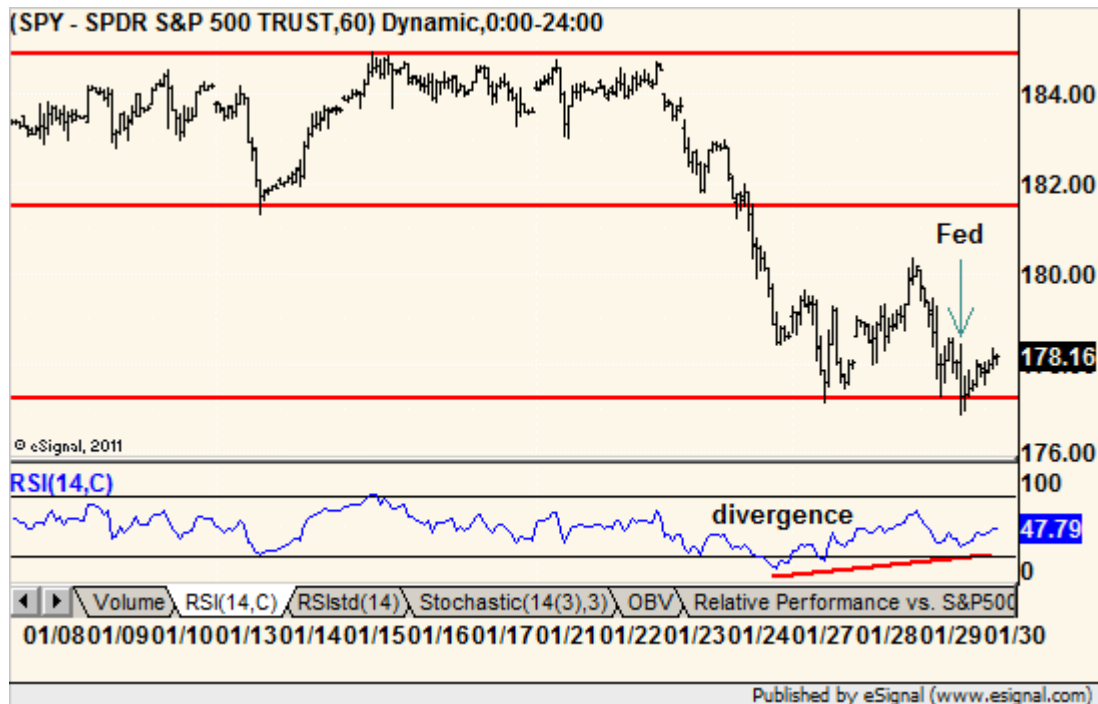


# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**January 30, 2014** – The Fed will taper some more and initially the stock market did not like it. As we can see in the chart below, it dipped below support on the hourly chart but that did not last. Was it a breakdown failure and therefore a bullish signal? Maybe. The odds are better that it is but this market feels different than it did 10 days ago. We'll keep to the positive side thanks to the bullish RSI divergence but if support breaks for real then a lot of traders are going to be switching to the bear side in a hurry.



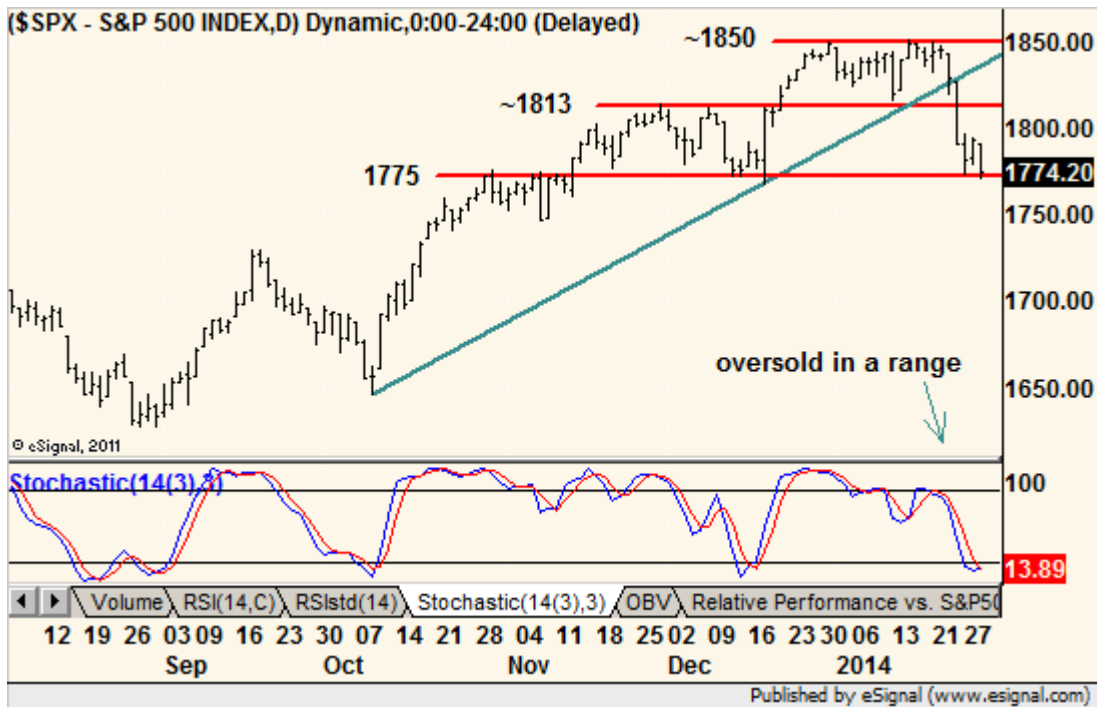
One thing that is different is the five-week rally in the Treasury market. After the Fed, bonds turned on the after burners and the **TLT** ETF tagged its old trendline as resistance (see chart below in Market Highlights). And not that it is a major influence but it also hit its 200-day moving average for the first time since last May. Apparently, bonds liked the commitment to lower rates even though bond buying demand from the Fed is down on the taper.

Back to stocks, it is interesting to note that the biggest losers list yesterday was topped by soft drinks and beer - two traditionally defensive names. At the same time, sectors that gained ground on a very bad market day included paper, chemicals and aluminum - all basic materials and economically sensitive. We are going to take that as confusion in a market searching for direction. Therefore, you will see the Radar Screen rather empty once again.

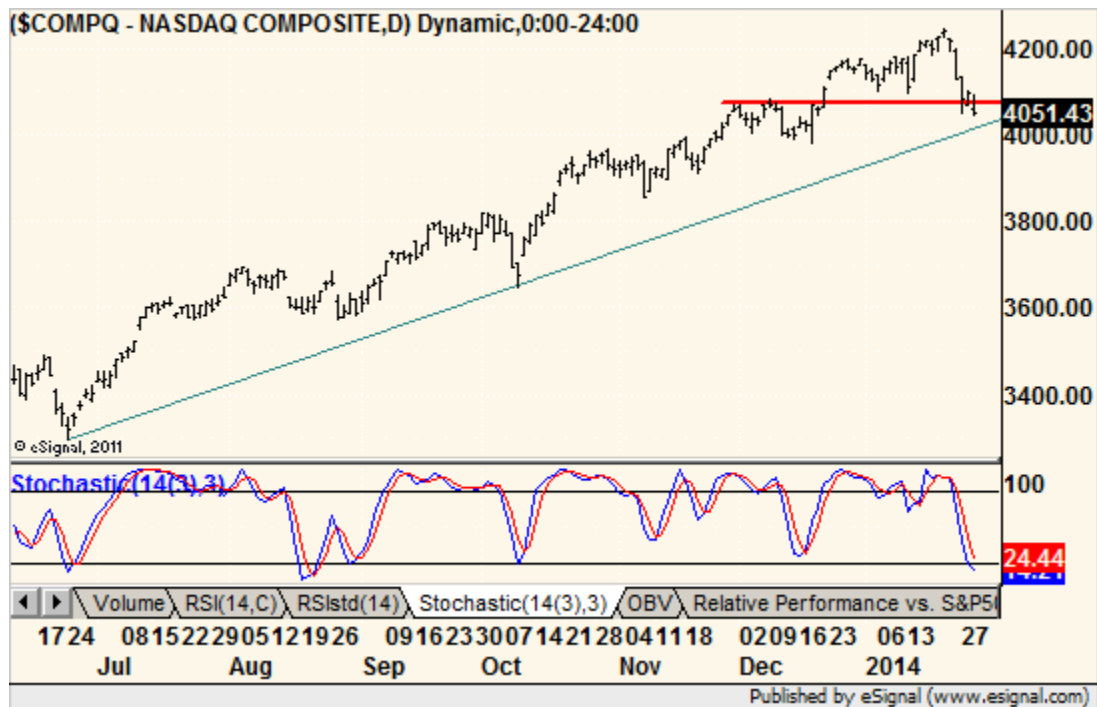
While newsletter writers have to produce every day, traders do not have to trade every day. But if you feel the need, check out the yen ETF (**FXE**). We like the risk/reward and I wrote it up for Profitable Trading, slated to hit their website later this afternoon.

We leave for the MoneyShow in Orlando this morning so we'll be out of touch until this evening. Tomorrow's report may be brief unless the markets do something important.

## Index Charts of the Day



This chart shows two opposing thoughts. First, in a trading range, stochastics this low suggests a bottom has been reached. But second, the longer prices hang around the support level the more likely they are to break down. They stayed on support in December longer before rallying so time has not yet run out for the bulls.



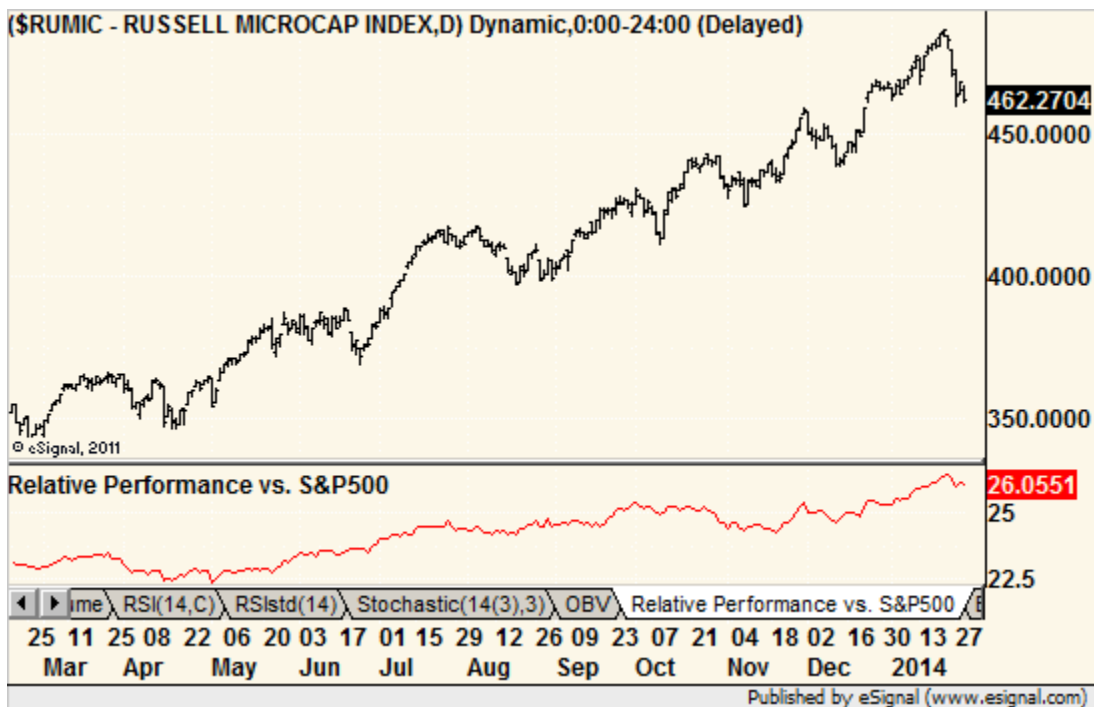
Still no important breakdown but decision time is nearing.

## The Radar Screen

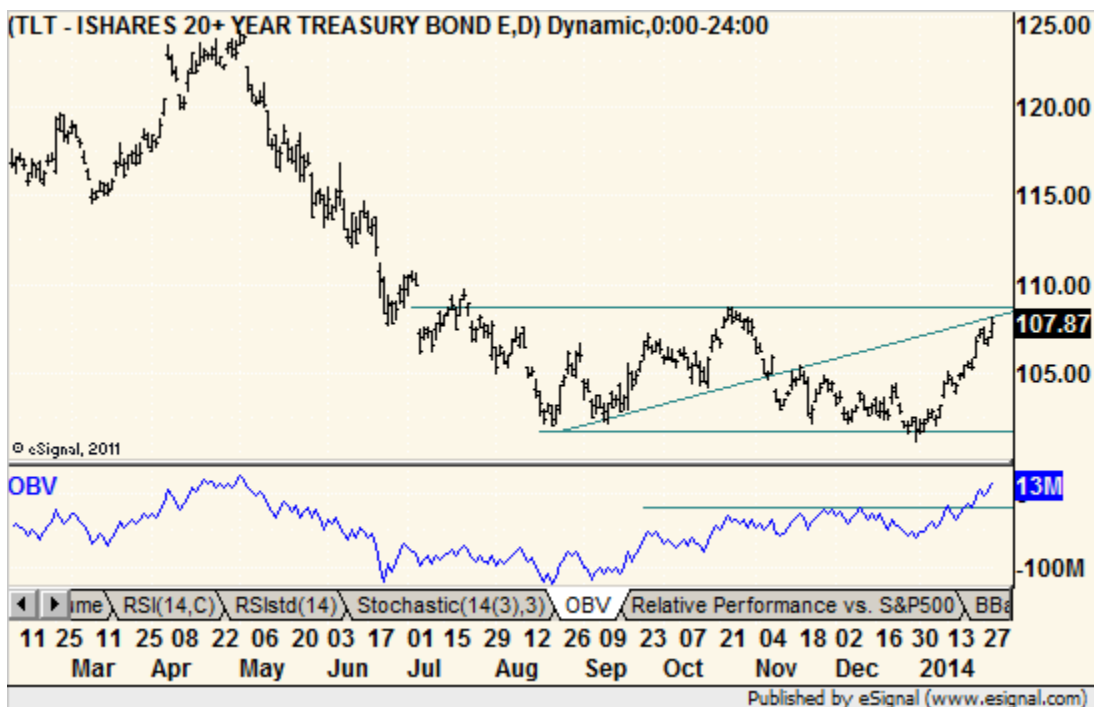
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>none -</b>		
<b>Bearish Implications</b>		
<b>PPG Industries PPG</b> - A chemicals stock sitting on support and already below the 50-day average. A break under 180.70 would be good for 10 points down to the trendline and 200-day average.	<b>New</b>	1/30
<b>Unknown Implications</b>		
<b>none -</b>		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Yahoo YHOO</b> - Total breakdown. Moving on. Never gave us that bounce we wanted to sell it.	<b>Removed</b>	1/23
<b>Google GOOG</b> - We'll leave it here for a short opportunity in case it bounces. Looking for 1136. Not 100% sure. Should <u>happen at the open today but again, now with news out we will not trade.</u>	<b>Removed</b>	1/23
<b>Buffalo Wild Wings BWLD</b> - Let's see if it gives us a nice test to sell. <u>Not happening, moving on</u>	<b>Removed</b>	1/23
<b>Visa V</b> - Is this another Prussian Helmet in progress? This morning's gap up is still in line with the pattern unless it rallies further. Credit cards were the one bright spot in financials, although <b>MA</b> is down big.	<b>New</b>	1/30
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Homebuilding ETF ITB</b> - Nice bounce this week so it is still holding on		1/29
<b>Tech ETF XLK</b> - Still leading and still in rising trends in several time frames		1/29
<b>Healthcare ETF XLV</b> - Still leading the market although drugs stumbled		1/29
<b>Energy ETF XLE</b> - Broke support but XOI index sitting on head/shoulders neck		1/29
<b>Financial ETF</b> - Lost its relative strength edge and now looks like S&P 500. Failed breakouts in banks. Insurance weakest. Asset managers also falling.		1/29
<b>Updates</b>		
<b>Dow Chemical DOW</b> - Closed well off its premarket gap up. Can't touch this.		

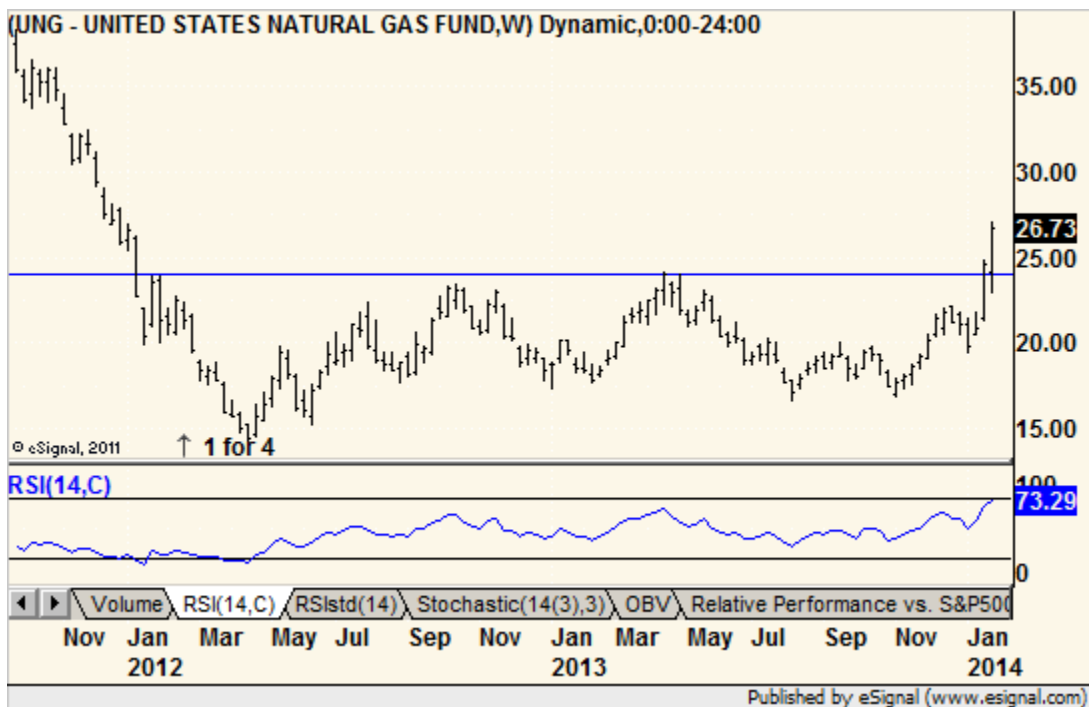
## Market Highlights



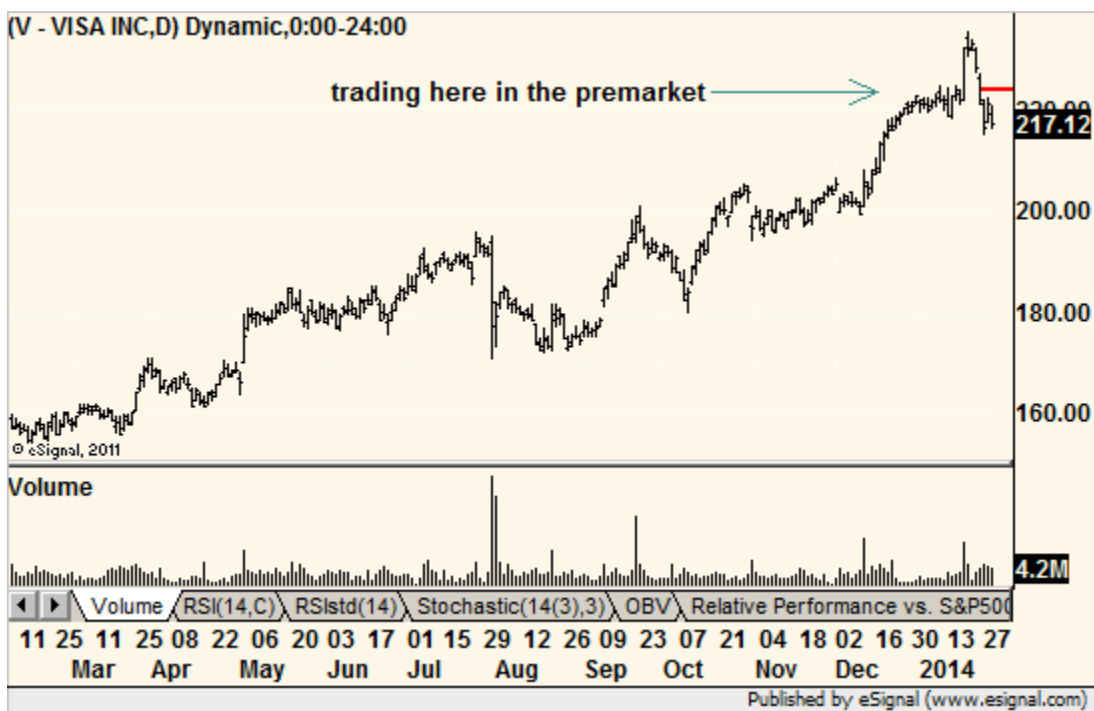
**Russell microcap index** - This sector is still leading the market and that is one for the bulls.



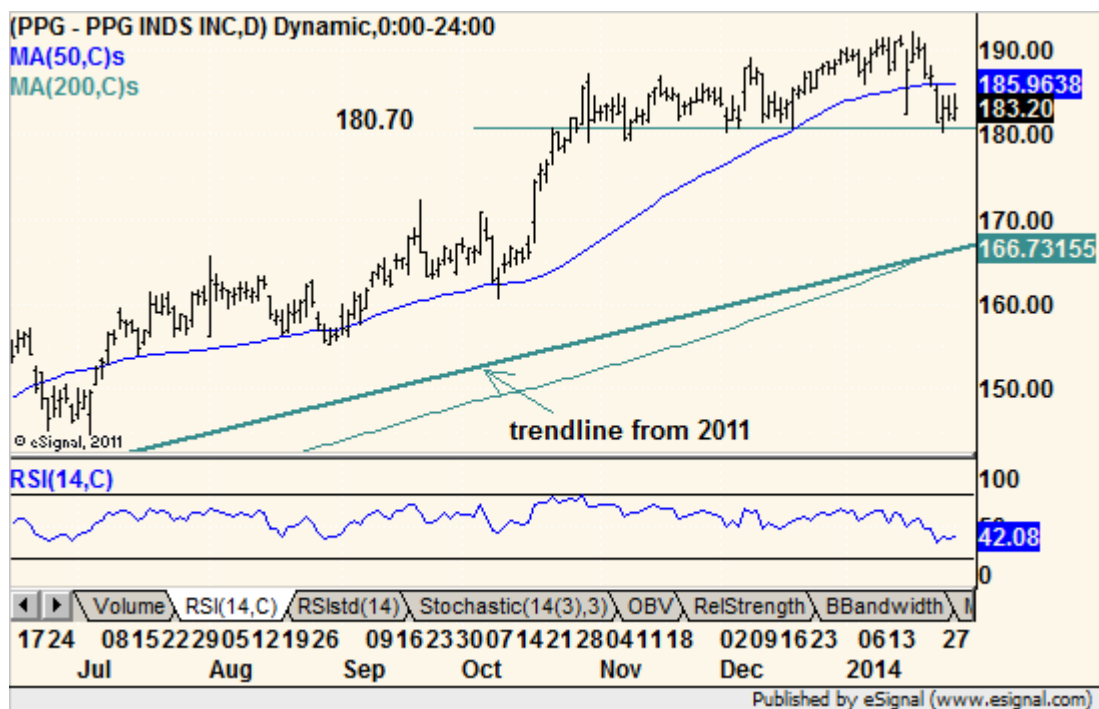
**Long T-bond ETF** - Reached the inside trendline and is close enough to regular resistance to expect a pause. Check out on-balance volume's breakout. It is almost back to where it was in May when prices were way higher than they are now. Bullish. Money is flowing in.



**Natural Gas ETF** - This is a long-term breakout but it is overbought in the short-term.



**Visa** - Is this another Prussian Helmet in progress? This morning's gap up is still in line with the pattern unless it rallies further. Credit cards were the one bright spot in financials, although MA is down big.



**PPG Industries** - A chemicals stock sitting on support and already below the 50-day average. A break under 180.70 would be good for 10 points down to the trendline and 200-day average.

## 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	10.50	6.2%	10.00	9.89	12/6	54
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	24.01	8.4%	22.75	22.15	1/13	16
	<b>T</b>	AT&T INC	32.25	-3.2%	32.25	33.33	1/14	15
	<b>IBM</b>	INTERNATIONAL BUSINESS MACHS	176.40	-2.7%	175.00	181.28	1/22	7
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	7.75	-1.0%	7.70	7.83	1/23	6
	<b>GE</b>	GENERAL ELECTRIC CO	25.29	-0.2%	24.50	25.33	1/28	1
	<b>THI</b>	TIM HORTONS INC	51.65	-1.6%	50.75	52.47	1/28	1
<u>Short</u>	<b>AOS</b>	SMITH A O	47.78	5.0%	49.00	50.19	1/23	6

**Notes:** Well, buying at the open yesterday was a bad idea, especially for **THI**. It is quite oversold now so we'll hang on for the bounce and then reevaluate whether we want to stay in it.

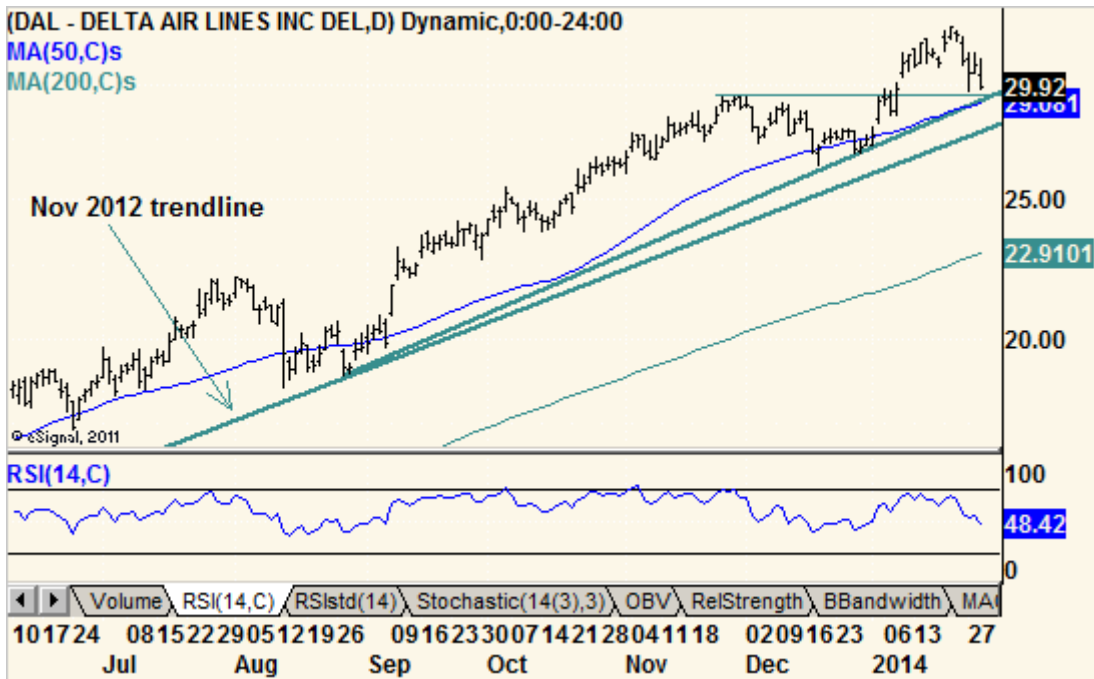
We are stopped out of **T** at our stop price, which clearly was too tight. It gapped down at the open but came roaring back to nearly unchanged. We'd buy it back right here but we do try to avoid churning. If you did not stop it out, good. We like it better today than last week now that it has a false breakdown.

A subscriber challenged the actual price for the stop. Since it opened at 32.40 above our stop and traded down to and through it, we are out at 32.25.

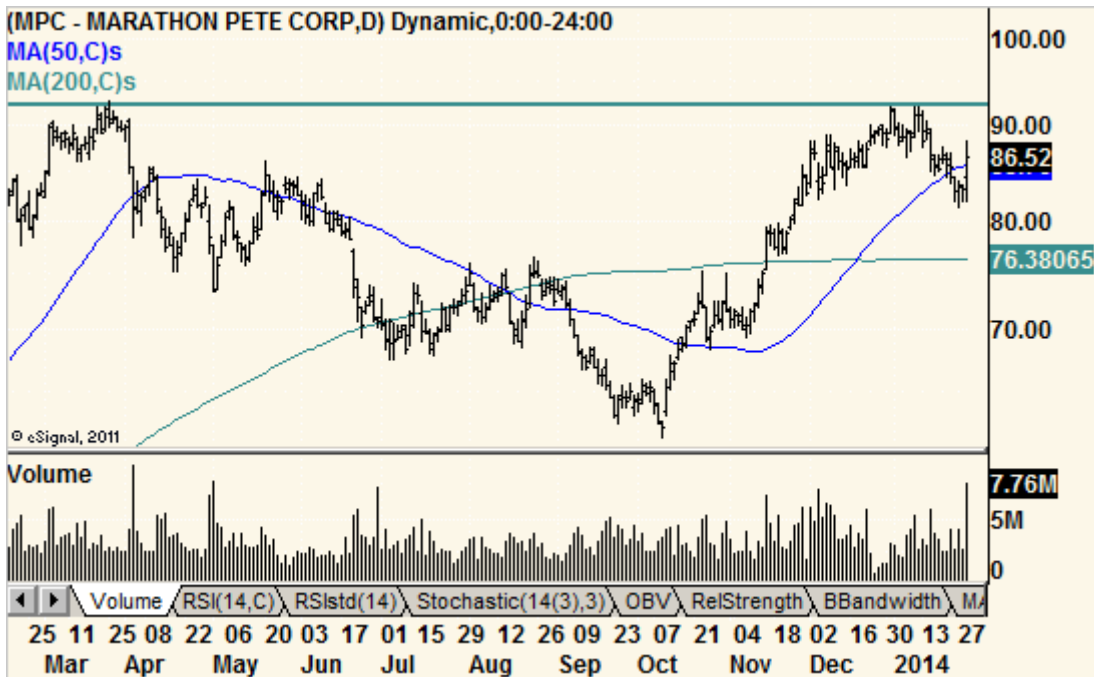
Finally, raised stop on **GDX** a notch.

## Subscriber Corner

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



**Delta Airlines** - This log scaled chart puts the two trendlines close together and both are obviously intact. The 50-day average is holding as is support from the November high. Basically, it is a buy-the-dip stock. Is that 2.41 trailing P/E correct? If so, its looks good with a stop just below the trendlines.



**Marathon Petroleum** - We like the refiners. This one has a strong rebound with big volume and is back above its 50-day average. The caveat is that resistance is just overhead.



## Other Information

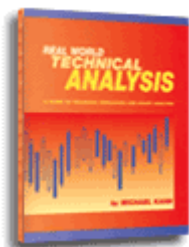
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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