

QUICK TAKES PRO

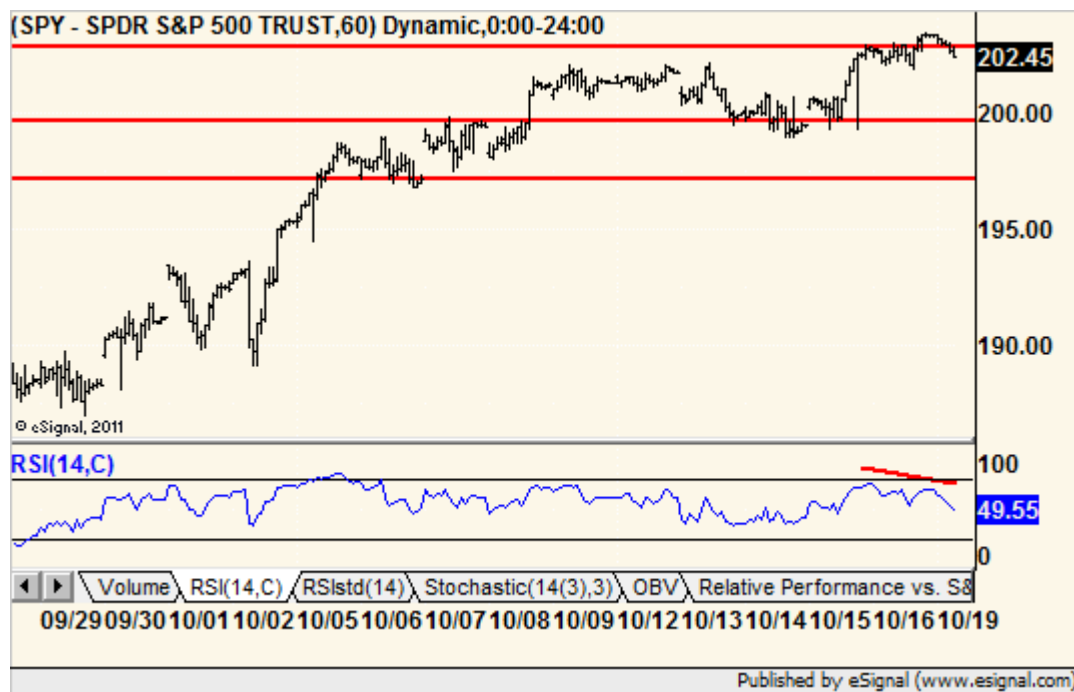
"TECHNICAL ANALYSIS FOR EVERYONE"

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October 19, 2015 – In scrolling through the charts we see lots of bullish setups and few bearish ones. With oil, basic materials, industrials and semiconductors all getting to traction, the market regains a few engines. It is hard to deny.

Yet, the S&P 500 remains below a monster ceiling of resistance and the 50-day average remains below the 200-day. Is it possible to have such a nice rally in the context of a bear market? The answer is yes.

Therefore, we'll play – a little – but will try to keep it within the sectors that are bouncing – energy, basic materials, mining, etc... Our four horsemen are all lagging the market (using the PSE index instead of the **XLK** ETF) and that is not the stuff that makes bull markets.



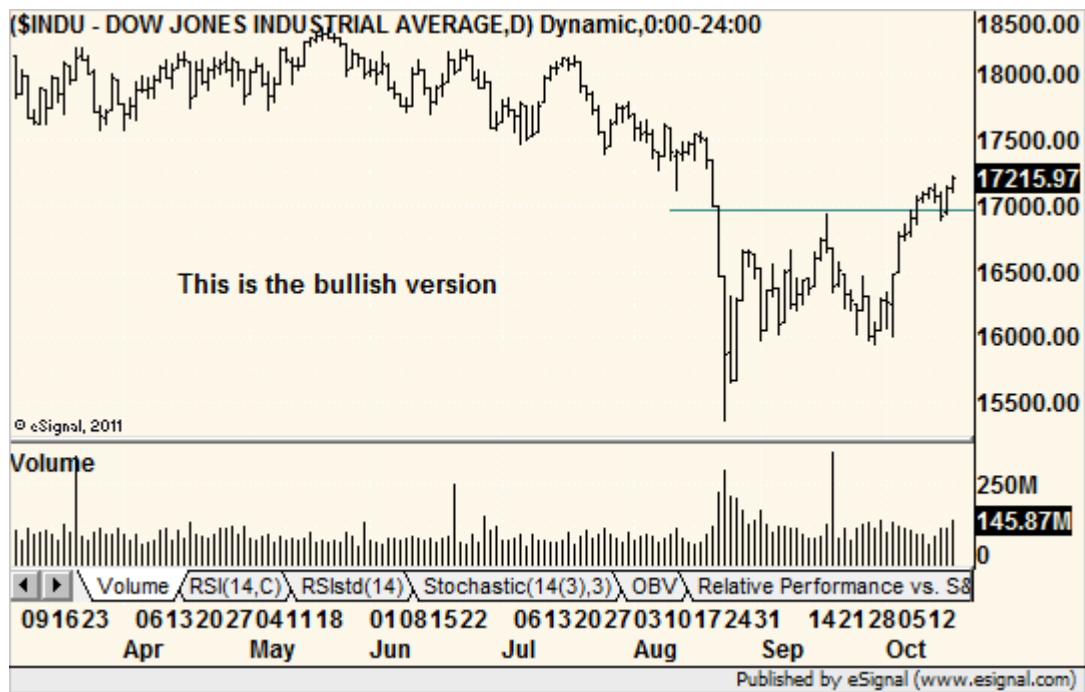
The hourly chart made it to a new high (above September) but then faded a bit. Momentum is waning and that does tell us the rally is really tired now. But as with last week, it has to send the **SPY** below the middle red line. It almost did then but no cigar. We must contain our evil bearish thoughts until at least that breakdown.

Not much else happening. Oil is soft today but not so much as to change our views. Gasoline is weaker and that is against our views for a bottom in energy.

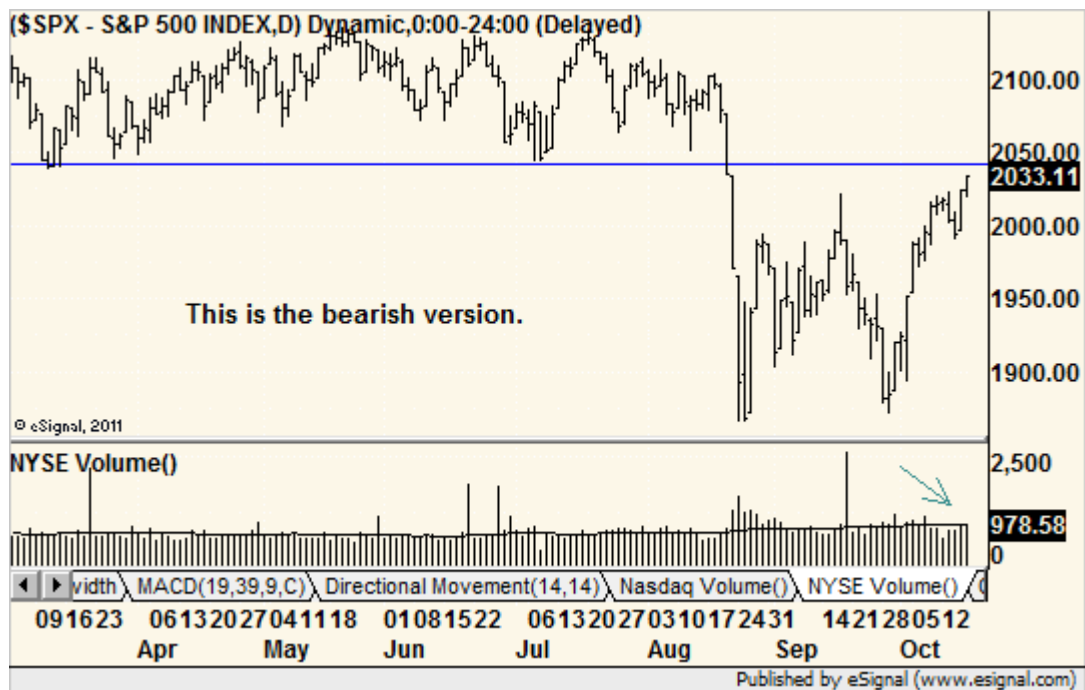
Gold is rather flat but still on track in a small rally. Coffee bonked Friday. Sugar may be ready for a much needed dip.

Long Treasuries are coiling (tightening sideways range) while the 10-year is rising a bit (falling yield). We are long corporates.

Index Charts of the Day



This chart of the Dow is marked up to show the clear bullish case of breakout, test and re-breakout. But see next...



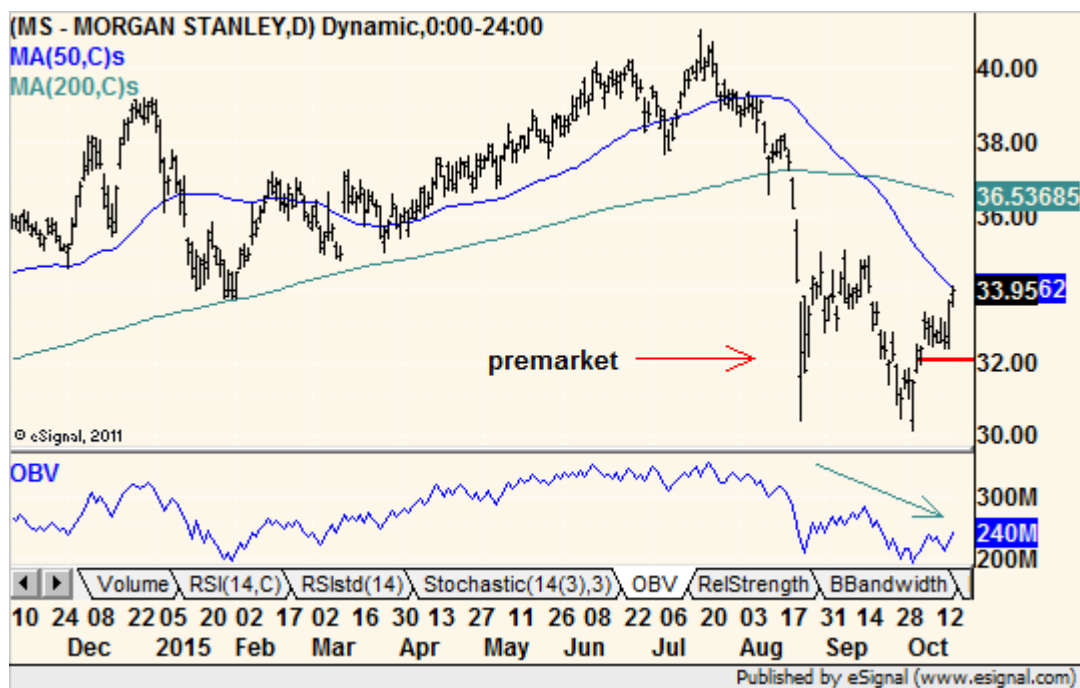
The S&P 500 is still below massive overhead resistance. And volume on the two-day rally was still below average.

The Radar Screen

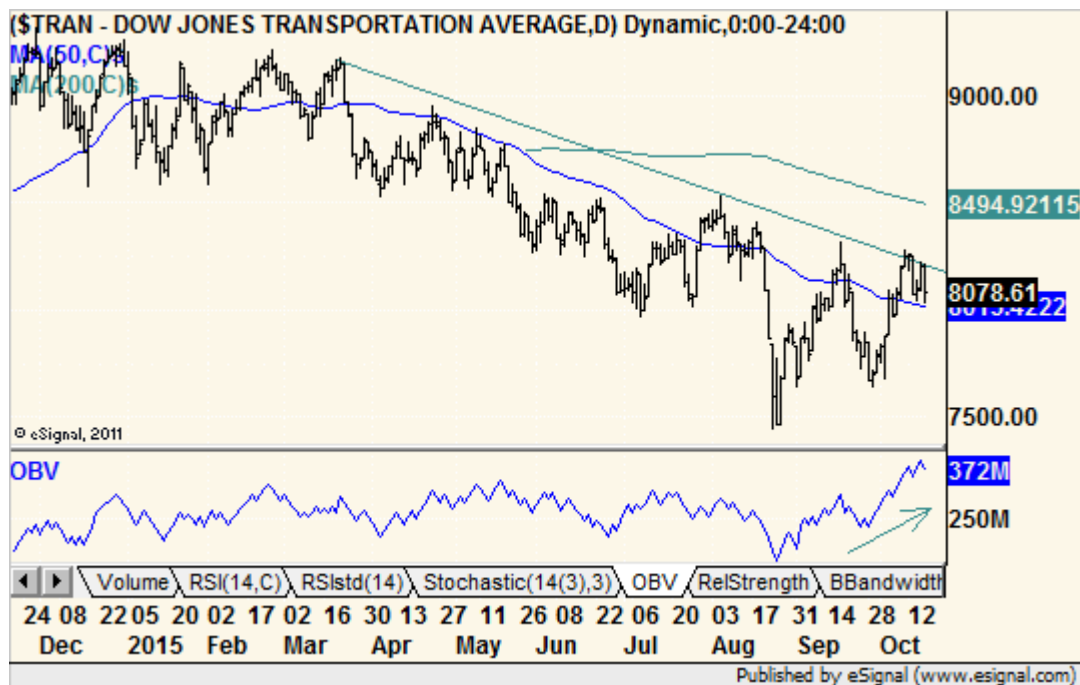
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
KLA Tencor KLAC – A semiconductor equipment stock with a nice comeback potential on a breakout. Buy 53.75.		
Oceanering Intl OII – 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.	Triggered	10/16
Sonoco Products SON – This is the packaging stock, not the oil refiner. A possible buy candidate. Trend break. Good momentum. Looks better than many of its industrial peers. Buy close over 41.30	Moved	10/9
Oil Services ETF OIH – Arguable trendline breakout. Waiting for a dip. There it is so now we set a bull flag buy trigger at 31.50	Moved	10/6
Taubman Centers – The REIT ETF broke its trendline Friday but is not above its 200-day average as this shopping REIT is. Strong on-balance volume. Also one of the lowest P/Es in the group. Buying dip to 75.75.	New	10/19
Bearish Implications		
Teleflex TFX – 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
Hologic HOLX – 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.		10/16
Holding Tank – red shade leans bearish, green shade leans bullish		
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
3M MMM – Double bottom breakout? Volume says otherwise. Waiting for a test.		10/8
Fluor FLR – A heavy construction cyclical to watch. This sector got crushed Friday so we are obviously moving on. No harm done.	Removed	10/9
Ford F – We want to like this but volume is not helping. It is true that price rules so we’ll watch this for <u>another day</u> .		10/16
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. Breakout		10/6
Industrial Metals Group – Moved above resistance for an arguable double bottom breakout. <u>Looks like a test in a bull flag. Watch for breakout.</u>	Changed	10/8
REIT ETF IYR – Watching March trendline. Starting to look like it wants to break out now after withstanding Wednesday drop. Breakout		10/9
Trucking – Index failed at trendline but rebounded. Have to be on breakout alert		10/14
Biotech – IBB and BBH ETFs on bear flag breakdown watch		10/14
SPDR homebuilder ETF XHB – A pretty rotten Wednesday as it failed at resistance on serious volume. Just keeping an eye on it for now		10/15
Semiconductors – Breakout.		10/15
Updates		
GE – Shook off premarket decline to break out higher after earnings.		

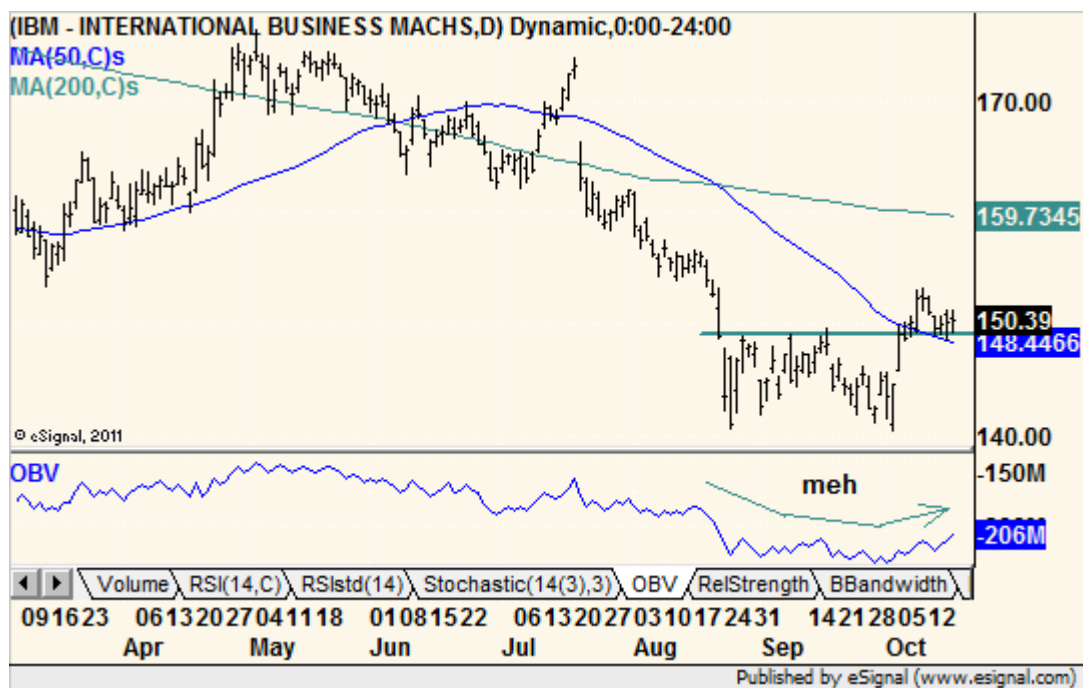
Market Highlights



Morgan Stanley – Failed at the 50-day after earnings this morning. Check out how on-balance volume was still in a down trend. Our short in **GS** is following lower but not to the same degree.



Transports – This index was down 1.5% while the industrials seemed to break out to the upside. How bizarre? Still, we still see rising on-balance volume and a pause at a trendline. Still looks bullish as a prelude to a breakout, though it pains our inner bear to say. Must wait for that breakout.



IBM – Another Dow stock with a double bottom breakout and flag-like test. On-balance volume is OK but not that impressive. As a tech stock, we are even less enthused about it.



Taubman Centers – The REIT ETF broke its trendline Friday but is not above its 200-day average as this shopping REIT is. Note strong on-balance volume (unlike **IBM** above). Taubman also has one of the lowest P/Es in the group. Buying dip to 75.75.

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>	GDX	MARKET VECT GOLD MINERS ETF	16.39	-1.3%	16.00	16.61	10/12	6
	LQD	ISHARES IBOXX \$ INVEST GRADE	116.99	0.0%	115.00	117.00	10/14	4
	XLE	ENERGY SELECT SECTOR SPDR	69.23	2.4%	66.00	67.61	10/15	3
	OII	OCEANEERING INTL INC	47.09	-1.0%	44.50	47.55	10/16	2
<u>Short</u>	TMK	TORCHMARK CORP	58.08	-3.0%	59.00	56.35	9/28	20
	GS	GOLDMAN SACHS GROUP INC	185.18	-3.2%	187.00	179.19	10/9	2
	AAPL	APPLE INC	111.04	-0.9%	117.00	110.00	10/9	2

Notes: New long in **OII** (oil services).

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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