IMPORTANT NOTE: Each week we produce a chart book of 10 stocks which have hit our watch list for potential additions to our long-short equity trading portfolio. With the recent sharp advance in the market, we it has become a difficult task to find potential candidates this week. **This is indicative of an overextended bull run that is due for a correction.**

As noted last week, the new SCAN TOOL also has several new screening parameters to include both fundamental factors *(Piotroski Score)* **and momentum factors** *(Mohanram Score)* **along with Zack's rankings.**

HOW TO READ THE CHARTS

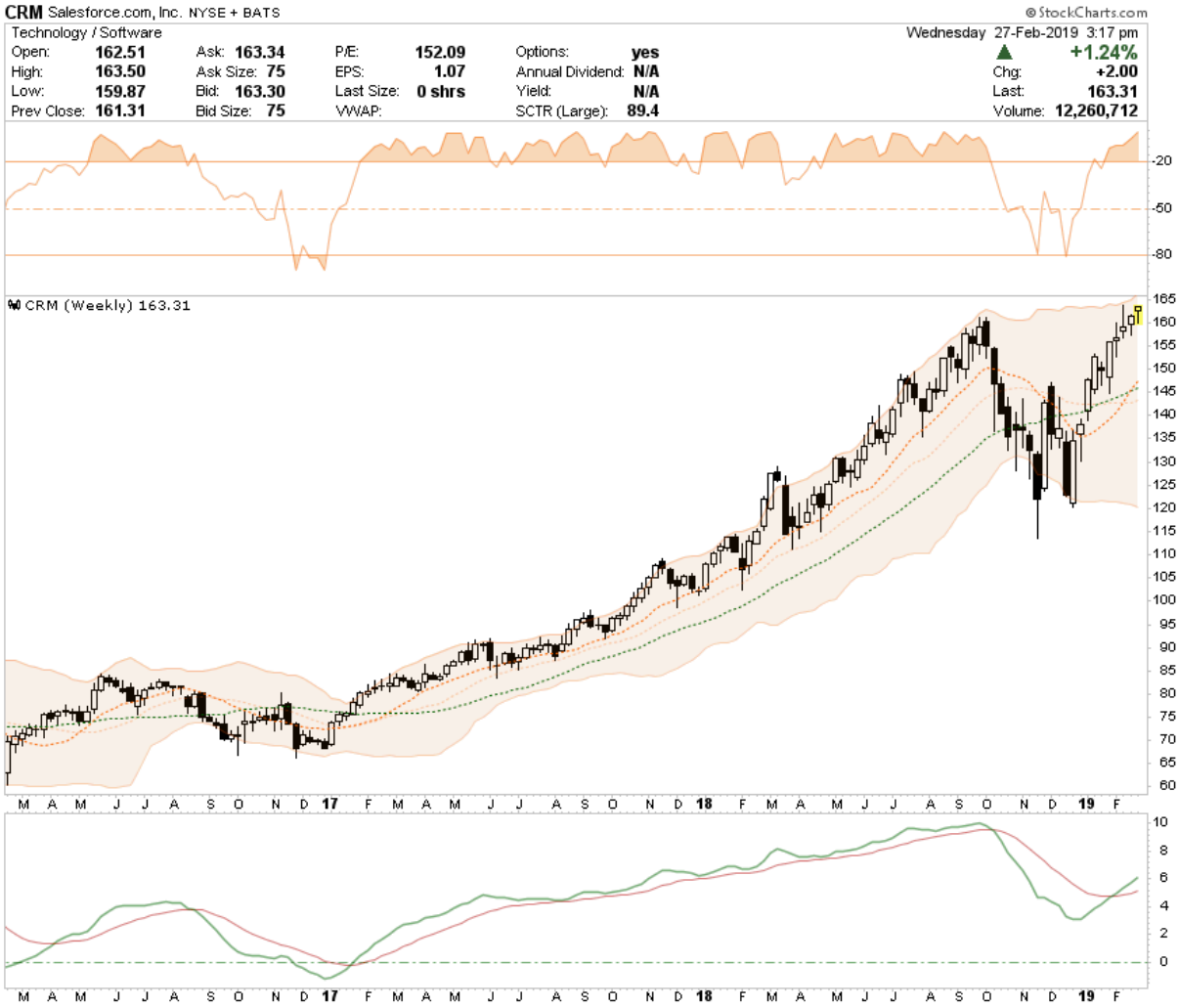
There are four primary components to each chart:

- *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).*



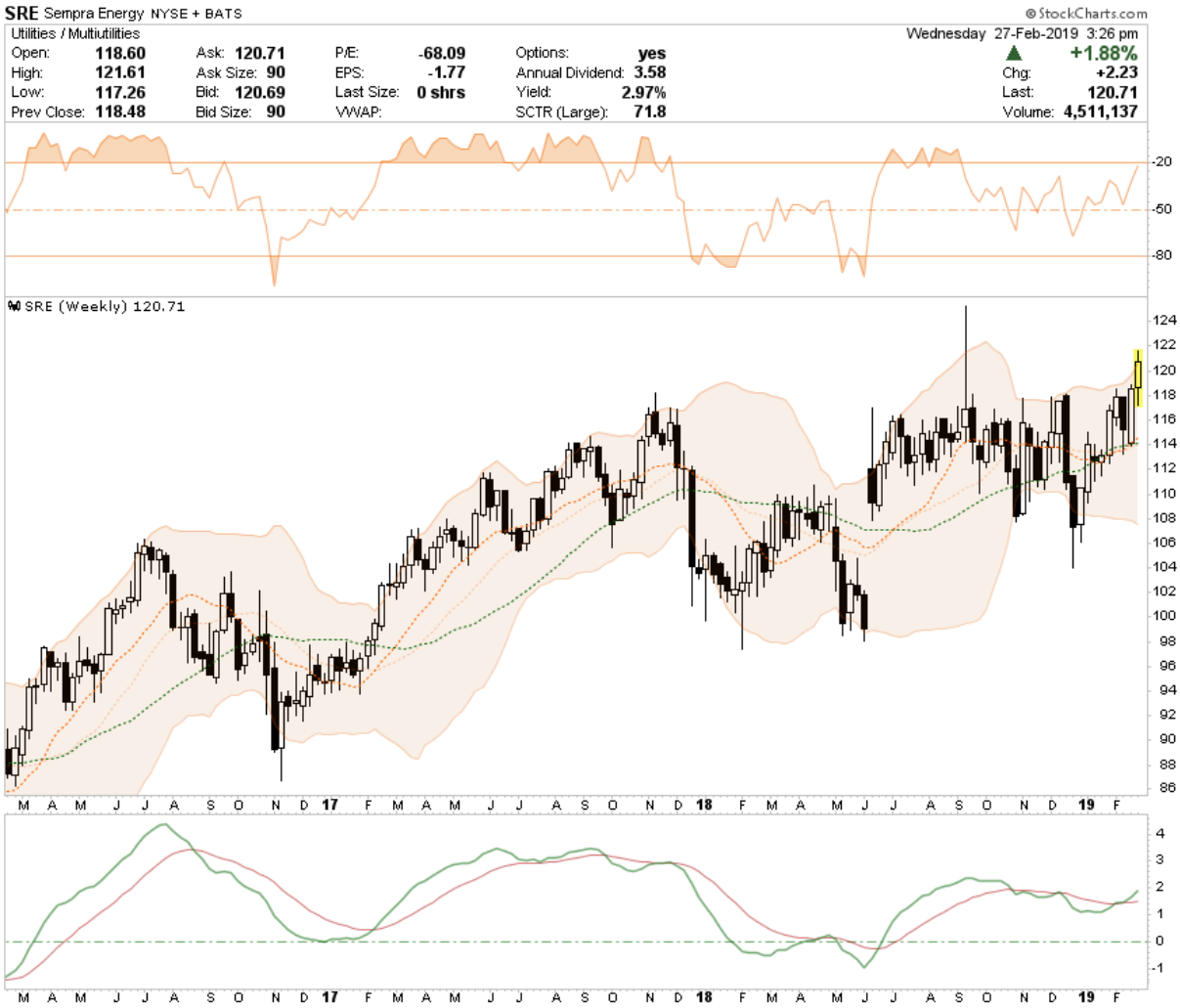
LONG CANDIDATES

CRM - Salesforce.com



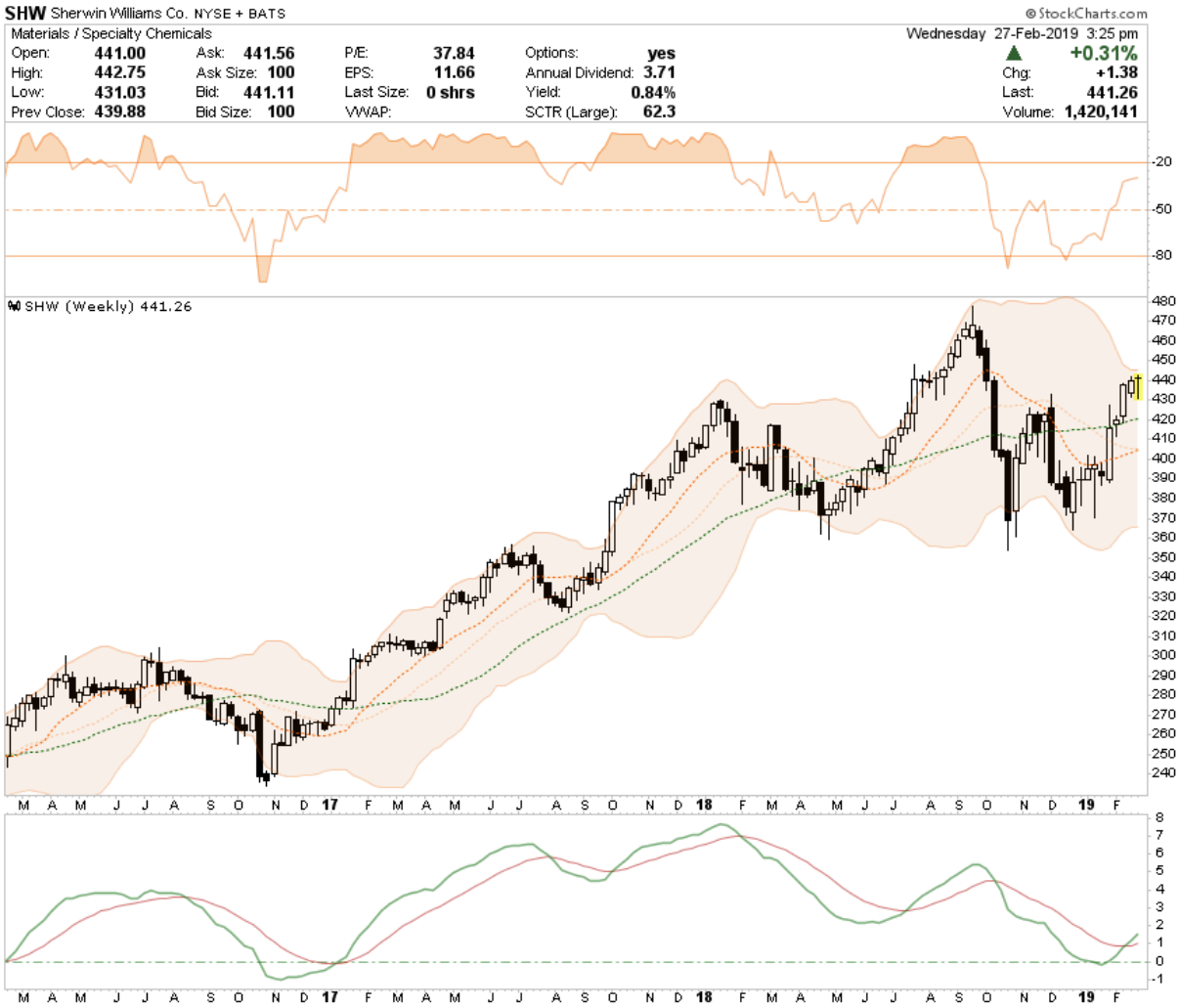
- *After a big decline last year on inventory builds, CRM recovered back to new highs.*
- *With the 50-dma crossing above the 200-dma, a breakout to new highs, and a triggered "buy" signal, the bullish trend for CRM remains.*
- *Currently CRM is very overbought so look for a pullback to support to add exposure.*
- *Buy 1/2 position at current levels and 1/2 on pullback to $150-155.*
- *Stop is $145*

SRE - Sempra Energy



- *SRE broke out of a long consolidation pattern to new highs.*
- *Currently, SRE is pushing 2-standard deviations above its intermediate term trend.*
- *Buy 1/2 position now and 1/2 position on a pullback to $115-116.*
- *Stop-loss is currently $113*

SHW - Sherwin Williams Co.



- *After recovering from last years sell-off, SHW has registered a buy signal and is not complete overbought currently.*
- *Buy 1/2 position at current levels and add 1/2 at $420-430*
- *Stop-loss is $400*

JPM - J P Morgan

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- *JPM is very close to triggering a buy signal and is not currently overbought.*
- *Price action has become very tight currently and JPM could turn out to be just as viable a short candidate as well as a long.*
- *We are erring to the bullish side for now with JPM with very tight parameters.*
- *Buy on breakout above $107.50*
- *Stop Loss / Or Short on break below $102.50*

DG - Dollar General



- *DG broke out to new highs last week, confirming the previous recommendation to buy on a breakout which also triggered a "buy" signal.*
- *Add 1/2 position now and look for a pullback which doesn't violate support.*
- *Stop is currently $112.50*

SHORT CANDIDATES

CPB - Campbell Soup Co.



- *CPB rallied into resistance following earnings yesterday. However there is a long downtrend at play which is likely going to continue to pressure prices for now.*
- *1/2 position can be shorted at current levels and added to on break below $32.*
- *Stop-loss is at $38*

BT - BT Group Inc.



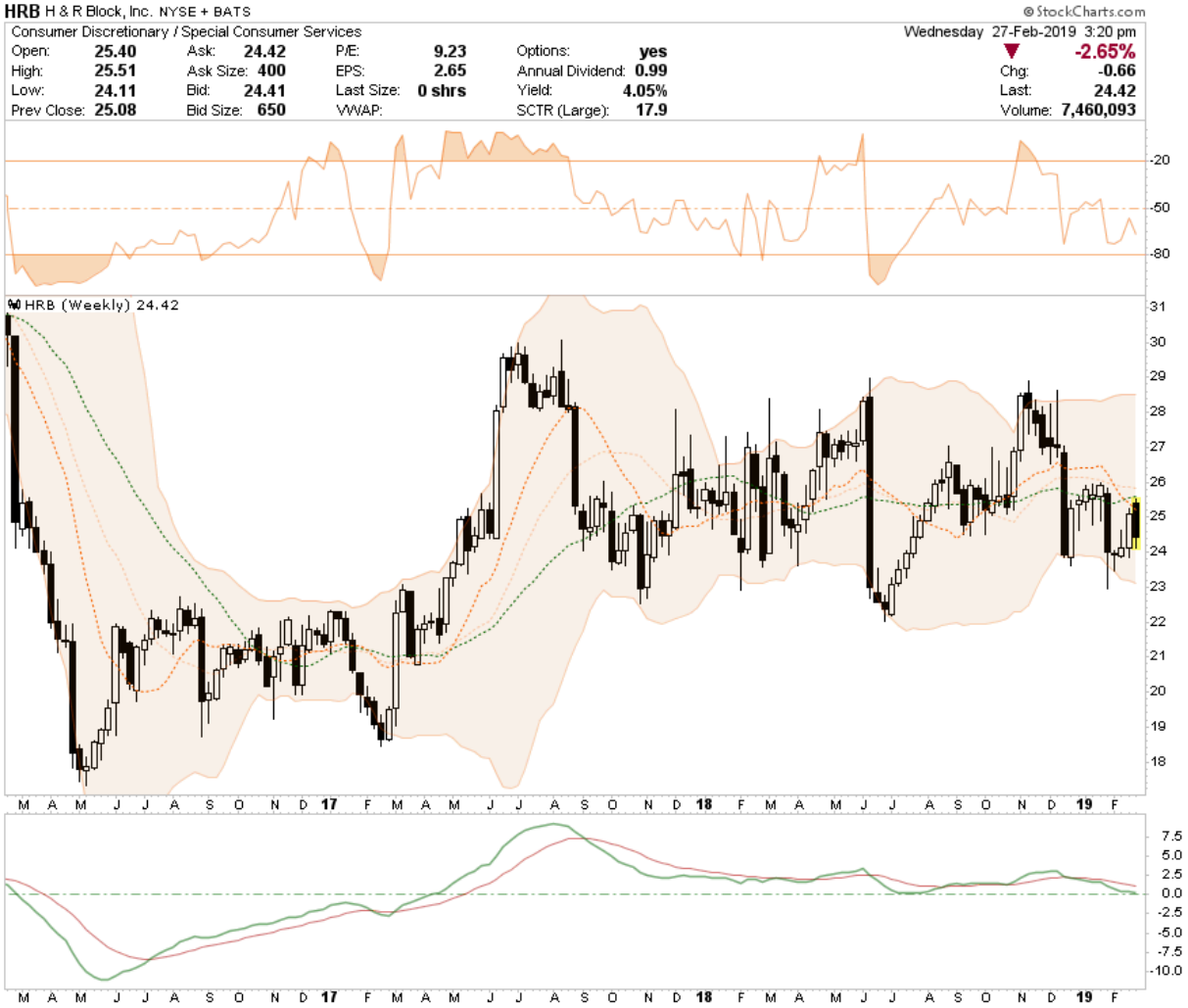
- *BT has just triggered a sell signal and broken back through its running moving average.*
- *BT can be shorted at current levels with a target of $13*
- *Stop-loss is currently $16*

BRK/B - Bershire Hathaway, Inc.



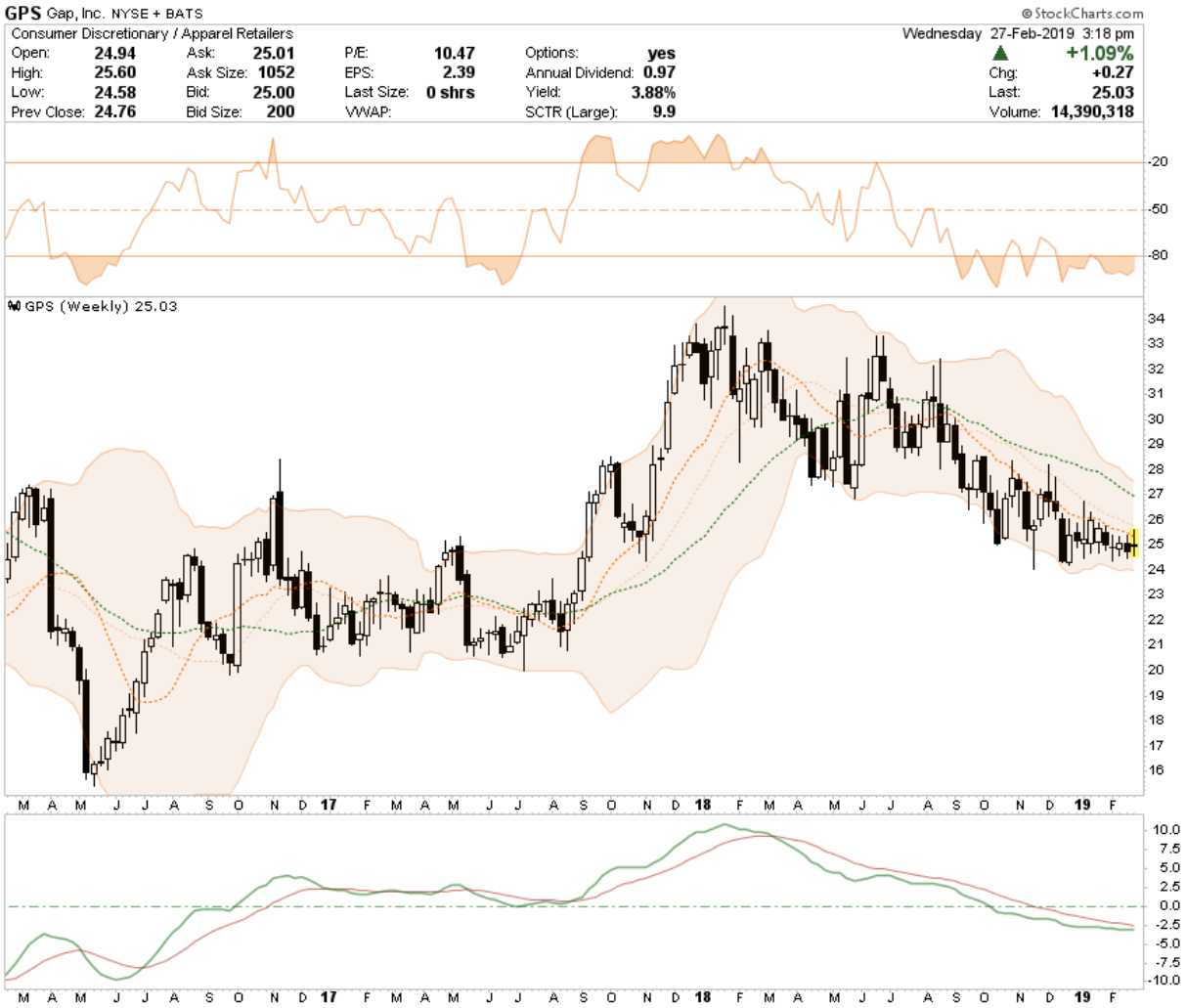
- *BRK/B remains on a sell signal currently and has broken recent support levels.*
- *The recent debacle with Kraft-Heinz is likely to weigh on the stock for a while longer.*
- *Short at current levels and add to short below $190.*
- *Stop-loss is currently $210*

HRB - H&R Block, Inc.



- *HRB rallied and failed at important resistance*
- *HRB currently remains on a strong sell signal and is not dramatically oversold.*
- *Short at current levels and add to short below $24*
- *Stop-loss is currently $26*

GPS - Gap, Inc.



- *GPS remains on a long-term sell signal and is currently in tightening downtrend.*
- *GPS will either break up or down from current levels quickly, so a quick trigger finger will be needed.*
- *Short at current levels and add to short below $24.*
- *Stop-loss is currently $26*