

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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February 19, 2014 - After such a strong week we expected the market to soften yesterday and **KO's** earnings did indeed knock the Dow back at the open. But the rest of the market was in a peppier mood, leaving the day with a stand-off or neutral result. Doji candles were everywhere and after a rally they are supposed to be bearish. Of course, we saw the same four days ago (see Index Charts of the Day below).

But this time, resistance is high and Treasury bonds seem ready to end their little correction and break out again. You know about gold. And now oil broke out, too (chart below). I wrote up energy stocks yesterday for Barron's Online and while the oil services stock in the Radar Screen did not trigger there are plenty of positive charts in the sector.

Rising oil does not help the transportation sector and there were some big hits taken there yesterday. The biggest loser was a rail stock, which does not make that case. But airlines are starting to look exhausted if not topy. And truckers have already cracked.

As for the dollar, it is on the weak side thanks to a stronger euro. The British pound, which recently broke out to the upside, scored a bearish reversal yesterday

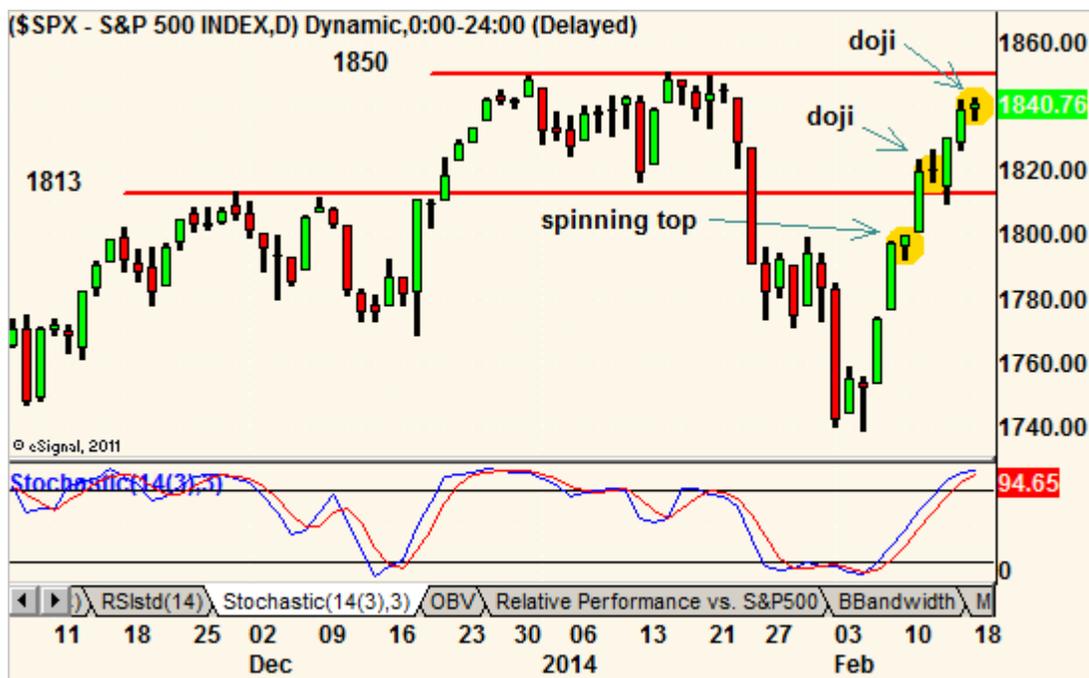


The hourly **SPY** chart shows how close it got to resistance before stumbling. 180.25-180.30 seems to be the key level for the bulls to hold.

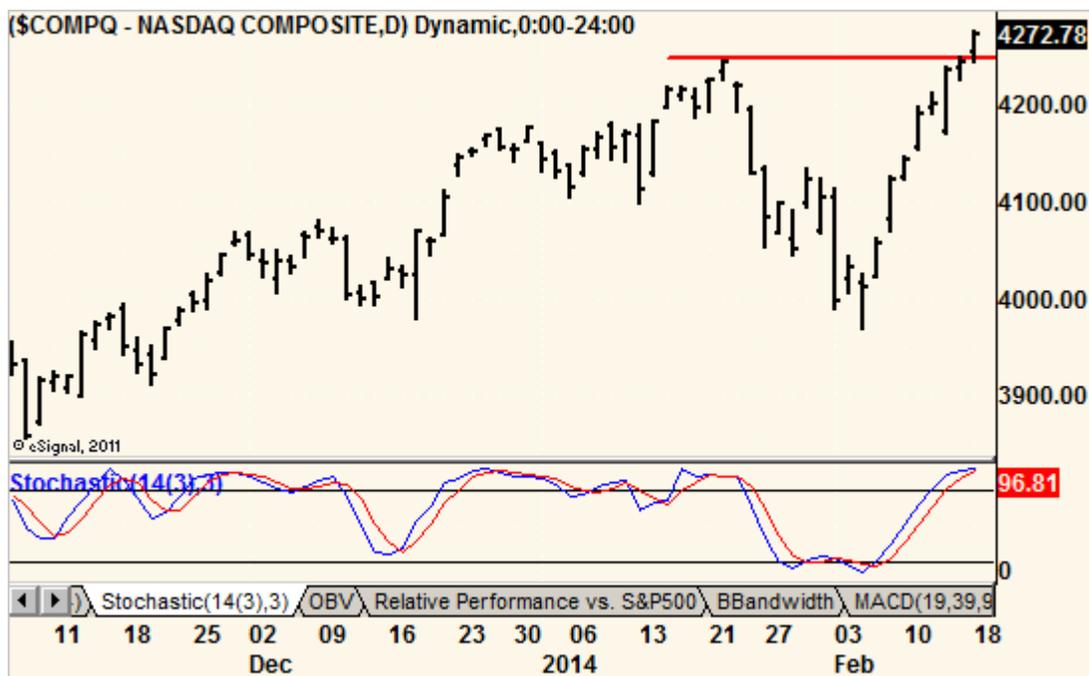
No new stock picks or pans today as we want to see how morning weakness shapes up. We are still in a "long hold" mindset but remain aware of how far the market has come and where resistance is.

Themes: Just a quick summary of the sectors we like - housing, energy, precious metals, bonds, utilities

Index Charts of the Day



High stochastics near important resistance suggests it is time for some sort of dip. Of course, we said the same yesterday. We have three tiny candle highlighted above to show that the market had the same sort of indecision day before so we won't read too much into it. However, with all the mixed signals we are not going to be heroes and ignore them.



A new high is a new high on the Nasdaq but it also sports the very high stochastics with potential for downside crossover. We have to give the market the benefit of the doubt here but let's let it do its wobble today and maybe tomorrow to see if the breakout holds. Then we can decide to act.

The Radar Screen

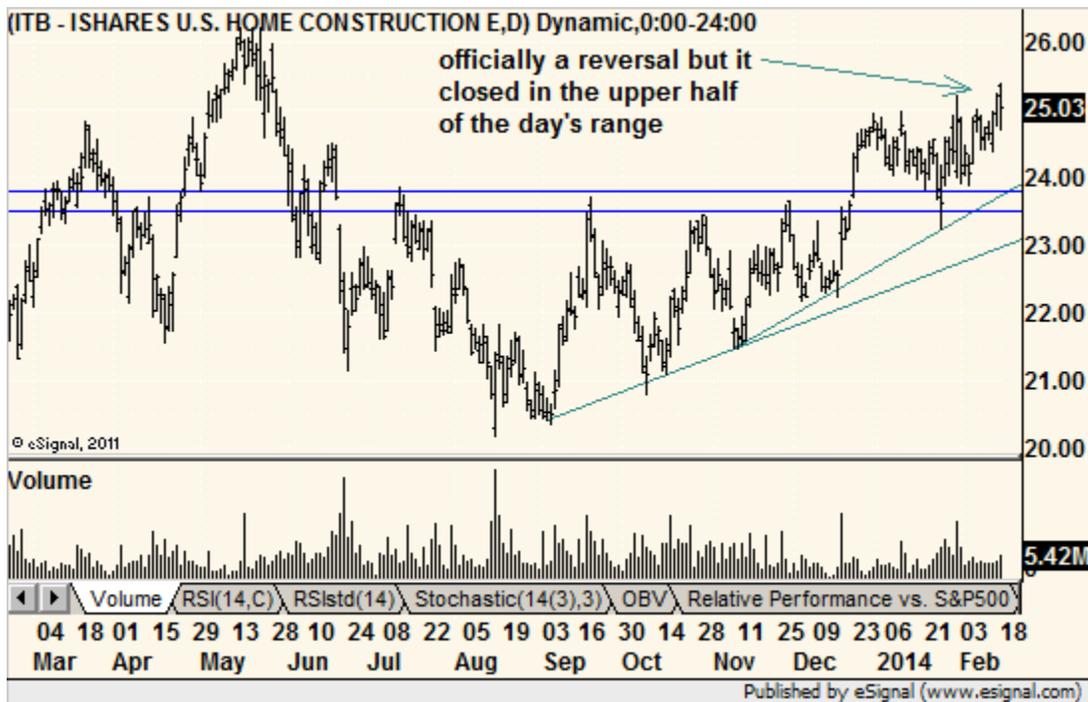
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Anglogold Ashanti AU - A weekly view has a bullish RSI divergence, double bottom breakout and 40-week (200-day) average breakout. Buy dip to 16.00.		2/12
National Oilwell Varco NOV - This oil services has an arguable breakout as of Friday and is big higher this morning. Note the heavy volume surrounding the bottom and last month's breakdown. That breakdown was rejected as the gap was filled. We are buyers today.	Triggered	2/18
First Solar FSLR - Other solar stocks are in uptrends but this one - the big daddy - seems to be ready to play catch-up. Already bounced off support and the 200-day average. Now at new resistance and the 50-day and bid above them in the premarket. We'll buy a close over Friday's high at 53.66. @#\$%^ No trade as it closed up nearly 7% and beyond our 4-5% limit. Kicking selves.	Not Triggered	2/18
Starbucks SBUX - A breakout from the current pause would be hot. Buy close over 75.24.		2/18
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Tenneco TEN - 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. Broke out. <u>Watching to see if it tests that move.</u>		2/12
Head-and-shoulders watch - Just consolidating the three stocks we had on watch for this pattern. Given the market's strength, they may not last long here. LB, MMM, M.	Changed	2/13
PepsiCo PEP - Watching for a major support break. Peer KO got clobbered.		2/18
Sector Watch (observations that may spark ideas)		
Regional Bank ETF KRE - 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. Absolutely no volume Tuesday.		2/13
Homebuilder ETF ITB - 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 . <u>Not a bad day considering the economic news Tuesday. Resilient?</u>		2/14
Updates		
none -		

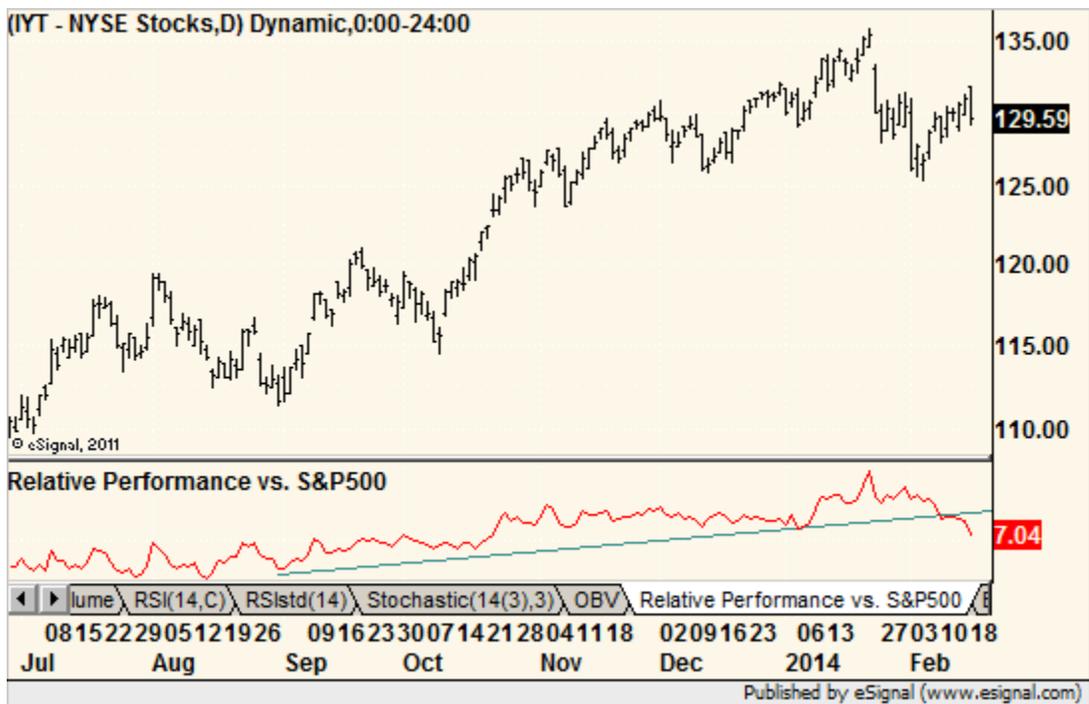
Market Highlights



Oil ETF - That is a resistance breakout.



Homebuilding ETF - Yesterday's weak housing news knocked this sector back down a bit and reversal bars appeared. However, it closed in the upper half of the day's range and we read that as resilience. And it happened again this morning after more bad news.



Transports ETF - Possible bear flag with a bear reversal yesterday. Relative performance chart has already broken.



Greenhaven Continuous Commodity Fund - We looked at this recently and it is even deeper into its trendline breakout now. TV sets may be down in price but food and basic necessities (coffee!) are moving higher. Core inflation is a crock.

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	10.98	11.0%	10.50	9.89	12/6	74
	GDX	MARKET VECTORS GOLD MINERS ETF	26.46	19.5%	24.75	22.15	1/13	36
	JTP	NUVEEN QUALITY PFD INCOME FD	7.91	1.0%	7.70	7.83	1/23	26
	CORN	TEUCRIUM CORN FUND	31.98	1.3%	30.50	31.57	2/6	12
	FCX	FREEMPORT-MCMORAN COPPER GOLD	33.74	7.6%	32.00	31.36	2/6	12
	LLY	LILLY ELI & CO	55.25	2.4%	52.50	53.97	2/10	8
	LXP	LEXINGTON REALTY TRUST	11.06	1.7%	10.50	10.88	2/12	6
	SLV	ISHARES SILVER TRUST	21.13	7.0%	19.75	19.74	2/13	5
	NOV	NATIONAL OILWELL VARCO INC	76.40	-0.2%	73.50	76.52	2/18	0
<u>Short</u>	CF	CF INDS HLDGS INC	226.19	2.8%	240.00	232.61	2/11	7
	XLP	CONSUMER STAPLES ETF	41.60	-1.1%	42.50	41.15	2/11	7

Notes: For a group that was expecting the market to really top, we have been curiously long. But that is where the charts took us.

We were also pleased to see the longs go up and the shorts go down.

Raised stops on the long side again, if only to tweak. We are giving **SLV** plenty of room since it has been vertical over the past two days.

New long in **NOV** at the open yesterday.

And no trade in **FSLR** on its 7% breakout move. We wanted to protect against a market dip today so we had it "on close." All we can say is ^@#@\$*%! Perhaps some of you bought the breakout instead of waiting with us chickens.

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 Ellen - Yes, it sure does feel heavy here but the trend is up and breadth is pretty strong.

Other Information

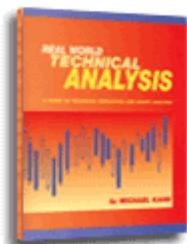
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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