

QUICK TAKES PRO

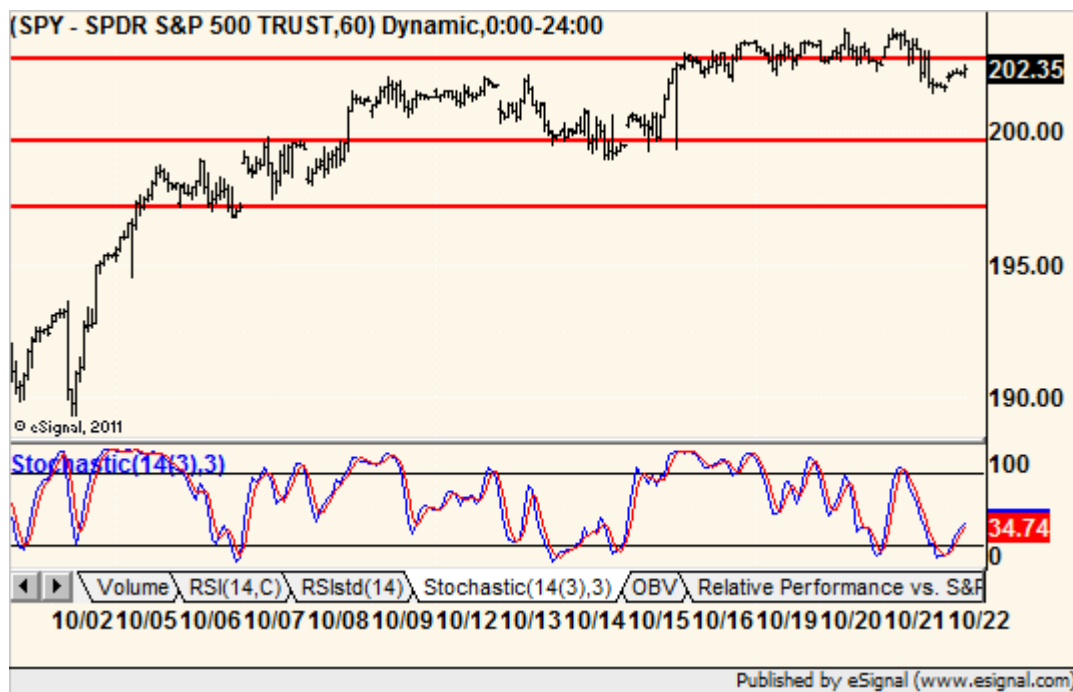
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

October 22, 2015 – As it always does, the market shoved a stick in my eye between the times I write my Barron's column and it gets published. Things looked rather positive in the morning and even a mid-day swoon was handled. Was that the Biden sell-off? But then in the final half hour the bottom fell out. It was not a huge decline but it left a bearish reversal on the S&P 500 at resistance. That will be clear in the chart below.

The column is still valid as breadth and the "bottom up" style of analysis still point to a broadening of the rally and that that's bullish. But the column began and ended with the warning that resistance overhead is gigantic.

Is it any wonder we continue to admit to being confused about what to do? The conclusion we made is to find individual long setups – and there are plenty – but keep the powder dry on the broad market.

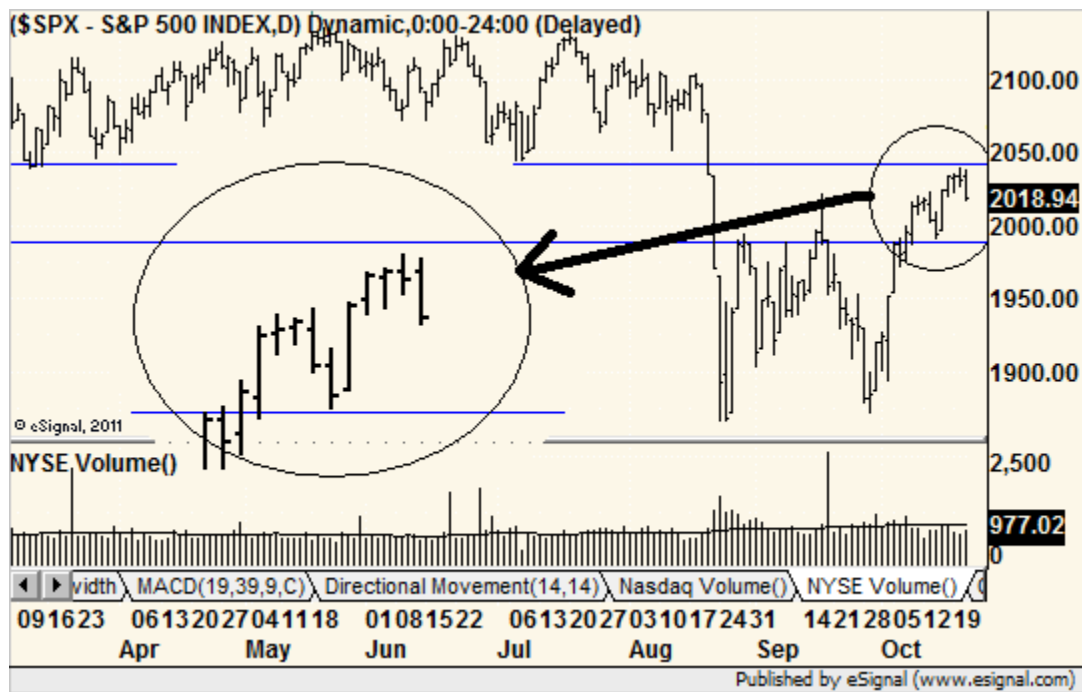


The hourly shows a small break from the upper line but not quite enough to get the bearish juices really flowing. Still need that middle line to break. That will also break whatever trendlines we draw from the late September low.

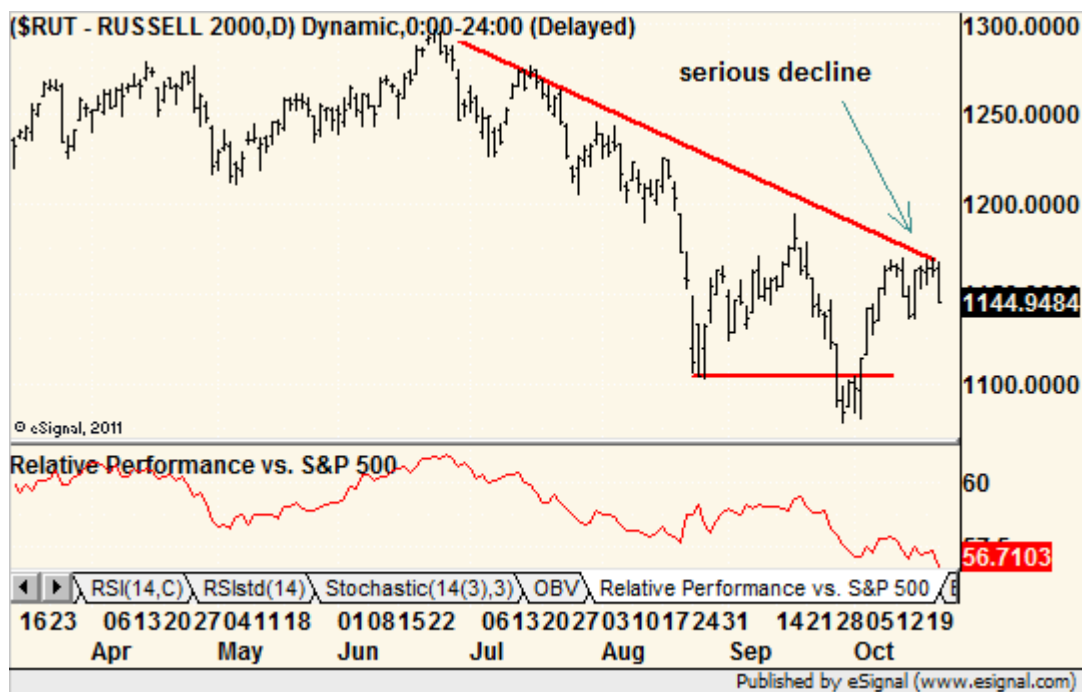
In sectors, the resurgence in commodities oriented, basic materials seems to be in trouble. We still think oil found a floor and gold is starting a trip higher, albeit grudgingly. But many charts show failure and that should temper any enthusiasm.

Is that a nod to an improving dollar? Could be. The dollar index soared this morning, likely in the ECB rate hold news.

Index Charts of the Day



Bearish reversal at resistance. The saving grace was low volume but we are on notice.



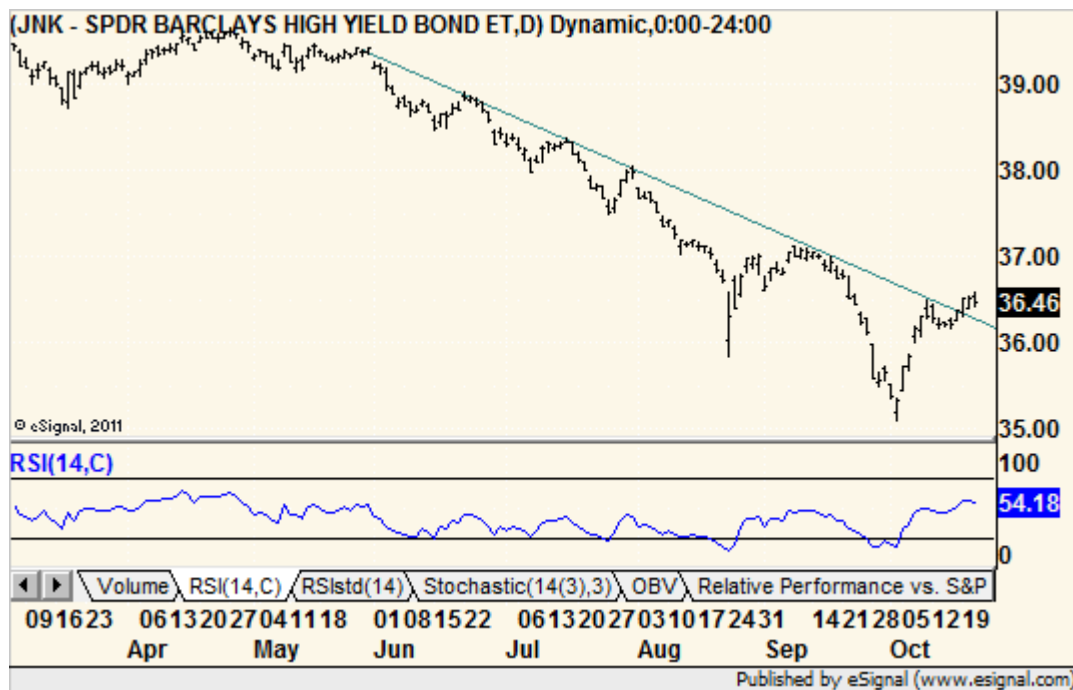
Small caps really took it on the chin with a failure at resistance.

The Radar Screen

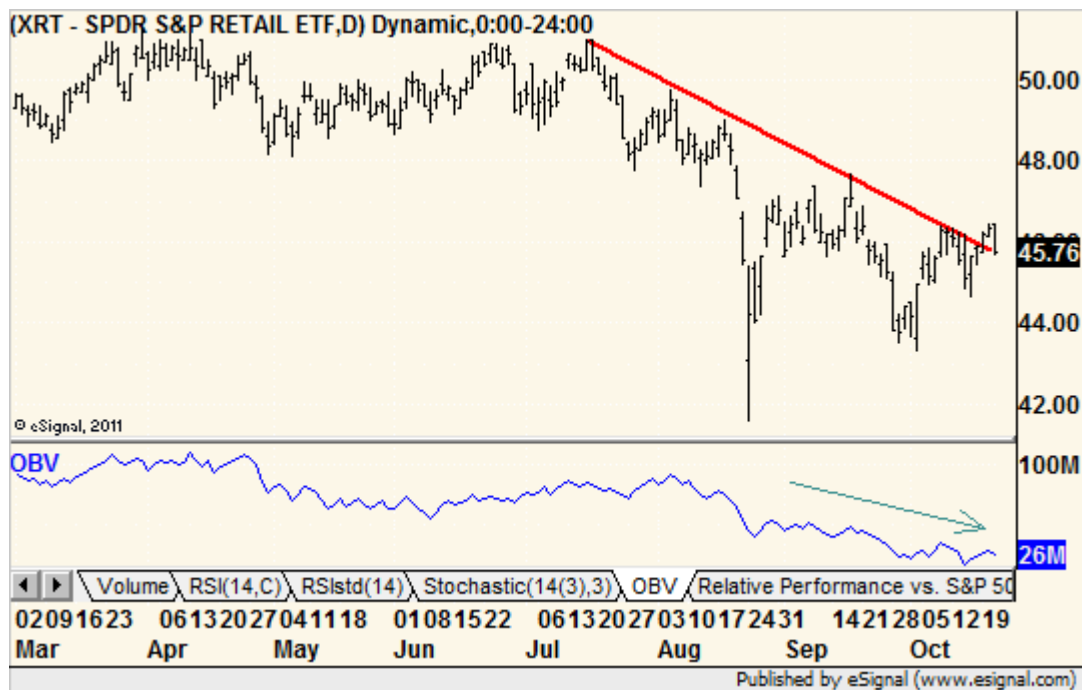
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Oil Services ETF OIH – Arguable trendline breakout. Bull flag buy trigger 31.00	Changed	10/6
Southwest Airlines LUV – From Barron’s Online. Pick your pattern. In either case, a new high for the past week would be another breakout. <u>By close over 41.50.</u>		10/20
CH Robinson Worldwide CHRW – Trucker pausing at a trendline. Moving average golden cross in place. Looks good with a move above 72.60.		10/21
PepsiCo PEP – Consumer sectors are leading and this one is challenging big resistance. If it moves through, then it has clear sailing. Buy close over 100.70.		10/21
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 126.00 .	Changed	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. That could have been it already. Yes, it was.		10/8
Nike NKE – Way overbought with weak on-balance volume.		10/21
Facebook FB – Key reversal at resistance.		10/21
Conagra CAG – Coiling pattern.		10/21
CVS Health CVS – Scored a death cross and is just under resistance. But if it punches through it would be a very good sign		10/21
Verizon VZ – Bumping into multiple resistances. But if it punches through....	New	10/22
Lilly LLY – This drug stock broke down yesterday but is up this morning after earnings. If it fails again then it should be sold. And of it rallies sharply above the line then the breakdown failure can be bought.	New	10/22
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. This has stalled and really makes the commodities recovery suspect.		10/6
Industrial Metals Group – Breakout has failed	Removed	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
Semiconductors – Breakout.		10/15
Transports – Led by airlines, on the verge of a breakout. Marine transport lagging.		10/20
Updates		
none –		

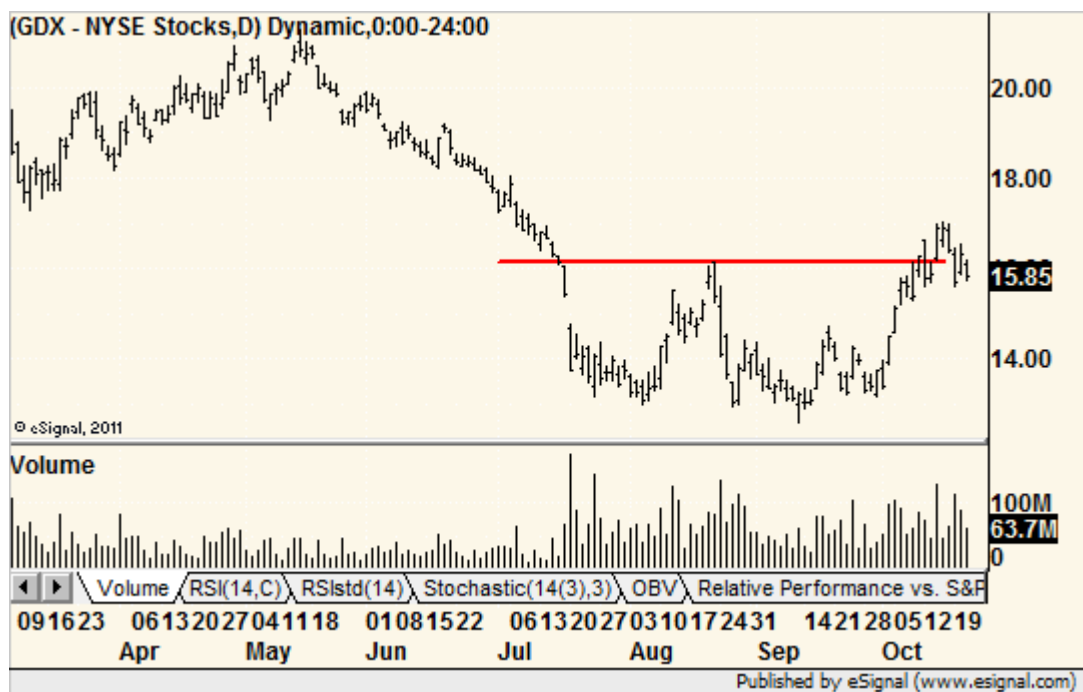
Market Highlights



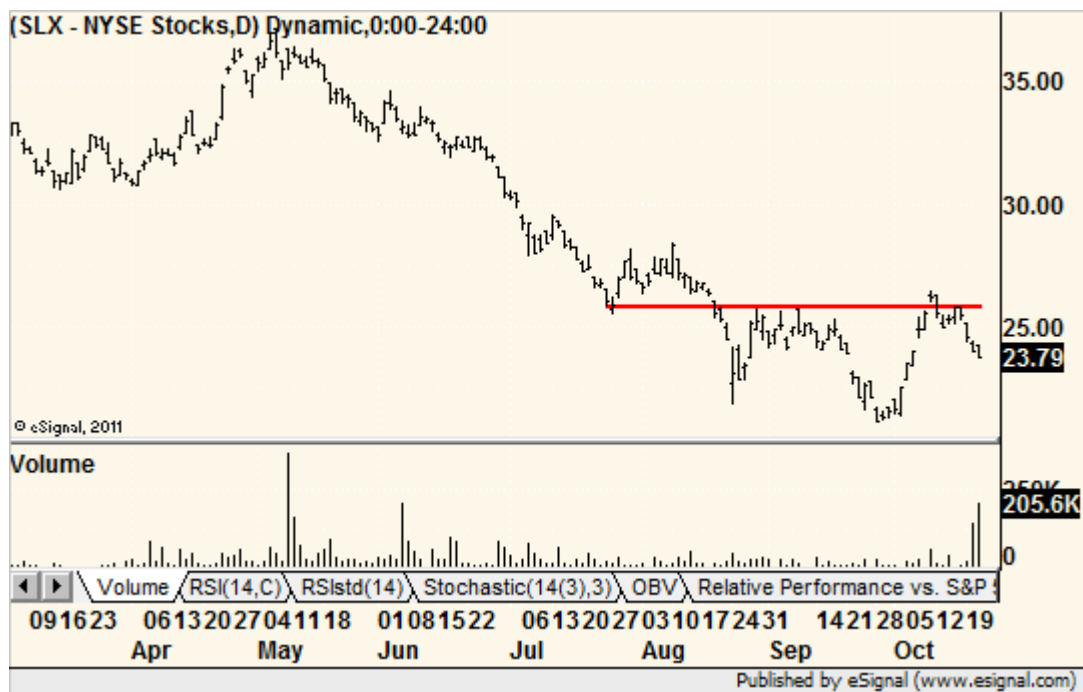
Junk Bonds ETF – Watching this one. If the breakout fails then stocks may have problems.



Retail ETF – Is this a test or failure? Hard to tell but on-balance volume still stinks. Interesting since the overall consumer discretionary sector is leading and retail is a component.



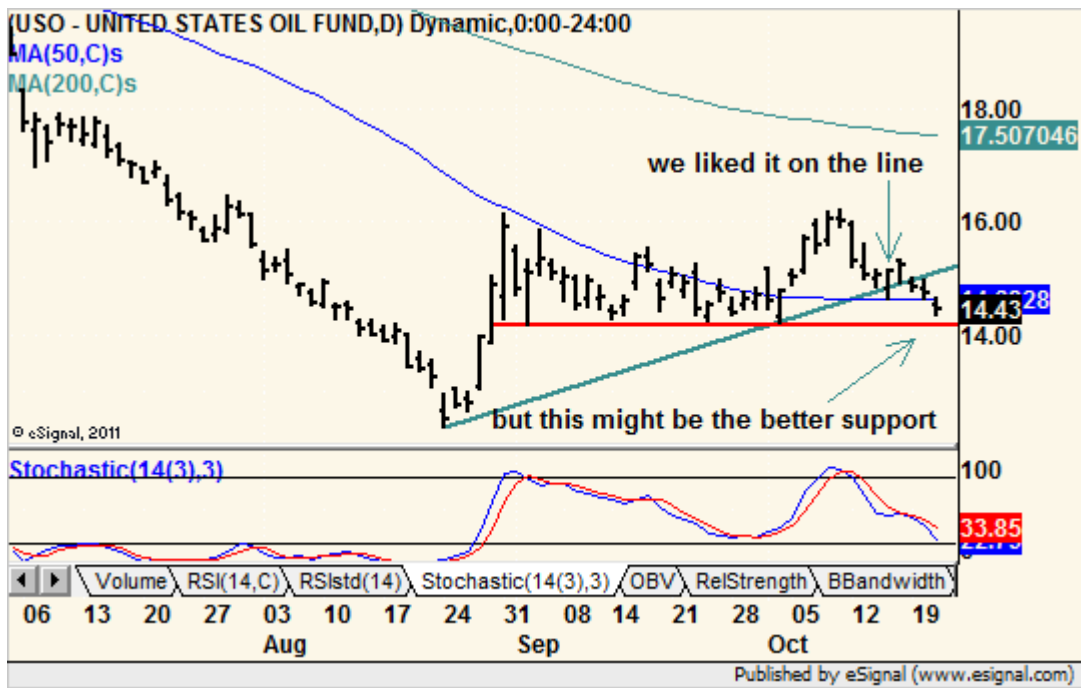
Gold Miners ETF – We were stopped out two days ago but this pattern still has the potential to be a cup-with-handle-like formation. Just watching as we’ve been burned too many times here.



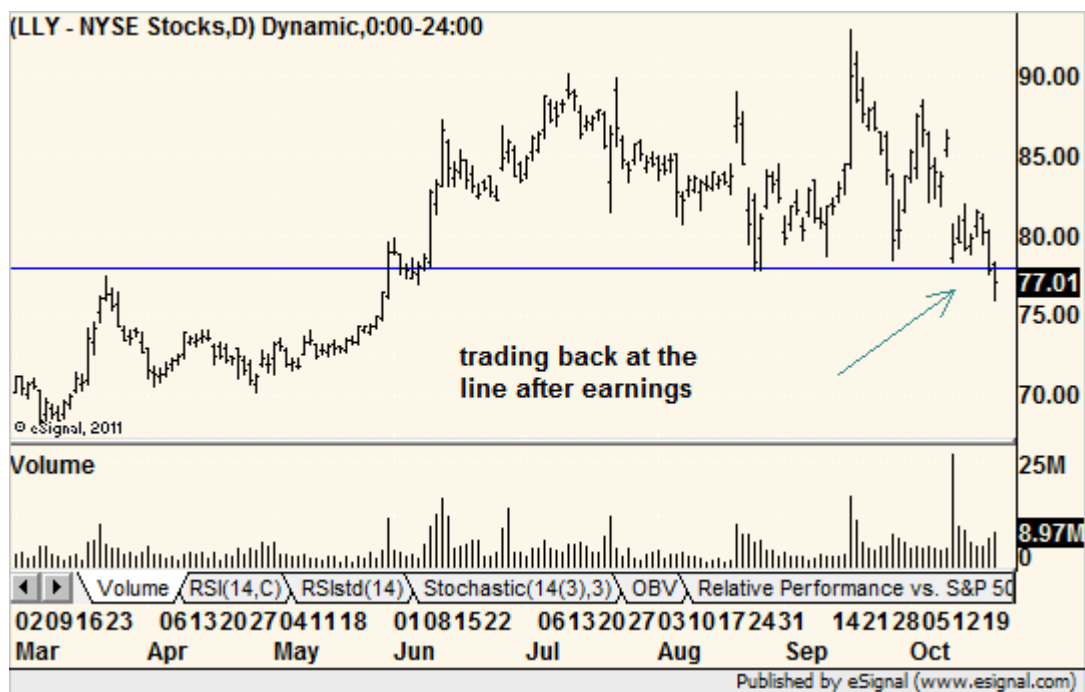
Steel ETF – Breakout failure. Basic materials (gold, non-ferrous, steel, paper but not chemicals seem to be failing after a brief awakening.



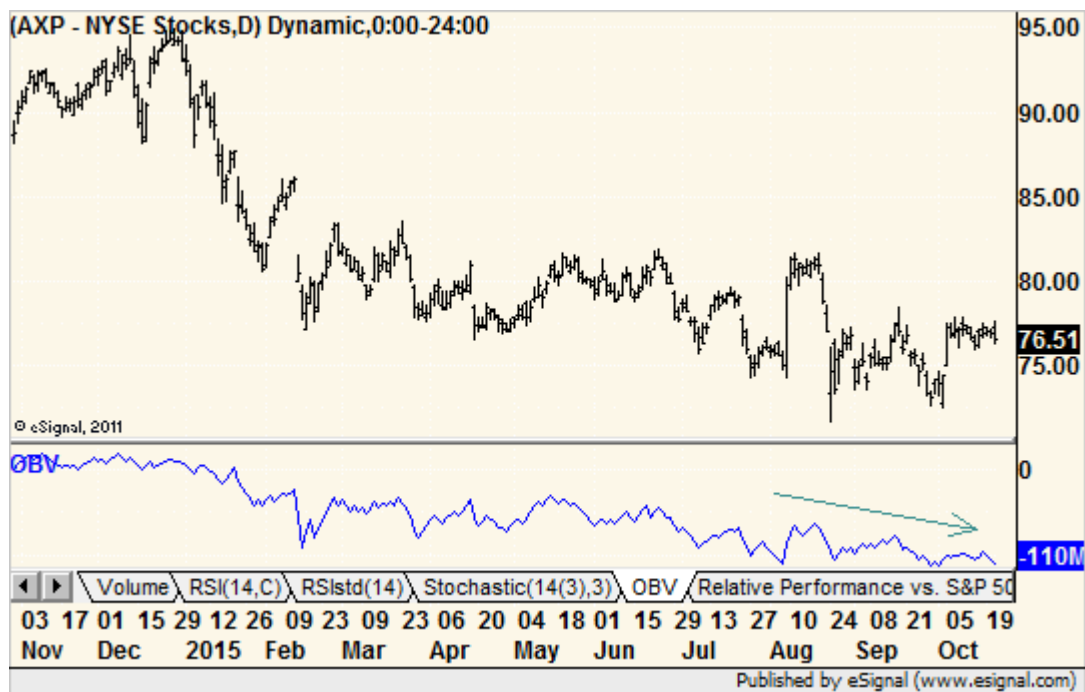
Banks index – big reversal at the 50-day average. Lagging the market, too.



Oil ETF – Still alive.



Lilly – This drug stock broke down yesterday but is up this morning after earnings. If it fails again then it should be sold. And if it rallies sharply above the line then the breakdown failure can be bought.



American Express – On-balance volume says this stock is still dead money.

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>	LQD	ISHARES IBOXX \$ INVEST GRADE	117.34	0.3%	115.00	117.00	10/14	8
	XLE	ENERGY SELECT SECTOR SPDR	67.21	-0.6%	66.00	67.61	10/15	7
	OII	OCEANEERING INTL INC	45.92	-3.4%	44.50	47.55	10/16	6
	KLAC	KLA-TENCOR CORP	64.39	19.8%		53.75	10/20	2
	SON	SONOCO PRODS CO	41.81	-0.3%	40.00	41.95	10/20	2
<u>Short</u>	TMK	TORCHMARK CORP	57.62	-2.2%	59.00	56.35	9/28	24
	GS	GOLDMAN SACHS GROUP INC	186.22	-3.8%		179.19	10/9	13
	AAPL	APPLE INC	114.00	-3.5%		110.00	10/9	13

Notes: Song of the day – Take the Money and Run (Steve Miller, 1975). We bought the breakout Tuesday and Wednesday **KLAC** got a takeover bid.

That makes up for bailing out of the short in **GS** before it sold off big. Also bailed on **AAPL** short as the market seemed to be firming.

Other Information

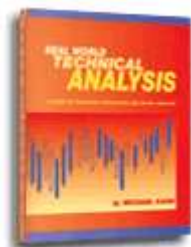
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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