

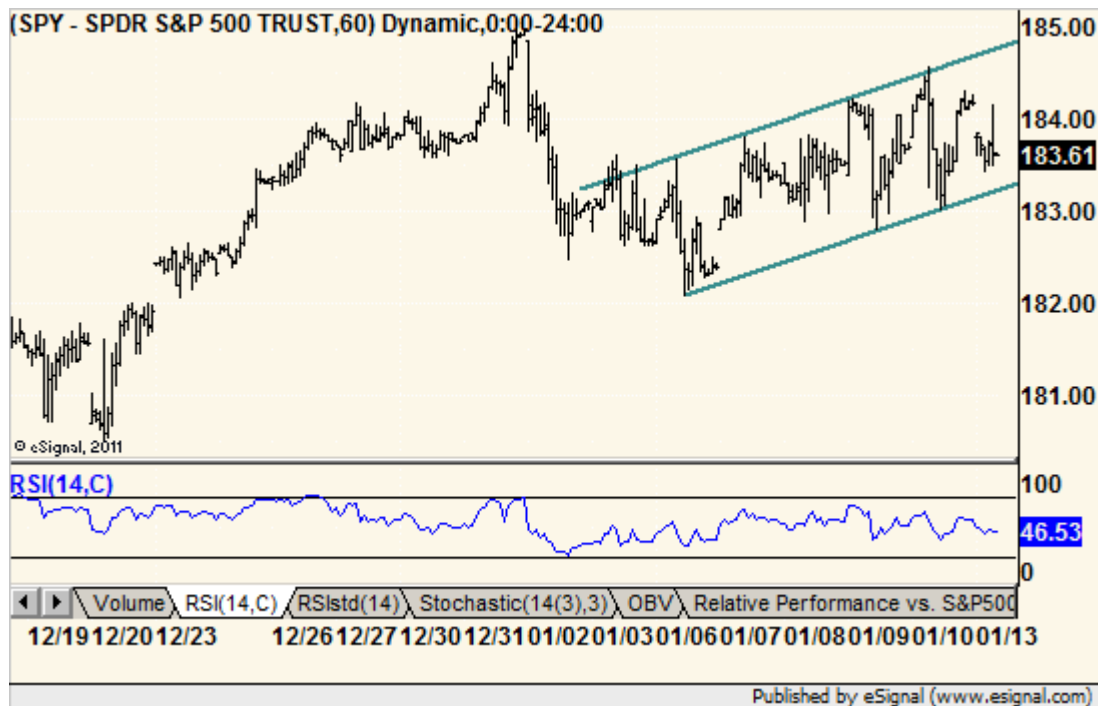
# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**January 13, 2014** – It's a new week and stocks are picking up where they left off last week - flat. So far, this year has been dull in terms of trading. Perhaps bullish moves in bonds and gold will save the day for financial headline writers.

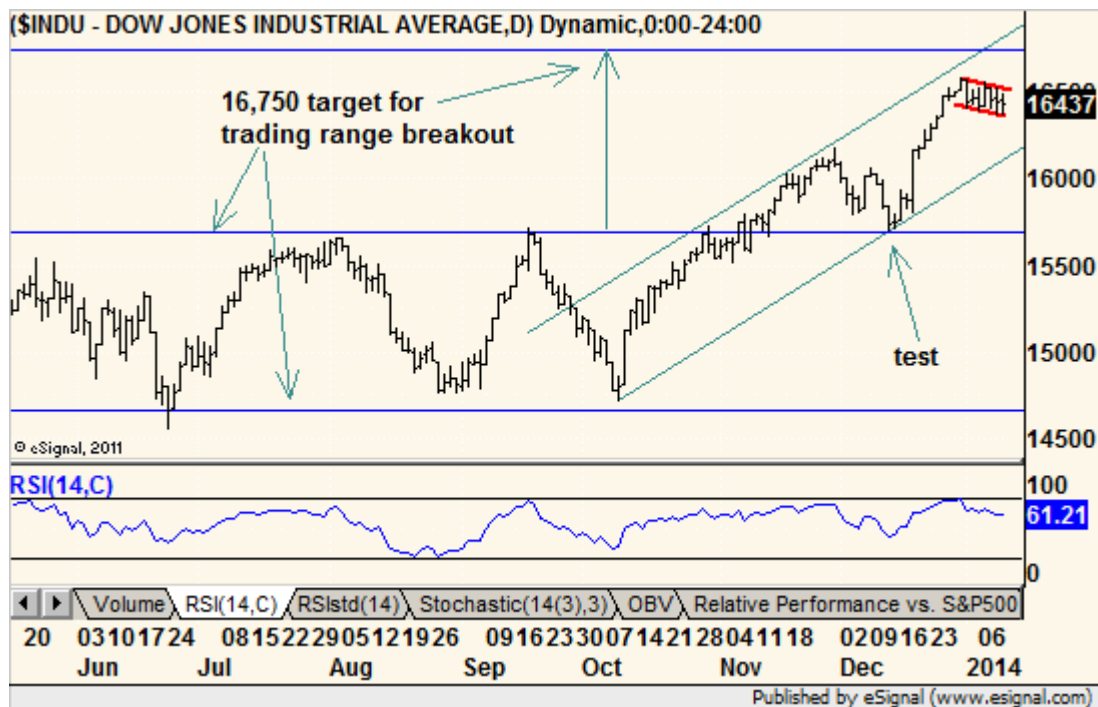
We've got a quick Sector Watch section on gold stocks thanks to a subscriber request. We've set a trigger on the **GDX** ETF but the subscriber asked for a few individual stock setups. What we found are a few stocks that are in bullish divergence vs. the GDX itself. They have put in higher lows in two time frames vs. lower lows for the sector as a whole and that puts them in position to lead should the whole thing break out to the upside.



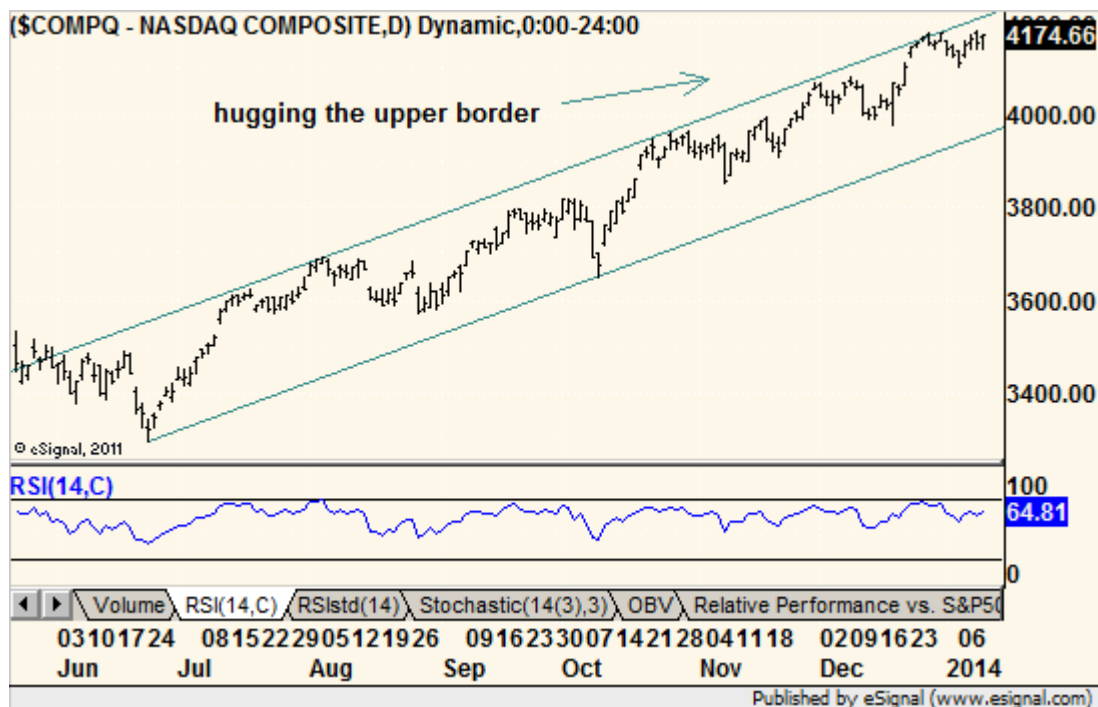
We've removed the horizontal lines and left the rising channel in the hourly chart above. So far, it is containing the action this year. A bearish warning is in the failure of the **SPY** to reach the channel top Friday afternoon into this morning but it is far from a sell signal as long as the lower border holds.

That's really it today. We've got a few stock ideas below and the Dow chart summarizes our overall view that the market has one more small leg up before a real correction.

## Index Charts of the Day



This is the best summary of our thinking on the market today. We've added a rising trend channel to the trading range breakout and upside objective. As you can see, it suggests an eventual breakout from the bull flag currently in progress (in red).



The Nasdaq continues to hug the upper border of a longer trend channel and that is bullish. However, the rally phases (vs. dips) are getting smaller and that suggests wear and tear taking a toll.

## The Radar Screen

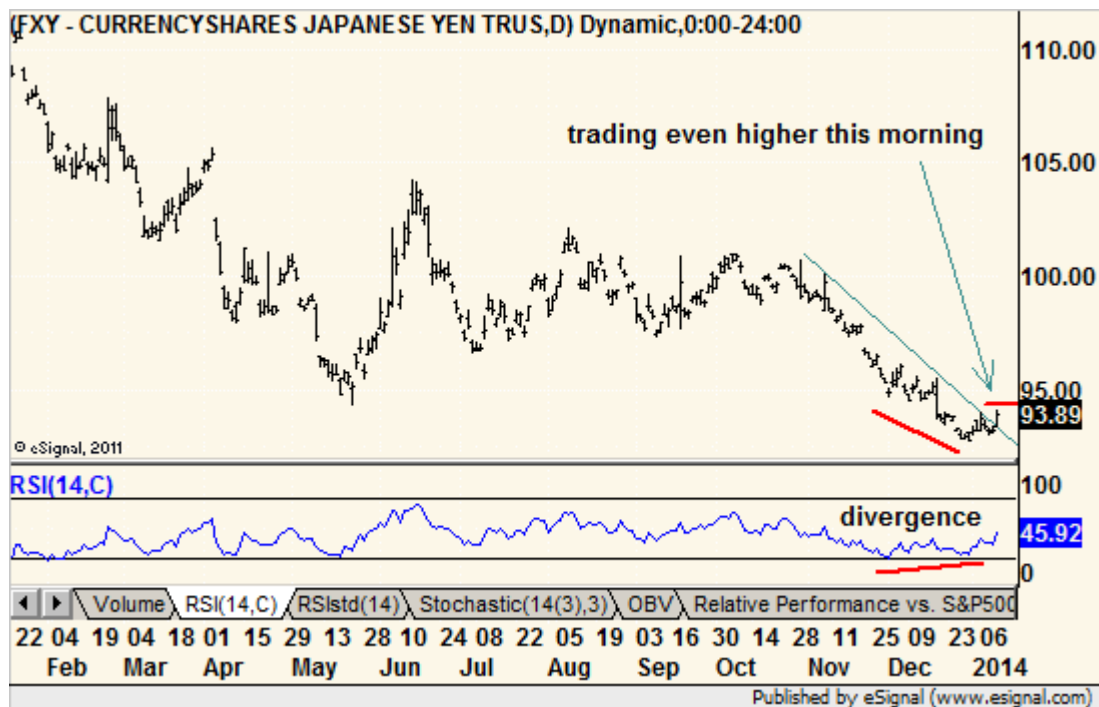
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 5.4% 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 possibility of upside gains.		1/9
<b>Teva Pharma TEVA</b> - This drug maker shook off a major gap down on huge volume and is now knocking on the door of a long-term breakout. It is bid up through that level in the premarket so we are going to bite.	<b>Triggered</b>	1/10
<b>Kraft Foods KRFT</b> - Here is a consumer staples stock with a nice 3.9% dividend. Currently trapped in a triangle pattern and with falling on-balance volume (not shown) but we will keep tabs on it for an upside breakout. If that happens, it will be a nice income producer. If it breaks down, no harm, no foul.	<b>New</b>	1/13
<b>Bearish Implications</b>		
<b>American Express AXP</b> - Bear reversal last week and higher volume bear reversal Tuesday. Selling close under 88.75	<b>Triggered</b>	1/3
<b>Starbucks SBUX</b> - This one got a downgrade and is off only fractionally in the premarket. However, it has already broken its bull trend and 50-day average with a downside breakaway gap. Looking to sell support break at 76.	<b>New</b>	1/13
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Union Pacific UNP</b> - Bearish reversal negated with the new high.	<b>Removed</b>	1/3
<b>United Healthcare UNH</b> - This health insurer with a breakout. Watching to find a good entry. <u>We no longer like the setup.</u>	<b>Removed</b>	1/3
<b>Apple AAPL</b> - Looks like a pause at support in a double top pattern. Bearish. Wait for the breakdown. <b>Breakdown</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. Bearish reversal bar Friday.</b>		1/6
<b>Macys M</b> - Turned a potential double top into an upside break from a rectangle. Watch to see if this gap up is exhaustion of breakaway.	<b>Removed</b>	1/8
<b>CVS Caremark CVS</b> - Watching a serious RSI divergence. No breakdowns yet.		1/8
<b>Orbital Sciences ORB</b> - A rocket maker with a breakout. Looking to buy a test.		1/10

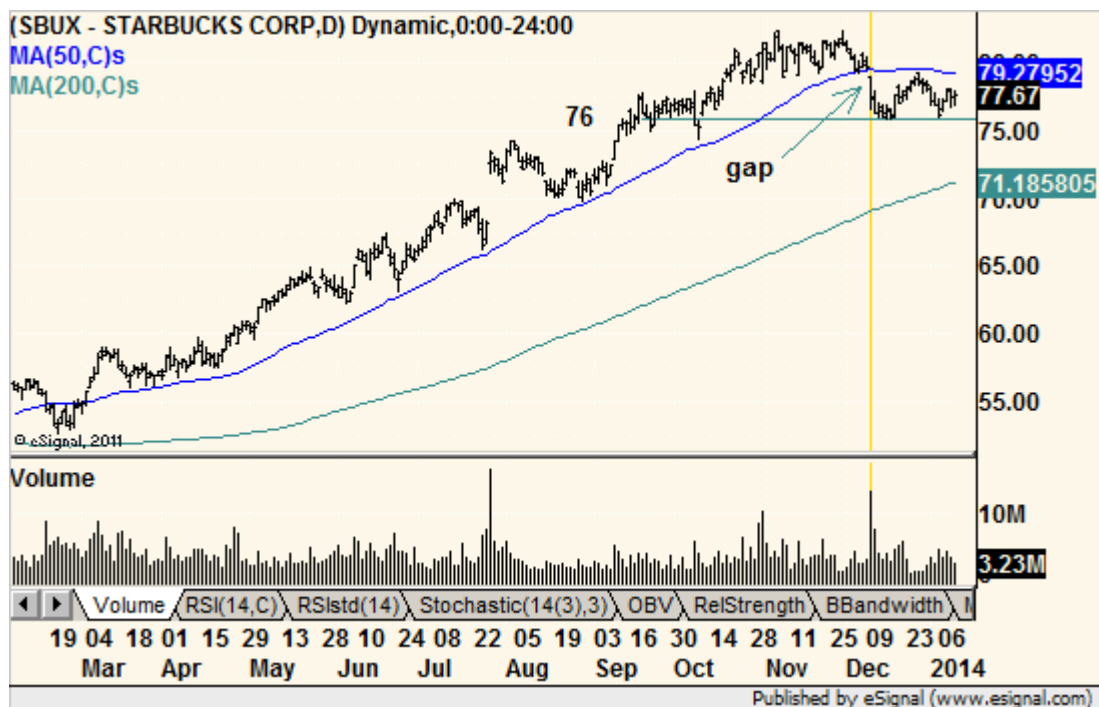
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<b>Sector Watch</b> (observations that may spark ideas)		
<b>Airlines index</b> - Bull flag breakout.		12/30
<b>Utilities</b> - Big upside move last week to erase any bearishness.	<b>Changed</b>	1/6
<b>Computer hardware</b> - Breakouts in <b>IBM, STX, 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.		1/8
<b>S&amp;P Insurance ETF KIE</b> - Bearish RSI divergence and potential double top. Waiting for trendline to break.		1/9
<b>Alternative energy</b> - Fuel cells <b>PLUG, BLDP</b> and <b>FCEL</b> super volatile. Too risky for us but it does get us thinking of alternative energy again, including ethanol <b>PEIX, GPRE, BIOF</b> .		1/9
<b>Retail ETF XRT</b> - Lagging the market but still holding its rising trendline		1/10
<b>Consumer Staples ETF XLP</b> - Lagging the market but at support. May be time to pick up some higher dividend names.		1/10
<b>Banks</b> - Earnings this week. <b>ZION</b> broke out then stumbled. Still OK. We want <b>C</b> to dip to test breakout of 53.70.		1/13
<b>Updates</b>		
<b>Baltic Dry Index</b> – Plummeting		

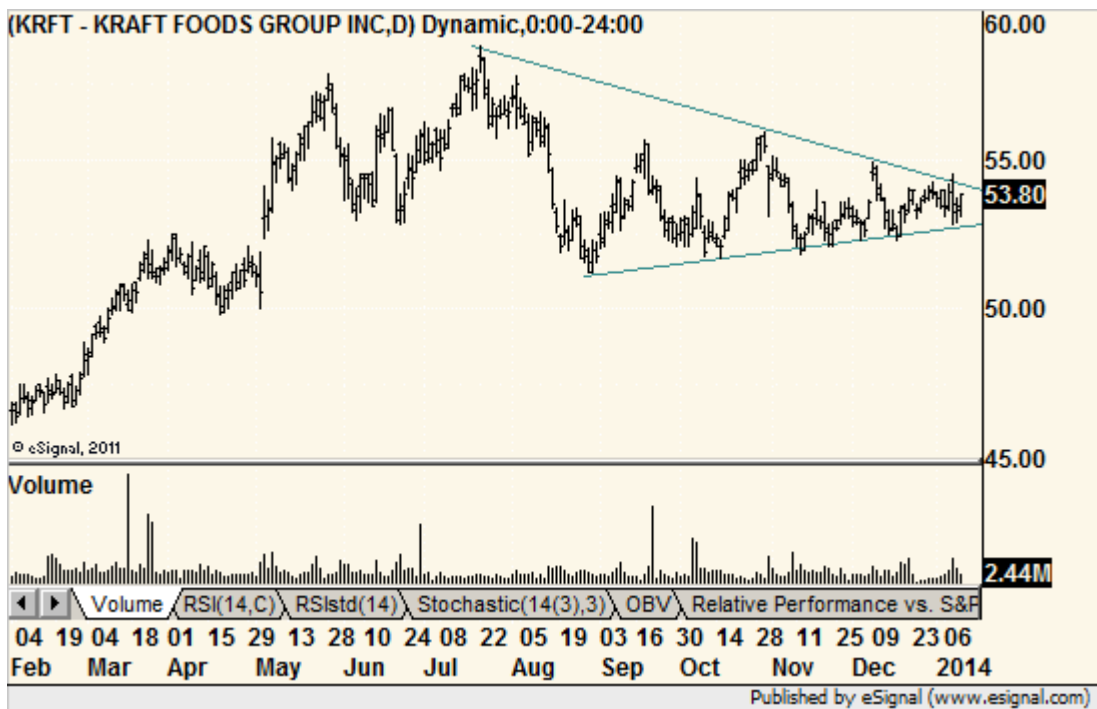
## Market Highlights



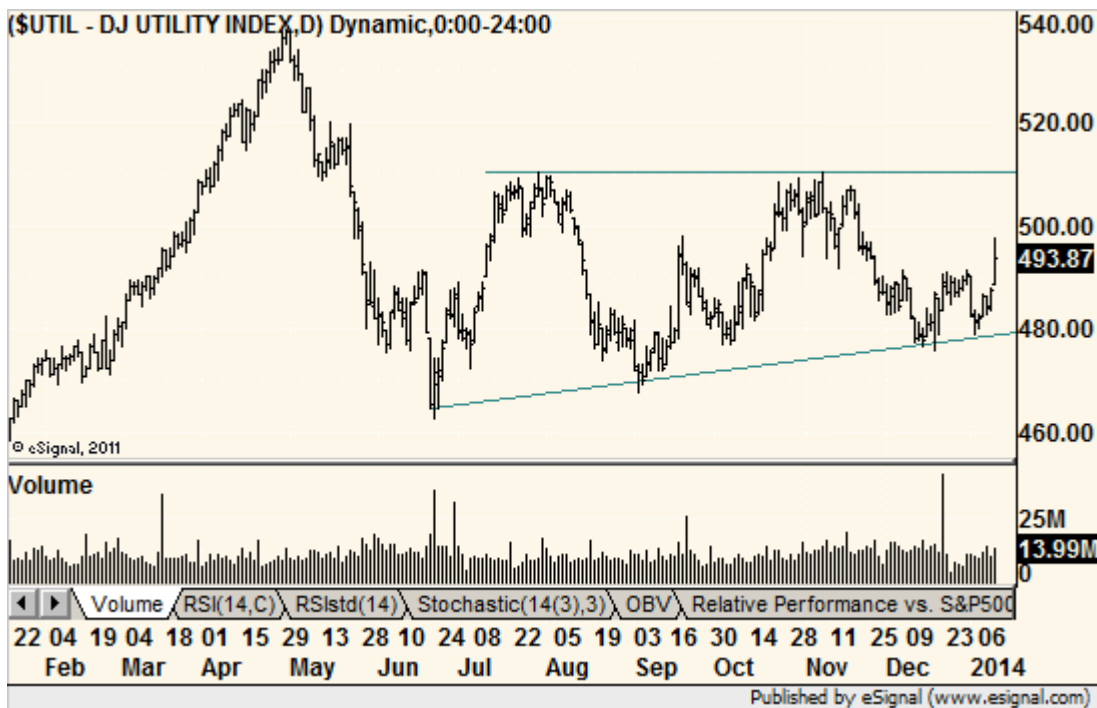
**Japanese yen ETF** - Looks like it is making a reversal move. That is potentially bad news for Japanese stocks.



**Starbucks** - This one got a downgrade and is off only fractionally in the premarket. However, it has already broken its bull trend and 50-day average with a downside breakaway gap. Looking to sell support break at 76.



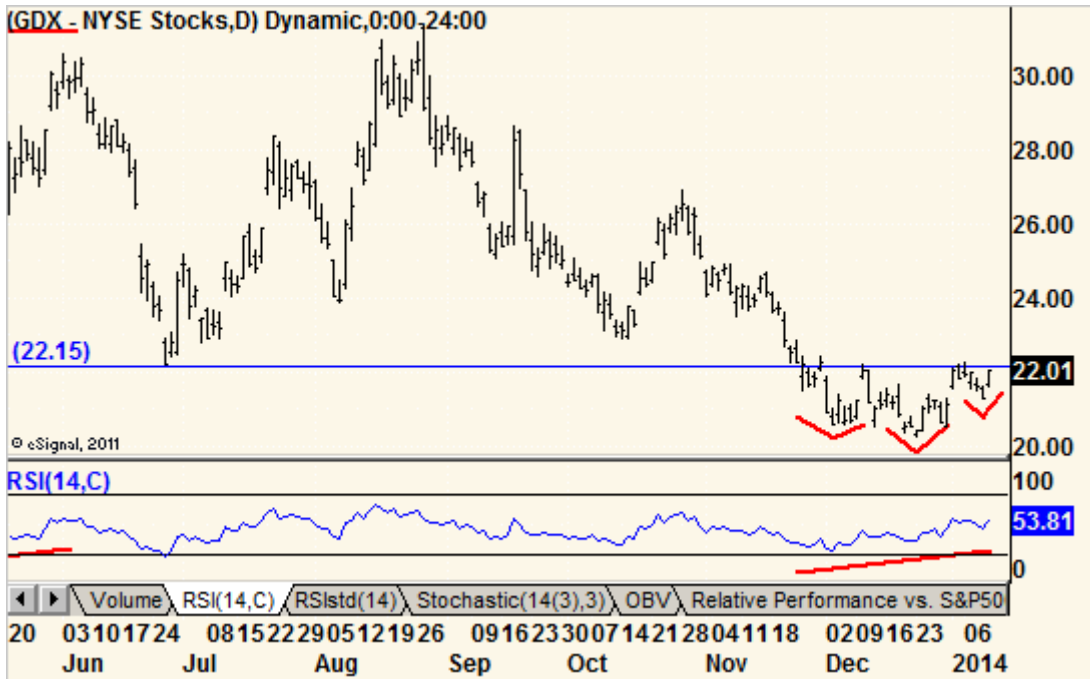
**Kraft Foods** - Here is a consumer staples stock with a nice 3.9% dividend. Currently trapped in a triangle pattern and with falling on-balance volume (not shown) but we will keep tabs on it for an upside breakout. If that happens, it will be a nice income producer. If it breaks down then no harm, no foul.



**DJ Utilities** - And while we are looking at dividends, the utilities sector had a hot week.

## Sector Watch

In this section, we take a closer look one sector of the market.



**Gold Miner ETF** - Here is the sector ETF with the 22.15 resistance and now with an inverted head-and-shoulders complete with rising RSI.

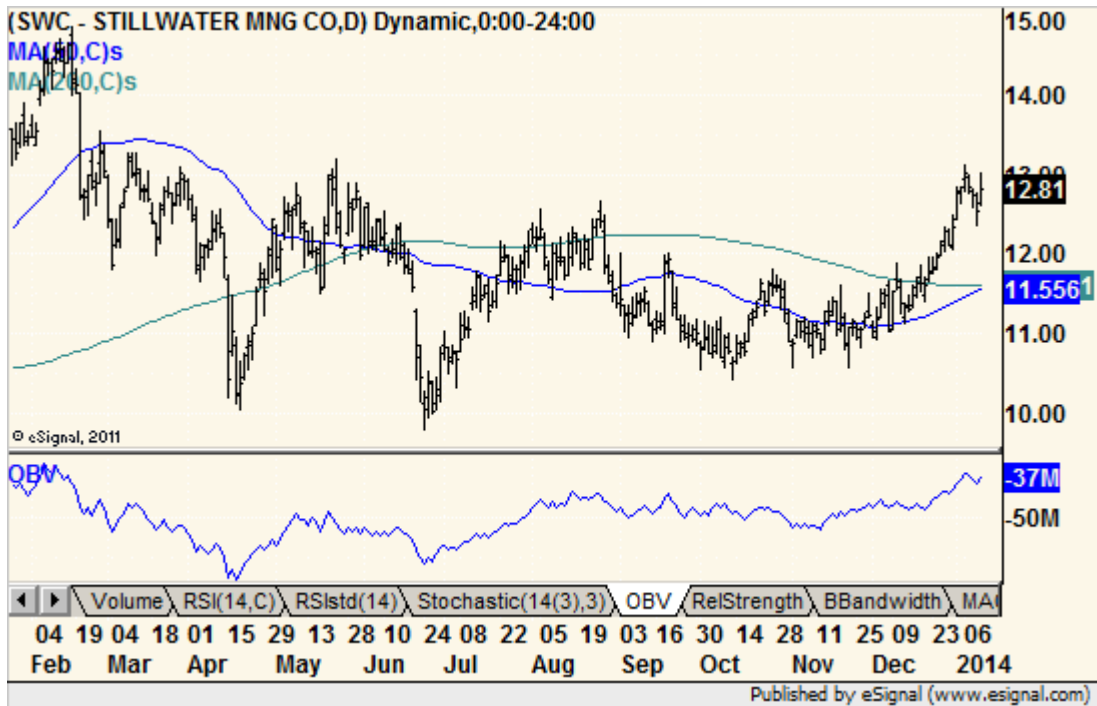


**Barrick Gold** - This one sports a higher low in Nov than in June (GDX had a lower low) and a higher low in Dec than in Nov (again, GDX had a lower low). It is also above its 50-day average and close to breaking the 200-day - which would be a good trigger if and when GDX breaks out.





**Royal Gold** - Same as ABX but with a kicker of rising on-balance volume.



**Stillwater Mining** - Platinum (and silver) miners look good too. This plat and palladium miner has already had a nice run but the trend seems to be up.



## 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	10.24	3.5%	9.70	9.89	12/6	36
	<b>MCD</b>	MCDONALDS CORP	95.80	1.7%	93.00	94.19	12/13	29
	<b>LO</b>	LORILLARD INC	49.26	-2.1%	48.75	50.30	12/24	18
	<b>CPE</b>	CALLON PETE CO DEL	6.60	0.8%	6.30	6.55	1/7	4
	<b>TEVA</b>	TEVA PHARMACEUTICAL INDS LTD	41.87	0.4%	40.00	41.70	1/10	1
<u>Short</u>	<b>TSLA</b>	TESLA MTRS INC	145.72	1.6%	157.00	148.00	1/2	9
	<b>AXP</b>	AMERICAN EXPRESS CO	88.55	0.0%	92.00	88.55	1/10	1

**Notes:** New long in **TEVA** triggered at Friday's open. New short in **AXP** triggered at Friday's close

## Subscriber Corner

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

Any market is fare game here. If you have a chart of rare art, we can look at it. ☺

No politics, please.

## 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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