

# QUICK TAKES PRO

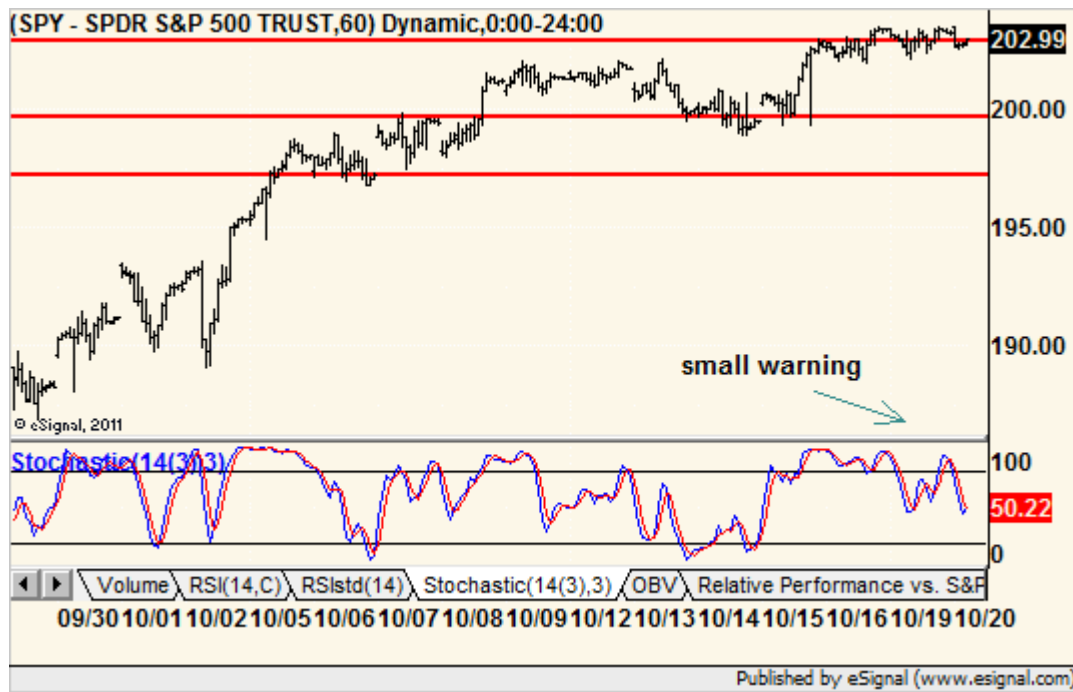
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**October 20, 2015** – The news wires say that the market will throw the kitchen sink at investors today with a barrage of data. Yesterday, stocks did nothing and went nowhere, save for Morgan Stanley and IBM, which both bonked. So far, earnings have been mixed for the market as a whole but there have been some lowered guidance that really hurt their respective shares.

The globe is also fairly quiet although there are some bigger losses in Europe this morning.

It seems that the idea that there will be no rate hike by the Fed is keeping bulls confident – probably more confident than they should be based on the economy and earnings.



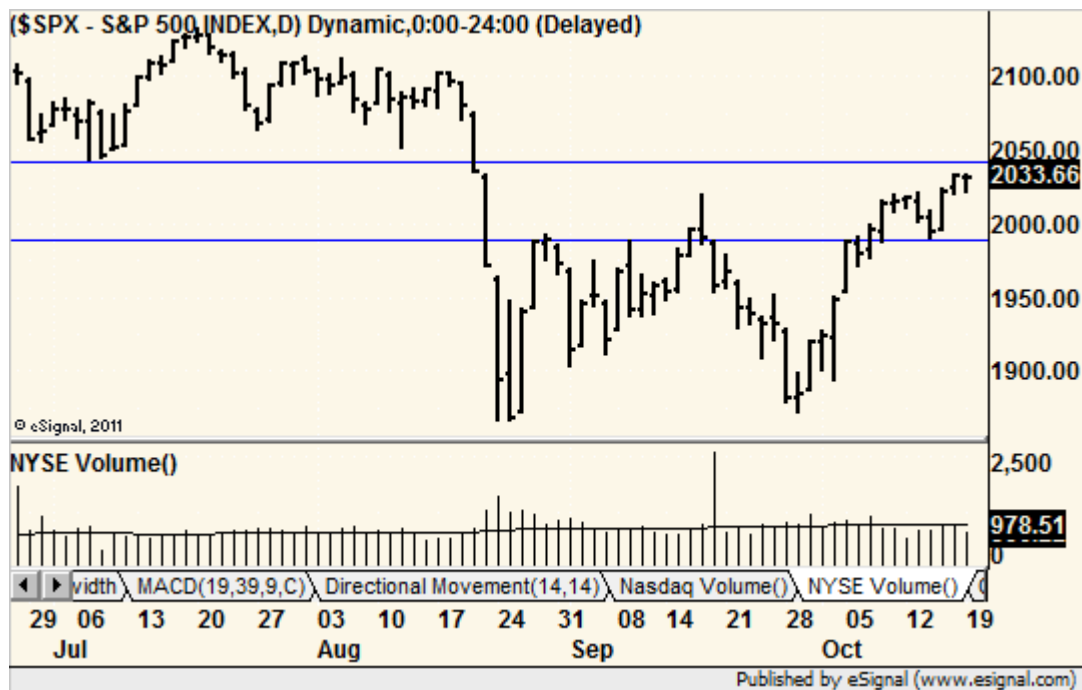
Because the hourly has been flat for a few days we're switching to stochastics and even this study now show a somewhat bearish configuration. We still cannot get with the bear side until the middle line is broken to the downside. The same was the case in early October at the lower line and again last week at the middle line.

The real question is what to do if the market moves significantly above the upper line and the answer to that is on the daily charts below. There is too much resistance overhead to get excited in that direction.

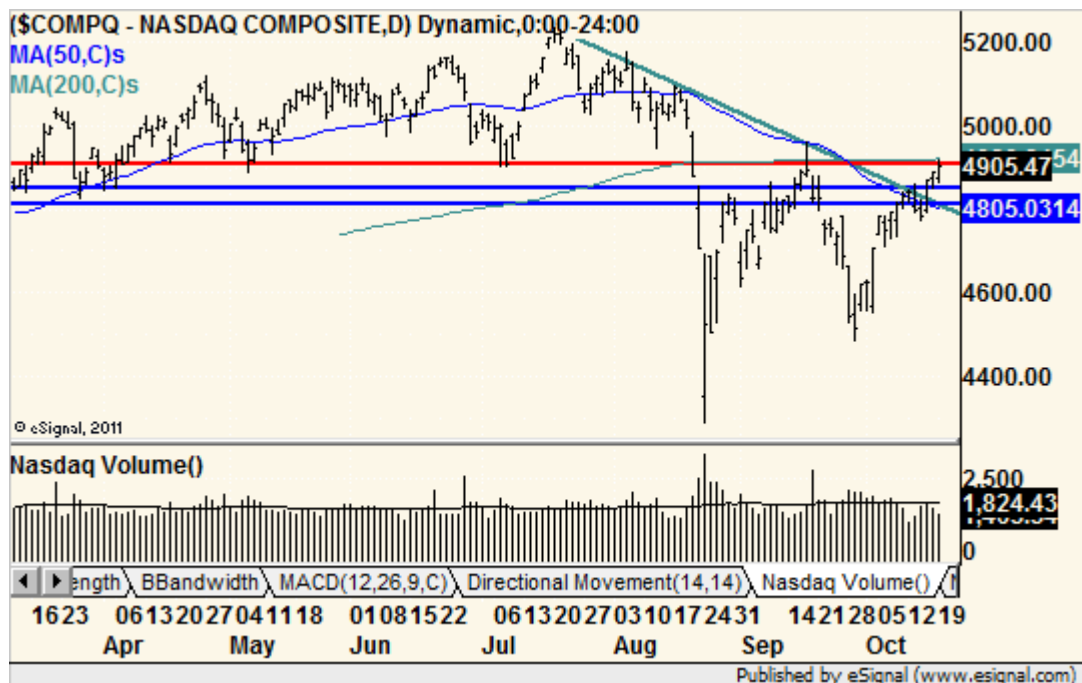
Because things seem uncertain today, we'll run through all the SPDR sector ETFs below in Quick Takes format. We'll also toss in the PSE tech index because the **XLK** had been hijacked by a few big cap superstars.

That's really it. We're keeping an eye on Canada to see how the election fallout goes. So far, not much movement.

## Index Charts of the Day



The S&P 500 shows a tiny range and no volume for yesterday. No new information for us, at all, except a little argument this rally is too tired to continue.



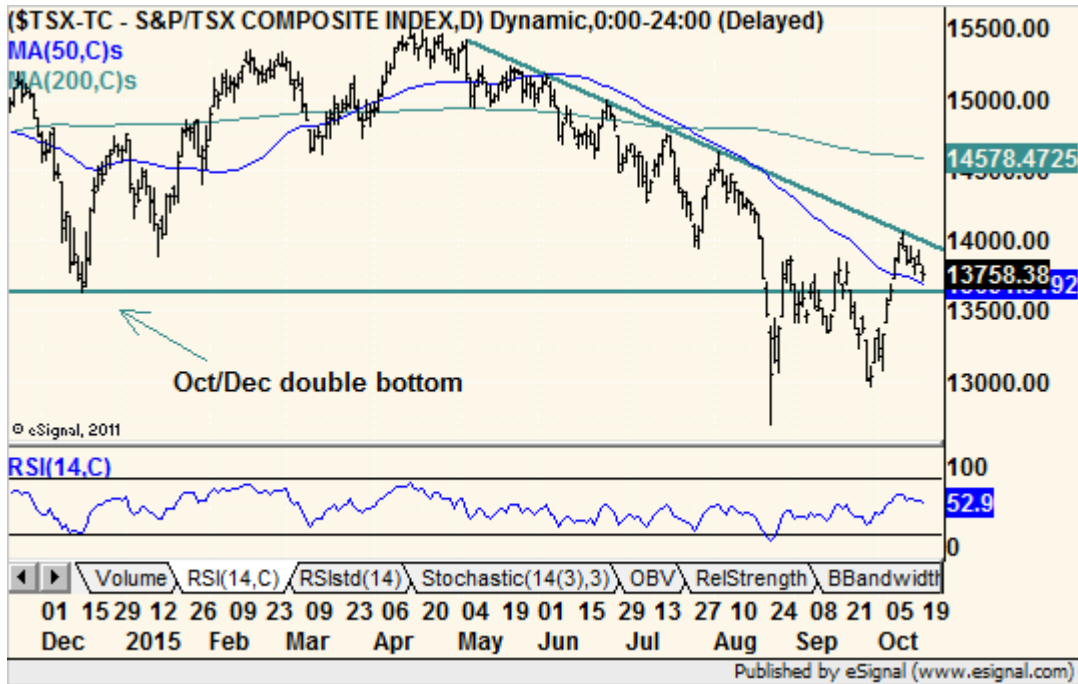
We've added a new line to the Nasdaq chart in red. This is the frog in slowly boiling water problem because the market keeps pushing through resistances instead of succumbing to them. Sooner or later, one will take. We think it might be this one but again we are not going full bear until the lower line is broken to the downside.

## The Radar Screen

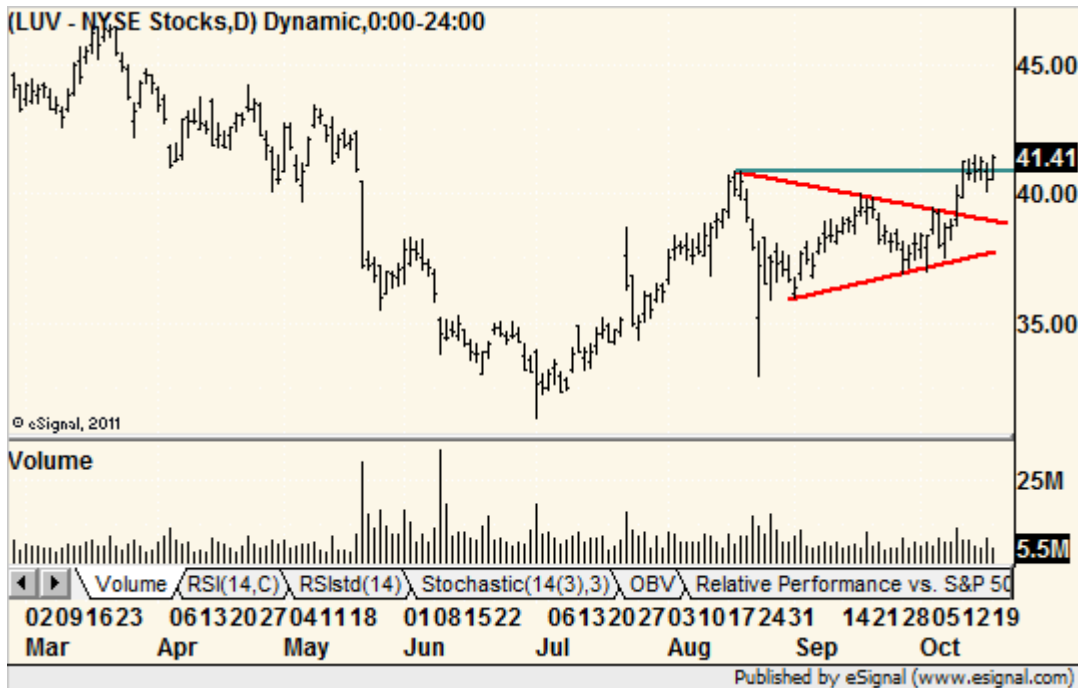
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>KLA Tencor KLAC</b> – A semiconductor equipment stock with a nice comeback potential on a breakout. Buy 53.75.		
<b>Sonoco Products SON</b> – 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		10/9
<b>Oil Services ETF OIH</b> – Arguable trendline breakout. Waiting for a dip. There it is so now we set a bull flag buy trigger at 31.50		10/6
<b>Taubman Centers TCO</b> – 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.		10/19
<b>Southwest Airlines LUV</b> – From Barron’s Online. Pick your pattern. In either case, a new high for the past week would be another breakout. By close over 41.50.	<b>New</b>	10/20
<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> – 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
<b>Unknown Implications</b>		
<b>none</b> –		
<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>Ford F</b> – We want to like this but volume is not helping. It may keep inching higher but without conviction we are not chasing.	<b>Removed</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. Breakout		10/6
<b>Industrial Metals Group</b> – Moved above resistance for an arguable double bottom breakout. Looks like a test in a bull flag. Watch for 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. Breakout		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 on serious volume. Just keeping an eye on it for now		10/15
<b>Semiconductors</b> – Breakout.		10/15
<b>Transports</b> – Led by airlines, on the verge of a breakout. See Barron’s Online column yesterday. Marine transport lagging.	<b>New</b>	10/20
<b>Updates</b>		
<b>IBM</b> – Utter failure to hold double bottom breakout.		

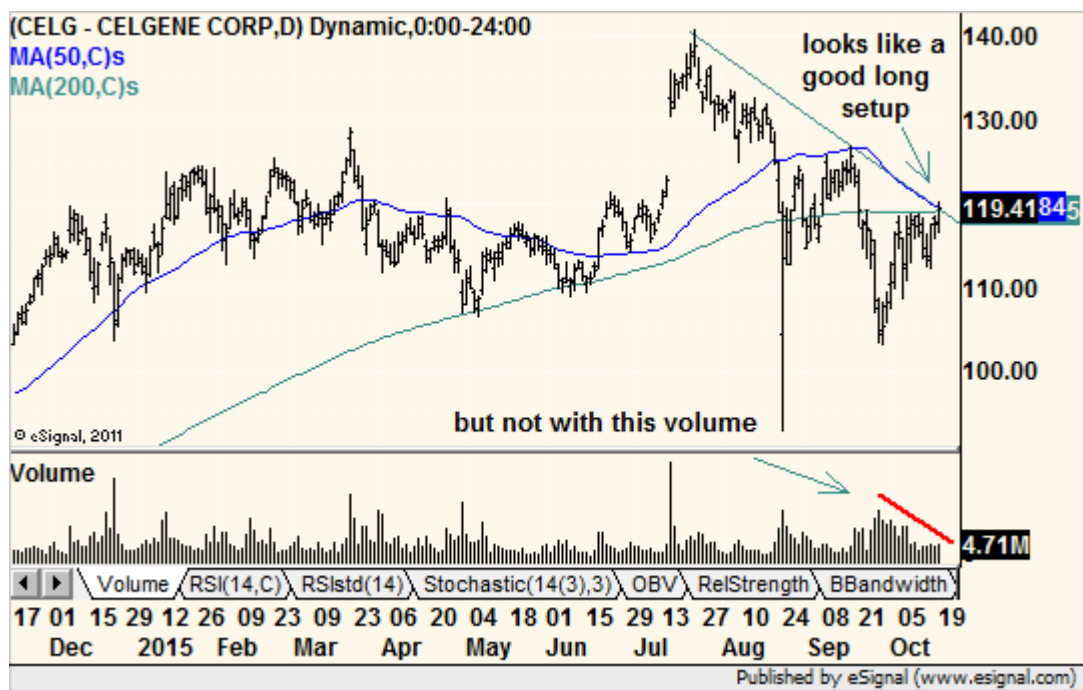
## Market Highlights



**Canada TSX index** – Before the election this chart showed a pause at the trendline, which suggests preparation for an upside breakout. Note that will also confirm a move back above the double bottom formed at last year’s twin Oct and Dec lows. Not much movement in here or in the Canadian dollar this morning.



**Southwest Airlines** – From Barron’s Online. Pick your pattern. In either case, a new high for the past week would be another breakout. By close over 41.50.



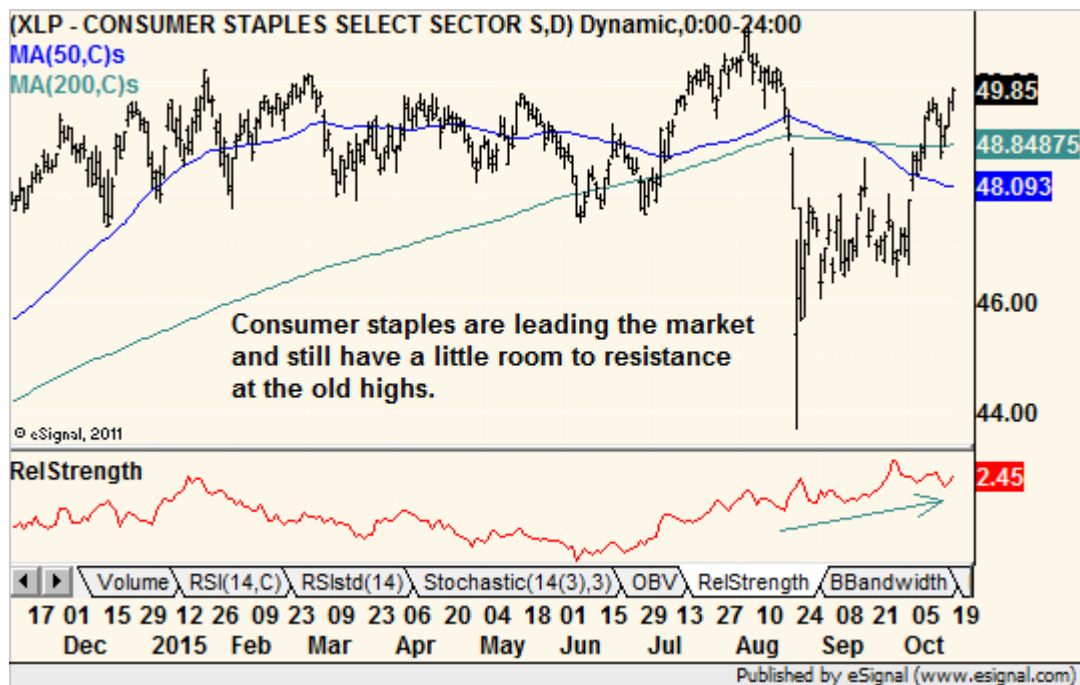
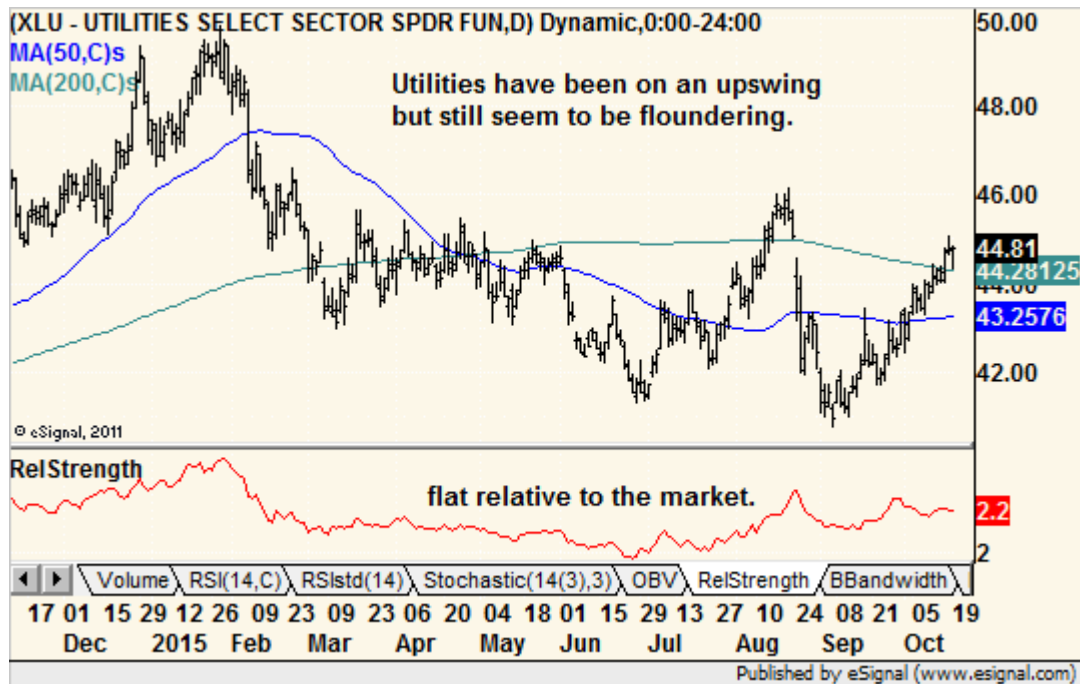
**Celgene** – Is biotech back? We are not so sure.

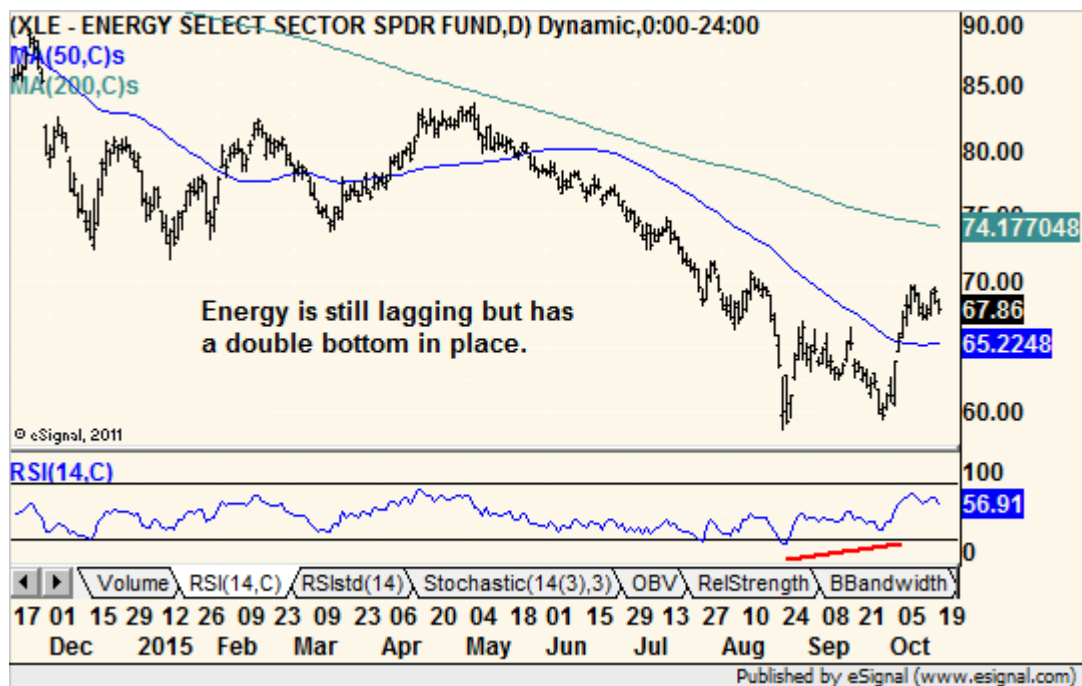
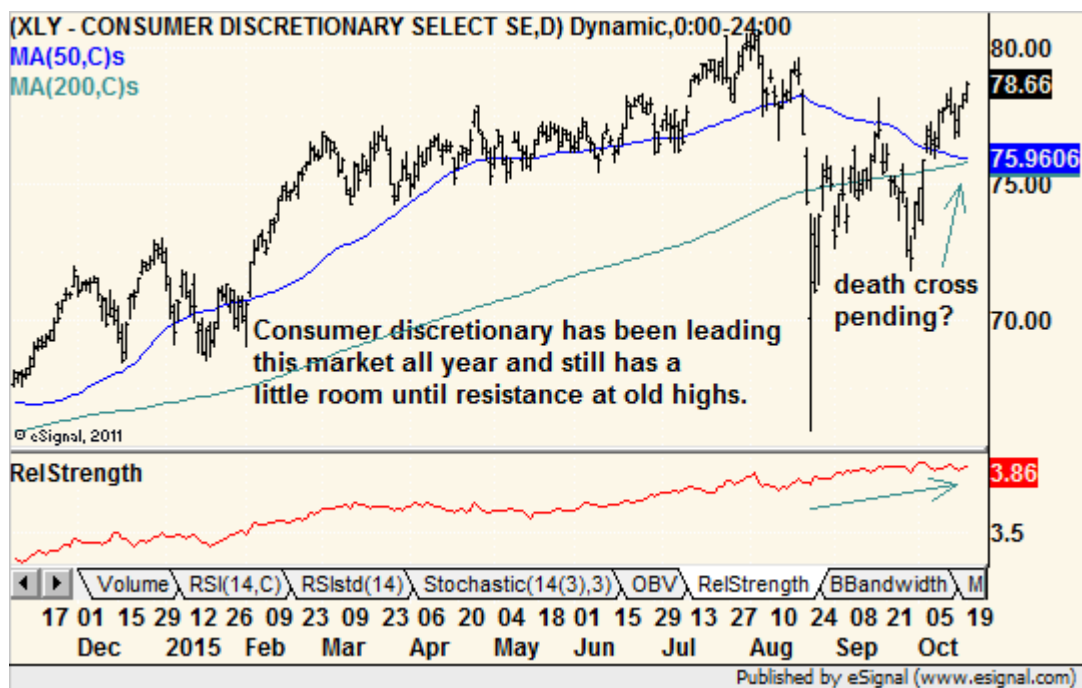


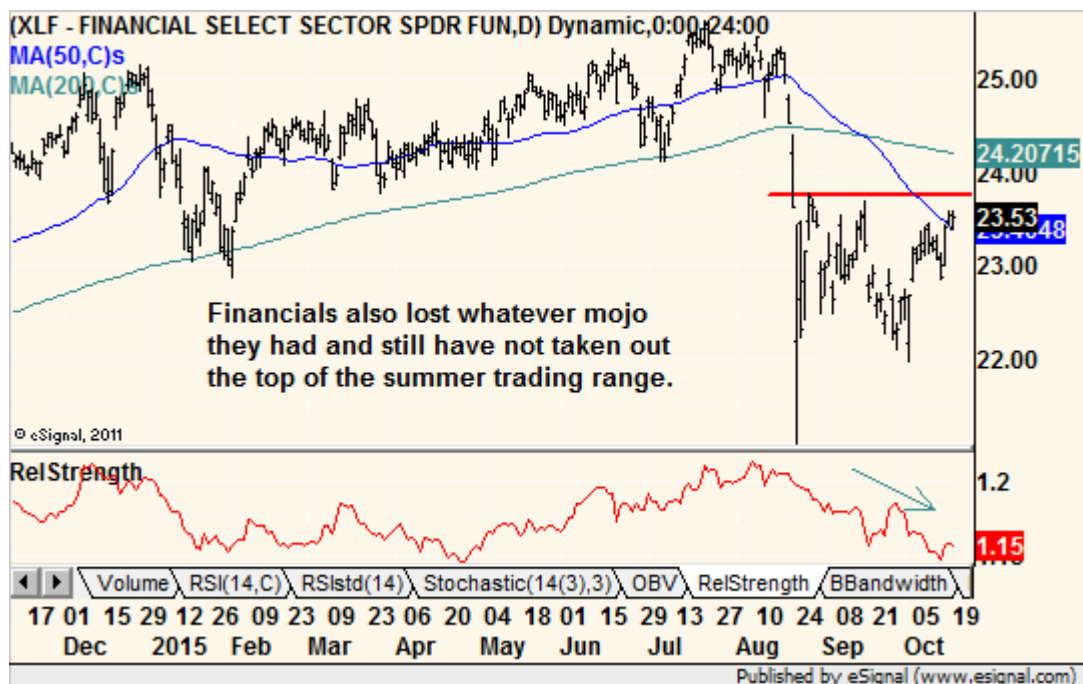
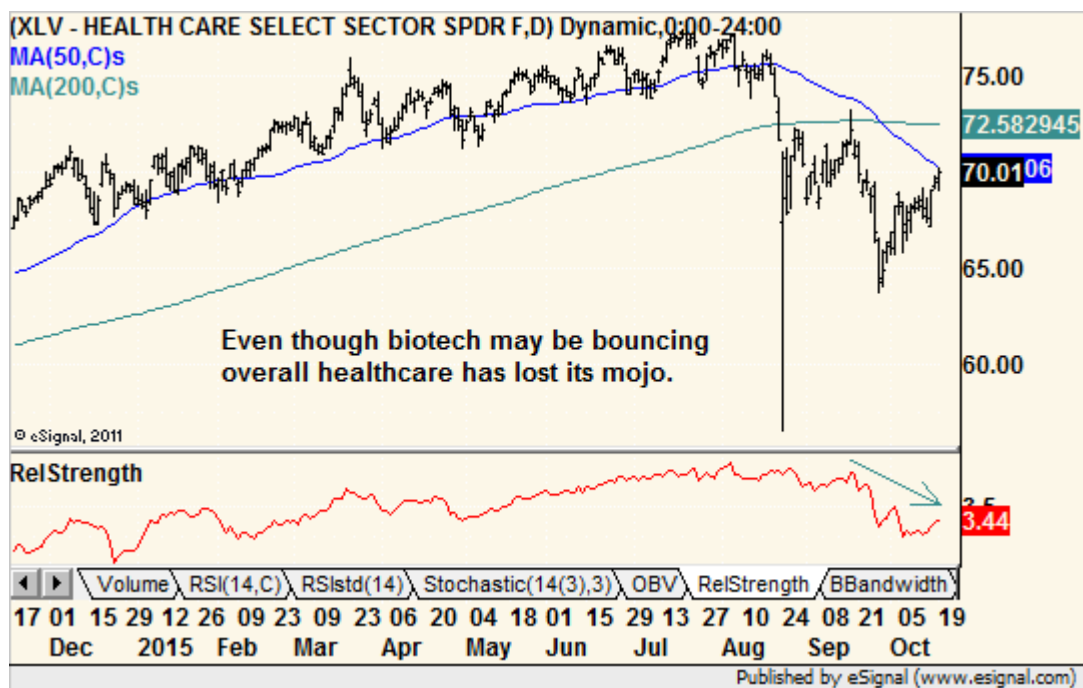
**Illumina** – This biotech had a clear selling climax but has gone nowhere since. Still below the gap.

## Quick Takes

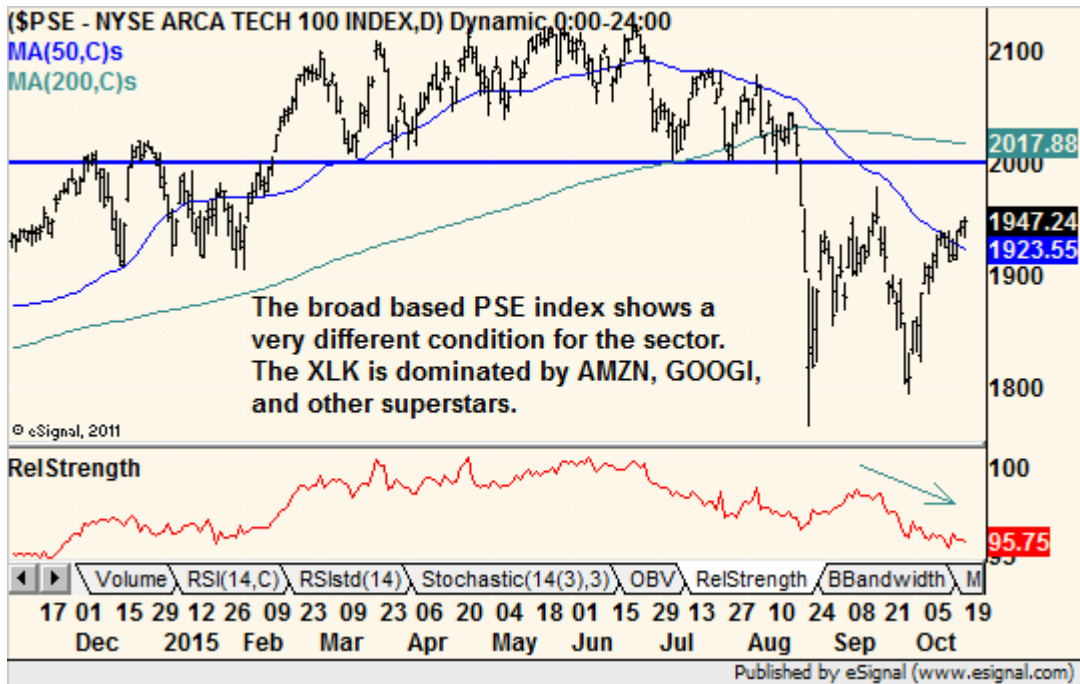
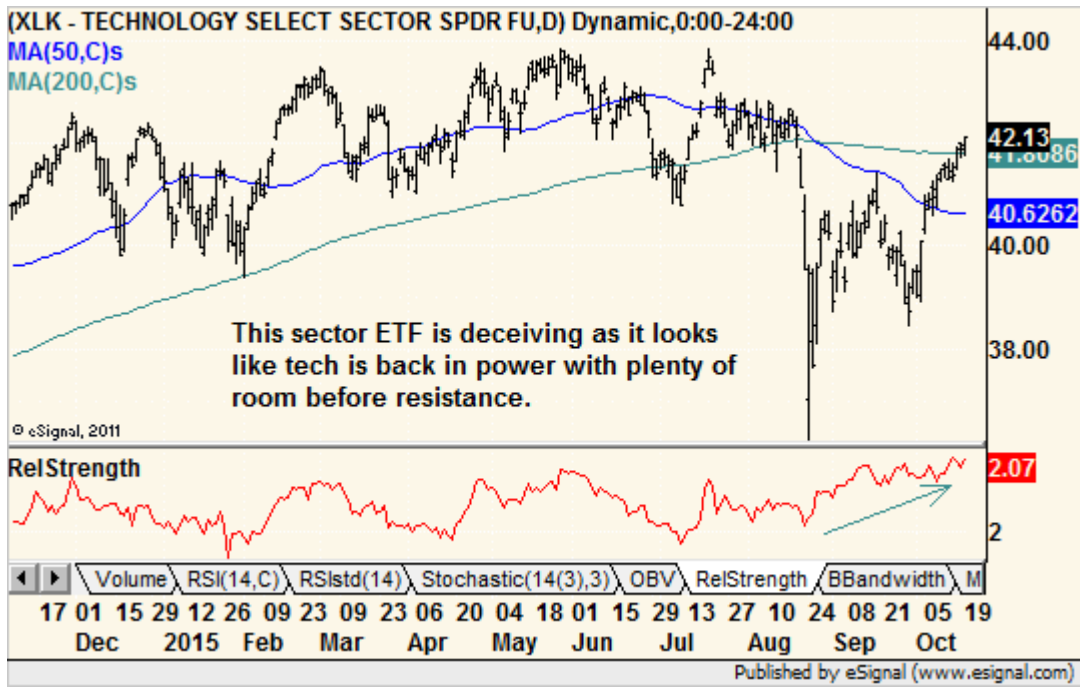
In this section, we take a fast look at charts with just captions.

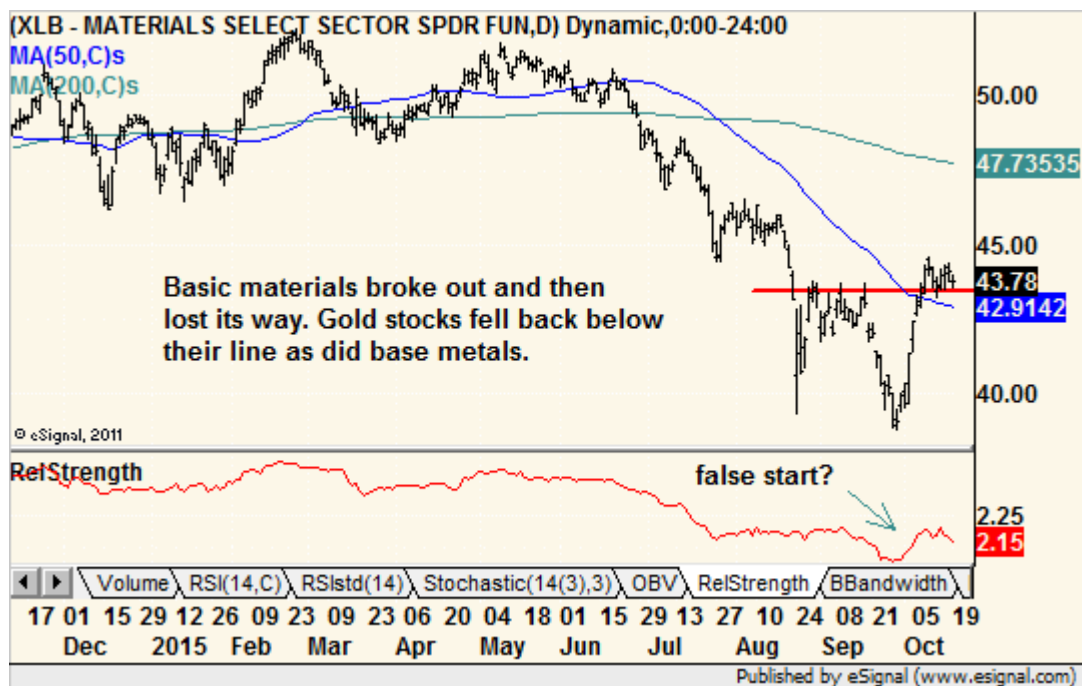
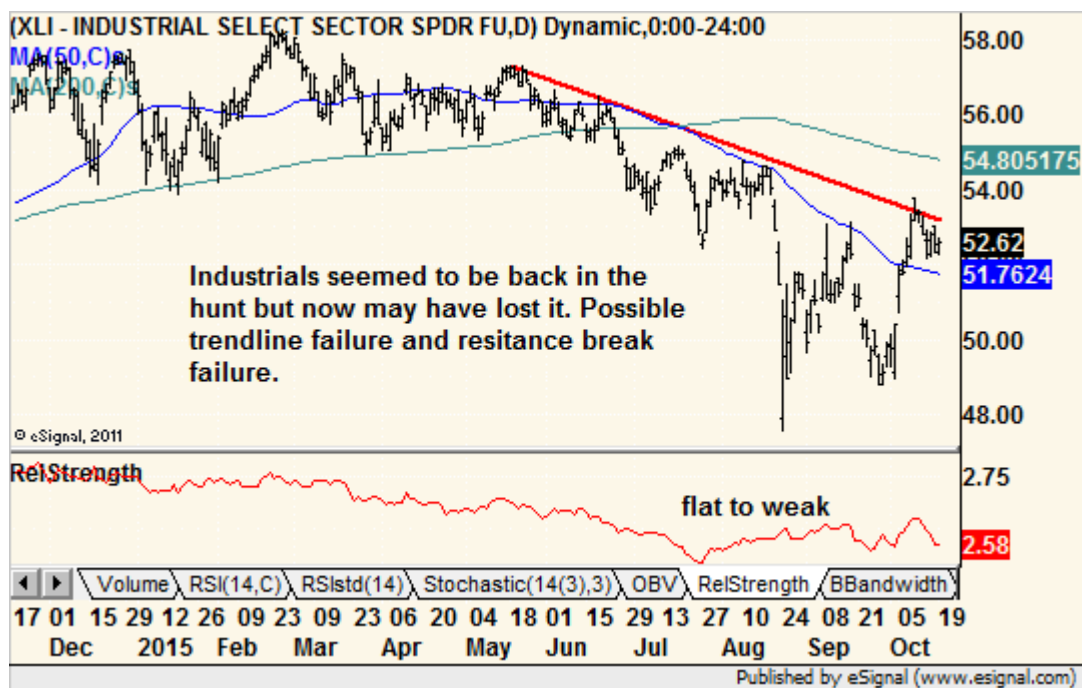












**Sector bottom line** – We saw energy, industrials, basic materials all start to recover nicely and then lose it yesterday. It is the pair of consumer sectors that are leading.

## 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 VECT GOLD MINERS ETF	16.00	-3.7%		16.61	10/12	7
	<b>LQD</b>	ISHARES IBOXX \$ INVEST GRADE	116.98	0.0%	115.00	117.00	10/14	5
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	67.86	0.4%	66.00	67.61	10/15	4
	<b>OII</b>	OCEANEERING INTL INC	45.98	-3.3%	44.50	47.55	10/16	3
<u>Short</u>	<b>TMK</b>	TORCHMARK CORP	57.96	-2.8%	59.00	56.35	9/28	21
	<b>GS</b>	GOLDMAN SACHS GROUP INC	185.74	-3.5%	187.00	179.19	10/9	2
	<b>AAPL</b>	APPLE INC	111.73	-1.5%	117.00	110.00	10/9	2

**Notes:** Burned again with gold stocks. However, the double bottom breakout is still intact. But tactically, we have to set limits on what we can lose on any trade.

## Other Information

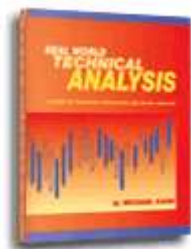
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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