

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**February 26, 2014** – Tuesday was a rather uneventful day for the market with a small range and low volume. Resistance for most indices remains intact but the fact that prices are holding near these levels instead of falling away is encouraging. The longer they stay up there, the better.

In sectors, our brand new long in First Solar was clobbered after hours on an earnings miss. Still, the sector as a whole looks pretty good and we do indeed subscribe to the idea that a large chunk of a stocks movement is due to the movement of its sector. Therefore, we are going to hold it, with a tight stop, and look for a rebound to at least limit the loss. We'll see if it bounces back strongly or weakly.

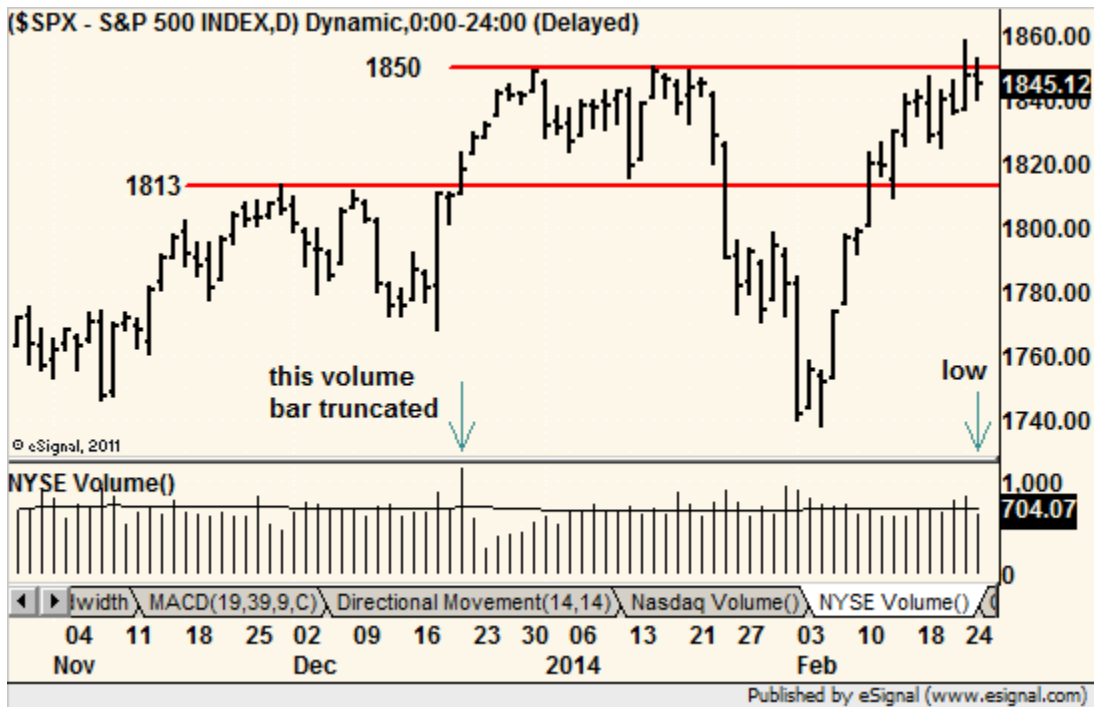
Another sector winner, not surprisingly, is energy related. Uranium miners had a hot day yesterday and some of the tiny Canadian names were up double digit percentages. The more established companies, such as **CCJ**, were also up nicely (8% in this case).

And finally, the sector that might provide a more traditional gain (less risk with name brand companies) is retail. We have shunned this sector for weeks and it has been a serious underperformer. But the likes of **M**, **DDS**, **HD** and our free Chart of the Day **GPS** all had super days and that is quite a switch. We have a chart of the **XRT** ETF below.



The hourly **SPY** chart shows the lack of action yesterday with an arguable breakout in place. However, we get the feeling that the market really has to get going higher today or it will roll over tomorrow. We can't back that up with data, just a feeling after looking at this stuff for three decades. Take that bit of guru-ism for what it's worth.

## Index Charts of the Day



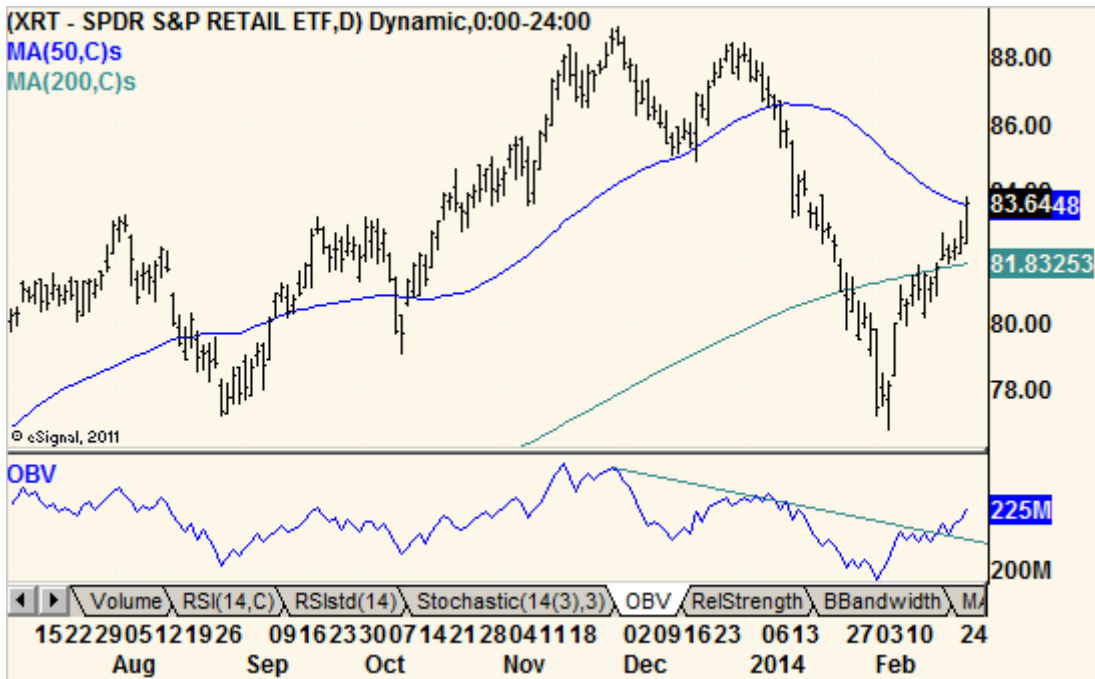
Another breakout attempt failed to stick but we cannot call it a failure in the technical sense of the term. Prices are still holding near resistance and volume Tuesday, while admittedly not as meaningful as it used to be, was quite low to indicate either uncertainty or indifference. We still lean bullish given the trend this month and from previous important lows.

## The Radar Screen

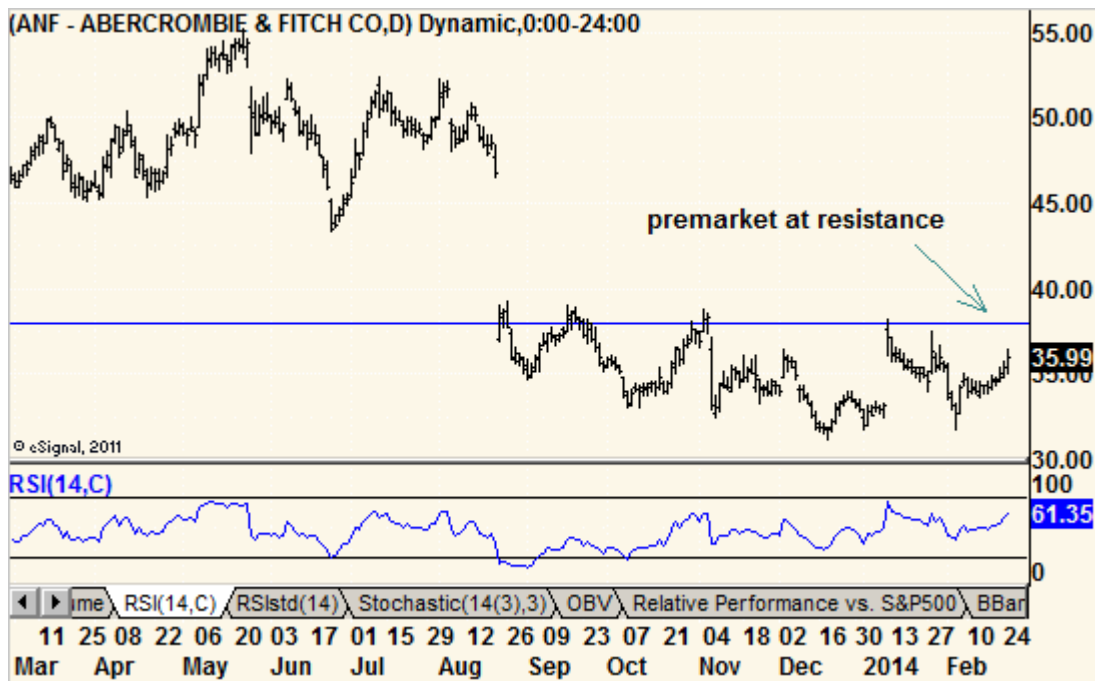
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Starbucks SBUX</b> - Clearly heading the wrong way. No harm done.                                                                                                                                                                                                                                                                                                                 | <b>Removed</b>   | 2/18 |
| <b>First Solar FSLR</b> - Solars are hot. This one attempted a secondary breakout yesterday and looks like it is going to go for it again today. Looks pretty good right here.                                                                                                                                                                                                       | <b>Triggered</b> | 2/25 |
| <b>Lifetime Fitness LTM</b> - This is a chain of upscale gyms and clubs and it is quite nice (I personally belong and it is quite pricey, too, but with a waitlist to get in). Aside from the fundies, this chart is a breakout and we like it right here.                                                                                                                           | <b>Triggered</b> | 2/25 |
| <b>Blackberry BBRY</b> - Who would have thought it? But this chart looks pretty good. Flag breakout above the 200-day average with good volume. While we do see the inverted head-and-shoulders shape it is not at the end of a trend (it is the trend). But now take a look at the weekly chart - which looks to have a double bottom Dec 2013 and Sep 2012. Worth some spec money. | <b>New</b>       | 2/26 |
| <b>Bearish Implications</b>                                                                                                                                                                                                                                                                                                                                                          |                  |      |
| none -                                                                                                                                                                                                                                                                                                                                                                               |                  |      |
| <b>Unknown Implications</b>                                                                                                                                                                                                                                                                                                                                                          |                  |      |
| <b>Rambus RMBS</b> - This chip stock is in a nice pennant formation that has been in place long enough to flatten out its major moving averages. Buy 9.65, sell 8.65                                                                                                                                                                                                                 | <b>Moved</b>     | 2/21 |
| <b>Holding Tank</b> - red shade leans bearish, green shade leans bullish                                                                                                                                                                                                                                                                                                             |                  |      |
| <b>Head-and-shoulders watch</b> - Since the market broke out (marginally) this list is moot. Plus, M soared Tuesday.                                                                                                                                                                                                                                                                 | <b>Removed</b>   | 2/13 |
| <b>Boeing BA</b> - This looks to be the real breakdown. We still have to wait for the current two-week consolidation to break one way or the other but this does look broken, especially compared to its sector - defense (indices <b>DFX</b> , <b>DFI</b> ). <b>Broken to the downside.</b>                                                                                         |                  | 2/24 |
| <b>GM</b> - While Tesla soars, GM looks to be in a bearish wedge pattern at its 200-day moving average. We may sell the breakdown if the market sours. <b>It did and we might soon.</b>                                                                                                                                                                                              | <b>New</b>       | 2/25 |
| <b>AT&amp;T T</b> - Waiting for value to come to papa at 30.25.                                                                                                                                                                                                                                                                                                                      |                  | 2/25 |
| <b>Sector Watch</b> (observations that may spark ideas)                                                                                                                                                                                                                                                                                                                              |                  |      |
| <b>Regional Bank ETF KRE</b> - flag breakdown. <b>May be negated</b>                                                                                                                                                                                                                                                                                                                 |                  | 2/13 |
| <b>Homebuilder ETF ITB</b> - Still in a rising trend and bucking bad news                                                                                                                                                                                                                                                                                                            |                  | 2/14 |
| <b>Biotech</b> - One of the strongest groups but with possible RSI divergence. Trend seems accelerated now and that makes it vulnerable. <b>Exhaustion gap hanging man possible on the BTK index.</b>                                                                                                                                                                                |                  | 2/21 |
| <b>Updates</b>                                                                                                                                                                                                                                                                                                                                                                       |                  |      |
| none -                                                                                                                                                                                                                                                                                                                                                                               |                  |      |

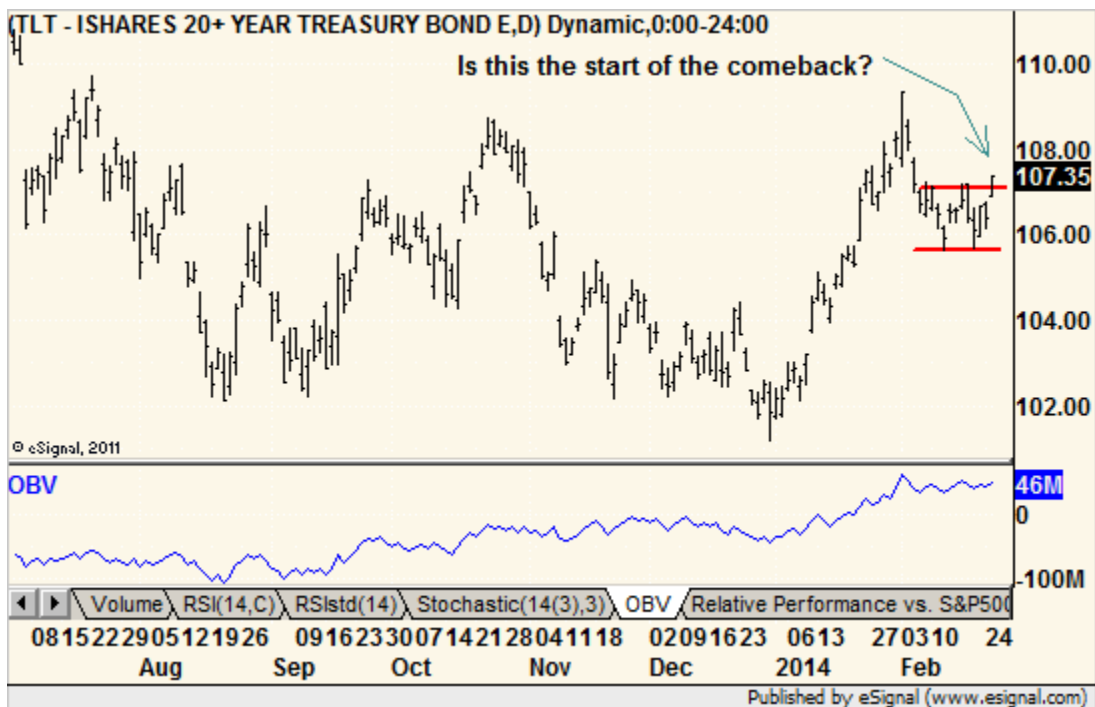
## Market Highlights



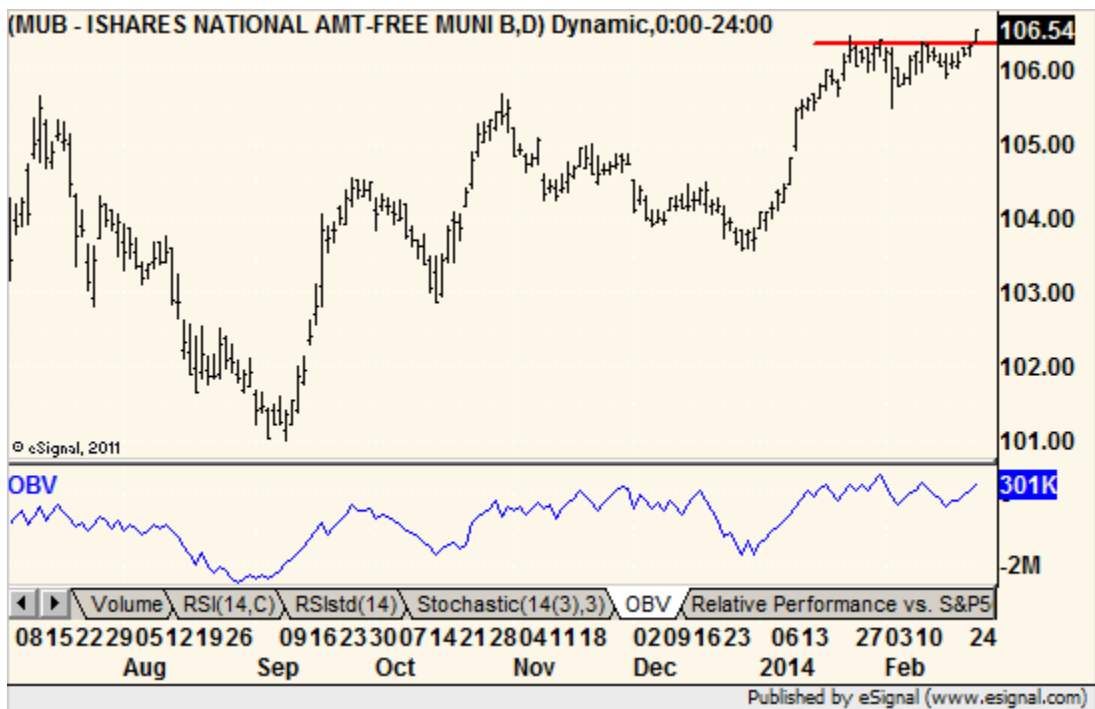
**Retail ETF** - We've been down on retail for months but lately it has been quietly healing. As we can see in the chart, it is back at its 50-day average after reclaiming its 200-day. Relative performance has stabilized, if not improved vs. the S&P 500 (not shown). And on-balance volume has a trend break. Time to look for cheap retailers.



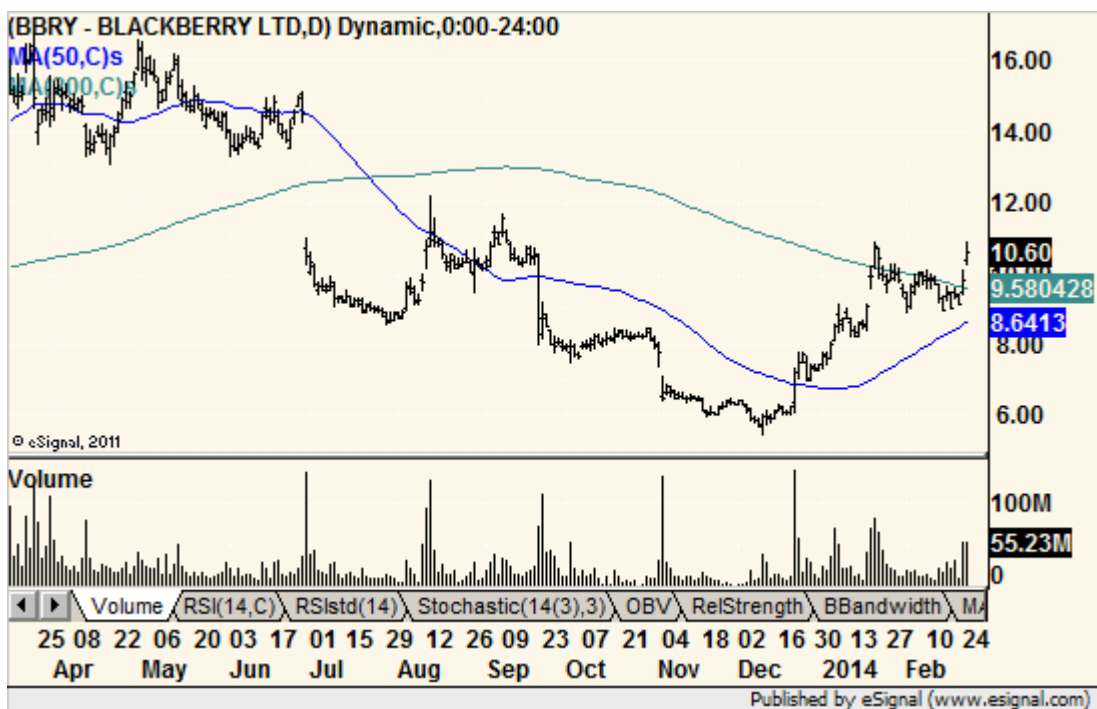
**Abercrombie & Fitch** - Aside from lingering distaste from their unofficial "no fatties" policy, the market seems to have come back to this stock. Trading up at resistance in the premarket in a general return to young people apparel. We're not chasing it but this is interesting. Also **ARO, AEO, URBN**



**Long T-bond ETF** - The end of the correction may at hand.



**Municipal bond ETF** - A new breakout. Safety rules?



**Blackberry** - Who would have thought it? but this chart looks pretty good. Flag breakout above the 200-day average with good volume. While we do see the inverted head-and-shoulders shape it is not at the end of a trend (it is the trend). But now take a look at the weekly chart - which looks to have a double bottom Dec 2013 and Sep 2012. Worth some spec money.

## 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              | 10.87       | 9.9%       | 10.50       | 9.89            | 12/6           | 81           |
|              | <b>GDX</b>    | MARKET VECTORS GOLD MINERS ETF   | 26.33       | 18.9%      | 25.25       | 22.15           | 1/13           | 43           |
|              | <b>JTP</b>    | NUVEEN QUALITY PFD INCOME FD     | 8.02        | 2.4%       | 7.70        | 7.83            | 1/23           | 33           |
|              | <b>CORN</b>   | TEUCRIUM CORN FUND               | 32.25       | 2.2%       | 31.00       | 31.57           | 2/6            | 19           |
|              | <b>FCX</b>    | FREEPORT-MCMORAN COPPER GOLD     | 32.77       | 4.5%       | 32.00       | 31.36           | 2/6            | 19           |
|              | <b>LXP</b>    | LEXINGTON REALTY TRUST           | 11.21       | 3.0%       | 10.50       | 10.88           | 2/12           | 13           |
|              | <b>SLV</b>    | ISHARES SILVER TRUST             | 21.02       | 6.5%       | 20.00       | 19.74           | 2/13           | 12           |
|              | <b>NOV</b>    | NATIONAL OILWELL VARCO INC       | 74.83       | -2.2%      | 73.50       | 76.52           | 2/18           | 7            |
|              | <b>SDRL</b>   | SEADRILL LIMITED                 | 35.31       | -3.2%      |             | 36.49           | 2/20           | 5            |
|              | <b>FSLR</b>   | FIRST SOLAR INC                  | 58.03       | -0.8%      | 50.00       | 58.50           | 2/25           | 0            |
|              | <b>LTM</b>    | LIFE TIME FITNESS INC            | 45.75       | -0.7%      | 43.50       | 46.09           | 2/25           | 0            |
|              |               |                                  |             |            |             |                 |                |              |
| <u>Short</u> | <b>XLP</b>    | CONSUMER STAPLES SELECT SECTOR S | 41.91       | -1.8%      | 42.50       | 41.15           | 2/11           | 14           |

**Notes:** Stopped out of **SDRL** on bizarre news. It was better than expected but apparently not good enough. The chart still looks good to us.

Two new longs at the open yesterday. **FSLR**, which was absolutely crushed after the bell, and **LTM**. We are already down more than we ever want to lose to a stop but let's give it a chance to rebound with a slightly lower stop. The sector is still strong.

## 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 Bart - Yes, **SDRL** was crushed but the chart still has the characteristics we liked in the first place, including strong sector, support and a weekly reversal. And now its P/E and div yield are compelling!

## Other Information

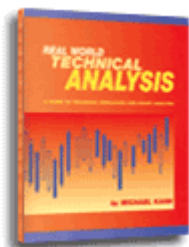
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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