

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**January 29, 2015** – The market did not like the fed and it went from jittery and flat to down in a hurry yesterday. What happened to Apple saving the market with its blowout earnings? If that failed then something is really wrong here.

Here is a summary from the news:

The Fed gave no sign that it is wavering on hiking interest rates sometime in the second half of 2015. The U.S. central bank was upbeat about the economy, while the policy makers repeated that they think inflation will move back to the 2% target after being pushed down by temporary factors.

The statement was taken as hawkish and sent the dollar and Treasuries sharply higher, as investors sought the safety of havens.

In other words, higher interest rates are coming later this year folks (we expected the B-word here).

In other news, Greek stocks seriously tumbled and who really expected anything else after their elections? Saudi stocks ended a two-day 5% rally to actually break out to the upside. The drop in oil yesterday on supply issues is not deterring this market at all and we continue to see a rebound. Again, we have to wait for the tactical turn to occur before risking any money. It is interesting that Argentina and Mexico – both oil producers with similar charts. Mexico is below as there is an ETF we can use to track it.



As we can see in the hourly chart, there is room to go to support and the past hours left another bear flag.

What bothers us about this decline is that there were 350 new 52-week highs on the NYSE yesterday and bond funds only explain part of it. Although far from a Hindenburg signal something is not quite right about the stock market right now.

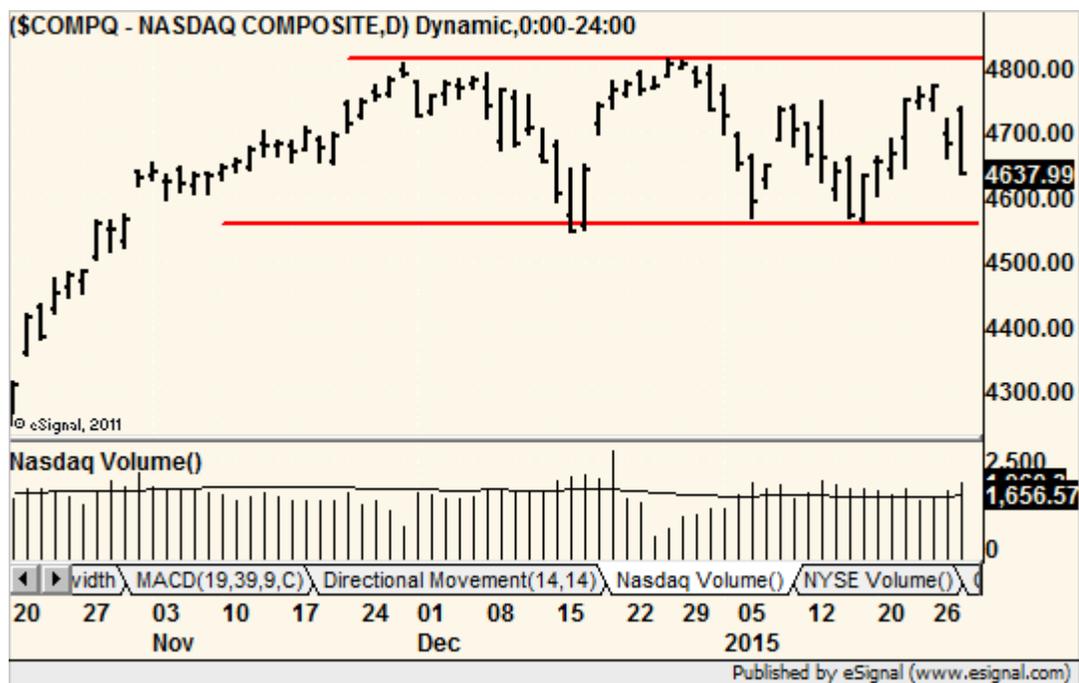
## Index Charts of the Day



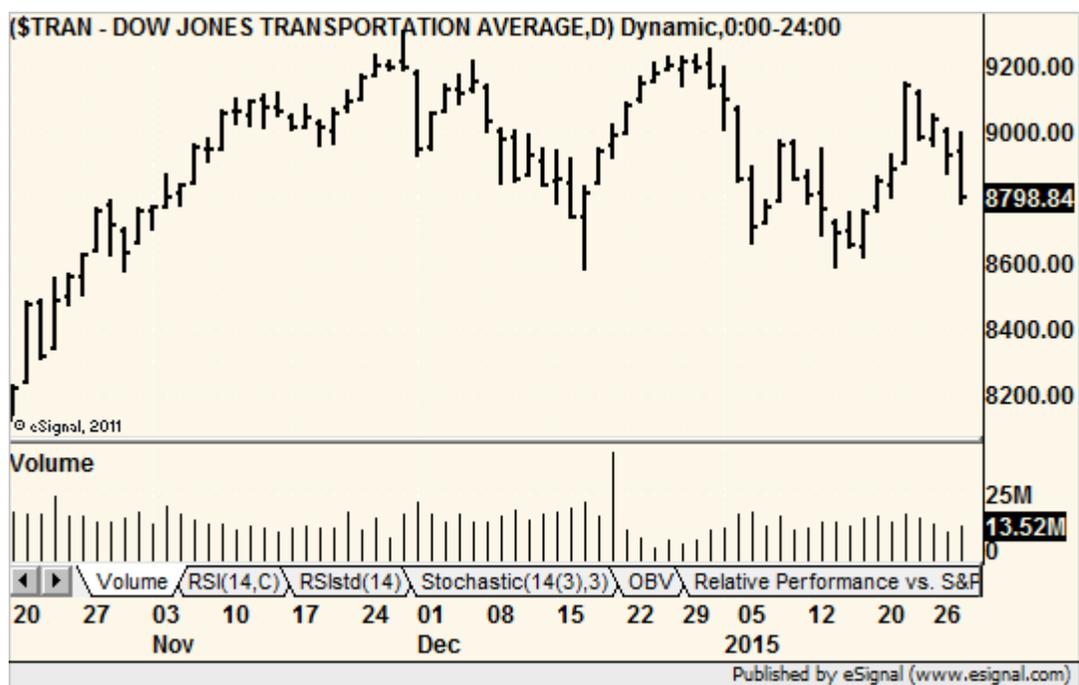
Dow breakdown although a lower below December might be a better signal.



Not quite a break for the S&P 500.



Big start but really poor finish for the Nasdaq on bigger volume. Looks to be heading to support.



Oil fell to a fresh new low yet the transports were pummeled. Something is really not right with the economy and the market.

## 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>Alibaba BABA</b> – Pausing at November trendline. Nice little range in progress. Buy close above it over 105. <u>Boom! Monster breakdown. No harm done.</u>	<b>Removed</b>	1/27
<b>Paychex PAYX</b> – Broke out Friday from two-month range that tested 50-day average. Now pausing. Buy new high with close over 48.50. <u>Setup killed</u>	<b>Removed</b>	1/27
<b>Bearish Implications</b>		
<b>Monsanto MON</b> – This is a lesson in the subtleties of stochastics. When “overbought” occurs at middle levels of the indicator we know the stock is weakening within its range. Sell close under 116.25		1/21
<b>Unknown Implications</b>		
<b>none -</b>		
<b>Holding Tank - red shade leans bearish, green shade leans bullish</b>		
<b>Valero Energy VLO</b> – Huge one-week rally actually scored the breakout but we cannot chase it. Way overbought short-term. Still waiting.		1/9
<b>Tesla TSLA</b> – Bullish RSI divergence still in place but as long as oil falls this won't move higher.	<b>Changed</b>	1/22
<b>Continental Resources CLR</b> – Base breakout? Could be premature but it does look encouraging. This is an oil and gas explorer/producer. We'd prefer a little pause first.		1/22
<b>Mexico ETF EWW</b> – Saudi Arabia broke out from a similar pattern this week. Mexico is now paused at its 50-day average, which in this case we can use as a trendline proxy. Obviously, it had a bad day yesterday so keep all powder dry.	<b>New</b>	1/29
<b>Mondelez MDLZ</b> – Kraft spinoff and Oreo cookie maker now sitting on critical support. Worth a short as we can argue it broke down yesterday. We'll wait a day for a small bounce.	<b>New</b>	1/29
<b>Green Mountain Keurig GMCR</b> – My personal favorite coffee company but not favorite stock is also sitting on critical support. Also waiting a day for a small bounce before selling	<b>New</b>	1/29
<b>Sector Watch (observations that may spark ideas)</b>		
<b>Utilities ETF XLU</b> – Still in rally mode. Be alert – RSI divergence.		1/5
<b>Real Estate ETF IYR</b> – Still in rally mode		1/5
<b>Tobacco index</b> – Much improved. <b>TOB</b> index just broke out.		1/5
<b>Banks</b> –Breakdown. Monster rally Thursday to test the break bur the trend is still to the downside.		1/12
<b>Healthcare ETF XLV</b> – Now holding in a range but on-balance volume is falling.		1/15
<b>Updates</b>		
<b>Merck MRK</b> – Breakdown from tight triangle		
<b>JPMorgan Chase JPM</b> – bear flag breakdown but big support is close		

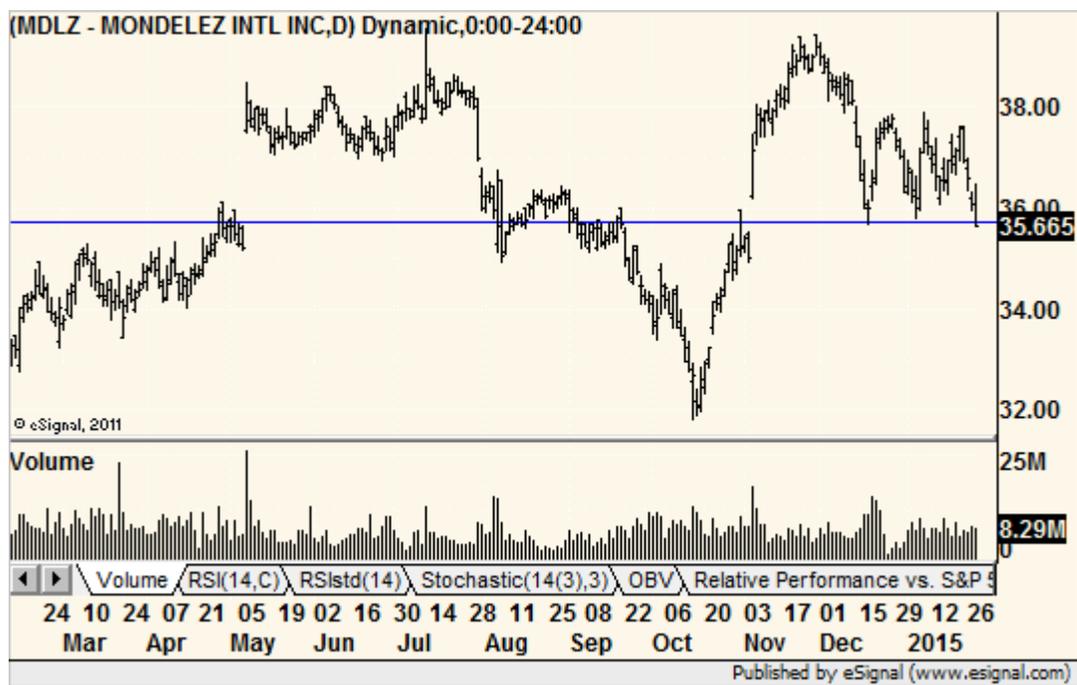
## Market Highlights



**Mexico ETF** – Saudi Arabia broke out from a similar pattern this week. Mexico is now paused at its 50-day average, which in this case we can use as a trendline proxy. Obviously, it had a bad day yesterday so keep all powder dry.



**Berkshire Hathaway B** – This is why the Financials ETF (XLF) broke down yesterday. The banks were weak, credit cards were weak but this is 9% of the ETF on its own.



**Mondelez** – Kraft spinoff and Oreo cookie maker now sitting on critical support. Worth a short as we can argue it broke down yesterday. We’ll wait a day for a small bounce.



**Green Mountain Keurig** – My personal favorite coffee company but not favorite stock is also sitting on critical support. Also waiting a day for a small bounce before selling

## 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>	<b>NOC</b>	NORTHROP GRUMMAN CORP	152.16	4.9%	150.00	145.05	1/7	21
	<b>LO</b>	LORILLARD INC	65.87	2.2%	63.00	64.46	1/13	15
	<b>HAL</b>	HALLIBURTON CO	40.00	-2.0%		40.82	1/22	6
	<b>CAT</b>	CATERPILLAR INC DEL	80.01	0.3%	78.00	79.74	1/27	1
<u>Short</u>	<b>HIG</b>	HARTFORD FINL SVCS GROUP INC	39.28	1.3%	41.50	39.79	1/14	14
	<b>MCO</b>	MOODYS CORP	90.62	2.3%	96.00	92.67	1/15	13
	<b>V</b>	VISA INC	246.36	1.9%	260.00	250.99	1/27	1

**Notes:** Obviously, we were early with the tactical buys in the energy sector but the damage on the **HAL** trade was small.

Nice move lower in **MCO** short.

We still believe in the **themes** of long rebounding major stocks and industrials and short financials

## Subscriber Corner

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

## 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