

# QUICK TAKES PRO

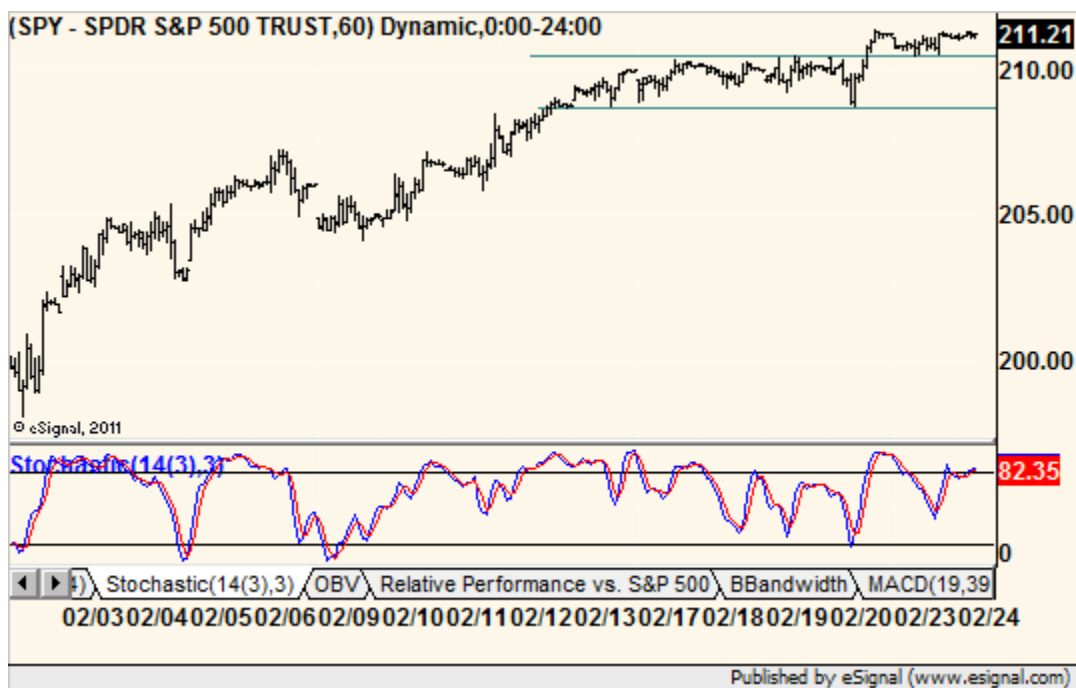
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**February 24, 2015** – It was another choppy day as the market focused on today's testimony by Fed Chief Janet Yellen. Indeed, it started weak and finished strong, which is consistent with the technical breakout we saw Friday. Of course, if Yellen spooks the market, well, you know.

While we were not looking, coffee continued its plunge, sugar continued its bear trend, platinum broke down (gold did not do much), and industrial metals remained weak. In fact, we do not see many commodities that are doing well except heating oil.

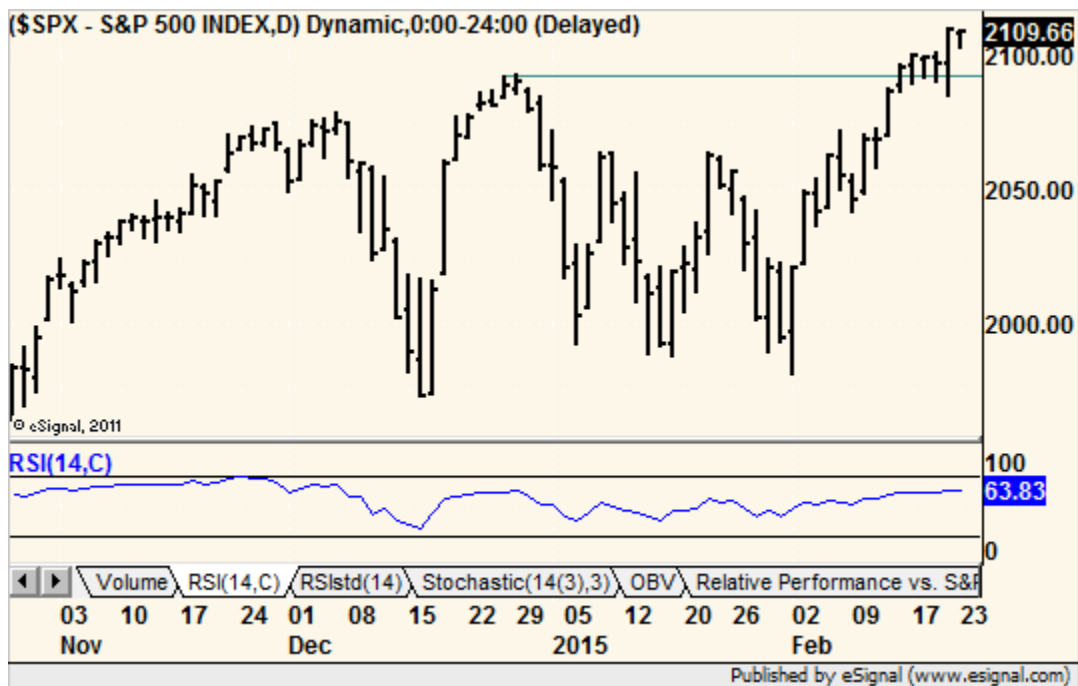
This sure looks deflationary but basic materials stocks, as I wrote in Barron's Online, are doing better. Chemicals are soaring. If stocks lead their commodities then the deflation argument is weaker but that is not for us to debate. Let's stick to the charts.



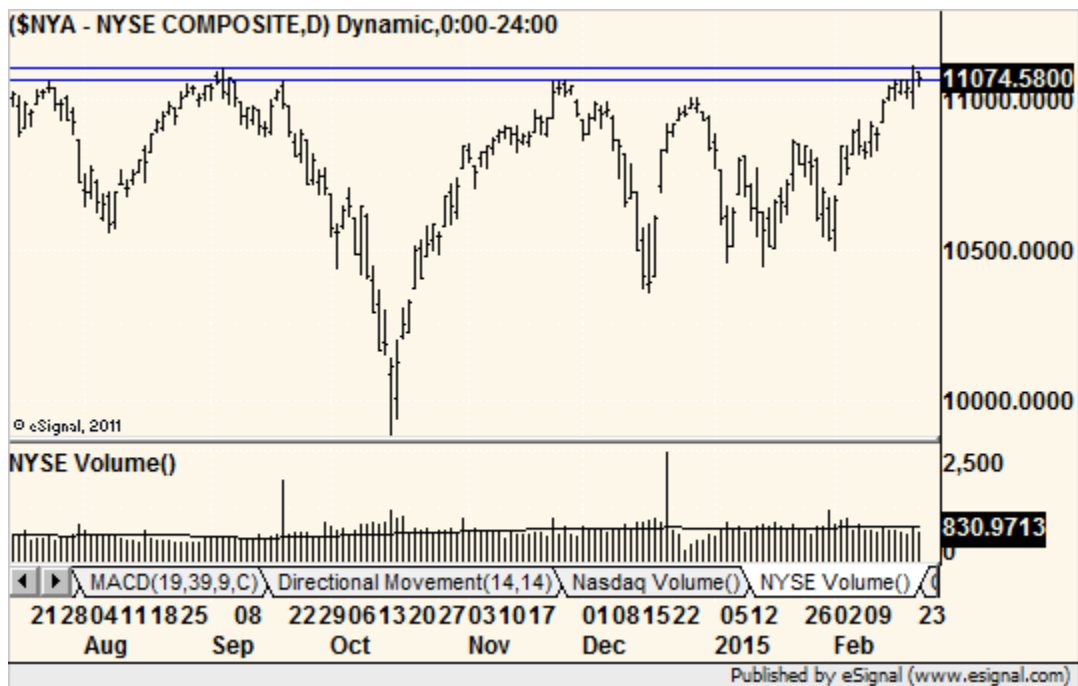
The hourly chart has a breakout but not much follow through. Stochastics are supportive but it looks as if the market really is on hold for Janet Yellen.

Bottom line – Repeating: A bull market but it is in the midst of a pause.

## Index Charts of the Day



A rest in advance of today's Yellen testimony. Technically, this is a breakout



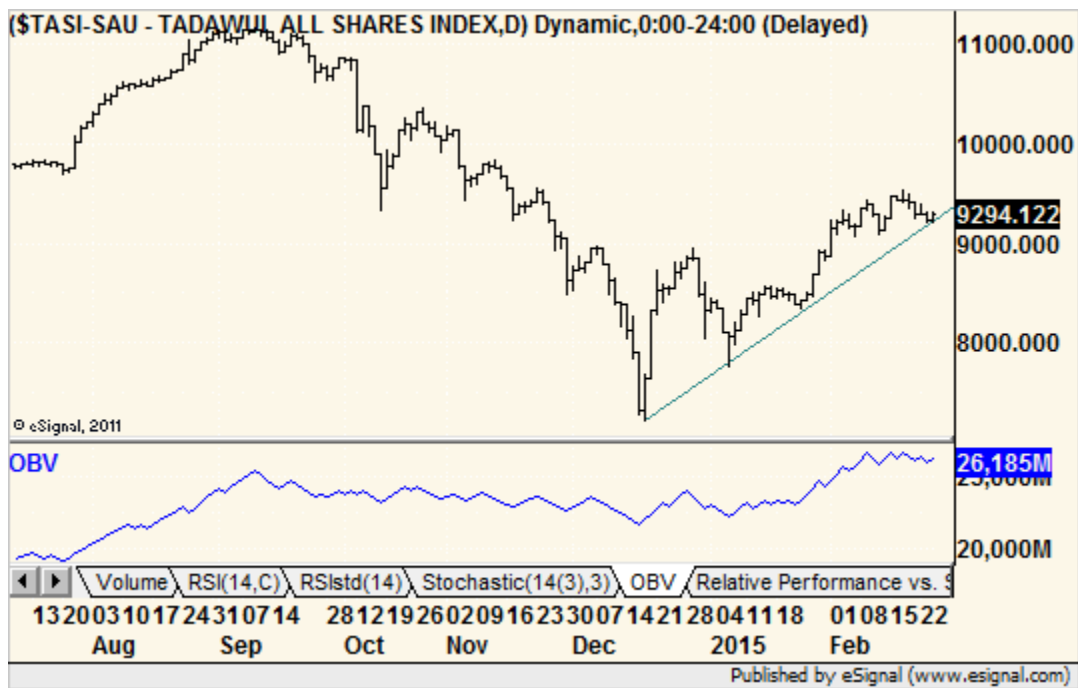
The NYSE composite is above resistance when viewed on close-only charts but below it on bar charts. Let's just call it a resistance zone where a positive day today would be an undeniable breakout. A big failure here, of course, the opposite.

## The Radar Screen

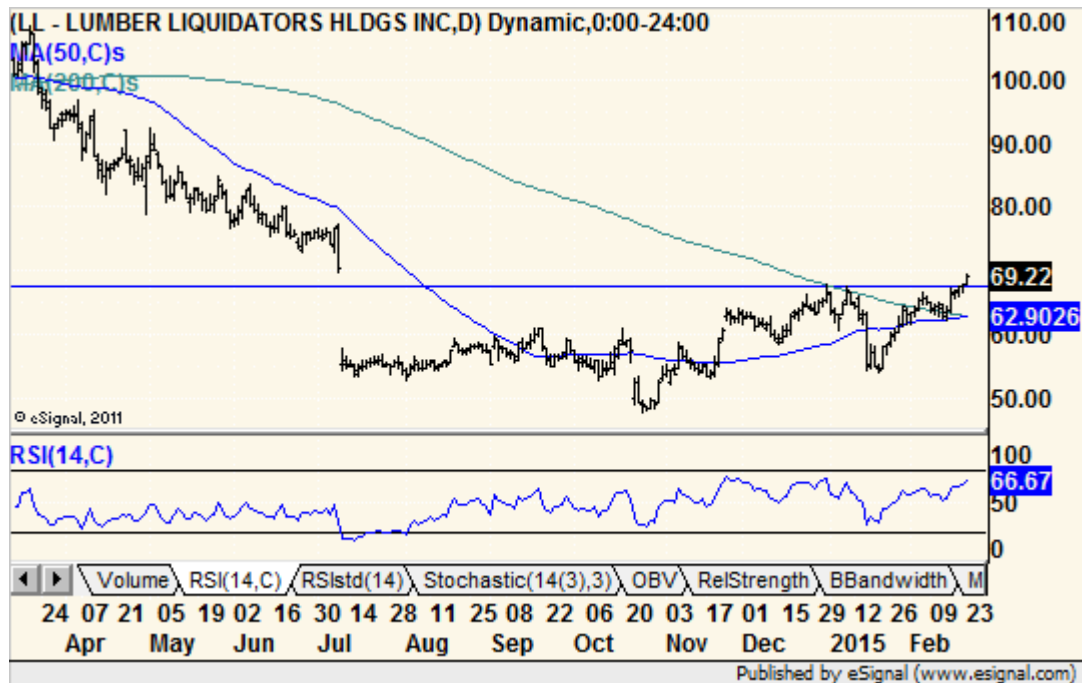
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>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>SM Energy SM</b> – We did not set out to look for more energy stocks but of the dozens of charts we checked this explorer/producer is the only one with a compelling setup. Buy close over 50.40		2/20
<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.		2/5
<b>Kimco KIM</b> – This is a shopping REIT and it has a nice outside-day reversal to the upside at the 50-day average with good volume. <b>Breakout so let's buy.</b>		2/23
<b>Boston Properties BXP</b> – This is an office REIT and it also touched the 50-day average. We like on-balance volume was flat during the decline instead of falling to show demand. Buy close above 141.		2/23
<b>Valspar VAL</b> – A paint and coatings maker at resistance with very supporting stochastics. A bullish stock will become oversold with much higher levels of stochastics. Also, Home Depot and Sherwin Williams are soaring. They sell the products. Buy breakout at 88.35.	<b>New</b>	2/24
<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>Archer Daniels Midland ADM</b> – Some sort of sideways pattern healing the stock after a big fall in December. No indication of direction yet.		
<b>Lumber Liquidators LL</b> – Looks to be coming out of a post-crash base. Bullish golden cross pending. Timing is interesting because the trend is now up but we are late to the party. Prefer a dip.	<b>New</b>	2/24
<b>Tempur Sealy TPX</b> – This mattress maker always seems to disappoint on earnings and then recover. A sloppy resistance level drawn at 57 (looks better on daily close charts). Watching for a bit.	<b>New</b>	2/24
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Retail XRT</b> – market performer		2/6
<b>Technology XLK</b> – leading the market		2/12
<b>Homebuilding ITB</b> – leading the market but recently flat		2/12
<b>Financials XLF</b> – lagging the market		2/12
<b>REITs IYR</b> – Bull flag at 50-day average. We like <b>KIM, BXP</b> .		2/23
<b>Updates</b>		
<b>Bonds</b> – bounced off trendline but not out of the woods yet		

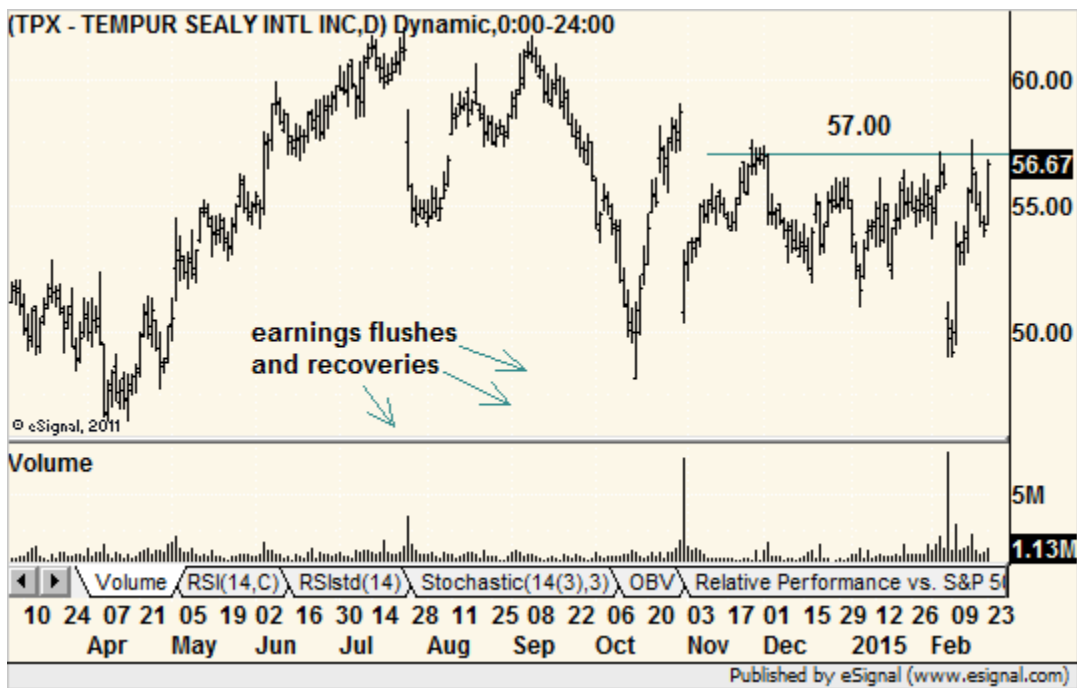
## Market Highlights



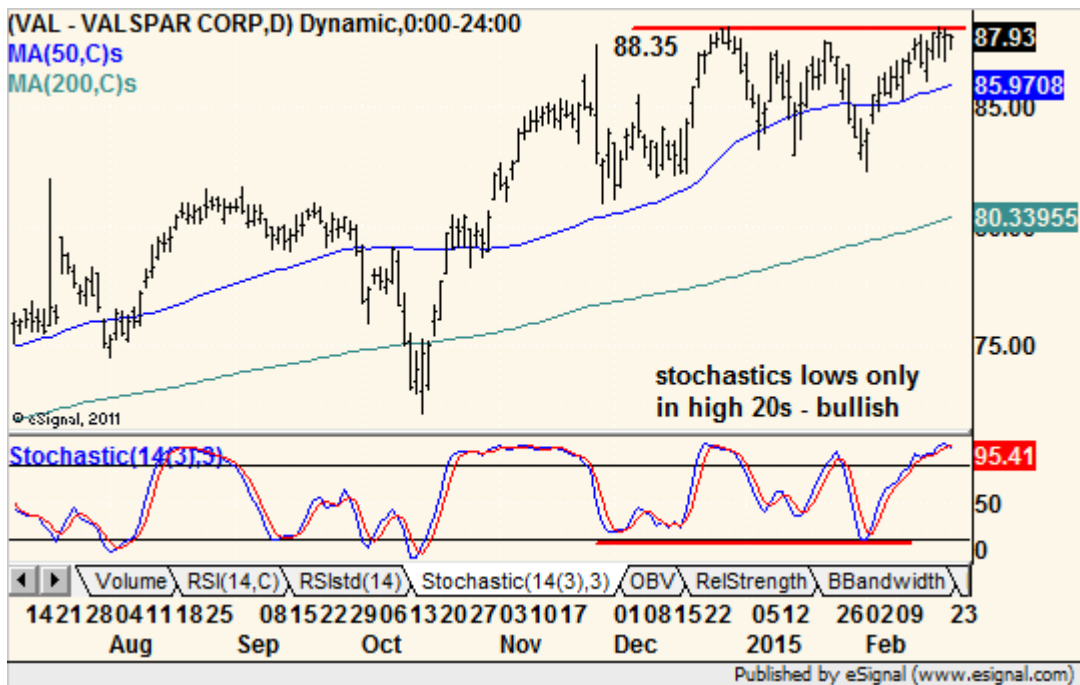
**Saudi Stock Market** – Still a rising trend and still a reason to like oil. On-balance volume holding on to its highs.



**Lumber Liquidators** – From the strong albeit choppy home furnishings group (today's focus). Looks to be coming out of a post-crash base. Bullish golden cross pending. Timing is interesting because the trend is now up but we are late to the party. Prefer a dip.



**Tempur Sealy** – This mattress maker always seems to disappoint on earnings and then recover. A sloppy resistance level drawn at 57 (looks better on daily close charts). Watching for a bit.



**Valspar** – A paint and coatings maker at resistance with very supporting stochastics. A bullish stock will become oversold with much higher levels of stochastics. Also, Home Depot and Sherwin Williams are soaring. They sell the products. Buy breakout at 88.35.

## The Big Picture

In this section, we take a macro look at things.

### Tech Bubble?



Lots of headlines about a technology bubble but we do not see it. Perhaps a few individual stocks are bubbly but not the sector.

What we see here are three parallel lines drawn on a log scale chart of the **PSE** (NYSE ARCA Technology Index – former Pacific Stock Exchange Tech Index). The slope was drawn off the trend in the 1990s and as we can see the index accelerated greatly in 1998 through 2000.

The recovery rally arguably also had the same slope. And now it does again since the 2009 low. It may be higher in price and even overbought but it is not a bubbly parabolic trend as it was in 2000.

If you are looking at the Nasdaq back at 5000 keep in mind it is weighted huge in Apple and contains a lot of non-tech stocks, too.

## 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	170.52	17.6%	165.00	145.05	1/7	47
	<b>LO</b>	LORILLARD INC	68.94	7.0%	66.00	64.46	1/13	41
	<b>CAT</b>	CATERPILLAR INC DEL	83.49	4.7%	82.00	79.74	1/27	27
	<b>EWI</b>	ISHARES MSCI ITALY CAPPED ETF	14.88	5.1%	14.25	14.16	2/2	21
	<b>HRB</b>	BLOCK H & R INC	34.90	0.0%	34.50	34.91	2/5	18
	<b>HAL</b>	HALLIBURTON CO	43.22	0.6%	42.50	42.97	2/5	18
	<b>PSUN</b>	PACIFIC SUNWEAR CALIF INC	2.80	-5.1%		2.95	2/10	13
	<b>VNM</b>	MARKET VECTORS VIETNAM ETF	19.55	1.8%	19.00	19.21	2/11	12
	<b>MAR</b>	MARRIOTT INTL INC NEW	82.95	7.5%	79.00	77.13	2/11	12
	<b>GOOGL</b>	GOOGLE INC	535.00	-2.0%	530.00	546.01	2/12	11
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	80.21	-1.1%	78.50	81.13	2/13	10
	<b>XLU</b>	UTILITIES SELECT SECTOR SPDR	46.00	2.2%	44.25	45.03	2/17	6
	<b>SO</b>	SOUTHERN CO	46.47	1.7%	45.00	45.69	2/17	6
	<b>XLV</b>	HEALTH CARE SELECT SPDR	72.51	1.5%	71.00	71.43	2/19	4
	<b>MMM</b>	3M CO	168.81	0.4%	161.00	168.12	2/20	3
<u>Short</u>	<b>none</b>							

**Notes:** Stopped out of spec position in **PSUN**. Not much wiggle room we suppose although the original pattern is still there. Volume on yesterday's decline was heavier so we honor the stop and move on.

## 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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