

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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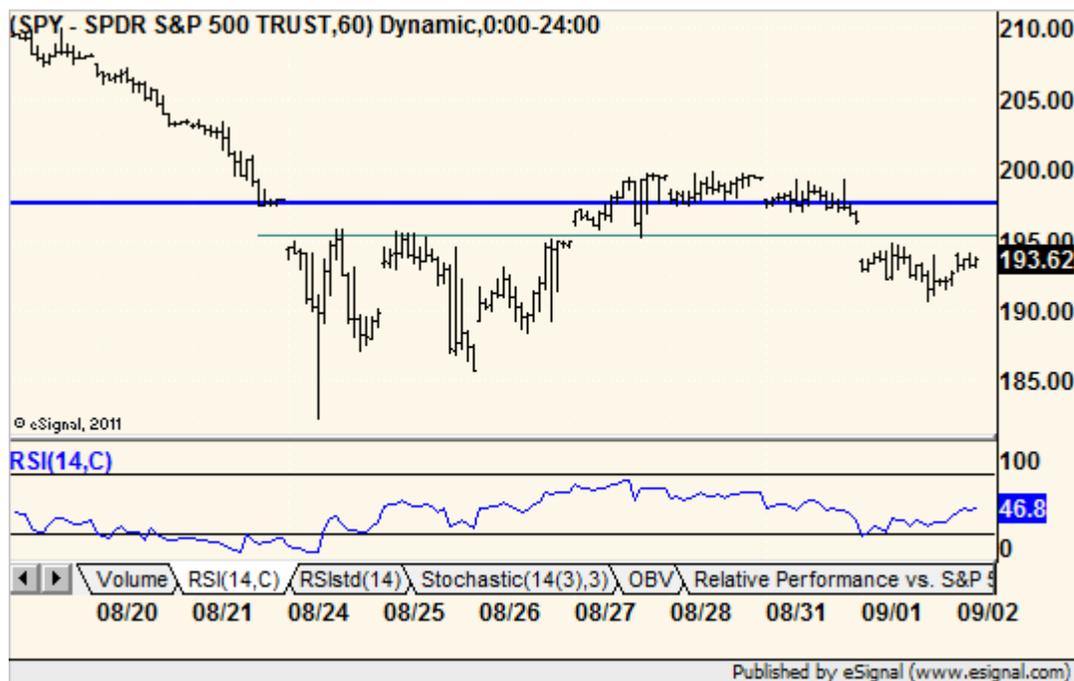
September 2, 2015 – I did not know Donald Trump was calling the market. Have you seen the viral mashup of him saying "China, China, China?"

In all seriousness, China was once again the excuse for the sellers to flex their muscles. Of course, as technical analysts we say the market dead-cat bounced up to resistance where it rolled over again. And by the way, it rolled over Friday, not Monday after the latest "China jitters."

The newsletter is getting easier to write since correlation goes to 1 when things fall apart like this. Every sector is weak. All the four horsemen (**XLK, XRT, ITB, XLF**) are falling. Even the generals (**NFLX, AAPL** and crew) are falling. Get short, stay short. Just don't do it right after a big plunge since volatility can crush an ill-timed sale. We have a few "sell the bounce" candidates below.

It looks as if we have gotten into full-fledged bear mode but let's wait until Friday's jobs report before giving in to the call of the ursine Sirens. What will happen if jobs look better? We say the market tanks on fears the Fed will go ahead and raise rates. And what happens if the report is bad? We think the market sells on that, too, since the economy will still be crappy in light of years and years of ZIRP and QE.

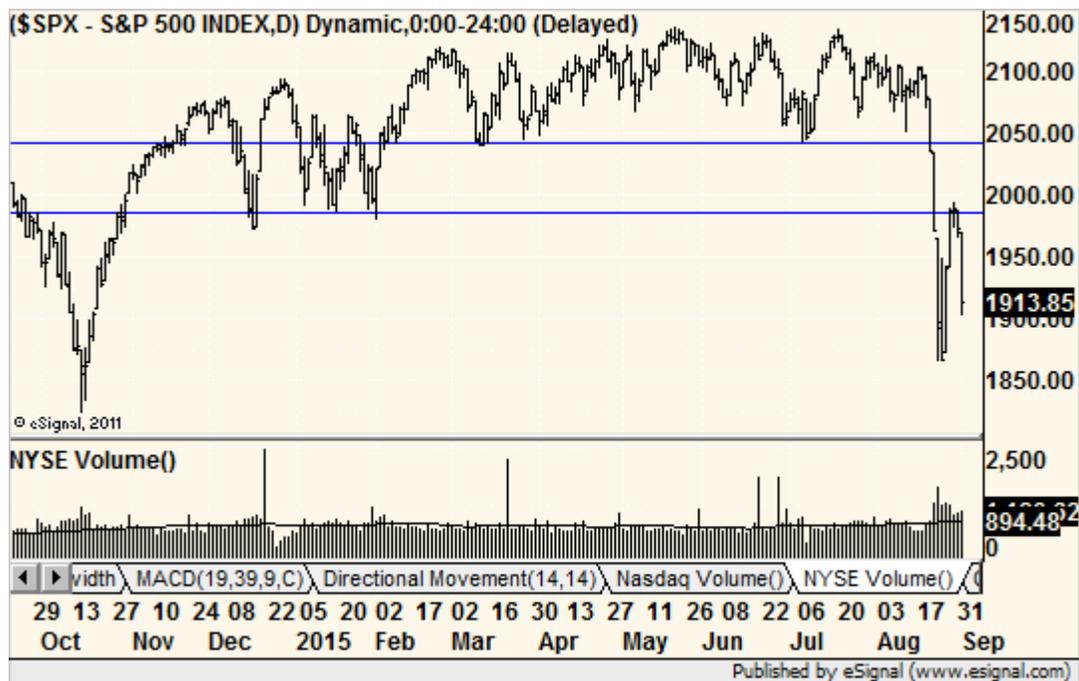
Only a goldilocks report can get stocks moving up but this is our opinion and we are not economists. Let's get back to what we are good at doing – charts.



The hourly chart shows the **SPY** breaking support at the bottom of the gap. It attempted to get back there intraday Monday but failed. However, we can see it trying that again today. No call on whether it will be successful but without a move above the resistance ridge at about 200 this is a bearish trend. In fact, we'd like it to try to reach the gap at 195 or so to set up some more short sales.

Oil gave up the ghost with a big drop Monday and it looks as if the awakening was brief. Same for industrial metals stocks. Gold is still fumbling around. We cleaned up the verb for family viewing.

Index Charts of the Day



There is nothing on this chart to suggest the decline is over. Another bounce, yes, but this is not over yet.



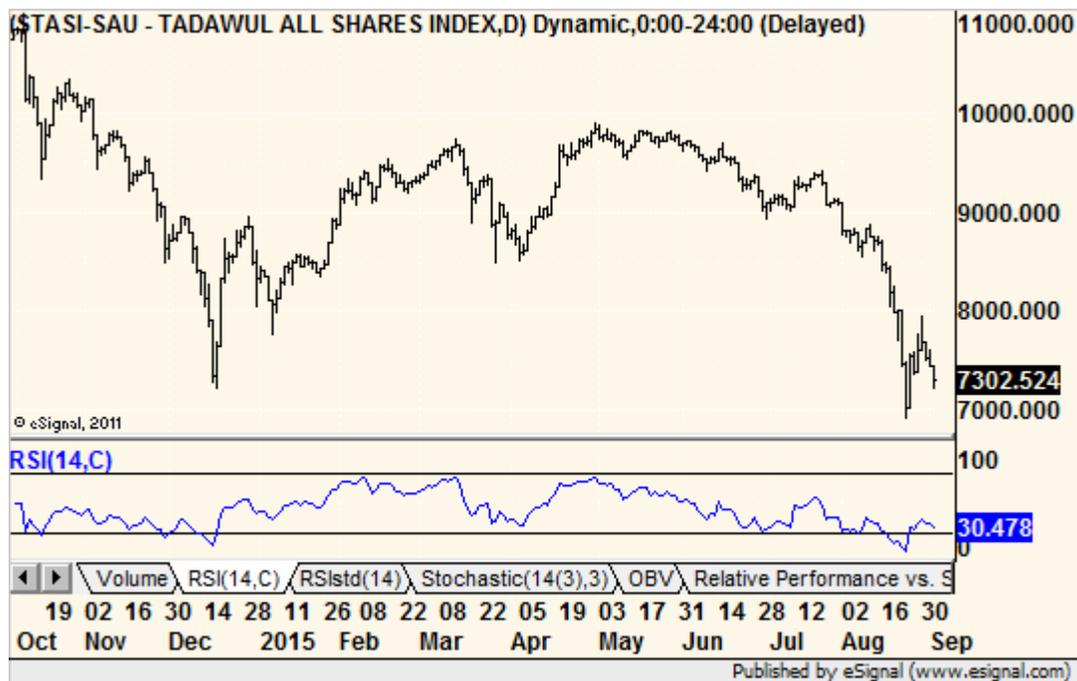
The Russell failed at a very important support last month and while it sure looks oversold there is nothing here to suggest it will rally back to test that breakdown. Not to mention it will Death Cross today.

The Radar Screen

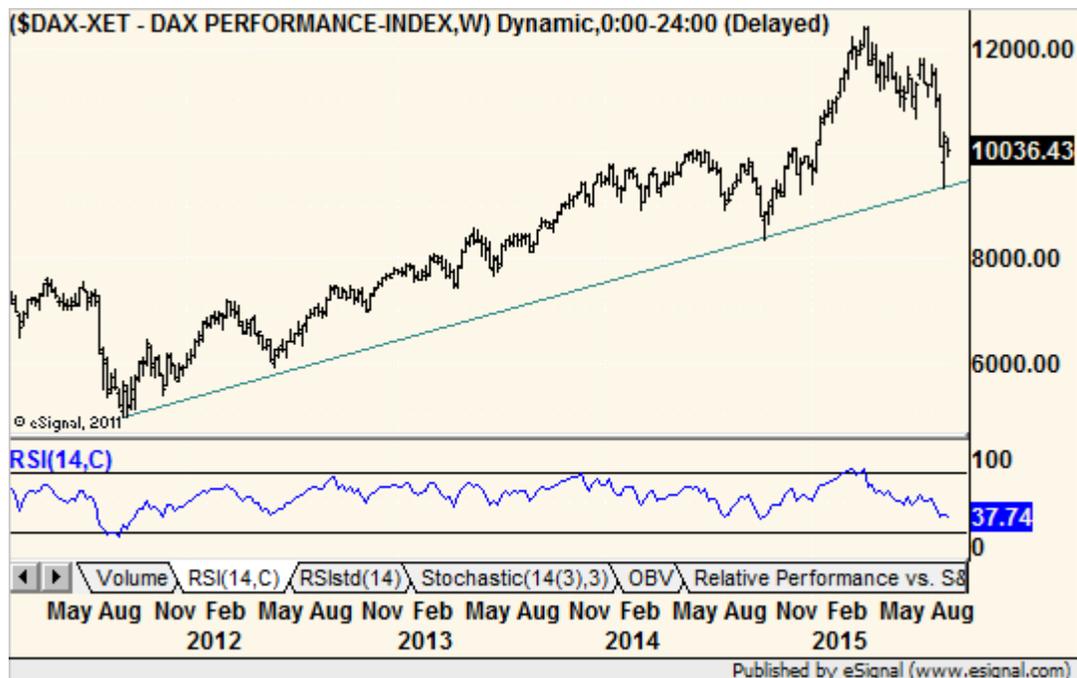
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
none -		
Bearish Implications		
Coca Cola KO – Looking for a good sell the bounce candidate. This one already tested its breakdown and fell hard Monday. However, we can take advantage of today’s presumed bounce and sell the close if it closes higher. However, we will not sell if it closes above 39.45 – last week’s highest close.	New	9/2
Citrix – Different sector but same plan as for Coke. Limit 68.25.	New	9/2
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Gold Miners ETF GDX – We pointed out a possible double bottom in progress here but that pattern does not complete until a breakout above the center peak. However, look at all that volume since July. We think it is in transition.		8/31
Transocean RIG – Battered. But trading sideways for months. That is a good base so we wait for a better signal to buy.		8/31
Diamond Offshore DO – Small base but big volume. Somebody is trading this thing and we have to think it is smarter money.		8/31
Sector Watch (observations that may spark ideas)		
none –		
Updates		
Netflix NFLX – This was today’s free chart of the day. Essentially, it is close to completing a head-and-shoulders top.		

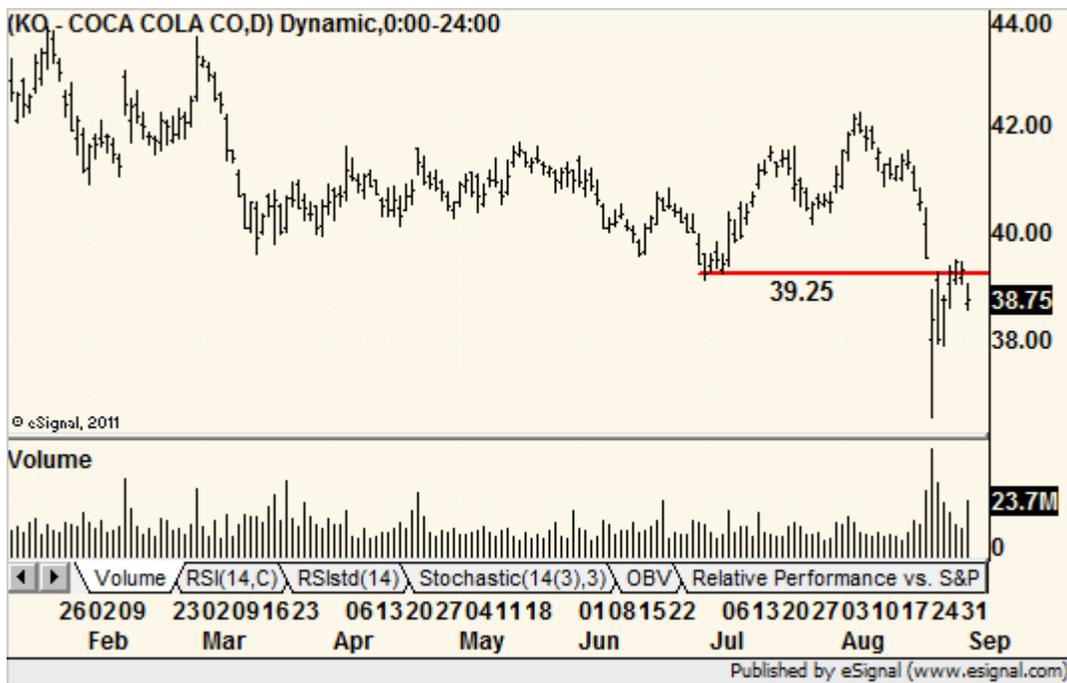
Market Highlights



Saudi Arabia – OPEC, schmopec. The Saudi market is in serious trouble and that means oil has a super drag heading into today (even though the cause/reaction is really the reverse).



Germany – Kissed its major trendline last week but it does not appear to be able to sustain a bounce. If it cannot do it soon, we will have to expect that line to break to the downside.



Coca Cola – Looking for a good sell the bounce candidate. This one already tested its breakdown and fell hard Monday. However, we can take advantage of today’s presumed bounce and sell the close if it closes higher. However, we will not sell if it closes above 39.45 – last week’s highest close.



Citrix – Different sector but same plan as for Coke. Limit 68.25.

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. Symbols in **green** were closed by us. 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>	none							
<u>Short</u>	NYT	NEW YORK TIMES CO	11.82	10.8%	12.50	13.10	7/27	36
	GS	GOLDMAN SACHS GROUP INC	182.12	10.8%	190.00	201.70	8/11	21
	FDX	FEDEX CORP	148.03	10.5%	155.00	163.50	8/20	12
	CMG	CHIPOTLE MEXICAN GRILL INC	706.71	1.9%	740.00	720.01	8/20	12
	MHK	MOHAWK INDS INC	192.86	0.6%	205.00	194.01	8/28	4
	AGN	ALLERGAN PLC	294.21	5.9%	315.00	311.51	8/28	4
	PFE	PFIZER INC	31.36	6.2%	33.50	33.30	8/28	4
	XLI	INDUSTRIAL SELECT SECTOR SPDR	49.93	2.9%	52.75	51.39	8/31	1
	MSFT	MICROSOFT CORP	41.82	4.2%	44.50	43.56	8/31	1

Notes: More stop tweakage.

Subscriber Corner

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



Twitter – The question was where the trend breaks and that would have to be close to 30. But there is too much damage on this chart for a simple trend break to be a buy signal.

As for a sentiment washout, where was the volume last week when the stock could have scored a selling climax? Missing. No climax. No sentiment washout.

Don't even look here until it closes above the 20-day exponential average, now at 27.86 (not shown).

Other Information

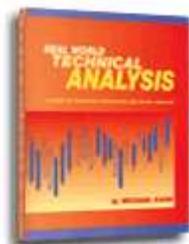
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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