

This the third Special Report on the technicals of the stocks we have recommended.

This group is bearish. Below is the list:

SYMBOL	CRNT	SPRT	RSTNC	STOCHAST	PATTERN	COMMENTS
<b>BEARISH?</b>						
CVX	68.62	69	80	<u>4.30</u>	BASING	TESTING CURRENT SUPPORT
T	24.48	23.5 - 24	26.5 - 27	<u>27.00</u>	BASING	TRADING RANGE
UNH	28.47	28	31 - 32	<u>2.60</u>	BASING	BEARISH BIAS
BP	27.80				BEARISH	FINDING BOTTOM
JNJ	59.17	58 - 59	61.5 - 65	<u>70.00</u>	BREAK SUPPORT?	BEARISH BIAS

The first three stocks did not break out of their basing patterns from the bear market of 2008, 2009.

AT & T (T) is a good example, here is its chart:

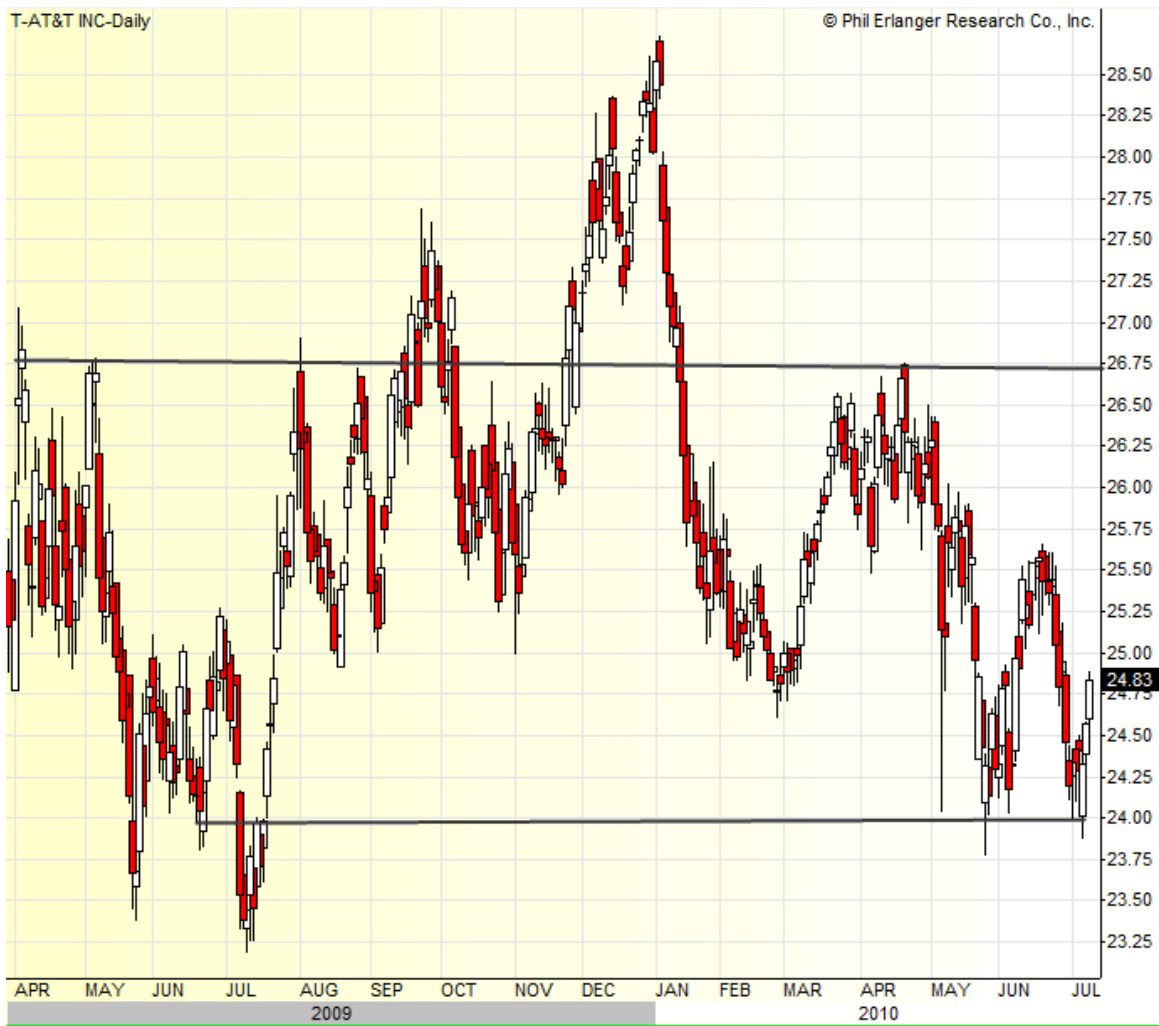


T is essentially where it was in 1995, 15 years ago.

It was much higher during the bull market of the late 1990s and 2000s. Both times, T had the normal bear market and period of basing.

T never recovered from the 2008, 2009 bear market and remains in a basing period, but is also going sideways.

Here is a shorter term chart for T:



The stock has been stuck in a trading range from about \$24 to \$27.

We can make money in this stock with the rich dividend (about 6.5%) and writing call options when the stock reaches resistance which it does a few times a year.

Johnson & Johnson is borderline bearish.

Here is a long-term chart for JNJ:



JNJ moved up in three steps (broke out of resistance).

There are several reasons why we consider the stock has a bearish bias:

- The stock corrected about 13%
- The stock remains under the 200-day moving average, and it has a slight downward bias
- The 50-day moving average moved below the 200-day moving average, bearish
- Prices broke important long-term support at the \$60 level

The pullback is not all technical. The stock took a bigger hit than most stocks because the company had some plant shutdowns that were costly due to some child medicine recalls. This is bad news, but it should recover from the incident.

We have one last report for this series.