

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**October 16, 2015** – Today is Friday, October 16. On this day in 1987, they pulled baby Jessica from the well. In the stock market, it was Day 3 in the prelude to the crash of '87. With all the talk of record high skew in the options market, the synchronicity is not lost on us this year.

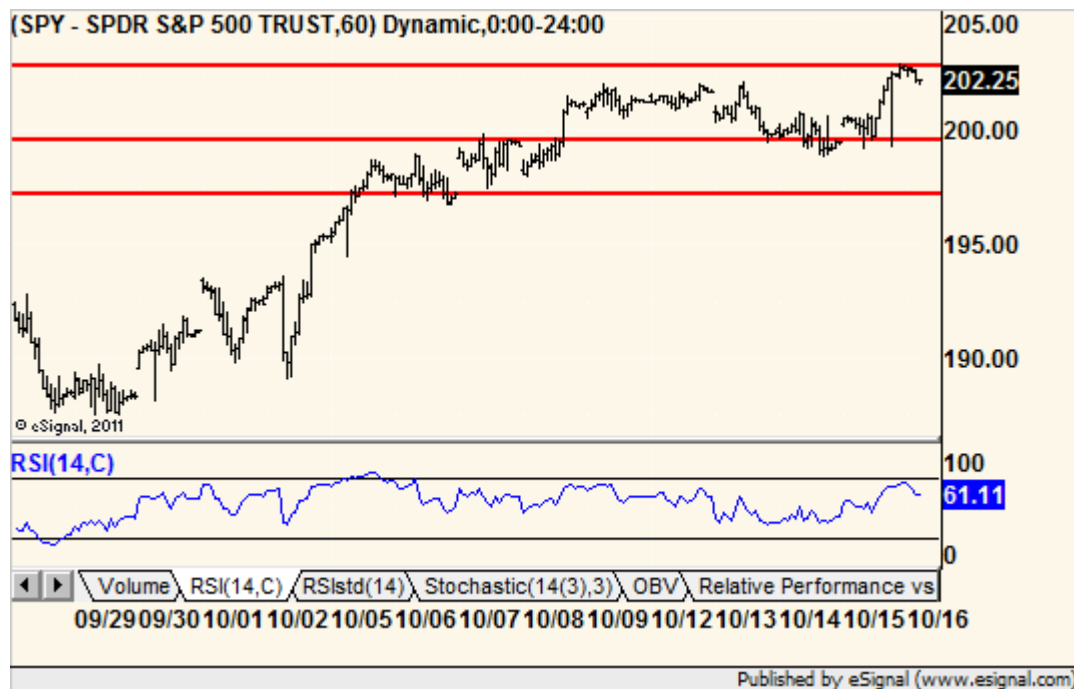
While a fun market factoid, we do not see any crash coming our way at this time. Then again, "nobody expects the Spanish Inquisition" (for you Monty Python fans). Black swans are black because we cannot see them coming.

More likely, we see the current volatility continuing in the context of a bull market that has ended. That does not necessarily mean a bear market is at hand but we are indeed both gun shy now and thinking cash is probably a better idea for a while.

At the same time, short-term long gold and oil trades are working. We are not getting married to anything, however.

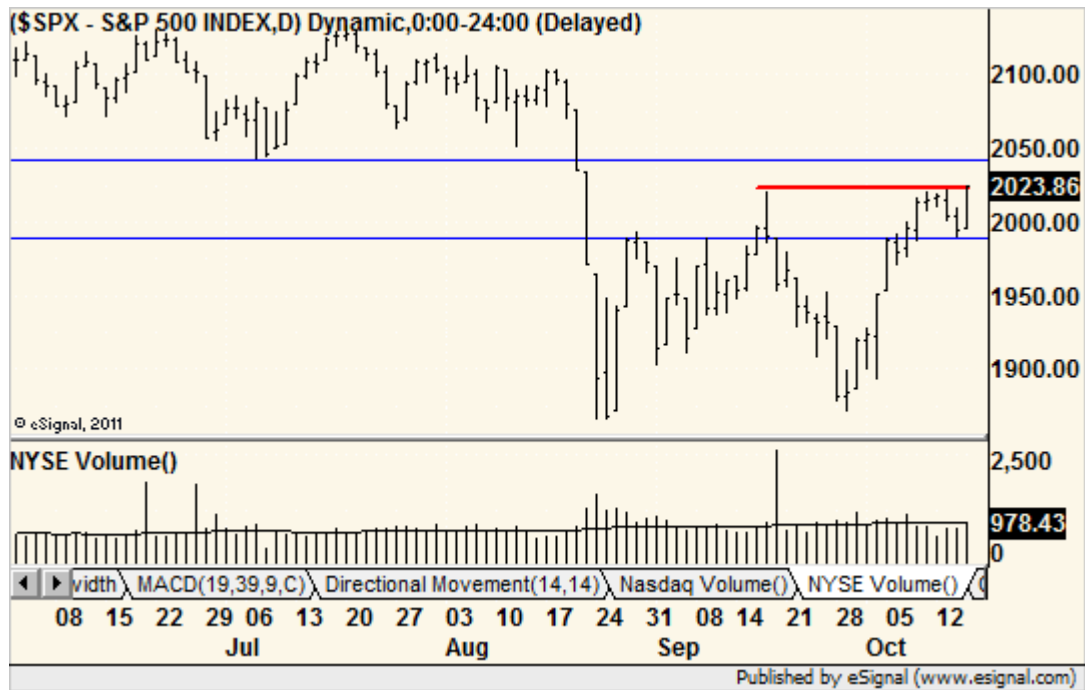
Banks had a pretty good day but technically not much has changed. Well, save for weaklings **BAC** and **C**, which had arguable breakouts. Our short in **GS** is also in jeopardy.

But all in all Thursday was just the mirror image of Wednesday. Will the media get what it wants in a third up-week in a row?

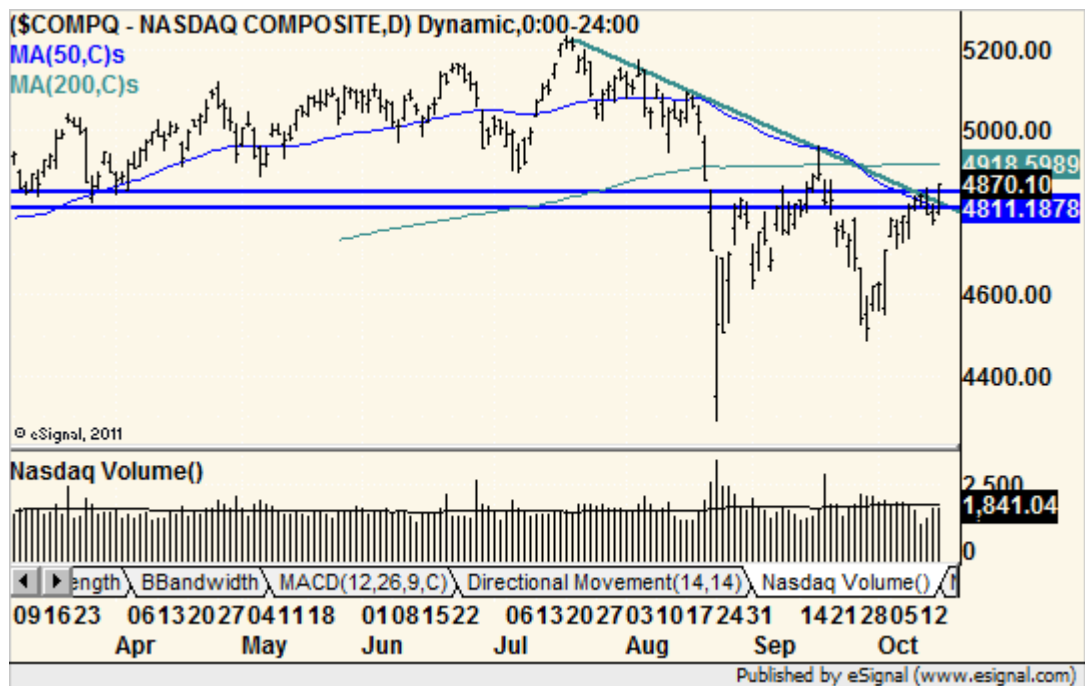


The **SPY** was stopped at resistance from the September high.

## Index Charts of the Day



Bulls can argue a “handle” breakout. Bears can argue “no volume.” Everyone can see overhead resistance.



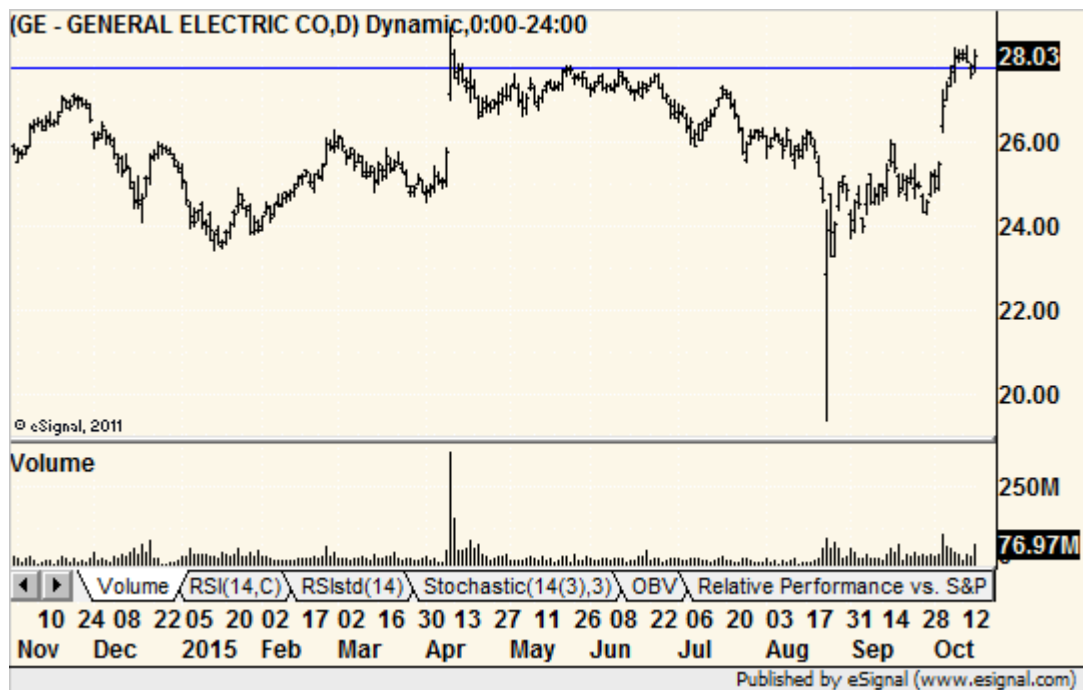
The Nasdaq closed above resistance albeit just barely. And volume was also below average. Good enough to buy? Not really.

## The Radar Screen

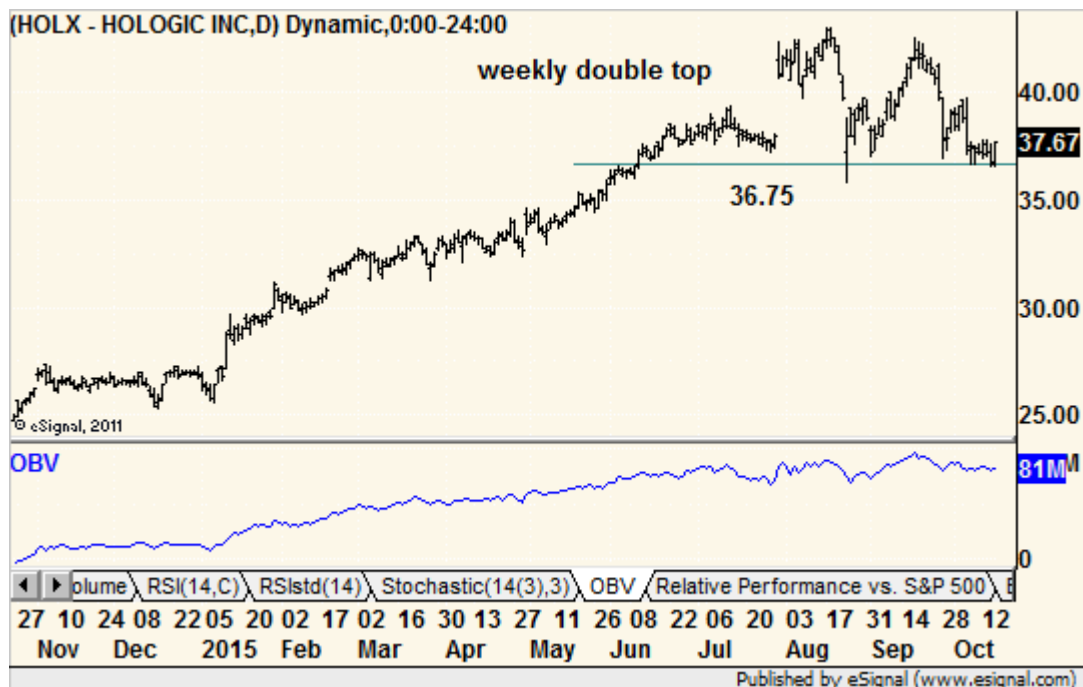
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Energy ETF XLE</b> – Double bottom breakout but it did not pause first. Makes us a little nervous to chase. Changing to buy now as oil hit trendline. Hopefully getting in on an opening dip in oil	<b>Triggered</b>	10/6
<b>KLA Tencor KLAC</b> – A semiconductor equipment stock with a nice comeback potential on a breakout. Buy 53.75.		
<b>Oceaneering Intl OII</b> – This oil services stock has a nice pattern. Dipping on the open seems likely and that would make a nice entry after yesterday’s re-breakout. This stock was in my column last week. Buying here.	<b>New</b>	10/16
<b>Bearish Implications</b>		
<b>Teleflex TFX</b> – This medical supplies stock makes single use diagnostic devices. A break of support targets the next support at 109. Sell close under 122.90.		10/14
<b>Hologic HOLX</b> – I wrote this medical supplies stock for ProfitableTrading. Bounce yesterday allows us to benefit from price reset to lower risk. Sell support under 36.75.	<b>New</b>	10/16
<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>3M MMM</b> – Double bottom breakout? Volume says otherwise. Waiting for a test.		10/8
<b>Fluor FLR</b> – A heavy construction cyclical to watch. Waiting for a test.		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>United Health UNH</b> – This stock led the Dow Tuesday and then backed off yesterday. Just pointing out big resistance but with an upturn in on-balance volume. <b>Failed big at resistance.</b>		10/15
<b>Ford F</b> – We want to like this but volume is not helping. It is true that price rules so we’ll watch this for a day or two.	<b>New</b>	10/16
<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 - <b>confirmed.</b>		10/6
<b>Oil Services ETF OIH</b> – Arguable trendline breakout. 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. Starting to look like it wants to break out now after withstanding Wednesday drop.	<b>Changed</b>	10/9
<b>Trucking</b> – Index failed at trendline but rebounded. Have to be on breakout alert		10/14
<b>Biotech</b> – <b>IBB</b> and <b>BBH</b> ETFs on bear flag breakdown watch		10/14
<b>SPDR homebuilder ETF XHB</b> – A pretty rotten Wednesday as it failed at resistance pm serious volume. Just keeping an eye on it for now		10/15
<b>Semiconductors</b> – <b>Breakout.</b>		10/15
<b>Updates</b>		
none –		

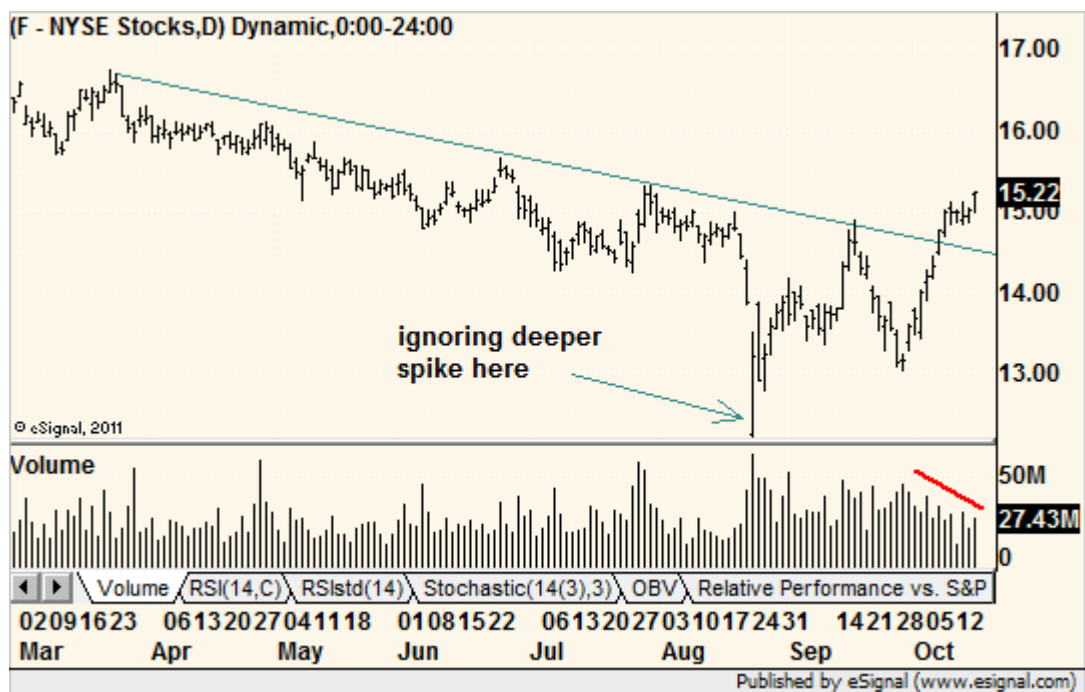
## Market Highlights



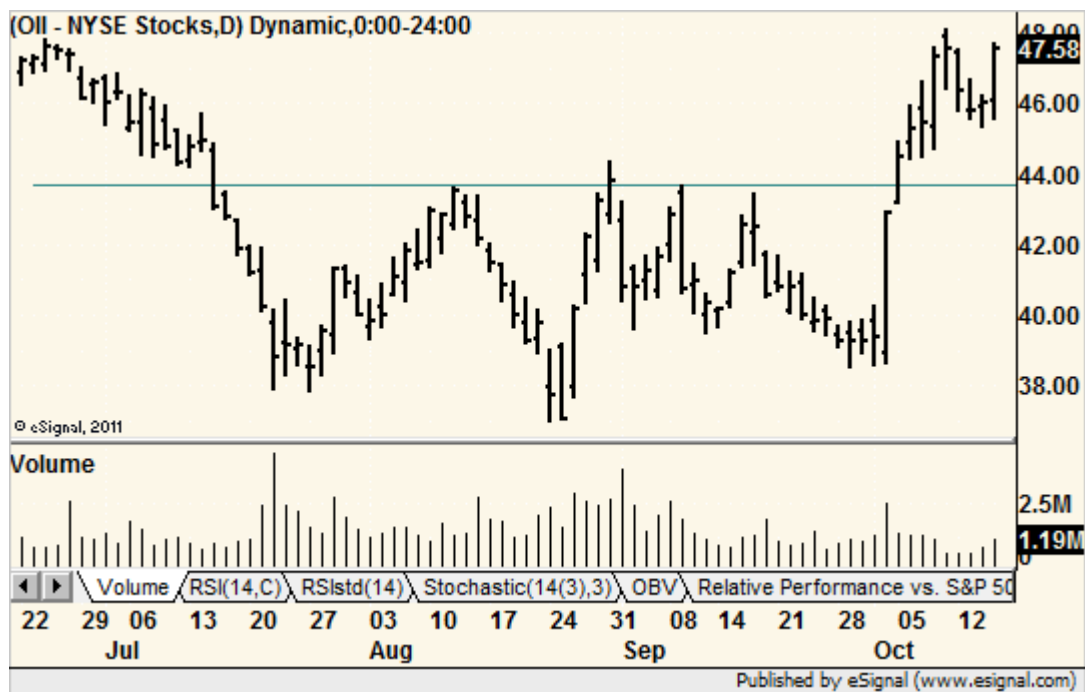
**General Electric** – Earnings beat this morning and the stock was not thrilled. Trading at the line seen above, which is actually a resistance level. .



**Hologic** – This medical supplies stock was my topic in this week’s Profitable trading website. Yesterday’s bounce allows subscribers to benefit from the price reset to lower risk. Sell support break under 36.75.



**Ford** – We want to like this but volume is not helping. It is true that price rules so we’ll watch this for a day or two.



**Oceaneering Intl** – This oil services stock has a nice pattern. Dipping on the open seems likely and that would make a nice entry after yesterday’s re-breakout. This stock was in my column last week. Buying 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>GDX</b>	MARKET VCTRS GOLD MINERS ETF	16.89	1.7%	16.00	16.61	10/12	3
	<b>LQD</b>	ISHARES INVEST GRADE ETF	116.95	0.0%	115.00	117.00	10/14	1
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	69.14	2.3%	66.00	67.61	10/15	0
<u>Short</u>	<b>ESRX</b>	EXPRESS SCRIPTS HLDG CO	84.00	1.2%		85.00	9/9	36
	<b>TMK</b>	TORCHMARK CORP	57.54	-2.1%	59.00	56.35	9/28	17
	<b>GS</b>	GOLDMAN SACHS GROUP INC	184.96	-3.1%	187.00	179.19	10/9	2
	<b>AAPL</b>	APPLE INC	111.86	-1.7%	117.00	110.00	10/9	2

**Notes:** Stopped out of **ESRX** after a long battle at that level. We watched a decent profit evaporate here instead of striking and leaving. Well, at least we covered commissions.

New long in **XLE** at the open yesterday.

## Other Information

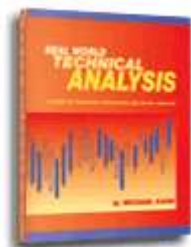
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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