

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

August 24, 2015 – By now you already know China was down 8.5% overnight Monday, dragging all of Asia down with it. Europe is also down huge this morning and as we woke up the Dow was down 420 (make that 660). Some fun, right?

Anyone old enough to recall 1987 will remember the Dow down 100 Wednesday, about 60 Thursday and another 100 Friday before the crash. Don't forget, 100 points was 4% back then with the Dow trading around 2500. And that led to the 500 points down on black Monday. It was not exactly the same last week into today but you get the feeling of building panic.

Let's review what we said:

With all that said, the market is indeed short-term oversold and sentiment is already negative enough to talk about contrarian plays. Therefore, it is probably not a good idea to aggressively sell today.

Our grade – Bonehead. And for that we are sorry.

Now let's review what we did:

Excerpting from the Advice Tracker: Two new shorts. Selling two of the longs.

Our grade – We'll take a B+ but not an A because we did not sell everything.

There is not much else to say today as the market is no longer, for lack of a better word, linear. The chaos of free-fall is the extreme case of a parabolic trend. It could drop another 500 points today, or even 1000, or it could open at its low and rally 500. Or, it could do some combination of the two.

Not exactly the conditions a once per day newsletter can handle. But overall, we think this is still not over. We will manage our short positions and probably not buy anything today, at least not an index.

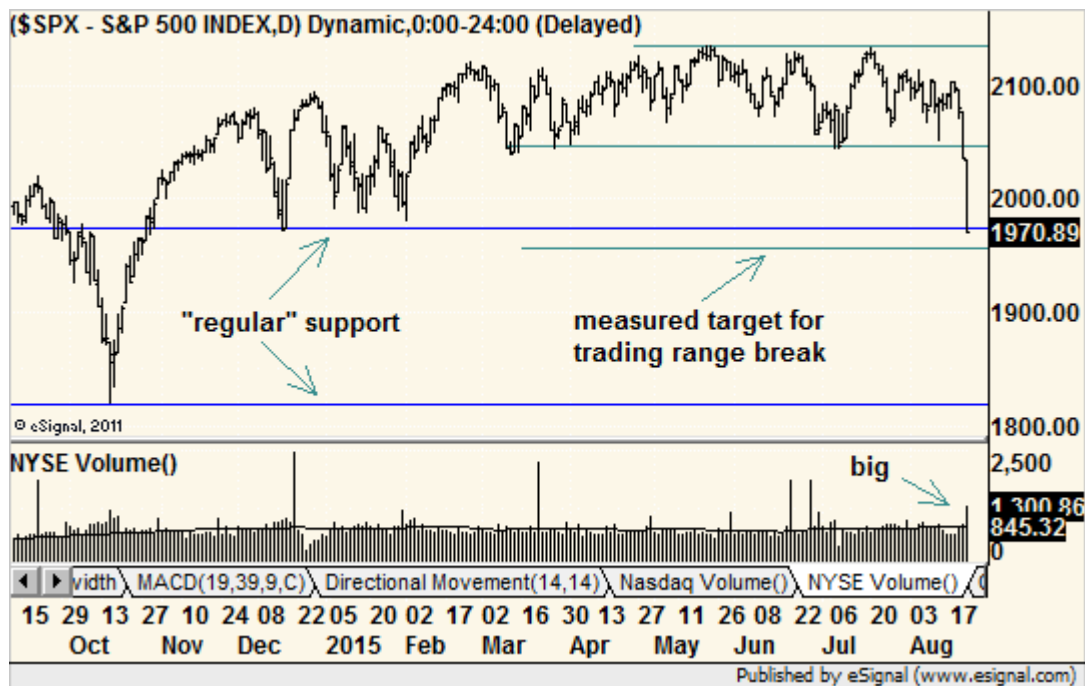
Why do we say this is not over? Gold is not rallying today. Oil keeps falling – did you see the Saudi market was down 6.5% Sunday and is down 7% this morning? Even the safe haven U.S. Dollar is down huge again this morning. So, is there a bull market somewhere? Today, it bonds and a few European currencies and their economies are no great shakes.

Everyone wants to know where support is but recall the wisdom of a great market technician, who said, "Support is only a suggestion." But we will try to find it in the Index Charts of the Day below as long as everyone keeps in mind that in markets like there overshoots are the rule, not the exception.

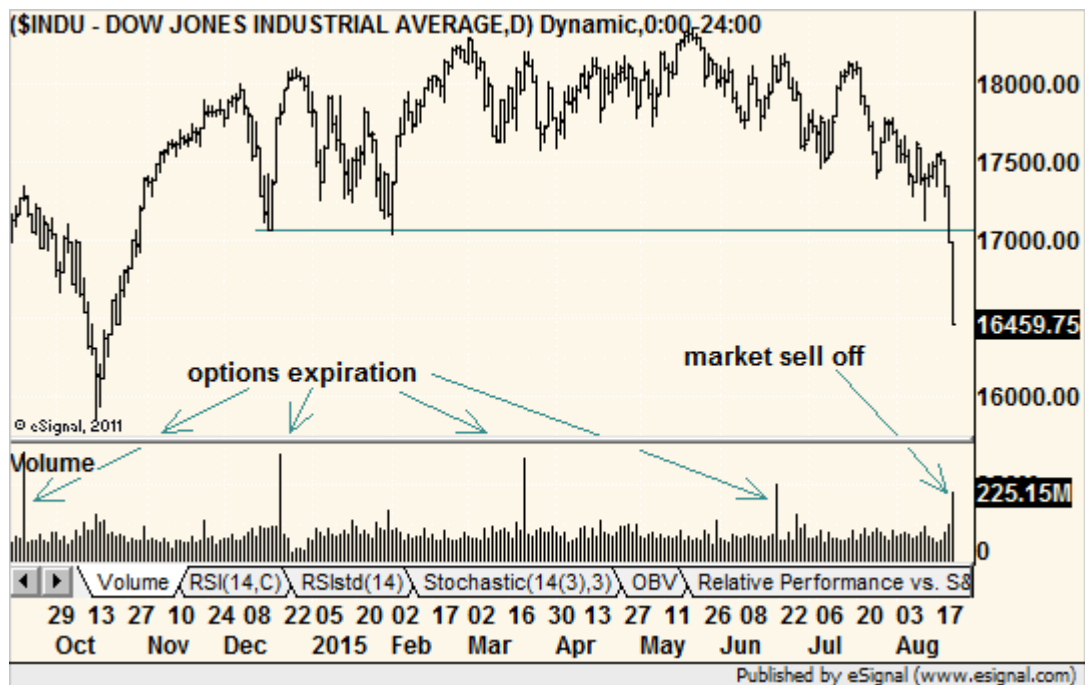
No point to an intraday chart today. The trend is nearly vertical and yeah, it is oversold, too.

What do we do? Look for extreme spikes in fear (VIX at 50), extreme in volume (subjective) or changes in the dollar. You could place buy stops above the market as it falls but with this kind of volatility you could be whipsawed.

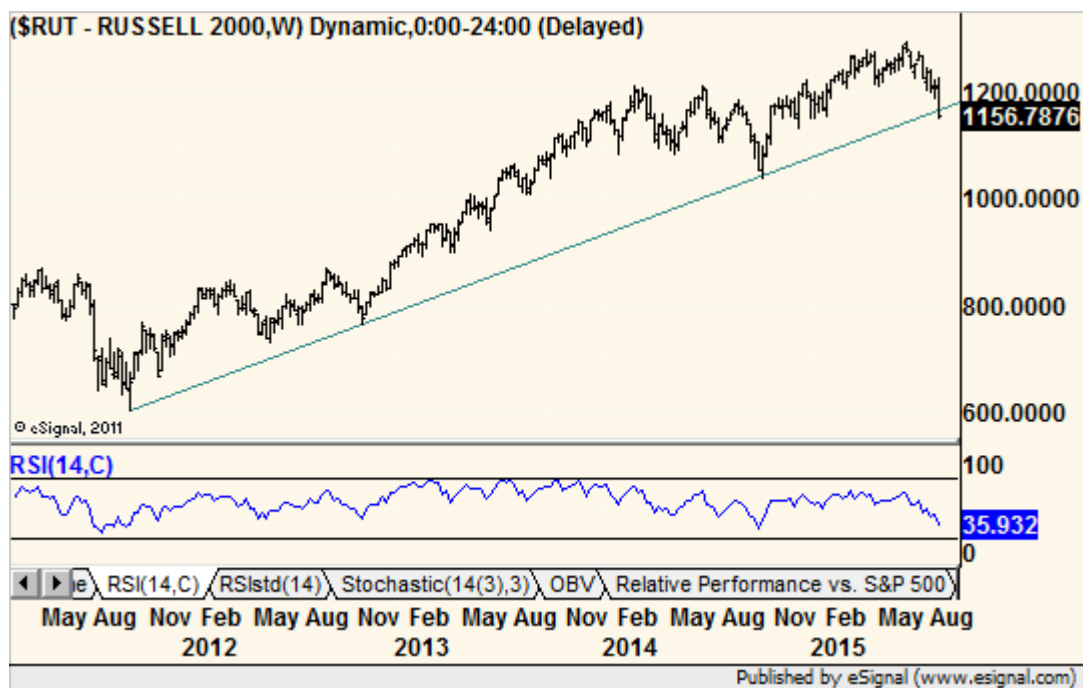
Index Charts of the Day



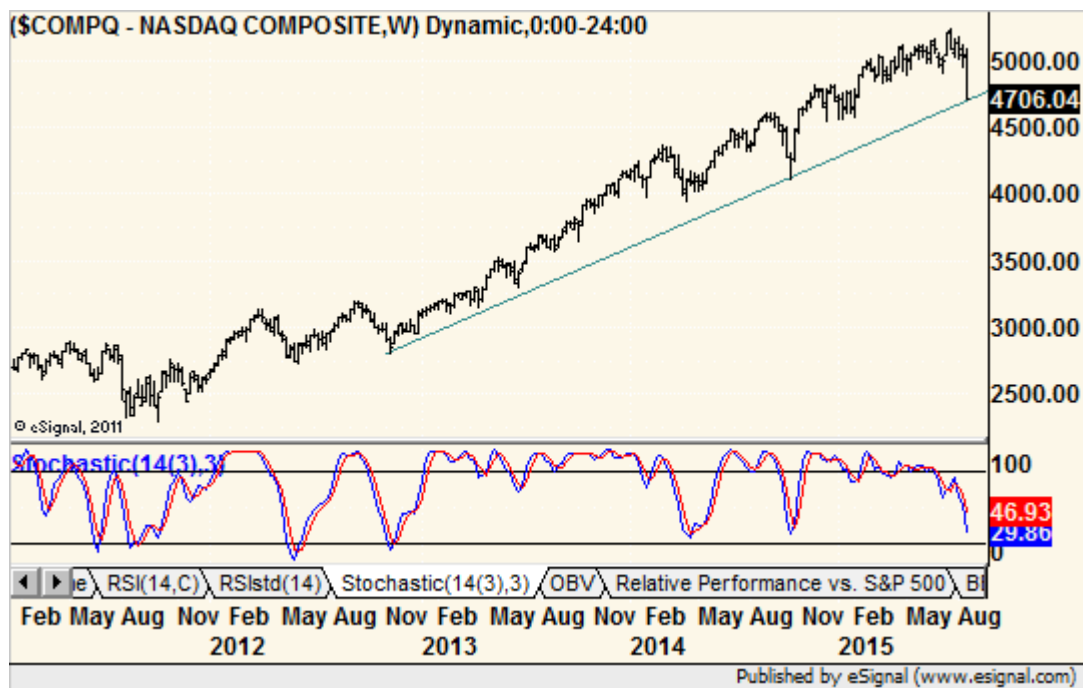
This is where classic support levels are. The measured target for a pattern break is not supposed to happen in two trading sessions and the premarket is already well below it. Therefore, it is useless. This market will stop falling when emotions settle down and sentiment washed out completely.



The Dow decline accelerated and today it is vertical. Impossible to time a bottom.



The Russell will open well below this trendline.



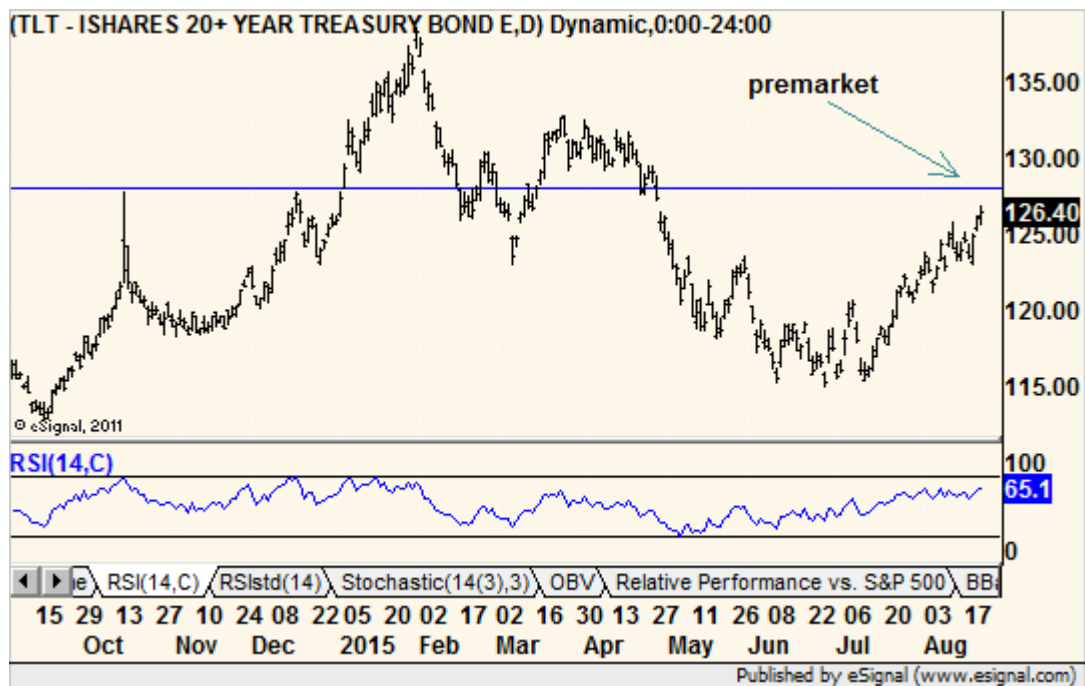
Ditto Nasdaq but the line is from 2012.

The Radar Screen

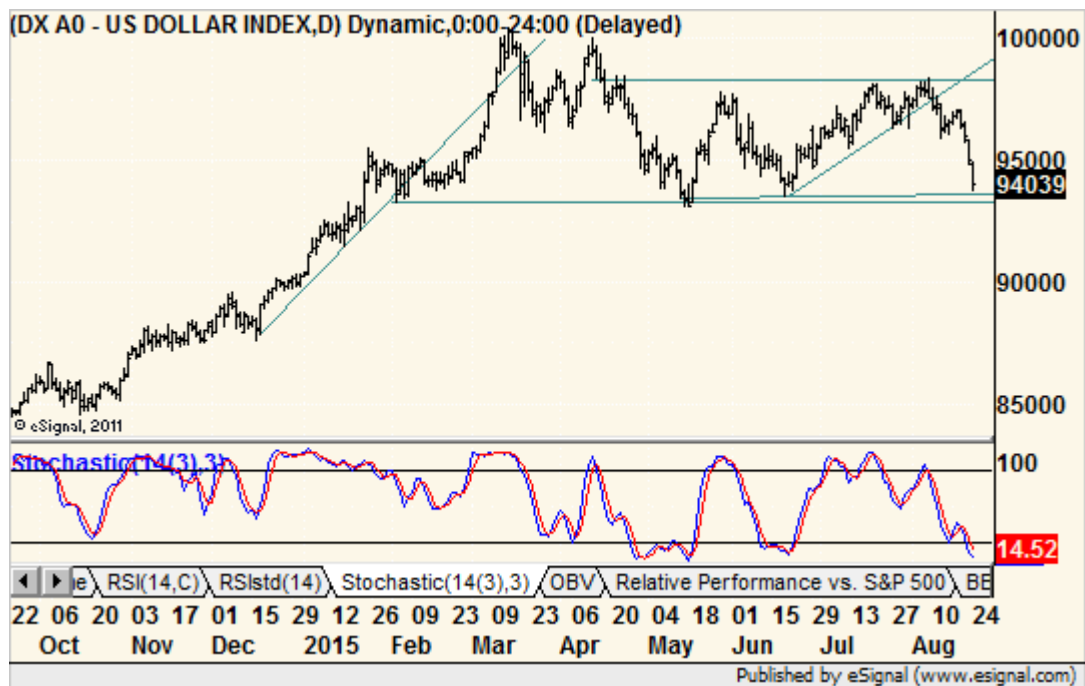
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
none -		
Bearish Implications		
Chipotle CMG – This restaurant has a possible expanding triangle top. Waiting for it to actually start falling so a close under 734 would do it.	Triggered	8/19
Staples SPLS – Consolidation in a bear market. Big P/E, too. Sell close under 13.60 <u>This did not trigger Friday and we cannot say to sell the close today.</u>	Removed	8/20
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Hershey HSY – Tough times call for chocolate. <u>Still has a good pattern but not good enough in this market.</u>		8/19
Sector Watch (observations that may spark ideas)		
The Generals – AMZN, NFLX, GOOGL, APL, GILD, FB, SBUX All broken now.		7/27
Homebuilders – actually strong or at least not too terrible.		
Updates		
none –		

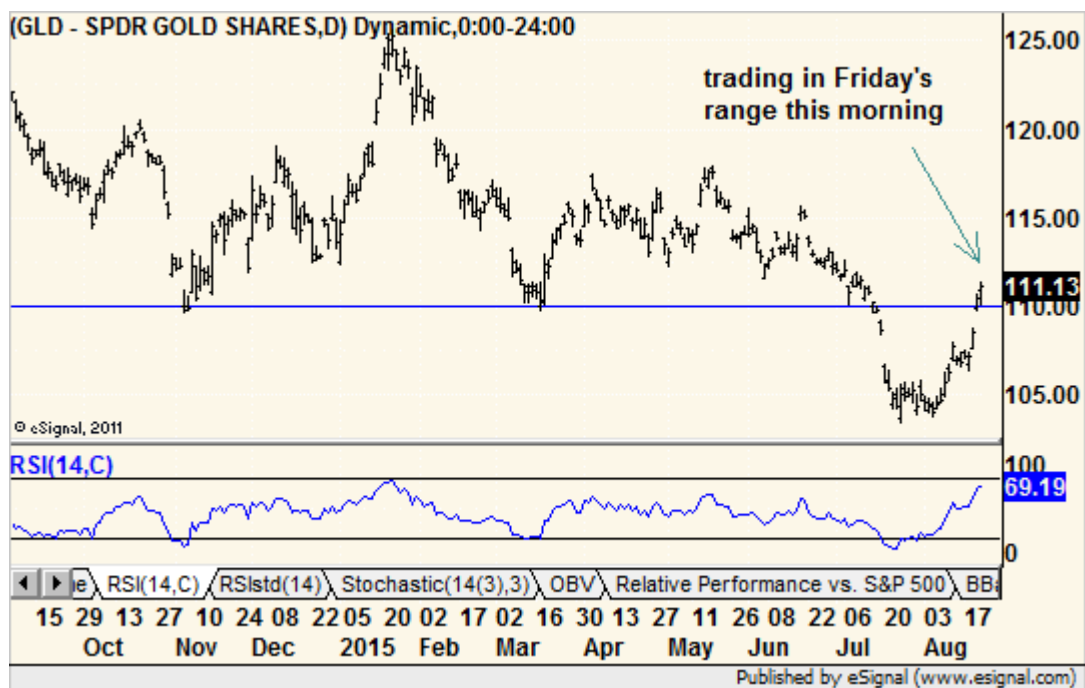
Market Highlights



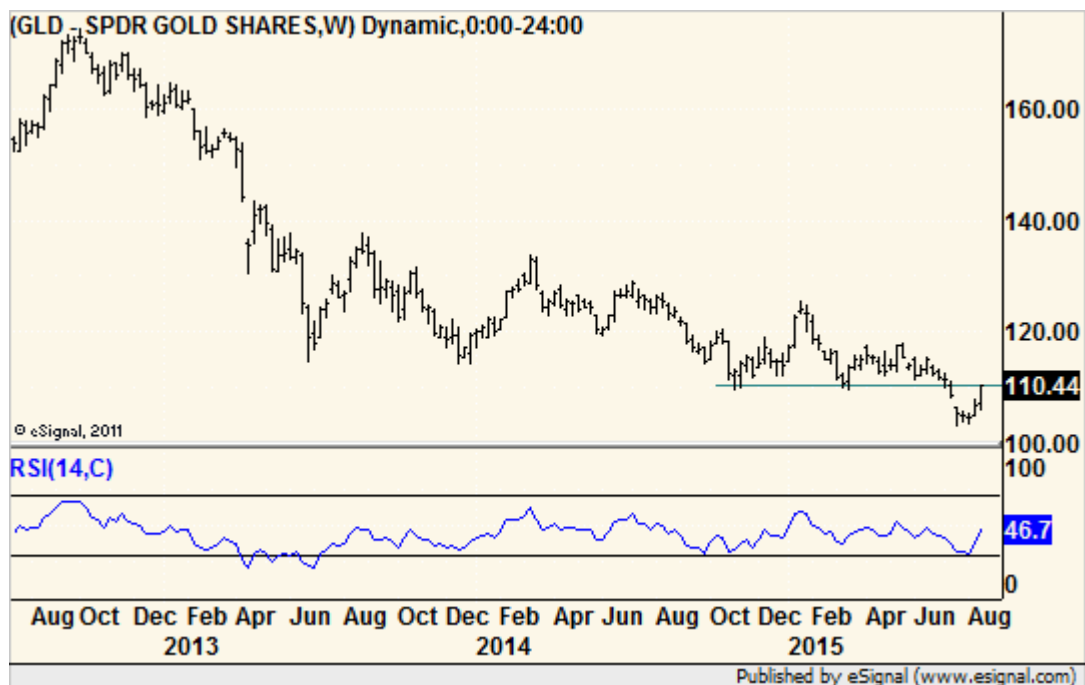
Long T-bond ETF – This is moving up.



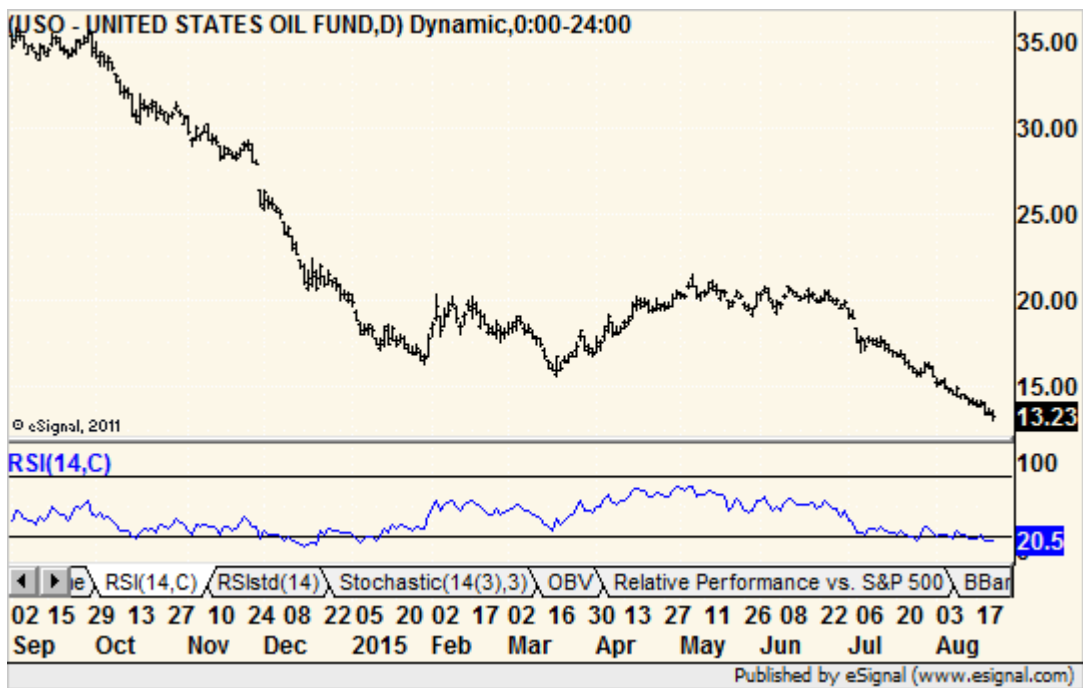
Dollar index – This is now approaching support. We believe it more than stocks support.



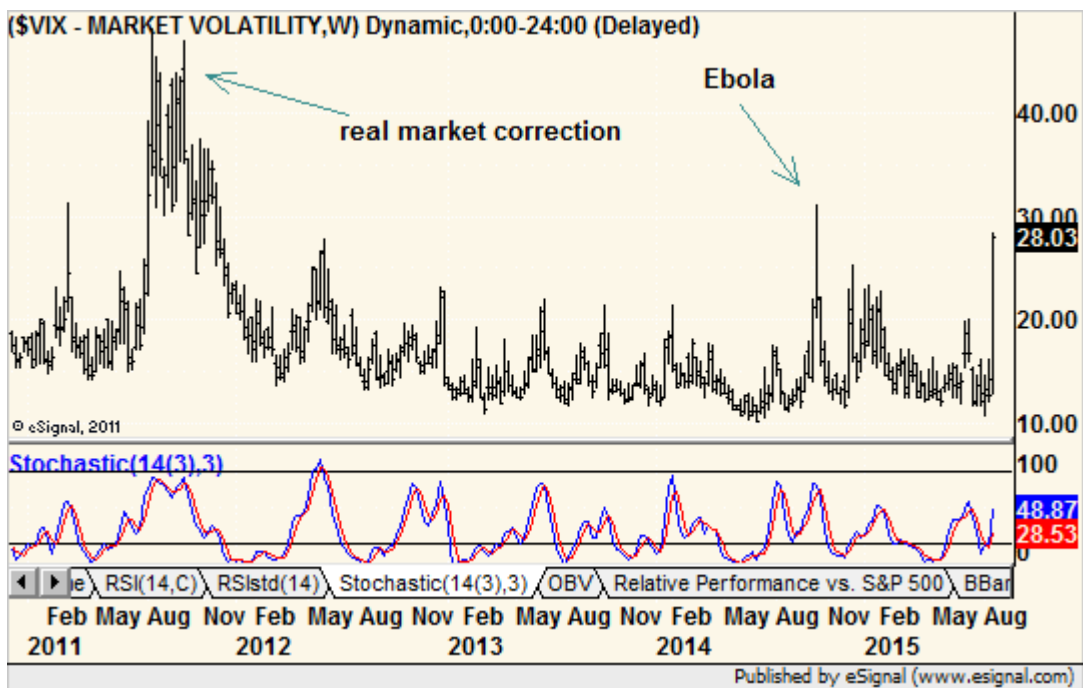
Gold ETF – Trading a bit lower today even as the dollar is down huge. That is a bad sign for the metal. We can only conclude that resistance is still a drag even though price is marginally through it. .



Gold ETF – Just a reminder that there is a lot of damage to heal.



Oil ETF – Lower prices and more oversold. No reason for that to change with the evidence on the table now.



VIX – Just putting it into perspective.

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	54.22	4.5%		51.90	7/16	37
	XOM	EXXON MOBIL CORP	74.00	-5.5%		78.32	8/13	9
	DD	DU PONT E I DE NEMOURS & CO	52.30	-1.6%		53.14	8/13	9
	GOLD	RANDGOLD RES LTD	65.75	4.9%	62.00	62.65	8/14	9
<u>Short</u>	HPQ	HEWLETT PACKARD CO	27.47	10.4%	29.00	30.34	7/17	37
	URBN	URBAN OUTFITTERS INC	30.15	16.1%	31.75	35.00	7/21	33
	NYT	NEW YORK TIMES CO	12.26	6.9%	13.00	13.10	7/27	27
	INTC	INTEL CORP	26.56	8.4%	28.00	28.80	8/7	16
	GS	GOLDMAN SACHS GROUP INC	187.74	7.4%	198.00	201.70	8/11	12
	BLMN	BLOOMIN BRANDS INC	20.36	6.6%	21.50	21.71	8/11	12
	ADI	ANALOG DEVICES INC	53.78	8.3%	56.00	58.25	8/18	5
	FDX	FEDEX CORP	156.03	4.8%	165.00	163.50	8/20	3
	IBB	ISHARES NASDAQ BIOTECHNOLOGY	339.84	3.2%	360.00	350.82	8/20	3
	CMG	CHIPOTLE MEXICAN GRILL INC	720.01	0.0%	750.00	720.01	8/20	3

Notes: Closed longs in **MO** and **DD** at the open Friday. Stopped out of **XOM** intraday.

Sold **CMG** at the close Friday.

Tightened stop in **GOLD** long

Trailed stops in several shorts to bring them into the 5% range.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Christopher – No sense in setting buy target for individual stocks today.

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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