

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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October 9, 2015 – Stocks reacted well to dovish Fed minutes and the hourly chart below punched through resistance. This is the time where we think that we shoulda woulda coulda jumped on last Friday's reversal because it seems like it is just too late now. However, when we move to the bigger picture, the bearish case is bruised, not defeated.

Energy also ran away from us for a quick trade but if energy is truly back then we should be able to find a calmer entry point than chasing euphoria. Is this just a Putin thing? The initial jump may have been but we do see a real long-term case for the sector now.

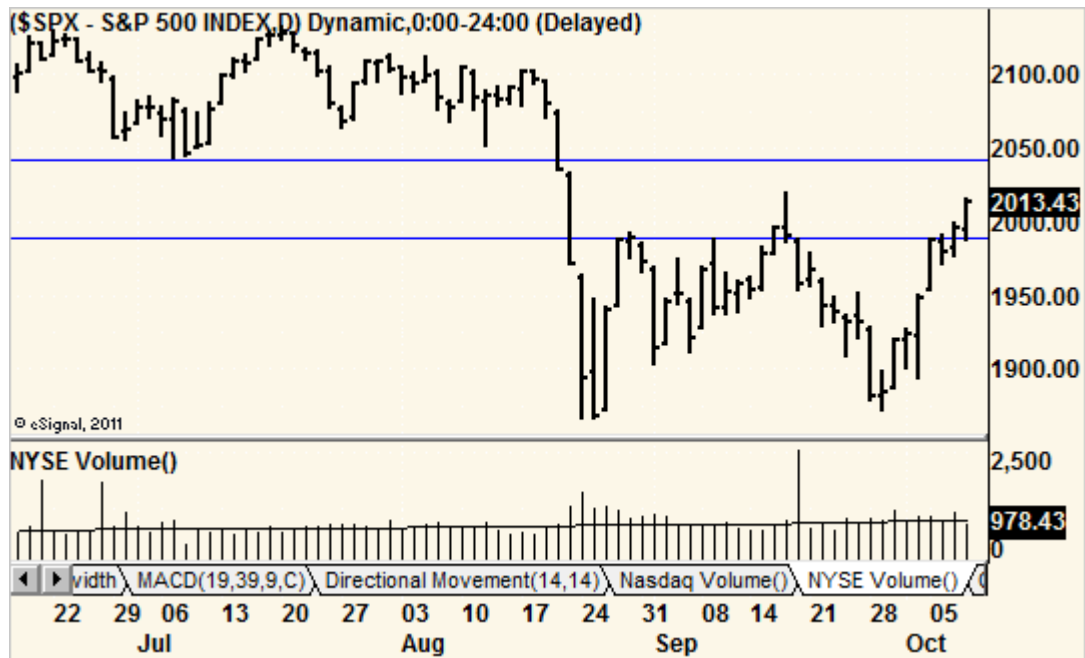
So now that Alcoa had some downbeat results, does that mean things are not going to be so good this earnings season? It might but with a stock at 25-year lows how much of a bellwether can it be?



The hourly chart shows the tentative rally into resistance ahead of the Fed and then the explosion through resistance afterward. The question is whether this continues and this chart cannot argue against that. It seems the market is testing the bears' mettle in a big way but check out the daily charts below.

If we did not go bullish after last week's reversal now is not the time to jump in.

Index Charts of the Day



It is hard to be bearish with this chart out of context. However, the upper line is serious resistance at the bottom of the old trading range. This looks very much like the bleep-you rally to shake out weak bears and suck in Johnny-come-lately trading bulls. Check out volume.

We looked at intraday volume because pre-Fed it was understandably low. But post-Fed it was on par with every other late afternoon volume level. Not exactly excitement over a dovish Fed.



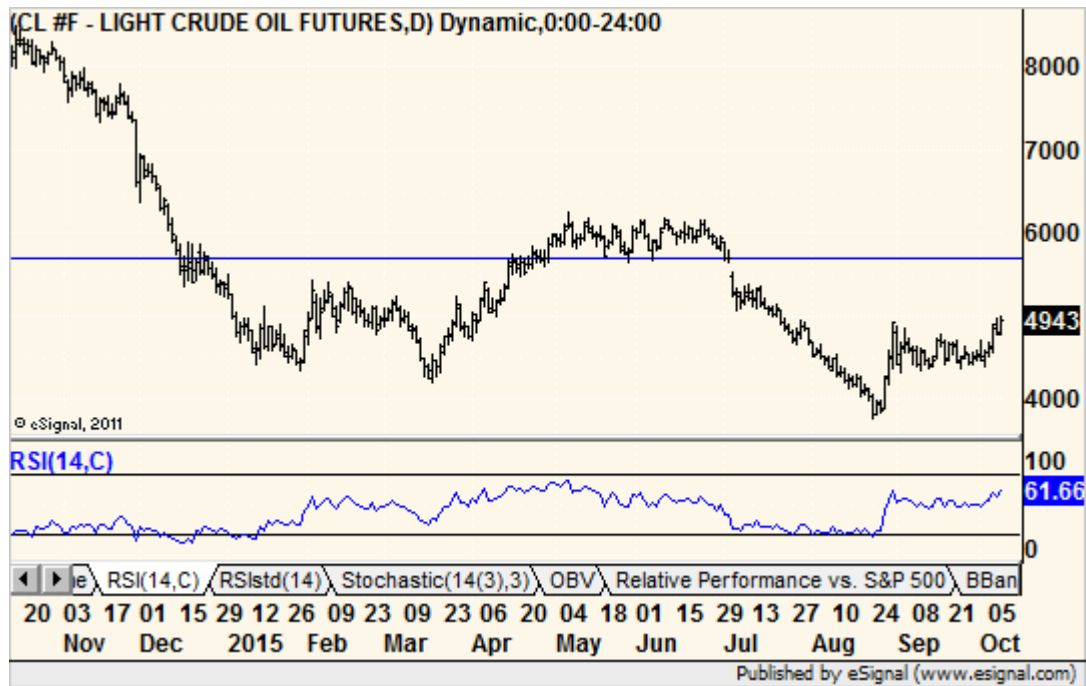
The Nasdaq is still below a very critical resistance zone.

The Radar Screen

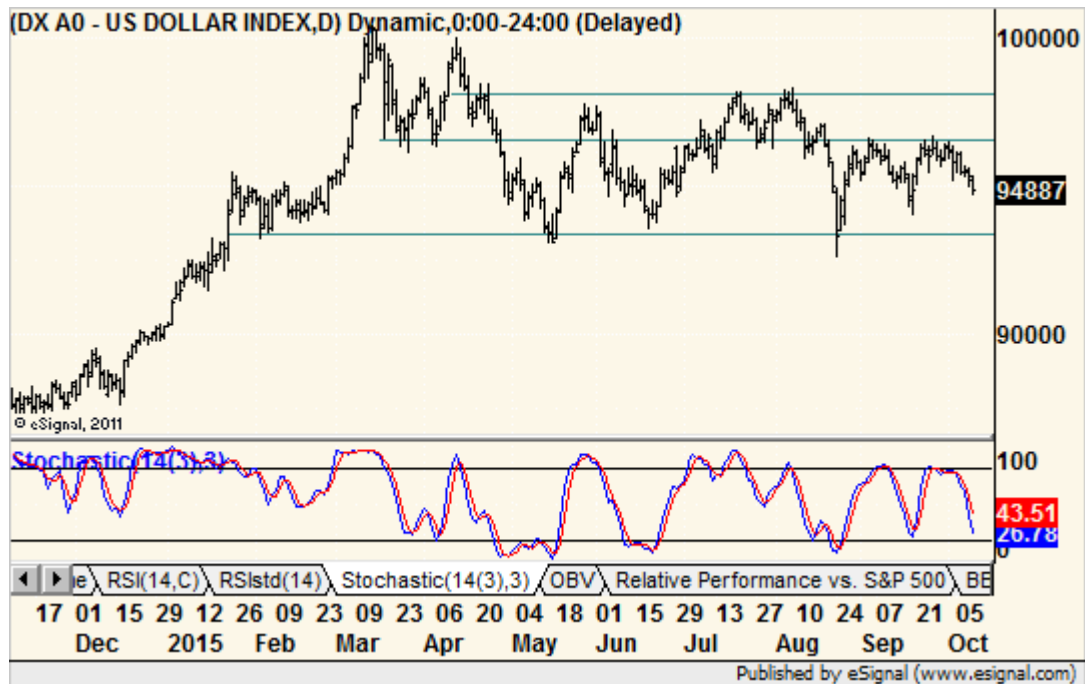
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Goldman Sachs GS – On-balance volume is cratering. Sell close under hourly support at 180. This is changed to selling the break after the bounce that has happened.		10/2
Apple AAPL – On the brink. Already failed at 50-day average. <u>Looks like it failed at its rebound. We’re selling.</u>	Changed	9/29
United Continental UAL – This is from my article on the Profitable Trader site today. The gist was to sell at market and look for a 14% gain on the decline.	Triggered	10/8
Unknown Implications		
Stocks at resistance – GM, AMZN, SBUX, UPS, BA		10/6
Holding Tank – red shade leans bearish, green shade leans bullish		
Ralph Lauren RL – Either we missed this one or the next decline will be a reversal, not test of the breakout. Moving on.	Removed	10/1
Macys M – We want this stock at around 47.		9/30
Bed Bath & Beyond BBBY – Retailer looking good if it hits bottom of massive trading range at 54.60.		10/1
Men’s Wearhouse MW – 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 43.75		10/2
3M MMM – Double bottom breakout – or is it? Volume says otherwise. Waiting at least for a test.		10/8
Fluor FLR – A heavy construction cyclical to watch.	New	10/9
Sonoco Products SON – This is the packaging stock, not the oil refiner. A possible buy candidate if we are wrong on the market. Trend break. Good momentum. Looks better than many of its industrial peers.	New	10/9
Sector Watch (observations that may spark ideas)		
Emerging Markets ETF EEM – If commodities are coming back we will keep an eye on the trendline from April here. Possible breakout		10/6
Oil Services ETF OIH – Arguable trendline breakout. Waiting for a dip		10/6
Energy ETF XLE – Double bottom breakout but it did not pause first. Makes us a little nervous to chase. Waiting for a dip <u>but this is starting to run away from us</u>		10/6
Industrial Metals Group – Moved above resistance for an arguable double bottom breakout. We say arguable because it did not pause at resistance first. That makes it prone to failure or at least to a pullback to test the breakout.		10/8
Updates		
none -		

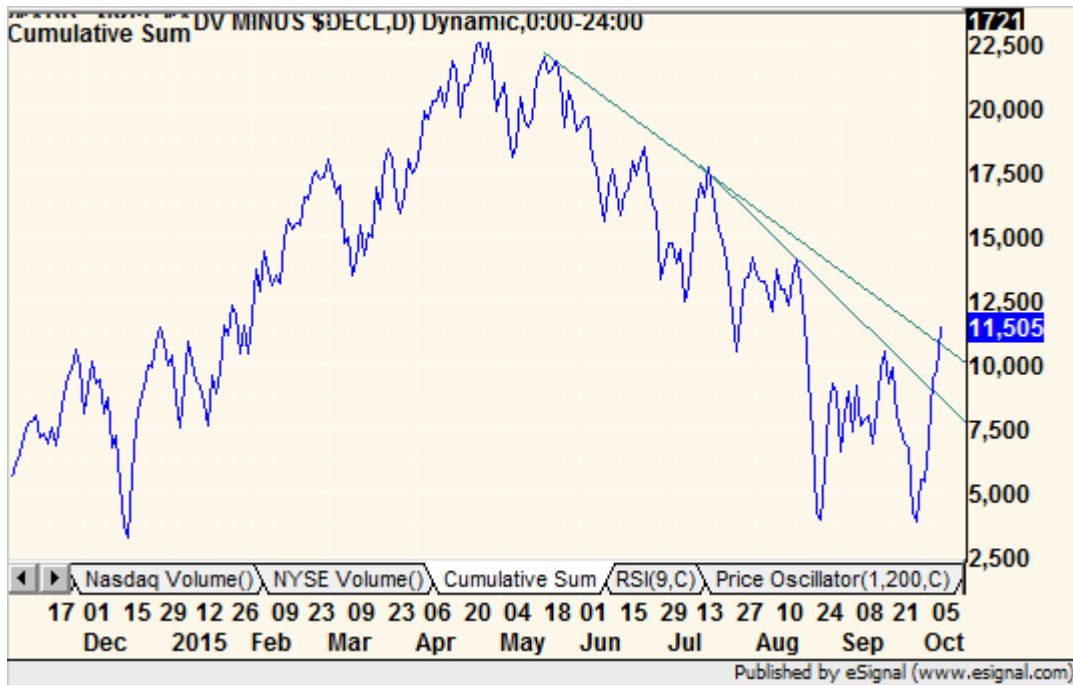
Market Highlights



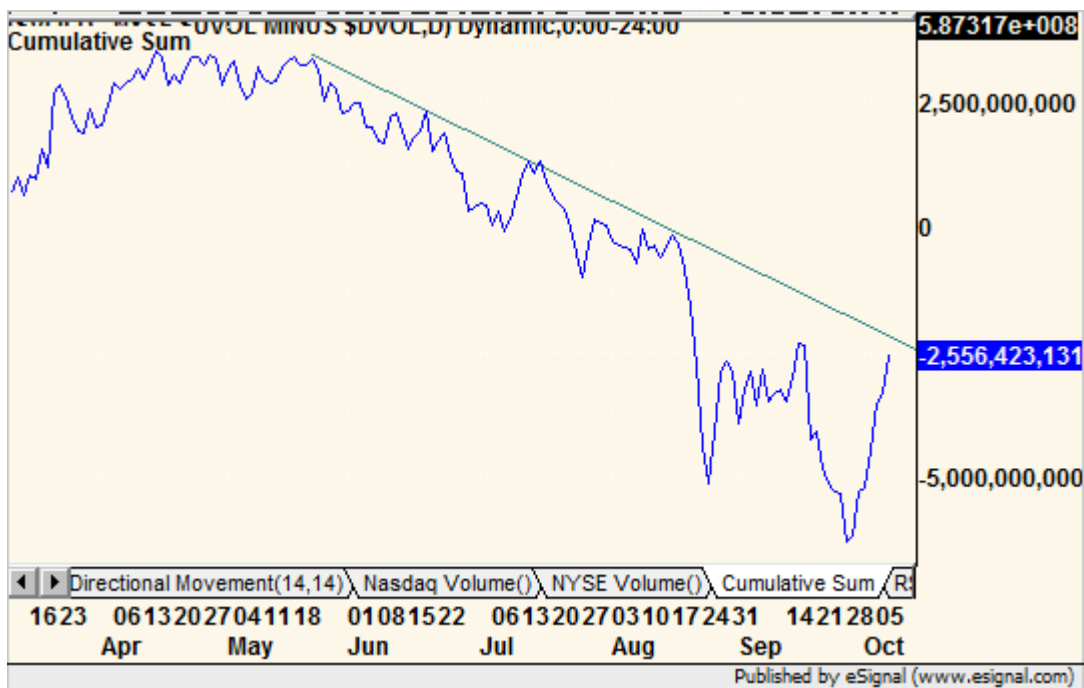
Crude Oil – That is a very formidable ceiling at 57-ish.



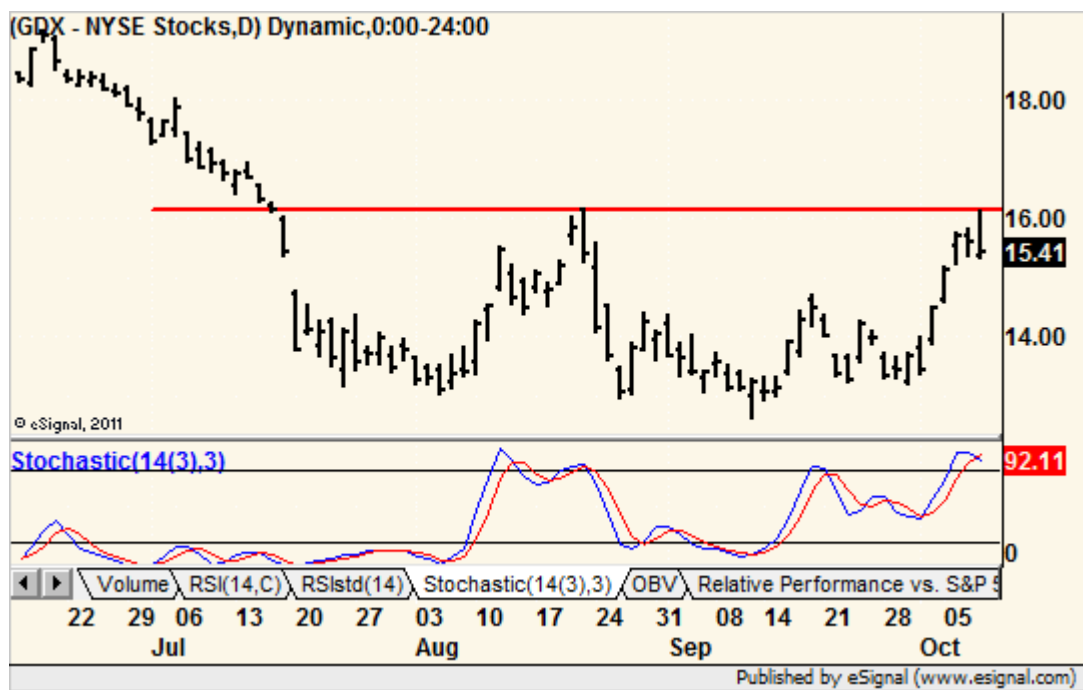
US dollar index – A bout of weakness in a sideways range. Fed minutes did not help here.



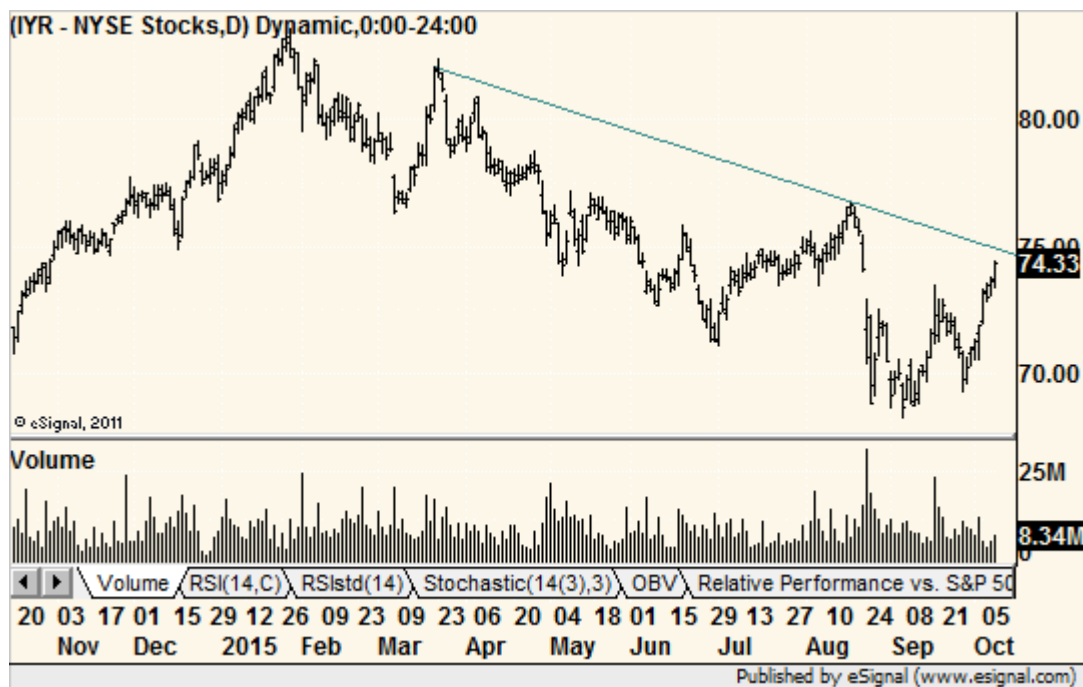
NYSE advance-decline – Arguable breakout from the downtrend.



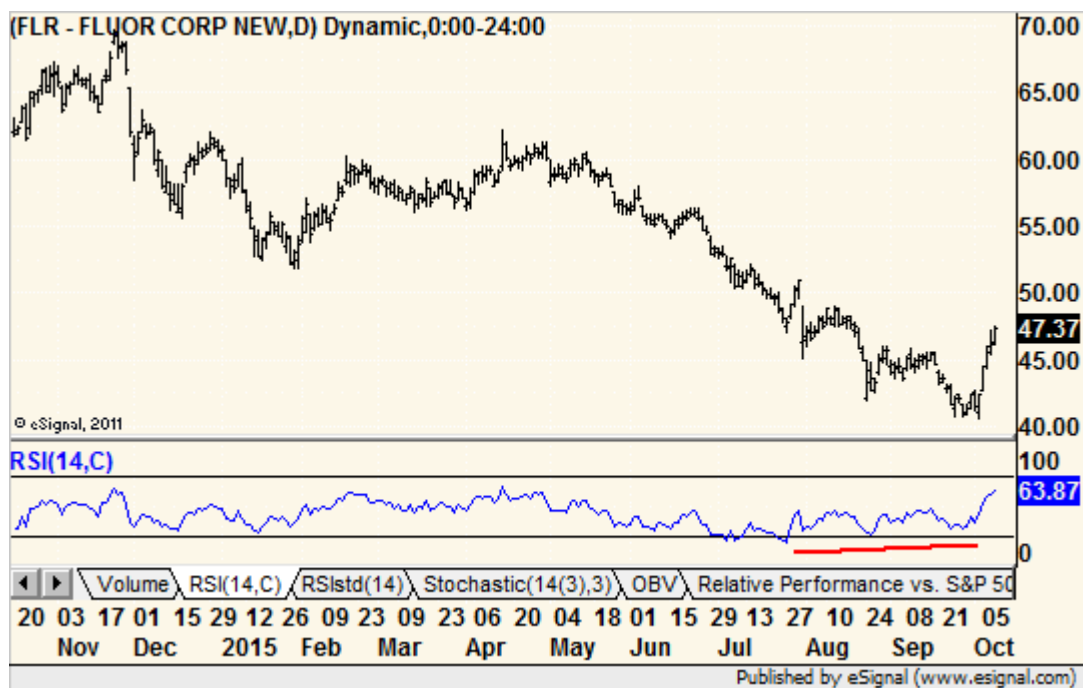
NYSE adv-dec volume – Advancing minus declining volume has not broken its trendline.



Gold Mining ETF – Bearish reversal at resistance with a stochastics cross. Cannot buy here. Must break out first.



REIT ETF – It's been a nice rally off the lows but it has not broken out yet.



Fluor – A heavy construction cyclical to watch.



Sonoco Products – This is the packaging stock, not the oil refiner. A possible buy candidate if we are wrong on the market. Trend break. Good momentum. Looks better than many of its industrial peers.

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>	WMT	WAL-MART STORES INC	66.88	1.5%	63.00	65.87	10/5	3
	GPS	GAP INC DEL	28.95	-0.4%	27.75	29.08	10/5	3
<u>Short</u>	ESRX	EXPRESS SCRIPTS HLDG CO	82.71	2.8%	84.00	85.00	9/9	29
	TMK	TORCHMARK CORP	57.90	-2.7%	59.00	56.35	9/28	10
	UAL	UNITED CONTL HLDGS INC	52.26	-1.9%	54.00	51.25	10/8	0

Notes: New short in **UAL** at the open yesterday.

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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