

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**February 19, 2015** – Wednesday had a little for everybody but at the end of the day it had nothing for nobody. Disappointing earnings offset by more time with low interest rates. Lower oil prices offset by disappointment that the Fed would not raise rates sooner. Wait a minute! Joy and despair over the same news – delayed Fed rate raising. Trading on Greece news was easier.

However, it is easier to spot pockets of strength and weakness if we stick to the charts. Energy took a hit but that was predictable. We predict today it will happen again thanks to the oil inventories news and not Warren Buffett selling his stake in Exxon Mobil.

Calling utilities strong is a bit too premature. Yes, a huge rebound yesterday and we are long some but one day does not make a trend and while we still like them they are not your leaders. The Nasdaq is that leader and we can see that in the Index Charts of the Day section below.

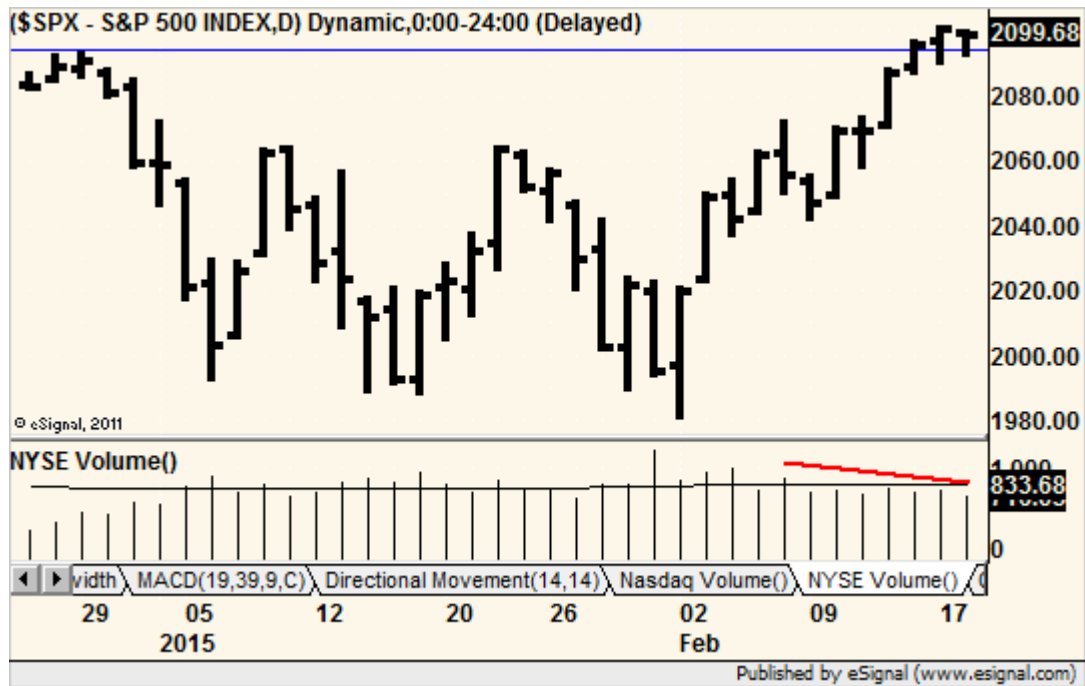
As for weakness, it is a bit hidden in the numbers but a lot more visible on the charts. We've had some financial ETF charts here over the past few days showing breakouts but waning technicals. Yesterday, the S&P 500 was basically flat but the **XL**F financial ETF was down .61%. That does not look like much and perhaps it was not. But the **KBE** banking ETF was down 1.67%. That is a real deal decline and more than the energy sector fell. Life insurance down 1.67%, too. Brokers, asset managers and mortgage finance all down big, too. Charts below.



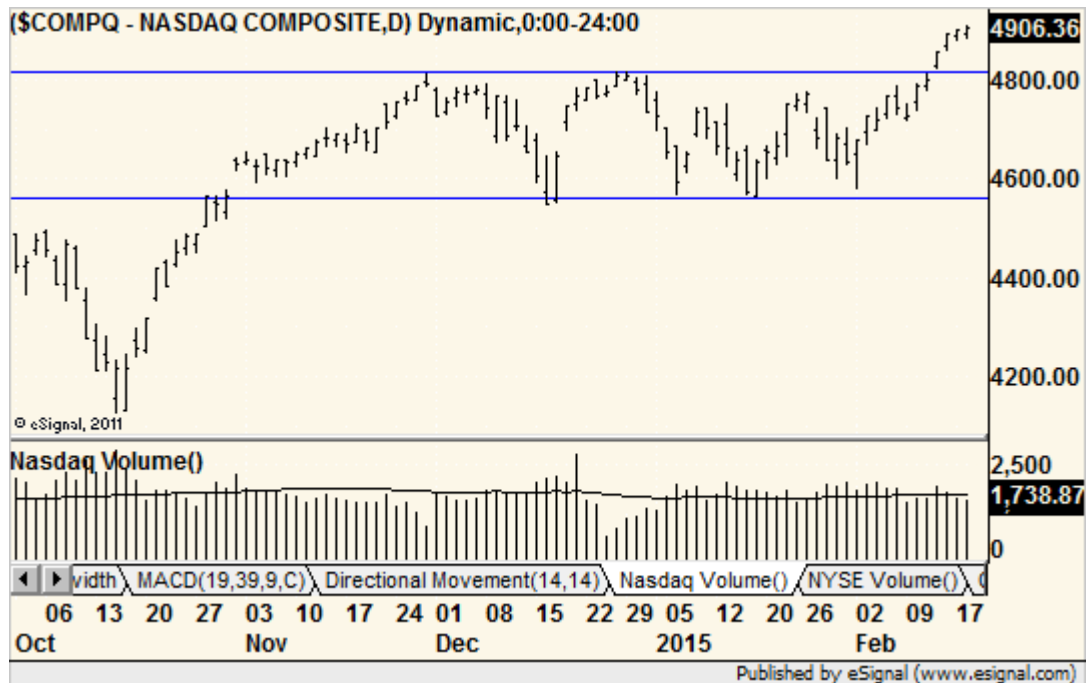
While horizontal action does not really cause trend breaks, this one has gone on long enough to suggest a breakdown is coming. A dip below 209.35 would do it and it got close in the premarket today.

Therefore, we are going to sit tight again today. Either a pullback starts and we'll have to ride it out or a breakout emerges and we'll look to keep with it. As you can tell, we have a bullish view for the near-term but do not think now is the time to be any more aggressive than we've been.

## Index Charts of the Day



It's now three closes above resistance but it still cannot really break free. Note falling volume. Seems ready for a rest.



While it may be ready for a dip it is hard to argue with this breakout.

## The Radar Screen

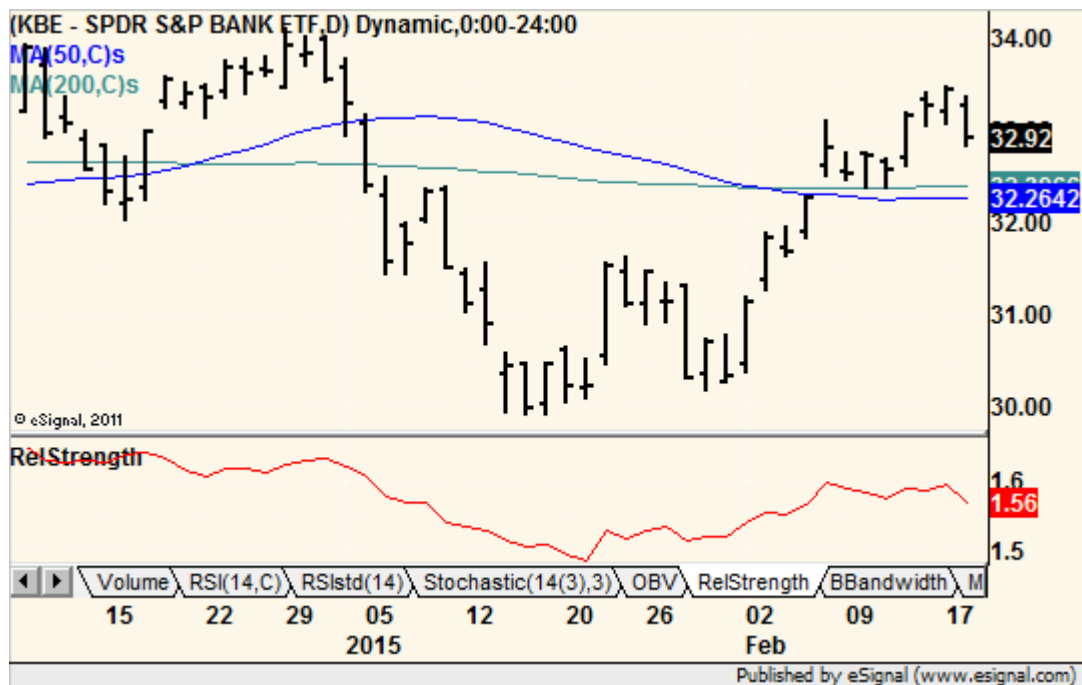
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Wal-Mart WMT</b> – 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.		2/6
<b>Travelers TRV</b> – 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
<b>Healthcare ETF XLV</b> – Now holding in a range. On-balance volume starting to curl higher. Price now challenging resistance so we switch to buy alert with a close over 71.35.		1/15
<b>3M MMM</b> – From Tuesday’s free chart of the day. Still looking for a breakout above 168 on close. Note on-balance volume curling higher.	<b>New</b>	1/18
<b>Bearish Implications</b>		
<b>none</b> –		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Mylan Labs MYL</b> – 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. Low volume breakout.		2/17
<b>Barrick Gold ABX</b> – This was a free chart of the day Tuesday but we’ll make it official now. Buy breakout with a move over 13.25. Too far from trigger now but setup is still clear.		2/5
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Retail XRT</b> – On the verge of a breakout. Breakout		2/6
<b>Technology XLK</b> – bull flag breakout		2/12
<b>Homebuilding ITB</b> – back in bull mode		2/12
<b>Financials XLF</b> – Broke through resistance. But waning relative to market		2/12
<b>Updates</b>		
<b>none</b> –		

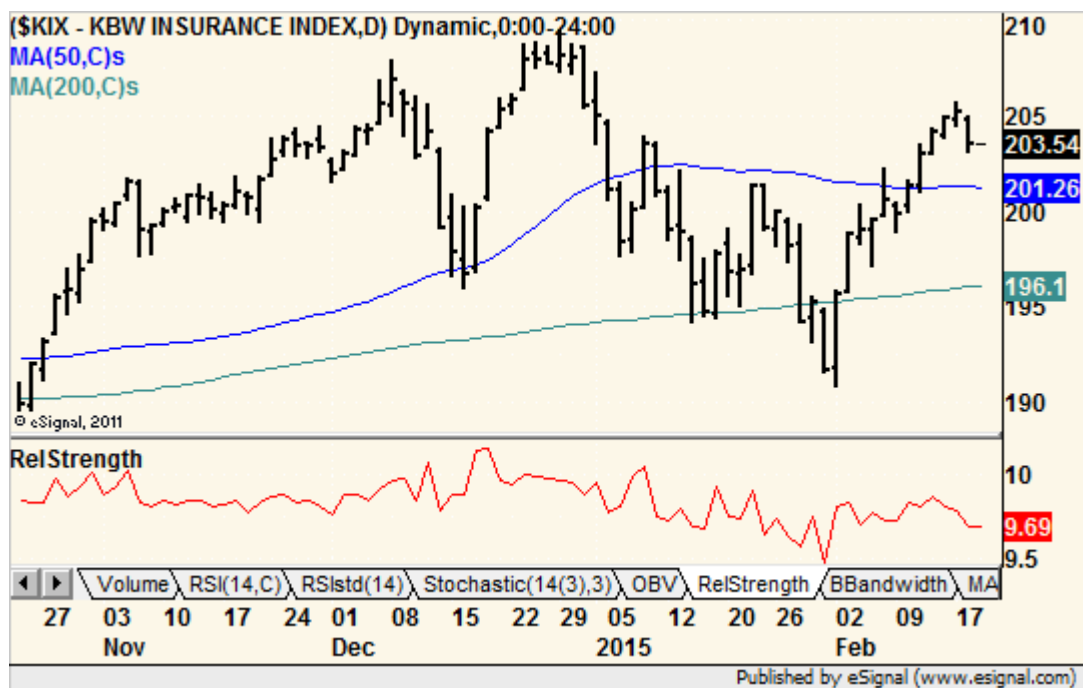
## Market Highlights



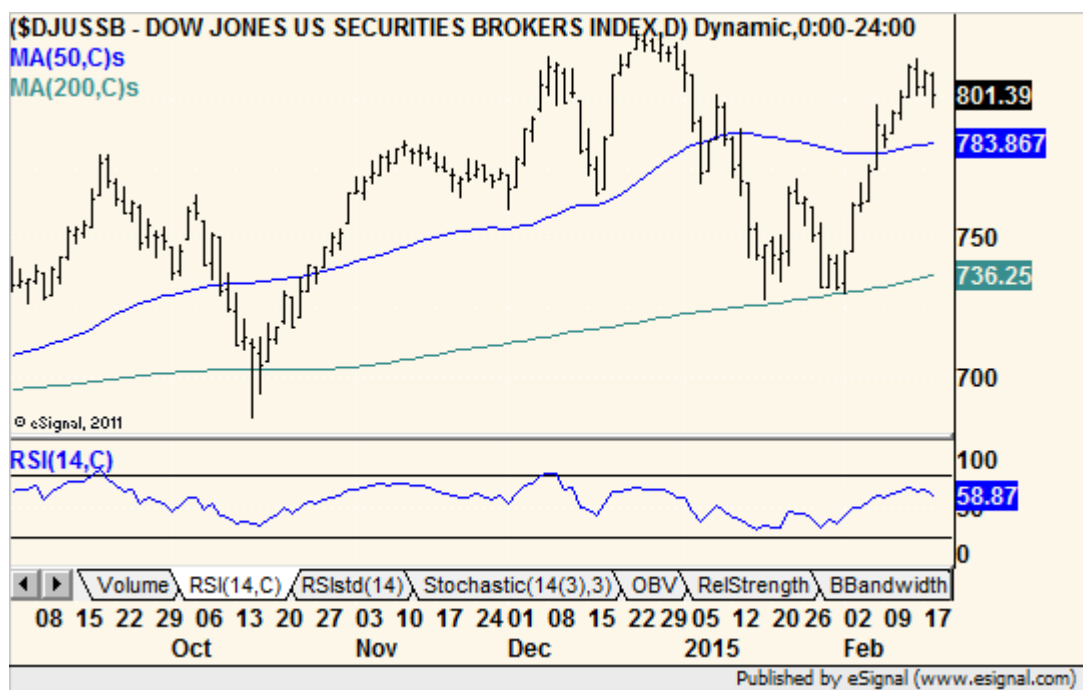
**Financials ETF** – One more time for this chart. Price action seems good with it back above resistance and the 50-day average but relative performance took a header this month.



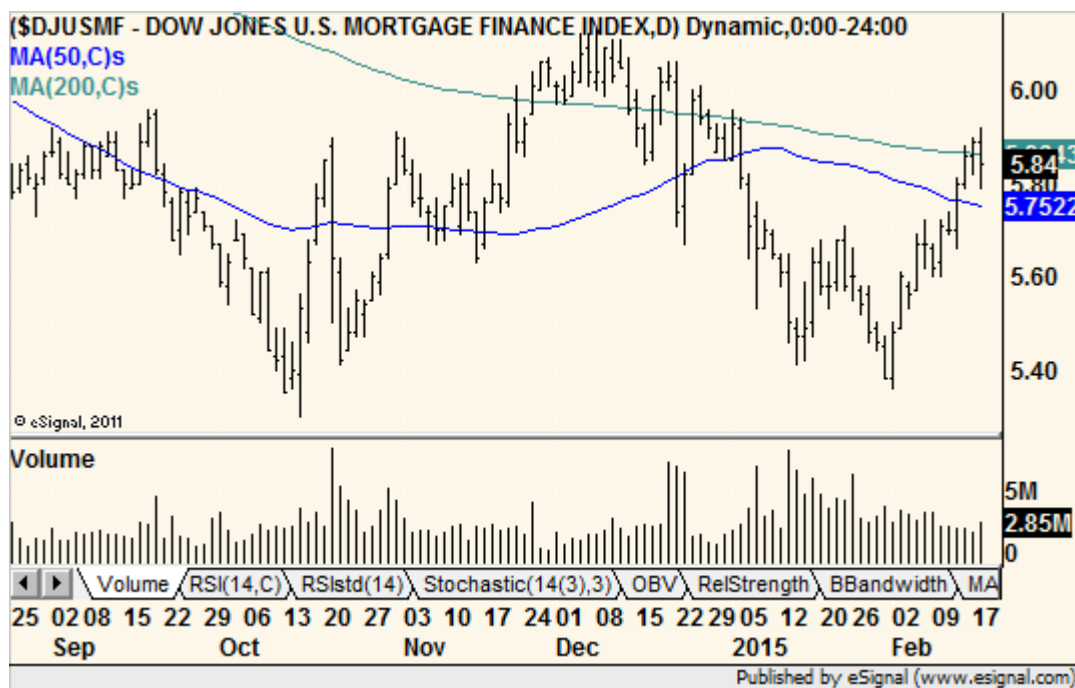
**Bank ETF** – That is a sizeable decline on a day where the market was flat (and Nasdaq was up).



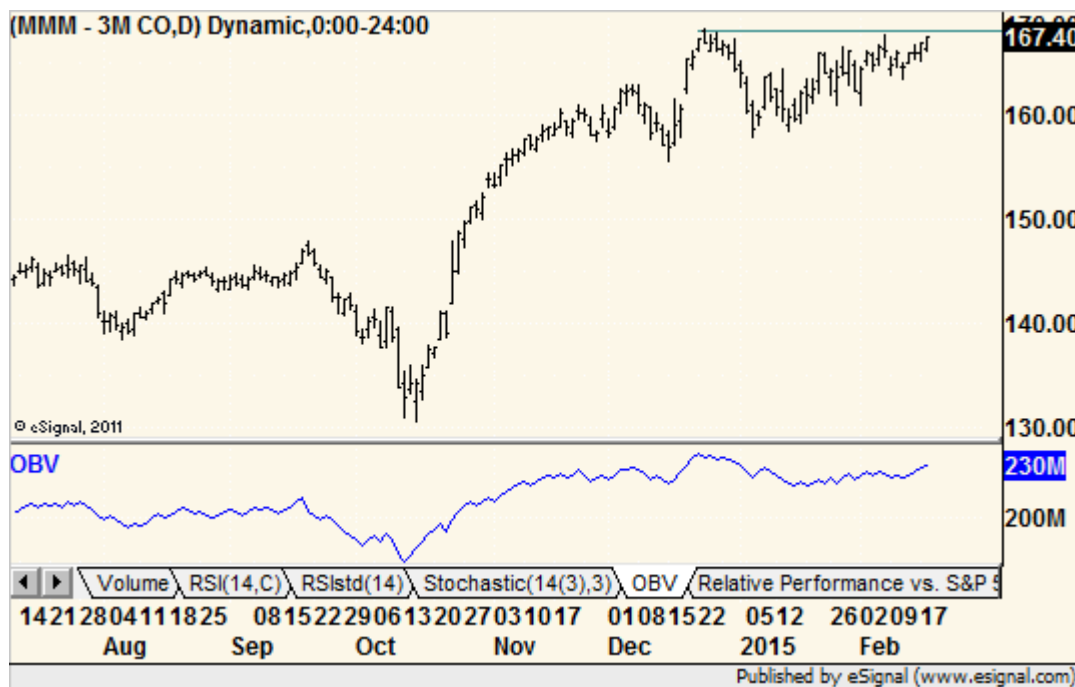
Insurance Index – Ditto.



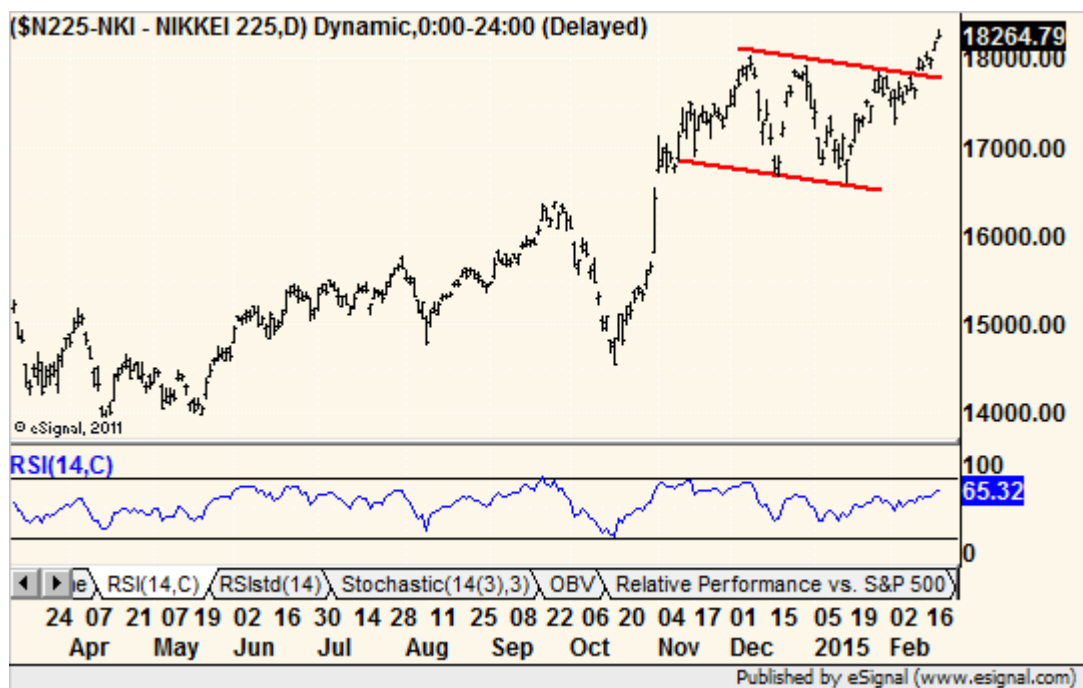
**DJ Brokers** – This one also had a big decline yesterday but the pattern seems stronger than the rest of the sector. On-balance volume (not shown) is back to its December high. Think Schwab, not Goldman.



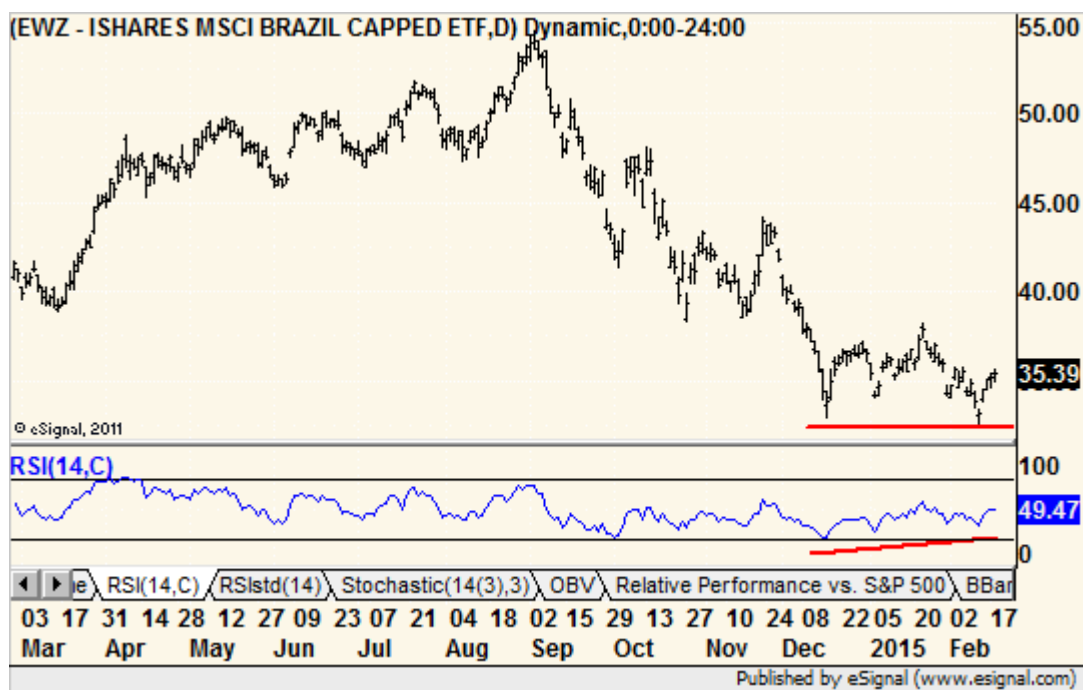
**DJ Mortgage Finance** – That is a bear reversal at the 200-day average. Note that other financial sectors have their 50-day averages above their 200-day. Mortgages are the opposite and that is also bearish. This group has been in decline for more than a year.



**3M** – From Tuesday’s free chart of the day email. Still looking for a breakout above 168 on close. Note on-balance volume curling higher.



**Nikkei Japan** – Also looking good although there is an argument for a pullback to test the breakout.



**Brazil ETF** – Emerging markets look to have stopped falling. Here we see a potential double bottom in progress.

## 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	167.60	15.5%	163.00	145.05	1/7	41
	<b>LO</b>	LORILLARD INC	67.96	5.4%	66.00	64.46	1/13	35
	<b>CAT</b>	CATERPILLAR INC DEL	85.38	7.1%	82.00	79.74	1/27	21
	<b>TOT</b>	TOTAL S A	54.40	2.2%	52.50	53.25	2/2	15
	<b>EWI</b>	ISHARES MSCI ITALY CAPPED ETF	14.58	3.0%	14.00	14.16	2/2	15
	<b>HRB</b>	BLOCK H & R INC	35.15	0.7%	34.50	34.91	2/5	12
	<b>HAL</b>	HALLIBURTON CO	44.87	4.4%	42.50	42.97	2/5	12
	<b>PSUN</b>	PACIFIC SUNWEAR CALIF INC	2.93	-0.7%	2.80	2.95	2/10	7
	<b>VNM</b>	MARKET VECTORS VIETNAM ETF	19.77	2.9%	19.00	19.21	2/11	6
	<b>MAR</b>	MARRIOTT INTL INC NEW	81.29	5.4%	78.00	77.13	2/11	6
	<b>GOOGL</b>	GOOGLE INC	545.01	-0.2%	530.00	546.01	2/12	5
	<b>XOM</b>	EXXON MOBIL CORP	93.05	0.4%	90.00	92.70	2/13	4
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	82.29	1.4%	78.50	81.13	2/13	4
	<b>COP</b>	CONOCOPHILLIPS	69.47	0.9%	67.00	68.83	2/13	4
	<b>XLU</b>	UTILITIES SELECT SECTOR SPDR	45.13	0.2%	44.00	45.03	2/17	0
	<b>SO</b>	SOUTHERN CO	45.54	-0.3%	44.00	45.69	2/17	0
<u>Short</u>	<b>DAL</b>	DELTA AIR LINES INC DEL	44.76	-0.6%	47.00	44.50	2/9	8

**Notes:** We cannot stress enough that this is not a recommended portfolio. It is only a list of the opportunities we recommended. Take only those you like.

Two new longs at the open yesterday (utilities) – **XLU, SO**.

A few stops raised.

Charts for **HRB** (again) and **GOOGL** not responding as we'd like.

## 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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