

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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February 11, 2014 - We get why Tesla and Apple went up but Hasbro? Lousy earnings first sent it lower in the premarket and then it zoomed higher. Maybe the new Janet Yellen voodoo doll will be a hit? OK, we made that up but last week, good news was good again and now bad news - for Hasbro and jobs - is also good. The only explanation is the Fed and whether there will be a change in taper policy.

We do not think so as Yellen has already said she is not going to go backwards. Still, stranger things have happened and we'll hear from the Fed's Chair (do not call her Chairwoman) today.

One point to make is that many people were looking for the bounce to end and of course the market would not allow so many people to be right. But consider that all major indices, except the Nasdaq, are still below respective 50-day moving averages. That is a bearish argument.



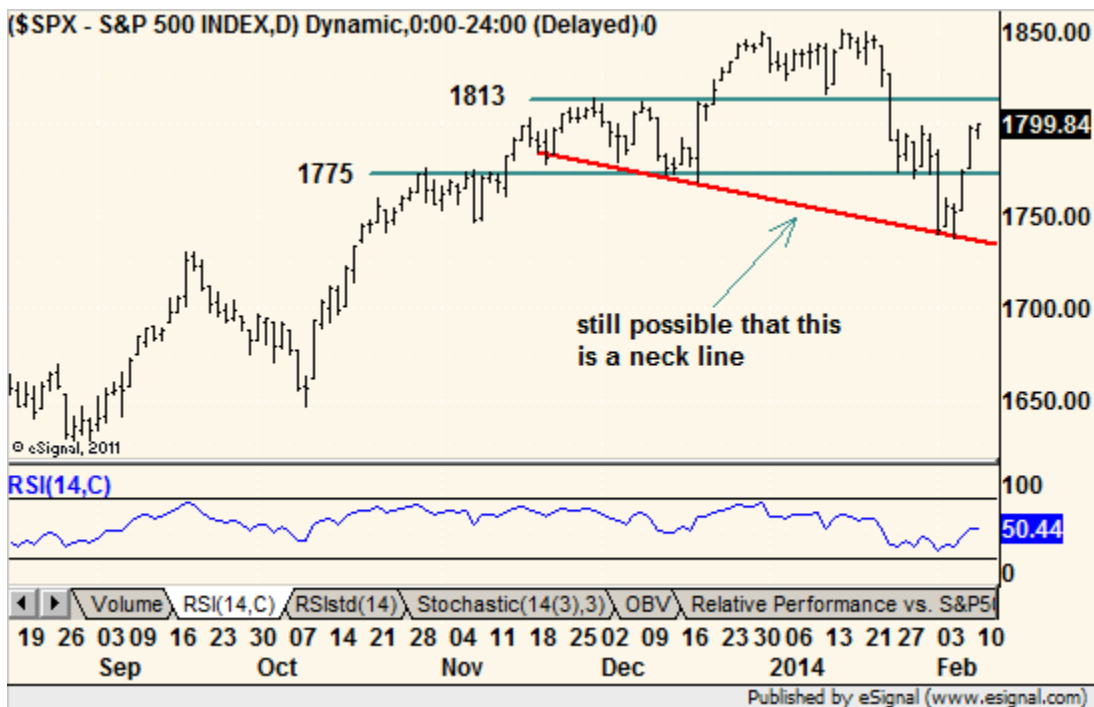
The hourly chart shows another way the market is making people wrong. It stopped at resistance yesterday in the premarket, backed down to relieve overbought conditions and then rallied back to it. Today in the premarket, it is above that resistance but below a stronger resistance. It also sports a bearish RSI divergence again. So, we conclude it will take some powerfully bullish comments from Janet Yellen to keep this recovery alive.

It did not get them. One tweet we saw said the market dropped on the lack of QE4.

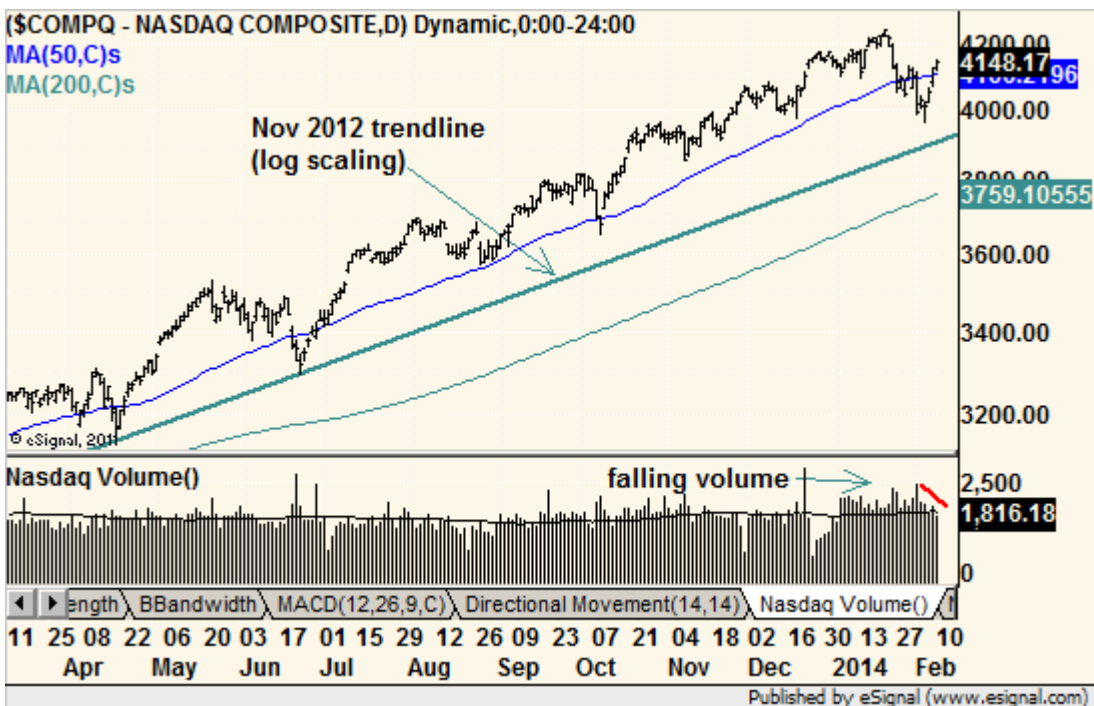
West Texas Crude is back over 100 (chart below). And gold and miners are starting to move higher. Is bitcoin's latest volatility part of the reason? No comment.

That's it. No new picks or pans today but there are a few charts of interest below.

Index Charts of the Day



The head-and-shoulders pattern is still possible here although a rally above 1813 - the left shoulder - given the sloping neckline would negate the setup.



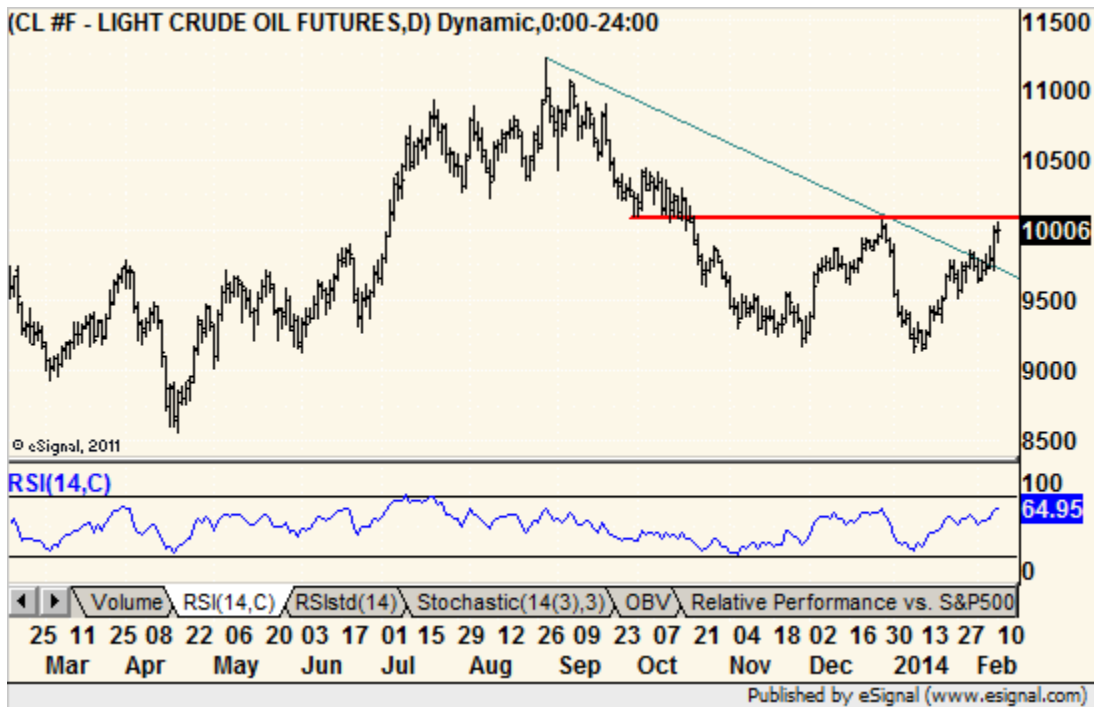
The Nasdaq is above its 509-day average but there is nothing exceptional on this chart. It does look more like a correction is a bull trend but the recovery off the decline has lower volume.

The Radar Screen

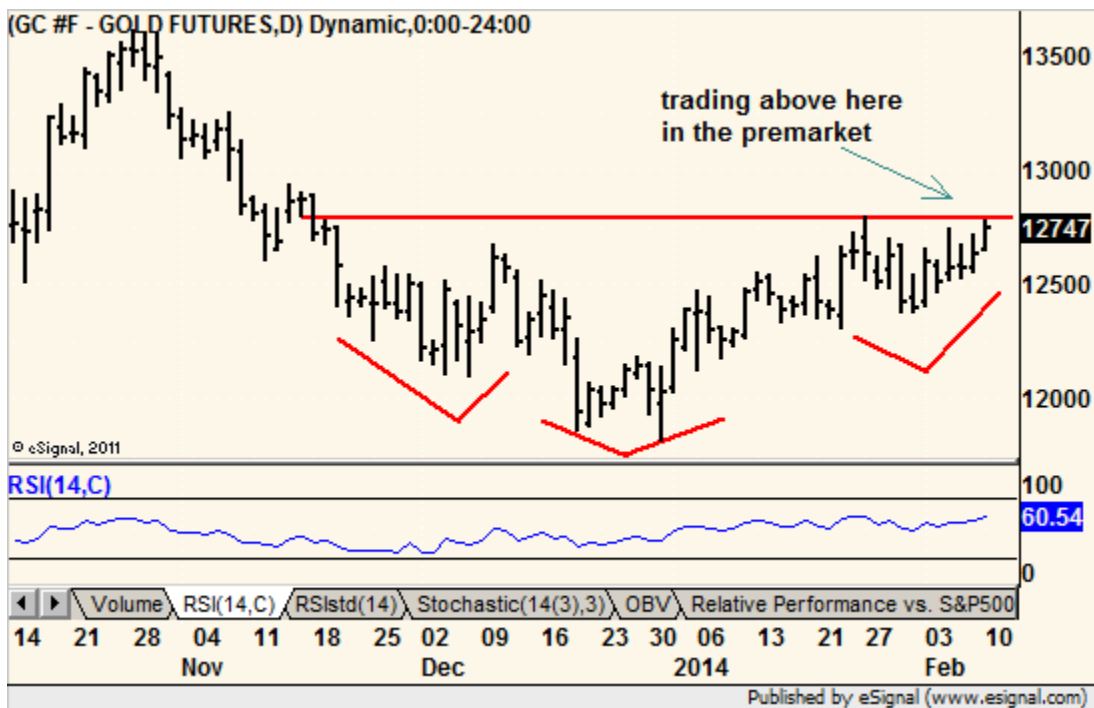
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Lilly LLY - This chart is fudge-city. The overall look and feel is a descending triangle with a breakout and test. However, both of the border lines fail to meet any definition of line drawing. There is a bullish moving average crossover pending and on-balance volume was dead flat during the pullback so we do like it on a fresh breakout. Therefore, we are buying a close over Friday's high of 53.55.	Triggered	2/10
Bearish Implications		
Comcast CMCSA - The candle pattern is gone leaving a rally on falling volume. Resistance at 55. Sell support break at 52	Changed	2/6
Express Scripts ESRX - Here is another ready to sell on the breakdown. Trendline and support at 73.00	Changed	2/6
Healthcare ETF XLV - We've said this sector is still leading and it is but it shows some serious signs of wear and tear. We won't get into the Moody's downgrade of insurers. RSI divergence and preliminary 50-day average break. Bounced off key November 2012 trendline. Sell a break of 54.60		2/7
CF Industries CF - A fertilizer stock (basic materials) with a trend break. Will watch to see if it sets up a nice sell trigger. Just scored bearish reversal. Sell under Monday low at 232.61	Moved	2/5
Consumer Staples ETF XLP - selling now after low volume bounce. Chart below	Moved	2/4
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Hess HES - An energy stock with another possible buy area. The trendline is two-years long and drawn on a log scale. Still need some sort of sign the trend is reversing because for now it is still down. Not convinced yet.		2/5
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 - Still leading		1/29
Healthcare ETF XLV - Still leading		1/29
Energy ETF XLE - Trendline breakdown with low volume rebound		1/29
Updates		
Tesla Motors TSLA - Closed above resistance on big volume.		
Yamana Gold AUW - Broke out from bull flag (handle) so aggressive traders should be in.		

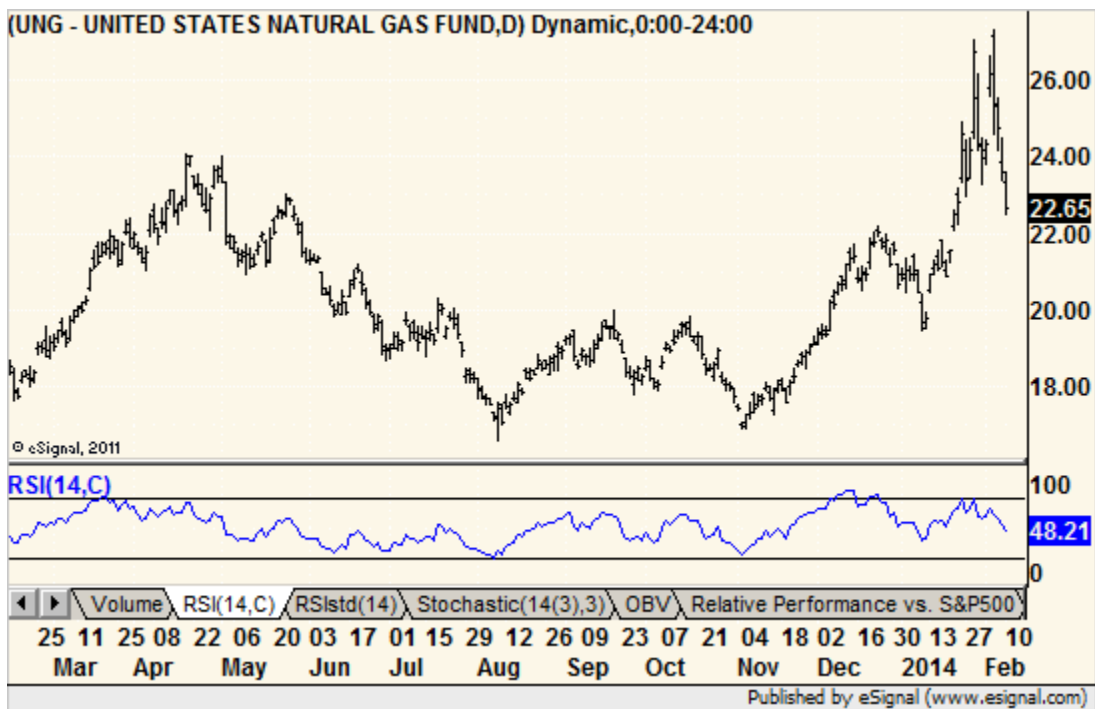
Market Highlights



Crude Oil - A trend break but resistance just overhead. The key is it is back above 100 the so-called "psychological level." We hate that term.



Gold - Looks like an early head-and-shoulders breakout but with the post-Yellen fade we cannot declare victory for the bulls just yet. We still like gold but it is this pattern here that is not completed.



Natural gas ETF - The heartbreak market does it again. Trading even lower in the premarket. Funny, because it is still freezing across most of the country.



Long-T-bond ETF - Still waiting for the breakout but on-balance volume remains supportive.



Banking ETF - Below the trendline, resistance and the 50-day average. MACD is now negative. That makes the current bounce look like a reaction to the decline and not a bullish reversal.

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.

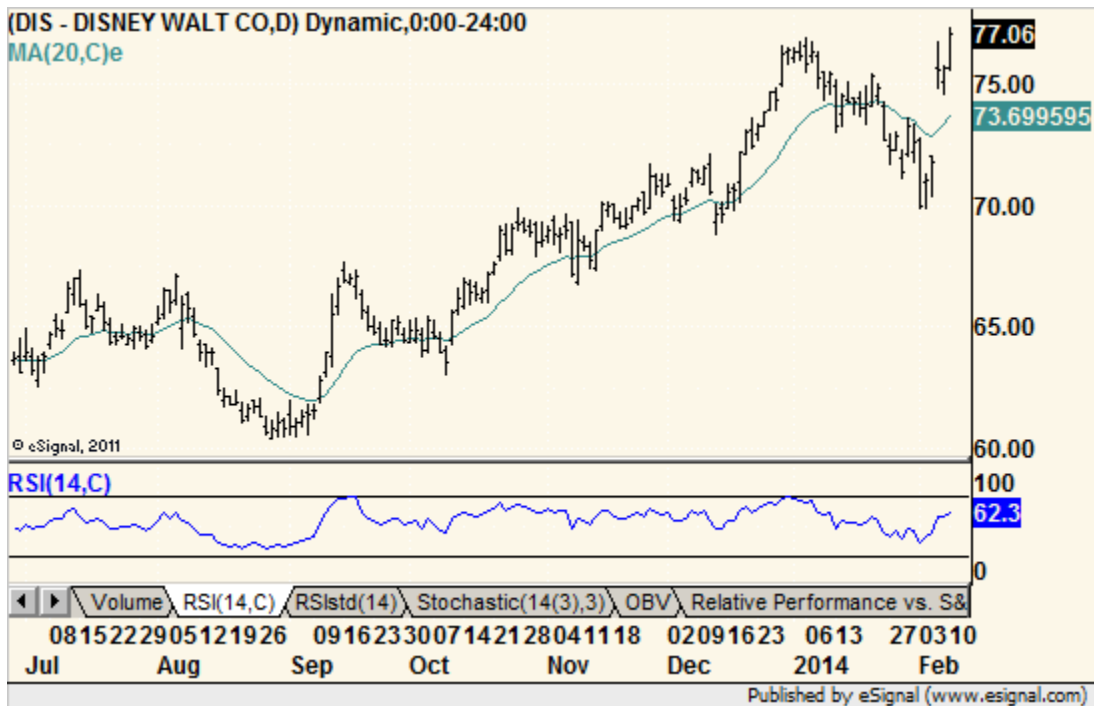
	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	NLY	ANNALY CAP MGMT INC	10.92	10.4%	10.40	9.89	12/6	66
	GDX	MARKET VECTORS GOLD MINERS ETF	24.70	11.5%	23.25	22.15	1/13	28
	JTP	NUVEEN QUALITY PFD INCOME FD	7.90	0.9%	7.70	7.83	1/23	18
	CORN	TEUCRIUM CORN FUND	31.55	-0.1%	30.00	31.57	2/6	4
	FCX	FREEMPORT-MCMORAN COPPER GOLD	32.23	2.8%	30.50	31.36	2/6	4
	LLY	LILLY ELI & CO	53.97	0.0%	52.00	53.97	2/10	0
<u>Short</u>	AOS	SMITH A O	46.69	7.5%	48.00	50.19	1/23	18
	PPG	PPG INDS INC	183.93	-1.8%		180.70	2/3	7
	X	UNITED STATES STL CORP NEW	25.59	-2.1%	26.50	25.06	2/3	7

Notes: Stopped out of short in PPG intraday. Still looks weak to us.

New long in **LLY** triggered at the close.

Subscriber Corner

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

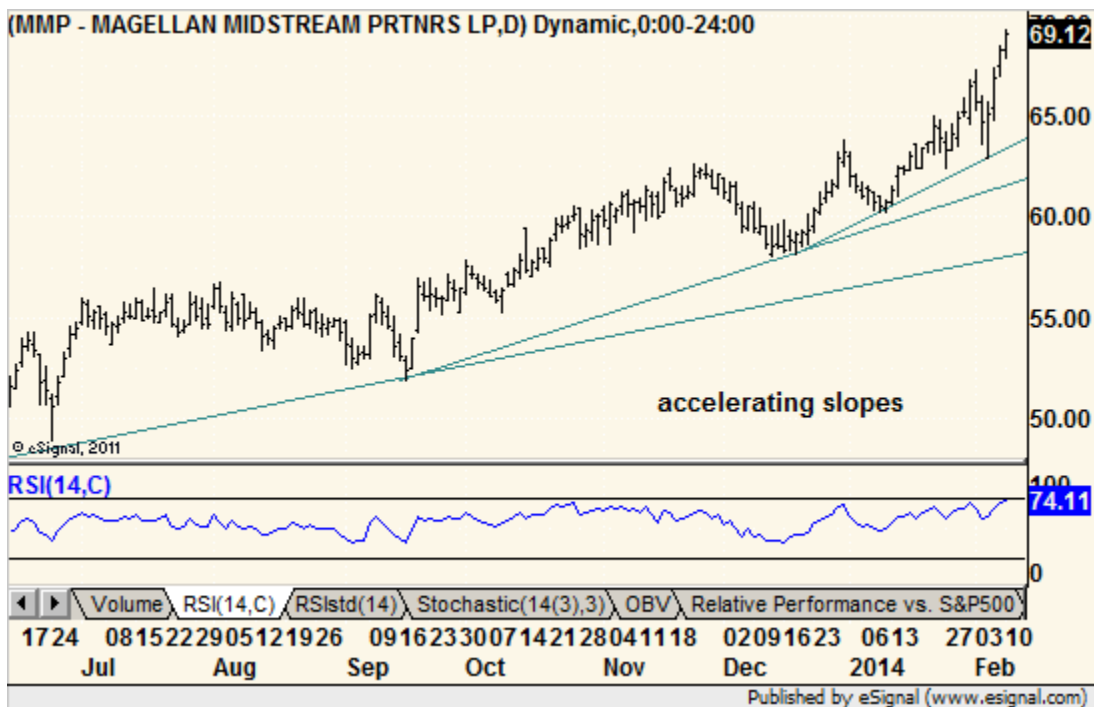


Disney - While I'd like to think Disney's strength is due to the recent employment of my son there, this stock has been in a solid uptrend since 2011. The Dec-Feb decline is but a blip in the long-term trend. The bullish case is bolstered by "not-overbought" momentum, good volume, a new high and a breakaway gap last week.

We have been writing a lot about the 20-day exponential moving average and that will be the first line in the sand. As long as the stock remains above that average, we'd hold on.

Note, we are not saying this average is your stop and you can see it was violated several times on the chart above. It can be the indication that it is time to think about cutting back on the position.

So, if the subscriber needs to raise cash, the place to do it is lagging stocks, not leading stocks. After all, the laggards are more likely to tumble if and when the market really starts to decline.



Magellan Midstream Partners - This pipelines stock is kicking the rest of the energy patch's backsides. However, it has been accelerating its advance over the past few months and is borderline overbought in the daily time frame. The subscriber has this for a long-term hold and based on that there is no reason to sell. However, given its distance (departure) above its trendlines it is vulnerable to a "reversion-to-the-mean snap back decline."

As with the previous chart, the 20-day exponential average (not shown near 65) is a good place to begin to think about cutting back. In other words, sleep well at night as long as the stock is above it.

Same analysis goes for **SXL**, the subscriber's other question.

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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