

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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October 28, 2015 – Stocks were quiet once again as we wait for the end of the current Fed meeting today. How can they raise rates? Not with recent economic reports. Or easing overseas.

Crude oil took out support yesterday making our energy play a loser. We still think there is value in energy stocks but apparently it was too soon for it to be released. More basing required.

Gold and mining stocks are still holding their breakouts even as the dollar holds firm. That could change after the Fed so we'll let that develop further.

But the biggest news on the charts yesterday was the breakdown in the transportation sector (chart below). This as oil fell. Very odd and probably not a good thing.

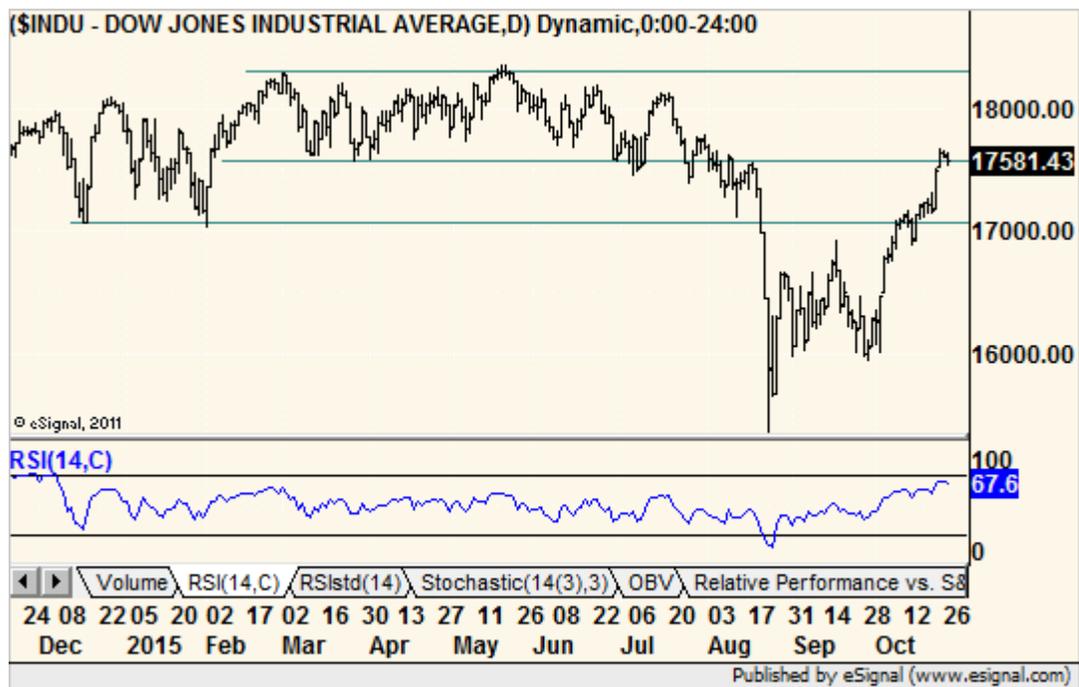
And the continuing underperformance by small caps. The real problem is that the loss of support by this group, by energy, by healthcare and now transports makes the rally a bit narrower.



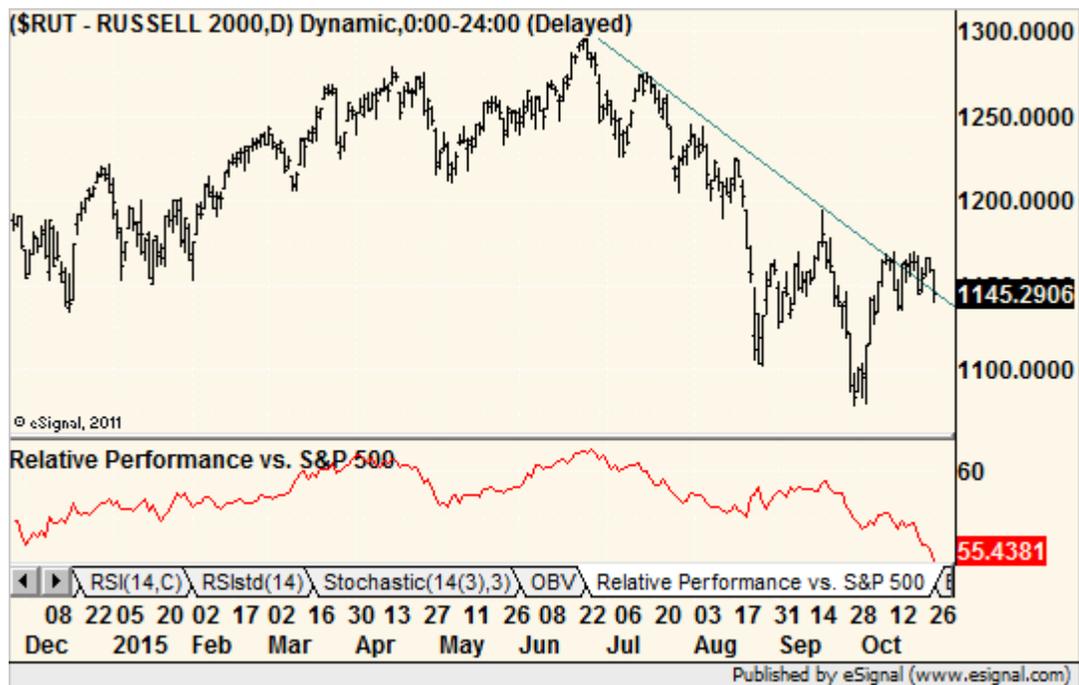
Nothing new on the hourly chart. And we don't even have well defined buy or sell triggers for after the Fed. Best not to force the issue.

That's it. Keeping it light today.

Index Charts of the Day



Typical pre-Fed malaise although this is a good place for a pause anyway.



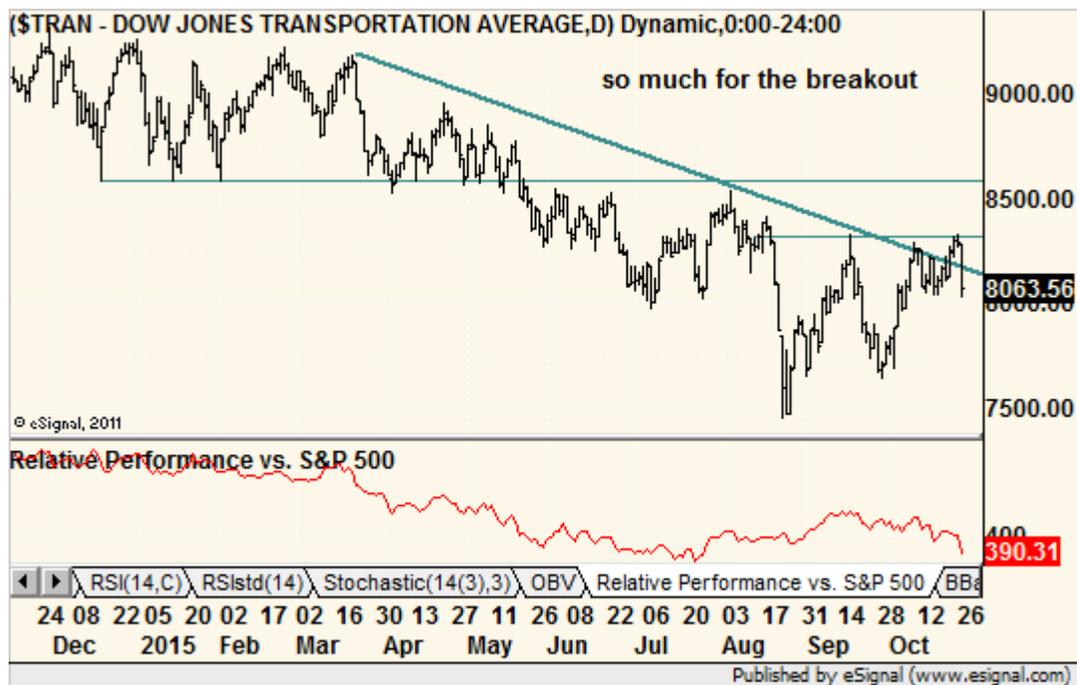
The Russell 2000 underperformed by a full 1% yesterday. That is not good.

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.

Bullish Implications		
none –		
Bearish Implications		
none –		
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Macys M – We want this stock at around 47. The fresh range breakdown and bear trend tells us not to jump so fast. We’ll let it sink even lower and require it give us a technical sign – oversold, climax, reversal.		9/30
Bed Bath & Beyond BBBY – Retailer looking good if it hits bottom of massive trading range at 54.60.		10/1
CVS Health CVS – Scored a death cross and is just under resistance. But if it punches through it would be a very good sign. Getting close		10/21
Verizon VZ – Bumping into multiple resistances. But if it punches through....		10/22
Lilly LLY – Looks like the breakdown has failed.	Changed	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. Possible “handle”-like formation.		10/6
REIT ETF IYR – Broke out two weeks ago but formed a key reversal Friday.		10/9
Trucking – Massive breakout failure.	Changed	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 breakout. Marine transport lagging.		10/20
Healthcare – providers and medical supplies looking ugly.		10/23
Drug sector –waiting for the trendline breakout. But still lagging.		10.27
Updates		
Yandex YNDX – Bid lower this morning. May be nice to get this breakout on the pullback.		

Market Highlights



Transports – Failure. And it was sector wide. Rails down 4.6%. Trucks down 3.3%. Marine down 3.5%. Air freight down 2.3%. Airlines were the best down only 0.8%. And this as oil broke down below support. That is not good for the economic outlook.



NYSE Arca Tech Index – Sorry, still lagging badly when we remove the effects of the big boys.



Hershey – Today is National Chocolate Day. Hershey earnings good but outlook not. Technically, on-balance volume not feeling it making support critical here. Of course, a move above the recent small range would be bullish.



Twitter – Same pattern as **HSY** above. Earnings smash left it on support. Need nerves of steel to buy here ahead of the first chance retail has to panic out of shares. A more conservative buy would be above the recent small range. A more aggressive buy would be here at support before or after retail gets in.



IBM – What is wrong with this company? Now approaching major support with a big 3.7% dividend and 9.4 trailing P/E.



Intel – Now overbought at resistance.

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 INVESTMENT GRADE	117.40	0.3%	115.00	117.00	10/14	13
	XLE	ENERGY SELECT SECTOR SPDR	66.00	-2.4%		67.61	10/15	12
	OII	OCEANEERING INTL INC	44.50	-6.4%		47.55	10/16	11
	SON	SONOCO PRODS CO	41.36	-1.4%	40.00	41.95	10/20	7
	OIH	MARKET VECT OIL SERVICES ETF	29.50	-4.8%		31.00	10/22	5
	CHRW	C H ROBINSON WORLDWIDE INC	70.00	-3.6%		72.60	10/22	5
	PEP	PEPSICO INC	102.94	-0.1%	98.00	103.08	10/22	5
	AMAT	APPLIED MATLS INC	16.27	-2.3%	15.50	16.65	10/26	1
	TFX	TELEFLEX INC	127.37	-2.1%	129.00	124.71	10/22	5
	HOLX	HOLOGIC INC	38.43	-4.4%	38.50	36.75	10/22	5

Notes: The oil breakdown killed us. And so did the transports breakdown. Obviously, we bet on the wrong horse.

And adding insult to injury, biotechs were strong.

The message is that we've gotten the current condition wrong and that means stepping back until we get some clarity.

Other Information

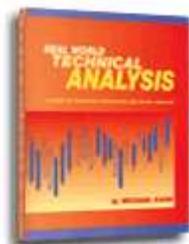
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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