

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

November 13, 2015 – It was a rough day for stocks as energy, basic materials and homebuilding took it on the chin. Many blame/credit a pending interest rate hike by the Fed but we found this comment in the news:

“Markets don’t sell off on something this telegraphed and if you look at futures market, the probability of a rate increase has not increased over the past week. The selloff is mostly due to weakness in commodities and European equities.”



Let’s get right into the hourly chart and as we can see the breakout failure Wednesday telegraphed the drop all the way to and then through the lower border of the channel. The market looks oversold once again with this morning’s premarket dip and we can almost feel the change in mood in the air. Last week everyone was talking about how the market would follow the 2011 script to new highs. And now fear has taken hold.

In one of the professional chat rooms we frequent there is a lot of talk about a bottom around Thanksgiving. Perhaps. Take a look at the daily Index Charts of the Day below as we present again the Fibonacci levels that actually might agree. Certainty, if they do provide a Thanksgiving target, which is close in time, then we’d expect a lot of fear everywhere. And fear does help make bottoms.

We are going to run through a few “Fed” charts (banks, utilities, etc.) and see that the sectors benefitting from a rate hike are not immune to the current decline. Why should they make this easy?

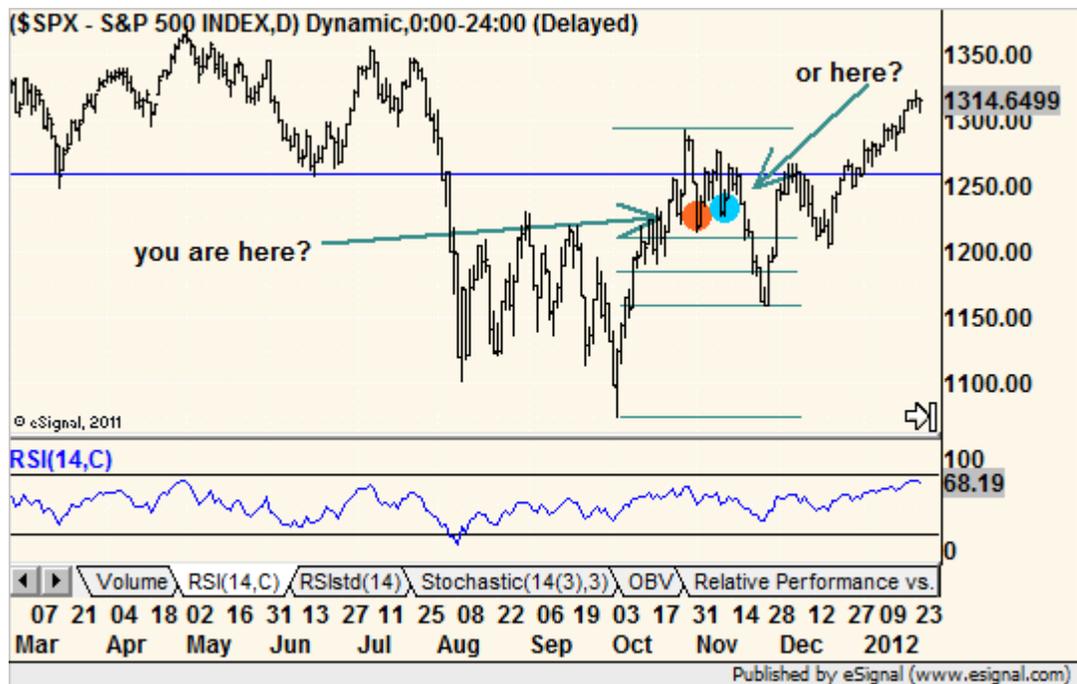
The bottom line is that the market was due for a pullback and is getting it.

Service Note – Today, Friday the 13th, marks the end of the daily Quick Takes Pro newsletter. Thank you one and all and we’ll see many of you in a week with the new weekly version. I’ll still be writing for Barron’s Online, posting charts in various places and tweeting snarky comments about markets and the NY Giants.

Index Charts of the Day



There are two targets for the current slide. The first at the bottom of the old trading range was met in the premarket this morning. The second is the 38.2% Fibonacci retracement of the rally, which also coincides with the September high. The latter would also agree with a Thanksgiving bottom. Check out 2011 next...



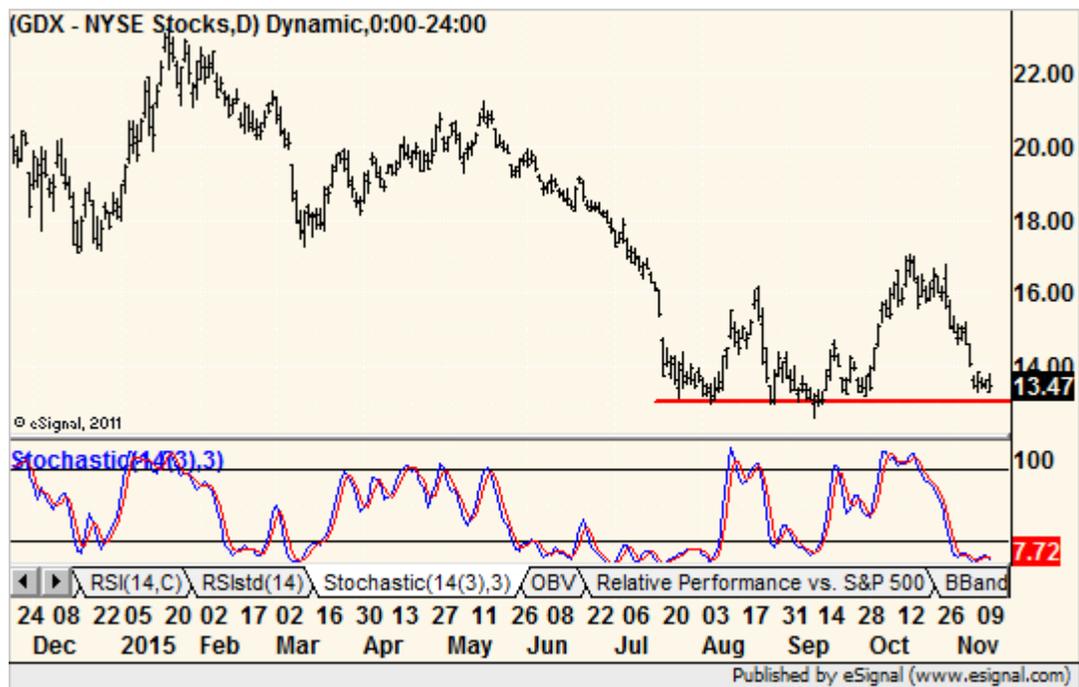
This is 2011 but do not expect the exact same path. However, a pause and another dip do fit with everything we've been saying. Beyond that we are not forecasting. We DO NOT agree that the market will set significant new highs as it did in 2011 and still think 2015 is a topping year.

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		
Gilead Sciences GILD – Pausing at the trendline with nice on-balance volume. Buy close over 109.		11/3
United Continental UAL – An airline basing and possibly preparing to catch up to peers. Transports are weak but airlines better. Buy close over 62.		11/3
Merck MRK – Pausing at resistance. Buy close above 55.75.		11/4
Eaton ETN – This is a power management company and it sports the same base we’ve seen elsewhere. Buy close over 57.55. <u>Too far from trigger</u> .	Removed	11/5
Embraer ERJ – One of the defense stocks we’ve been watching. This looks to be a bull flag so we’ll buy the breakout on a close over 29.75.		11/11
Investment ENV – This is a portfolio, wealth and practice management software maker for financial advisors. In August, it collapsed on news it was buying another company. The decline was not a selling climax but rather a serious break. As we can see, it took months to heal and now it appears to be breaking out. Check out strong on-balance volume and the shaking off of earnings Tuesday. This one is a buy.	Triggered	11/12
Macys M – We said aggressive traders might buy the open but more conservative traders want some sort of reversal first. But after the intraday decline we think this stock is fully puked and we’ll take a bite now.	Triggered	11/11
Opus Bank OPB – This is a thinly traded stock so beware. However, technically it has a nice breakout. Intraday, it already pulled back so if you can justify such a low volume stock it looks good here.	Triggered	11/12
Bearish Implications		
none –		
Unknown Implications		
Conagra CAG – We looked at food stocks with a bearish eye but this one is in a triangle with rising on-balance volume. Still, we wait for the break one way or the other. Buy 42 sell 40	Triggered (short)	11/10
Holding Tank – red shade leans bearish, green shade leans bullish		
Waiting for dips - Bed Bath & Beyond BBY 54.60, IBM 132/ Getting closer		9/30
Electronic Arts EA – Friday the company beat its numbers and raised its outlook. The stock was not so happy and this is quite bearish. Failed to hold rebound Monday. Looks like it is forming a range.		11/2
GoPro GPRO – So much for social chatter! This one bonked.	Removed	11/11
SPDR Biotech ETF XBI – We usually look at the IBB but this looks the same. Here we see a rally into a trendline but on falling volume. Waiting for one of the two lines to break although we expect downside.	New	11/12
Sector Watch (observations that may spark ideas)		
Defense – Inverted head-and-shoulders for the DFI index. ERJ , COL and ITT		10/29
Biotech ETF XBI – Still holding on. Big rallies this morning in ILMN and MYL		11/12
Updates		
Junk Bonds ETF JNK – Continued lower by a big amount.		
ExxonMobil XOM – Landed on its trendline.		
Schlumberger SLB - Broke support.		

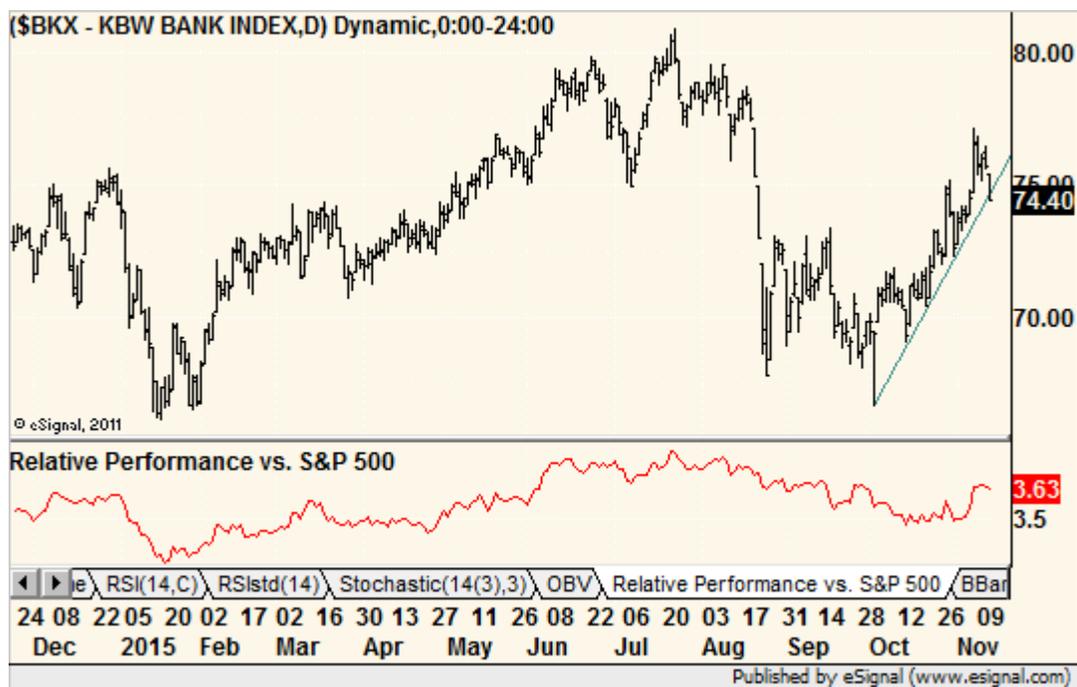
Market Highlights



Gold Mining ETF – Looks oversold at support but if this has any chance to recover it must be soon. The reason is that the longer something sits on resistance the more likely it will be to break down.



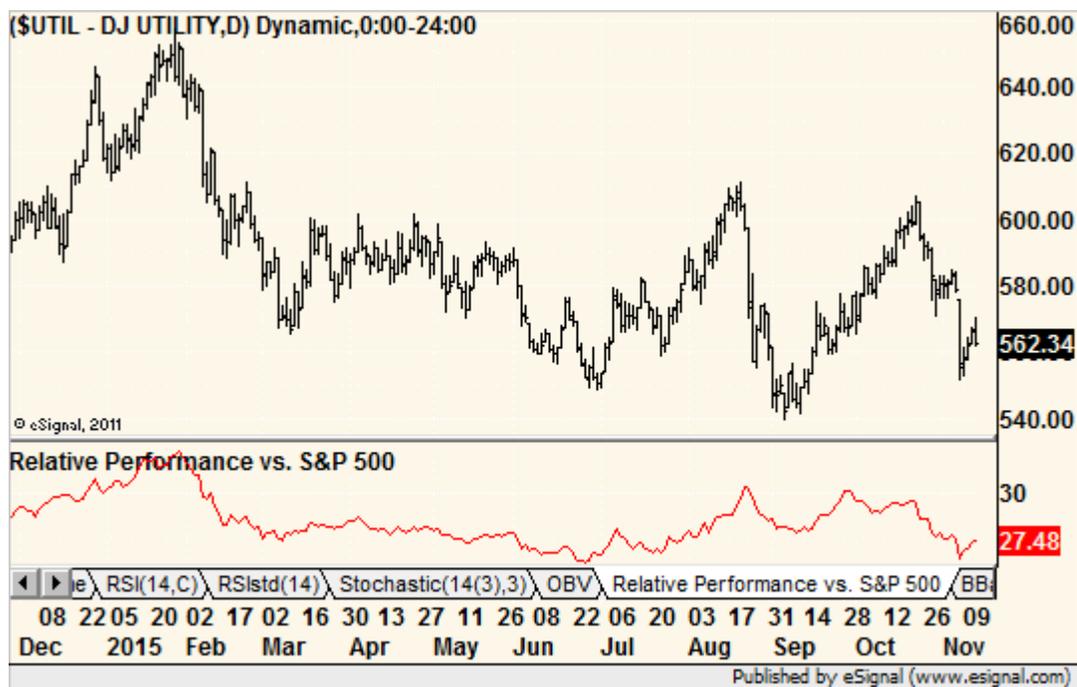
REITs ETF – Sitting on the old trendline instead of bouncing quickly. A sign of weakness.



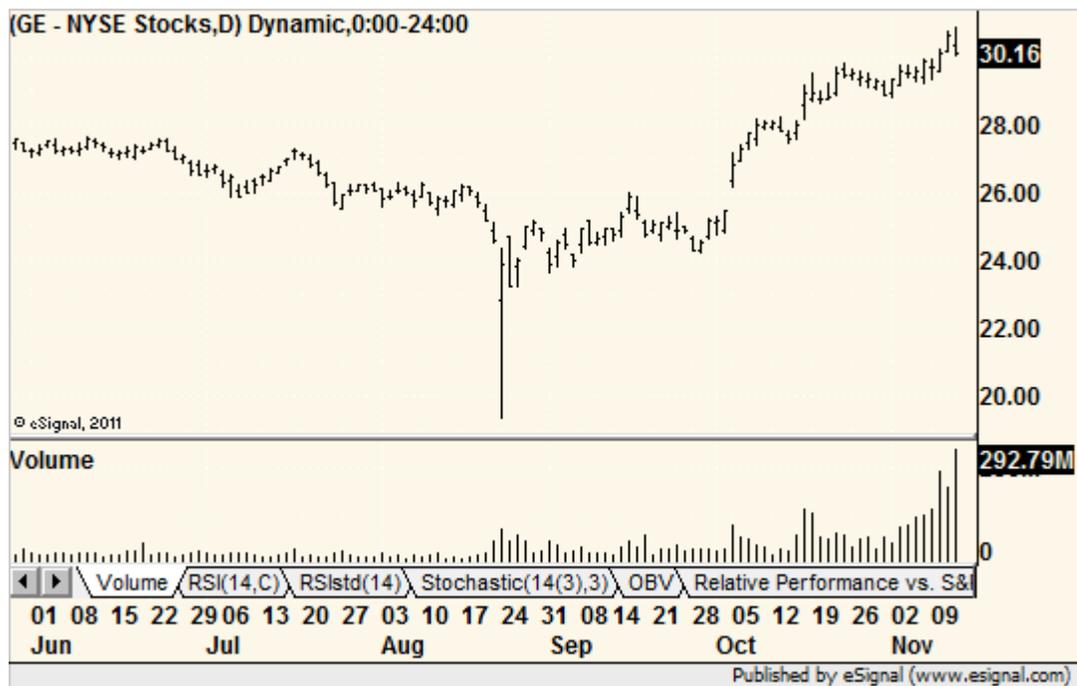
Banks Index – Testing the trendline.



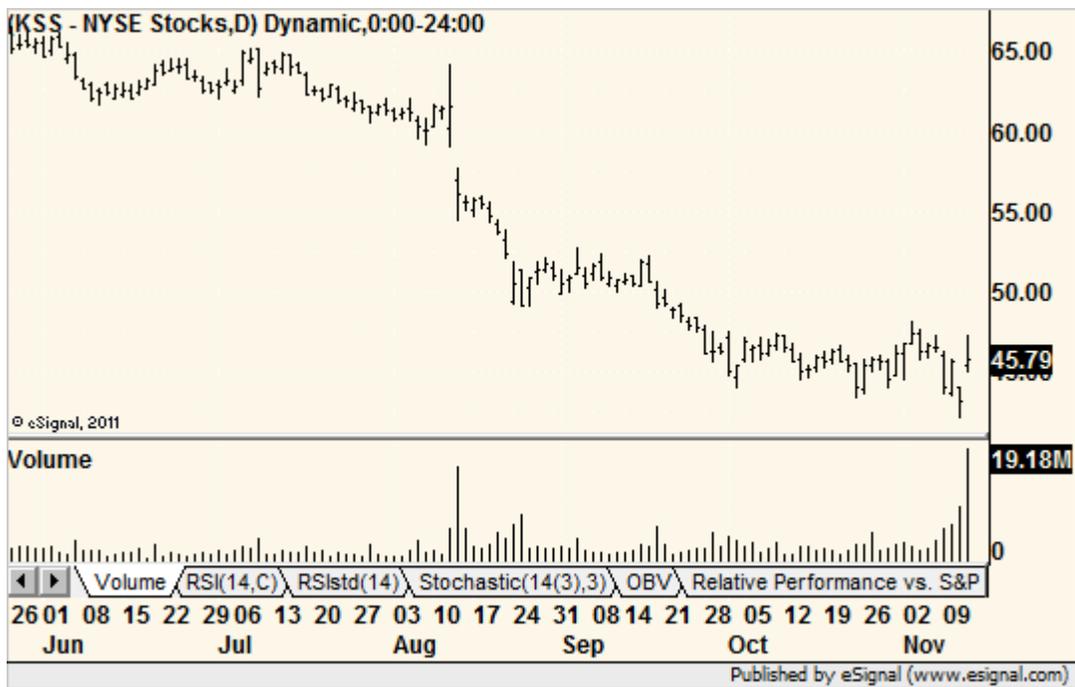
Regional Banks ETF –Also testing the trendline. However, this has an additional wrinkle of not holding a resistance breakout. Has the violation been too big to recover? Not yet.



DJ Utilities – We can argue this bounced at the bottom of a ragged range. Not much additional info here.



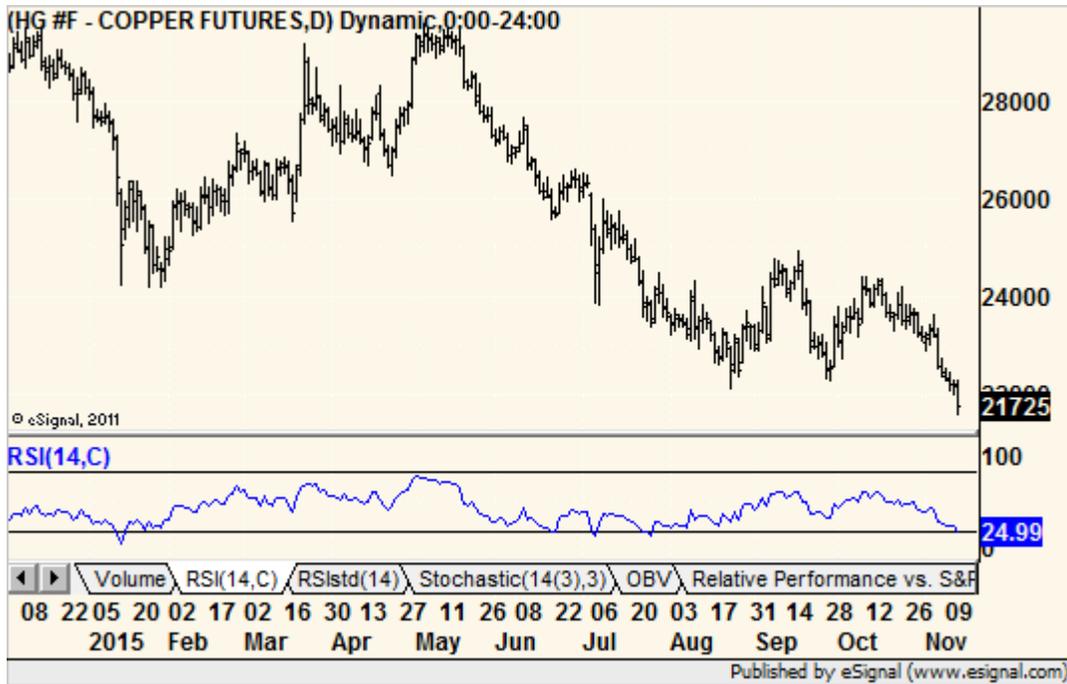
General Electric – Very curious volume surge. It does not look like a buying climax as the trend was not vertical but that is a lot of activity after a nice rally. A bearish reversal bar yesterday on the heaviest volume yet.



Kohl's – For a breakaway gap, this leaves a lot to be desired. Not a strong finish. Lower in the premarket so tThis one may fail. By the way, peer **JWN collapsed this morning**. Buh bye, retail.



World Wrestling – Elbow drop. This one broke down.



Copper – Support break to a new low.



US dollar index – Still strong.

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>	SON	SONOCO PRODS CO	41.00	-2.3%		41.95	10/20	23
	PEP	PEPSICO INC	98.37	-4.6%	98.00	103.08	10/22	21
	AMAT	APPLIED MATLS INC	16.53	-0.7%	16.25	16.65	10/26	17
	VZ	VERIZON COMMUNICATIONS	44.83	-4.7%	44.50	47.02	11/2	10
	HAL	HALLIBURTON CO	37.49	-6.3%	37.25	40.00	11/4	8
	NE	NOBLE CORP PLC	13.25	-7.0%		14.25	11/4	8
	COL	ROCKWELL COLLINS INC	86.19	-2.2%	85.00	88.12	11/5	7
	ENV	ENVESTNET INC	32.55	-2.4%	31.00	33.35	11/12	0
	M	MACYS INC	40.82	1.7%	38.25	40.12	11/12	0
	OPB	OPUS BK IRVINE CALIF	39.66	-0.1%	38.00	39.69	11/12	0
<u>Short</u>	WCG	WELLCARE HEALTH PLANS INC	77.10	14.9%	82.00	88.62	11/2	10
	GT	GOODYEAR TIRE & RUBR CO	32.25	1.8%	34.50	32.84	11/2	10
	CL	COLGATE PALMOLIVE CO	65.27	2.3%	68.00	66.80	11/11	1
	CAG	CONAGRA FOODS INC	39.21	2.0%	41.00	40.00	11/12	0

Notes: Two more resource related stocks stopped out. New longs in **ENV**, **M** and **OPB**.

On the short-side, lowered stop in **WCG** again. Added two new shorts in **CL** and **CAG**.

It is crystal clear which side is winning.

Other Information

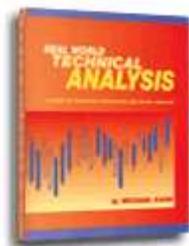
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we’ll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>



<http://www.talkmarkets.com/contributor/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015