

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**February 12, 2014** - That was quite a reaction to Janet Yellen saying nothing new. Now all major indices are back above respective 50-day averages except the small-cap Russell 2000. The IBD folks, however, cannot call it a follow-through day since the net rise was below the threshold percent gain. They would likely crow that volume was higher than the day before but we counter with it being the second lowest volume day of February. That is not the surge in price and volume that makes up the spirit of a follow-through (FTD) day.

But the FTD window remains open for three more days (some say only two more days). So far, we still see a rebound on falling volume and that is bearish. We just hope we are not [frogs sitting in a slowly boiling pot of water](#).

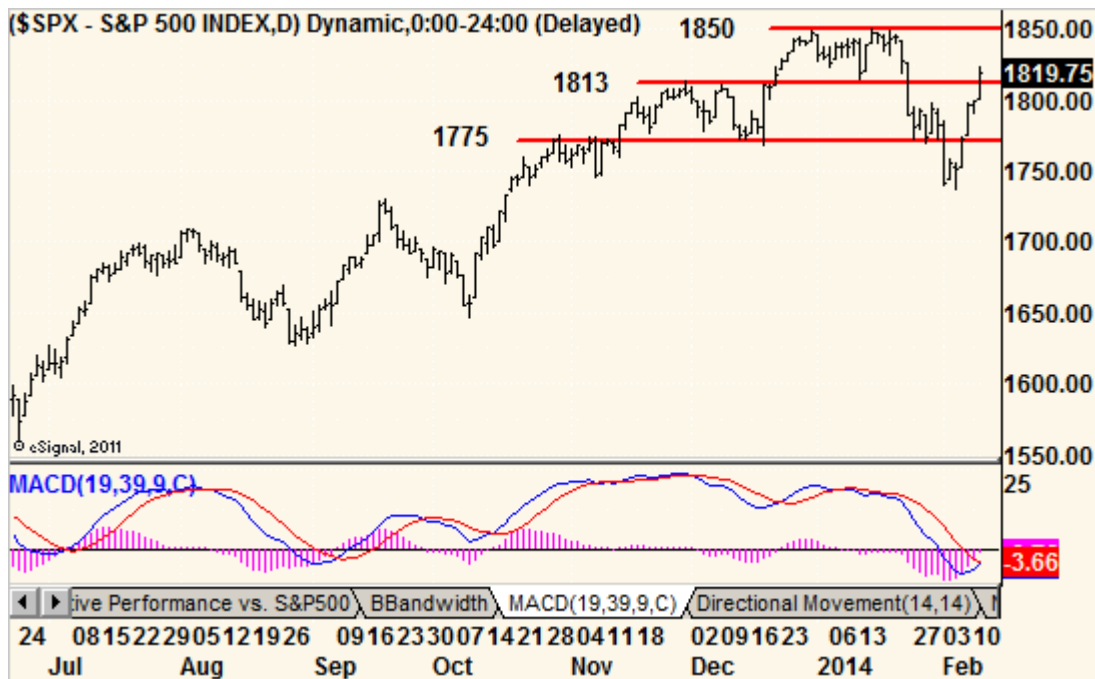


The hourly chart shows the break and test of the middle line yesterday morning and then break and test of the upper line after the bell. Currently pausing with a falling RSI, it does look more like an overbought market than a breakout but we could have said that yesterday. On the bullish side, bonds remain soft. On the bearish side, volume is still falling on a daily basis.

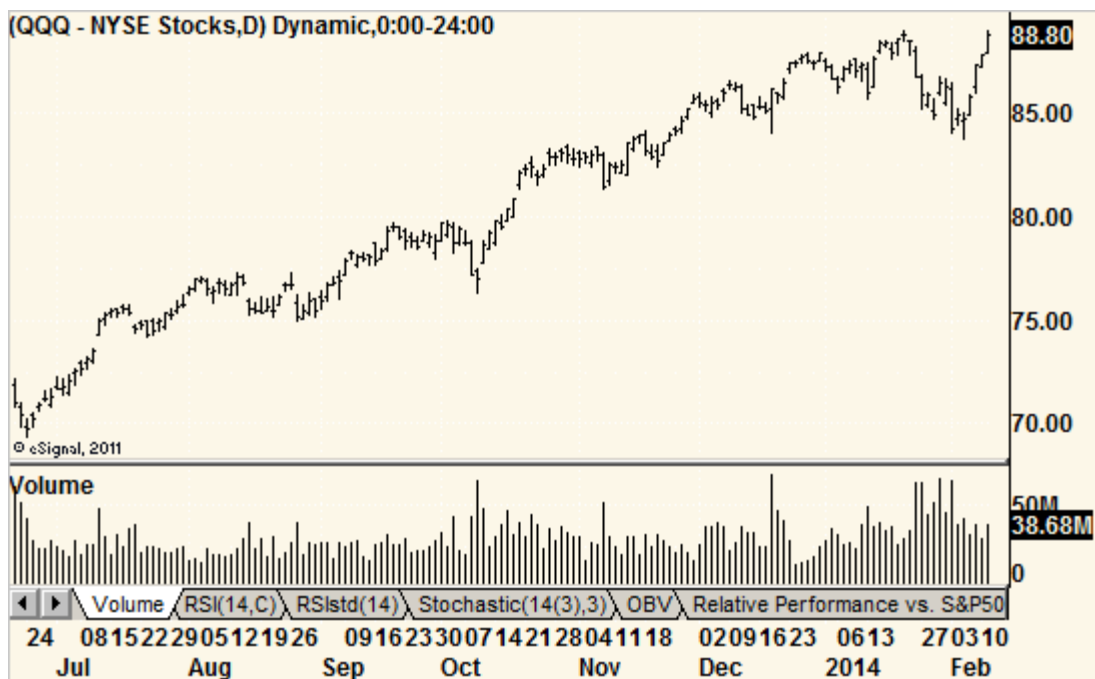
One interesting chart to note is utilities (below). This defensive sector had a really good day yesterday and has an arguable pattern breakout, which goes counter to the idea that investors are putting money back into risk.

Finally, we just saw that 1929 crash analog chart in percentage terms. Fuhgeddaboutit (that's Brooklyn for "forget about it"). With all the interest in this never ending meme, the market just won't tolerate it. That does not mean it won't go down but a crash seems a stretch.

## Index Charts of the Day



We now have to take the head-and-shoulders pattern off the table since the rally took the index above what would have been the left shoulder (Nov high). The reason is that the neckline slopes down and the pattern would be too distorted to carry the same spirit. Patterns of any type should look like that pattern without squinting. That does not mean it is all clear for the bulls because MACD is still below zero.



The Nasdaq may be at a new closing high but volume on the way up was falling. This could be an expanding triangle. On the bull side, if volume comes back then we'll have to reconsider but for now it remains low relative to the past two weeks.

## 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>Lexington Realty Trust LXP</b> - This is a commercial property REIT with a 6% dividend yield. Just breaking the trendline and already broke and tested the 50-day average. Bullish RSI divergence. A pattern recognition program also flagged it as a rounded bottom. It is a bit aggressive to buy it here but we will.	<b>New</b>	2/12
<b>Bearish Implications</b>		
<b>Comcast CMCSA</b> - Setup is gone.	<b>Removed</b>	2/6
<b>Express Scripts ESRX</b> - setup is gone.	<b>Removed</b>	2/6
<b>Healthcare ETF XLV</b> - Back to superior performance so we are moving on.	<b>Removed</b>	2/7
<b>CF Industries CF</b> - 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	<b>Triggered</b>	2/5
<b>Consumer Staples ETF XLP</b> - selling now after low volume bounce. Chart below	<b>Triggered</b>	2/4
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Hess HES</b> - An energy stock with another possible buy area. <u>We suddenly like energy again.</u>	<b>Changed</b>	2/5
<b>Anglogold Ashanti AU</b> - A weekly view has a bullish RSI divergence, double bottom breakout and 40-week (200-day) average breakout. It is short-term overbought so we'll watch for a pullback.	<b>New</b>	2/12
<b>Tenneco</b> - This auto parts maker survived a huge smash last month and is now back at resistance. Note on-balance volume not only continues to rise but it accelerated. Watching.	<b>New</b>	2/12
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy ETF XLE</b> - Trendline breakdown with low volume rebound but many stocks are looking good for some short-term play. Yesterday's free chart of the day was <b>COP</b>	<b>Changed</b>	1/29
<b>Updates</b>		
<b>Crude Oil</b> - Still at resistance		
<b>Gold</b> - inverted head-and-shoulders breakout		
<b>T-bonds</b> - still soft but at perfect 38.2% correction of Dec-Feb rally		

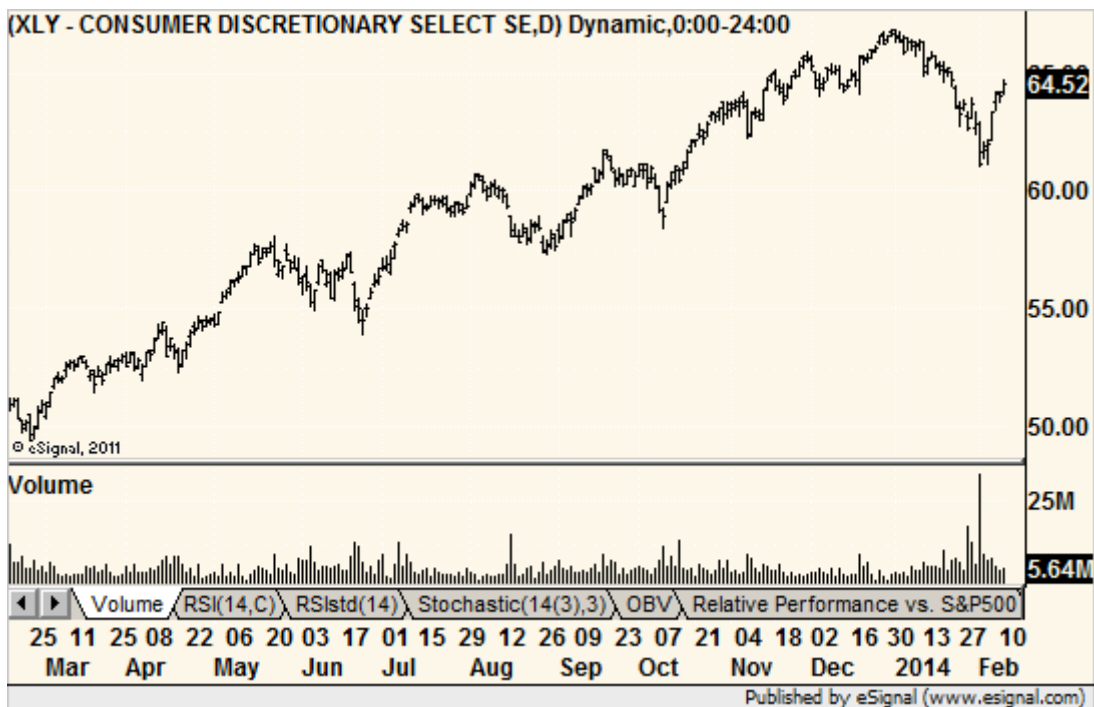
## Market Highlights



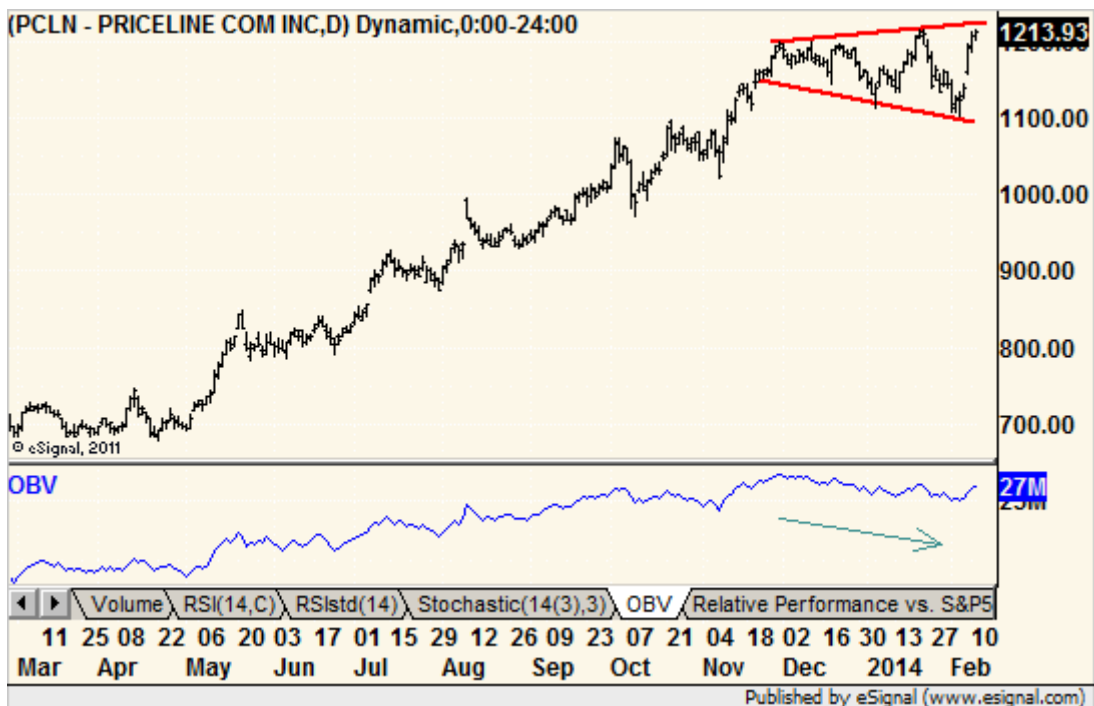
**Dow Utilities** - This sector has a marginal breakout and is in a solid rising trend since December. On-balance volume (not shown) is rising but not at a new high but we think that does not negate the rally.



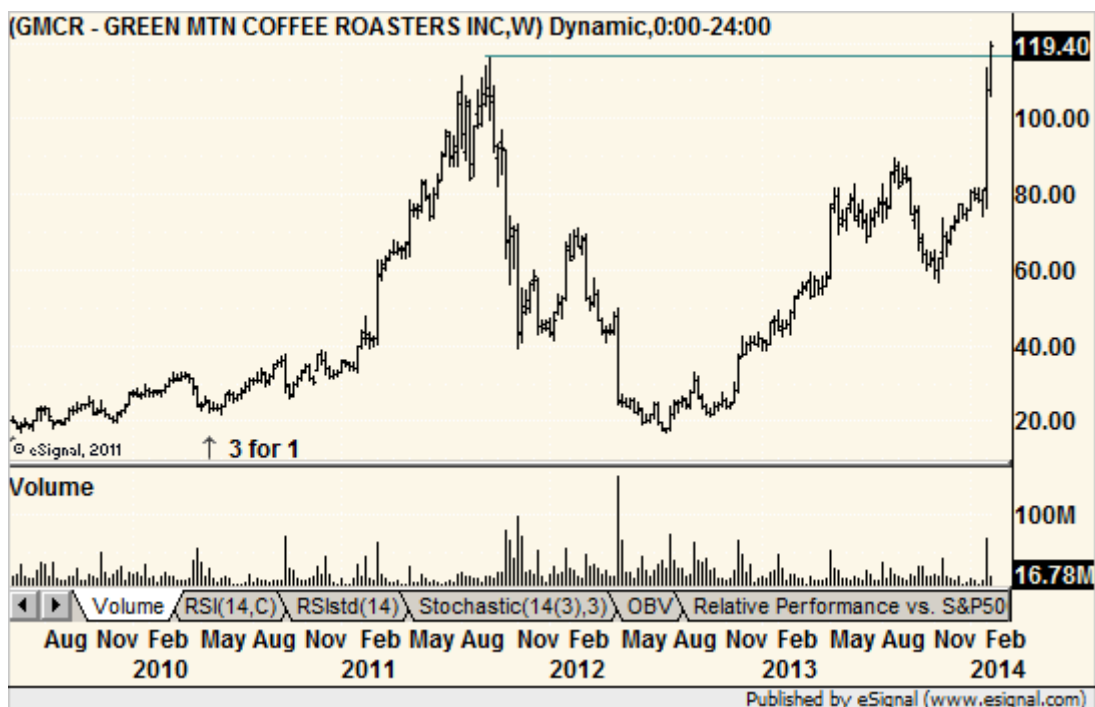
**Energy ETF** - Last week, we reported that the sector broke down. Now we see a failed break of the 200-day average, a MACD crossover and a test of the bottom of the former pattern. This all still says bearish yet integrated oils look cheap and the oil services ETF is back above the 50-day average. We cannot endorse the sector as a whole but select stocks with big dividends seem like good deals for short-term trades.



**Consumer discretionary ETF** - We find it hard to believe that this is a "V" bottom given there was no real news (such as QE4) until after the rebound began (jobs report). Also, volume was terrible.



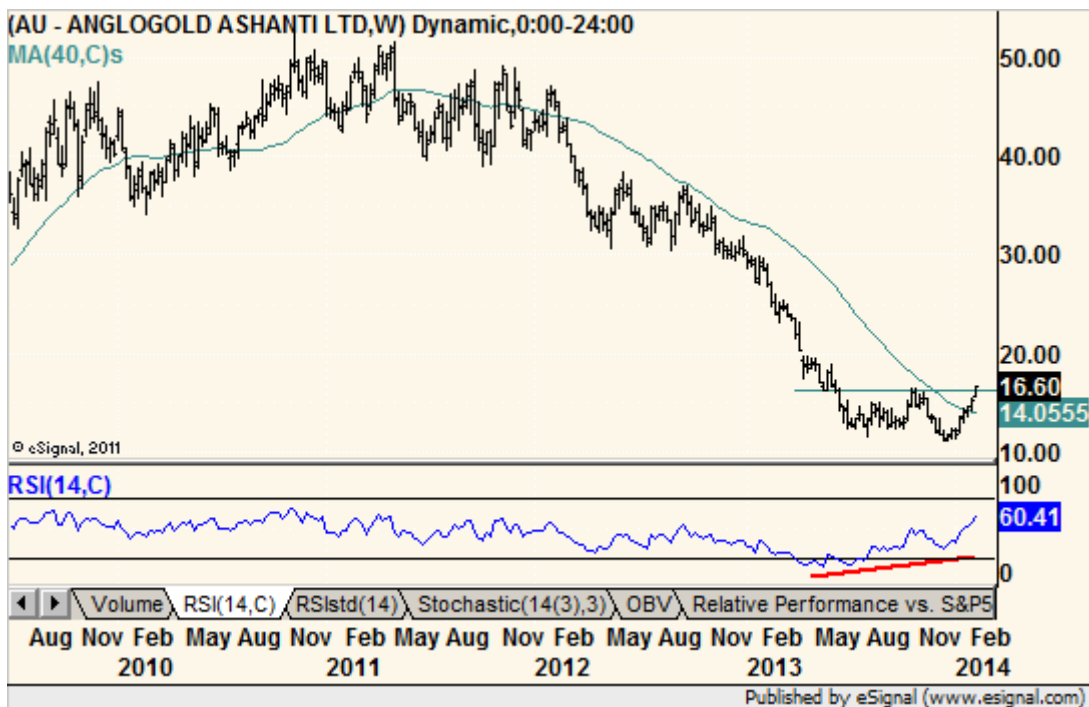
**Priceline** - Unless its internals change for the better (volume, momentum), this looks like an expanding triangle and that would be bearish.



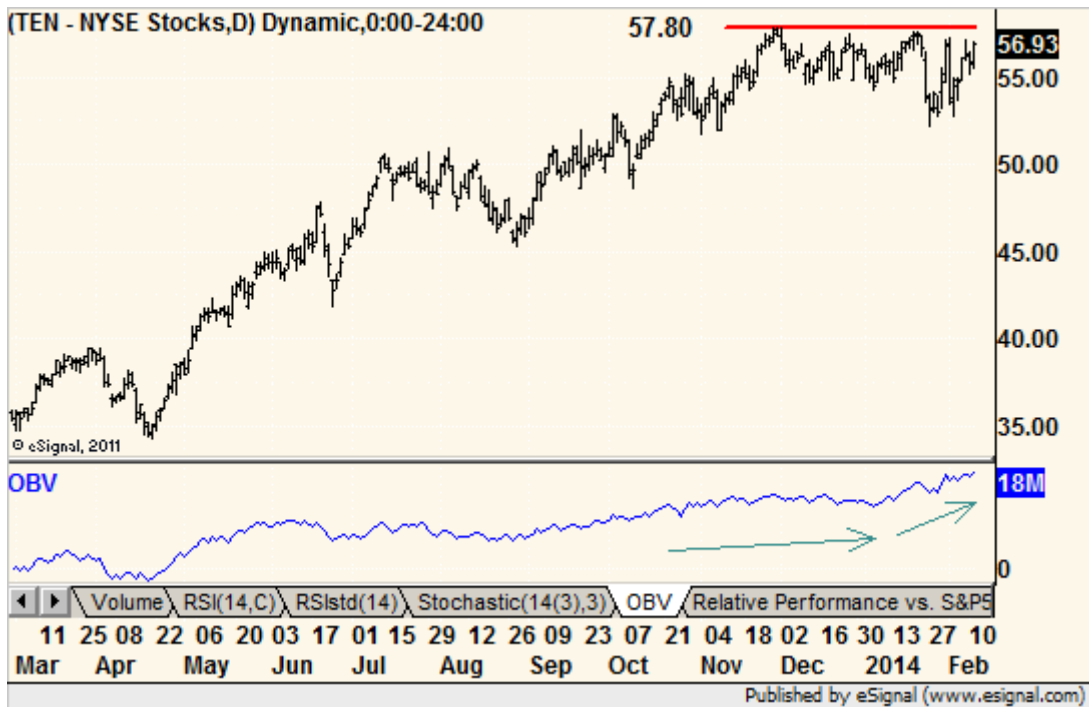
**Green Mountain Coffee** - No longer cheap. I'm still drinking from my Keurig but this is crazy.



**Lexington Realty Trust** - This is a commercial property REIT with a 6% dividend yield. Just breaking the trendline and already broke and tested the 50-day average. Bullish RSI divergence. A pattern recognition program also flagged it as a rounded bottom. It is a bit aggressive to buy it here but we will.



**Anglogold Ashanti** - This is a weekly view with bullish RSI divergence, double bottom breakout and 40-week (200-day) average breakout. It is short-term overbought so we'll watch for a pullback.



**Tenneco** - This auto parts maker survived a huge smash last month and is now back at resistance. Note on-balance volume not only continues to rise but it accelerated. Holding tank.

## 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	10.90	10.2%	10.40	9.89	12/6	67
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	25.65	15.8%	24.00	22.15	1/13	29
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	7.90	0.9%	7.70	7.83	1/23	19
	<b>CORN</b>	TEUCRIUM CORN FUND	31.25	-1.0%	30.00	31.57	2/6	5
	<b>FCX</b>	FREEPORT-MCMORAN COPPER GOLD	33.19	5.8%	31.50	31.36	2/6	5
	<b>LLY</b>	LILLY ELI & CO	54.51	1.0%	52.00	53.97	2/10	1
<u>Short</u>	<b>AOS</b>	SMITH A O	47.35	6.0%	48.00	50.19	1/23	19
	<b>X</b>	UNITED STATES STL CORP NEW	26.13	-4.1%	26.50	25.06	2/3	8
	<b>CF</b>	CF INDS HLDGS INC	231.06	0.7%	240.00	232.61	2/11	0
	<b>XLP</b>	CONSUMER STAPLES SPDR ETF	41.57	-1.0%	42.50	41.15	2/11	0

**Notes:** Steel had some big winners yesterday but our short in **X** is still alive.

Short in **AOS** is losing some ground but the pattern is still consistent with a weak stock. The stop is in place anyway.

Our two gold-related longs did well and stops were raised.

New short in **CF**. This stock was a sell-the-bounce place and it actually closed lower yesterday as the market soared.

Another new short in **XLP** - unfortunately. It looked ripe to sell on a low volume bounce but it soared with the market. However, the damage so far is a mere 1% and it is already approaching resistance. It may work.

## 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

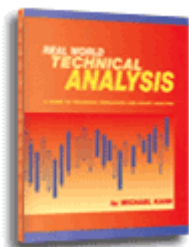
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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