# **QUICK TAKES PRO**

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN RESEARCH LLC

**September 21, 2015** – With Autumn scheduled to start Thursday and Pope-apalooza in full swing in Cuba, there are finally some distractions to take our minds off the lousy job the Fed has done over the past nine years. Stocks seem ready to help today with a little bounce – which so far is puny compared to Friday's "the Fed is impotent" decline. There is not much for us to do today, actually.

China was up overnight but most of the rest of Asia was down and that includes Hong Kong. Japan took a decent hit. Europe is a bit better.

The big news from the world of charts is that the market here <u>did not quite break down</u> from wedge patterns Friday. It was a bad day, that is for sure, but it was not enough for official sell signals on the broad market. Remember that the big head-and-shoulders pattern we showed here Friday does not have to have a right shoulder equal to the left. That means a breakdown from the wedge would leave an extra weak pattern looking to fall to the neckline some 20% below current levels. We say that because we are indeed bearish but holding back until the chart says it is time to dump everything.

That time is not here, at least not as of the premarket today.



As we can see, the hourly wedge pattern did break but it has only been one say spent below the lower border. What we would love (as bears) is for a rally back the pattern and failure there. Breakdown, test, resumption. A good setup indeed.

But this does not explain why we say the market has not yet really broken down. Check out the next section where we will run through the major indices and it will become clearer.

Gold is still not ripe in our view and today's rebound in the dollar is not helping it. Indeed, Friday was a bullish reversal in the greenback. And Treasury bonds are back in play to the upside pushing interest rates on the long end even lower. Today, however, seems to be a rest in that move.

# **Index Charts of the Day**



We don't know if there was an element of volume in the selloff because options expirations swamped it. However, the red line is not really broken so we cannot get too bearish yet.



Same for the Dow. By the way, note that the market failed near the 50-day average last week.



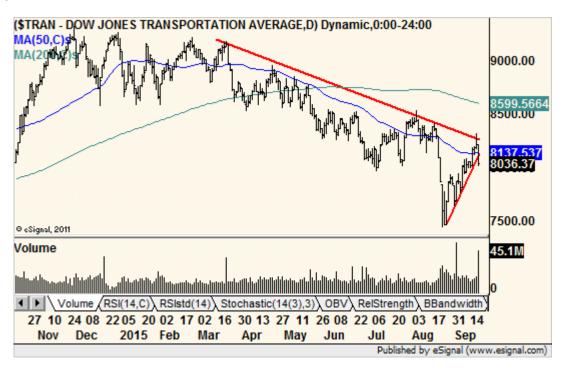
Ditto.



The Russell 2000 shows nothing different. We put stochastics here to show the pending crossover from overbought conditions. If that happens then we get additional information and reason to sell.



The NYSE composite is still lagging suggesting the average stock is doing worse than the major indices, which favors big stocks. And no breakdown here, either.



Transports have a very steep wedge which seems to be broken but <u>we think it will get revised to be shallower</u>. In any case, it failed at the trendline.

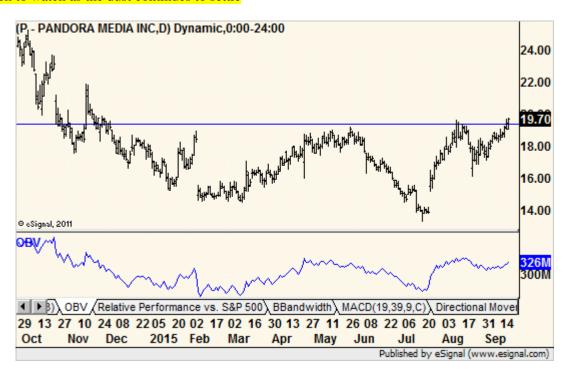
## The Radar Screen

This is a list of potential opportunities, <u>not a recommended portfolio</u>. <u>Underlined</u> 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 <a href="http://quicktakespro.com/radar.html">http://quicktakespro.com/radar.html</a> for all Radar Screen rules and terms.

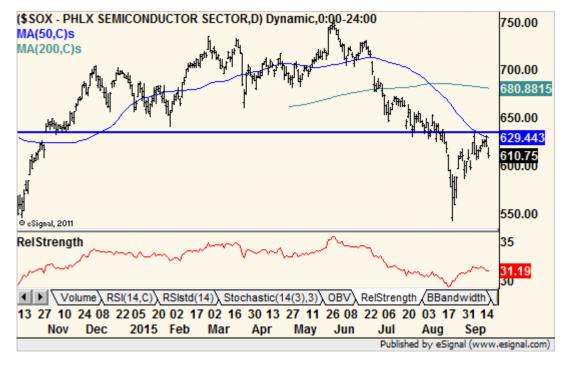
Bullish Implications		
none –		
Bearish Implications		
MasterCard MA – Broken and now waiting for the correction to break. Sell close	Changed	9/11
under <mark>90.50</mark> . <u>Remarkably resilient</u> .		
<b>Cisco CSCO</b> – How many trendline have to break before we get bearish? One more.	Triggered	9/11
Sell close under 25.60.		
<b>Nike NKE</b> – The bull breakout was too big so we shifted to bearish setup. A jump to		9/17
resistance to sell before the week is over. Sell bounce to 117.		
<b>Sherwin Williams SHW</b> – A move under support at 248 would be a sell on close	Triggered	9/17
<b>CF Industries CF</b> – This fertilizer maker is weak. Sell under week's low 53.32.	Triggered	9/17
<b>Yum Brands YUM</b> – This restaurant is in a bear wedge. Sell the break under 81	Triggered	9/17
Marriott MAR – Bear wedge at resistance. Sell under 71.50. 70.86	Triggered	9/17
Unknown Implications		
CVS Health CVS – Sell support break under 99.15. However, a move above the	Triggered	9/17
trendline at 102.25 could be a buy.	(short)	
Holding Tank – red shade leans bearish, green shade leans bullish		
Gold Miners ETF GDX – This is changed to a long-shot for now but still interesting		8/31
enough to keep it here. Upside follow through no longer arguable but the problem is		
the amount of overhead resistance.		
<b>IBM</b> – This stock is down 30% and still looks terrible. But support at 132.50 and a		9/8
trailing P/E of 9.7 with a 3.5% div yield makes it look enticing on the next dip.		
<b>Pandora P</b> – One of the better looking charts. We're not buying but we'll watch.		9/21
Sector Watch (observations that may spark ideas)		
<b>Life Insurance</b> – big breakdown	New	9/21
Brokers – big breakdown	New	9/21
Banks – big breakdown	New	9/21
Gaming – big breakdown	New	9/21
Hotels – big breakdown	New	9/21
Updates		
Iron and Steel index – new multiyear low		

## **Market Highlights**

#### Not much to watch as the dust continues to settle



**Pandora** – One of the better looking charts. We are not buying but we will watch.



Semis – Still looks bearish.

## **Advice Tracker**

This is a list of stocks that have triggered buys or sells and <u>not a recommended portfolio</u>. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in <u>red</u> mean that the position was stopped out. Symbols in <u>green</u> were closed by us. Stops in <u>red</u> 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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
Long	AMZN	AMAZON COM INC	540.26	0.3%	520.00	538.87	9/17	3
Short	NYT	NEW YORK TIMES CO	11.99	9.3%	12.50	13.10	7/27	55
	FDX	FEDEX CORP	145.30	12.5%	153.00	163.50	8/20	31
	CMG	CHIPOTLE MEXICAN GRILL	729.48	-1.3%	740.00	720.01	8/20	31
	AGN	ALLERGAN PLC	295.29	5.5%	310.00	311.51	8/28	23
	PFE	PFIZER INC	32.85	1.4%	33.50	33.30	8/28	23
	MSFT	MICROSOFT CORP	43.48	0.2%	44.50	43.56	8/31	20
	ко	COCA COLA CO	38.98	-0.2%	40.00	38.90	9/2	18
	ESRX	EXPRESS SCRIPTS HLDG CO	83.92	1.3%	87.00	85.00	9/9	11
	FB	FACEBOOK INC	94.40	-3.6%	95.50	91.00	9/9	11
	CSCO	CISCO SYS INC	25.54	0.0%	26.50	25.54	9/18	2
	SHW	SHERWIN WILLIAMS CO	246.65	0.0%	260.00	246.65	9/18	2
	CF	CF INDS HLDGS INC	52.03	2.5%	55.50	53.32	9/18	2
	YUM	YUM BRANDS INC	80.15	1.1%	85.00	81.00	9/18	2
	MAR	MARRIOTT INTL INC NEW	69.68	1.7%	73.50	70.86	9/18	2
	CVS	CVS HEALTH	99.03	0.1%	102.50	99.15	9/18	2

<u>Notes</u>: Six new shorts. **MAR** gapped down through the trigger so we had to take it at the open for a worse entry.

Tweaked FDX stop.

And we'll be ready to bail on **AMZN** long at the first sign of trouble.

<u>Remember</u> – this is not a suggested portfolio. It just tracks what we've said. Take whatever trades you like although as a basket of several stocks it does work better.

## **Subscriber Corner**

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

### 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.



24/7 Website archive – http://www.quicktakespro.com/archive (password needed)

Customer Support - http://www.quicktakespro.com/support.html

Recommended reading - <a href="http://www.quicktakespro.com/education.html">http://www.quicktakespro.com/education.html</a>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is <u>no extra charge to subscribers</u>. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <a href="http://www.quicktakespro.com/rwta.html">http://www.quicktakespro.com/rwta.html</a>.

**Refer** a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<a href="mailto:mkahn@quicktakespro.com">mailto:mkahn@quicktakespro.com</a>) with names and email

addresses and we'll track them and credit your account.

#### Connect with us:



 $\underline{http://www.facebook.com/QuickTakesPro.biz}$ 



http://twitter.com/mnkahn



http://www.linkedin.com/in/QuickTakesPro



http://www.quicktakespro.com/blog



http://pinterest.com/mnkahn/



http://youtube.com/quicktakespro



http://stocktwits.com/mnkahn



http://www.talkmarkets.com/contributor/mnkahn

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with <a href="eSignal">eSignal</a> data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015