

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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January 26, 2015 – There are three huge stories affecting modern civilization as we know it. The Greek election, the Epic Blizzard about to hit New York and the air pressure of Patriot footballs. Obviously, our language is intentionally colorful but only one of the above is really important. There will be more snow in New England and who is not already sick of “deflategate.” But ratings is ratings (sic).

The Greek’s elected a far left regime and now withdrawal from the euro is on the table. And if that progresses, then everyone turns towards a similar event from Spain. The PIIGS drama is back. The euro hit a new low.

Back here, the tanking euro is making it hard for gold to rally. The metal did move higher right after the Greek election but backed down thanks to the currency effect. Keep in mind that both the dollar and gold are rising for weeks and that is unusual to say the least.

Stocks in Europe are still moving up, likely riding the liquidity wave of last week’s QE announcement. One thing to note, while US stocks sold off Friday afternoon after Europe closed, the latter opened lower to play “catch down” and then rallied back. We’d say that all told Europe is still a happy place for investors.

Oil dipped to a new low overnight although ETFs came back to green in the premarket. This has got to be deflating, so to speak, for oil bulls and can send sentiment even lower. We like that and still see energy as the sleeper market for 2015. We just have to wait for the technicals to tell us when it is time to buy.

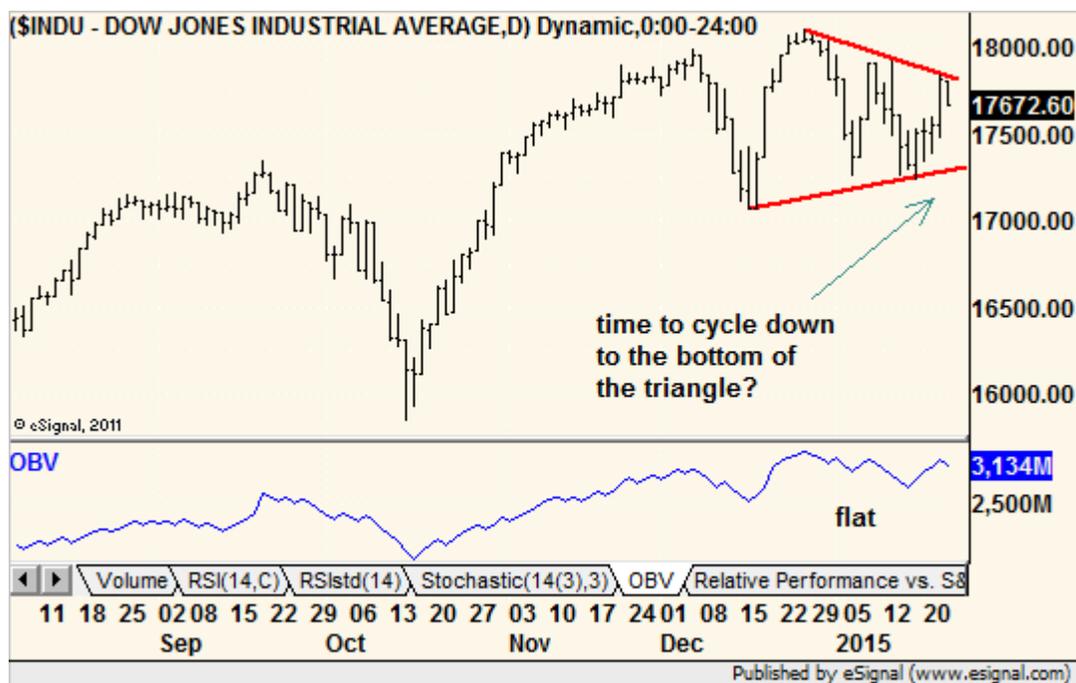
Finally, copper is also is sort of a freefall – or was until late this morning (still in the premarket). We’ve got a futures chart below to show a potential bottom. No buying yet!



On the hourly chart, the **SPY** formed a mini-RSI divergence at Friday’s early high, which is now a rather big intraday resistance level. Trace it back across the chart to the start of the year. We also see a trendline breakdown, again in this intraday time frame.

Finally, from Twitter on Friday, the Nasdaq scored more new lows than highs for the sixth straight day. The seasonal (late January rally) appears to be over. The daily charts below put that into context.

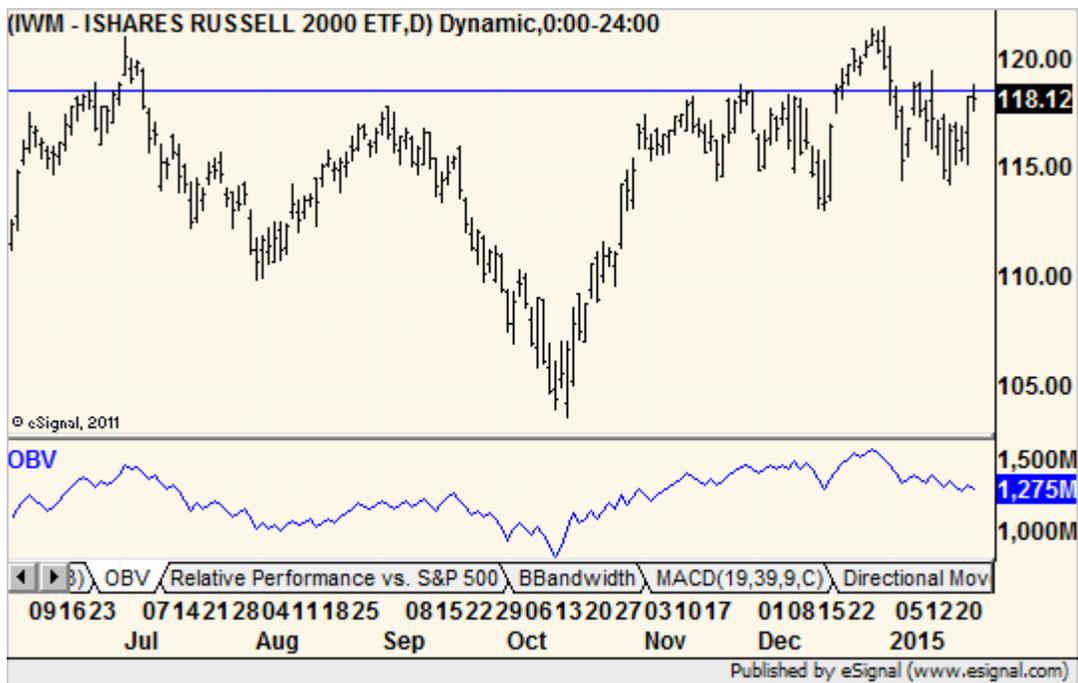
Index Charts of the Day



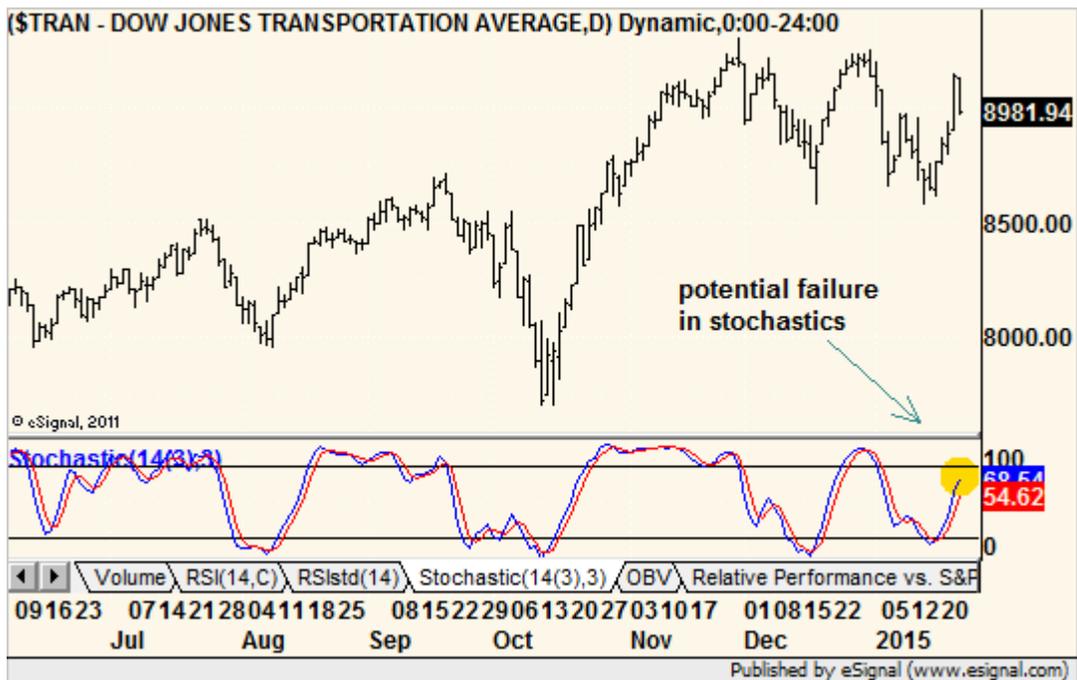
The Dow shows the coiling action since early December and the rally off last week's low ran into resistance. Flat on-balance volume tells us the market is sideways, not trending.



The Nasdaq may have eked out a gain and tech stocks may have led the Asian rebound overnight but this looks to be a pending failure within the trading range. Volume "sort of" looks like it fell during last week's rally but it is not really definitive enough to believe. If anything, it certainly did not expand during the rally so that is more reason to call this a flat market.



The small cap Russell 2000 ETF has a slight decrease in on-balance volume during last week's chop. That is at least "not bullish."



Transports soared Thursday thanks to airlines and gave a lot back Friday thanks to **UPS**. If they continue lower from here we will get a failure in both price to reach resistance within a range and stochastics to reach high levels. Basically that is short-term bearish.

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		
Procter & Gamble PG – Head-and-shoulders-like possibility and short setup. Sell close under 89.40. Big Friday gain, proving why we wait for real signals.		1/14
Monsanto MON – This is a lesson in the subtleties of stochastics. When “overbought” occurs at middle levels of the indicator we know the stock is weakening within its range. Sell close under 116.25		1/21
Visa V –Falling on-balance volume w/ support developing. Looking to sell break of 252.50 on close.		1/16
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Caterpillar CAT – Major support at 80 would be hot but we’ll bite at 82.		1/6
Valero Energy VLO – Here is a nutty idea – an oil refiner. The chart has potential for a trendline breakout and clearly nobody wants to touch this group. Trailing P/E under 7 and 2.4% div yield. Waiting for the breakout but we have to be very patient. <u>Huge rally Friday but we are not chasing. If it pauses, we’ll set the breakout trigger.</u>	Changed	1/9
Apple AAPL – Giving the trendline another go for a breakout? Moved above the line but on lower volume. <u>Looks like it is breaking out.</u>		1/22
Tesla TSLA – Bullish RSI divergence after a long decline. Still in a down trend but risk lovers may give this a shot.		1/22
Continental Resources CLR – Base breakout? Could be premature but it does look encouraging. This is an oil and gas explorer/producer. We’d prefer a little pause first.		1/22
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Still in rally mode. <u>Be alert – RSI divergence.</u>		1/5
Real Estate ETF IYR – Still in rally mode but scored bear reversal on volume		1/5
Tobacco index – Much improved. TOB index just broke out.		1/5
Banks –Breakdown. Monster rally Thursday to test the break bur the trend is still to the downside.		1/12
Healthcare ETF XLV – Now holding in a range but on-balance volume is falling.		1/15
Brazil ETF EWZ – Arguable breakout but we’d like something a little more solid		1/22
Updates		
none -		



Alibaba – Pausing at the trendline. Watching.



Paychex – Broke out Friday but easing today. Another one to watch.

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>	NOC	NORTHROP GRUMMAN CORP	156.19	7.7%	150.00	145.05	1/7	18
	INTC	INTEL CORP	36.45	2.3%	35.00	35.64	1/7	18
	GDXJ	MARKET VECTORS JR GOLD MINER	28.50	5.2%		27.08	1/8	17
	LO	LORILLARD INC	66.02	2.4%	63.00	64.46	1/13	12
	FCX	FREEMPORT-MCMORAN INC	19.24	-3.1%	18.80	19.85	1/21	4
	PM	PHILIP MORRIS INTL INC	82.82	-2.0%	82.00	84.55	1/21	4
	HAL	HALLIBURTON CO	40.99	0.4%	40.00	40.82	1/22	3
<u>Short</u>	HIG	HARTFORD FINL SVCS GROUP INC	40.14	-0.9%	41.50	39.79	1/14	11
	MCO	MOODYS CORP	93.78	-1.2%	96.00	92.67	1/15	10

Notes: Stopped out of the **GDXJ** long but we pocket a nice short-term gain. Looking to get back in soon.

Also raised the stop in **HAL**.

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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