

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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October 29, 2015 – The Fed's decision yesterday gave stocks a little indigestion. After an anticipation rally (no rate hike) the initial post news reaction was down thanks to hinting that they will hike in December. Then everything turned around into a big afternoon scoot higher. Why? Who knows?

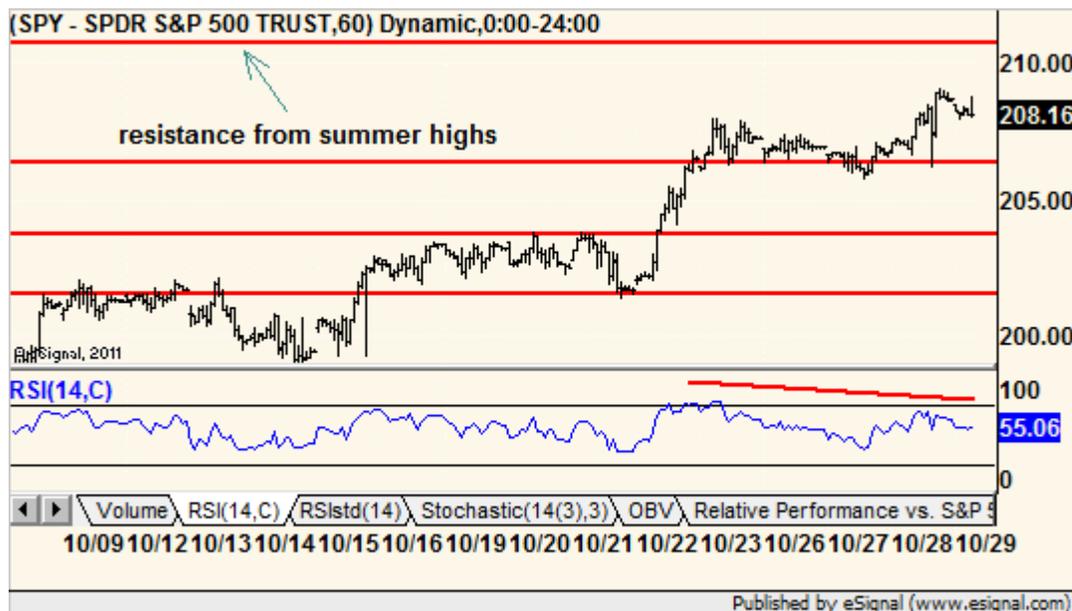
Was it the long term breakout in the dollar? Well, that would not be good for big cap multinationals but up they went. Was it because oil came roaring back (after stopping us out)? Just bizarre, in our book.

What we think would have made more sense was a rally and then fade. Rally on no hike now but fall on the realization that it is likely for December (rather than next year).

Or was there language in there that faked us out and the real plan is to hike next year? So many questions but no answers. But what has not changed is the short-term rally is still in place with the recent pause doing its job of relieving any overbought conditions.

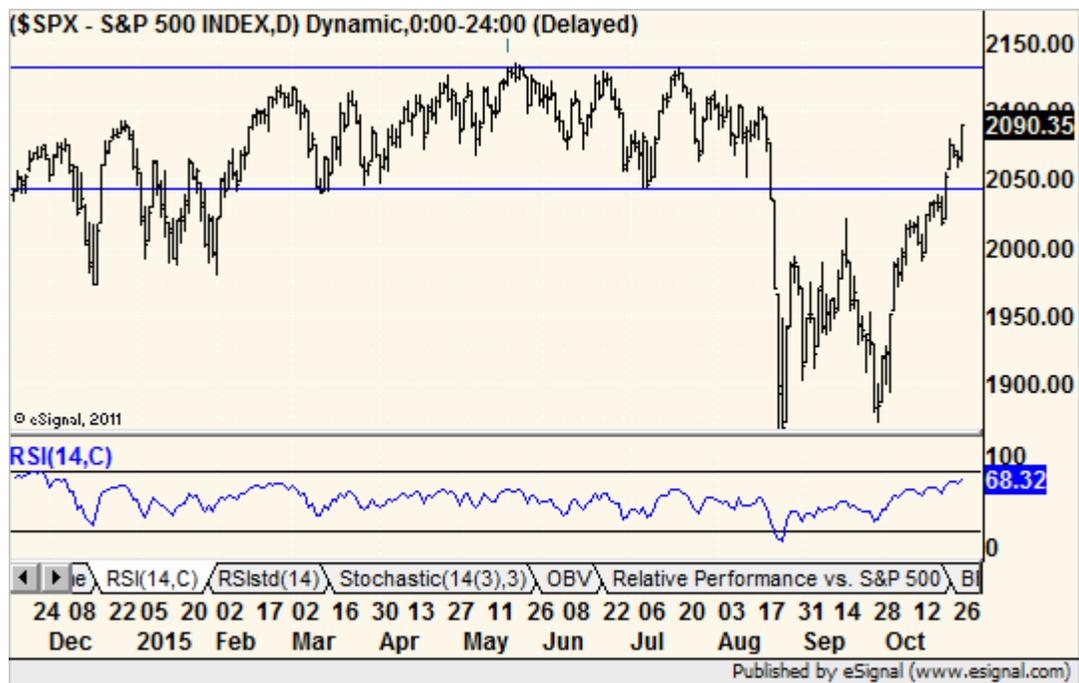
But let's get back to the bizarre:

1. Small caps rallied 3% yesterday nearly tripling the gain of the big caps. They suddenly awoke and now have an arguable breakout.
2. The strong dollar did in fact favor small caps, which are domestically focused.
3. Experts argue that the consumer sectors are healthy thanks to the US being the best of all weak economies. Exporters are having more trouble thanks to weaker overseas economies and a strong dollar. So why did the consumer discretionary sector lag yesterday? Consumer staples were actually lower.
4. Banks rallied huge even though the rate hike is still in the future.
5. Suddenly heavy construction rallies like a 1999 tech IPO. It was M/A activity but construction?
6. Transports still quite weak although that makes sense when oil rallies that much. Still, given that transports fell big as oil fell the day before this qualifies as bizarre.



The plan still has to be selectively long without a full market press. The S&P 500 is still in the middle of a giant resistance range.

Index Charts of the Day



Now into the meat of the resistance zone. Not yet overbought.



All of the sudden the Russell is back in the game with a breakout. Catch-up potential.

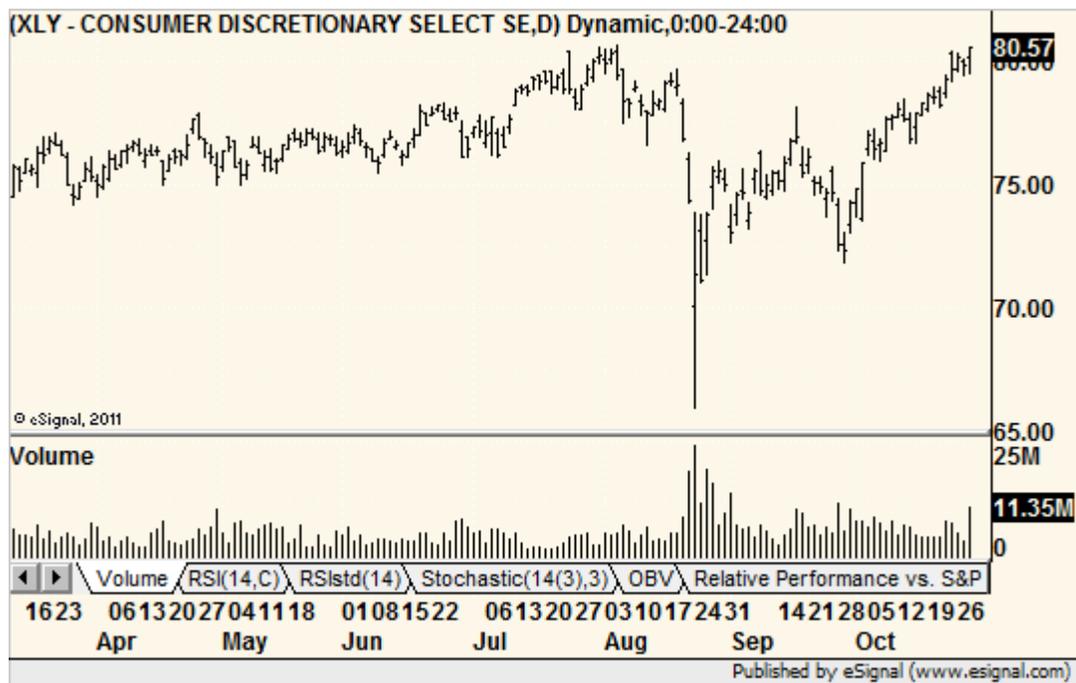
The Radar Screen

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.

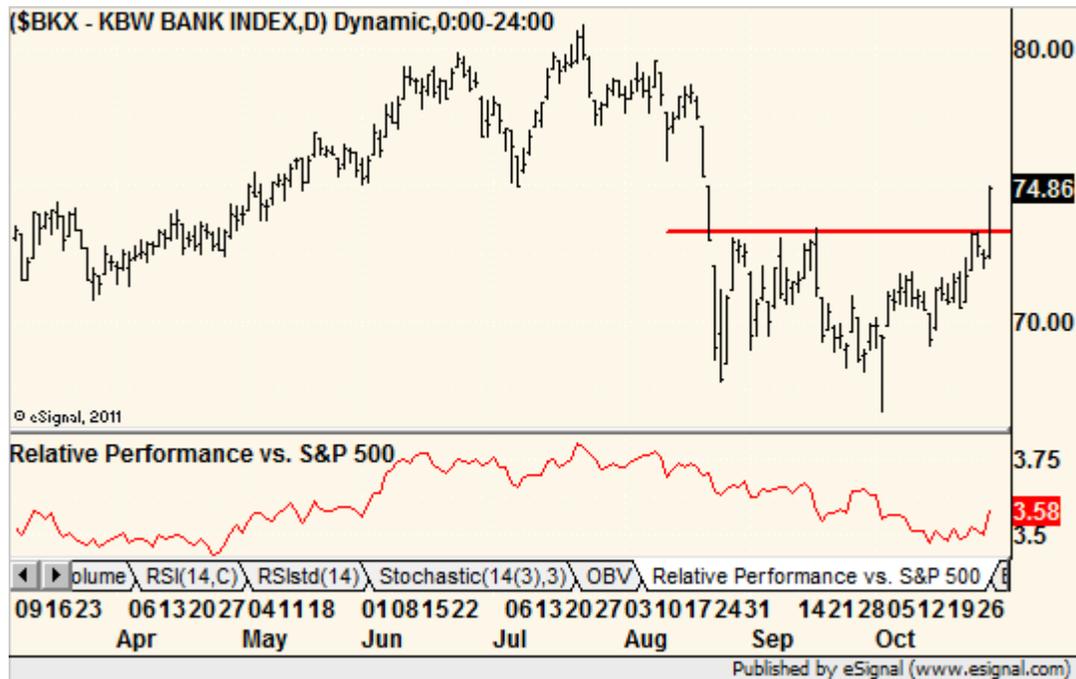
>>You will note the lack of specific picks and pans.

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
IBM –Now approaching major support with a big 3.7% dividend and 9.4 trailing P/E. Would love it at 132.		10/28
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
Trucking – Massive breakout failure.		10/14
Biotech – IBB and BBH ETFs bear flags turned into rallies	Removed	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 –trendline breakout. But still lagging.		10.27
Defense – Inverted head-and-shoulders for the DFI index.	New	10/29
Updates		
Hershey HSY – Massive breakdown. Do not touch.		
Twitter TWTR – Did not break support as did HSY but still needs an upside breakout to make it bullish.		

Market Highlights



Consumer Discretionary – A new closing high but a lagging performance yesterday.



Bank Index – Breakout but still lagging.



Defense Index – Nice inverted head-and-shoulders. Several stocks were up huge yesterday so we look for those ready to join them. **ERJ**, **COL** and **ITT** come to mind.



Interactive Brokers – In the hot (for the day) financial group, this one was up huge to break out. Would be better to buy the dip.

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	116.94	-0.1%	115.00	117.00	10/14	14
	SON	SONOCO PRODS CO	42.12	0.4%	40.00	41.95	10/20	8
	PEP	PEPSICO INC	102.74	-0.3%	98.00	103.08	10/22	6
	AMAT	APPLIED MATLS INC	16.54	-0.7%	15.50	16.65	10/26	2
	TFX	TELEFLEX INC	129.00	-3.3%		124.71	10/22	6
	HOLX	HOLOGIC INC	38.50	-4.5%		36.75	10/22	6

Notes: We will take the fact that we've been stopped out of longs and shorts as meaning we are so out of tune with the market now that cash is the better idea.

Other Information

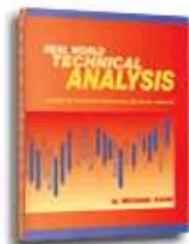
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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