

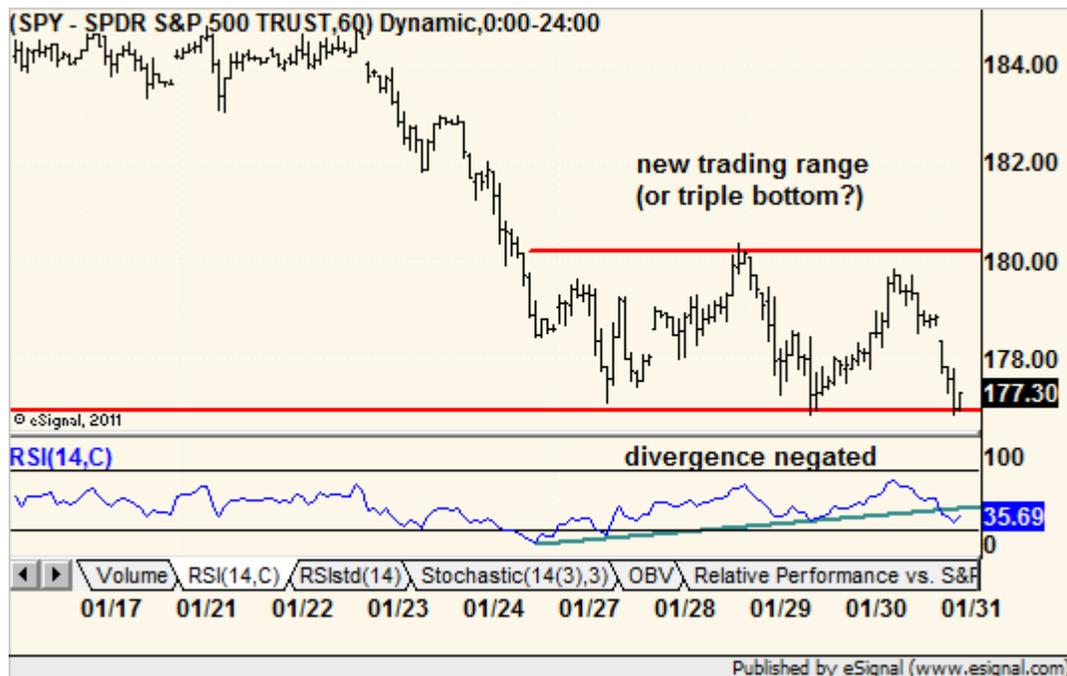
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

January 31, 2014 – January comes mercifully to an end and what started out with promise immediately sputtered and then tanked. If the January indicator is correct, this will be a down year. But is it really a good bet or is it just the manifestation of a bull or bear market? Check out the chart in the Big Picture section below.

With earnings coming in bunches it sure does paint a different picture than last time. For every Facebook there is an Amazon and a MasterCard. We have not thrown in the towel just yet but with the S&P 500 back to critical support again in the premarket the flood gates of selling could open. Late note – as we go to press, we see the SPY in the chart below trading below support.



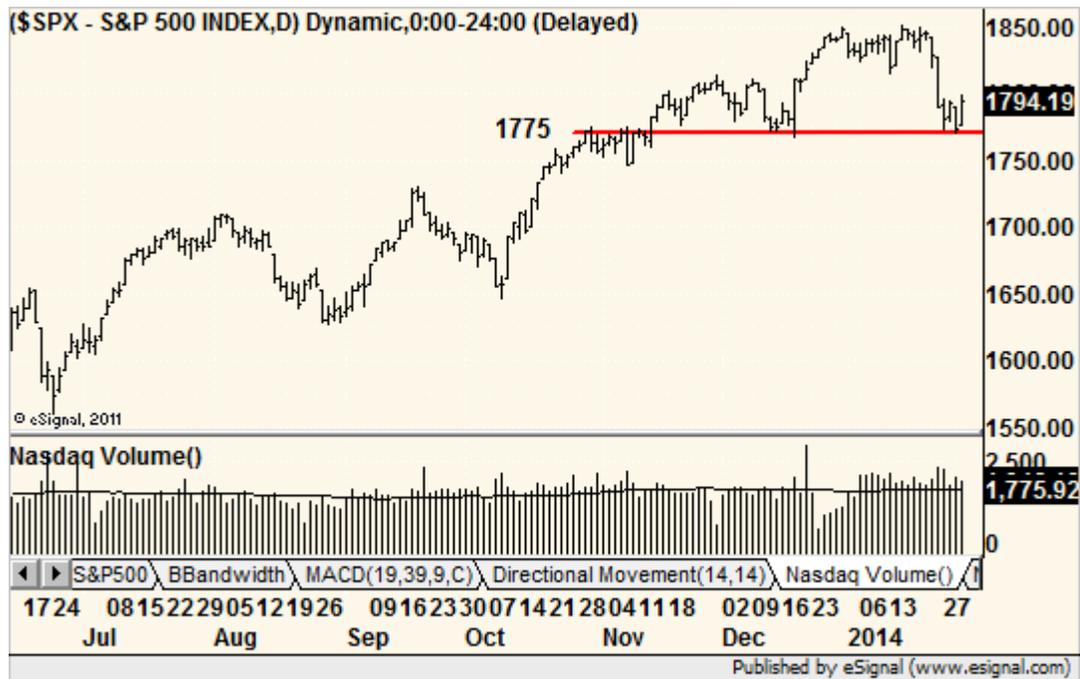
And while stocks shiver, bonds are rallying again. The dollar is firmer, too, as is the yen, despite yesterday's big decline in the latter.

We are in Orlando setting up shop for tomorrow's presentation at the MoneyShow so we cannot get into much detail here today. However, with the turmoil in the market right now and a strong bond market, utilities and other dividend payers are the place to be...at least until it is really time to cut way back.

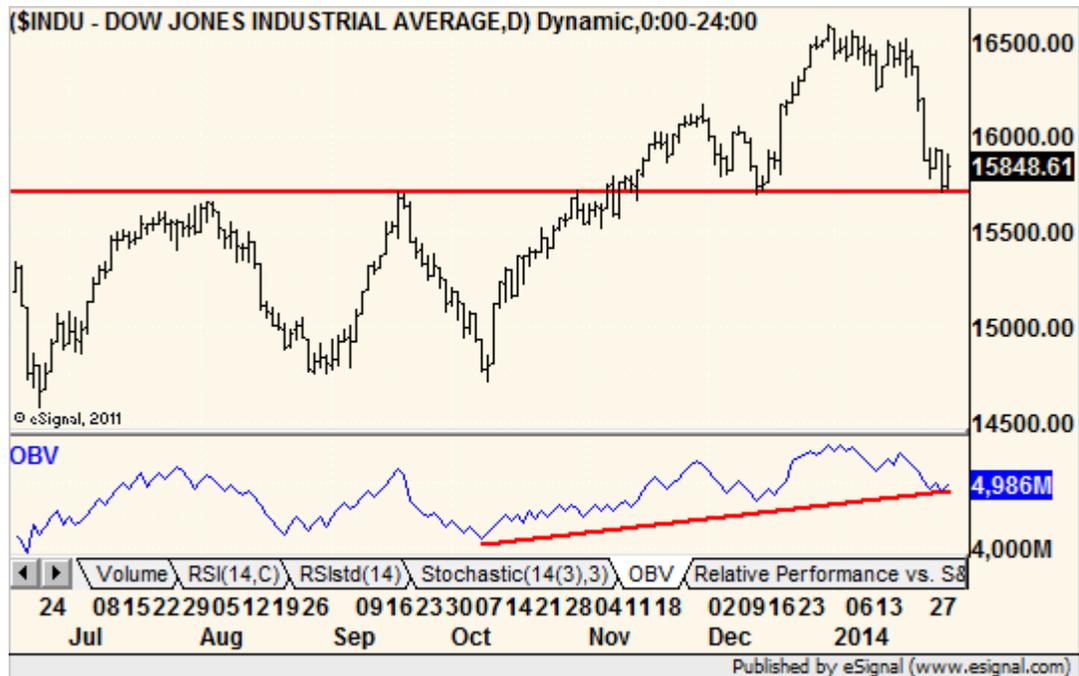
Funny how just yesterday we reported how strong microcaps were and they did have a great Thursday. We'll watch there to see if this is a flight from risk (action) or a simply liquidation of liquid big stocks to raise cash out of fear (preparation).

We cannot see doing much today unless the S&P cracks 1775 in a big way after amateur hour (9:30-10:00) is over.

Index Charts of the Day



The 1775 level gets more critical by the day and if it breaks everyone will see it. We do not like the volume over the past few days with more on declines and less on rallies.



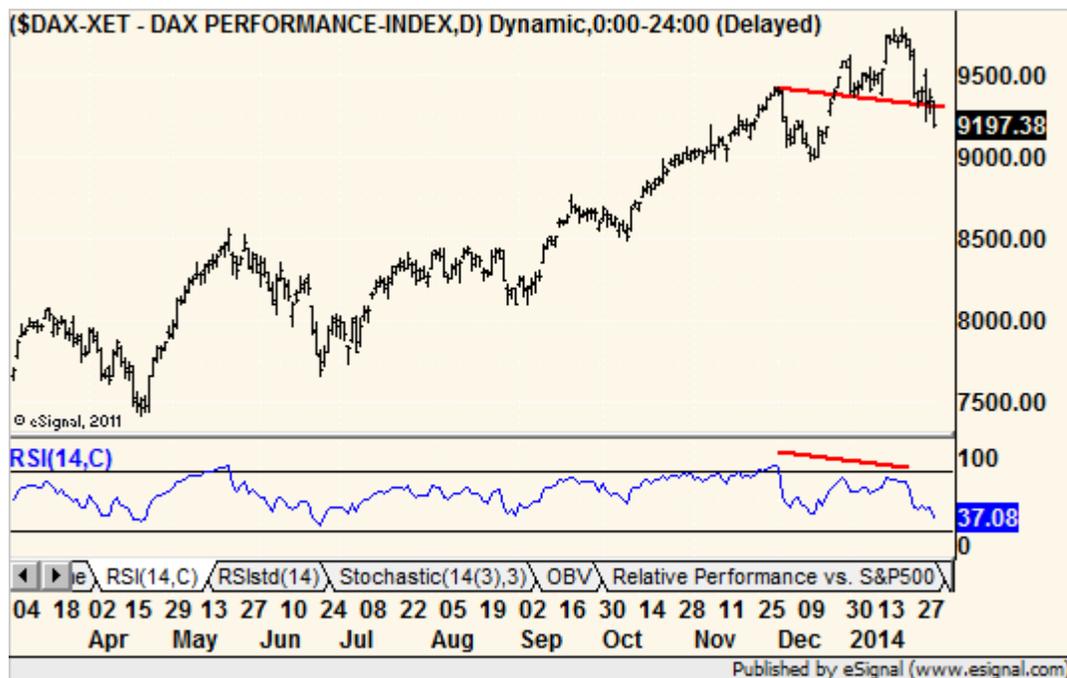
The Dow is sitting on the top of its former multi-month range. On-balance volume is still in a rising trend – barely.

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		
none -		
Bearish Implications		
PPG Industries PPG - 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. <u>Falling volume bear flag in progress</u>		1/30
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Visa V - Is this another Prussian Helmet in progress? Big gap up failure Thursday		1/30
Sector Watch (observations that may spark ideas)		
Homebuilding ETF ITB - Nice bounce this week so it is still holding on		1/29
Tech ETF XLK - Still leading and still in rising trends in several time frames		1/29
Healthcare ETF XLV - Still leading the market although drugs stumbled		1/29
Energy ETF XLE - Broke support but XOI index sitting on head/shoulders neck		1/29
Financial ETF - Lost its relative strength edge and now looks like S&P 500. Failed breakouts in banks. Insurance weakest. Asset managers also falling.		1/29
Updates		
none -		

Market Highlights



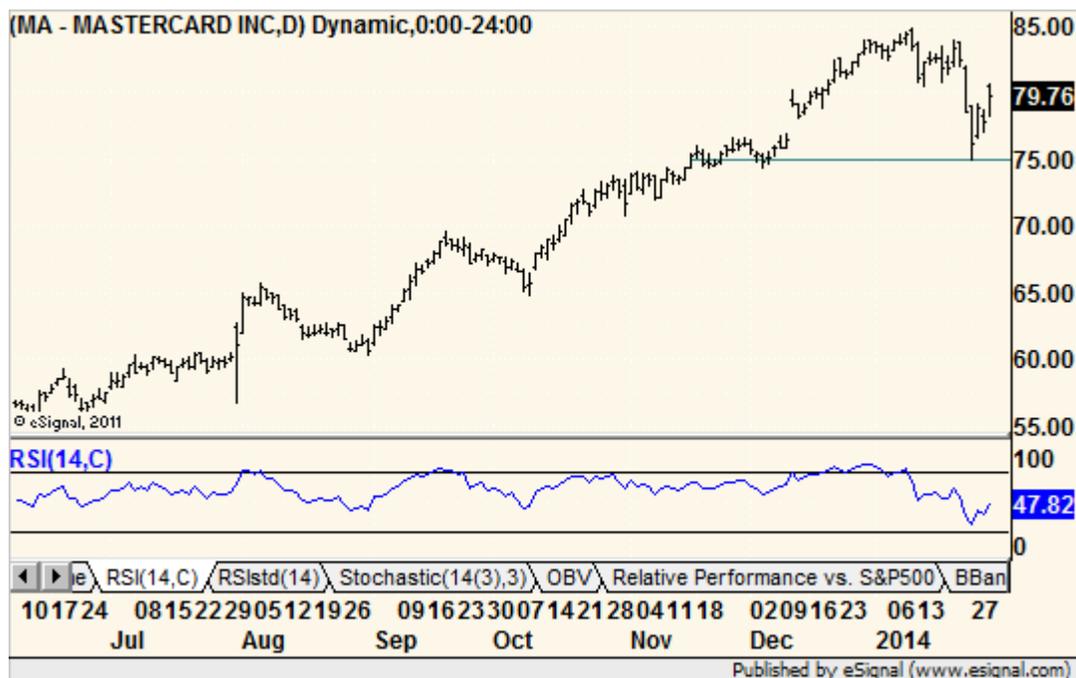
Germany DAX – We can argue that a small head-and shoulders broke down here. Don't get hung up on trendlines as there are many that are equally as (in)valid.



Japan (TOPIX) – A breakdown and partially from a rising yen.



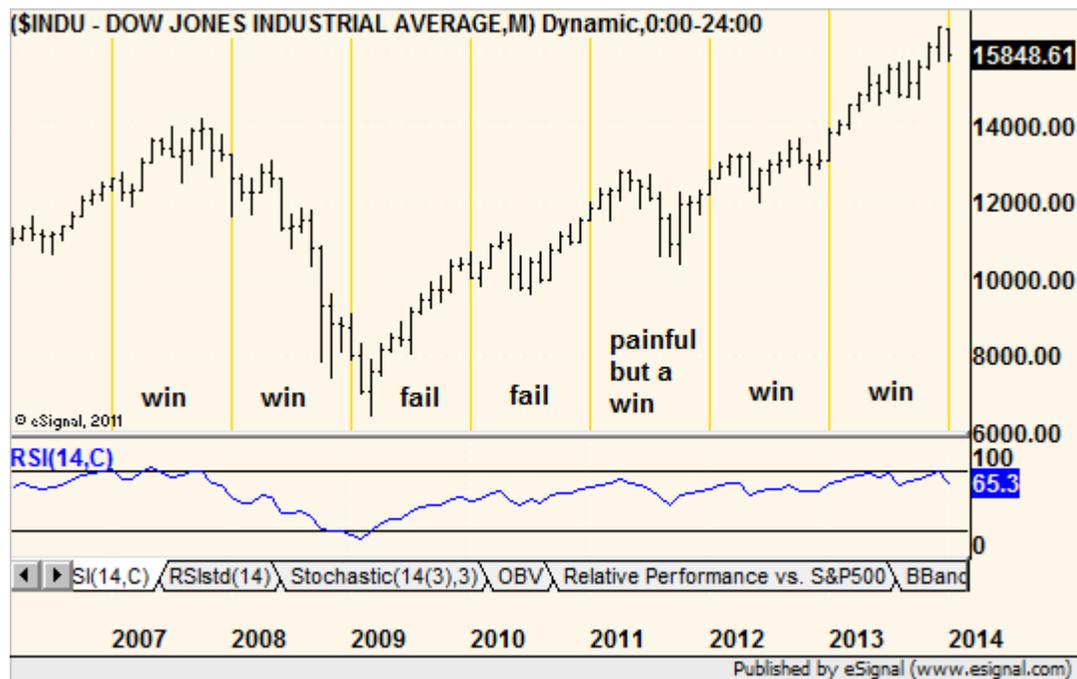
Amazon – earnings miss and down it goes. Note on-balance volume was falling prior. Someone joked that they did not lose enough money for investors so they sold it – Amazon always went for share, not profits.



MasterCard – Also getting clobbered in the premarket on earnings. Trading at support but the bear flag was confirmed.

The Big Picture

In this section, we take a macro look at things.



Here is the Dow on a monthly chart with Januarys highlighted. The labels address the January indicator where “as goes January so goes the year.” Five wins out of seven seems OK but the two fails were huge.

Note that it worked better when January was in the direction of the major trend so is this really an indicator?

But who cares about the testing? What we want to know is whether this is a bull market or bear and we’ve been looking for a top soon. We did not expect it to be this month but we may have to join that camp if the market breaks down now.

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	10.56	6.8%	10.00	9.89	12/6	55
	GDX	MARKET VECTORS GOLD MINERS ETF	23.49	6.0%	22.75	22.15	1/13	17
	IBM	INTERNATIONAL BUSINESS MACHS	177.36	-2.2%	175.00	181.28	1/22	8
	JTP	NUVEEN QUALITY PFD INCOME FD	7.79	-0.5%	7.70	7.83	1/23	7
	GE	GENERAL ELECTRIC CO	25.50	0.7%	24.50	25.33	1/28	2
	THI	TIM HORTONS INC	52.14	-0.6%	50.75	52.47	1/28	2
<u>Short</u>	AOS	SMITH A O	47.81	5.0%	49.00	50.19	1/23	7

Notes: **THI** scored a nice bullish reversal bar on big volume \Thursday so we like it much better now.

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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