

Chartbook Review

(charts as of 11/18/15)

The FRED Report

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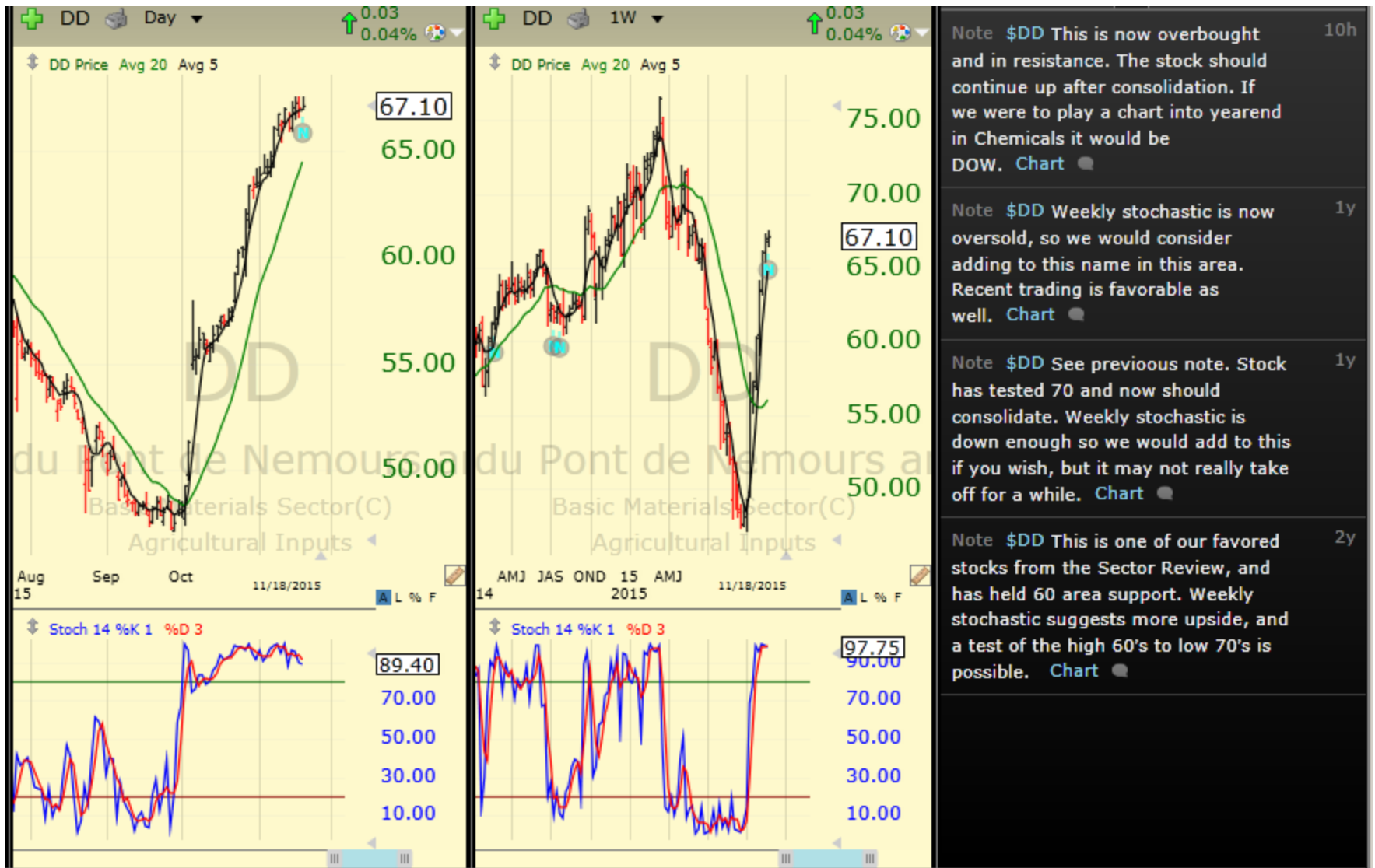
By Fred Meissner, CMT

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Chartbook: Stocks of Interest

Sym	Company	trkPrice	Sector ▲	Industry
DD	E. I. du Pont de Nemours and Co	67.10	Basic Materials Sector	Agricultural Inputs
DOW	Dow Chemical Co	53.17	Basic Materials Sector	Chemicals
FCX	Freeport-McMoran Inc	8.77	Basic Materials Sector	Copper
IOSP	Innospec Inc	57.56	Basic Materials Sector	Specialty Chemicals
EGHT	8x8 Inc	12.17	Communication Services Sector	Telecom Services
NSR	NeuStar Inc	24.04	Communication Services Sector	Telecom Services
UA	Under Armour Inc	87.29	Consumer Cyclical Sector	Apparel Manufacturing
TJX	TJX Companies Inc	68.35	Consumer Cyclical Sector	Apparel Stores
F	Ford Motor Co	14.46	Consumer Cyclical Sector	Auto Manufacturers
TM	Toyota Motor Corporation ADS	124.91	Consumer Cyclical Sector	Auto Manufacturers
DKS	Dick's Sporting Goods	37.15	Consumer Cyclical Sector	Specialty Retail
WMT	Wal-Mart Stores Inc	60.92	Consumer Defensive Sector	Discount Stores
KR	The Kroger Company	37.53	Consumer Defensive Sector	Grocery Stores
SFM	Sprouts Farmers Market, Inc.	24.60	Consumer Defensive Sector	Grocery Stores
PBF	PBF Energy Inc.	38.16	Energy Sector	Oil & Gas Refining & Marketing
WFC	Wells Fargo & Company	55.67	Financial Services Sector	Banks - Global
BBT	Bb&T Corp	38.35	Financial Services Sector	Banks - Regional - US
AIG	American International Group	61.98	Financial Services Sector	Insurance - Diversified
AFSI	AmTrust Financial Services Inc.	59.72	Financial Services Sector	Insurance - Property & Casualty
VRTX	Vertex Pharmaceuticals Inc	133.25	Healthcare Sector	Biotechnology
PRGO	Perrigo Co PLC	155.54	Healthcare Sector	Drug Manufacturers - Specialty & Generic
UNH	UnitedHealth Group Inc.	117.27	Healthcare Sector	Health Care Plans
CAH	Cardinal Health Inc	88.60	Healthcare Sector	Medical Distribution
OA	Orbital ATK Inc	85.70	Industrials Sector	Aerospace & Defense
UTX	United Technologies Corp	97.72	Industrials Sector	Aerospace & Defense
GE	General Electric Co	30.50	Industrials Sector	Diversified Industrials
FDX	Fedex Corp	162.79	Industrials Sector	Integrated Shipping & Logistics
PMT	PennyMac Mortgage Investment T	16.01	Real Estate Sector	REIT - Diversified
ANET	Arista Networks Inc	69.68	Technology Sector	Computer Systems
EMC	Emc Corp	25.16	Technology Sector	Data Storage
NVDA	NVIDIA Corporation	31.03	Technology Sector	Semiconductors
CYBR	CyberArk Software Ltd	39.15	Technology Sector	Software - Infrastructure
HEZU	iShares Trust iShares Currency He	27.49		
USDU	WisdomTree Bloomberg U.S. Dolls	29.28		

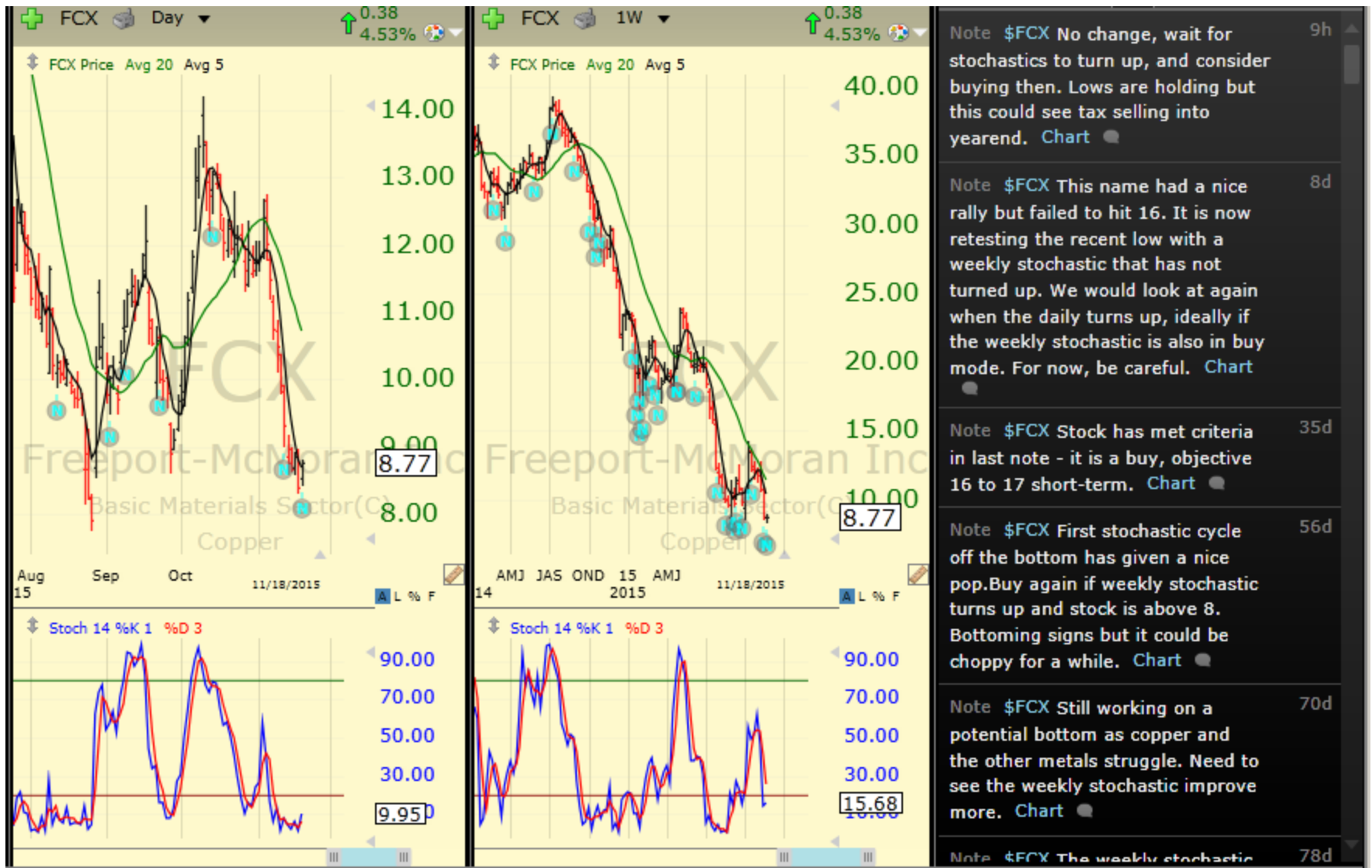
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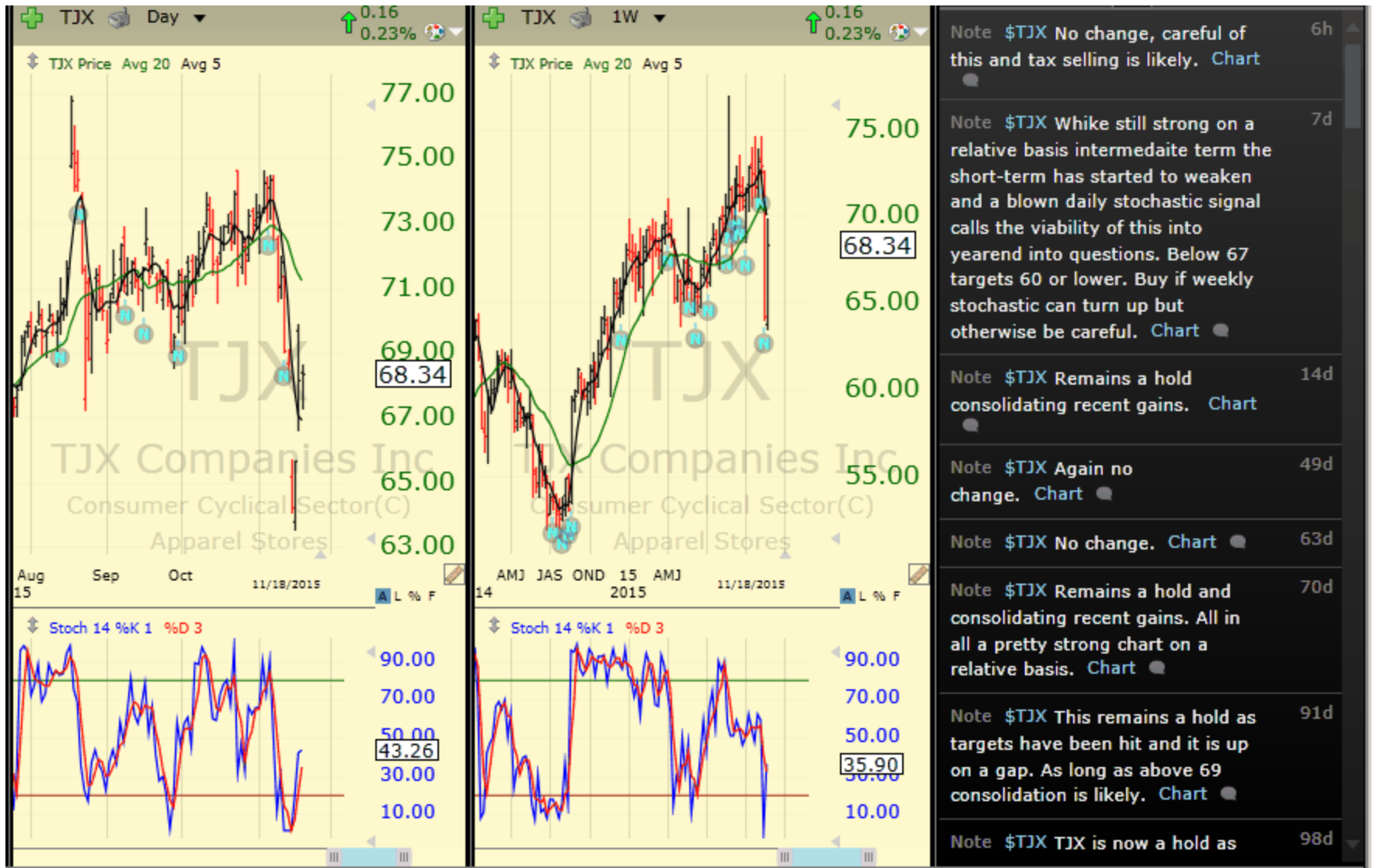
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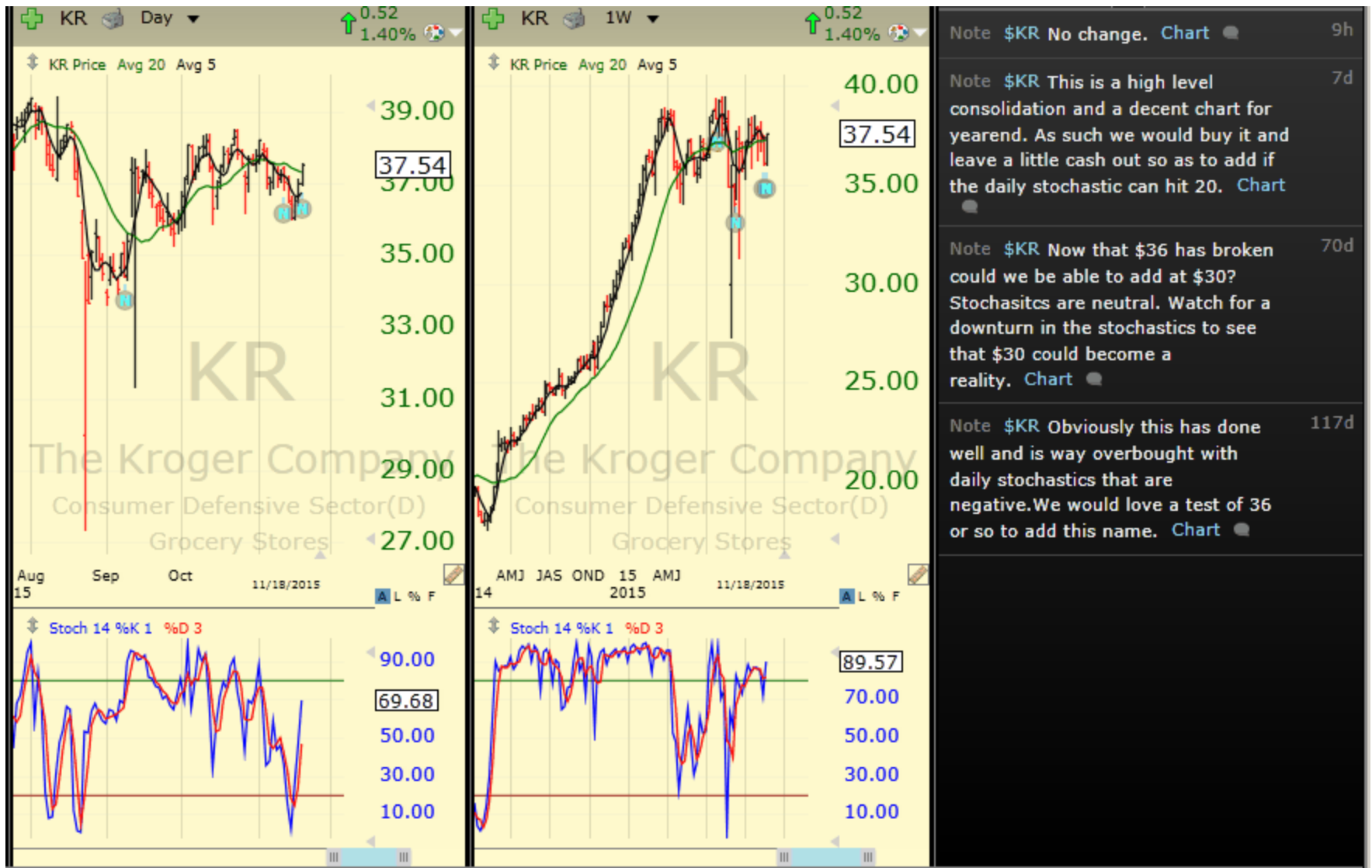
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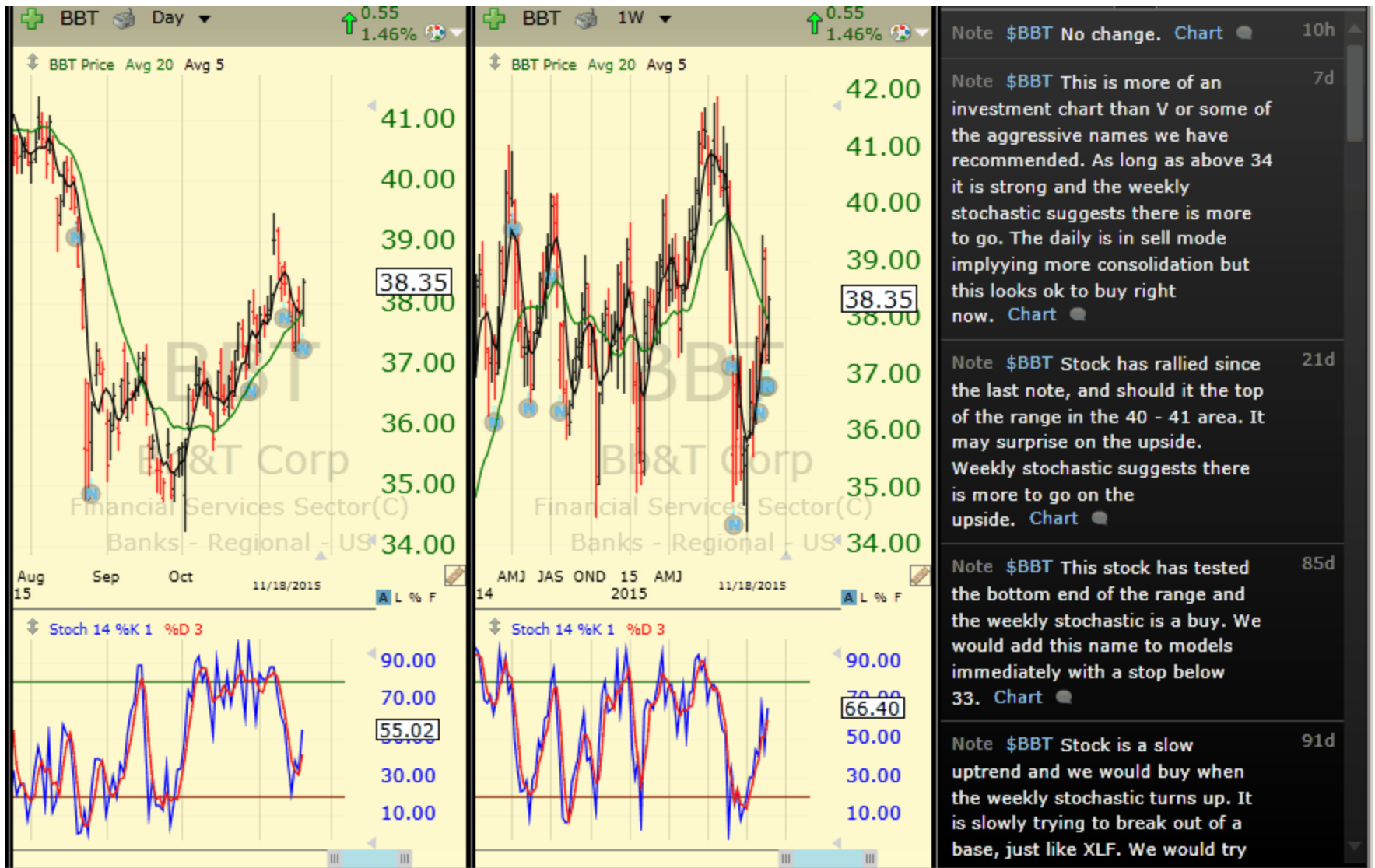
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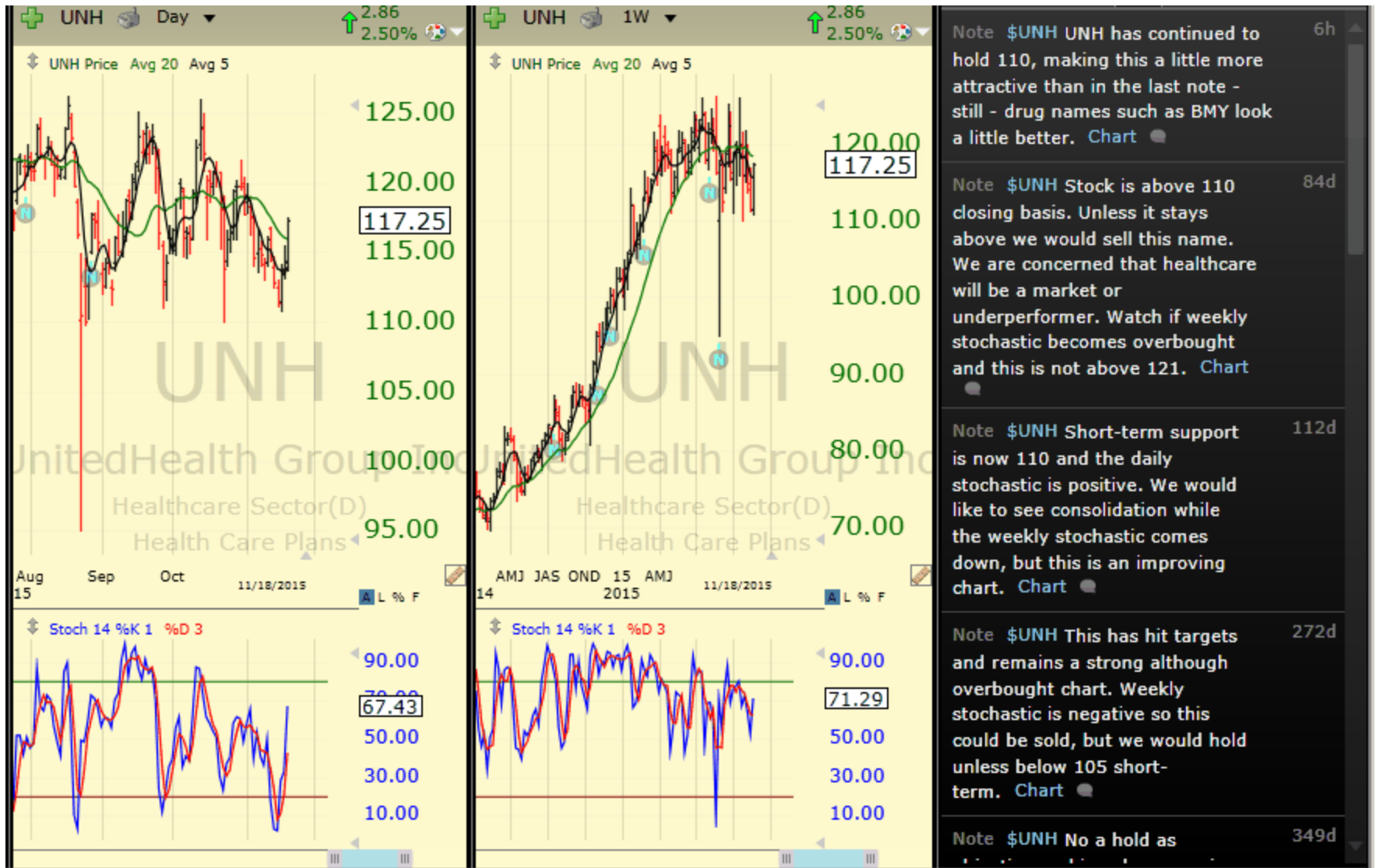
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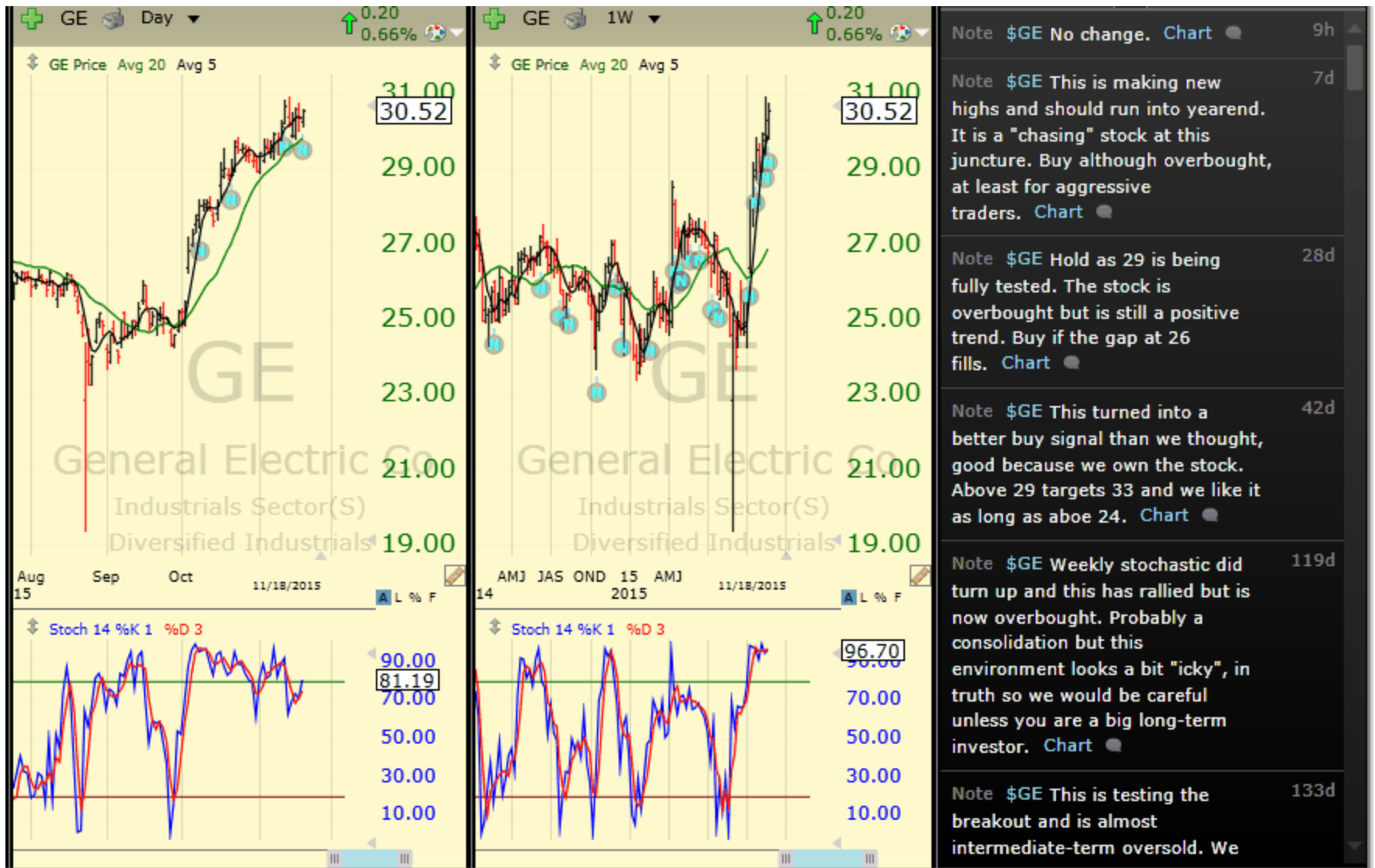
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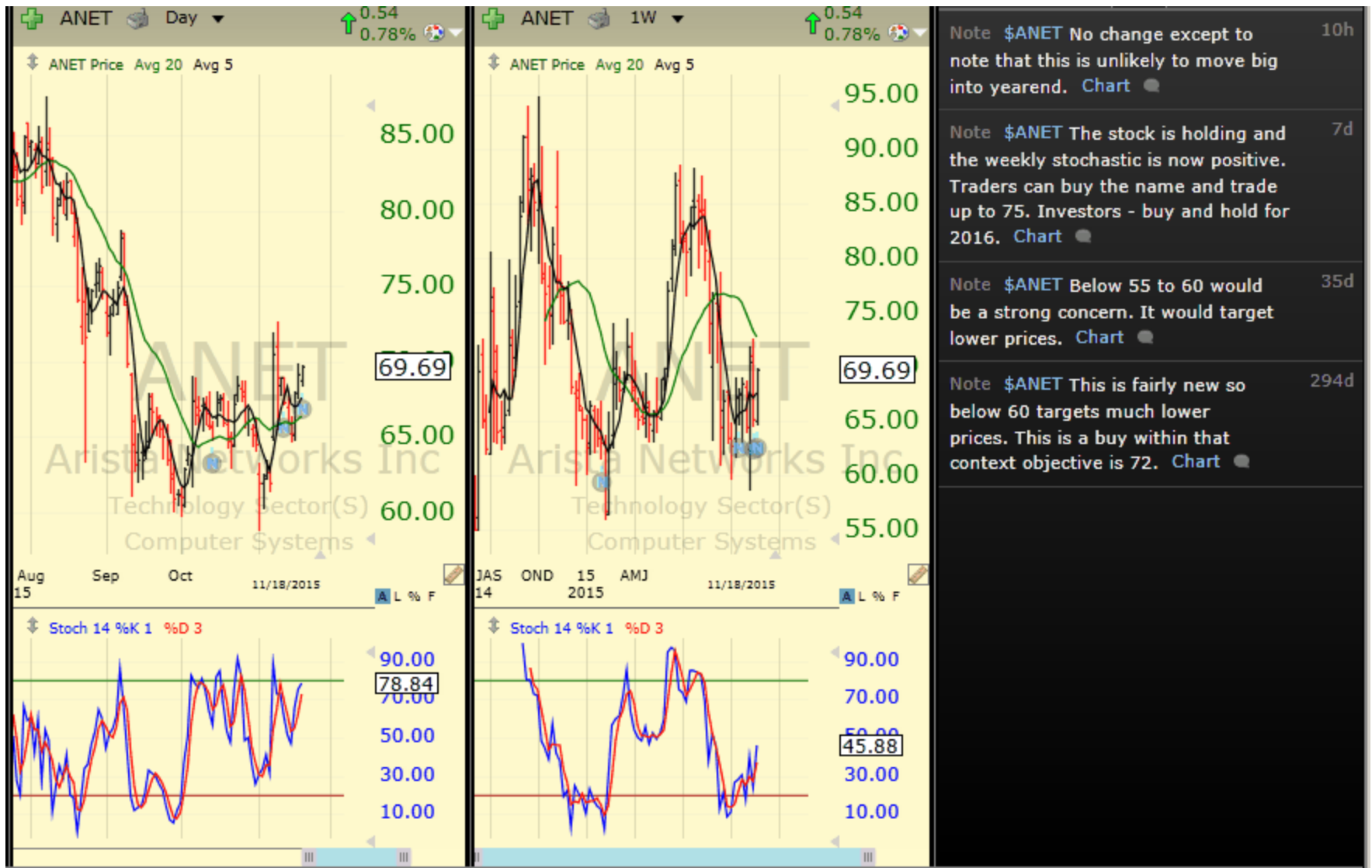
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Technical Indicators

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) to answer questions about this methodology.

Technicals Defined

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

The FRED Report (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.

