

# QUICK TAKES PRO

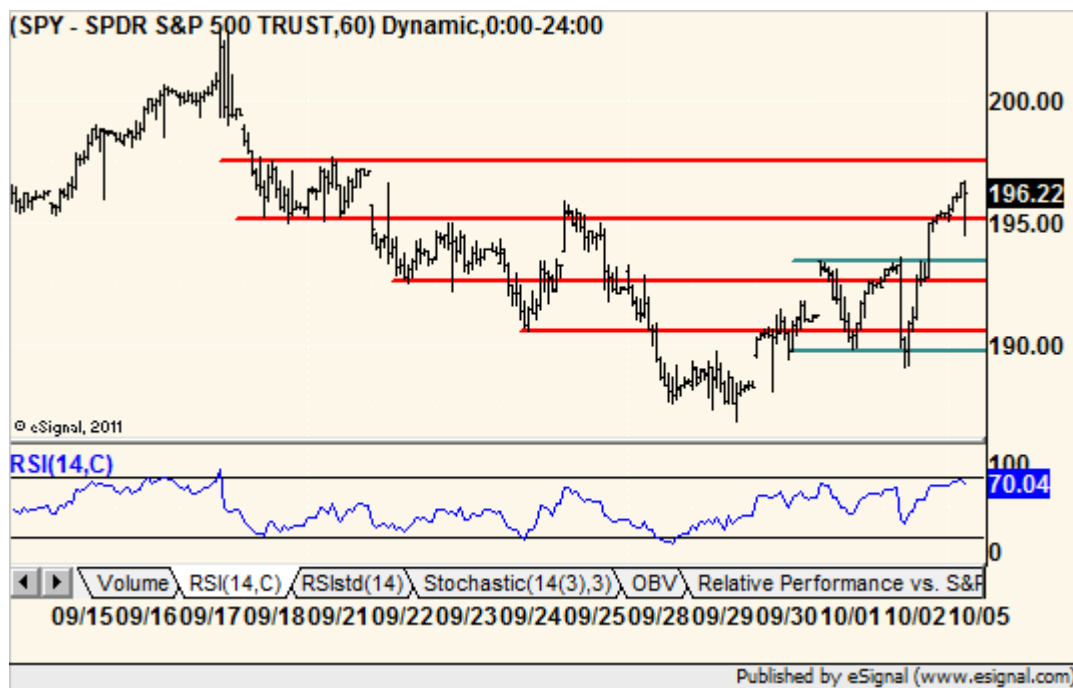
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**October 5, 2015** – Not a bad Friday with a 400+-point swing from low to high and a bullish reversal to boot. But do we switch camps and buy stuff? Well, there is that argument. And we did start to post long ideas last week but none of them actually triggered. Another market tease, perhaps although one look at Europe this morning and we might get that double-bottom feeling.

The thing is that the market is still just a few days and points off a major support. In other words, it was "this close" (holding up thumb and forefinger slightly apart) to a major breakdown. We are not convinced that this is more than another small countertrend moved in a perhaps two-month long consolidation before that break occurs (see second chart below).

Volume was not commensurate with a dramatic shift in opinion. And did anyone notice that banks still closed down Friday? So did junk bonds. True, both closed near their highs but you get our point.



The hourly chart still holds nice support and resistance levels including the new green ones we had to add to cheat a little. Right now, the **SPY** seems to be in the middle of two levels (no-man's land) but nearly overbought. In other words, we are not going to take action at this level but the odds of breaching next resistance, in our opinion, are low.

See next page ...

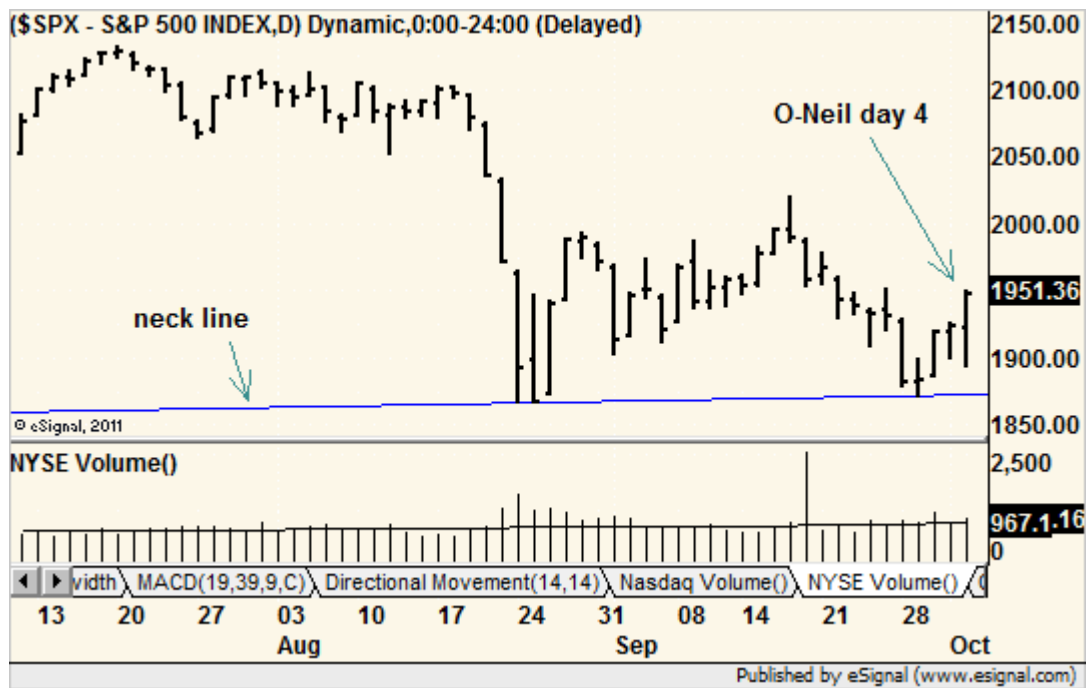


This is the daily version of the SPY with our concept of the triangle pattern forming now. Note our view that the trend in on-balance volume is still to the downside. Again, this is just our view and not actual objective evidence.

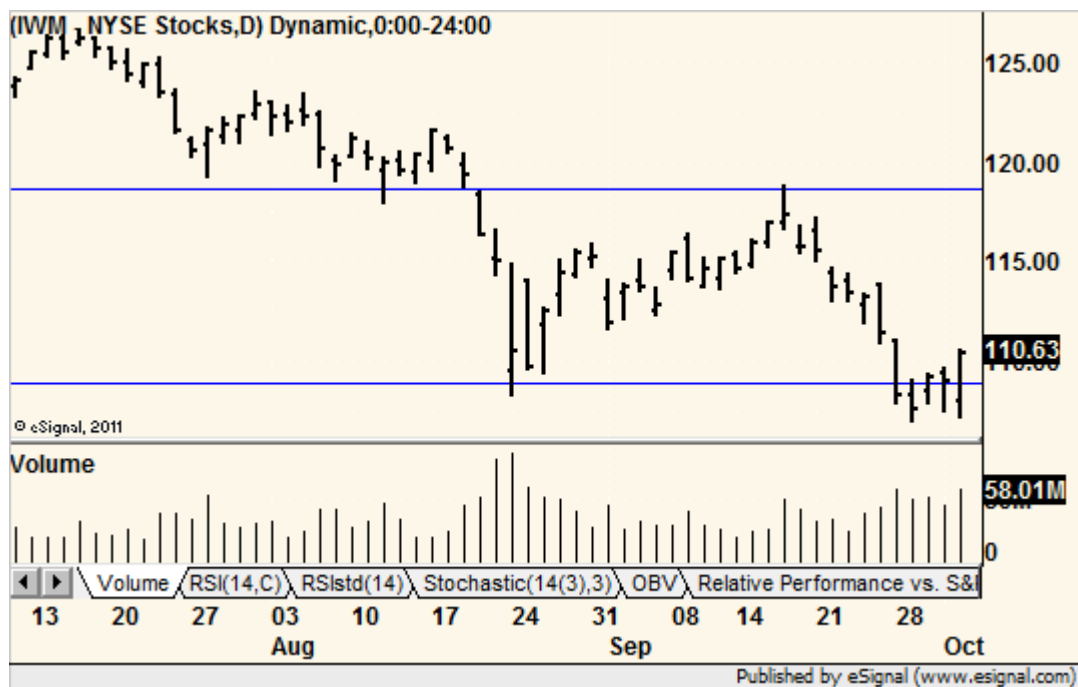
Also, this triangle still sits on the neckline of the giant head-and-shoulders pattern we've been following. A breakdown from both would be quite bearish.

As usual, nothing new in gold and oil other than gold's stalled rally Friday.

## Index Charts of the Day



Was it or wasn't it – an O'Neil follow through day (surge in price and volume 4-7 days into a rally attempt)? We say it was not because volume was marginally above average and price gained only 1.2% instead of 1.5% or more. Nice try, but still we have to respect the big intraday reversal Friday. In other words, foot off the bearish gas pedal for now.



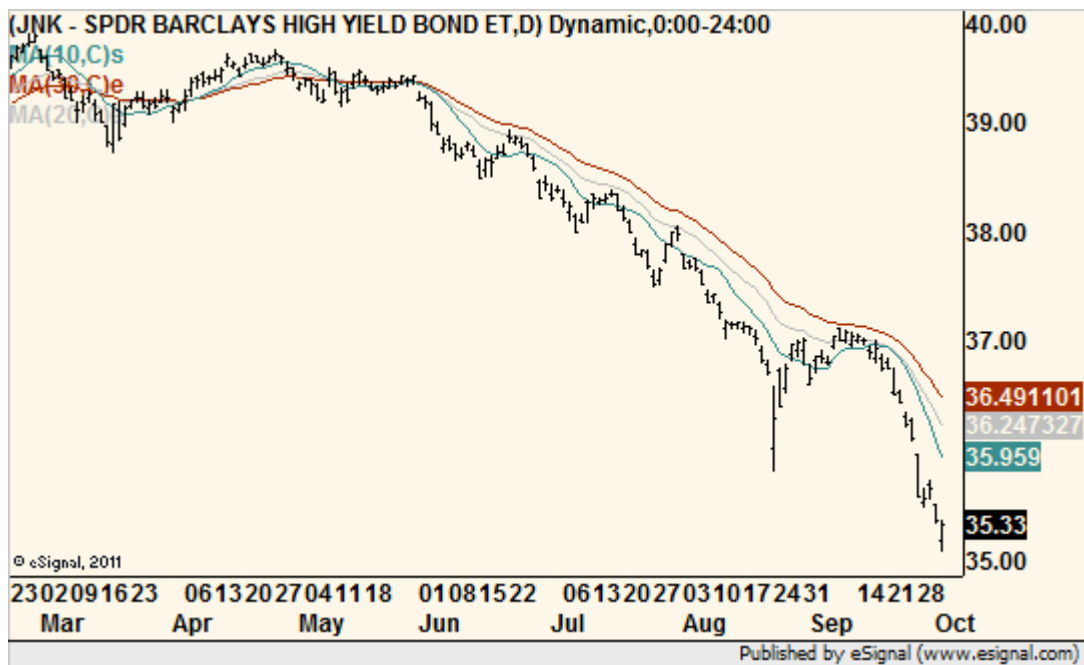
Support on the Russell 2000 index itself was crisper than here on the ETF but we show it for volume. Not exactly the tide rushing in type of volume we'd like to see on a reversal (as we saw in August). But a reversal is a reversal so we have to stop the bear campaign for today.

## The Radar Screen

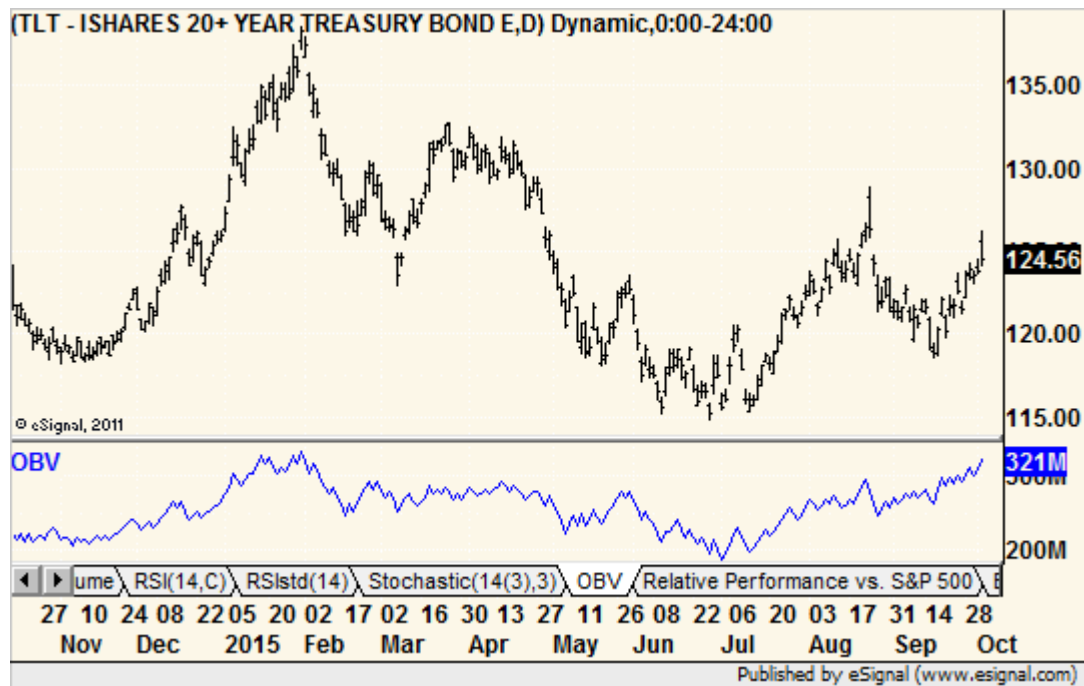
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Macys M</b> – We want this stock at around 47.		9/30
<b>Bed Bath &amp; Beyond BBBY</b> – Retailer looking good if it hits bottom of massive trading range at 54.60.		10/1
<b>Wal-Mart WMT</b> – Now at support going back for years. Waiting for the daily triangle pattern to break to the upside. Buy close over 65.		10/1
<b>Gap GPS</b> – Sure looks like a selling climax. Still need some sign the bulls are interested again. A close over 29 but with decent volume would do it.		10/1
<b>Men’s Wearhouse MW</b> – This is another retailer that is so down and out that it looks cheap. Now at support and even farther below its 200-day average now than it was last year at the bottom. In other words, it is quite oversold. This might be a nice play for a rebound. Buy close over <b>43.75</b> (Thursday’s high with the morning spike excluded).		10/2
<b>Bearish Implications</b>		
<b>Goldman Sachs GS</b> – On-balance volume is cratering. Sell close under support at 172.		10/2
<b>Unknown Implications</b>		
<b>none</b> –		
<b>Holding Tank</b> – red shade leans bearish, green shade leans bullish		
<b>Apple AAPL</b> – On the brink. Already failed at 50-day average. Watching for trendline breakdown. Breakdown! Waiting for a test.		9/29
<b>Micron Technology MU</b> – It is rather clear we are market bears but this semiconductor stock looks pretty good. That is a nice bullish RSI divergence and its P/E is quite low.		9/30
<b>Newell Rubbermaid NWL</b> – Another sell the bounce candidate. Pattern now looks like a possible bottom.		9/30
<b>Sandisk SNDK</b> – The daily chart looks like MU’s (see above). The weekly chart has a bullish reversal, a dip and another possible reversal. Of course, there are two more days to go this week before that completes. Just another beaten down tech stock with potential. <b>And away it goes!</b>		10/1
<b>Ralph Lauren RL</b> – A new CEO got this one soaring. Far too risky to buy after such a move (from bottom to and through the top of a pattern) but in the big picture this is a potential long-term bullish reversal. We may buy a test of the breakout. <b>Flag forming?</b>		10/1
<b>Sector Watch</b> (observations that may spark ideas)		
<b>none</b> –		
<b>Updates</b>		
<b>none</b> -		

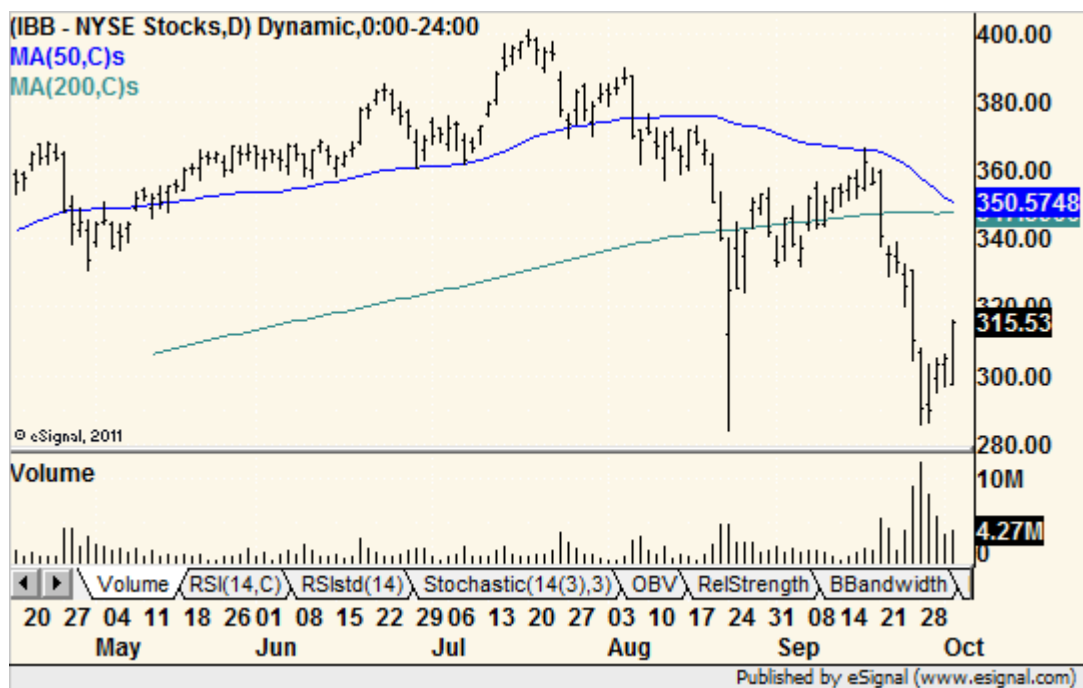
## Market Highlights



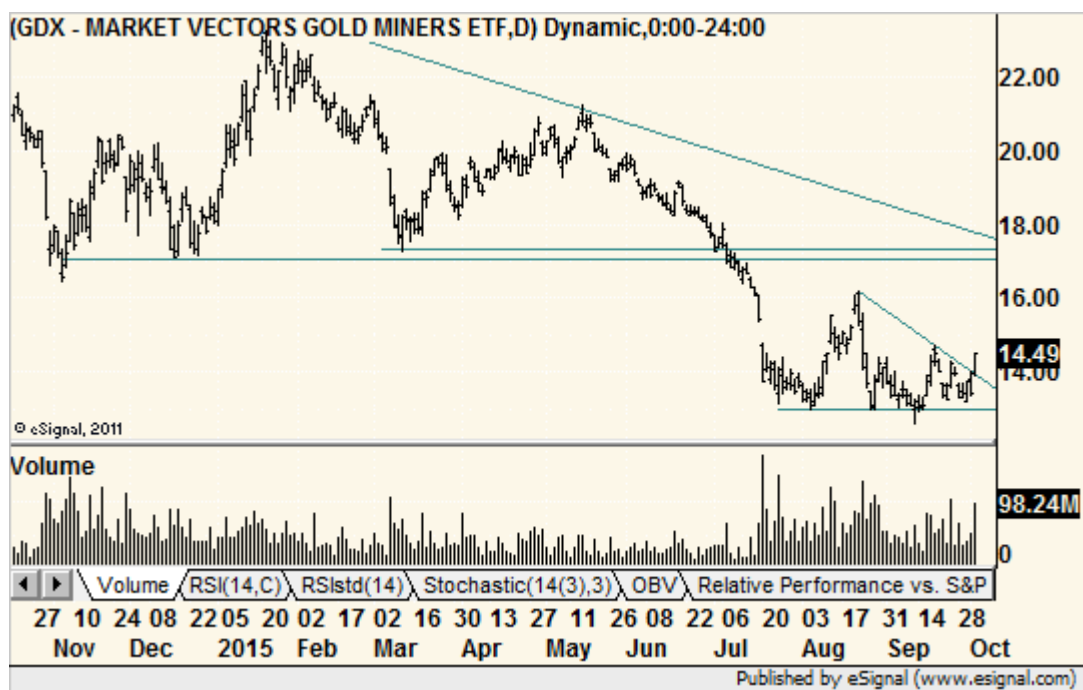
**Junk Bonds ETF** – A bit overextended below its short-term averages but junk bonds look terrible.



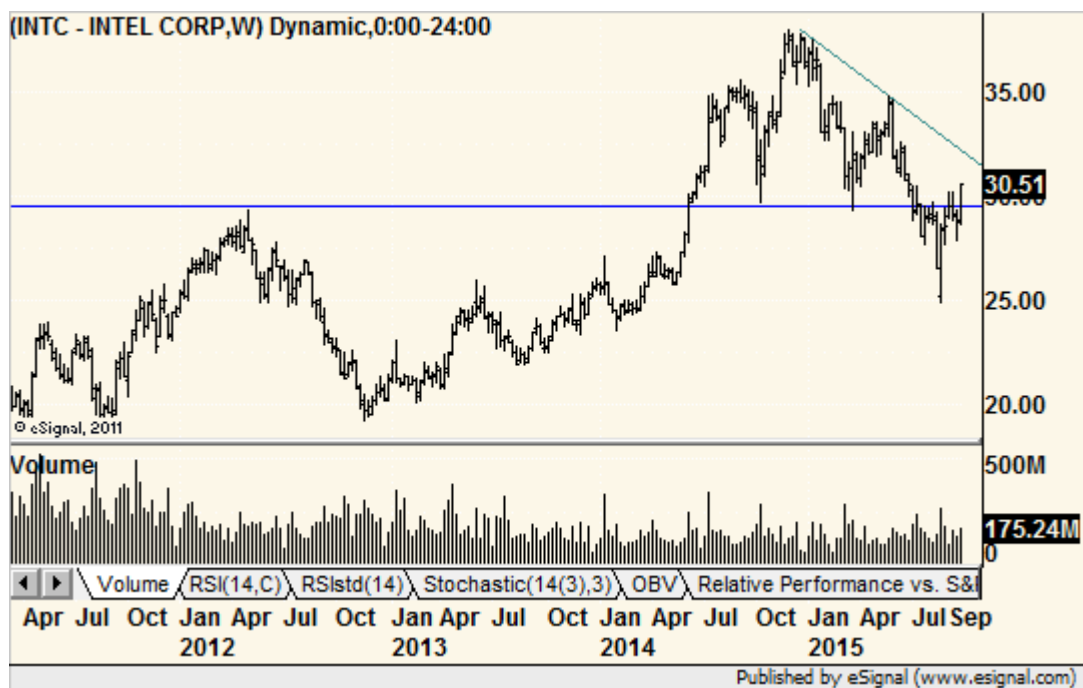
**Long T-bond ETF** – While it did reverse to the downside Friday is still closed higher and still sports strong on-balance volume. That is still indicative of a flight to safety.



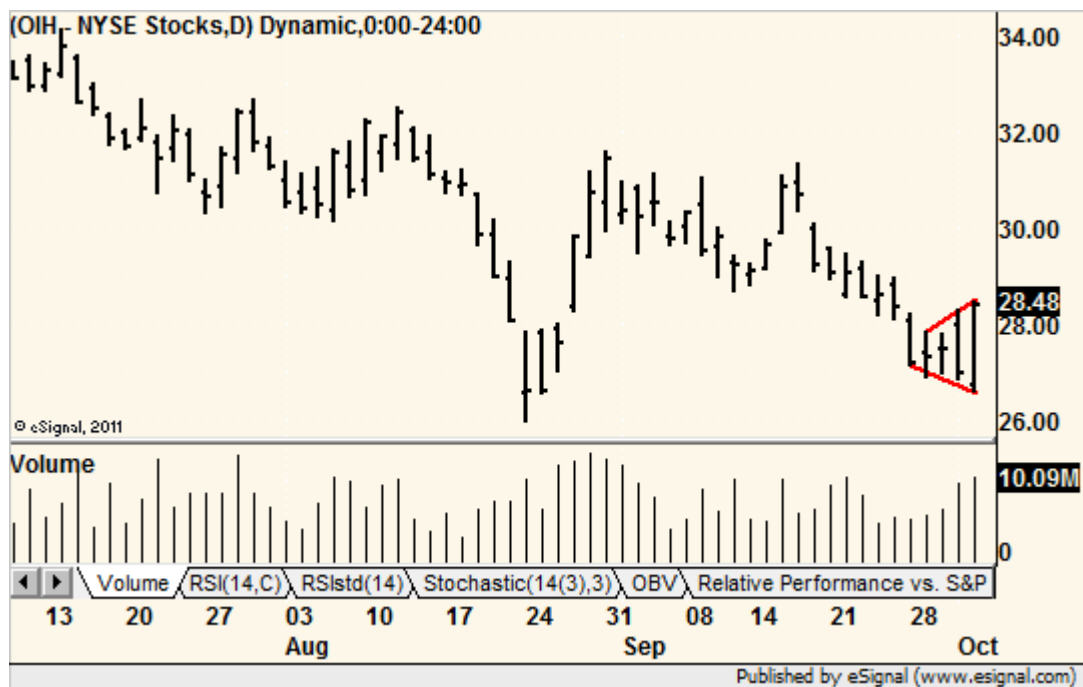
**Nasdaq biotech ETF** – This is the volume signature of a corrective bounce in a down trend.



**Gold mining ETF** – It did break the triangle on Friday and with good volume. But there is still far too much overhead resistance for an investment. A short-term trade might be another story but we are not very enthused.



**Intel** – We really want to present long opportunities in case we are wrong about the market but this is what we face. A short-term breakout with a long-term barrier just above. Volume on the rally is also falling. **But check out a beaten sector in the next chart...**



**Oil Services ETF** – Interesting expanding days. May be sign of a good rally ahead.

## 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>	<b>none</b>							
<u>Short</u>	<b>FDX</b>	FEDEX CORP	145.52	12.4%	149.00	163.50	8/20	45
	<b>PFE</b>	PFIZER INC	32.75	1.7%		33.30	8/28	36
	<b>ESRX</b>	EXPRESS SCRIPTS HLDG CO	82.14	3.5%	84.00	85.00	9/9	25
	<b>CSCO</b>	CISCO SYS INC	25.76	-0.9%	26.50	25.54	9/18	16
	<b>YUM</b>	YUM BRANDS INC	81.00	0.0%		81.00	9/18	15
	<b>CVS</b>	CVS HEALTH CORP	98.96	0.2%	100.00	99.15	9/18	16
	<b>MA</b>	MASTERCARD INC	92.00	-4.0%		88.35	9/28	5
	<b>TMK</b>	TORCHMARK CORP	56.51	-0.3%	59.00	56.35	9/28	6
	<b>VMC</b>	VULCAN MATLS CO	95.00	-6.3%		89.00	9/30	3

**Notes:** Stopped out of a few more shorts on the market's big rebound. VMC was the real disappointment as we sold a bounce but it kept bouncing.

### Important Observation:

Note how the list of shorts has been whittled down suggesting that the market may be turning. Interestingly, none of our long triggers were hit Friday so this just may be the market forcing us to reset our thinking in a continuing bearish trend.



## 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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