

Long-Short Idea List: 03-28-19

NEW FEATURE: In your portfolio you can now [SHORT STOCKS](#). Simply enter a position as you normally would but instead of buying select the option to SELL SHORT. To close the position simply select BUY TO COVER. This new feature will now allow us to start running our long-short equity portfolio live on the site.

HOW TO READ THE CHARTS

There are four primary components to each chart:

- The price chart is contained within the shaded area which represents 2-standard deviations above and below the short-term moving average.
- The Over Bought/Over Sold indicator is in orange at the top.
- The Support/Resistance line (green) is the longer-term moving average which also acts as a trailing stop in many cases.
- The Buy / Sell is triggered when the green line is above the red line (Buy) or vice-versa (Sell).



LONG CANDIDATES

COG - Cabot Oil & Gas



- I have had a few requests recently for oil and gas and MLP stocks so I looked to see what I could find,.
- We actually covered COG previously and suggested a buy on a breakout above resistance which has now occurred.
- Currently on a buy signal.
- Buy at current levels with a tight stop at \$25.50
- Stop level is \$25.50

KYN - Kayne Anderson MLP Investment Co.

KYN Kayne Anderson MLP Investment Co. NYSE

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Open: **15.92**
 High: **16.14**
 Low: **15.64**
 Prev Close: **15.91**

Ask: **7.20**
 Ask Size: **2.19**
 Bid: **2.19**
 Bid Size: **2677 shrs**
 VWAP: **15.76**

P/E: **7.20**
 EPS: **2.19**
 Last Size: **2677 shrs**
 SCTR (Small): **62.3**

Options: **yes**
 Annual Dividend: **1.86**
 Yield: **11.80%**

Wednesday 27-Mar-2019

▼ **-0.94%**
 Chg: **-0.15**
 Last: **15.76**
 Volume: **827,570**



- KYN has an 11% yield on the stock which makes it substantially higher risk. This is NOT a "buy it for the dividend" play. This is a "TRADE" with the bonus of a high-yield.
- KYN is in the midst of a rising wedge but has yet to break out. Be patient here.
- Buy on a breakout above the 200-dma (\$16) with a tight stop at \$15.50
- Stop-loss is currently \$15.50

JNJ - Johnson and Johnson

JNJ Johnson & Johnson NYSE

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Health Care / Pharmaceuticals

Open: **136.91** Ask: P/E: **24.72** Options: **yes**
 High: **139.48** Ask Size: EPS: **5.61** Annual Dividend: **3.6**
 Low: **135.74** Bid: Last Size: Yield: **2.60%**
 Prev Close: **136.91** Bid Size: VWAP: SCTR (Large): **60.8**

Wednesday 27-Mar-2019

▲ **+1.31%**Chg: **+1.79**Last: **138.70**Volume: **15,910,721**

- JNJ is one of the companies that if you have to hold a stock through a recession (something we would never recommend) this is one of them.
- The recent consolidation above the 200-dma combined with an early "buy" signal sets JNJ up for a rally from a "defensive" market rotation.
- Buy 1/2 position at current levels.
- Buy 1/2 position on a breakout above \$139
- Stop-loss is \$132.50

HRL - Hormel Foods Corp.

HRL Hormel Foods Corp. NYSE

Consumer Staples / Food Products

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Open: **43.45** Ask: P/E: **25.11** Options: **yes**
 High: **44.73** Ask Size: EPS: **1.75** Annual Dividend: **0.7725**
 Low: **43.22** Bid: Last Size: Yield: **1.76%**
 Prev Close: **43.59** Bid Size: VWAP: SCTR (Large): **75.2**

Wednesday 27-Mar-2019

▲ **+0.83%**Chg: **+0.36**Last: **43.95**Volume: **5,743,746**

- After consolidating over the last couple of months, HRL finally broke out to the upside.
- Currently still on a "sell signal" gives us some concern but the breakout warrants a trading position.
- *Buy 1/2 position at current levels and add second 1/2 position on any successful retest of the consolidation wedge at \$42.50*
- *Stop Loss is set at \$41.50*

KSS - Kohls Corp.



- KSS has been consolidating over the last couple of months and is very close to both breaking out to the upside and triggering a "buy" signal.
- The risk/reward parameters reasonably well defined.
- Buy on a breakout above \$70.00
- Stop is set at \$67

SHORT CANDIDATES

CAT - Caterpillar, Inc.

CAT Caterpillar, Inc. NYSE

Industrial / Commercial Vehicles

Open: 129.59	Ask:	P/E: 12.83	Options: yes
High: 133.56	Ask Size:	EPS: 10.23	Annual Dividend: 3.36
Low: 129.23	Bid:	Last Size: 0 shrs	Yield: 2.56%
Prev Close: 129.77	Bid Size:	VWAP:	SCTR (Large): 26.3

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Wednesday 27-Mar-2019

 ▲ **+1.11%**

 Chg: **+1.44**

 Last: **131.21**

 Volume: **7,633,103**


- *I am reiterating this one from last week.*
- *As the global economy weakens, it is a threat to international companies like CAT.*
- *The breakdown out of the tight wedge consolidation pattern suggests more downside particularly as a "sell" signal is close to being triggered.*
- *Maintain short from last week.*
- *Target for trade is \$115*
- *Stop-loss is reduced to \$137.50*

DE - Deere Inc.

DE Deere & Co. NYSE

Industrial / Commercial Vehicles

Open: **156.36** Ask: P/E: **15.21** Options: **yes**
 High: **158.87** Ask Size: EPS: **10.41** Annual Dividend: **2.74**
 Low: **155.99** Bid: Last Size: **0 shrs** Yield: **1.73%**
 Prev Close: **155.94** Bid Size: VWAP: SCTR (Large): **59.5**

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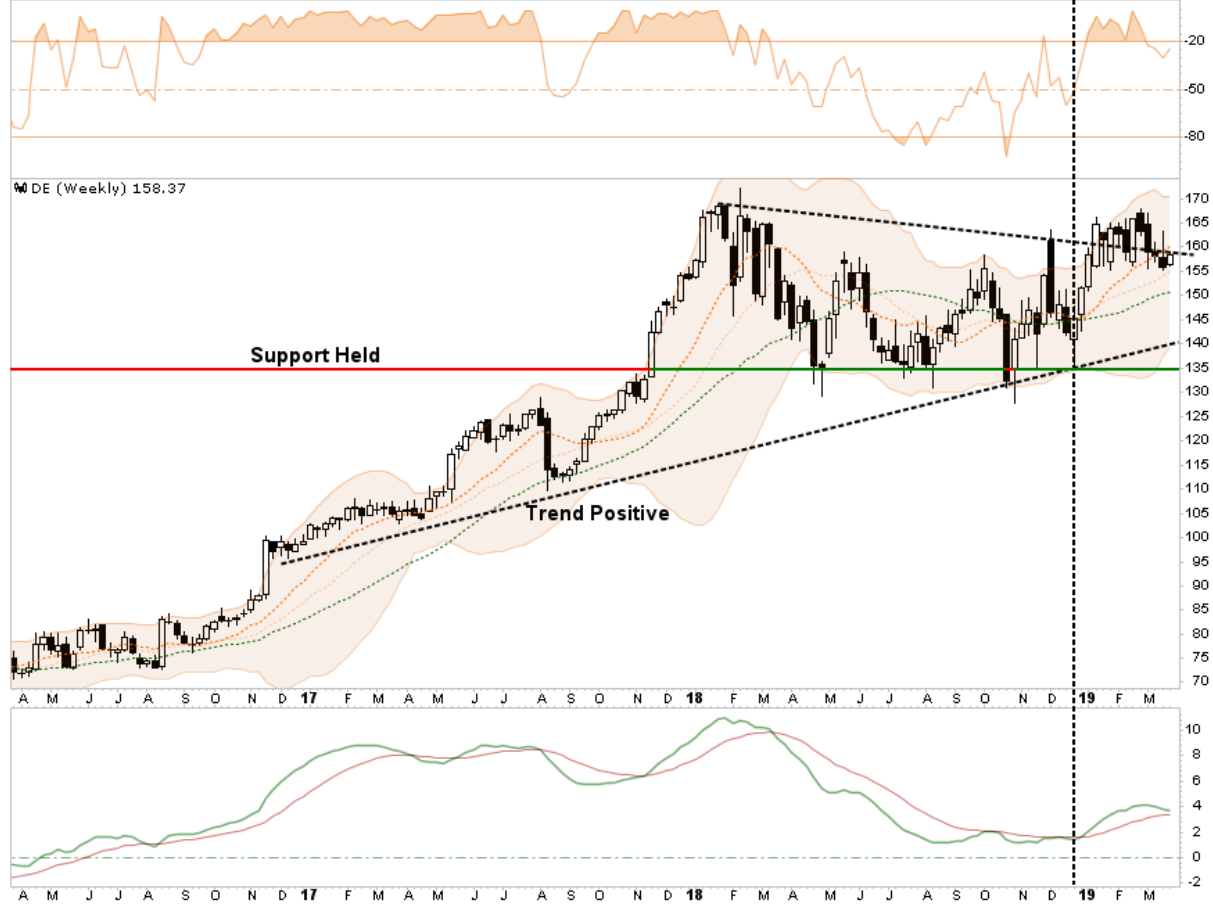
Wednesday 27-Mar-2019

▲ **+1.56%**

Chg: **+2.43**

Last: **158.37**

Volume: **3,086,812**



- While talking about CAT, we can also talk about DE as well.
- The economic backdrop is likely to weigh on DE as well and it failed to break out of its downtrend.
- Close to triggering a "sell" signal.
- Short at current levels with a stop at \$160
- Target is \$140

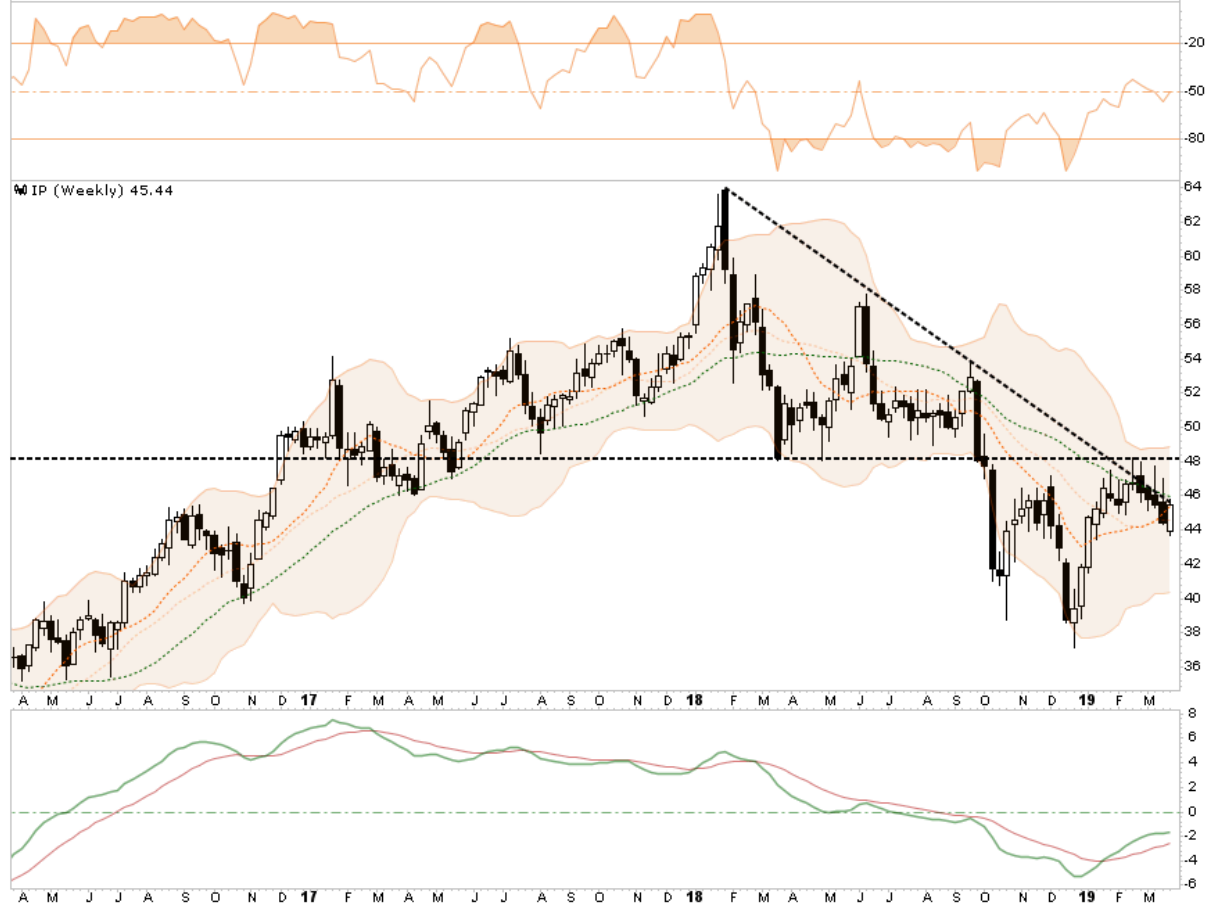
IP - International Paper Co.

IP International Paper Co. NYSE

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Materials / Paper
 Open: **43.97** Ask: P/E: **9.35** Options: **yes**
 High: **45.78** Ask Size: EPS: **4.86** Annual Dividend: **1.95**
 Low: **43.72** Bid: Last Size: Yield: **4.29%**
 Prev Close: **44.40** Bid Size: VWAP: SCTR (Large): **34.5**

Wednesday 27-Mar-2019
 ▲ **+2.34%**
 Chg: **+1.04**
 Last: **45.44**
 Volume: **6,492,367**



- *IP has remained confined to a long-term downtrend currently.*
- *Also, like CAT and DE, it is affected by the global slowdown as well.*
- *The recent rally to the downtrend has failed is key. A failure here is a likely a good short-opportunity. .*
- *Short on a failure to break above the downtrend*
- *Target is \$38*
- *Stop-loss is \$45*

EMN - Eastman Chemical Co.

EMN Eastman Chemical Co. NYSE

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Materials / Commodity Chemicals

Wednesday 27-Mar-2019

Open: **75.03** Ask: P/E: **9.98** Options: **yes**
 High: **75.63** Ask Size: EPS: **7.52** Annual Dividend: **2.36**
 Low: **74.03** Bid: Last Size: **0 shrs** Yield: **3.14%**
 Prev Close: **75.14** Bid Size: VWAP: SCTR (Large): **8.5**

Chg: **-0.07%**
 Last: **75.09**
 Volume: **3,274,931**



- EMN is confined to a sizeable downtrend currently.
- The previous "buy" signal is close to reversing putting more downward pressure on prices.
- The recent failure at the downtrend line is also negative.
- Short 1/2 position on a rally towards \$77.50-\$80
- Stop is set at \$82.50
- Target for the trade is \$67.50

HRB - H&R Block, Inc.

HRB H & R Block, Inc. NYSE

Consumer Discretionary / Special Consumer Services

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Open: **24.07** Ask: P/E: **7.61** Options: **yes**
 High: **24.47** Ask Size: EPS: **3.21** Annual Dividend: **1.0**
 Low: **23.86** Bid: Last Size: Yield: **4.10%**
 Prev Close: **24.13** Bid Size: VWAP: SCTR (Large): **45.2**

Wednesday 27-Mar-2019

▲ **+1.16%**
 Chg: **+0.28**
 Last: **24.41**
 Volume: **6,441,512**



- *There is a decent chance that HRB is going to disappoint on the earnings front this year.*
- *With the stock in a very confined downtrend, short any downside break below \$24*
- *Set stops at \$25*
- *Target for trade is \$22.00*