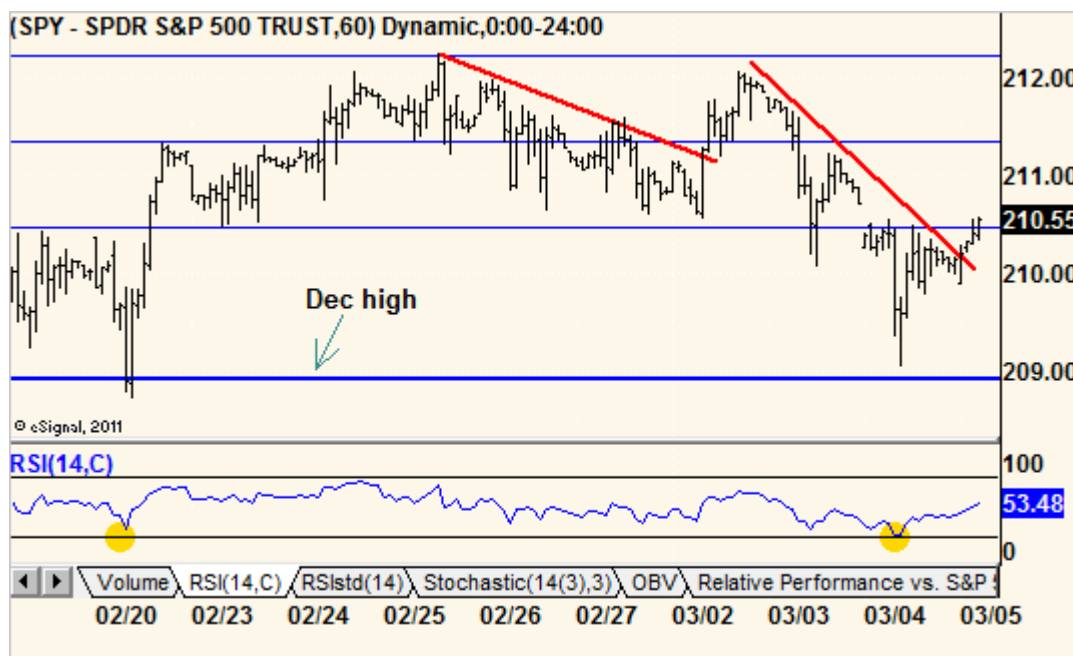


QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

March 5, 2015 – As another blanket of snow is dumping on a huge swath of the country yet again, stocks look to be coming out of their correction. The hourly chart below shows an oversold condition yesterday at major support from the prior all-time high. Support and resistance levels have been rather beautiful here and now we see a trend break to the upside.



Officially, the hourly **SPY** has completed a correction and now looks to be coming out of it. There is still plenty of resistance to fight through but so far so good.

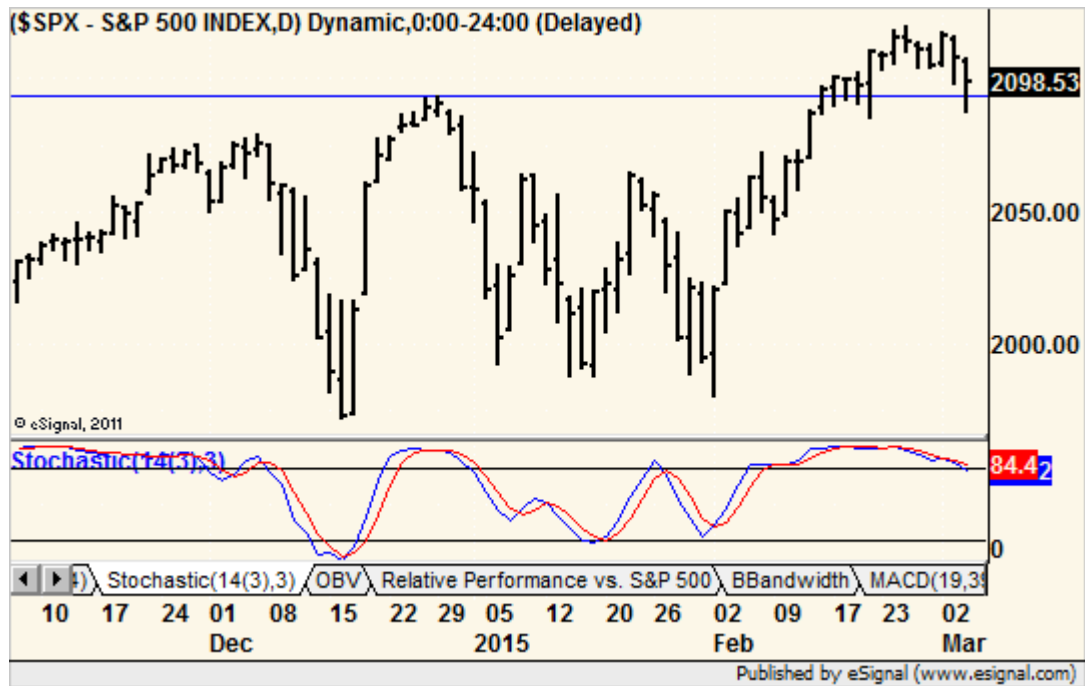
The correction was a bit more damaging to us on the individual stock level as we lost several positions at losses. They fell by much larger percentages than the market did and even worse some, such as energy, look poised to rebound nicely. Saudi and Russian markets (oil dominated) are holding their own. Stops too tight? Perhaps.

Bonds weakened considerably although still have not made a major breakdown. They do need to bounce now to prove that they are not done yet. And in related news, junk bonds broke a trendline to the downside. We think this is more interest-rate related than "risk off" related, especially since defensive utilities have fallen apart. The chart below will show the trendline was rather tight and unforgiving. Moving averages suggest it was merely time for a rest.

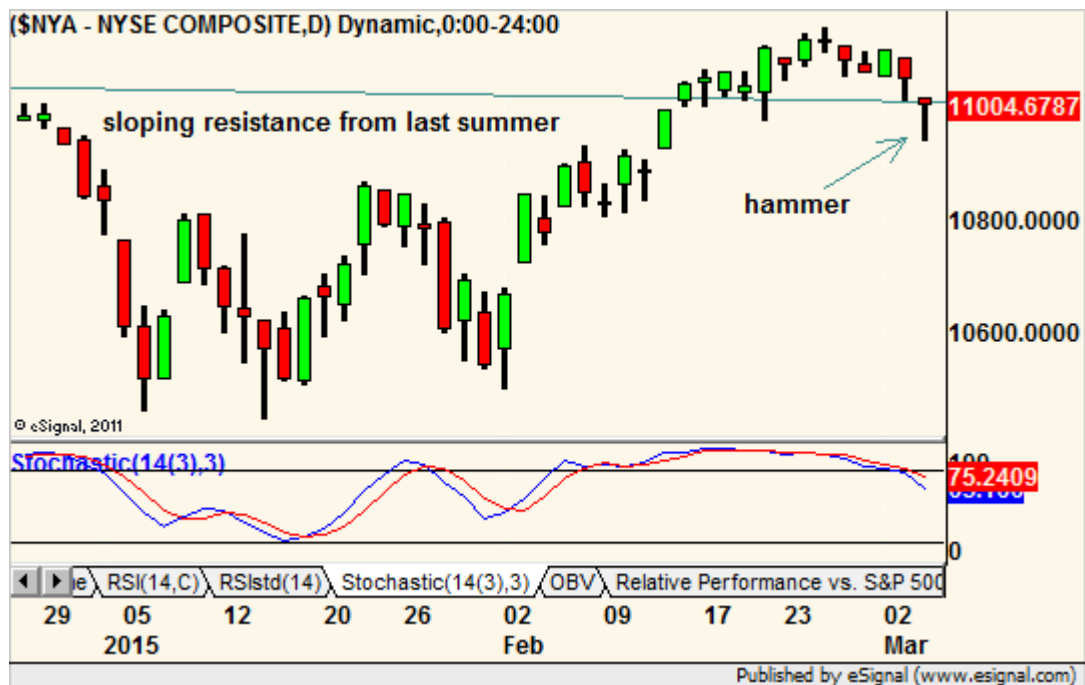
Don't let out tone make you think we are fully bullish here. We are modestly bullish as the trend is up, breadth is good, seasonals and cycles are with it and global QE is still alive and well. It is just that this bull is old, even if not the longest on record by far. The economy stinks – better but still smelly – and the disconnect between it and the stock market cannot last forever. True, the stock market cares more about companies making money and they are. But eventually, we consumers will tap out.

There, that is our foray into fundamentals for the day. The bottom line is to stay long stocks but not go crazy.

Index Charts of the Day



Looks like a good test of a breakout. If you were waiting to buy, this is a good time to do it. Risk is low because the stop would be so close.



Looks like a test here, too.

The Radar Screen

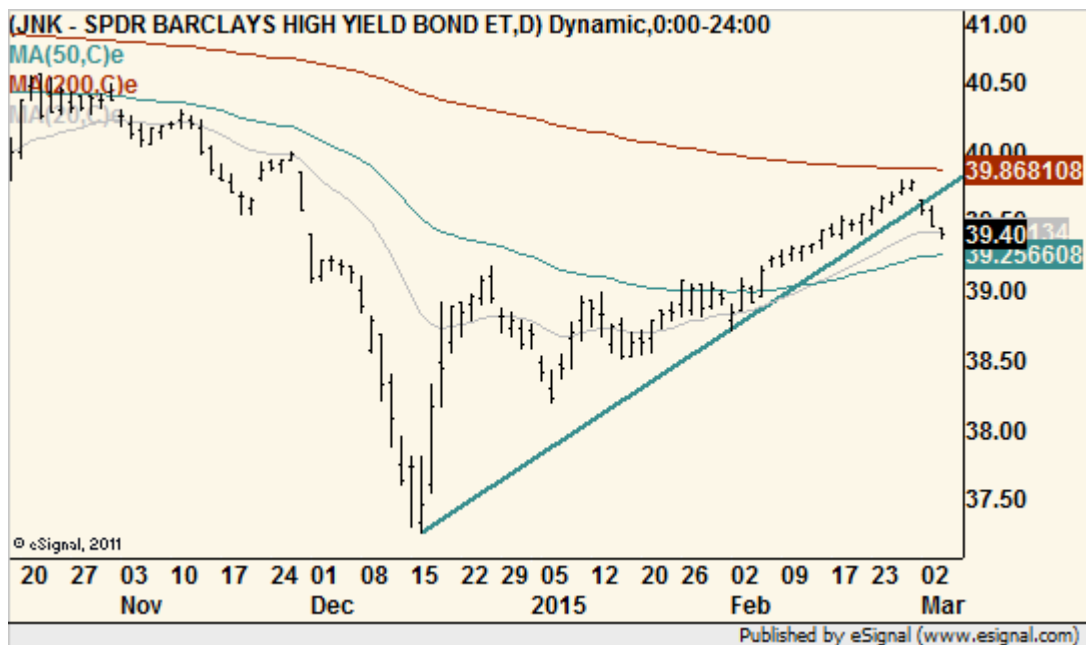
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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
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. Cup-with-handle		2/5
Boston Properties BXP – 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 140.		2/23
American Eagle Outfitters AEO – 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. <u>As you can guess, we did not buy because it jumped more than or 4-5% limit. Too bad as it was a hot name.</u>	Not Triggered and now Removed	2/27
Applied Materials AMAT – Chip equipment maker on the verge in a hot sector. Buy close over resistance at 25.65. Nasty Tuesday but setup still intact		3/3
Wal-Mart WMT – The minimum wage news did nothing for the stock but with peers TGT and COST doing well, the failure here to get to the lower channel line is bullish. So is stochastics, which is bottoming above oversold levels as it would in a rising stock. Wait for the break. Buy close over 85.		3/4
Tempur Sealy TPX – 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). <u>Holding resistance so we'll buy over 57.80.</u>	Moved	2/24
Supernus Pharma SUPN – A drug stock with a coiling pattern. On-balance volume is slightly positive and MarketWatch likes the fundies. Nice move on a down day. <u>Buying now.</u>	Moved	2/24
Sprint S – Looking good over inverted H/S neckline at 5.3. Note rising stochastics lows.	Moved	3/4
Mylan Labs MYL – DRG index member. This one tested a trendline breakout so it is at a lower level and therefore lower in risk. Note on-balance volume barely budged during the test. P/E lower than peers. Buying now.	New	3/5
Bearish Implications		
none –		
Unknown Implications		
Procter & Gamble PG – Triangle pattern sitting on 200-day average. On-balance volume is flat to slightly lower. Buy 86.50, sell 84.50		2/27

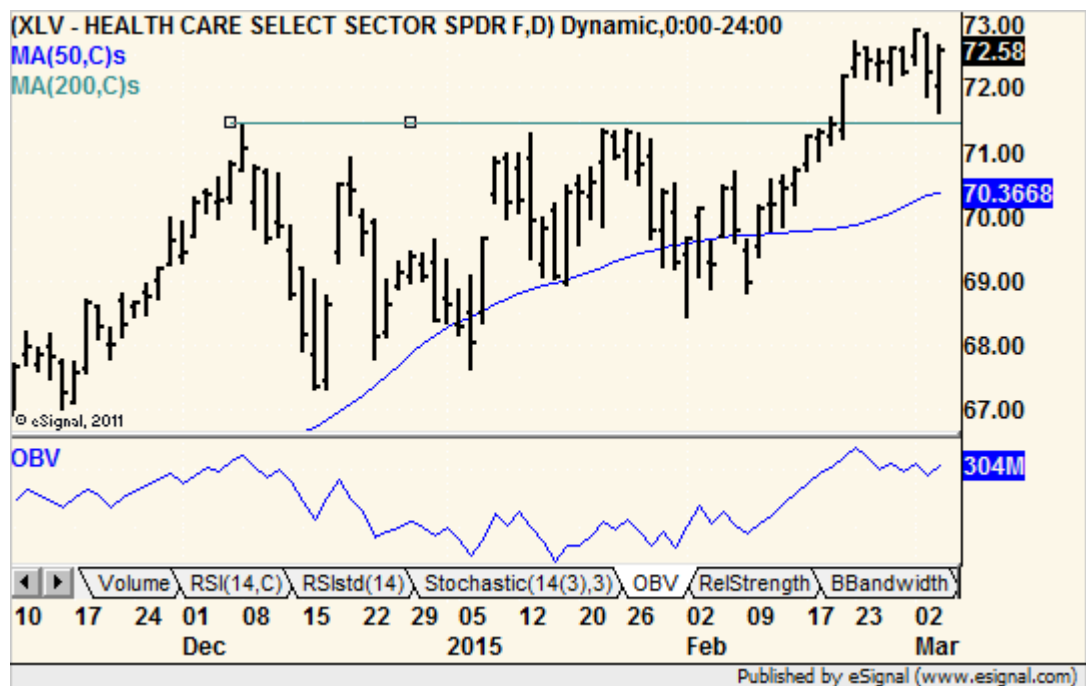
Continued on next page...

Holding Tank - red shade leans bearish, green shade leans bullish		
Archer Daniels Midland ADM – Some sort of sideways pattern healing the stock after a big fall in December. OBV leaning lower. Death cross pending		
Kroger KR – Don’t fight the trend but this grocer sports some bearish warnings in RSI and Bollinger Bands. Clearly broken now so we have to wait to sell a bounce.		3/2
Verizon VZ – Looking like it wants to break out from trendline. Already above its major averages. Still, peer T is not quite as nice and that makes this less compelling.		3/2
Sector Watch (observations that may spark ideas)		
Retail XRT – market performer but apparel retailers starting to set up		2/6
Technology XLK – leading the market		2/12
Homebuilding ITB – leading the market and now a new breakout. Long-term pattern very bullish.		2/12
Financials XLF – lagging the market. WFC holding up nicely		2/12
REITs IYR – The flag morphed into a channel and it is now below the 50-day. Not excited about it anymore but it still bears watching for a breakout.		2/23
Semiconductors – SOX broke out <u>but now testing it</u>		2/25
Social Media ETF SOCL – Trend break and now in a pause. Rising on-balance volume and 200-day average just above.		2/26
Updates		
none –		

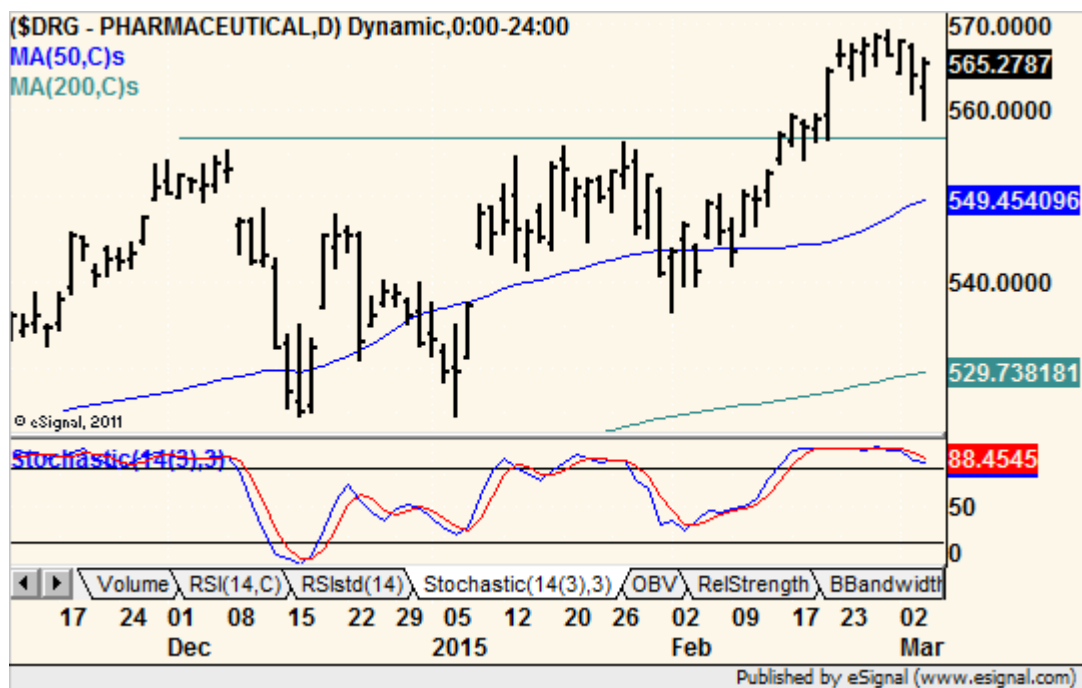
Market Highlights



Junk bond ETF – The trendline broke but it was rather tight and unforgiving. More likely, it was time to pull back after a solid run hit resistance at the 200-day average. Note the 50-day is still intact as support. Also note the 20-day recently crossed above the 50-day so this is not too bad. Risk not off just yet.



Healthcare ETF – Looks like a successful test of the breakout. See next...



Drugs Index – This is big pharma it also tested its breakout. See next...



Mylan Labs – DRG index member. This one tested a trendline breakout so it is at a lower level and therefore lower in risk. Note on-balance volume barely budged during the test. P/E lower than peers. Buying now.

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>	LO	LORILLARD INC	69.04	7.1%	67.00	64.46	1/13	50
	CAT	CATERPILLAR INC DEL	82.00	2.8%		79.74	1/27	36
	EWI	ISHARES MSCI ITALY CAPPED ETF	14.62	3.2%	14.25	14.16	2/2	30
	HAL	HALLIBURTON CO	43.07	0.2%	42.50	42.97	2/5	27
	VNM	MARKET VECTORS VIETNAM ETF	19.00	-1.1%		19.21	2/11	21
	MAR	MARRIOTT INTL INC NEW	83.15	7.8%	81.00	77.13	2/11	21
	GOOGL	GOOGLE INC	578.33	5.9%	550.00	546.01	2/12	20
	XLV	HEALTH CARE SELECT SECTOR SPDR F	72.58	1.6%	71.00	71.43	2/19	13
	MMM	3M CO	167.16	-0.6%	165.00	168.12	2/20	12
	KIM	KIMCO RLTY CORP	26.00	-4.0%		27.09	2/24	8
	VAL	VALSPAR CORP	86.94	-3.1%	85.00	89.75	2/24	8
	AMAG	AMAG PHARMACEUTICALS INC	50.69	12.5%	48.50	45.07	2/25	7
	KLAC	KLA-TENCOR CORP	63.50	-3.8%		66.00	2/25	7
	AMGN	AMGEN INC	159.19	1.7%	153.00	156.50	2/25	7
	XLNX	XILINX INC	41.05	-2.7%	40.50	42.21	2/25	7
	SM	SM ENERGY CO	47.79	-6.0%	46.00	50.83	2/27	5
<u>Short</u>	ETR	ENTERGY CORP NEW	76.50	3.3%	80.00	79.00	3/2	2

Notes: A bunch of stop outs with a net loss for the group. **CAT** fizzled for a small gain. **VNM** was doing great and then suddenly was doing poorly. **KIM** and **KLAC** were new acquisitions that got clocked on the market's correction.

Raised stop in **AMAG**.

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