

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

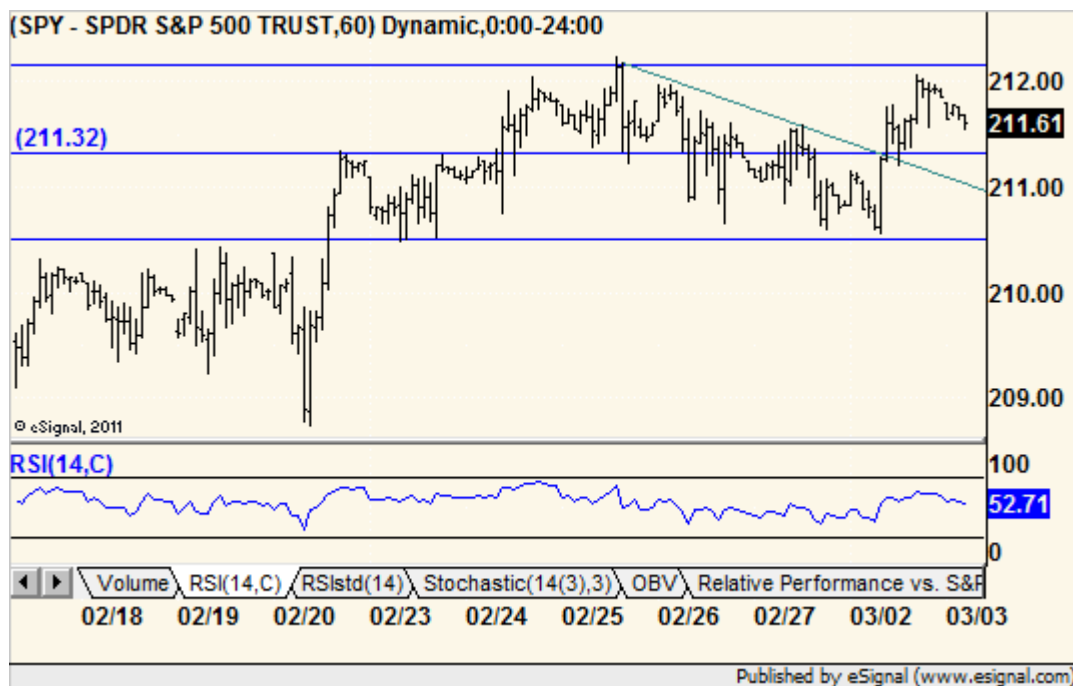
MICHAEL KAHN  
RESEARCH LLC

**March 3, 2015** – The media is falling all over itself to tell us that the Nasdaq, which finally topped 5000, is not the same index it was 15 years ago. Neither is the Dow, ladies and gents, and we still use it to track long-term trends. Remember a century ago when it contained American Cotton Oil and US Leather? How about in 2000 when it contained Citigroup and Alcoa but not Visa and Microsoft?

OK, we get that the Nasdaq was powered by earnings-less dot coms back then and now Apple and Google are driving. Of course, so is 14 Trillion in new debt and zero percent interest rates. The point is that these indices are supposed to reflect the market and the market is what we track over the years.

So, now that 5k has fallen, now what? We hate to sound like a broken record but the Nasdaq is still overbought and without the normal dip normally seen at the halfway point to a target following a pattern breakout. Of course, that sort of pause is not guaranteed but we do see the need for rest.

Just keep in mind that the major trend is still up.



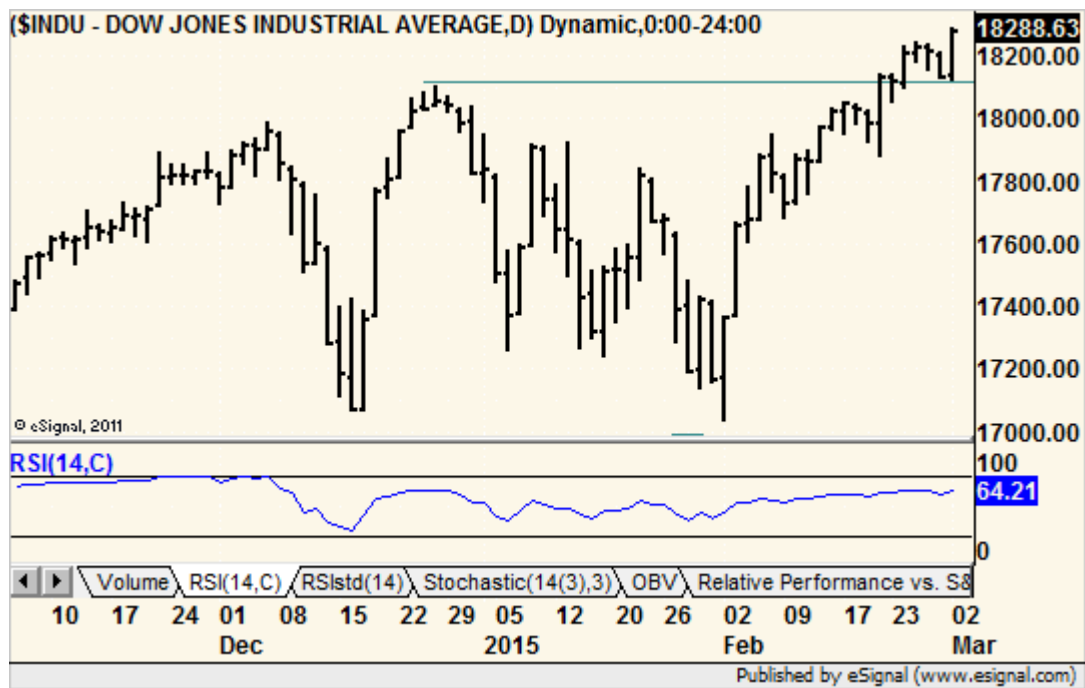
The lines on this chart worked pretty well and now see weakness this morning looking at the middle line as support. But even if that is broken there is the trendline to test below that. It is certainly not a super bullish tone but it is bullish, nonetheless.

Elsewhere, the dollar made a new high yesterday and again this morning but gold and oil are also slightly higher this morning. We think these commodities are hanging in there waiting for the right time to move up.

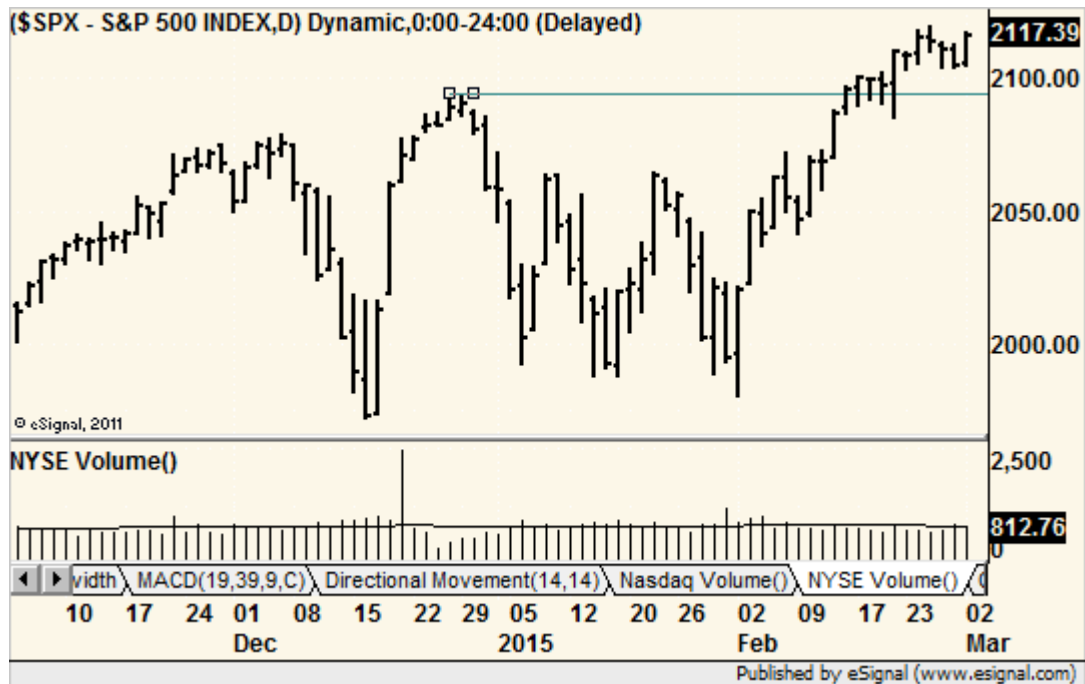
Bonds had a bad Monday and are soft again this morning. Utilities got clocked yesterday and we are stopped out. It was a good risk we'd take again but it just did not work this time.

Moving back to stocks, this weakness in bonds and utes is bullish.

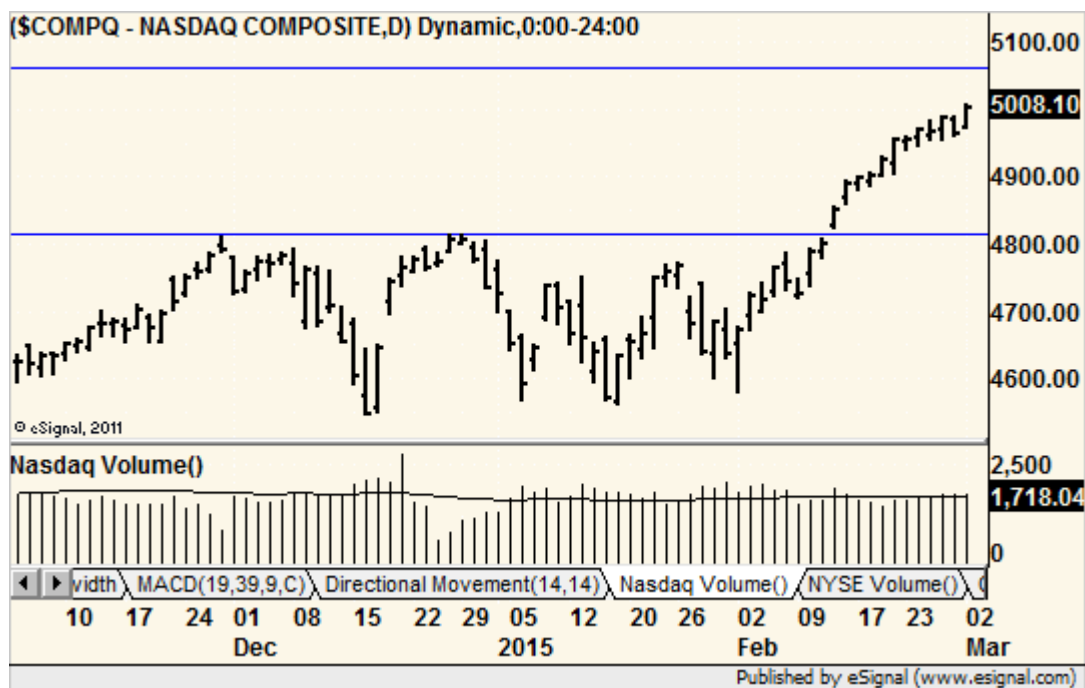
## Index Charts of the Day



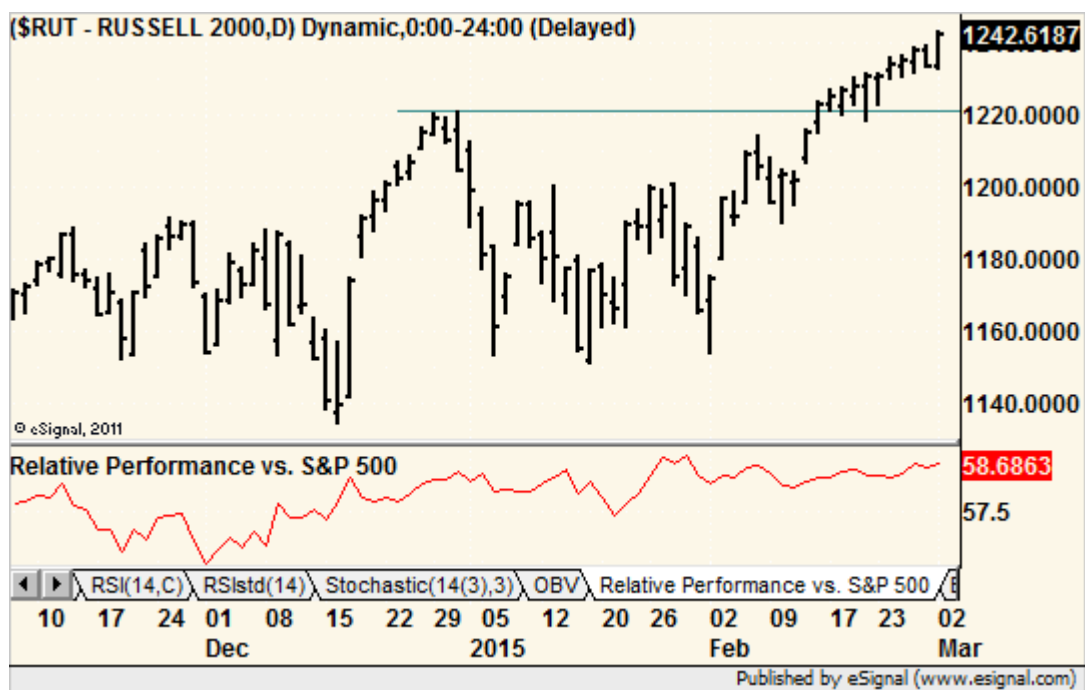
Looking at this Dow chart in a vacuum, we'd say breakout tested and higher prices ahead. But keep reading...



The S&P 500 has the same shape but the test seemed lacking. Also, volume on the rebound yesterday was below average. Therefore, we ease back slightly on the gas pedal. Keep reading...

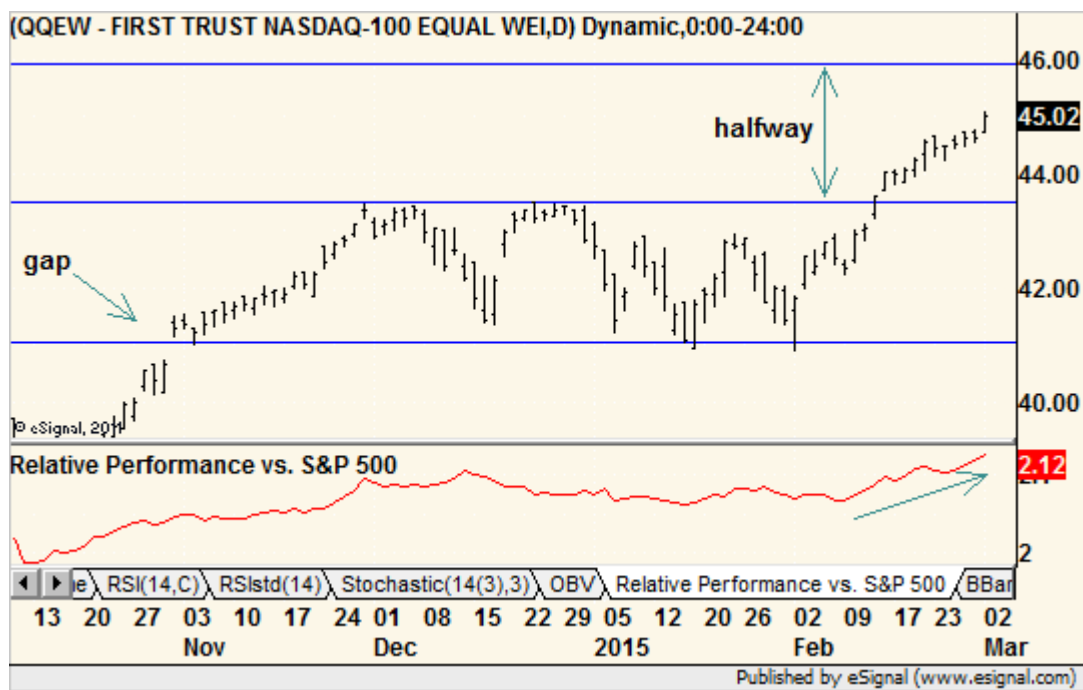


The Nasdaq did not really pull back and it, too, had lower volume yesterday, albeit at the average.



The Russell 2000 is not quite overbought but is not exactly leading the market, either.

One more index chart.....



The equal weight Nasdaq-100 is doing very well telling us that it is not just the mega-cap Nasdaq stocks leading but it is indeed the Nasdaq on top.

## The Radar Screen

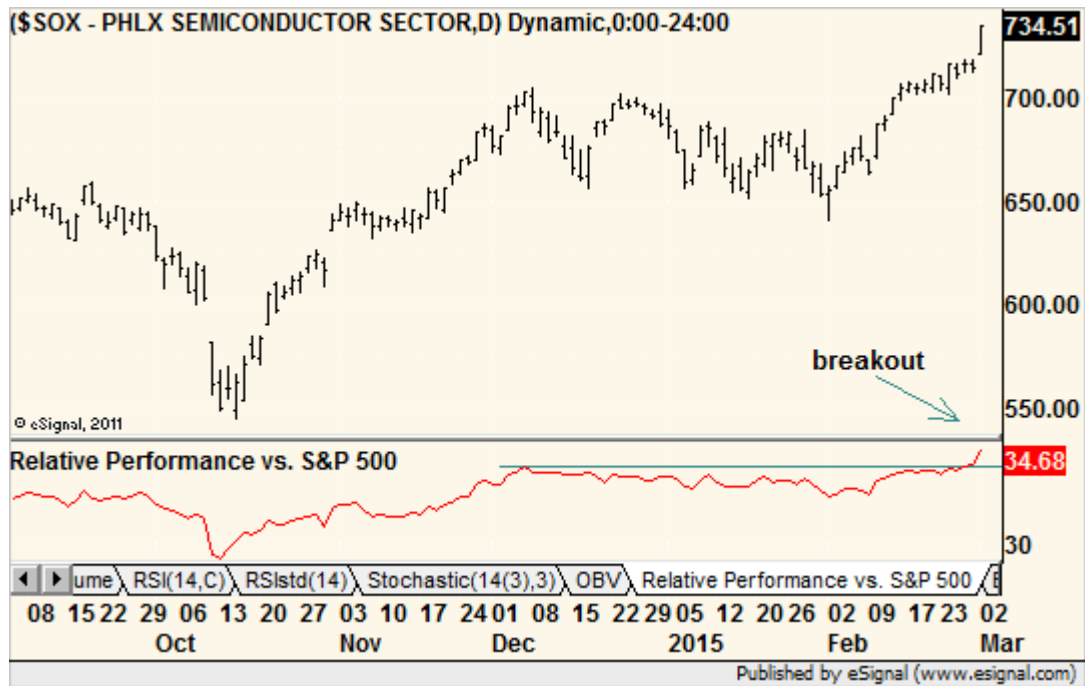
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>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. Cup-with-handle		2/5
<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 <b>140</b> .	<b>Changed</b>	2/23
<b>American Eagle Outfitters AEO</b> – This clothing retailer was left for dead. It traded at 22 in 2012 so its 50% rally from last summer must be put into context. Now holding its own just under resistance with strong on-balance volume. Nice dividend but be aware of high trailing p/e of 97. Buy close over 15.00.		2/27
<b>Applied Materials AMAT</b> – Chip equipment maker on the verge in a hot sector. Buy close over resistance at 25.65.	<b>New</b>	3/3
<b>Bearish Implications</b>		
<b>none</b> –		
<b>Unknown Implications</b>		
<b>Procter &amp; Gamble PG</b> – Triangle pattern sitting on 200-day average. On-balance volume is flat to slightly lower. Buy 86.50, sell 84.50		2/27
<b>Entergy ETR</b> – A New Orleans-based utility with flag pattern sitting on 200-day avg and falling on-balance volume. Clearly this leans negative with the caveat that the sector as a whole seems to have finished a correction. Buy 81.25, sell 79.00.	<b>Triggered (short)</b>	2/27
<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>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. Consecutive hanging man candles.		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. Looks like it went without us. But it may come down to test the move where we can buy.		
<b>Kroger KR</b> – Don't fight the trend but this grocer sports some bearish warnings in RSI and Bollinger Bands. Waiting for a clearer sell signal.		3/2
<b>Verizon VZ</b> – Looking like it wants to break out from trendline. Already above its major averages. Still, peer <b>T</b> is not quite as nice and that makes this less compelling.		3/2

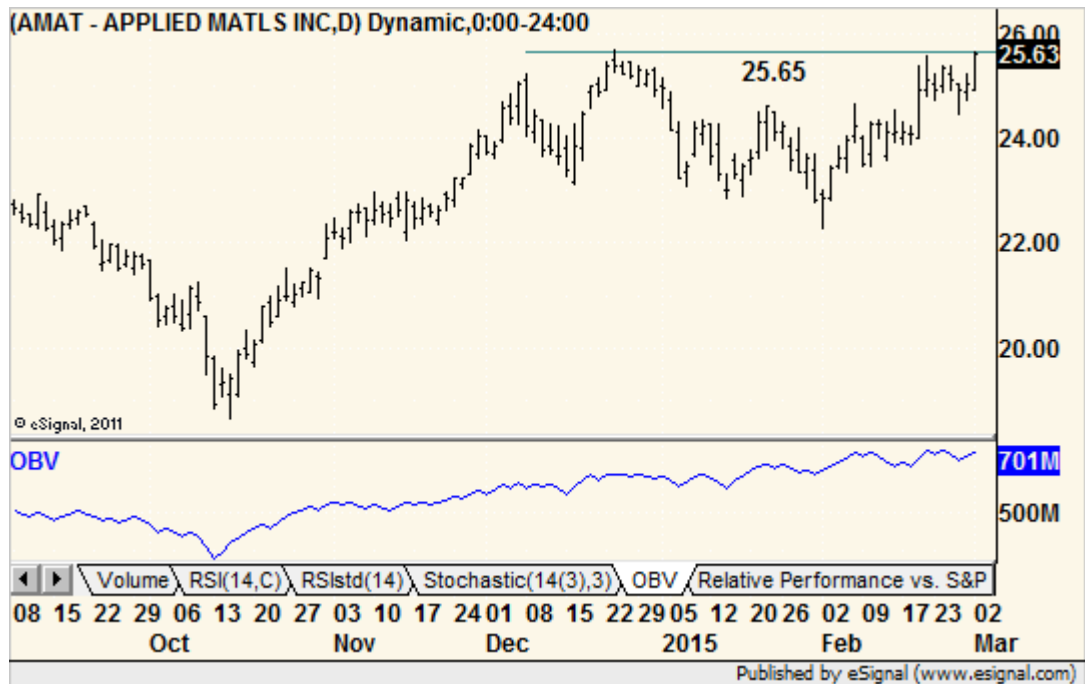
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<b>Sector Watch</b> (observations that may spark ideas)		
<b>Retail XRT</b> – market performer		2/6
<b>Technology XLK</b> – leading the market		2/12
<b>Homebuilding ITB</b> – leading the market and now a new breakout. Long-term pattern very bullish.		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> . <u>The pattern is now very long and may no longer be valid. Still watching.</u>		2/23
<b>Semiconductors</b> – <b>SOX</b> broke out		2/25
<b>Social Media ETF SOCL</b> – Trend break and now in a pause. Rising on-balance volume and 200-day average just above.		2/26
<b>Coal</b> – Yes, coal, once again teasing with signs of life. <b>BTU, ACI</b>		2/26
<b>Updates</b>		
<b>none</b> –		

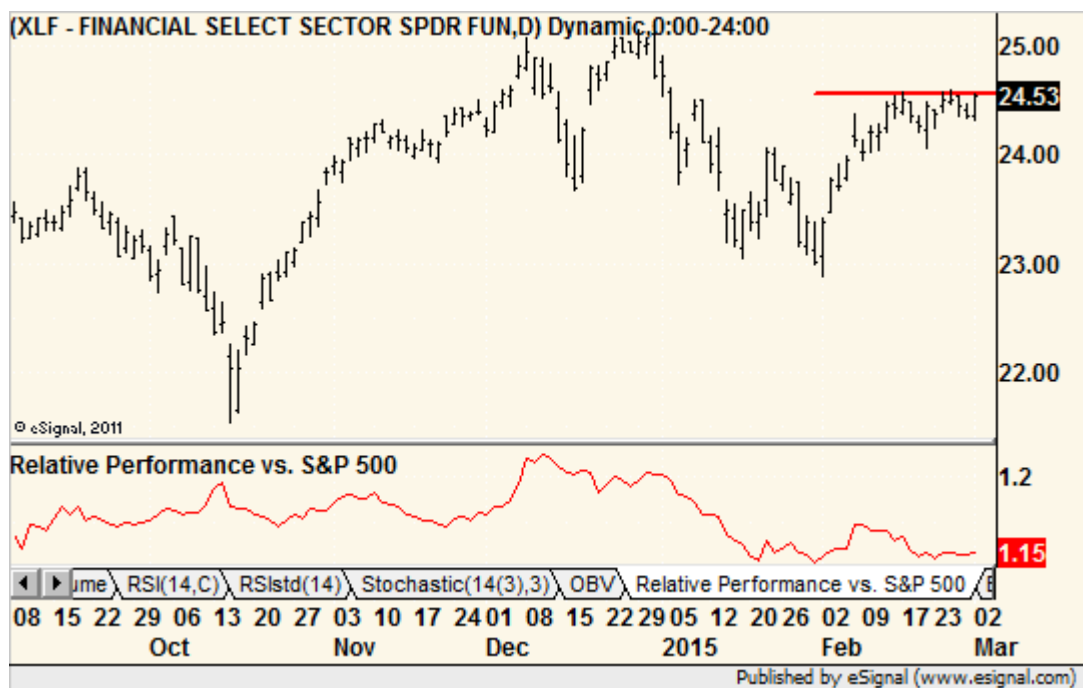
## Market Highlights



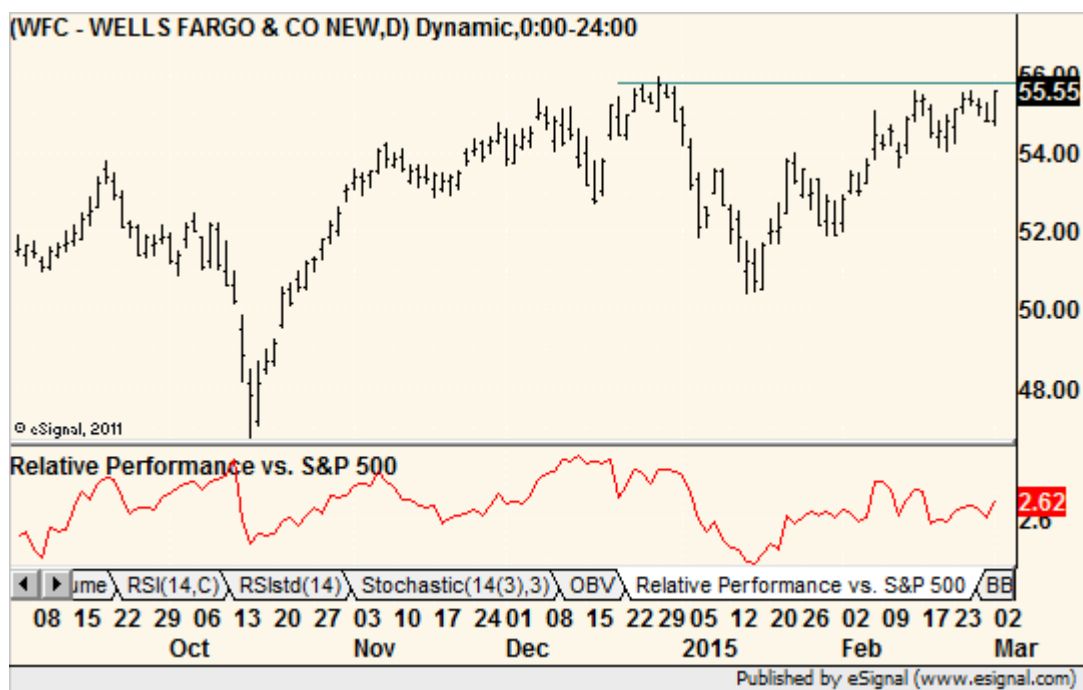
**Semiconductors** – This index is hot. Check out **CY**, too. Buy stocks here as they break out. Seen next...



**Applied Materials** – Chip equipment maker on the verge. Buy close over 25.65.



**Financials ETF** – Still lagging but on the verge of a short-term breakout. See next...



**Wells Fargo** – One of the stronger financials on the verge of a breakout into clear space (no resistance). We are not big on financials right now so we'll be on the sidelines.



## 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	167.10	15.2%	165.00	145.05	1/7	54
	<b>LO</b>	LORILLARD INC	68.49	6.3%	67.00	64.46	1/13	48
	<b>CAT</b>	CATERPILLAR INC DEL	83.00	4.1%	82.00	79.74	1/27	34
	<b>EWI</b>	ISHARES MSCI ITALY CAPPED ETF	14.93	5.4%	14.25	14.16	2/2	28
	<b>HAL</b>	HALLIBURTON CO	42.99	0.0%	42.50	42.97	2/5	25
	<b>VNM</b>	MARKET VECTORS VIETNAM ETF	19.20	-0.1%	19.00	19.21	2/11	19
	<b>MAR</b>	MARRIOTT INTL INC NEW	84.83	10.0%	81.00	77.13	2/11	19
	<b>GOOGL</b>	GOOGLE INC	575.02	5.3%	550.00	546.01	2/12	18
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	78.50	-3.2%		81.13	2/13	17
	<b>XLU</b>	UTILITIES SELECT SECTOR SPDR	44.25	-1.7%		45.03	2/17	13
	<b>SO</b>	SOUTHERN CO	45.00	-1.5%		45.69	2/17	13
	<b>XLV</b>	HEALTH CARE SELECT SECT SPDR	72.89	2.0%	71.00	71.43	2/19	11
	<b>MMM</b>	3M CO	170.50	1.4%	165.00	168.12	2/20	10
	<b>KIM</b>	KIMCO RLTY CORP	26.31	-2.9%	26.00	27.09	2/24	6
	<b>VAL</b>	VALSPAR CORP	88.10	-1.8%	85.00	89.75	2/24	6
	<b>AMAG</b>	AMAG PHARMACEUTICALS INC	49.70	10.3%	47.50	45.07	2/25	5
	<b>KLAC</b>	KLA-TENCOR CORP	65.70	-0.5%	63.50	66.00	2/25	5
	<b>AMGN</b>	AMGEN INC	159.63	2.0%	153.00	156.50	2/25	5
	<b>XLNX</b>	XILINX INC	42.11	-0.2%	40.50	42.21	2/25	5
	<b>SM</b>	SM ENERGY CO	46.66	-8.2%	46.00	50.83	2/27	3
<u>Short</u>	<b>ETR</b>	ENTERGY CORP NEW	77.67	1.7%	80.00	79.00	3/2	0

**Notes:** Energy and utilities – not good. Even more unfortunate, **XLE** left a hammer candle that could have signaled the end of the pullback. Still, the stop was hit.

Damage in utilities was small because we had a little cushion with which to play.

Big drop in **VNM** to possibly break a pattern to the downside. Did not hit stop but it does not look happy.

Raised stops in **MAR**, **GOOGL** and **MMM**.

New short in **ETR** – a utility. Sort of a stop-and-reverse for us in the sector.

## Other Information

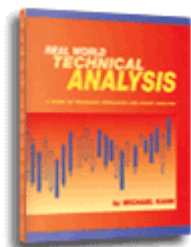
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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