

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

January 15, 2014 – As we wrote yesterday, there was suddenly too much bullish commentary out there on gold and we worried about a shakeout of the unwashed bullish masses. It fell yesterday and is down a tad this morning but we are still holding the long in **GDX** gold miners ETF. The breakout is still in effect even though it is currently in the red. Backing up the truck, however, will have to wait.

Municipal bonds did well again and we still see this as a sleeper market right now (per my [Barron's Online](#) column Monday).

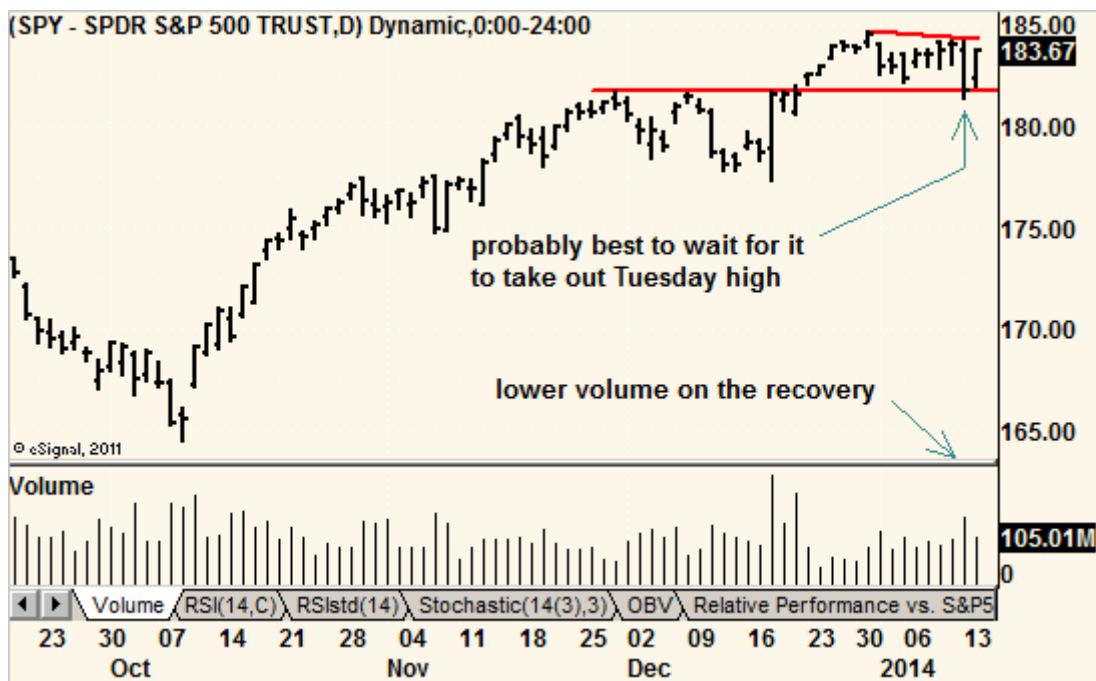
In sectors, 3-D printing is under pressure on **XONE's** outlook. But we also see emerging strength in agriculture-related stocks (charts below). We'll have to see how **BAC's** earnings kick starts the banking sector today. Recall that we looked for **C** to test its breakout and it seems to have successfully done so.



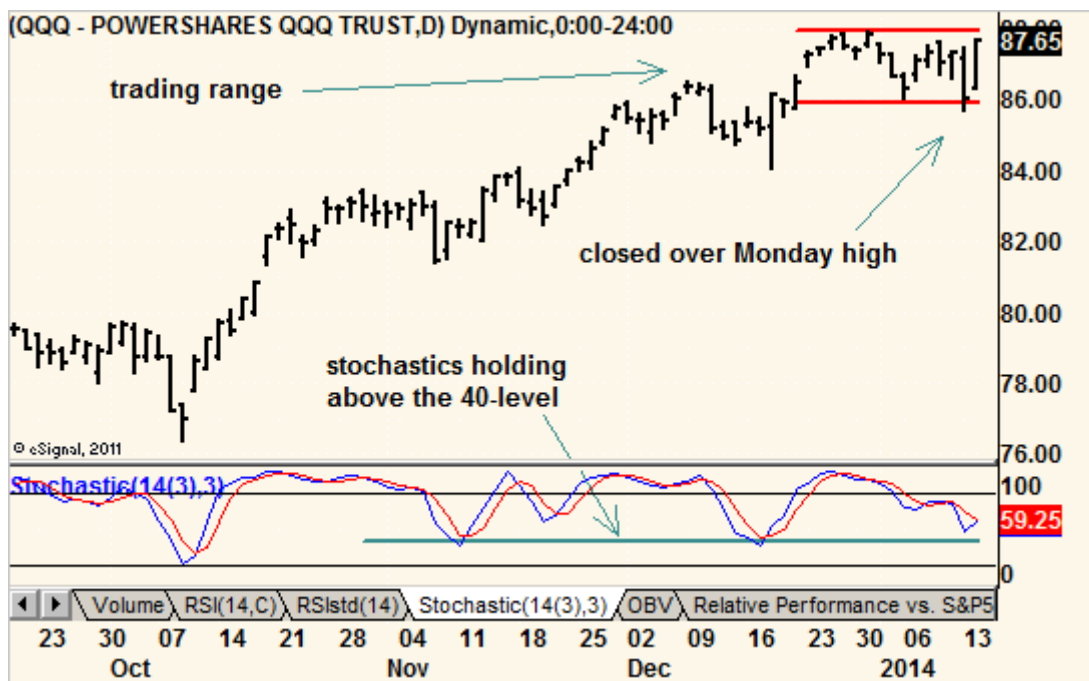
The hourly **SPY** chart shows the channel breakdown, kiss of support and rally back to test the channel once again. We've drawn a line down from the December peak - which you will see carried through in the daily chart in Index Charts of the Day - and it adds to resistance at current levels. A breakout there should determine the short-term direction.

Bottom line - The pause from last month is still in effect with a bullish bias in the intermediate- and long-term.

Index Charts of the Day



The SPY gives a better read on volume than the SPX with NYSE volume. While support held this week, we do not like that yesterday's rebound came on lighter volume. Basically, we are in between support and resistance and a breakout will determine the next directional move. Keep in mind that this is in the context of a rising long-term trend. We still see Dow 16,750 ahead.



The Nasdaq is still in a range but gained back more than it lost the day before. Volume here was also lower than Monday's but stochastic shows a bull market configuration with overbought peaks and neutral lows. Traders should buy the breakout higher.

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		
AT&T T - 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.	Triggered	1/9
Kraft Foods KRFT - Here is a consumer staples stock with a nice 3.9% dividend. Currently trapped in a triangle pattern and with falling on-balance volume 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.	Breakout But we failed to set a trigger	1/13
Monsanto MON - We like the pullback to the trendline and loose test of a loose long-term breakout. Big volume on the decline yet on-balance volume barely moved at all to say no money left the stock - bullish. Volume on Tuesday's gain was also higher than the previous day's as it fell. We like this above Tuesday's high at 113.00 (actual high was 112.92).	New	1/15
Potash Corp POT - This is a buy right here as it has punched through two resistance level - each time of nicely elevated volume, although it is hard to see on the chart. Big 4% dividend yield. Target - closing the gap.	New	1/15
Bearish Implications		
St Jude Medical STJ - This is a medical products company and it may have flamed out Monday. Overbought with an inverted hammer candle. Time to sell.	New	1/14
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Apple AAPL - Looks like a pause at support in a double top pattern. Bearish. Wait for the breakdown. Breakdown negated	Removed	1/6
CVS Caremark CVS - Watching a serious RSI divergence. <u>Now waiting for a bounce to sell.</u>	Changed	1/8
Orbital Sciences ORB - A rocket maker with a breakout. Looking to buy a test. <u>It may not get down comfortably enough</u>		1/10
Ace ACE - This property & casualty insurer broke down from a double top on big volume. We want to see it bounce to test that break and then sell.		1/13
AO Smith AOS - Ditto for this water heater maker.		1/13
Sketchers SKX - Ditto this shoe maker. So much for a bounce. No harm done.	Removed	1/13
Home Properties HME - This REIT is forming a double bottom and should run into its declining trendline soon. Note on-balance volume finally rising. A breakout should be bought but for now we watch.	New	1/15

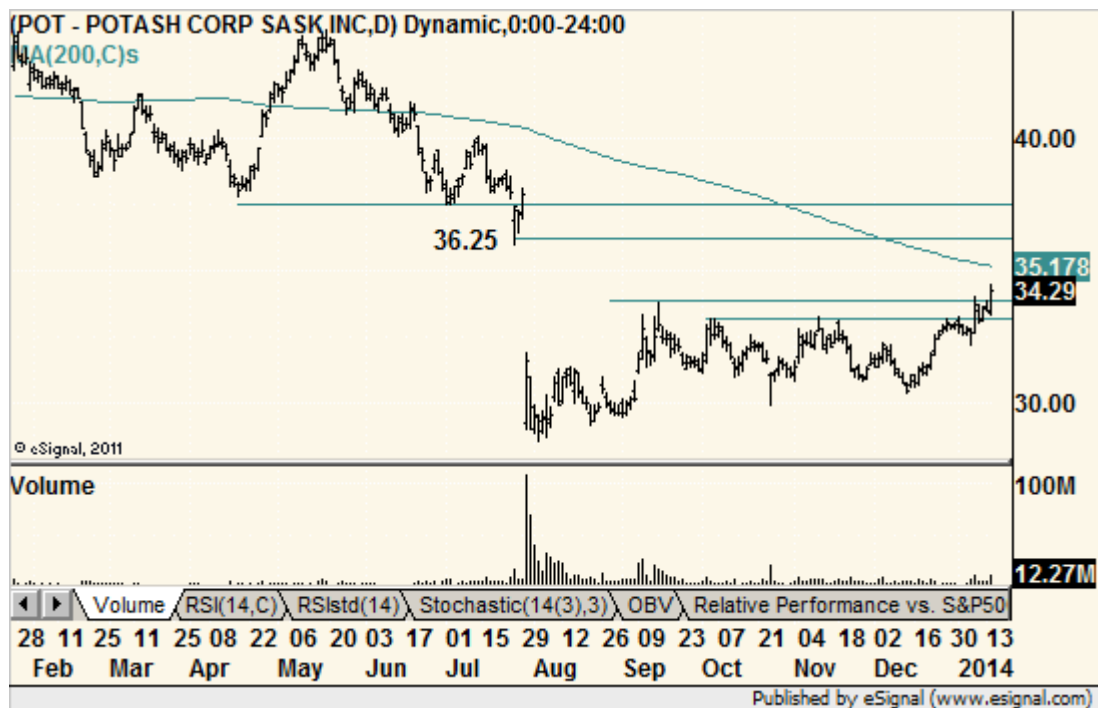
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Sector Watch (observations that may spark ideas)		
Airlines index - Bull flag breakout.		12/30
Utilities - Big upside move last week to erase any bearishness.		1/6
Computer hardware - Breakouts in IBM, STX, WDC even as AAPL struggles. Things may have taken a turn for the worse so we'll remove this	Removed	1/8
Oil services ETF OIH - Sitting on critical support and the trendline from June 2012. On-balance volume plummeting. Not looking healthy		1/8
S&P Insurance ETF KIE - Bearish RSI divergence and potential double top. Waiting for trendline to break. Broken		1/9
Retail ETF XRT - Lagging the market but still holding its rising trendline. Broken		1/10
Consumer Staples ETF XLP - Lagging the market but at support. May be time to pick up some higher dividend names.		1/10
Banks - Earnings this week. ZION broke out then stumbled. Still OK. We want C to dip to test breakout of 53.70. Looks like C did it.		1/13
Drugs - We're not trading this but rather want to point out that there is a faction within the drug sector that is zooming higher. Most are wildly overbought but this is something to investigate. BCRX, MRK, ALNY, JAZZ, CBST, SCMP		1/14
Updates		
none-		

Market Highlights



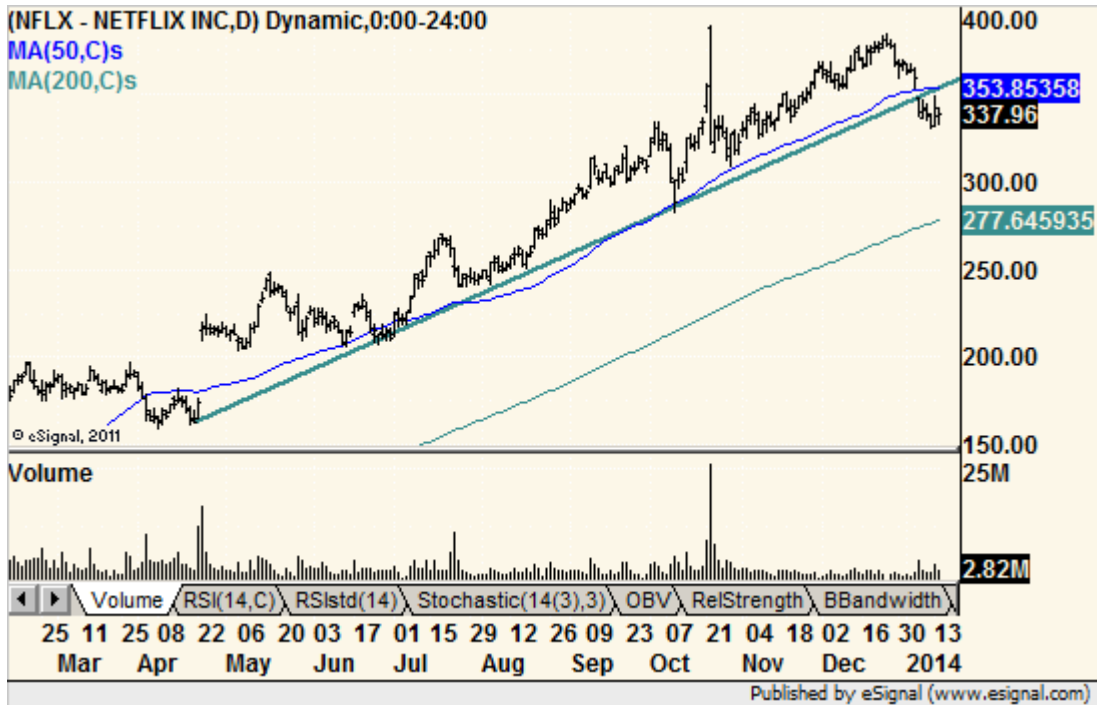
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Potash Corp - This is a buy right here as it has punched through two resistance levels - each time on nicely elevated volume, although it is hard to see on the chart. Big 4% dividend yield. Target - closing the gap.



Home Properties - This REIT is forming a double bottom and should run into its declining trendline soon. Note on-balance volume finally rising. A breakout should be bought but for now we watch.



Netflix - No comments needed. This stock is broken.

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	10.19	3.0%	9.90	9.89	12/6	39
	MCD	MCDONALDS CORP	95.22	1.1%	93.00	94.19	12/13	32
	LO	LORILLARD INC	49.34	-1.9%	48.75	50.30	12/24	21
	CPE	CALLON PETE CO DEL	6.60	0.8%	6.30	6.55	1/7	7
	TEVA	TEVA PHARMACEUTICAL INDS LTD	44.21	6.0%	42.50	41.70	1/10	4
	GDX	MARKET VECTORS GOLD MINERS ETF	22.10	-0.2%	21.25	22.15	1/13	1
	T	AT&T INC	33.48	0.5%	32.25	33.33	1/14	0
<u>Short</u>	TSLA	TESLA MTRS INC	150.00	-1.3%		148.00	1/2	12
	AXP	AMERICAN EXPRESS CO	87.12	1.6%	90.00	88.55	1/10	4
	SBUX	STARBUCKS CORP	75.46	0.7%	79.00	76.00	1/13	1

Notes: **TEVA** soared on guidance. We highlighted strong secondary drug stocks yesterday and this one got caught in the sweep higher.

Similarly lettered **TSLA** soared on earnings. However, thanks to trailed stops we only got dinged for 1.3%. The stock was up 7.65% on the day.

New long in **T** as it came down to support and low risk entry. Nice dividend!

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 Cal - We have to give breakouts a little rope so a dip below the buy point is OK as long as it is not too big. What constitutes "too big" depends on time frame, percentages and whether the violation negated the pattern.

Other Information

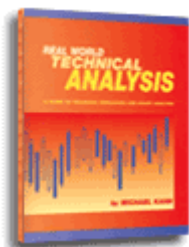
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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