



Third Party Research

August 22, 2018

Are The FAANG's Still Sharp?

eResearch Corporation is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards looks at the FAANG stocks and gives his opinion on each one relative to its respective long-term trend-line and 200-day MA.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <https://www.valuetrend.ca/are-the-fangs-still-sharp/>

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Wednesday, August 22, 2018

Are The FAANG's Still Sharp?

By: Keith Richards (bio at end)

FAANG stocks (Facebook, Apple, Amazon, Netflix, Google) have been market leaders for the past few years. There was nothing any of them could do that would go wrong. However, you have to keep an eye on these market darlings. Things can change.

As noted in a few of my [recent blogs](#), it is my opinion that the market is becoming more of a stock-pickers market. Rotation is key. You can see this in the overbought pull-backs on these stocks. You must select the best candidates amongst the group if you are going to own this type of stock—some are overbought at this moment.

With that in mind, let us look at the weekly charts of these 5 stocks with an emphasis on longer-term trends. Key point: an uptrend is defined by higher highs, higher lows and maintenance over the 200-day (40-week) SMA. A stock too far over its 40-week SMA (> 10% over) might be a pull-back candidate. I discuss this set of basic rules regularly through this blog, and in my book [Sideways](#).

Facebook (FB)



Facebook can have a bit more chop to its trend than some of its FAANG counterparts. But, from our rule-based system, you can see that it is above its trend-line, and has not put in a lower low yet. It has cracked its 40-week SMA. Remember, it is still on trend until BOTH a lower low AND a crack of the 40-week SMA are in place. The fact that it is testing a multi-year trend-line might indicate that a buying opportunity is approaching. I would like to see a move back over the 200-day SMA first, though. Its break would be a note of caution, but not yet a game-changer.

Apple (AAPL)



Apple is above its primary trend and its 2-year trend-line. It is overbought, according to my "10% + over the 40-week (200-day) SMA" rule. The stock is currently trading around \$216 vs. its 40-week SMA at \$180. Typically, I have found that a stock will not stay above its 40-week/200-day MA by more than 10% for more than a couple of months or so – unless we are in a parabolic market like 2017. I don't think we are in that environment this year – so my thoughts are for a healthy pull-back on this stock in the next little while. That would likely be a buying opportunity.

Amazon (AMZN)



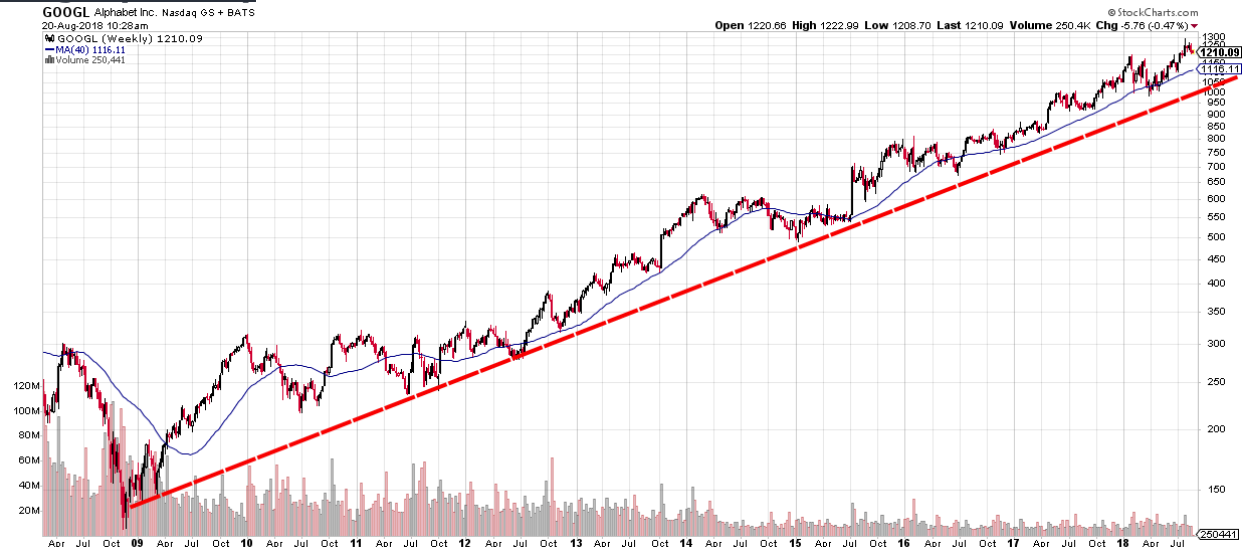
This stock is overbought – it is trading at \$1870 vs. its 40-week SMA at \$1523. It is well off of its primary and secondary trend-line. Nothing wrong with the trend at all here, but it may need to pull back a bit. Again, a buying opportunity if that happens.

Netflix (NFLX)



Netflix is a choppy, but bullish chart. It is over its trend-line and above its last high. It is testing its 40-week SMA at this time. You can see where I put a couple of arrows on the chart. They show you where the stock went 30% or more over its 40-week SMA recently. The stock recently hit that level (31% over the SMA) and is now correcting – which is good. Technically, this is positive and may be soon offering a new entry point.

Google (GOOGL)



Google is in an uptrend as evidenced by its adherence to the trend-line, the continued appearance of higher peaks and troughs, and its maintenance of the 40-week SMA. It is pulling back a bit in light of the rhythm of its peak/troughs within the trend. Stocks in an uptrend tend to correct with regularity. This is to be expected. Any bounce off of the trend-line or moving average would likely be a buying opportunity.

Keith is on BNN this Friday August 24th at noon

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See **About The Author** below.

ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **"one of [our] most accurate technical analysts."** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page www.valuetrend.ca/blog/. His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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