

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

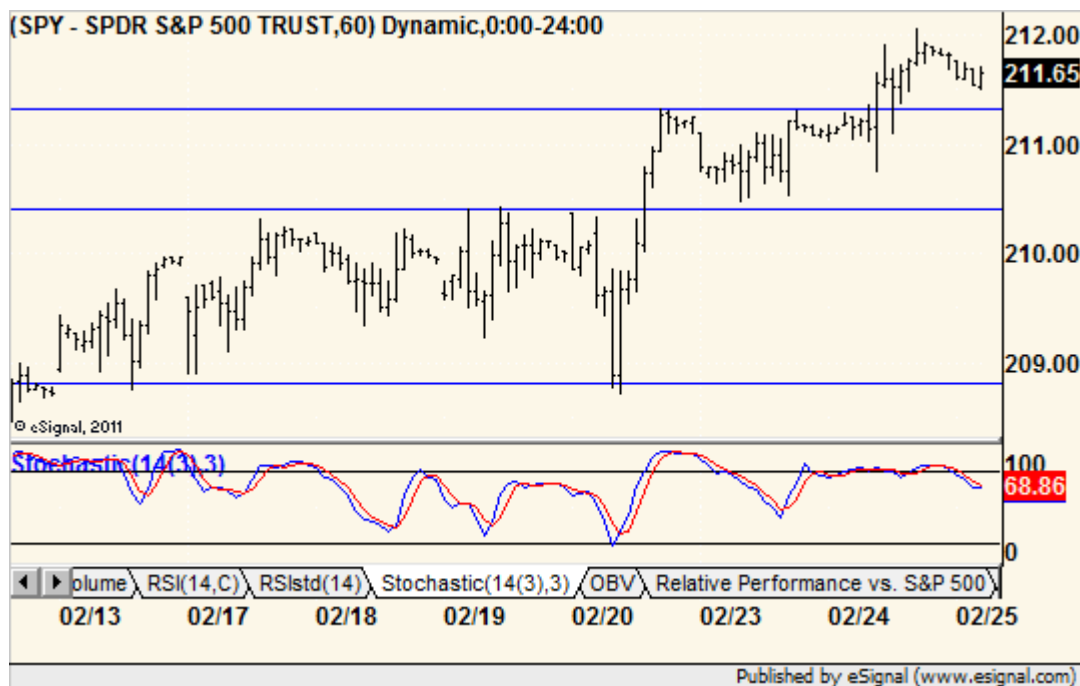
MICHAEL KAHN  
RESEARCH LLC

**February 25, 2015** – The NYSE composite finally joined its peers in record high ground (Nasdaq multi-year high) after Janet Yellen reassured that a rate hike might not occur until the second half of the year. We cannot say volume was impressive and perhaps that was because Madame Chairwoman speaks again today. Is the market that Fed dependent again?

Coal, non-ferrous metals and homebuilders led the way in a big way. The semiconductor sector scored a technical breakout similar to what the broad market did on Friday.

REITs led to the downside, which is bad because we had a buy trigger set for one of them in the premarket. Apparently, there was legal insider selling. Gambling also was clocked and despite strong homebuilders, mortgage finance was a leading loser, too. We are not quite sure why REITs were down so much when bonds rallied nicely. So did utilities.

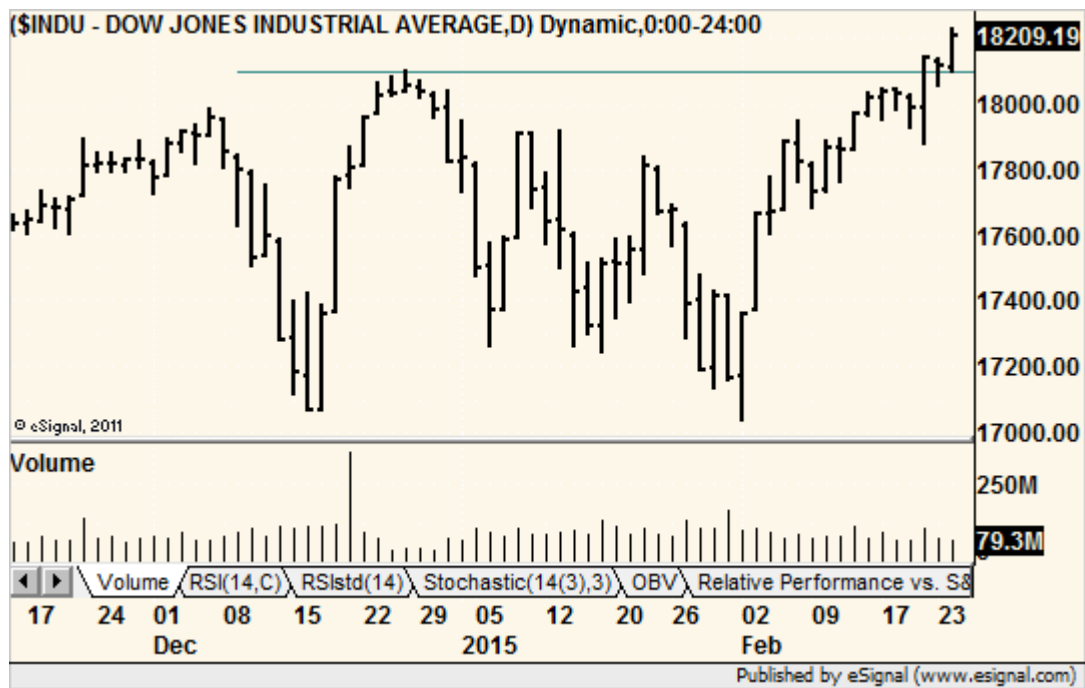
One thing for sure is that the **VIX** fell sharply and is now at its lowest level since early December's bottom. And new highs swamped new low, but that is to be expected at market highs. Still, there is nothing in the technicals right now to suggest the market will not move somewhat higher.



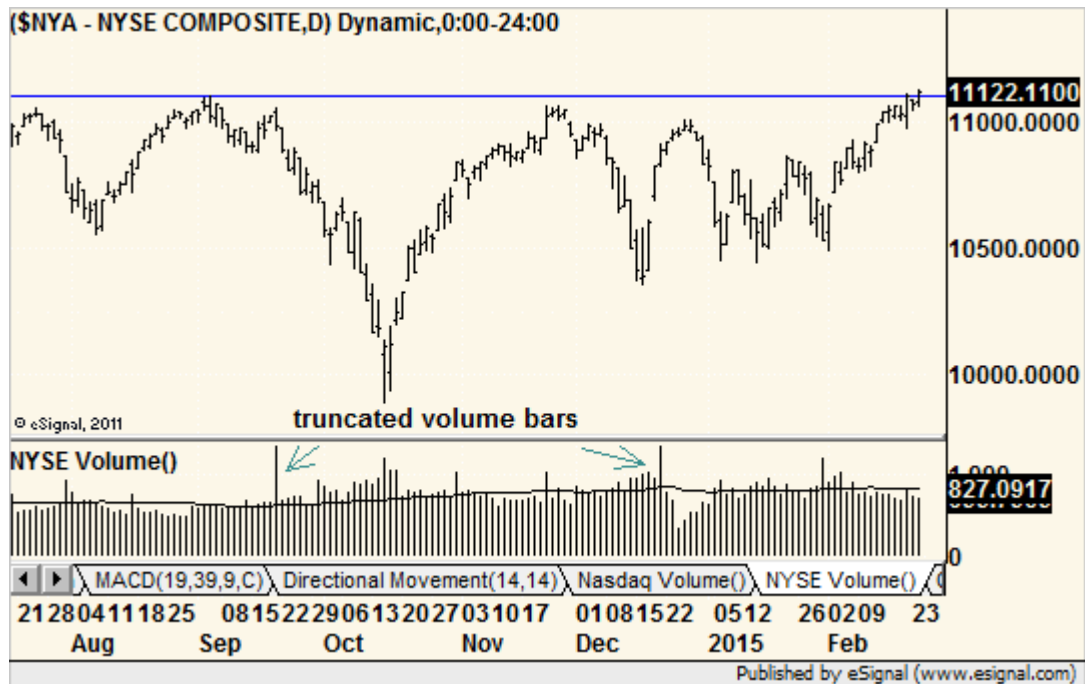
The **SPY** is taking out resistance after resistance and keeping stochastics high. That's bullish although the daily chart will show no significant pullback all month. Indeed, the Nasdaq has a 10-day winning streak in place.

Otherwise, the world's markets are relatively quiet today. We are going to offer up more individual stocks today, focusing on dividend yield and a list of "cheap" healthcare stocks according to MarketWatch. They must pass our technical filter. Also, I wrote up the sector for Barron's Online Monday.

## Index Charts of the Day



The Dow shows a breakout. Not much else to say.



There's the NYSE breakout although volume was not great.

## The Radar Screen

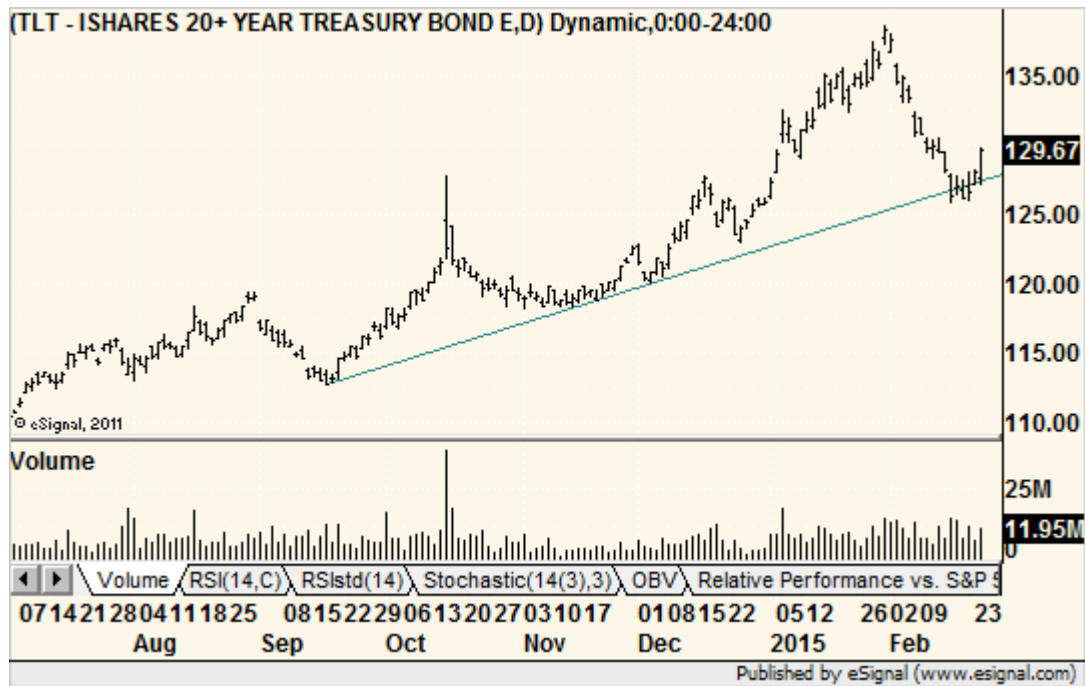
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. <b>Cup-with-handle</b>		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. Breakout so let's buy.	<b>Triggered</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>Triggered</b> ⊕	2/24
<b>Amag Pharma AMAG</b> – A biotech stocks with a trailing P/E of 7.3. No dividends but this chart shows a recapture of the 50-day average and a bull flag-like pause. Buy the next breakout above 44.50 on close.	<b>New</b>	2/25
<b>KLA Tencor KLAC</b> – Chip equipment maker looking to play catch-up to its sector. Up nicely yesterday but still below the 50-day average. Note on-balance volume did not fall as prices did in Dec-Jan. 3% dividend yield. Let's see if we can buy a small dip to 66.00.	<b>New</b>	2/25
<b>Amgen AMGN</b> – From my Monday column. This combines healthcare with a 2% dividend yield. We'll try to buy a dip to 156.50 but it does look good right here.	<b>New</b>	2/25
<b>Xilinx XLNX</b> – Another semiconductor. This one has the low-level breakout mirroring the market's high level breakout. Looks ready to play catch-up. 2.7% yield. Looks like it will open soft so we are in.	<b>New</b>	2/25
<b>Bearish Implications</b>		
<b>none</b> –		
<b>Unknown Implications</b>		
<b>none</b> -		

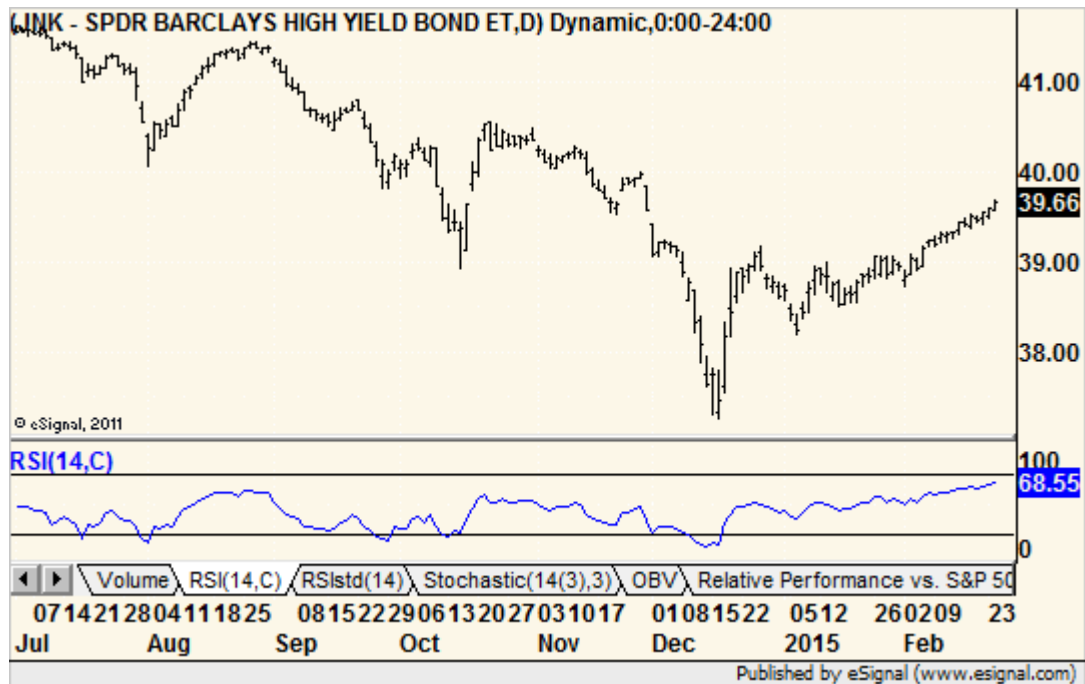
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<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Archer Daniels Midland ADM</b> – Some sort of sideways pattern healing the stock after a big fall in December. <b>Starting to lean bullish.</b>	<b>Changed</b>	
<b>Lumber 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.		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.		2/24
<b>Supernus Pharma SUPN</b> – A drug stock with a coiling pattern. On-balance volume is slightly positive and MarketWatch likes the fundies. Holding Tank.		
<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 <b>and now a new breakout</b>		2/12
<b>Financials XLF</b> – lagging the market		2/12
<b>REITs IYR</b> – Bull flag at 50-day avge. We like <b>KIM, BXP</b> . <b>Very bad Tuesday.</b>		2/23
<b>Semiconductors</b> – <b>SOX</b> broke out	<b>New</b>	2/25
<b>Updates</b>		
none –		

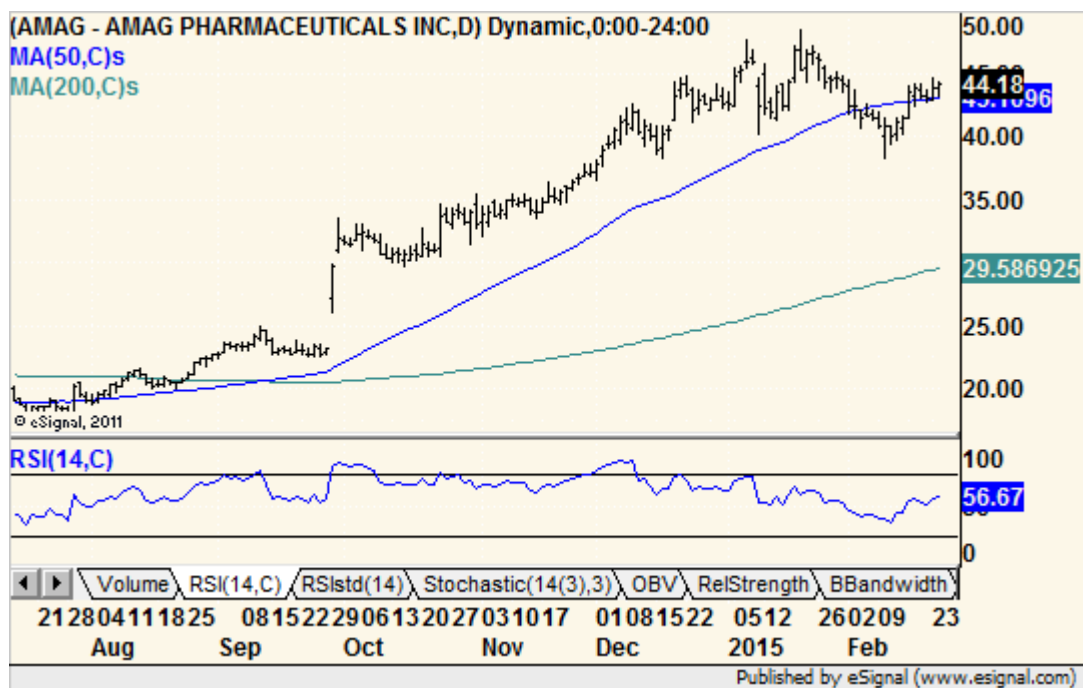
## Market Highlights



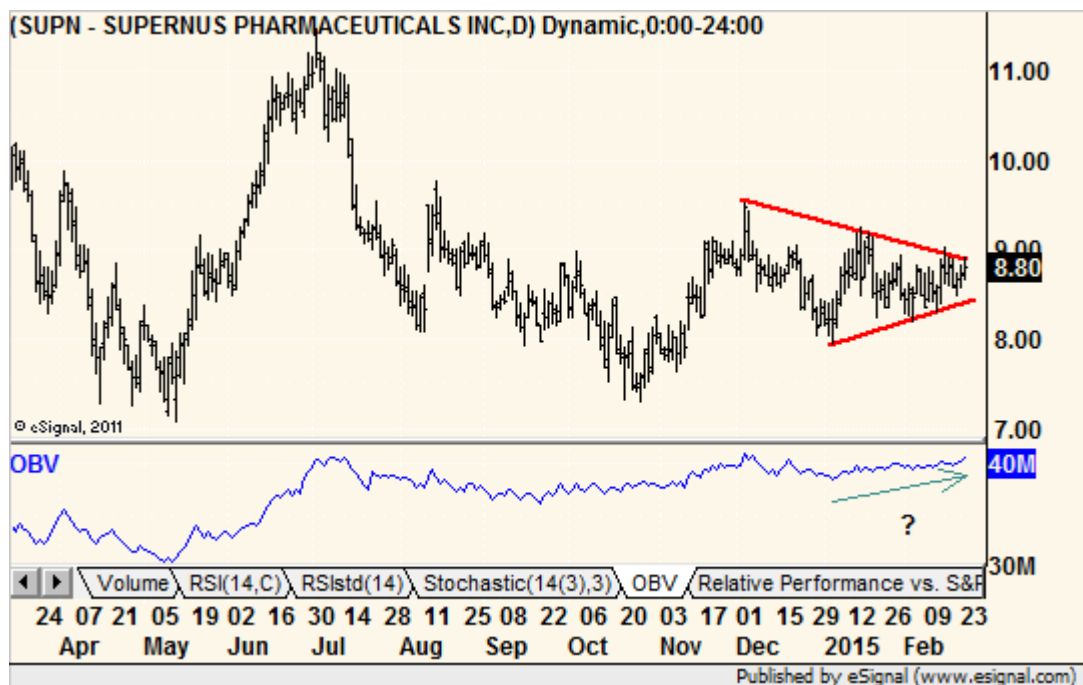
**Bonds ETF** – Looks like lift-off.



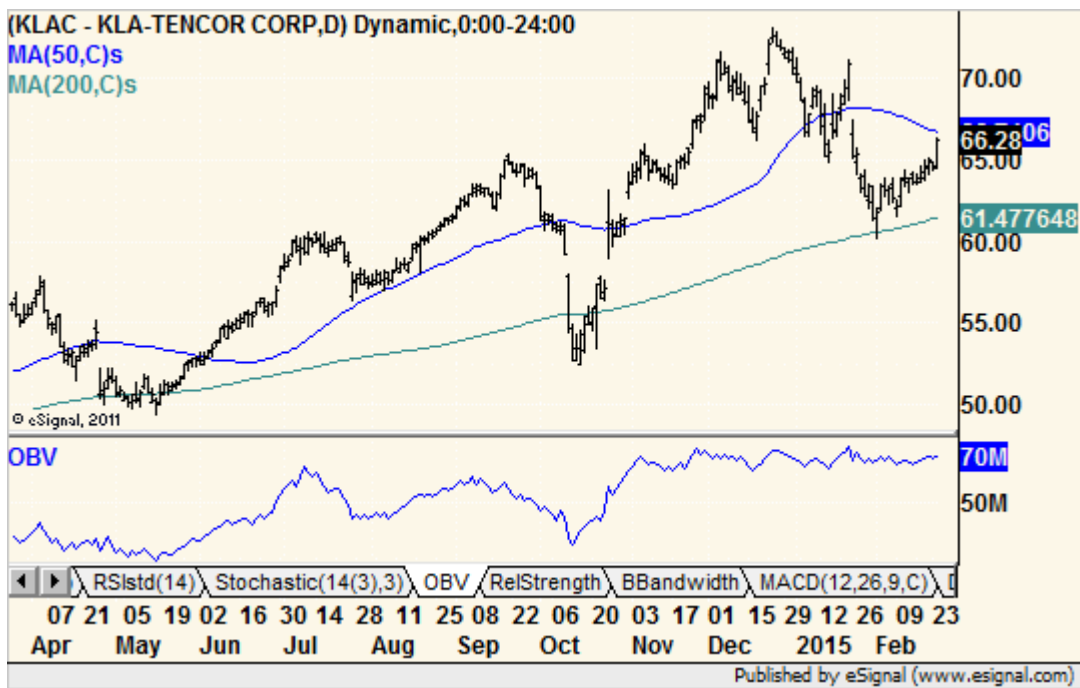
**Junk bonds ETF** – Strong. Supports stock rally.



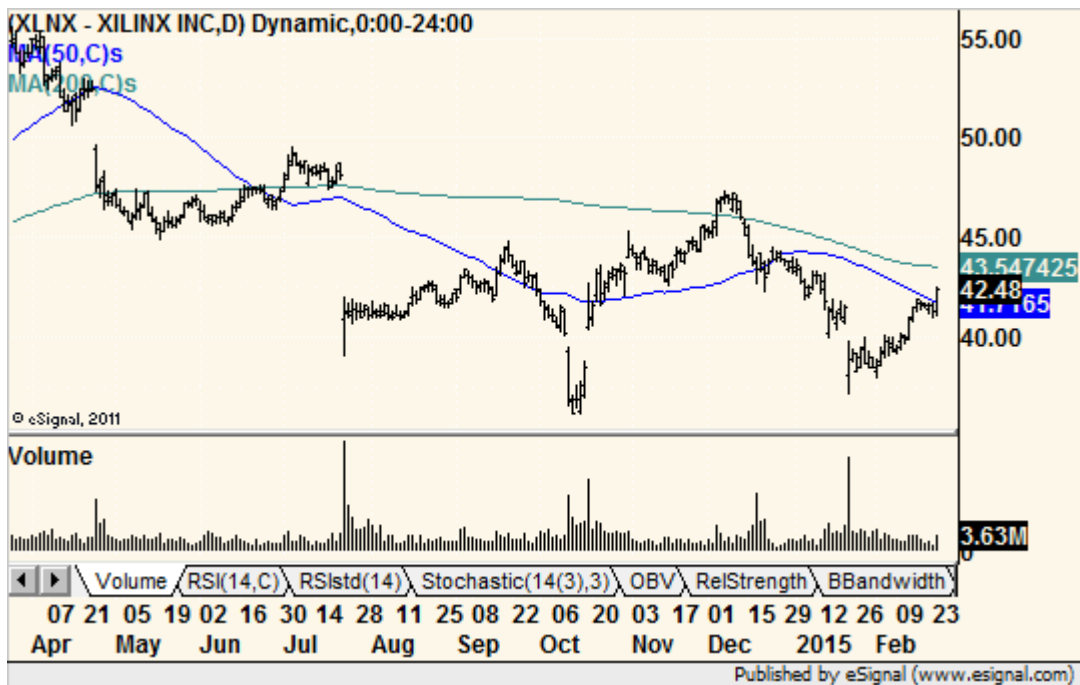
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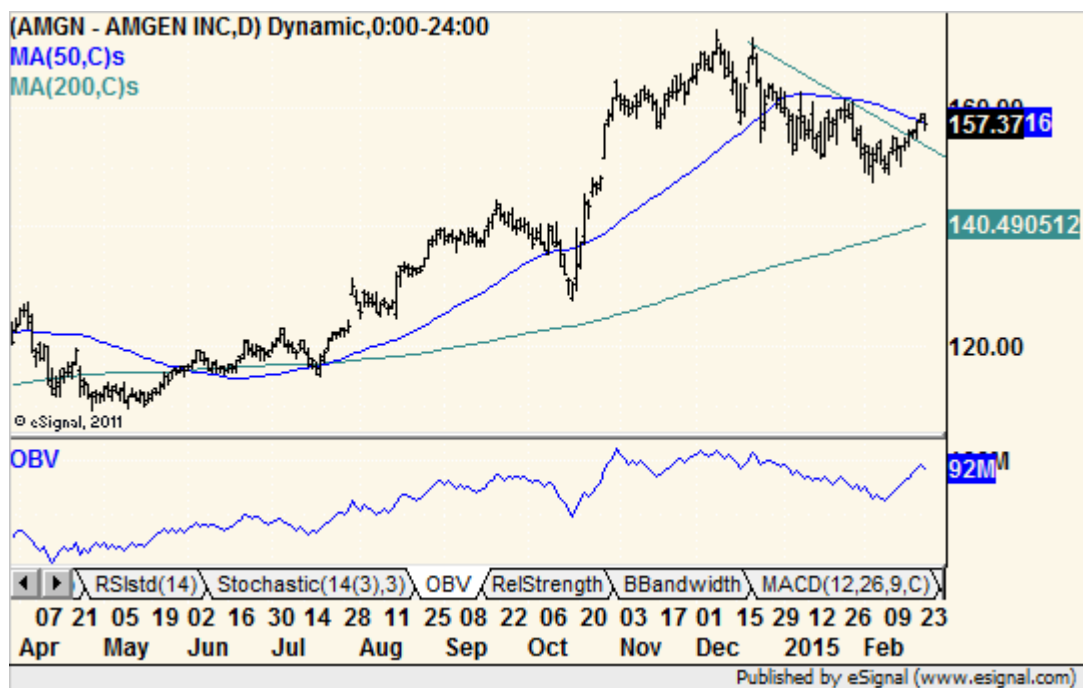
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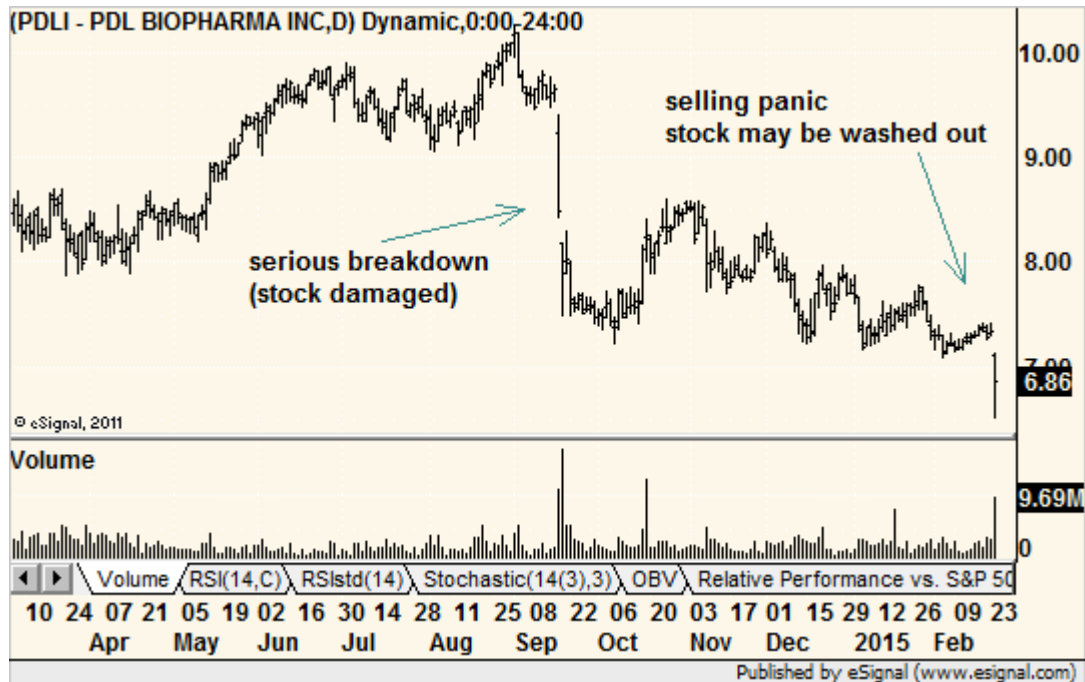
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## Today's Lesson

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

### Broken Stocks vs. Selling Climaxes



**PDL Biopharma** – The difference between the serious, stock damaging breakdown seen in September and the big gap down in February is what was going on before the moves.

In September, the stock was generally rising and in a sideways pattern. True, it scored a bearish reversal week in August but it was still mostly OK.

In February, the stock was already in a strong downtrend and lost roughly a third of its value in just a few months. We'd prefer to see the trend immediately before the gap down to be to the downside but the overall trend certainly was and the losses were big.

This does not mean the stock will immediately rally but the worst is likely to be over and now a base can form. If you like the fundamentals, you might have a good one to watch. MarketWatch likes the fundamentals.

## 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	170.19	17.3%	165.00	145.05	1/7	48
	<b>LO</b>	LORILLARD INC	69.36	7.6%	67.00	64.46	1/13	42
	<b>CAT</b>	CATERPILLAR INC DEL	84.50	6.0%	82.00	79.74	1/27	28
	<b>EWI</b>	ISHARES MSCI ITALY CAPPED ETF	14.98	5.8%	14.25	14.16	2/2	22
	<b>HRB</b>	BLOCK H & R INC	34.51	-1.1%	34.50	34.91	2/5	19
	<b>HAL</b>	HALLIBURTON CO	43.12	0.3%	42.50	42.97	2/5	19
	<b>VNM</b>	MARKET VECTORS VIETNAM ETF	19.82	3.2%	19.00	19.21	2/11	13
	<b>MAR</b>	MARRIOTT INTL INC NEW	82.25	6.6%	79.00	77.13	2/11	13
	<b>GOOGL</b>	GOOGLE INC	538.65	-1.3%	530.00	546.01	2/12	12
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	80.43	-0.9%	78.50	81.13	2/13	11
	<b>XLU</b>	UTILITIES SELECT SECTOR SPDR	46.34	2.9%	44.25	45.03	2/17	7
	<b>SO</b>	SOUTHERN CO	46.89	2.6%	45.00	45.69	2/17	7
	<b>XLV</b>	HEALTHCARE SECTOR SPDR	72.42	1.4%	71.00	71.43	2/19	5
	<b>MMM</b>	3M CO	169.12	0.6%	161.00	168.12	2/20	4
	<b>KIM</b>	KIMCO RLTY CORP	26.45	-2.4%	26.00	27.09	2/24	0
	<b>VAL</b>	VALSPAR CORP	86.51	-3.6%	85.00	89.75	2/24	0
<u>Short</u>	<b>none</b>							

**Notes:** We got heavily screwed yesterday by not requiring “on-close” triggers. Both **KIM** and **VAL** were awful performers with the former jumping lower and the latter jumping higher before going lower. But, we said to buy and we will. However, while the reasons to buy are gone we still do not see confirmation for selling. Stops will be tight.

Tightened stop on **LO**.

**HRB**, which we’ve been worried about for a while, is pennies from its stop.

## 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

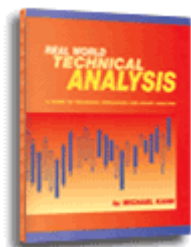
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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