

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**March 18, 2014** – The post-Crimea election rally was only robust on the surface because volume was quite low and the advance-decline line was not quite as positive as we'd expect at +1386. That number is good but not so great as to say "they" bought everything in a changed-for-the-better market.

Bonds fell as could be expected but gold was off very little considering the news. Utilities were also quite strong so it is hard to say that the stock market's rebound was full of confidence and hope.

But even though gold did not lose too much, gold futures left a bearish reversal bar and the gold index (XAU) left a bearish evening star candle pattern. The two gold stock ETFs did not leave official evening star patterns but we can still argue that they were some sort of reversals anyway.

And then there is this report - The Commitments of Traders (COT) report issued Friday, covering the week to March 11, showed the increase in the price of gold was largely driven by speculation. Net long positions — essentially bets for higher prices — were expanded for the fifth-consecutive week.

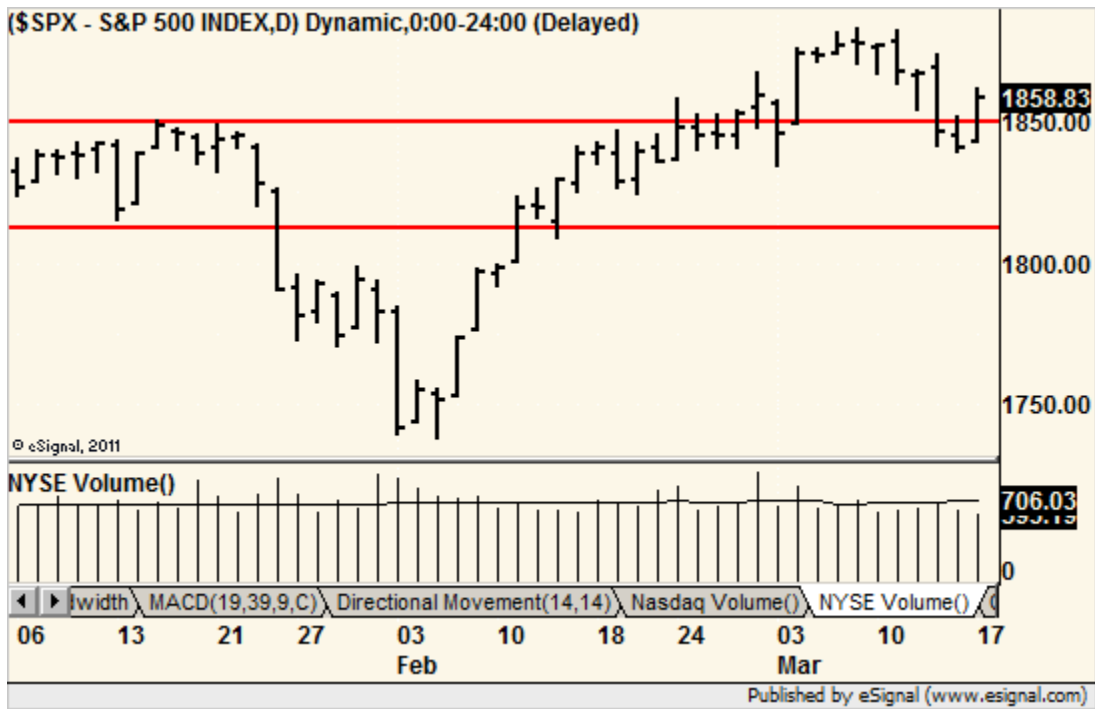
We are worried now that gold is ready for a correction and therefore we are going to sell our long in **GDX**. However, of the pattern is negated, we will get back in because the intermediate-term trend is still up. This is a tactical move for the short-term.



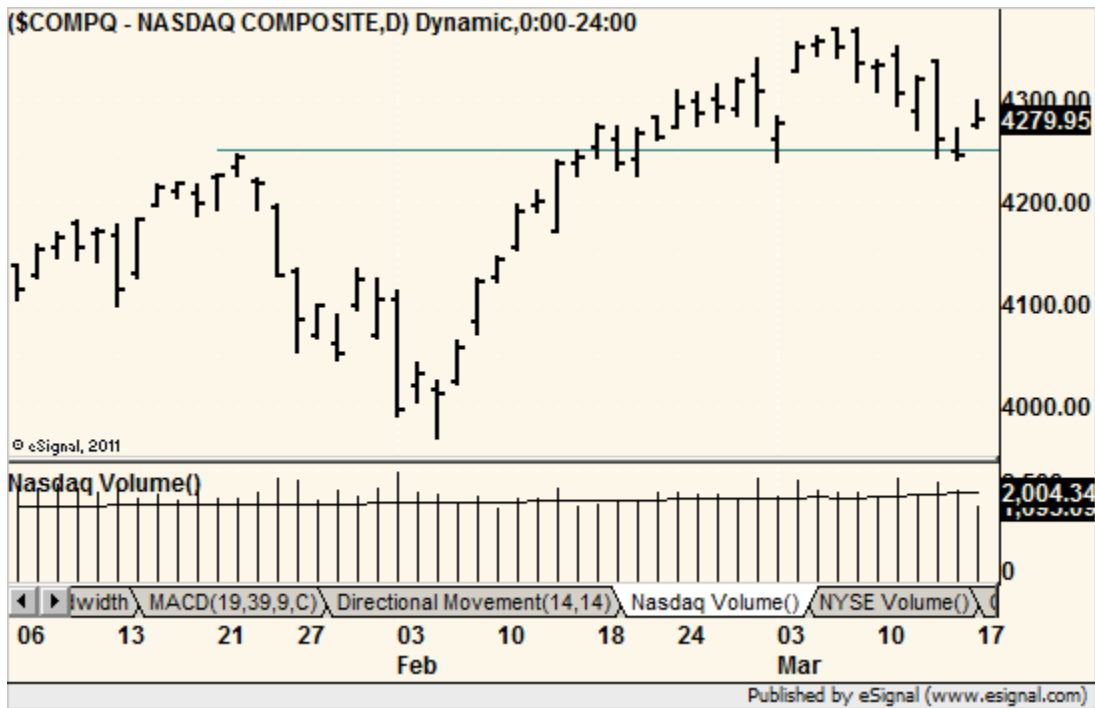
The **SPY** is still in a series of lower highs and lower lows - even after the jump up after economic news this morning - and we can see how yesterday's rally really corrected the downside excesses of a few days ago. Watch the trendline for a breakout but for now we respect it as resistance.

Other than cutting back on most or all gold, we are still standing by, especially with the debut of the Yellen Fed on tap for today.

## Index Charts of the Day



No matter what you think about the value of volume, there is no denying that it was low yesterday on the Crimea vote relief rally. The tide did not rush back in after rushing out for a correction.



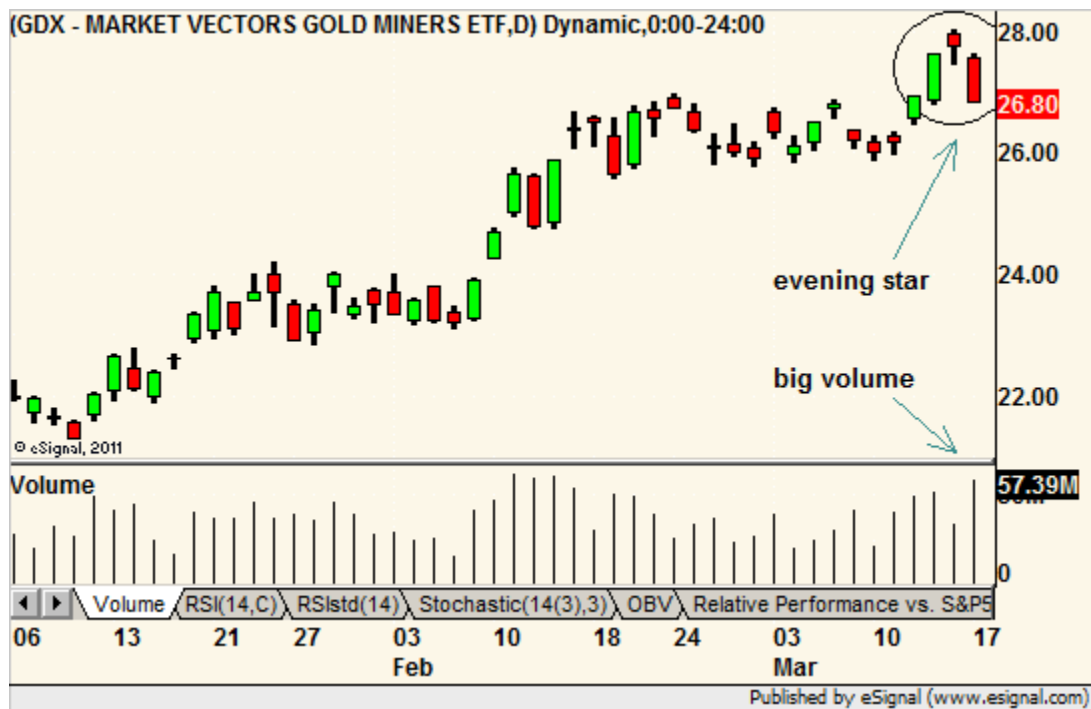
We'll give the Nasdaq a bounce off support but look at the low volume here, too.

## The Radar Screen

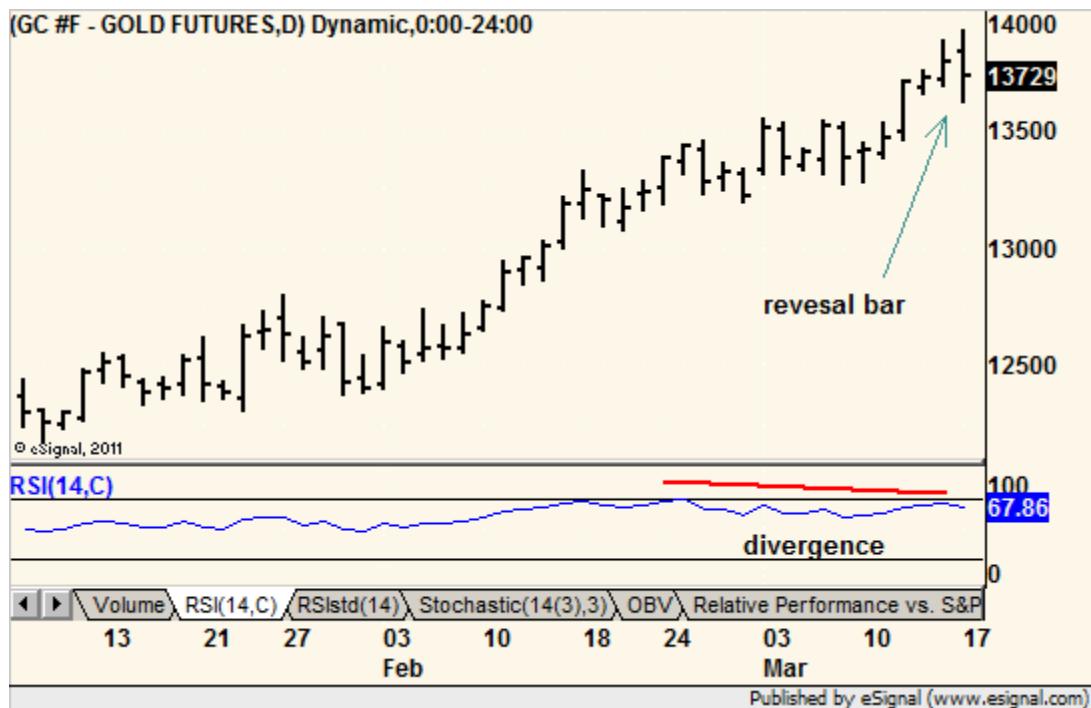
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Jakks Pacific JAKK</b> - This toy maker had a bear market but it has also spent many months healing (basing). Currently above its 200-day average, it is in a tight range at resistance and its major trendline. It is indeed speculative but a breakout now would be technically very positive. Zacks reported that earnings are improving and more than 41% of the float is sold short. Good enough to put a buy trigger on it for a breakout at a close over 7.55. <u>Fading fast. One more day to show any bullishness at all.</u>		3/13
<b>Bearish Implications</b>		
<b>Incyte INCY</b> - This biotech has gone nowhere for weeks, even as its sector led. Now the sector is stumbling. Sell under support at 60.35		3/5
<b>United Parcel Service UPS</b> - This delivery stock has a nice bear setup in place with a bear flag stopped at the now falling 50-day average. Big volume on the Thurs-Fri decline. Selling 95.		
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>AT&amp;T T</b> - Waiting for value to come to papa at 30.25.		2/25
<b>Citibank C</b> - Bear wedge hitting a death cross from below. Now sitting on wedge bottom. <u>Waiting for a test of the wedge break.</u>		3/11
<b>Texas Instruments TXN</b> - A key outside-day reversal on big volume following an equally high volume scoot into new high ground. Bearish. We may have missed this so perhaps sell a bounce.	<b>Changed</b>	3/14
<b>Siemens SI</b> - The gain was so big Monday that the H/S pattern was killed. We'll watch just one more day to see if this is not a double right shoulder.	<b>Changed</b>	3/17
<b>Con Ed ED</b> - This NYC utility is in between a bear trend and support. Last week's big drop and recovery looks like a survival story as the bears could not take it below that support. Holding Tank for now.	<b>New</b>	3/18
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Retail</b> - Making a comeback.		2/26
<b>Defense</b> - Very strong (except <b>BA</b> ). <b>Possible bull flag.</b> <u>Chart below.</u>		
<b>Biotech</b> - Time to decide between exhaustion gap and bull flag.		3/7
<b>Utilities</b> - <b>XLU</b> ETF held at a nice support.		3/10
<b>Homebuilders</b> - Failed at resistance		3/11
<b>Banks</b> - Watching resistance failure in <b>BKX, KBE, KRE</b>		3/13
<b>Toys</b> - <u>Looking decent for the bulls.</u>		3/14
<b>Semiconductors</b> - Watching expanding triangle and bear reversal in <b>SMH</b>		3/17
<b>Updates</b>		
<b>Coffee ETN JO</b> - Down big again. We suggested getting out if you still had it.		

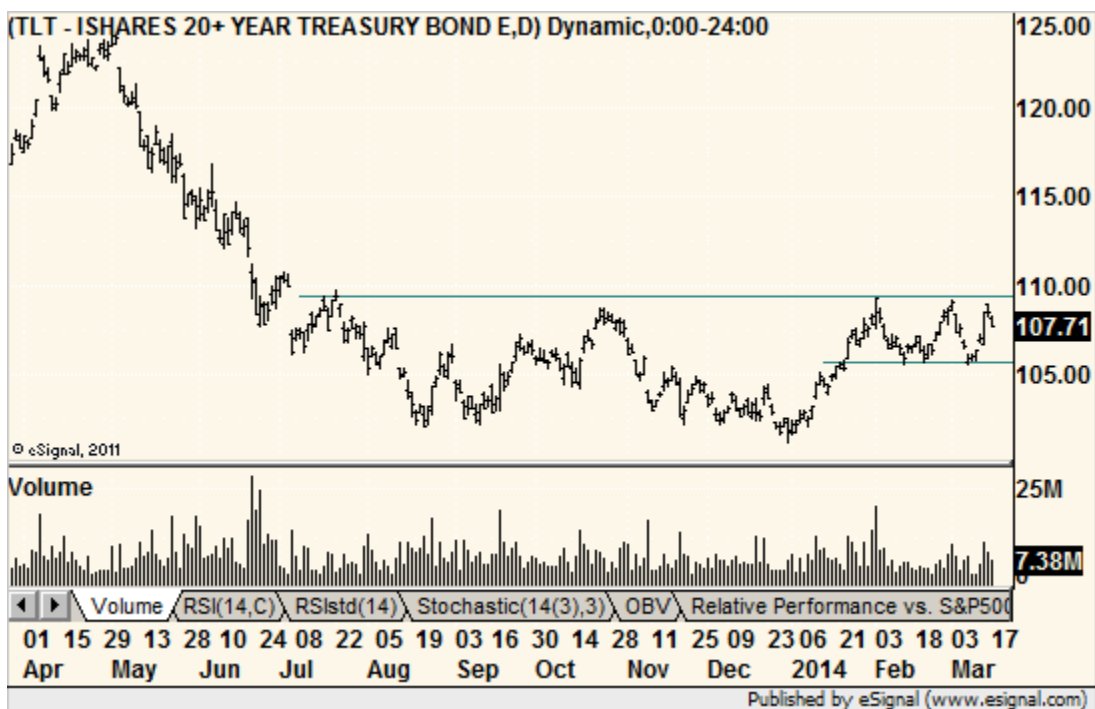
## Market Highlights



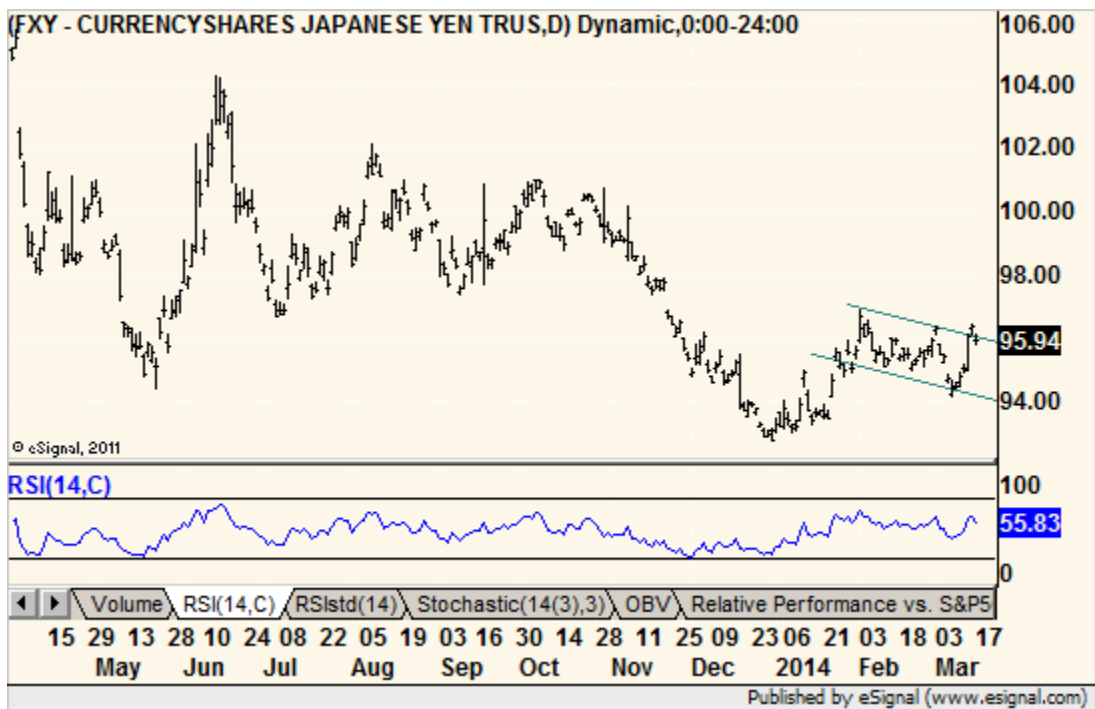
**Gold miners ETF** - The XAU index had a better pattern but this was close enough. Missing was the open for yesterday's candle being above the close of Thursday's. However, volume was perfect with - here we go again - with the tide rushing in on the green candle, pausing on the spinning top, and then rushing back out in a big way yesterday. We are going to take profits here.



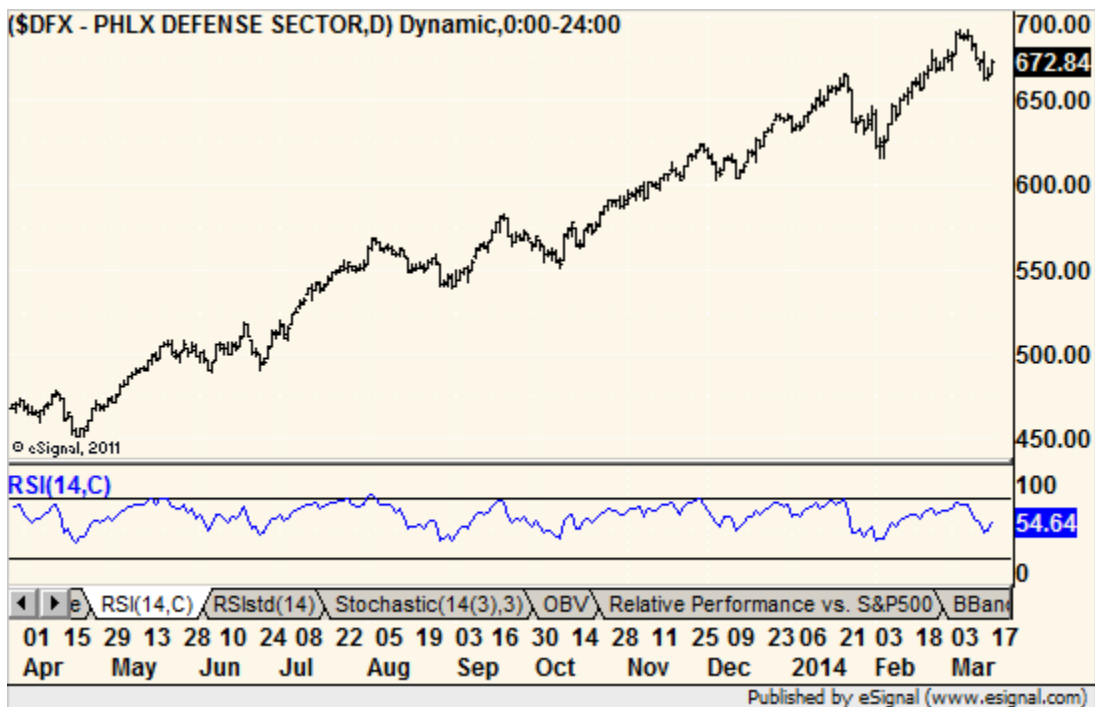
**Gold futures** - Yesterday left a bearish outside-day reversal. There already was a divergence in RSI so while we believe very strongly in gold we are not going to be blind to the market's views.



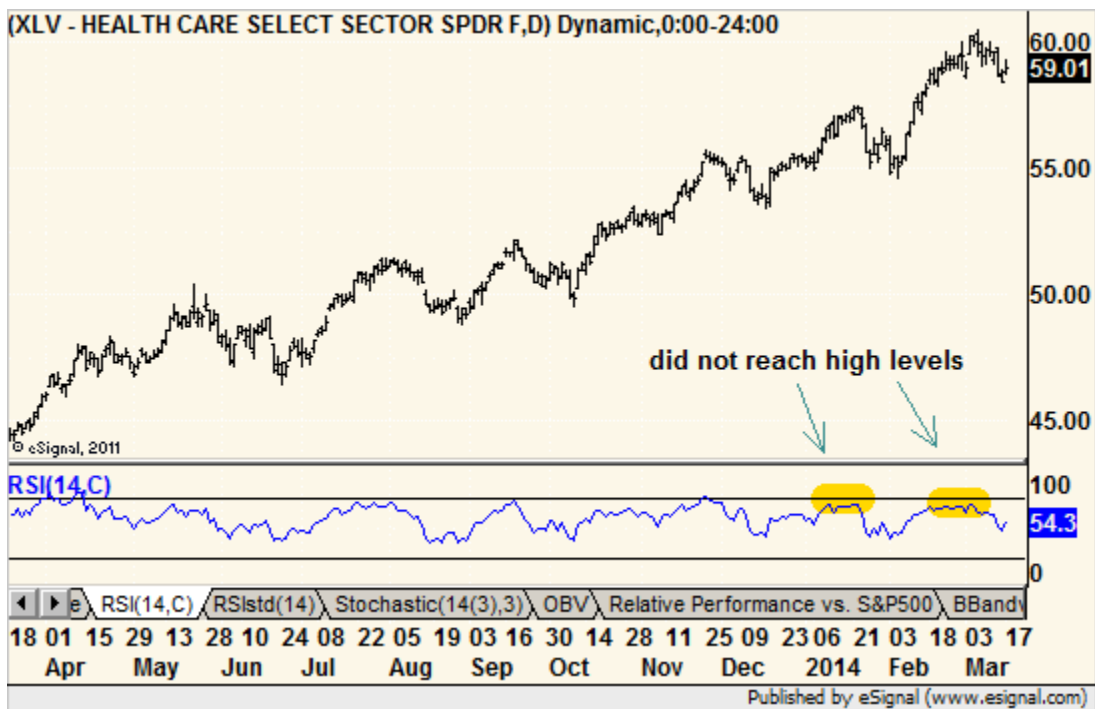
**Long T-bond ETF** - Volume was rather mellow yesterday and we'll remind you that on-balance volume (not shown) is screaming higher. Bonds are not dead by any means.



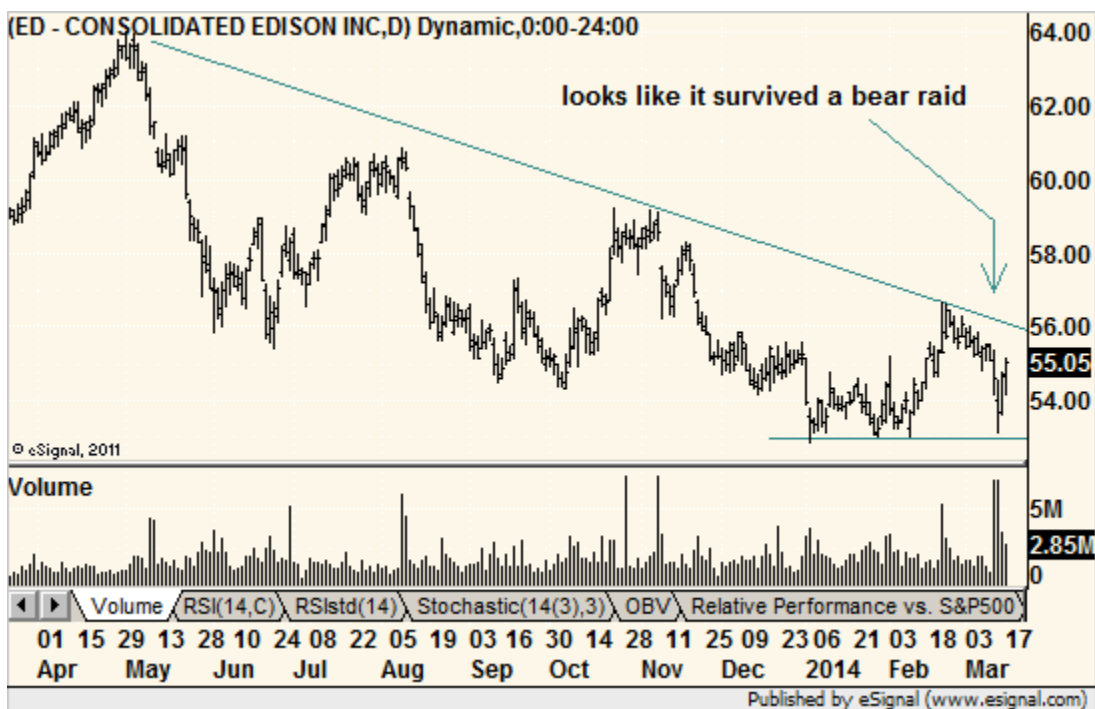
**Yen ETF** - Watch this currency as it is the world's safe-haven these days. It now sports a similar range to that of T-bonds. For now, it is still in its range but if it breaks out we can expect more US stocks weakness. As for Japanese stocks weakness, a breakout in yen would crush that market.



**Defense sector** - One of the leaders. Just watching for signs of reversal and so far none.



**Healthcare ETF** - Another leader but RSI suggests waning power. Bull markets see RSI levels reaching overbought all the time, Here, it has not reached overbought since November. Just a consideration, not a sell signal.



**Con Ed** - This NYC utility is in between a bear trend and support. Last week's big drop and recovery looks like a survival story as the bears could not take it below that support. Holding Tank.



**General Motors** - Seems a bit early for bottom fishing here. RSI not even oversold.

## 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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	26.80	21.0%	sell	22.15	1/13	63
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	8.08	3.2%	7.80	7.83	1/23	53
	<b>CORN</b>	TEUCRIUM CORN FUND	33.22	5.2%	32.50	31.57	2/6	39
	<b>DBC</b>	POWERSHARES DB COMMODITY ETF	25.74	-3.0%	25.50	26.53	3/3	14
	<b>GSK</b>	GLAXOSMITHKLINE PLC	54.55	-3.1%	54.00	56.30	3/4	13
	<b>DSW</b>	DSW INC	39.99	1.0%	39.00	39.60	3/6	11
	<b>RMBS</b>	RAMBUS INC DEL	9.91	2.7%	9.50	9.65	3/7	10
	<b>FIO</b>	FUSION-IO INC	11.50	-3.0%		11.86	3/11	6
	<b>WMT</b>	WAL-MART STORES INC	74.68	-1.1%	74.00	75.53	3/12	5
<u>Short</u>	<b>JNPR</b>	JUNIPER NETWORKS INC	25.36	0.1%	27.00	25.39	3/11	6
	<b>WDC</b>	WESTERN DIGITAL CORP	85.14	-2.3%	88.00	83.21	3/11	6
	<b>ACHC</b>	ACADIA HEALTHCARE COMPANY INC	46.40	-0.7%	49.00	46.09	3/11	6

**Notes:** We are taking profits on **GDX** today.

Stopped out of **FIO** even though it closed up on the day. We absolutely hate that, especially since it looks like a bull flag in progress.

Watching what could be a **bearish evening star** on **GDX**. If it follows through to the downside we may have to step aside temporarily to protect the nice profit we have.

Here's the final tally on the stock we sold yesterday at the open

			Price out	P/L	Price in	Date in	#days
L	<b>NLY</b>	ANNALY CAP MGMT INC	11.35	14.8%	9.89	12/6	100

We sold **LTM** Friday and it turned out to be the right move. Down 1.6% Monday as the market soared.

## 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

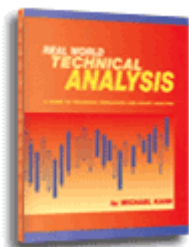
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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