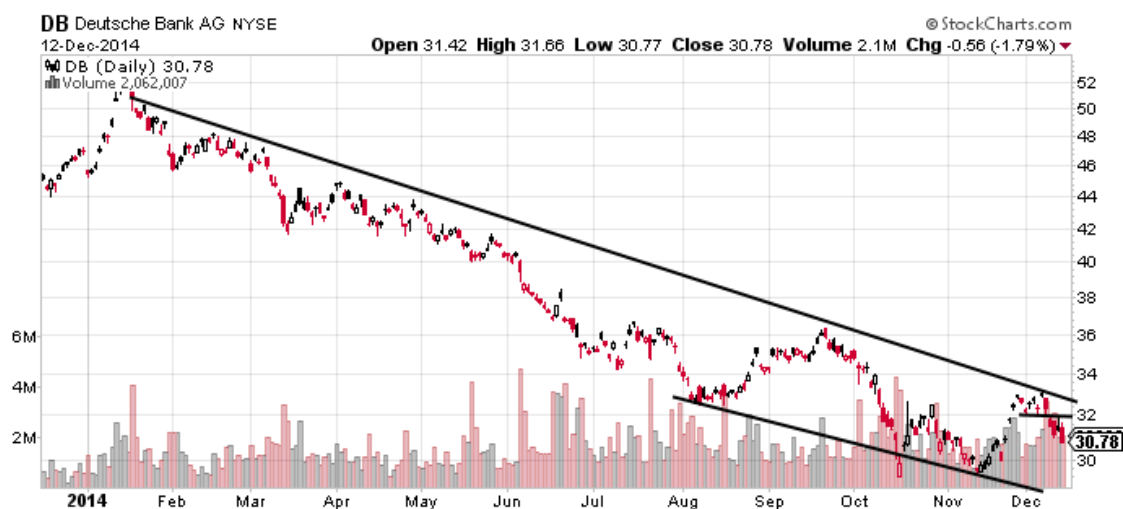


# 4 Stocks In A Technical Sell Zone

Tickers in this article: [DB](#), [KORS](#), [ALU](#), [JNPR](#)

A [descending trend channel](#) provides a context for how a stock is moving, signaling times to sell/short-sell and take profit. These four stocks recently moved to the top of the channel while in an overall downtrend. This is a sell zone, but the trade requires a trigger. A [trade trigger](#) occurs when the price shifts back to the downside, indicating channel [resistance](#) has held and the price is likely to continue lower. Short-sell trade triggers are close at hand, or recently occurred, in the four stocks.

## Deutsche Bank AG ([DB](#))



Deutsche Bank AG ([DB](#)) has been trending lower all year, and flashed another sell signal on Dec. 9 when it fell below \$32 after reaching the top of the trend channel. A rise above the Dec. 5 high at \$33.20 negates the short signal. Until that occurs, the downside [targets](#) remain in effect. The first is at \$29.50, just above the October and November lows. If the price falls below the lows, the downtrend is still underway and the next target is \$28. Between \$28 and \$27 is strong support, that caused large reversals (to the upside) in both 2011 and 2012

## Michael Kors Holdings Ltd. ([KORS](#))



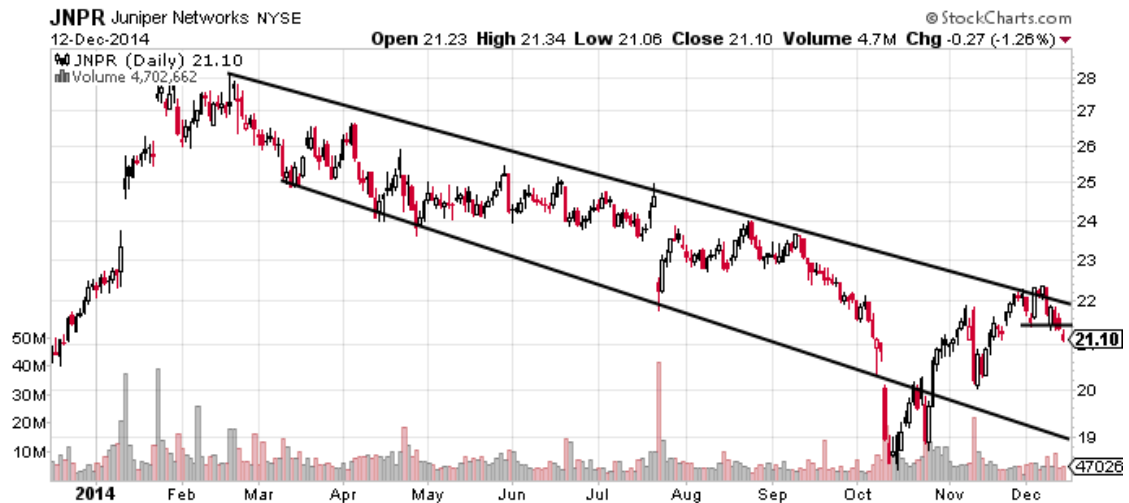
Michael Kors Holdings Ltd. ([KORS](#)) has also been trending lower throughout 2014. During November the price pushed higher toward the top of the descending trend channel. In December the stock has consolidated at the top of the channel. A drop below the December consolidation signals a continuation of the downtrend, and a target at \$67.50. If the price breaks higher out of the consolidation, instead of lower, that would nullify the short trade signal, although doesn't necessarily mean the downtrend is over. If the short trade is triggered, a [stop loss](#) is placed just above the consolidation.

## Alcatel-Lucent ([ALU](#))



Alcatel-Lucent ([ALU](#)) rallied more than 50% in October and November, yet it still remains in a descending trend channel. Throughout December the price has been drifting lower, along the top of the trend channel. A drop below \$3.30 indicates the rally is likely over and the downtrend is resuming. A stop loss can go just above the recent high of \$3.59, as a rise above that nullifies the short trade. The target is \$2.70 to \$2.50; the price gapped higher from this area in late November.

## Juniper Networks ([JNPR](#))



Juniper Networks ([JNPR](#)) dropped below \$21.30 on Dec. 12, signaling a short trade. The stock had recently rallied to the top of an 11-month trend channel. With the price turning lower, a stop loss can be placed above the recent high of \$22.37, and a target placed at \$19.20. The target corresponds to the main trend channel bottom (tested multiple times), even though the decline in October fell below this main channel.

## The Bottom Line

A trend channel provides a context for where corrective and [impulse \(trending\) waves](#) could go. The channel isn't a crystal ball, though. When the trend is down, the top of the channel tells you approximately where you should be looking for short positions. A trigger is needed to signal the actual entry. The signal could be a bearish engulfing pattern, or some other precisely defined move back in the trending direction. The bottom of the channel provides an exit or target area. Combined with other support areas, a precise target is chosen. Position size is even more important than the entry and exit though, as [proper position size](#) makes sure the risk on each trade only accounts for a small percentage of account capital.

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