

QUICK TAKES PRO

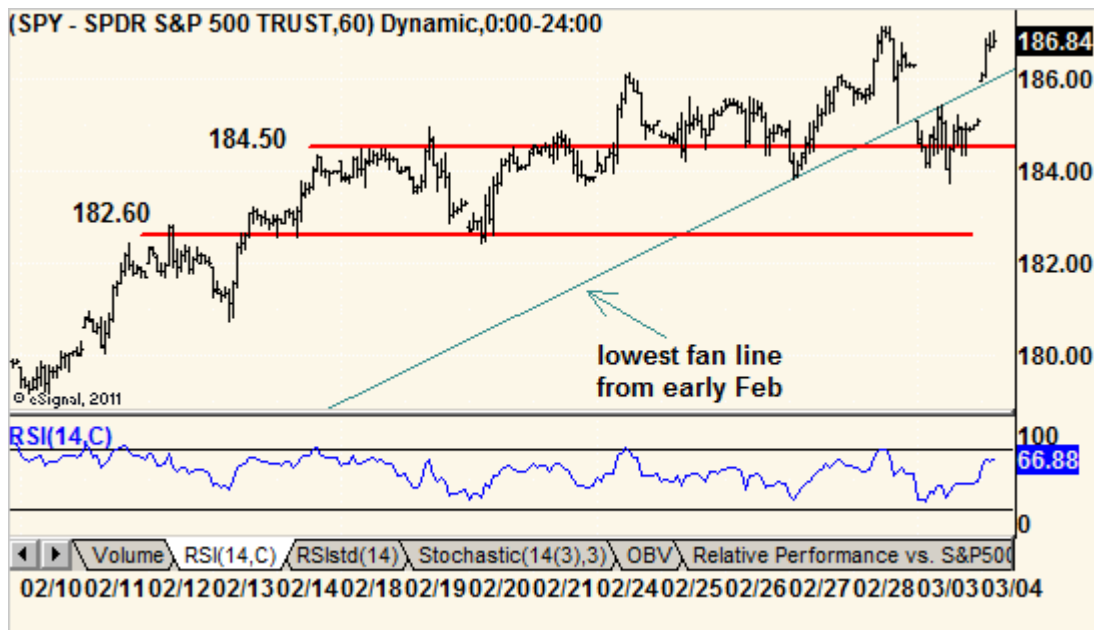
"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

March 4, 2014 – If you took yesterday off and left your iCrackberry at home you would look at the market this morning and think everything was [hunky dory](#). What sell off? When we got to the office this morning we see the **SPY** and e-mini S&P 500 futures above their Friday closes. Even T-bonds gave back their gain so is this a [ServPro](#) commercial with their catch phrase "like it never even happened?"

We'll, don't tell that to gold, which only gave back half its Monday gains overnight. And the US dollar, which did not give back even that much. And European stocks are still well off their respective Friday closes, from Germany to Italy to Russia itself.

Vlad the invader decided to pull some troops back from war games near Ukraine. So is it safe to get back in the water? Who can tell when giant egos and guns are involved but one thing we can see is that the market is back above its initial breakdown levels. And the hourly chart never got as low as the "line in the sand" we drew in yesterday's report.

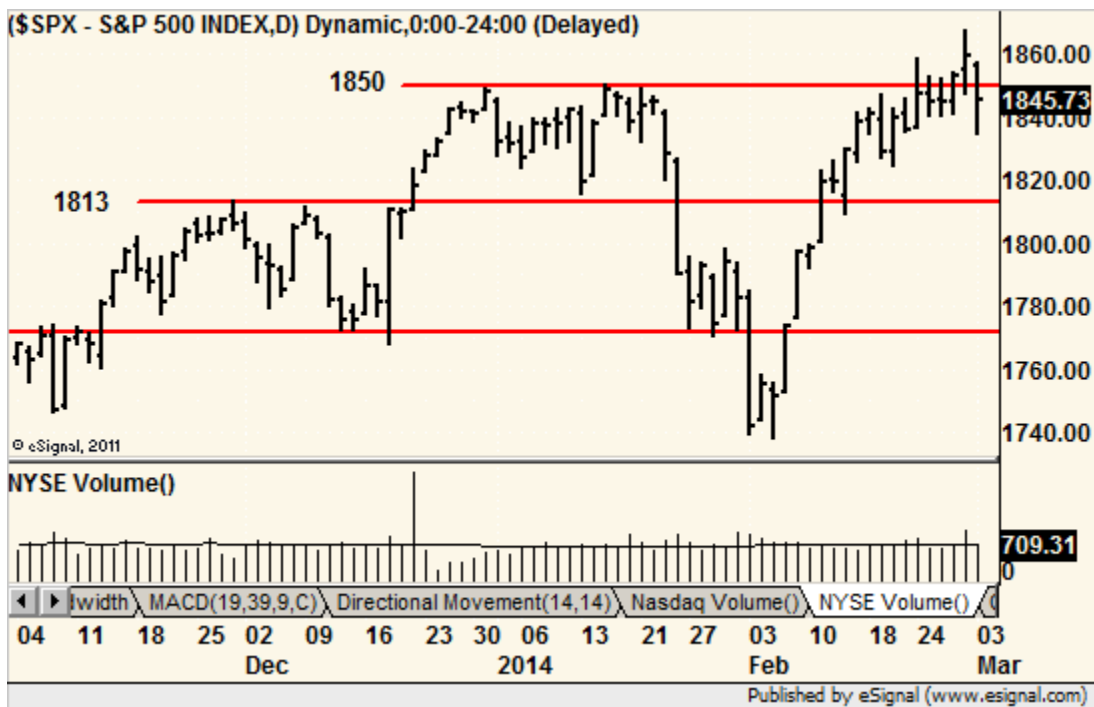


Here is the **SPY** with the lowest of the three-line fan lines set drawn in green and two important supports in red. The upper red line was broken as we wrote yesterday's report before the open and the fan lines were completed but we said we would not give it up until the lower red line was broken. As we can see here, it never got close and now trading is back above the upper line and the fan line. All is forgiven? We won't say that but it does look as if the tide came rushing back in after it rushed out yesterday.

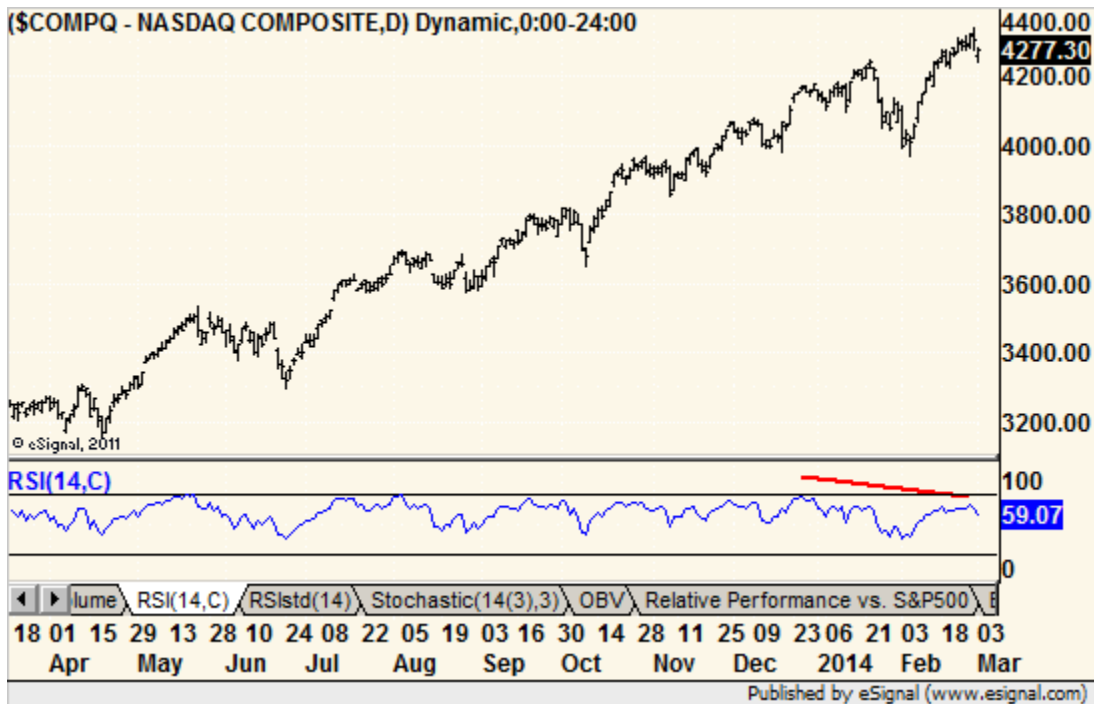
We pulled up lists of S&P 500 and Nasdaq-100 stocks mid-day yesterday to see which stocks were actually trading higher as the Dow was down about 150 and there were quite a few. We then drew a line in the lists at the "up 0.25%" level so we can review the winners for today's report. We can also see which stocks came roaring back from negative territory into the close. A few of them are outlined below because any stock that resisted the selling, save for stocks that benefit from the military action such as gold miners, should be a candidate to lead going forward.

We are not saying all is well with the world but we have to make our plan based on what has happened (not might happen).

Index Charts of the Day



The S&P 500 closed in the middle of its range and well off its lows. This morning, we expect it to open near Friday's close as if Monday never happened. The breakout above 1850 is still officially intact.



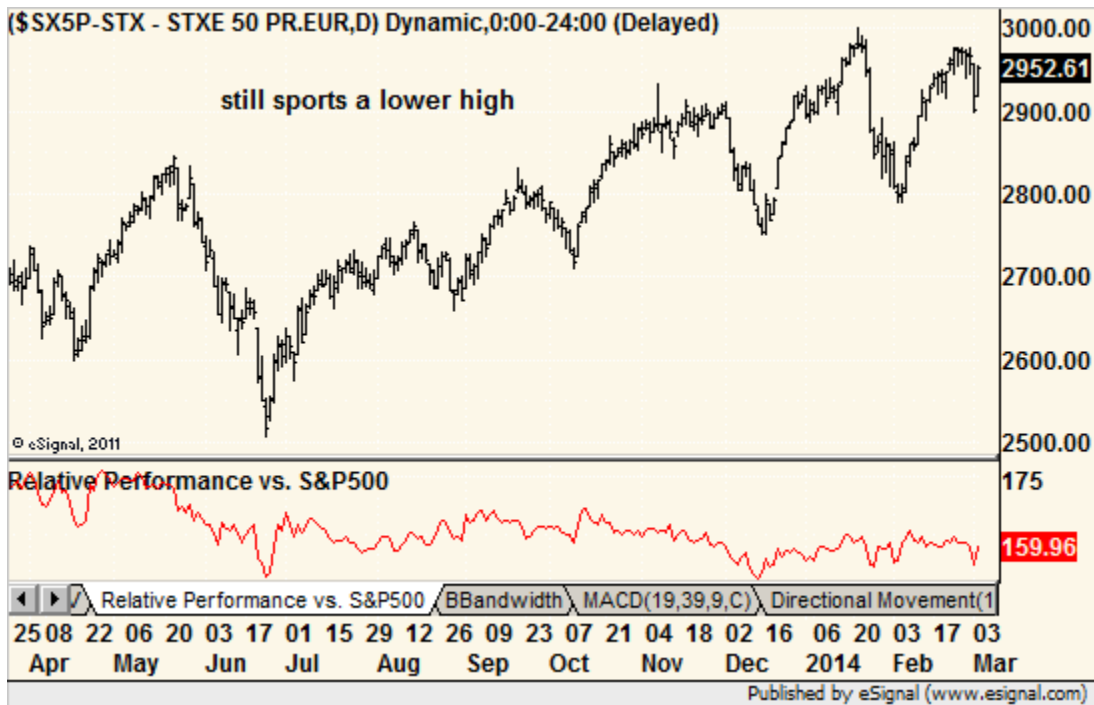
The Nasdaq is expected to open above its Friday close but not above Friday's high. But look at the chart and see Monday's decline as a mere blip in a rising trend. What is more of an issue is the falling RSI, suggesting the bull market is indeed tired. Not dead but tired.

The Radar Screen

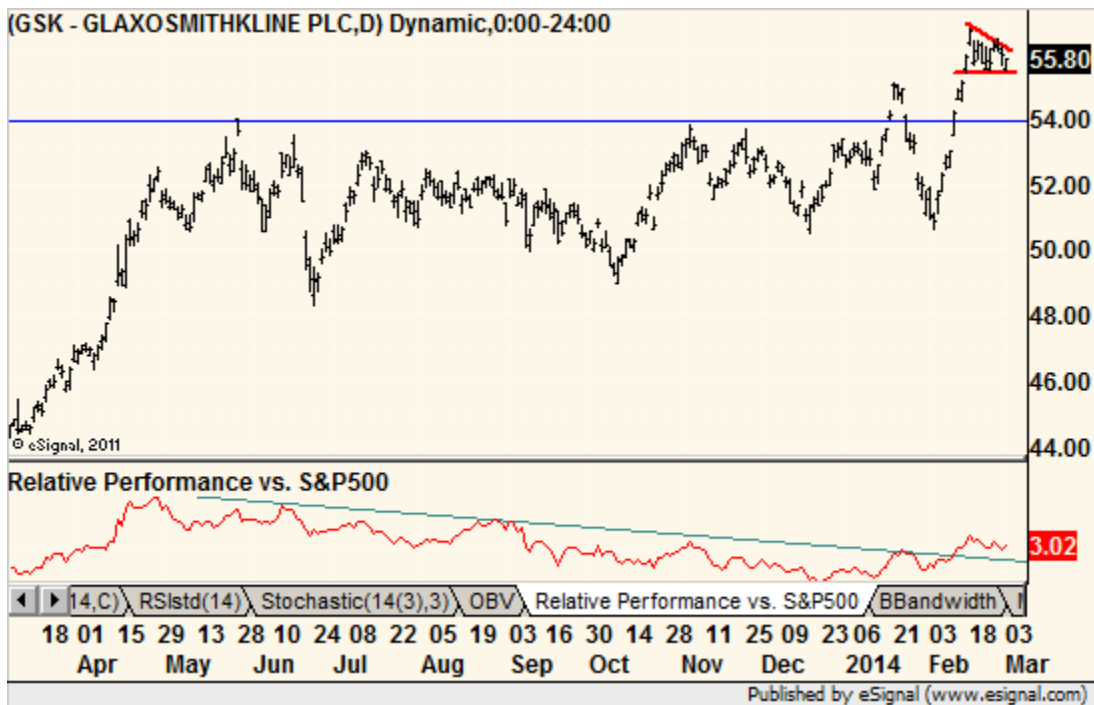
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
DSW DSW - A shoe retailer with a possible double bottom. Resistance at the 50-day average but nice RSI divergence in place. Buy close over 39.60.		2/27
Commodities ETN DBC - This one holds agriculturals and already has a trend break. Buy flag break at 26.20. Caveat - we are already long CORN .	Triggered	3/3
Glaxo SmithKline GSK - This drug stock is in a very strong sector and is about to break out from a triangle pattern. Note change in relative performance already. Huge dividend yield. Buying now.	New	3/4
Bearish Implications		
FedEx FDx - We have not had much luck finding nice short setups and that makes us nervous. Here is one possibility with a bear flag-looking bounce reversing at the 50-day average. Sell 131.		2/27
Unknown Implications		
Rambus RMBS - 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		2/21
Holding Tank - red shade leans bearish, green shade leans bullish		
Boeing BA - This looks to be the real breakdown, especially compared to its sector - defense (indices DFX , DFI).		2/24
GM - 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.		2/25
AT&T T - Waiting for value to come to papa at 30.25.		2/25
Wal-Mart WMT - Everyone is down on this stock but at the same time retail is making a comeback. We're watching for a trendline breakout.		3/3
Sector Watch (observations that may spark ideas)		
Retail - Making a comeback. ANF , AEO , ARO , URBN		2/26
Defense - Very strong (except BA)		
Updates		
none -		

Market Highlights



Stoxx 50 - The pan-European blue chip index never reached its previous high and that is a warning. It has recovered a major portion of Monday's loss but not all of it. We think it is much better to be in domestic stocks than European stocks.

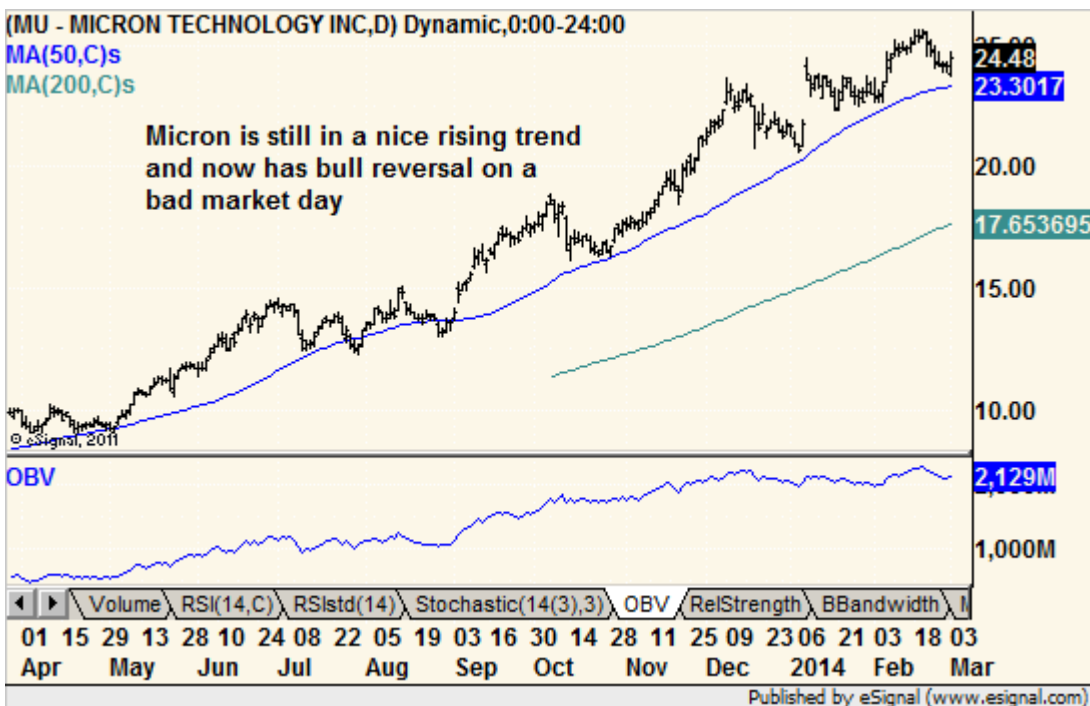
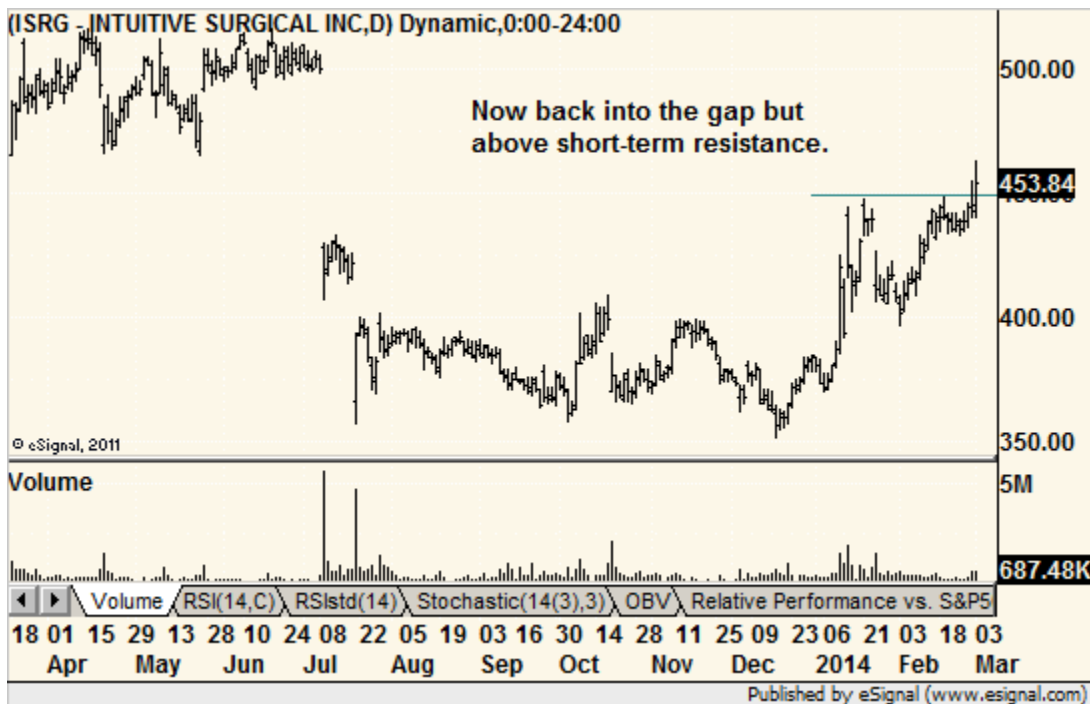


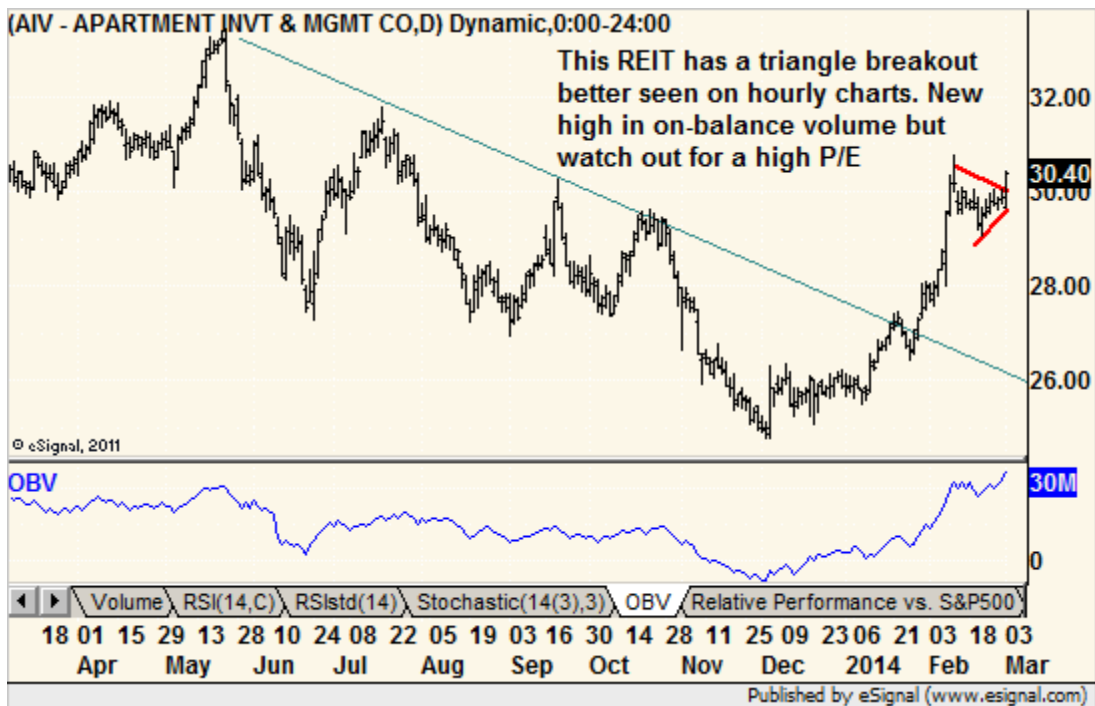
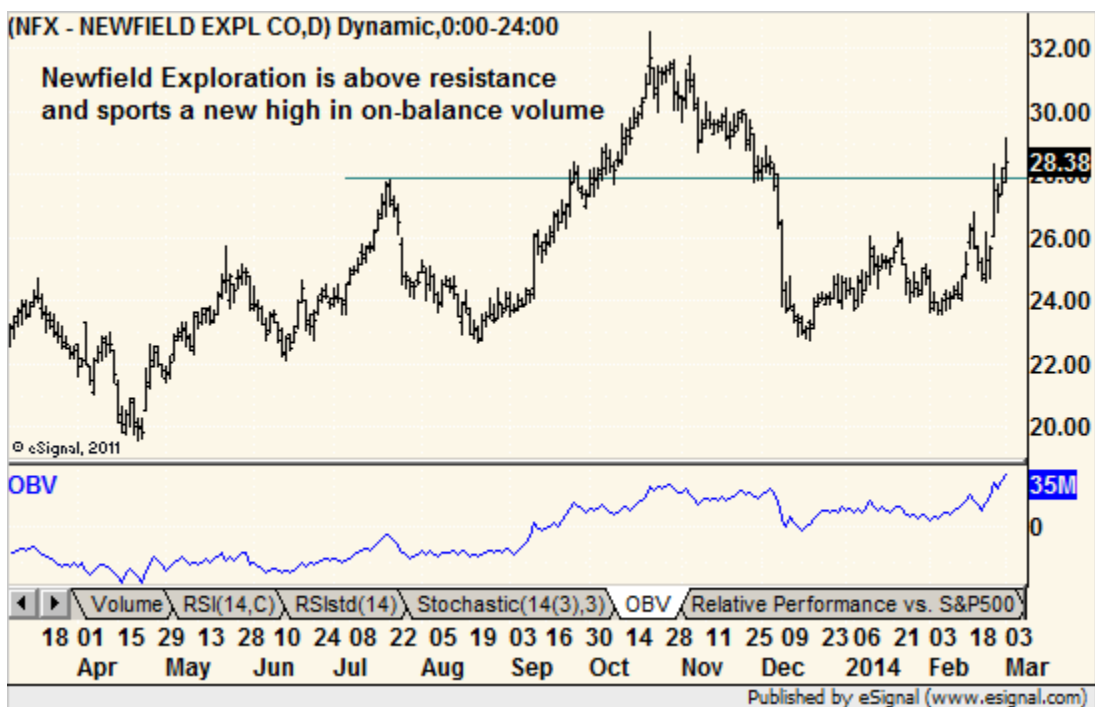
Glaxo SmithKline - This drug stock is in a very strong sector and is about to break out from a triangle pattern. Note change in relative performance already. Huge dividend yield. Buying now.

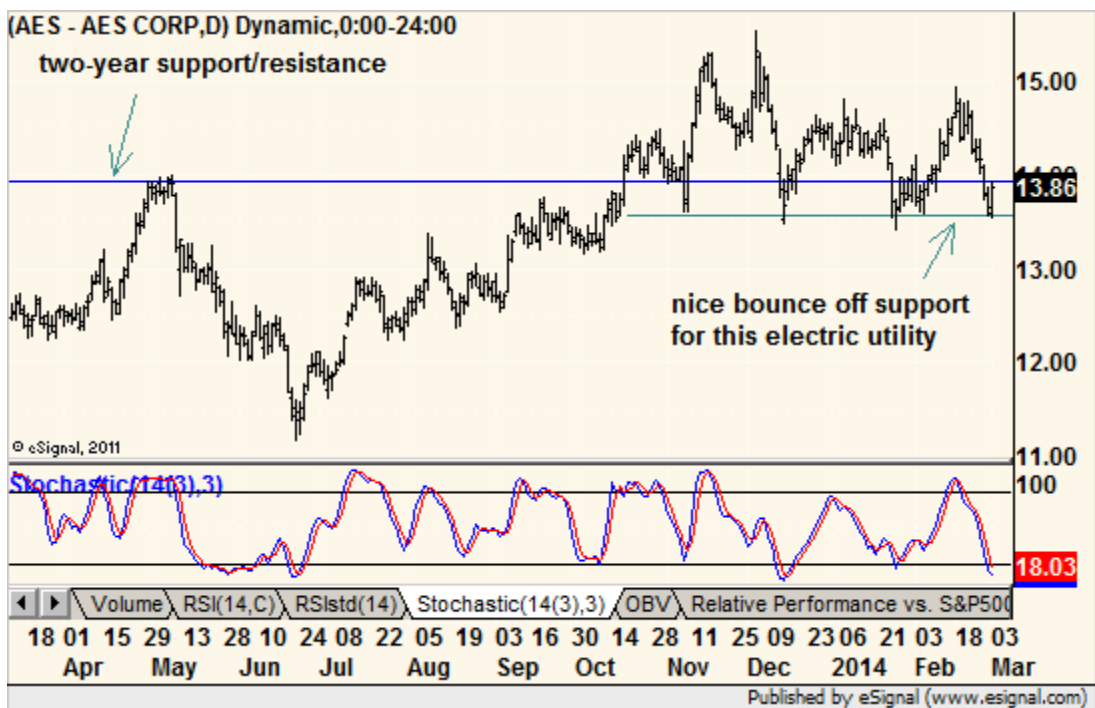
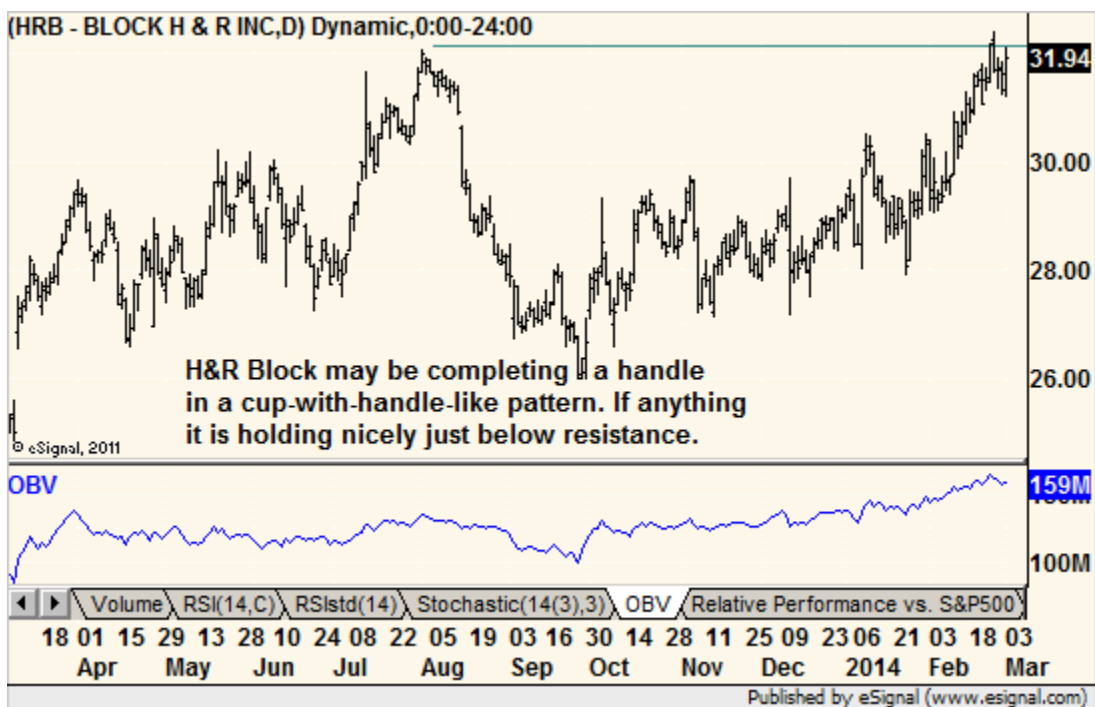
Quick Takes

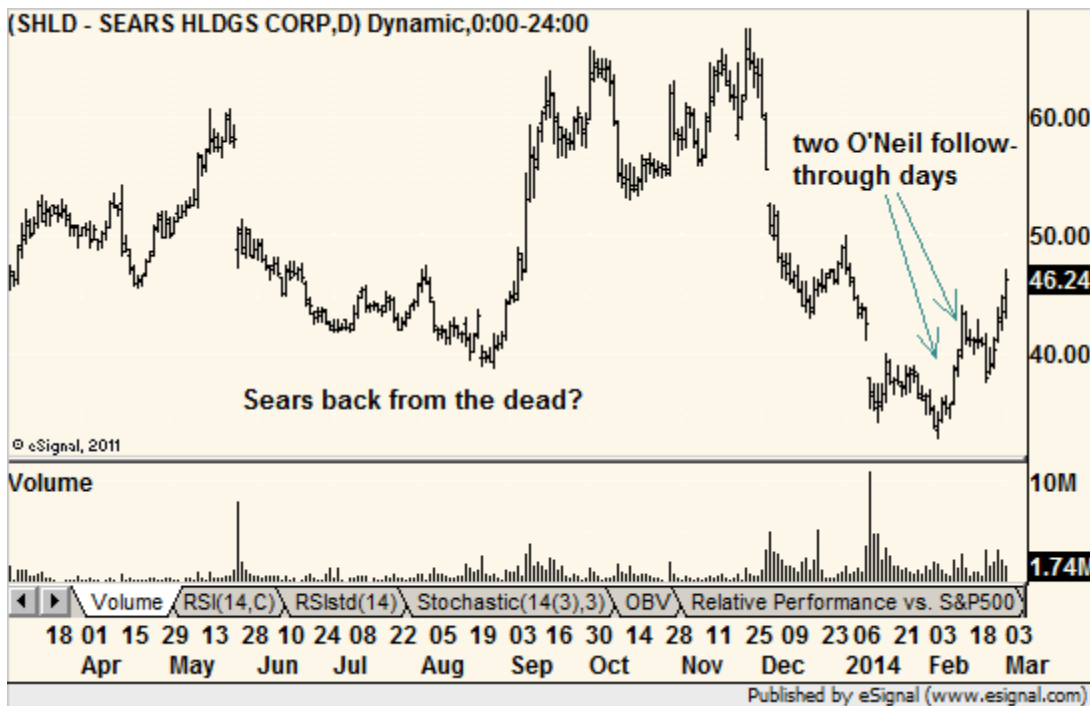
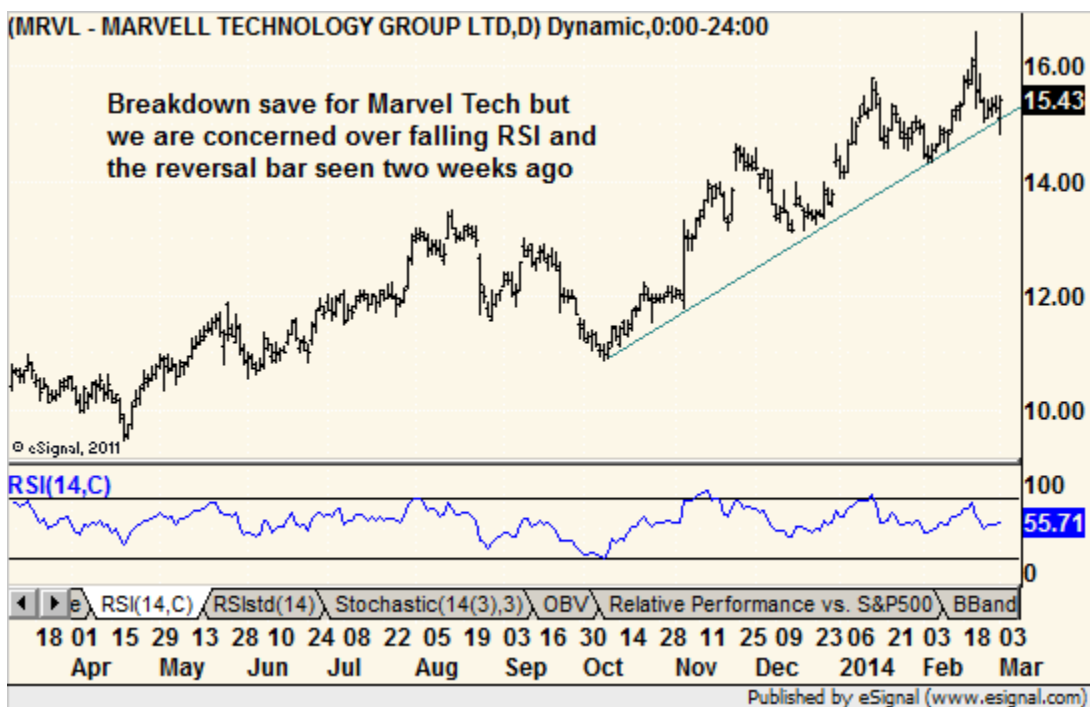
In this section, we take a fast look at charts with just captions.

Stocks that resisted Monday's sell-off.









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	11.25	13.8%	10.70	9.89	12/6	86
	GDX	MARKET VECTORS GOLD MINERS ETF	26.30	18.7%	25.25	22.15	1/13	48
	JTP	NUVEEN QUALITY PFD INCOME FD	8.07	3.1%	7.70	7.83	1/23	38
	CORN	TEUCRIUM CORN FUND	32.97	4.4%	31.50	31.57	2/6	24
	FCX	FREEMPORT-MCMORAN COPPER GOLD	32.83	4.7%	32.00	31.36	2/6	24
	LXP	LEXINGTON REALTY TRUST	11.46	5.3%	10.75	10.88	2/12	18
	SLV	ISHARES SILVER TRUST	20.62	4.5%	20.00	19.74	2/13	17
	NOV	NATIONAL OILWELL VARCO INC	77.02	0.7%	73.50	76.52	2/18	12
	FSLR	FIRST SOLAR INC	55.96	-4.3%	54.00	58.50	2/25	5
	LTM	LIFE TIME FITNESS INC	47.21	2.4%	45.00	46.09	2/25	5
	BBRY	BLACKBERRY LTD	10.37	-2.9%	9.75	10.68	2/26	4
	FDO	FAMILY DLR STORES INC	64.88	-3.4%	64.00	67.16	2/27	3
	DBC	POWERSHARES DB COMMODITY ETF	26.49	-0.2%	25.50	26.53	2/27	0
<u>Short</u>	XLP	CONSUMER STAPLES ETF	42.12	-2.3%	42.50	41.15	2/11	19

Notes: New long in **DBC** but unfortunately it gapped up though the trigger.

Tweaked stop in **LXP**.

Not a bad day considering the Dow was down 153. Eight of our longs were up, one unchanged and only three down.

FSLR trade was stopped out but we are following the unofficial position that wasn't

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.



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we’ll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2014