

# QUICK TAKES PRO

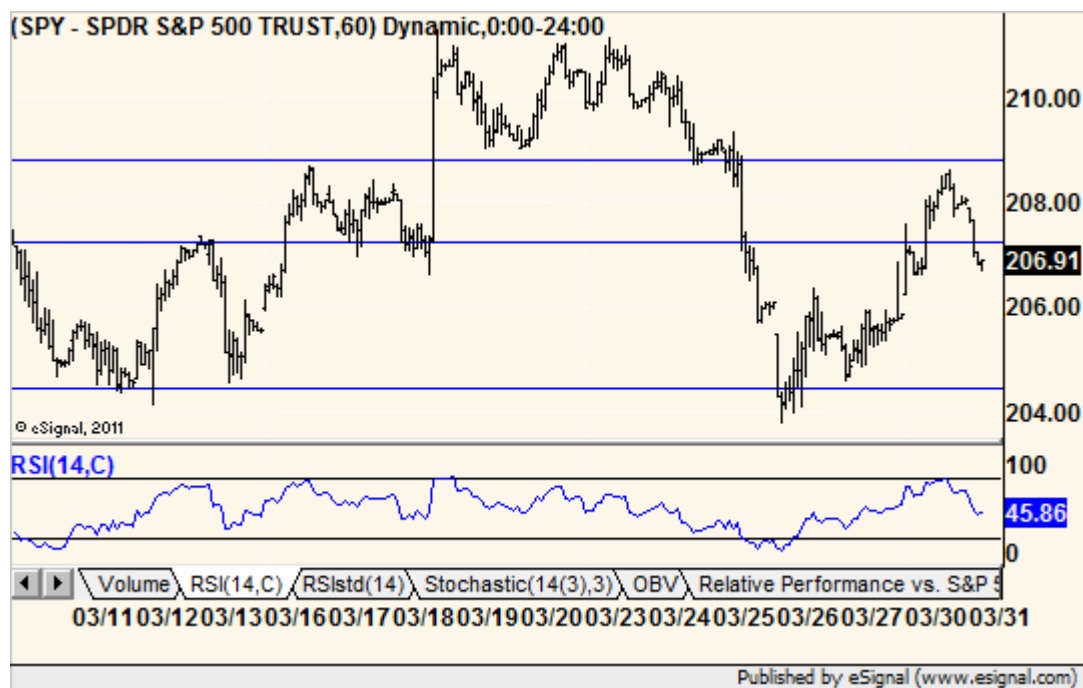
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**March 31, 2015** – No, it was not the deals but the combination of Janet Yellen's slow burn on raising interest rates and China's apparent willingness to ease some more. The central bank punchbowl is bubbly and inviting. But we will concur that the market is riskier now than it was very recently. Fundamentalists say it is expensive. We say we see rotation into some more defensive areas and a lot of chop.

Yes, the long-term trend is still up but there is still room for correction and the intermediate-term trend is flat. And transports are lagging. In yesterday's Barron's Online column I said it was a concern but not a rally killer. But throw in enough weak stuff and the market starts to roll over. There is not yet enough of that weak stuff.

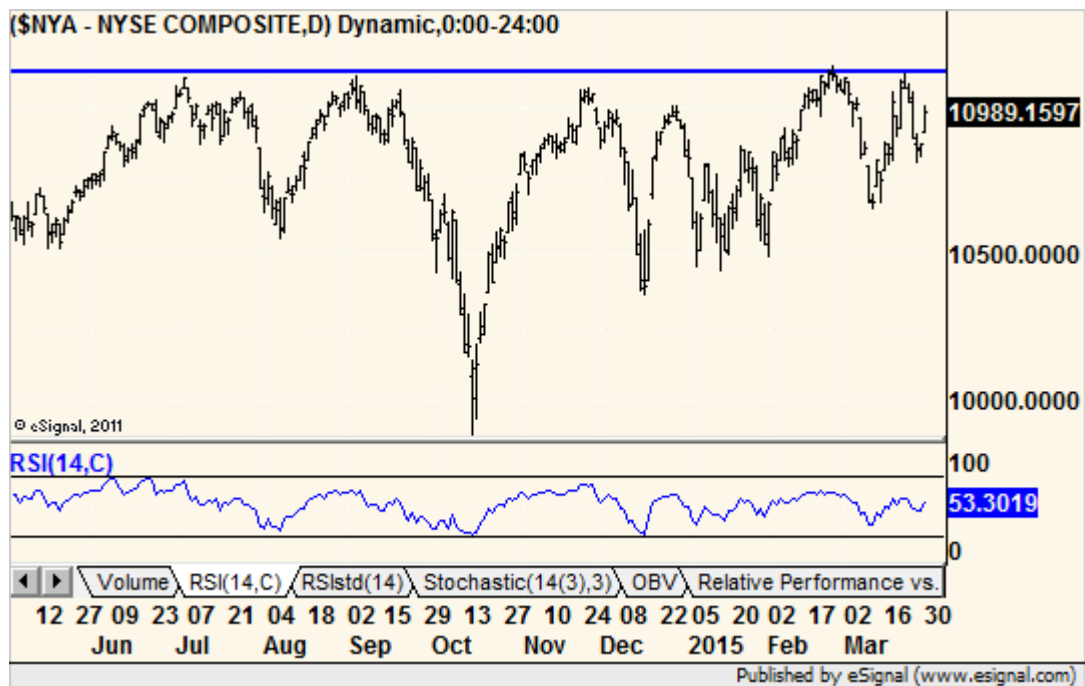
So, we look at the winners. Biotech and semiconductors are rebounding nicely. Homebuilding is doing very nicely with its long-term breakout. Don't be fooled by energy's hot day.



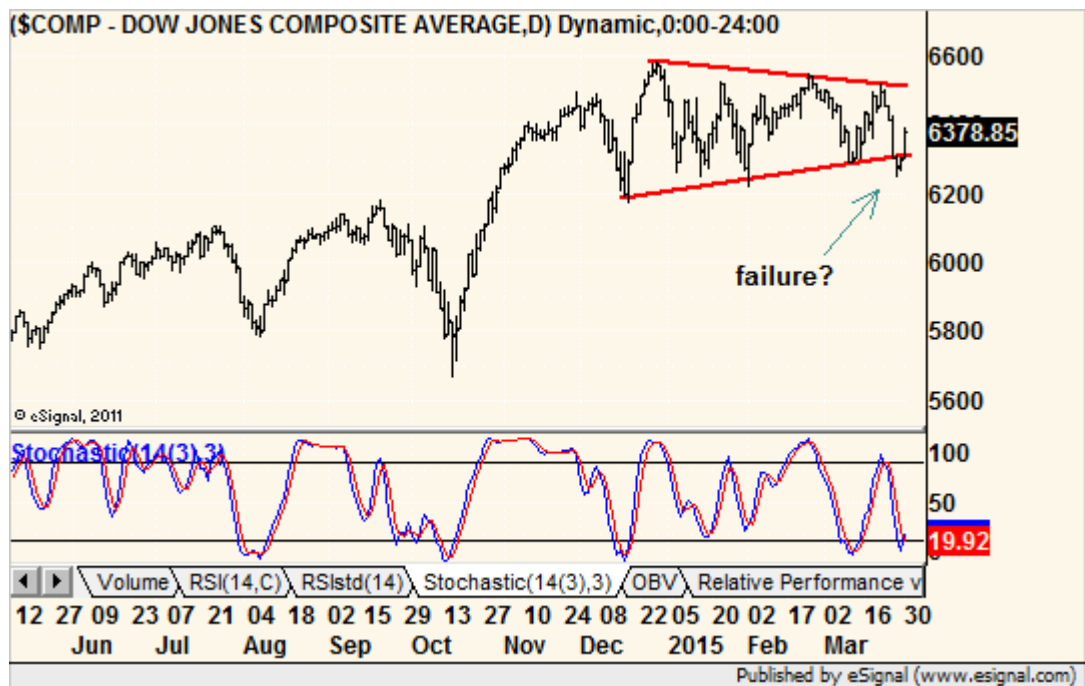
Once again the lines in this chart are the exact same lines from last week and they still work beautifully. The **SPY** punched through resistance after a stumble yesterday and ran to the next. And then overnight it pulled back. We think the two lines surrounding prices now will hold the key. Above the upper and look for a new high. Below the middle line seen above and look for a drop back to the lower.

Strategy – Still long but only looking at sectors in rising trends. Not quite as aggressive as before.

## Index Charts of the Day



If and when this breaks out it should be a nice move. Will it be the final push before correction?



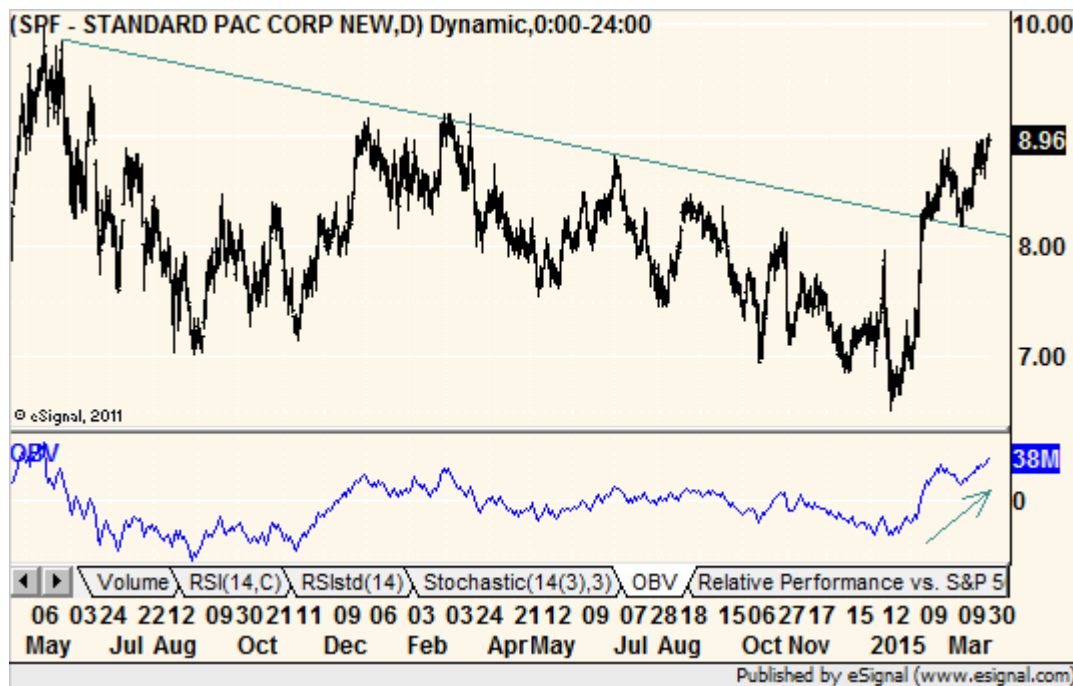
This is the Dow Jones composite – essentially the industrials, utilities and transports in one index. That looks like a failed breakdown, which suggests a move to and often though the pattern's upper border.

## The Radar Screen

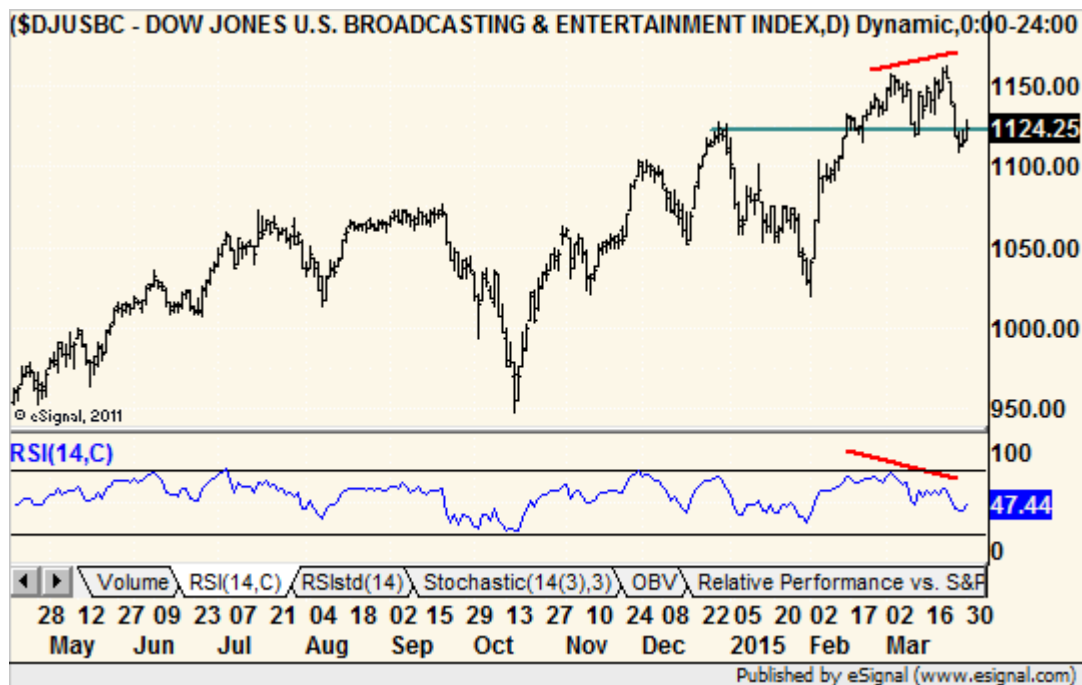
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. <u>This may take some time but we must be patient.</u>		3/23
<b>Fairway FWM</b> – If you live in NYC or vicinity you know and love this supermarket. This chart is to love, as well. Looking for a breakout from an ascending triangle but be warned it is low priced and trades maybe 200K shares per day.	<b>Triggered</b>	3/26
<b>Regeneron Pharma REGN</b> – Candidate for a biotech reversal after bounce off support. Should have put the firm trigger on it Friday so set a limit 465 just to avoid a serious gap up.	<b>Triggered</b>	3/26
<b>Facebook FB</b> – Testing breakouts. Looks OK to try today.	<b>Triggered</b>	3/26
<b>Neurocrine Bioscience NBIX</b> – A steep decline to the 50-day average with a reversal last week. A good candidate to hop back on the biotech freight train. <u>Not triggered as it opened up 5% - beyond our limit</u>	<b>Not Triggered</b>	3/30
<b>Nabors NBR</b> – We had this as a Subscriber Corner stock so now we are making it official. Buy the base breakout with a close above 14.00.	<b>New</b>	3/31
<b>Bearish Implications</b>		
<b>Bed Bath and Beyond BBBY</b> – Another sell candidate on a support break. Already under a rolling-over 50-day average and sports falling on-balance volume. Sell close under 73.60. <u>Nice rally Monday and that is why we wait for a trigger to happen.</u>		3/30
<b>HR Block HRB</b> – Already below both major averages. Sell a close under support 31.50.	<b>New</b>	3/31
<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>Viacom B VIAB</b> – Strong on-balance volume suggests this will break trendline.		3/25
<b>Keurig GMCR</b> – A stock on precipice. It has a moving average death cross last month. Look for a bounce off support line and then a breakdown to sell.		3/30
<b>Standard Pacific SPF</b> – This homebuilder is the embodiment of a stock in a strong group that is just making its move to catch up. A trendline breakout, test and resumption of the rally. On-balance volume high a new high. Buy the dip.	<b>New</b>	3/30
<b>Sector Watch</b> (observations that may spark ideas)		
<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> – ITB ETF successfully tested long-term breakout		3/20
<b>Semiconductors</b> – super de duper rebound. Bullish		3/30
<b>Biotech</b> – a nice rebound from the trendline. Buyable but be careful not to chase.		3/30
<b>Updates</b>		
<b>none</b> –		

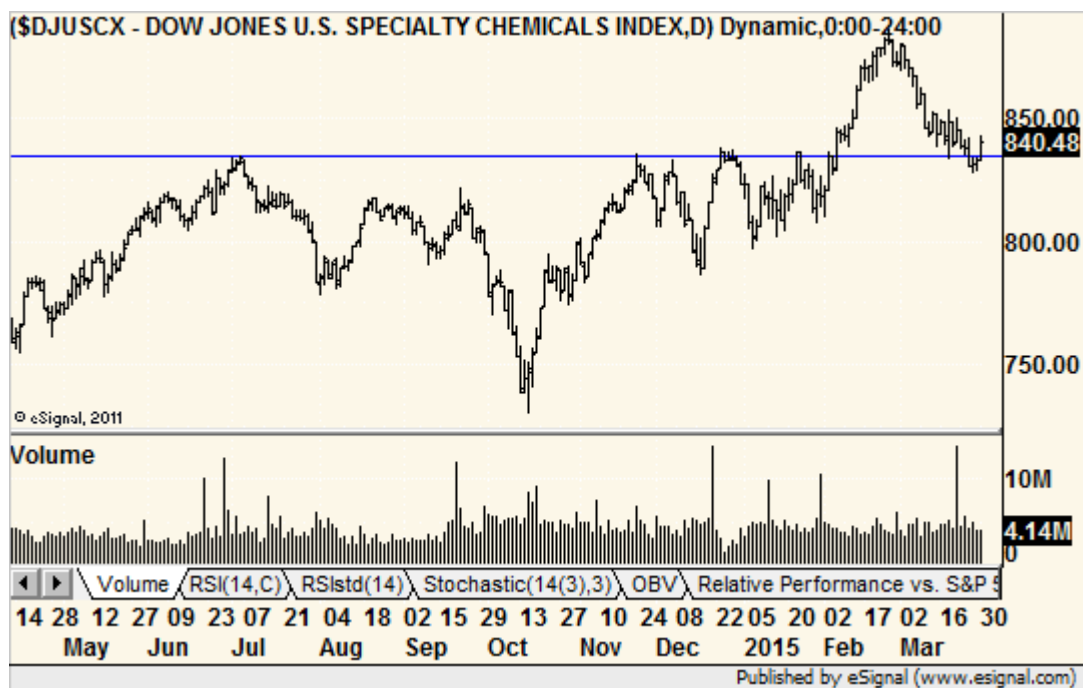
## Market Highlights



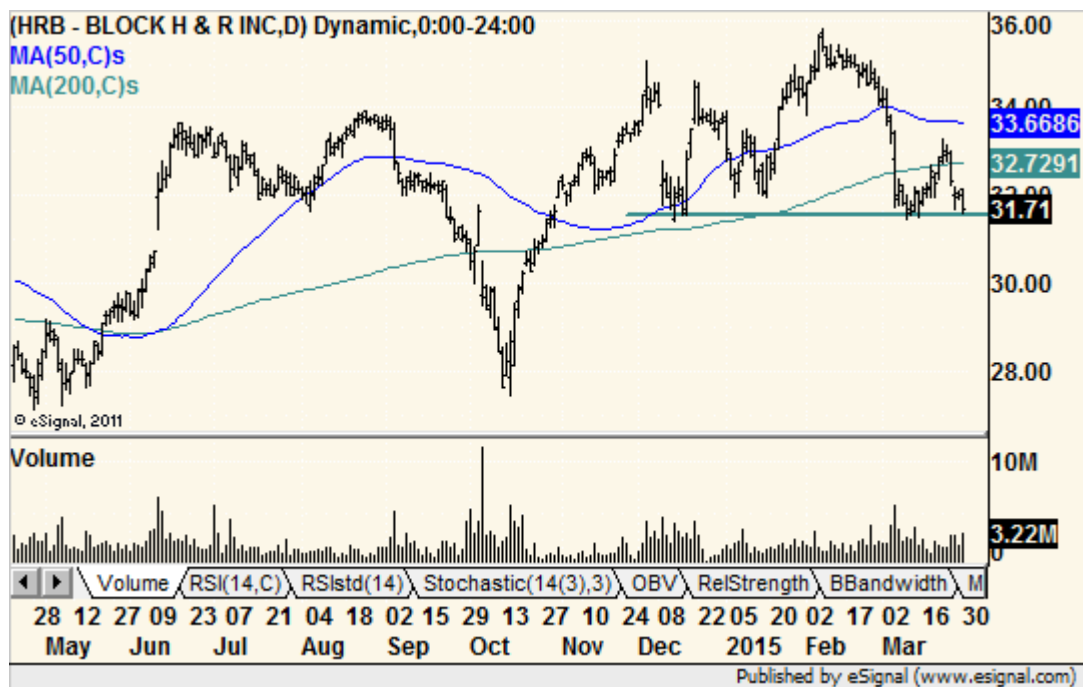
**Standard Pacific** – This homebuilder is the embodiment of a stock in a strong group that is just making its move to catch up. A trendline breakout, test and resumption of the rally. On-balance volume high a new high. Buy the dip.



**Broadcasting** – This sector sports a real RSI divergence and is now pausing at resistance. This group has **DIS** and **CVC**, the former of which is still strong. Waiting to see but this is one way we look for sectors about to fail.



**Specialty Chemicals** – Could this be the sign that these stocks are about to rebound? Check out bull flags in ECL and IFF.

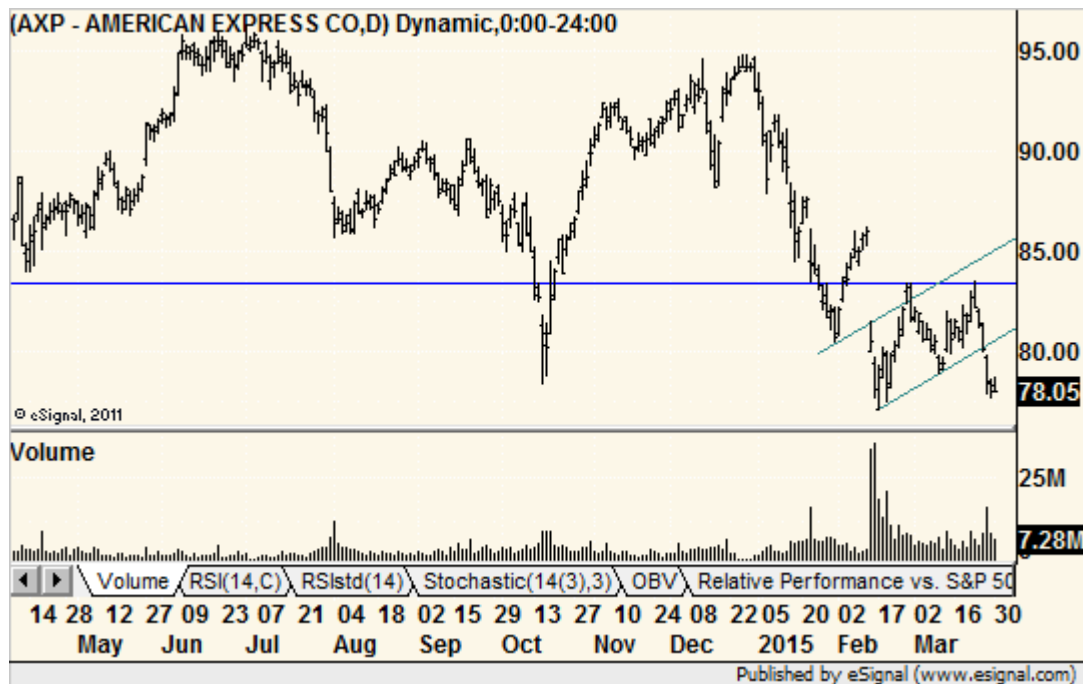


**HR Block** – Already below both major averages. Sell a close under support 31.50.

## Today's Lesson

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

### Low price is not necessarily a cheap price



**American Express** – What's wrong with Amex? We cannot tell from the chart but it is definitely something. Peers **MA** and **V** are doing quite well yet this one (and **DFS**) have broken down.

BTW, the broken support line shown here is really the support from a long-term topping pattern.

Is Amex cheap? Compared to MA and V its P/E is half. DFS is even lower so are these two laggards cheap? The trend says no.

## 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>MCD</b>	MCDONALDS CORP	97.88	1.0%	95.00	96.91	3/10	19
	<b>WMT</b>	WAL-MART STORES INC	82.53	-0.9%	80.50	83.29	3/16	13
	<b>YHOO</b>	YAHOO INC	44.95	-0.1%	43.50	44.98	3/19	10
	<b>FWM</b>	FAIRWAY GROUP HLDGS CORP	6.25	1.6%	5.85	6.15	3/30	-1
	<b>REGN</b>	REGENERON PHARMACEUTICALS	459.78	0.2%	440.00	459.05	3/30	-1
	<b>FB</b>	FACEBOOK INC	83.20	-0.7%	80.00	83.81	3/30	-1
<u>Short</u>	<b>none</b>							

**Notes:** Three new longs. **FWM** on a triangle breakout and we apologize for not being clear on the price. **REGN** although it jumped up to give us a less than stellar entry. And **FB**, which jumped up and then sold off – but not enough to scuttle the trade.

We also wanted to get into **NBIX** – another biotech – but it gapped up more than 5% and our rules prohibit chasing such moves.

## 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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