

# QUICK TAKES PRO

“TECHNICAL ANALYSIS FOR EVERYONE”

MICHAEL KAHN  
RESEARCH LLC

**March 26, 2015** – Yesterday, I wrote up a stock for a website and ended it with the warning, “The only caveat would be if the market as a whole is in the midst of a serious decline.” Well, last evening we got the news that Saudi Arabia led an attack on rebels in Yemen and stocks tanked. Oil shot higher. Geopolitical risk at its finest although in checking the final publication this morning I see that they edited out my warning. Eyeroll.

Anyway, the stock was Kimberly Clark (**KMB**) with a nice pullback and a 3.3% dividend yield. It is also a defensive consumer products stock so it should hold up better than more aggressive stocks such as tech. Is it serendipity that the company makes diapers and toilet paper?

Whatever we would have written about yesterday’s session is now moot. Stocks sold off on weak economic news a day after selling off on strong economic news. Today, with Yemen dominating the news, we saw more good economic news with jobless claims.

Yesterday’s Barron’s Online column discussed how this is a correction in an otherwise intact long-term bull market. The editors changed the title to something like “this is a buying opportunity” but my original headline was “Keep Calm and Let the Market Correct.” The difference being that it was not over yet.

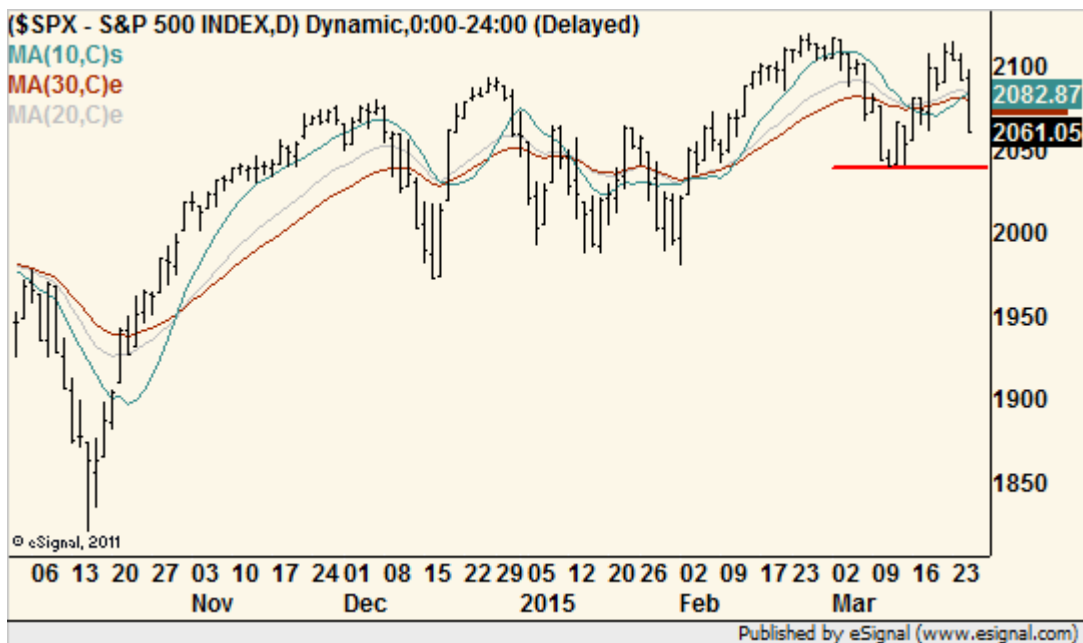
I suppose today is rag on editors day. Let’s go to the short-term chart to see if there is anything technicals can add on a day when geopolitics dominates. Usually, there is not much.



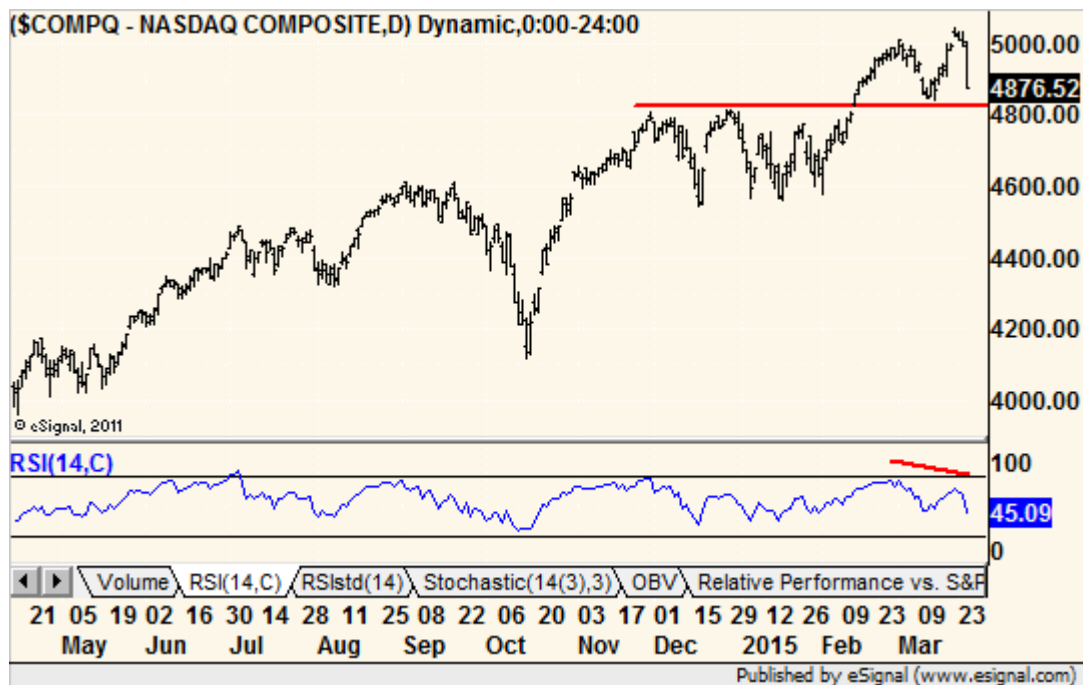
All we have to say is wow. The **SPY** was trading at the upper line yesterday morning before the open and we said that any more weakness would target the middle line. It did and the market stalled there for a bit. And now we can see the overnight trading all the way down to the lower line. With oversold conditions in place, we’d say that it would take some serious news – like Iran sending bombers - to send it any lower without an upside reaction first.

Here is how we ended it yesterday: “The strategy is still to stay the course as we wait for the current dip to end.” Unless you are short-term trader, we still stand by it. We will be most interested in fallen biotechs soon.

## Index Charts of the Day



Yesterday, we showed these averages and said the market was still above them. That was invalidated in a hurry but now we expect it to open at support as shown. Remember, it is still just three days from a high.



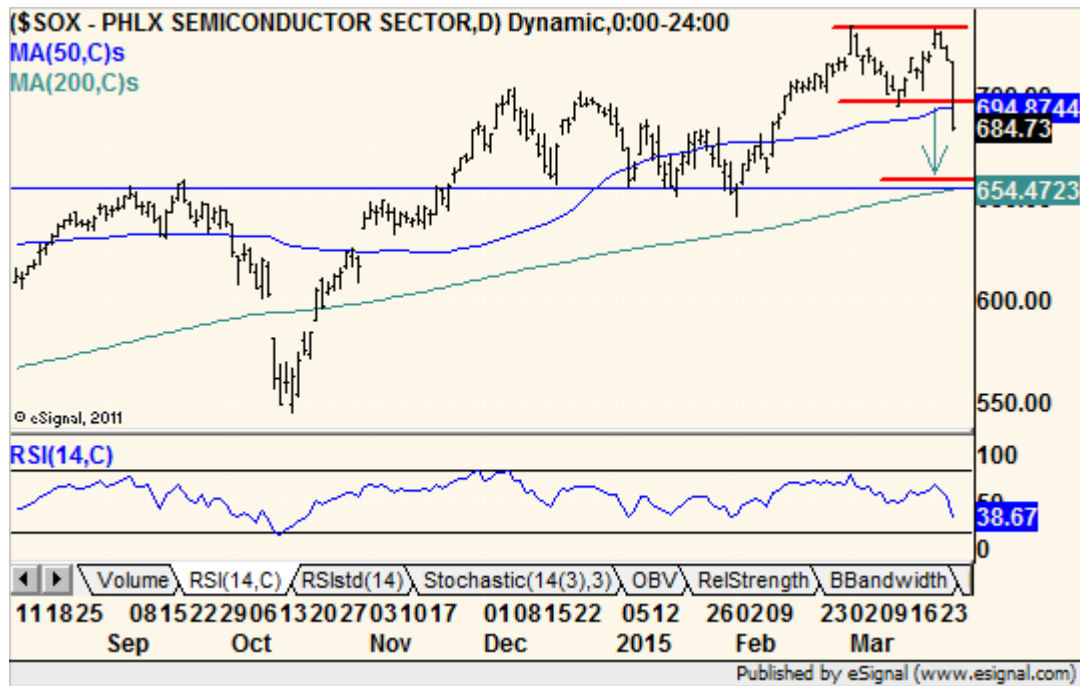
The Nasdaq should also test support today. It did sport an RSI divergence but it is very short-term. But as I wrote in my column yesterday, this index still looks rather healthy. Higher highs and higher lows.

## The Radar Screen

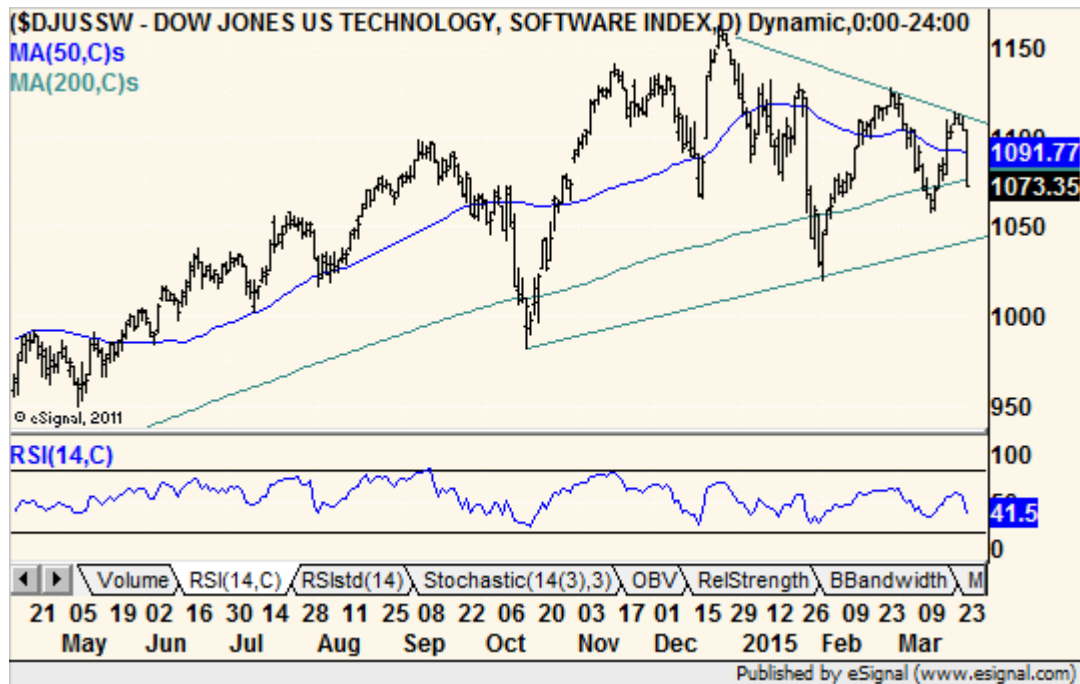
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Navios Maritime NM</b> – We looked at the shipping index Friday. Here is a dry shipper looking to come out of a base. Nice volume last week. Buy close over 4.65.		3/23
<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>BP BP</b> – Just waiting for a drop to support and drooling over that huge dividend		3/12
<b>Potash Corp POT</b> – This fertilizer stock looks intriguing with a big dividend (ex-div April 9) and a big departure from the mean looking like it wants to snap back. Letting it dip to support and hope it happens in time to capture the dividend.		3/17
<b>Edison Intl EIX</b> – This utility has flat on-balance volume instead of falling and that is good. Also above its 200-day average. Waiting for a buy trigger to form. Goes ex-div Friday so <b>we offer it for the bold to pick it up now on a weak open for a quickie.</b>	<b>Changed</b>	3/18
<b>FedEx FDX</b> – We looked at this one before and now the triangle support is in danger. On-balance volume is sinking. So is this a commentary on energy costs or the economy. And if the latter, would that be good for stocks as the Fed won't raise rates soon? But for us, this could be a short setting up. <b>Big breakdown</b>	<b>Removed</b>	3/25
<b>Viacom B VIAB</b> – Strong on-balance volume suggests this will break trendline.		3/25
<b>Altria MO</b> – So much for a tobacco bottom. Still like that dividend.	<b>Moved</b>	3/19
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Retail XRT</b> – leading the market		2/6
<b>Technology XLK</b> – no longer leading the market but OK		2/12
<b>Financials XLF</b> – Long-term still OK but no longer leading the market.		2/12
<b>Semiconductors</b> – Big change. Double top breakdown. More correction coming	<b>Changed</b>	2/25
<b>Marine Shipping Index SHX</b> – Possible double bottom with rising RSI. Close to a 50-day average breakout. Check out dry shippers <b>NM, DRYS, DSX, VLCCF</b>		3/20
<b>Homebuilders</b> – <b>ITB</b> ETF successfully tested long-term breakout		3/20
<b>Internet</b> – Testing breakouts <b>FB, EBAY</b>	<b>New</b>	3/26
<b>Updates</b>		
<b>none</b> –		

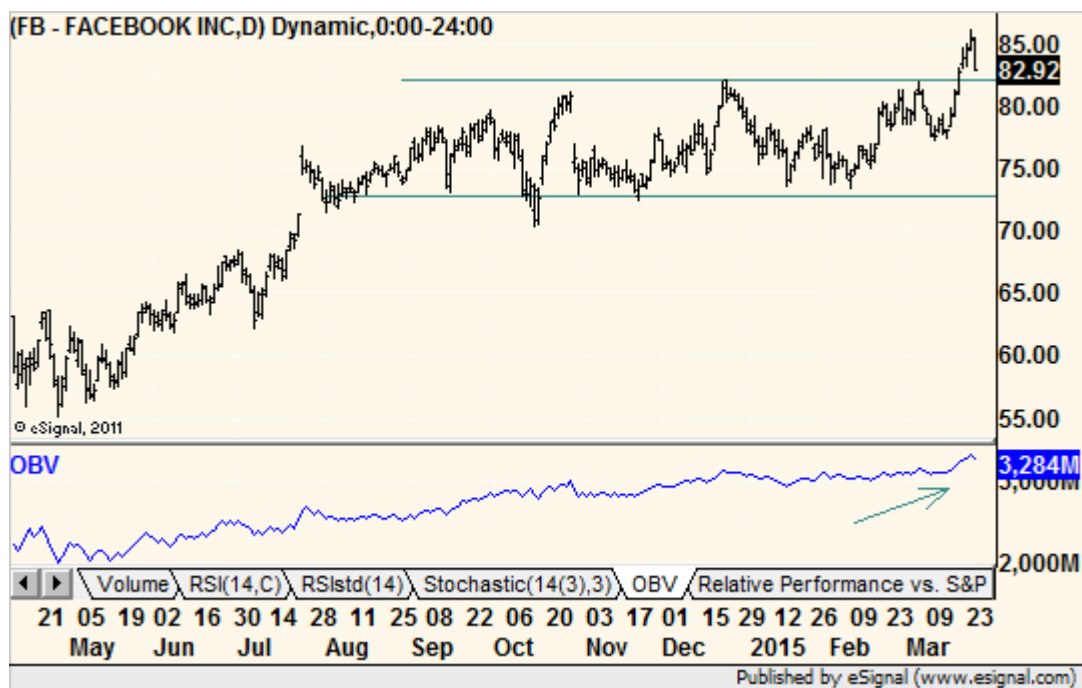
## Market Highlights



**Semiconductors** – Mini-double top breakdown targets the 200-day average and horizontal support.



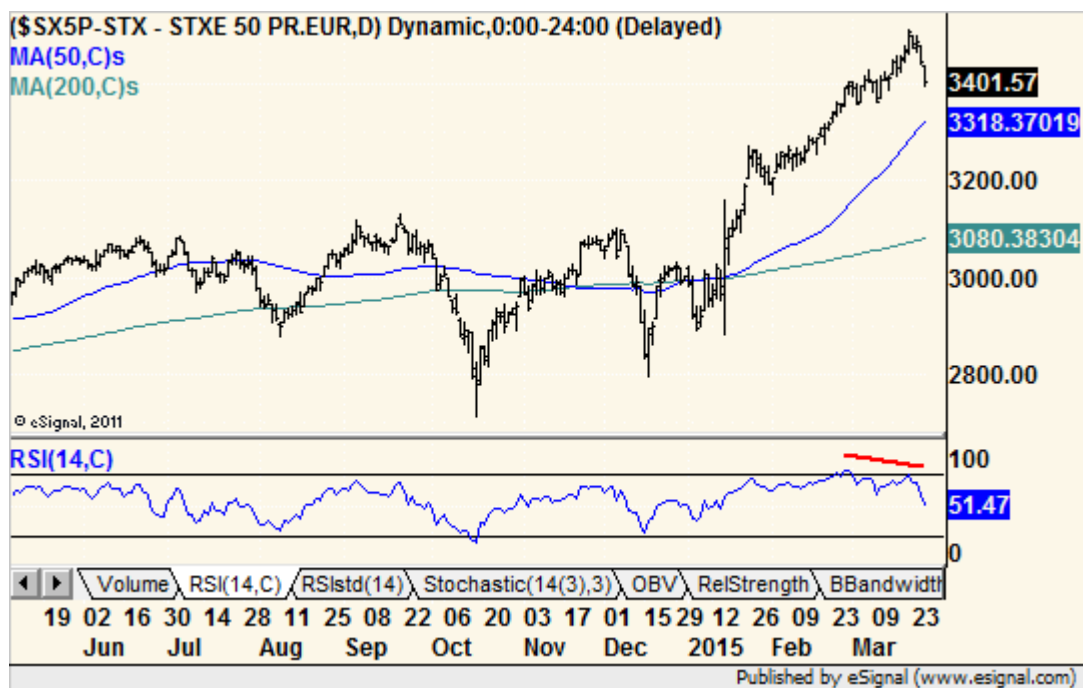
**Software** – Another big tech loser yesterday. Dipped below the 200-day average and targets the lower triangle border.



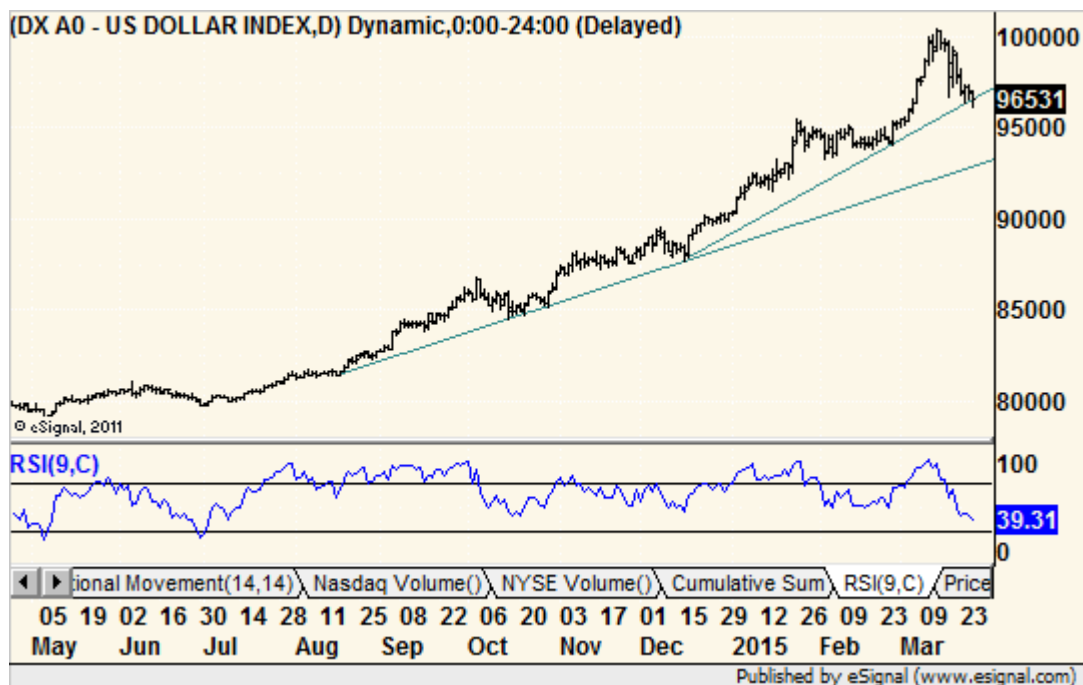
**Facebook** – Testing range breakout? Rising on-balance volume.



**Nasdaq Transports** – The Dow Transports are moving to the bottom of their choppy four-month range but the Nasdaq version is just now testing a breakout. The point is that we do not see the dire warning others are putting on the DJTA.



**Stoxx-50** – The pan-Europe blue chips index had a momentum divergence and needed to pull back. But it is still well above its 50-day average. That is not bad.



**US dollar index** – Now sitting on a trendline. Not quite oversold. Also not quite a reason to get excited about gold.

## 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>XLV</b>	HEALTH CARE SELECT SECTOR SPDR	73.50	2.9%		71.43	2/19	34
	<b>AMAG</b>	AMAG PHARMACEUTICALS INC	55.00	22.0%		45.07	2/25	28
	<b>SUPN</b>	SUPERNUS PHARMACEUTICALS INC	11.00	15.1%		9.56	3/5	20
	<b>MYL</b>	MYLAN N V	61.50	9.3%		56.26	3/5	20
	<b>MCD</b>	MCDONALDS CORP	98.14	1.3%	95.00	96.91	3/10	15
	<b>BBY</b>	BEST BUY INC	39.50	-1.2%		39.97	3/10	15
	<b>GM</b>	GENERAL MTRS CO	37.50	-2.4%		38.43	3/12	13
	<b>WMT</b>	WAL-MART STORES INC	81.32	-2.4%	80.50	83.29	3/16	9
	<b>CBG</b>	CBRE GROUP INC	35.50	-0.9%		35.81	3/18	7
	<b>M</b>	MACYS INC	64.72	0.5%	63.50	64.43	3/19	6
	<b>YHOO</b>	YAHOO INC	44.20	-1.7%	43.50	44.98	3/19	6
	<b>BKE</b>	BUCKLE INC	49.85	-2.1%	49.00	50.93	3/20	5
<u>Short</u>	<b>none</b>							

**Notes:** Our longs were decimated yesterday but in the process we booked some nice profits. **BBY** was a disappointment because its breakout looked pretty good a few weeks ago. **GM** and **CBG** never got going but losses were small.

**BKE** may have negated its breakout from just last week but it has a little more rope.

## 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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