

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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February 3, 2014 – The tone of the market has changed considerably and major names are breaking. The action last week in retail oriented items, such as Amazon and MasterCard was troubling but one look at the retail sector and we can see the trend is and was down (chart below).

We are not so sure this is it for the bears for ultimate victory. The major indices are still hanging on although the longer they go without recovering the better the odds that they won't. It is one reason we are not offering up new buy ideas today and why the Holding Tank is bare.

Ideally, we'd like to see a bounce but not a new high. That would set up the head-and-shoulders pattern for the S&P 500 that would solidify the change in trend and the skid we thought would come just a little later this year. A new high - in our view - would suck everyone back in and set up a really bad fall.



The hourly chart shows a trading range with critical support extended back from the daily chart. Until this breaks one way or the other, all we can do is wait.

As for the bond market, things look a lot stronger. Bond equivalents such as utilities and mortgage finance are indeed in rising trends, at least in the short-term. A flight to safety? Hard to use mortgage finance and an argument there but Treasuries are dragging dividend payers higher. Check out the chart of the dividend payer ETF below for more (below).

Finally, natural gas (UNG) is poised to break hearts again. Glad we are not playing.

Index Charts of the Day



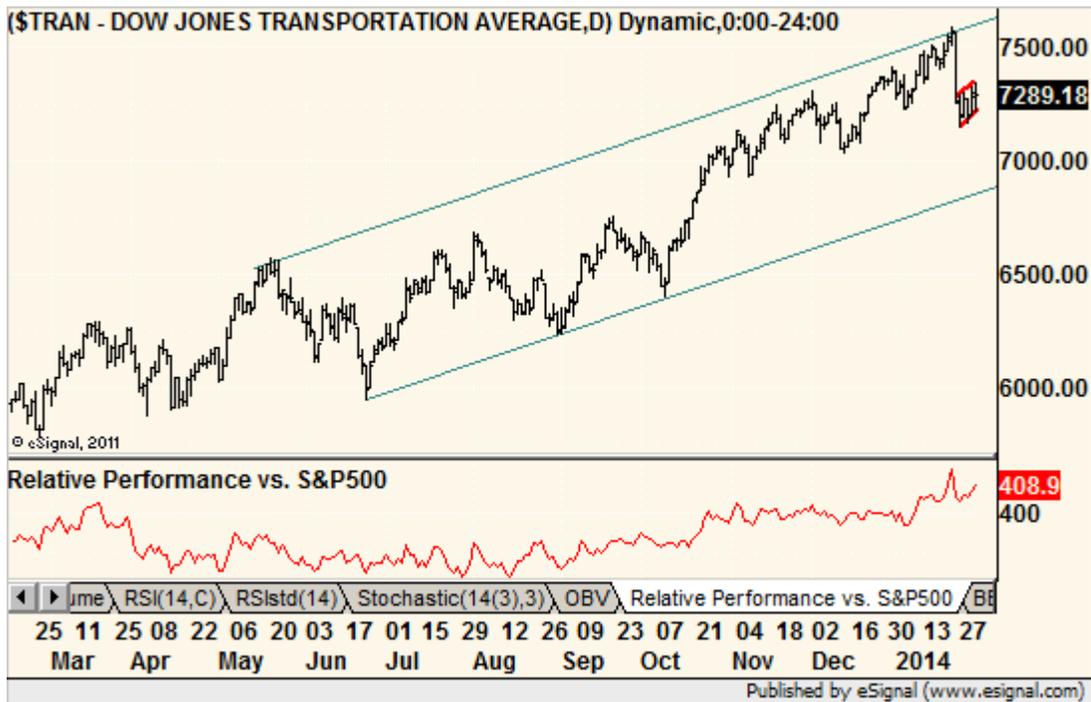
Back to the same S&P 500 chart showing the critical 1775 level. We still see higher volume on down days than on up days. The longer the index sits on support without rallying off it, the higher the odds for a real breakdown become.



The Dow flirted with a breakdown Friday but it was not big enough for a signal without confirmation by other indices. The important item here is relative performance. The big cap, international names of the Dow are seriously lagging and we wonder how the market can be about to dive if these safe (blue chip) stocks are faring worst.



There is an argument that the Russell has a breakdown but is still outperforming. Again, this index "should" start to lag before the market turns.



The transports are still leading but now have a weekly reversal and bear flag after hitting the top of a trend channel. Odds are negative but we cannot sell until an actual breakdown.

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.

>>> The cupboard is bare, once again.

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.		1/30
US Steel X - Bear flag with falling volume after a support and 50-day average break. Sell close under 25.75	New	2/3
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
none -		
Sector Watch (observations that may spark ideas)		
Homebuilding ETF ITB - Nice bounce last week so it is still holding on		1/29
Tech ETF XLK - May have changed its tone. Chart below	Changed	1/29
Healthcare ETF XLV - Still leading the market		1/29
Energy ETF XLE - support and head/shoulders neckline broken to downside	Changed	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		
Amazon AMZN - Serious breakdown, not a buy-the-dip		
Coffee ETN JO - Still looking hot		

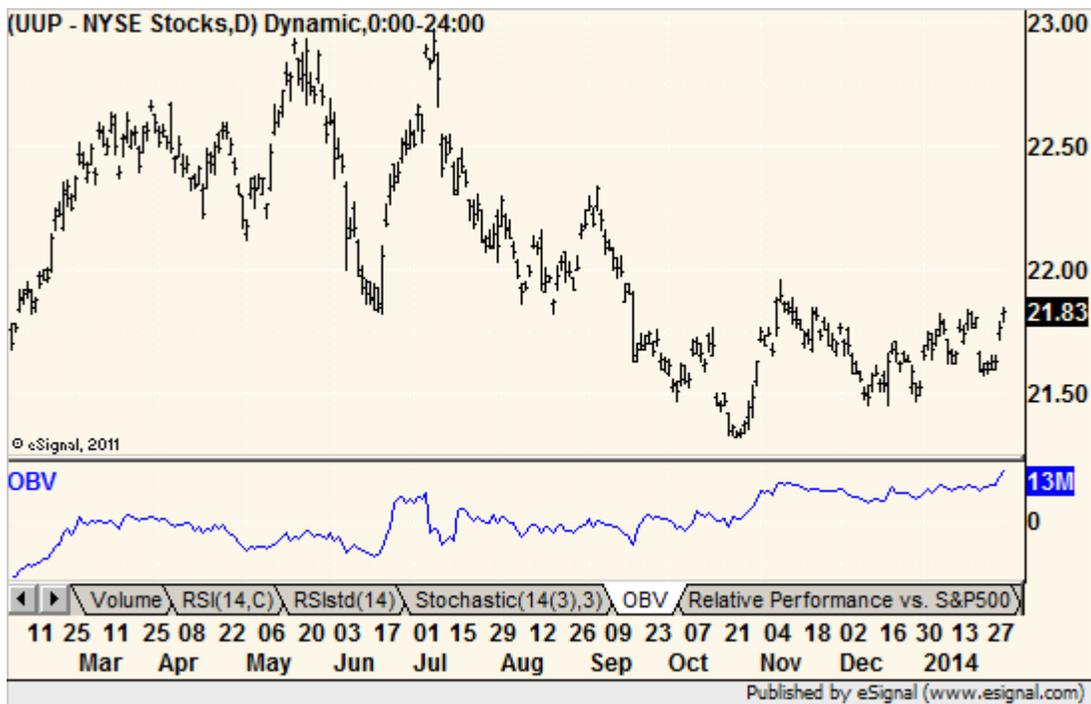
Market Highlights



Tech ETF - Still outperforming but the past week was rough. First support broken and under test now. Second support is critical. Looks more like a range now than a new trend.



Retail ETF- This is the SPDR version. The **MVR** Morgan Stanley retail index is worse but the **RTH** Market Vectors ETF is still above its 200-day average. In any case, retail is hurting and in decline.



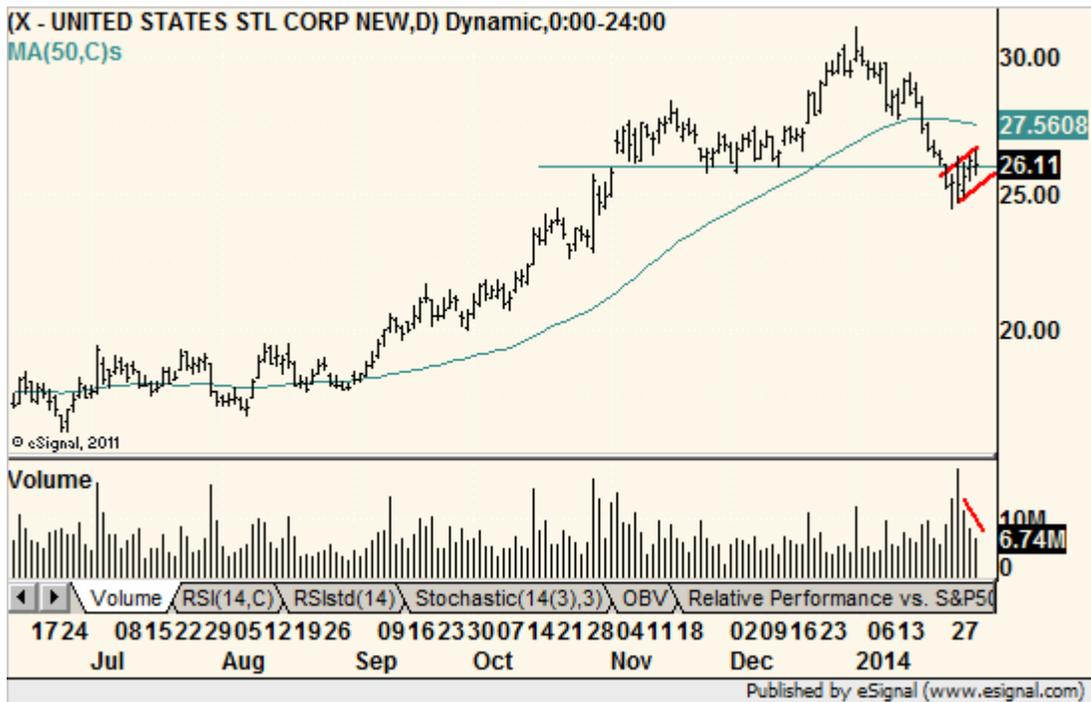
Dollar ETF - The dollar index is flat to lower this morning but Friday the ETF scored another new high in on-balance volume. This is dollar bullish -- **but not against the yen**. See next...



Yen ETF - Short-term bottom and continued strength. Bid slightly higher in the premarket today.



Barrick Gold - Look who is back above the 200-day average. We won't break our arms patting ourselves on the back just yet with resistance at 20.75-ish overhead.



US Steel - Bear flag with falling volume after a support and 50-day average break. Sell close under 25.75

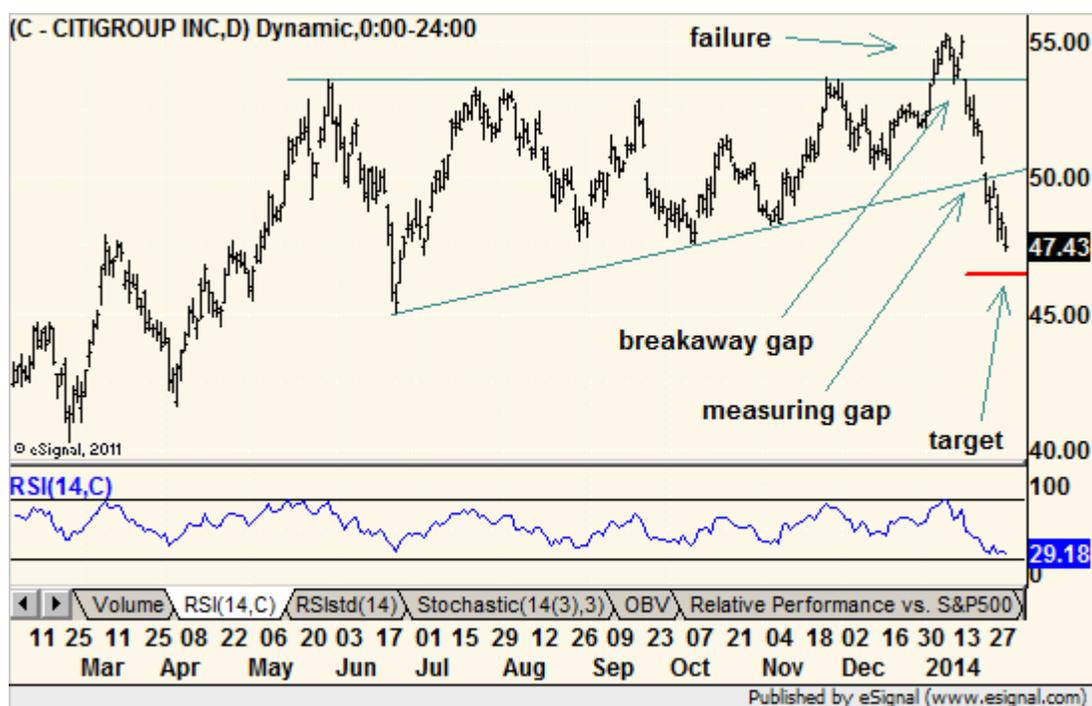


Global X Super Dividend ETF - This ETF is very thinly traded so we'll just use it to illustrate the shift in relative performance here. Dividends are back. Also, this chart is very similar in look to the utilities sector.

Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Failure, gaps, and targets



Citigroup - This one had a breakout failure, which usually suggests a move to, if not though, the other side of the pattern. The first move was a gap - a breakaway gap. The second was a measuring or continuation gap, which targets about 46.50.

Will it reach the target without a backing and filling first? Who knows? But this was a pretty good short after the failure. I wrote it up for Barron's, not as a trade but as evidence of a big shift away from financials.

Two-pagers- click the links (new subscribers - Don't be shy. They are included in the service)

[Gaps](#)

[Success from failure](#)

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	10.77	8.9%	10.20	9.89	12/6	58
	GDX	MARKET VECTORS GOLD MINERS ETF	23.48	6.0%	22.75	22.15	1/13	20
	IBM	INTERNATIONAL BUSINESS MACHS	176.68	-2.5%	175.00	181.28	1/22	11
	JTP	NUVEEN QUALITY PFD INCOME FD	7.79	-0.5%	7.70	7.83	1/23	10
	GE	GENERAL ELECTRIC CO	25.13	-0.8%	24.50	25.33	1/28	5
	THI	TIM HORTONS INC	51.77	-1.3%	50.75	52.47	1/28	5
<u>Short</u>	AOS	SMITH A O	47.22	6.3%	49.00	50.19	1/23	10

Notes: Raised stop on **NLY** as dividend payers look better.

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 Ed - The Superbowl indicator was doomed no matter who won since neither team was an original NFC team. Repeat after us - correlation does not imply causation.

Other Information

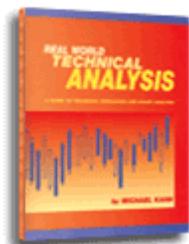
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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