

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**September 25, 2015** – The Yellen spoke after the close to tell everyone what they already knew. How can we allow one person, especially an unelected one, to have this much control of the fortunes of everyone in this country? The world's submission is not our problem. Rant over.

Technically, we actually saw something coming as the market formed hammer candles. Of course, we did not know what but given Ms. Yellen was on tap to speak we had to have a pretty good idea. The thing is, all the gain is likely done already. No, we do not have the oracle telling us that but resistance is already nigh. And did anything in commodities, industrial stocks or the economy change? Nope.



The hourly **SPY** chart is already at resistance after the Yellen speech. We are not hopping on this one and we sure are glad we did not pile on to the initial giant decline at yesterday's open. That's the thing about no-man's land. It is risky in both directions.

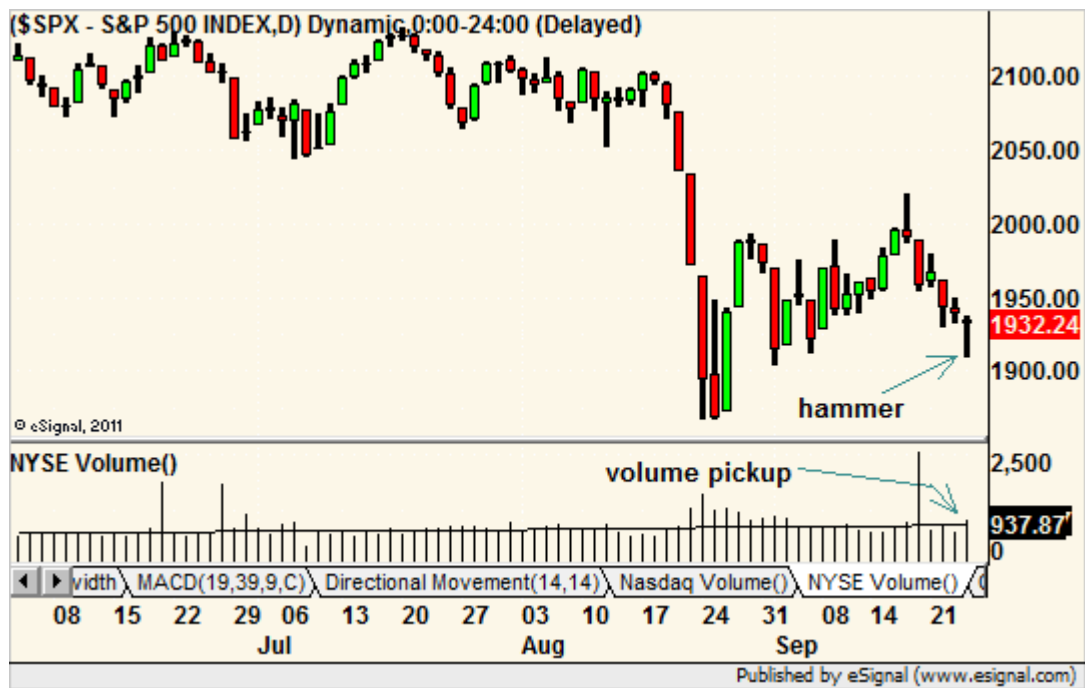
Europe is up big numbers today (France 3%) but they did not have the chance to participate in the US's afternoon recovery yesterday. We see nothing new on the charts there.

And even with the recovery in the stock market, bonds held on to decent gains to keep interest rates under pressure (lower). That is likely to be different this morning as it now seems stocks and bonds are travelling in different directions from day to day. Risk on, risk off?

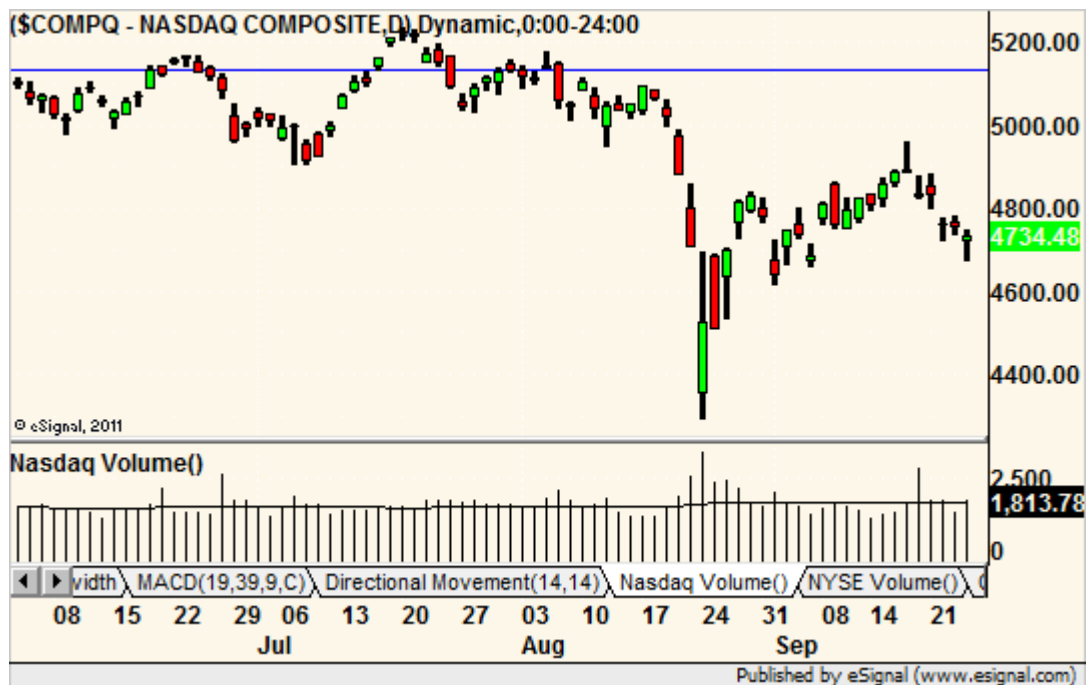
The only trend we see emerging is not exactly new but it is new for us to believe. The dollar likes Yellen's news and is up nicely this morning. But think about what that does – keeps pressure on commodities. And weak commodities are an underlying weakness for the economy. True, there is a little tail wagging the dog here because commodities were weak due to the weak economy. Lower prices due to a falling dollar is actually better for the economy but we, as chartists, cannot think that way. Also, weak prices hurt producers as the energy debacle has shown in energy jobs, housing and spending.

Enough fundamentals. Brains hurt. Bottom line is that we are not chasing the overnight stocks rally.

## Index Charts of the Day



The comeback yesterday left a short-term bullish candle and if confirmed with a solid rally by the close (not just the open) then we could see a bit more upside. That is – before the bears get it back together. We still see the August lows as the next target.



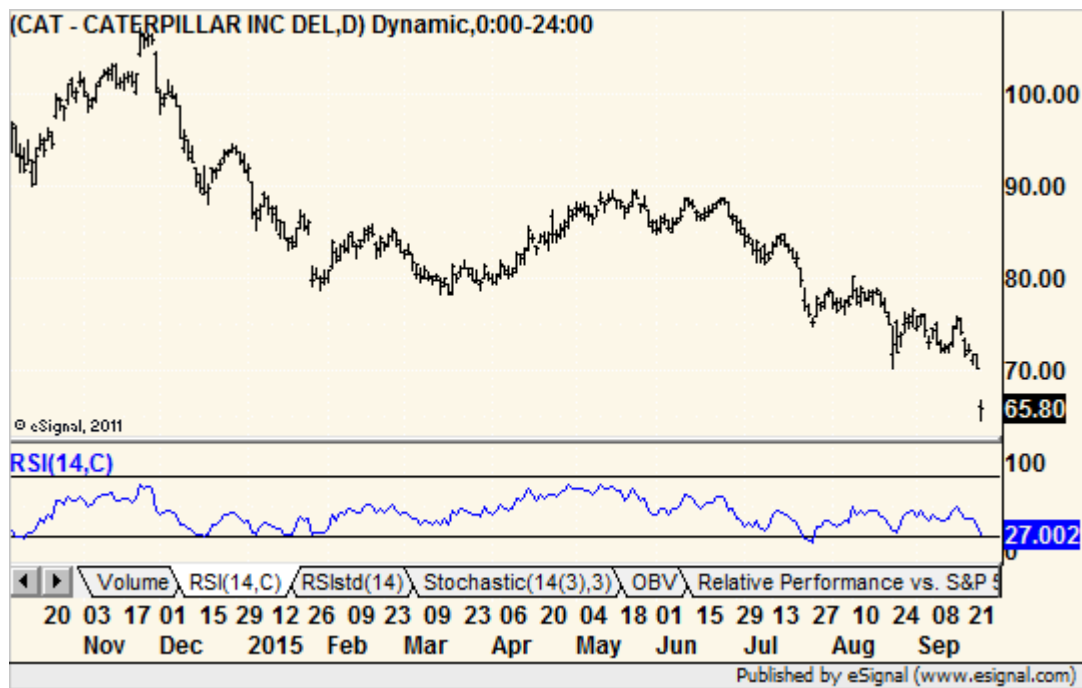
The Nasdaq is jumpier and therefore does not show the hammer. However, in strict terms it has a spinning top candle with good volume and that suggests that the bears lost their mojo. We think temporarily, however.

## The Radar Screen

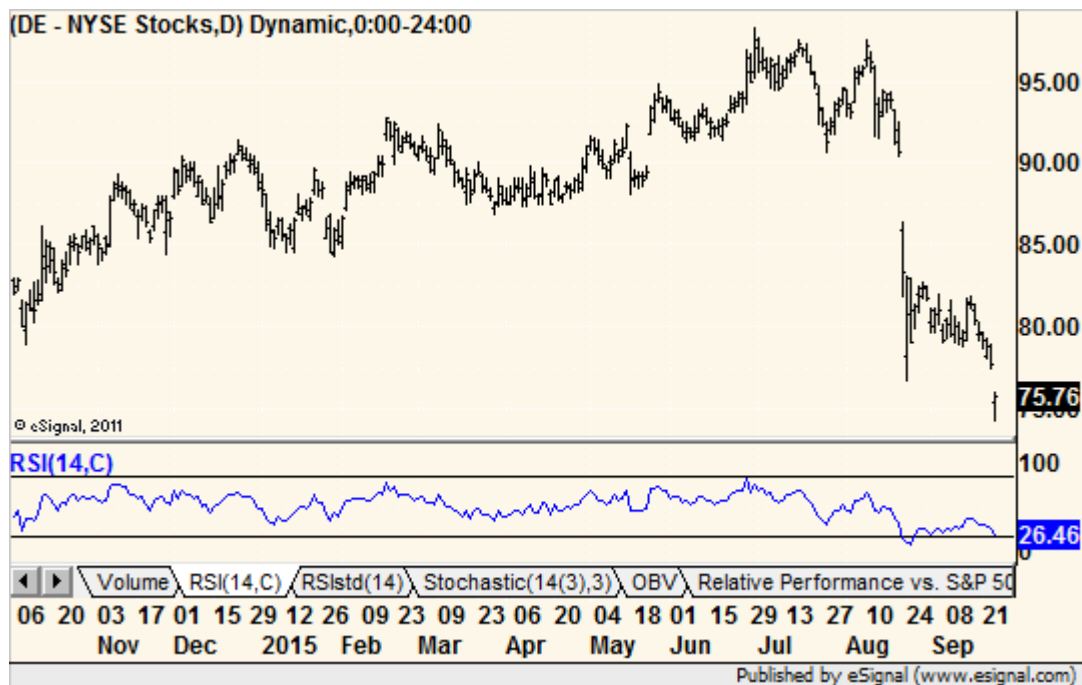
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.

<b>Bullish Implications</b>		
<b>none –</b>		
<b>Bearish Implications</b>		
<b>MasterCard MA</b> – Broken and now waiting for the correction to break. Sell close under 91.00..		9/11
<b>Torchmark TMK</b> – 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.		9/22
<b>Unknown Implications</b>		
<b>none –</b>		
<b>Holding Tank</b> – red shade leans bearish, green shade leans bullish		
<b>Archer Daniels Midland ADM</b> – Considering that we just blasted the Agribusiness ETF (MOO) this is a surprise. However, it has a possible reversal at support and on-balance volume is not too bad. Not buying yet	<b>New</b>	9/25
<b>Campbell Soup CPB</b> – That is a little bull flag in a strong stock. If we are wrong about the market then this should keep leading higher.	<b>New</b>	9/25
<b>Royal Caribbean RCL</b> – This recreational services stock (cruise line) looks pretty good and if we were not so sour on the market we might trend follow this one. It is here in case we are wrong about the market.	<b>New</b>	9/25
<b>Sector Watch</b> (observations that may spark ideas)		
<b>none -</b>		
<b>Updates</b>		
<b>none –</b>		

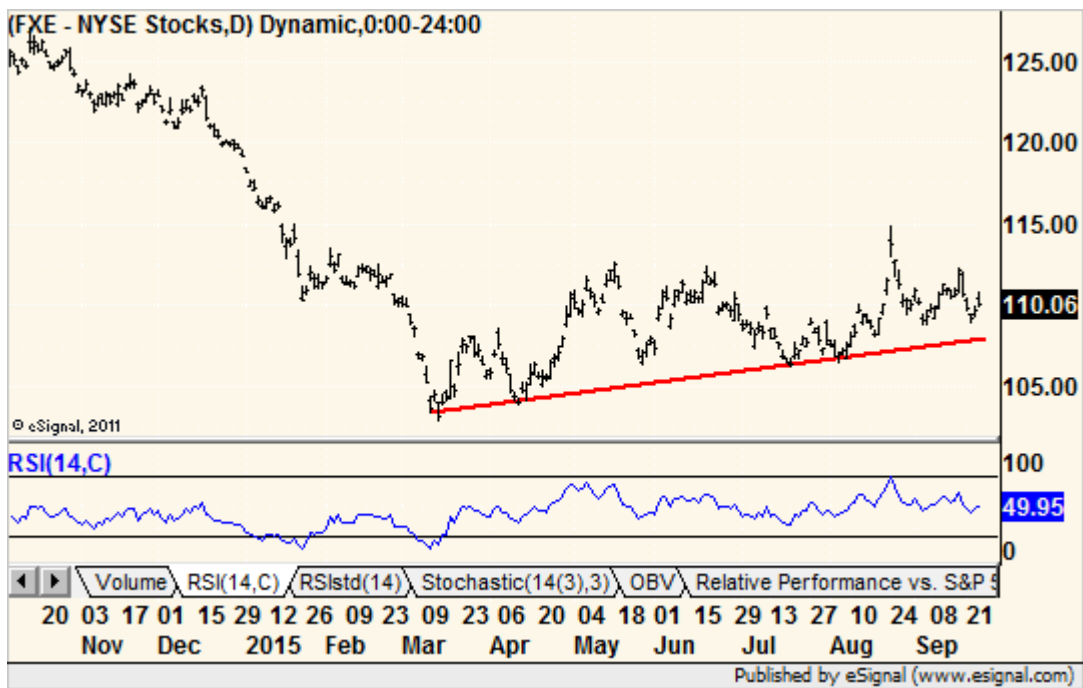
## Market Highlights



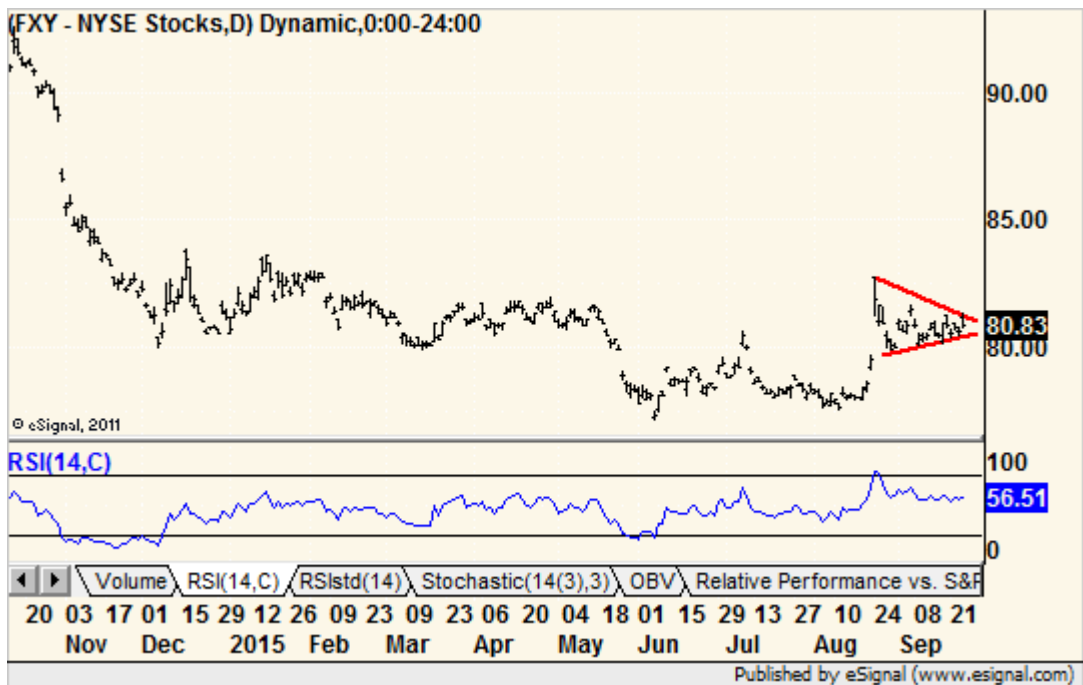
**Caterpillar** – Volume was heavy on the gap but RSI is not that oversold so we are not calling this a selling climax just yet. See next...



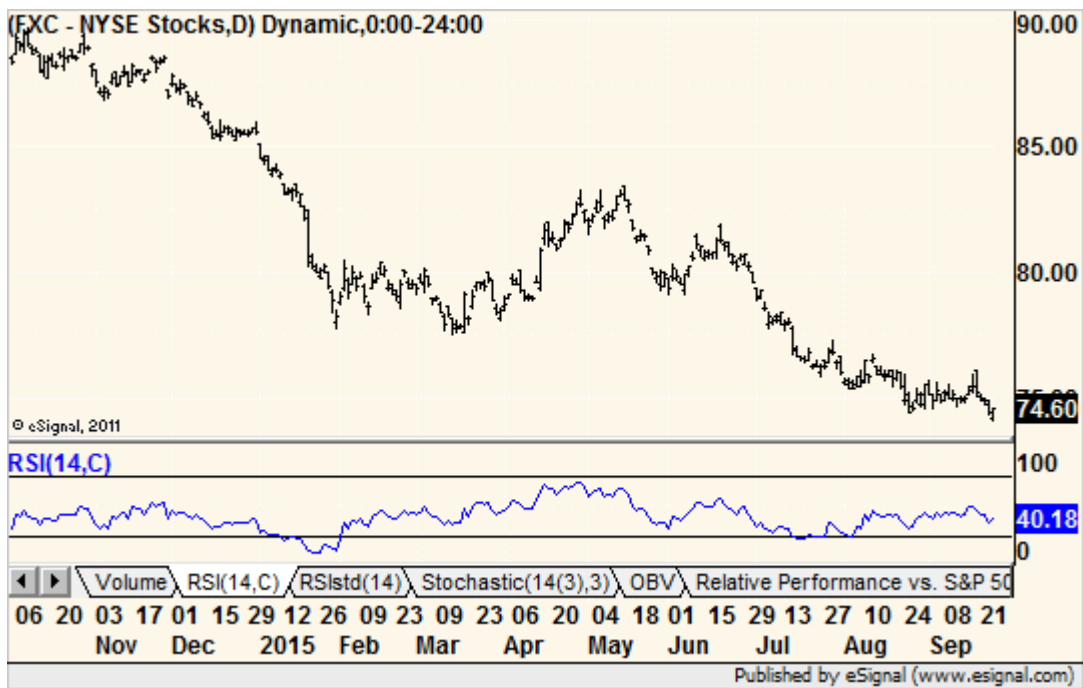
**Deere** – This rival to CAT actually has a less-oversold RSI than before so again this may not be a selling climax. We have to see if the flood gates of buying open now.



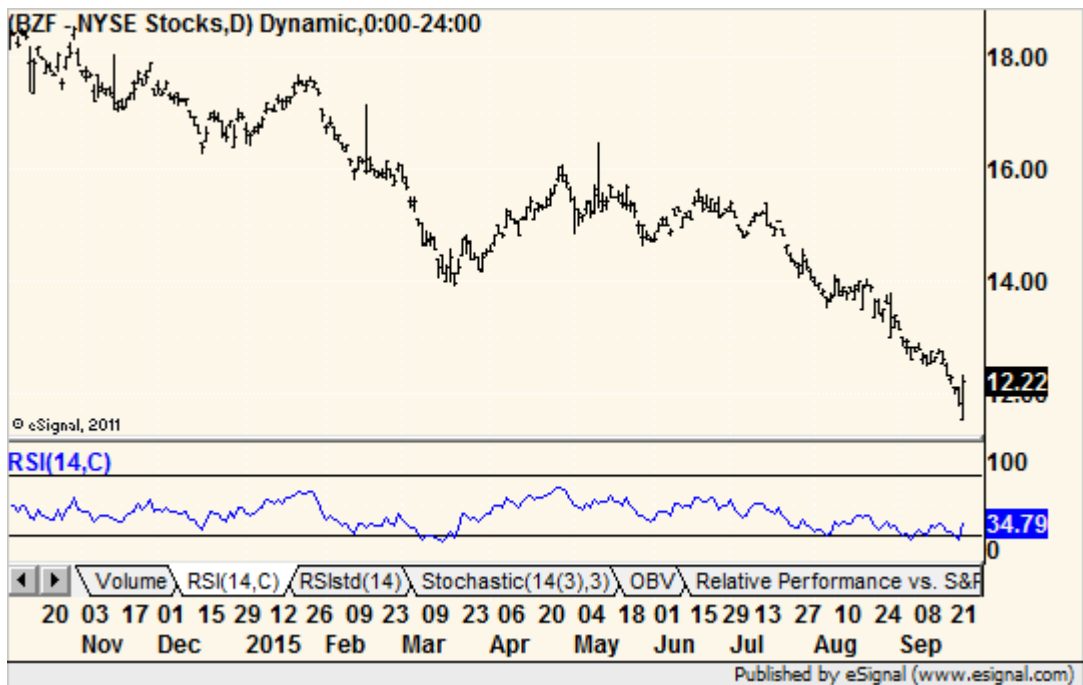
**Euro ETF** – While the dollar index seems to be strengthening, the euro, which is half the weight of the dollar index, still has a support line intact. A break below that line should shoot the dollar index much higher.



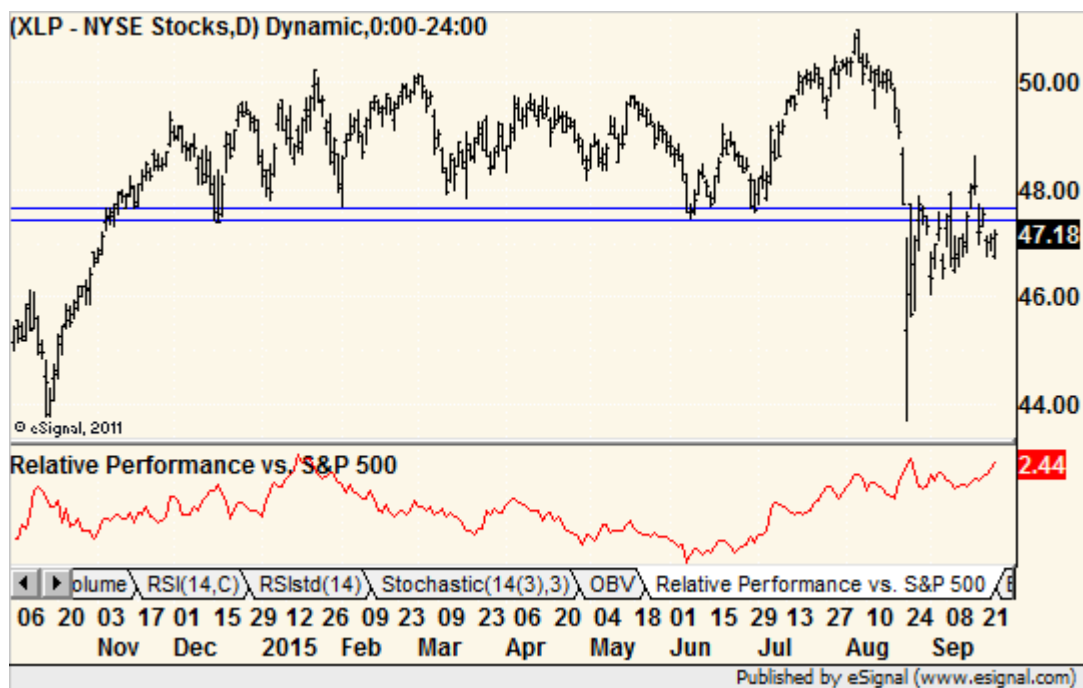
**Yen ETF** – The yen can go either way. A breakdown would give the dollar index a really good tail wind to move higher.



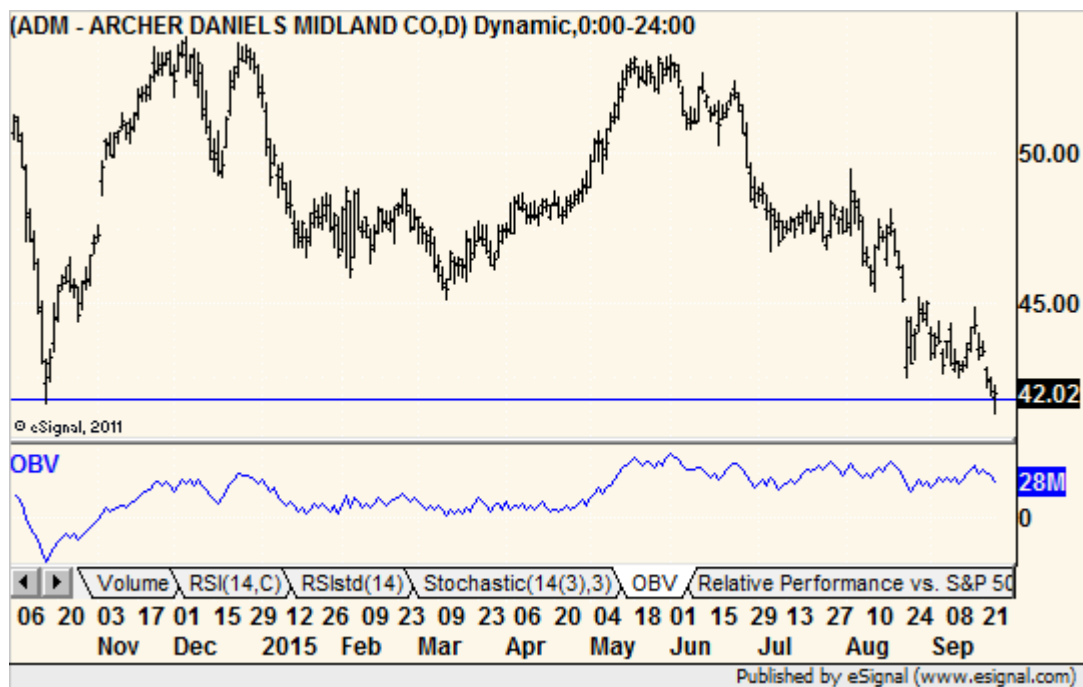
**Canadian dollar ETF** – The so-called commodity currencies (Canada and Australia) are already in steep decline. We take it to mean they believe commodities are not bottoming yet.



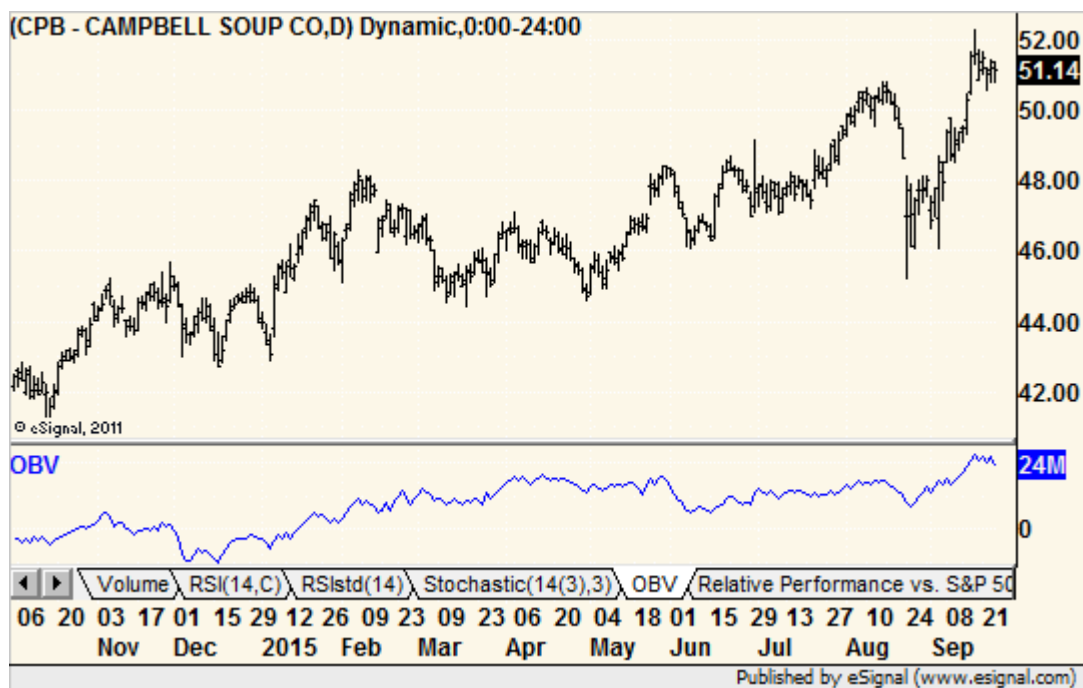
**Brazil real fund** – This is thinly traded so we cannot read too much into it but it does have the look of an upside reversal. Just when we got comfy with the weak commodities story we get this contrary evidence.



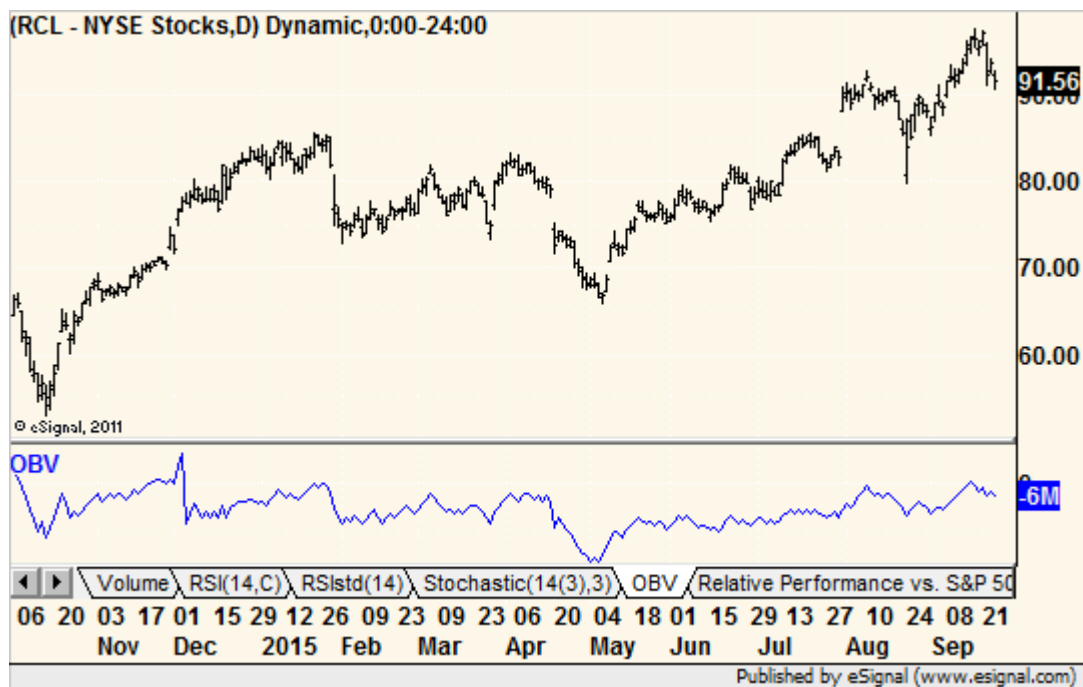
**Consumer Staples ETF** – Because tunnel vision is a terrible thing. Really outperforming now and bumping into overhead resistance. It is not through that resistance so we are not buying but it pays to look at some candidates. Below...



**Archer Daniels Midland** – Considering that we just blasted the Agribusiness ETF (**MOO**) this is a surprise. However, it has a possible reversal at support and on-balance volume is not too bad. Not buying yet so it goes in the Holding Tank.



**Campbell Soup** – That is a little bull flag in a strong stock. If we are wrong about the market then this should keep leading higher.



**Royal Caribbean** – This recreational services stock (cruise line) looks pretty good and if we were not so sour on the market we might trend follow this one. Holding Tank in case we are wrong about the market.



## 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>								
<u>Short</u>	<b>NYT</b>	NEW YORK TIMES CO	11.62	12.7%	cover	13.10	7/27	59
	<b>FDX</b>	FEDEX CORP	142.44	14.8%	153.00	163.50	8/20	35
	<b>CMG</b>	CHIPOTLE MEXICAN GRILL	731.17	-1.5%	cover	720.01	8/20	35
	<b>AGN</b>	ALLERGAN PLC	290.56	7.2%	305.00	311.51	8/28	27
	<b>PFE</b>	PFIZER INC	32.70	1.8%	33.50	33.30	8/28	27
	<b>MSFT</b>	MICROSOFT CORP	43.91	-0.8%	cover	43.56	8/31	24
	<b>KO</b>	COCA COLA CO	39.15	-0.6%	40.00	38.90	9/2	22
	<b>ESRX</b>	EXPRESS SCRIPTS HLDG CO	82.43	3.1%	87.00	85.00	9/9	15
	<b>CSCO</b>	CISCO SYS INC	25.41	0.5%	26.50	25.54	9/18	6
	<b>SHW</b>	SHERWIN WILLIAMS CO	227.80	8.3%	250.00	246.65	9/18	6
	<b>CF</b>	CF INDS HLDGS INC	46.42	14.9%	cover	53.32	9/18	6
	<b>YUM</b>	YUM BRANDS INC	78.32	3.4%	84.00	81.00	9/18	6
	<b>MAR</b>	MARRIOTT INTL INC NEW	68.20	3.9%	72.00	70.86	9/18	6
	<b>CVS</b>	CVS HEALTH	99.17	0.0%	102.50	99.15	9/18	6
	<b>NKE</b>	NIKE INC	114.79	1.9%	120.00	117.00	9/21	3

**Notes:** Covering a few positions today.

- **NYT** has a nice profit and is already old
- **CF** has a nice profit but moved very quickly
- **MSFT** and **CMG** never performed and we said we would likely bail

## 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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