

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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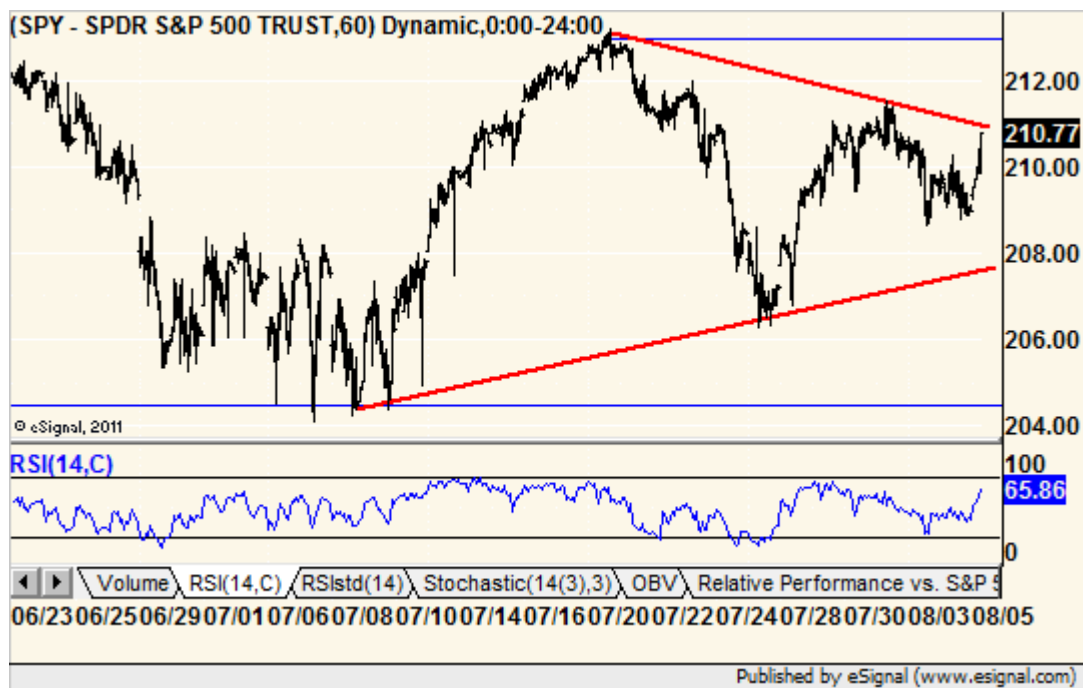
August 5, 2015 – On the tube this morning, an analyst said that the stock market would “rip higher” after the Fed starts to raise rates. The idea was that it would signal that the economy was healed enough to handle it. Interesting. However, from a technical point of view, “everyone” knows rates are going up. Janet Yellen said so – over and over again. It will be no surprise. “Everyone” already knows what the Fed thinks.

Of course, this works both ways. Rising rates should not trigger a meltdown either although that was the excuse for Tuesday’s weakness. Stranger things have happened and this market has been notorious for several years for double dipping on the news. End of QE? Sell the rumor and then sell the fact. New stimulus? Buy the rumor and then buy the fact.

We still see the charts saying flat to bearish right now. The **VIX** is surprisingly low considering all of this uncertainty yet the AAI survey is surprisingly un-bullish (low level of bulls but not necessarily a high level of bears). Even sentiment indicators cannot agree and that in itself is an argument that the market has no idea what to do – which is uncertainty and leans bearish.

And then the ADP report this morning shows weakness so stock rally on the hope that the Fed will not raise rates in September. Atlanta Fed president Dennis Lockhart just yesterday reiterated that they will.

We can argue around this circle all day.

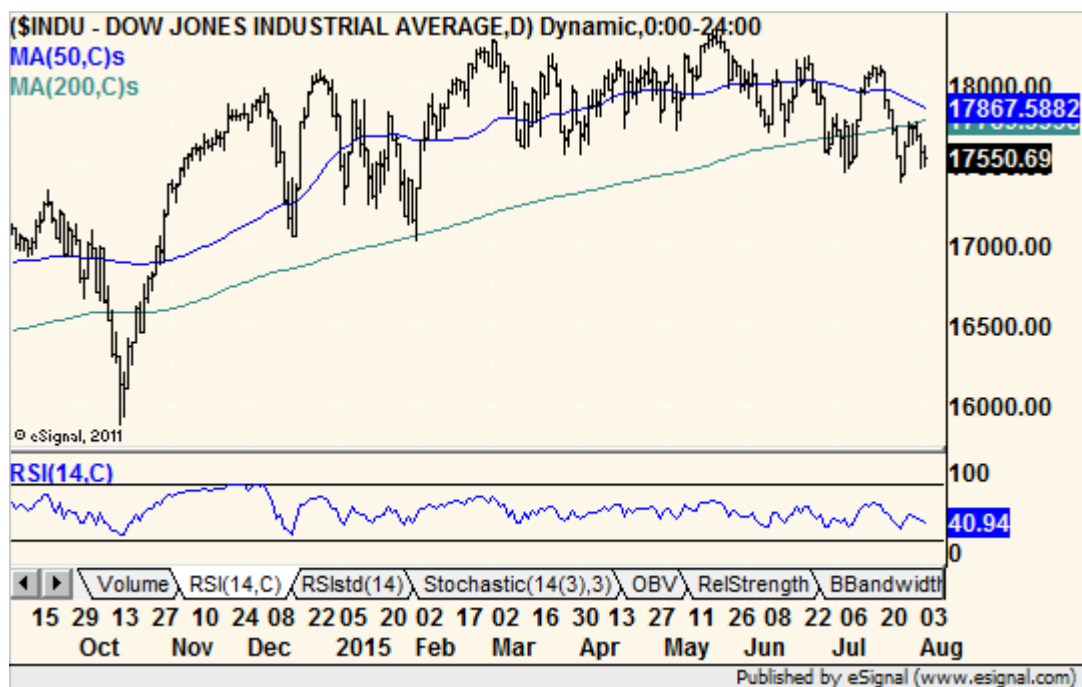


We’ll let the lines on the hourly chart speak for themselves. Now at resistance but within an overall trading range. A breakout through the red line targets the recent high.

Our strategy has not changed. Mostly cash with a bearish bias in opportunistic trades. We like Disney today on the dip.

Index Charts of the Day

One chart, no fuss, no muss



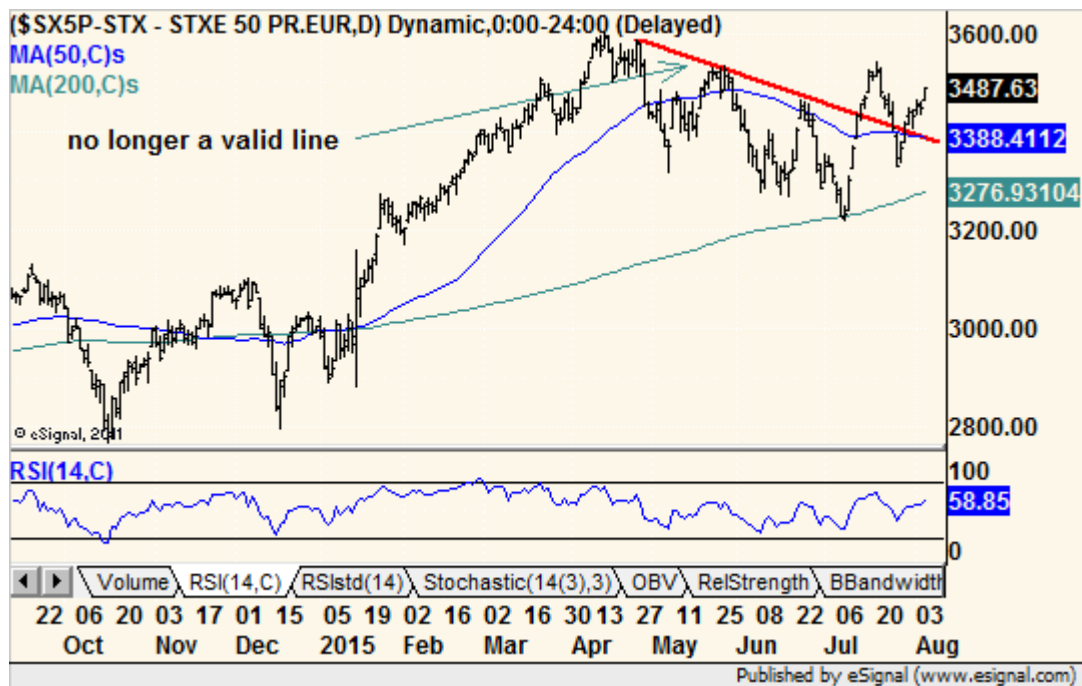
The Dow broke and tested its 200-day average. And unless it gets its act together soon the 50-day average will cross below the 200-day. The dreaded death cross.

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		
Disney DIS – Unlike other recent earnings bonks, Disney is now trading just barely below its 50-day average and the trend is still up. Other stocks looked totally broken. On-balance volume here was also quite strong before the earnings report. We’d say this is a buying opportunity but it does entail plenty of risk. Let’s give it a go.	New	8/5
Bearish Implications		
Analog Devices ADI – I panned semis Monday for Barron’s Online. Here is one ready to break a flag and 200-day average. Sell 58.	New	8/5
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Intel INTC – Waiting for a test of a weekly head-and-shoulders to sell.		7/28
Rangold GOLD – We just looked around the sector – which is still not bullish even though I think it has capitulated – to see stocks with positive earnings. This one has fairly strong support. Just lookin’, not buyin’.		8/3
Nasdaq biotech ETF IBB – The last divergence did not work but this one seems better. Still have to wait for a trend break so it is only a warning for now.		8/4
Sector Watch (observations that may spark ideas)		
The Generals – AMZN, NFLX, GOOGL, AAPL, GILD, FB, SBUX . If these crack then look out below.		7/27
Defense index DFI – A declining channel presents clear boundaries.		7/31
Retail ETF XRT – Looking dicey. Waiting for the breakdown		8/3
Updates		
Coke KO – We said it was not ripe but it broke out anyway.		

Market Highlights



Stoxx 50 – The Pan-Europe blue chip index broke out, failed and then negated the failure. As such, the red line is no longer valid. We can see the makings of an inverse head-and-shoulders with misshapen parts. That suggests a run back to the old high where resistance will take hold. Meanwhile, Greece keeps bleeding lower, albeit at a slower pace. See next chart...



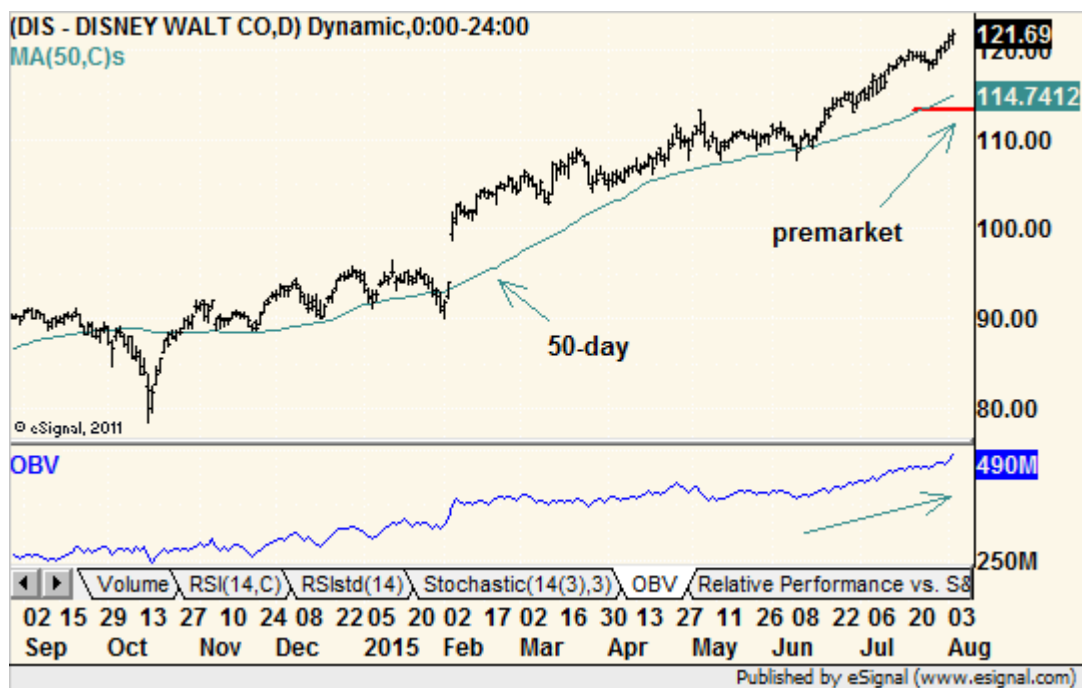
Germany – The pattern here is more traditional than in the Stoxx-50. A breakout and successful test is bullish. The implication is the same for a run to the old high. Similar story in France.



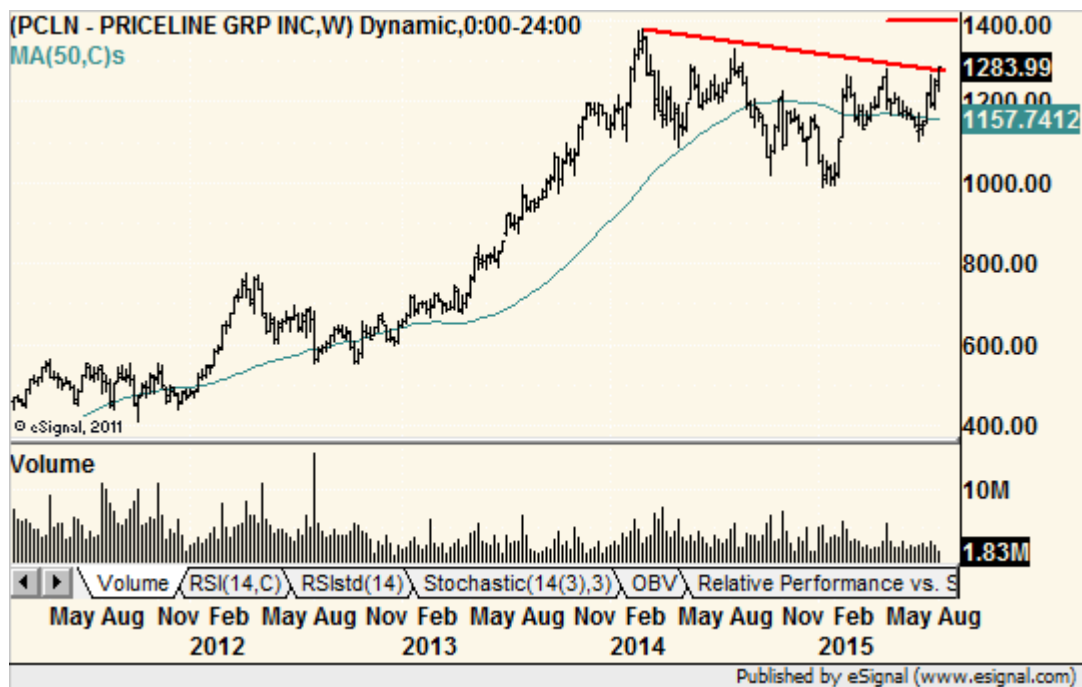
Junk Bonds ETF – Still acting rather poorly.



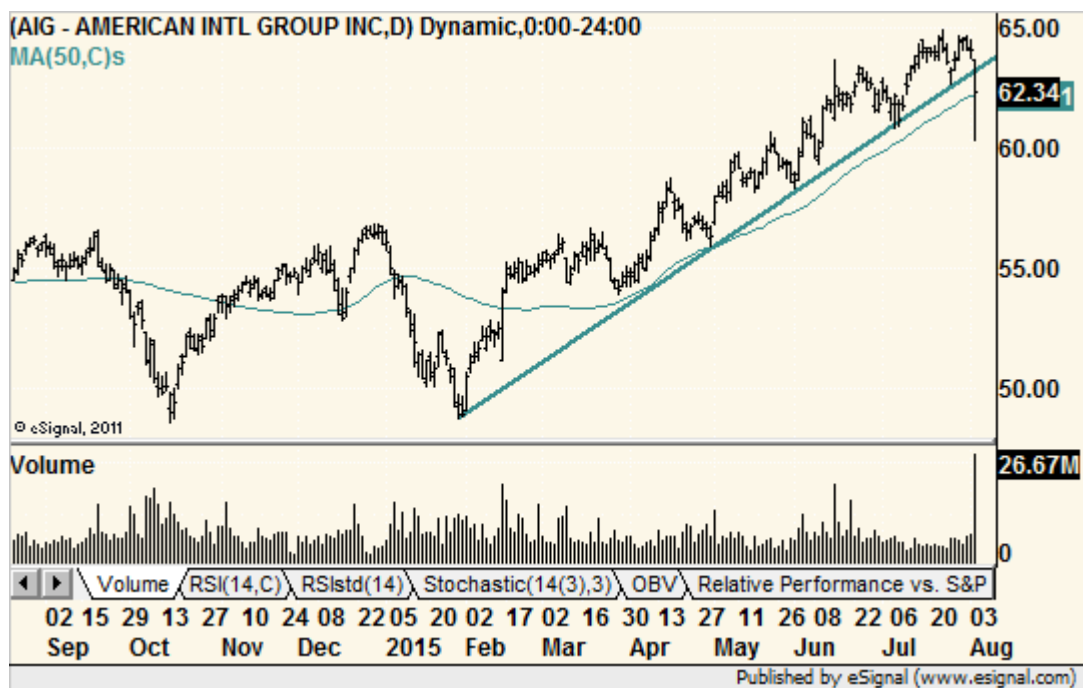
Bond quality ratio – Same for the ratio of junk to high grade corporate bonds.



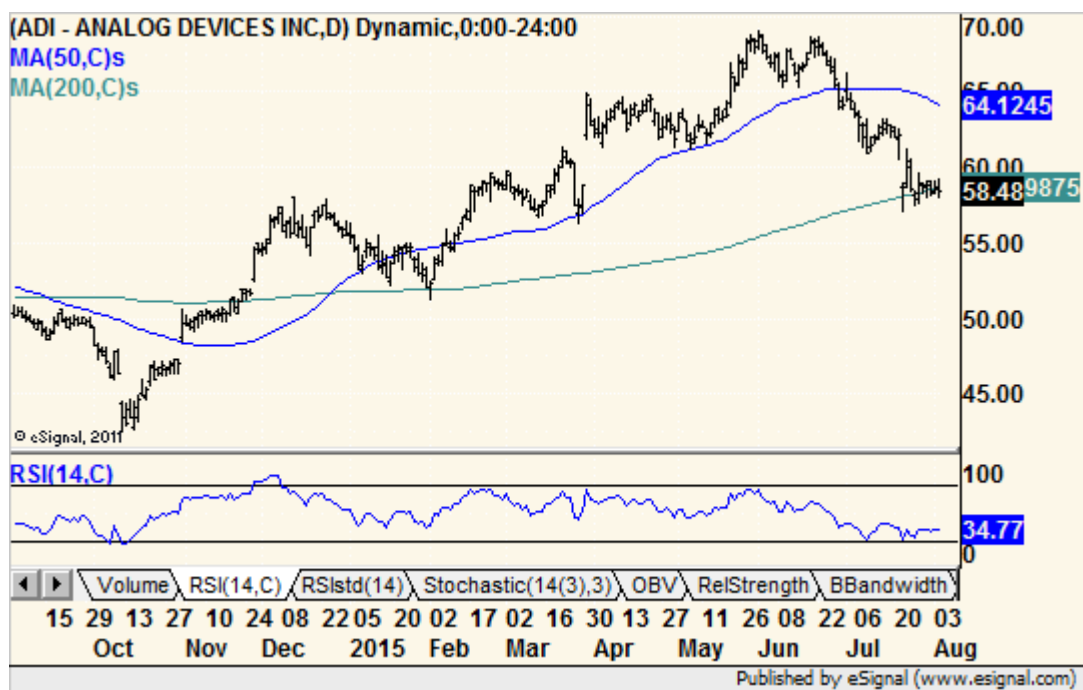
Disney – Unlike other recent earnings bonks, Disney is now trading just barely below its 50-day average and the trend is still up. Other stocks looked totally broken. On-balance volume here was also quite strong before the earnings report. We’d say this is a buying opportunity but it does entail plenty of risk. Let’s give it a go.



Priceline – Yesterday’s free Chart of the Day email. Big gap up on earnings to break out from a weekly channel. In the TradeKing webinar I said whatever way it goes will be big.



AIG – Insurance had a rough day as this one has a breakdown. **ALL** as well.



Analog Devices – I panned semis Monday for Barron’s Online. Here is one ready to break a flag and 200-day average. Sell 58.

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. Symbols in **green** were closed by us. 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>	MO	ALTRIA GROUP INC	54.92	5.8%	53.50	51.90	7/16	19
<u>Short</u>	DLPH	DELPHI AUTOMOTIVE PLC	77.82	2.7%	79.50	79.92	7/16	19
	HPQ	HEWLETT PACKARD CO	29.76	1.9%	31.50	30.34	7/17	18
	URBN	URBAN OUTFITTERS INC	32.40	8.0%	34.25	35.00	7/21	14
	ACM	AECOM	30.69	-1.6%	31.25	30.19	7/24	11
	NYT	NEW YORK TIMES CO	13.18	-0.6%	13.75	13.10	7/27	8

Notes: none

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

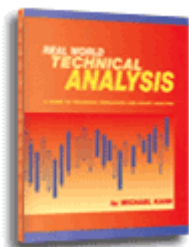
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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