

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

November 11, 2015 – Today is Veterans Day and most markets are open except for bonds.

Yesterday was a small range positive day with modest volume for stocks. The Nasdaq and any index weighted heavily in Apple stock was down. Yes, everyone's favorite company was down over 3% after a gloomy analyst report (chart below).

In other markets, bonds, gold, oil and the dollar barely budged. However, there was one nugget that should keep stock investors on edge. The junk bond ETFs fell for the fifth day in a row to keep the trend away from risk alive. Check out the long-term chart below.



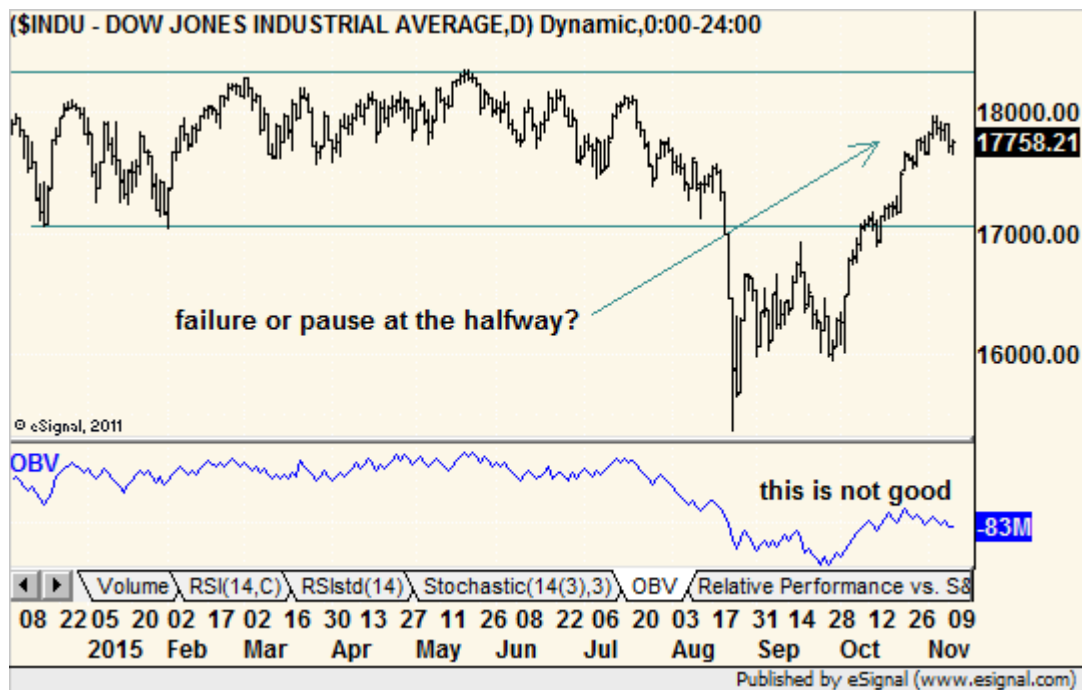
On the hourly chart we can see the decline forming a nice trend channel. If that is correct then the premarket is attempting to break out to the upside already. And if that happens then it will be hard to be bearish again. We remain skeptical due to all the changes in bonds, banks, utilities and gold so we'll need to see a true vertical price move to believe it.

One important observation is that analytical conclusions seem to change daily and that is not a good way to operate. Is the market just volatile as it transitions? If so, that is a sign in and of itself.

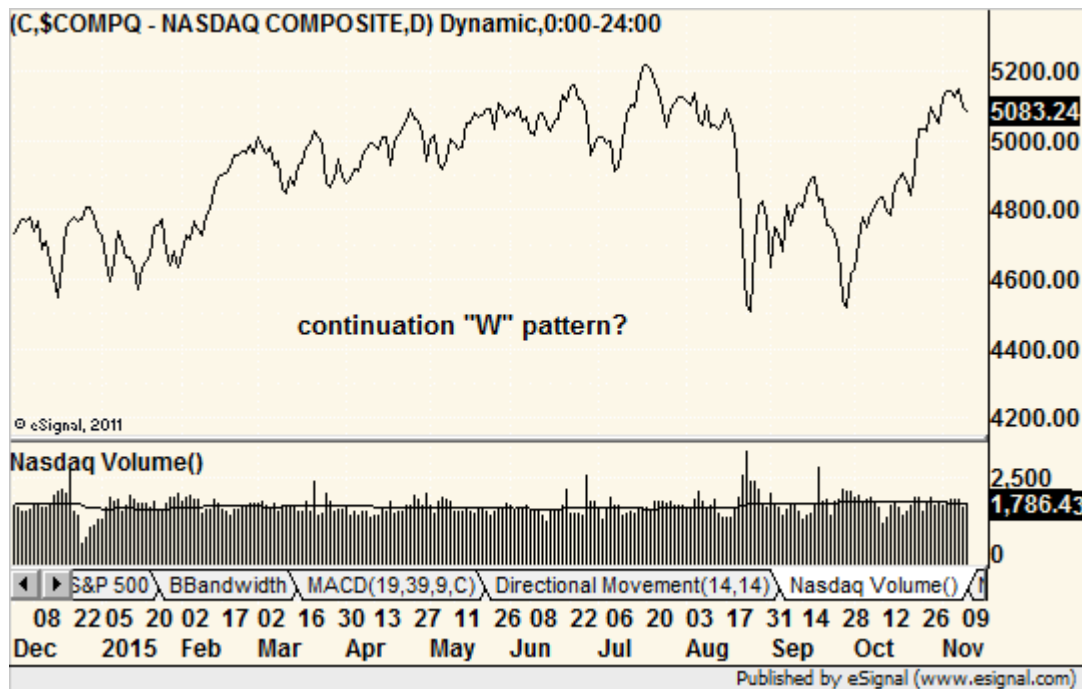
Whether the market attempts new highs or not, we think 2015 was a year of topping and next year is not going to be so good.

Again, today is Veterans Day and with the Treasury bond market closed activity should be lighter and a bit more tentative.

Index Charts of the Day



Yesterday, we said that the S&P 500 failed to reach resistance and that was a sign of weakness. On the Dow chart, there is another interpretation as the index paused in the middle of the range. We often see pauses after breakouts at the halfway point to targets. The critical indicator, however, is on-balance volume, which is weak.



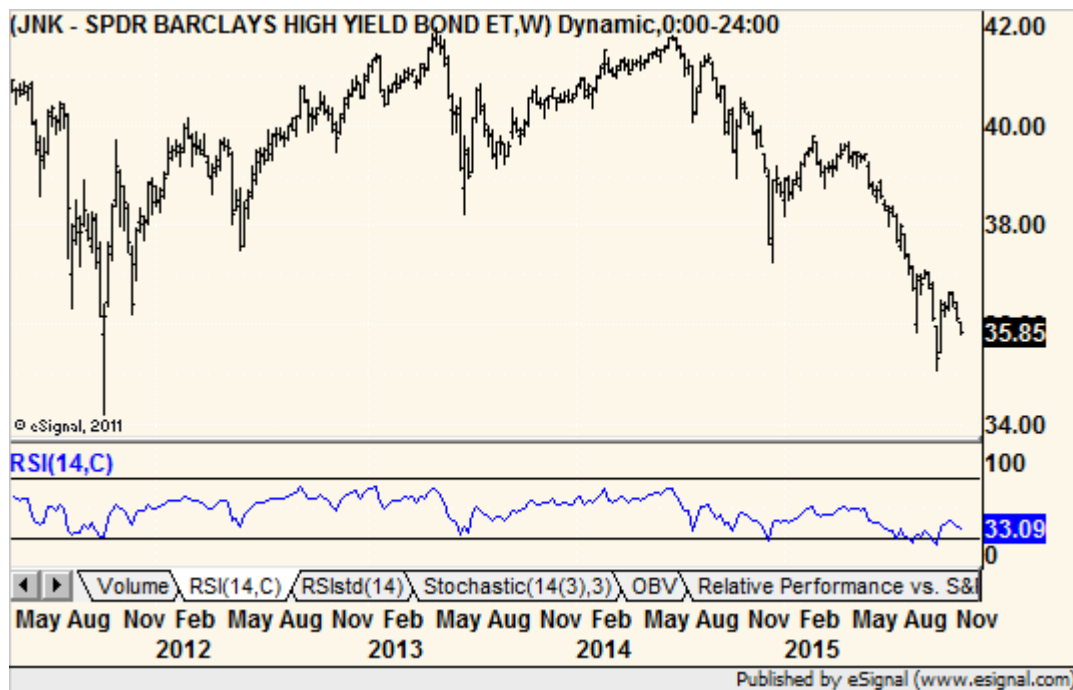
Resistance at the old high is formidable but we have to consider the unorthodox placement of the “W” or double bottom pattern. A pause – or handle – now and then a breakout would be bullish. After such a long bull run in weekly and daily time frames, we have to demand a solid pause and a solid breakout to happen before taking any action.

The Radar Screen

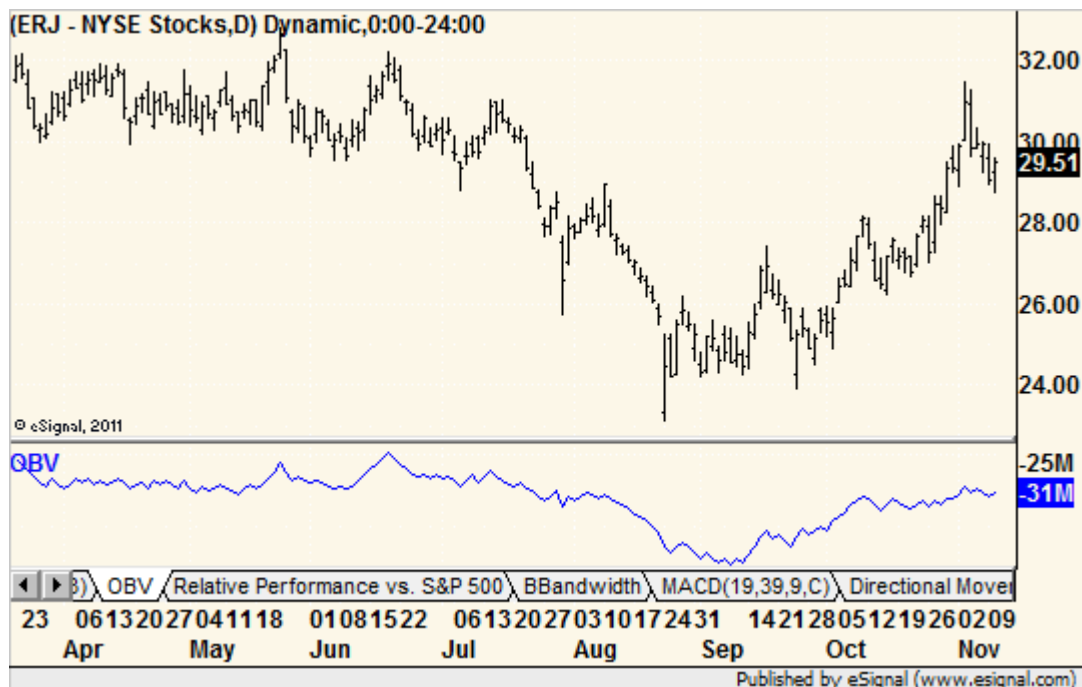
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Gilead Sciences GILD – Pausing at the trendline with nice on-balance volume. Buy close over 109.		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
Merck MRK – Pausing at resistance. Buy close above 55.75.		11/4
Eaton ETN – This is a power management company and it sports the same base we’ve seen elsewhere. Buy close over 57.55.		11/5
Embraer ERJ – One of the defense stocks we’ve been watching. This looks to be a bull flag so we’ll buy the breakout on a close over 29.75.	Moved	11/11
Bearish Implications		
Colgate Palmolive CL – First casualty of a strong dollar? (personal products stock). Failed at resistance. Looks like we were too timid and missed it. Sell 66.80	Moved	11/2
Unknown Implications		
Conagra CAG – We looked at food stocks with a bearish eye but this one is in a triangle with rising on-balance volume. Still, we wait for the break one way or the other. Buy 42 sell 40	New	11/10
Holding Tank – red shade leans bearish, green shade leans bullish		
Waiting for dips - Bed Bath & Beyond BBBY 54.60, IBM 132		9/30
Macys M – There it is. The stock puked on earnings this morning and this may be the selling climax we’ve been wanting. This could be a buy at the open. A more conservative approach is to buy the close if it shows signs that buying started coming back. Chart below.	Moved	11/11
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. Looks like it is forming a range.		11/2
Sector Watch (observations that may spark ideas)		
Defense – Inverted head-and-shoulders for the DFI index. ERJ, COL and ITT		10/29
Updates		
none –		

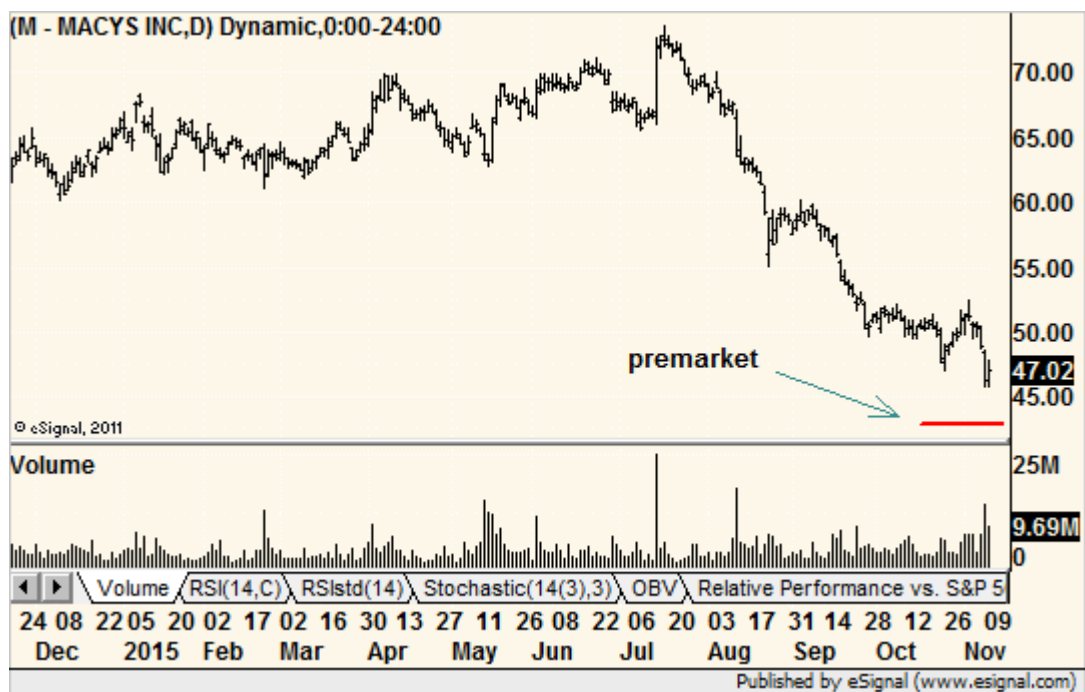
Market Highlights



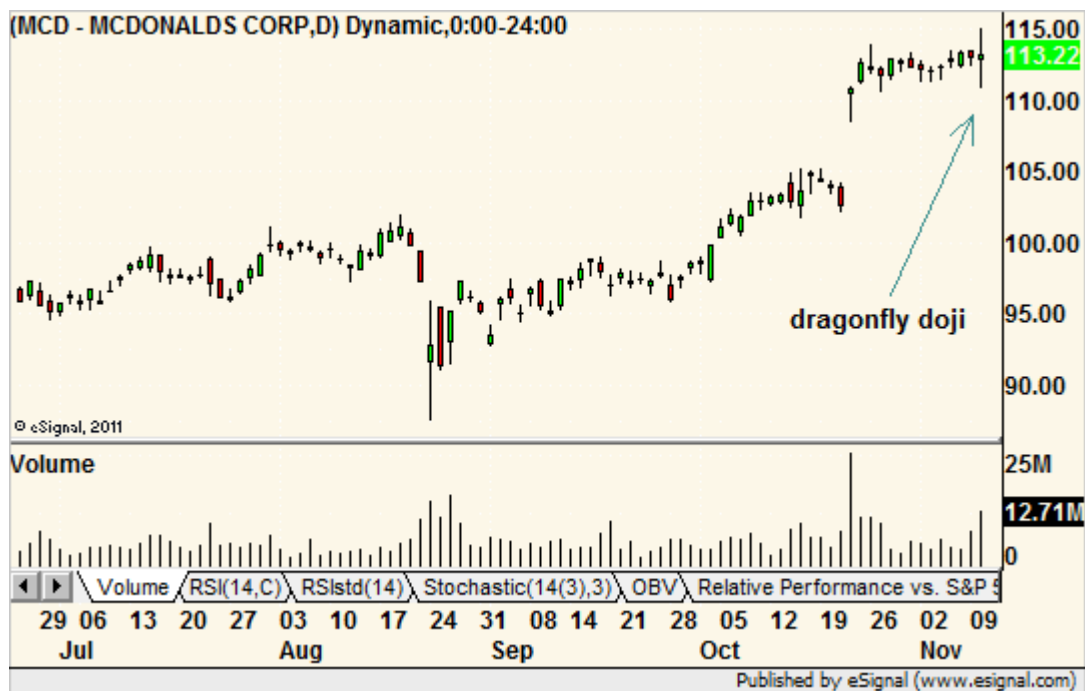
Junk bond ETF – There is no doubt what the trend is here. It already relieved oversold conditions on the October bounce.



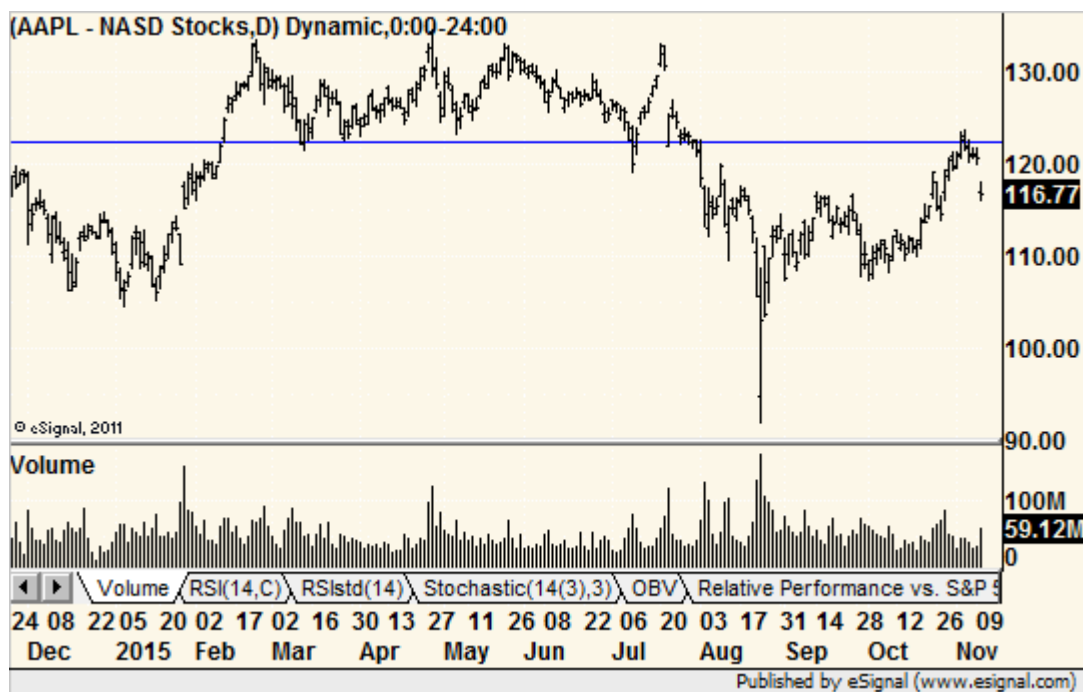
Embraer – One of the defense stocks we've been watching. This looks to be a bull flag so we'll buy the breakout on a close over 29.75.



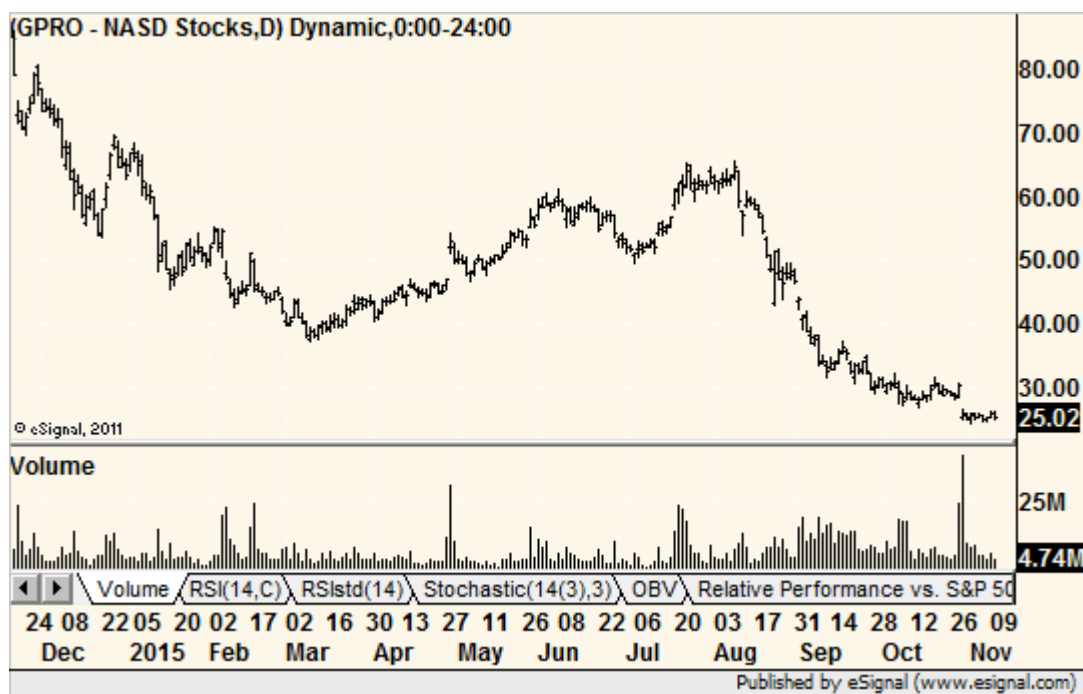
Macys – The stock puked after earnings and now may be a selling climax. Aggressive traders can buy now. More conservative traders need a sign that it was indeed a climax such as monster volume and a close above the open.



McDonalds – Watching a dragonfly doji here with a very big intraday range but no net movement. Dojis signify uncertainty and that often leads to a directional move quickly. Which way is the question.



Apple – Support becomes resistance. This will drag the Dow and the Nasdaq.



GoPro – Here is a fallen angel that may have had its selling climax. Look at that gap down to new lows on huge volume after a long decline. We cannot recommend buying just from this chart although a move up from the recent range could convince us. What brought it to our attention was a social media analysis report saying that customers and others talking about its products online are very positive. Here is a good chance to see if social chatter can actually point us to a diamond in the rough.

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>	SON	SONOCO PRODS CO	41.79	-0.4%	41.00	41.95	10/20	21
	PEP	PEPSICO INC	98.83	-4.1%	98.00	103.08	10/22	19
	AMAT	APPLIED MATLS INC	16.76	0.7%	16.25	16.65	10/26	15
	VZ	VERIZON COMMUNICATIONS	45.10	-4.1%	44.50	47.02	11/2	8
	HAL	HALLIBURTON CO	38.91	-2.7%	37.25	40.00	11/4	6
	MUR	MURPHY OIL CORP	30.78	0.4%	29.25	30.65	11/4	6
	NE	NOBLE CORP PLC	13.77	-3.4%	13.25	14.25	11/4	6
	COL	ROCKWELL COLLINS INC	87.12	-1.1%	85.00	88.12	11/5	5
<u>Short</u>	WCG	WELLCARE HEALTH PLANS INC	82.37	7.6%	86.00	88.62	11/2	8
	GT	GOODYEAR TIRE & RUBR CO	32.44	1.2%	34.50	32.84	11/2	8

Notes: none

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.



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we'll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>



<http://www.talkmarkets.com/contributor/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015