

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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September 22, 2015 – Hawkish comments from the Fed pushed stocks up but more regulation proposed by the Democratic frontrunner sent biotech and healthcare tumbling. The see-saw day ended higher but that ended overnight as Europe slid. Oil is also in its down day phase today and it seems that oil and stocks move together these days.

Some stories mention the collapse of Volkswagen as part of the cause but they got caught with their hand in the cookie jar. It was not an industry-wide thing so that cannot be the reason the continent is bathed in red. What we see is a group technical breakdown from wedge patterns that likely sparked accelerated selling. There is always a technical angle if you turn off the telly.

We remain rather short in the market but not "all in" short. The reason was that wedge patterns here were not really broken but that may change today. If the market stays as low into the close as it is in the premarket then we may have the final decline in the giant head-and-shoulders pattern we showed here Friday. That suggests a trip to the October lows and neckline of the pattern. It will also be the bulls' last hurrah as a breakdown there would be killer. But as always, the market is not there yet so why worry?



This hourly chart does a good job of summing it up.

That it. We've already strapped into our seats and now it is time to let the market give us a wild ride. We've put a trigger on a stock I wrote up yesterday in Barron's Online but will only consider going full market bear mode if today confirms breakdowns in major indices.

The only caveat is that sentiment is still a bit too bearish but not so much that we are modifying our view. Money managers are still calling all this "volatility" instead of what it is – a long overdue correction (or worse).

Index Charts of the Day



We expect the definitive breakdown today. Note volume yesterday on the rally was very low. Don't compare it to Friday's witching volume but rather to the 50-day average.



Ditto Nasdaq

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 90.50 . Remarkably resilient.		9/11
Nike NKE – The bull breakout was too big so we shifted to bearish setup. A jump to resistance to sell before the week is over. Sell bounce to 117.	Triggered	9/17
Torchmark TMK – This is the insurance stock I wrote in Barron's yesterday that has room to fall to catch up (down) with its sector. Sell breakdown under support and 200-day average at 56.35. Limit 55.50 if it gaps down at the open.	New	9/22
Unknown Implications		
none –		
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 enough to keep it here. Upside follow through no longer arguable but the problem is the amount of overhead resistance.		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
Pandora P – One of the better looking charts. We're not buying but we'll watch. <u>Wild ride on a breakout but it has already come back down.</u>		9/21
Sector Watch (observations that may spark ideas)		
Life Insurance – big breakdown		9/21
Brokers – big breakdown		9/21
Banks – big breakdown		9/21
Gaming – big breakdown		9/21
Hotels – big breakdown		9/21
Updates		
none –		

Market Highlights



Stoxx 50 – There goes blue chip Europe.



Torchmark – This is the insurance stock I wrote in Barron's yesterday that has room to fall to catch up (down) with its sector. Sell breakdown under support and 200-day average at 56.35. Limit 55.50 if it gaps down at the open.

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>	AMZN	AMAZON COM INC	548.39	1.8%	sell	538.87	9/17	4
<u>Short</u>	NYT	NEW YORK TIMES CO	12.02	9.0%	12.50	13.10	7/27	56
	FDX	FEDEX CORP	146.01	12.0%	153.00	163.50	8/20	32
	CMG	CHIPOTLE MEXICAN GRILL	731.19	-1.5%	740.00	720.01	8/20	32
	AGN	ALLERGAN PLC	285.62	9.1%	305.00	311.51	8/28	24
	PFE	PFIZER INC	32.42	2.7%	33.50	33.30	8/28	24
	MSFT	MICROSOFT CORP	44.11	-1.2%	44.50	43.56	8/31	21
	KO	COCA COLA CO	39.19	-0.7%	40.00	38.90	9/2	19
	ESRX	EXPRESS SCRIPTS HLDG CO	83.61	1.7%	87.00	85.00	9/9	12
	FB	FACEBOOK INC	95.05	-4.3%		91.00	9/9	12
	CSCO	CISCO SYS INC	25.54	0.0%	26.50	25.54	9/18	3
	SHW	SHERWIN WILLIAMS CO	244.27	1.0%	260.00	246.65	9/18	3
	CF	CF INDS HLDGS INC	51.72	3.1%	55.50	53.32	9/18	3
	YUM	YUM BRANDS INC	80.43	0.7%	85.00	81.00	9/18	3
	MAR	MARRIOTT INTL INC NEW	70.22	0.9%	73.50	70.86	9/18	3
	CVS	CVS HEALTH	100.91	-1.7%	102.50	99.15	9/18	3
	NKE	NIKE INC	116.56	0.4%	120.00	117.00	9/18	3

Notes: Well, we were stopped out of **FB** (again) by a small margin and can honestly say we messed that up (stronger language encouraged).

Bailing on **AMZN** as the market is soft.

New short in **NKE** as it ticked up to our trigger.

Remember – 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 <mailto:mkahn@quicktakespro.com>.

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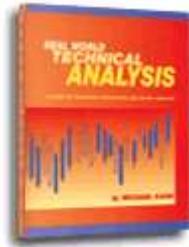
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron’s Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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