

Technical Take

Reeds, Inc. (REED: NYSE-MKT)

Reeds, Inc. Daily: The stock is forming a wedge as it recovers from a gap down move that extended down into the June lows. A breakout of this type of pattern is likely to have follow-through on extended volume and range.

- We are watching the lower wedge uptrend as support currently in the \$5.35- \$5.40 area. The steady uptrend that has held a gap up for the last few months suggests that an upward continuation breakout is setting up. If our pattern plays out we are first looking for closes above the \$6.18 level which would open up a potential continuation to the \$7.50 area, aligning with the gap down.
- Indications are for a breakout continuation. Support is now near \$5.35. If a breakout occurs we will look for a retest of the \$7.50 area and longer term prospects that the stock could be headed back up toward the \$9.00 level last seen in January 2014. A break of support would invalidate the program and set a new support target of \$5.00.

Reeds, Inc.

Daily (Reed \$5.75)



REED:

Reed's, Inc., together with its subsidiaries, develops, manufactures, markets, and sells natural non-alcoholic carbonated soft drinks, kombucha, candies, and ice creams primarily in the United States, Canada, Europe, and Asia. It offers 24 beverages, 4 candies, and 3 ice creams. The company's products include ginger brews under the Reed's name; root beer, cream sodas, Dr. Better products, and real cola under the Virgil's name; diet sodas under the Virgil's ZERO name; Culture Club Kombucha, a fermented tea; China colas; ginger chews and ginger ice creams under the Reed's name; sparkling juices under the Sonoma Sparkler name; and coconut water, yogurt, and fresh juices. It also designs and manufactures sparkling juices, waters, and teas. Reed's, Inc. sells its products to specialty gourmet and natural food stores, supermarket chains, retail stores, and restaurants through a network of natural, gourmet, and independent distributors; internal sales force; and independent sales representatives. The company was formerly known as Original Beverage Corporation and changed its name to Reed's, Inc. in 2001.

SUMMARY & Conclusion

Reeds announced September 18 that Cracker Barrel Old Country Store, Inc., headquartered in Lebanon, Tennessee, has begun carrying Reed's Flying Cauldron Butterscotch Beer in all 630 of its corporate-owned retail locations. Cracker Barrel was established in 1969 and currently operates specialty, home-style country stores and restaurants throughout 42 states. This is a favorable distribution network expansion for REED and Chris Reed, Founder and CEO of Reed's, Inc. stated, "Cracker Barrel Old Country Stores are unique and genuine, making their retail outlets a great venue to feature our authentic, naturally brewed sodas. Coming on the heels of REED expanding its Los Angeles plant, spending up to \$1.5 million to replace existing equipment and triple the speed of production the stock has generated publicity that supports the improving technicals in the name.

Aggressive traders and speculators can consider long trades with a near term trading target of \$7.50 and a secondary upside target of \$9.00.

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