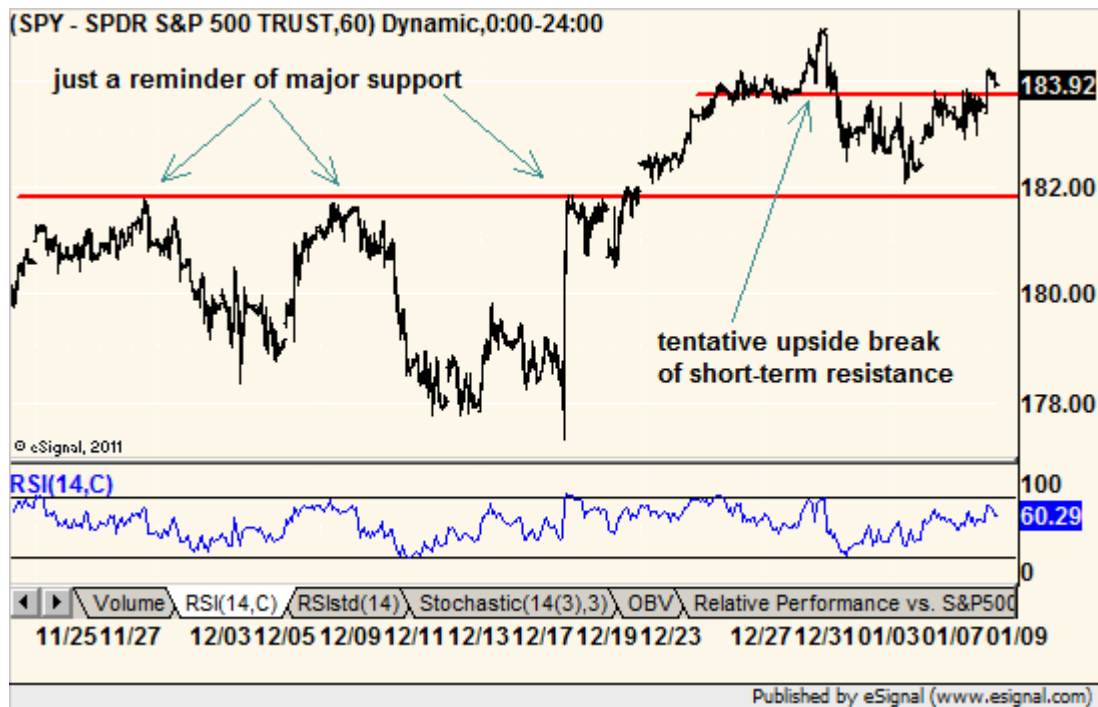


# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**January 9, 2014** – Topsy-turvy 2014 so far. Up and down with no short-term trend. That may be changing today as the **SPY** (see chart just below) may be moving above resistance.



The hourly chart shows resistance tested again Wednesday morning and possibly broken today.

Yesterday's ADP report was a non-factor. The Fed minutes were minimally moving. At least the polar vortex has finally moved off the coast and temperatures - and activity - can return to their winter normals. I never thought I'd rejoice the thermometer reading 22 degrees F as it is doing this morning.

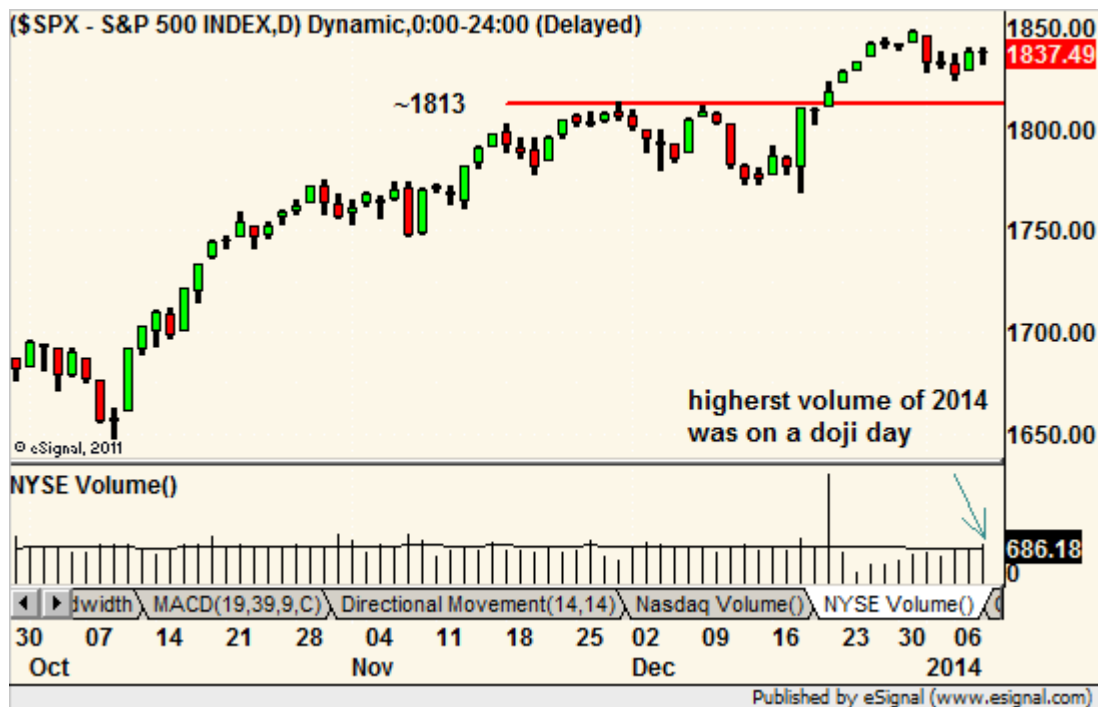
Today, the headline says that BAC Merrill Lynch hates gold. Well, not with that particular word but you get the idea. Goldman already hates it. So does the revered Louise Yamada. Trend followers love it but for the reason that it is in a bear market and aside from gold hawkers on TV, it is hard to find a bull anywhere. Sentiment is lousy and that is why we need to pay attention. Again, the case to buy it is not there yet but it really needs to be on the Radar Screen (**GDX** already is).

Have you seen alternative energy stocks? Solar is firm but the comatose fuel cell sector is flying. Chart below.

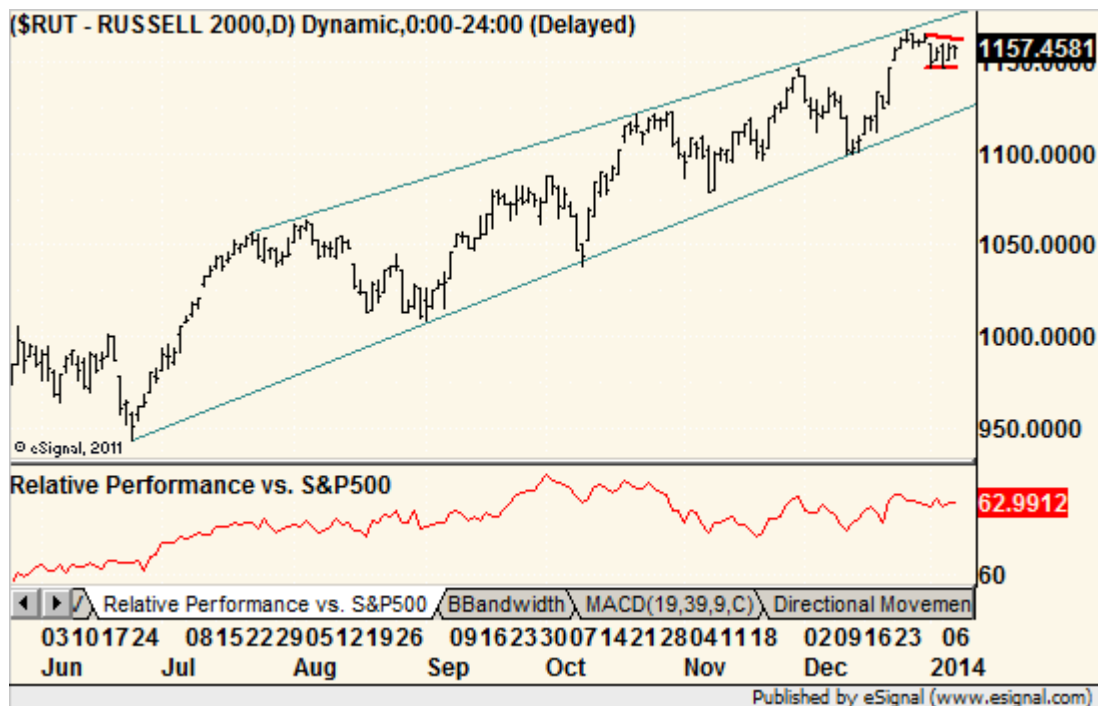
Not much else to say today. Oil seems to have landed on short-term support. The party in Natural Gas may be over. The 10-year auction hit 3% yesterday but the secondary market hit is two weeks ago (#nobigdeal).

Bottom line - the trend is up, small correction may be over but sentiment is too frothy for this to be the start of a major up-leg. We think a little bit more - Dow 16,750 - before the real correction.

## Index Charts of the Day



Still in a correction. The hourly SPY chart in the comments section above hints at an upside breakout from the pause but it will probably need new highs to confirm the new leg higher.



The small cap Russell 2000 is at the top of a rising wedge but in a small pause. Can go either way in the short-term but the trend from June remains up. However, since it has been pausing for two weeks already the bulls need to get it together sooner rather than later or the weight of the market takes it to the lower border of the wedge.

## The Radar Screen

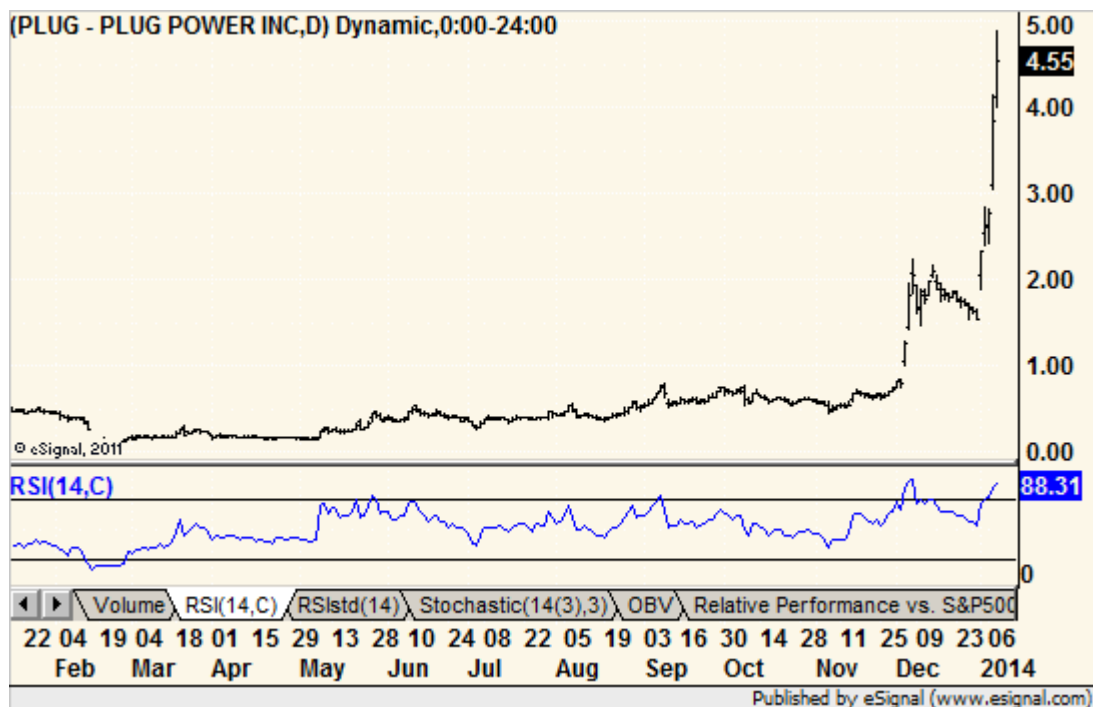
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.

<b>Bullish Implications</b>		
<b>Procter &amp; Gamble PG</b> - Looking for a fresh breakout above 82.30. Clearly not ready for that but we'll keep it here for now.		12/30
<b>Gold Miners ETF GDX</b> - Bullish RSI divergence so we'll put a buy on close at 22.15 or higher.		12/30
<b>AT&amp;T T</b> - Patience. This one sports a monster 5.3% dividend yield and has gone nowhere for two years. A great pickup for investors at support and the long-term trendline in the 33 area. The stop point would be very close if the market and stock break down but the upside is a fat dividend with the possibility of upside breakout.	<b>New</b>	1/9
<b>Bearish Implications</b>		
<b>American Express AXP</b> - Bear reversal Thursday and higher volume bear reversal Tuesday. Selling close under 88.75		1/3
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Union Pacific UNP</b> - Here is a rail stock with a new high but a bearish reversal bar. The RSI divergence is questionable. <u>Needs trend line breakdown to sell.</u>		1/3
<b>United Healthcare UNH</b> - This health insurer with a breakout. <u>Watching to find a good entry.</u>		1/3
<b>Apple AAPL</b> - Looks like a pause at support in a double top pattern. Bearish. Wait for the breakdown.	<b>Changed</b>	1/6
<b>MasterCard MA</b> - This stock is up huge and the trend is accelerating. Something just feels wrong here but we have to wait for a technical signal to sell it. Ditto <b>V</b> .		1/6
<b>Macys M</b> - Needs to complete the double top to sell but this is a serious divergence from the market. <b>After hours jump higher right into resistance.</b>		1/8
<b>CVS Caremark CVS</b> - Watching a serious RSI divergence here. No breakdowns yet.		1/8
<b>Costco COST</b> - One bad day away from a support and 200-day average breakdown. <b>Got it and with big volume</b>		1/8
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Steel stocks index</b> - May have just suffered a breakout failure. <u>Weekly RSI divergence, too.</u>		12/30
<b>Airlines index</b> - Bull flag breakout.		12/30
<b>Utilities</b> - On the verge of a breakdown although it has not yet happened. On-balance volume here weak but OBV on the <b>XLU</b> ETF is bleeding out.		1/6
<b>Computer hardware</b> - Breakouts in <b>IBM, STX, WDC</b> even as <b>AAPL</b> struggles		1/8
<b>Oil services ETF OIH</b> - Sitting on critical support and the trendline from June 2012. On-balance volume plummeting. <u>Looks like a breakdown but today sports a possible upside reversal already.</u>		1/8
<b>S&amp;P Insurance ETF KIE</b> - Bearish RSI divergence and potential double top. Waiting for trendline to break.	<b>New</b>	1/9
<b>Updates</b>		
<b>none</b> -		

## Market Highlights

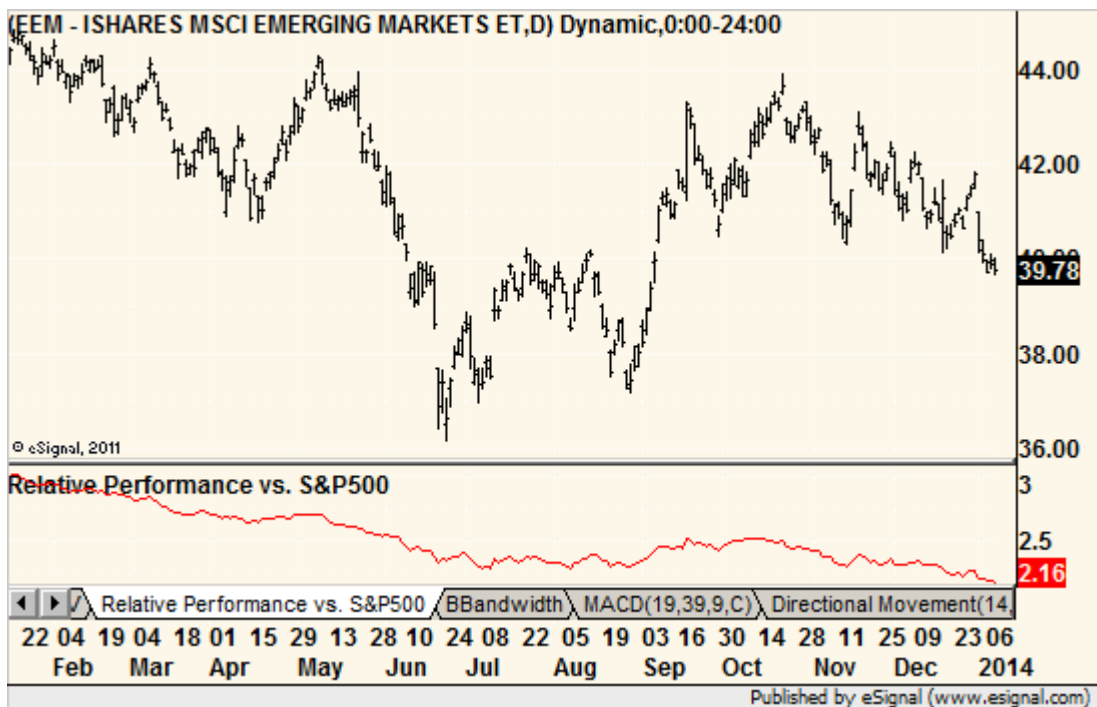


**S&P Insurance ETF** - Bearish RSI divergence and potential double top. Waiting for trendline to break.

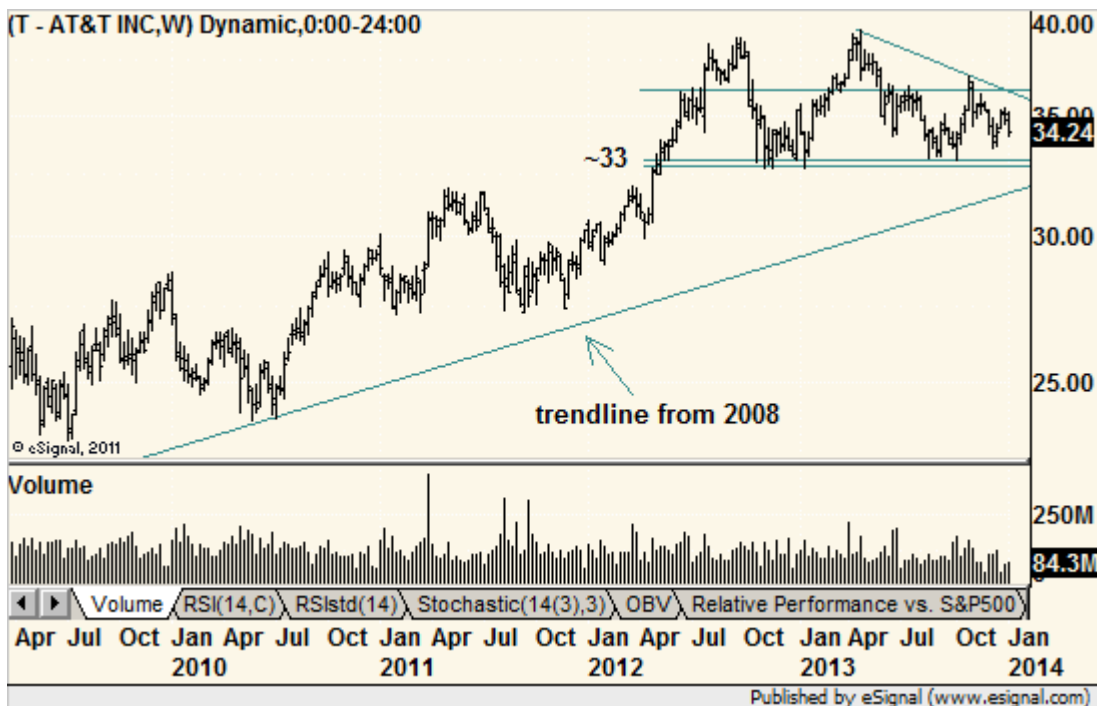


**Plug Power** - Along with **BLDP** and **FCEL**, this thing just exploded higher. Too risky for us but it does get us thinking of alternative energy again, including ethanol **PEIX**, **GPPE**, **BIOF**.

Warning - uranium miners did this in July and then did, to quote the Blondie lyric, a fade away and radiate.



**Emerging Markets ETF** - If you like stocks then this chart tells you to keep it with established markets and probably the US only. The BRIC ETF **BKF** looks the same as this one so China and India are in the same boat as the rest.

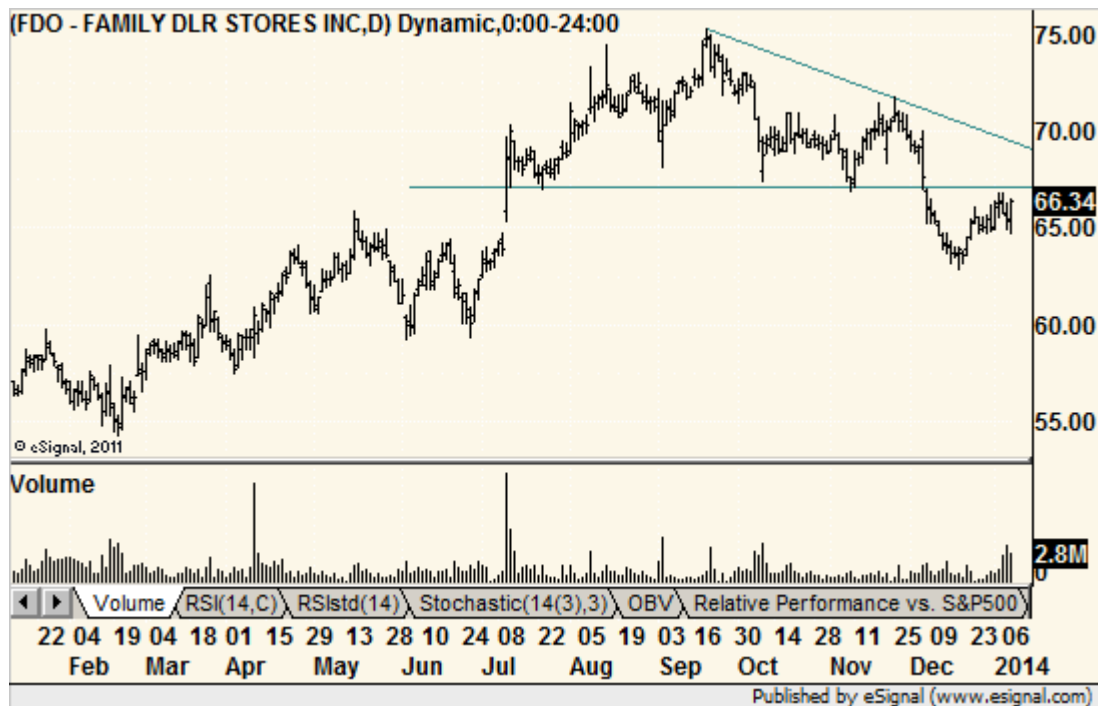


**AT&T** - Patience. This one sports a monster 5.3% dividend yield and has gone nowhere for two years. A great pickup for investors at support and the long-term trendline in the 33 area. The stop point would be very close if the market and stock break down but the upside is a fat dividend with the possibility of upside breakout.

## Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

### Staying out of trouble



**Family Dollar Stores** - We were looking around for stocks to chart and this one was getting a lot of traffic on StockTwits. Volume was up this week and Wednesday saw a bull reversal. But it was below resistance and the trendline so we thought it had too much baggage to buy.

Then we checked the premarket bids and it was down huge. We would not have shorted it here but at least the charts told us to stay away.

Sometimes the best trade is the one you do not make.

## 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>	<b>NLY</b>	ANNALY CAP MGMT INC	10.15	2.6%	9.70	9.89	12/6	33
	<b>MCD</b>	MCDONALDS CORP	95.41	1.3%	93.00	94.19	12/13	26
	<b>MSFT</b>	MICROSOFT CORP	36.00	-1.8%		36.65	12/16	23
	<b>LO</b>	LORILLARD INC	49.11	-2.4%	48.75	50.30	12/24	15
	<b>CPE</b>	CALLON PETE CO DEL	6.67	1.8%	6.30	6.55	1/7	1
<u>Short</u>	<b>DLPH</b>	DELPHI AUTOMOTIVE PLC	60.50	-3.9%		58.13	11/18	51
	<b>LNKD</b>	LINKEDIN CORP	209.06	-0.2%	215.00	208.60	1/2	6
	<b>TSLA</b>	TESLA MTRS INC	151.28	-2.2%	157.00	148.00	1/2	6

**Notes:** News finally pushed **MSFT** to our stop. The original reason to buy - a bullish hammer candle - worked for a while but the stock just started to fade.

The short in **DLPH** was finally stopped and again the reason to buy - a support break - was eventually negated with a slow, and we mean slow frog in boiling water, grind higher.

Losses for both were small.

Also raised the stop in the long in **CPE**.

## Subscriber Corner

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

Note to Paul - Yellen schmellen. No change as far as the market is concerned.

## Other Information

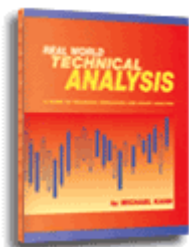
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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