

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

March 12, 2014 – The market could not get out of its own way yesterday and chopped around with a downside bias. Technically, it was part of a pullback with support below current levels - see the hourly chart below and the daily charts in the Index Charts of the Day section for more.

What is of interest now is the speculative angle. We've already mentioned the report that three quarters of new IPOs are for companies with no earnings. And now we can see how low priced and high risk stocks are running - and then crashing a la **PLUG, BLDP and FNMA**.

I retweeted a StockTwits blog post saying that the top trending names on that website were all sub-\$10 stocks. Think about that. The stocks getting the most buzz are all small caps with low prices and high risk profiles. Sounds very much like 2000, doesn't it? We are starting to get a bit more wary of the overall trend, even though the charts themselves do not show any breakdowns at this time. Remember, sentiment is for environment, not timing.



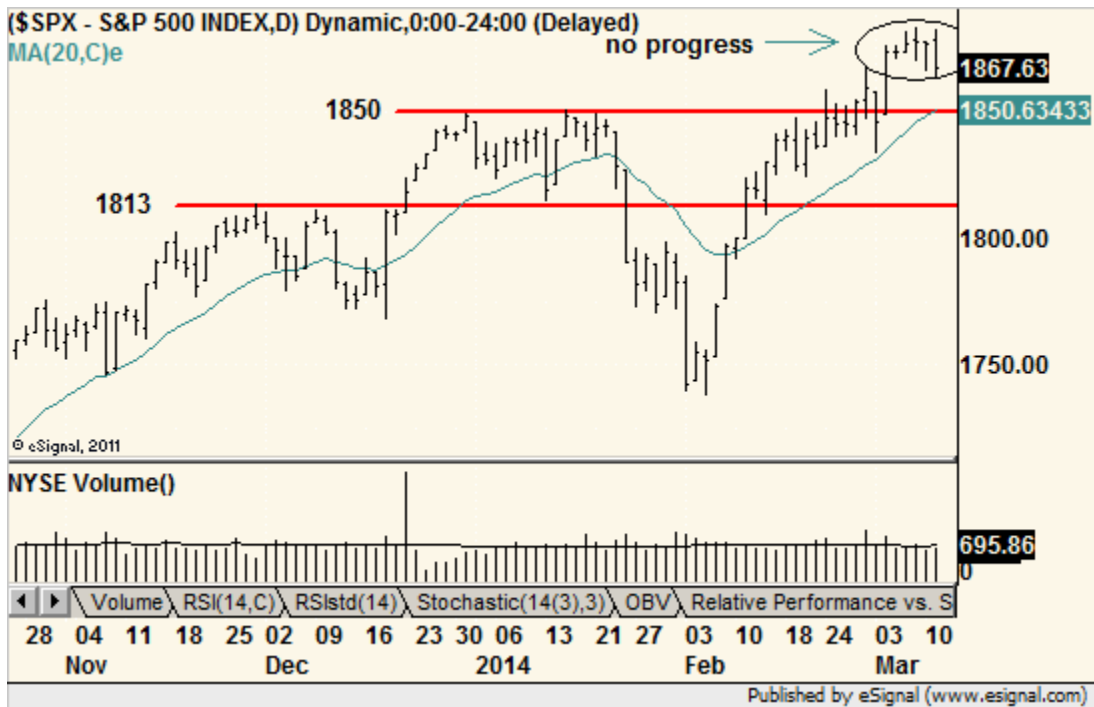
The morning rally ended at resistance and overnight support broke. The 186 support for the SPY shown here is not exactly the same at the 1850 support for the S&P 500 itself but it does give us an idea about how much or how little room there is before the bulls must take charge.

The real action was in oil and **USO** fell below support. WTI crude is below 100 and that pressured energy stocks. Curiously, gasoline was higher and that combination favored the refiner stocks.

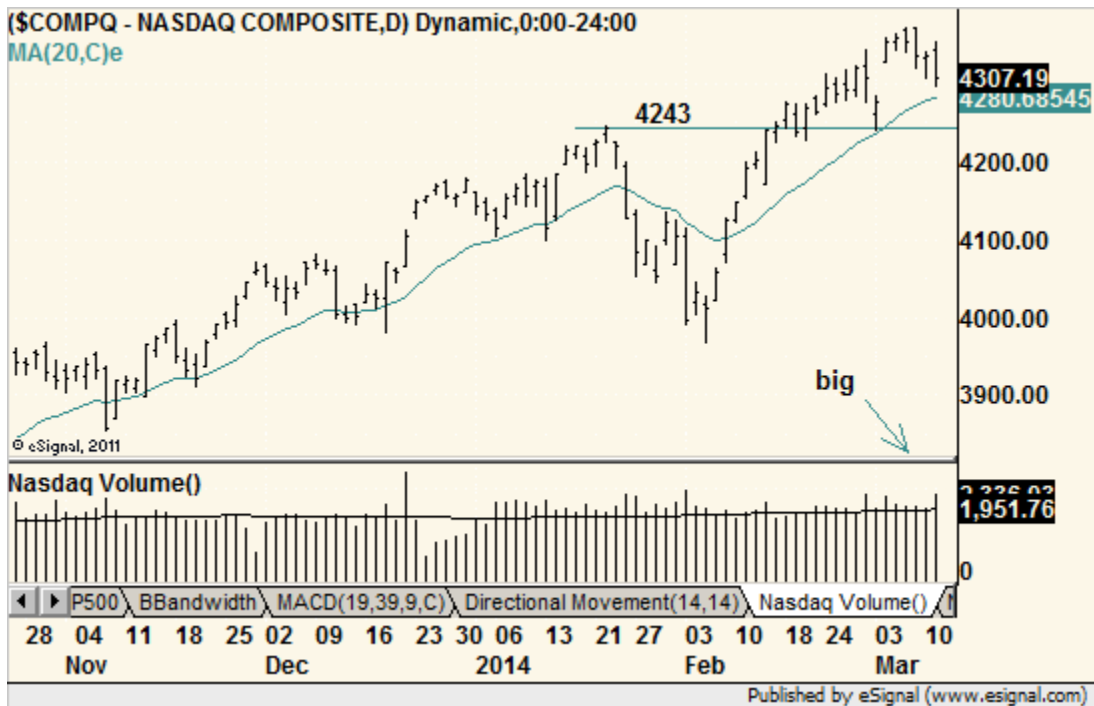
In sectors, autos and parts really tanked. Restaurants were strong thanks to **MCD and SBUX** (trendline breakouts). Perhaps strength in **PEP** was related (another trendline breakout).

We're taking easy but building some short positions. With T-bonds holding support, we are going to hold on to our interest rate sensitive longs but if **TLT** drops we may just cash them in.

Index Charts of the Day



The market has done nothing but wiggle for the past week. It is still above the 1850 support and 20-day expo average so even though the market seems like it is done it is still officially just a pullback.



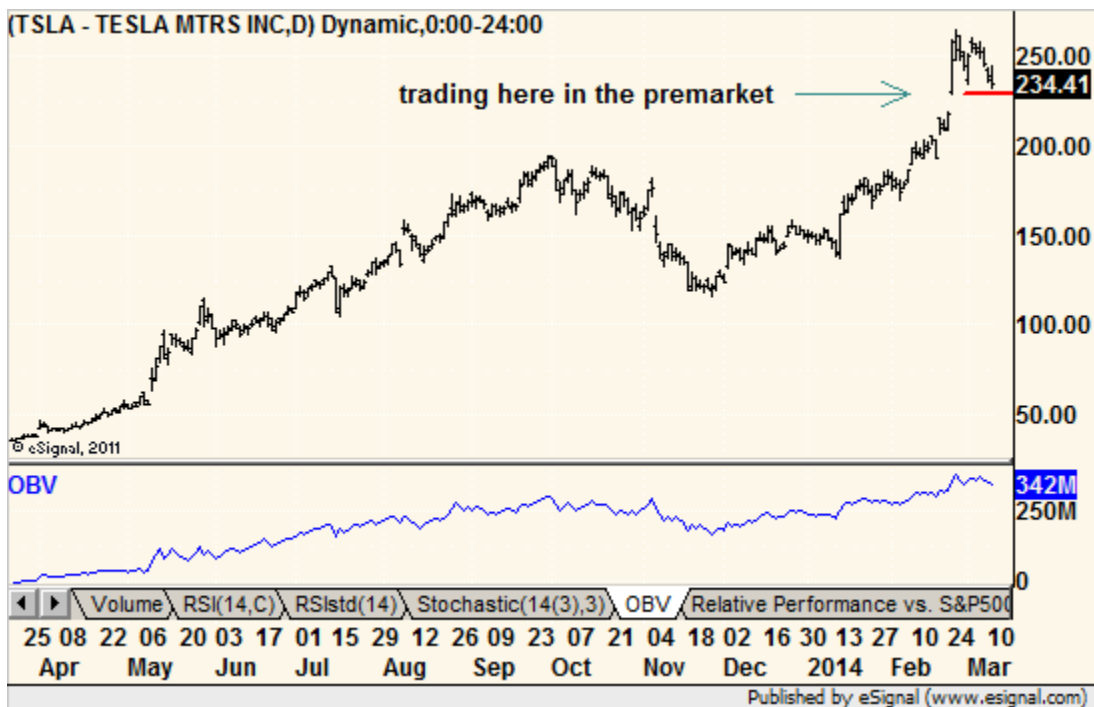
The Nasdaq fell on elevated volume. We'll still believe big volume has meaning even though low volume is not such a great indicator anymore. However, the bottom line is that support and the 20-day expo are still intact.

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		
Fusion-IO FIO - We've moved this here from the Subscriber's Corner. The long-term trend here is down but it is above the 50-day average. The 200-day and resistance from Jan and Feb highs at 11.75 is the real test. Buy a close above it.	Triggered	3/10
Wal-Mart WMT - A strong Tuesday as the market dipped. Now at the Nov trendline so we will buy a close over 75.	Moved	3/3
Bearish Implications		
Juniper Networks JNPR - Just as we looked for stocks that resisted Monday's sell-off, now we look for stocks that did not participate in Tuesday's rally. Juniper is now at support in a double top pattern with RSI divergence. Sell a close under 26.20.	Triggered	3/5
Western Digital WDC - some trend breaks and a 50-day average break. RSI divergence with a potential double top, too. Selling 84.00 on close.	Triggered	3/11
Acadia Healthcare ACHC - Double top breakdown with 50-day average break. Bullish hammer candle Monday so we want to wait to see if it holds or fails. Sell under Monday close at 46.09.	Triggered	3/11
Incyte INCY - This biotech has gone nowhere for weeks, even as its sector led. Now the sector is stumbling. Sell under support at 60.35	Moved	3/5
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
AT&T T - Waiting for value to come to papa at 30.25.		2/25
Steven Madden SHOO - This shoe maker has a resistance breakout but we think it would be safer to wait for a pullback.		3/10
Citibank C - Bear wedge hitting a death cross from below.		3/11
Sector Watch (observations that may spark ideas)		
Retail - Making a comeback.		2/26
Defense - Very strong (except BA)		
Biotech - Possible RSI divergence now. Confirmed		3/7
Utilities - XLU ETF held at a nice support.		3/10
Homebuilders - Failed at resistance		3/11
Updates		
none -		

Market Highlights



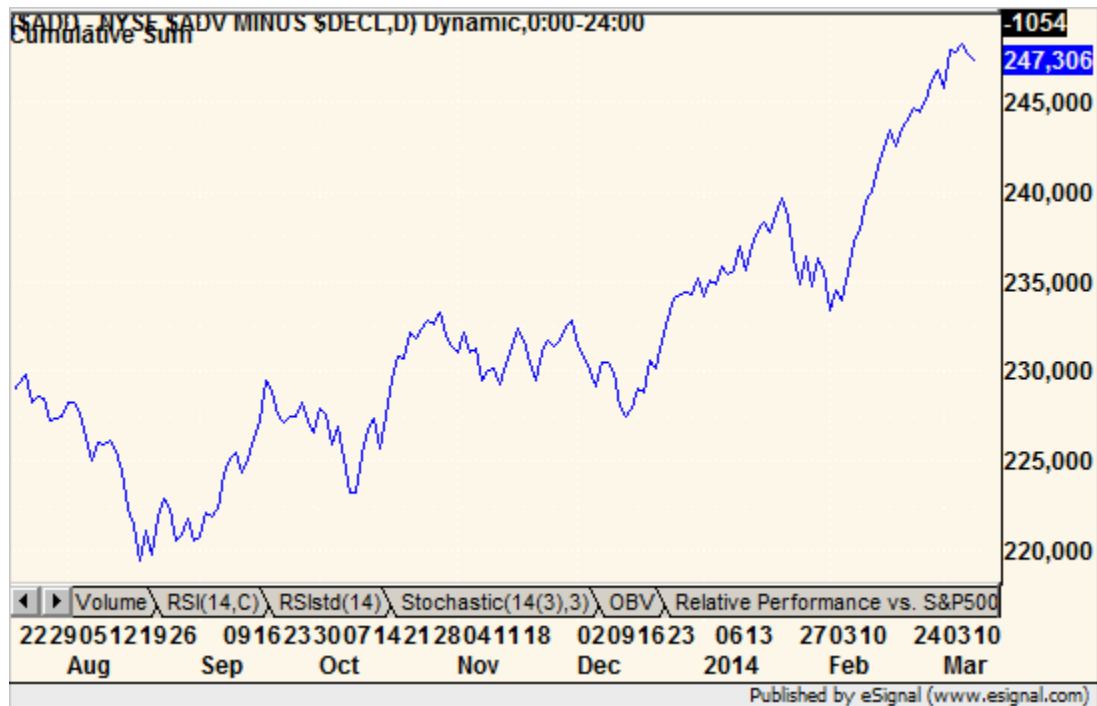
Tesla - News sent the stock even lower in the premarket but it's not anything technically significant. On-balance volume barely wavered. We are not saying to buy it but its resilience suggests the company is for real. Why won't "they" let them sell direct to consumers? No free market there.



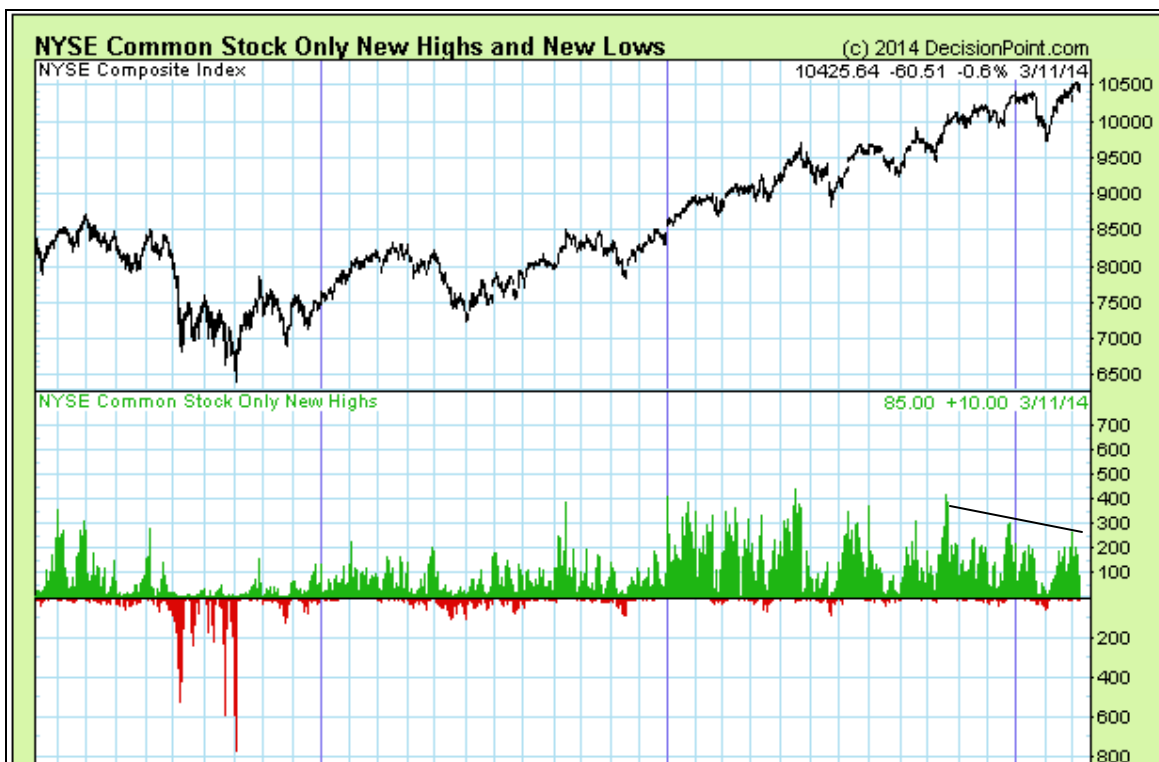
Apple - Watching right here. A breakout would be buyable but failure suggests time to get out.



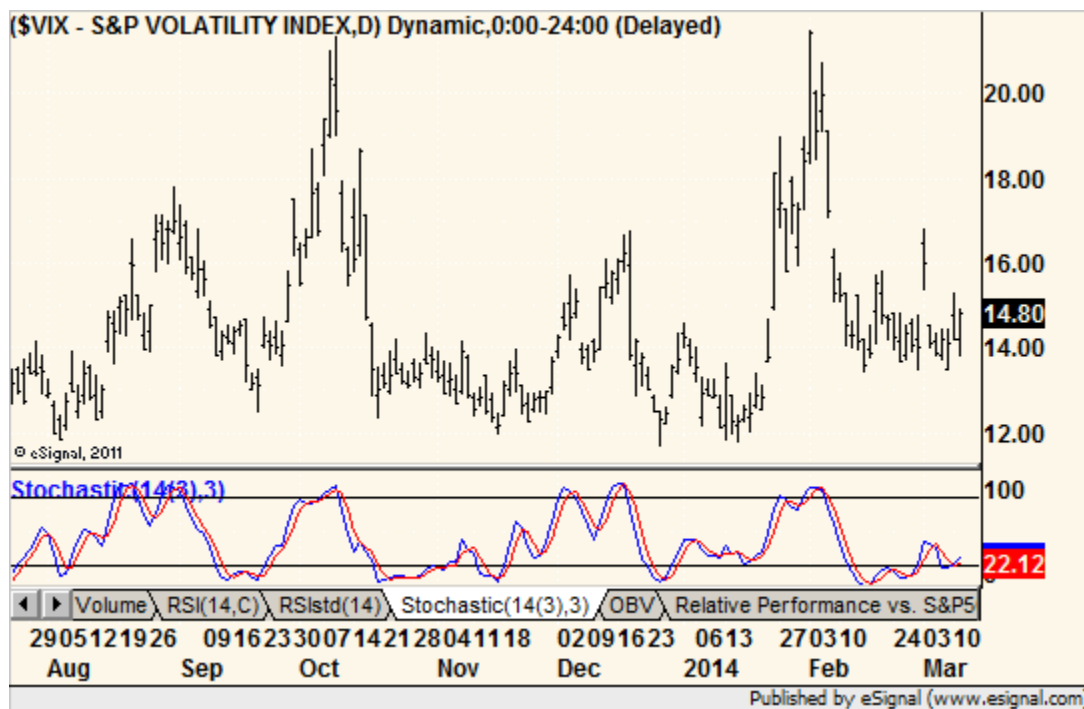
Copper ETN - Now at its lowest levels since 2009. The downside target for the triangle breakdown is still below in the 33 area but we have heard reports of tight supplies. Basically, we are out and wait for the next development.



NYSE advance-decline - Not much of a blip and that supports the pullback case, not a top.



NYSE new highs and lows - This chart was extracted from DecisionPoint.com and it shows the number of new highs fading but still coming in a pretty good clip. The number of new lows is tiny and all this supports the pullback idea and not a major top just yet.



VIX - The volatility index shows the Ukraine invasion spike last week and quick return to normal. However, stochastics does have the look of a VIX ready to move up again. What does it mean? The sentiment picture is starting to lean more towards a big disruption rather than a run of the mill pullback. And yes, it does conflict with the breadth data. But sentiment is not for actual timing, only background.

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	11.04	11.6%	10.70	9.89	12/6	95
	GDX	MARKET VECTORS GOLD MINERS ETF	26.13	18.0%	25.25	22.15	1/13	57
	JTP	NUVEEN QUALITY PFD INCOME FD	8.06	2.9%	7.80	7.83	1/23	47
	CORN	TEUCRIUM CORN FUND	33.48	6.1%	32.50	31.57	2/6	33
	LXP	LEXINGTON REALTY TRUST	11.20	2.9%		10.88	2/12	26
	NOV	NATIONAL OILWELL VARCO INC	78.08	2.0%	74.00	76.52	2/18	21
	LTM	LIFE TIME FITNESS INC	49.17	6.7%	47.00	46.09	2/25	14
	DBC	POWERSHARES DB COMMODITY ETF	26.08	-1.7%	25.50	26.53	3/3	8
	GSK	GLAXOSMITHKLINE PLC	55.65	-1.2%	54.00	56.30	3/4	7
	DSW	DSW INC	40.86	3.2%	39.00	39.60	3/6	5
	MOS	MOSAIC CO NEW	48.81	-2.6%	48.00	50.11	3/6	5
	VLCCF	KNIGHTSBRIDGE TANKERS LTD	12.80	11.8%	12.00	11.45	3/6	5
	RMBS	RAMBUS INC DEL	9.98	3.4%	9.50	9.65	3/7	4
	FIO	FUSION-IO INC	11.86	0.0%	11.10	11.86	3/11	0
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.39	0.0%	27.00	25.39	3/11	0
	WDC	WESTERN DIGITAL CORP	83.21	0.0%	88.00	83.21	3/11	0
	ACHC	ACADIA HEALTHCARE COMPANY INC	46.14	-0.1%	49.00	46.09	3/11	0

Notes: Stopped out of **LXP**, which was disappointing because it really looked promising. The pullback just got too deep.

Raised stops in **LTM** and **RMBS** and really raised it in **VLCCF**, which soared over 13% Tuesday. There was news of tanker purchases.

CORN and the two bond-like positions **JTP** and **NLY** bounced back nicely. **MOS** looks very weak.

New long in **FIO** triggered at the close. This was a Subscriber Corner find so we thank you.

Three new shorts in **JNPR**, **WDC** and **ACHC** - the first two at the close.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Empty? Come on, this is for you!

Other Information

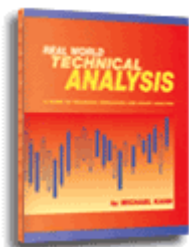
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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