Quick Takes Pro

"Technical Analysis for Everyone"

Michael Kahn Research LLC

November 28, 2015 – It was a dead quiet week in the stock market with the Dow down 25 points in a total range of 56 points. Yes, a mere 56 points or 0.3%. Volume was also quite low, even when factoring in that the NYSE was closed Thursday and half of Friday.

The Russell was a different story as small caps gained 2%. Why? Perhaps it was the stronger U.S. dollar index? That would favor small caps over large although there is an implied assumption that the stock market as a whole has an upward bias ahead of the Fed next month.

Next, we have to see if any sectors had any movement and there is a case for utilities weakness and consumer staples strength. On an even more micro level, homebuilders and retail saw strength, too. Everything else, gold included, was flat.

We also saw similar weakness in equal-weighted utilities and strength in equal-weighted staples.

So, what does it all mean? We've already hit on the dollar angle so is it a risk on/ risk off thing? Utilities and staples usually play for the same team – defensiveness – so that is not the full story.

Perhaps it is a statement on the market as a whole liking the idea of the Fed rate hike that seems to be coming. But again, the market as a whole is sloppy right now and may have already moved on the rate hike new. Buy the rumor, sell the fact.

Or is this yet another case of the U.S. being the least ugly step sister with Europe floundering and about to get crushed with demographics. Or perhaps China's 5.48% thrashing on Friday? The bull trend there may be ending.

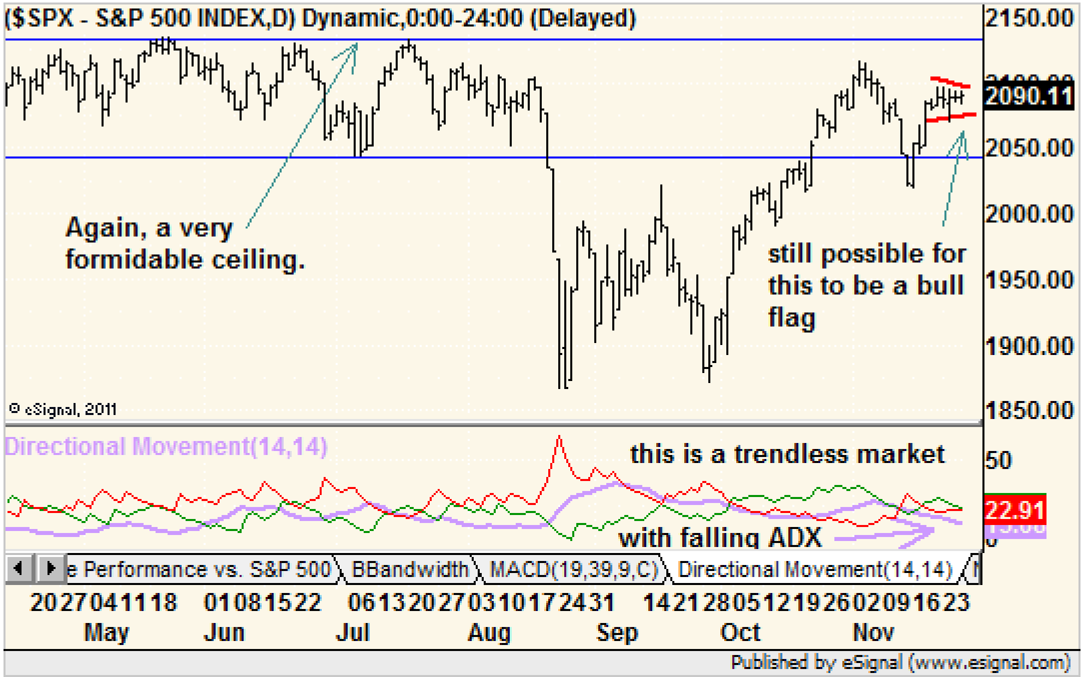
Again, we see a sloppy market and still think it is forming some sort of a top. Risk-off factors are rising too while the early 2015 trading range still looks like a top and not a continuation pattern in a bull market. Check out the index chart below showing the broken bull market trendline.

Therefore, despite all the talk about a Santa rally, we can only endorse opportunistic longs at this time and cutting back on positions that have really soared. I wrote in MarketWatch that big winners such as **GE**, **AMZN** and **MSFT**. We'll toss in the other FANGs (**FB**, AMZN, **NFLX** and **GOOGL**). Cutting back on risk is a good idea until such time as the market proves it is still in a bull market with a solid upside breakout. Have you seen the trend in junk bonds? (below).

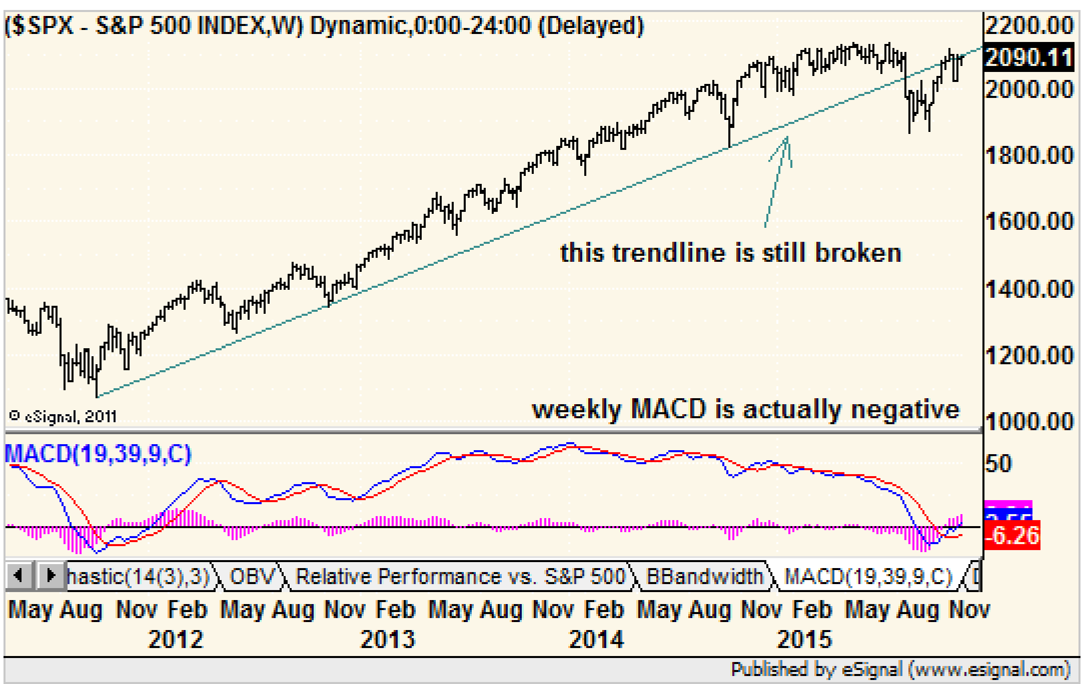
Note that a lot of the sector charts below have a bullish bent. The individual stock charts are more bearish.

Let us know what else we can cover here for you.

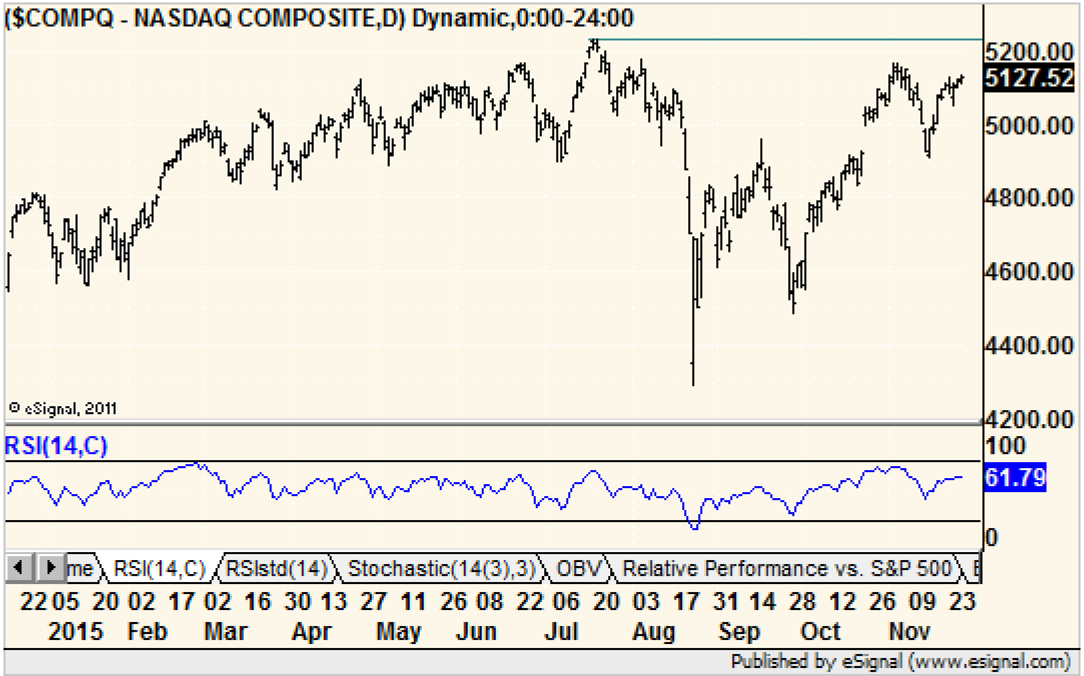
Index Charts of the Week



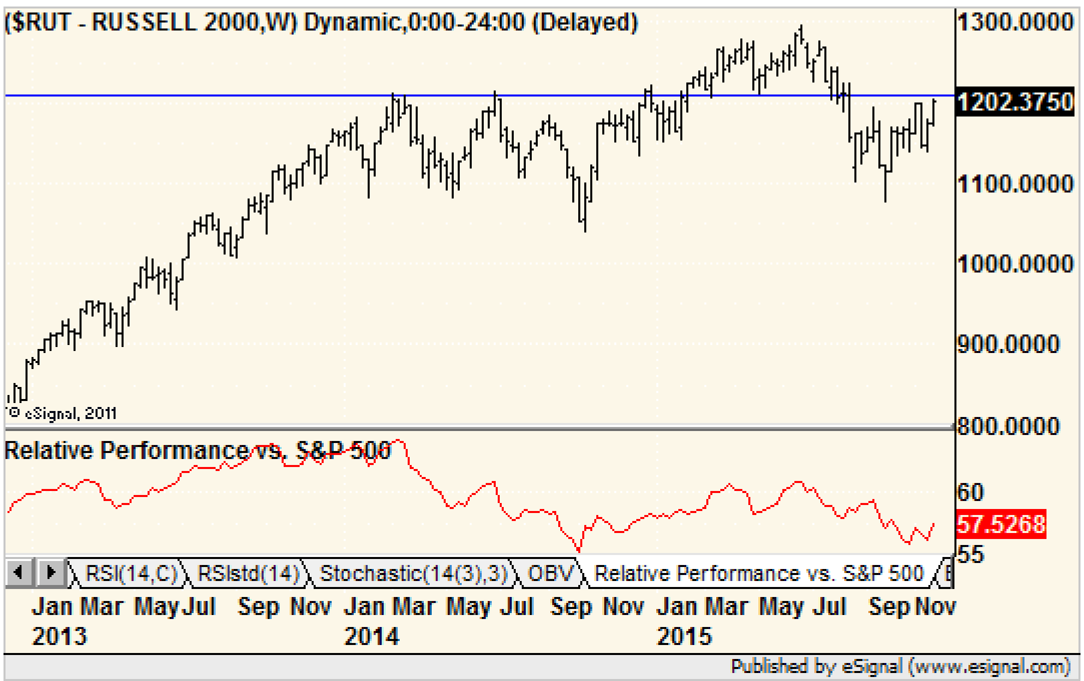
We can see the headlines in the coming week if the market breaks out to the upside from its small range. However, overhead resistance is still "yuge" as the Donald might say. And check out the purple ADX (average directional index) line. When it is low and falling it means there is no trend – period.



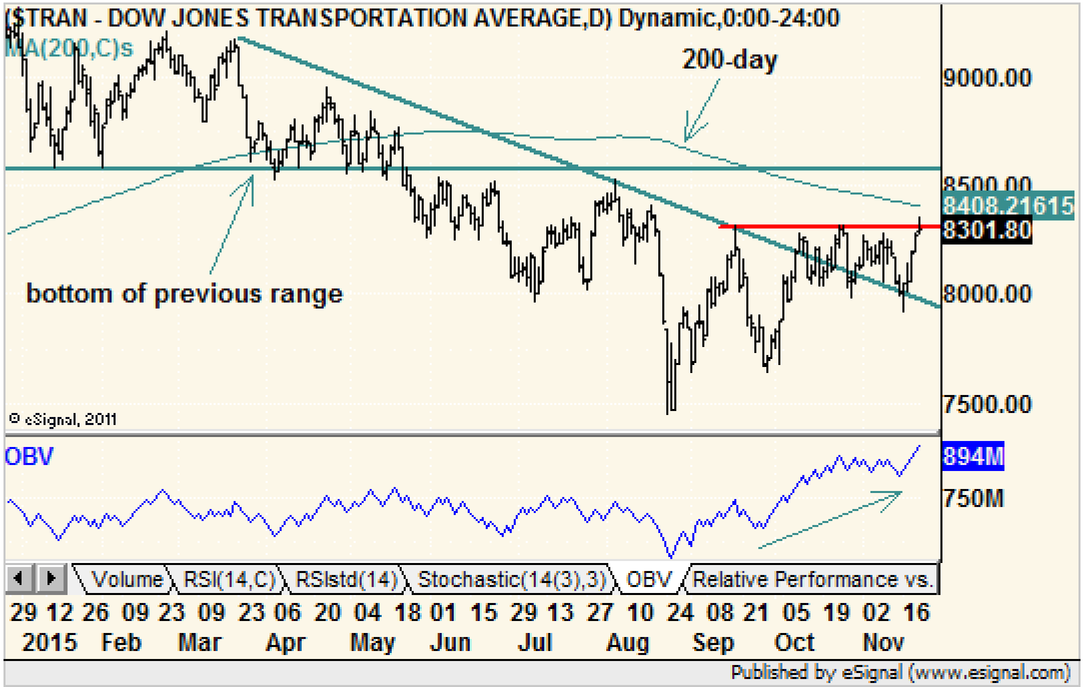
The weekly chart shows the old trendline still broken. And from an Elliott Wave perspective, does the action since July look like the A and B of an A-B-C correction (at best)? Remember, the C-wave is often rather nasty. Two-pager on Elliott Waves, [click here](#).



Not much interesting to add here other than to say resistance is clear.



The weekly Russell 2000 is still lagging and despite its nice week it is still under very strong resistance. We cannot bank on this until it makes a solid upside breakout now.

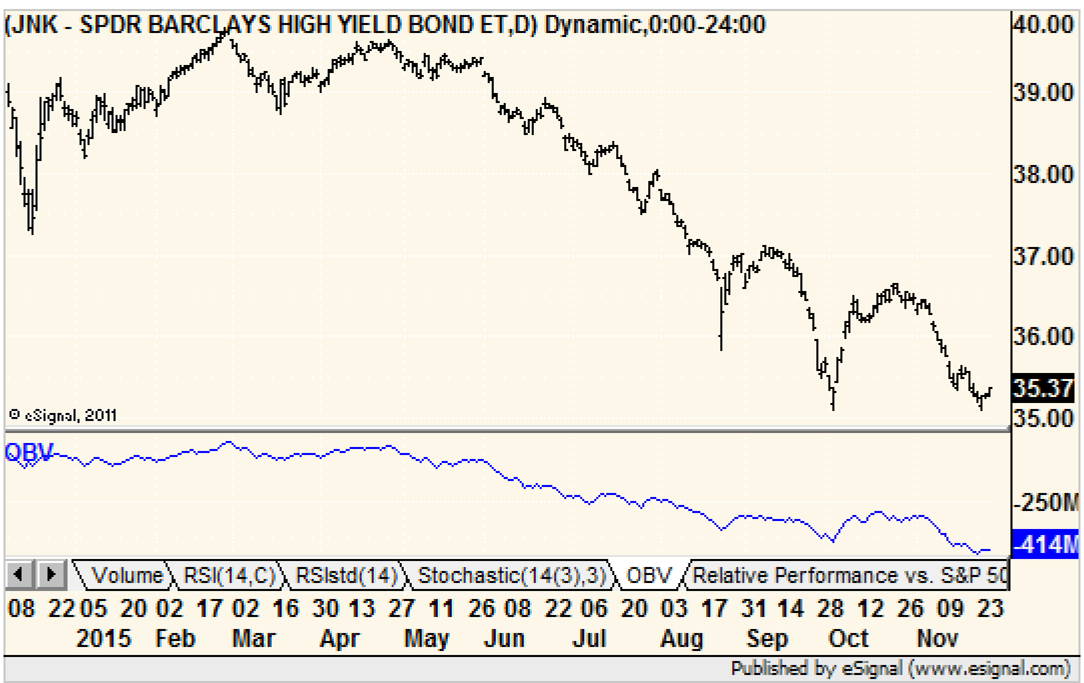


Transports in no-man's land and still lagging.

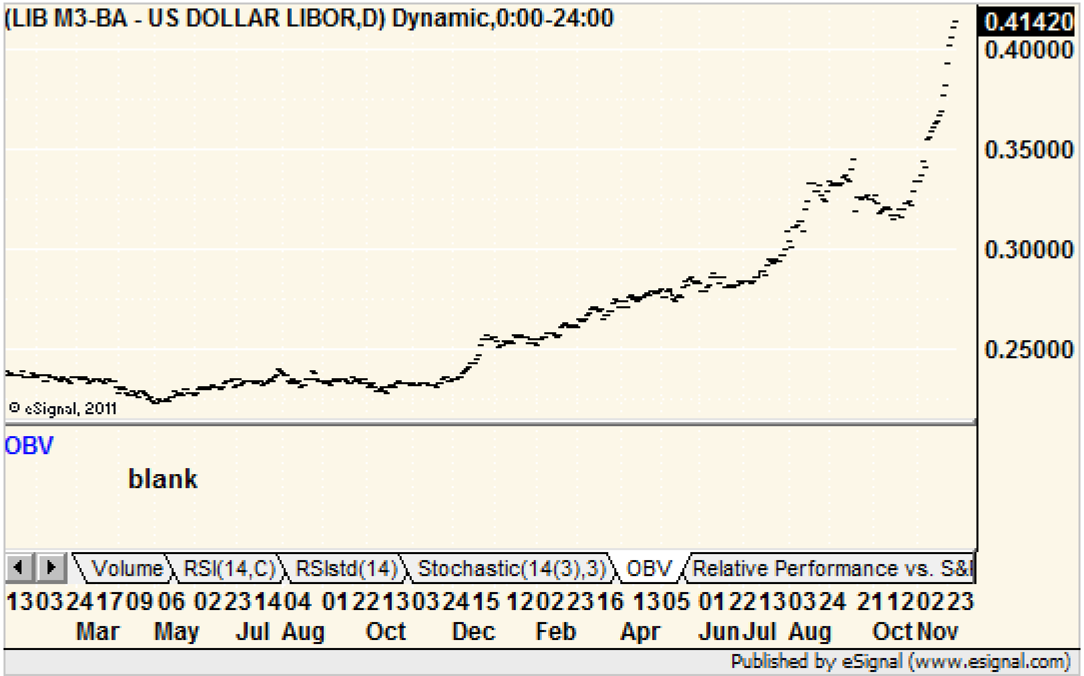
Utilities have gone nowhere in months save for short-term swings. Note that the 50-day average is about to cross above the 200-day yet price action is awful. You can't always believe what you hear.

Other Markets

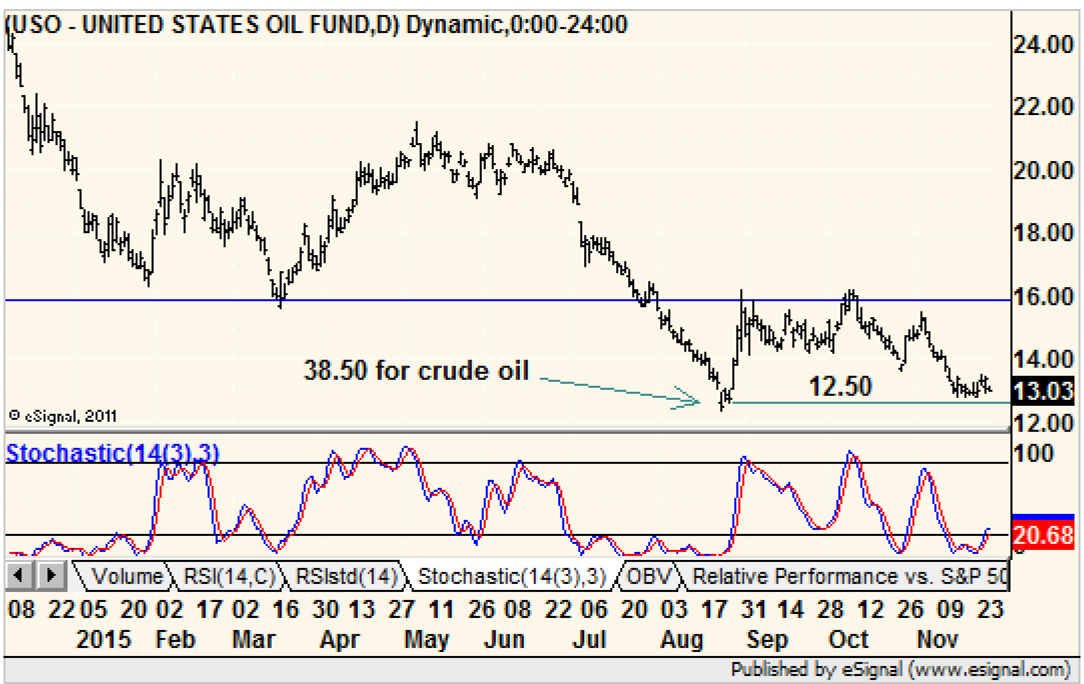
Long T-bond ETF – Still coiling but on-balance volume has a slight bullish lean. That may be wishful thinking but rising long-term rates are not yet indicated in this chart.



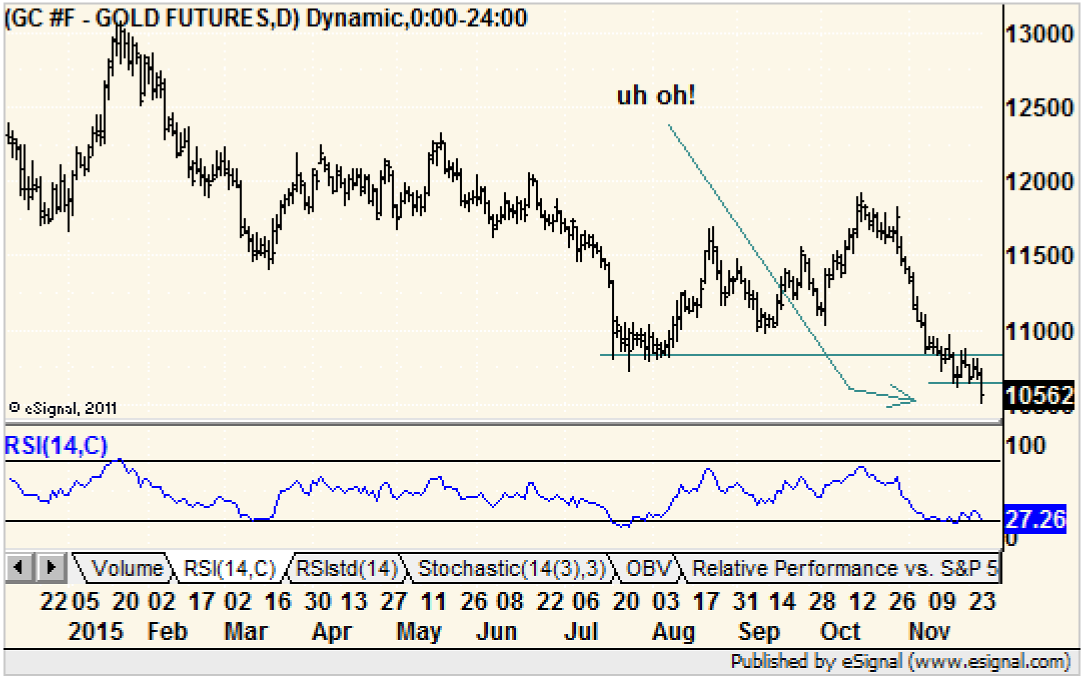
Junk bond ETF – Still looks bearish and that means investors are <u>not so interested in risk</u>.



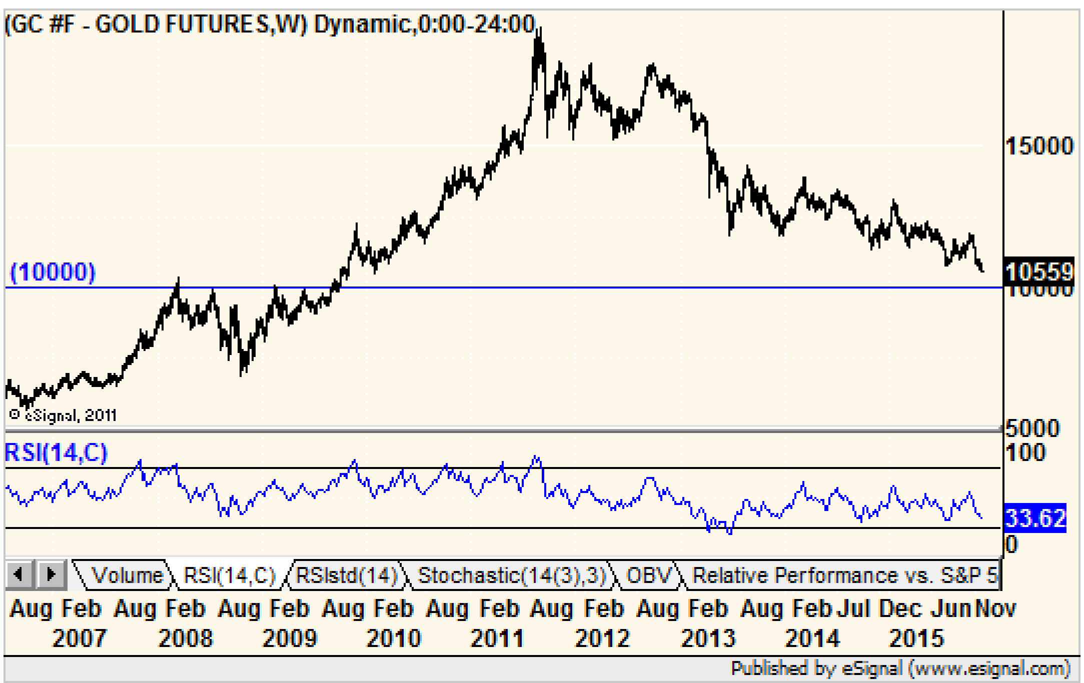
LIBOR – It's still way low compared to history but the trend is clear. This is basically the non-risk-free short-term rate and it suggests <u>more risk aversion</u> in the market.



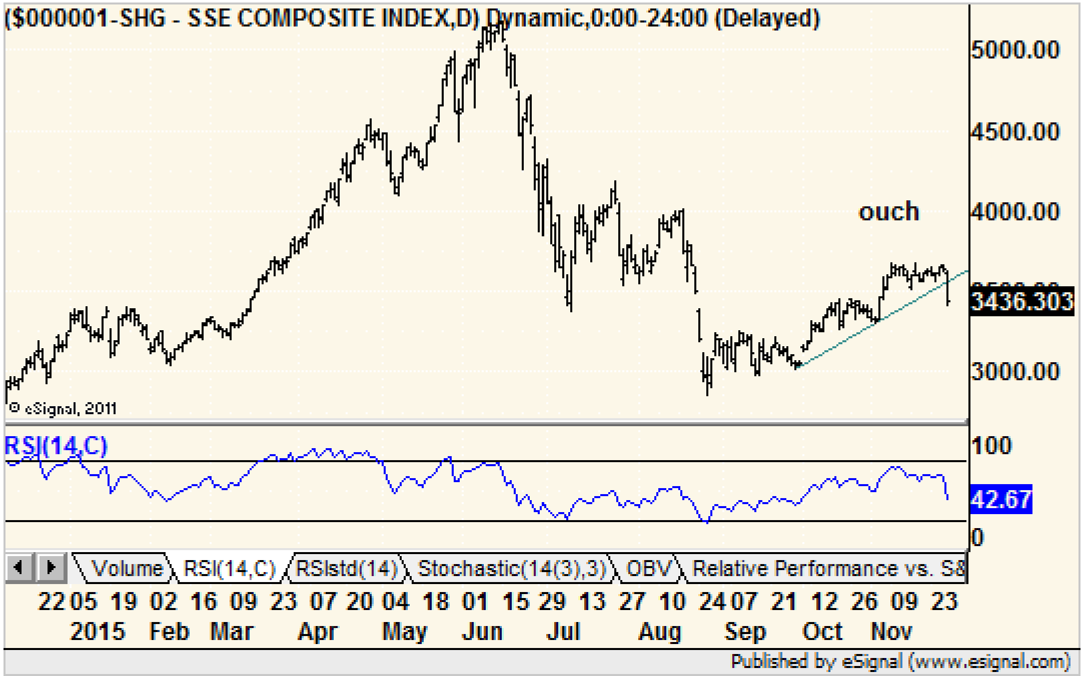
Oil ETF – Oversold and ready to bounce or is it handing around support preparing for a major breakdown? We cannot imagine that transports and airlines especially would be as weak as they are if oil were about to break down. We are not buying but we think a bottom is near.



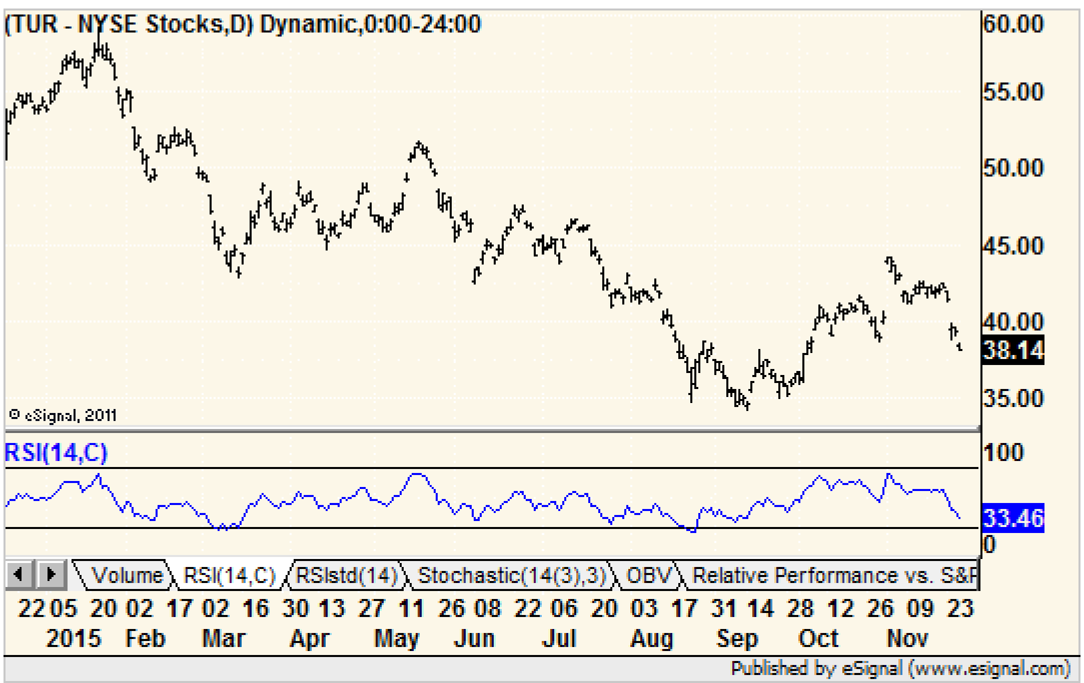
Gold – Support break.



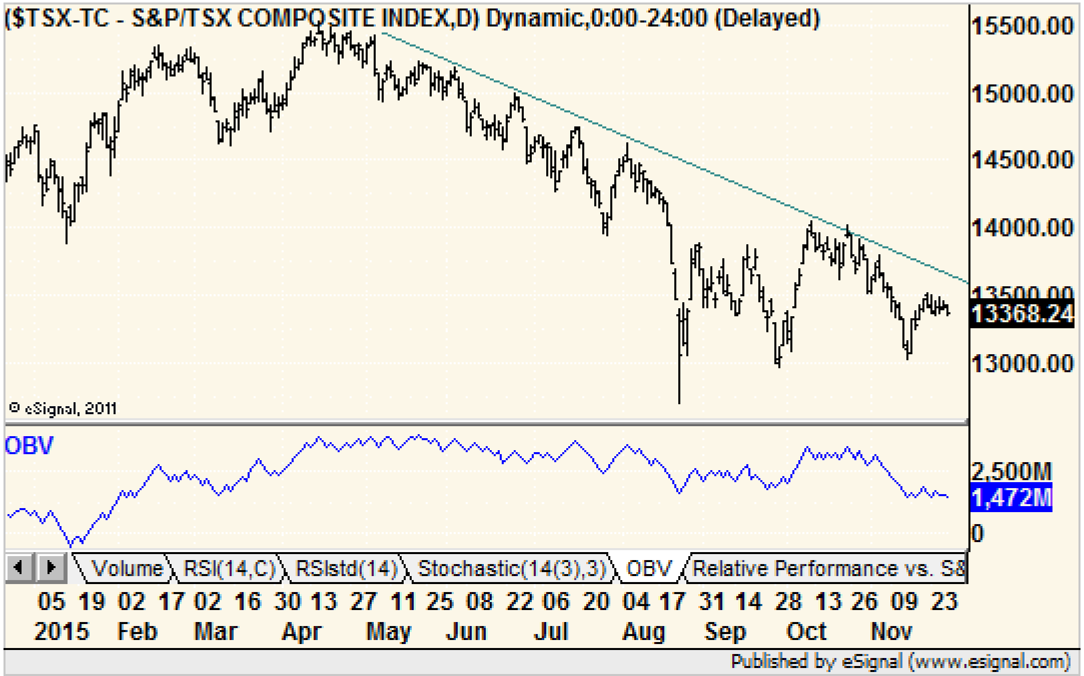
Gold – Heading into a major support level – which was a major breakout level back then. We'd like to say it is oversold or sporting a divergence but we cannot. Still, we are talking about only 50 bucks to major support with gold stocks still holding on (chart in next section).



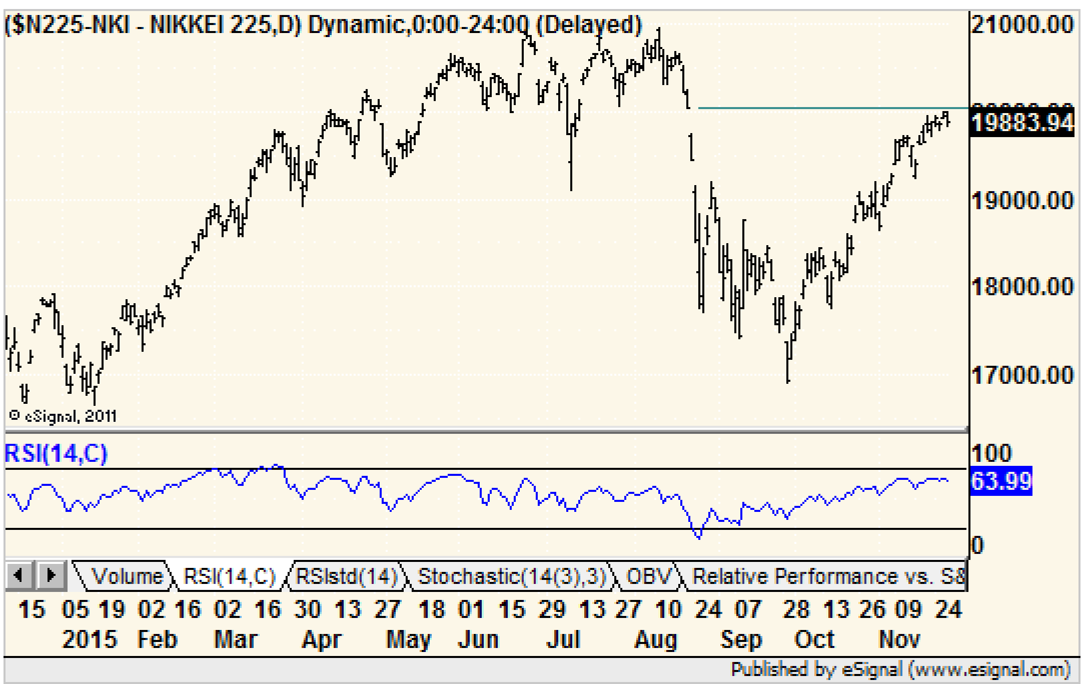
China – Breakdown.



Turkey ETF – This market did not react well to the conflict with Russia over the downed warplane.

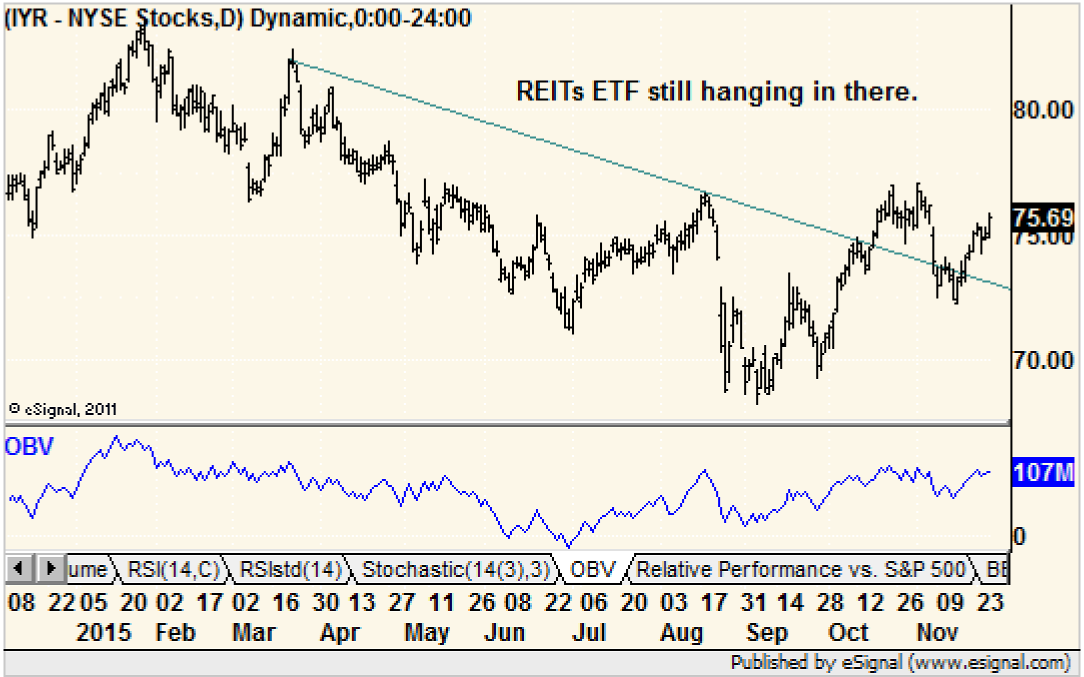


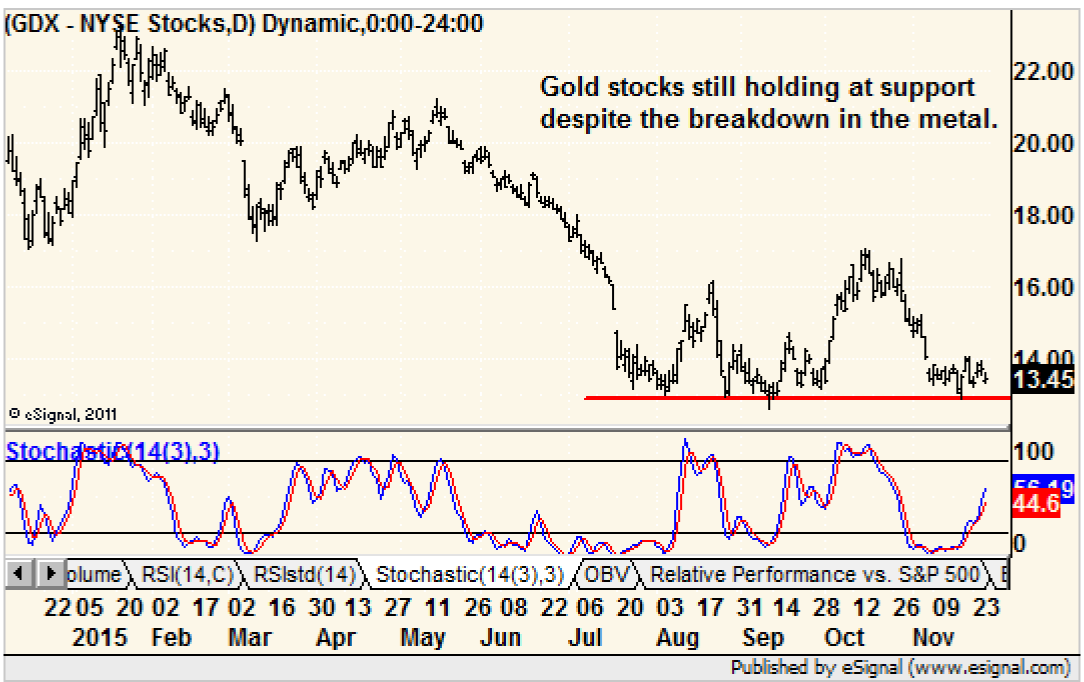
Canada – Not doing well at all and we can blame commodities, at least in part. Australia, Brazil and emerging markets in general are weak.

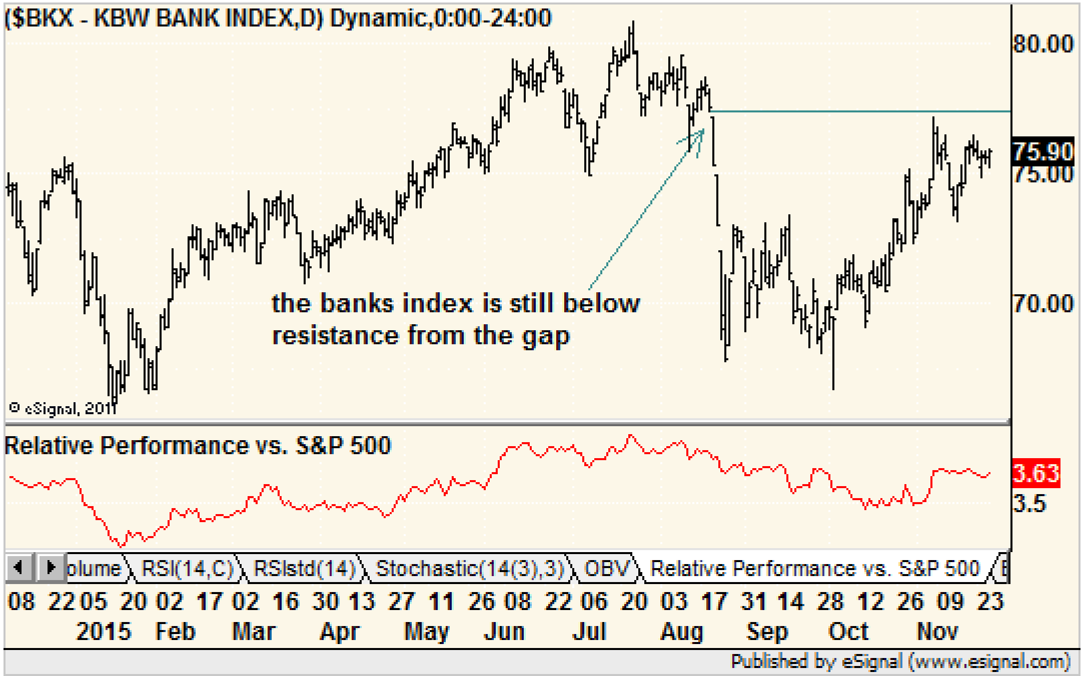


Japan – Back at the gap (<u>resistance</u>). Same picture with the **DXJ** Japan Hedged Equity fund (removes dollar effects).

Sector Watch






($BKX - KBW BANK INDEX,D) Dynamic,0:00-24:00
80.00
75.90
75.00
70.00
the banks index is still below
resistance from the gap
© eSignal, 2011
Relative Performance vs. S&P 500
3.63
3.5
olume RSI(14,C) RSIstd(14) Stochastic(14(3),3) OBV Relative Performance vs. S&P 500
08 22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
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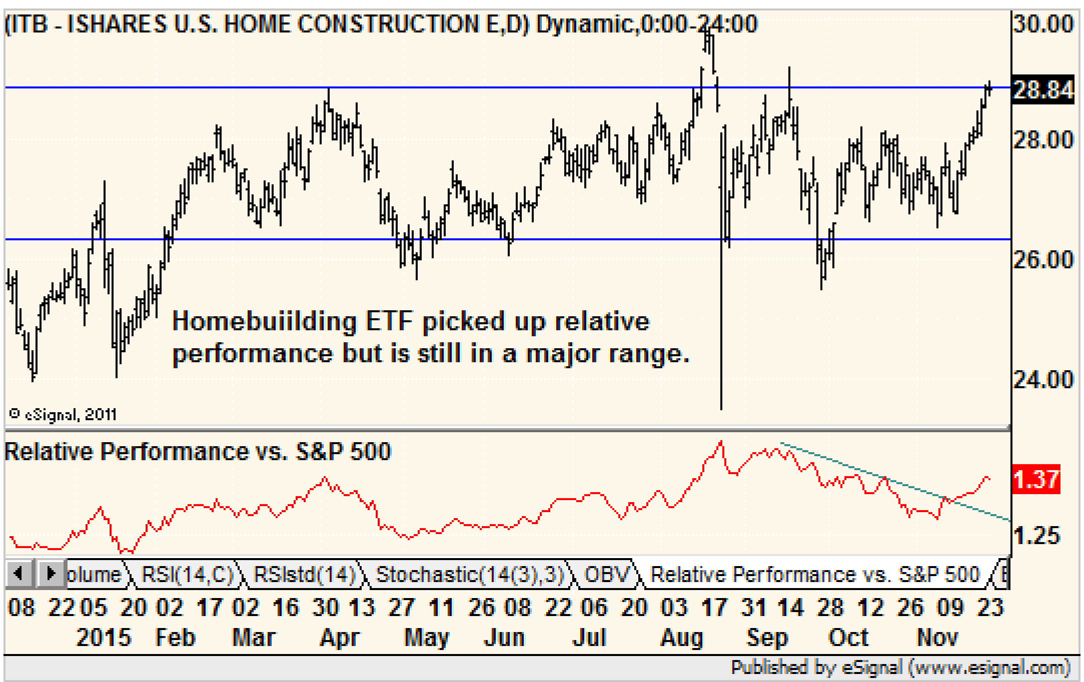
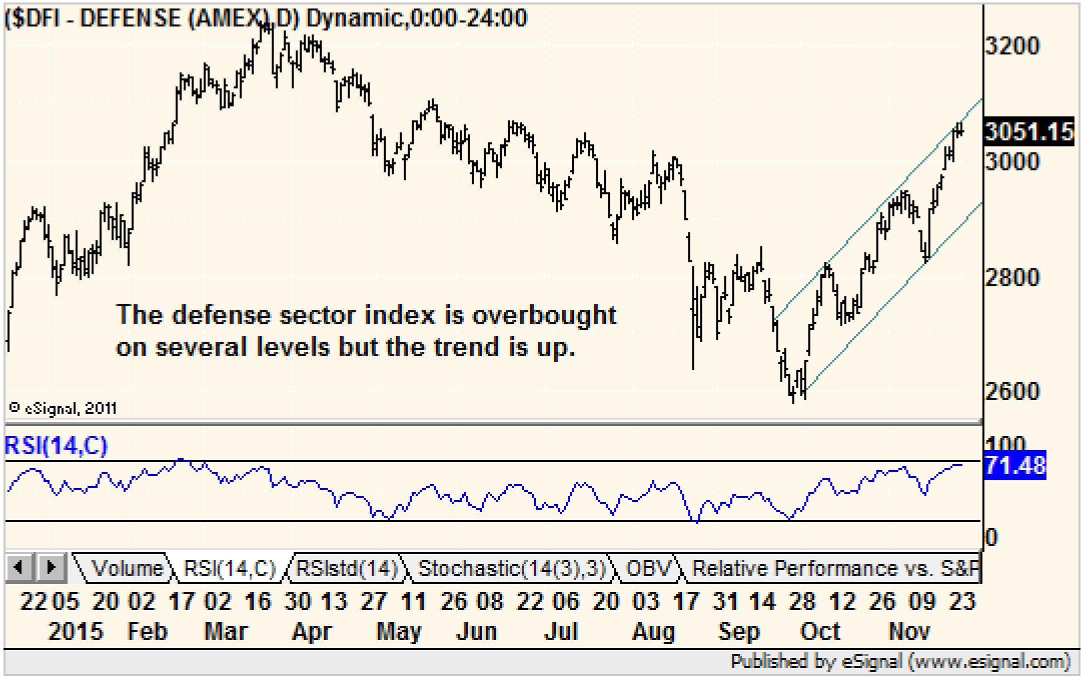

(ITB - ISHARES U.S. HOME CONSTRUCTION E,D) Dynamic,0:00-24:00
30.00
28.84
28.00
26.00
24.00
Homebuiilding ETF picked up relative
performance but is still in a major range.
© eSignal, 2011
Relative Performance vs. S&P 500
1.37
1.25
olume RSI(14,C) RSIstd(14) Stochastic(14(3),3) OBV Relative Performance vs. S&P 500
08 22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
Published by eSignal (www.esignal.com)


($DFI - DEFENSE (AMEX),D) Dynamic,0:00-24:00
The defense sector index is overbought on several levels but the trend is up.
© eSignal, 2011
RSI(14,C)
3200
3051.15
3000
2800
2600
100
71.48
0
Volume
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
Relative Performance vs. S&P
22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
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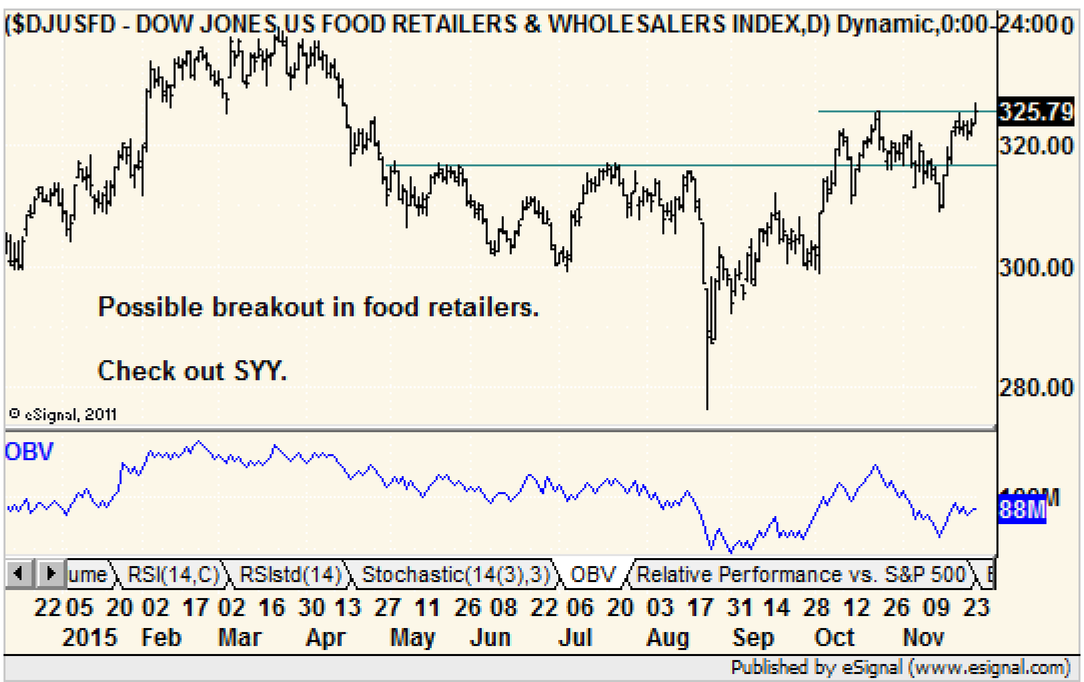
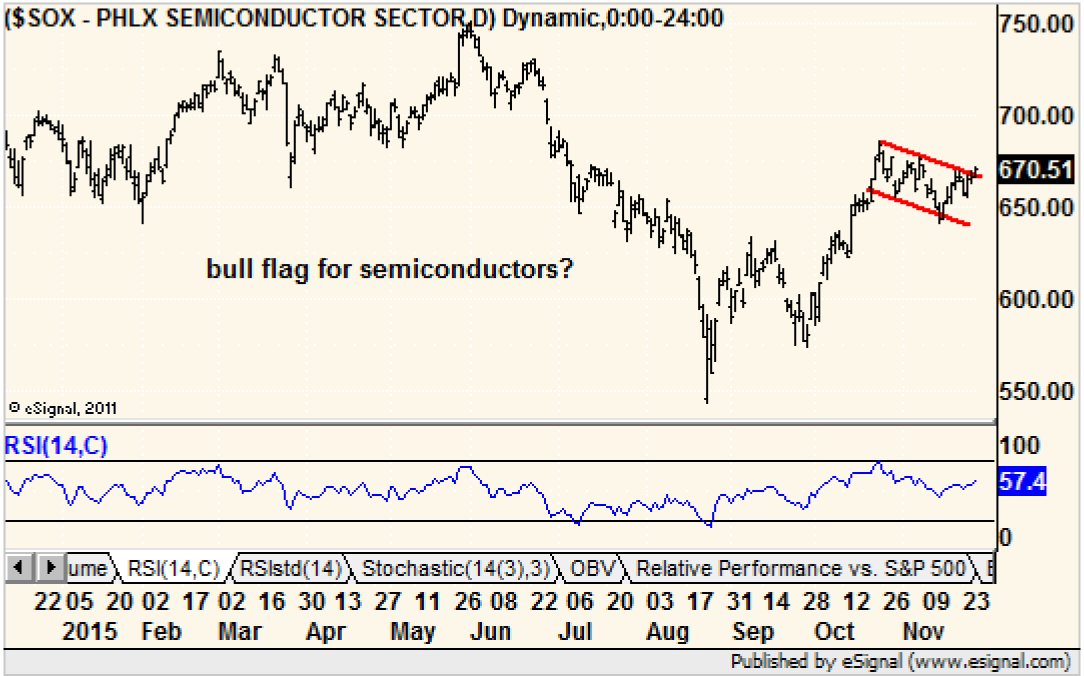
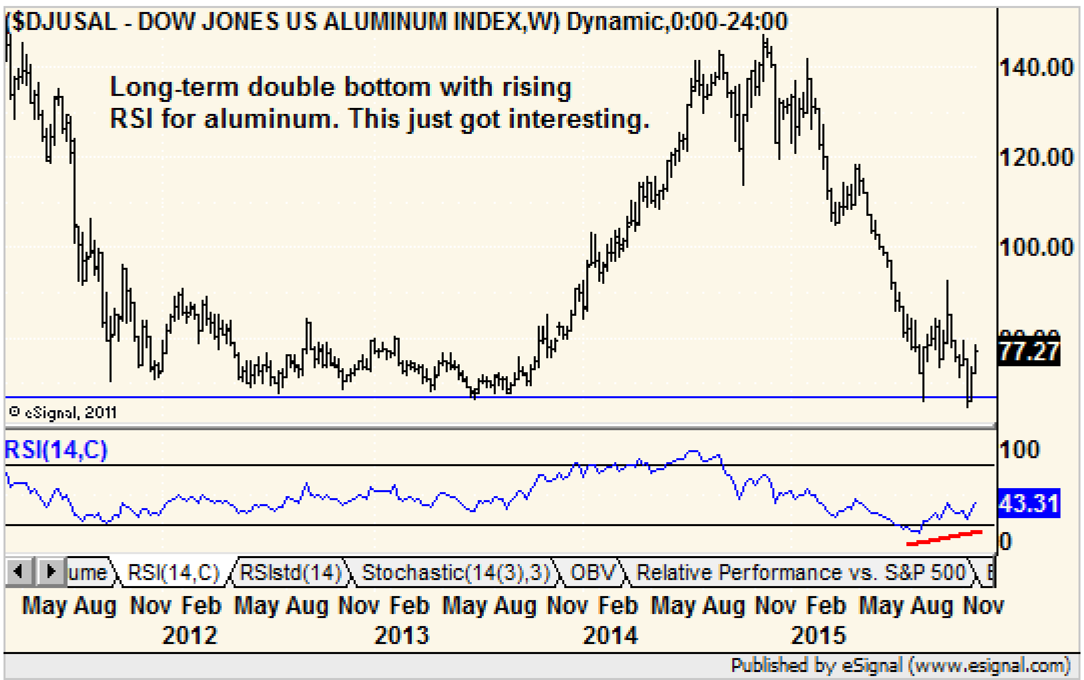
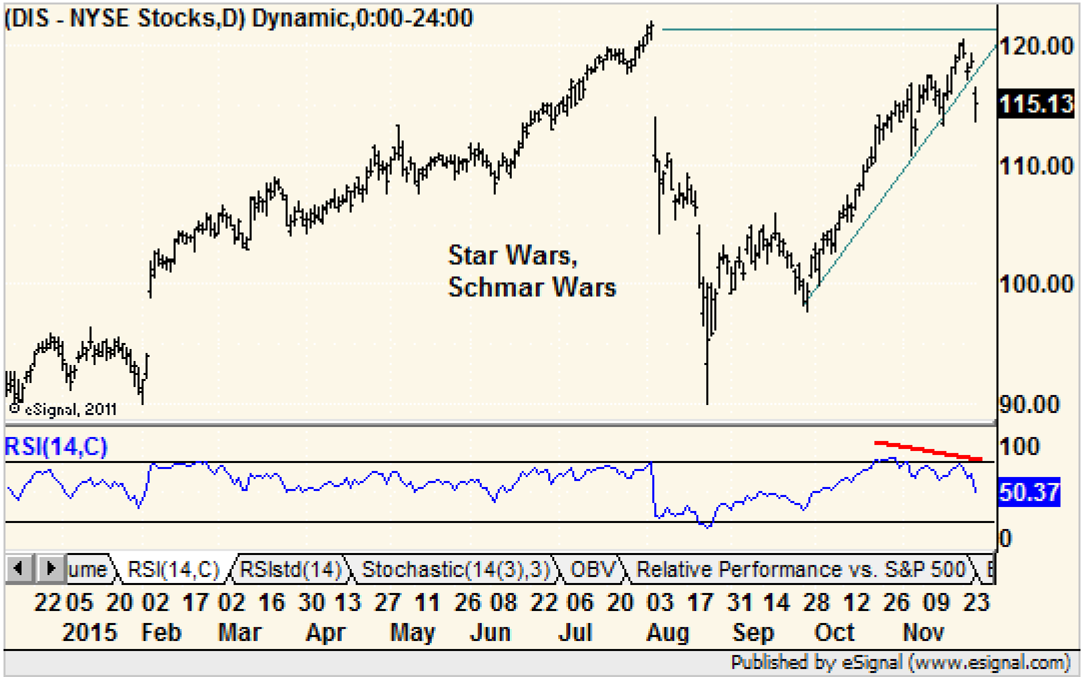

($DJUSFD - DOW JONES US FOOD RETAILERS & WHOLESALERS INDEX,D) Dynamic,0:00-24:00
Possible breakout in food retailers.
Check out SYY.
© eSignal, 2011
OBV
325.79
320.00
300.00
280.00
88M
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
Relative Performance vs. S&P 500
22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
Published by eSignal (www.esignal.com)

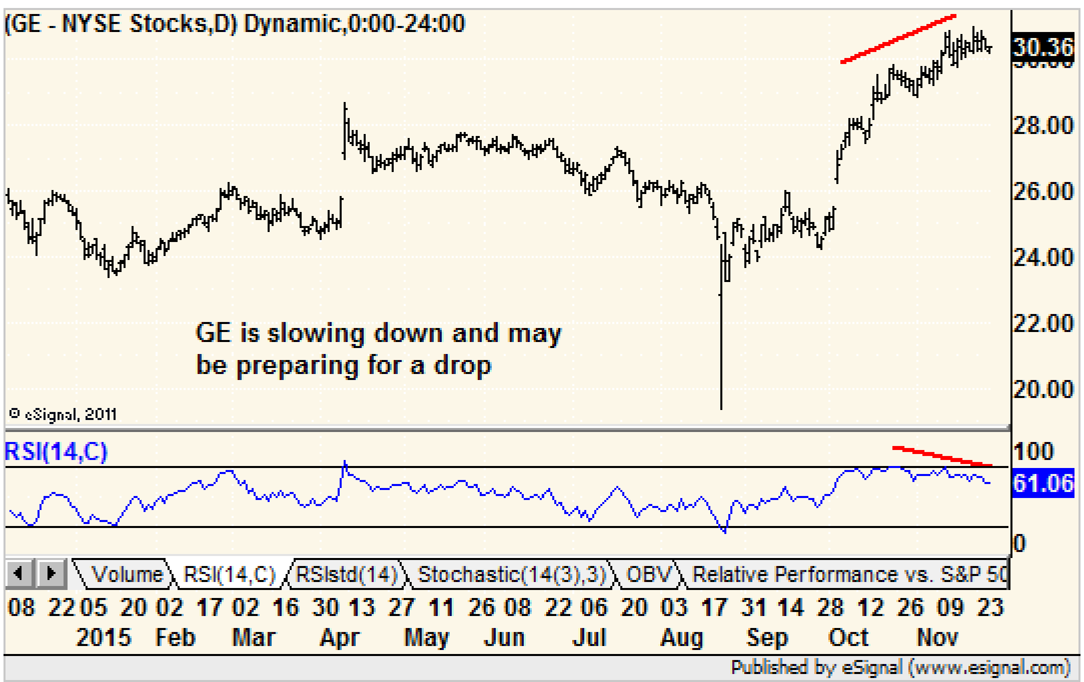


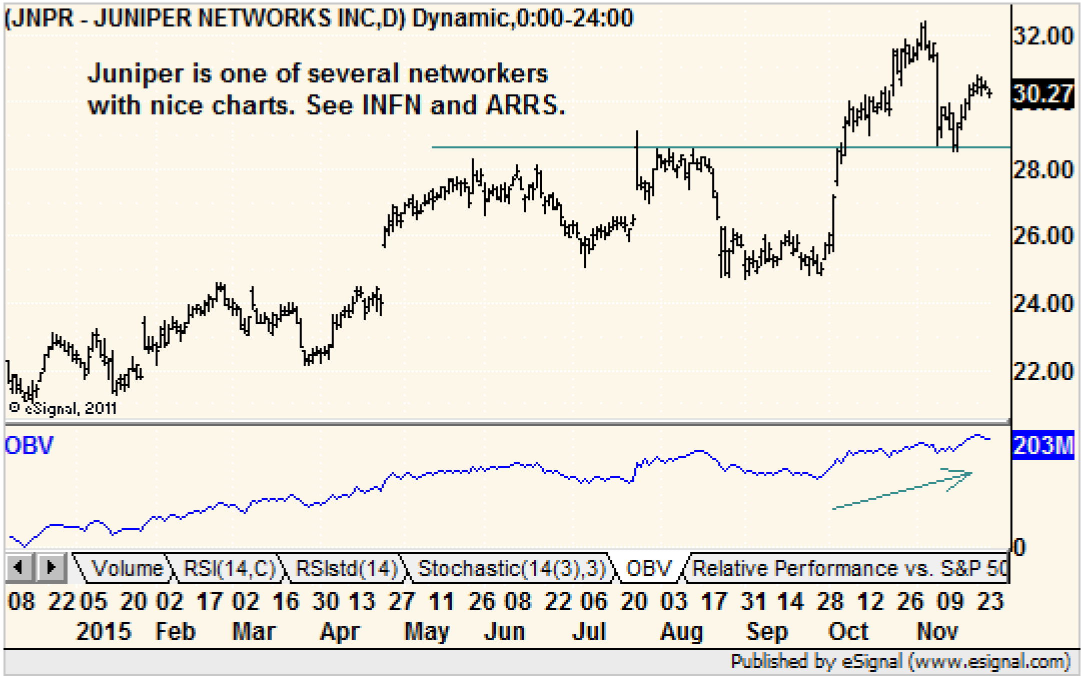


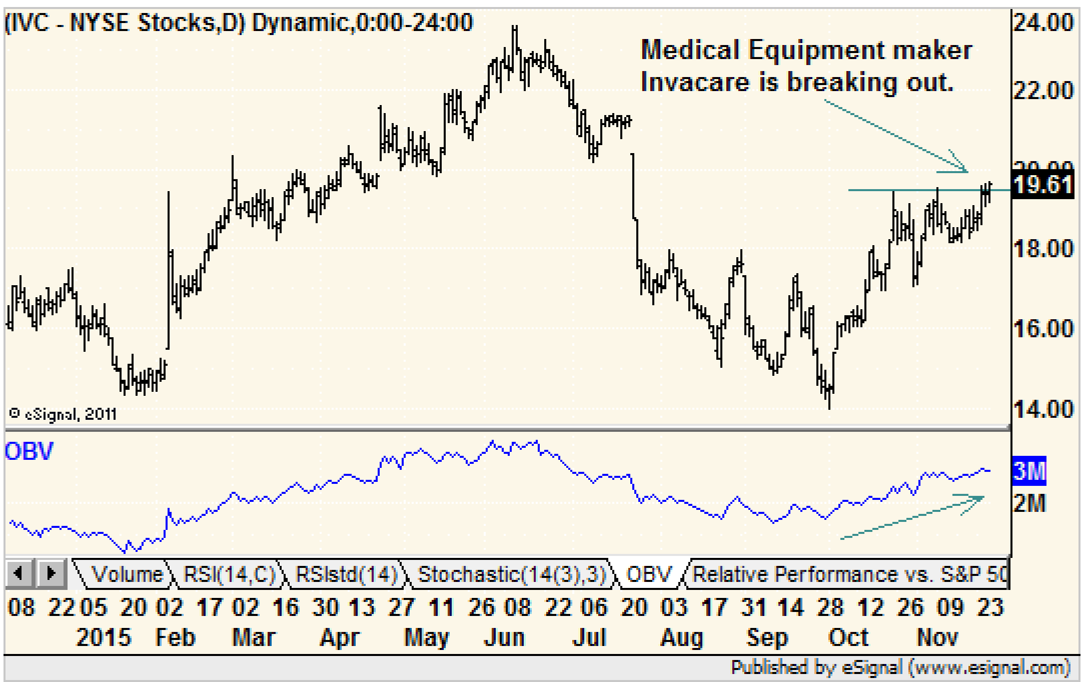
The Aluminum group chart bucks the weak commodities theme.

Stocks in the News






(JNPR - JUNIPER NETWORKS INC,D) Dynamic,0:00-24:00
Juniper is one of several networkers
with nice charts. See INFN and ARRS.
32.00
30.27
28.00
26.00
24.00
22.00
© eSignal, 2011
OBV
203M
0
Volume
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
Relative Performance vs. S&P 50
08 22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
Published by eSignal (www.esignal.com)


(IVC - NYSE Stocks,D) Dynamic,0:00-24:00
Medical Equipment maker
Invacare is breaking out.
24.00
22.00
19.61
18.00
16.00
14.00
© eSignal, 2011
OBV
3M
2M
Volume
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
Relative Performance vs. S&P 50
08 22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
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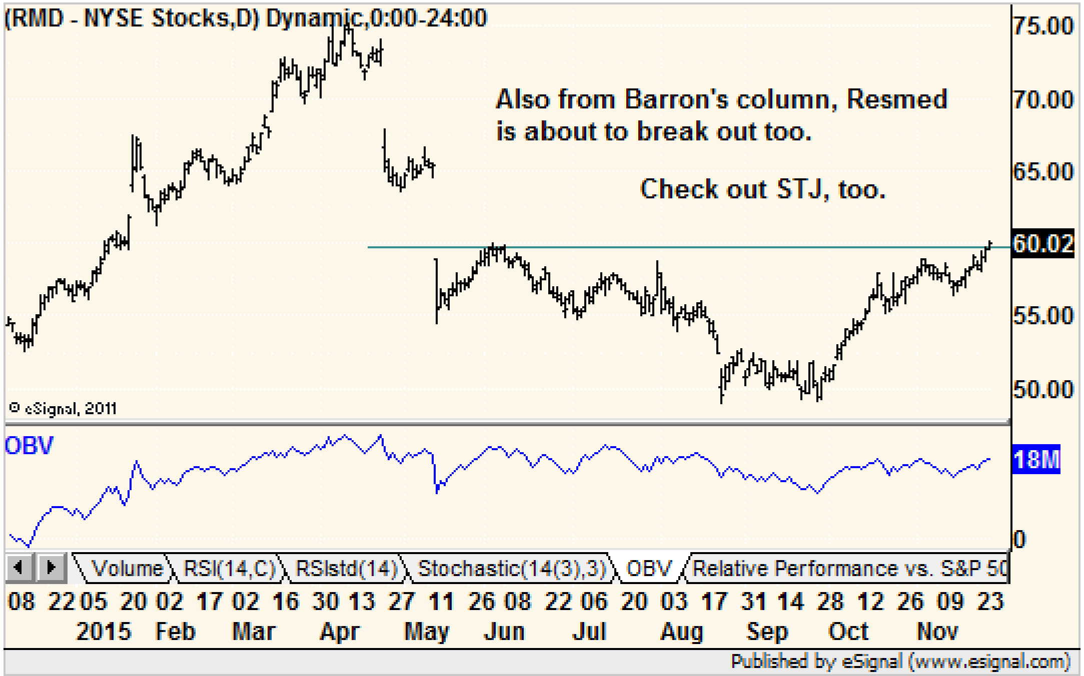
(RMD - NYSE Stocks,D) Dynamic,0:00-24:00
Also from Barron's column, Resmed
is about to break out too.
Check out STJ, too.
75.00
70.00
65.00
60.02
55.00
50.00
© eSignal, 2011
OBV
18M
0
Volume
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
Relative Performance vs. S&P 50
08 22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov
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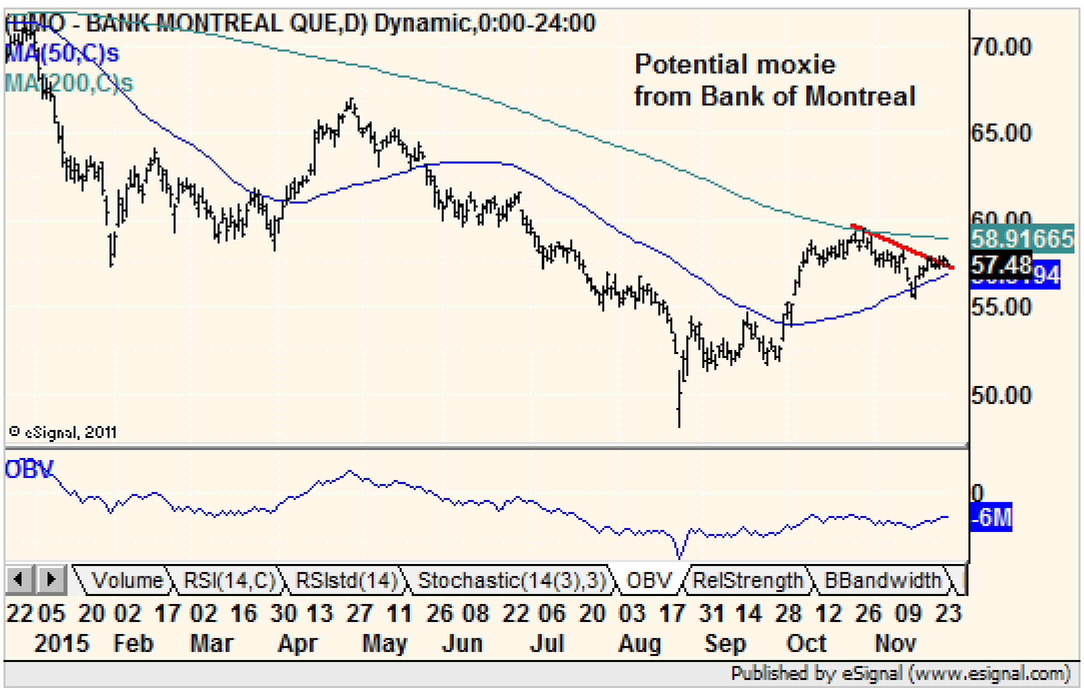
(BMO - BANK MONTREAL QUE,D) Dynamic,0:00-24:00
MA(50,C)s
MA(200,C)s
Potential moxie
from Bank of Montreal
70.00
65.00
60.00
58.91665
57.48
55.00
50.00
© eSignal, 2011
OBV
0
-6M
Volume
RSI(14,C)
RSIstd(14)
Stochastic(14(3),3)
OBV
RelStrength
BBandwidth
22 05 20 02 17 02 16 30 13 27 11 26 08 22 06 20 03 17 31 14 28 12 26 09 23
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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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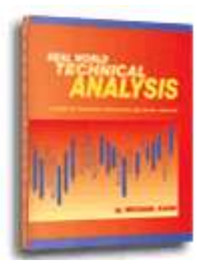

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http://www.talkmarkets.com/contributor/mnkahn