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## FANGs for the Opportunity...

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What is known as the FANGs, shorthand for Facebook, Amazon, Netflix and Google, have been market leaders as the stockmarket has rounded over and tipped into a bearmarket. Their respective 200-day moving averages are still rising, which means that technically they are still in bullmarkets, even if in reality they are marking out large top areas. What this means is that on any countertrend rally by the broad stockmarket, they are likely to stage significant tradable rebounds. They are therefore good candidates to buy for a rally here, and those subscribers comfortable trading options may be able to make big gains in Calls in these over the short-term. Note here that of the four, Facebook is not recommended because it made a big jump to a new high late last week, so we missed that one. The others look good though.

### **Amazon.com AMZN \$587.00**

Amazon looks good here for a quick rally up to near its highs, and may make a new high. It had a volatile end to last week with a big rally on Thursday up to near its 50-day moving average cancelled out by a 7.6% plunge on Friday, with heavy volume on both days. Friday's candle does not look too negative however, and it has big support from its rising 200-day moving average in play not far beneath. As David Stockman pointed out in a recent treatise on Amazon, it is vastly overvalued and due to drop a lot eventually, but it's what people are prepared to pay for it that counts, and we couldn't give a hoot what its real value is as long as it goes up after we buy it. If buying the stock for a quick gain, place a stop for protection at your own discretion, beneath the recent bull hammer low at \$538 is suggested. Call options should be a good play with this. We'll probably aim to short it after the expected move. **Suitable Call options to go for are the March \$617.50 at \$12.35 ask or the March \$620 at \$11.95 ask.**

Amazon is a speculative long play here for the bounce and a candidate for Call options. It is currently volatile and could easily rally back to the highs, perhaps more. The fact that it is above a still rising 200-day moving average and that moving averages are still in bullish alignment supports a rally. After the rally it should of course cave in along with everything else.



#### Google GOOG, GOOGL \$742.95

Google held up remarkably well on the recent heavy market selloff, and looks like it is limbering up to advance to new highs, which it is not far from doing. The heavily overbought condition that existed in early November has completely unwound and its moving averages are favorably aligned. Looks like a good long play here for a sharp advance against the background of the expected recovery rally in the broad market. Good candidate for Call options too. **Suitable Call options to go for are the March \$780 at \$18.10 ask.**



Google held up remarkably well on the recent stockmarket selloff, and the chart still looks positive, with price and moving averages in bullish alignment and the price still way above the 200-day m.a. On the back of a market bounce it could easily make new highs, and given that it is not overbought at all on its MACD, it could actually mount a substantial upleg. Good for a short to medium-term trade here, and for those wanting to leverage gains. Calls are attractive. Stop at \$668 lowest.



#### Netflix NFLX \$742.95

While Netflix may be starting to break down into a bearmarket, there is a very high degree of compression in the stock right now, as it has fallen steeply to a point way below its 50-day moving average and it has also dropped quite some way below its still rising 200-day moving average to become deeply oversold on its MACD indicator. This has created the conditions for a possibly sharp snapback rally, with the background of a recovery rally in the broad market providing the perfect "breeding ground" for such a move. The candles that formed on Thursday and Friday suggest indecision, so we may be on the verge of such a move. Viewed as a good long play here for a quick recovery and close stops may be set. Also an excellent candidate for Call options here. **Suitable Call options to go for are the March \$97.50 at \$3.75 ask.**

There is very high compression in Netflix right now, since it has fallen way below its 50-day moving average and has pushed down through a still rising 200-day moving average, to become deeply oversold. This is a situation that in the right conditions (which exist now) can produce a blistering snapback rally. Netflix is therefore regarded as a trading buy here, with a stop below say \$85, and is a good candidate for Call options for those wishing to avail themselves of leverage.



End of update.

Posted at 6.45 am EST on 31st January 16.