

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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April 8, 2015 – It was a very nice day on Wall Street until the final half hour of trading. The Dow went from up trips to flat as traders likely feared what the Fed minutes would say (due for release at 2pm ET today). What are they going to say? Nothing new we are sure.

What really makes us laugh are the “end of days” comments by a few pundits calling the reversal the definitive end of the bull market. It wasn’t even outside of a pattern. It came on the second lightest volume day of the year. And it was not even that big. The upside reversal the day before was three times the size so spare us.

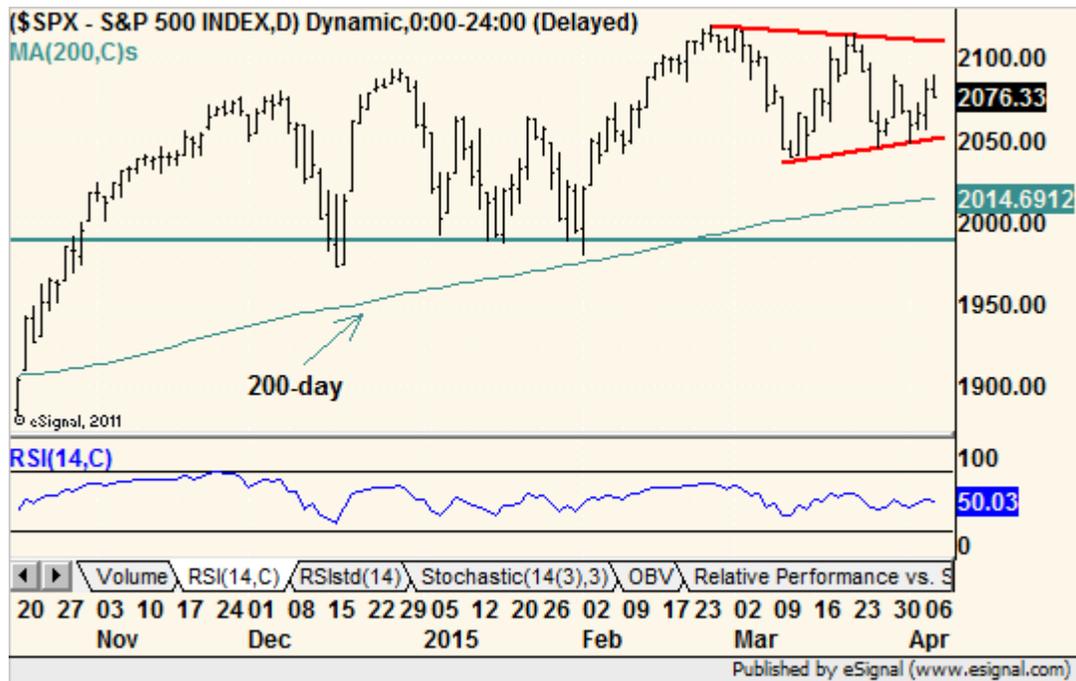
That suggests sentiment is not anywhere near frothy. And from a more practical angle, the bearish setups that popped up a few days ago are gone and all we could find in the scans overnight were new bullish setups. Don’t forget that energy is making a lot of positive noise right now, too.

Are we wearing rose colored glasses to match the Kool-Aid we are drinking? Hardly. Show us the evidence that the market has actually turned, or exhausted itself or even pulled away from bullish indications? True, it is an old bull and there is still room to correct to the major bull market trendline but there are plenty of supports in the way before we can make such a long-term call. The only thing, outside of war, to kill it now would be the Fed saying they will raise rates in June.

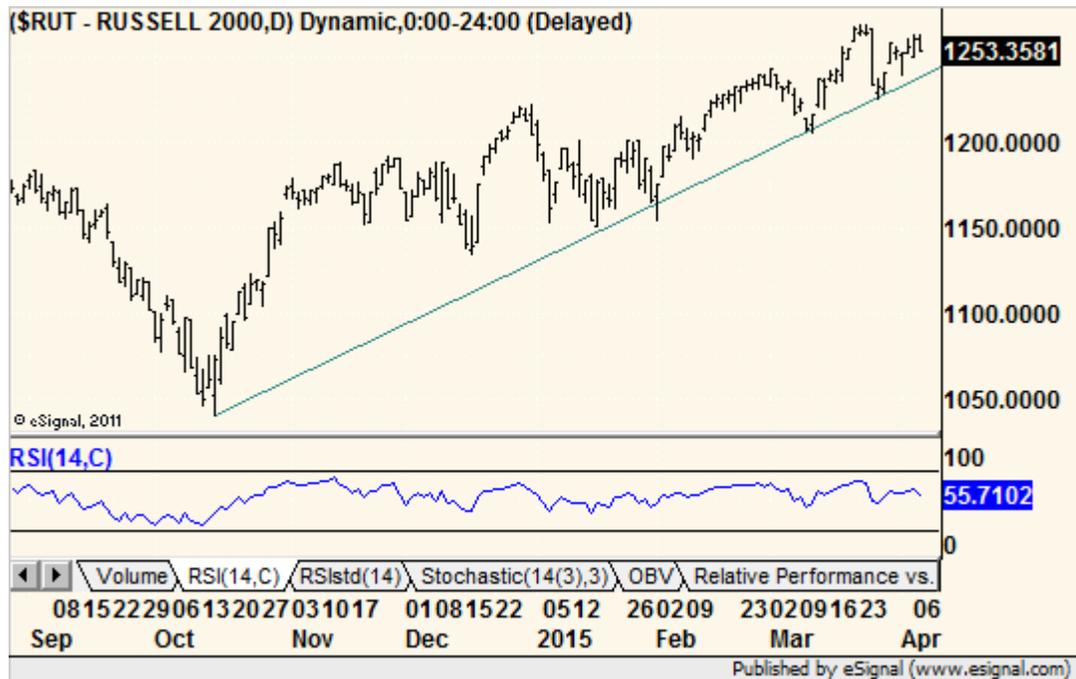


Do we really have to comment on this hourly chart? Now sitting on support after failing at resistance. A breakdown here – on the Fed minutes? – targets the lower line. It will take a move above the upper line to get this going towards old highs.

Index Charts of the Day



Looks like a coiling pattern with an upward bias.



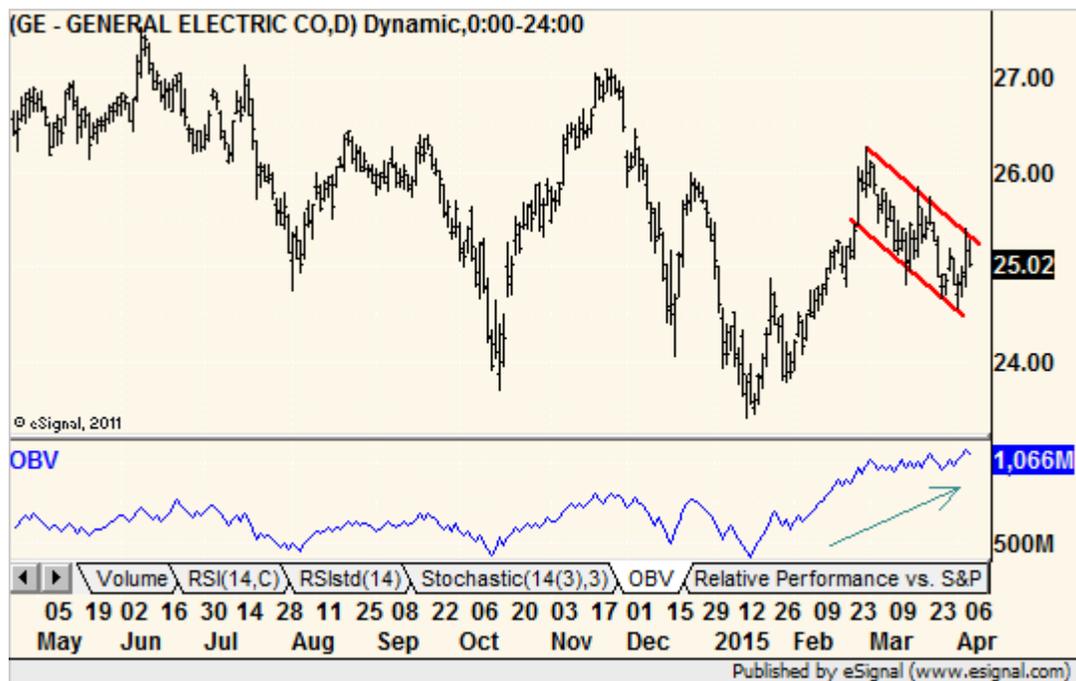
Filter out all the punditry and what do you see? A rising trend.

The Radar Screen

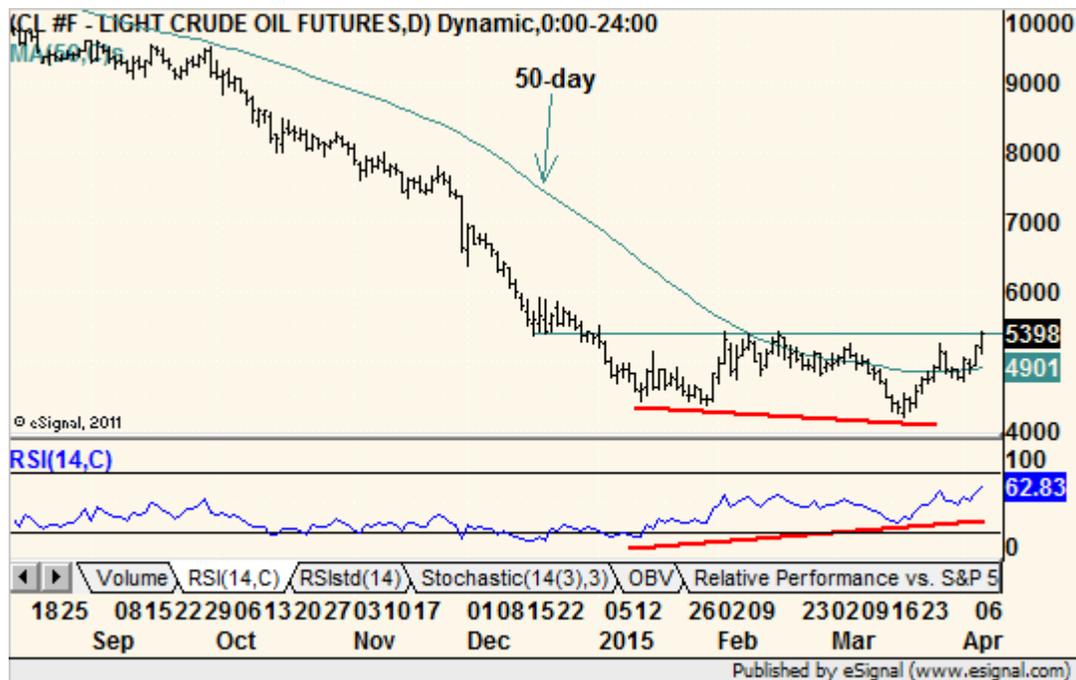
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Silicon Motion Technology SIMO – A Charles Payne semiconductor pick. We like the bull flag with clear breakout point at the 50-day average. Rising stochastics bottoms as prices fell are also bullish. Buy close over 27.50.	Triggered	4/2
Helmerich & Payne HP – This oil driller with base breakout. Up over 5% yesterday so it is a bit on the risky side without a pullback first. Let's try to buy a dip to 72.00.		4/7
Potash Corp POT – 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. <u>On-balance volume already back to old high so we are going to take it now.</u>	Moved	3/17
General Electric GE – A very classic on-balance volume bullish divergence. If this breaks from the flag pattern then it should have a nice run higher. Buy close over 25.40.	New	4/8
Bearish Implications		
Keurig GMCR – 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. <u>Got the bounce so let's set the sell trigger at 111.</u>		3/30
Illinois Tool Works ITW – Just a stock on bear watch with falling on-balance volume and stalled rally. Sell close under 96/10		4/1
Holding Tank - red shade leans bearish, green shade leans bullish		
BP BP – Just waiting for a drop to support and drooling over that huge dividend		3/12
Viacom B VIAB – Strong on-balance volume suggests this will break trendline.		3/25
Standard Pacific SPF – 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 a new high. Buy the dip.		3/30
General Mills GIS – This cereal maker was already on the move before corn was crushed last week. This is a nice breakout but it is a bit overbought. Buy the dip.		4/1
Briggs & Stratton BGG – This small engine maker looks encouraging with a big base and rising on-balance volume. Waiting for it to get closer to resistance.		4/1
Sprouts Farmers Market SFM – This is an organic foods retailer in competition with WFM . The chart has a breakout with on-balance volume already nearing its old high. Investor's Business Daily had this on a list of good earnings stocks to weather a correction. Waiting for a dip.		4/2
Jacobs Engineering JEC - Heavy construction stock in a "handle" formation. Buy close over resistance 45.50.	New	4/7
Sector Watch (observations that may spark ideas)		
Biotech – A bit more downside than expected. now on the cusp of erasing bullishness.		3/30
Specialty Chemicals – Bounced off major support. Check out bull flags in ECL and IFF . CBT possible catch-up candidate.		3/31
Shale Oil – Think shale oil is dead? Nope. CPD, OAS, SN, LPI		4/6
Oil Explorers/producers –RRC with possible double bottom. PXD, SM, XEC, NFX		4/6
Heavy Construction – cup-with-handle-like bottoming pattern. FLR almost there		4/7
Updates		
none –		

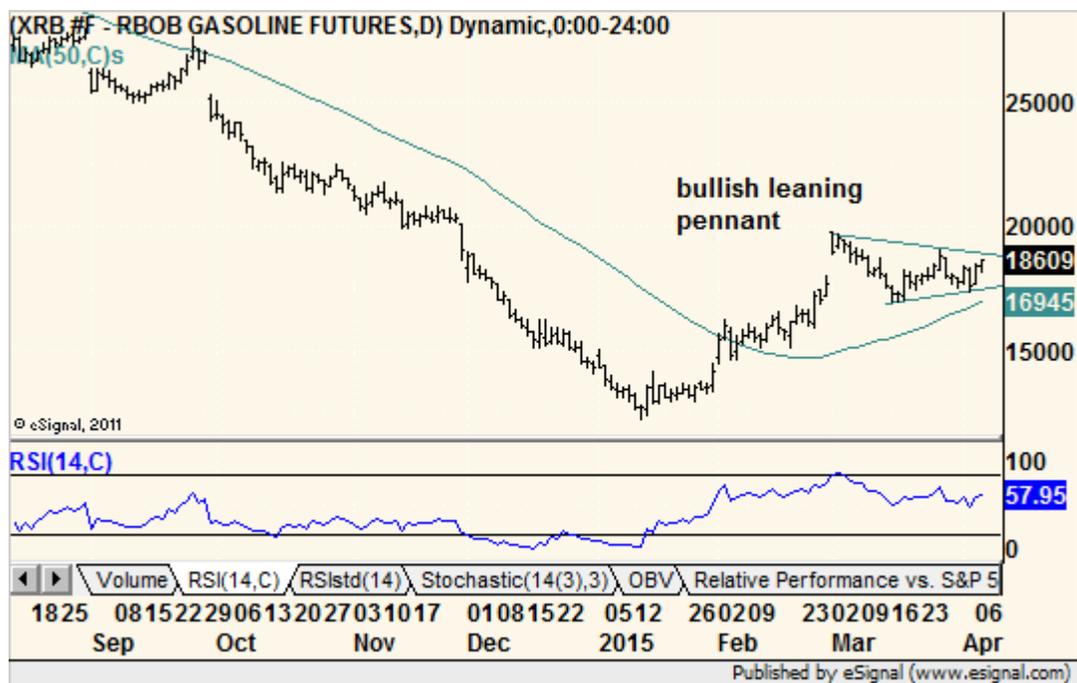
Market Highlights



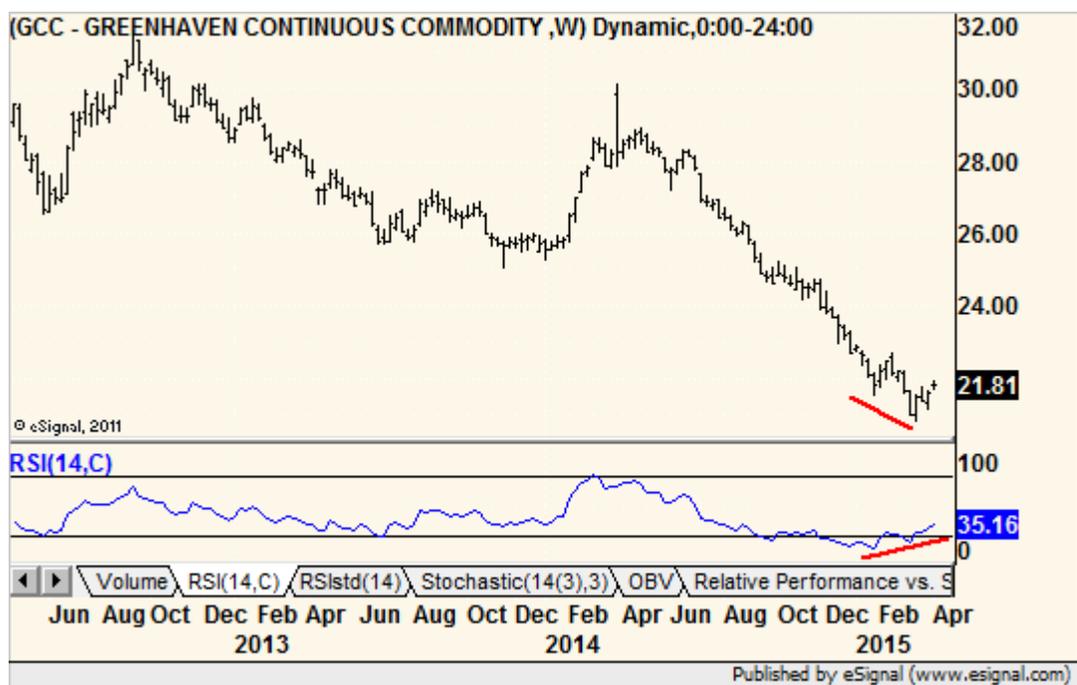
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NYMEX crude oil – Bullish RSI divergence and breakout above 50-day average. It is pulling back this morning but a move above resistance at 54 would be a big deal.



Gasoline – Looks rather bullish in a pennant formation above a now-rising 50-day average.



Greenhill Commodities ETF – We are still dollar bulls but this commodities ETF does have the look of something at or near its final low. Still in decline but RSI is rising.



Emerging Markets ETF – What’s this? Strength? We are not buying now but this is something to watch as commodities may have bottomed.



Mylan – We rode the breakout last month and then got out. Looks like it is setting up to repeat.

Today's Lesson

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

Measuring the Move



Nabors Industries – Per subscriber request this is a good time to review setting price targets from breakouts. Here, we see Nabors (now in the Advice Tracker) with a base breakout. The height of the pattern projected up from the breakout point yields the first target and it happens to match the 200-day average in the 18.20 area.

If it keeps going we then look for the second integral multiple of the target as shown.

Keep in mind this one is already getting overbought and at the top of the November gap down. We would not be surprised to see a test of the breakout but that is not a forecast.

Two-pager on measuring the move, [click here](#).

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>	MCD	MCDONALDS CORP	96.35	-0.6%	95.00	96.91	3/10	28
	WMT	WAL-MART STORES INC	80.50	-3.3%	80.50	83.29	3/16	22
	YHOO	YAHOO INC	43.61	-3.0%	43.50	44.98	3/19	19
	FB	FACEBOOK INC	82.32	-1.8%	80.00	83.81	3/30	8
	NBR	NABORS INDUSTRIES LTD	14.88	5.7%	14.00	14.08	4/1	6
	CBI	CHICAGO BRIDGE & IRON CO N V	49.49	1.0%	47.00	49.01	4/1	6
	HRB	BLOCK H & R INC	31.69	-1.8%	31.50	32.26	4/2	5
	SIMO	SILICON MOTION TECHNOLOGY	27.74	0.0%	26.25	27.74	4/7	0
<u>Short</u>	none							

Notes: A new long in **SIMO** – a semiconductor stock – added at the close.

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

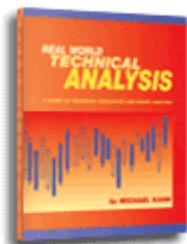
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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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>.

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