

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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March 11, 2015 – What started out as a soft day turned into a serious rout and several technical supports are now broken. Given how rotten breadth was (130 new 52-week lows on the NYSE!) we have to respect this. But on the other hand, this is still a correction in an otherwise intact long-term bullish trend.

Believe it or not, there are still reasons to believe. For starters, the soaring U.S. dollar is indeed taking its toll but if we can dabble into fundamentals we can see it capital flowing here. The differential in 10-year bond yields between here and Germany is at a record. And even that is no match for potential returns in stocks.

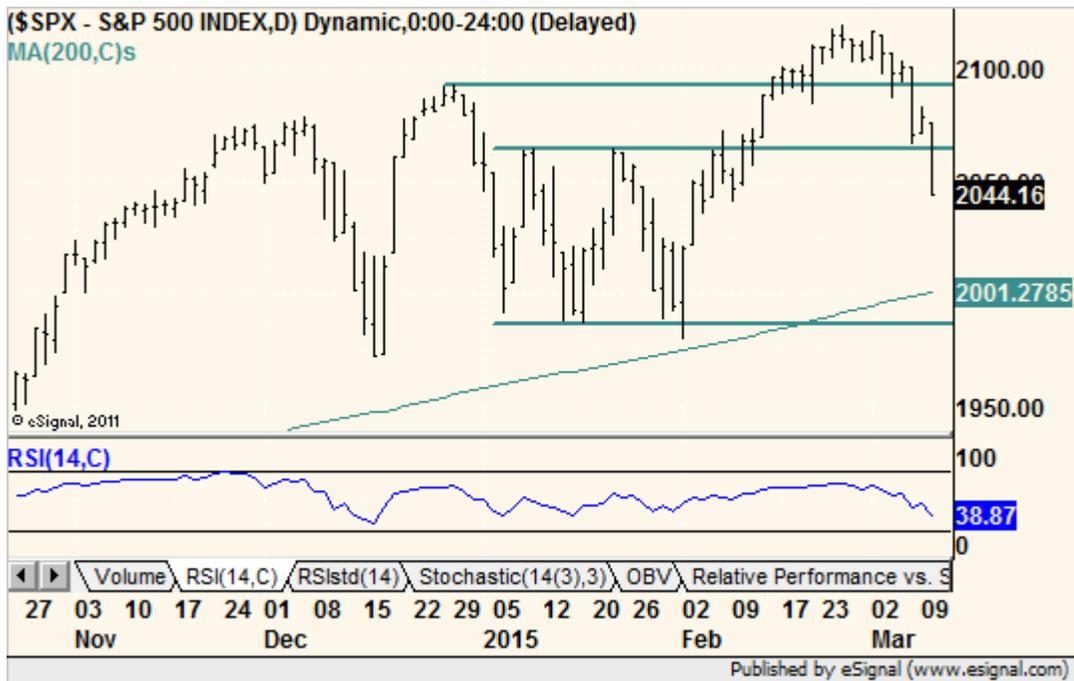
Now that we got that out of our systems, let's quickly get back to charts.



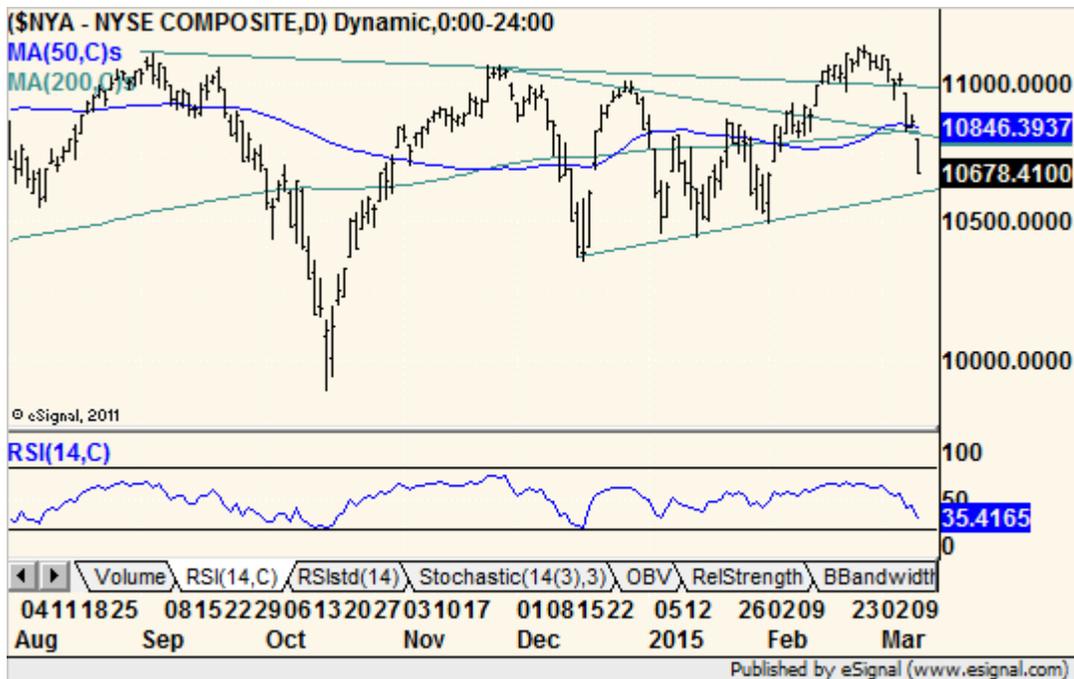
As we can see in the hourly chart, major supports have fallen and quickly. We now see the decline pausing between the 50% and 61.8% Fibonacci retracement of the previous rally. That in no way means a bottom but it is a place to look for other signs. If anything, we can make the oversold argument and look to see if and how much it can bounce.

We've clearly had to rethink things yet we were triggered on one long yesterday as it rallied through the buy point. This is not dead yet although there still is a little room to drift lower.

Index Charts of the Day



No doubt, the bull's back is broken. Volume was heavy yesterday but not so heavy as to be climactic. We can see a bounce to test resistance (former support) but it seems that flat to lower is the path for now. Keep in mind that the index is still above the 200-day average and the long-term trend is still up.



The "average" stock is not faring well and the NYSE composite is back in its old triangle and also below its 200-day average. It has one last support just below and that might be a good place for the bold to nibble.



The Nasdaq is “merely” in a correction and still above its 50-day average. This is relative strength.



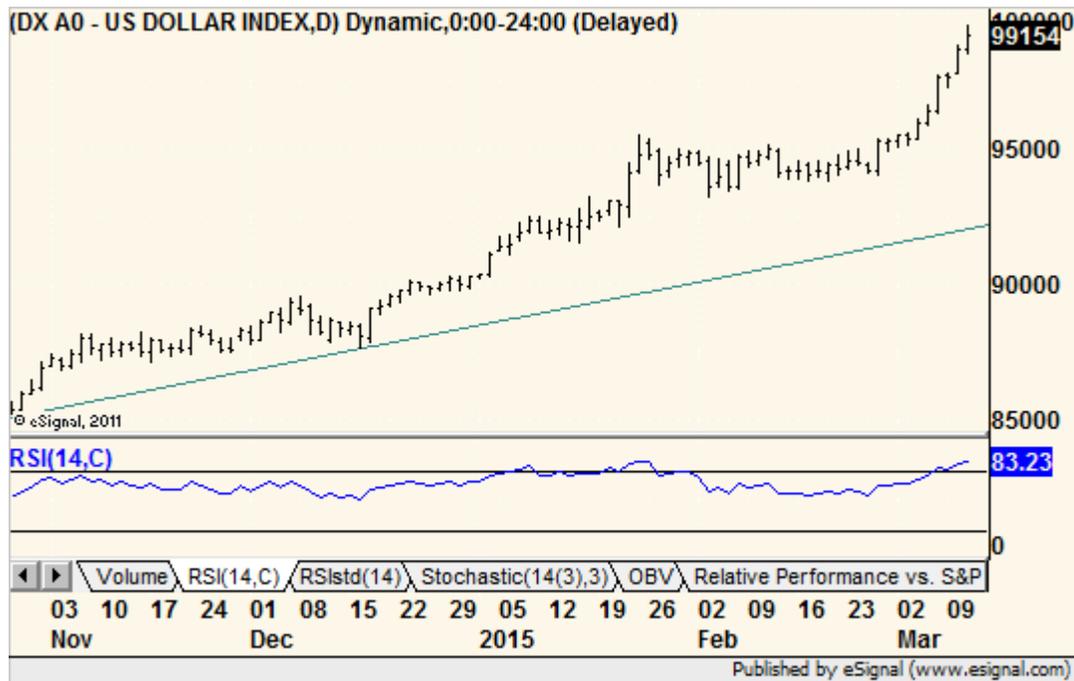
The Russell 2000 shows renewed relative strength and is also above the 50-day. Note that the soaring dollar has much less effect here as these stocks are domestically oriented.

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		
Applied Materials AMAT –Very far from setup. Moving on with no harm done	Removed	3/3
Wal-Mart WMT – The minimum wage news did nothing for the stock but with peers TGT and COST doing well, the failure here to get to the lower channel line is bullish. So is stochastics, which is bottoming above oversold levels as it would in a rising stock. Wait for the break. Buy close over 84.00 . See Today's Lesson	Changed (again)	3/4
McDonald's MCD - Perhaps a test of the horizontal resistance breakout? Nice dividend, too. Looks good right here, even with a market open lower.	Triggered	3/9
Best Buy BBY – Holding at resistance with still-climbing on-balance volume. Buy above 39.95. Given the presumed market's down open, if it gets there we probably do not have to wait for the close.	Triggered	3/10
General Motors GM – Bull flag or sagging rectangle. Given the market, this shows relative strength and on-balance volume is not bad, either. Buy 38 on close.		3/10
Bearish Implications		
none –		
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Archer Daniels Midland ADM – Some sort of sideways pattern healing the stock after a big fall in December. OBV leaning lower. Death cross pending. Broke down but we will wait to see if it bounces. <u>Looks like we missed it.</u>	Removed	
Tempur Sealy TPX – This mattress maker always seems to disappoint on earnings and then recover. A sloppy resistance level drawn at 57 (looks better on daily close charts). Bullish reversal.		2/24
Glaxo SmithKline GSK – drug stock testing double bottom breakout. Big dividend. A bit too weak yesterday.	Removed	
Aegon AEG –Insurance stock had a breakout but was hurt bad Tuesday. Moving on.	Removed	3/9
Yahoo YHOO – Critical support on the chart is 42		3/9
Sector Watch (observations that may spark ideas)		
Retail XRT – Now starting to outperform	Changed	2/6
Technology XLK – leading the market. Breakdown	Changed	2/12
Financials XLF – Breakdown. See chart below.	Changed	2/12
Semiconductors – SOX broke out but now testing it		2/25
Social Media ETF SOCL – Floundering now.	Removed	2/26
Online brokers - broke out Friday. Not screaming buys but certainly bucking the market's trend. <u>Now testing breakouts.</u>		3/9
Updates		
Keycorp KEY – Looked good until yesterday. No more.		
Bristol Myers Squibb BMY – Held up well yesterday		

Market Highlights



Dollar index – Once again very overbought. We still see this moving higher but this rubber band is getting stretched quite tightly.



Offense/Defense – This simple ratio of consumer discretionary to consumer staples is still rising and that suggests the stock market still has bullish underpinnings. See next...



Offense/Defense – This fuller version of the index includes tech and healthcare. Since the latter is in the denominator and the health sector is holding up well, this ratio has not broken out. Which one is correct? This one is a fuller representation. The other one (above) is consumer oriented only.



Financials ETF – Just when they started to look better they crack.

Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Patience



Wal-Mart – We had this stock in the bullish section, looking for a breakout from a falling wedge. As prices sagged lower, we moved our trigger lower, too. After all, the top of the wedge was also falling. By having patience, we now have a trigger that is lower and, if the trade works, more profitable.

We also did not buy too soon to leave us with a draw down.

Now we can see the stock coming into a support zone. It would be tempting to buy at that level, especially since on-balance volume is still flat to rising. But should we?

Unfortunately, it is still bid lower this morning so we should probably wait for proof that things have turned for the better. That would be a move above the wedge, as before.

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>	EWI	ISHARES MSCI ITALY CAPPED ETF	14.25	0.6%		14.16	2/2	36
	MAR	MARRIOTT INTL INC NEW	81.26	5.4%	81.00	77.13	2/11	27
	GOOGL	GOOGLE INC	560.00	2.6%		546.01	2/12	26
	XLV	HEALTH CARE SECTOR SPDR	71.05	-0.5%	71.00	71.43	2/19	19
	VAL	VALSPAR CORP	85.77	-4.4%	85.00	89.75	2/24	14
	AMAG	AMAG PHARMACEUTICALS INC	52.78	17.1%	49.00	45.07	2/25	13
	AMGN	AMGEN INC	153.00	-2.2%		156.50	2/25	13
	XLNX	XILINX INC	40.50	-4.1%		42.21	2/25	13
	SUPN	SUPERNUS PHARMACEUTICALS	9.93	3.9%	9.50	9.56	3/5	5
	S	SPRINT CORP	5.10	-3.8%		5.30	3/5	5
	MYL	MYLAN N V	55.31	-1.7%	54.50	56.26	3/5	5
	MCD	MCDONALDS CORP	96.29	-0.6%	94.50	96.91	3/10	0
	BBY	BEST BUY INC	39.97	0.0%	38.00	39.97	3/10	0
<u>Short</u>	ETR	ENTERGY CORP NEW	75.48	4.7%	78.00	79.00	3/2	8
	PG	PROCTER & GAMBLE CO	81.54	3.6%	84.00	84.50	3/5	5

Notes: Clearly another bad day and we lost many long positions. As a group, however, the loss was small. **S** was the biggest disappointment as it looked really good just the day before.

And **EWI**, which moved lower even as its home country Italy moved nicely higher. Damn exchange rate! Right call, wrong vehicle.

Tweaked stop in **SUPN** – a gainer on the day.

Interestingly, we added two new longs. **MCD** at the open, which was well down from the Monday close. And **BBY**, which reversed to the upside intraday to close above out trigger.

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

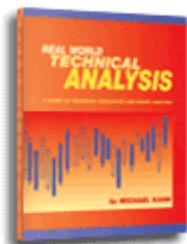
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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