

# ***Chartbook Review***

*(charts as of 03/26/14)*

***By Fred Meissner, CMT***

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# Chartbook: Stocks of Interest

Symbol	Company	trkPrice	Sector	Industry
RYN	Rayonier Inc	45.10	Basic Materials Sector	Lumber & Wood Production
T	AT&T Inc	34.92	Communication Services Sector	Telecom Services
TMUS	T-Mobile US Inc.	32.01	Communication Services Sector	Telecom Services
VOD	Vodafone Group Plc	36.98	Communication Services Sector	Telecom Services
VZ	Verizon Communications	47.65	Communication Services Sector	Telecom Services
LULU	Lululemon Athletica Inc.	49.02	Consumer Cyclical Sector	Apparel Stores
JCP	J.C. Penney Company Inc	8.77	Consumer Cyclical Sector	Department Stores
JWN	Nordstrom Inc	62.33	Consumer Cyclical Sector	Department Stores
NKE	Nike Inc Cl B	73.69	Consumer Cyclical Sector	Footwear & Accessories
FBHS	Fortune Brands Home and Securit	41.50	Consumer Cyclical Sector	Home Furnishings & Fixtures
TPX	Tempur Sealy International, Inc.	50.09	Consumer Cyclical Sector	Home Furnishings & Fixtures
KORS	Michael Kors Holding Limited	92.72	Consumer Cyclical Sector	Luxury Goods
LVS	Las Vegas Sands	77.27	Consumer Cyclical Sector	Resorts & Casinos
WYNN	Wynn Resorts Ltd	214.87	Consumer Cyclical Sector	Resorts & Casinos
SBUX	Starbucks Corporation	74.47	Consumer Cyclical Sector	Restaurants
FIVE	Five Below, Inc.	42.34	Consumer Cyclical Sector	Specialty Retail
STZ	Constellation Brands Inc	82.90	Consumer Defensive Sector	Beverages - Wineries & Distille
SJM	Jm Smucker	96.38	Consumer Defensive Sector	Packaged Foods
PM	Philip Morris International	80.81	Consumer Defensive Sector	Tobacco
NOG	Northern Oil and Gas	14.08	Energy Sector	Oil & Gas E&P
BK	The Bank of New York Mellon Corp	35.31	Financial Services Sector	Asset Management
MA	MasterCard Inc	74.68	Financial Services Sector	Credit Services
CELG	Celgene Corp	144.33	Healthcare Sector	Biotechnology
GILD	Gilead Sciences Inc	73.95	Healthcare Sector	Biotechnology
XON	Intrexon Corporation	25.72	Healthcare Sector	Biotechnology
BMJ	Bristol-Myers Squibb Co	52.78	Healthcare Sector	Drug Manufacturers - Major
ILMN	Illumina Inc	144.63	Healthcare Sector	Medical Instruments & Supplie

Note: Still trying to figure out a way to create a table of contents so you can quickly go to the page. Also, the notes on the right of the chart will also have historical notes. The post on the top is the most current comments and there will be a designation to the right of the note which displays how old the note is in days. Example: 34d is a note written 32 calendar days ago.

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BA	Boeing Co	124.26	Industrials Sector	Aerospace & Defense
GD	General Dynamics Corp	108.08	Industrials Sector	Aerospace & Defense
MMM	3M Company	134.23	Industrials Sector	Diversified Industrials
FLR	Fluor Corp (New)	77.59	Industrials Sector	Engineering & Construction
AGCO	Agco Corp	53.80	Industrials Sector	Farm & Construction Equipme
FAST	Fastenal Company	48.64	Industrials Sector	Industrial Distribution
QCOM	Qualcomm Inc	79.35	Technology Sector	Communication Equipment
SNE	Sony Corporation ADS	18.22	Technology Sector	Consumer Electronics
FB	Facebook, Inc.	62.69	Technology Sector	Internet Content & Informatio
BRCM	Broadcom Corp Cl A	31.88	Technology Sector	Semiconductors
CVLT	Commvault Systems Inc	65.85	Technology Sector	Software - Application
FEYE	FireEye, Inc.	62.00	Technology Sector	Software - Application
SPLK	Splunk Inc	75.46	Technology Sector	Software - Application
MSFT	Microsoft Corp	39.79	Technology Sector	Software - Infrastructure
CMS	Cms Energy Corp	28.58	Utilities Sector	Utilities - Regulated Electric
SCG	Scana Corp	50.44	Utilities Sector	Utilities - Regulated Electric
EWW	iShares MSCI Mexico Index Fund I	62.68		
FPX	First Trust IPOX-100 Index Fund E	46.31		
GLD	SPDR Gold Trust	125.64		
IBB	iShares Nasdaq Biotechnology Ind	239.60		

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FRED Report **\$LULU** 11h  
 fully testing support but looks weak. Stochastics are turing up so this is a high risk buy but not an attractive chart. Last comment is still applicable. [Chart](#)

FRED Report **\$LULU** 12d  
 Weak chart in a strong market makes this a sale for us unless above 55. [Chart](#)

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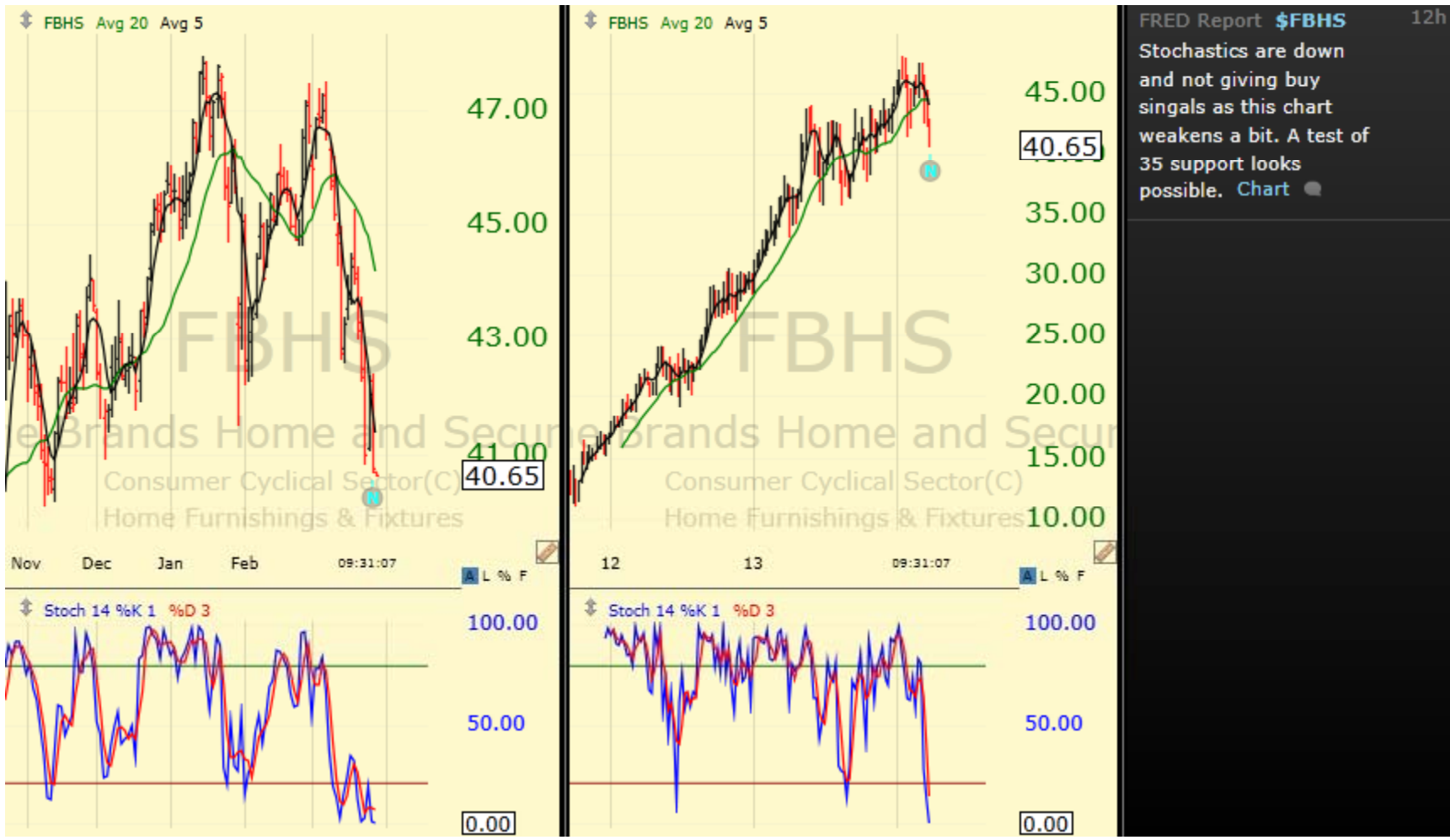
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FRED Report **\$SJM** 2h  
 Remains in a choppy pattern as noted two weeks ago and has been unable to hold above \$100. We would wait for the daily Stochastics to improve before starting to buy shares. Potential inverse head and shoulders remains intact. [Chart](#)

FRED Report **\$SJM** 13d  
 This is a choppy pattern but the 90 uspport has held and stochastic patterns are improving. Overall, we like this but would buy aggressively above 100 as this looks like an inverse head and shoulders pattern. [Chart](#)

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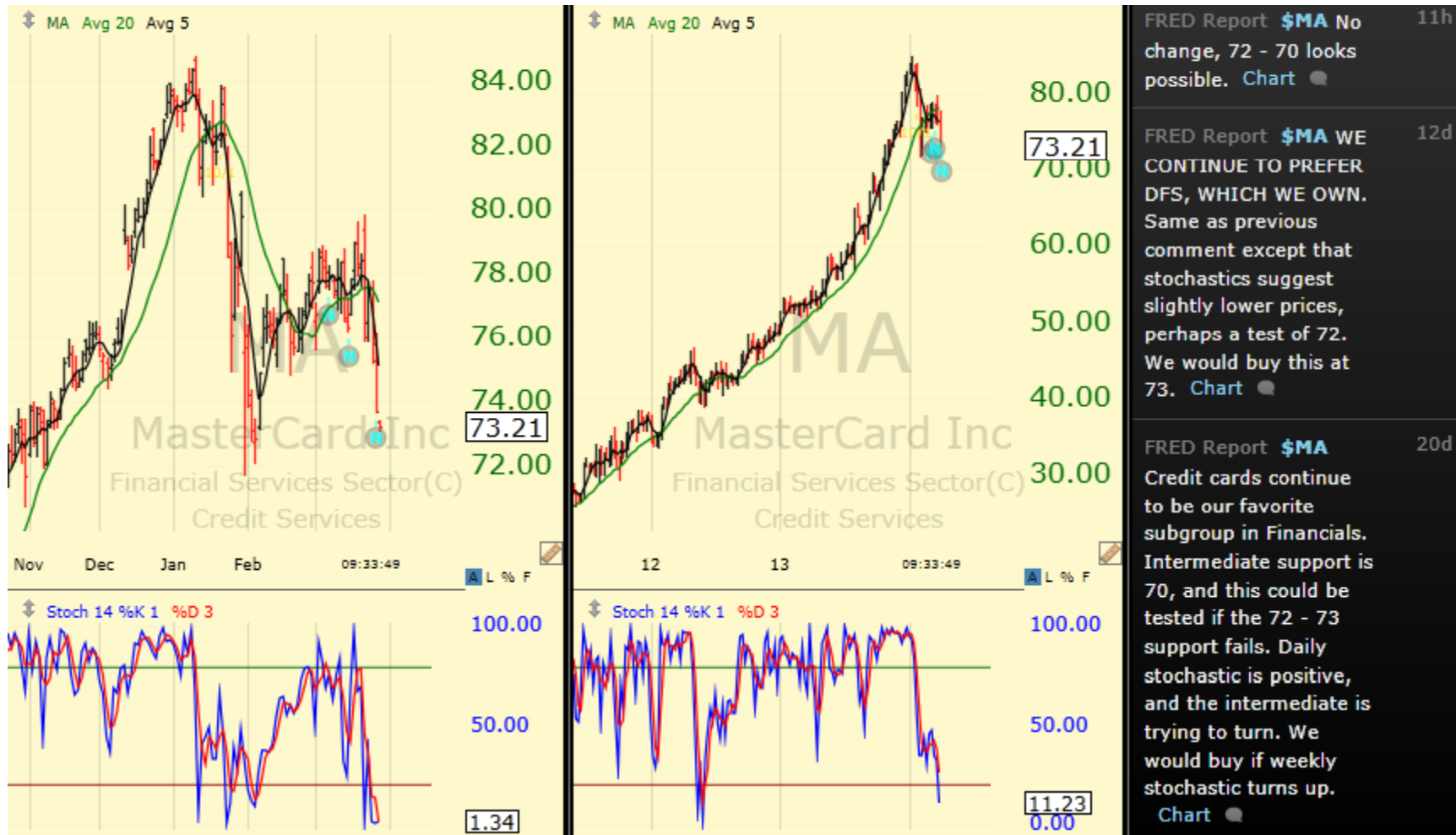


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FRED Report **\$ILMN** 2h  
 Our comments from two weeks ago have come to play out with weakness. Like other momentum stocks, ILMN is in corrective mode. The downside is \$130. Weekly stochastic has yet to reach oversold. [Chart](#)

FRED Report **\$ILMN** 12d  
 Moving averages have gone short-term negative and weekly stochastic is turning down. Failure to exceed 180 soon would imply lower prices and a test of the 130 area. A hold for us. [Chart](#)

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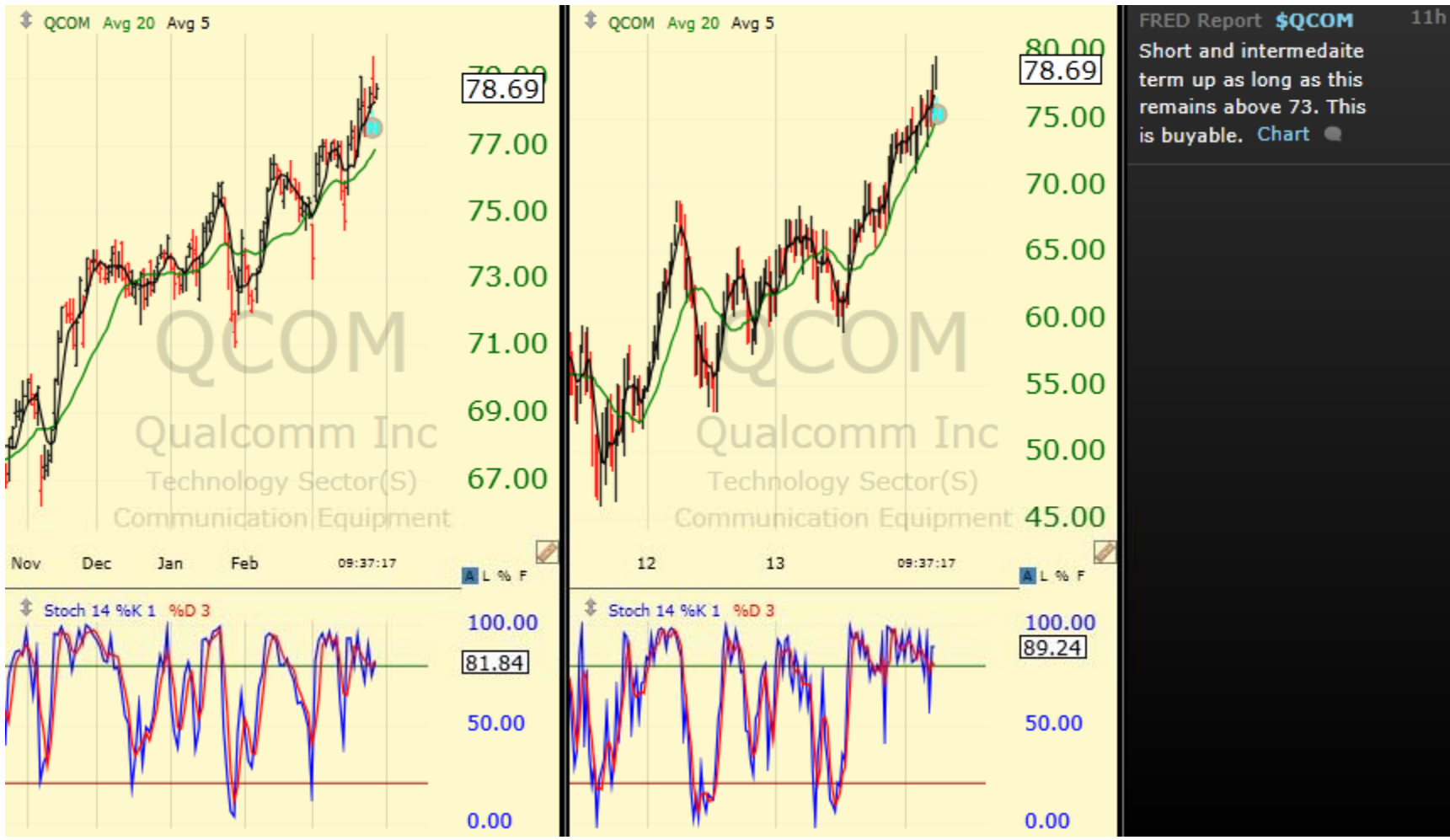
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FRED Report **\$FAST** In 2h  
 our last comment, we noted stock was strong but did not expect a move through \$48. We have gotten that and then some. Pulling back with market here but weekly Stochastic is still in good shape. [Chart](#)

FRED Report **\$FAST** 28d  
 Short and intermediate stochastics are positive and there are layers of support between 43 and 40. This is a good pattern, although it is unlikely that 48 will be penetrated on the first try. Selling 48 calls may generate premium and not be exercised. [Chart](#)

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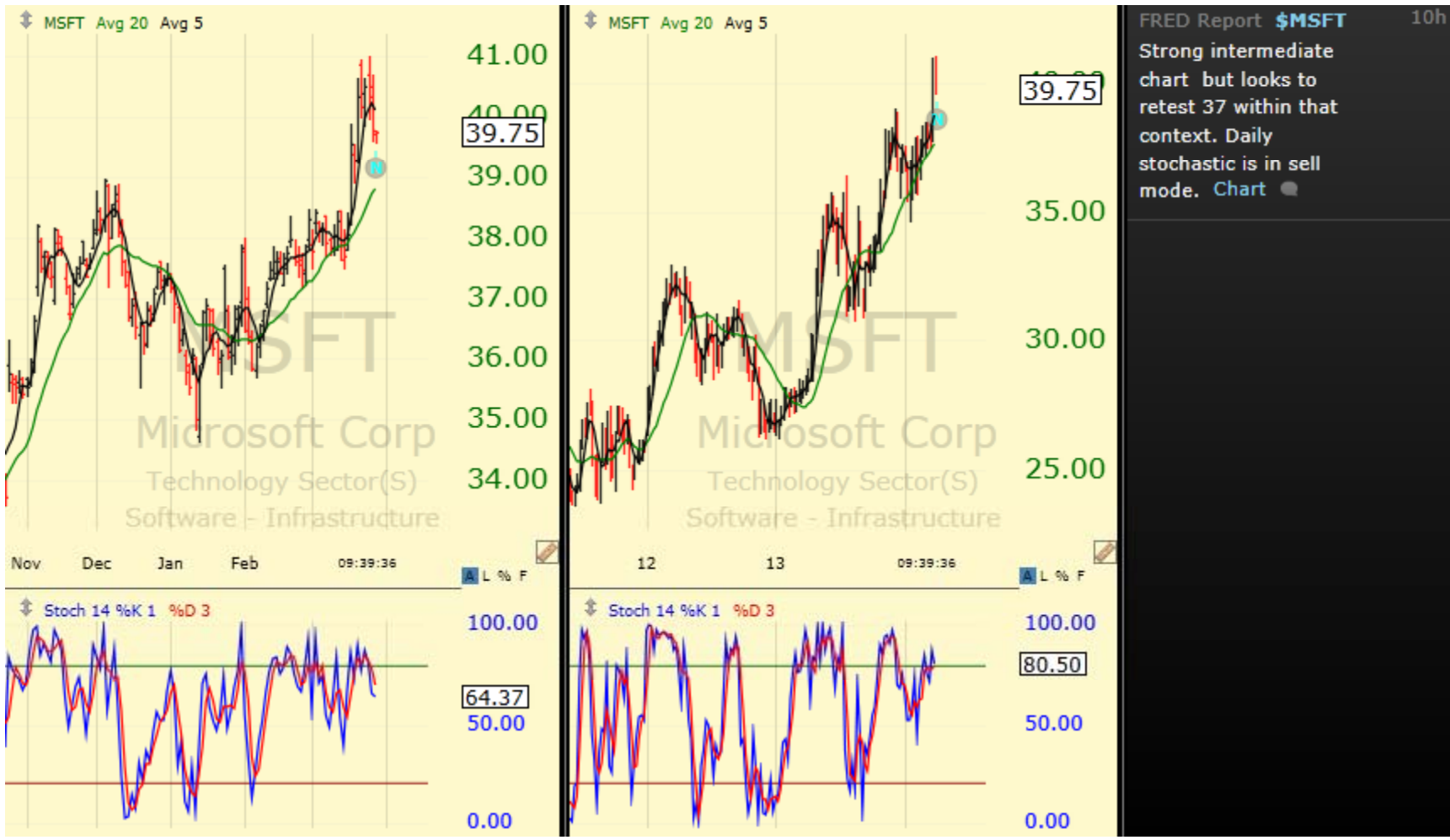
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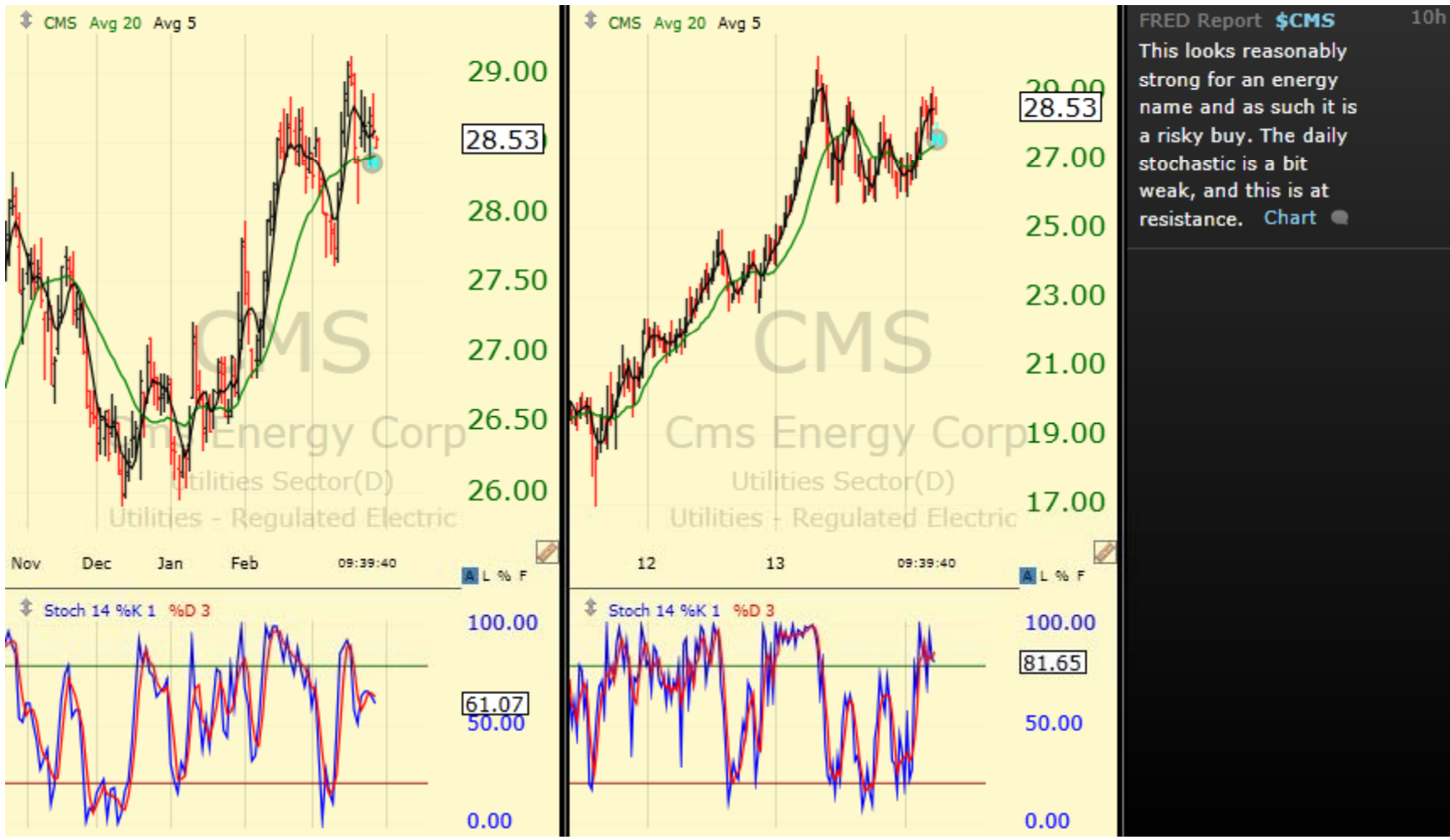
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## Technical Indicators

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Readers will note that we use the same indicators on all of the charts in this presentation. We append definitions of these indicators and are available via email ([fred@thefredreport.com](mailto:fred@thefredreport.com)) to answer questions about this methodology.

# Technical Defined

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## Moving Averages:

Moving averages are one of the building blocks of Technical Analysis, and there are almost as many ways to use this indicator as there are technicians.

At the FRED report we teach and use a dual moving average crossover system to determine trend. Our favorites are the 5 period and 20 period moving averages. We consider the trend to be up if the 5 is above the 20, and down if below it.

## Stochastics:

The Stochastic Oscillator is one of the commonly used momentum oscillators and is standard on charting programs. There are two lines on the chart below, %K and %D.

%K is the faster of the two lines, and represents a mathematical formula that *measures where the current close is in relation to the trading range of the last "X" periods of time*. We use a 14 period look-back, so in plain English %K says where the current close is in the trading range of the last 14 days, expressed as a %.

At the FRED report we use it somewhat differently than is commonly taught. The standard way to use the indicator is to register a buy signal when it moves below, and then above, 20 (the lowest 20% of closing prices in the last 14 days). A sell signal is when the indicator moves above, and then below 80 (the highest 80% of closes over the last 14 days).

*The other line, %D, is a 3 period moving average of %K. We have found that the Stochastic is sensitive, so we advocate taking signals only in the direction of the trend. When looking at the standard FRED report chart, this would mean taking buy signals when the 5 is above the 20, and sell signals when the 5 is below the 20, but using a different technique to exit positions. The reason for this is the Stochastic is quite sensitive, and can give early indications, especially in new trends. It also can get "stuck" in the direction of trends, which connotes strength and not weakness. Another, preferred interpretation, is to use the indicator to measure risk. An example: buy in an uptrend, not when the stochastic is at 90% but rather wait until it falls below 50%, This way, even if a stock, commodity, or ETF does not give one of the "classic" signals, you can still use the indicator to assess risk, and leg into positions.*

# The FRED Report

Financial Research, Education & Data

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**The FRED Report** ([www.theFREDreport.com](http://www.theFREDreport.com)) was started to provide Financial Advisors and investors access to unbiased market research. The President of The Fred Report, **Fred Meissner, CMT** has been practicing Technical Market Analysis since 1983 and has worked in the research departments of Merrill Lynch and Robinson – Humphrey /Smith Barney. In addition he has served the public as a portfolio manager and financial advisor. We know the problems investors face and have devoted our career to helping find the best possible investments in all environments. Interested readers can also see his work every week at [www.thestreet.com](http://www.thestreet.com).

