

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**January 30, 2015** – It is finally the end of the month and the January barometer is not looking very healthy. They say a goes January so goes the year. In that case, 2015 is supposed to be weak but then again January 2014 was actually a worse month and last year ended up pretty well.

All of these “rules of thumb” are just not working anymore. Sell in May? Not in 2014. Santa rally? December was volatile but flat. Presidential cycle? Not in the age of QE. Don’t expect this to be an up-year just because it ends in a “5” (decennial cycle).

The stock market rallied early Thursday from an oversold position sparked by **MCD** (CEO gets the boot) and **BA** (earnings). Hmmmm, wasn’t **AAPL** supposed to save the day? The market was soft after Apple’s earnings and Facebook did not do much either. But then oil caught a bid and stocks accelerated in the afternoon.

After the bell, Amazon crushed it and soared. That did not help the markets either.



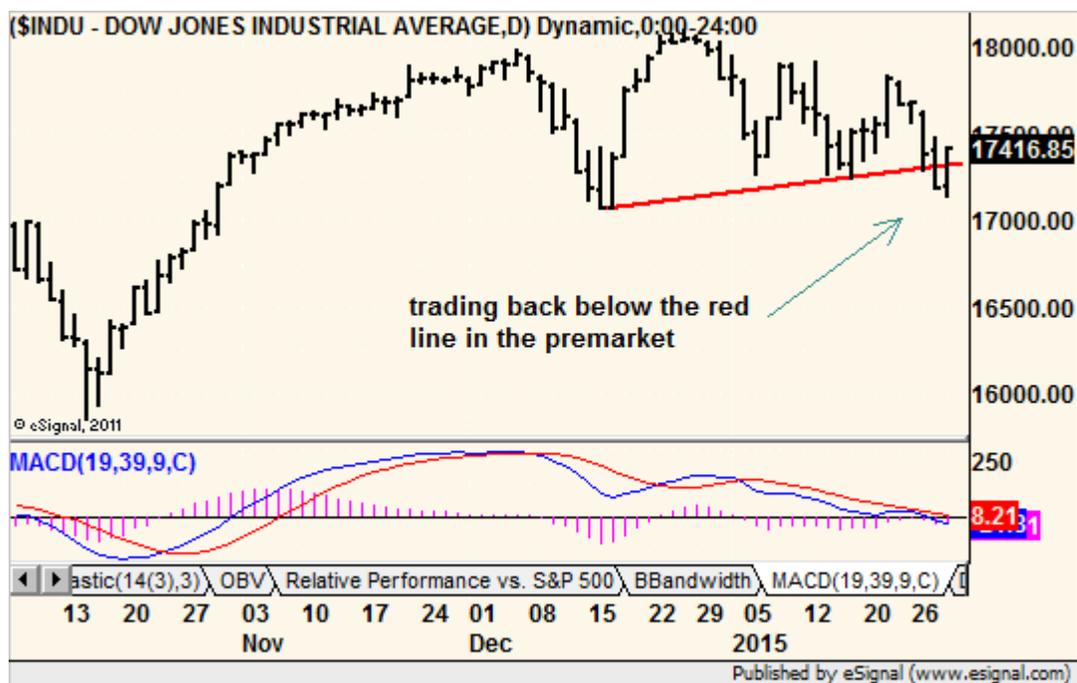
This morning is weak and a good chunk has already been surrendered. We still believe the short-term trend is down and the S&P 500 is on its way down close to 1900. Check out the daily chart below to see that a 100 point drop is the same as the size of the Dec-Jan triangle pattern so it is really not that big.

Homebuilders were hot yesterday so we still may be vindicated. Industrials were among the leaders and financials among the losers, also our view for the past few days. Copper and steel continued to new lows, which is odd when homebuilders are strong.

Check out this headline today: “Markets brace for Big Oil profit plunge.”

We ask, “Who does not already know the numbers will be bad?” We can only get an upside surprise here but we can also see the initial panic when the rumor becomes fact. That could be the signal that the actual bottom has been reached and trucks should be backed up.

## Index Charts of the Day



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



It sure looked to be a nice reversal at support but not so much this morning. A new low here would be quite bearish.

## 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>none -</b>		
<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>Cisco CSCO</b> – Qualcomm was crushed yesterday and while not exactly the same group, Cisco is similar. It already has a breakdown and is ripe for selling today.	<b>New</b>	1/30
<b>Berkshire Hathaway B BRK.B</b> – Bounced to test its triangle and 50-day average break it is ripe to sell.	<b>New</b>	1/30
<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.		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. <b>A little more.</b>		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. Keep all powder dry.		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 Wednesday. We’ll wait a day for a small bounce.		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		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 <u>but looks to be running out of juice</u>		1/5
<b>Tobacco index –TOB</b> having a bad week but sector still in rising trend	<b>Changed</b>	1/5
<b>Banks</b> –Breakdown.		1/12
<b>Healthcare ETF XLV</b> – Now holding in a range but falling on-balance volume		1/15
<b>Updates</b>		
<b>none –</b>		

## Market Highlights



**Cisco** – Qualcomm was crushed yesterday and while not exactly the same group, Cisco is similar. It already has a breakdown and is ripe for selling today.



**Berkshire Hathaway B** – We saw this one yesterday and now that it bounced to test its break it is ripe to sell.

## 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	157.93	8.9%	152.00	145.05	1/7	22
	<b>LO</b>	LORILLARD INC	66.15	2.6%	64.00	64.46	1/13	16
	<b>CAT</b>	CATERPILLAR INC DEL	80.00	0.3%	78.00	79.74	1/27	2
<u>Short</u>	<b>HIG</b>	HARTFORD FINL SVCS GROUP INC	39.57	0.6%	41.50	39.79	1/14	15
	<b>MCO</b>	MOODYS CORP	92.35	0.3%	96.00	92.67	1/15	14
	<b>V</b>	VISA INC	248.00	1.2%	260.00	250.99	1/27	2

**Notes:** Raised stops in **NOC** and **LO**.

## 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

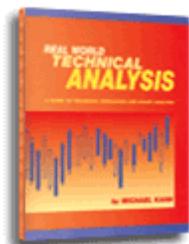
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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