

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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August 17, 2015 – Another uneventful weekend around the world so the domestic market is holding steady in the premarket this morning. We did see a segment on Bloomberg about the worst 10 emerging markets currencies and here is the headline: Morgan Stanley's Fragile Five Swells to Troubled 10 in Selloff. It was all about vulnerability after the Chinese yuan devaluation. South Korea is one of them and you can see in its stock market that things are rather dour. Singapore has the same look.

We are not fundamental types but slow global growth is not going to help anything here or there. Just one more bearish arrow in the quiver.

Now that the excitement has died down let's circle back to the moving average death cross. Often, when the cross happens the market is already oversold and ready to bounce. The Dow sort of bounced but not really. Maybe it is because most of the market did not have the cross and therefore we can ignore it. Of the majors it is still just the Dow and the NYSE composite so let's move on to sectors.

Several of the falling sectors have come back. Staples were below its 200-day in June but no more. Tech was below in July and while it is back above it is not by much. But industrials, basic materials and energy are certainly below and have death crosses in place.

Utilities have the death cross but over the past two months rallied back above both averages. This is certainly a change in fortunes but the bottom line is that sectors are not signaling quite the bearish state they were before. Will it change? Of course, nobody knows but let's move on.

The generals – Bent but not broken (Netflix, Amazon and the rest of the club).

Turning to growth and value indices all three – small, medium and large cap – value indices have death crosses. And all three sizes of growth indices do not so it is clear now what is leading the market – large cap growth. Unfortunately, what exactly that means is fuzzy.

This all does make us take a step back to reevaluate (not change) our overall view that the market is topping. It does not, however, change our minds about holding lots of cash. If the market is not topping then we think it is going nowhere for a long time and there is no reason to tie up capital in a chop.

But one more time on the topping process. Check out the advance-decline line chart below (on the edge of a cliff).

Let's get to the hourly chart – next page...



The hourly chart's triangle may be gone but the upper border is still in play. Once again, the **SPY** is near and showing overbought stochastics.

On to other markets. Oil is still falling, which is a bit of a surprise as it dips below support. One thing we do notice is that the chatter seems to have died down. Is that apathy? Does that set up a rebound when nobody is looking? Check out the chart below.

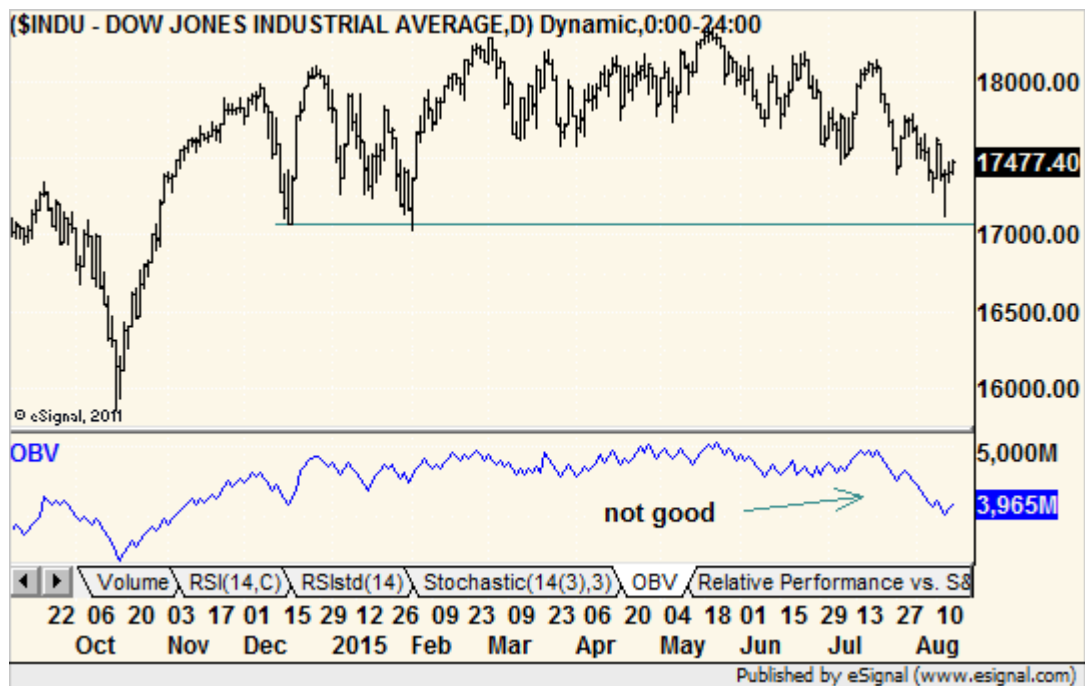
Gold, alive but not doing much.

Industrial metals still in a bear market.

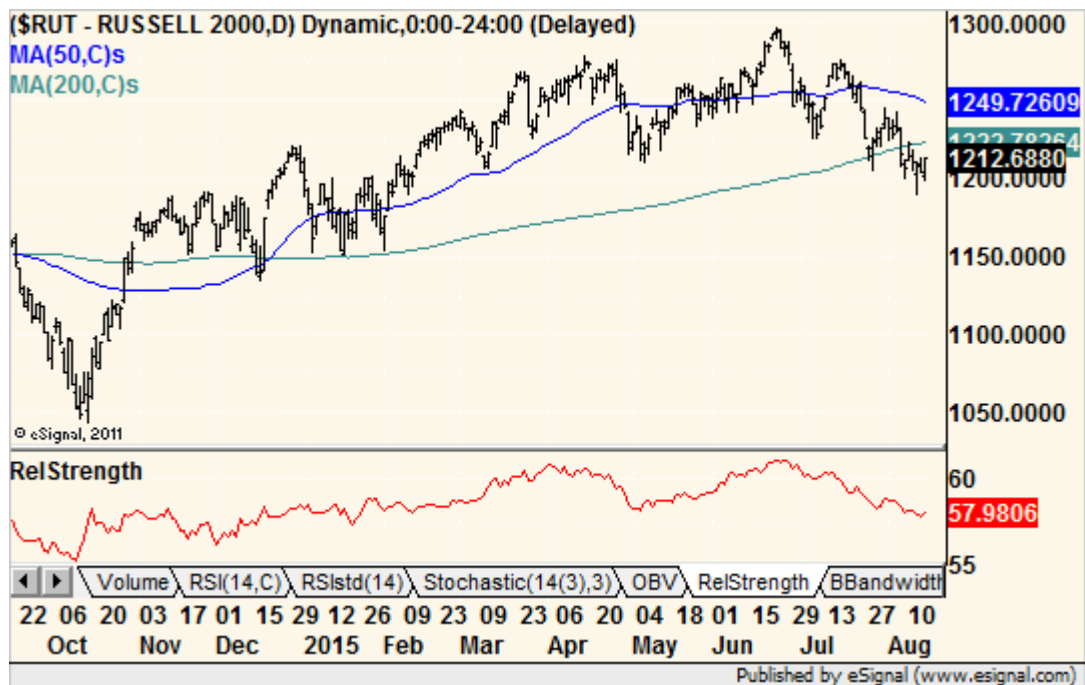
Coffee possibly bottoming.

Summer doldrums. Dog days of August. Keeping it light.

Index Charts of the Day



The Dow has an event horizon, too. A move below that line and Dow Theory signals a sell. Note on-balance volume finally broke.



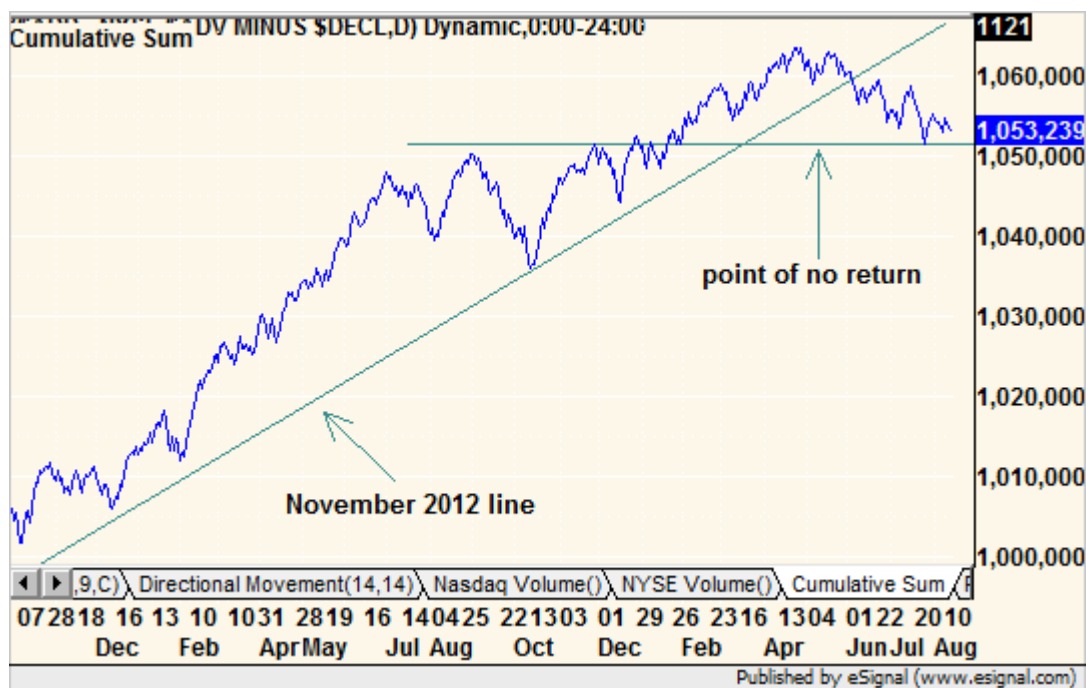
Nothing fancy on the Russell. It is in decline.

The Radar Screen

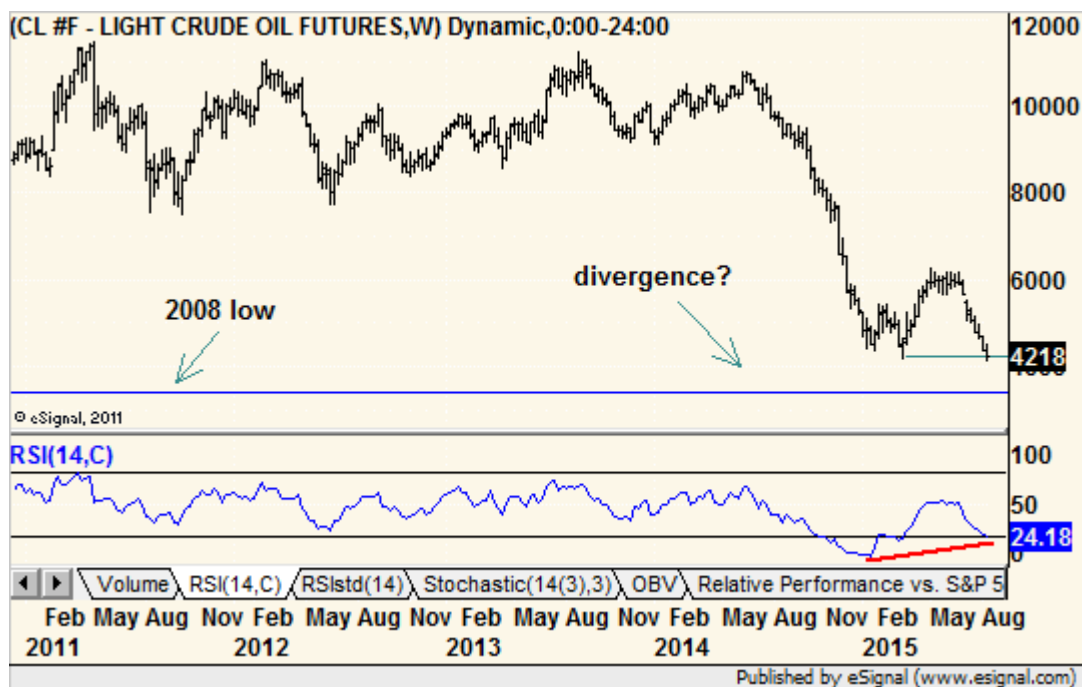
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Rangold GOLD – Strong support, coming out of a small range, good volume. Nice pullback afterward. Time for a nibble.	Triggered	8/3
Bearish Implications		
Analog Devices ADI – I panned semis last week for Barron’s Online. Here is one ready to break a flag and 200-day average. Sell 58.25		8/5
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Nasdaq biotech ETF IBB – trend break		8/4
Viacom VIAB – A classic look of a selling climax. Need a sign it is improving.		8/6
Boeing BA – Looked like a breakout in June but that failed. Now sitting on major averages and at risk.		8/10
Ford F – It’s not ripe yet but this is a nice trendline and prices seem to be hugging it. If gas prices stay low, we would guess that their truck sales would stay firm. Just watching for now.	New	8/14
Sector Watch (observations that may spark ideas)		
The Generals – AMZN, NFLX, GOOGL, AAPL, GILD, FB, SBUX Overall, bent but not broken.		7/27
Defense index DFI – A declining channel presents clear boundaries.		7/31
Retail ETF XRT – Looking dicey.		8/3
Restaurants – Looking ready to fall. JACK, BLMN, CAKE, DIN		8/11
Banks ETF KBE - No hammer but a trend break		8/13
Updates		
Brazil – This market will get its death cross today.		

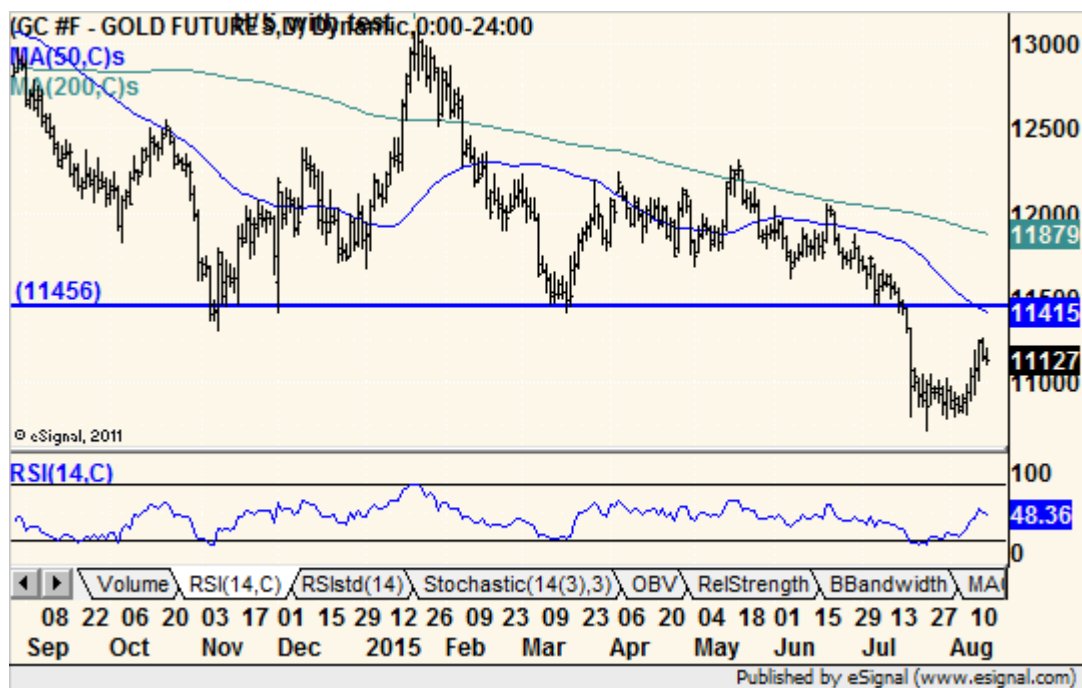
Market Highlights



NYSE advance-decline – The November 2012 low is a good price anchor and the advance-decline since then is now broken. If it takes out “support” then we think it will be all over. But as of now, it has not.



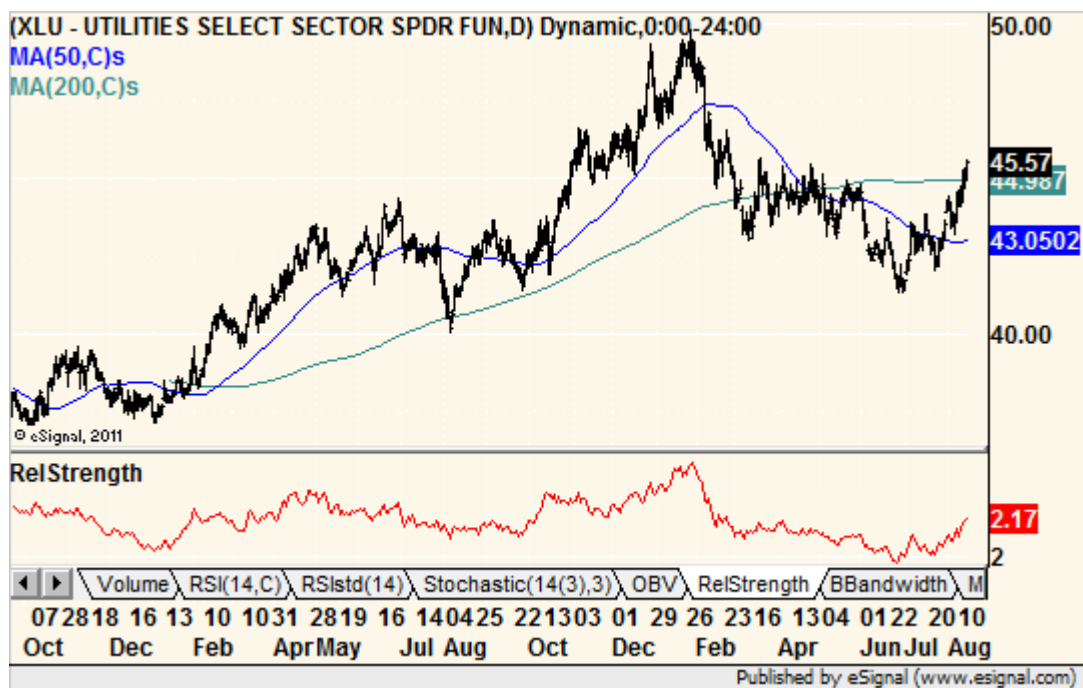
Crude Oil – The daily chart is oversold but the weekly is not. However, RSI here is far above the previous low to set up a possible divergence. Remember, a divergence is not there until the market actually sets a price low. In other words, we cannot know it until then. But if oil bounces in the short-term then the weekly pattern would indeed be set. Just a warning at this time. The trend is still down.



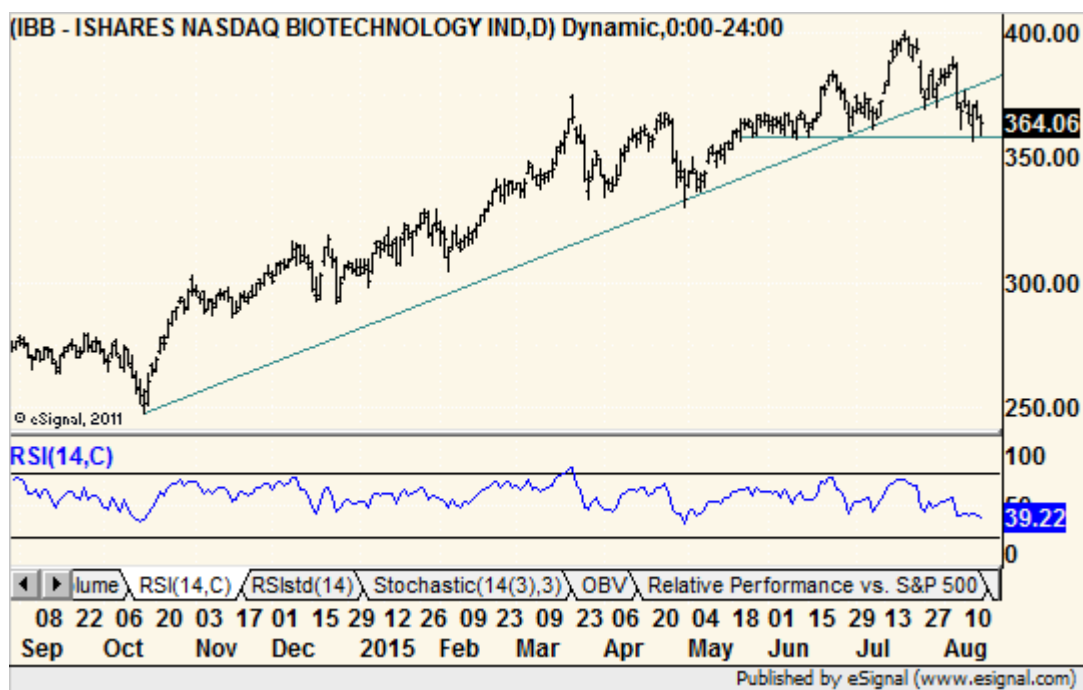
Gold – So far, just a bounce. Big overhead resistance so our nibble on a gold stock is just a tactical move to try to make a little money. Still, the longest journey begins with the first step.



T-Bonds ETF – Resistance zone. Trend is up but it does not seem very strong.



Utilities ETF – Improved, that is for sure. But sustainable? That is a big unknown. We are not diving in.



Biotech ETF – Just watching this key sector. Looks very topy.

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	55.76	7.4%	54.00	51.90	7/16	31
	XOM	EXXON MOBIL CORP	78.36	0.1%	74.00	78.32	8/13	3
	DD	DU PONT E I DE NEMOURS & CO	53.86	1.4%	51.00	53.14	8/13	3
	GOLD	RANDGOLD RES LTD	62.02	-1.0%	51.00	62.65	8/14	2
<u>Short</u>	HPQ	HEWLETT PACKARD CO	28.71	5.7%	30.00	30.34	7/17	30
	URBN	URBAN OUTFITTERS INC	32.32	8.3%	34.25	35.00	7/21	26
	NYT	NEW YORK TIMES CO	12.92	1.4%	13.50	13.10	7/27	20
	INTC	INTEL CORP	29.02	-0.8%	30.50	28.80	8/7	9
	GS	GOLDMAN SACHS GROUP INC	202.02	-0.2%	208.00	201.70	8/11	5
	BLMN	BLOOMIN BRANDS INC	21.66	0.2%	22.50	21.71	8/11	5

Notes: New long in **GOLD** with emphasis on the size – just a nibble.

Raised stop on **DD**.

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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