

# *Chartbook Review*

*(charts as of 08/17/16)*

The FRED Report

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*By Fred Meissner, CMT*

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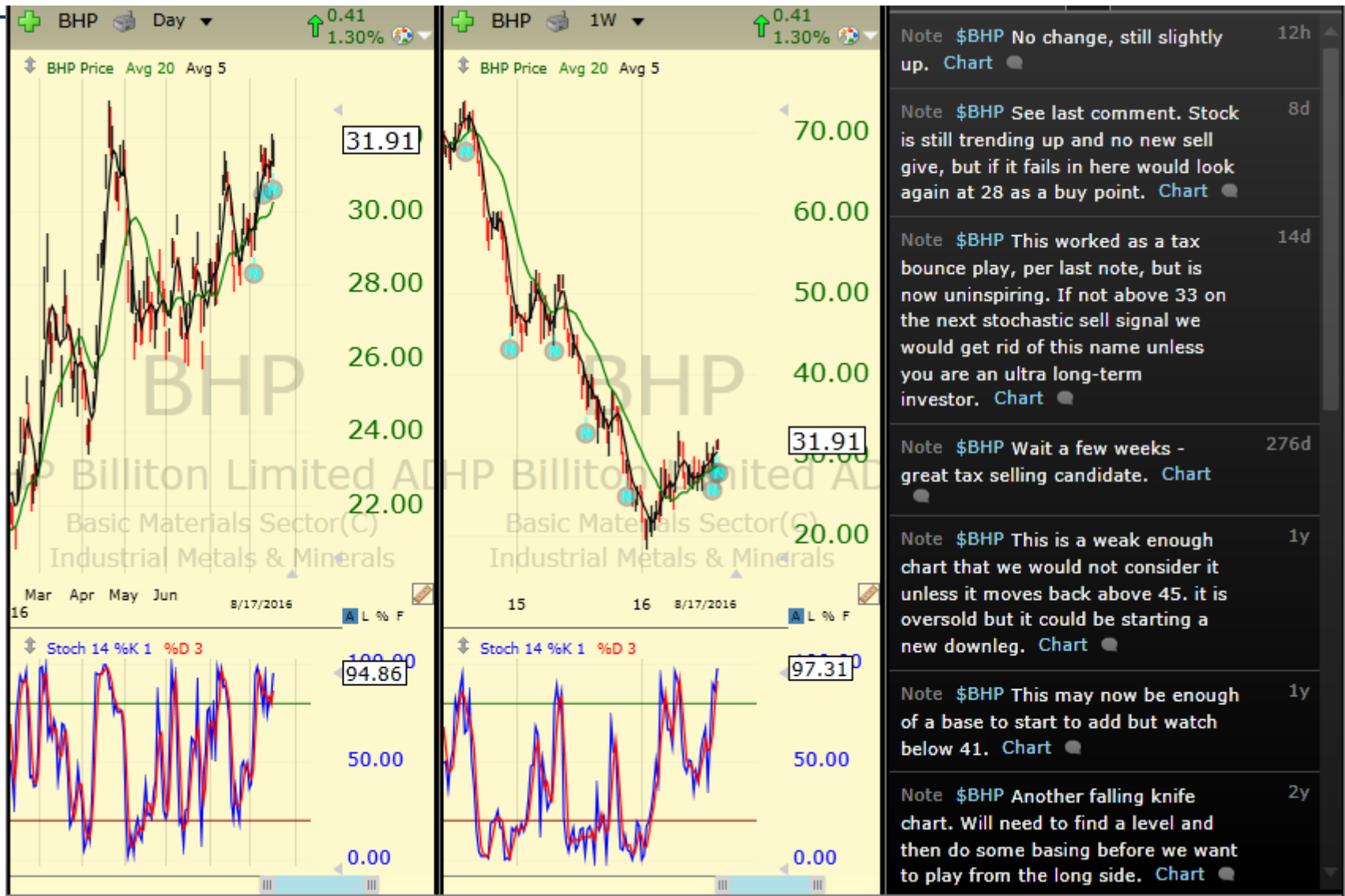
# Chartbook: Stocks of Interest

Sym	Company	trkPrice	Sector ▲	Industry
BHP	BHP Billiton Limited ADS	31.91	Basic Materials Sector	Industrial Metals & Minerals
SLCA	U.S. Silica Holdings	41.04	Basic Materials Sector	Industrial Metals & Minerals
LYB	Lyondellbasell Industries Nv O	77.19	Basic Materials Sector	Specialty Chemicals
X	US Steel Corp	21.49	Basic Materials Sector	Steel
AMT	American Tower Corp	114.56	Communication Services Sector	Telecom Services
T	AT&T Inc	41.86	Communication Services Sector	Telecom Services
F	Ford Motor Co	12.39	Consumer Cyclical Sector	Auto Manufacturers
GM	General Motors Company	31.85	Consumer Cyclical Sector	Auto Manufacturers
GEF	Greif Brothers Corp A	41.25	Consumer Cyclical Sector	Packaging & Containers
TOL	Toll Brothers Inc	28.48	Consumer Cyclical Sector	Residential Construction
DG	Dollar General Corporation	90.92	Consumer Defensive Sector	Discount Stores
TGT	Target Corporation	70.63	Consumer Defensive Sector	Discount Stores
KR	The Kroger Company	31.88	Consumer Defensive Sector	Grocery Stores
WFM	Whole Foods Market Inc	30.22	Consumer Defensive Sector	Grocery Stores
CALM	Cal-Maine Foods Inc	43.24	Consumer Defensive Sector	Packaged Foods
ECA	Encana Corporation	9.51	Energy Sector	Oil & Gas E&P
SM	SM Energy Company	34.88	Energy Sector	Oil & Gas E&P
MPC	Marathon Petroleum Corp	42.21	Energy Sector	Oil & Gas Refining & Marketing
WNR	Western Refining Inc	23.69	Energy Sector	Oil & Gas Refining & Marketing
KKR	KKR & Co. L.P.	14.68	Financial Services Sector	Asset Management
FRC	First Republic Bank	73.30	Financial Services Sector	Banks - Regional - US
MS	Morgan Stanley	30.37	Financial Services Sector	Capital Markets
HAWK	Blackhawk Network Holdings, Inc.	32.82	Financial Services Sector	Credit Services
ACAD	Acadia Pharmaceuticals	32.57	Healthcare Sector	Biotechnology
BIIB	Biogen Inc	313.82	Healthcare Sector	Biotechnology
IONS	Ionis Pharmaceuticals Inc	34.34	Healthcare Sector	Biotechnology
XON	Intrexon Corporation	29.26	Healthcare Sector	Biotechnology
TMO	Thermo Fisher Scientific Inc	154.67	Healthcare Sector	Diagnostics & Research

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Sym	Company	trkPrice	Sector	Industry
AGN	Allergan Plc	253.30	Healthcare Sector	Drug Manufacturers - Specialty & Generic
ENDP	Endo International PLC	22.74	Healthcare Sector	Drug Manufacturers - Specialty & Generic
VRX	Valeant Pharmaceuticals	30.00	Healthcare Sector	Drug Manufacturers - Specialty & Generic
EW	Edwards Life Sciences	112.71	Healthcare Sector	Medical Devices
NVRO	Nevro Corp	96.22	Healthcare Sector	Medical Devices
SYK	Stryker Corp	113.15	Healthcare Sector	Medical Devices
OA	Orbital ATK Inc	72.01	Industrials Sector	Aerospace & Defense
DAL	Delta Air Lines Inc	37.51	Industrials Sector	Airlines
PWR	Quanta Services Inc	25.44	Industrials Sector	Engineering & Construction
WM	Waste Management Inc	65.41	Industrials Sector	Waste Management
O	Realty Income Corp	67.61	Real Estate Sector	REIT - Retail
ARRS	ARRIS International plc	27.14	Technology Sector	Communication Equipment
ANET	Arista Networks Inc	77.34	Technology Sector	Computer Systems
AAPL	Apple Inc	109.18	Technology Sector	Consumer Electronics
TWTR	Twitter, Inc	20.17	Technology Sector	Internet Content & Information
FIT	Fitbit Inc	14.78	Technology Sector	Scientific & Technical Instruments
NXPI	NXP Semiconductors NV	88.26	Technology Sector	Semiconductors
SWKS	Skyworks Solutions Inc	70.19	Technology Sector	Semiconductors
CRM	Salesforce.com Inc	76.32	Technology Sector	Software - Application
FEYE	FireEye, Inc.	14.41	Technology Sector	Software - Application
PANW	Palo Alto Networks, Inc.	136.10	Technology Sector	Software - Application
QLYS	Qualys, Inc.	32.62	Technology Sector	Software - Application
SPLK	Splunk Inc	63.12	Technology Sector	Software - Application
MSFT	Microsoft Corp	57.56	Technology Sector	Software - Infrastructure
SO	Southern Company The	51.47	Utilities Sector	Utilities - Regulated Electric
GDX	Market Vectors Gold Miners ETF	30.37		
IBB	iShares Nasdaq Biotechnology Ind	290.90		
SEA	Guggenheim Shipping ETF	11.36		
SLX	Market Vectors Steel ETF	31.73		

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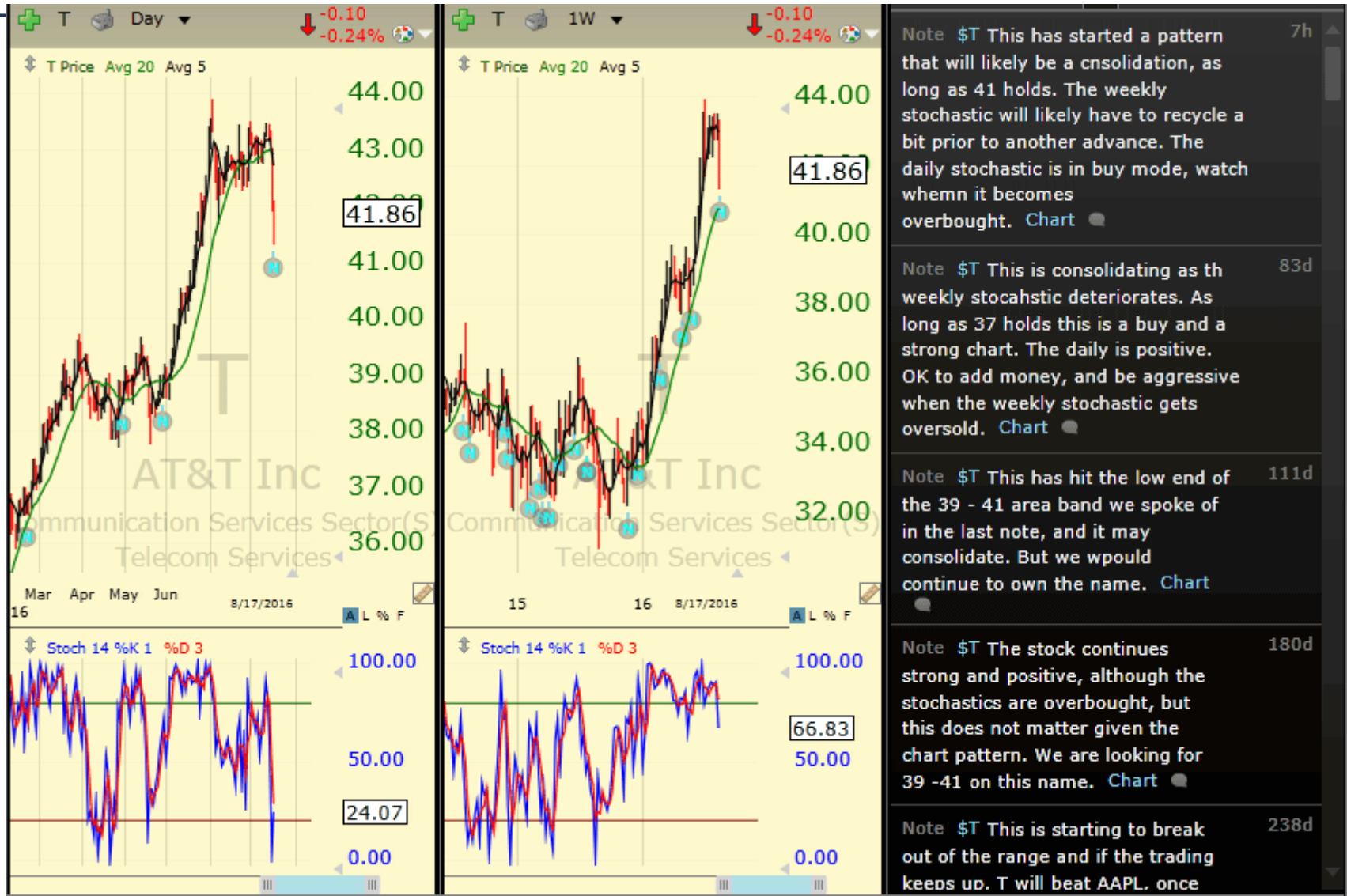


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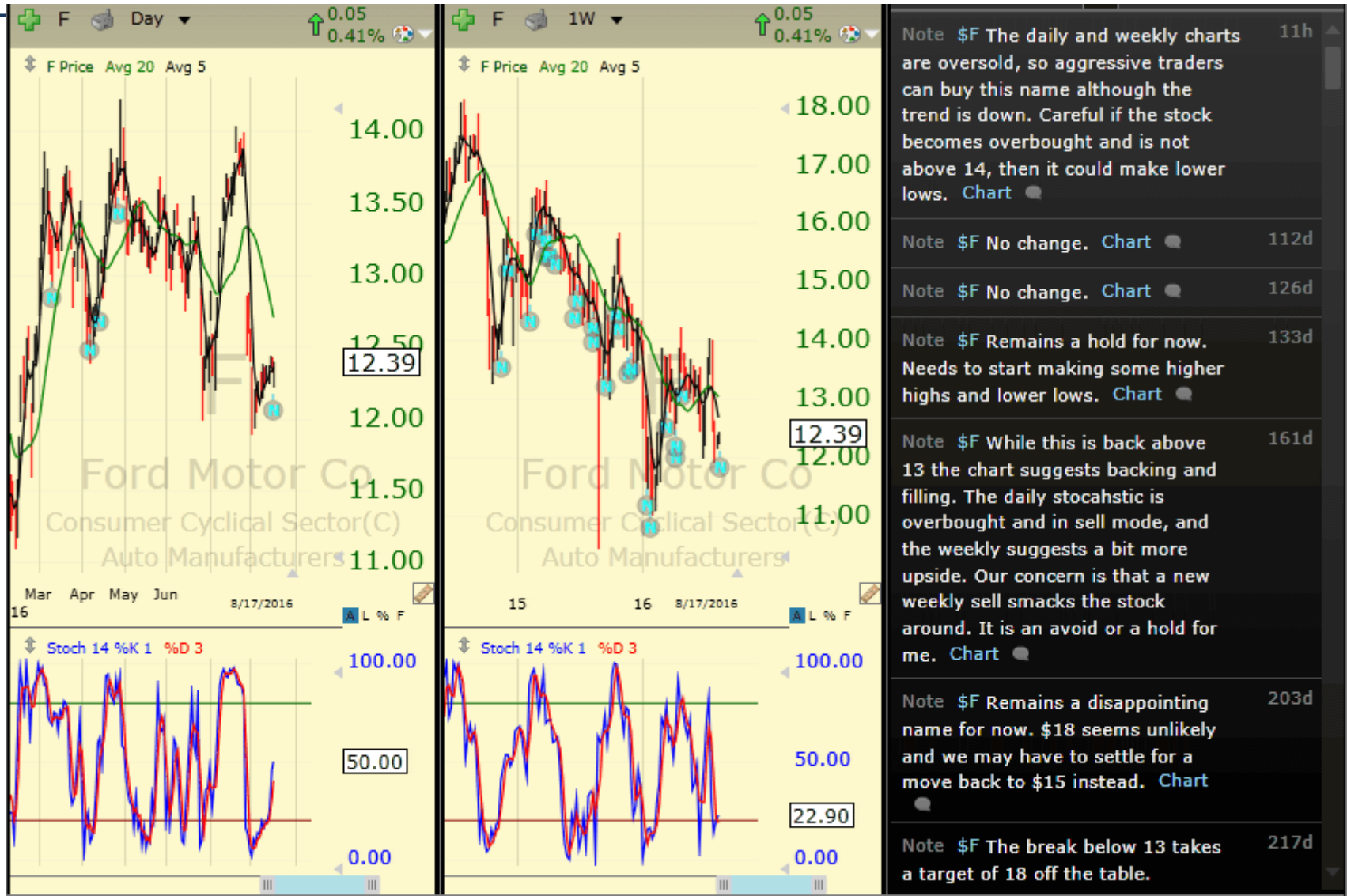




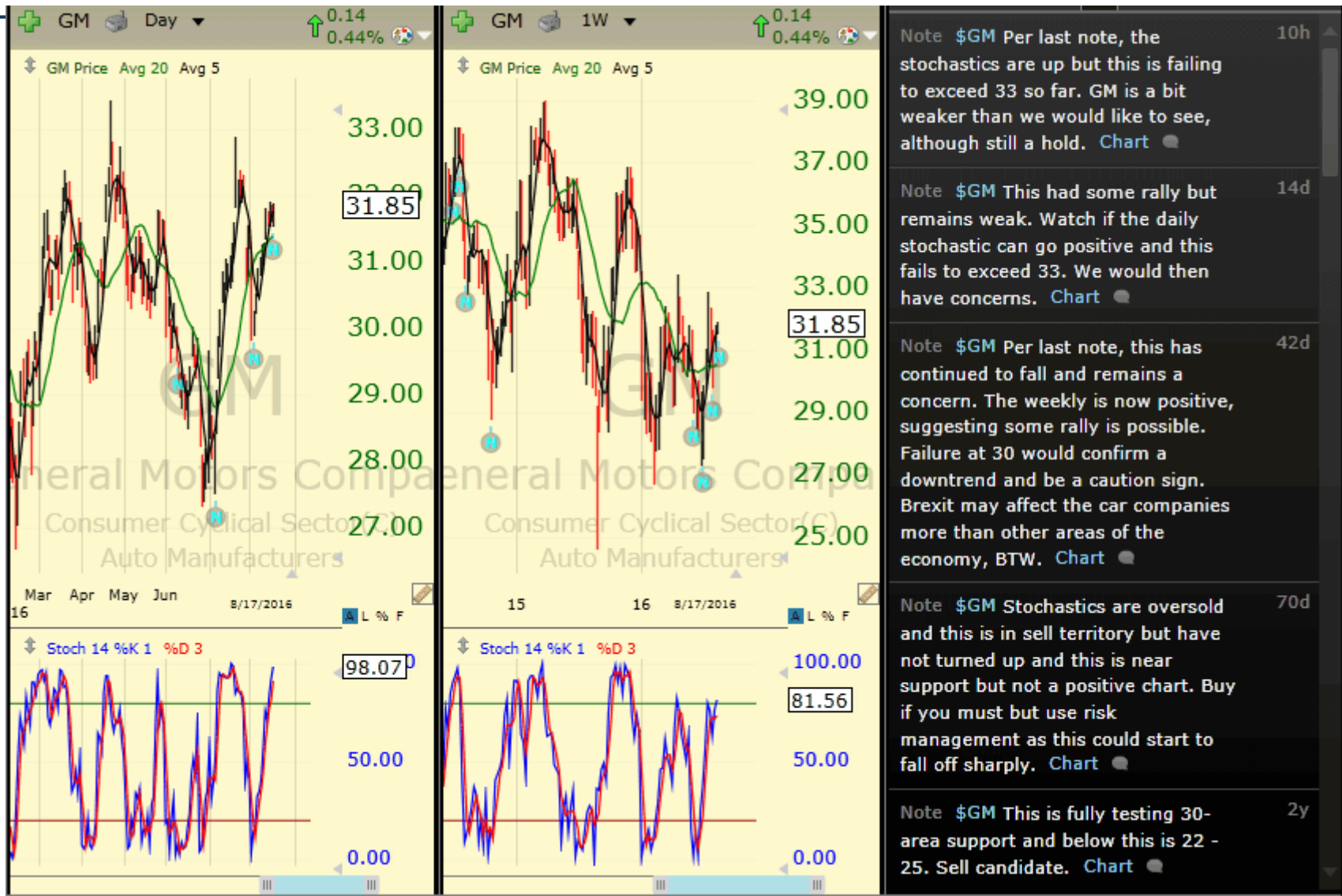
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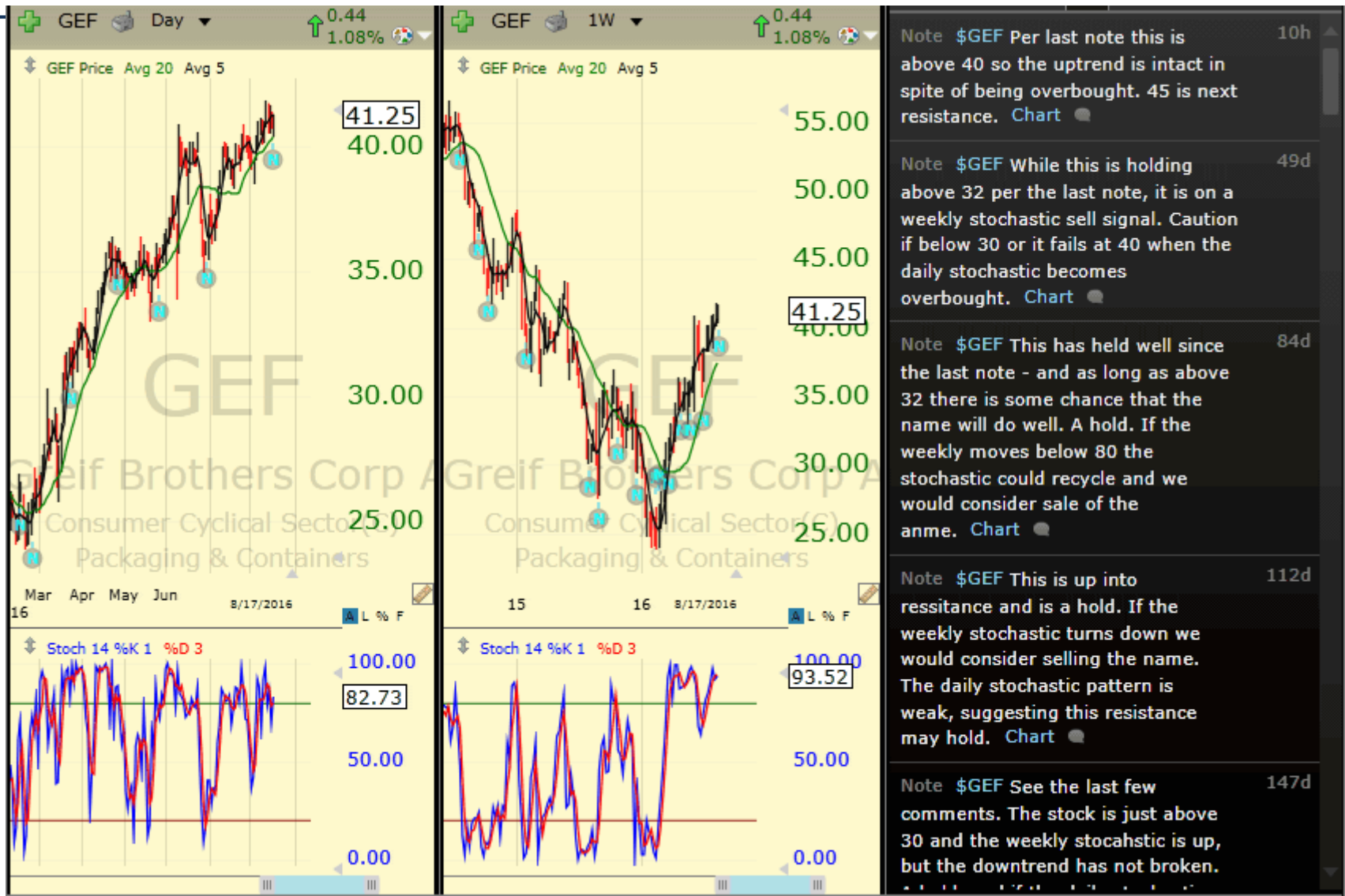
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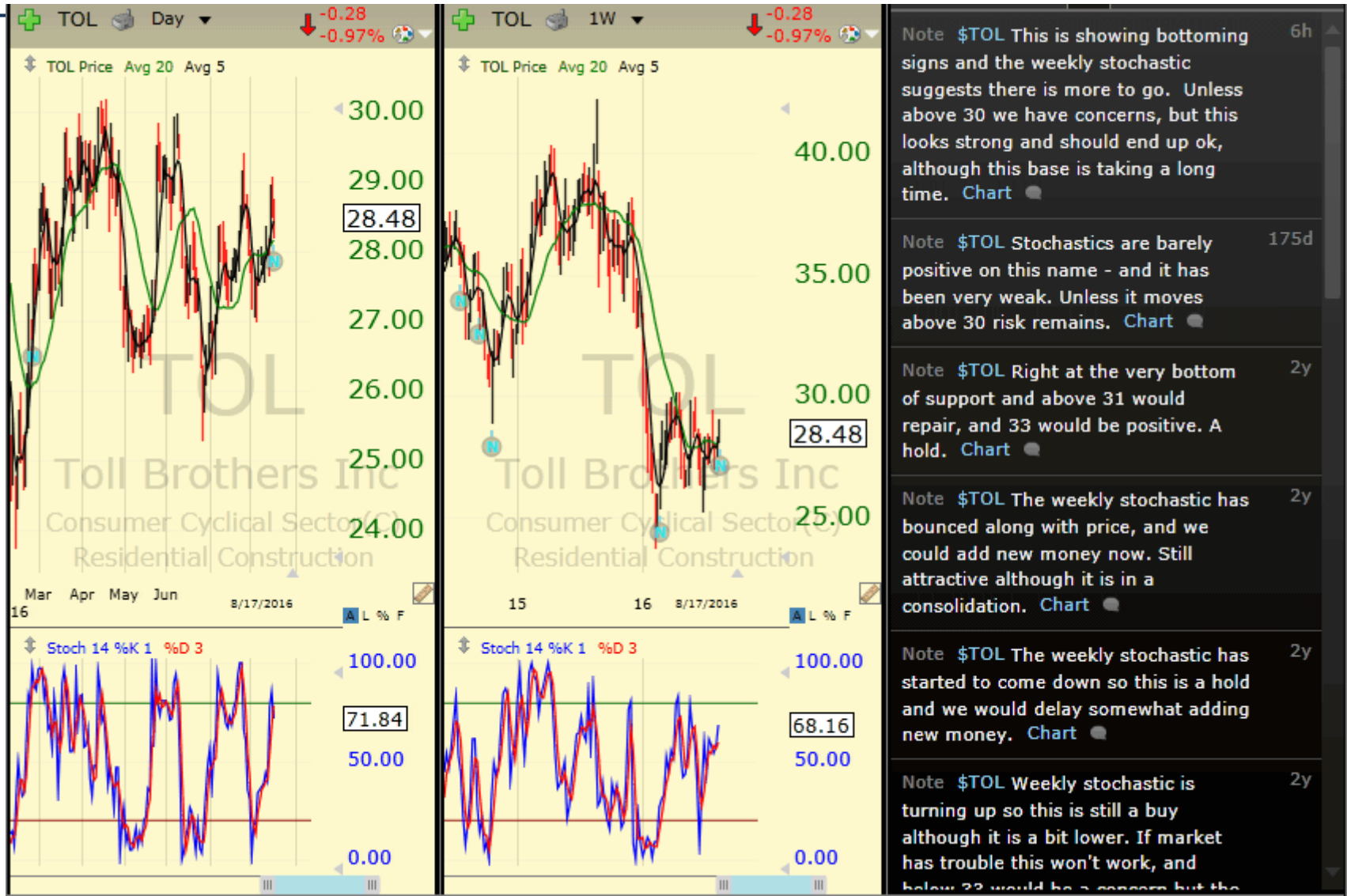
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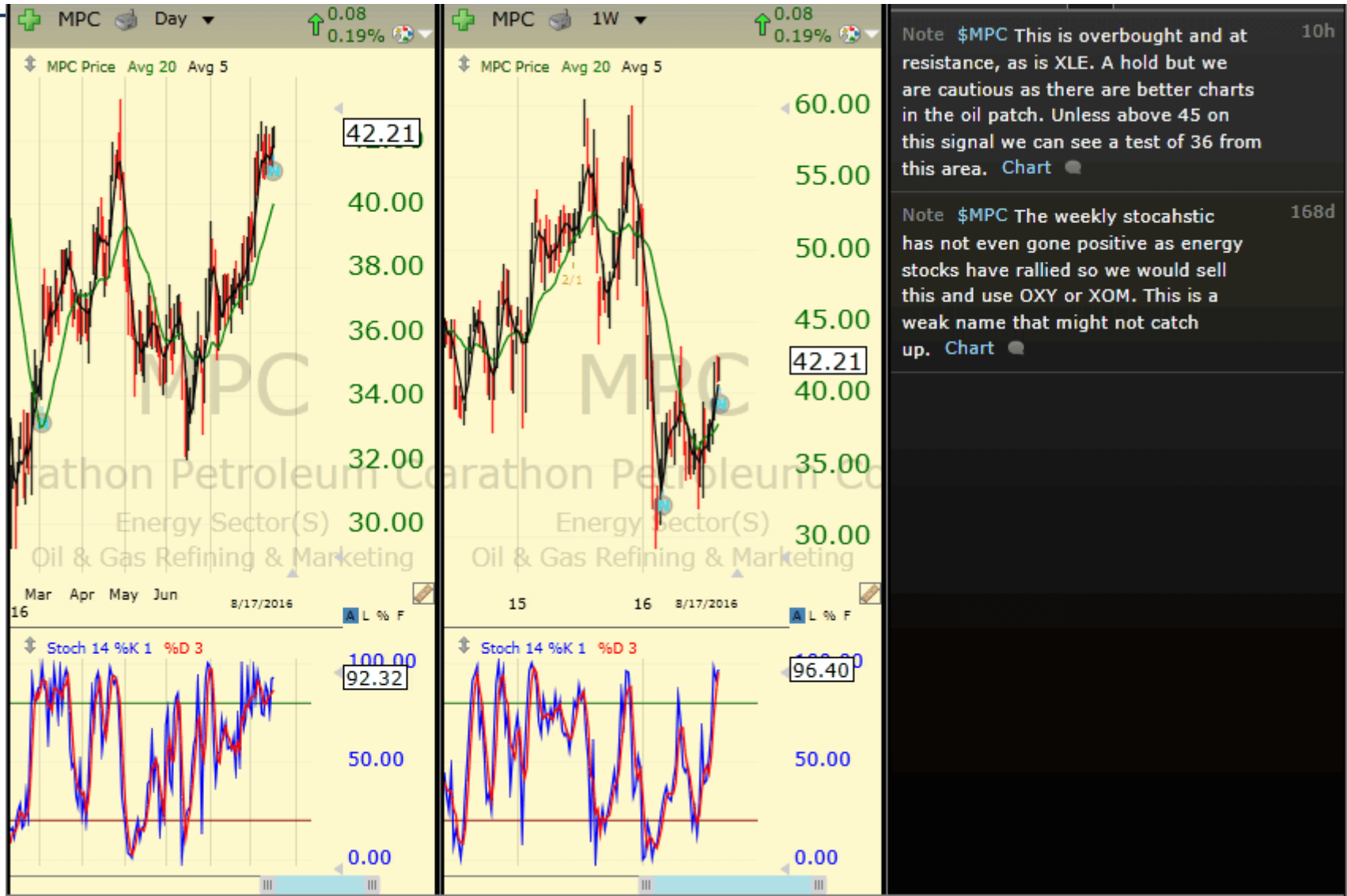
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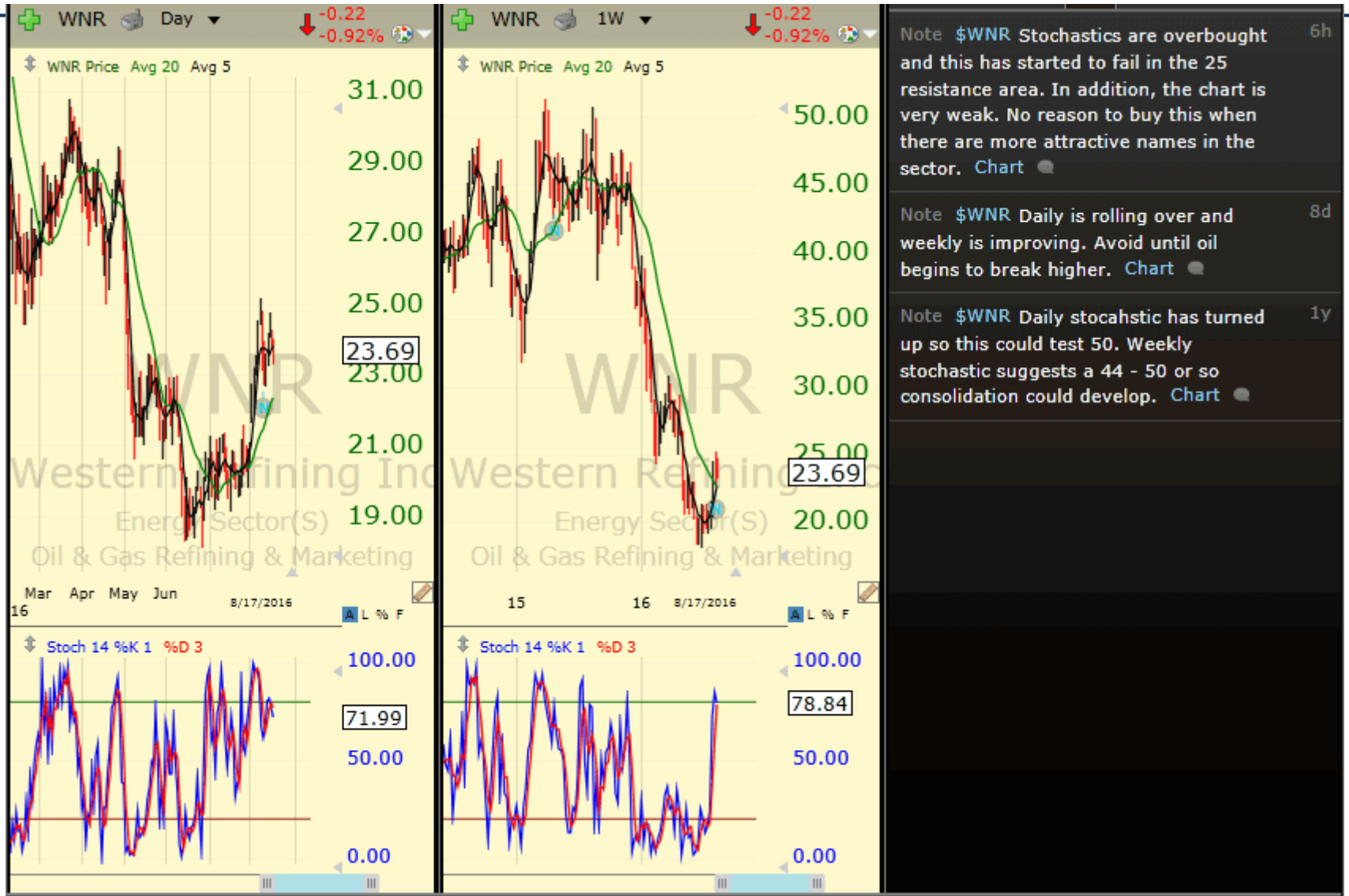
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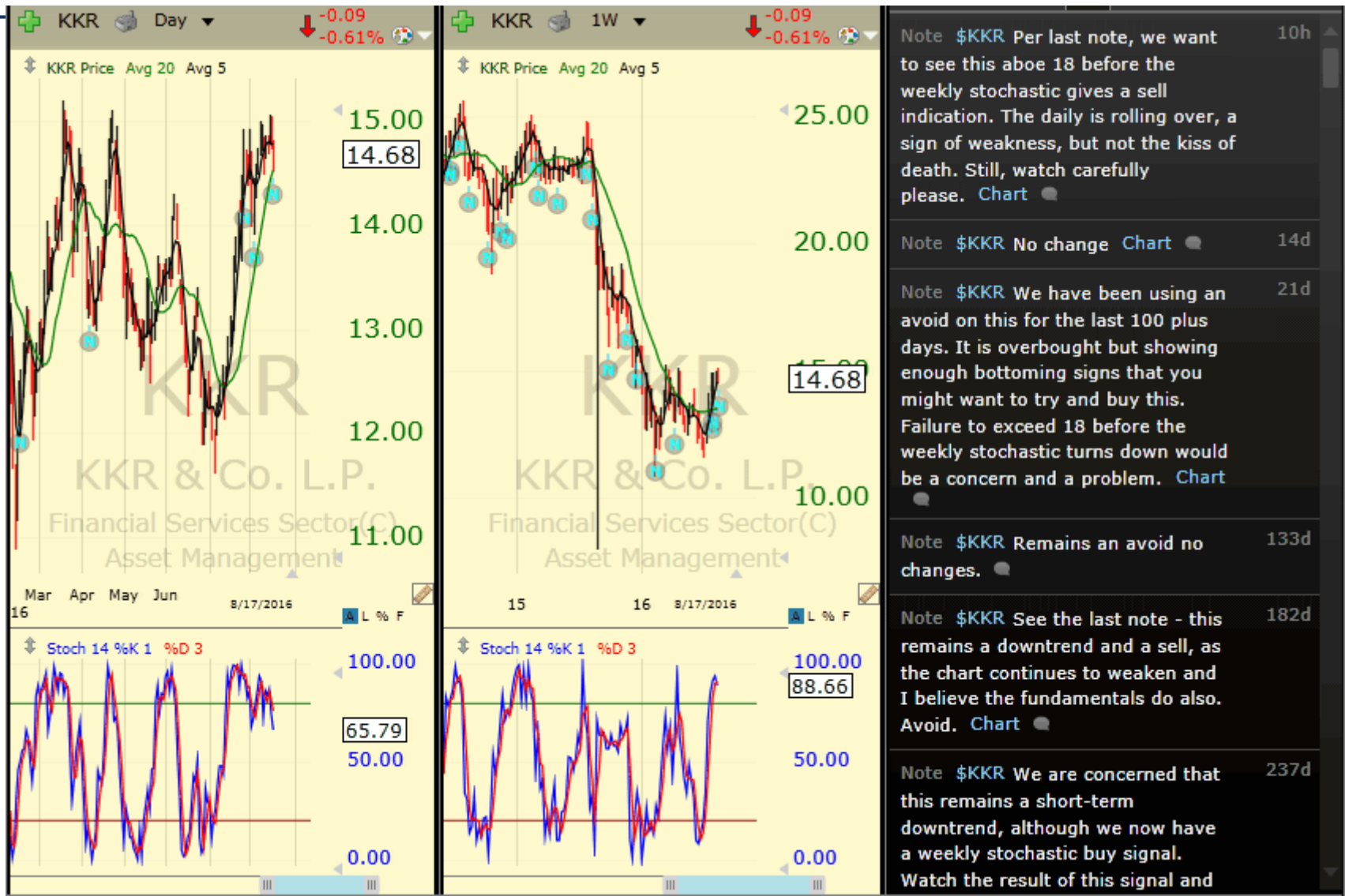
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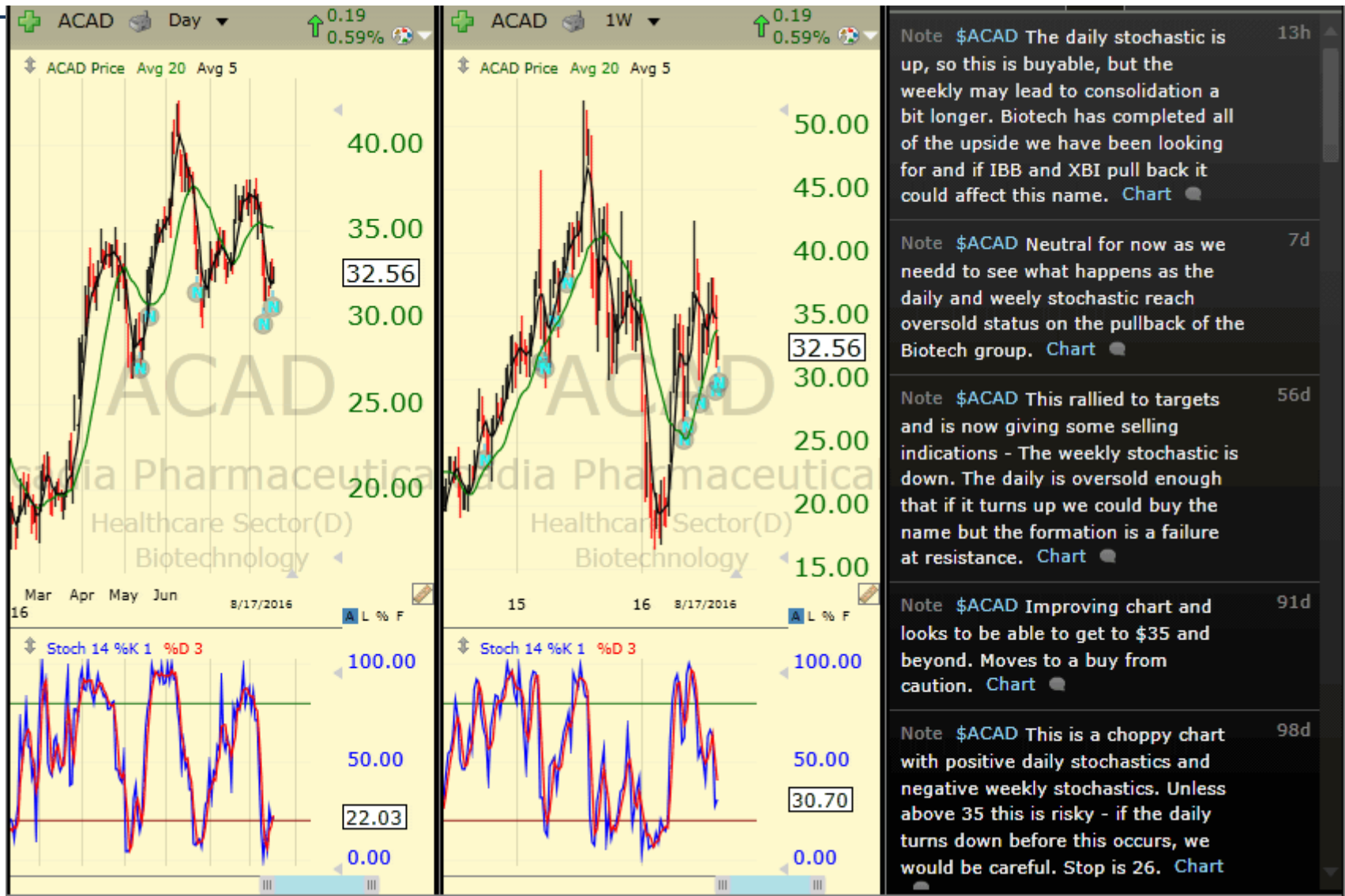


- Note \$MS Still a strong name although overbought. We can see a test of 34 - 36. [Chart](#) 10h
- Note \$MS Making higher highs and higher lows. One of the better financial names. [Chart](#) 77d
- Note \$MS This has rallied into the target area and is still improving, but some consolidation may be in order. As long as the stock holds the 25-area it is in up pattern. [Chart](#) 119d
- Note \$MS This has come close to the targets of 18 - 20 on the downside, and has started to bounce. Both daily and weekly stochastics are positive, and we could see a rally to 26 - 28, followed by consolidation. Careful if the daily or weekly stochastics become overbought. [Chart](#) 182d
- Note \$MS This has now broken and could test 18 or so unless back above 29 soon. Look at when the weekly stochastic turns up, but we are not confident. We still own, but have a low cost basis and will not worry unless below 4. [Chart](#) 217d
- Note \$MS Stochastics are oversold [Chart](#) 224d

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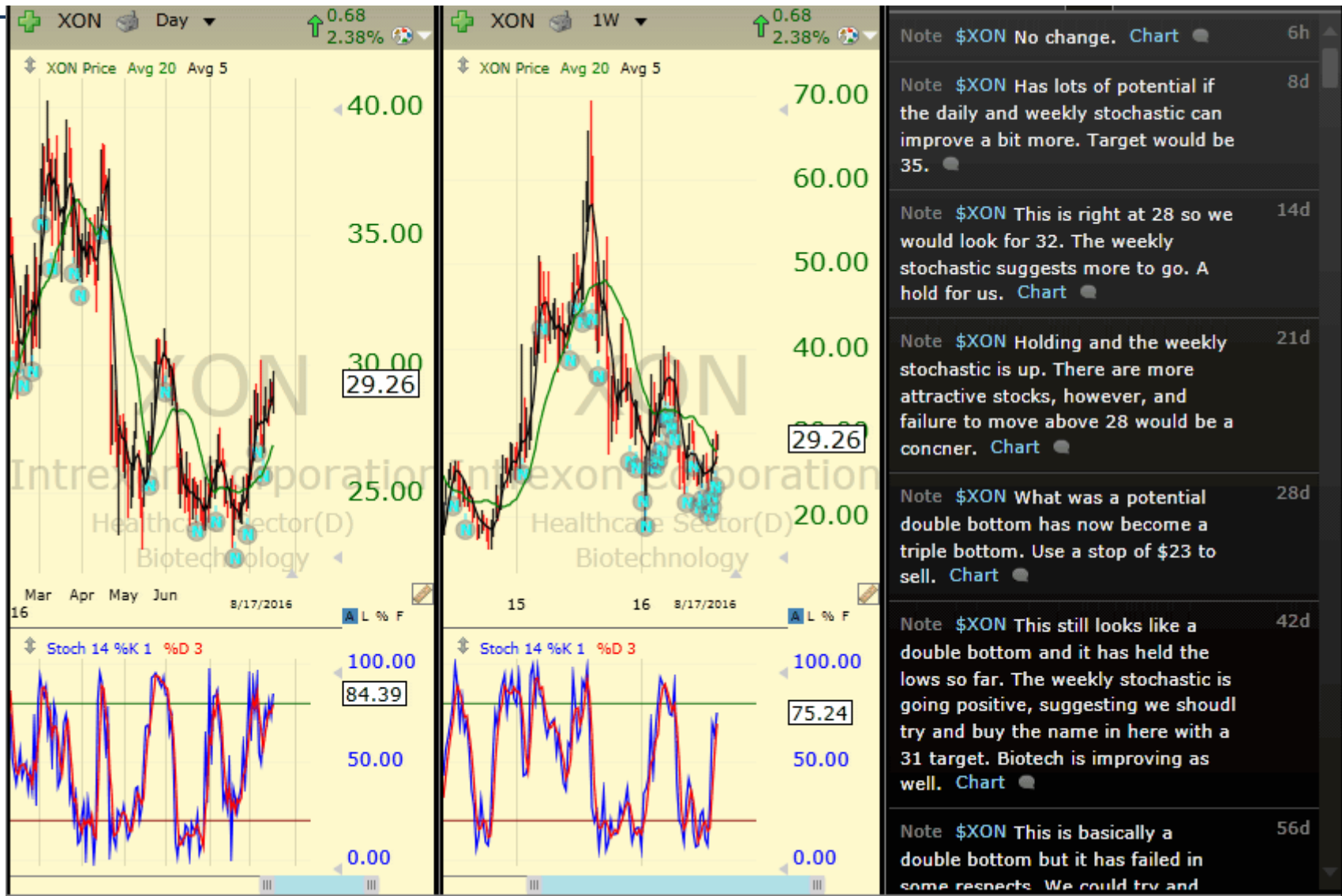
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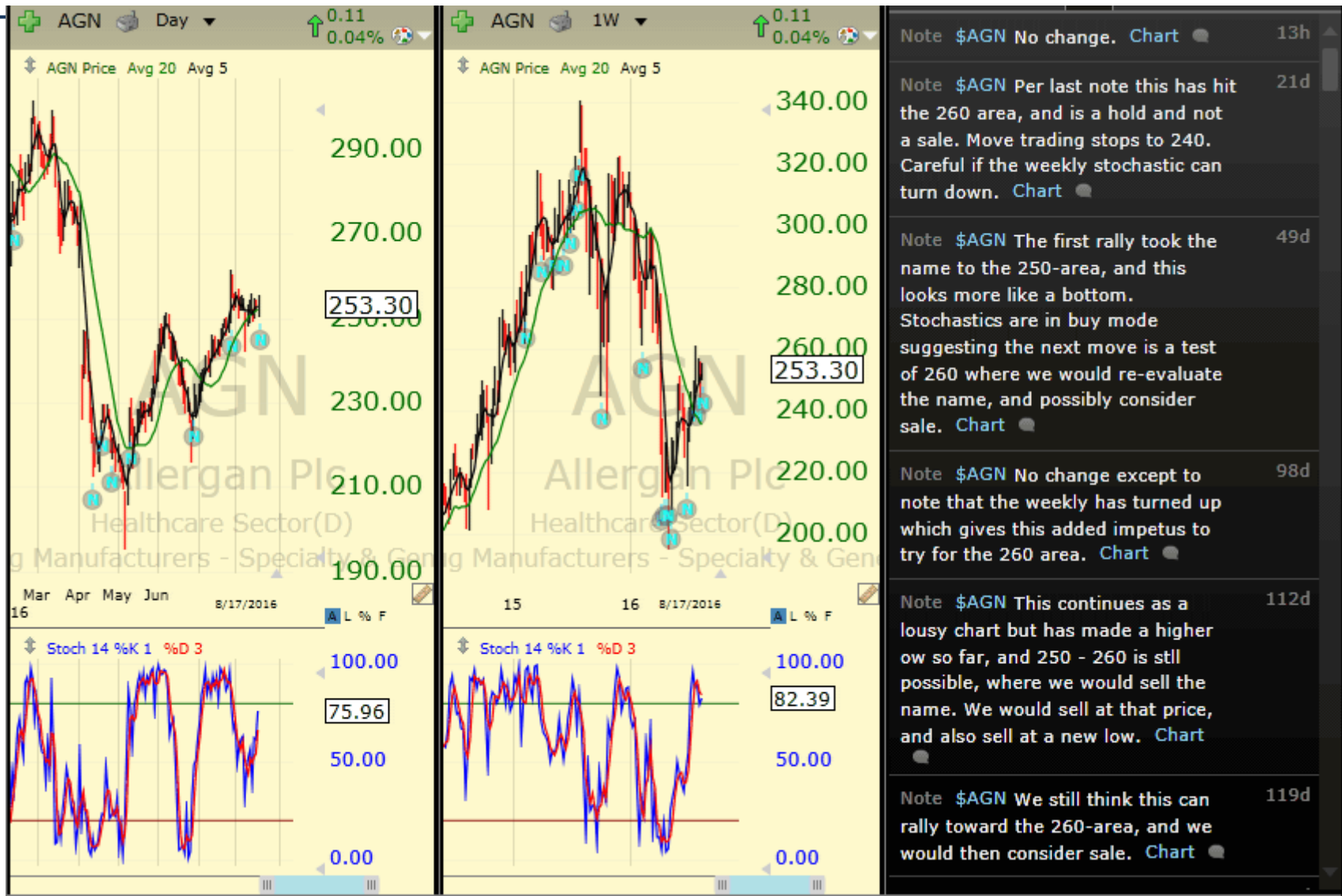
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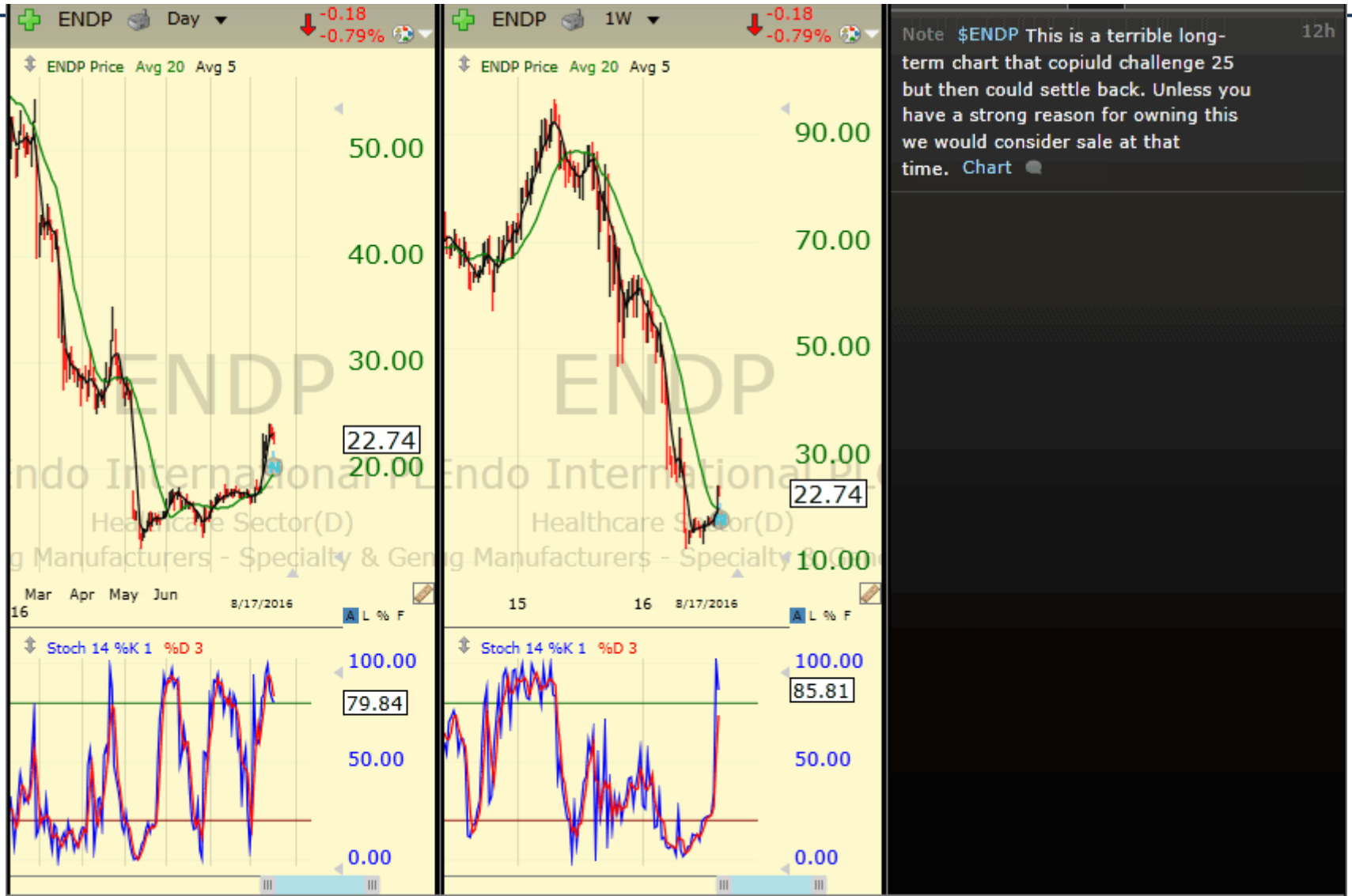


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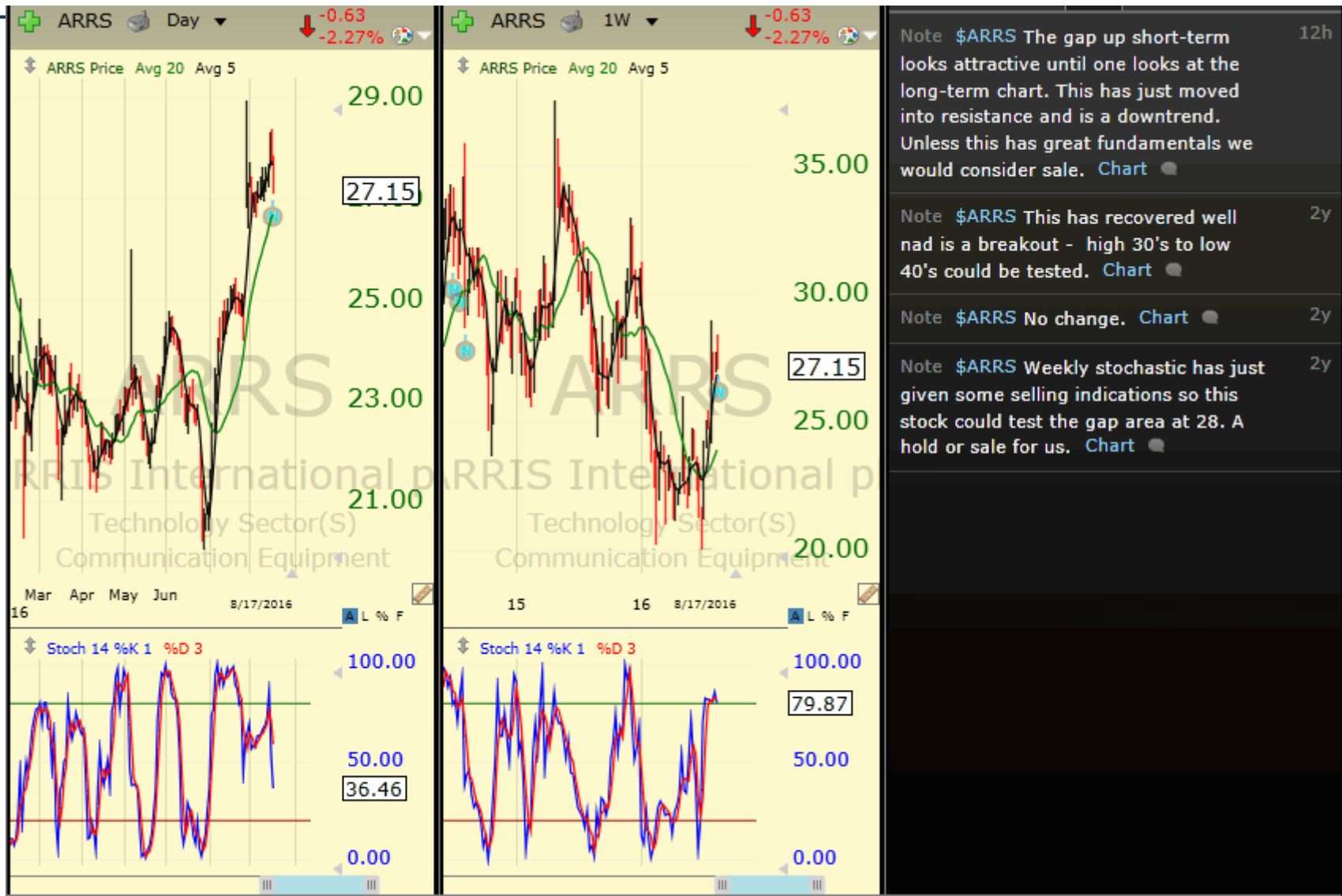
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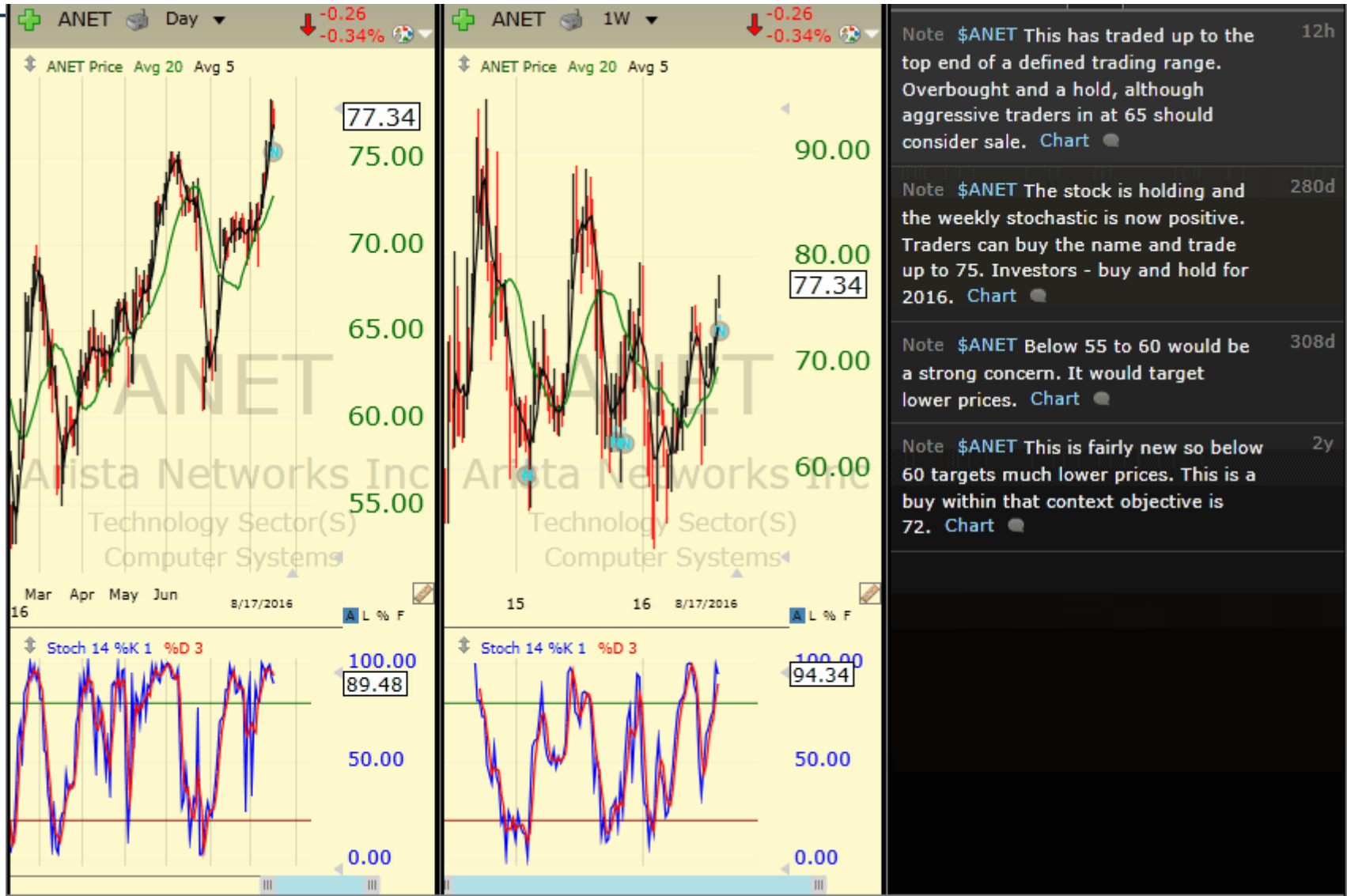
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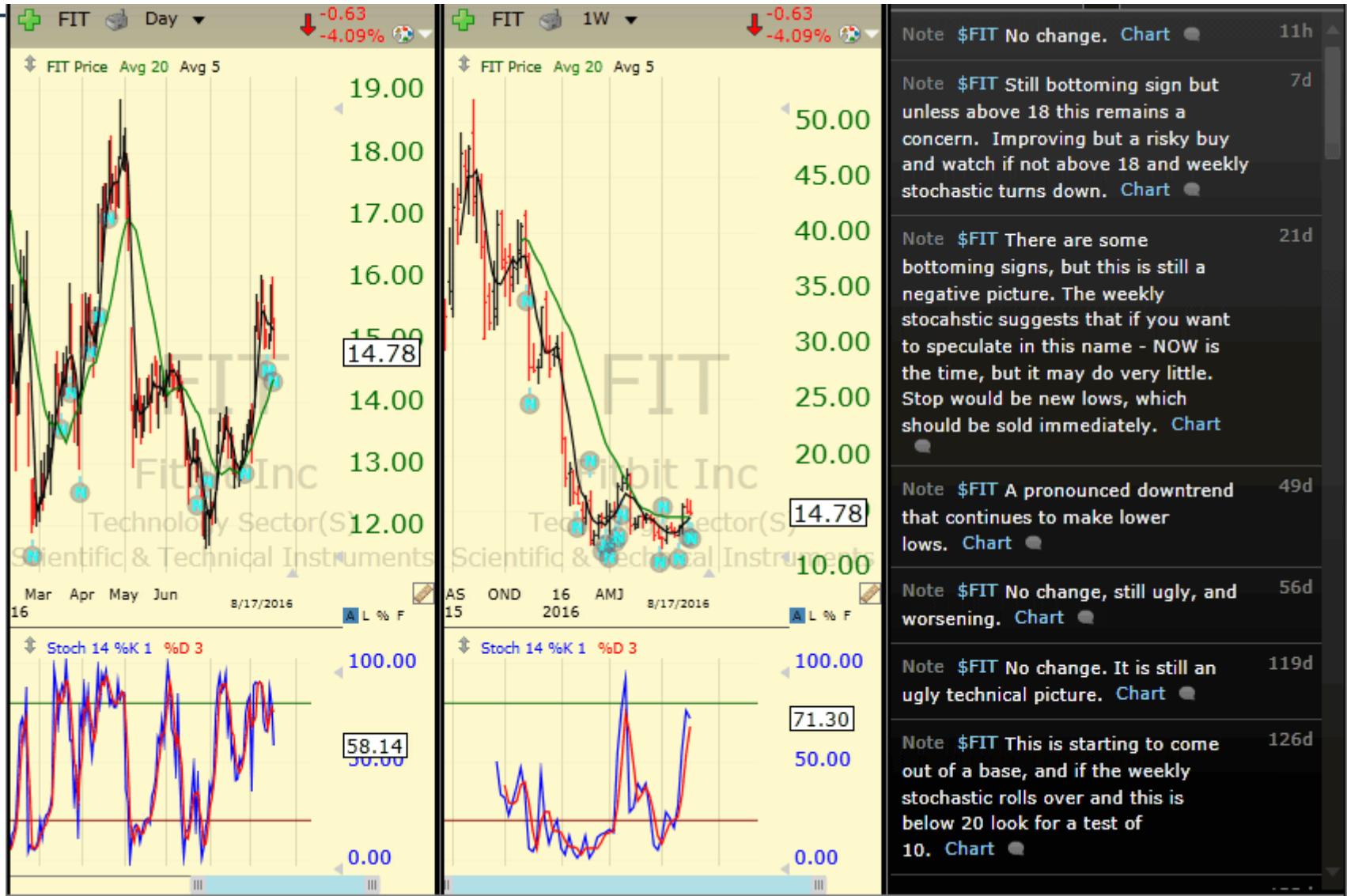
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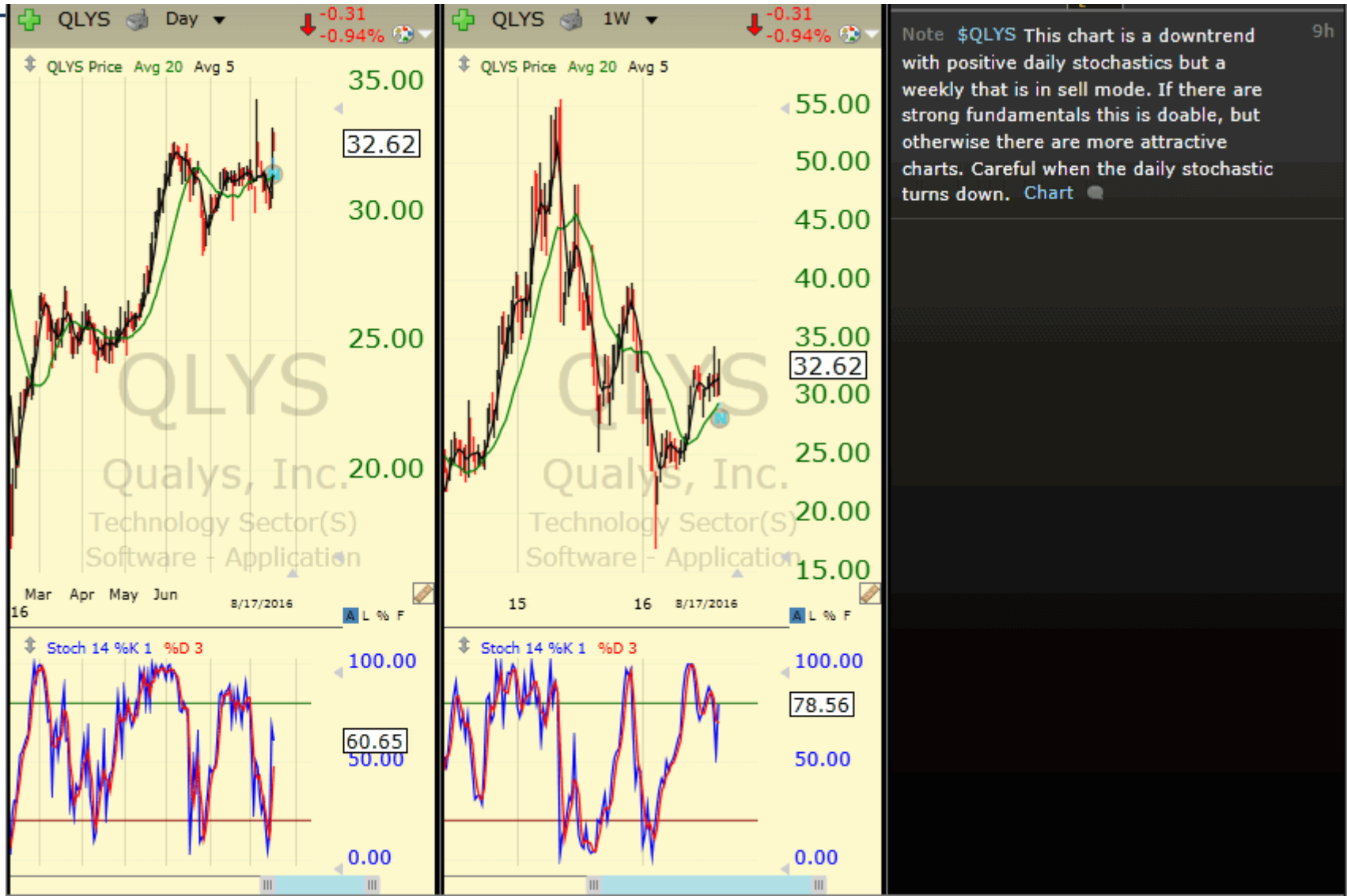
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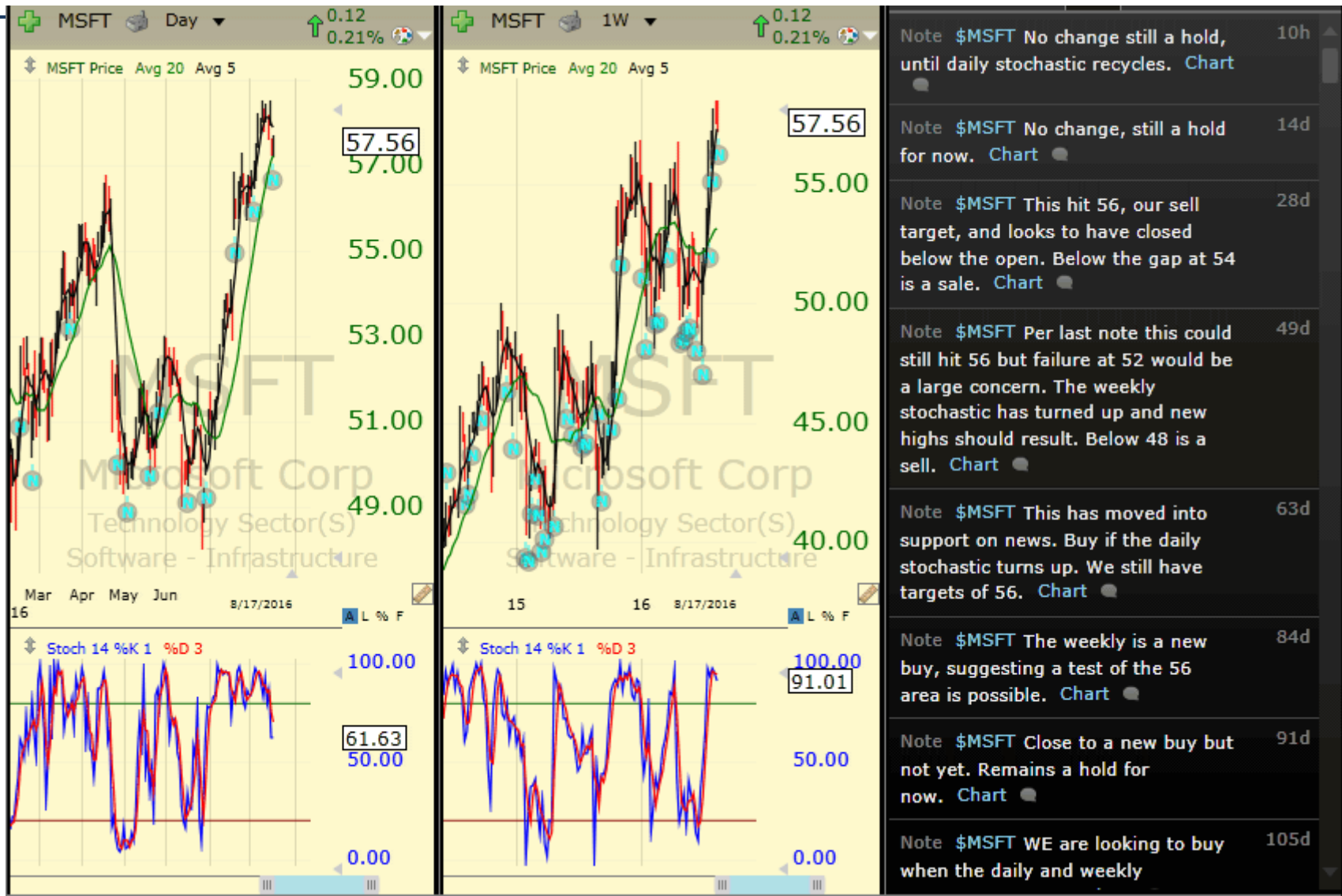
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# Technical Indicators

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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.

# Technicals 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).

