

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**December 30, 2014** – One and a half more bottles of beer on the wall. This trading year comes to an end officially mid-day Wednesday but realistically it already is over. Book it Dan-o, and its little gain, too.

And while we are forcing puns on you, let's keep the dogs thing going (...and your little dog, too. Wizard of Oz - we did say forcing.).

We saw a tweet yesterday reminding us about the Dogs of the Dow strategy and boy does it look tasty now. Normally, buying the highest dividend yield Dow stocks now meant a percentage point or so advantage and stocks that were barely trending the right way. Today's edition of Quick Takes Pro will look at a few market charts and then the Dogs. Tomorrow will be an S&P 500 chart and not much more so for those of you not trading from your private Caribbean beach house we trying to make you some money to get there.

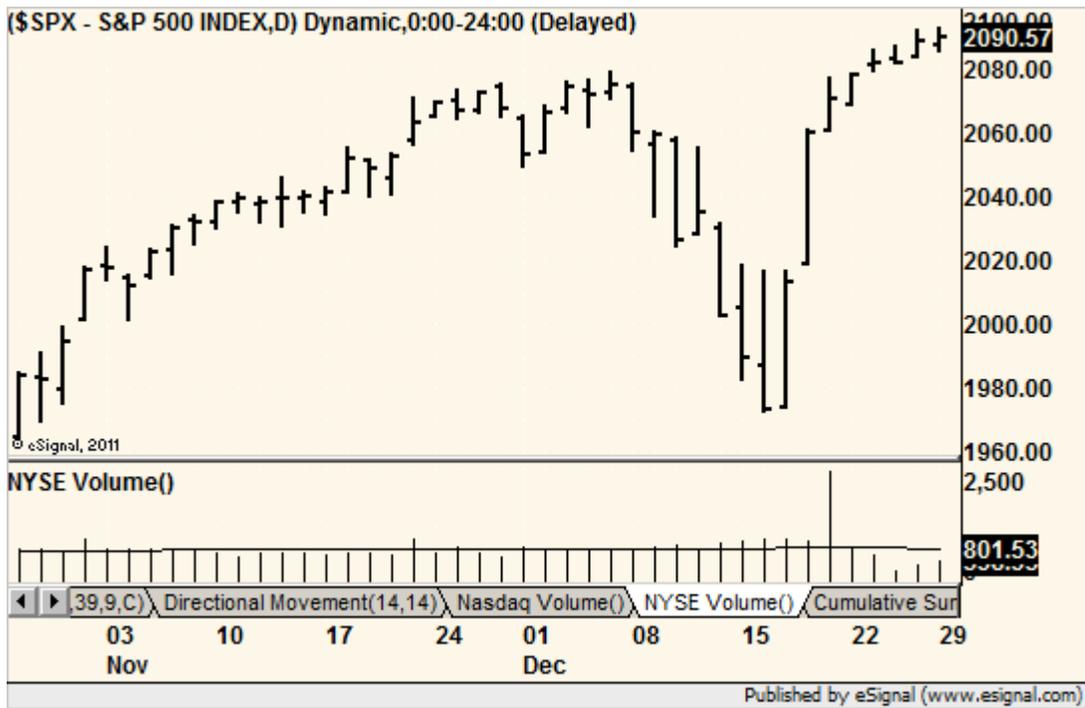
Symbol	Last	Name	DivYld▼	PE
\$INDU	18038.23	DOW JONES INDUSTRIAL AVERAGE		
<b>Index Components</b>				
T	34.11	AT&T INC	5.512	10.43
VZ	47.55	VERIZON COMMUNICATIONS INC	4.627	9.91
CVX	113.32	CHEVRON CORP NEW	3.777	10.35
GE	25.70	GENERAL ELECTRIC CO	3.580	17.25
MCD	95.04	MCDONALDS CORP	3.577	18.53
PFE	31.39	PFIZER INC	3.568	19.14
MRK	57.73	MERCK & CO INC NEW	3.118	31.21
CAT	93.71	CATERPILLAR INC DEL	2.988	14.87
XOM	93.07	EXXON MOBIL CORP	2.966	11.71
KO	42.86	COCA COLA CO	2.846	23.42

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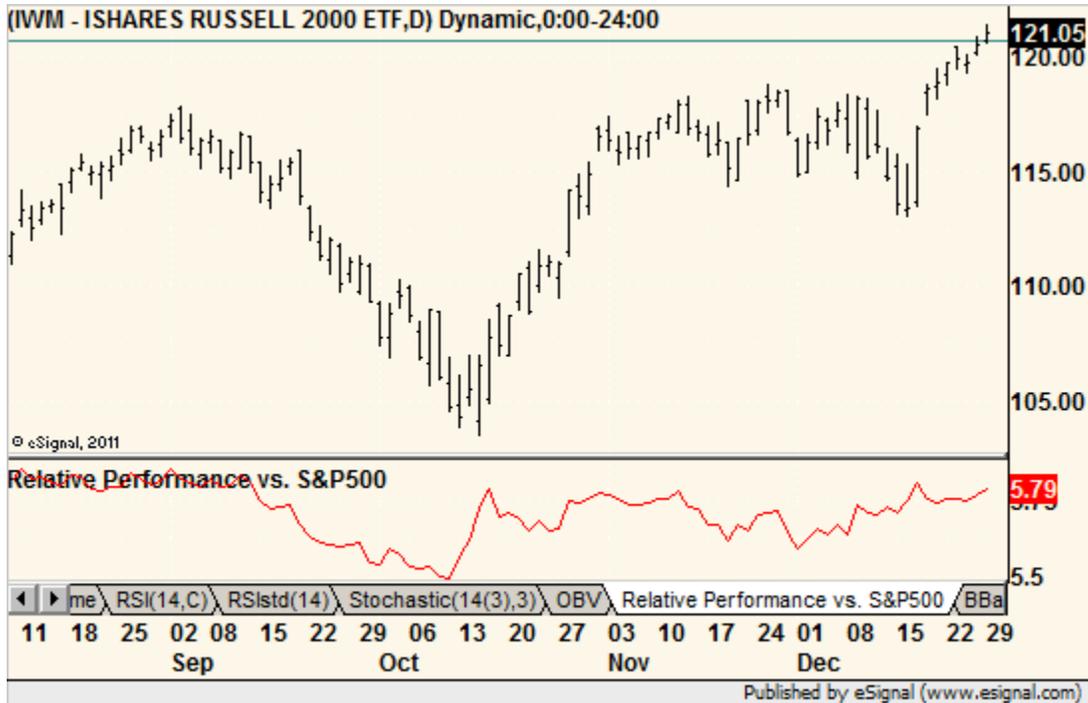
The Dogs strategy offers a choice of the top 5 or top 10 dividend yielders. Here are the top 10 but all of the top 5 are above 3% yield. That is rather generous. And some of those trailing P/E ratios are below the norm for S&P 500 stocks. **VZ** at under 10% P/E with 4.6% yield? If it has just a stable chart, what a deal! Your top 5 are charted below.

That's it for the comments. Nothing much happened yesterday. Booyah.

## Index Charts of the Day



This was the new high that the media were giddy to write up?



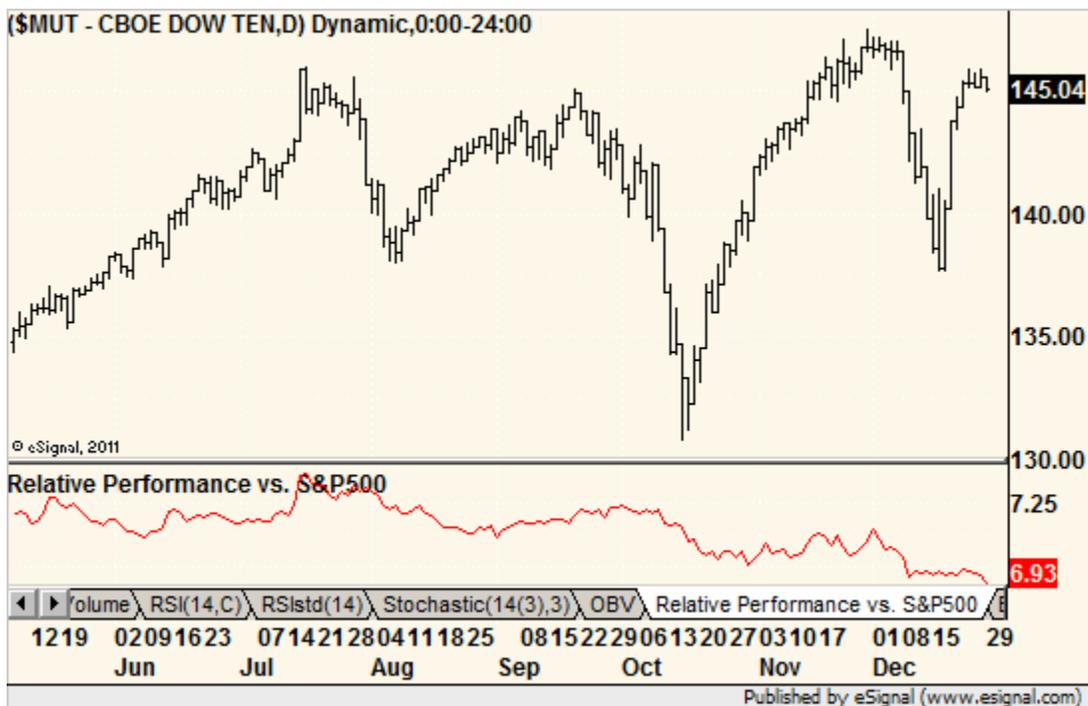
The Russell actually had a real new high above the 2014 high water mark.

## The Radar Screen

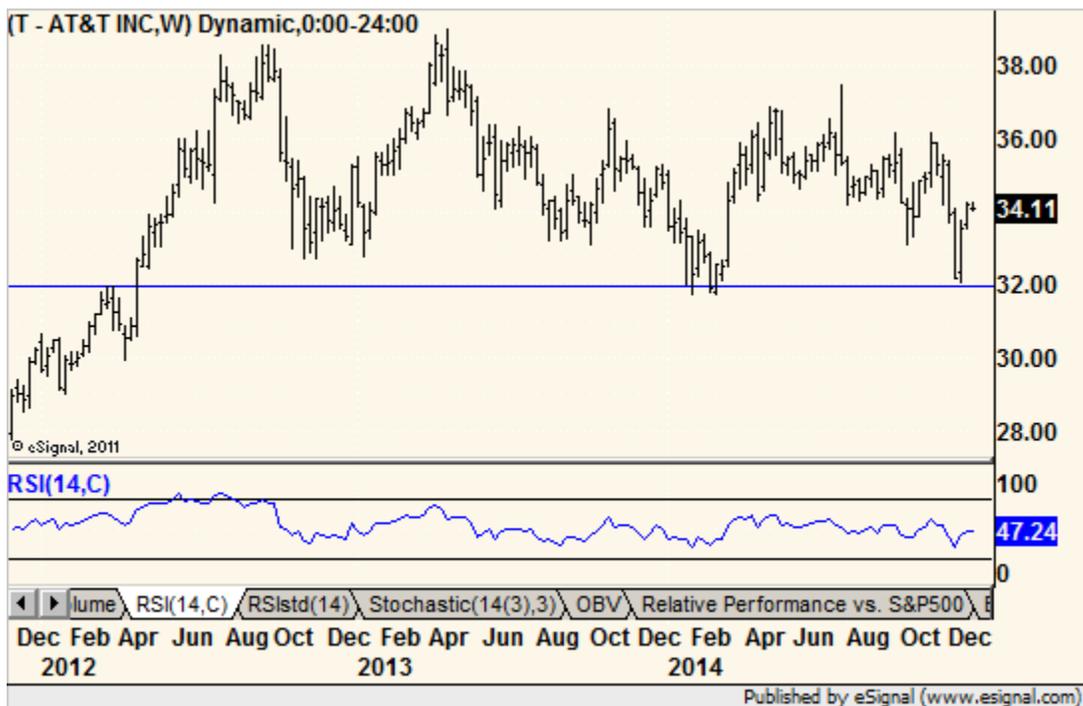
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.

<b>Bullish Implications</b>		
<b>Coach COH</b> - This high-end retailer was up nicely on both up and down market days. It looks to be in a nice basing pattern with takeover rumors! Buy break over 37.75	<b>Triggered</b>	12/15
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Freeport McMoran FCX</b> - This one is on selling climax alert. Big volume as it falls off a cliff. Extremely wide Bollinger Bands and a big spread to the 200-day average		12/15
<b>JDS Uniphase JDSU</b> - Networker with a breakout.		12/18
<b>Manitowac MTW</b> - This commercial vehicle maker supposedly getting Carl Icahn interest. We see a textbook double bottom in progress with confirming RSI divergence and 50-day average break. Needs to take out resistance but not the way it will at the open. <b>Not chasing the Icahn gap up.</b>		12/29
<b>3D Systems DDD</b> - Time to watch 3-D printing stocks again with big RSI divergence. <b>XONE.</b>		12/29
<b>Panera Bread PNRA</b> - Wanted to buy the dip after triangle breakout but it had a big up day Monday. Keep watching.		12/29
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Aerospace/Defense Sector index DFX, DFI</b> – breakdown negated but this is still looking shaky with RSI divergence.		12/15
<b>Networking Index NWX</b> - A breakout and test. Looking good.		12/18
<b>Silver miners SIL</b> - still watching possible double bottom		12/19
<b>Gaming</b> - Still waiting for confirmation of the weekly hammer candle		12/22
<b>Canada EWC</b> - Got official confirmation of the weekly reversal bar but volume fell all last week (nothing unusual). Still that is not a positive.		12/22
<b>Updates</b>		
<b>Offense / defense index</b> - Looks like a little bull flag (see chart below).		
<b>Junk/ treasury ratio</b> - Failed after nice rebound so keep watching.		

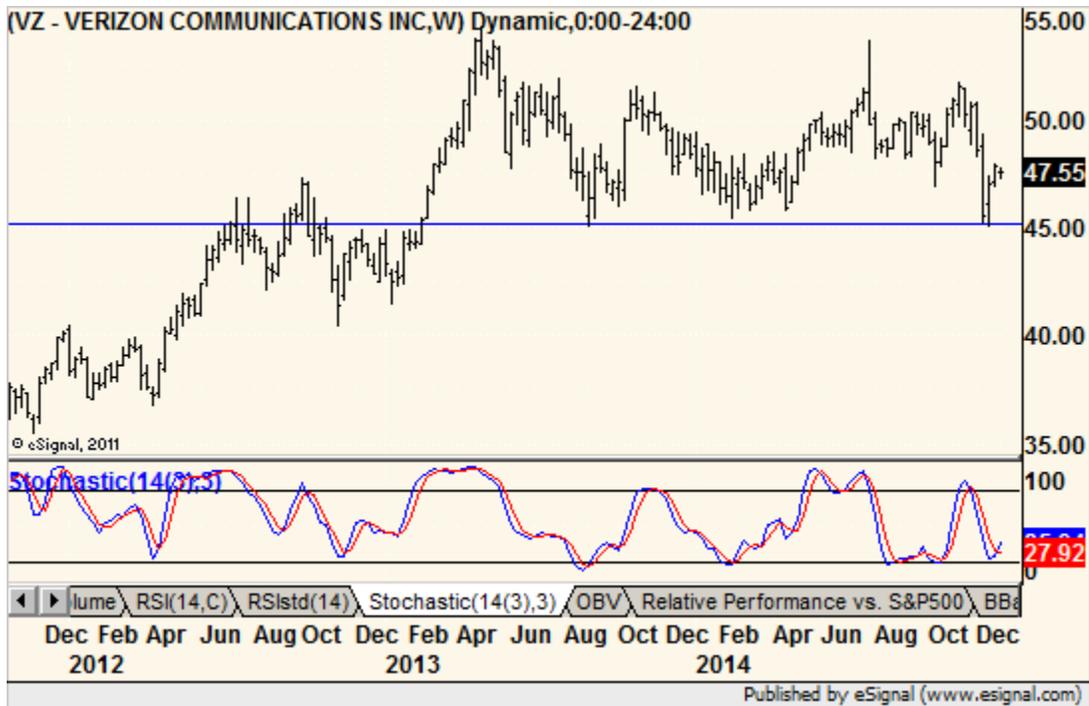
## Market Highlights



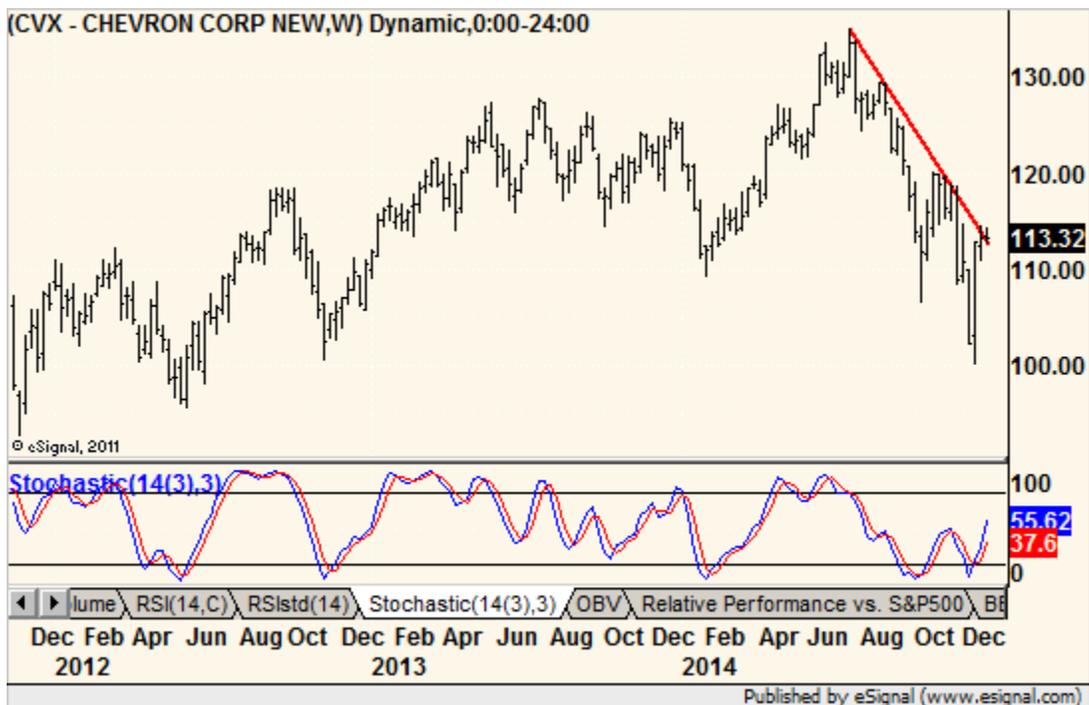
**Dogs of the Dow index** - This is a trackable index with the symbol **MUT** and it follows the once per year rebalanced dogs strategy of buying the highest dividend yielding Dow stocks and holding. The chart looks very much like the NYSE composite.



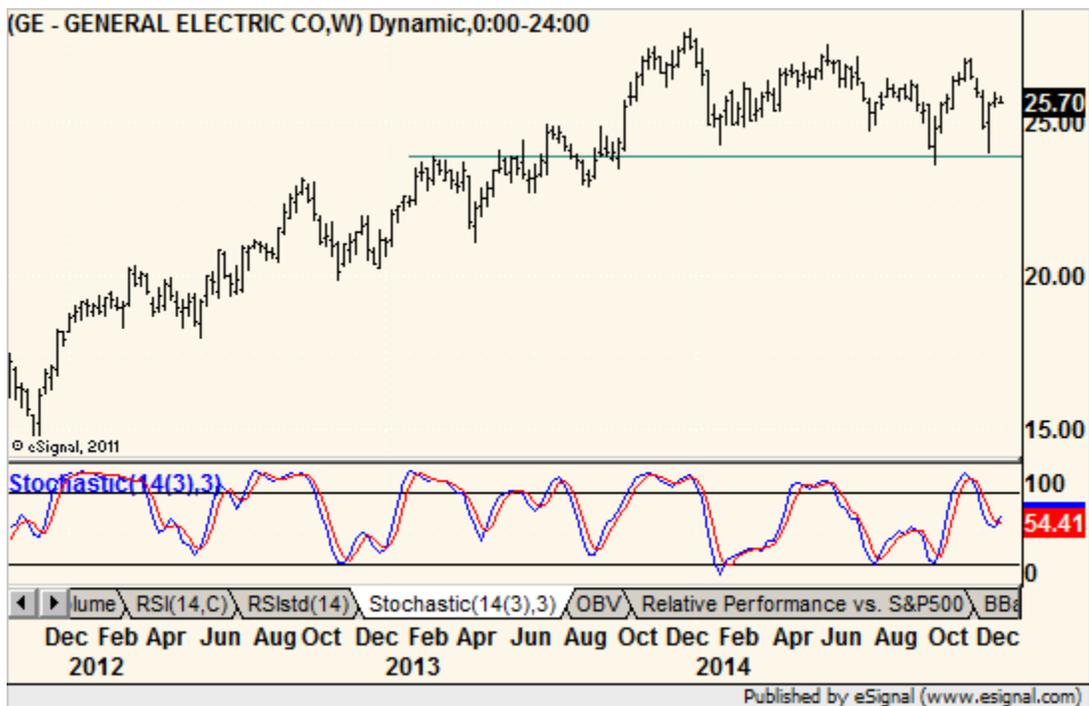
**AT&T** - The chart shows support holding and a nice rebound earlier this month. Would have been better at support but there is plenty of room to mess around all year within the range and most of it is higher.



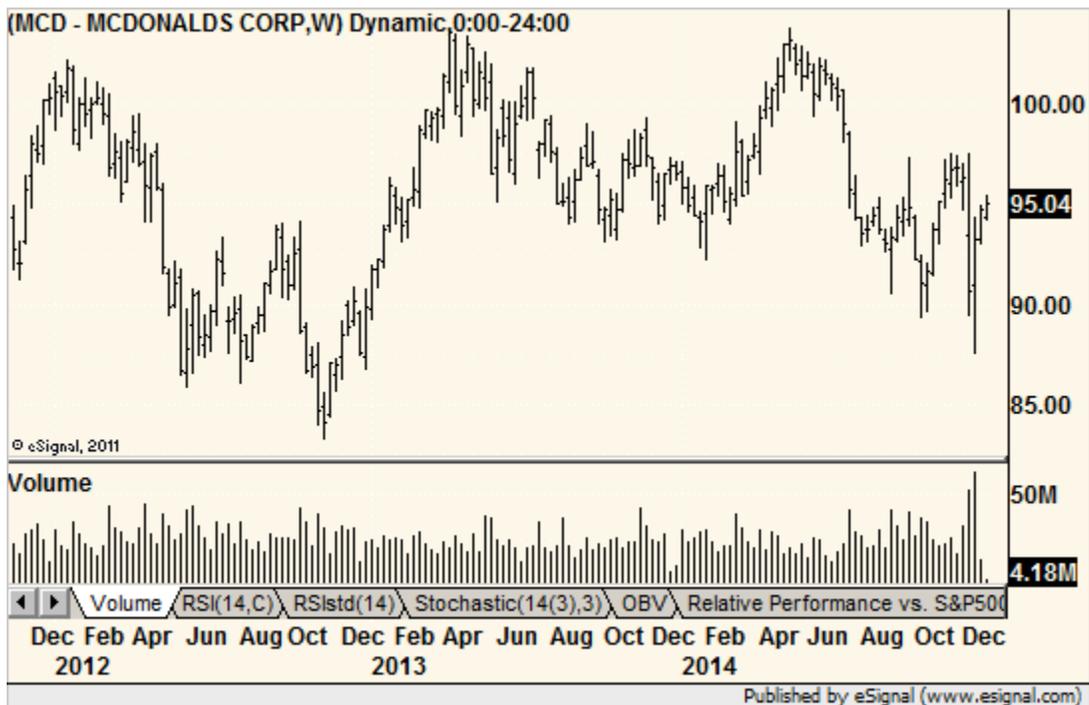
**Verizon** - We like the pattern a bit better there than for peer T above. Why is telecom lagging when telecoms equipment (we are long **CIEN**) looks so good?



**Chevron** - Out pick of the year. It may have a little more pain as oil still looks bad but everyone hates it. But that was some outside-week reversal earlier this month.



**GE** - Looks like the telecoms but at a higher, tighter level. We'd call it stable and worthy of a patient investor.



**McDonalds** - The pattern is uglier but daily charts do suggest a selling climax this month. This company is not going away, especially if the economy continues to sputter. The China connection has been its bane of late as that economy slows.

## 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. **Green** means we closed them. 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>	<b>NDLS</b>	NOODLES & CO	26.39	14.7%	25.25	23.00	11/21	38
	<b>CIEN</b>	CIENA CORP	19.84	4.8%	19.00	18.94	11/18	41
	<b>COH</b>	COACH INC	37.72	-0.1%	35.75	37.75	12/29	0
<u>Short</u>	<b>TIVO</b>	TIVO INC	12.06	7.0%	12.30	12.90	11/10	49

**Notes:** New long in luxury retailer **COH**. Part of shift to consumer discretionary.

## Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Christopher - To short the S&P 500 using ETFs you can go two ways. The first is to simply buy the **SH** ETF - a non-leveraged ETF that is usually an exact mirror of the market.

The second is to short the regular, non-leveraged S&P 500 ETF **SPY**.

There is also a third way but it can be hard to execute - shorting leveraged long ETFs such as **SSO**. This takes advantage of the natural time decay only associated with leveraged ETFs. It's in the math.

We recommend you never buy leveraged ETFs until you know what you are doing and you are extremely short-term in thinking. Shorting them can also be risky simply for the multiple beta moves.

## 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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