

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

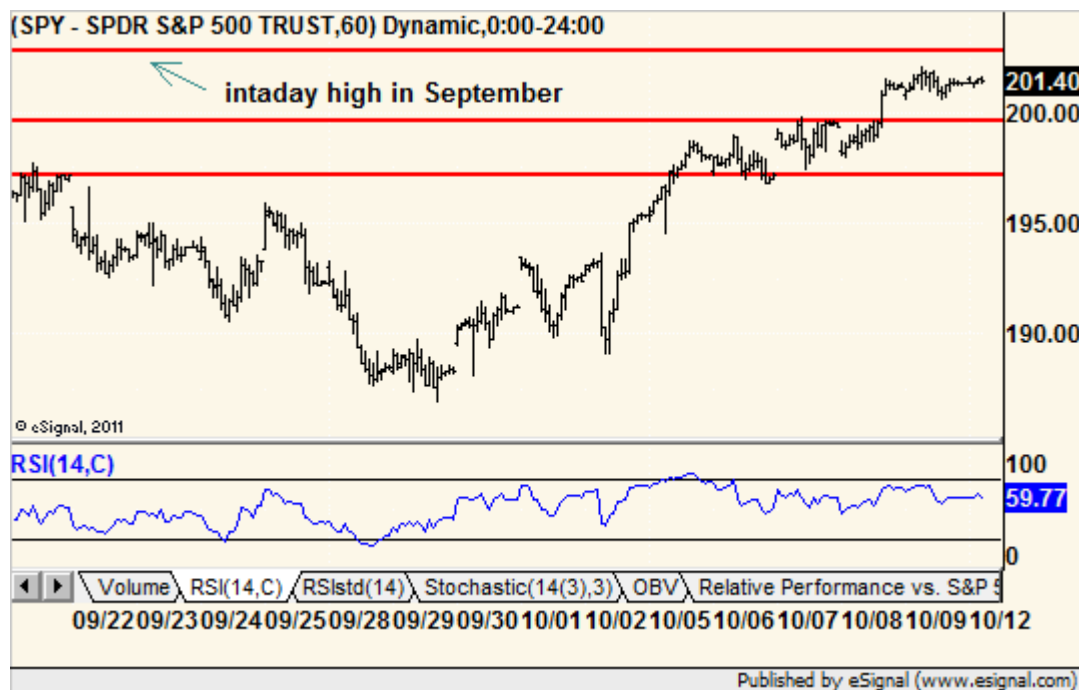
**October 12, 2015** – The parade of bullish thought seems a little out of line with the charts and even we recognize the lone bearish voices as seeming a lot less sure of themselves. But the reasons to still remain skeptical have not changed. The market rebound on the heels of the [lousy jobs report](#) and steady hand by the Fed has indeed slammed right into all that overhead resistance from the beginning of the year.

Our Advice Tracker is rather bare at the moment with only enough positions to count on one hand. And two were stopped Friday – a long on a gap up and a short on a gap down – leaving us with very few left. It seems that our methods are now out of sync with the market and that in turn tells us that it is a churn, not a trend.

Subscribers should rightly ask, "How will we know when it is time to become bullish like the talking heads? Will we have to wait for a breakout to new highs?"

Unfortunately, that really is the answer and it leaves a ton of money on the table with a heaping side order of mental pain. But if you are a longer-term investor with client money then buying now in an overbought market just reaching major resistance is not a good plan. Even if only to avoid the churn.

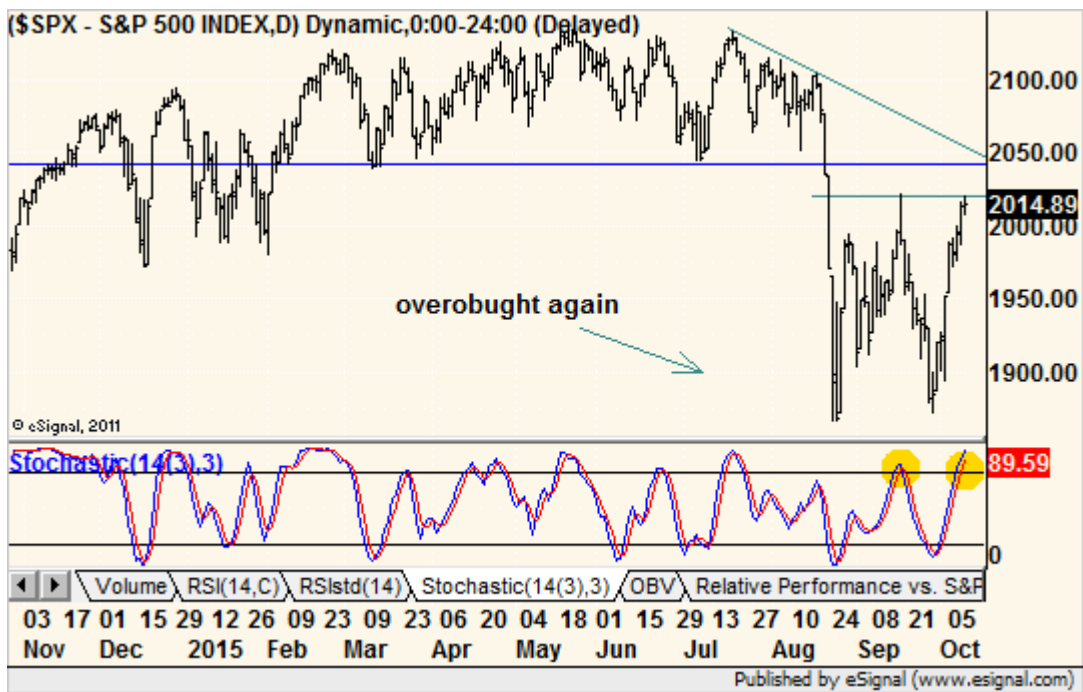
Traders, on the other hand, also see an overbought market at resistance. Volume was quite low Thursday and Friday and the former was a rather sizable rally that began in the afternoon after the Fed minutes with rather low volume. And, of course, with [banks closed today for the Columbus Day holiday](#) it should really be low.



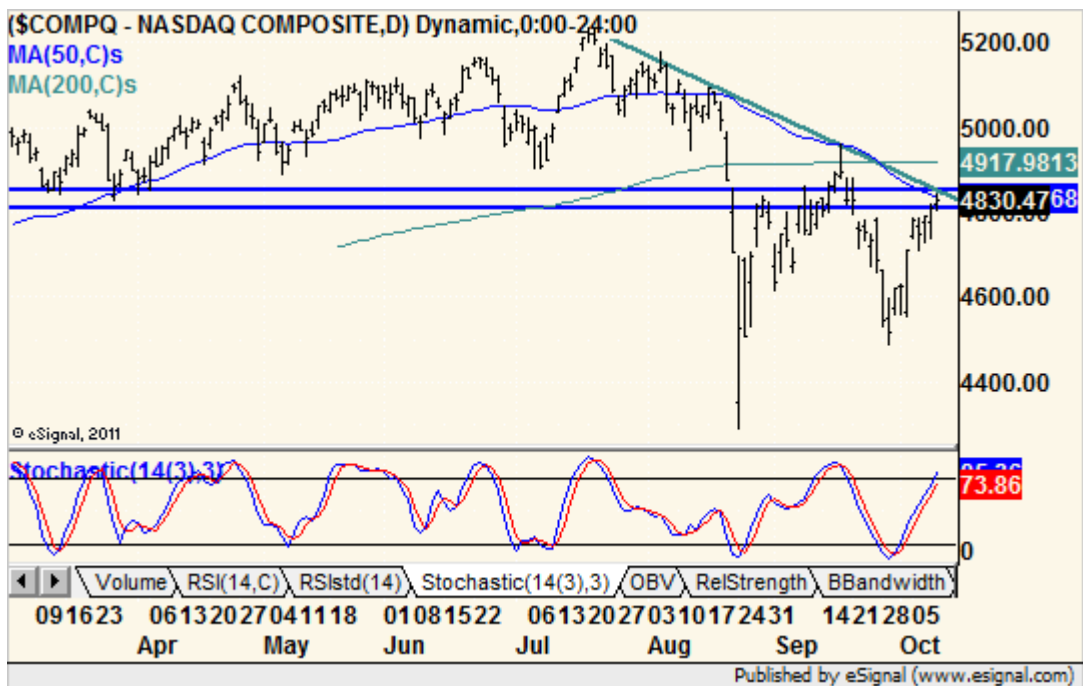
While we thought resistance would stop the advance, it did give short-term traders a good little breakout. But now, that rally seems fizzled already. That is a long warm up for us saying we are still not convinced for the bull case nor are we convinced the market will go lower right away.

We are very unsure of the day today and have no problem sitting on hands.

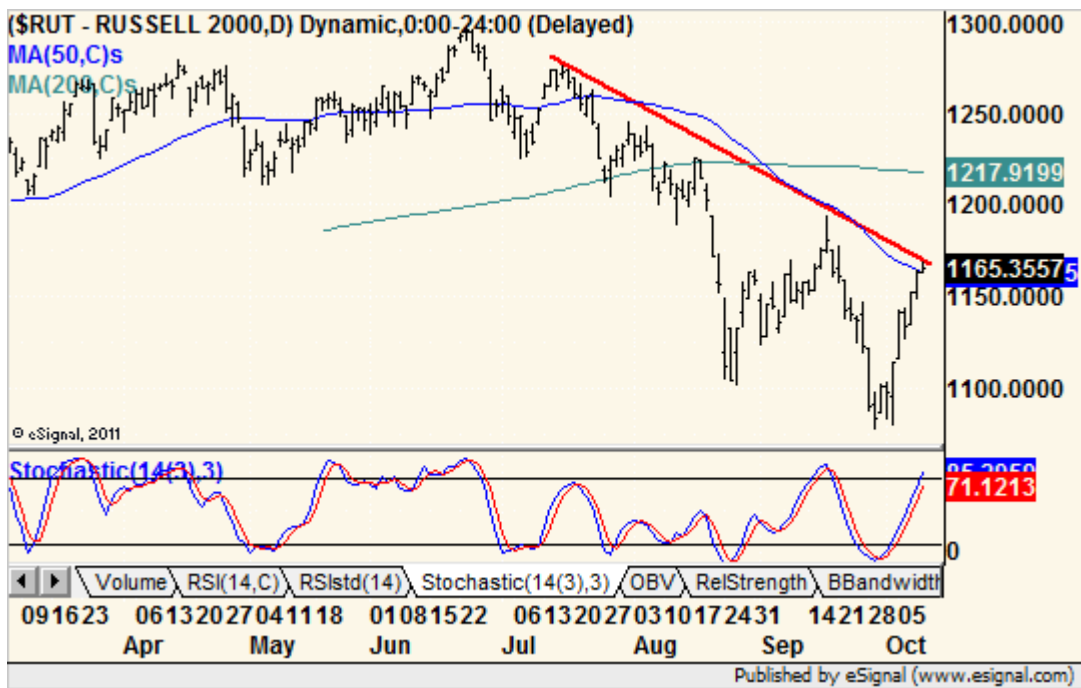
## Index Charts of the Day



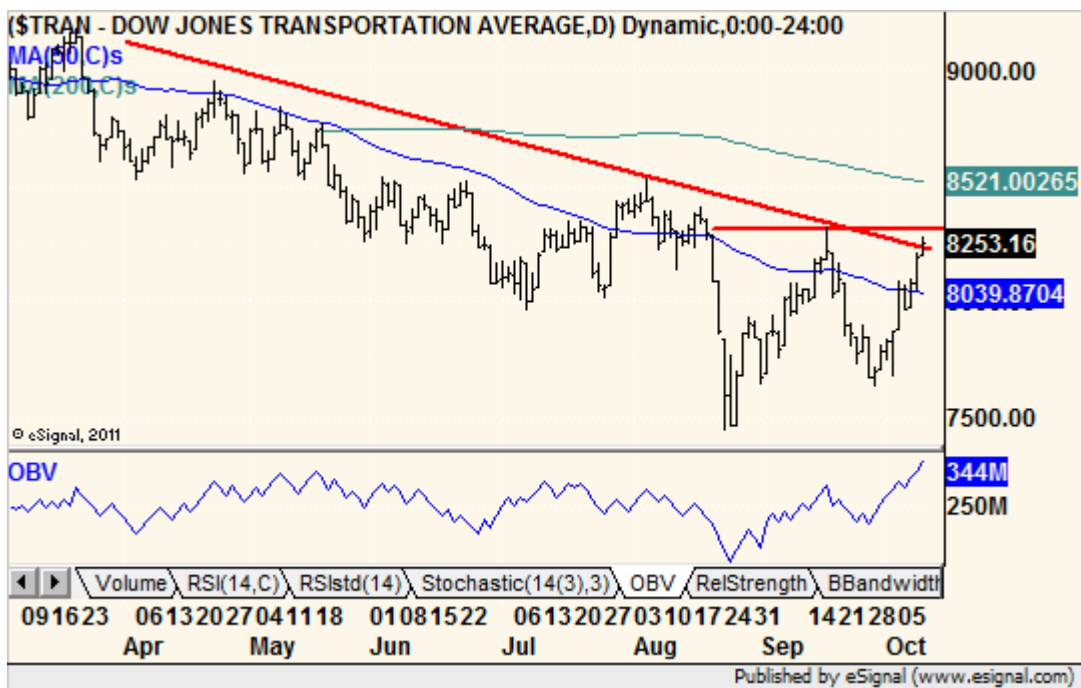
Resistance coming in to view and stochastics is already way high.



The Nasdaq is already there.



Russell, too.



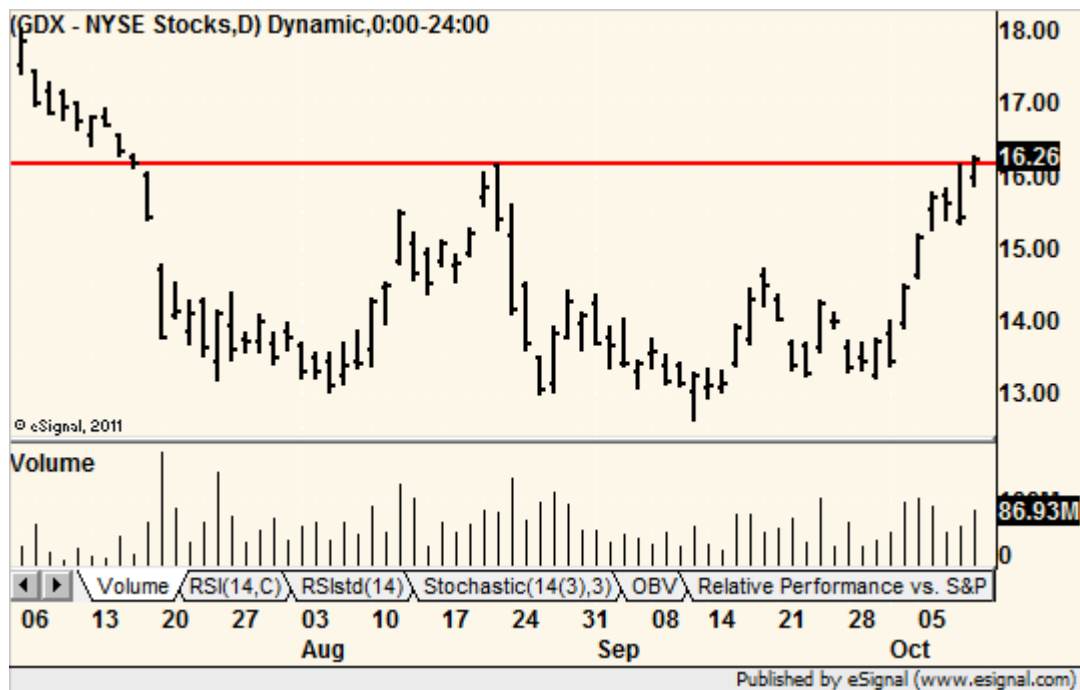
And for today's contrary evidence, the transports are not really through resistance but on-balance volume is pretty good.

## The Radar Screen

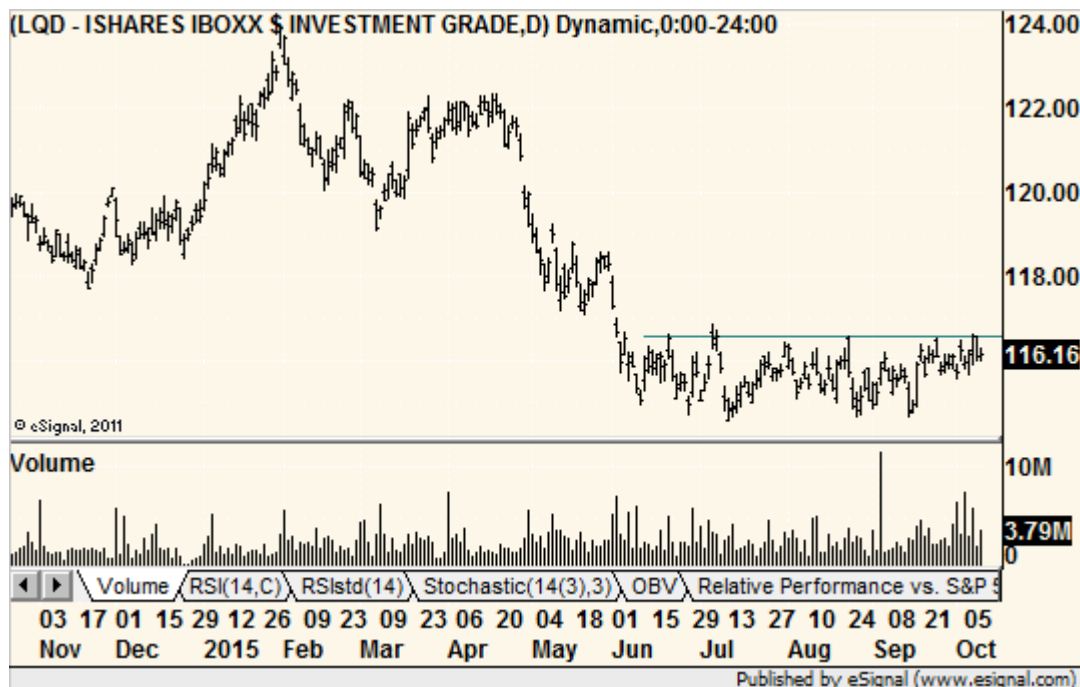
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Gold Mining ETF GDX</b> – Ignored Thursday weakness to jump up. Was it enough for a breakout? Looks that way. We are giving it a nibble.  | <b>New</b>       | 10/12 |
| <b>Bearish Implications</b>  |                  |       |
| <b>Goldman Sachs GS</b> – 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.   | <b>Triggered</b> | 10/2  |
| <b>Apple AAPL</b> – On the brink. Already failed at 50-day average. Looks like it failed at its rebound. We’re selling.  | <b>Triggered</b> | 9/29  |
| <b>Unknown Implications</b>  |                  |       |
| <b>Stocks at resistance – GM, AMZN, SBUX, UPS, BA</b>  |                  | 10/6  |
| <b>Holding Tank</b> – red shade leans bearish, green shade leans bullish   |                  |       |
| <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>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 43.75 |                  | 10/2  |
| <b>3M MMM</b> – Double bottom breakout – or is it? Volume says otherwise. Waiting at least for a test.   |                  | 10/8  |
| <b>Fluor FLR</b> – A heavy construction cyclical to watch.   |                  | 10/9  |
| <b>Sonoco Products SON</b> – 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.   |                  | 10/9  |
| <b>Corporate Bond ETF LQD</b> – This is a nice base forming and a breakout could be buyable.   | <b>New</b>       | 10/12 |
| <b>Sector Watch</b> (observations that may spark ideas)  |                  |       |
| <b>Emerging Markets ETF EEM</b> – If commodities are coming back we will keep an eye on the trendline from April here. Possible breakout   |                  | 10/6  |
| <b>Oil Services ETF OIH</b> – Arguable trendline breakout. Waiting for a dip   |                  | 10/6  |
| <b>Energy ETF XLE</b> – Double bottom breakout but it did not pause first. Makes us a little nervous to chase. Waiting for a dip   |                  | 10/6  |
| <b>Industrial Metals Group</b> – 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  |
| <b>REIT ETF IYR</b> – Watching March trendline.  |                  | 10/9  |
| <b>Updates</b>   |                  |       |
| none -   |                  |       |

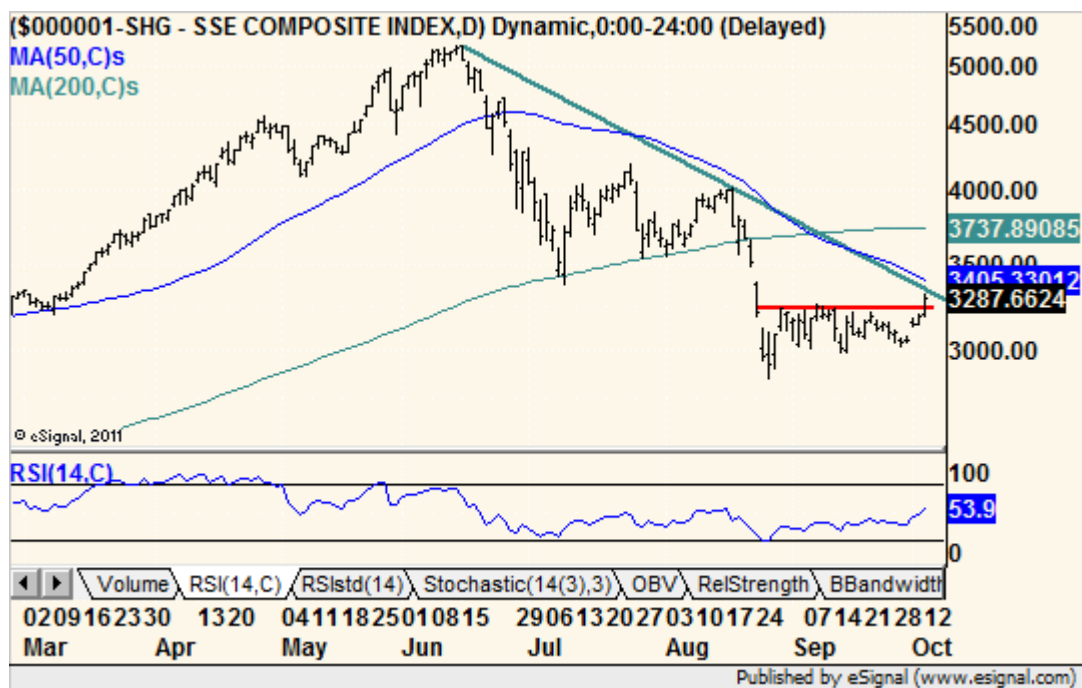
## Market Highlights



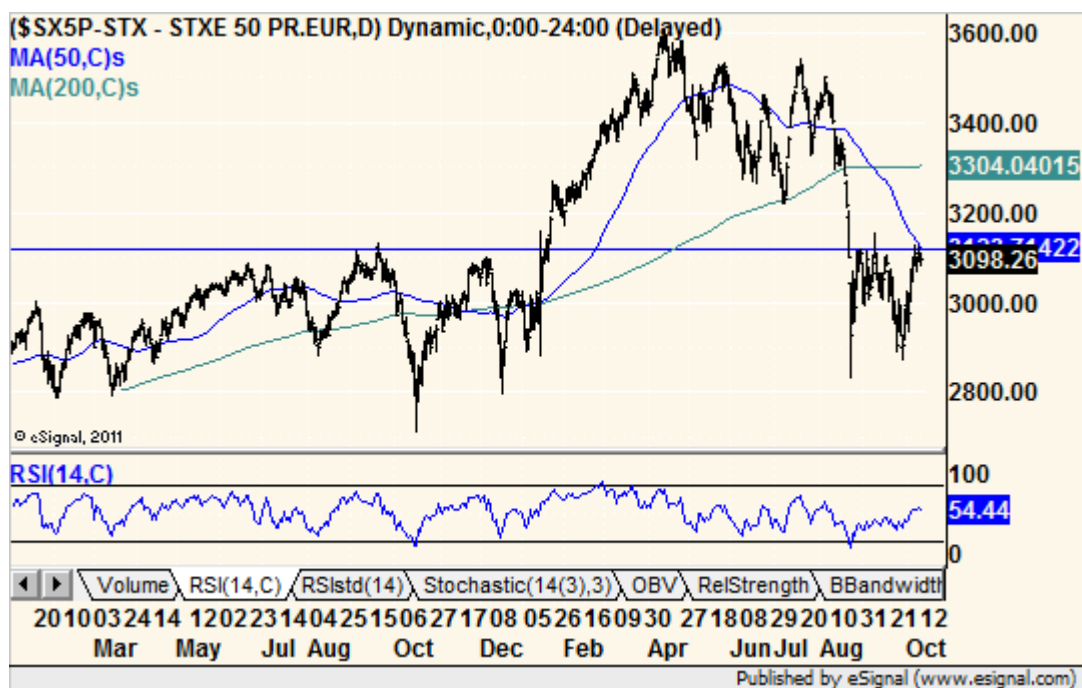
**Gold Mining ETF** – Ignored Thursday weakness to jump up. Was it enough for a breakout? Looks that way. We are giving it a nibble.



**Corporate Bond ETF** – This is a nice base forming and a breakout could be buyable. What it means for interest rates and risk attitudes we do not know at this time.



**China** – A big rally and short-term breakout but the trend is still down.



**Europe** – The Stoxx-50 index covers pan-Europe blue chips. No breakout here.

## 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>WMT</b>    | WAL-MART STORES INC     | 66.69       | 1.2%       | 63.00       | 65.87           | 10/5           | 6            |
|              | <b>GPS</b>    | GAP INC DEL             | 27.42       | -5.7%      |             | 29.08           | 10/5           | 5            |
|              |               |                         |             |            |             |                 |                |              |
| <u>Short</u> | <b>ESRX</b>   | EXPRESS SCRIPTS HLDG CO | 82.72       | 2.8%       | 84.00       | 85.00           | 9/9            | 32           |
|              | <b>TMK</b>    | TORCHMARK CORP          | 57.90       | -2.7%      | 59.00       | 56.35           | 9/28           | 13           |
|              | <b>UAL</b>    | UNITED CONTL HLDGS INC  | 53.92       | -5.0%      |             | 51.25           | 10/8           | 2            |
|              | <b>GS</b>     | GOLDMAN SACHS GROUP INC | 179.19      | 0.0%       | 187.00      | 179.19          | 10/9           | 2            |
|              | <b>AAPL</b>   | APPLE INC               | 112.12      | -1.9%      | 117.00      | 110.00          | 10/9           | 2            |

**Notes:** Stopped out of a long on a gap and a short on a gap. Now that is frustrating.

New shorts in **GS** and **AAPL**. And one looks good and one does not.

## 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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