

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

January 30, 2016 – What a wild week and end to a wild month! The S&P 500 was down 11% at one point in January but even after rallying hard over the past week and a half it was still down quite a bit. As they say, as goes January so goes the year.

Well, that is not quite right. A positive result is positive. A negative result is a coin flip. But think about it, stocks rally most years so this is a rather meaningless analysis.

Still, when volatility rules like it does now it cannot be good after six years of bull market.

The market was due for a rebound and the technicals suggested as much. Of course, a little OPEC jawboning did not hurt oil, which helped stocks. On the charts, the failure to hold below the summer lows (1867 on the S&P 500) was bullish as was an oversold condition. The question is how long it will bounce. We still say, not much.

And why did everyone get so excited Friday? The Bank of Japan went to negative interest rates on excess deposits. In the words of Rocket J. Squirrel (to Bullwinkle Moose, magician), "that trick never works." Mario Draghi tried to jawbone in Europe earlier in the month and the effects faded.

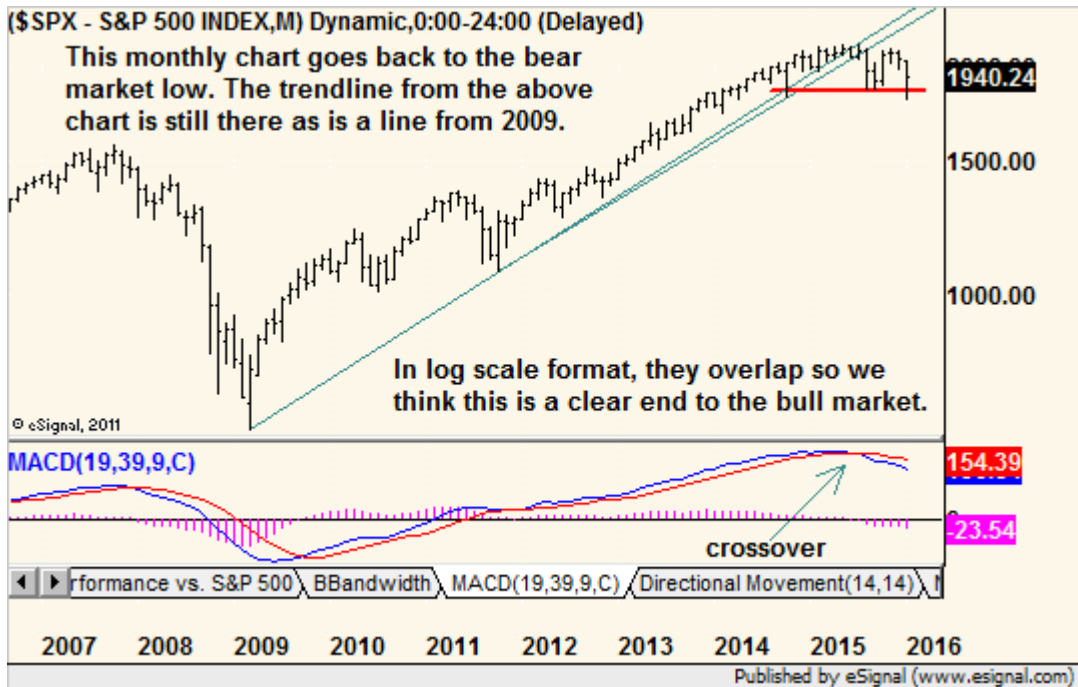
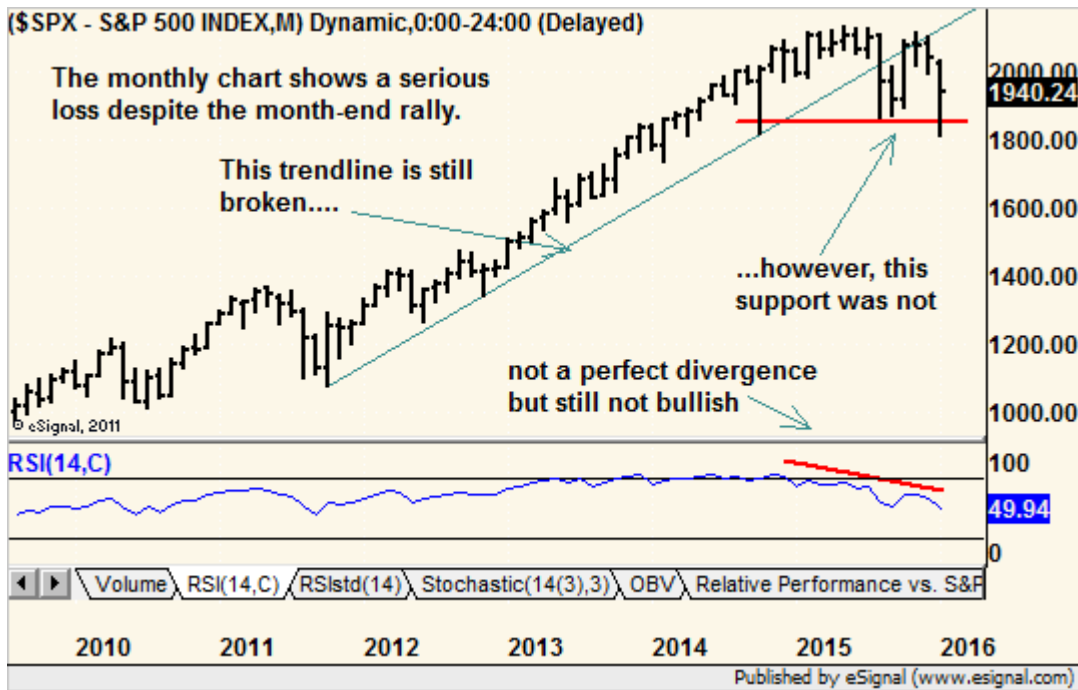
But what investors here saw was a Fed that sort-of backed off its interest rate hike plan and another central bank still pouring the Kool-Aid in the punch bowl (to mix metaphors). And with the latest report showing a near dead-stop in economic growth (0.7% for Q4) the Fed would be criminal to keep going.

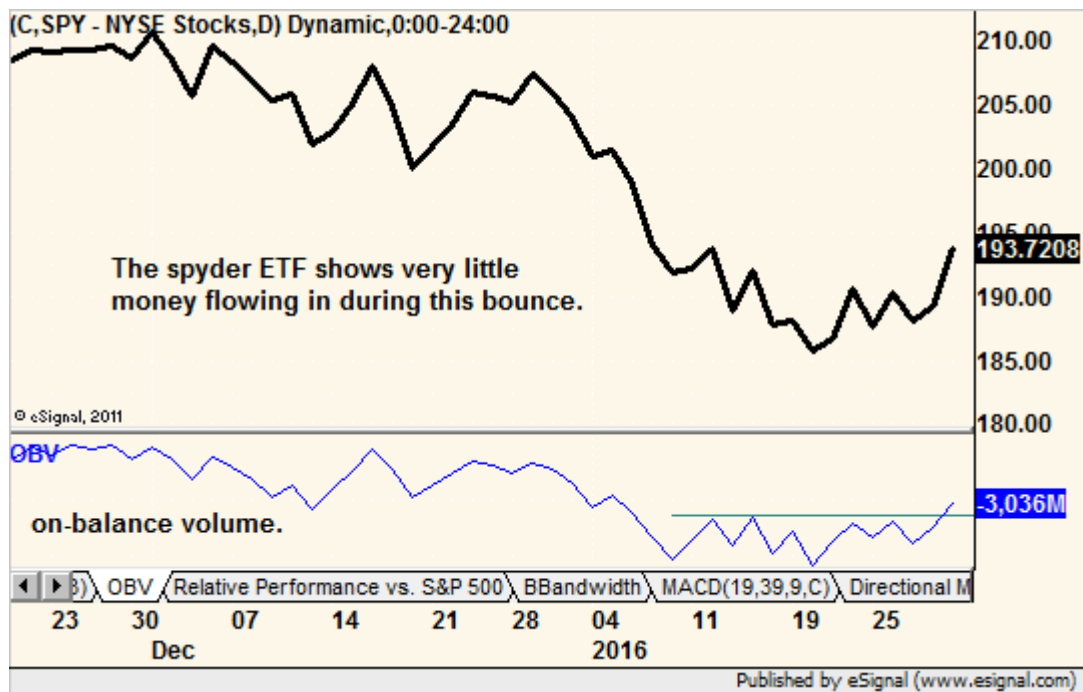
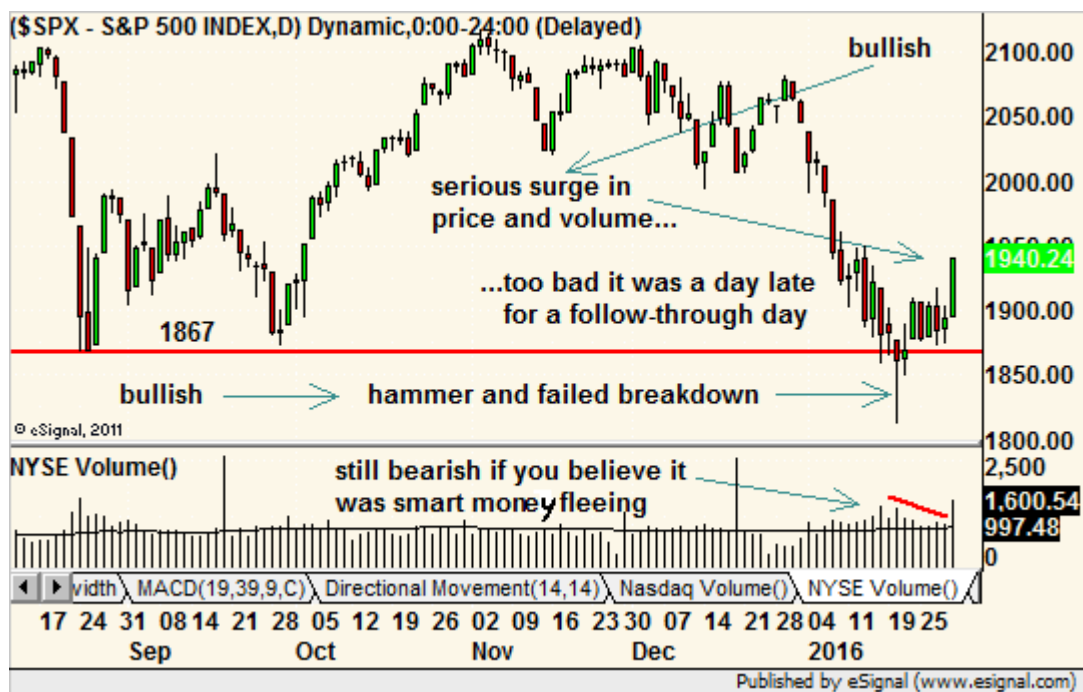
Technicals bear that out and we have a few charts below with the charting spin on a recession that is looking possible. We cannot wait for the jobs report this coming Friday!! The biggest, most important, generational report...since the last one.

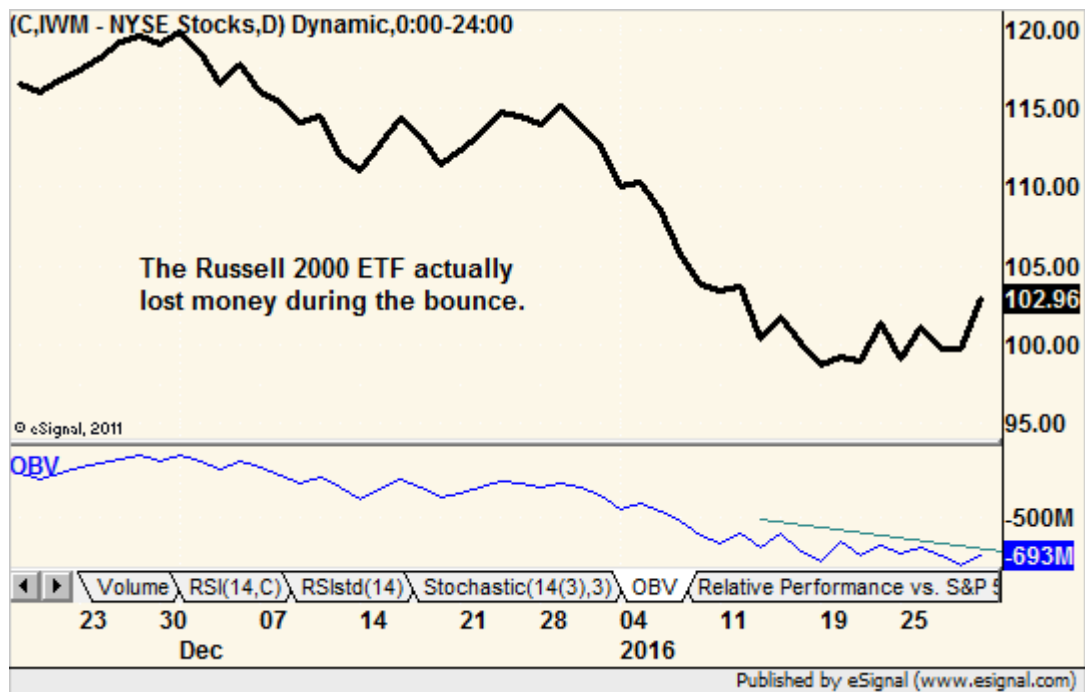
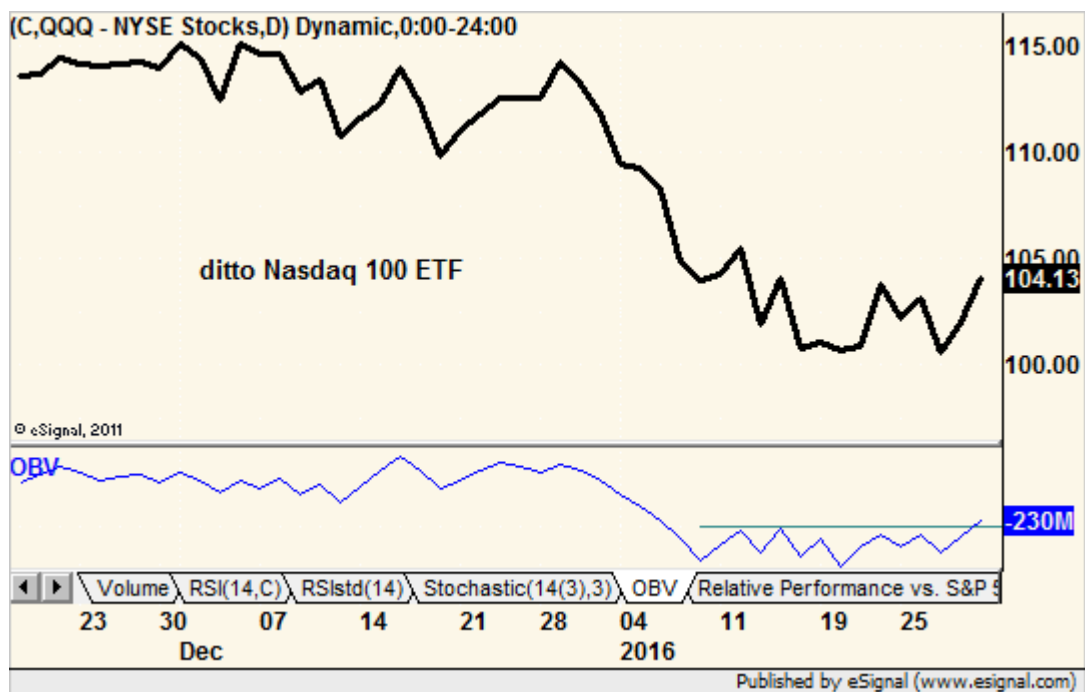
During the week, individual stocks either cratered or skyrocketed on earnings. Talk about a touchy market! And talk about a conflicted one, too. After all, we usually see leanings one way or the other depending on the market's actual health and mood. Now it seems that everyone piles on to short-term things and nothing more. Ooh, OPEC and Japan! Next week, aah, Iran, Turkey and the elections (we are making that up).

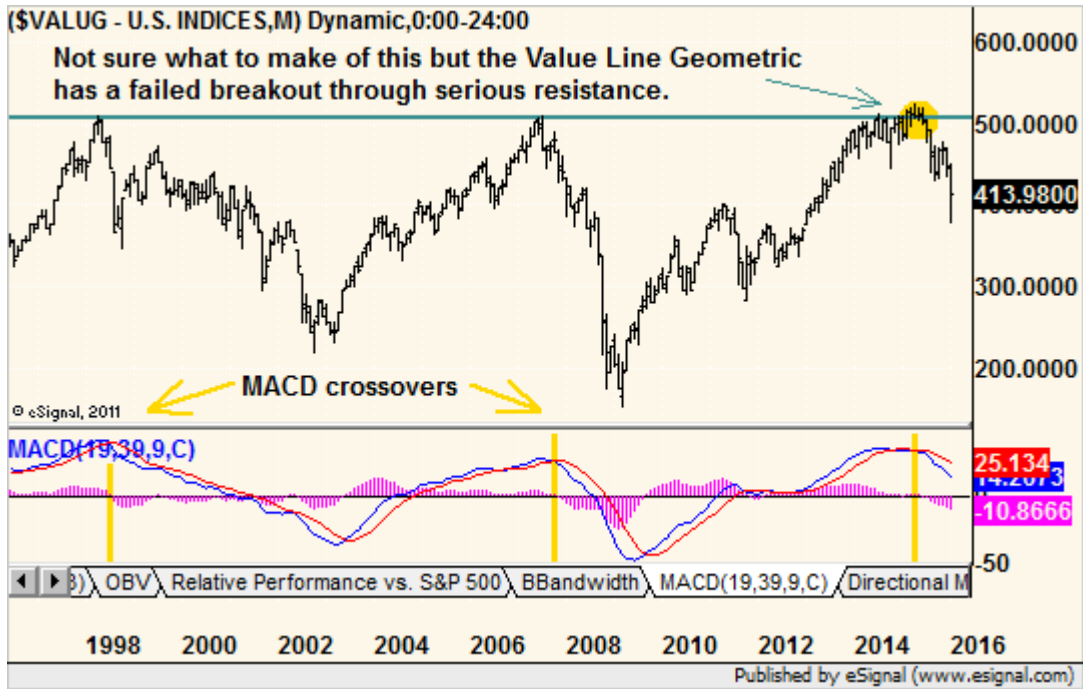
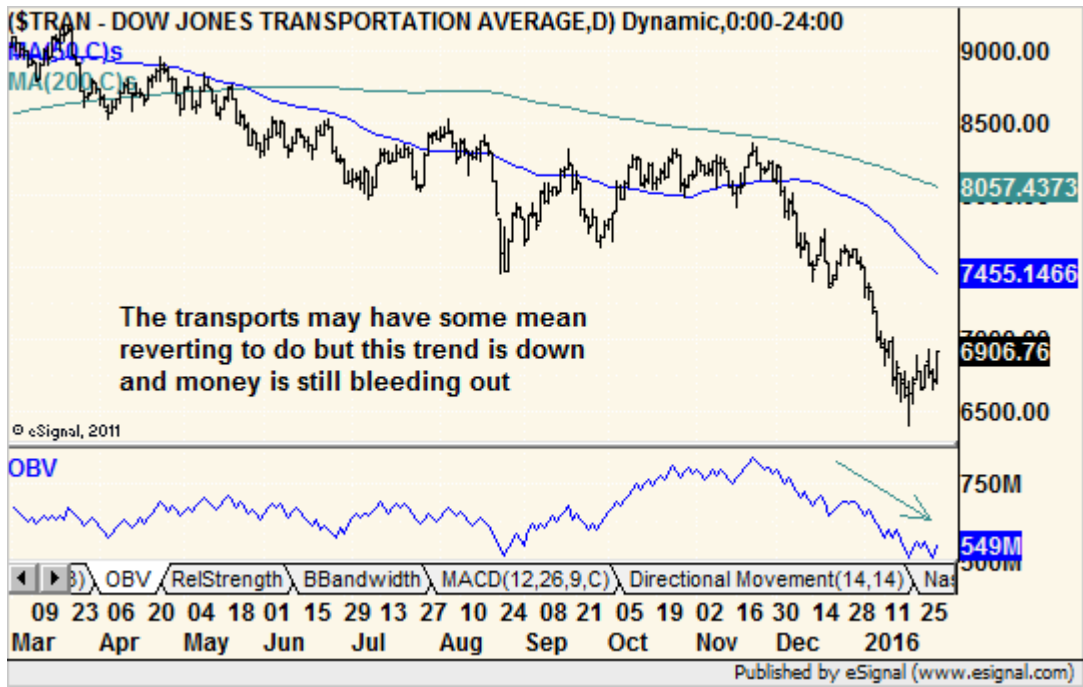
Our view is still one of corrective bounce in a bear market. The lopsidedness of the Friday gain was a bit of contrary evidence as was the possibility of the O'Neil follow-through day (FTD) window actually being open Friday instead of closing after Thursday's session. These are our only two issues giving us pause with the bearish side at this time so we'll have to see what happens Monday.

Index Charts of the Week

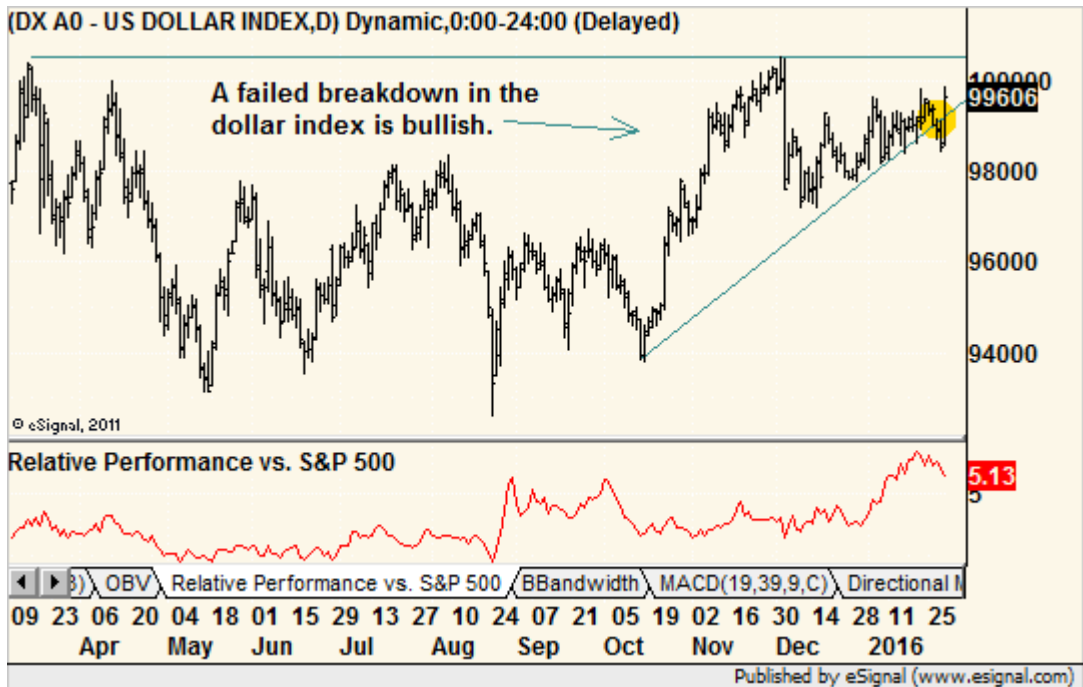
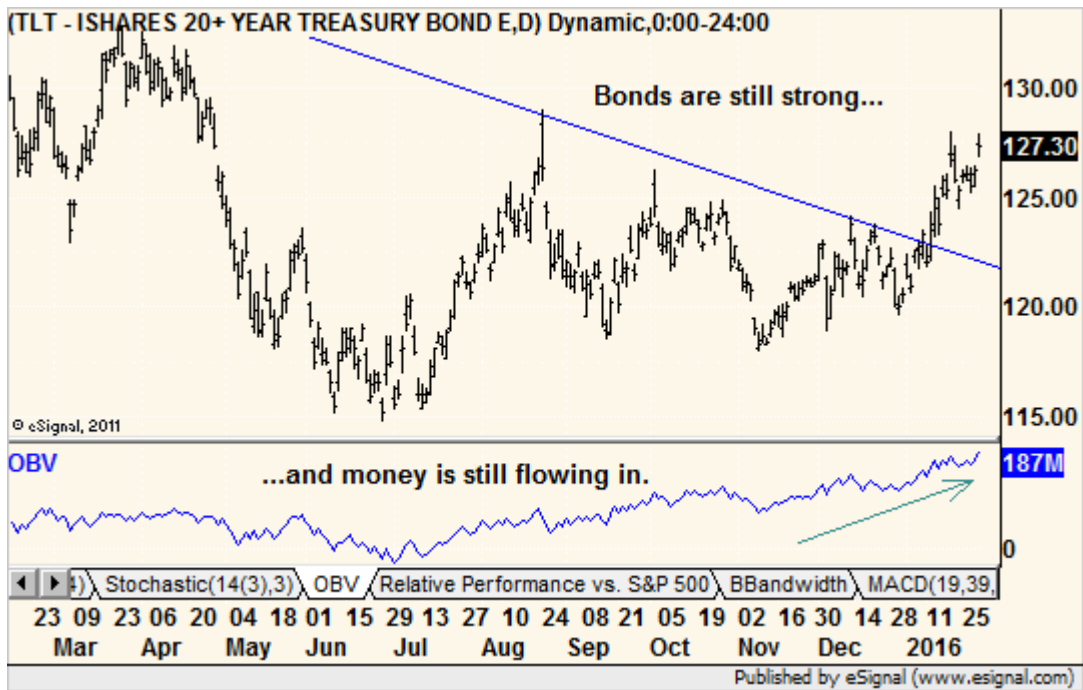


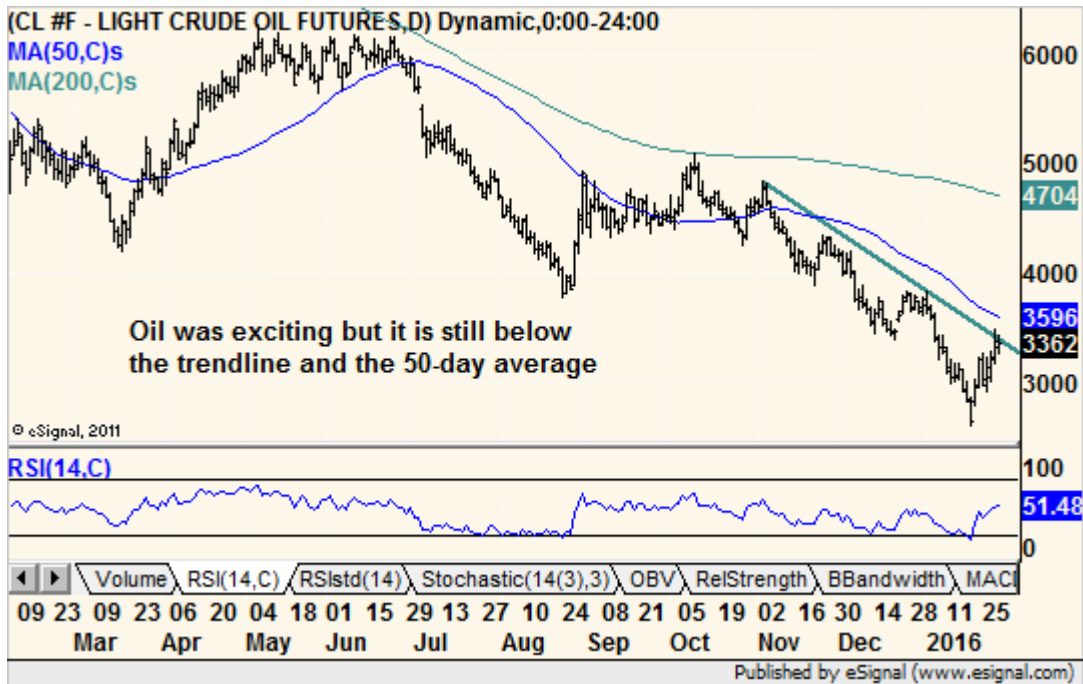
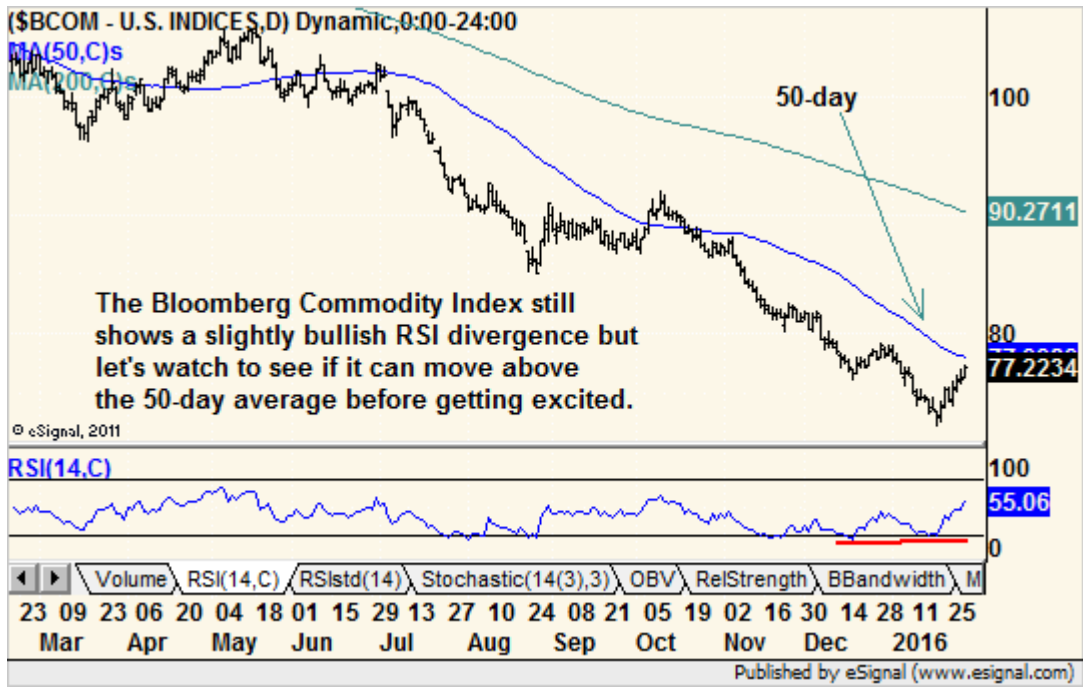


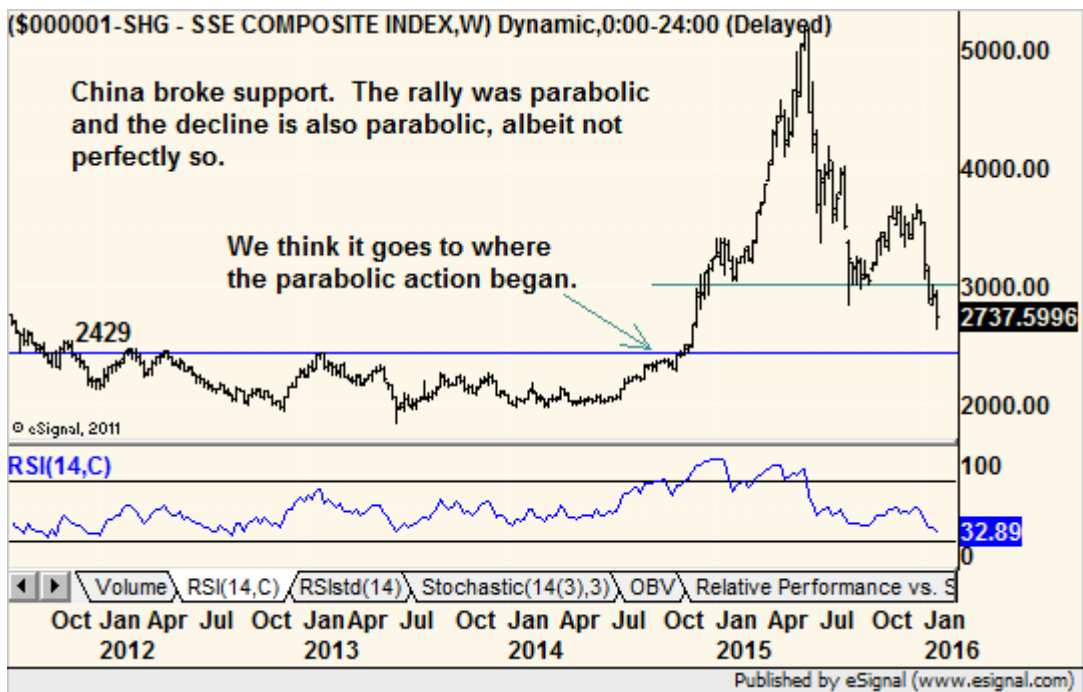
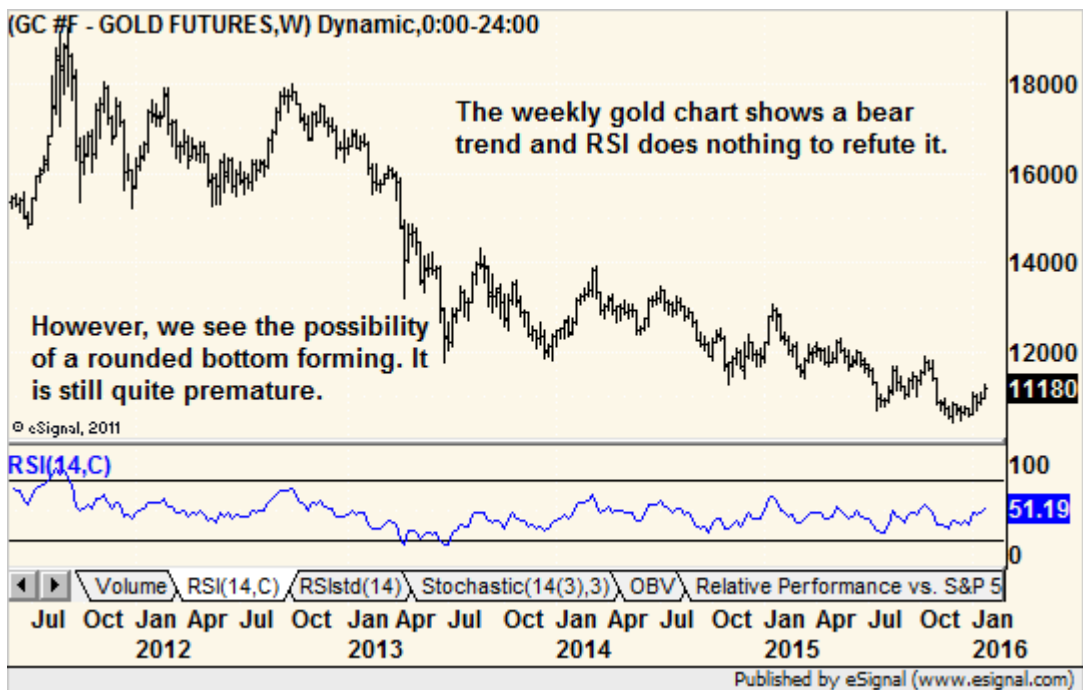


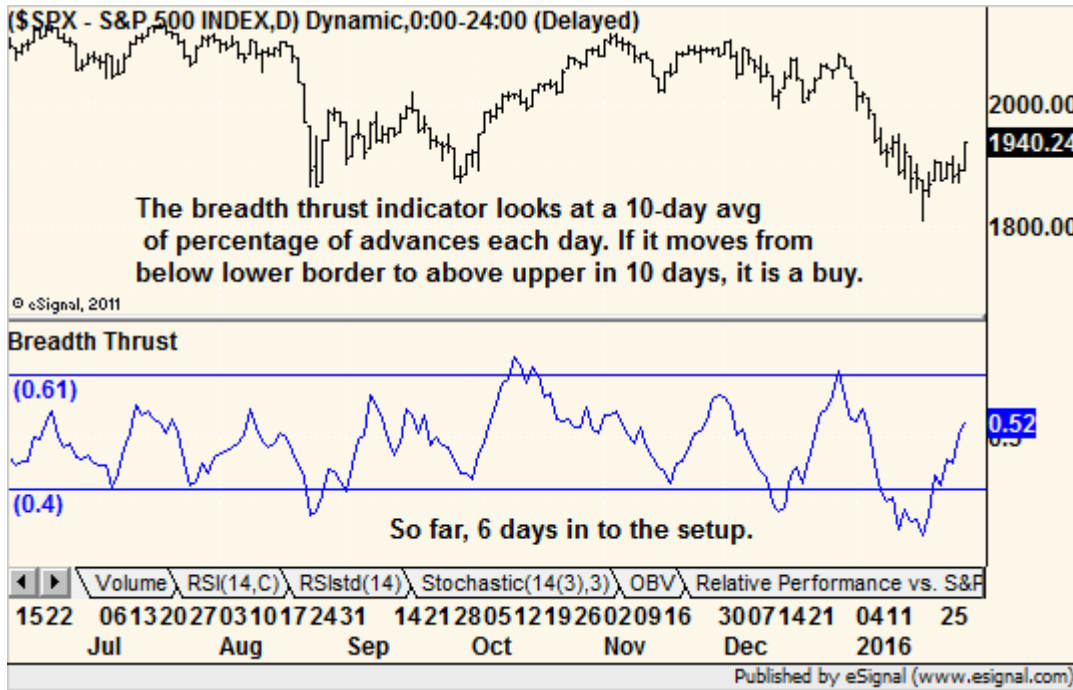
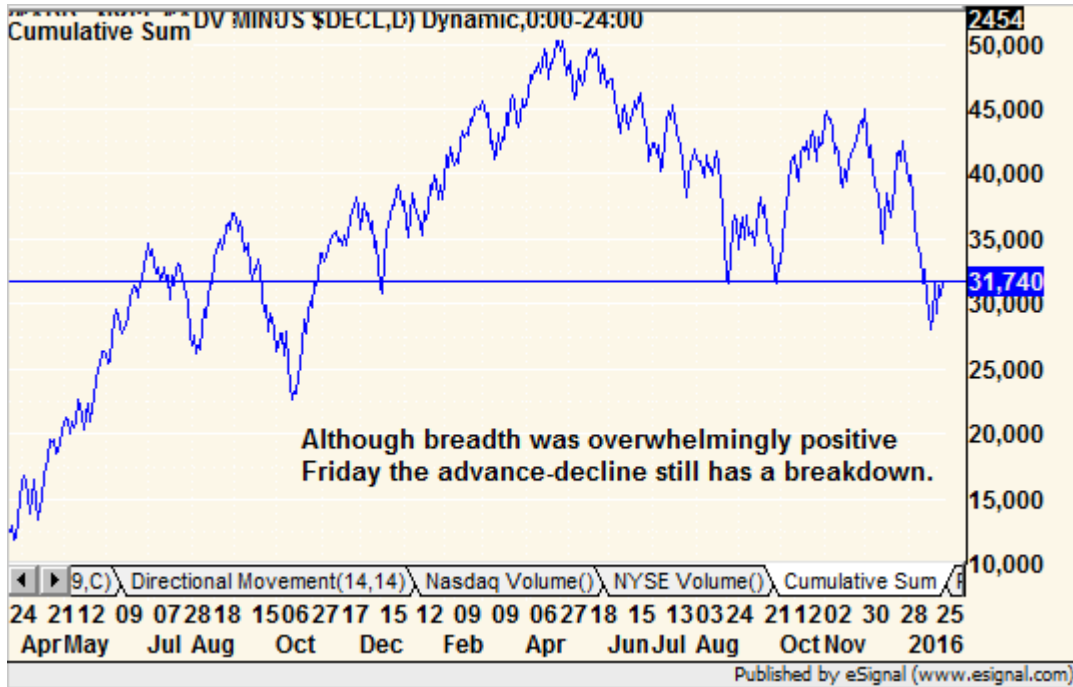


Other Markets



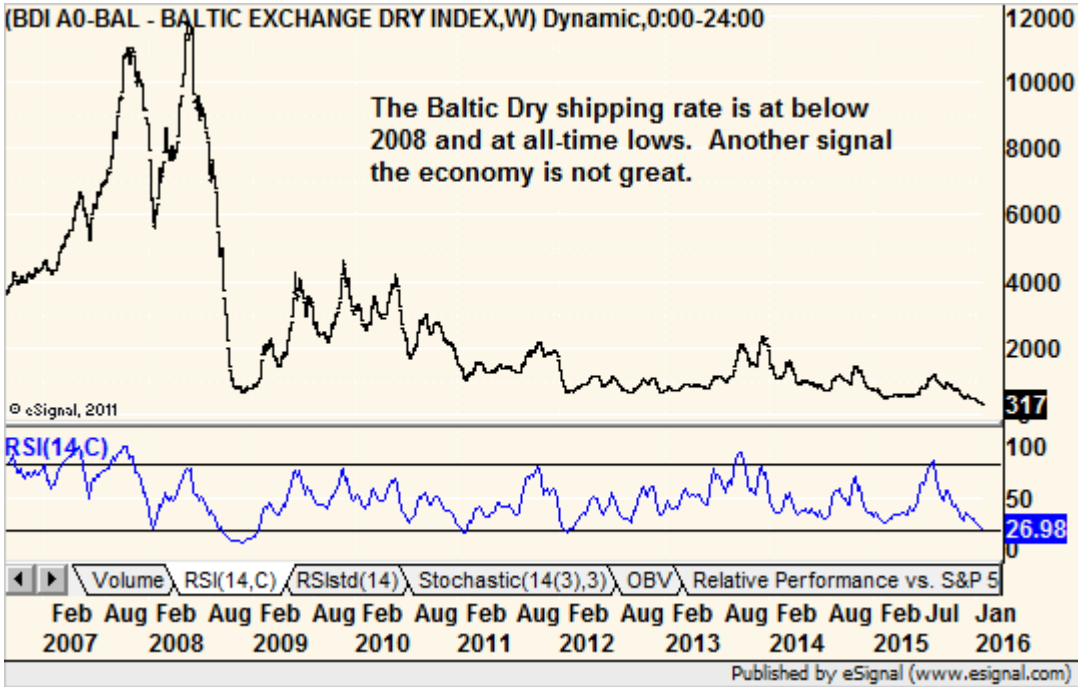




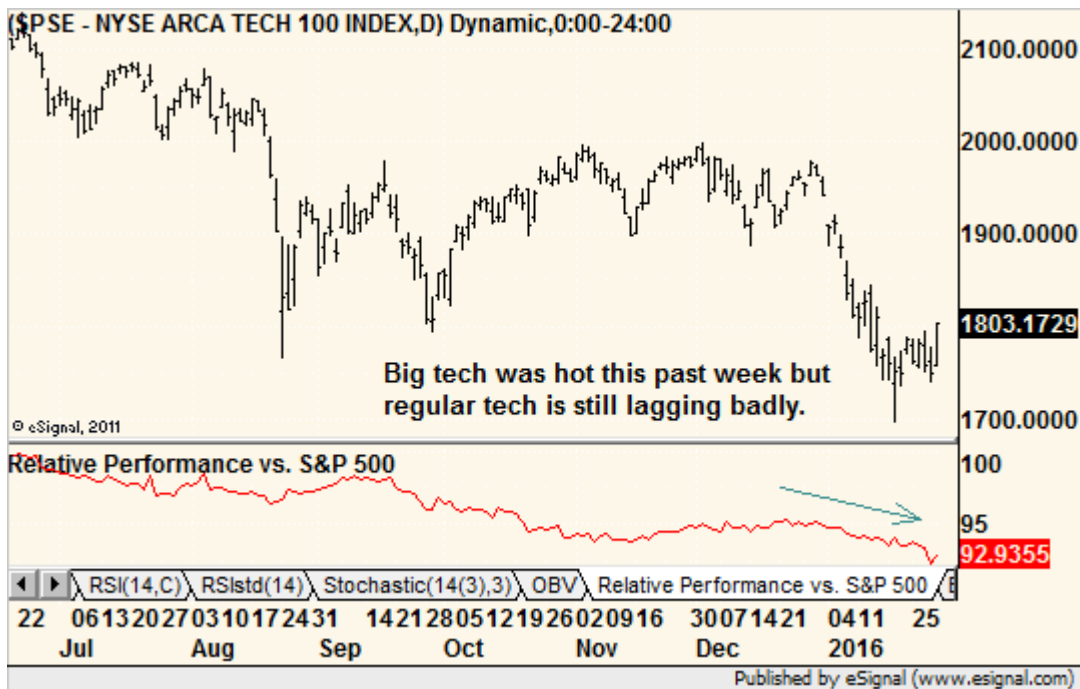
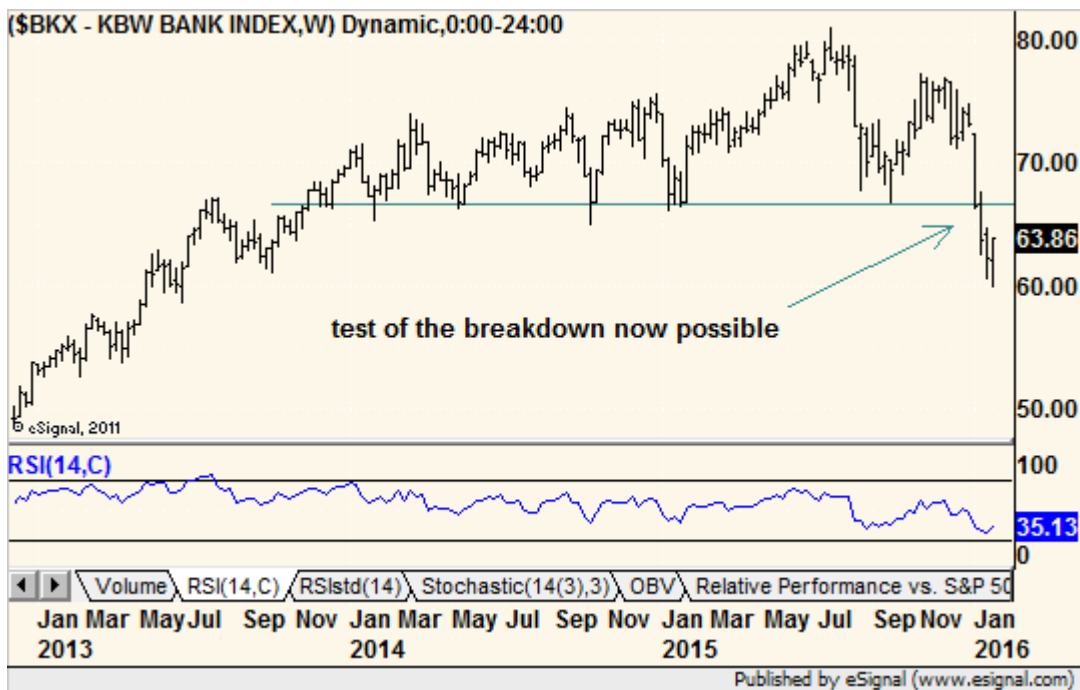


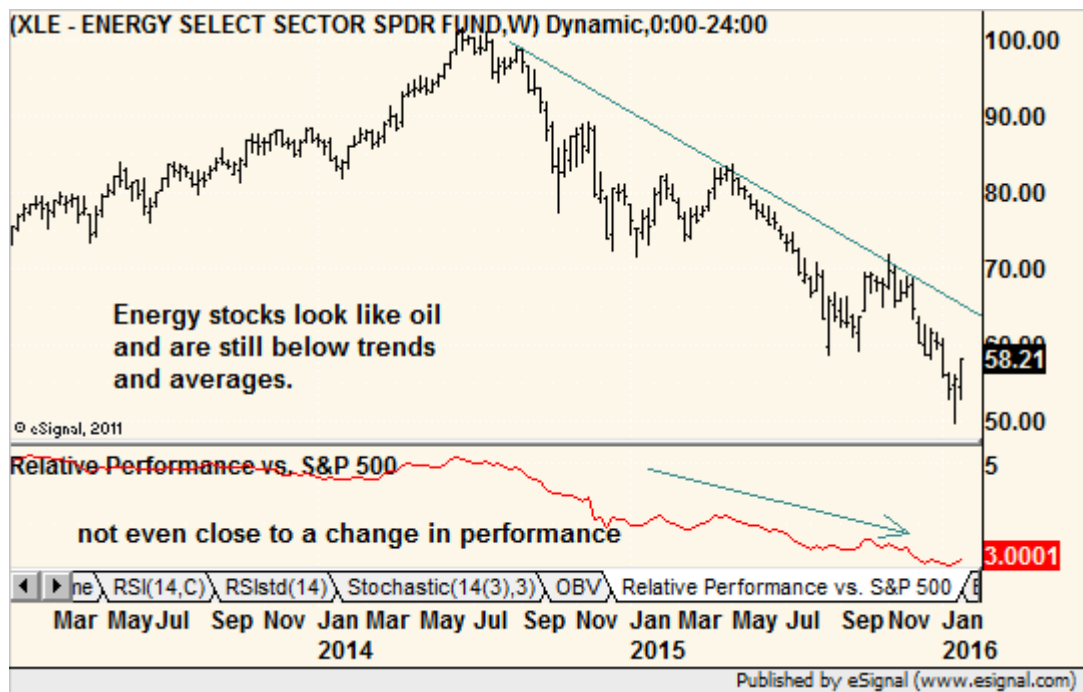
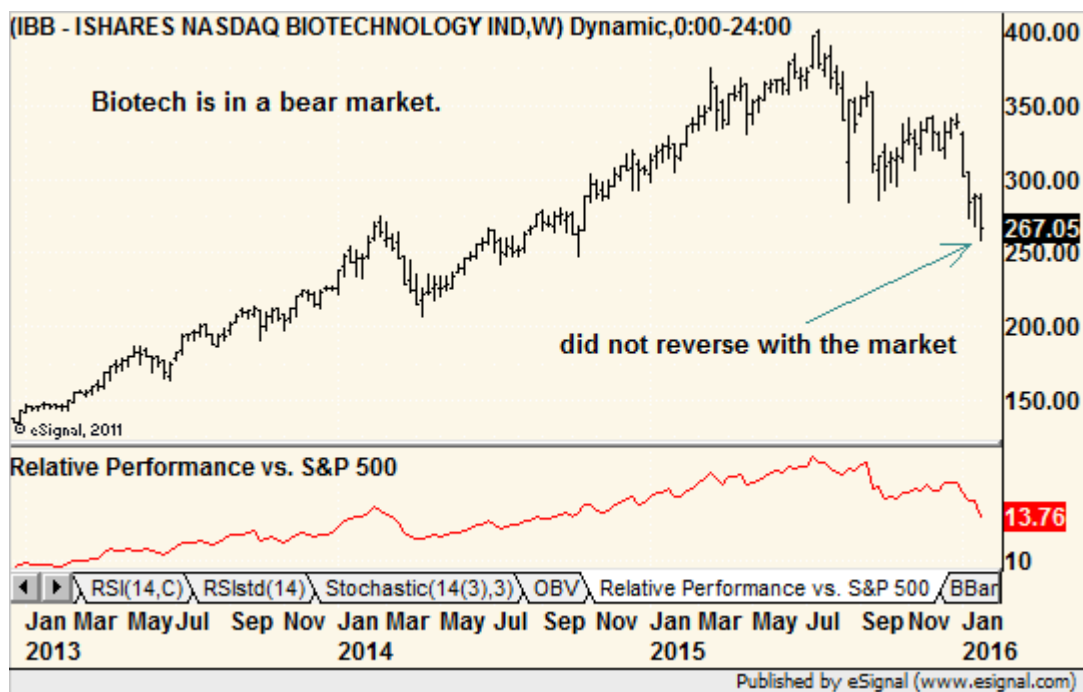
\$UST10Y-\$UST2Y 10-Year US Treasury Yield (EOD)-2-Year US Treasury Yield (EOD) INDX © StockCharts.com

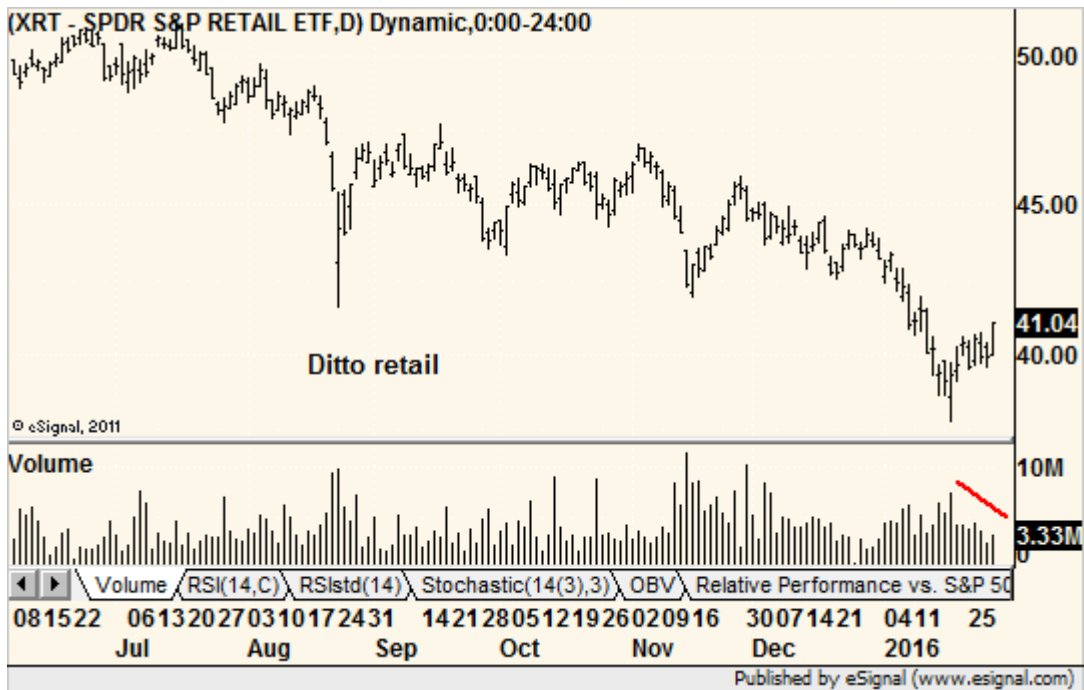
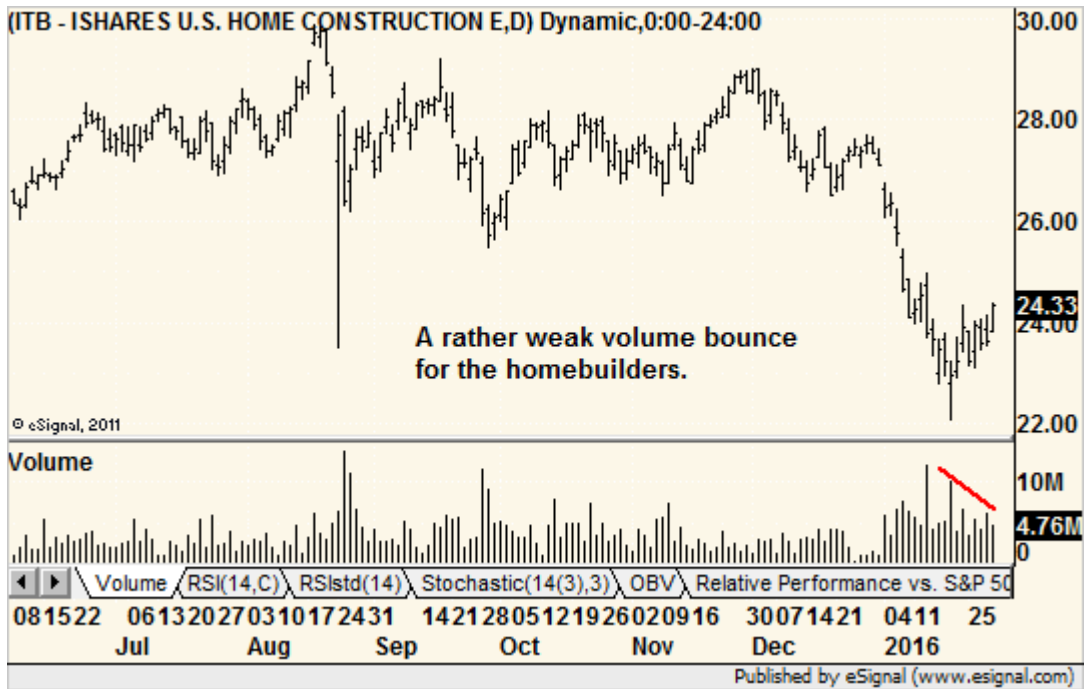
29-Jan-2016 **Open 1.18 High 1.18 Low 1.18 Close 1.18 Chg +0.01 (+0.85%) ▲**



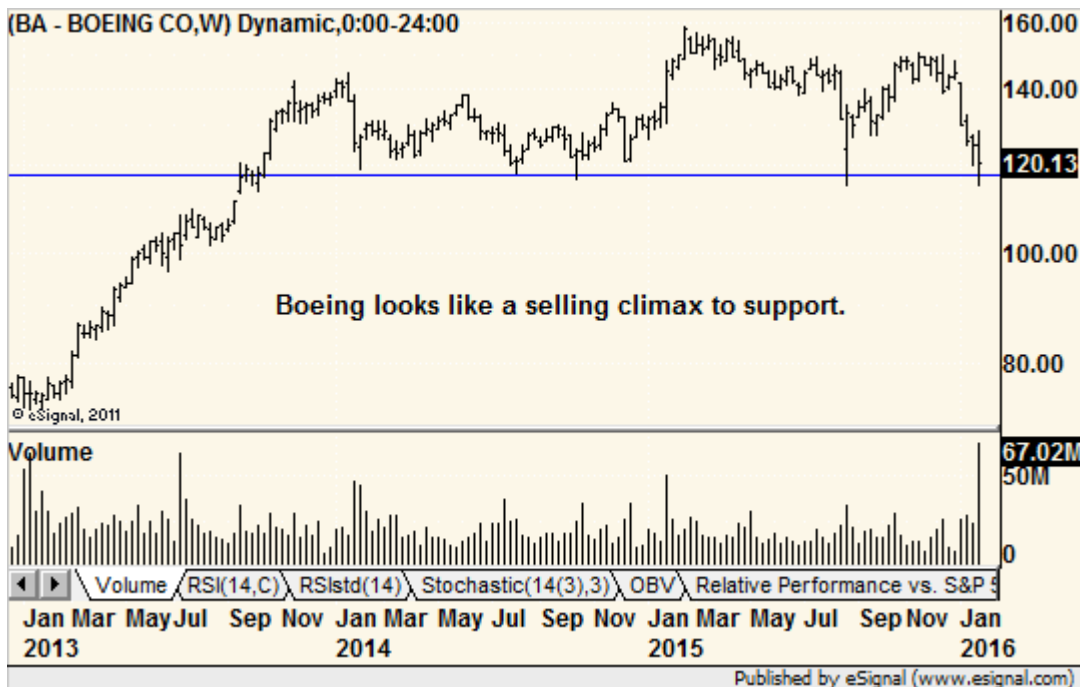
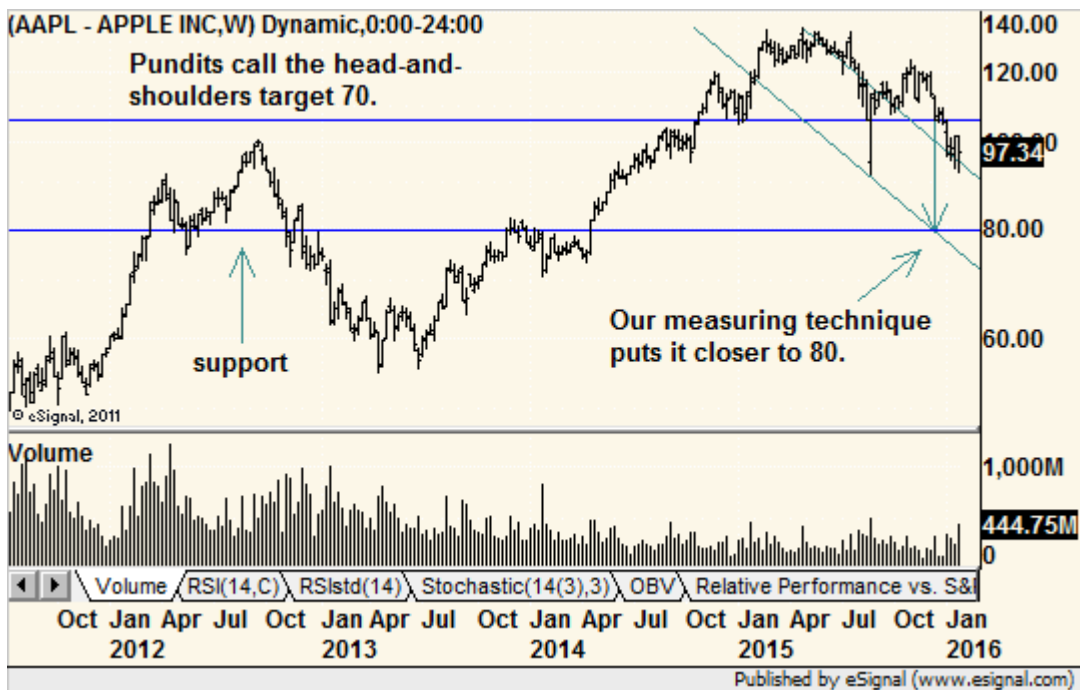
Sector Watch

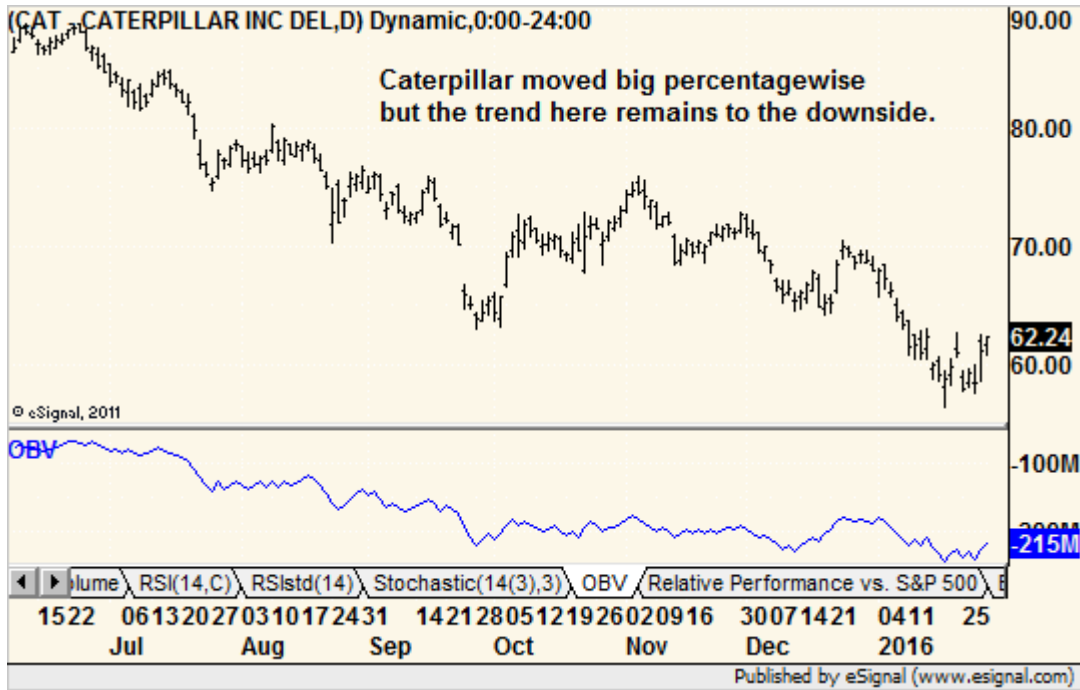


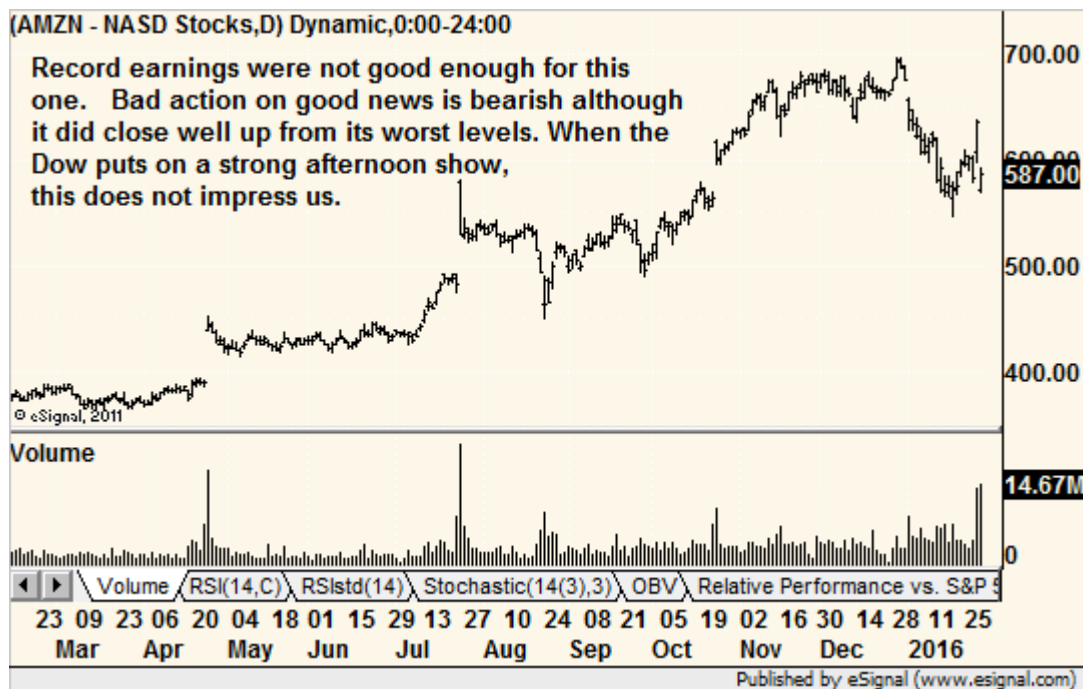
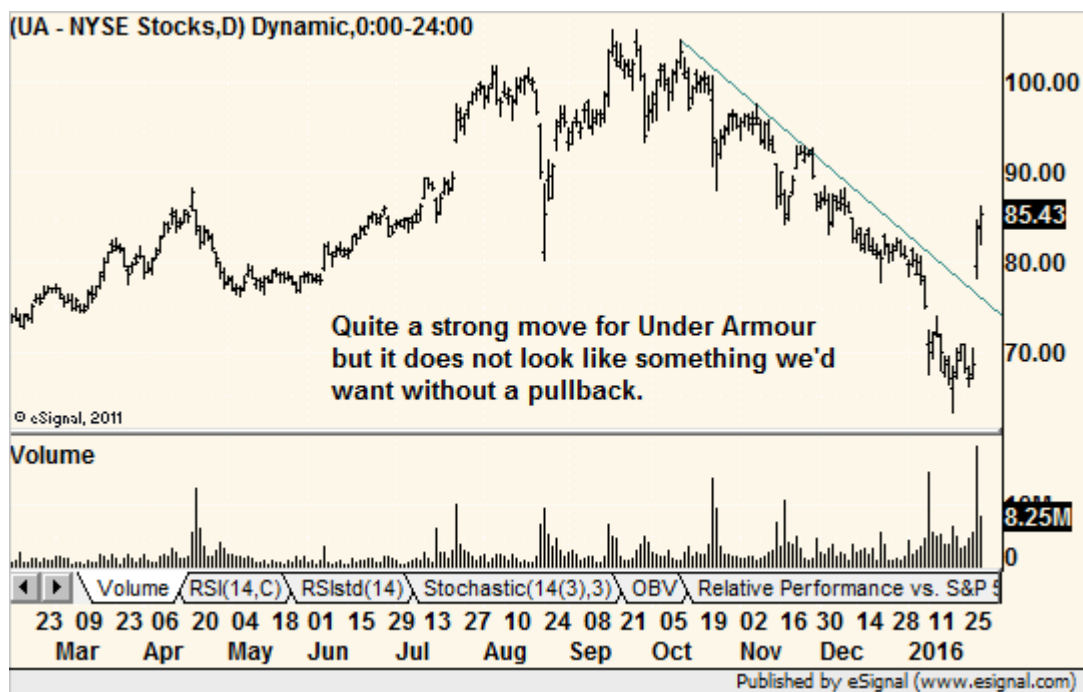


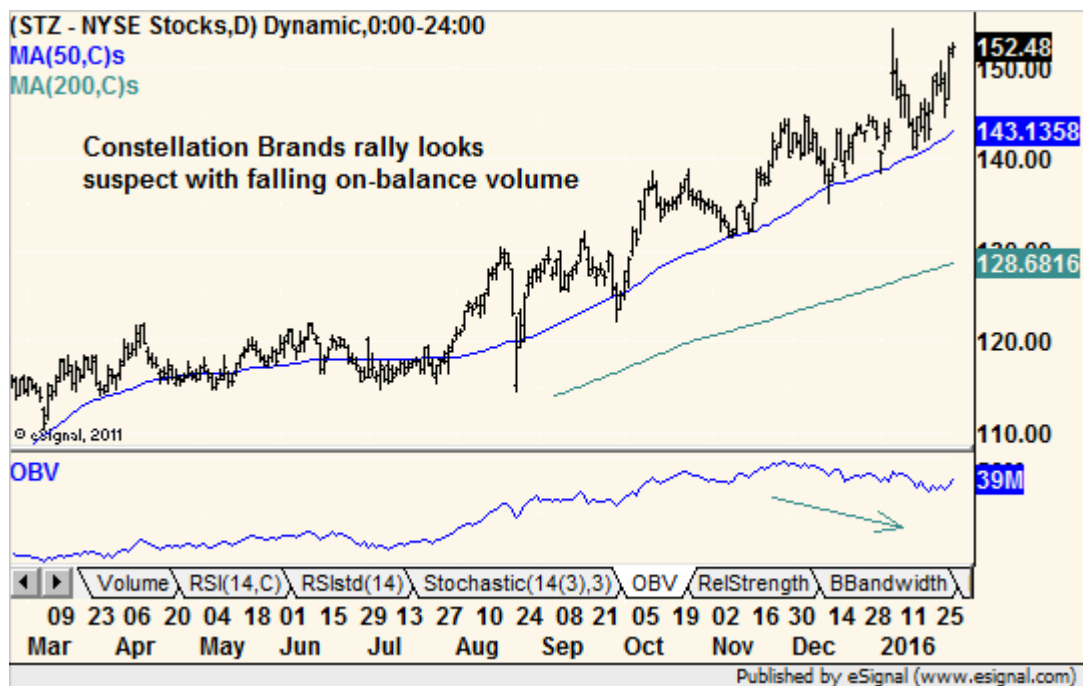
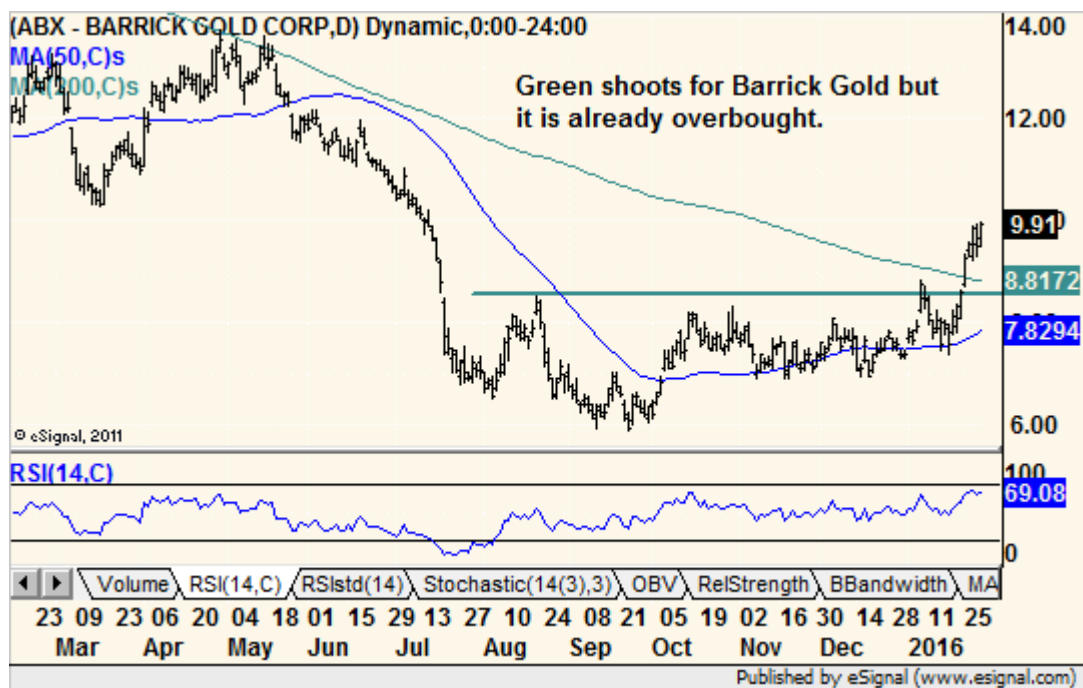


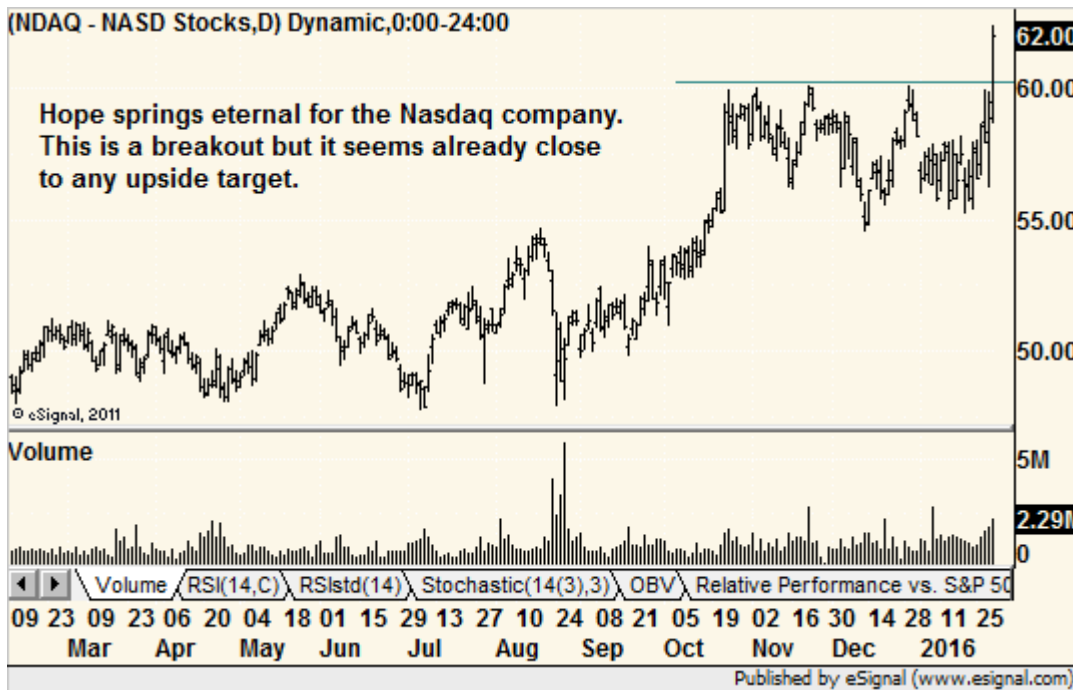
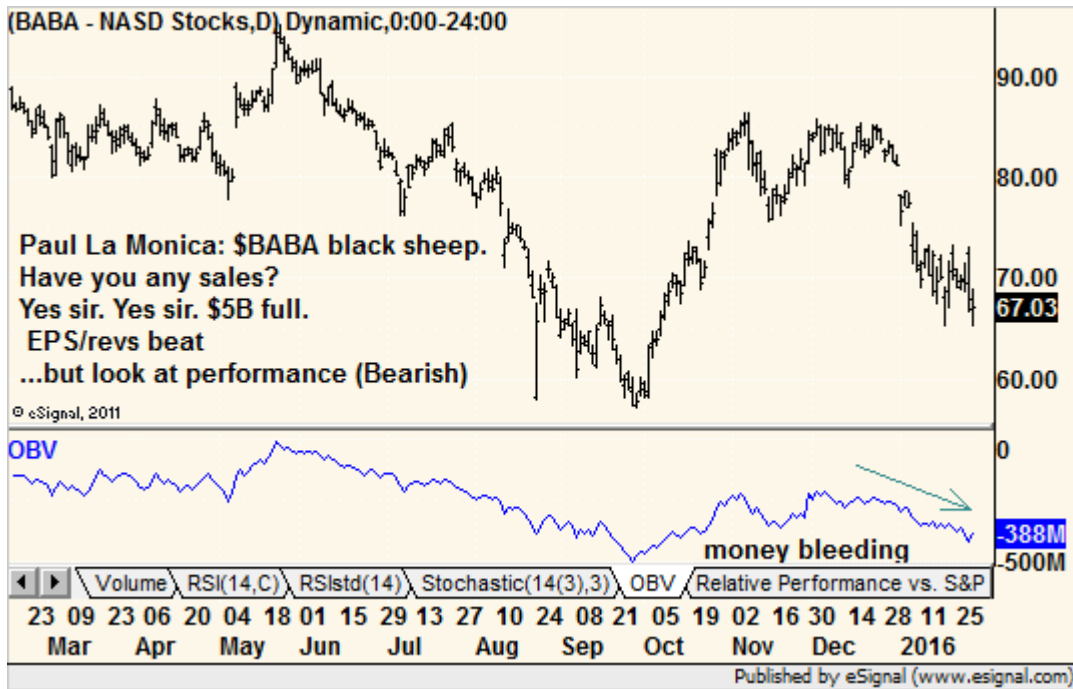
Stocks in the News

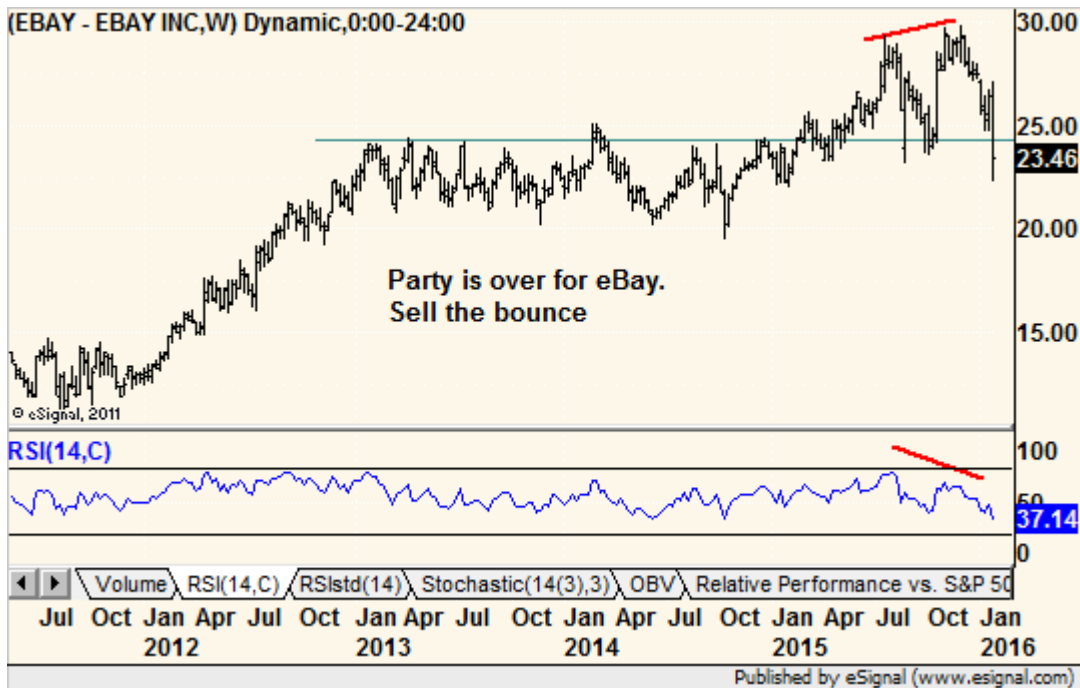


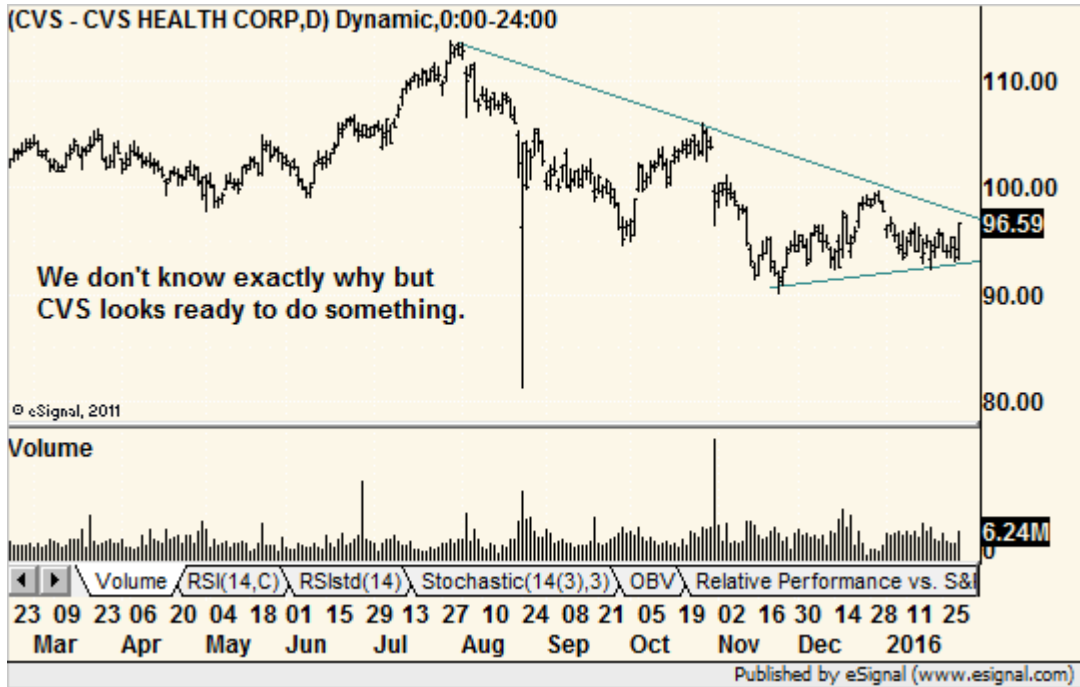












Other Information

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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