

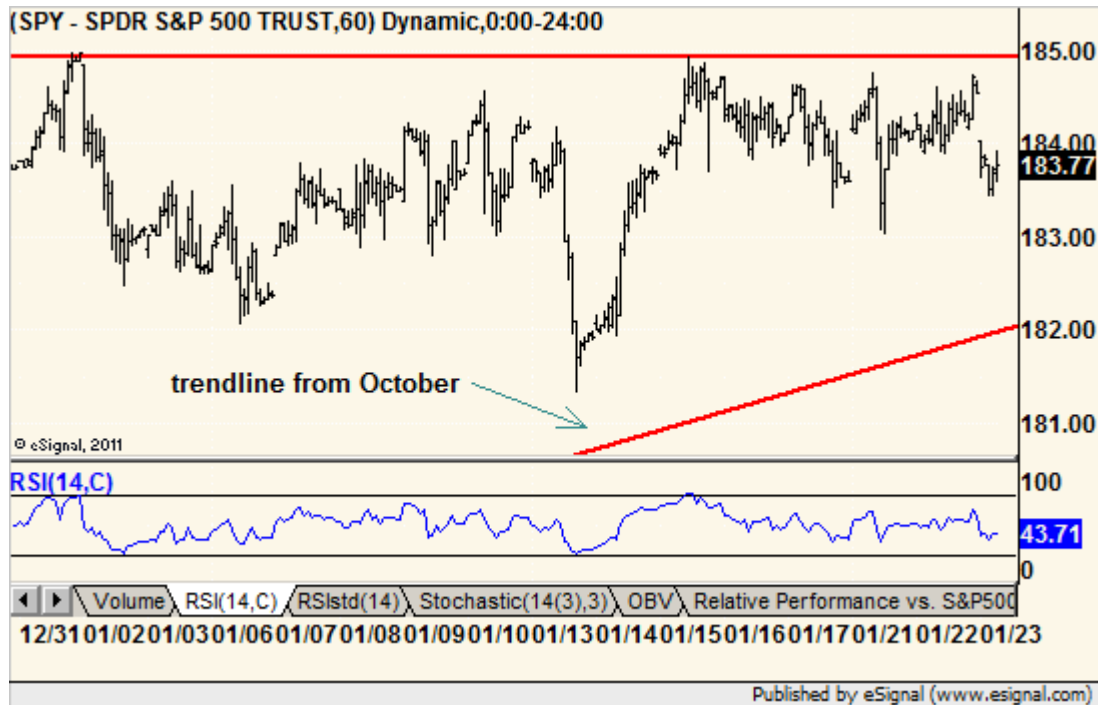
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

January 22, 2014 – After several days of flat trading and earnings bombs on big stocks, the market seems to be softening. While it has not broken down and the Nasdaq and Russell are at new highs, the feel is different. But we do not trade on "feel." The trend is up in both short- and long-terms until the evidence says otherwise. This morning's economic news was weak but again the charts are not broken.

With regard to big stocks mentioned above, the sector performance pendulum has swung back to small stocks. Therefore, seeing a few Dow names tumble should not scuttle the entire market, at least not yet.

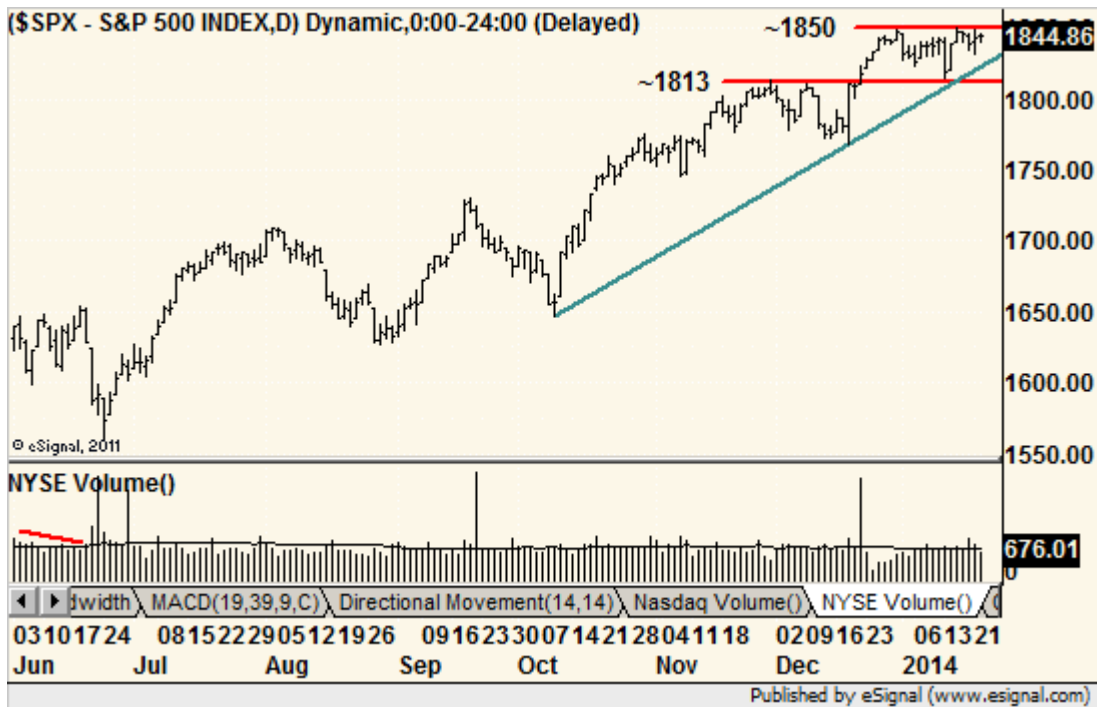


Another premarket where the **SPY** is way down - relatively speaking. It really has not moved on a net basis. Not bad considering the Dow and its heavyweights has been struggling. Again, the two red lines are starting to squeeze the market and we have to see which one wins.

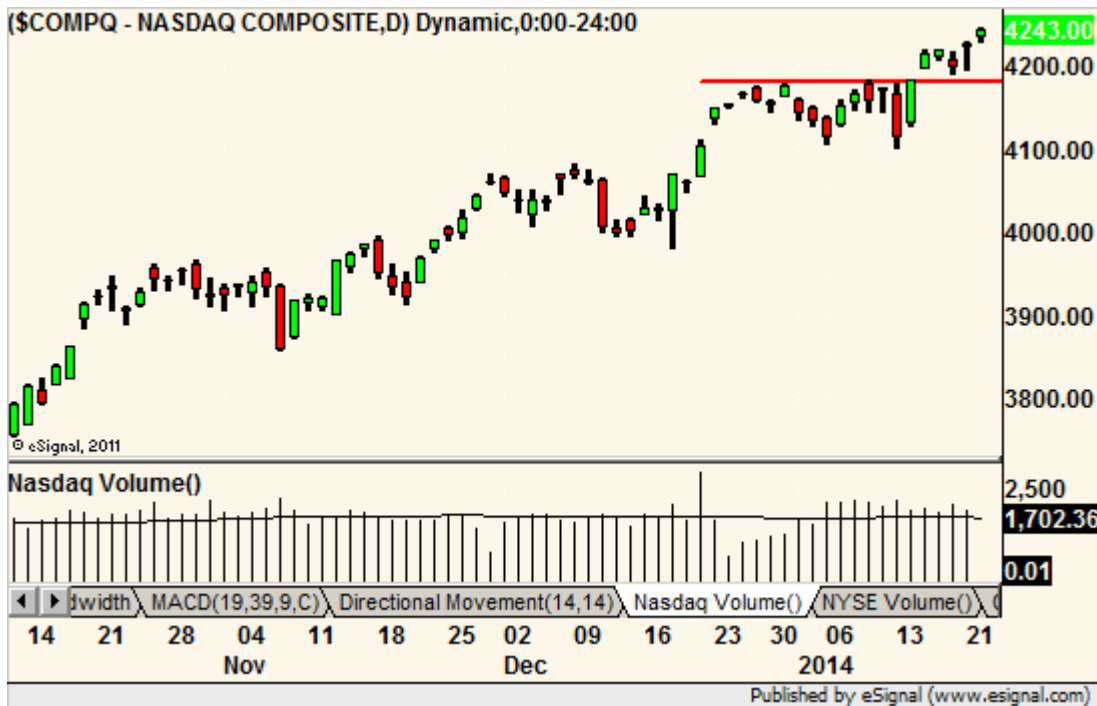
The dollar is tanking! Watch gold today.

Not much to add other than the oil explorer index featured yesterday broke out nicely. Oil itself is not really moving.

Index Charts of the Day



The S&P 500 is staying close to resistance so that is good but it remains in its range with the trendline starting to squeeze it.



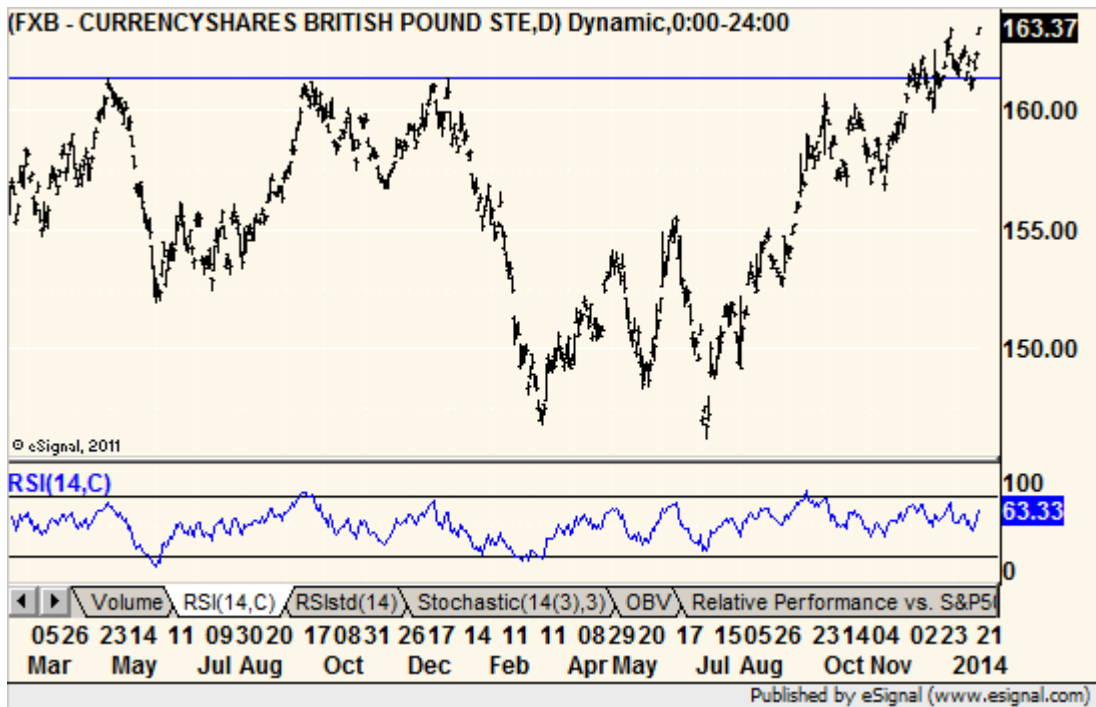
The new high negates Tuesday's hanging many candle for the Nasdaq. Same for Russell 2000, (not shown).

The Radar Screen

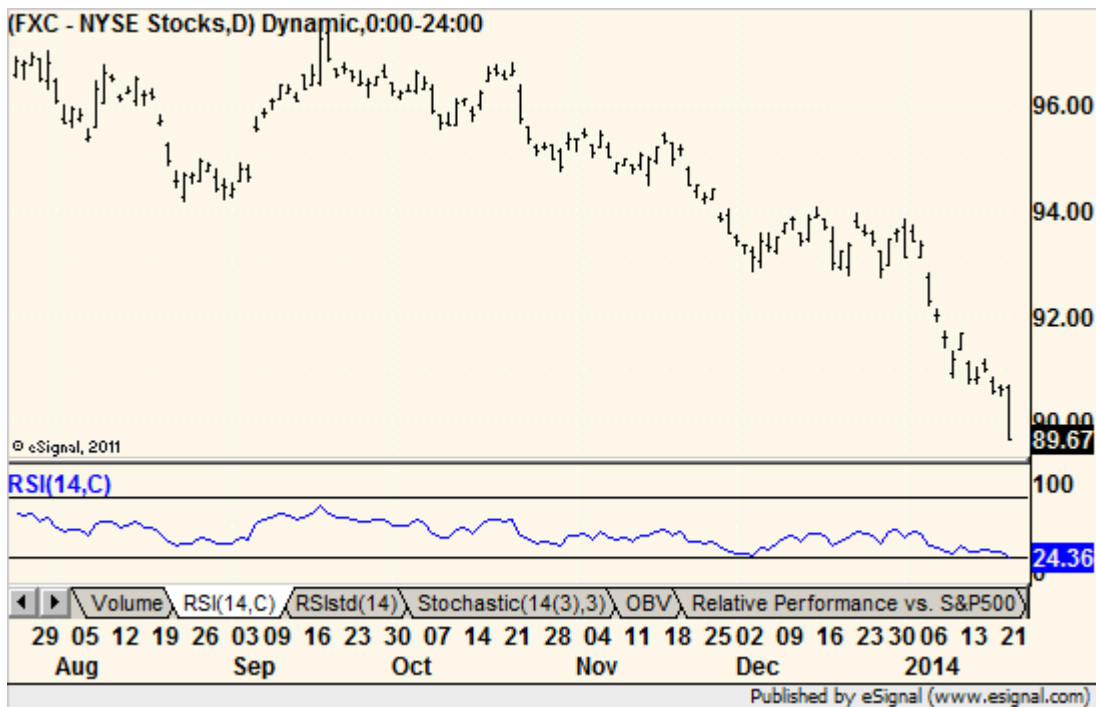
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. 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.	Triggered	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
Nuveen Preferred Income fund JTP - Preferred stock closed end fund and the chart looks terrific! Big dividend yield but it went ex-dividend last week. We are buying after yesterday's dip. Warning - wend ex-div last week.	Moved	1/22
Bearish Implications		
AO Smith AOS - Water heater maker with initial breakdown and pause. Selling close under new mini-support at 51.50.		1/13
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 to 44.00.	Moved	1/21
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Home Properties HME - This REIT is forming a double bottom and should run into its declining trendline soon. Note on-balance volume finally rising. <u>Waiting for pause and trend break.</u>		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
Sector Watch (observations that may spark ideas)		
S&P Insurance ETF KIE - Bearish RSI divergence and potential double top. Waiting for trendline to break. So close.		1/9
Retail ETF XRT - The one major sector that looks awful		1/10
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). Breakout!		1/22
Railroads - The weakest part of the transports sector. Sitting on 50-day average		1/22
Biotech - Overbought. Home to some of the steepest gainers we've seen recently		1/22
Updates		
none -		

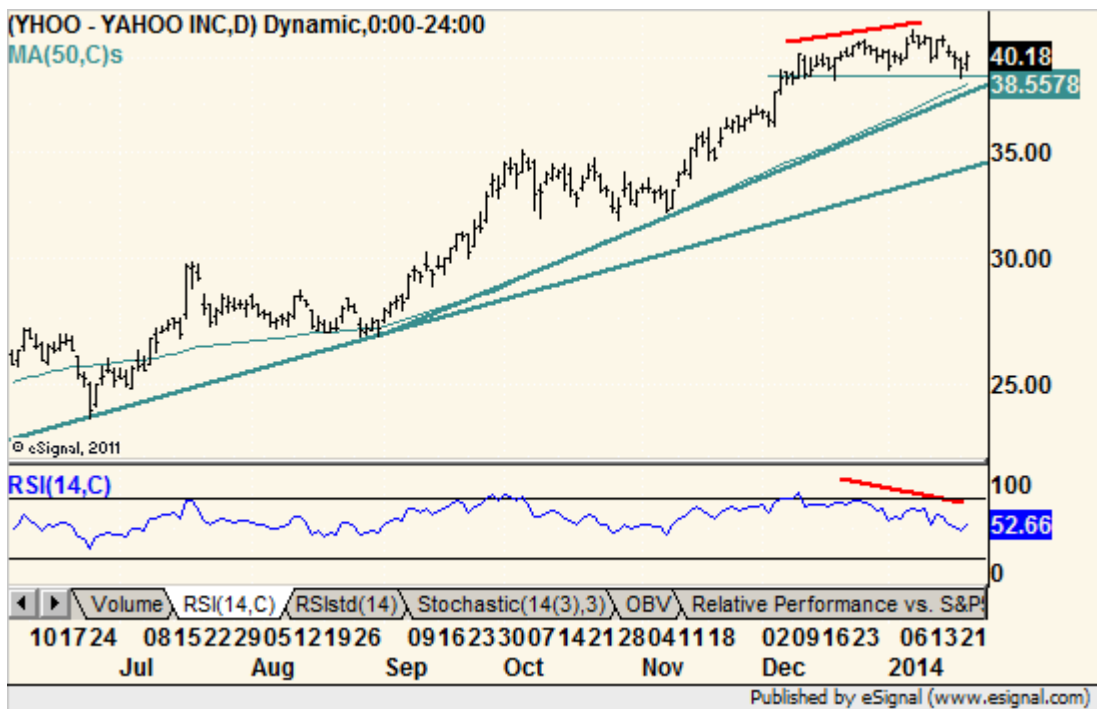
Market Highlights



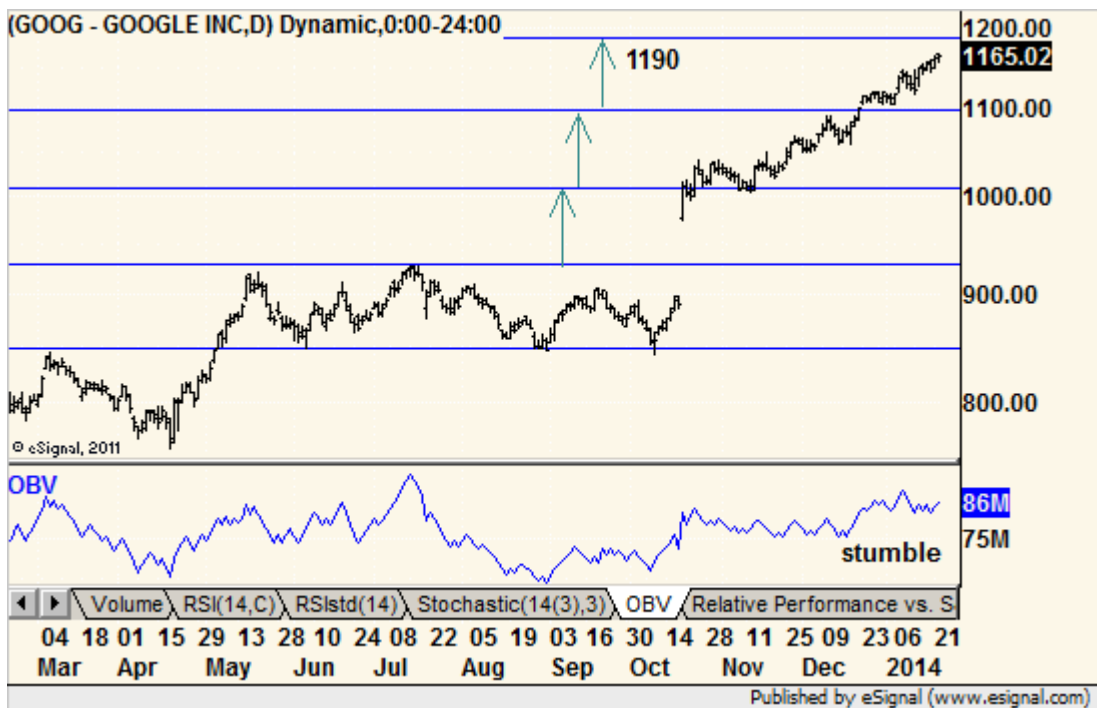
British pound ETF - A new high vs. the dollar. See next...



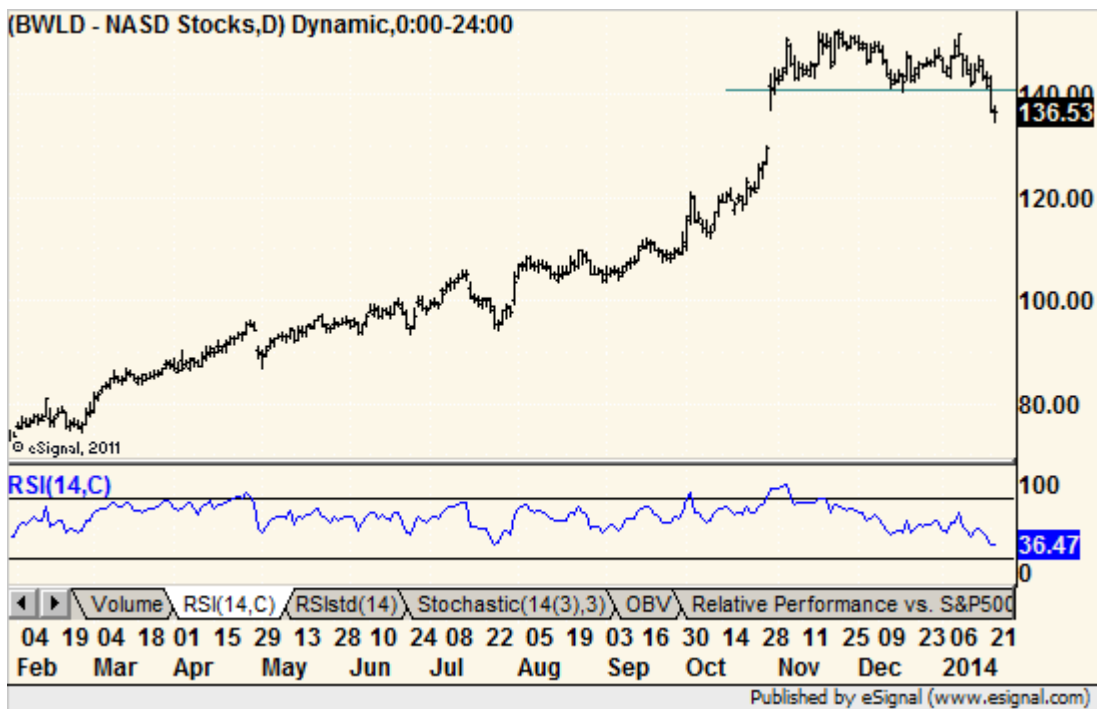
Canada dollar ETF - Versus a new low for the loonie.



Yahoo - It is not quite time to bail on this one if you own it but the RSI divergence and potential head-and-shoulders, squashed as it is, are there. Yahoo owns a giant stake in Chinese Alibaba and the latter has been in the news this week.



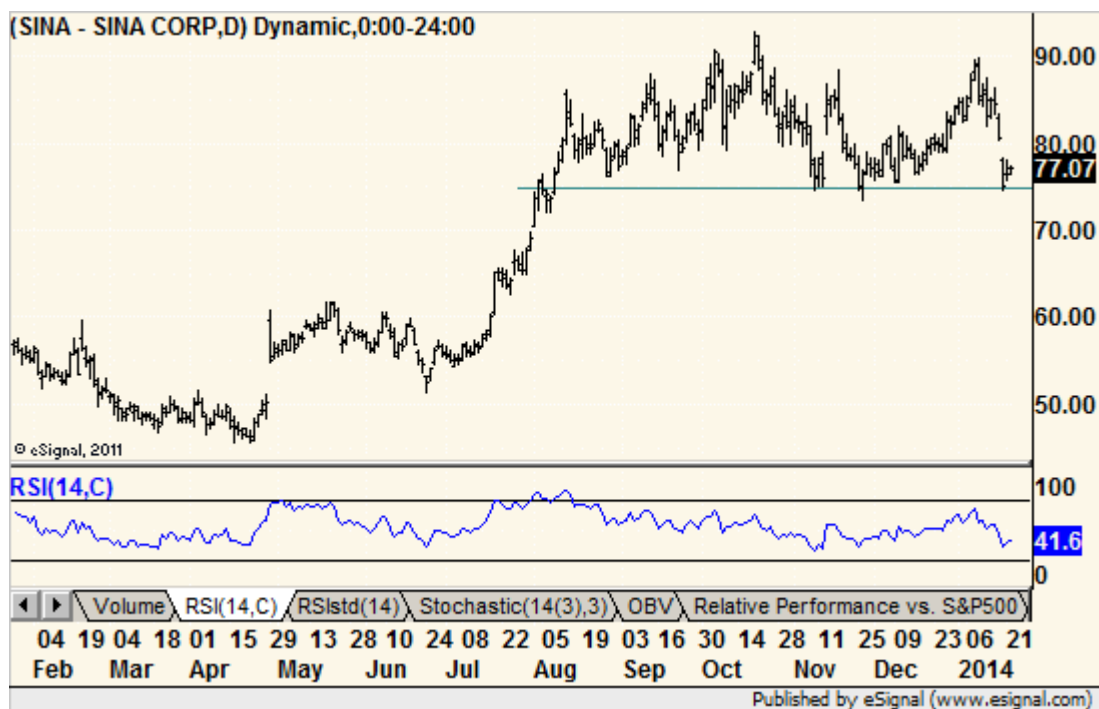
Google - Yahoo's rival is closing in on the third integral multiple of its trading range breakout target. One and two are usually reliable but number three usually has a twist to it. That twist is often a reversal before it is reached and with on-balance volume stumbling, it is time to start to lighten up here with partial profit taking. Two-pager on measuring the move, [click here](#). New subscribers, it is free, no charge, complimentary, gratis and it does not cost anything, either.



Buffalo Wild Wings - This restaurant broke down. Let's see if it gives us a nice test to sell.



Target - Opportunity to buy on the cheap? Not yet.



Sina - Chinese internet stocks are getting crushed in the premarket. This one will break support at the open. Was it the trailing P/E of 1541 (fifteen hundred forty one)?

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	10.39	5.1%	9.90	9.89	12/6	47
	CPE	CALLON PETE CO DEL	6.72	2.6%	6.40	6.55	1/7	15
	TEVA	TEVA PHARMACEUTICAL INDS LTD	44.31	6.3%	43.25	41.70	1/10	12
	GDX	MARKET VECTORS GOLD MINERS ETF	23.09	4.2%	22.25	22.15	1/13	9
	T	AT&T INC	33.34	0.0%	32.25	33.33	1/14	8
	MON	MONSANTO CO NEW	110.81	-1.9%	109.00	113.00	1/15	7
	POT	POTASH CORP SASK INC	33.25	-4.1%		34.66	1/15	7
	IBM	INTERNATIONAL BUSINESS MACHS	182.25	0.5%	175.00	181.28	1/22	7
<u>Short</u>	SBUX	STARBUCKS CORP	73.60	3.3%	79.00	76.00	1/13	9
	STJ	ST JUDE MED INC	64.98	2.8%	68.00	66.80	1/14	8

Notes: Very disappointed that **POT** dipped to the stop. It is a little softer in the premarket so we had no choice or second thoughts but the pattern still looks like a breakout and test.

Related stock **MON** actually had a pattern break yesterday but is close enough to our stop to let it ride and play for a bounce to close it out.

We sold our non-performing long in **LO** earlier this week and since then it has started to rally. While also disappointing, we'd have to do the same thing next time that happens.

Finally, a new long in **IBM** on the gap down open. It gapped a little lower than we thought and slightly below support but it is still above the former falling trendline from last year.

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

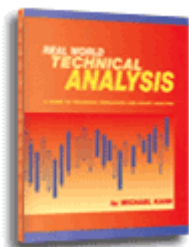
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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