

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"



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**February 14, 2014** - Happy Valentine's Day! Speaking just to the guys, did you forget the flowers? For your sake, we hope not! ☺

The bears did not get any flowers yesterday as once again a gap down open was the perfect buying opportunity for day traders. Retail sales for January were worse than expected and they even revised Nov and Dec lower but the market did not care. Perhaps it was because government offices in DC were closed due to the snow and Janet Yellen would not be able to make any tapering statements.

For those of you not in the path of the current snow storm, it really is a big deal. We here in the north are used to it but with more than a foot falling on top of the foot still on the ground you can imagine that business is taking a hit. And you poor souls in the south, we cannot make fun of you this time. You got just as much snow falling and power is going out.



The hourly chart shows the market breaking and testing resistance and now we are torn between two interpretations. The first is a Wyckoff spring - a drop below the red line and rebound back above. It is akin to a false breakdown and both are bullish.

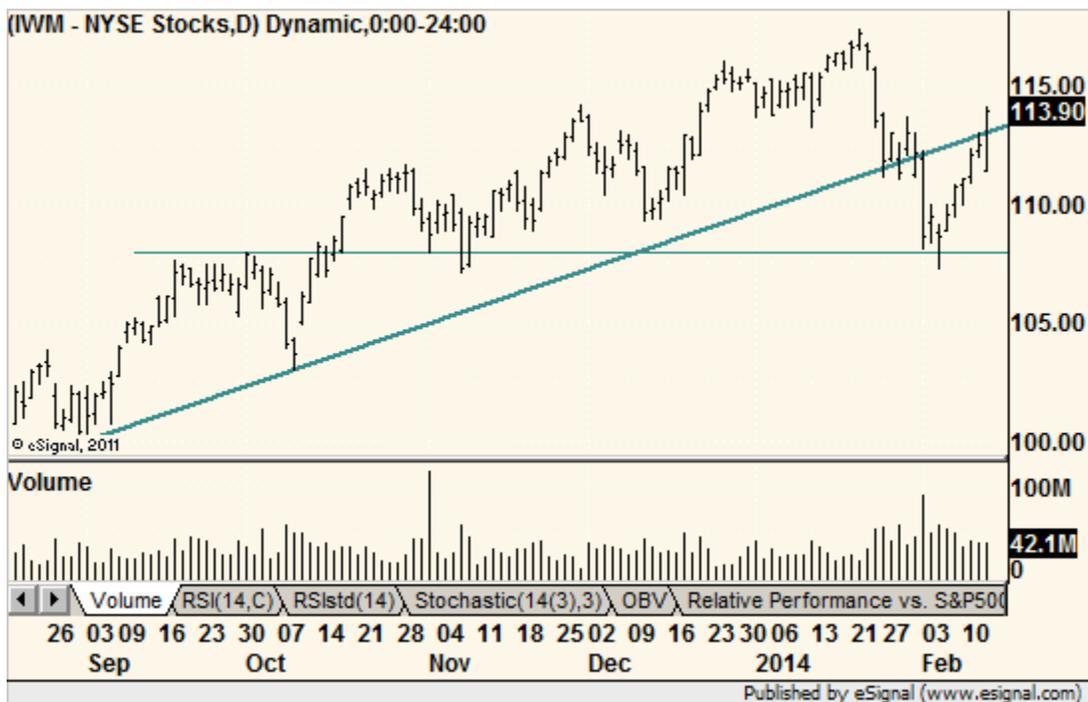
The second is a break of the rising trendline from earlier this month and despite the higher high, the trendline is still broken. RSI is lower now than it was at the first peak but that indicator has not served us well this year.

It looks like it will come down to how the market reacts to today's slew of economic data. With six straight days of gains under its belt, the market has momentum on its side but volume is making it hard to like it. We'll leave you with this pair of quotes from some technical analysis giants.

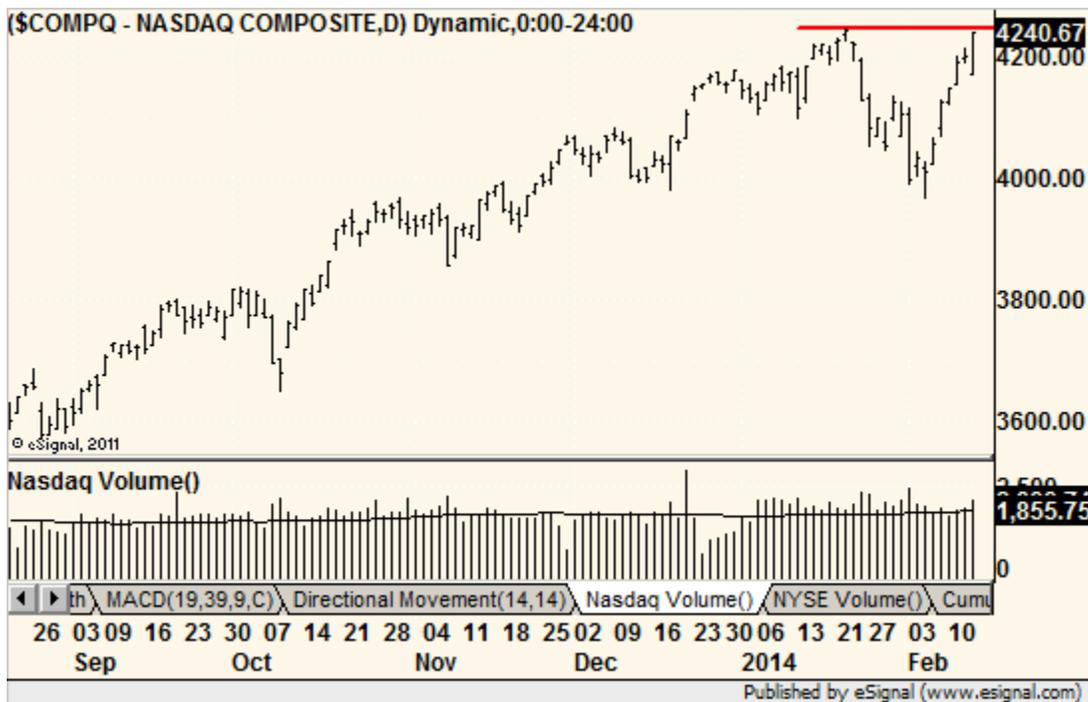
"In price there is knowledge."

"In volume there is truth."

## Index Charts of the Day



The doji candle we highlighted yesterday on the S&P 500 was negated with an outside-day rally (a higher high and lower low than the previous day with a higher close). Here, the Russell 2000 ETF sports a huge outside-day higher that put it back above its major trendline. Volume, however, was still falling.



Here, the Nasdaq has an outside-day higher and, for a change, higher volume. Unfortunately, it ran right into resistance.

## The Radar Screen

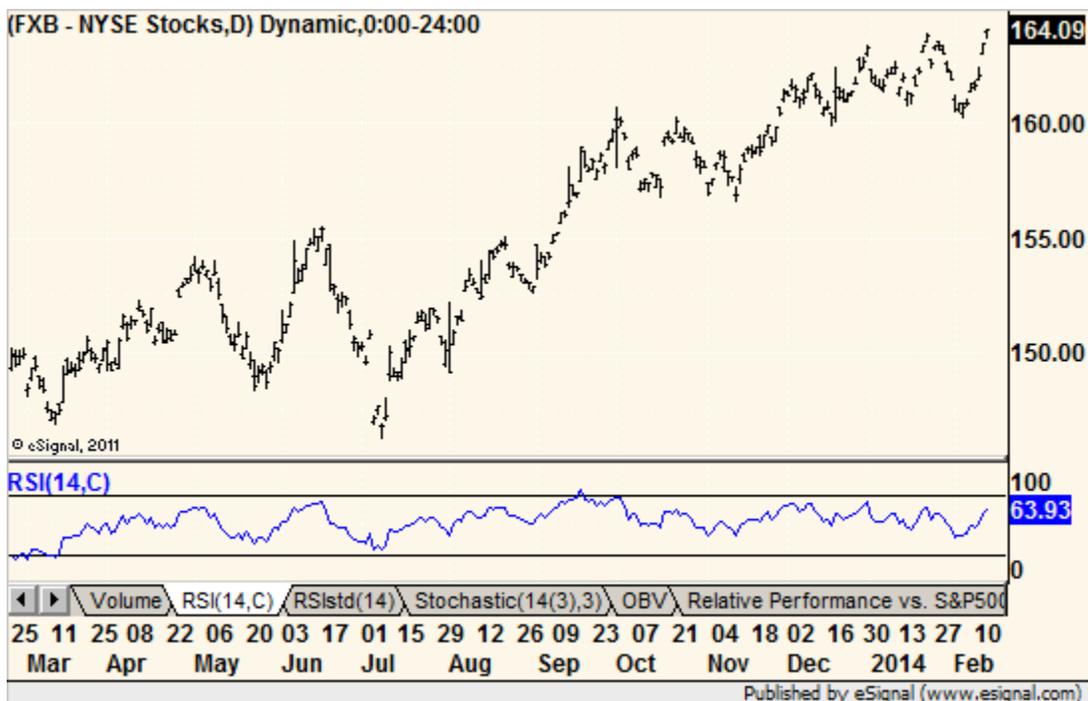
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Anglogold Ashanti AU</b> - A weekly view has a bullish RSI divergence, double bottom breakout and 40-week (200-day) average breakout. Buy dip to 15.50. <u>Not going to happen but we'll keep it here a few more days.</u>		2/12
<b>Silver ETF SLV</b> - Quoting Blink 182 - "Watching, waiting, Anticipating." This is the chart I did not run in my column yesterday. But close over 19.70.	<b>Triggered</b>	2/13
<b>Bearish Implications</b>		
none -		
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Tenneco TEN</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. <b>Broke out.</b>		2/12
<b>L-Brands LB</b> - The former Limited Brands retailer is in a short-term down trend and challenging a long-term rising trendline. This could be a huge decline if the long-term line breaks. Watching.		2/13
<b>3M MMM</b> - The failed breakdown below the major trendline should have been bullish but the rebound took place on serious falling volume. Already below the 50-day average. This looks like the H/S pattern the S&P 500 was working on a few days ago.		2/13
<b>Macy's M</b> - Another individual stock with the head-and-shoulders pattern that "should" have formed in the S&P 500. This makes us think the index - which is just math - still has the spirit of the pattern and that is bearish.		2/13
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Regional Bank ETF</b> - A reversal after a bounce off the trendline and near the 200-day. Looks like a bounce, not upside reversal but it is now ending.		2/13
<b>Homebuilder ETF ITB</b> - It's a sloppy pattern but it looks like a pause before the next upside breakout. Similar for <b>TOL</b> and <b>SPF</b> . Bull flag possible for <b>KBH</b> .		2/14
<b>Updates</b>		
none -		

## Market Highlights



**US dollar index** - Very weak this week and now with a triangle breakdown. Is this a "risk-on" condition or a nod to a weakening economy? In either case, it helps gold.



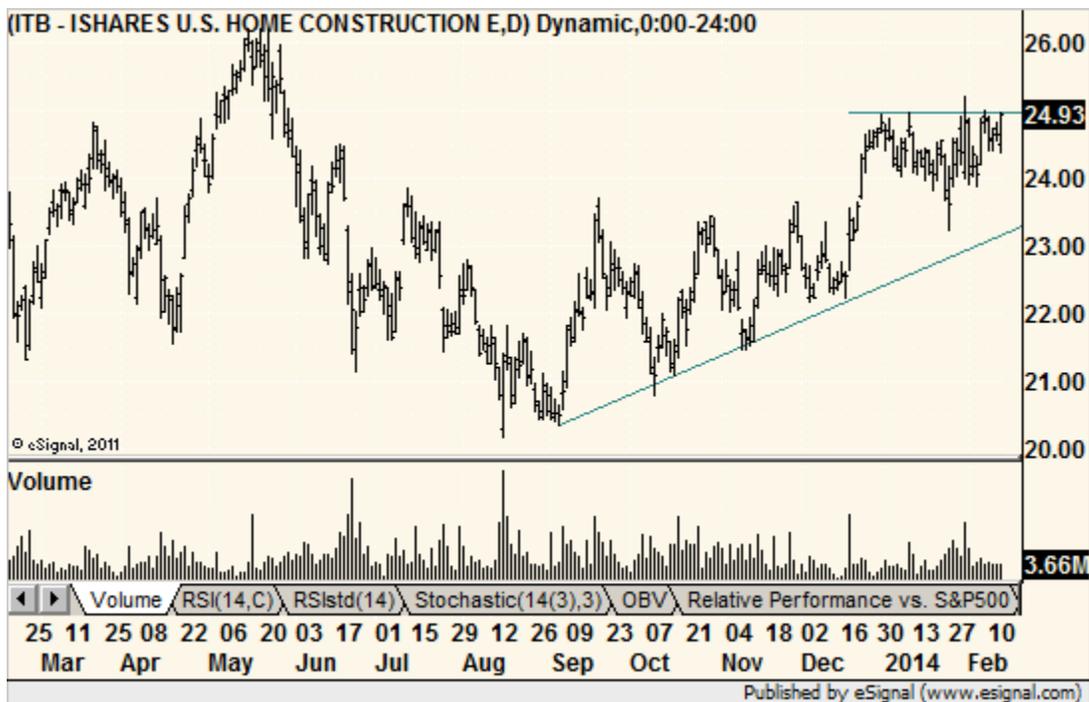
**British pound ETF** - A new high. The yen is also on the move higher.



**Oil ETF** - While crude flirts with the \$100 mark, this ETF is at resistance with an unhelpful on-balance volume.



**Greenhaven Continuous Commodity Fund** - This weekly chart shows a breakout from a long bear market. While gold is moving, it is not enough to cause this. Meats, coffee, lumber, cotton and daily are all on the move higher. An oil breakout will only accelerate the gain.



**Homebuilder ETF** - It's a sloppy pattern but it looks like a pause before the next upside breakout. Similar for **TOL** and **SPF**. Bull flag possible for **KBH**.



**Junior Gold Miners ETF** - Rising trend with a pause and break through the 200-day average. Look at the huge amounts of volume coming into this ETF. Buy any dip.

## 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	10.93	10.5%	10.40	9.89	12/6	69
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	25.87	16.8%	24.25	22.15	1/13	31
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	7.90	0.9%	7.70	7.83	1/23	21
	<b>CORN</b>	TEUCRIUM CORN FUND	31.27	-1.0%	30.00	31.57	2/6	7
	<b>FCX</b>	FREEPORT-MCMORAN COPPER GOLD	33.16	5.7%	31.50	31.36	2/6	7
	<b>LLY</b>	LILLY ELI & CO	53.48	-0.9%	52.00	53.97	2/10	3
	<b>LXP</b>	LEXINGTON REALTY TRUST	10.88	0.0%	10.35	10.88	2/12	1
	<b>SLV</b>	ISHARES SILVER TRUST	19.74	0.0%	18.90	19.74	2/13	0
<u>Short</u>	<b>CF</b>	CF INDS HLDGS INC	231.23	0.6%	240.00	232.61	2/11	2
	<b>XLP</b>	CONSUMER STAPLES ETF	41.60	-1.1%	42.50	41.15	2/11	2

**Notes:** New long in **SLV** triggered at the close.

Tweaked stops in **GDX** and **LXP**.

## 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 Jen - Sentiment on gold is not as bearish as it was a month ago but that is not a problem. Sentiment is only useful when it is at extremes so the "middle" reading "just is."

## Other Information

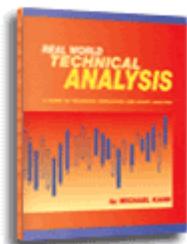
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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