

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**April 23, 2015** – Stocks closed higher on better-than-expected earnings and an upbeat report on existing-homes sales that boosted investor confidence. The Nasdaq reached a 15-year closing high.

About half of the Dow's gains came from the Visa, McDonald's American Express and Apple. McDonald's and Coke kicked in some nice moves, too although Boeing, which posted better-than-expected earnings, dropped.

In other words, most of the happiness on Wall Street was earnings derived with a smattering of housing news. Too bad today Pulte Homes is cratering on an earnings miss.

Treasury bonds had a particularly bad Wednesday as the **TLT** broke down from a one-month range. The culprit, so they say, was the home sales data. Guess what is reversing this morning? And check out the homebuilder ETF chart below with a downside trend break.



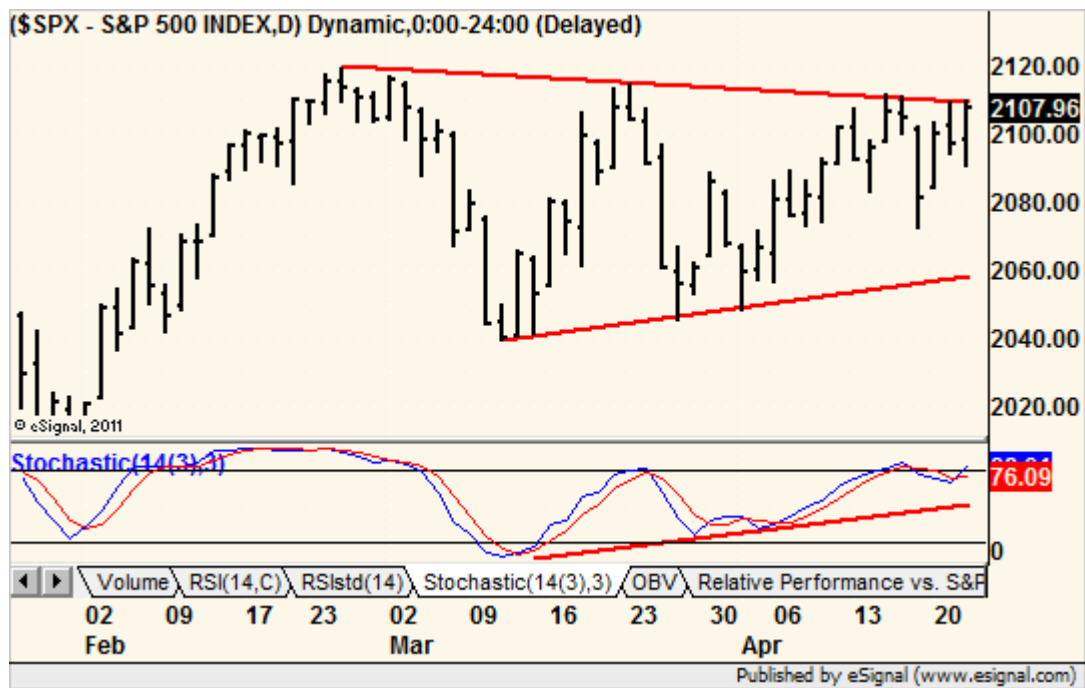
While the hourly levels are still working we do see a possible failure to reach the upper line right now. That hints that a slightly deeper pullback is possible although we are not going to change our major trend view.

All told, we are going to take it easy today. One colleague reports an unusually high open interest put/call ratio on the OEX and that is bearish. Of course, open interest in OEX is a shadow of its former self.

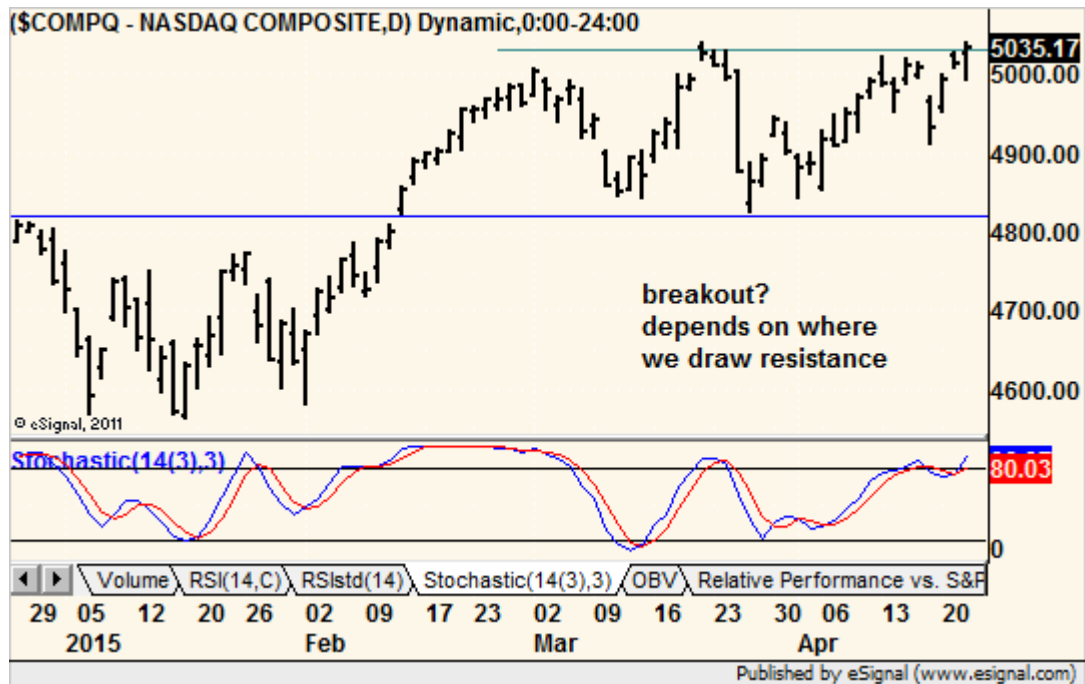
The Advice Tracker is rather full and there are a few too many short-term warnings in place to make us want to press the issue. Again, not enough to turn bearish but enough to want to be careful. Especially with all the breakouts occurring on earnings (charts below).

A reversal of the premarket decline would, of course, make us a lot happier and put the S&P 500 on breakout watch.

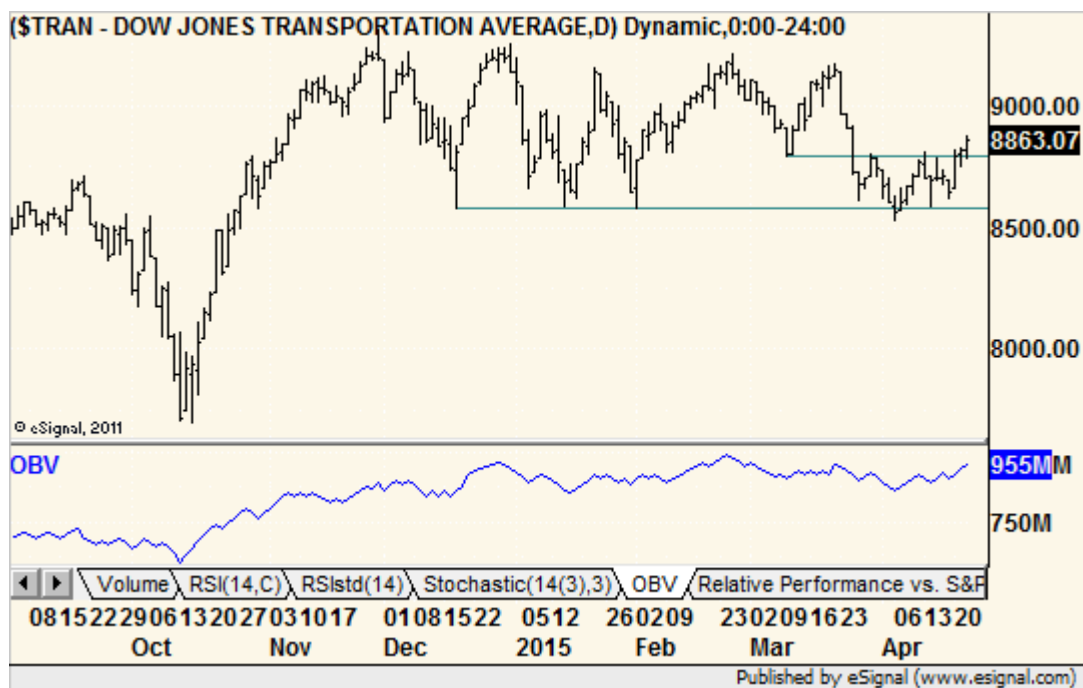
## Index Charts of the Day



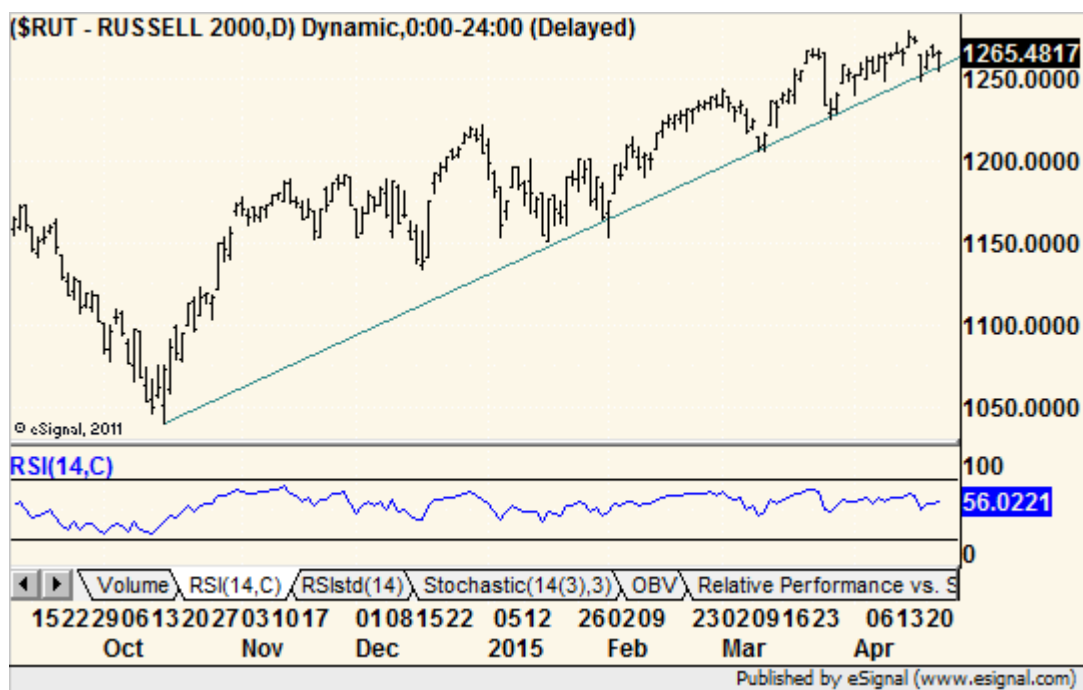
ZZZZ... Although we can say that stochastics is trending higher as a positive signal.



The Nasdaq has an arguable breakout but we'll say that would be pushing the definition a bit. Still, it was a nice day yesterday.



Transports have now proven they have held support and are in a rising short-term trend.



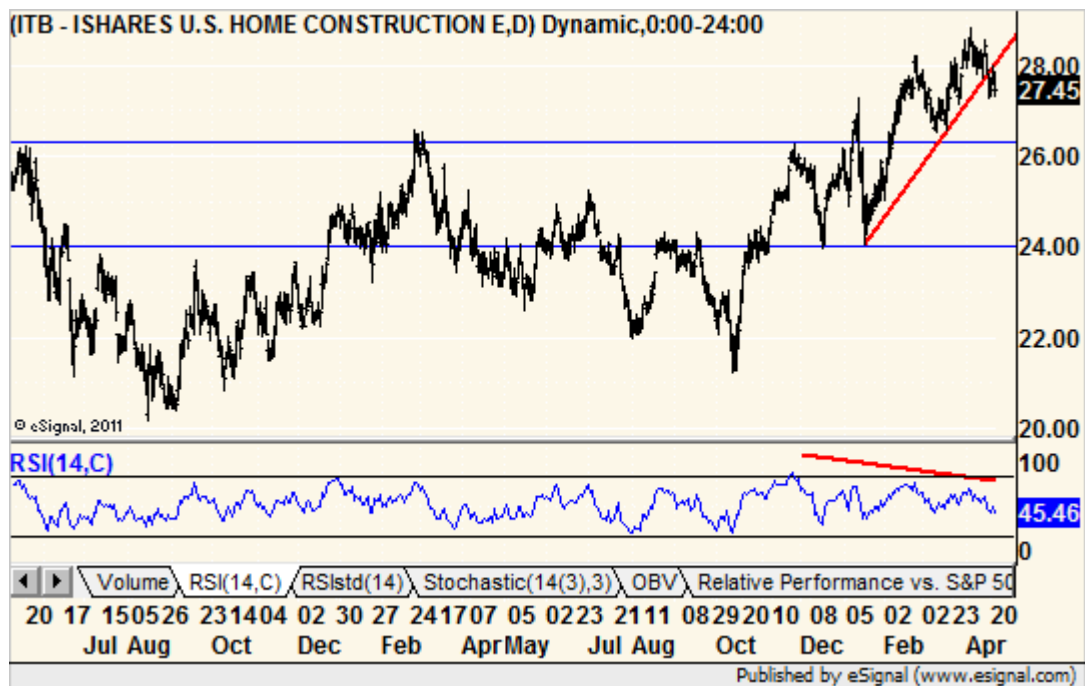
The Russell 2000 is having trouble lifting off the trendline. A slight worry.

## The Radar Screen

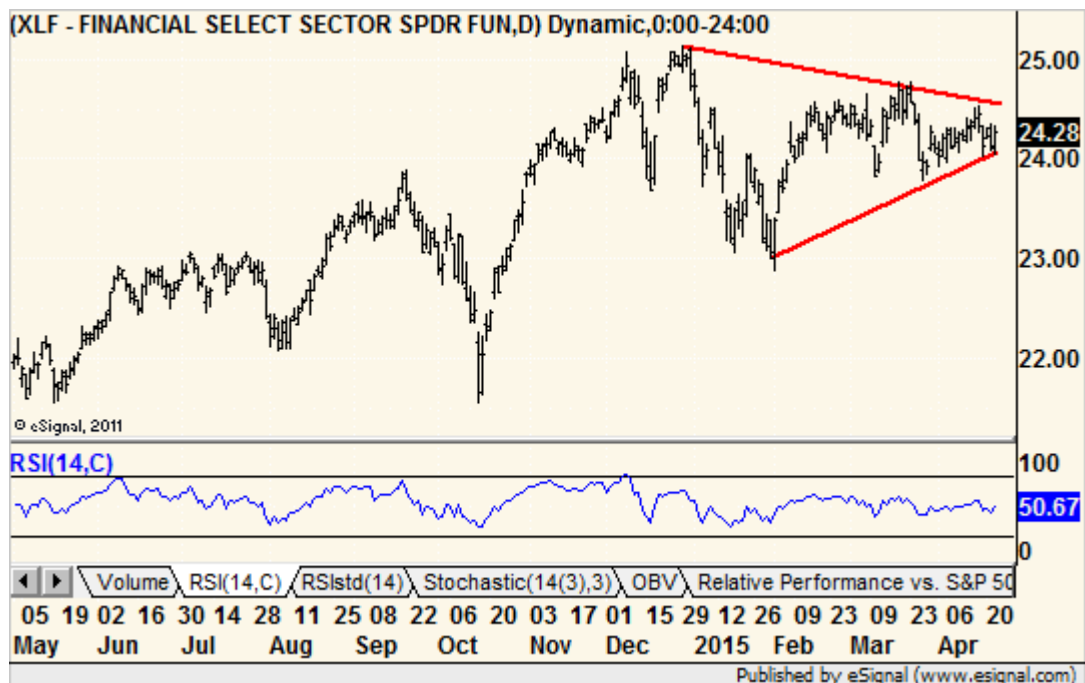
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Briggs &amp; Stratton BGG</b> – This small engine maker looks encouraging with a big base and rising on-balance volume. Changing trigger to breakout from two-month triangle with a move over last week's high. Buy 20.70.		4/21
<b>Koppers KOP</b> – This specialty chemicals stock has an inverted head-and-shoulders breakout with big volume. Also broke and tested the 50-day average. We'd like to get a slight dip here but the intraday chart looks to already have a significant correction, time-wise. Buying.	<b>Triggered</b>	4/22
<b>St Jude Medical STJ</b> – This medical devices stock is breaking out with rising on-balance volume. We like it here.	<b>Triggered</b>	4/22
<b>Bearish Implications</b>		
<b>Keurig GMCR</b> – A stock on precipice. It has a moving average death cross in February. Now that it bounced we will sell under 111.		3/30
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Blue Chips</b> – Just watching how <b>IBM, INTC, AAPL</b> develop with a positive bent		4/21
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Heavy Construction MTRX</b> among others		4/7
<b>Consumer Discretionary ETF XLY</b> – Triple top or continuation rectangle		4/10
<b>Software</b> – DJ software index has its upside trend break		4/13
<b>Apparel retail</b> – Waiting for <b>TJX</b> bounce to sell. <b>UA</b> crushed on earnings.		4/21
<b>Other retail</b> – <b>BBY</b> looking bad		4/21
<b>Banks ETF KBE</b> - Still waiting for a real breakout for more than just <b>JPM</b> and <b>GS</b> .		4/21
<b>DJ medical supplies sector</b> – Bull flag. On-balance volume held steady during the pullback. Bullish setup. <b>BCR, TFX, BAX</b>		4/22
<b>Updates</b>		
none –		

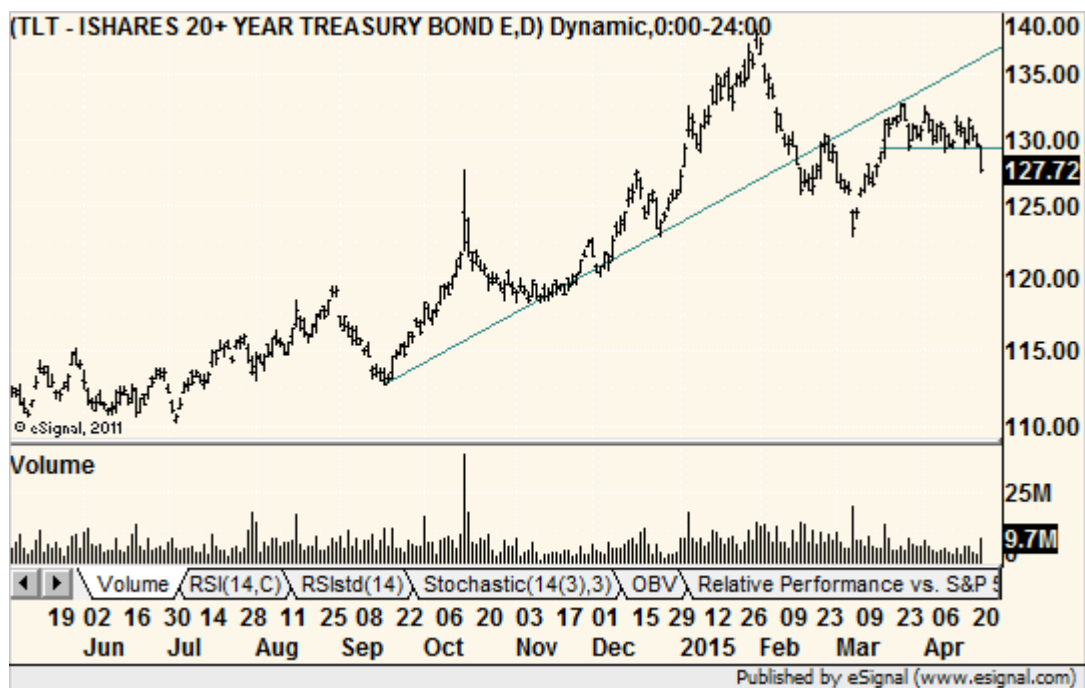
## Market Highlights



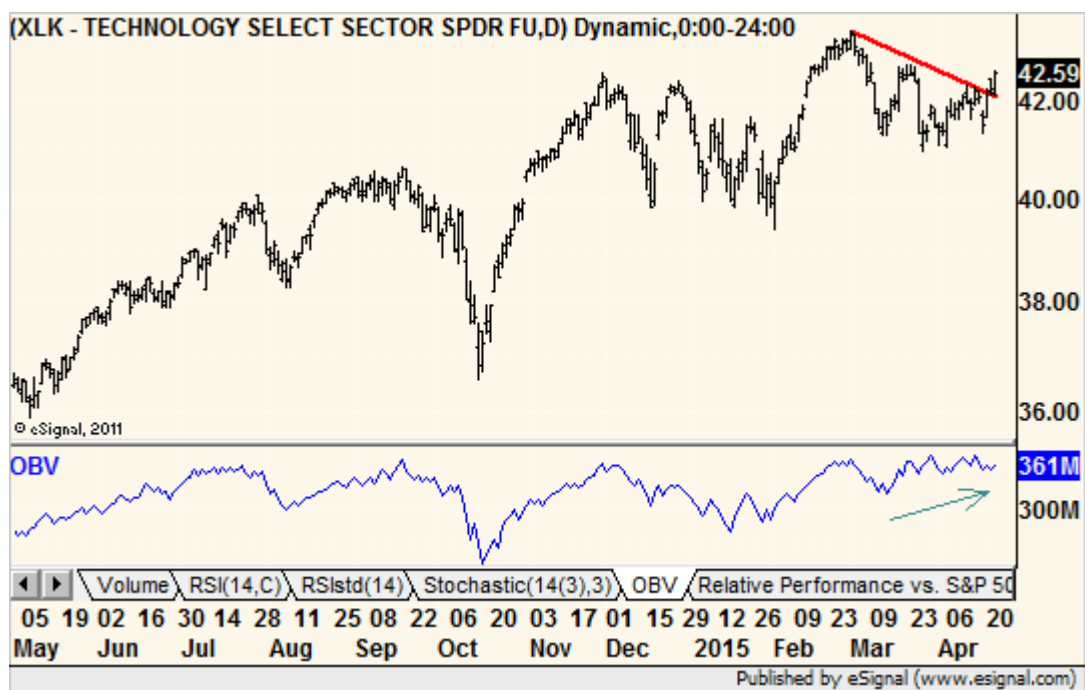
**Homebuilder ETF** – This is a short-term problem and one reason we gave up an earlier strategy to buy a dip in an individual homebuilder stock.



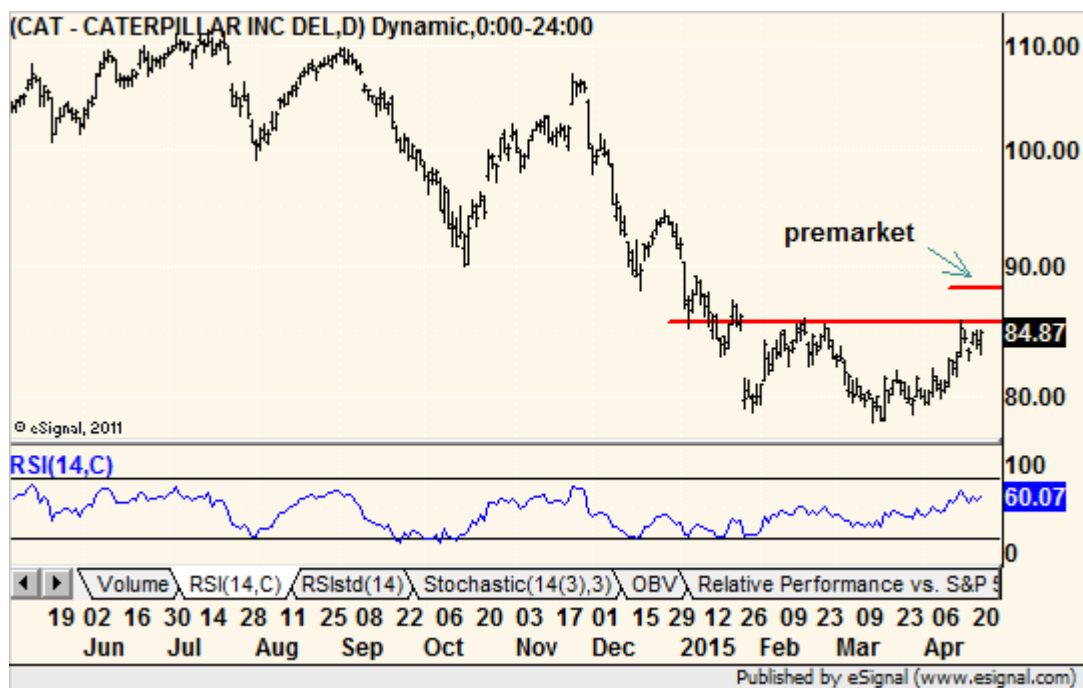
**Financials ETF** – While we wait for an upside breakout in the **KBE** bank ETF we see the overall financial sector in a triangle and always in danger of breaking down.



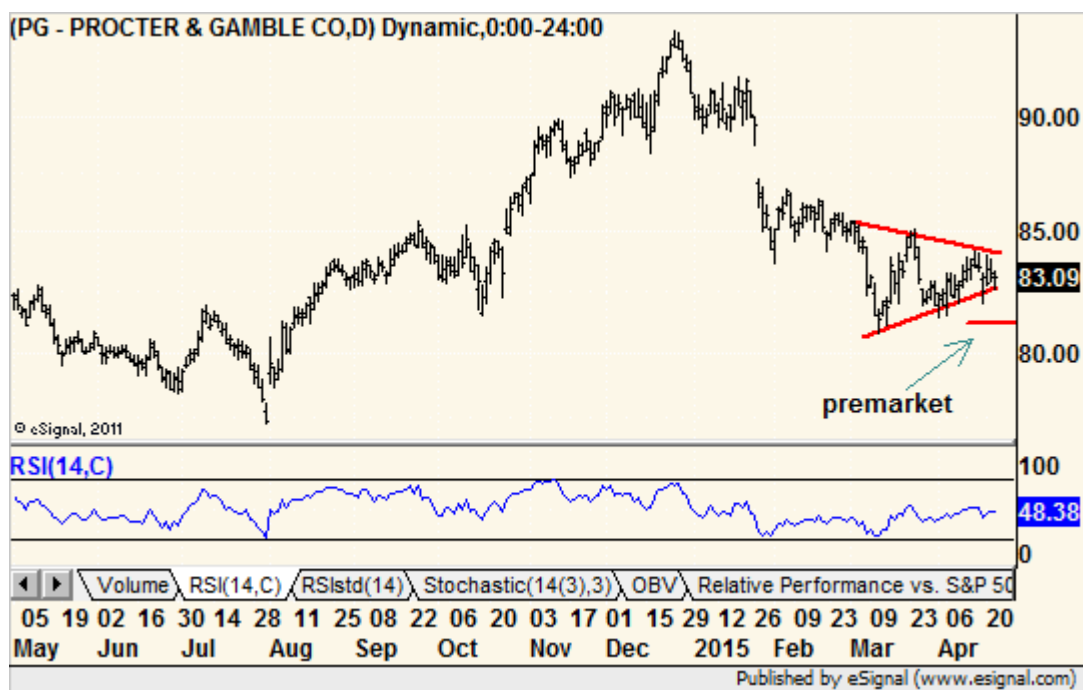
T-bond ETF – Breakdown on volume.



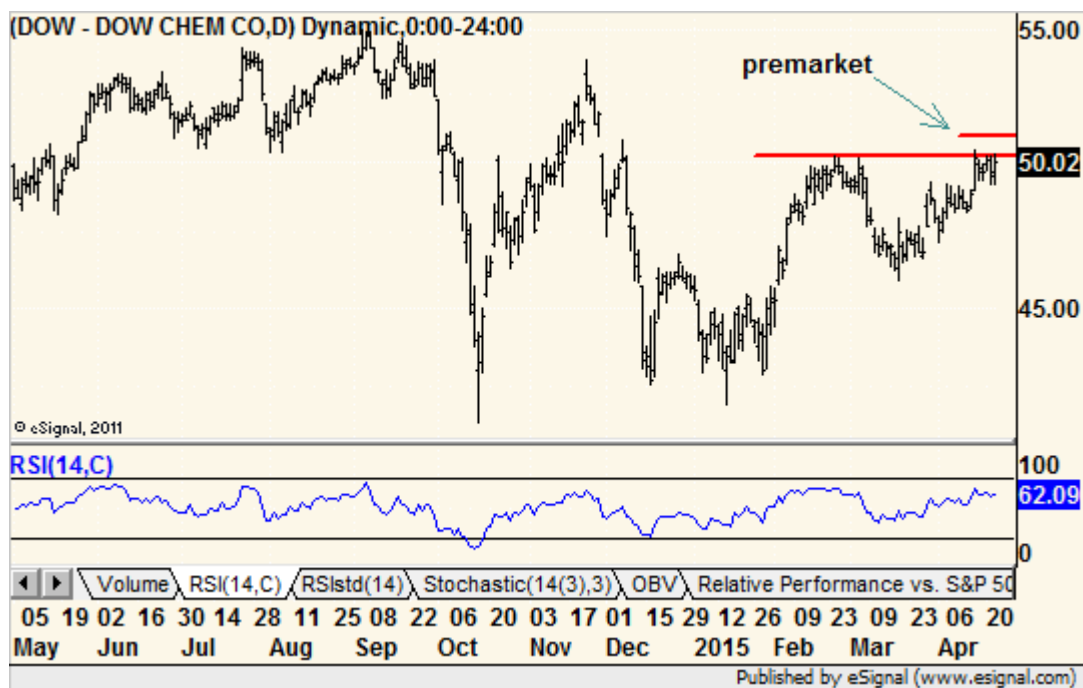
Technology ETF– Looks good



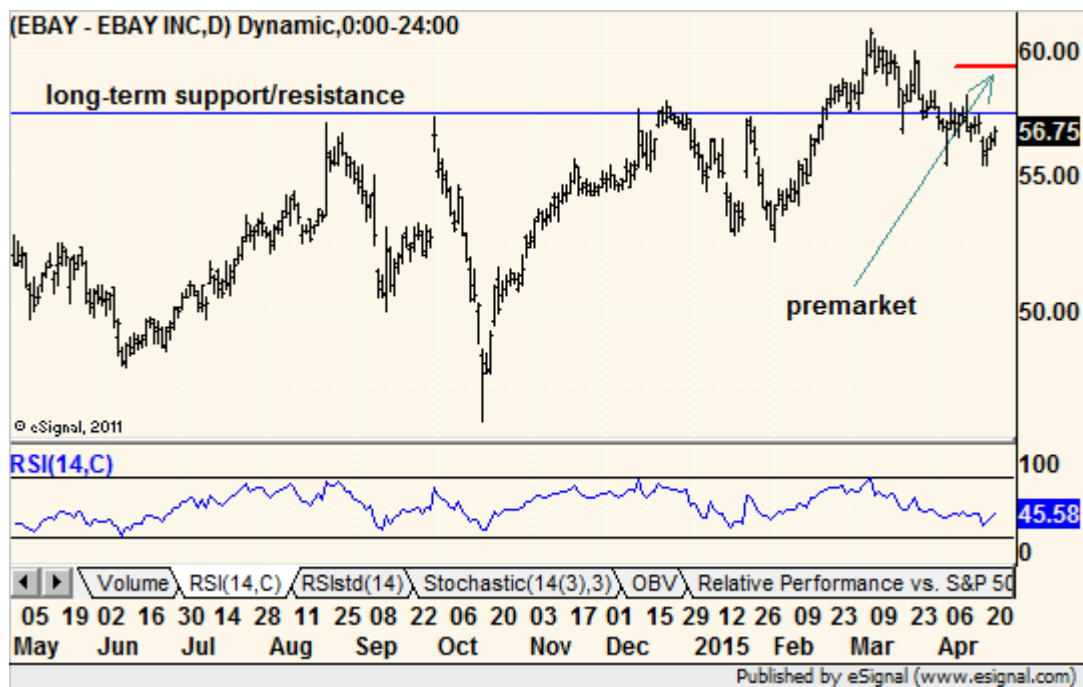
**Caterpillar** – Breakout on earnings. The chart was already hinting.



**P&G** – Down on earnings. Again, the chart was already hinting.



**Dow Chemical** – Breakout on earnings. See a theme? The chart foreshadows. Also, **basic materials and cyclicals are making a comeback.**



**eBay** – Another breakout. This one ends a successful test of a long-term resistance breakout. The violation is acceptable when we are talking about a two-year resistance. **The theme here is technology.**



## 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>YHOO</b>	YAHOO INC	43.98	-2.2%	43.50	44.98	3/19	34
	<b>FB</b>	FACEBOOK INC	84.63	1.0%	80.00	83.81	3/30	23
	<b>CBI</b>	CHICAGO BRIDGE & IRON CO N V	49.62	1.2%	49.00	49.01	4/1	21
	<b>SIMO</b>	SILICON MOTION TECHNOLOGY	33.64	21.3%	32.00	27.74	4/7	15
	<b>JEC</b>	JACOBS ENGR GROUP INC DEL	46.95	2.3%	46.00	45.90	4/9	13
	<b>PM</b>	PHILIP MORRIS INTL INC	83.69	7.1%	82.00	78.11	4/14	8
	<b>ABB</b>	ABB LTD	21.85	0.2%	21.25	21.80	4/14	8
	<b>GILD</b>	GILEAD SCIENCES INC	104.18	1.8%	100.00	102.34	4/14	8
	<b>XOM</b>	EXXON MOBIL CORP	87.46	1.0%	85.00	86.63	4/14	8
	<b>VIAB</b>	VIACOM INC NEW	70.42	0.0%	68.00	70.45	4/14	8
	<b>FLR</b>	FLUOR CORP NEW	60.18	0.4%	57.00	59.93	4/21	1
	<b>KOP</b>	KOPPERS HOLDINGS INC	22.68	0.2%	21.50	22.64	4/22	0
	<b>STJ</b>	ST JUDE MED INC	73.55	4.8%	71.00	70.15	4/22	0
<u>Short</u>	<b>WSM</b>	WILLIAMS SONOMA INC	76.08	0.6%	80.00	76.51	4/17	5

**Notes:** New longs in **KOP** and **STJ** at the open yesterday. The latter soared!

A subscriber points out heavy put activity in CBI, which announces earnings after 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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