

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

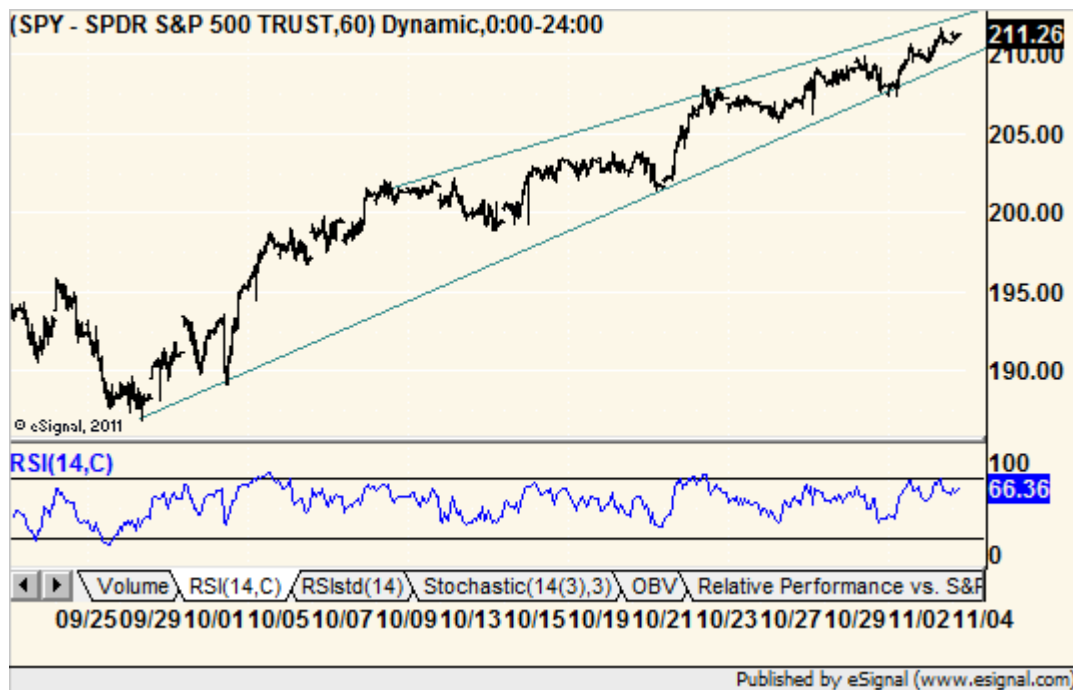
November 4, 2015 – Energy and basic materials, sans gold, lit it up yesterday. Even Freeport McMoran – a copper and gold stock – was up huge even as gold fell. Why? Copper.

But it was still an odd mix of leaders. Within each sector there were some big winners and big losers. In other words, just being in a specific sector was not enough. A stock needed its own merits and that is a hidden caution, in our view.

On the surface, things looked nice. Consumer discretionary, sans retail, hit a new high. Consumer staples and utilities were down on the day. The big tech ETF hit a new high and the Russell confirmed its breakout, albeit at low levels. Bonds were down and all of that is the notorious "risk on" and gives stocks a mandate to rally.

True, the dollar is still nursing a long-term breakout, which is not good for the large exporters. And when the Fed finally acts the dollar is likely to continue higher thanks the rest of the world holding their low interest rates.

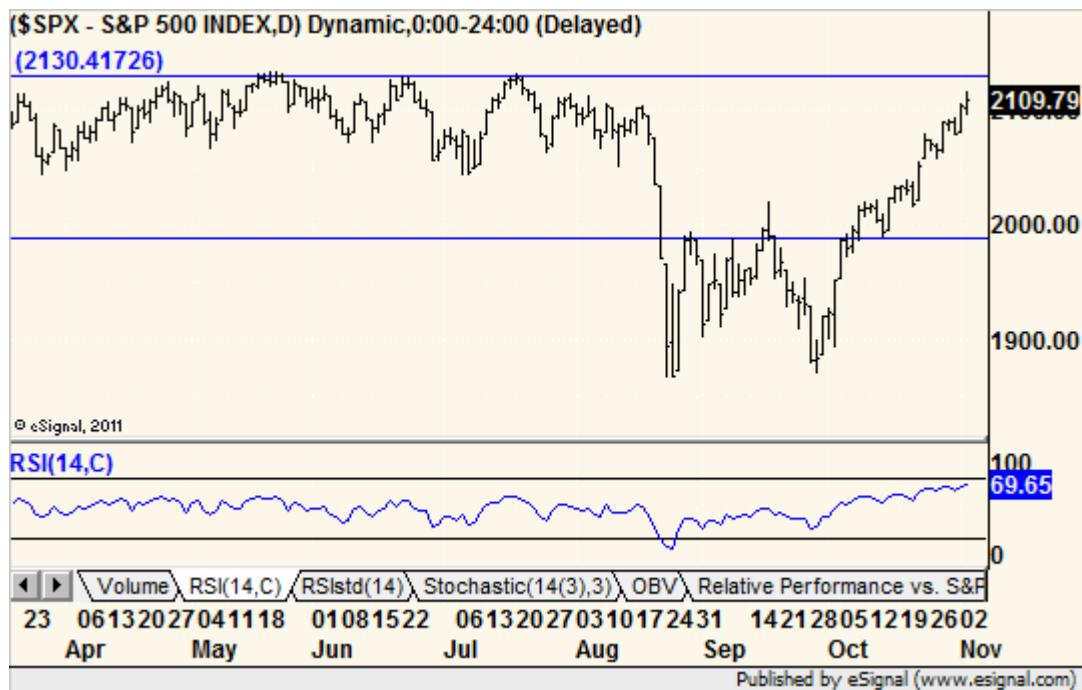
On the charts, the U.S. market saw below average volume on the last two days' rally and at the risk of beating a dead horse, the S&P 500 is getting ever closer to serious resistance at the top of the 2015 trading range at 2130-2135. It topped out at 2116 yesterday.



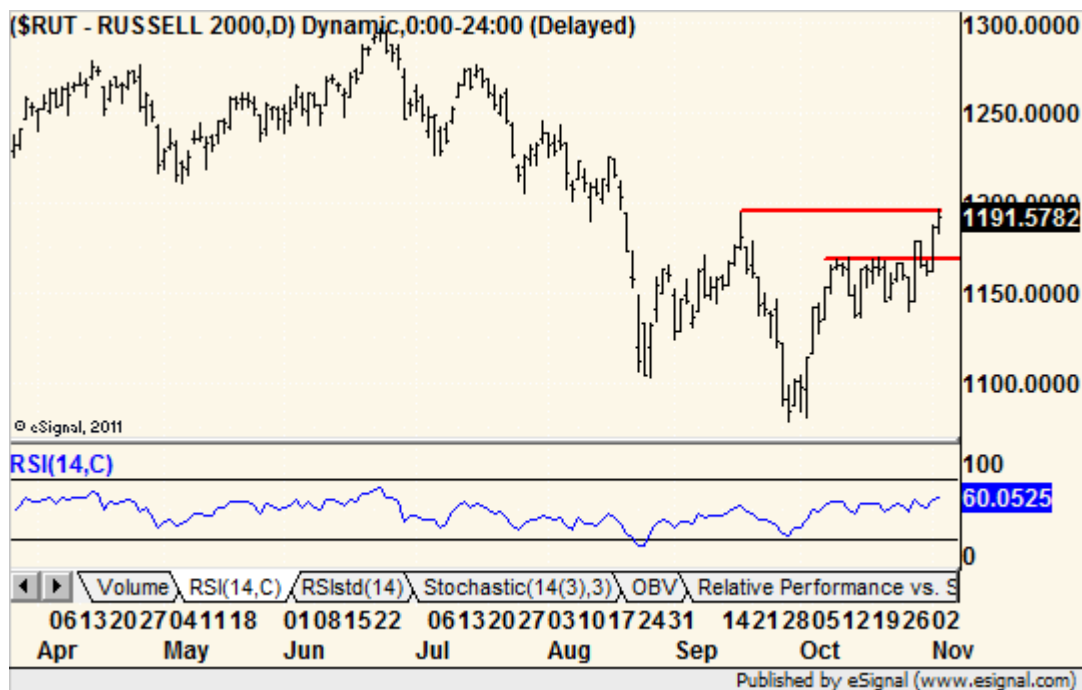
The hourly chart keeps trucking along above the trendline. You can see a constricting path or rising wedge to signify an aging trend. When looking for a breakdown we have to insist on vertical action and not just a sideways break. The latter would be caused by the passage of time. The former would be due to real selling and that is what we need to see to go the other way here.

And for all its stock sector power, oil itself is still languishing in a low range. Don't let stocks get too far ahead of the commodity.

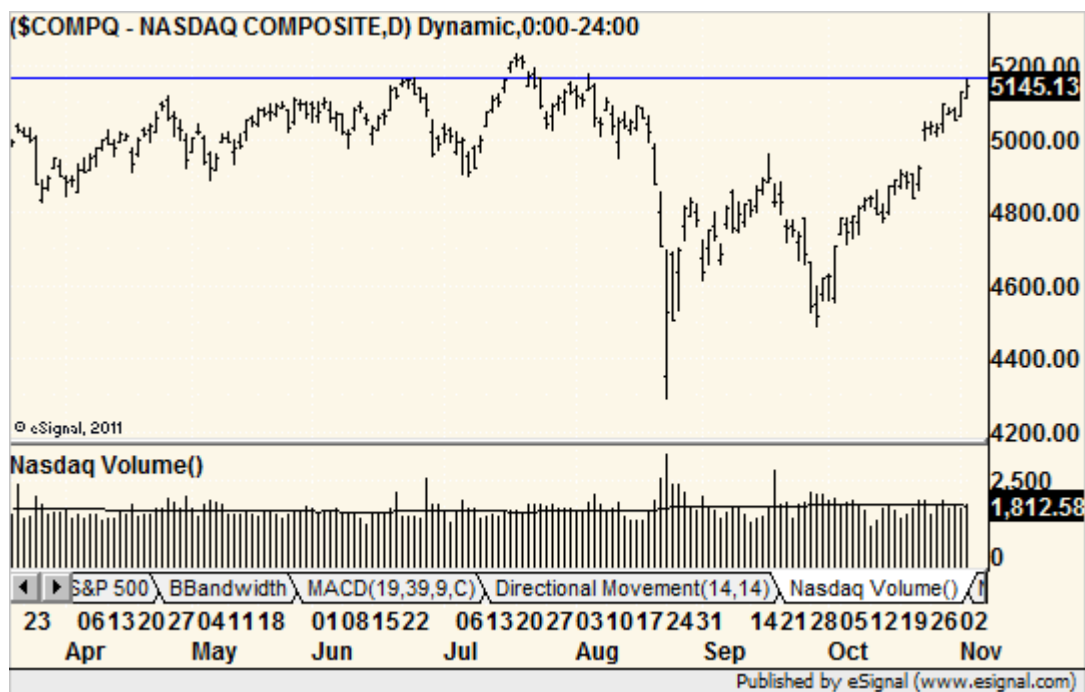
Index Charts of the Day



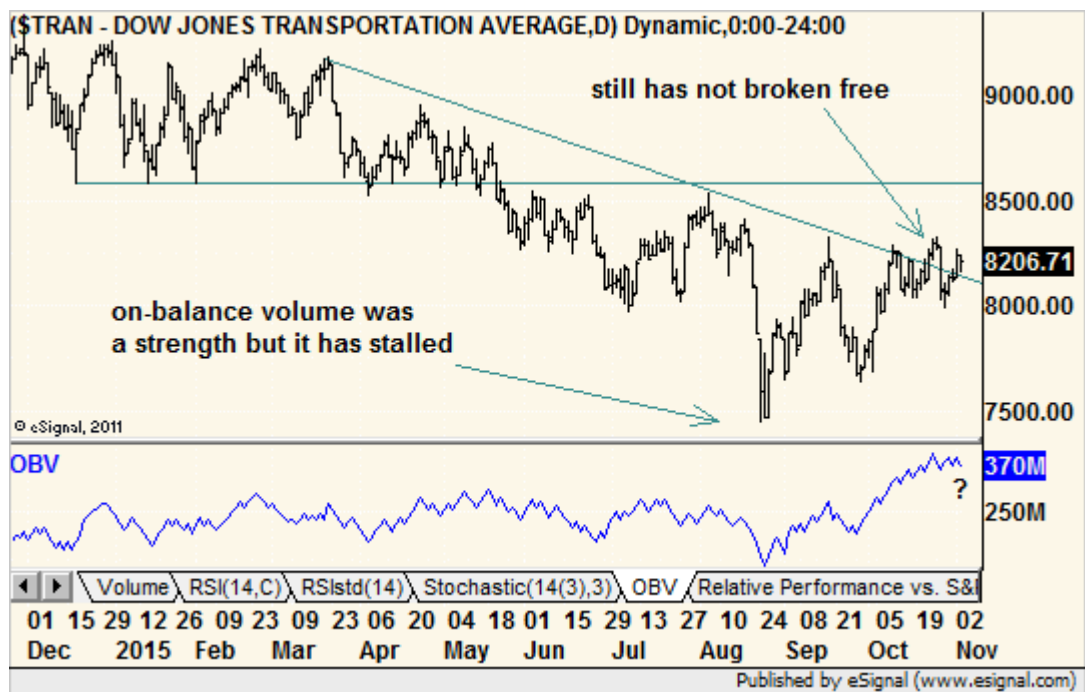
The same comments as yesterday: The S&P 500 is moving through the zone and not yet overbought according to RSI. We still give resistance at the old highs the big benefit of the doubt that it will hold. Of course, a small overshoot and then a reversal would do the most damage by catching both early bears and late bulls in the wrong trade.



The Russell confirmed its October range breakout but now has to contend with the September high. We would not be surprised to see a stumble here. Stumble does not mean reversal.



Here is the Nasdaq and sub-average volume. It is now at one version of resistance with the all-time high just above that. Seems like it is running out of power.



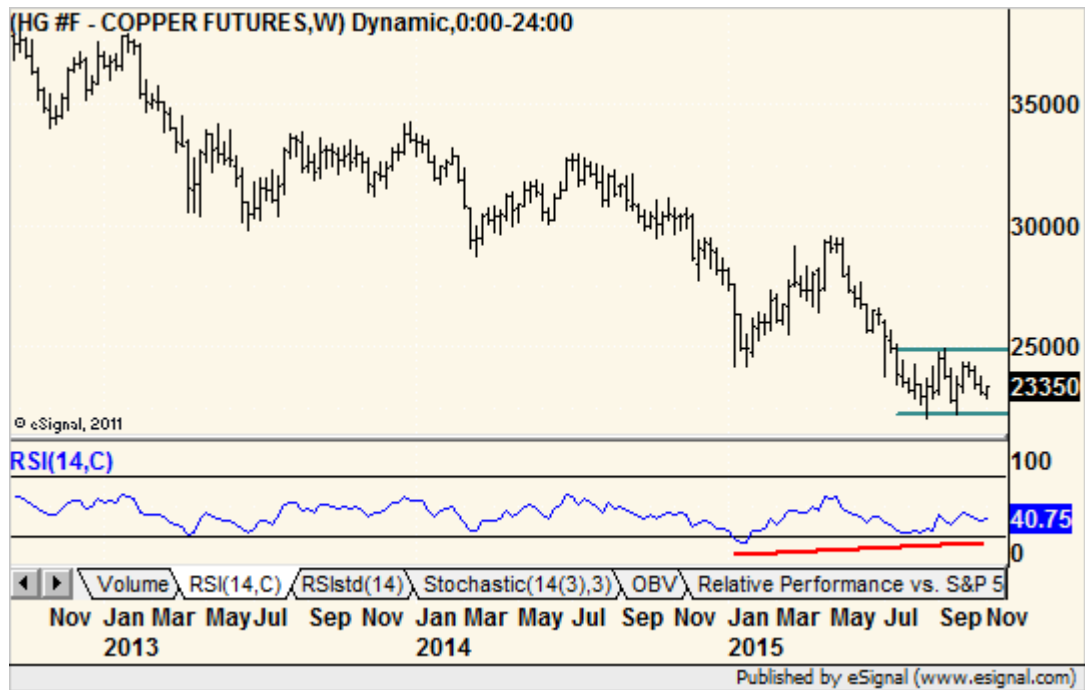
Transports went from breakout to malaise. The power of on-balance volume seems to have just stopped.

The Radar Screen

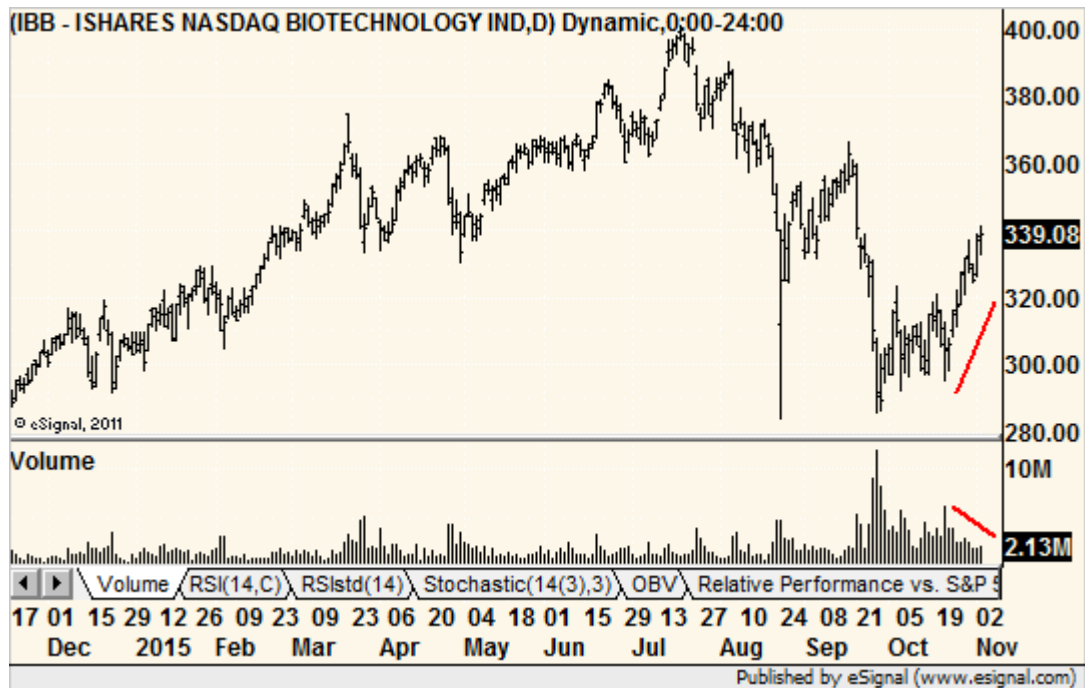
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Halliburton HAL – Waiting for the trendline break. Got it.	Moved	11/3
Murphy Oil MUR – Big change in on-balance volume makes this oil producer look good to catch up. Nice div but negative earnings. Looks good here.		11/3
Noble NE – Another energy coming out of a base. Huge Monday with a small pause Tuesday. Sign of strength. Looks good.		11/3
Gilead Sciences GILD – Pausing at the trendline with nice on-balance volume. Buy close over 110.		11/3
United Continental UAL – An airline basing and possibly preparing to catch up to peers. Transports are weak but airlines better. Buy close over 62.		11/3
Wendy’s WEN – Chipotle or not this is a breakout for risk lovers. Came down to test yesterday and looks good today.	New	11/4
Bearish Implications		
none –		
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Waiting for dips - Macys M 47, Bed Bath & Beyond BBBY54.60, IBM 132		9/30
Colgate Palmolive CL – First casualty of a strong dollar? (personal products stock). Failed at resistance.		11/2
Electronic Arts EA – Friday the company beat its numbers and raised its outlook. The stock was not so happy and this is quite bearish. Failed to hold rebound Monday		11/2
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
Healthcare – Looks like a rebound but 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. ERJ, COL and ITT		10/29
Banks – This may not be a failure after all. Still watching.		11/2
Energy XLE - breakout		11/4
Updates		
none –		

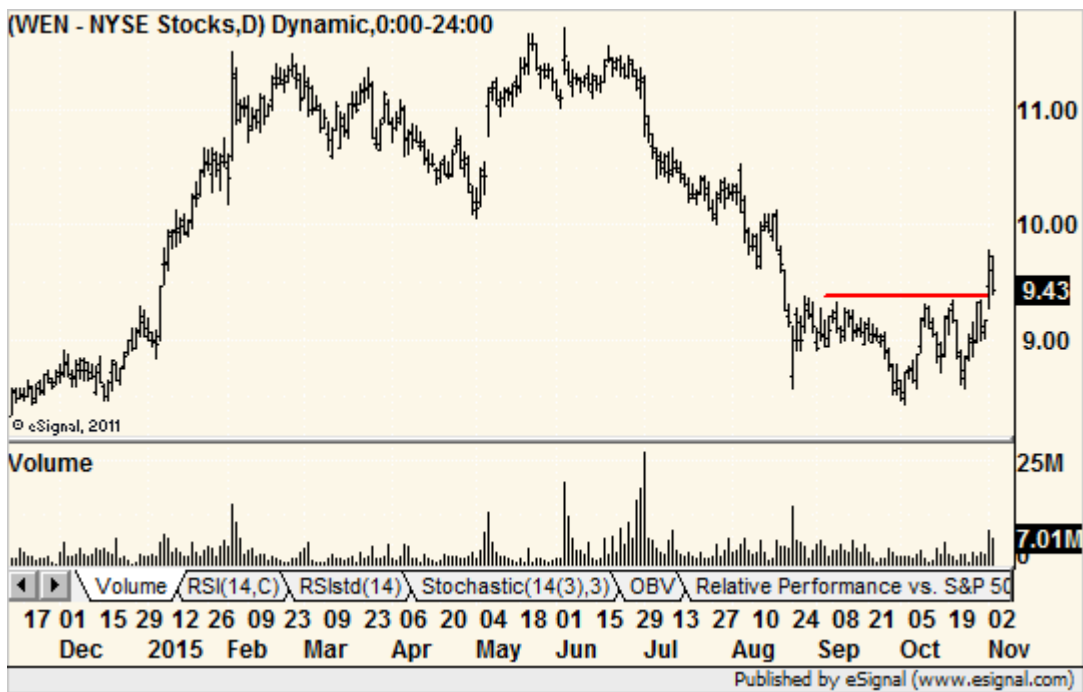
Market Highlights



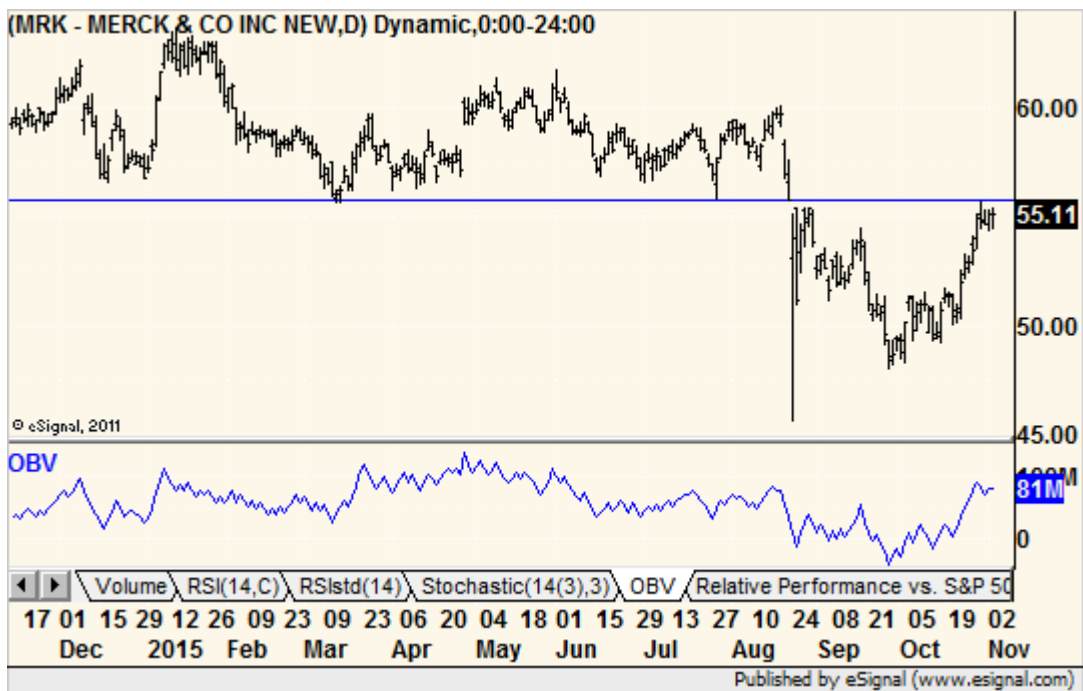
Copper – This long-term chart shows the first inkling of a bottom. Perhaps that is why FCX was up big yesterday as gold fell. However, this is still a bear market and it needs to clear resistance.



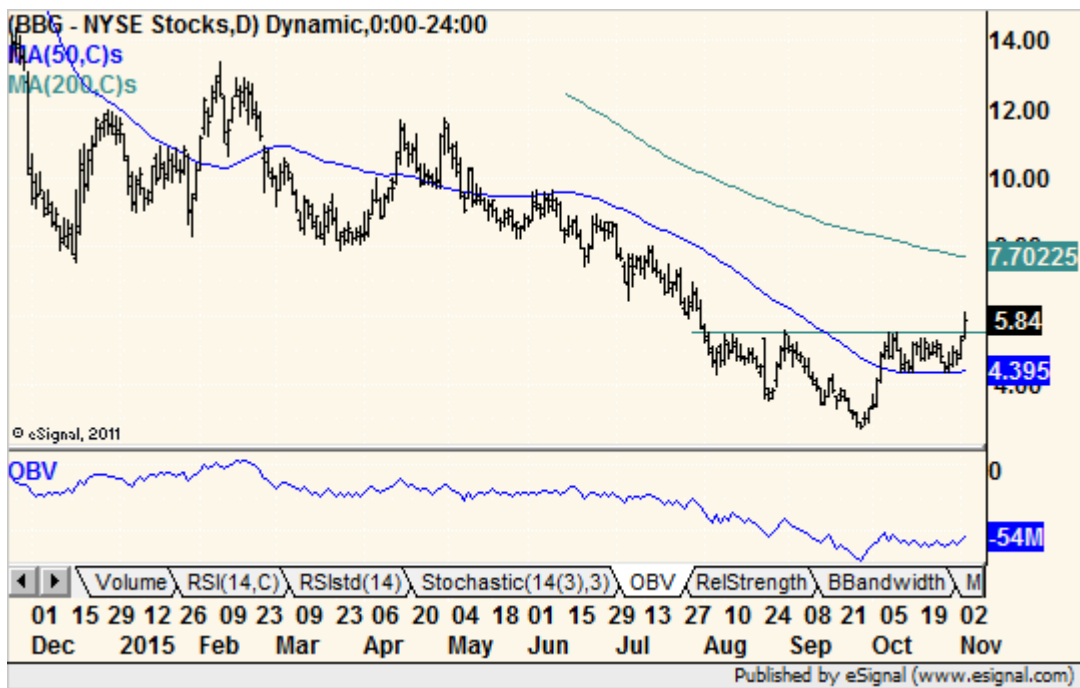
Nasdaq Biotech ETF – Volume not keeping up here and that is a warning.



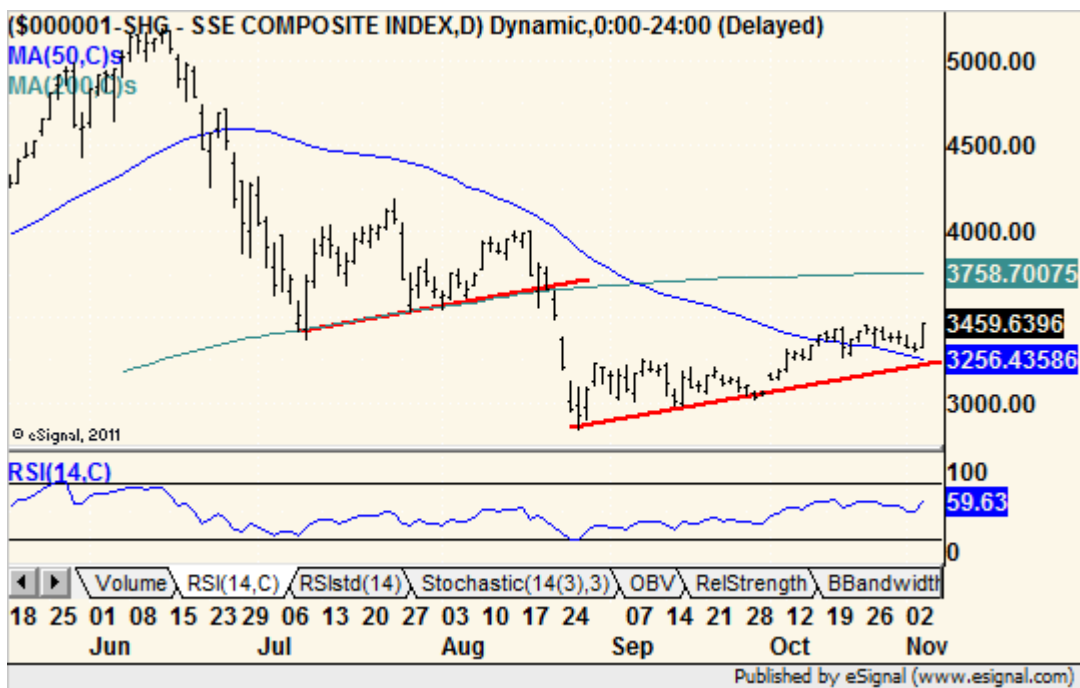
Wendy's – Breakout for risk lovers. Came down to test yesterday and looks good today.



Merck – Pausing at resistance.



Barret Bill – Oil producer with a breakout. Much higher risk.



China – Up over 4% overnight. The bear flag has faded into a rising trend.

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	115.60	-1.2%		117.00	10/14	20
	SON	SONOCO PRODS CO	42.44	1.2%	41.00	41.95	10/20	14
	PEP	PEPSICO INC	100.92	-2.1%	98.00	103.08	10/22	12
	AMAT	APPLIED MATLS INC	17.00	2.1%	16.10	16.65	10/26	8
	VZ	VERIZON COMMUNICATIONS INC	46.45	-1.2%	44.50	47.02	11/2	1
	LVS	LAS VEGAS SANDS CORP	50.91	0.6%	48.00	50.61	11/2	1
<u>Short</u>	WCG	WELLCARE HEALTH PLANS INC	89.24	-0.7%	94.00	88.62	11/2	1
	GT	GOODYEAR TIRE & RUBR CO	33.27	-1.3%	34.50	32.84	11/2	1

Notes: Sold **LQD** at the open yesterday.

Tweaked the **AMAT** stop.

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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