

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

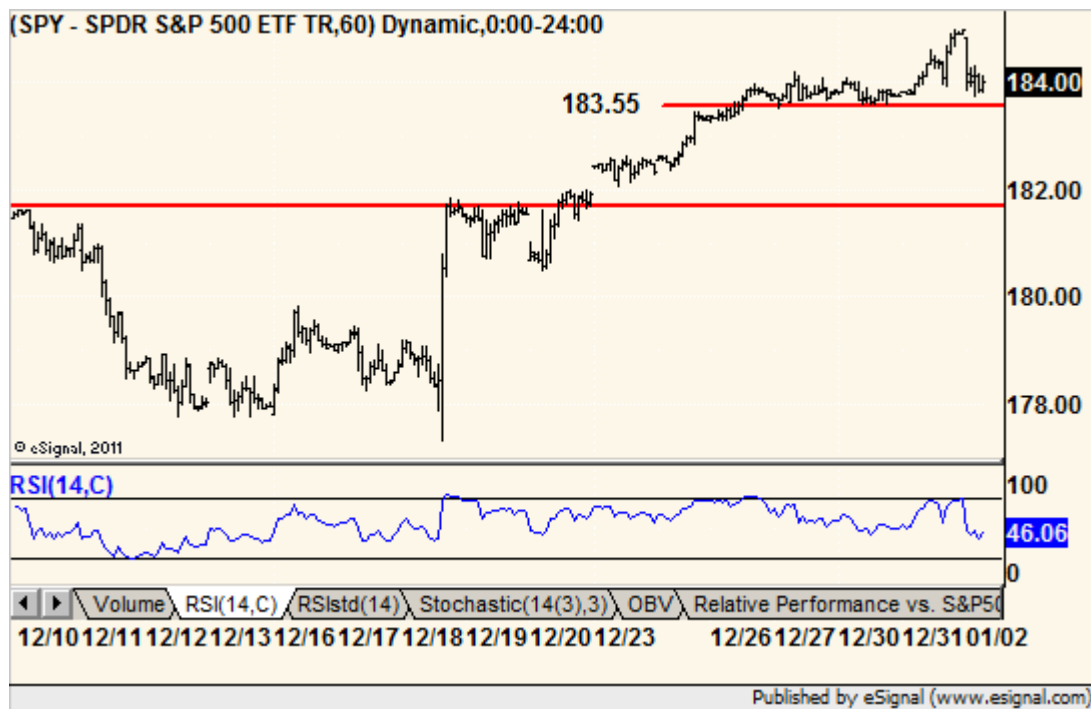
January 2, 2014 – It's a new year and whatever doldrums there were during the holiday season should be gone. We'll see. While the mood was festive and activity was indeed doldrums- light, stock prices were not in any doldrums at all. Santa was very generous, even if few people were actually getting the bounty (low trading volume).

Please read my Monday [Barron's Online](#) column for a big picture view. Subscribers have seen most of it here but it makes the case for further gains before a correction sets in - not unlike what we'll see below in Index Charts of the Day.

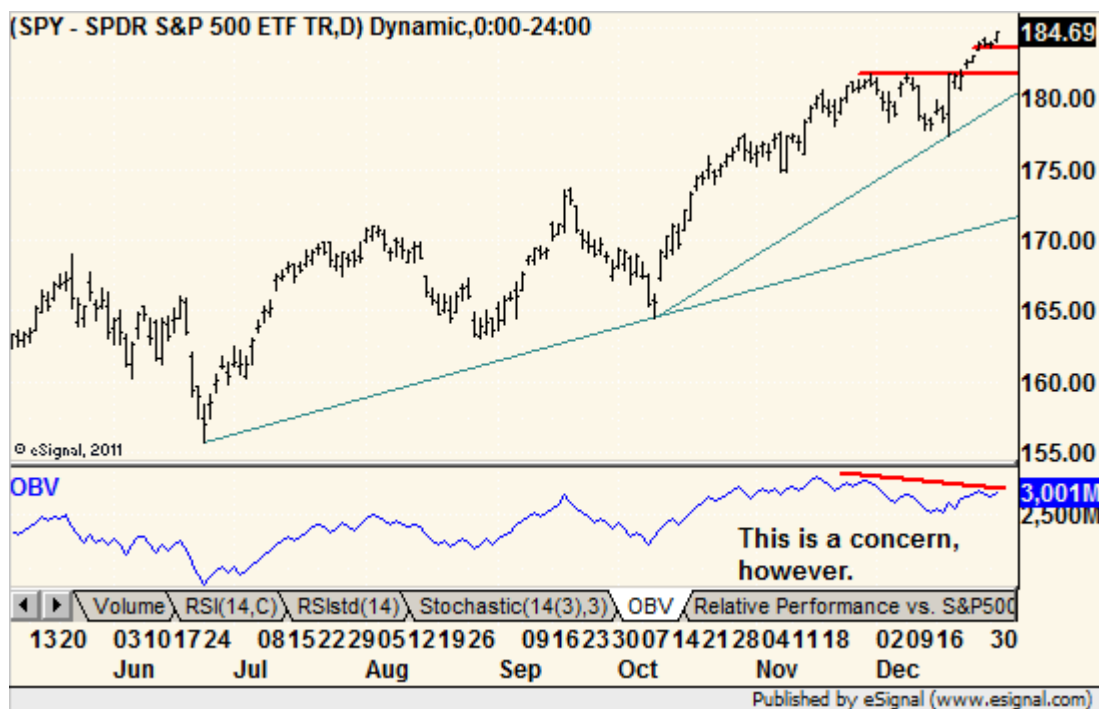
Data released as 2013 ended was rather upbeat for the US economy but that is not what is getting gold moving northward today. Supposedly, it is Chinese buyers in a time of year that seems to favor rising prices there. As we charted Monday, the **GDX** gold miners index still has to get above resistance at 22.15 and in today's premarket it is up to 21.50. Not quite there.

But more on the economic data. Dr. Doom Nouriel Roubini is now [bullish](#). Cats and dogs living together (hey, where else can you get quotes from Ghostbusters?). Whenever Roubini says something bullish it makes headlines and it did again today. Normally, we'd like to see him and uber-bull Paul Krugman in a steel cage match but not today. We'll settle for the contrarian take that the last bear has caved in and that is bullish. Of course, the "last bear" does not actually refer to any single person but why ruin the thesis?

Again, [the charts](#) suggest a little more upside before the correction and we'll stick with that. The slight dip into the red in the premarket today is still but a wiggle after a strong few days to end the past year.



Here is the hourly **SPY** chart showing the final push higher to ice what was a rather tasty late December cake. Very short-term support at 183.55 looks to be under attack and if broken to the downside would target former resistance, now support at 181.70. That would barely challenge the steep rising trendline from September let alone break the major trendline from June. See the next page for the daily chart.

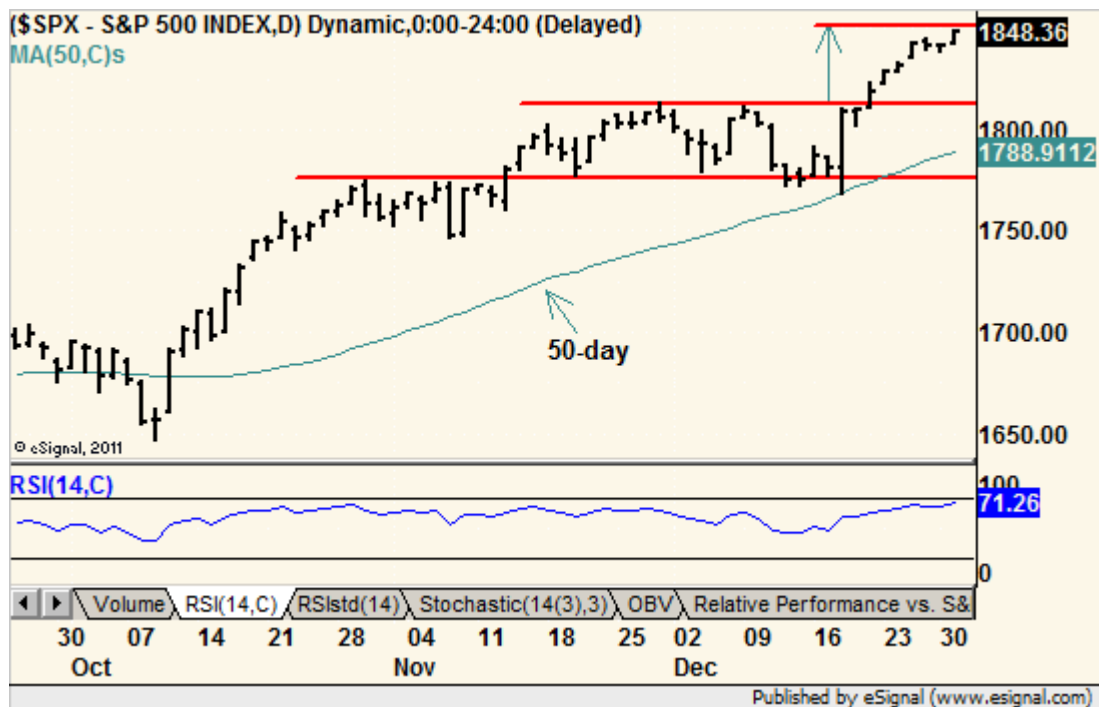


The daily SPY chart suggests a test of the steep line may happen but that would only need a little dip to occur. We are watching on-balance volume, however, to see if the divergence is overcome as volume returns in the new year. If not, the deeper correction to the rising June line becomes more likely.

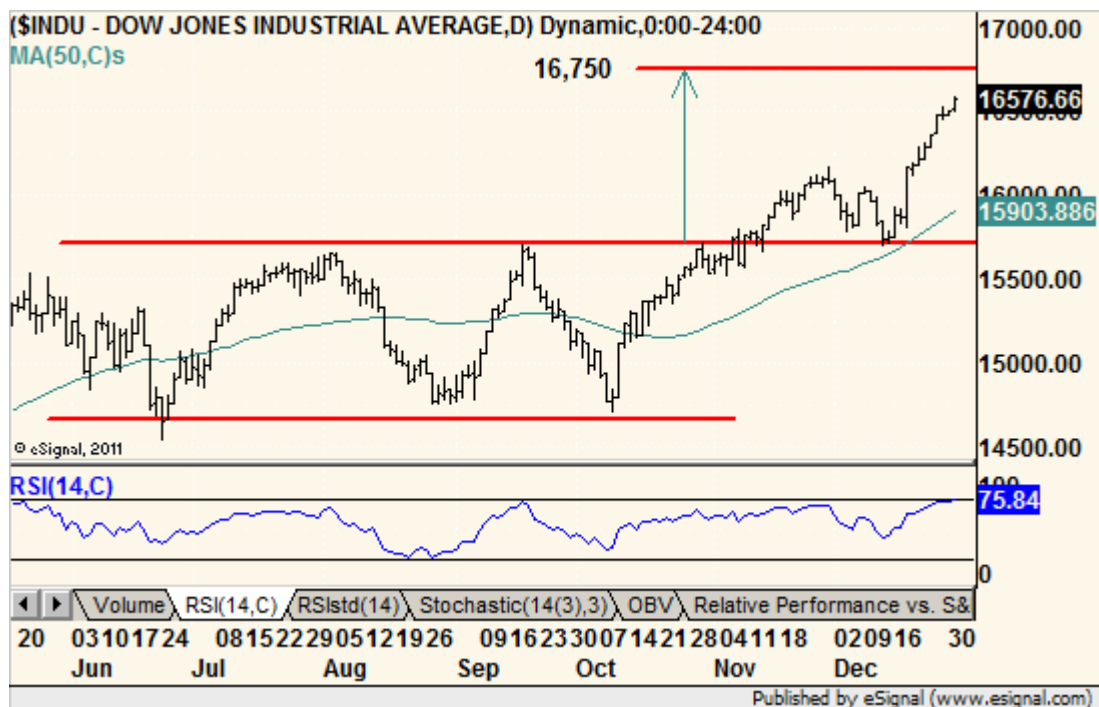
In sectors, semiconductors seem to be quite strong and homebuilding continued to build on gains (come on, you would have taken that pun, too). Financials and retail do not seem as solid as they were last month so the four horsemen seem to be divided.

Again, this is a hint of a coming correction but nothing close to a signal for it. For now, look to buy after the little dip we expect to end this week but don't be very aggressive. The big boys just booked their big gains to lock in their big end of year bonuses so their incentive to prop up the market is not there anymore.

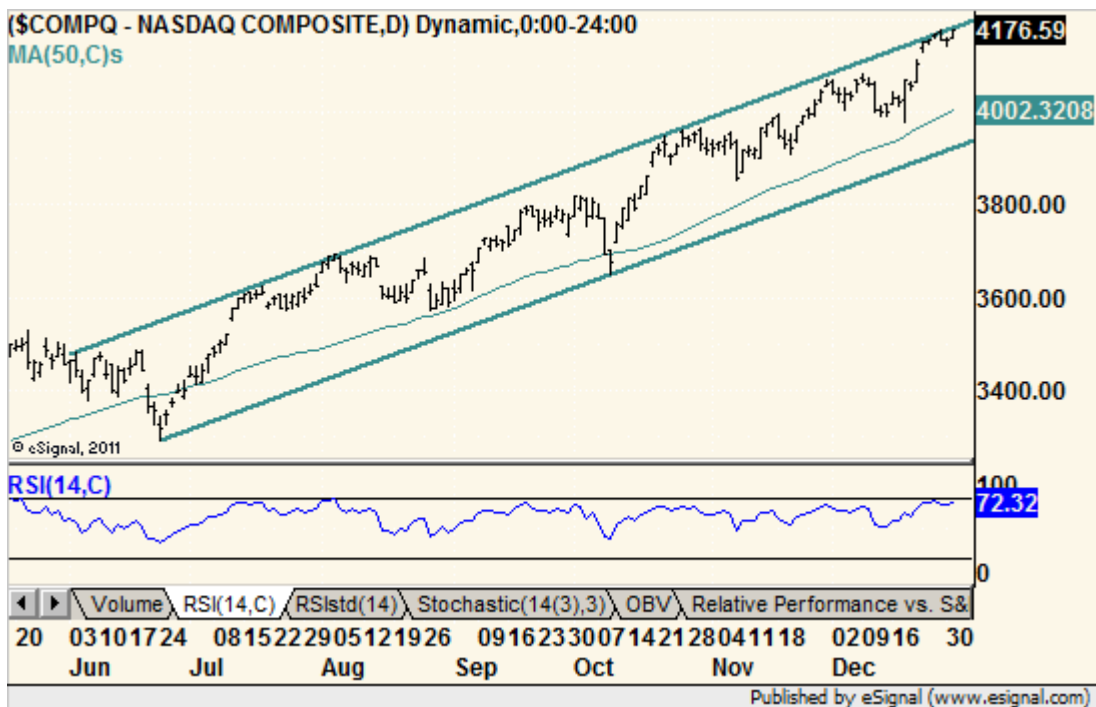
Index Charts of the Day



The nice mid-December bounce off support and the 50-day average may be nearing its end as the measured upside target is nigh. RSI is marginally overbought so if you missed the Santa rally, now may not be the time to get in.



The S&P 500's pattern was from October but the Dow's pattern was a bit larger, going back to June. Its upside target is a bit higher.



The Nasdaq's pattern is a trend channel and it is already riding the upper border. We find that not to be sustainable for long although it is not an immediate sell signal, either.



The Small cap Russell 2000 has a wedge, rather than a parallel trend channel and that is a bit more of a warning that the party is nearing its end. However, RSI is less overbought.

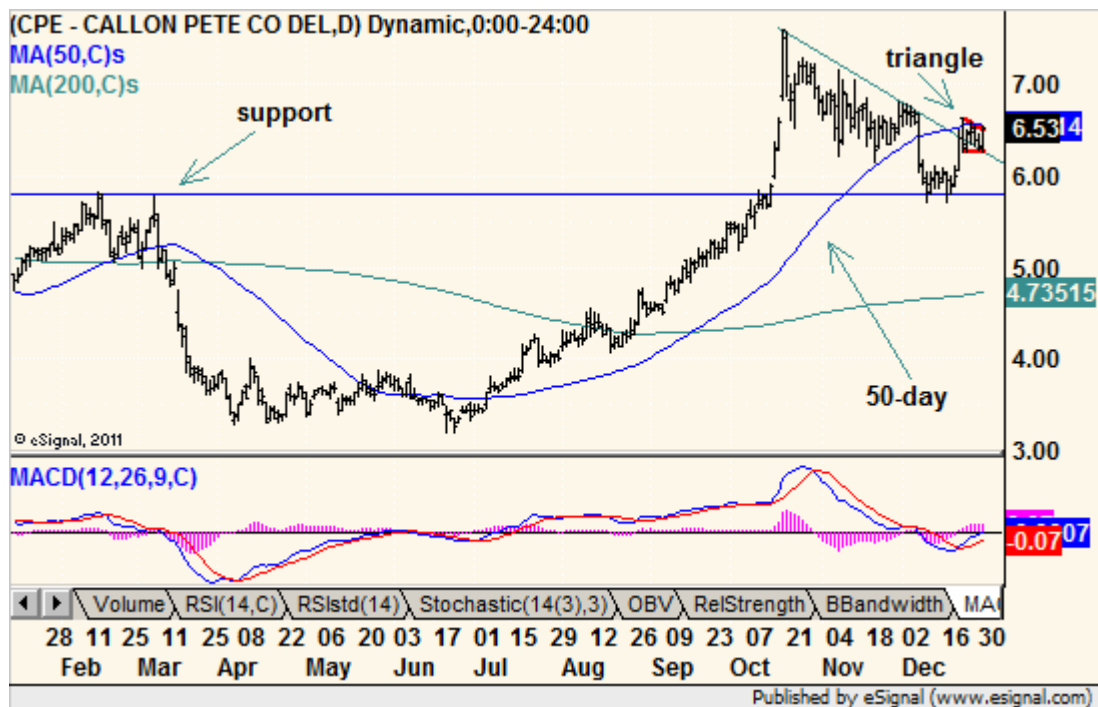
Bottom line - There is a little more room to go here all around the market, led by the Dow.

The Radar Screen

This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances in the Radar Screen or the last major update. We do not take "buy/sell on close" triggers or "at the open" triggers if the stock moves more than 4-5%. See <http://quicktakespro.com/radar.html> for all Radar Screen rules and terms.

Bullish Implications		
Procter & Gamble PG - I wrote this one up as a buy in Barron's Online a few weeks ago after the resistance breakout. It obviously has not done well but with the sell off and reversal this month it looks to be a bargain on a fresh breakout above 82.30		12/30
Callon Petroleum CPE - This is a very small oil and gas explorer/producer one of our Twitter pals found but we really like this chart. A pullback with a tentative breakout pausing in a nice hourly triangle is just awaiting a breakout above 6.55 - which would also break the 50-day average. The pullback also landed on support last month and Tuesday's rally had rather strong volume for a holiday session. Check out its preferred A shares, too, for a big dividend.	New	1/2
Bearish Implications		
LinkedIn LNKD - Looking ready to break down under 208.60.	New	1/2
Tesla TSLA - low volume, rising correction to resistance. Looks ready to break. Sell 148.	New	1/2
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold Miners ETF GDX - Bullish RSI divergence but it needs to get back above 21.15 before we can even think about this.-		12/30
Priceline PCLN - On the bear watch list for now. Support at 1145.50 meets the siring trendline soon.	New	1/2
Sector Watch (observations that may spark ideas)		
Oil Services - Small double bottom for OIH and now an upside trend break .		12/30
Steel stocks index - A rally with on-balance volume rising and support from the 50-day average. No real resistance until 265 (from current 253).		12/30
Airlines index - Just watching what seems to be a bull flag here. Rising on-balance volume even after Friday's market leading decline.		12/30
Updates		
none -		

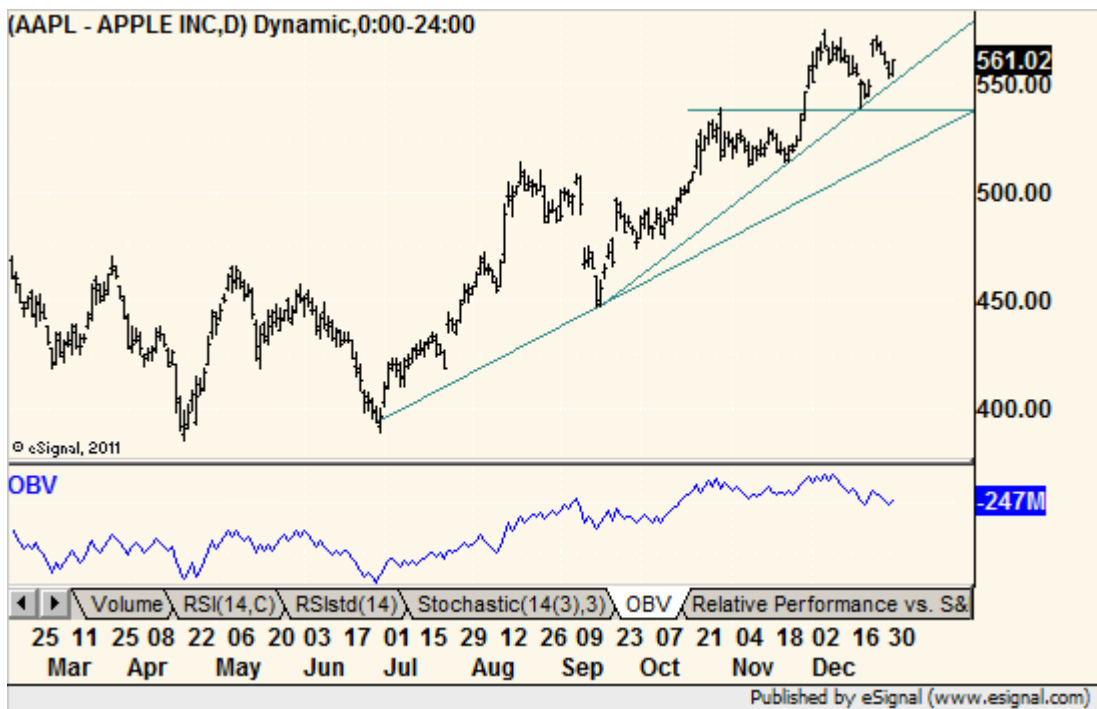
Market Highlights



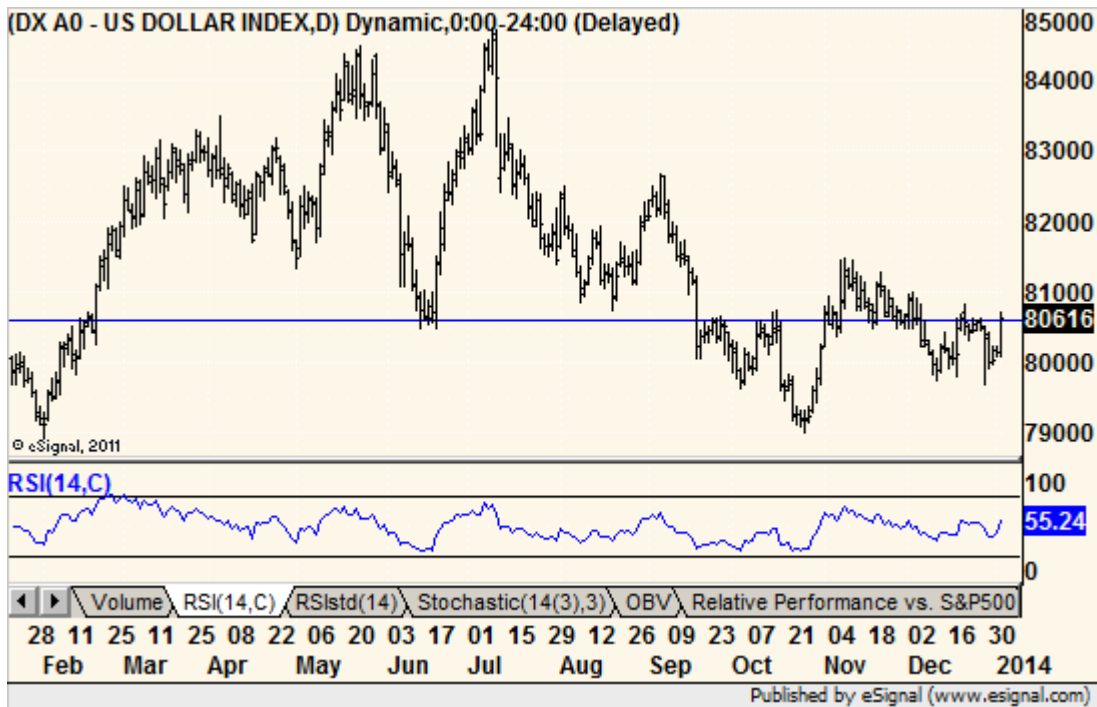
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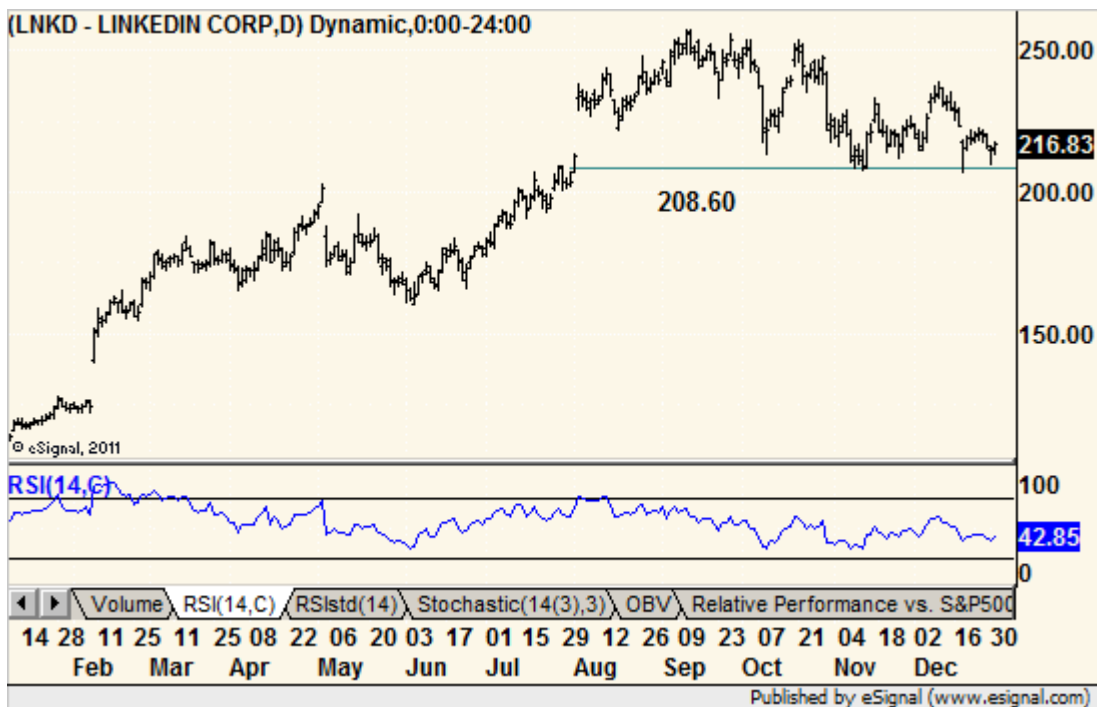
IBM - The question is do you believe the breakout? We don't. Hardly any money flowed in.



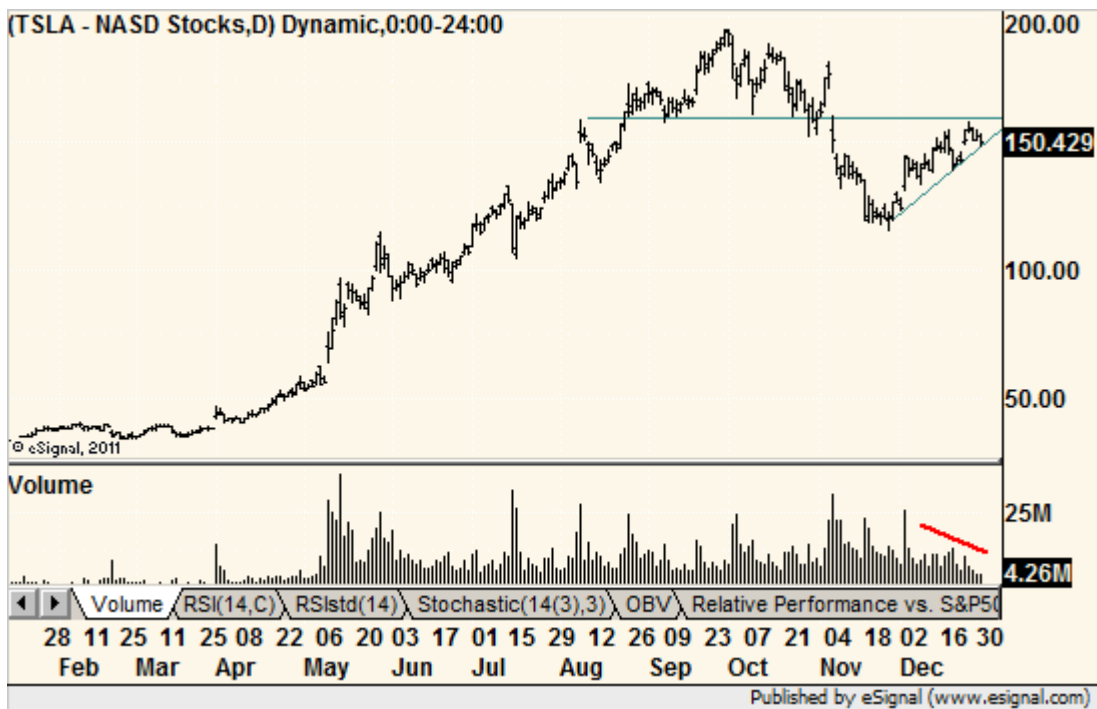
Apple - We saw the potential for a dip in this chart to support and the lower trendline and then checked to see it bid down 5 bucks this mornings. Waiting for a real dip to buy.



US Dollar Index - That is a rather sizeable rally today and gold is up anyway. Hmmmm.... As for the greenback itself, it is still under resistance.



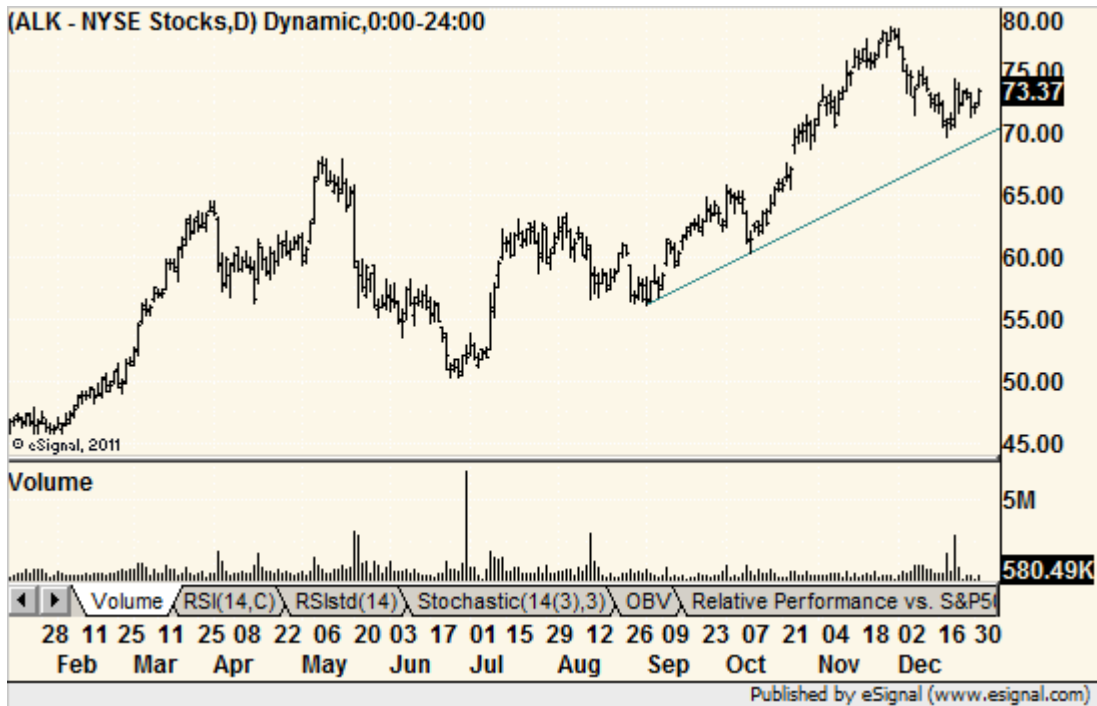
LinkedIn - Looking ready to break down under 208.60. Indeed, many of the former go-go momo's of 2013 look rather nasty. See next...



Tesla - low volume, rising correction to resistance. Looks ready to break. Sell 148.



Priceline - On the bear watch list for now. Support at 1145.50 meets the rising trendline soon.



Alaska Air - No trade yet but this airline looks decent and has a trailing P/E of 10.9. **DAL** is similar.

Advice Tracker

This is a list of stocks that have triggered buys or sells and not a recommended portfolio. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in **red** mean that the position was stopped out. Stops in **red** were changed. Any position that moves in the desired direction and then reverses by 5% from the extreme that day is an automatic stop out. This is to compensate for the inability of this once per day newsletter to alert subscribers to the reversal.

	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	NLY	ANNALY CAP MGMT INC	9.97	0.8%	9.70	9.89	12/6	25
	MCD	MCDONALDS CORP	97.03	3.0%	93.00	94.19	12/13	18
	MSFT	MICROSOFT CORP	37.41	2.1%	35.50	36.65	12/16	15
	LO	LORILLARD INC	50.68	0.8%	48.75	50.30	12/24	7
<u>Short</u>	DLPH	DELPHI AUTOMOTIVE PLC	60.13	-3.3%	60.50	58.13	11/18	43

Notes: Sold the long in **AGU** Monday at the open for a 1.5% profit in 13 days. This trade was really only to capture the nice dividend, which we did.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

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Other Information

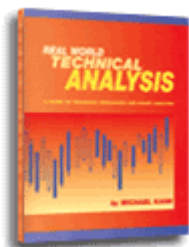
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently on financial television including PBS' Nightly Business Report.



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