

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

September 16, 2015 – We'll let MarketWatch report what happened yesterday:

The broad-based stock rally, which accelerated late in the trading day, was led by a rebound in industrials, financials and health-care shares. But some market participants found it difficult to pinpoint distinct drivers behind the run-up, especially as the yield on 2-year Treasury note jumped to its highest levels in more than 4 years, suggesting that Treasury investors are bracing for a rate hike.

Still, some attributed the sharp gains in equities as an indication that markets expect the Federal Reserve to delay interest-rate hikes at its two-day policy meeting which begins on Wednesday.

Basically, that said stocks rallied for reasons unknown although the weak retail sales data may make traders think a rate hike will be delayed. But the bond market thought otherwise.

I wrote that the bond market did not leave the Fed room to hike but the gains in yield actually changed the short-term chart a bit. I may not have written that article yesterday. See below for a chart.

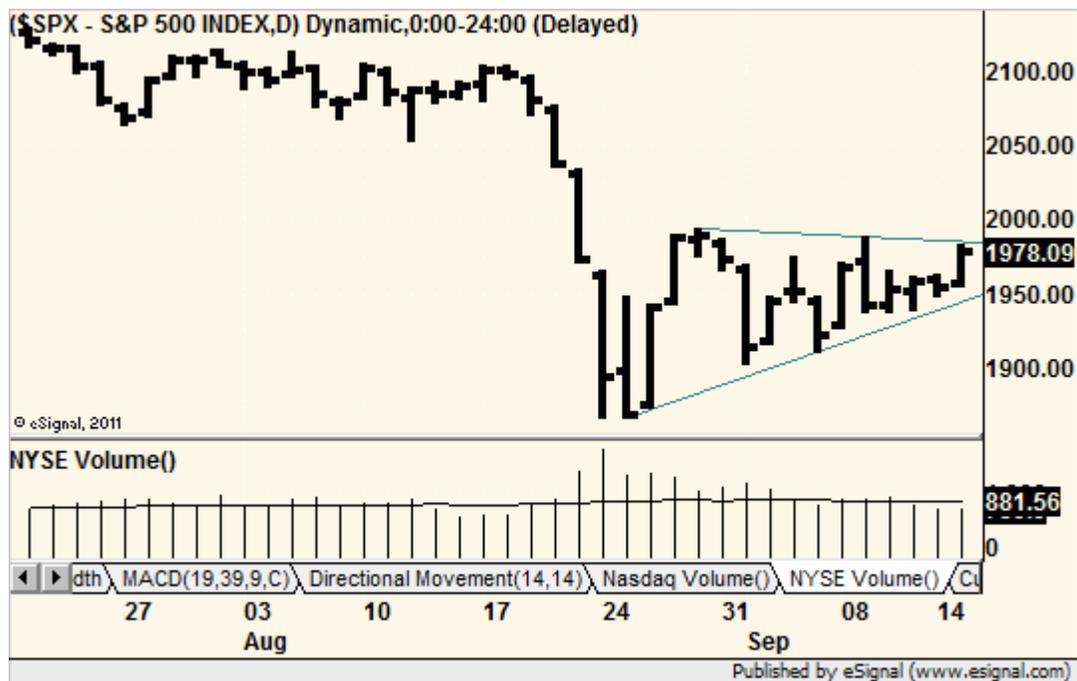


Yesterday's rally did not move the **SPY** from its hourly triangle pattern. Currently looking overbought at resistance but it is all moot with the Fed coming up tomorrow.

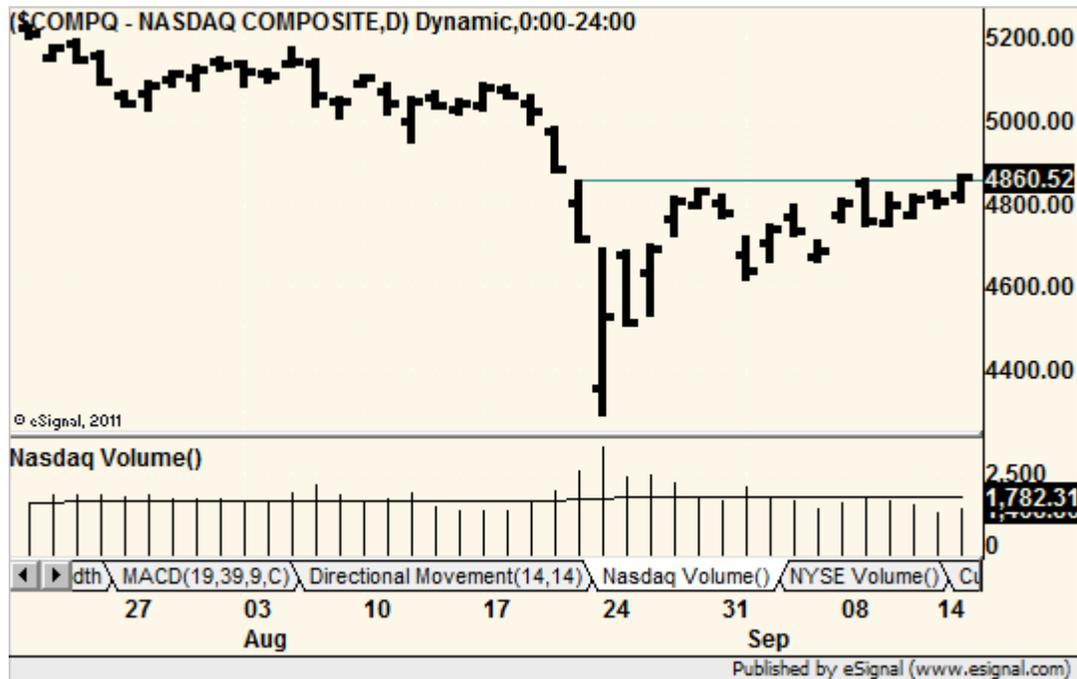
So here we are again, hamstrung by the specter of tomorrow's Fed decision. We've been looking for good candidates in both directions for after the news is released. Tomorrow, we will put levels on all of them so we'll be ready to act in the afternoon.

One note – I posted on Twitter that “Half of all extremely well-paid pundits are going to be wrong Thursday.” Don't let them sway your opinions. And better yet, don't have any opinions. Let the market talk. It is OK to be a little late to the party as long as it is the right party (direction).

Index Charts of the Day



No breakout and certainly no volume on the rally.



Who will argue for a breakout yesterday with very subpar volume? Not us.

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		
MasterCard MA – Broken and now waiting for the correction to break. Sell close under 89.45.		9/11
Cisco CSCO – How many trendline have to break before we get bearish? One more. Sell close under 25.60.		9/11
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Gold Miners ETF GDV – This is changed to a long-shot for now but still interesting enough to keep it here.		8/31
IBM – This stock is down 30% and still looks terrible. But support at 132.50 and a trailing P/E of 9.7 with a 3.5% div yield makes it look enticing on the next dip.		9/8
A few stocks that may do well post-Fed – NKE, SBUX, FB, AMZN, HAS, S		9/14
A few stocks that may do poorly post-Fed – SHW, CF, YUM, MAR, CVS		9/15
Sector Watch (observations that may spark ideas)		
none –		
Updates		
China – 4.9% rally overnight after Monday’s 3.5% decline. Bear market rally.		
Priceline PCLN – Yesterday’s free chart of the day broke out ahead of the Fed.		

Market Highlights



10-year Treasury yield – Yesterday’s gain erased last week’s bearish reversal. Whether it recaptured the trendline is up for debate.



Marriott – Hotels were one of the few groups in the red yesterday. This one shows no money inflow during the recent rally and failed at the 50-day average. A candidate for selling if the Fed reaction is poor.



CVS Health – This drugstore chain is sitting on critical support. We’d put this in the bad stock group for post-Fed but it does have the potential to go either way.



Sprint – Bull flag above its averages? Weekly chart (not shown) has bullish RSI divergence. Big resistance overhead but an interesting chart for the bulls.

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>	none							
<u>Short</u>	NYT	NEW YORK TIMES CO	12.01	9.1%	12.50	13.10	7/27	50
	FDX	FEDEX CORP	154.00	6.2%	155.00	163.50	8/20	26
	CMG	CHIPOTLE MEXICAN GRILL	732.08	-1.6%	740.00	720.01	8/20	26
	AGN	ALLERGAN PLC	303.74	2.6%	310.00	311.51	8/28	18
	PFE	PFIZER INC	33.17	0.4%	33.50	33.30	8/28	18
	MSFT	MICROSOFT CORP	43.98	-1.0%	44.50	43.56	8/31	15
	KO	COCA COLA CO	38.50	1.0%	40.00	38.90	9/2	13
	ESRX	EXPRESS SCRIPTS HLDG CO	85.03	0.0%	87.00	85.00	9/9	6
	FB	FACEBOOK INC	92.90	-2.0%	94.00	91.00	9/9	6
	NFLX	NETFLIX INC	99.16	-1.2%	101.00	98.00	9/9	6

Notes: Clearly, we took beating yesterday but the patterns on the charts still look bearish. Of course, it is all moot with the Fed on tap for tomorrow.

Subscriber Corner

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

Q - I noticed a lot of stocks, including **NKE**, that have that triangular formation pattern. Is this type of set up bullish or it depends which way the pattern goes, and then from that point you can get a sense of where the trade can go?

A - With the Fed involved, nobody is an expert.

All technical patterns can break either way or no way at all (time passes and price just drifts though the borders). Some lean bullish or bearish and all of them depend on context. Is there a trend to reverse?

Right now, sector correlation is very high as it usually is in scary markets. There are tons of stocks looking the same.

So to answer the question, we must wait for the break one way or the other. And even that is not fool proof as breakouts can fail. In that case, we stop and reverse.

Other Information

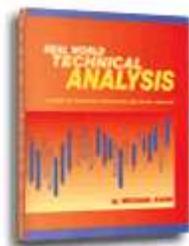
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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