

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**April 7, 2015** – What started out to be fear over a faltering economy turned back into good ole reliable Fed loving as everyone finally decided higher rates were indeed not on their way. The Dow opened down trips and ended up trips for close to a 300-point swing.

That's good. So how come the transports were down? Shudder! The economy must be ready to roll over. Dow Theory! #sarcasm.

How about the transports were down because crude oil was up 5%? Perhaps it was this less sinister reason for the disparity? Even Treasury bonds fell yesterday so it was probably not a warning for the economy.

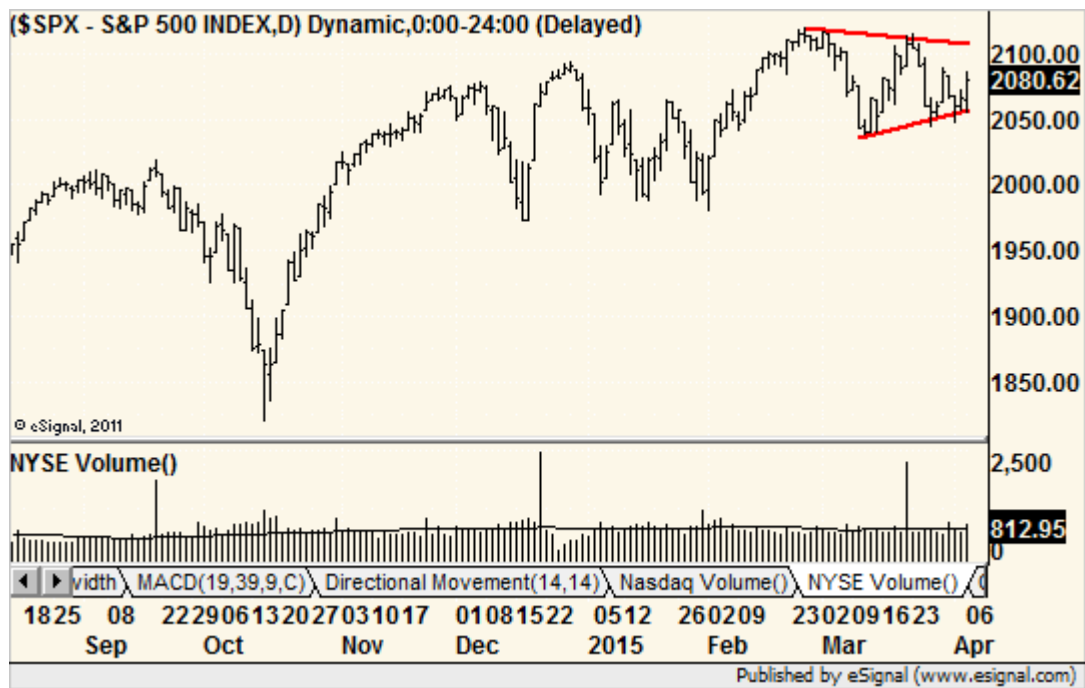
Yesterday's Barron's Online column covered oil and gas explorers and producers. Our position in **NBR** gained more than 5% and there are plenty of others in the group that have similar patterns. The conclusion was that this sub-sector has indeed bottomed so we'll offer another one below (a driller).



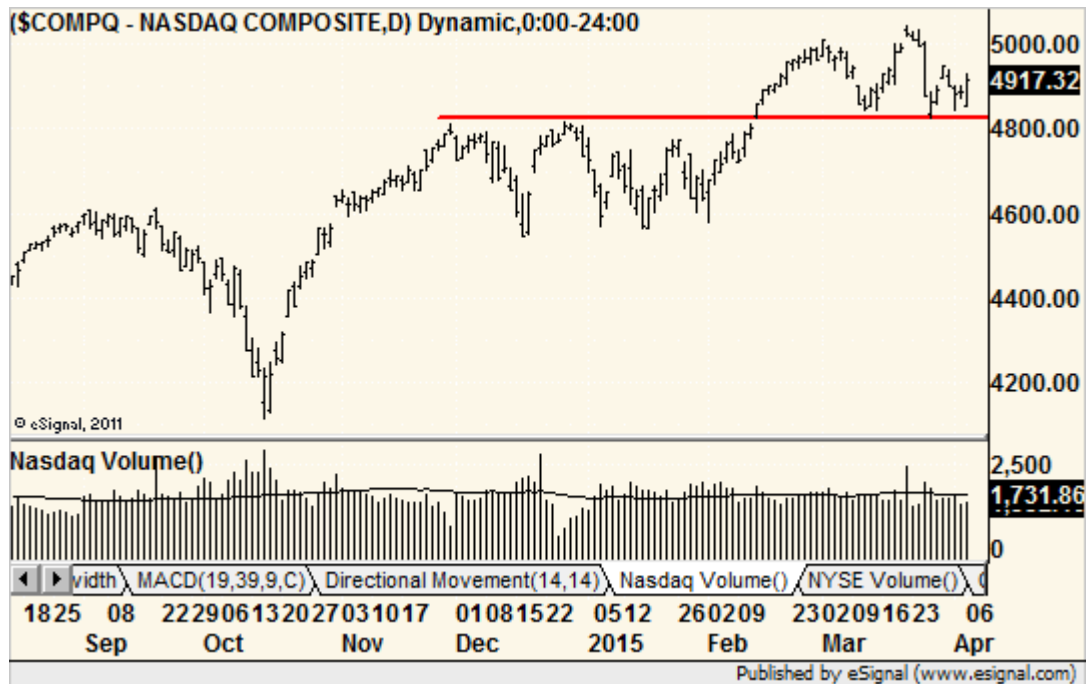
Price turns on the hourly chart seem to have moved off support and resistance levels although not by much. We wonder if this is a coiling process suggesting uncertainty creeping in. But based on just what we see now we can say that important support did hold and now resistance looms. A move above it suggests a return to the old high.

The NYSE advance-decline line hit a new high and we remain positive on stocks.

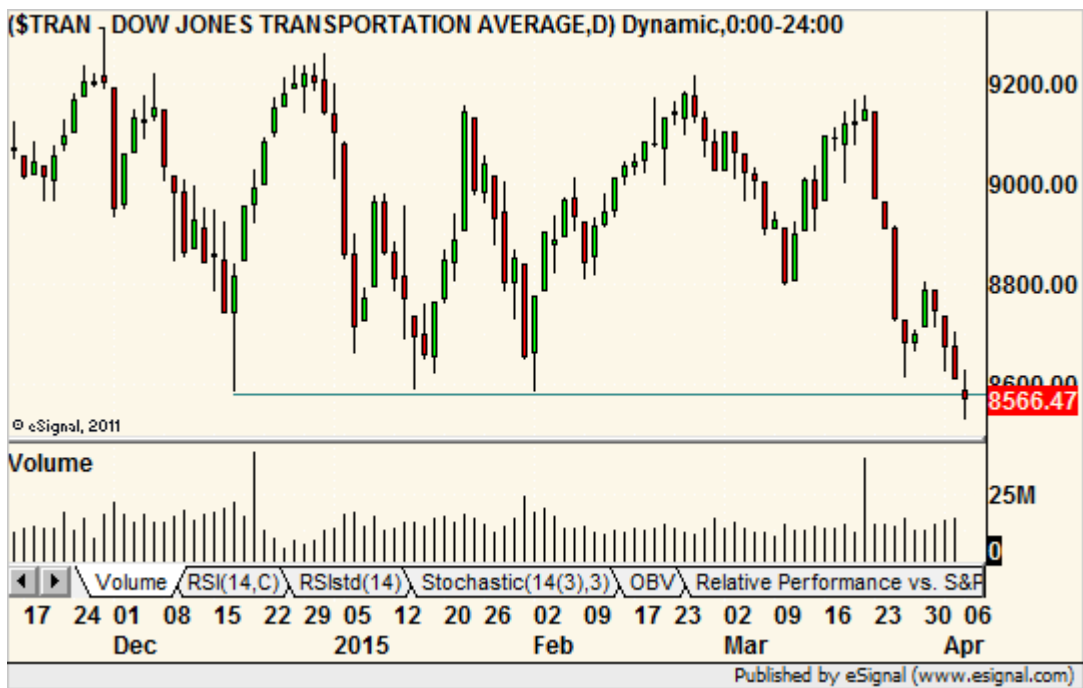
## Index Charts of the Day



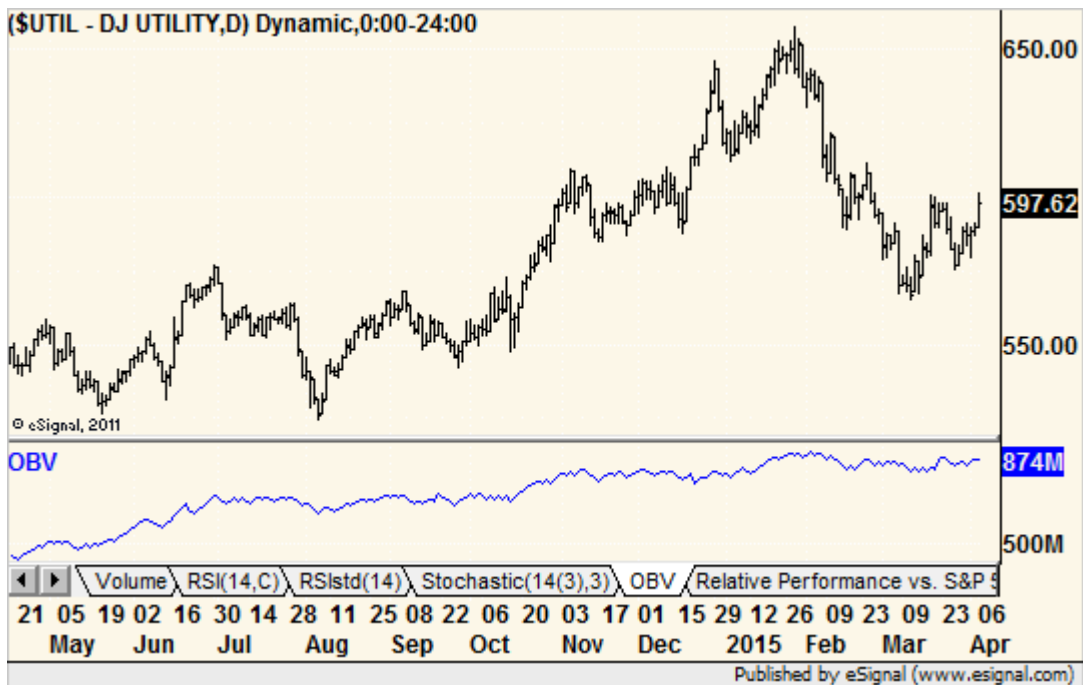
It was more of a save than a breakout. We'll take it.



Bounce off support but on low volume. Again, we'll take it.



Rather than look at the new low we will focus on the doji candle after a decline and at support. Quite a different feel although it requires a bounce immediately to mean anything.



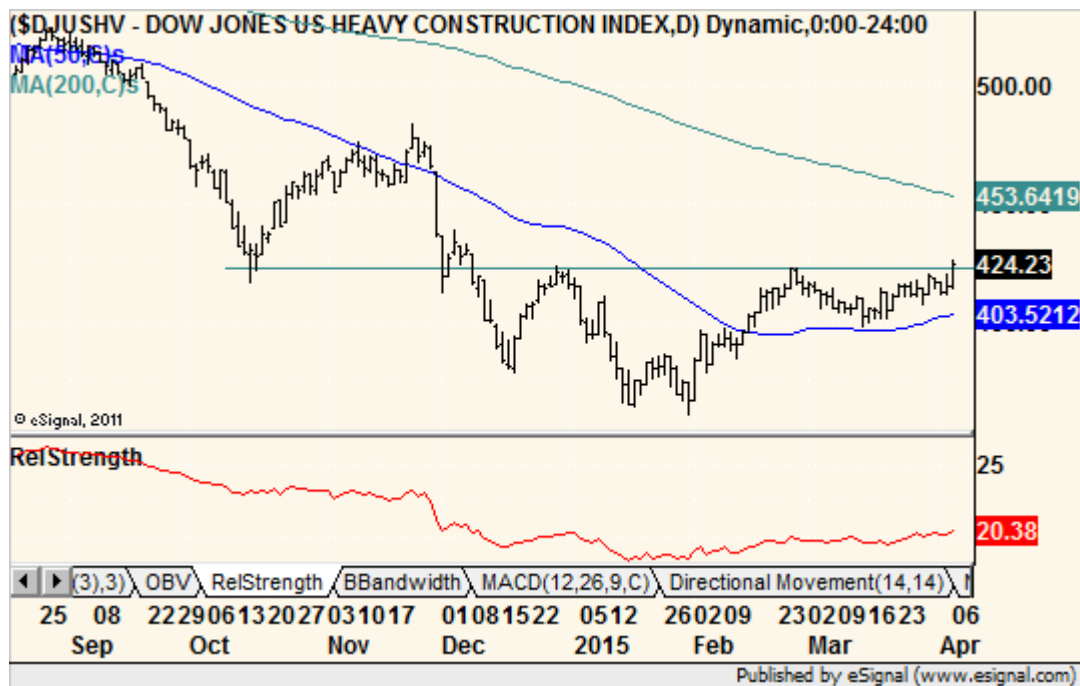
Treasuries were down but utilities were up nicely. Positive chart including on-balance volume.

## 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>Silicon Motion Technology SIMO</b> – A Charles Payne semiconductor pick. We like the bull flag with clear breakout point at the 50-day average. Rising stochastics bottoms as prices fell are also bullish. Buy close over 27.50.		4/2
<b>Helmerich &amp; Payne HP</b> – This oil driller has a nice base breakout. Up over 5% yesterday so it is a bit on the risky side without a pullback first. Let's try to buy a dip to 72.00.	<b>New</b>	4/7
<b>Bearish Implications</b>		
<b>Bed Bath and Beyond BBBY</b> – Another sell candidate on a support break. Already under a rolling-over 50-day average and sports falling on-balance volume. Sell close under 73.60. <u>Moving the wrong way so we are gone.</u>	<b>Removed</b>	3/30
<b>Keurig GMCR</b> – A stock on precipice. It has a moving average death cross last month. Look for a bounce off support line and then a breakdown to sell. <u>Got the bounce so let's set the sell trigger at 111.</u>		3/30
<b>Illinois Tool Works ITW</b> – Just a stock on bear watch with falling on-balance volume and stalled rally. Sell close under 96/10		4/1
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>BP BP</b> – Just waiting for a drop to support and drooling over that huge dividend		3/12
<b>Potash Corp POT</b> – This fertilizer stock looks intriguing with a big dividend (ex-div April 9) and a big departure from the mean looking like it wants to snap back. Letting it dip to support and hope it happens in time to capture the dividend.		3/17
<b>Viacom B VIAB</b> – Strong on-balance volume suggests this will break trendline.		3/25
<b>Standard Pacific SPF</b> – This homebuilder is the embodiment of a stock in a strong group that is just making its move to catch up. A trendline breakout, test and resumption of the rally. On-balance volume a new high. Buy the dip.		3/30
<b>General Mills GIS</b> – This cereal maker was already on the move before corn was crushed yesterday. This is a nice breakout but it is a bit overbought. Buy the dip.		4/1
<b>Briggs &amp; Stratton BGG</b> – This small engine maker looks encouraging with a big base and rising on-balance volume. Waiting for it to get closer to resistance.		4/1
<b>Sprouts Farmers Market SFM</b> – This is an organic foods retailer in competition with <b>WFM</b> . The chart has a breakout with on-balance volume already nearing its old high. Investor's Business Daily had this on a list of good earnings stocks to weather a correction. Waiting for a dip.		4/2
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Biotech</b> – A bit more downside than we expected. <u>And now on the cusp of erasing bullishness.</u>		3/30
<b>Broadcasting</b> – watching support. <b>Check out ETM below</b>		3/31
<b>Specialty Chemicals</b> – Bounced off major support. Check out bull flags in <b>ECL</b> and <b>IFF</b> . <b>CBT</b> possible catch-up candidate.		3/31
<b>Shale Oil</b> – Think shale oil is dead? Nope. <b>CPD, OAS, SN, LPI</b>		4/6
<b>Oil Explorers/producers</b> –RRC with possible double bottom. <b>PXD, SM, XEC, NFX</b>		4/6
<b>Updates</b>		
<b>Entercom ETM</b> – We showed it yesterday with a nice setup. Unfortunately it jumped 4.6% without us.		
<b>Laredo Petrol LPI</b> – We showed it yesterday w/ nice setup. Unfortunately it jumped 8.8% without us.		

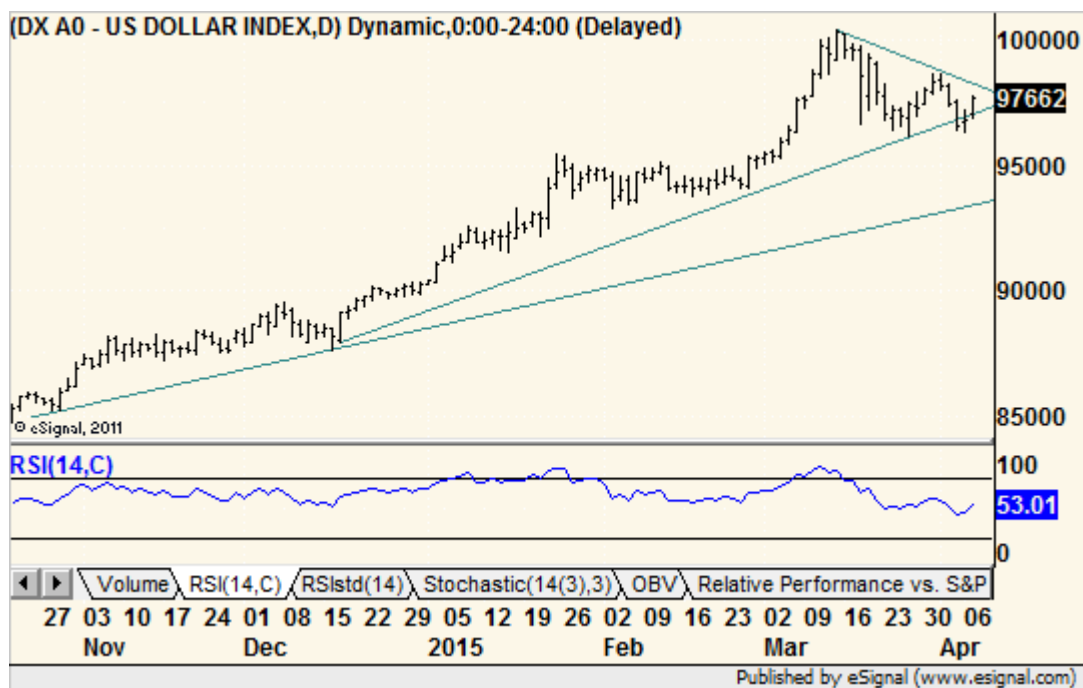
## Market Highlights



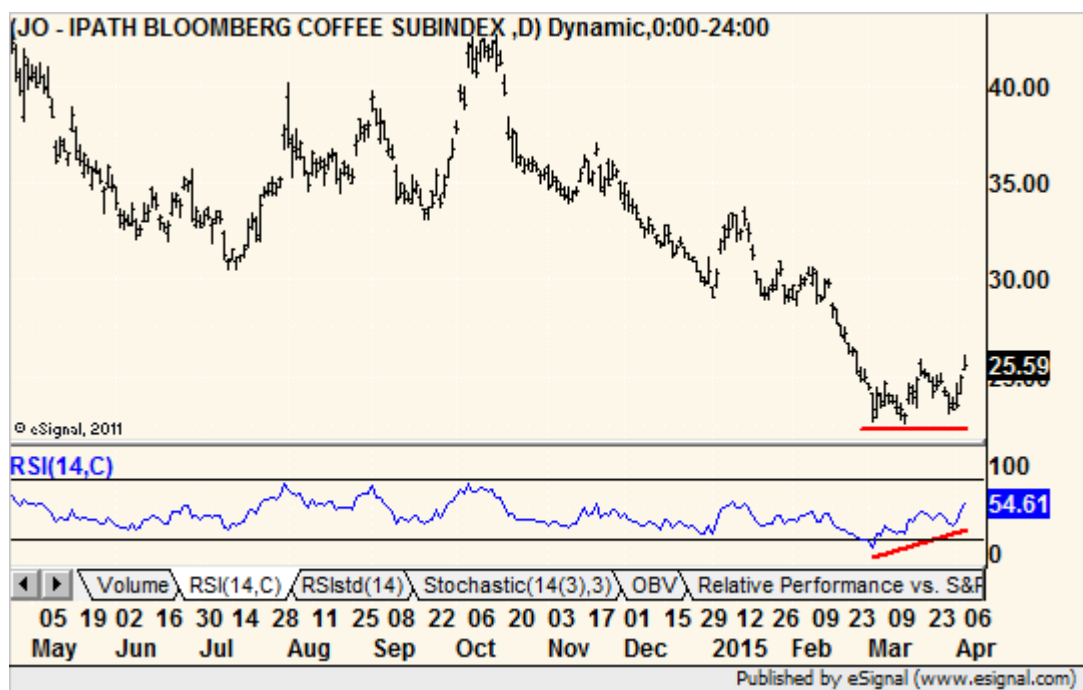
**Heavy Construction** – The index, which is just math, looks like a nice breakout. Check out **FLR** with a similar breakout and **JEC**, which is close.



**Helmerich & Payne** – This oil driller has a nice base breakout. Up over 5% yesterday so it is a bit on the risky side without a pullback first. Let's try to buy a dip to 72.00.



**Dollar Index** – Very strong today. Looks like a bullish continuation pattern.



**Coffee ETN** – Looking bottomy

## 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>MCD</b>	MCDONALDS CORP	96.28	-0.7%	95.00	96.91	3/10	27
	<b>WMT</b>	WAL-MART STORES INC	80.99	-2.8%	80.50	83.29	3/16	21
	<b>YHOO</b>	YAHOO INC	43.67	-2.9%	43.50	44.98	3/19	18
	<b>FWM</b>	FAIRWAY GROUP HLDGS CORP	6.60	7.3%		6.15	3/30	7
	<b>FB</b>	FACEBOOK INC	82.44	-1.6%	80.00	83.81	3/30	7
	<b>NBR</b>	NABORS INDUSTRIES LTD	14.87	5.6%	14.00	14.08	4/1	5
	<b>CBI</b>	CHICAGO BRIDGE & IRON CO	49.72	1.4%	47.00	49.01	4/1	5
	<b>HRB</b>	BLOCK H & R INC	32.01	-0.8%	31.50	32.26	4/2	4
<u>Short</u>	<b>none</b>							

**Notes:** Unfortunately, we tightened the stop in **FWM** a bit too tight but it was wider than the typical stop and we had to do it. Still, not a bad payout for a week's work.

Raised stops in **NBR** and **CBI**.

## Subscriber Corner

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

Note to Malcolm – Dow Theory is much more than highs and lows in the two averages. Right now, we think the last buy signal from late last year remains in place. The transports are just having indigestion right now.

## 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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