

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

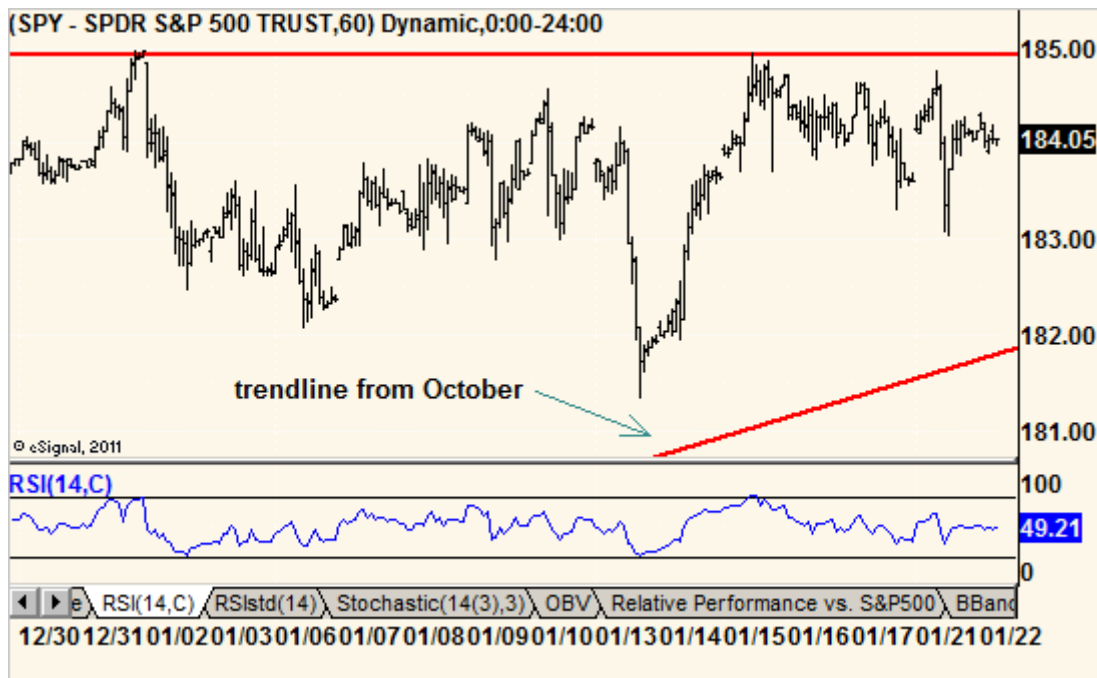
January 22, 2014 – The snow in the Northeast has put a damper on business and commuting and the team is all working from home today. We do expect lighter trade on the exchanges today but not "holiday light" as electronic trading makes up such a huge portion of the market.

Earnings from some of the bigger names send the Dow down triple digits Tuesday morning but by the close it was a mere 44 points and most every other index we track was back in the green. The important point was that the S&P 500 is still in its three-week range. The Nasdaq did manage to close at a new high but technically it did leave a hanging man candle on its chart that could be a bearish sign. For that, it must be confirmed with an actual decline today. Yes, it does not allow us to pick the exact top but few things in charting really do.

New subscribers, this would be a good time to request the (free) four-pager on basic candle shapes. [Click here](#). It's part of the service.

Yesterday's Barron's Online column covered metals and metals stocks - both perkier than everyone thinks. Indeed, gold pulled back a bit Tuesday but gold stocks were up nicely. Did you see Alcoa (aluminum)? Or Cameco (Uranium)? Or silver miners? The day after we saw an article saying silver was the worst metal, the **SIL** ETF rallied 3.25%.

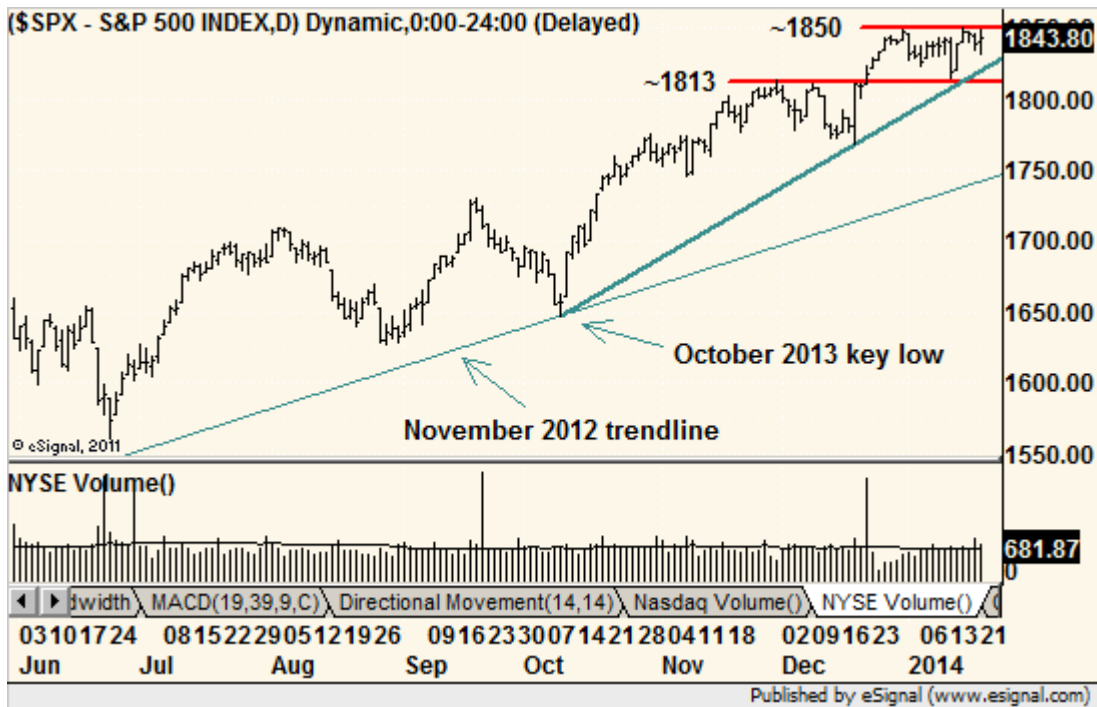
There is one event that we think is more important. The dollar index scored a bearish one-day reversal yesterday and seems to be following through to the downside this morning. It is not big enough to scuttle the new rising trend in the greenback but we did not like that it was such a sharp change of heart. Of course, a weaker dollar helps gold but the metal was doing just fine with the headwinds of a rising buck.



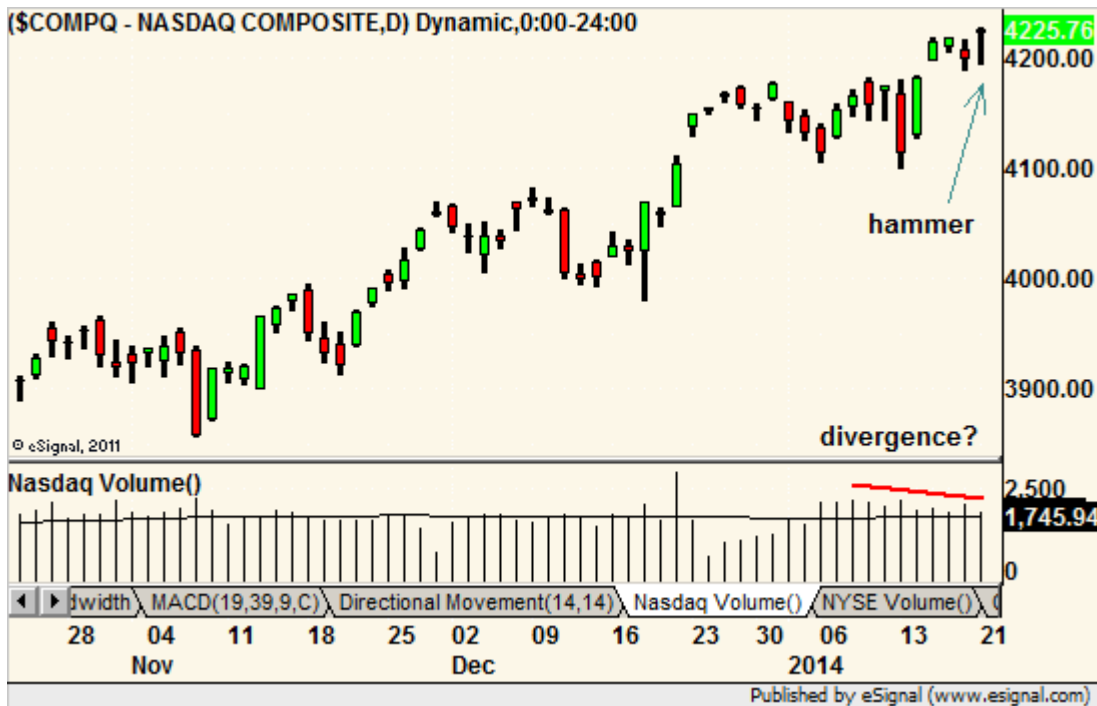
The hourly **SPY** chart shows no momentum at all but the daily chart is now starting to dominate the action as the trendline from October comes into view. Bears need a break there. Bulls need a new high.

That's about it. Our fundamental thought of the day is that the snow is not going to help the beleaguered retailers, which are already in down trends. Double top breakdown for **ROST**.

Index Charts of the Day



The S&P 500 is still in its three-week range but the 2013 trendline is starting to squeeze it. A break targets the bull market line from 2012 but that bridge is still Christie-closed. #joke



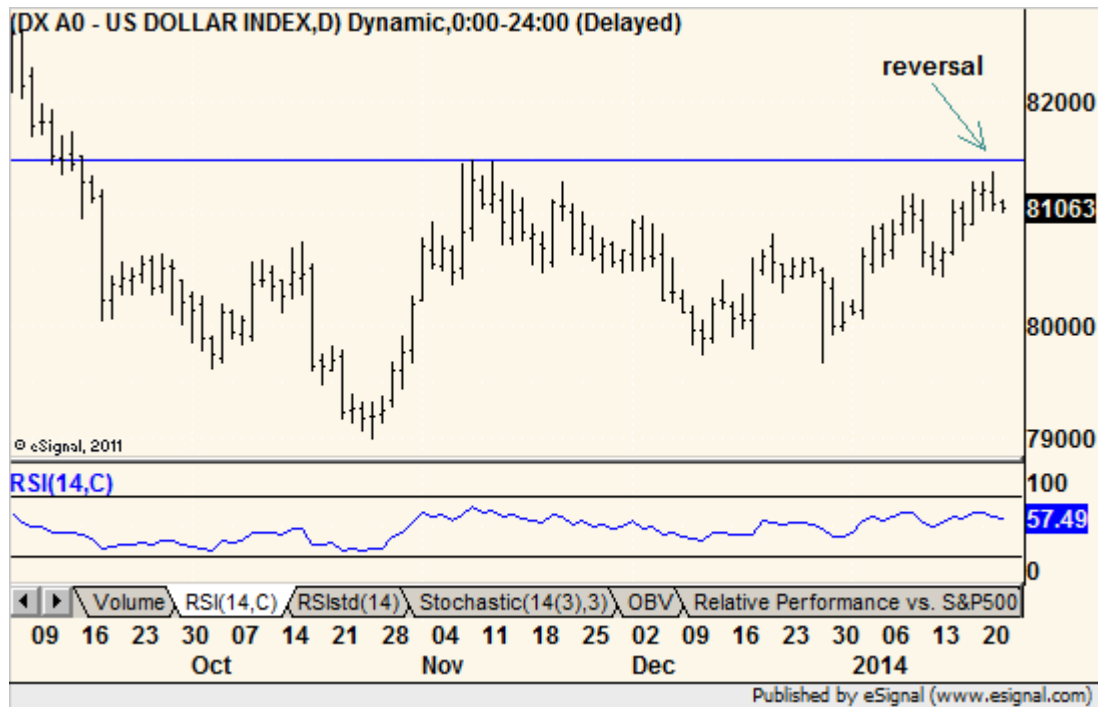
Here is the Naz with a bearish hammer candle that is not yet confirmed. The down trend in volume is more of a concern.

The Radar Screen

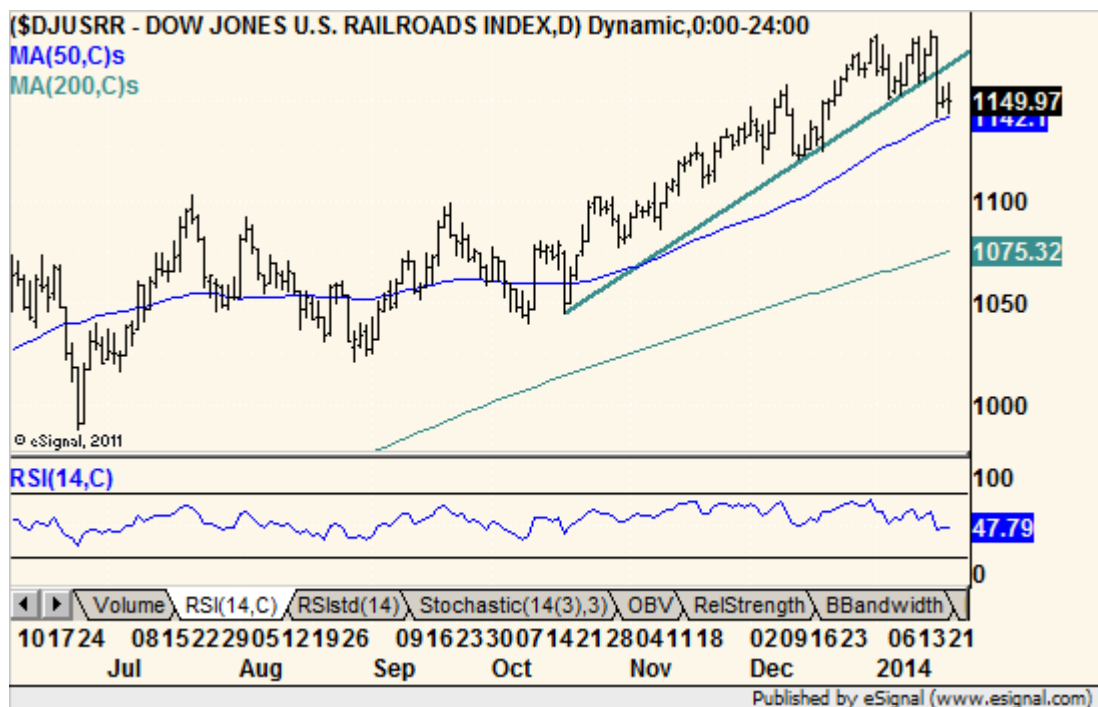
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
IBM - We botched this trade a week or so ago but now the pattern just looks terrific. A double bottom with breakout, pause and rebound. Now at resistance from the prior high and 200-day average. A fresh breakout now could be good to 200, if not back to old highs - see weekly trading range. <u>We said buy 190.50 but that was fortunately not triggered. Earnings smacked the stock to support so we will buy here at the lower level.</u>	Changed	1/21
Ntelos Holdings NTLS - This is a wireless carrier in the mid-Atlantic region and it sports a monster 7.9% dividend yield. The technical pattern is positive and we'd like to buy the breakout over 21.35.		1/21
Bearish Implications		
AO Smith AOS - Water heater maker with initial breakdown and pause. Selling close under new mini-support at 51.50.		1/13
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Ace ACE - Right idea, wrong execution. Falling without us.	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.		1/15
Southern Copper SCCO - If copper breaks out, this stock is in position for a breakout of its own.		1/17
Teekay TK - This marine tanker soared and is now in a high tight flag.		1/17
Baidu BIDU - Just a warning here, not a trade. This stock sports a big RSI divergence. So far, it is holding the 50-day average, including this morning's premarket. No guarantee it will break down.		1/21
Brunswick BC - This sporting goods maker broke down last week, tested it and broke again. The pattern was either a triangle or a rounded top but the conclusion is the same - sell a bounce if one happens.		1/21
Sector Watch (observations that may spark ideas)		
S&P Insurance ETF KIE - Bearish RSI divergence and potential double top. Waiting for trendline to break. <u>So close.</u>		1/9
Retail ETF XRT - The one major sector that looks awful		1/10
Consumer Staples ETF XLP - Lagging the market but at support. May be time to pick up some higher dividend names. Watch current two-week pause for a break one way or the other. <u>Nothing happening.</u>	Removed	1/10
Nuveen Preferred Income fund JRT - Do your own research on what exactly this is but the chart looks terrific! Big dividend yield but it went ex-dividend last week	New	1/22
Oil Exploration/Production Index EPX - Looking like it wants to break out from this decline. RSI never got below 30 and that is a correction condition, not a bearish trend. Best charts in the sector EOG, PXD , XEC , but be sure you are comfortable with some of the P/E ratios (we are).	New	1/22
Updates		
none -		

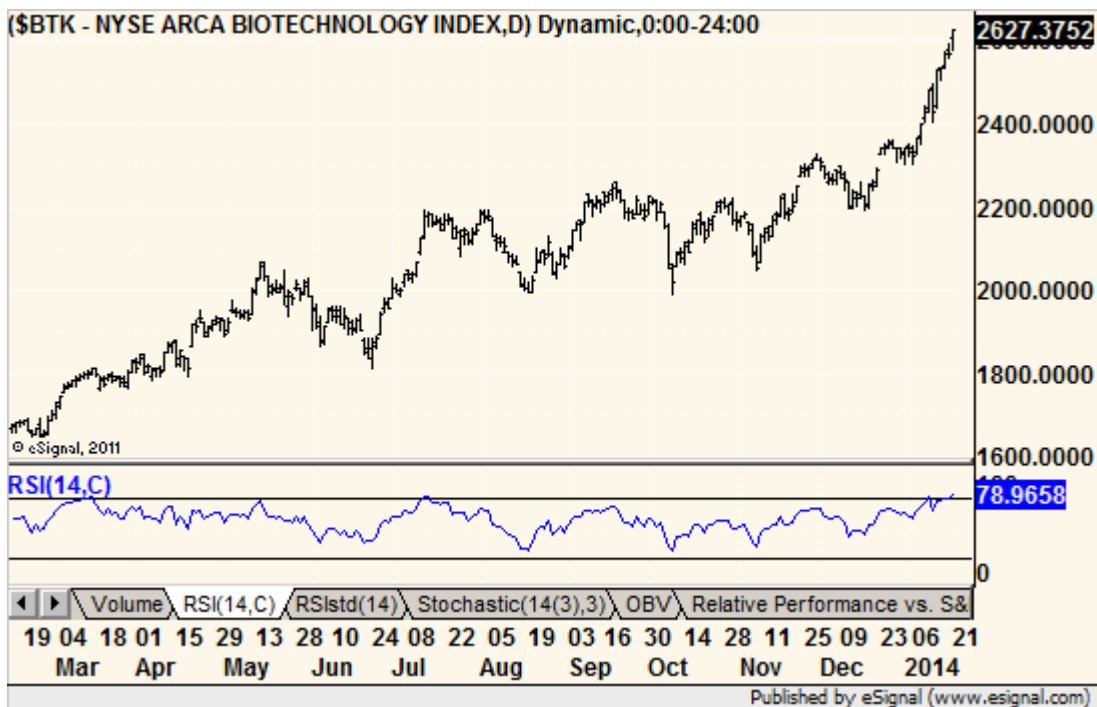
Market Highlights



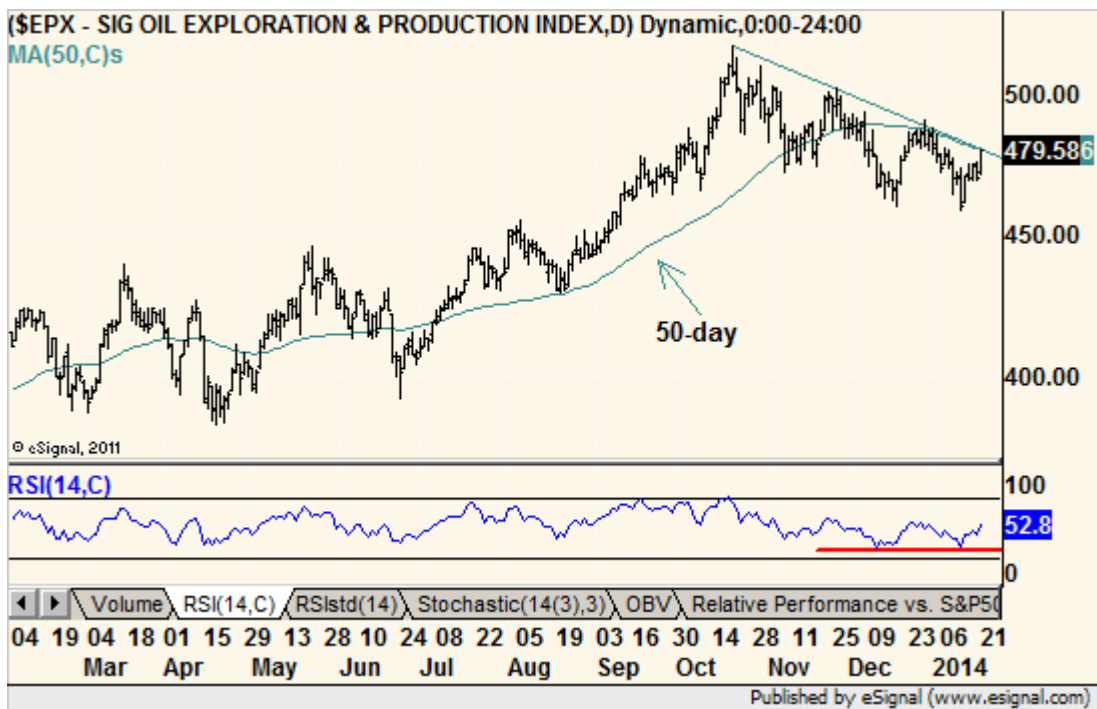
Dollar Index - a reversal at resistance is a worry but the short-term trend is still up



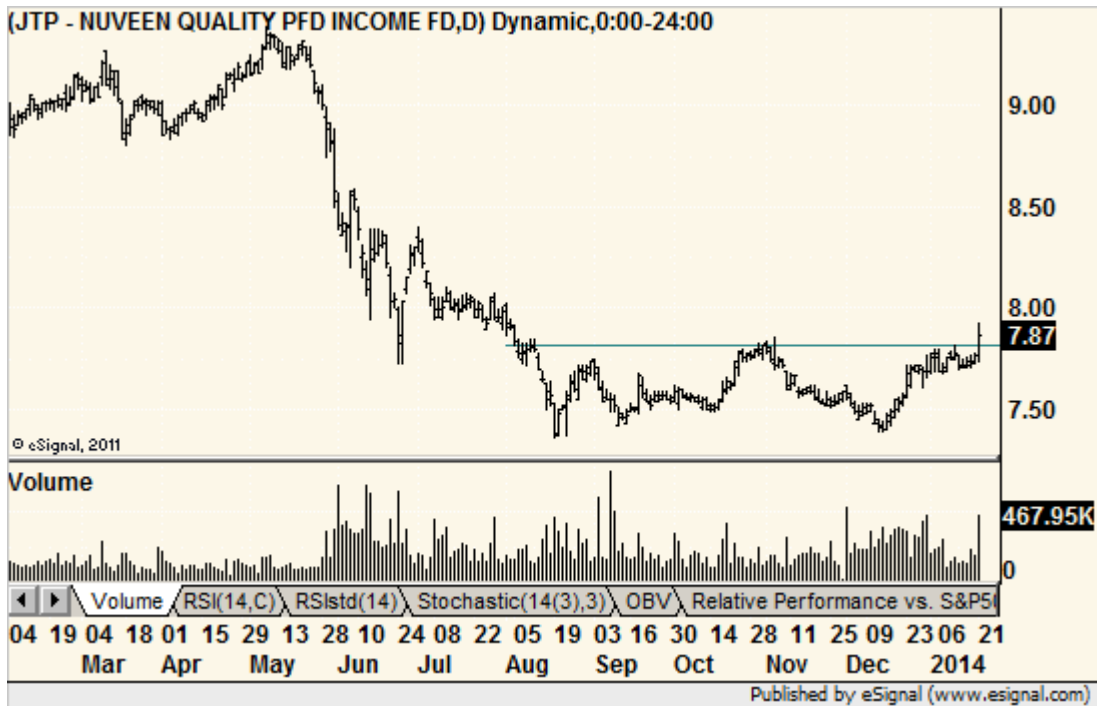
Railroads - This index had an earnings induced break last week and is now pausing on its 50-day average. A breakdown there would be real bad news. All this as both marine shipping and airlines continue to soar, no pun intended.



Biotech index - Overbought.



Oil Exploration/Production Index - Looking like it wants to break out from this decline. RSI never got below 30 and that is a correction condition, not a bearish trend. Best charts in the sector EOG, **PXD**, **XEC**, but be sure you are comfortable with some of the P/E ratios (we are).



Nuveen Preferred Income fund - Do your own research on what exactly this is but the chart looks terrific! Big dividend yield but it went ex-dividend last week.

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	10.36	4.8%	9.90	9.89	12/6	46
	MCD	MCDONALDS CORP	95.36	1.2%		94.19	12/13	39
	LO	LORILLARD INC	49.71	-1.2%		50.30	12/24	28
	CPE	CALLON PETE CO DEL	6.64	1.4%	6.40	6.55	1/7	14
	TEVA	TEVA PHARMACEUTICAL INDS LTD	45.31	8.7%	43.25	41.70	1/10	11
	GDX	MARKET VECTORS GOLD MINERS ETF	23.70	7.0%	22.25	22.15	1/13	8
	T	AT&T INC	33.57	0.7%	32.25	33.33	1/14	7
	MON	MONSANTO CO NEW	113.50	0.4%	109.00	113.00	1/15	6
	POT	POTASH CORP SASK INC	33.74	-2.7%	33.25	34.66	1/15	6
<u>Short</u>	SBUX	STARBUCKS CORP	73.65	3.2%	79.00	76.00	1/13	8
	STJ	ST JUDE MED INC	65.96	1.3%	68.00	66.80	1/14	7

Notes: We bailed on **MCD** and **LO** yesterday at the open. P/L above. The two together were a wash.

It's taking a while but **NLY** looks good. Still love the dividend yield.

CPE apparently hit its stop a few days ago but our system showed it missed by one tick. Nothing to do now but move forward with the position.

POT has been weak but is still in a test of its earlier breakout. That's means it is still OK.

Stops raised on several long positions as noted above.

Subscriber Corner

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

Other Information

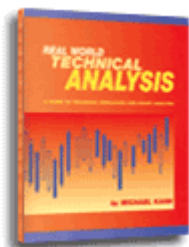
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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