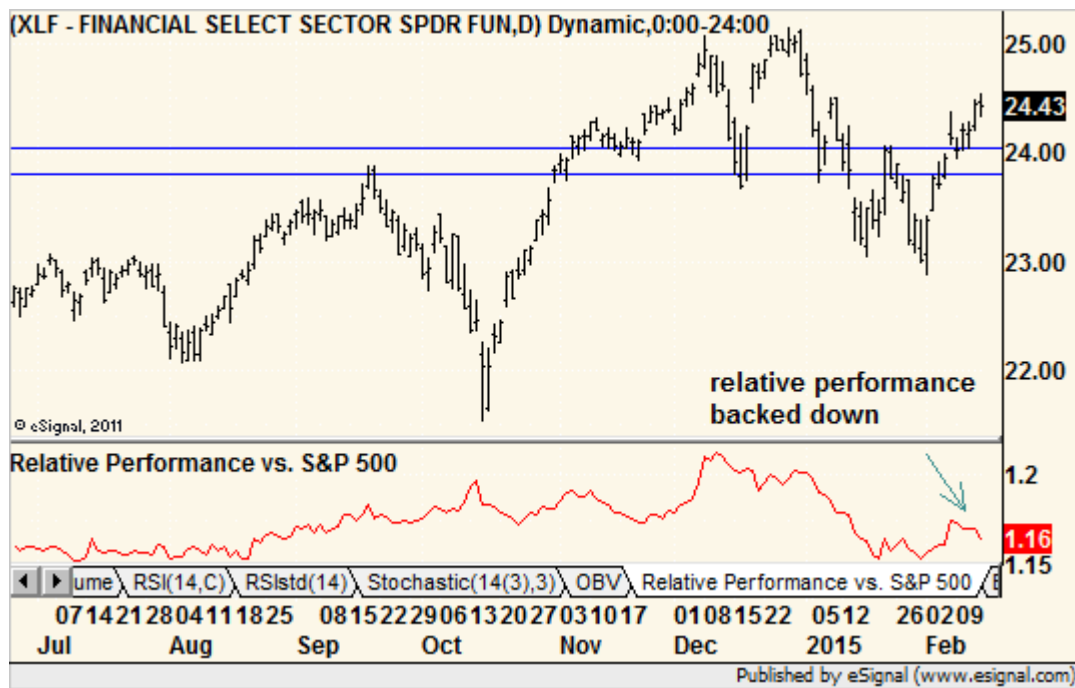
Market Highlights



Discretionary/Staples ratio – This is basically a “risk-on” ratio and it broke out.



Southern Company – This is a utility that has come down to a good buy point at the 200-day average and 61.8% Fibonacci retracement. Overshoots in steep drops are to be expected. Also, note that not much money flowed out during the decline according to on-balance volume.



Financial ETF - broke through resistance but over the past week it started to lag the market again. Not a great sign for it.



Mylan Labs – A drug stock looking to break out. Big up on Friday so we'd like a little rest here. Note stochastic bottoms never made the oversold region during the Nov-Feb decline and that leans bullish.

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	167.14	15.2%	163.00	145.05	1/7	40
	LO	LORILLARD INC	67.30	4.4%	66.00	64.46	1/13	34
	CAT	CATERPILLAR INC DEL	85.13	6.8%	82.00	79.74	1/27	20
	TOT	TOTAL S A	54.14	1.7%	52.50	53.25	2/2	14
	EWI	ISHARES MSCI ITALY CAPPED ETF	14.44	2.0%	13.75	14.16	2/2	14
	HRB	BLOCK H & R INC	35.06	0.4%	34.50	34.91	2/5	11
	HAL	HALLIBURTON CO	44.19	2.8%	41.75	42.97	2/5	11
	PSUN	PACIFIC SUNWEAR CALIF INC	2.95	0.0%	2.80	2.95	2/10	6
	VNM	MARKET VECTORS VIETNAM ETF	19.53	1.7%	19.00	19.21	2/11	5
	MAR	MARRIOTT INTL INC NEW	79.40	2.9%	77.00	77.13	2/11	5
	GOOGL	GOOGLE INC	551.16	0.9%	530.00	546.01	2/12	4
	XOM	EXXON MOBIL CORP	93.37	0.7%	90.00	92.70	2/13	3
	XLE	ENERGY SELECT SECTOR FUND	82.04	1.1%	78.00	81.13	2/13	3
	COP	CONOCOPHILLIPS	69.88	1.5%	67.00	68.83	2/13	3
<u>Short</u>	DAL	DELTA AIR LINES INC DEL	44.50	0.0%	47.00	44.50	2/9	7

Notes: A few more stops raised. **HRB** is looking weaker so the stop is tighter. Also a little worried about the pattern in **LO** but still holding on.

Three new longs – **XOM, XLE, COP**. Two opened above their triggers. Remember, we are not saying you need to buy all of them, especially since we would be extremely heavy in energy if we did.

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>



<http://www.talkmarkets.com/contributor/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