

Chartbook Review

(charts as of 12/13/17)

The FRED Report

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Chartbook: Stocks of Interest

Sym	Company	trkPrice	Sector ▲	Industry
AGU	Agrium Inc	112.00	Basic Materials Sector	Agricultural Inputs
MAS	Masco Corp	42.09	Basic Materials Sector	Building Materials
FCX	Freeport-McMoran Inc	16.33	Basic Materials Sector	Copper
NUC	Nucor Corp	61.86	Basic Materials Sector	Steel
STLD	Steel Dynamics Inc	41.27	Basic Materials Sector	Steel
X	US Steel Corp	32.83	Basic Materials Sector	Steel
CTL	CenturyLink Inc	16.74	Communication Services Sector	Telecom Services
TIF	Tiffany & Co	96.22	Consumer Cyclical Sector	Luxury Goods
LVS	Las Vegas Sands	70.80	Consumer Cyclical Sector	Resorts & Casinos
WYNN	Wynn Resorts Ltd	164.75	Consumer Cyclical Sector	Resorts & Casinos
BUD	Anheuser-Busch InBev	111.03	Consumer Defensive Sector	Beverages - Brewers
DEO	Diageo Plc Ads	141.39	Consumer Defensive Sector	Beverages - Wineries & Distilleries
BTI	British Amer Tob Plc	67.37	Consumer Defensive Sector	Tobacco
CRZO	Carrizo Oil & Gas Inc	19.58	Energy Sector	Oil & Gas E&P
MRO	Marathon Oil Group	15.21	Energy Sector	Oil & Gas E&P
VNOM	Viper Energy Partners LP	22.20	Energy Sector	Oil & Gas E&P
NOV	National Oilwell Varco Inc	32.61	Energy Sector	Oil & Gas Equipment & Services
ETP	Energy Transfer Partners LP	17.34	Energy Sector	Oil & Gas Midstream
KMI	Kinder Morgan Inc	17.87	Energy Sector	Oil & Gas Midstream
BX	The Blackstone Group L.P	31.95	Financial Services Sector	Asset Management
OAK	Oaktree Capital Group LLC	41.90	Financial Services Sector	Asset Management
CS	Credit Suisse Group AG	17.50	Financial Services Sector	Banks - Global
UBS	UBS Group AG	17.90	Financial Services Sector	Banks - Global
FRC	First Republic Bank	88.88	Financial Services Sector	Banks - Regional - US
RF	Regions Financial Corp	17.09	Financial Services Sector	Banks - Regional - US
GS	Goldman Sachs Group Inc	255.99	Financial Services Sector	Capital Markets
RIOT	Riot Blockchain Inc	23.15	Financial Services Sector	Capital Markets

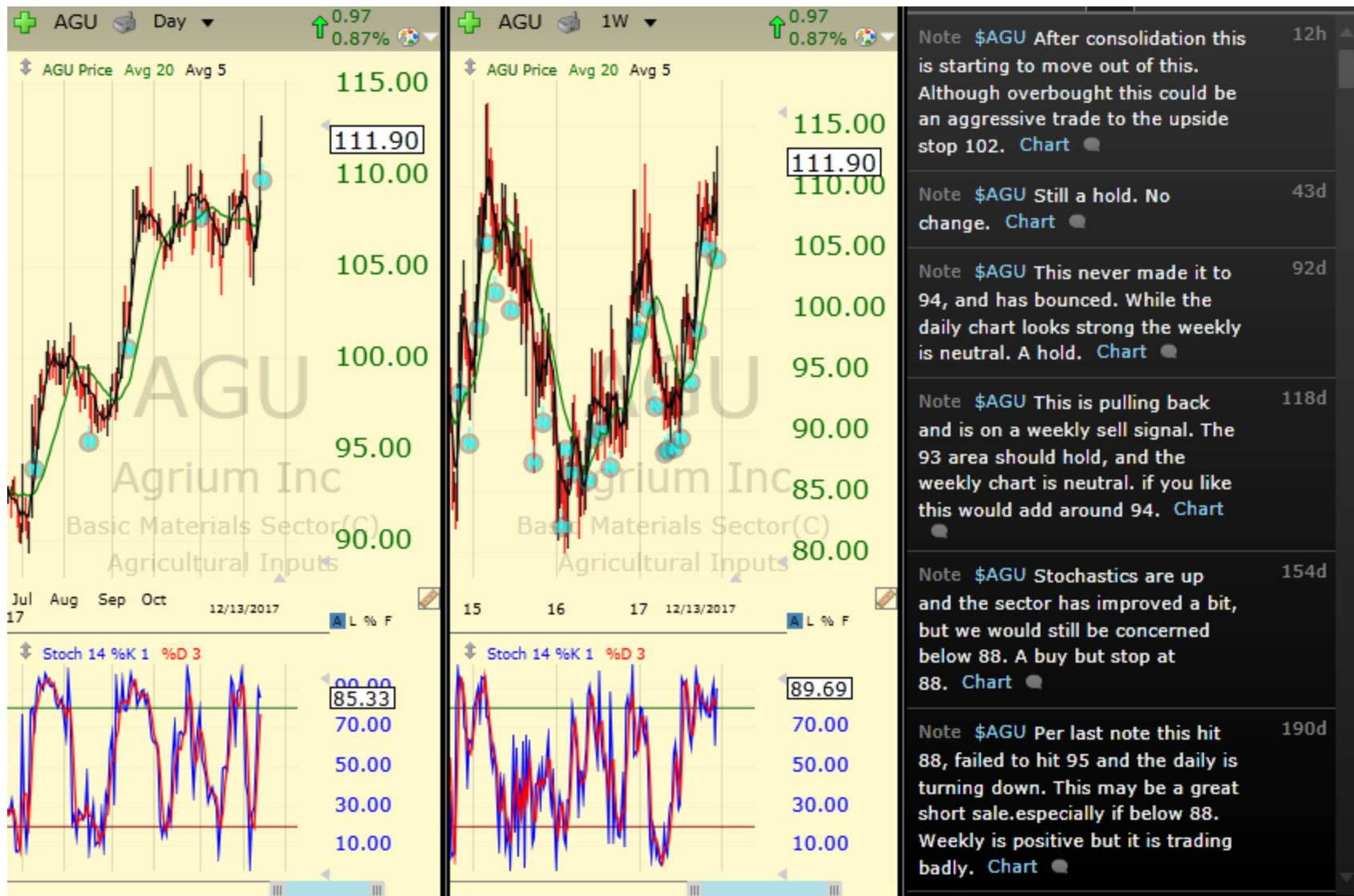
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Sym	Company	trkPrice	Sector	Industry
AMGN	Amgen Inc	177.47	Healthcare Sector	Biotechnology
BIIB	Biogen Inc	330.60	Healthcare Sector	Biotechnology
BLUE	Bluebird Bio Inc	185.22	Healthcare Sector	Biotechnology
BMRN	Biomarin Pharmaceuticals	88.71	Healthcare Sector	Biotechnology
EXEL	Exelixis Inc	26.62	Healthcare Sector	Biotechnology
IMMU	Immunomedics Inc	12.21	Healthcare Sector	Biotechnology
JAZZ	Jazz Pharmaceuticals Inc	140.58	Healthcare Sector	Biotechnology
OCUL	Ocular Therapeutix Inc	4.70	Healthcare Sector	Biotechnology
SRPT	Sarepta Therapeutics Inc	54.22	Healthcare Sector	Biotechnology
GSK	GlaxoSmithKline	35.58	Healthcare Sector	Drug Manufacturers - Major
PDCO	Patterson Companies Inc	36.01	Healthcare Sector	Medical Distribution
RMD	Resmed Inc	85.01	Healthcare Sector	Medical Instruments & Supplies
DAL	Delta Air Lines Inc	53.52	Industrials Sector	Airlines
MMM	3M Company	239.12	Industrials Sector	Diversified Industrials
TRN	Trinity Industries Inc	37.37	Industrials Sector	Railroads
UNP	Union Pacific Corp	130.35	Industrials Sector	Railroads
AL	Air Lease Corporation	45.08	Industrials Sector	Rental & Leasing Services
TRTN	Triton International Ltd	38.04	Industrials Sector	Rental & Leasing Services
PCAR	Paccar Inc	70.11	Industrials Sector	Truck Manufacturing
WM	Waste Management Inc	85.30	Industrials Sector	Waste Management
RDFN	Redfin Corporation	24.33	Real Estate Sector	Real Estate Services
NLY	Annaly Capital Management Inc	12.12	Real Estate Sector	REIT - Diversified
PSTG	PURE STORAGE INC	16.70	Technology Sector	Data Storage
ENR	Energizer Holdings	48.09	Technology Sector	Electronic Components
FB	Facebook Inc	178.41	Technology Sector	Internet Content & Information
JD	JD com Inc	40.81	Technology Sector	Internet Content & Information
SNAP	Snap Inc	15.94	Technology Sector	Internet Content & Information
MU	Micron Technology Inc	42.06	Technology Sector	Semiconductor Memory

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Sym	Company	trkPrice	Sector ▲	Industry
MU	Micron Technology Inc	42.06	Technology Sector	Semiconductor Memory
ADI	Analog Devices Inc	85.27	Technology Sector	Semiconductors
MCHP	Microchip Technology Inc	86.44	Technology Sector	Semiconductors
ADBE	Adobe Systems Inc	177.04	Technology Sector	Software - Application
CRM	Salesforce.com Inc	103.92	Technology Sector	Software - Application
NOW	ServiceNow, Inc	123.26	Technology Sector	Software - Application
SHOP	Shopify Inc	103.47	Technology Sector	Software - Application
TWOU	2U Inc	64.23	Technology Sector	Software - Infrastructure
SJI	South Jersey Industries Inc	32.17	Utilities Sector	Utilities - Regulated Gas
DWAS	PowerShares DWA SmCap Technic	47.92		
EADSY	Airbus SE	26.1800		
EIS	iShares MSCI Israel Capped Inves	49.60		
INDY	iShares S&P India Nifty 50 Index I	36.06		
IWM	iShares Russell 2000 Index Fund I	151.73		
VOX	Vanguard Telecomm Svcs Etf	92.36		

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Note \$STLD this is our favorite steel name and is a breakout. it is overbought but still strong and we would buy it here with a target of 49. Chart

Note \$STLD Need to see more improvement on the weekly stochastic or this move could be ending. Chart

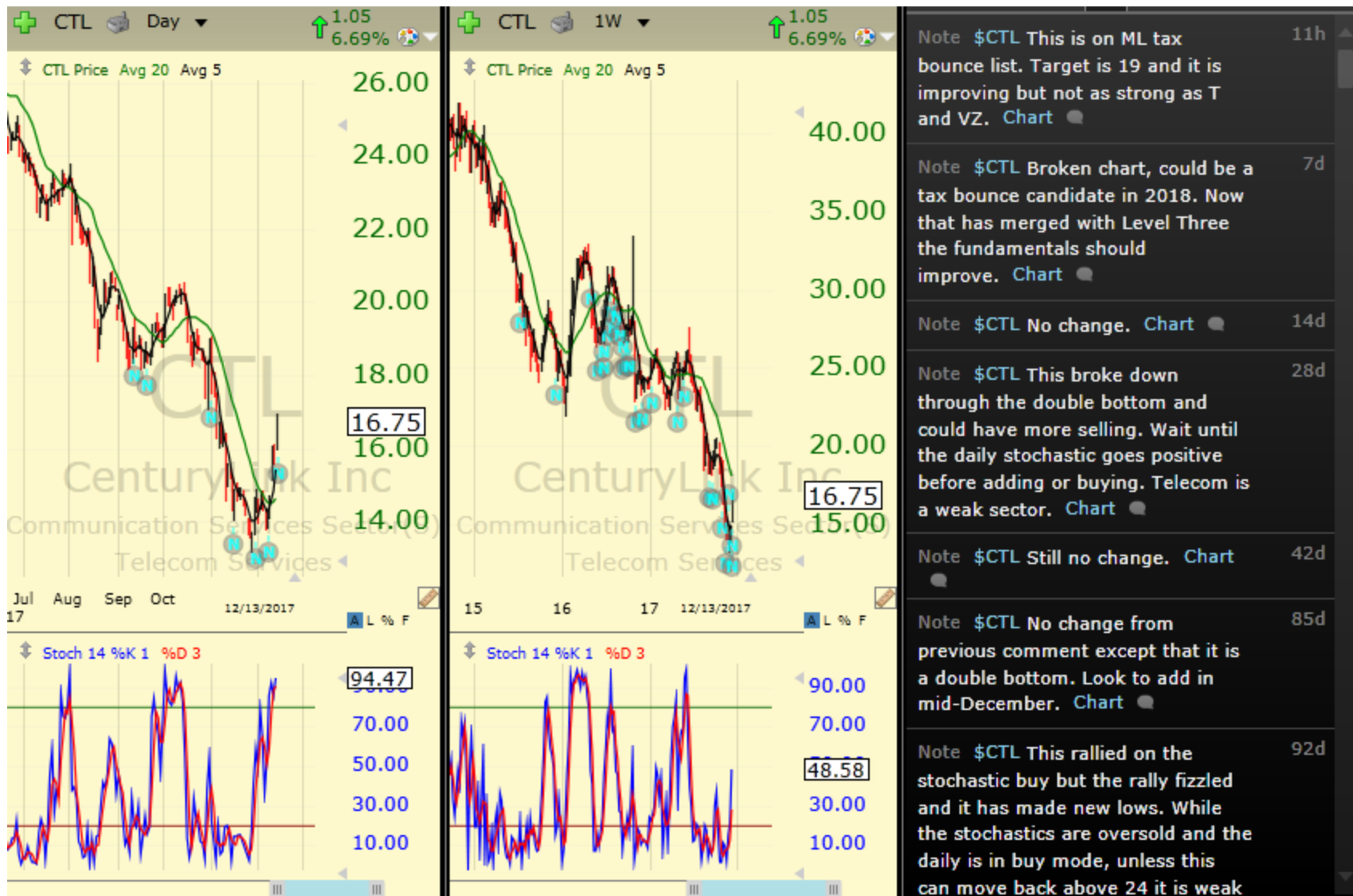
Note \$STLD er last note the chart has moved to a new high before yearend. We like the steels and this as long as above 28. Chart

Note \$STLD Worth a shot on the long side if the industrials come back to life. Use a tight stop at \$22.75. Could move to a new high by year end. Chart

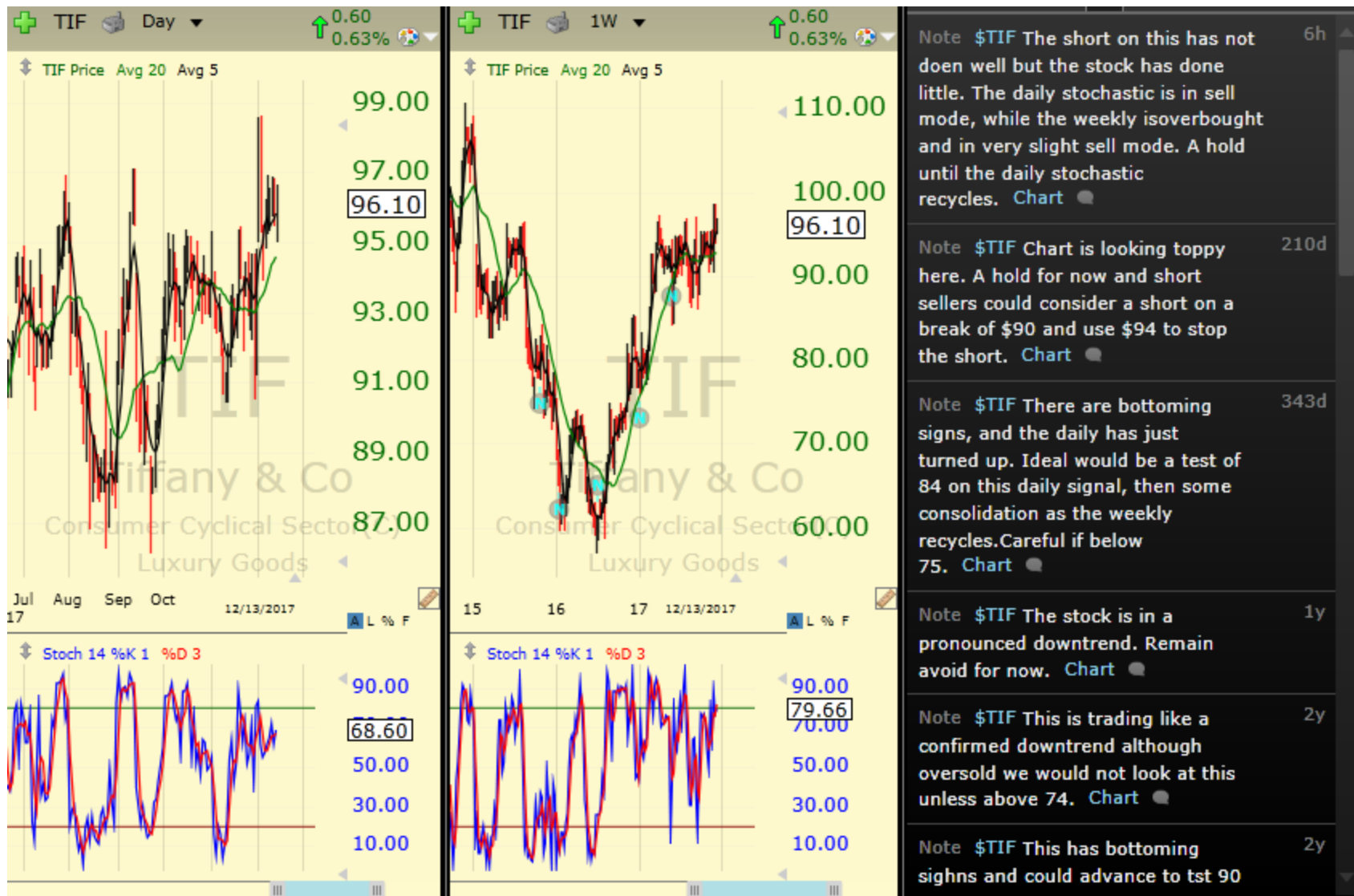
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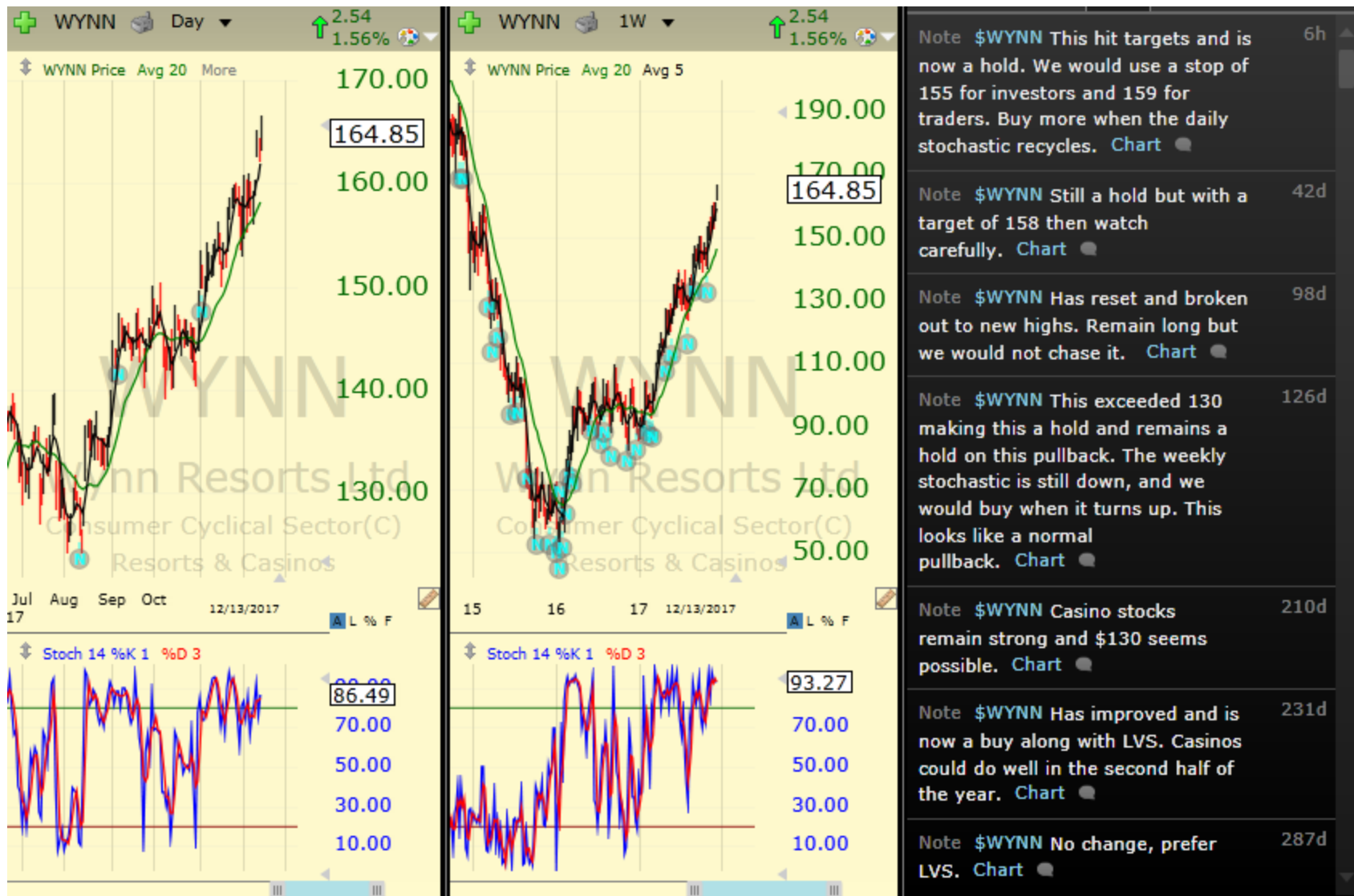
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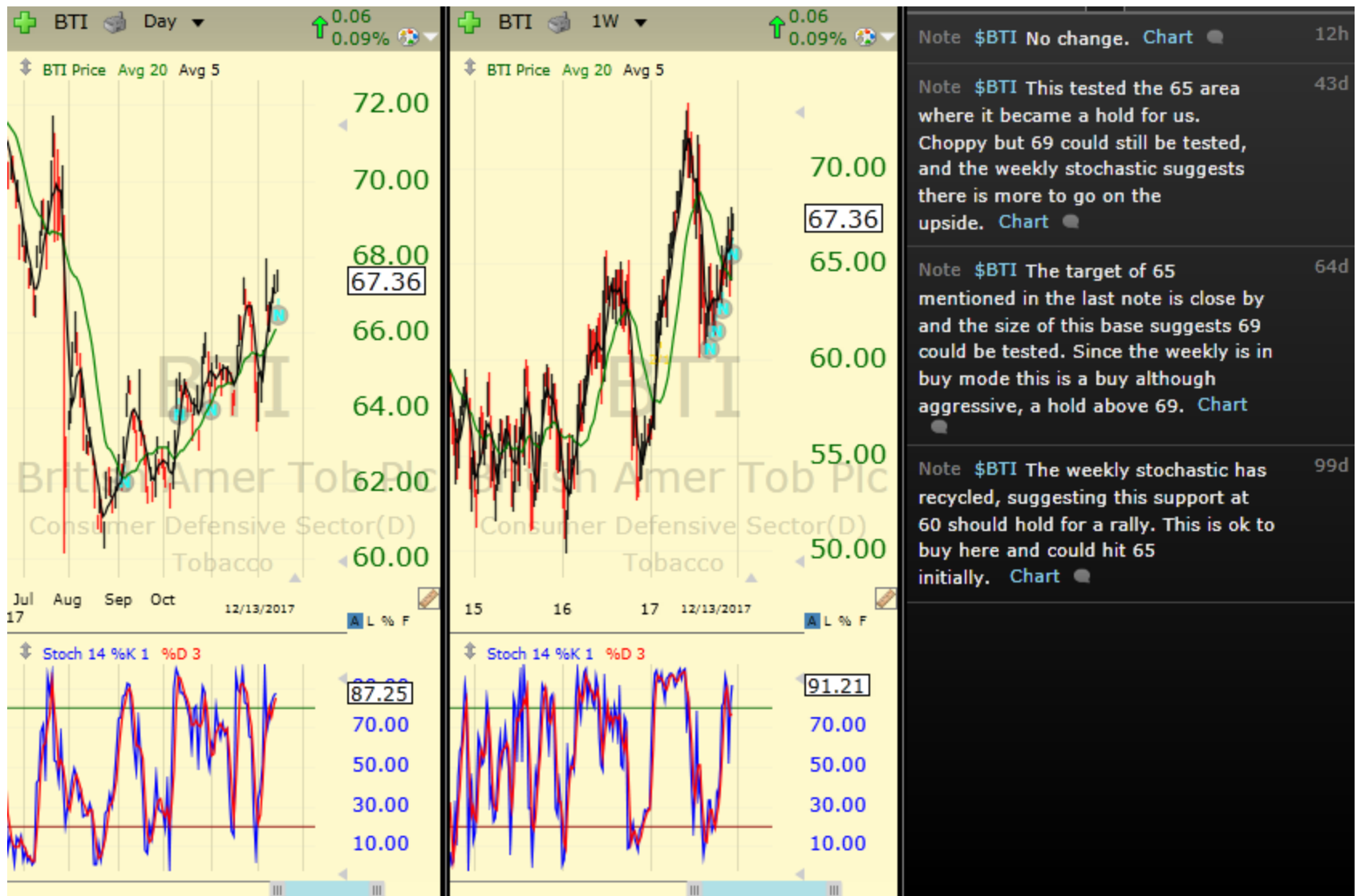
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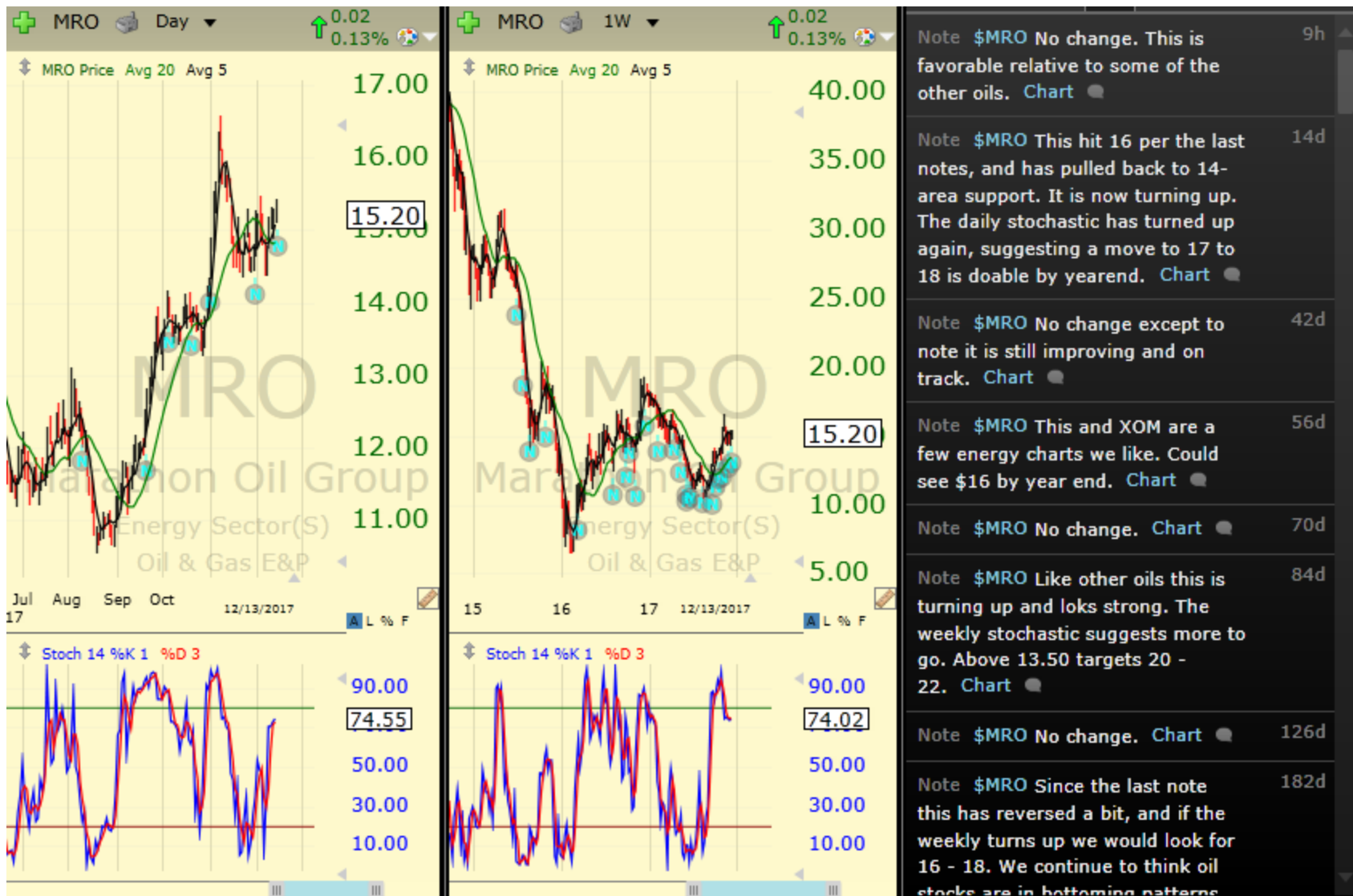
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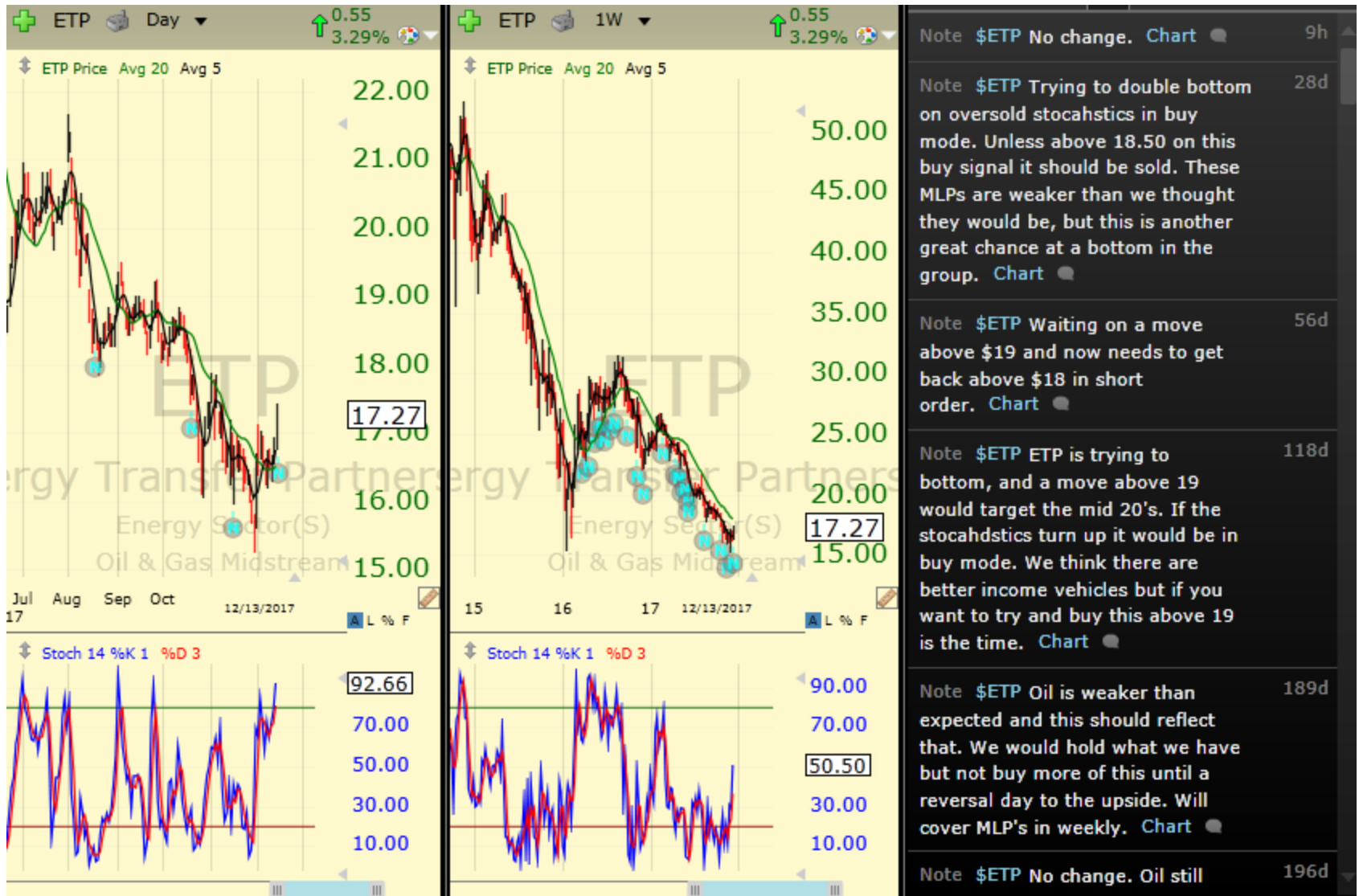
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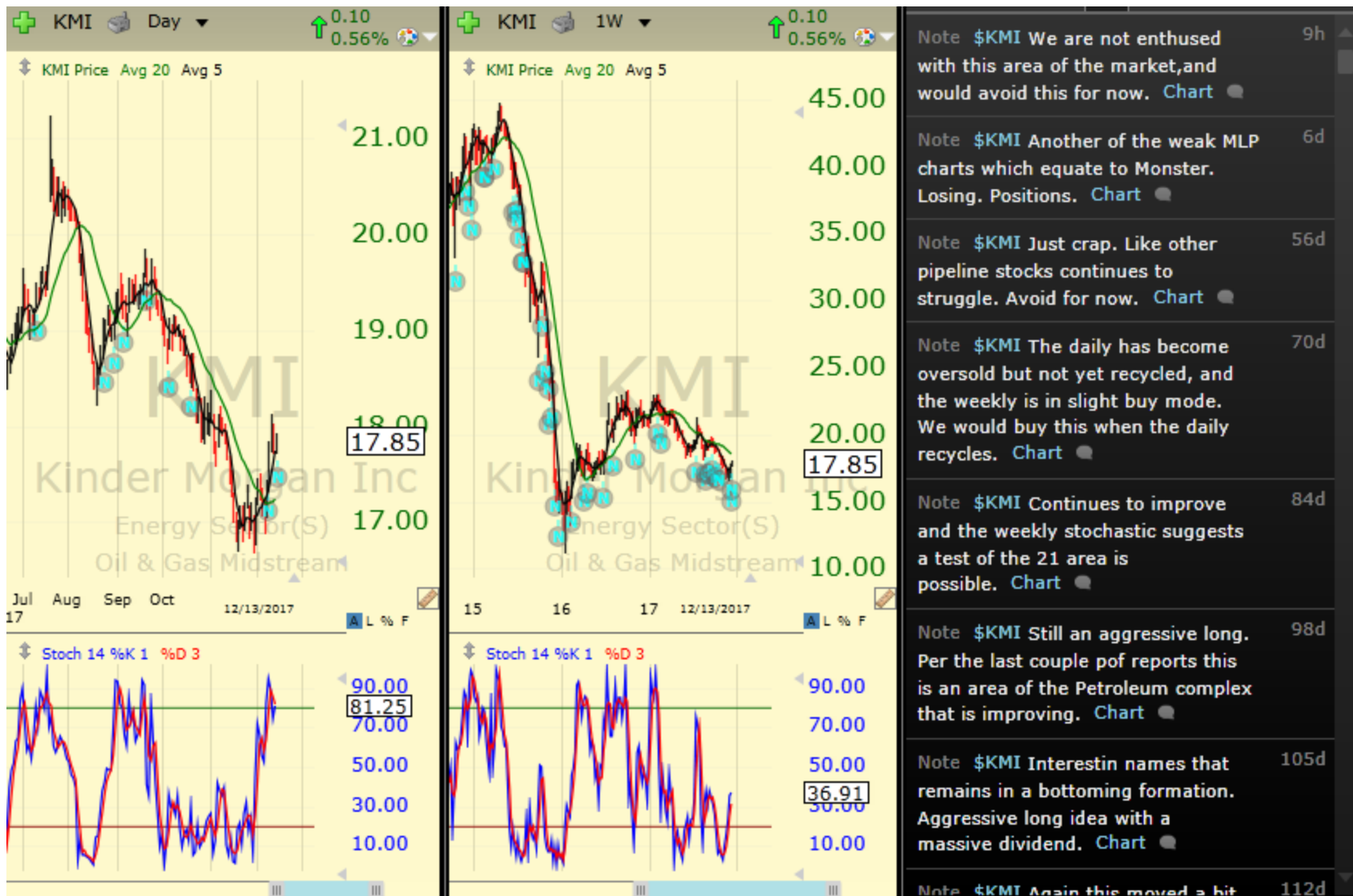
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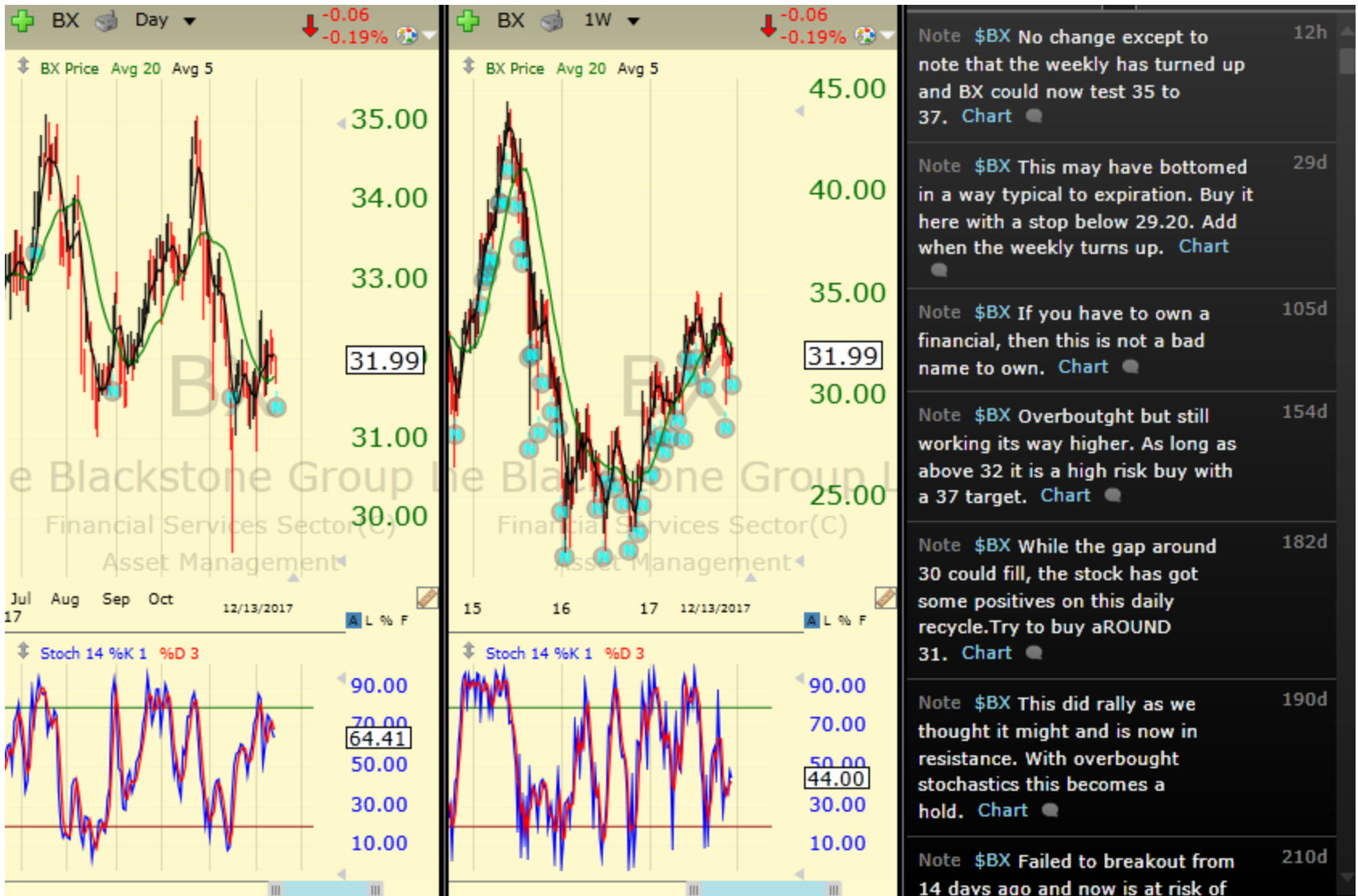
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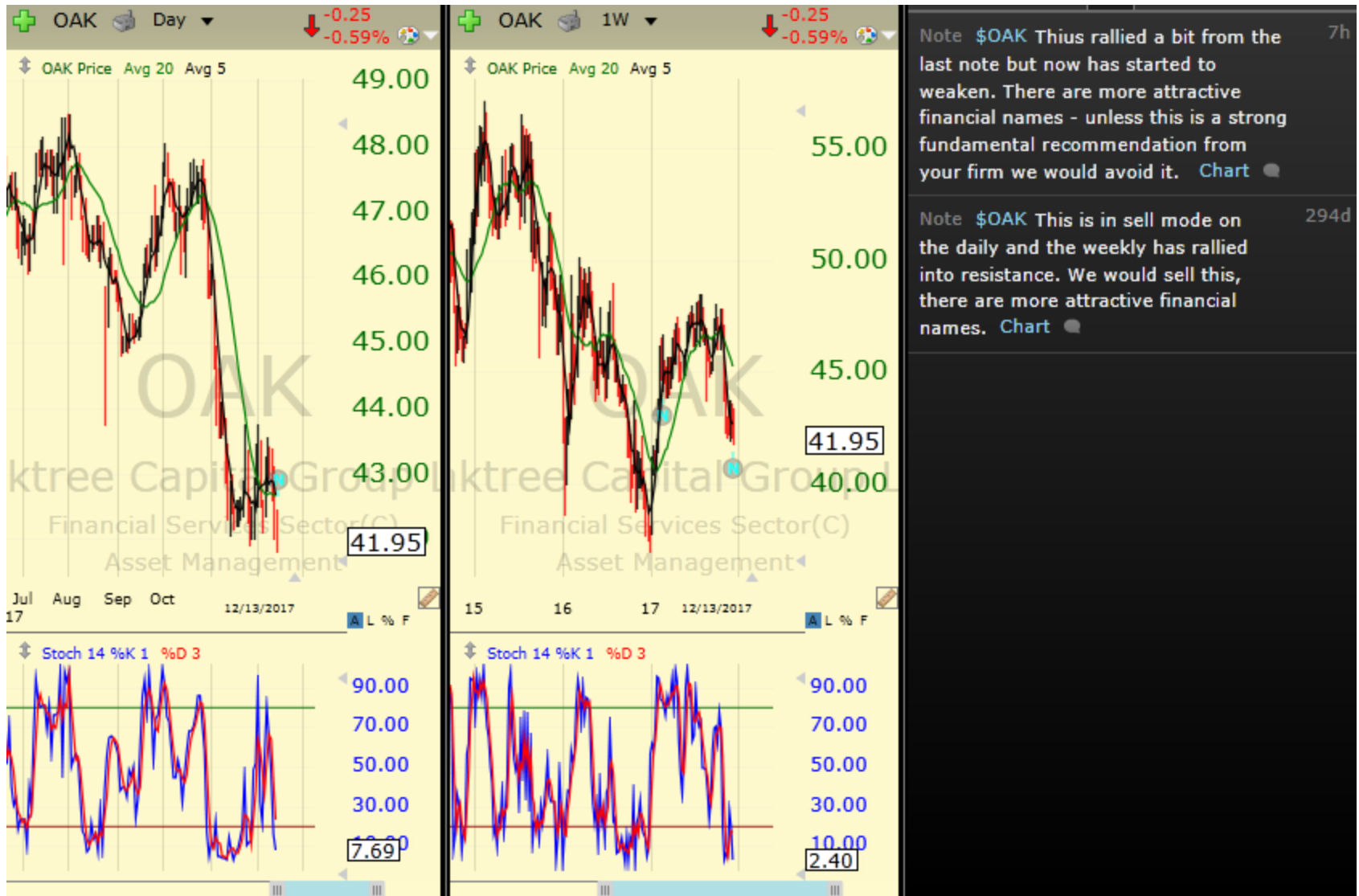
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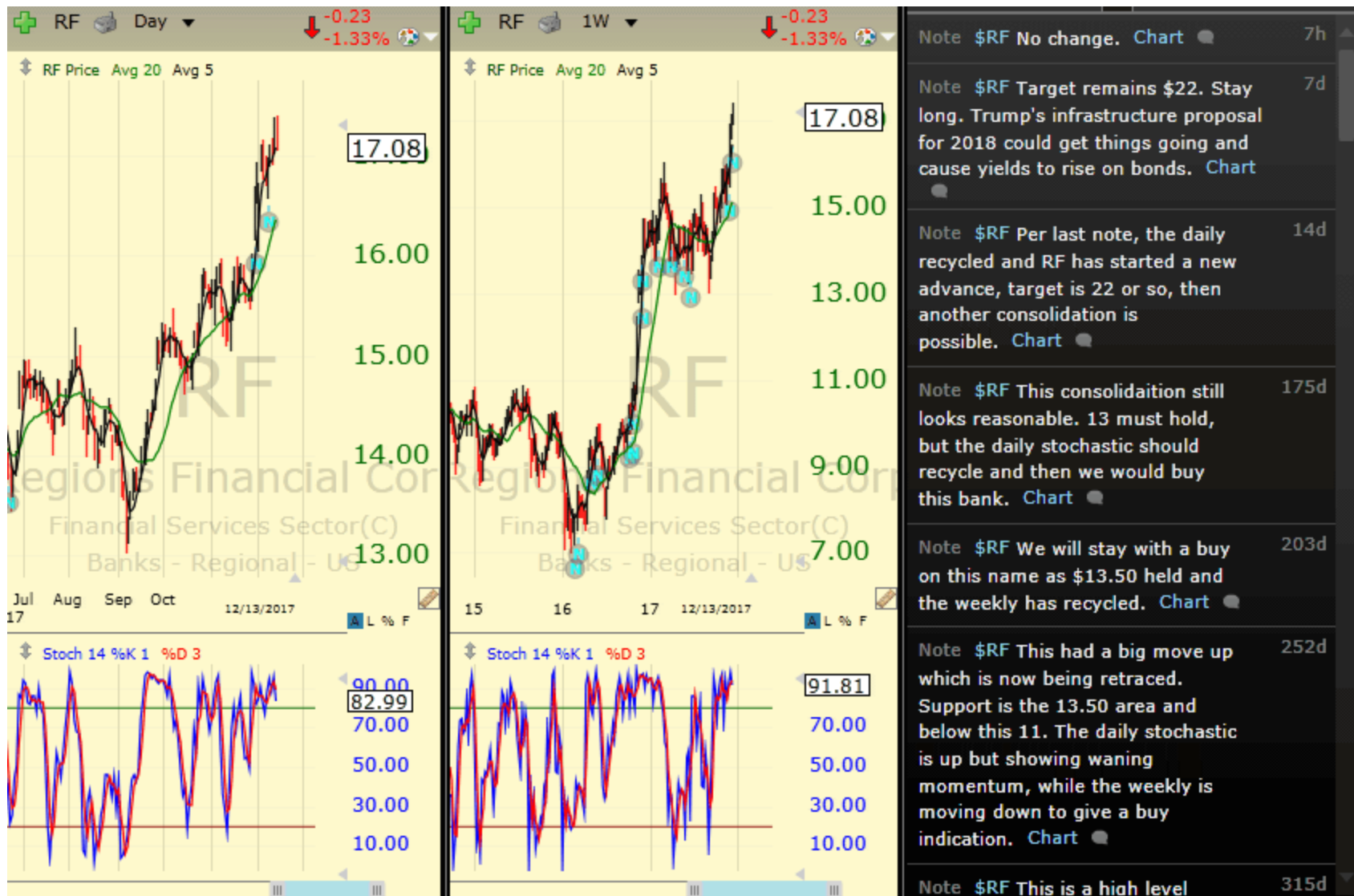
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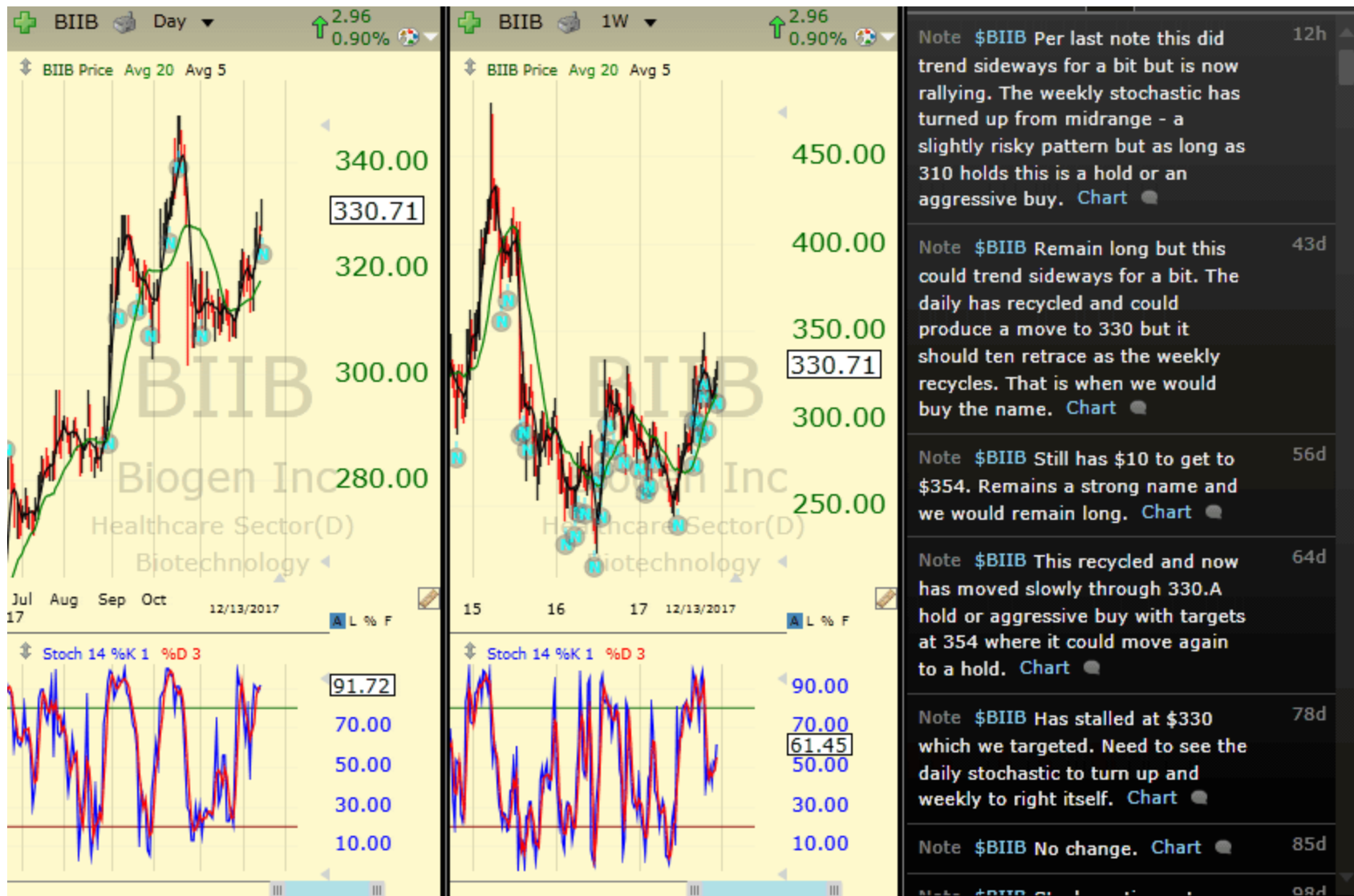
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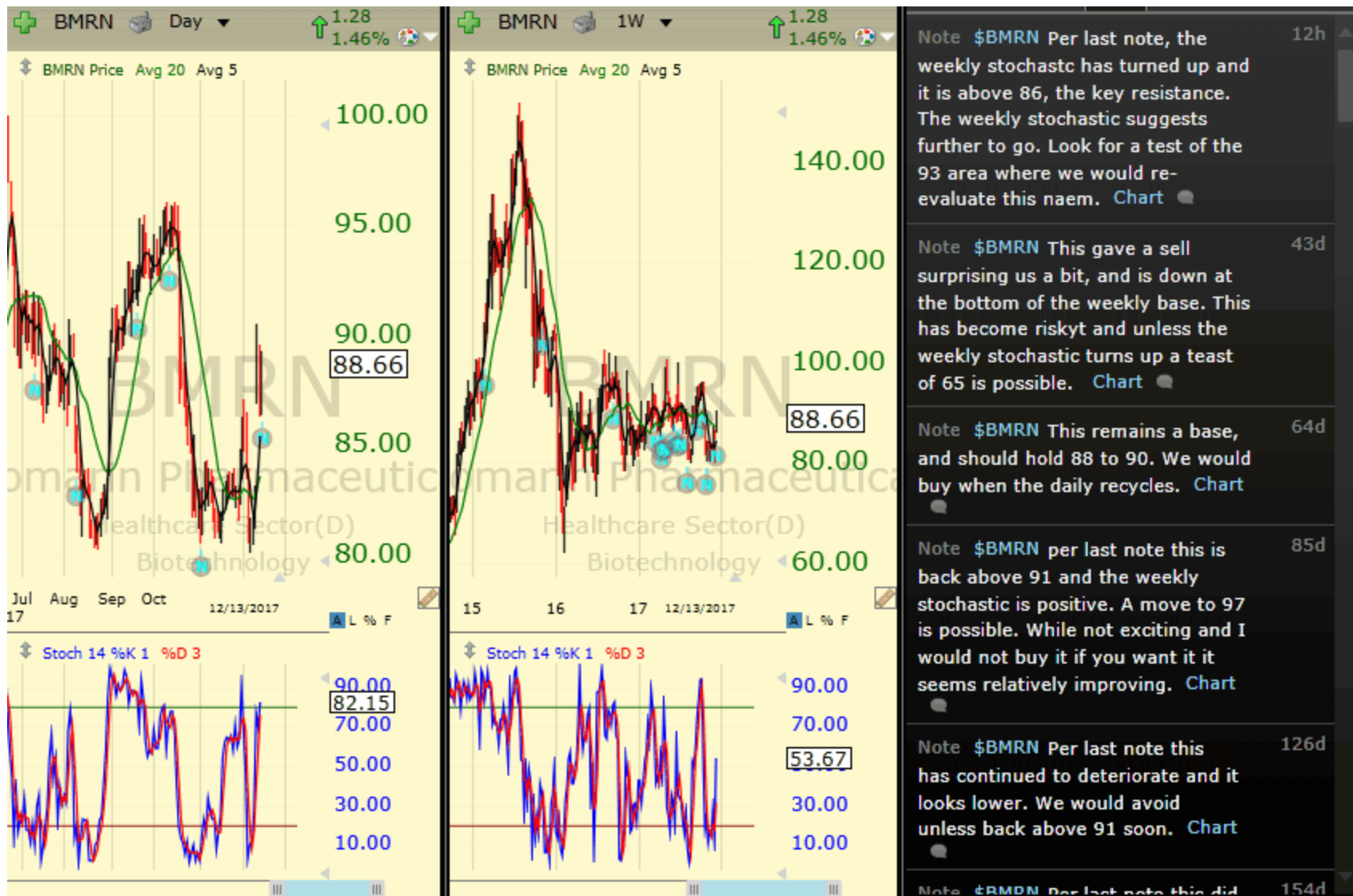
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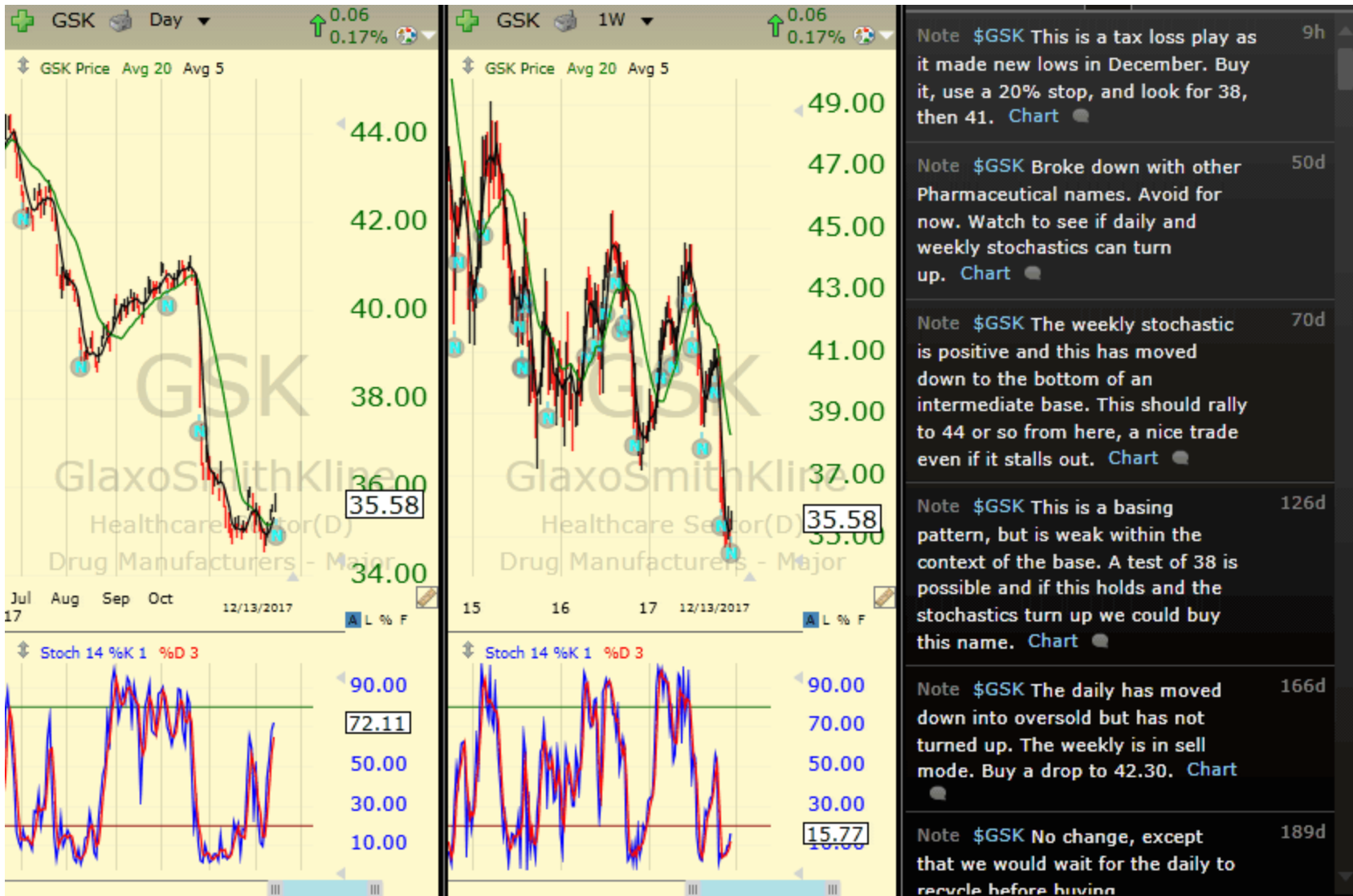
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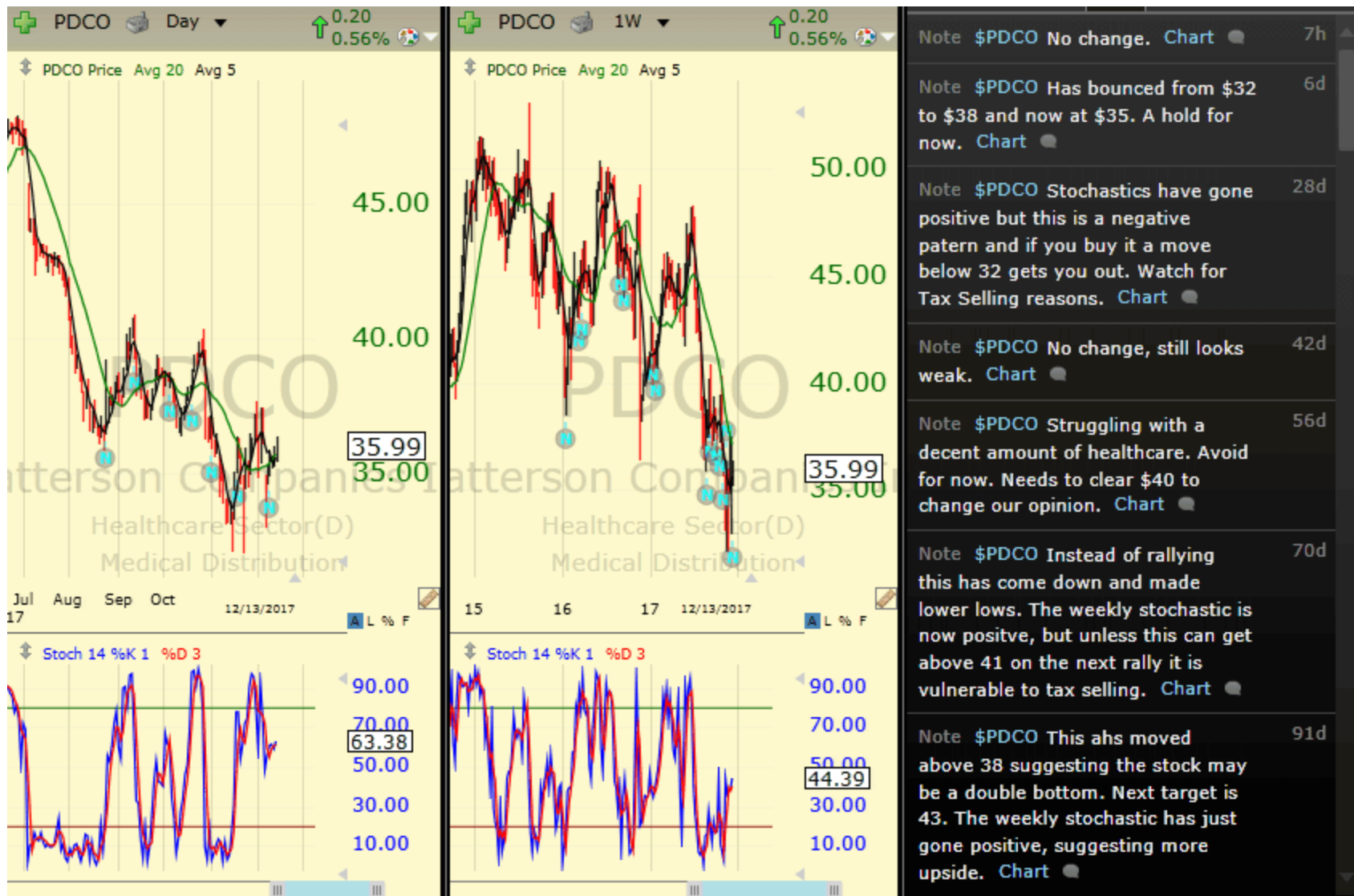
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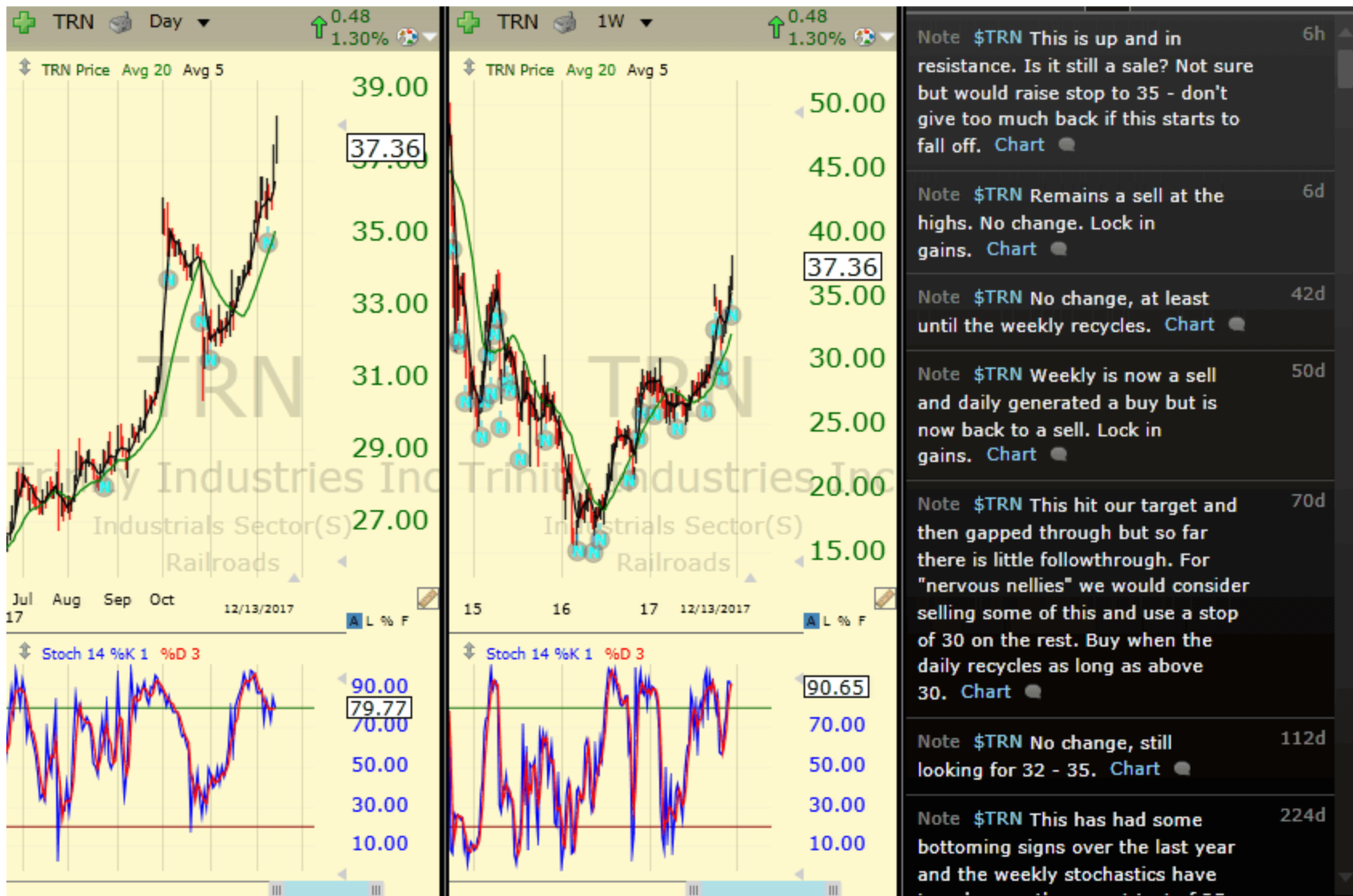
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Note \$AL Per last note this did recycle and has now bounced. A hold again, but one that could trend up into the low 50's. [Chart](#) 12h

Note \$AL Still a hold until the daily recycles, but it looks good. [Chart](#) 64d

Note \$AL The stochastic is in sell mode while the weekly is overbought but diverging a bit. A break of 42 short-term would signal the beginning of a consolidation. [Chart](#) 71d

Note \$AL The daily chart is strong and the weekly chart is almost in perfect shape if the stochastic can rise a bit more. [Chart](#) 84d

Note \$AL This has improved a bit but is still an "iffy" pattern and below 30 is a sale. 40 could be tested but is significant resistance. [Chart](#) 3y

Note \$AL The stock is breaking down. We would sell this name now and use as a source of cash. [Chart](#) 3y

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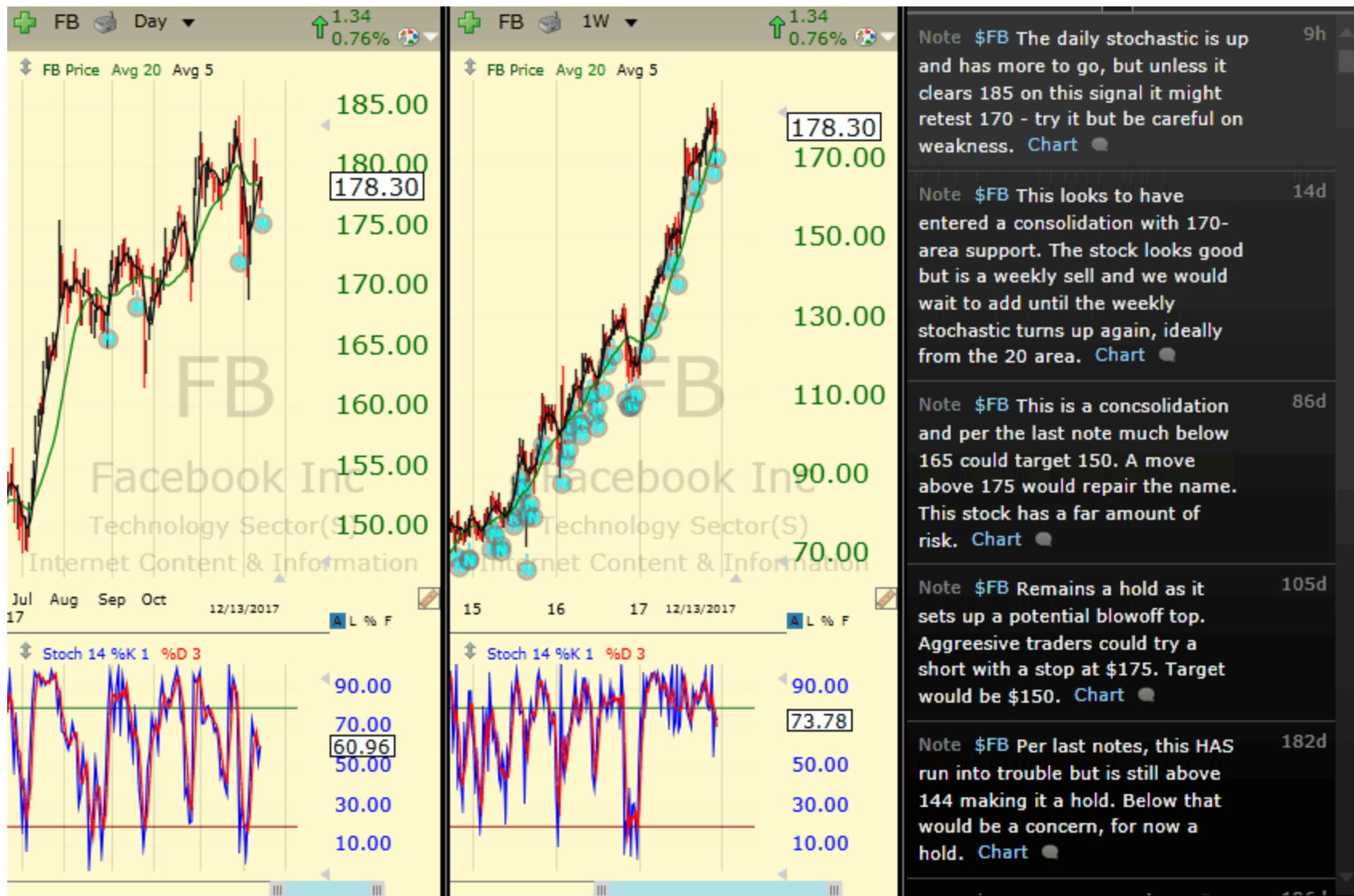
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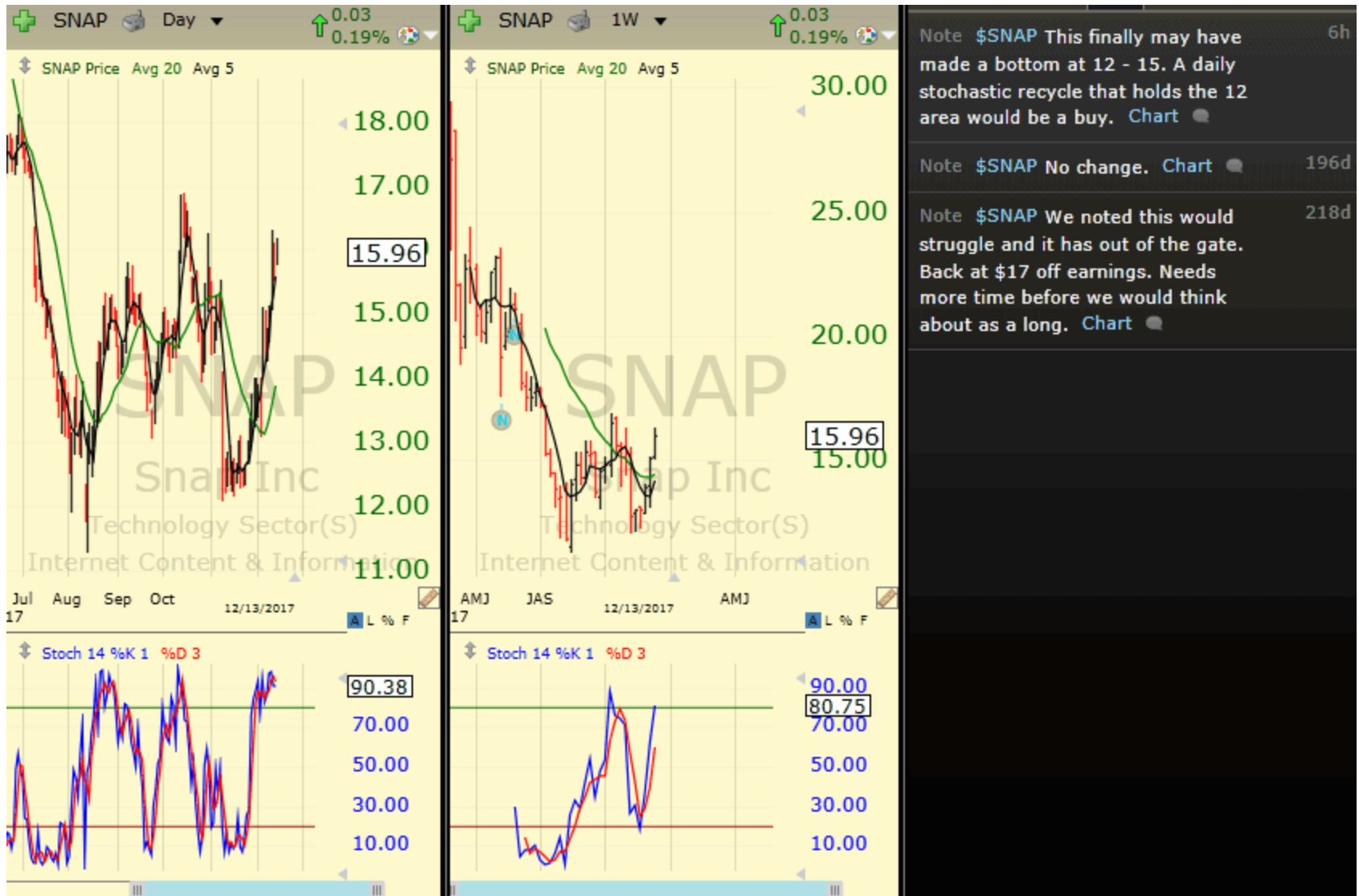
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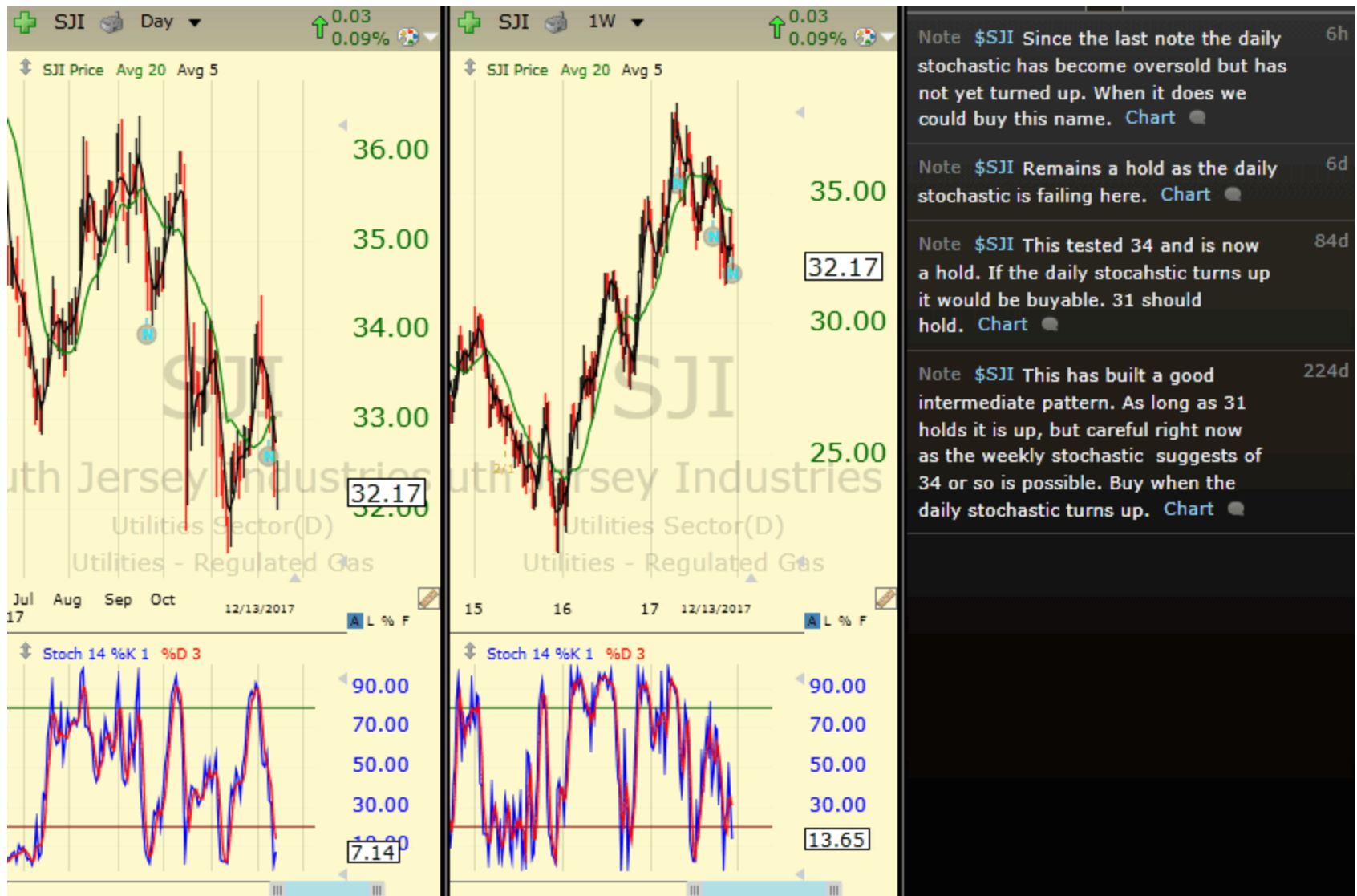
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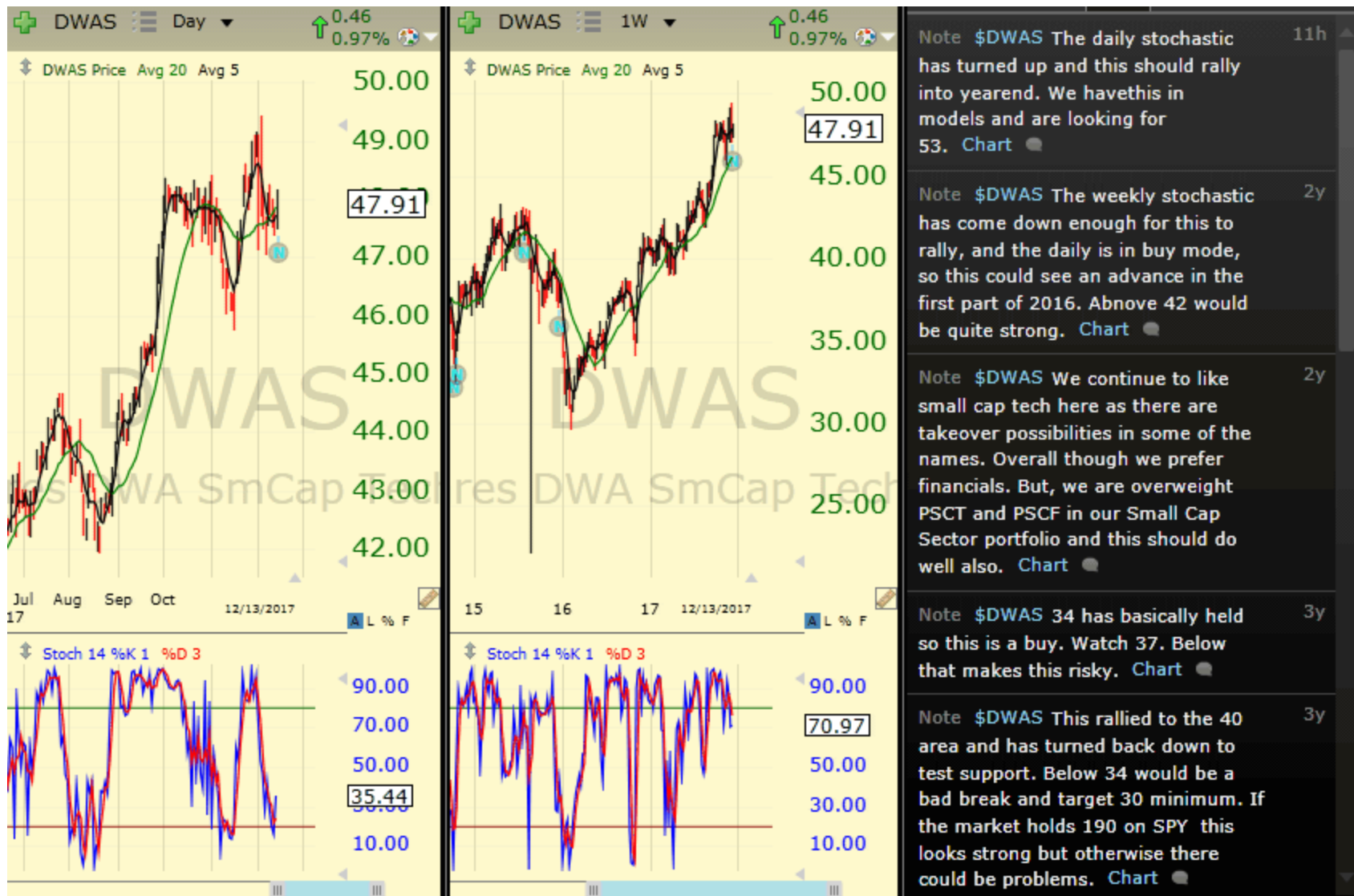
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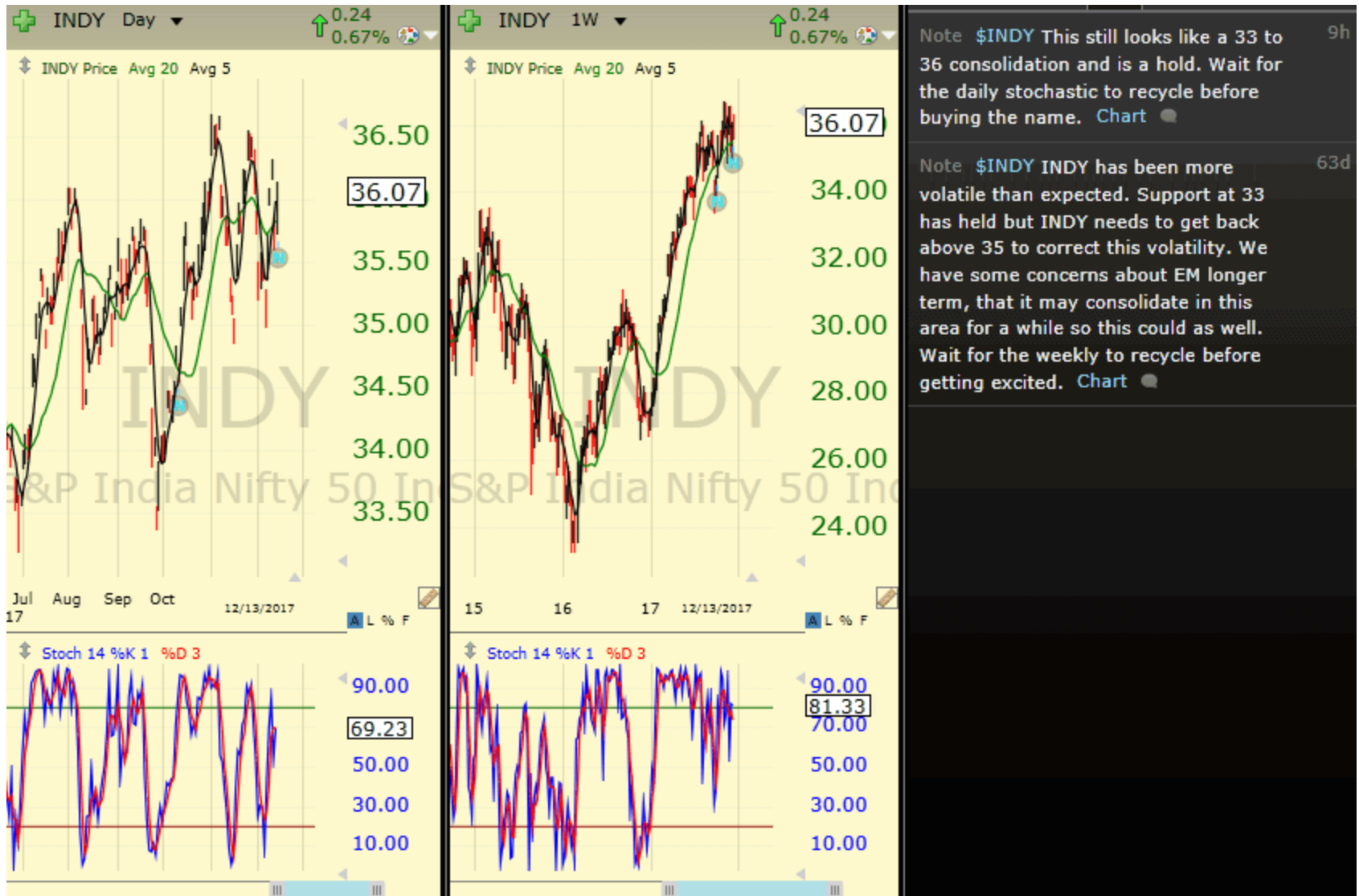
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Note \$VOX IYZ is a better ETF and we remain underweight the sector although it hit downside price targets. This bounce in telecom has been expected but we think it should still underperform into yearend. We need to see more before we decide how to trade it net year. Chart

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.

