

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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January 8, 2015 – The snap-back began and seems to be continuing this morning in the premarket. Another one of those famous “V” bottoms? Well, that is not exactly the correct term but it gets the idea across. A panicky sell-off ended and all that was left was demand for domestic stocks.

There is still demand for bonds as treasuries lost very little. The dollar soared yet again to confirm that bond demand and municipal bonds are also starting to rally out of a trading range.

What else is in demand? Dividends. REITS and utilities are the usual suspects but tobacco and many other sectors offer huge yields. We just have to get the sectors that are also in decent technical shape and that will be our focus for the next few days. Sectors with dividends that are at least not bearish looking.

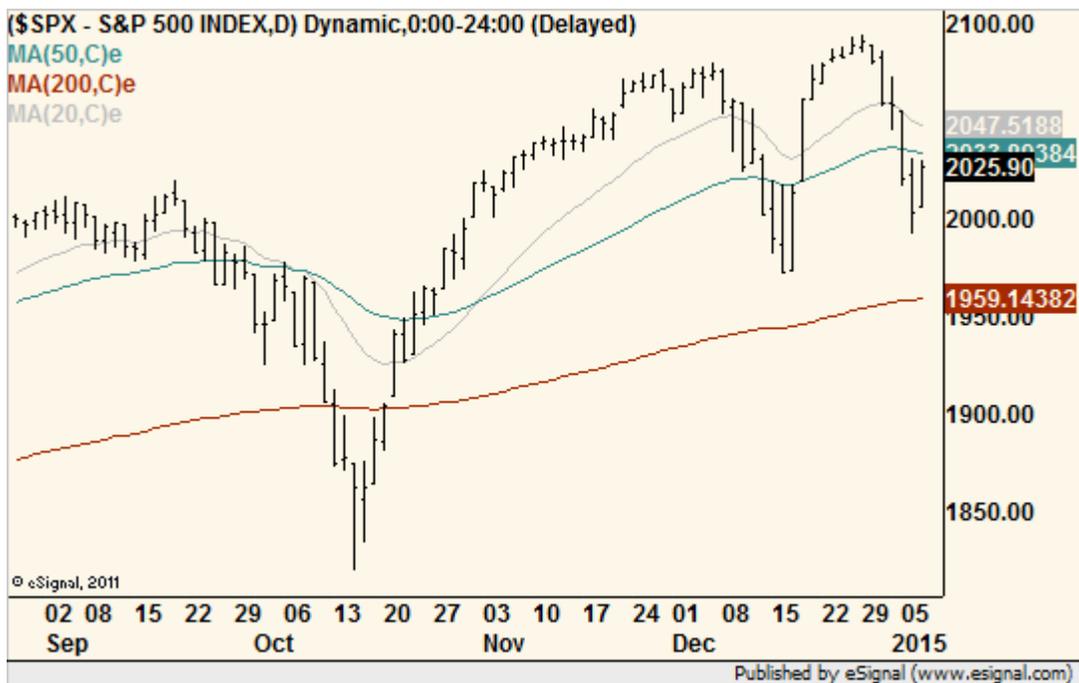
Don't forget the Dogs of the Dow – the 10 (or five) highest yielding Dow Industrials stocks. The problem is that most of them are in decline. **MCD** may be recovering. **MRK** is hot this week. **PFE** seems to be poised to gain and it has a 3.5% div yield.

We'll always keep an eye open for big energy stocks and wait for them to break their down trend lines.

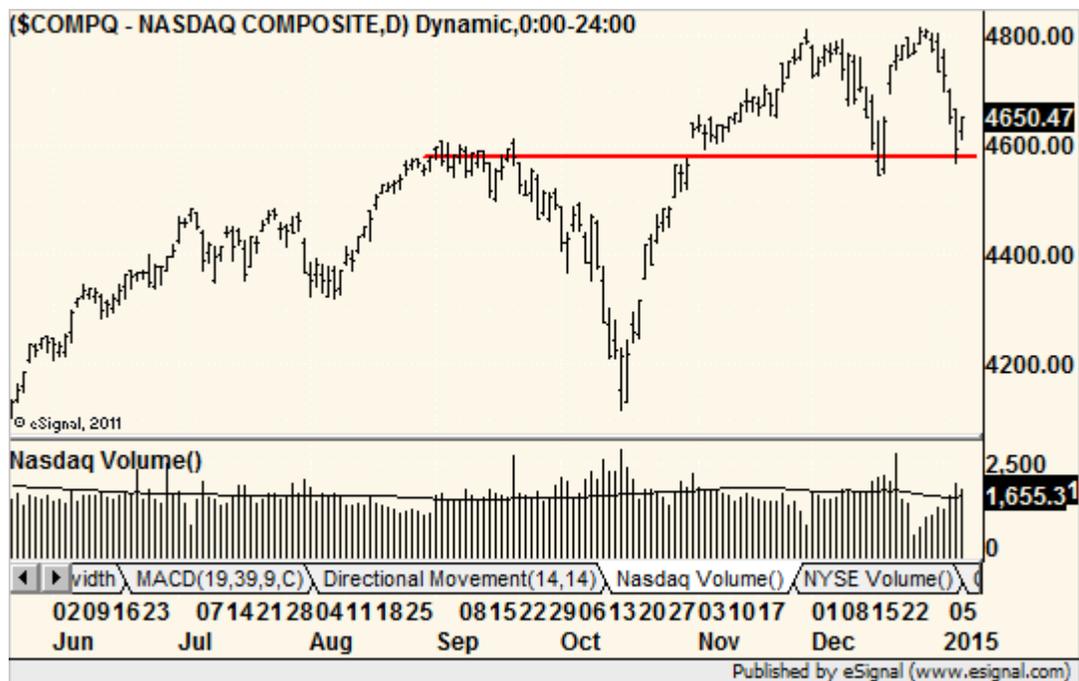
Not much to glean from the hourly chart today so we'll skip it. Oil is getting some press this morning but the chart is still the same. Gold stocks are a bit better and I wrote a piece for a website about the junior gold miners ETF yesterday. That chart is below.

We added a few longs at the open yesterday and so far, so good. Don't worry, we have not had any kool-aid as Europe is still in turmoil and bonds remain strong.

Index Charts of the Day



This chart shows the major exponential averages and prices are below two of them. That tells us the major trend is intact but the minor trends are still jumbled. A move over the 50-day expo would, of course, be a good thing. You can see how a dip below the 200-day expo and Dec low would be bad.



Nasdaq support was not perfect but it held. Now it needs upside follow through. Floundering now would be a bad sign.

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		
JDS Uniphase JDSU - Networker with possible breakout. Watching just a little while longer. Small dip Monday so we are going to take a bite. Remember, networkers are one of the better sectors.	Triggered	12/18
Manitowac MTW - 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. Pullback may now be complete so we are going to buy now.	Triggered	12/29
Northrup Grumman NOC – This defense stock was in the green yesterday showing good relative strength. We’ve vchanged out minds on this sector and now like it on the rebound.	Triggered	1/7
Intel INTC – Now at support from summer highs and December low. A good place to play a short-term bounce with low risk. Low risk if wrong, not of being wrong as the stop is very close.	Triggered	1/6
Junior Gold Miners ETF GDXJ – With three closes over the 50-day average, this looks compelling. It has a speed bump at the Nov high but through there is completes a double bottom with an eye on a reversion to the mean at the 200-day average. That is also near a 50% retrace of the second half decline. We are going to take a nibble as it is holding in the face of a rising dollar.	New	1/8
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
3D Systems DDD - Time to watch 3-D printing stocks again with big RSI divergence. XONE too.	Removed	12/29
Facebook FB – Money still pouring in here.		1/6
Twitter TWTR – Bullish RSI divergence. On-balance volume flattened out already. Nice up-day Tuesday we wish we bought.		1/6
Caterpillar CAT – Major support at 80 would be hot.		1/6
Nordic American Tankers NAT – FRO is way too volatile for us but this oil tanker suggests the bottom for oil is close. There is a huge percentage from current trading to resistance but above that level we’ll have a “big base” breakout.		1/7
Lorillard – Tobacco stocks have huge dividend yields although some have precarious charts. This one is one of the better ones so we’ll watch it here.		1/7

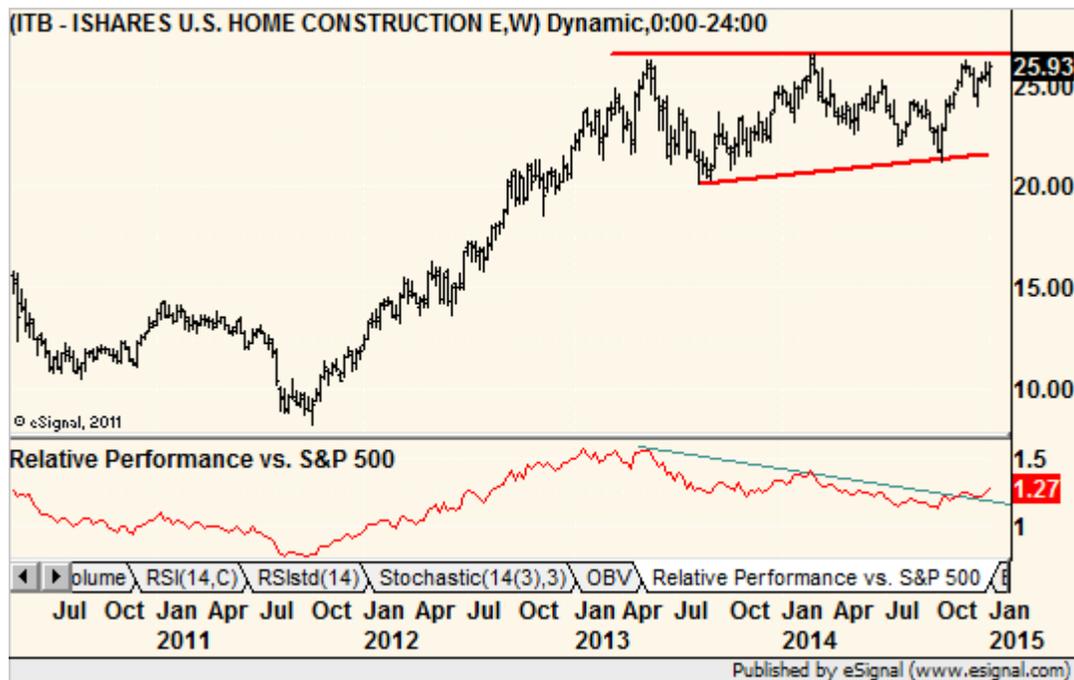
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Sector Watch (observations that may spark ideas)		
Aerospace/Defense Sector index DFX, DFI – We are changing our tune on this sector as it continued to outperform. The breakdown was negated so we are going to buy NOC – chart below.		12/15
Networking Index NWX - A breakout and test. Looking good.		12/18
Silver miners SIL - still watching possible double bottom. Breakout!		12/19
Gaming – Basically now or never. <u>Rallied enough Wednesdays to keep us interested</u>		12/22
Utilities ETF XLU – Consider buying the dip to the 50-day average. Nioce rising on-balance volume.		1/5
Real Estate ETF IYR – New high		1/5
Tobacco index –good support coming up for this defensive sector. Big dividends to be had, too. Keeping an eye on it.		1/5
Homebuilders ETF ITB – One day after a headline that falling oil can hurt housing we see this weekly chart. Bullish pattern on the breakout. Is that a small breakout in relative performance?	New	1/8
Updates		
none -		

Market Highlights



Junior Gold Miners ETF – With three closes over the 50-day average, this looks compelling. It has a speed bump at the Nov high but through there is completes a double bottom with an eye on a reversion to the mean at the 200-day average. That is also near a 50% retrace of the second half decline. We are going to take a nibble as it is holding in the face of a rising dollar.



Homebuilders ETF – One day after a headline that falling oil can hurt housing we see this weekly chart. Bullish pattern on the breakout. Is that a small breakout in relative performance?

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. 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>	CIEN	CIENA CORP	19.04	0.5%	19.00	18.94	11/21	47
	COH	COACH INC	37.42	-0.9%	35.75	37.75	12/29	9
	JDSU	JDS UNIPHASE CORP	13.56	0.7%	12.75	13.46	1/7	0
	MTW	MANITOWOC INC	19.83	-0.9%	18.60	20.00	1/7	0
	NOC	NORTHROP GRUMMAN CORP	148.72	2.5%	140.00	145.05	1/7	0
	INTC	INTEL CORP	36.02	1.1%	34.50	35.64	1/7	0

Notes: New longs in **JDSU, MTW, NOC, INTC** – all to ride the presumed rebound.

Here's the skinny on the closed short trade at the open yesterday:

	<u>Closed at</u>	<u>P/L</u>	<u>Days</u>
TIVO	11.16	15.6%	58

Subscriber Corner

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No charge! Free!

Other Information

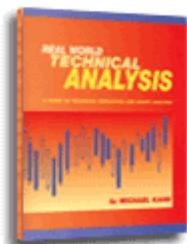
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently on financial television including PBS' Nightly Business Report.



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