

QUICK TAKES PRO

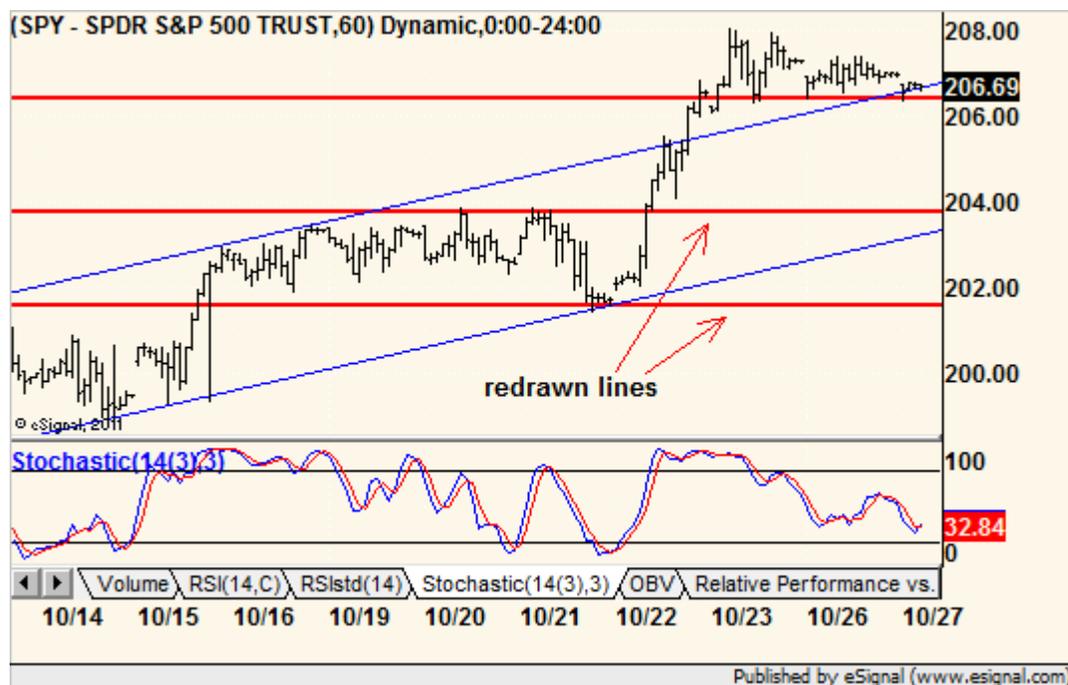
"TECHNICAL ANALYSIS FOR EVERYONE"

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October 27, 2015 – Monday was a snoozer with little movement and low volume. Here is a script that we've seen many times before, and we quote, "U.S. stocks mostly fell Monday as oil prices slumped and investors looked ahead to this week's meeting of the Federal Reserve." The consensus is that they will do nothing about rates. Perhaps that is what kept the market from giving anything back after last week's monster gain.

Oil is under pressure again thanks to worries of a continuing glut in supply. Of course, that makes energy stocks the victim and the breakout seen there is one step closer to failure. It has not happened just yet.

Gold is doing a bit better and was rather resilient last week despite a rising U.S. dollar. The **GDX** mining ETF still holds its bull flag configuration and may be perhaps a few days ahead of energy in terms of coming out of its two-week correction.



We've redrawn the red lines on the hourly **SPY** chart to better reflect more recent support and resistance. The blue channel lines are the same. The market is dead calm waiting for something and that something could be the Fed if they say something hawkish. Or it could be earnings somewhere saying something bullish – drugs, Internet, etc...

As always, somebody is creating analogs to previous market crashes. Today, we will examine one that equates the current market with 2008. Normally, these analogs are not very helpful but this one does have a lot of similarities. We'll present it in the Big Picture section below just so we can be on the lookout for the same trigger that sent it down last time.

Today's short-term theme, however, remains "hurry up and wait."

Index Charts of the Day



The Nasdaq chart looks to be the very definition of “no man’s land” between support and resistance. An overbought trend that stalls with no volume.



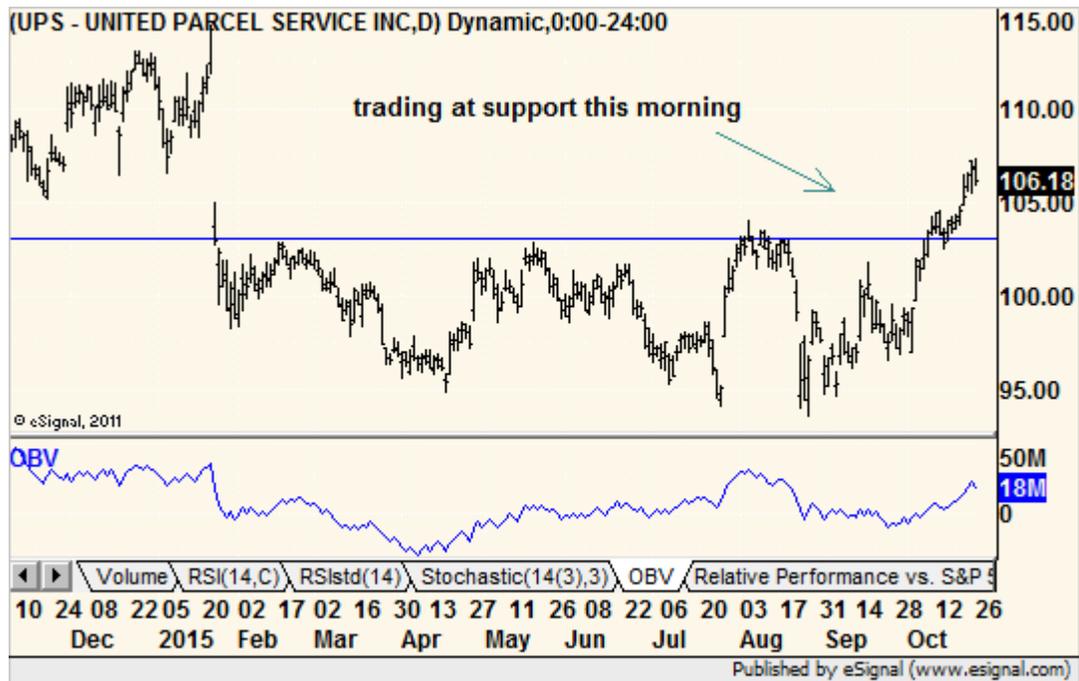
The Russell 2000 has gone nowhere for weeks and seen very little on-balance volume movement. Still waiting.

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		
Applied Materials AMAT –This semiconductor equipment stock looks to be coming out of a double bottom after breaking a major trendline. Bullish weekly MACD crossover. Daily RSI rising nicely. Strong group. Looks good here.	Triggered	10/26
Bearish Implications		
none –		
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Macys M – We want this stock at around 47. The fresh range breakdown and bear trend tells us not to jump so fast. We’ll let it sink even lower and require it give us a technical sign – oversold, climax, reversal.		9/30
Bed Bath & Beyond BBBY – Retailer looking good if it hits bottom of massive trading range at 54.60.		10/1
CVS Health CVS – Scored a death cross and is just under resistance. But if it punches through it would be a very good sign		10/21
Verizon VZ – Bumping into multiple resistances. But if it punches through....		10/22
Lilly LLY – This drug stock broke down last week but bounced on earnings. If it fails again then it should be sold. And of it rallies sharply above 78.20 then the breakdown failure can be bought. <u>Sector doing well Tuesday.</u>		10/22
Sector Watch (observations that may spark ideas)		
Emerging Markets ETF EEM – If commodities are coming back we will keep an eye on the trendline from April here. Possible “handle”-like formation.		10/6
REIT ETF IYR – Broke out two weeks ago but formed a key reversal Friday.		10/9
Trucking – Index failed at trendline but rebounded. Have to be on breakout alert.		10/14
Biotech – IBB and BBH ETFs on bear flag breakdown watch		10/14
Semiconductors – Breakout.		10/15
Transports – Led by airlines, on the verge of breakout. Marine transport lagging.		10/20
Healthcare – providers and medical supplies looking ugly.		10/23
Updates		
none –		

Market Highlights



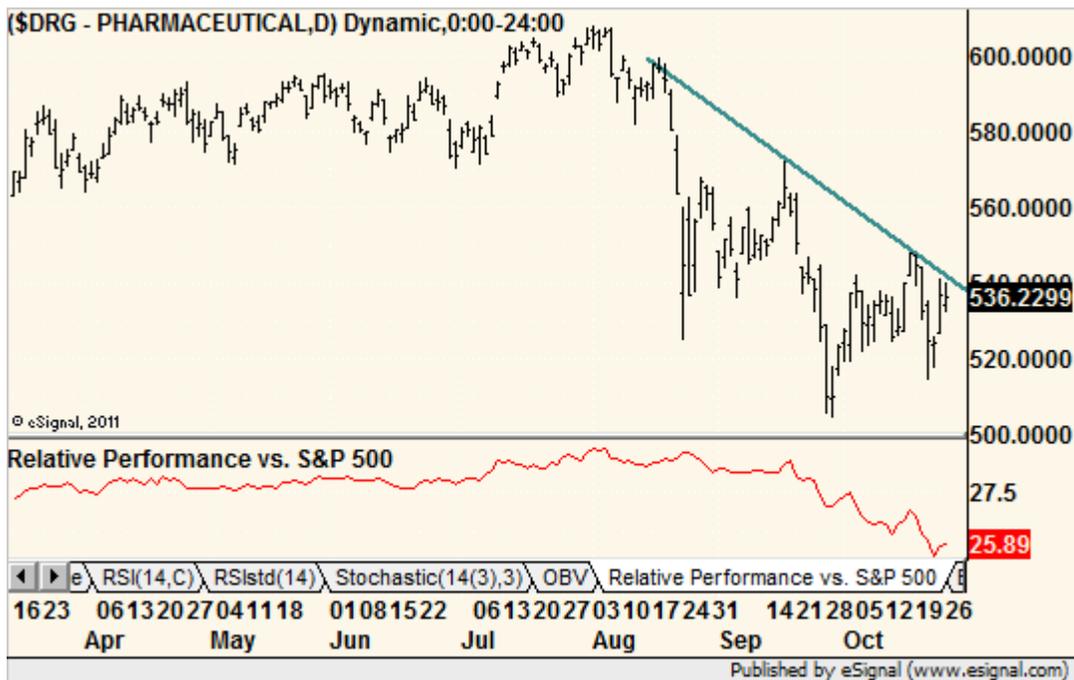
UPS – They blamed lower fuel prices for the weak numbers? Huh? Technically, this one landed on support making it a bargain (not a guarantee).



Yahoo – Breaking out on the **BABA** news. We'd prefer getting it under 35 to reduce some risk.



Yandex – This is an Internet search stock about which we know very little. But with **BABA** and **YHOO** and even **GOOGL** doing so well this is a good breakout to investigate.

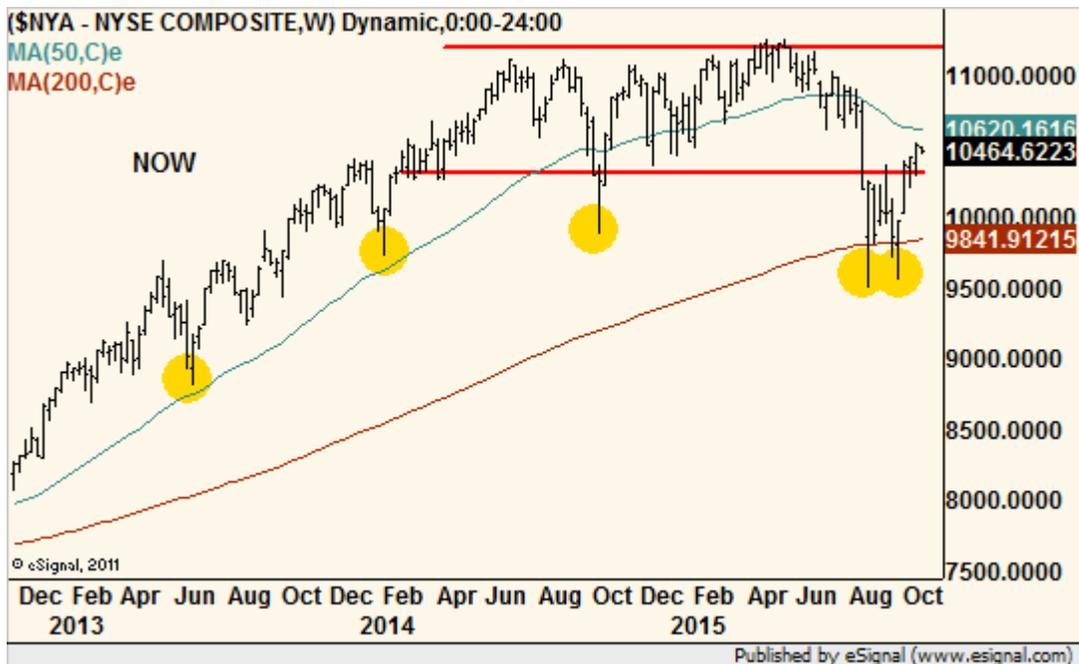
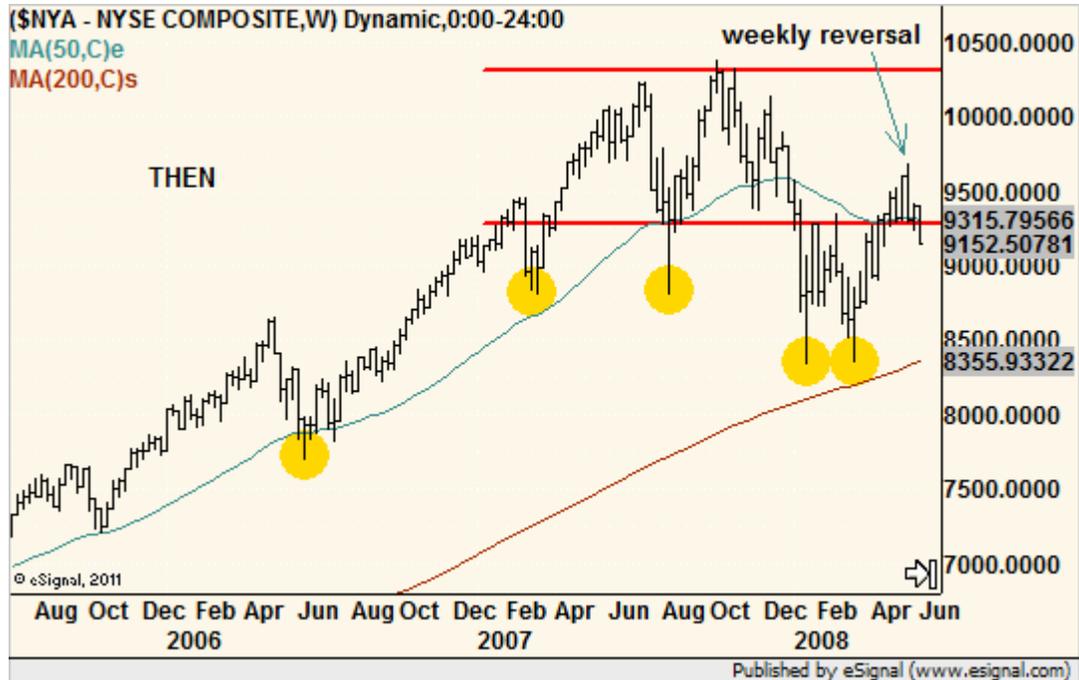


Drug Index – Drug stocks are still lagging but may be trying to get back in the hunt. Big earnings in **MRK**, **PFE**, **BMJ**, **SHPG**.

The Big Picture

In this section, we take a macro look at things.

The 2007-2008 Analog on the NYSE Composite



According to the analog, the current market is a week or two away from the reversal. Will it happen? Who knows? We are ignoring the fundamentals, as we should as technicians.

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>	LQD	ISHARES INVESTMENT GRADE	117.37	0.3%	115.00	117.00	10/14	12
	XLE	ENERGY SELECT SECTOR SPDR	66.59	-1.5%	66.00	67.61	10/15	11
	OII	OCEANEERING INTL INC	44.56	-6.3%	44.50	47.55	10/16	10
	SON	SONOCO PRODS CO	41.40	-1.3%	40.00	41.95	10/20	6
	OIH	MARKET VCTR OIL SERVICES ETF	30.18	-2.6%	29.50	31.00	10/22	4
	CHRW	C H ROBINSON WORLDWIDE INC	72.50	-0.1%	70.00	72.60	10/22	4
	PEP	PEPSICO INC	102.54	-0.5%	98.00	103.08	10/22	4
	AMAT	APPLIED MATLS INC	16.33	-1.9%	15.50	16.65	10/26	0
	TFX	TELEFLEX INC	126.28	-1.2%	129.00	124.71	10/22	4
	HOLX	HOLOGIC INC	37.71	-2.5%	38.50	36.75	10/22	4

Notes: Bathed in red thanks to our belief that energy is on the mend. Given oil prices this morning we will likely get stopped out of the whole mess.

New long in **AMAT** – a promising catch up stock in a strong sector.

Other Information

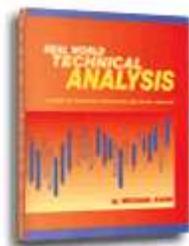
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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