

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**February 2, 2015** – The SuperBowl is over and it does not bode well for the market. Apparently, this 80% accurate indicator wanted the Seahawks – the NFC team – to win. Take that for what it's worth – not much.

While you were sleeping, China sold off and now has a nearly complete double top in place (chart below). Greece is doing a dead-cat bounce but the rest of Europe is mixed as it digests the US afternoon selloff from Friday. Finally, the Saudi market continues higher as crude oil adds more to Friday's super-sized rally. Crude chart below.

Bonds soared Friday as 30-year yields dropped to another century-long low. The interesting thing was that both utilities and real estate both. So did consumer staples, where we can also find some big dividend yields.

This is a total move to safety if not a commentary on deflation. After all, commodities are very weak, even with the stability and possible bottom in oil. Check out the article on what several ETFs are saying about that [on.mktw.net/1yYUJ9H](http://on.mktw.net/1yYUJ9H).

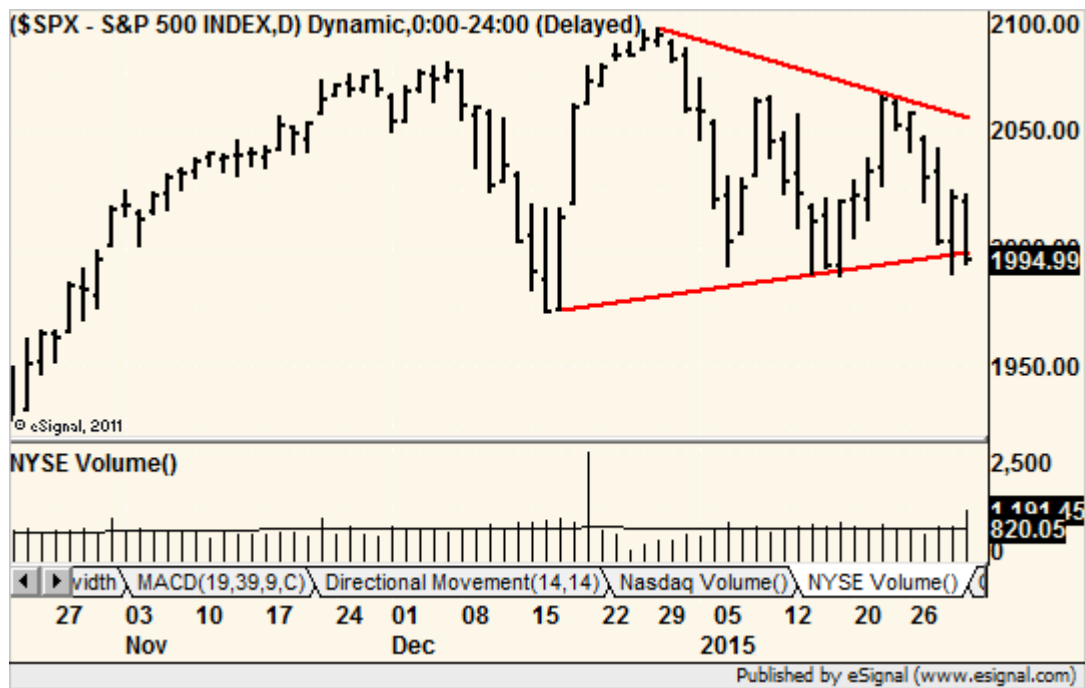
At the same time, Europe QE is here and that has the potential to boost stocks again. Yes, in Europe but liquidity knows no borders. Do not dismiss the idea that stocks here cannot stay at firm, even if they only edge a bit higher. We are not in that camp but it still is possible. Keep reading.

One more argument: breadth is remaining too strong. New highs, even when the non-operative company stocks are removed, are still significant. The NYSE advance-decline made a new high last week, too. The bears can only argue lagging performance by financials and tech.

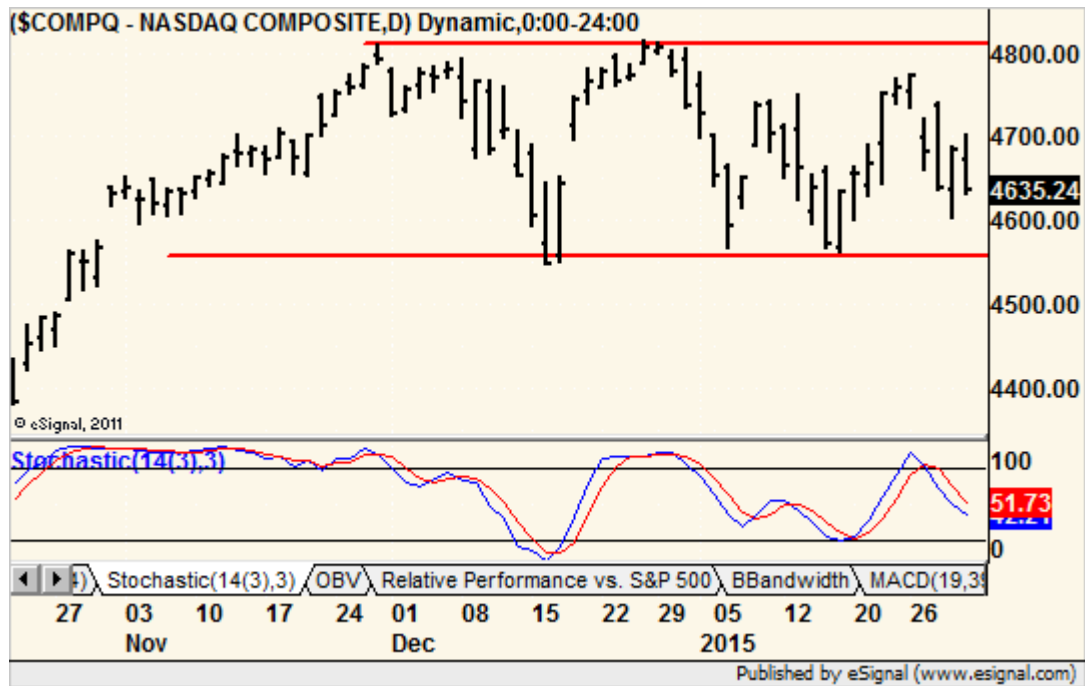


On the hourly chart, the short-term trend is clear (down) within the overall sideways range. The premarket rally after the steep Friday fall seems to be stumbling but don't trade based just on that although our overall (daily) view is still sideways with a downward bias.

## Index Charts of the Day



Big S&P 500 decline on big volume but the triangle is still not really broken.



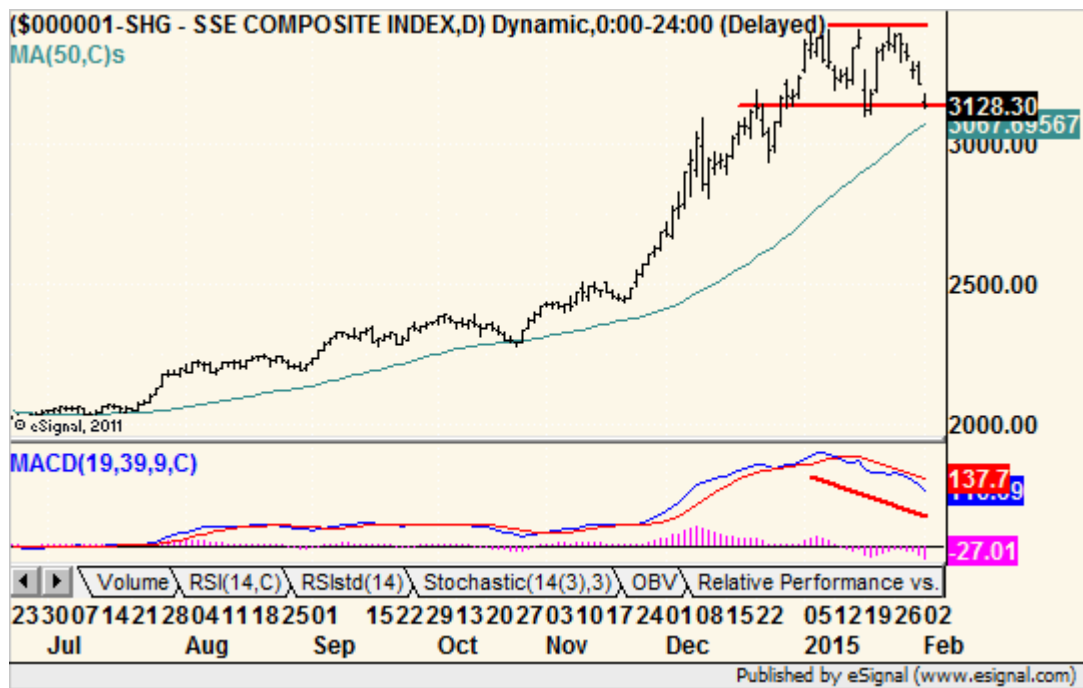
The Nasdaq is still in the middle of its range so bears still have to wait.

## The Radar Screen

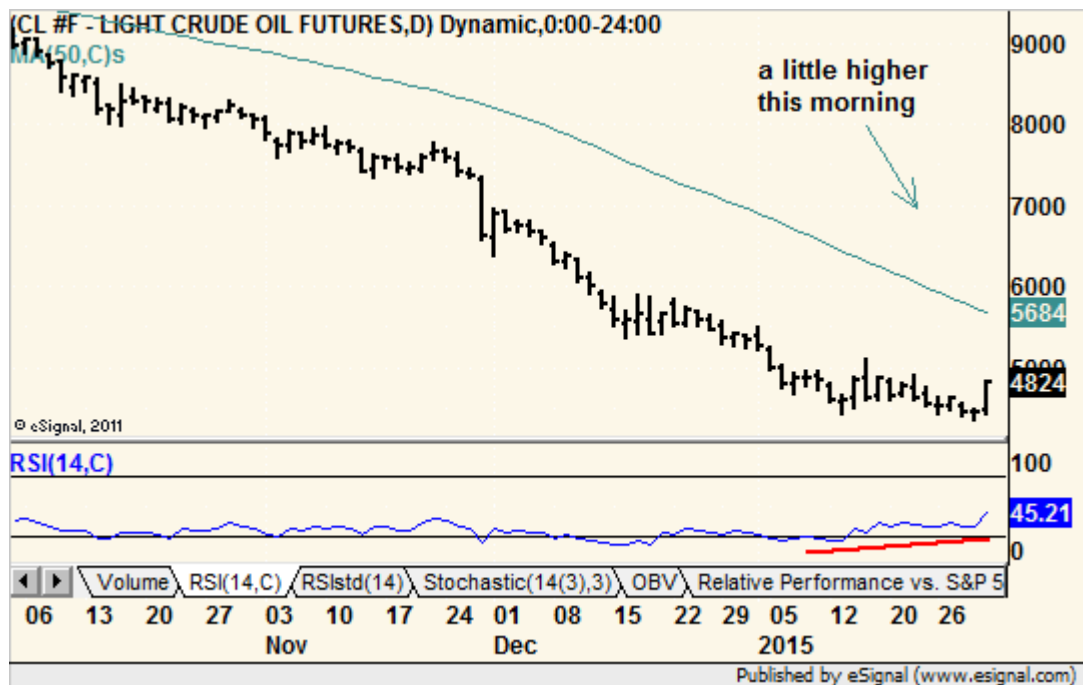
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Total TOT</b> - Another oil stock setup. Is that an inverted head-and-shoulders? Maybe. Big dividend yield. Buy 53.25	<b>New</b>	2/2
<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>Triggered</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>Triggered</b>	1/30
<b>Hilton HLT</b> – Breakout failure for this hotel. Note falling on-balance volume. We’ll sell a bounce to resistance to 26.50.	<b>New</b>	2/2
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Valero Energy VLO</b> – Broke out without us but refinery workers are in strike. Let’s hope for a pullback. Right pick, wrong strategy	<b>Changed</b>	1/9
<b>Tesla TSLA</b> – Too much room to trendline so we’ll move on.	<b>Removed</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. <u>Broke out but up over 6% Friday is too much to chase</u>		1/22
<b>Mexico ETF EWW</b> – <u>Too far from breakout level</u>	<b>Removed</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 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. <b>Waiting for breakdown test</b>		1/29
<b>Marriott MAR</b> – Volume and momentum indicators are flat for this hotel so we wait for the break one way or the other.	<b>New</b>	2/2
<b>Sector Watch</b> (observations that may spark ideas)		
<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> –Down trend		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> –		

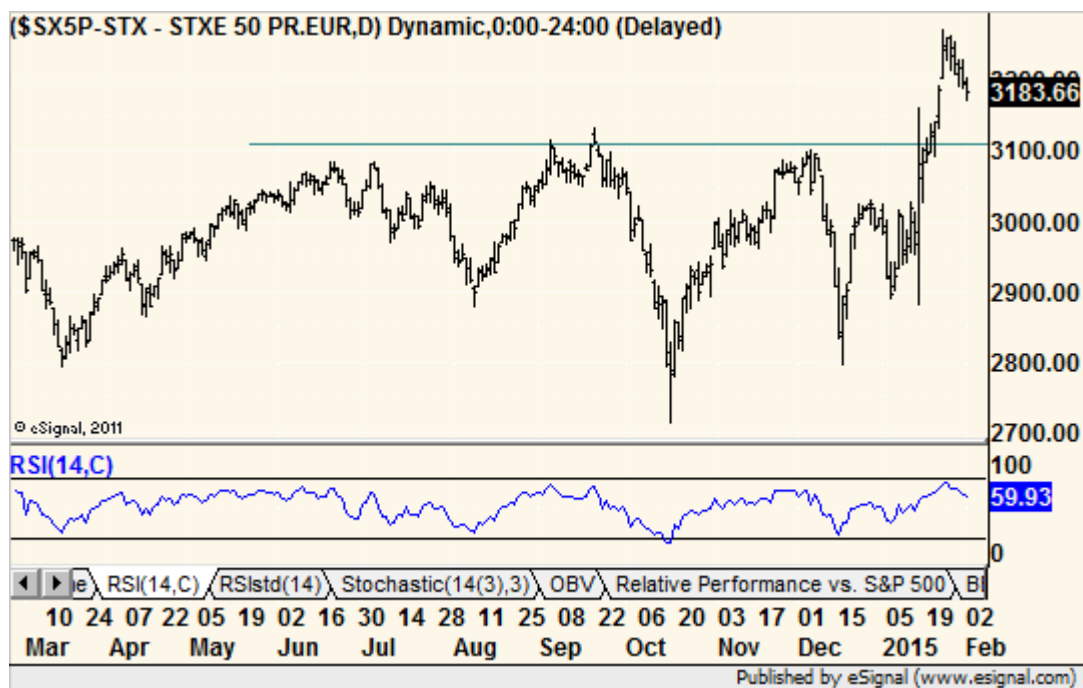
## Market Highlights



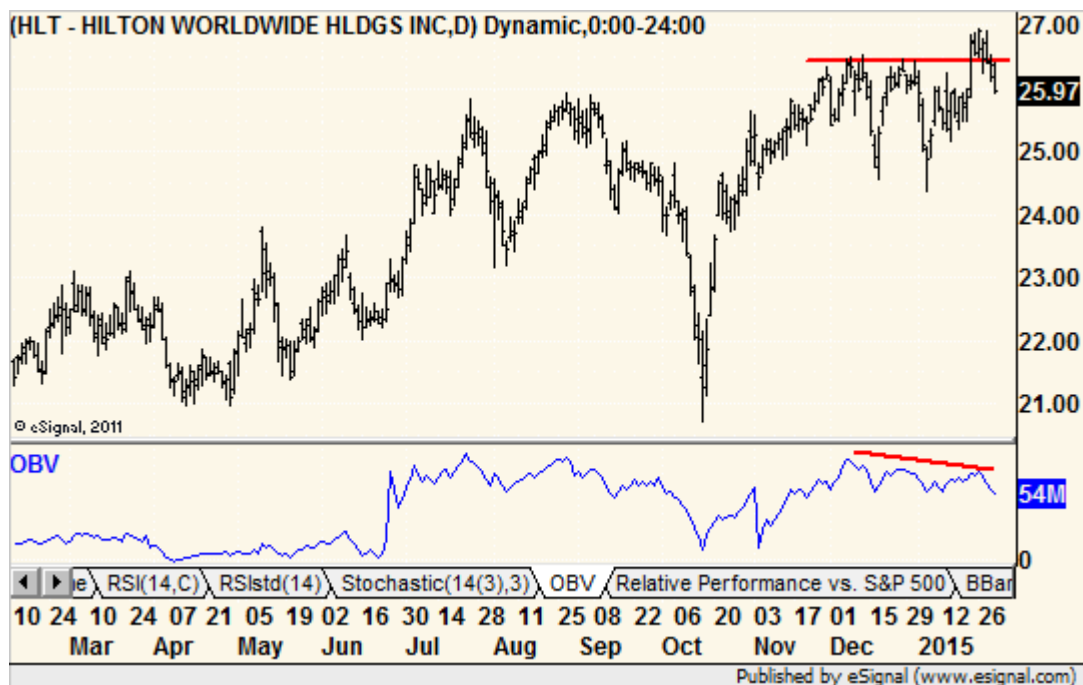
**China** – Chinese Shanghai Composite finishing up on a potential double top with requisite falling momentum. The 50-day average is also coming into view. No selling until the actual breakdown.



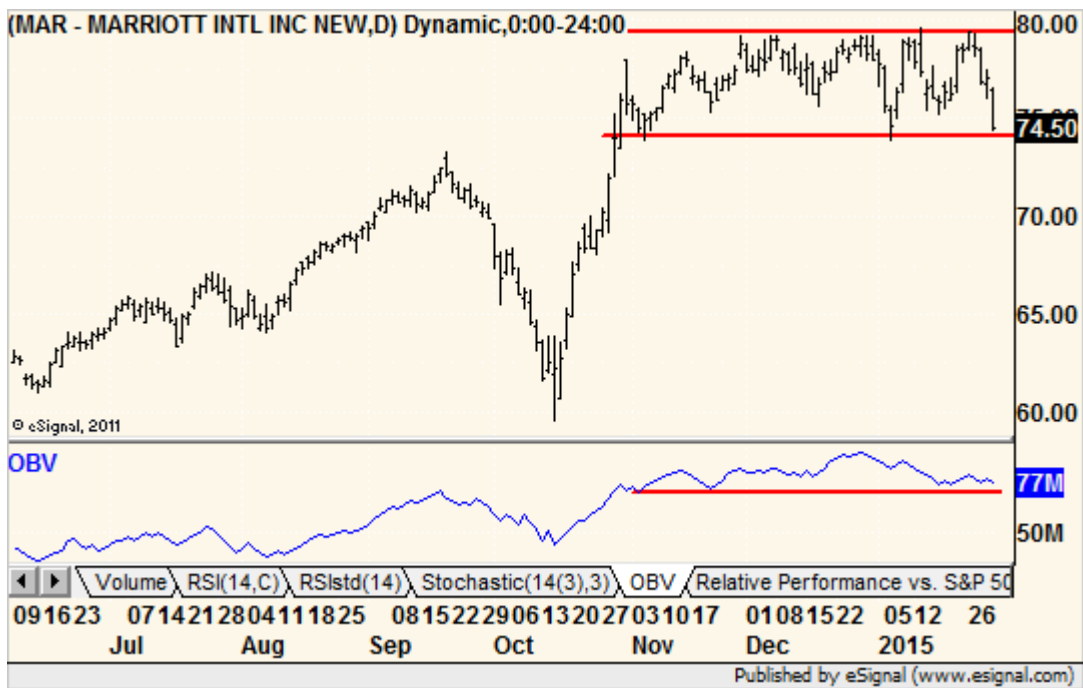
**Crude Oil** – Big pop Friday and a bit more this morning (not shown). Still officially in decline and under the 50-day average but this looks to be a base developing.



**Stoxx 50** – The Pan-Europe blue chip index looks to be in a bull flag following a breakout. Needs more time to develop fully.



**Hilton** – Breakout failure for this hotel. Note falling on-balance volume. We'll sell a bounce to resistance to 26.50. See next chart...



**Marriott** – Volume and momentum indicators are flat for this hotel so we wait for the break one way or the other.



**Total** - Another oil stock setup. Is that an inverted head-and-shoulders? Maybe. Big dividend yield. Buy 53.25

## 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	156.95	8.2%	152.00	145.05	1/7	25
	<b>LO</b>	LORILLARD INC	65.61	1.8%	64.00	64.46	1/13	19
	<b>CAT</b>	CATERPILLAR INC DEL	79.97	0.3%	78.00	79.74	1/27	5
<u>Short</u>	<b>HIG</b>	HARTFORD FINL SVCS GROUP INC	38.90	2.3%	41.00	39.79	1/14	18
	<b>MCO</b>	MOODYS CORP	91.33	1.5%	96.00	92.67	1/15	17
	<b>V</b>	VISA INC	254.91	-1.5%	260.00	250.99	1/27	5
	<b>CSCO</b>	CISCO SYS INC	26.37	2.0%	27.75	26.88	1/30	2
	<b>BRK.B</b>	BERKSHIRE HATHAWAY INC DEL	143.91	1.2%	150.00	145.57	1/30	2

**Notes:** Lowered stop in **HIG** short.

Lawsuit against **MCO** in play.

Two new shorts in **CSCO** and **BRK.B** at the open Friday. We like the volume on the latter – big on down days.

## 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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