

# QUICK TAKES PRO

*"TECHNICAL ANALYSIS FOR EVERYONE"*

MICHAEL KAHN  
RESEARCH LLC

**December 26, 2015** – The holiday season is in full swing and I get a kick out of my friends posting pictures of themselves outdoors at various events in short sleeves and in some case bathing suits. Crazy weather with a “K” in the Northeast. As I mentioned last week, a friend here in suburban NYC is still doing laps in his outdoor pool and posted a selfie video Xmas morning.

The markets were rather quiet as expected during the holiday-shortened week and we’d expect the same to be the case in the coming week. Volume was super low – also as expected although we noticed a trend over the entire year of rising volume. Either retail is back or algos are running amok and we don’t think anyone is betting on the former. And it is probably not a good sign as algos can change direction on a dime.

The dollar had a down week while oil formed a stronger bounce than the two-day wonder the week before. Gold was up but technically still dead in the water. Bonds were mixed. Grains down, meats up and critical coffee (for me each morning) was flat.

In other words, we really cannot report any major shifts across asset classes. Within the stock market, big tech has been underperforming for the entire month and that should be a wakeup call for everyone. The reason is that the FANGs and other generals have been propping up the market for months and if they stumble then things could get dicey all around. Google and Apple are struggling.

And did you see Nike on Wednesday? Massive key reversal to the downside on excellent earnings news. That’s bearish and it lost even more Thursday.

On the plus side, industrial metals such as Alcoa, Freeport McMoran and Posco (Korean steel) had some big gains. We cannot say there was a trend change but it was notable that this group, which had lagged for so long, opened an eye. Of course, it did the same in late September and then went back to sleep. This time, however, there is a weekly RSI divergence so we’ll take a look below.

Ford is teaming up with Google on a driverless car. No response from the stock.

And back to Nike, it split Friday and that changed the Dow’s divisor. The result is a slight shift in power within the index as Nike loses and higher priced stocks win.

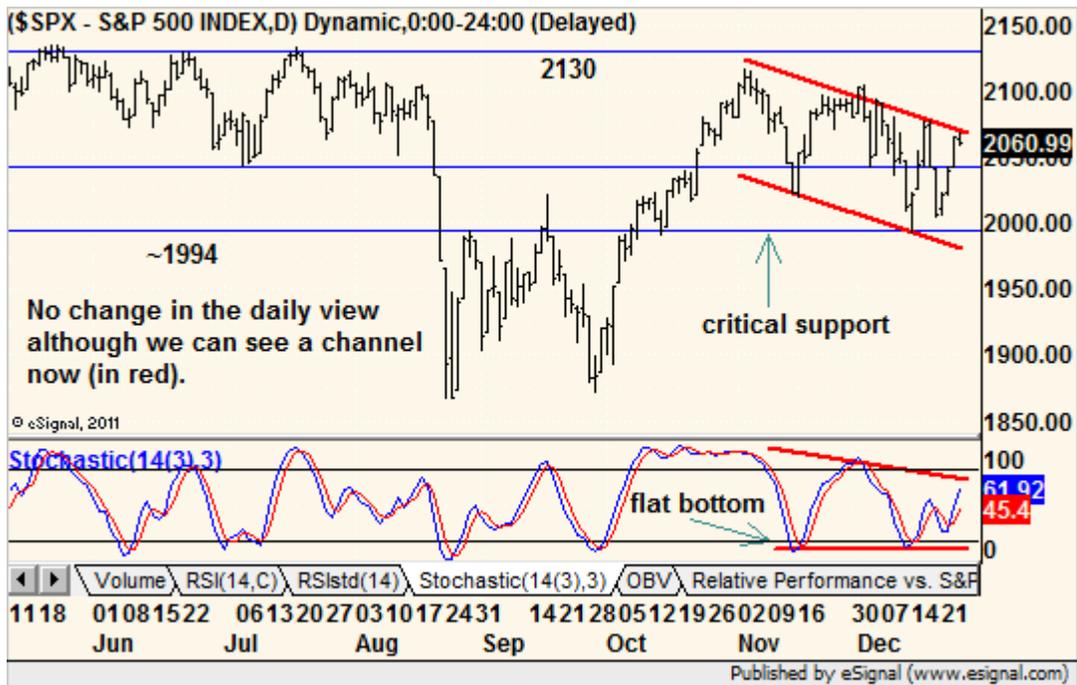
Elsewhere in the world, Beatles music is now available for streaming. No movement in Pandora stock. Draft Kings and Fan Duel lost another state to the “gambling” argument. Drug gouging CEO Martin Shkreli was picked up on securities fraud charges a week ago and now has been canned from his company. Football scored a black eye as two young hotheads clashed on the field. One was suspended for a game and the other will likely see some big fines.

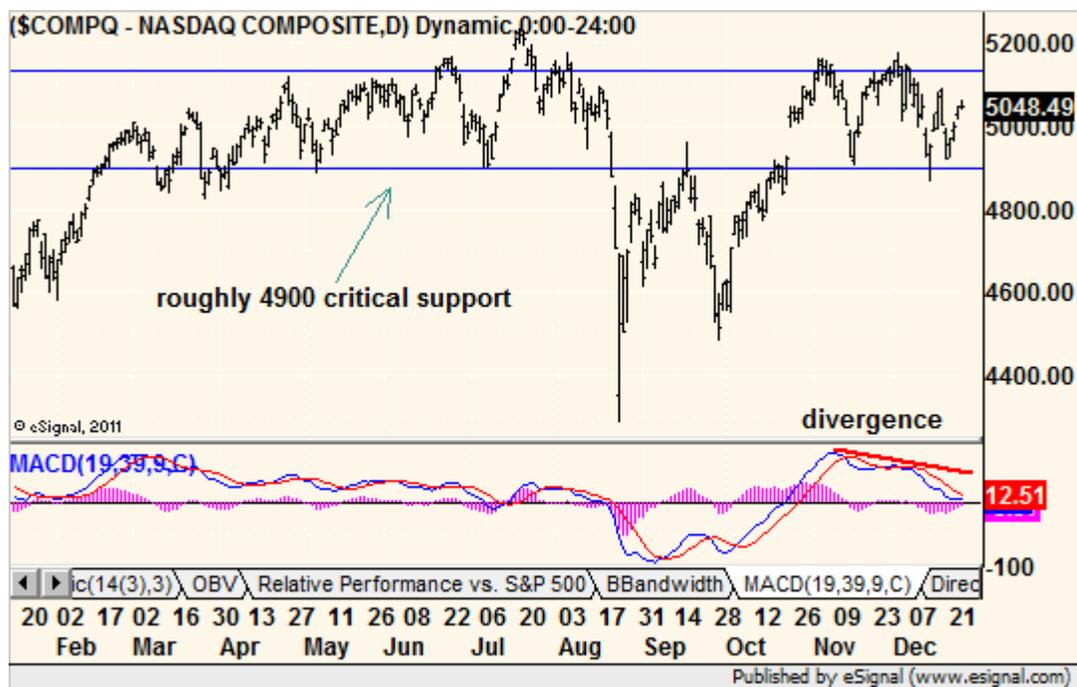
And in the markets, Business Insider ran a chart of the percent of stock buybacks that occur each month. The biggest and (tied for) third biggest months are November and December while January is the smallest. With light volume in December the effects of that demand are pronounced. But in January, the demand is gone and that suggests it will not be a good month. Buyback support will be gone.

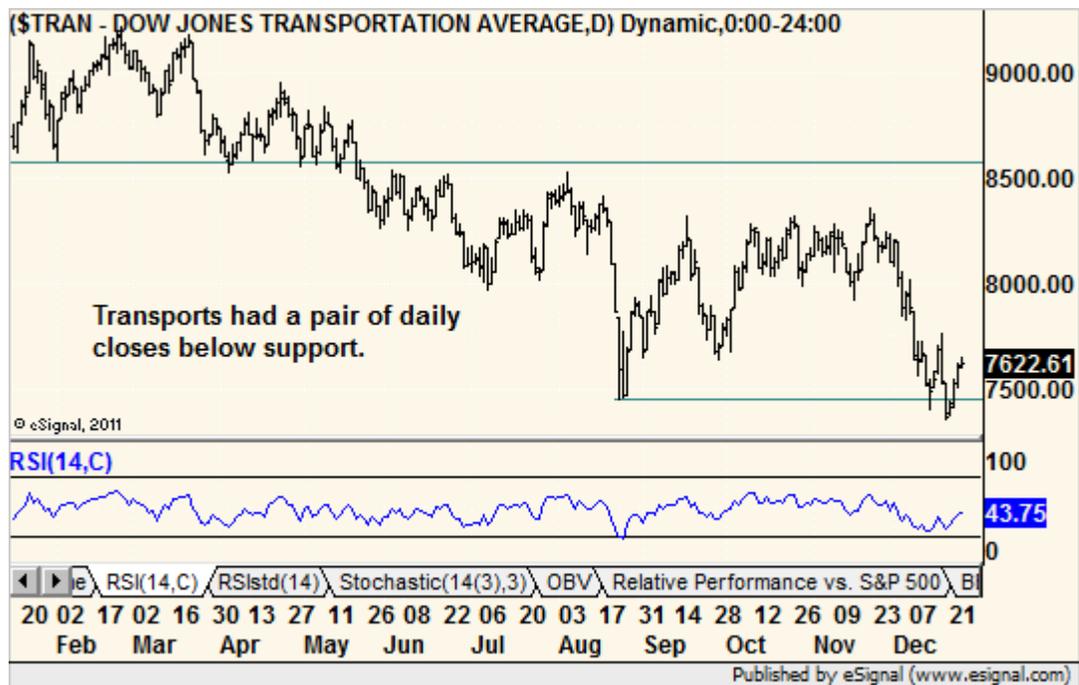
Our overall posture has not changed – very cautious stocks, bearish most commodities and bullish the dollar once the current correction does actually end.

Over the past week, my Barron’s Online articles covered how market cycles are not working so don’t blindly accept that the winter will be seasonally strong. And industrial stocks were in precarious positions – unlike the Dow, which is hardly industrial at all.

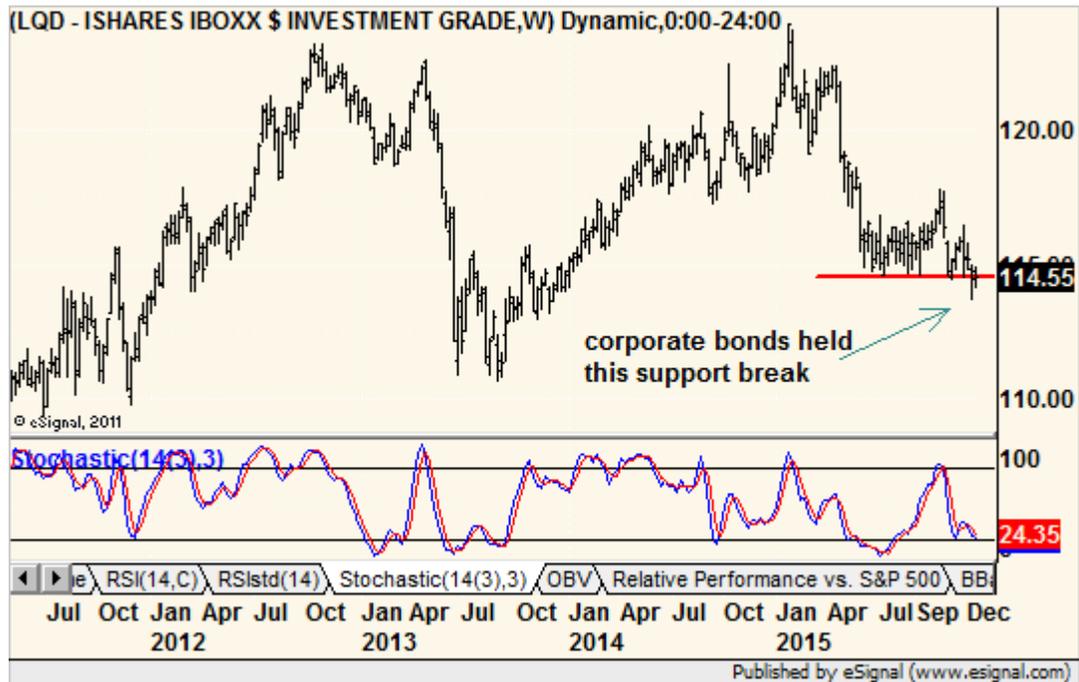
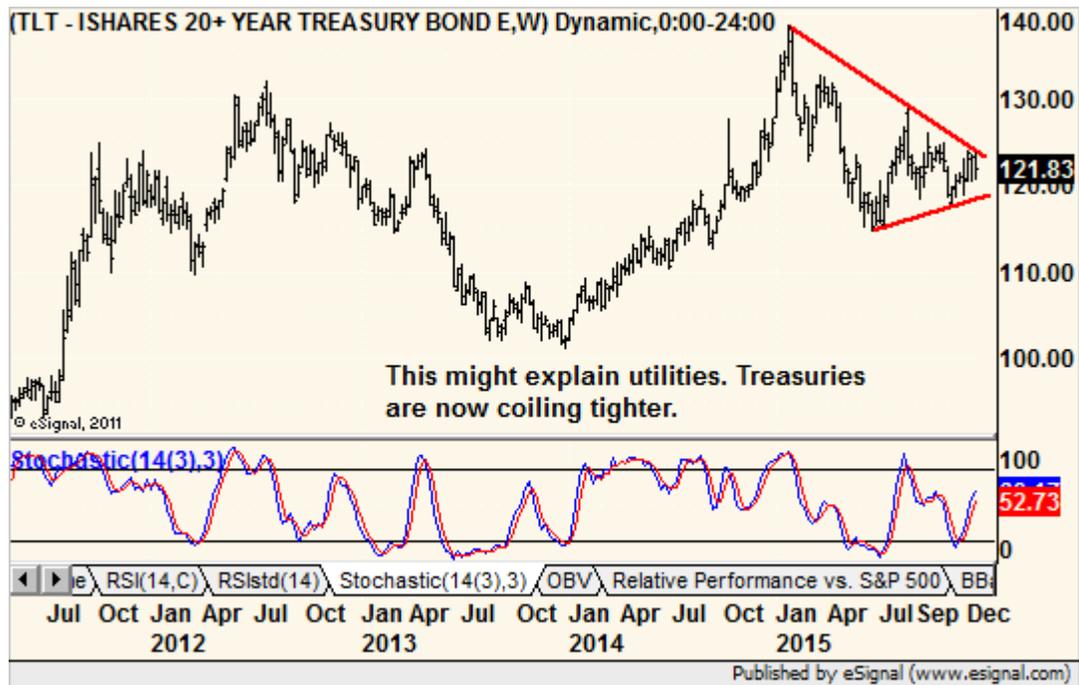
# Index Charts of the Week

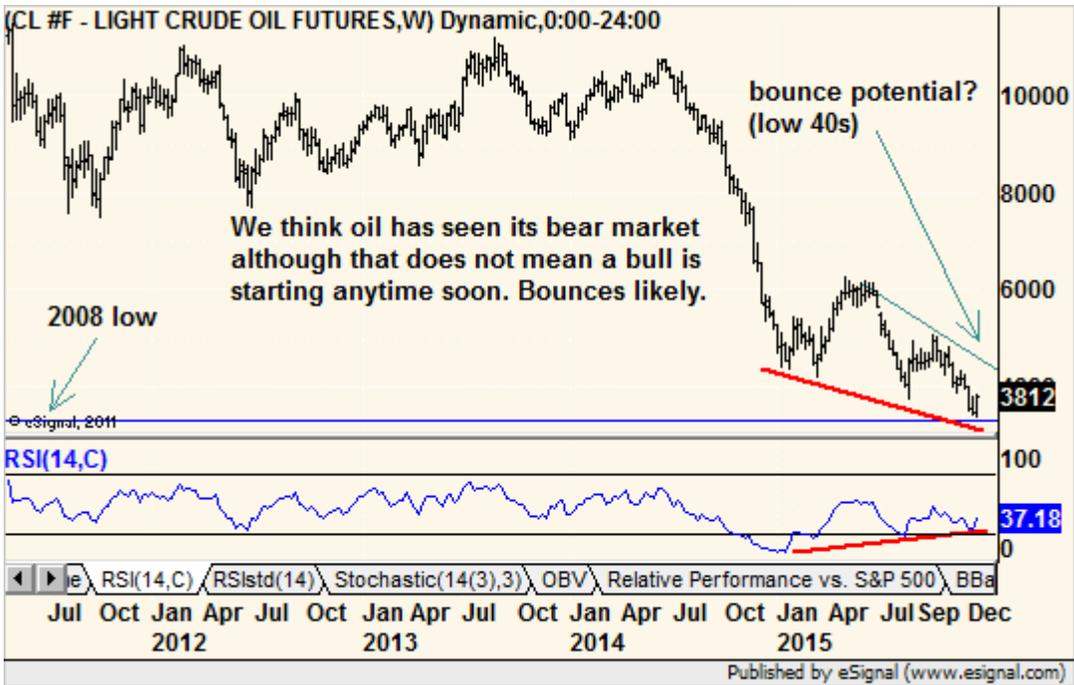






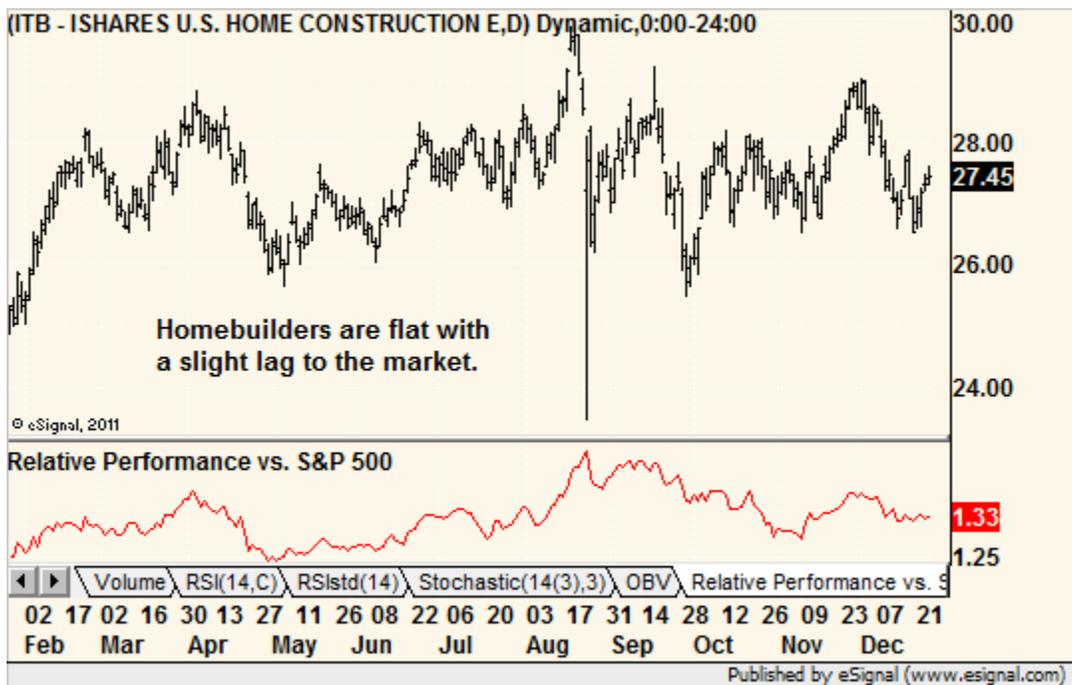
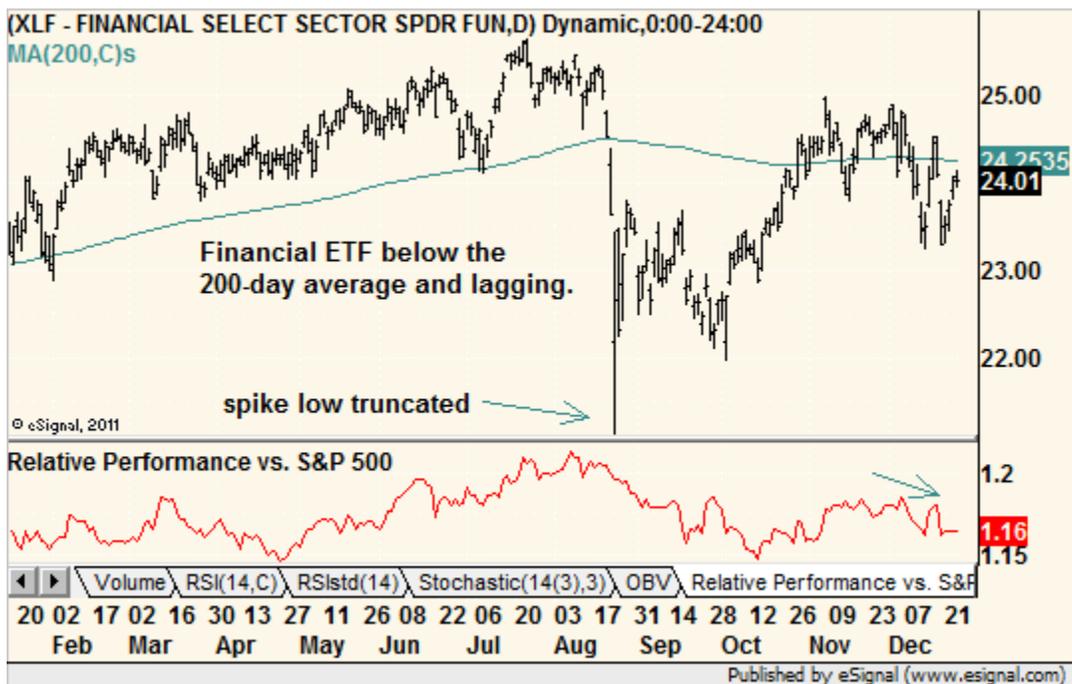
## Other Markets

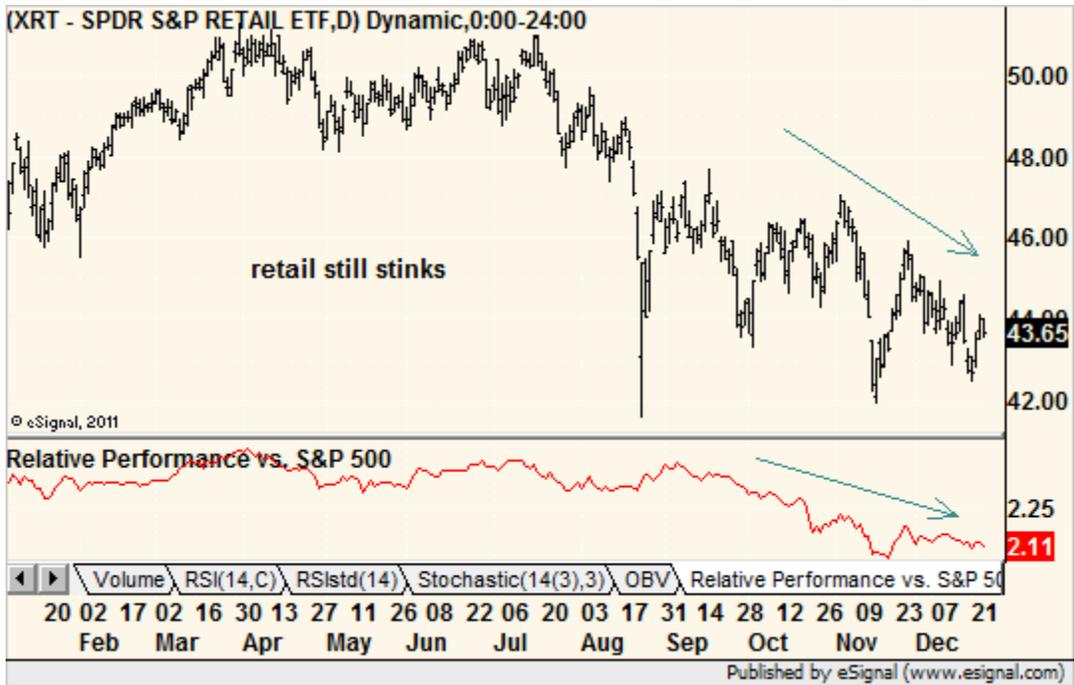
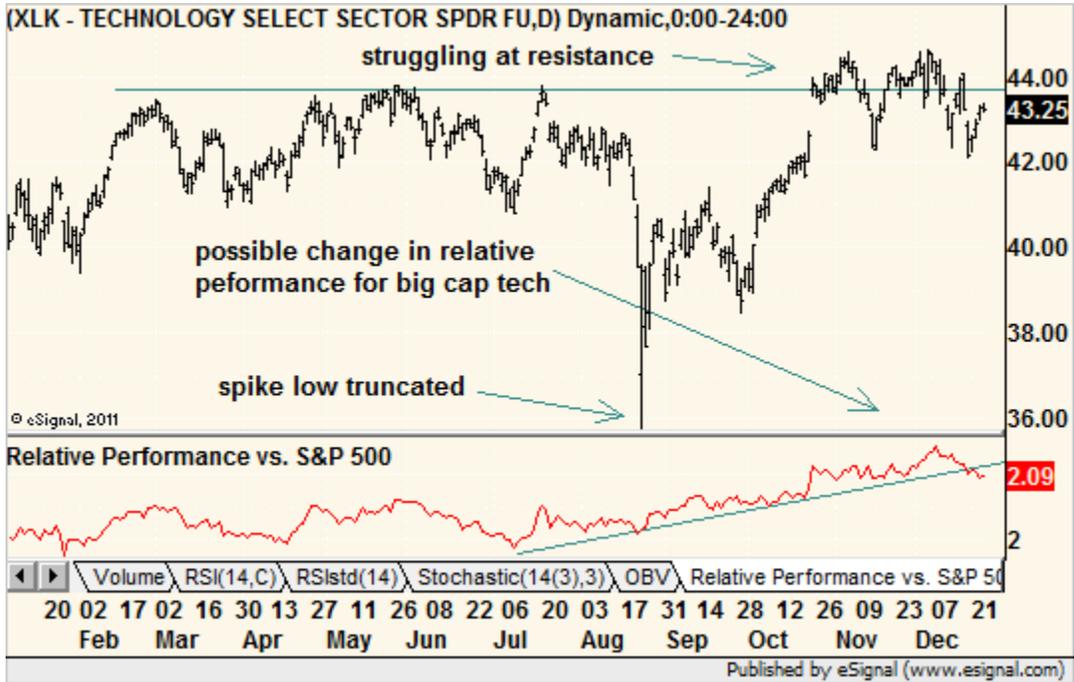


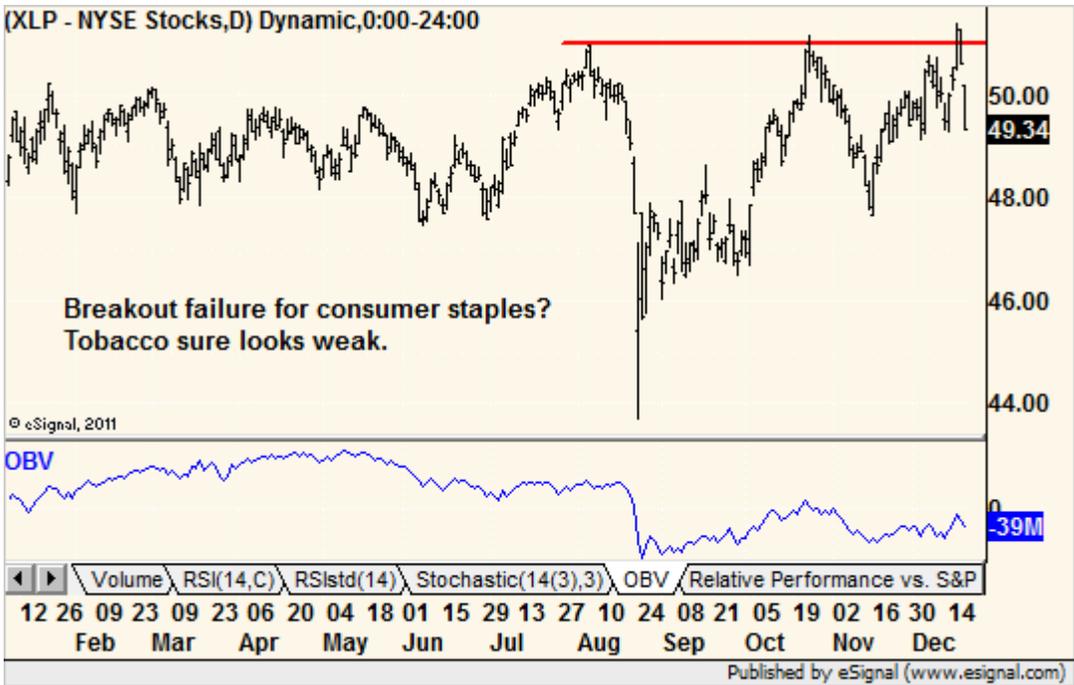


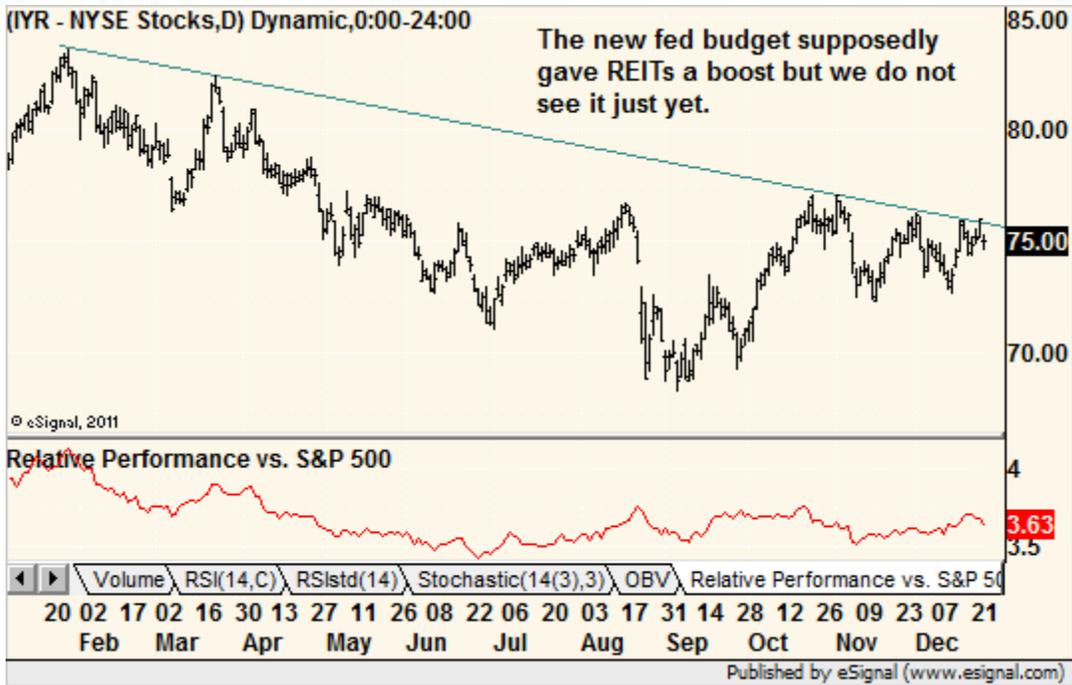
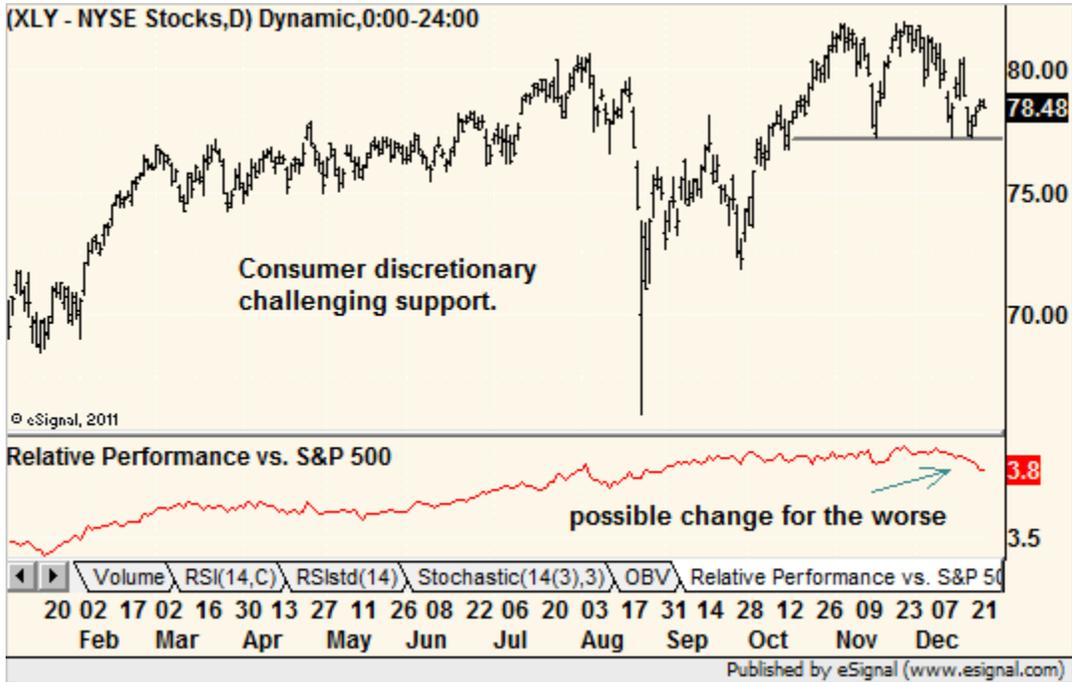


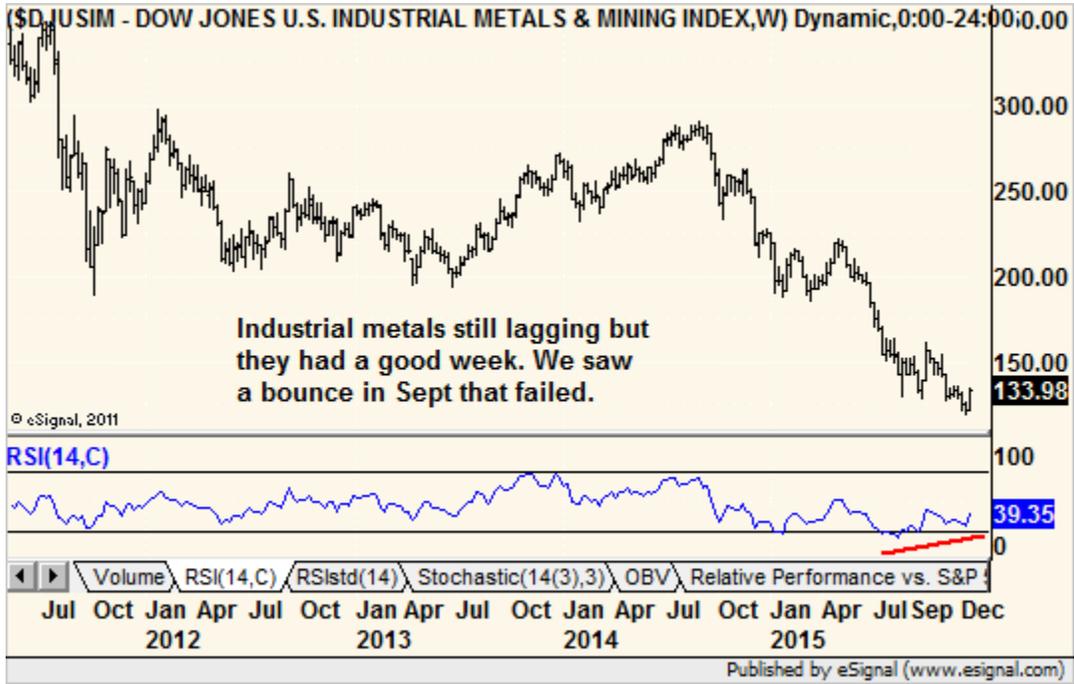
## Sector Watch



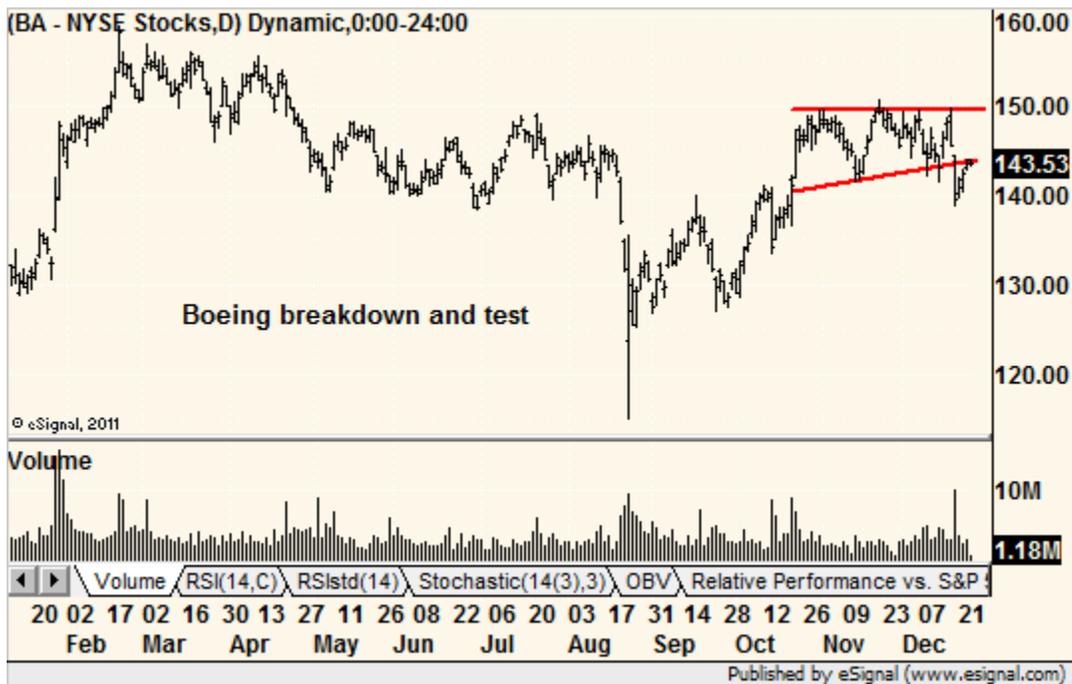
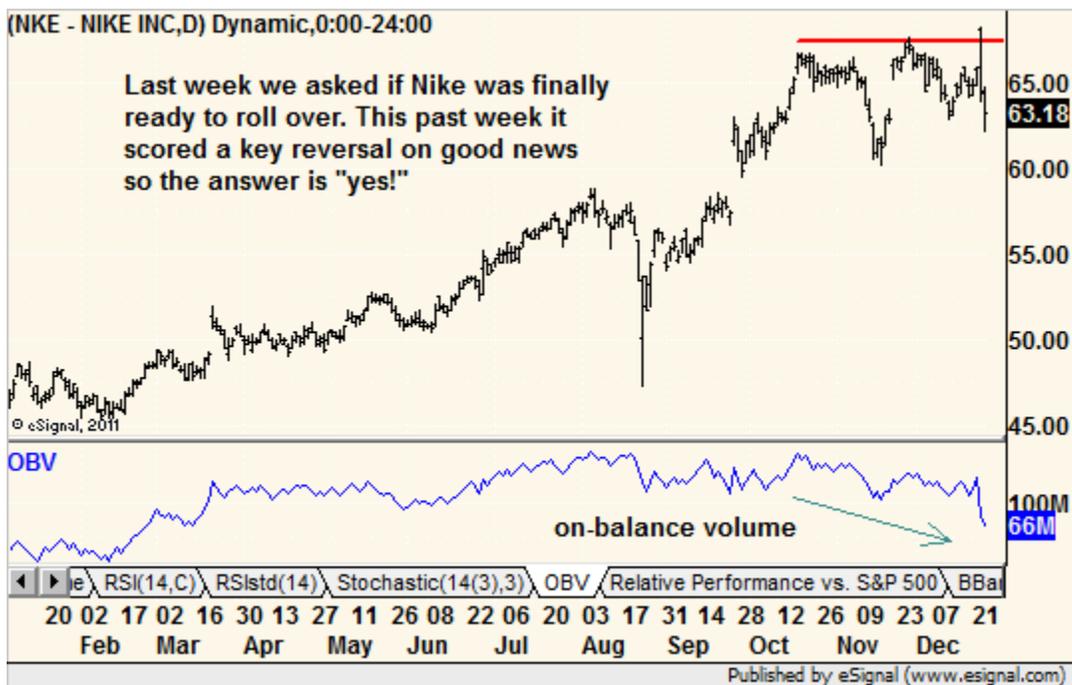


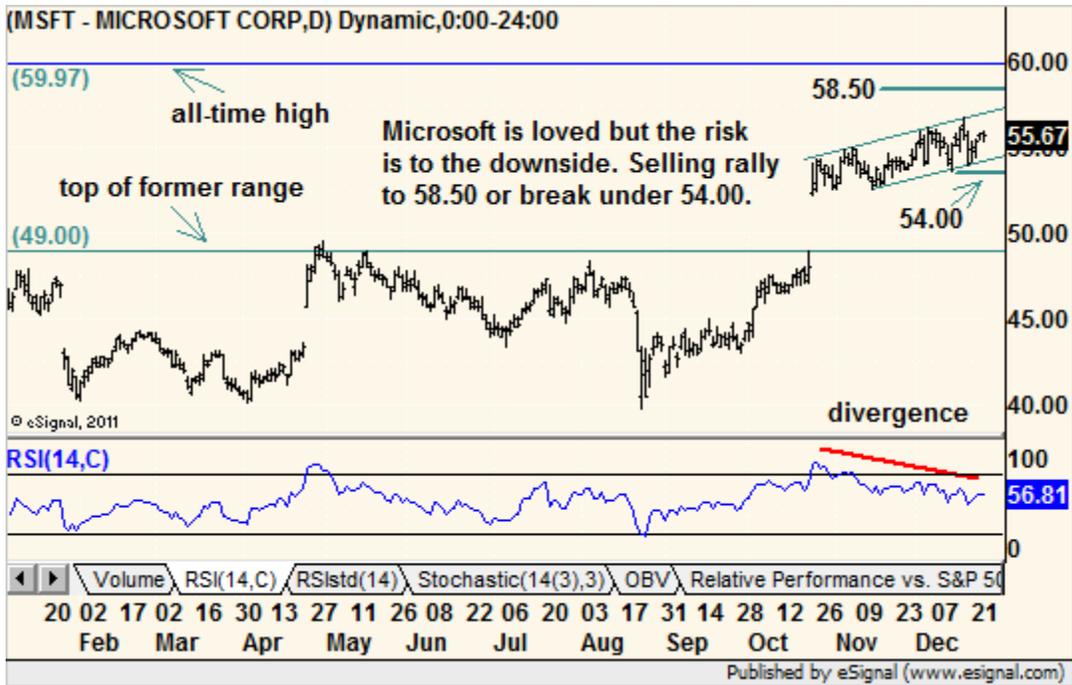
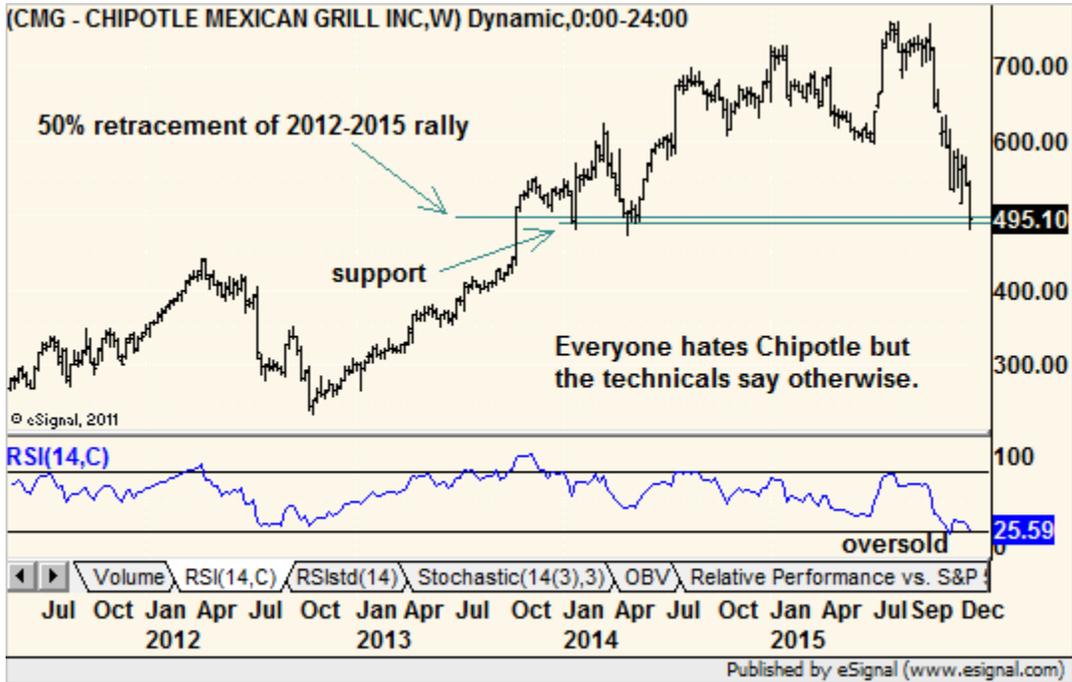






## Stocks in the News





## Other Information

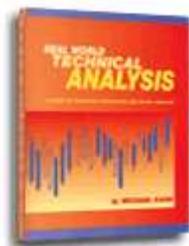
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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