

Starboard Weekly Report Ending March 16, 2018 Charts of the Week

BA Boeing Co. NYSE
 15-Mar-2018, 16:00 ET, daily, O: 332.30, H: 332.92, L: 322.91, C: 329.98, V: 8766002, Chg: -0.28 (-0.08%)
P&F Pattern Double Bottom Breakdown on 14-Mar-2018
 Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



Both of the charts this week are done on Boeing. The top chart is a Point & Figure from StockCharts.com while the bottom is a long-term chart study prepared by KimbleChartingSolutions.com.

TECHNICAL

Boeing has had a 10 times increase in price from the market bottom in 2009. Now it looks like the recent parabolic run may be coming to an end and in the process take the Dow Jones average with it. Boeing was close to 15% of the Dow spike from 24,000 to 25,000. That 1,000 point move took place from November through January. A list of other contributing Dow 30 stocks is attached to your email and on it you can see that Boeing and Caterpillar (not in above charts) contributed to 25% of the DOW's rocket shot that occurred over the very short period mentioned above. Both of the companies have very vulnerable technical charts. Should they breakdown as expected, then they will be a catalyst for further damage to all markets as they do their damage to the DOW. Boeing is currently \$329 per share versus its Point & Figure support line (blue line on top chart) at \$158, which is less than half of its current value.

FUNDAMENTAL

There's also a considerable fundamental reason to worry about these two companies as they are very dependent on foreign sales. The recent steel and aluminum tariffs could spark trade wars that would greatly affect revenues for these international giants. Seventy percent of Boeings backlog is foreign. If that kind of international dependence gets caught up in trade wars, they could have some earnings issues despite aggressive buybacks. It would make the 7 billion dollars, this company spent last year to buy back 55 million of its shares, melt like ice cream in July. Boeing is also committed to an additional buyback program with tax savings from the new tax act. However, it could prove meaningless if they start to get order cancellations. According to Artemis Capital Management, 72% of overall earnings increases since 2012 have come from buybacks. It is disturbing to think of what will happen to all of that buyback capital in the next bear market.

ASIDE

"Everyone couldn't be happier and more terrified". Allison Janney, American Actress

A very apt quote suitable for the Boeing shareholders. They currently have every right to be happy and terrified in all the same breath.

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