

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**March 18, 2014** – A rather strong day again Tuesday as violence in Ukraine seems to be on hold. Volume was even lower than on the previous rally day so despite the nice price rebound there was no "accumulation."

And bonds rallied but utilities fell. Gold fell but so did the **VIX**. Nothing is straightforward here and that keeps us from diving into the bullish side.

Check out Today's Lesson on the gold miners ETF below. We discuss a possible pullback price and time targets based on Fibonacci. Recall we stepped aside this week but still hold a bullish long-term view of this market.

Elsewhere, Microsoft broke out to the upside, Nike may be in the midst of a cup-with-handle pattern, IBM, too, albeit at a low level and Procter & Gamble is threatening an upside trend break. This is as bullish we will get today for stocks.

In commodities, grains still look bullish, dairy is strong and meats are soaring. Copper stabilized but we do not see signs of rebound just yet.

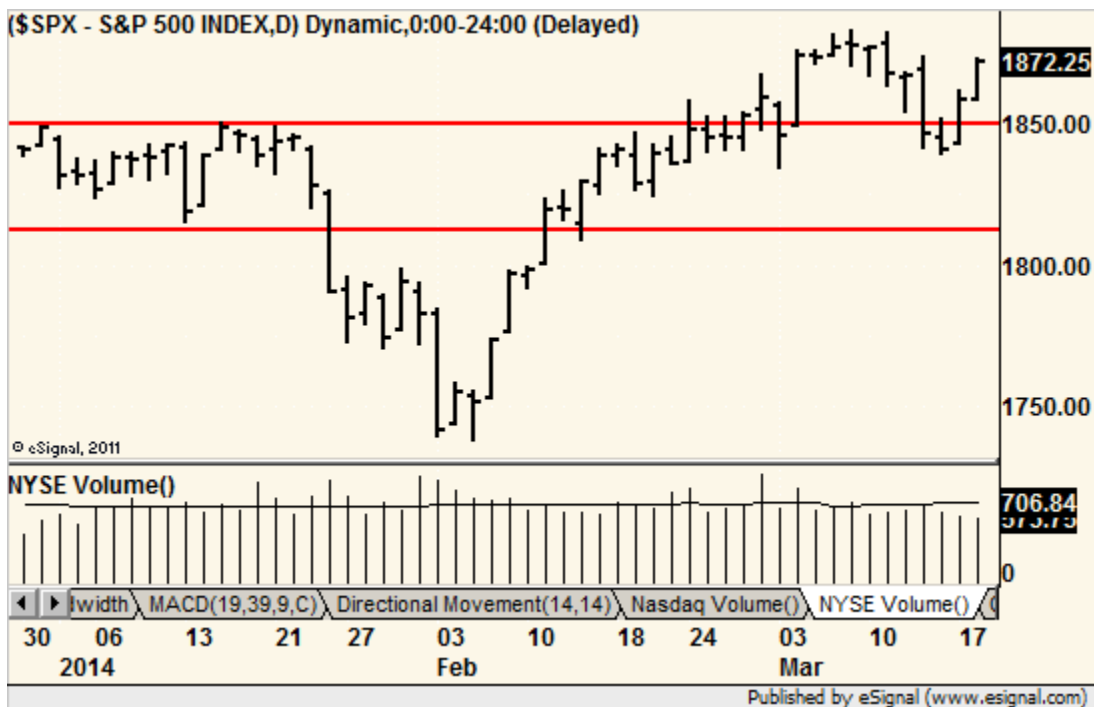


On the hourly chart, the trendline is broken to the upside but there is a lot of resistance overhead. This looks more like a range than a new trend, which makes sense as Janet Yellen makes her debut today. It is expected that the taper will continue and, of course, who knows how the language will be sliced and diced and that suggests volatility is in its way.

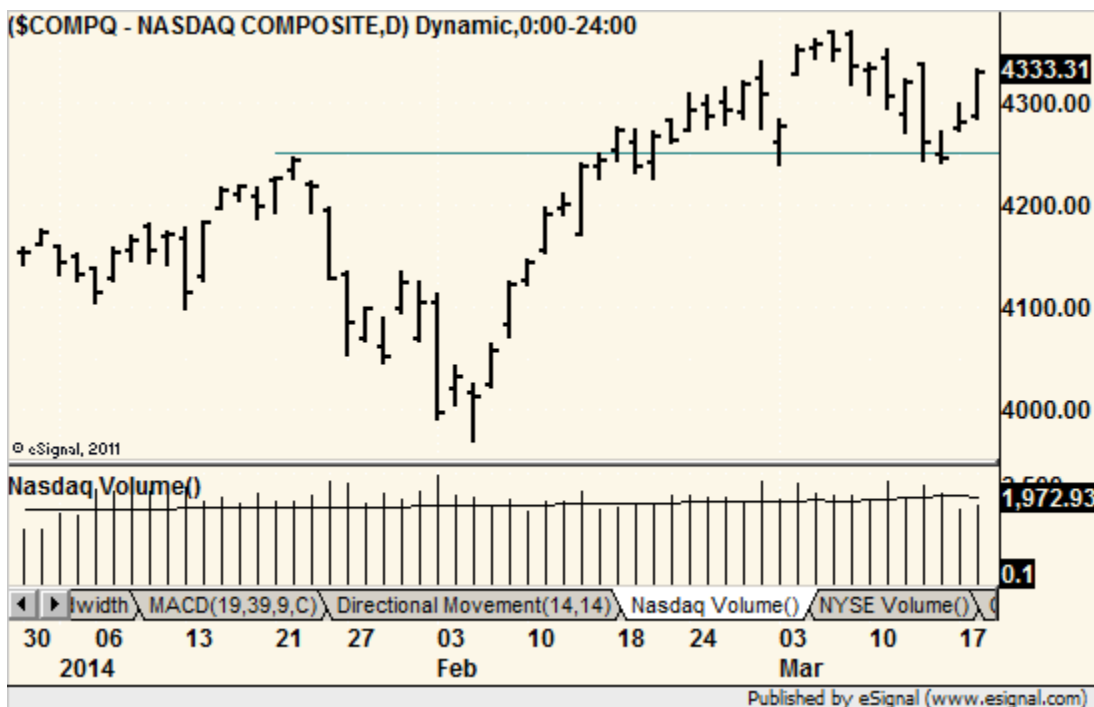
We really do not see much in the way of new short or long setups, especially with the Fed on tap. Trading lightly today and managing what we've got.

A quote from Twitter - "The less I trade, the more money I make" @SJosephBurns

## Index Charts of the Day



Even lower volume Tuesday than on Monday. Even though volume is not what it used to be, this is not bullish.



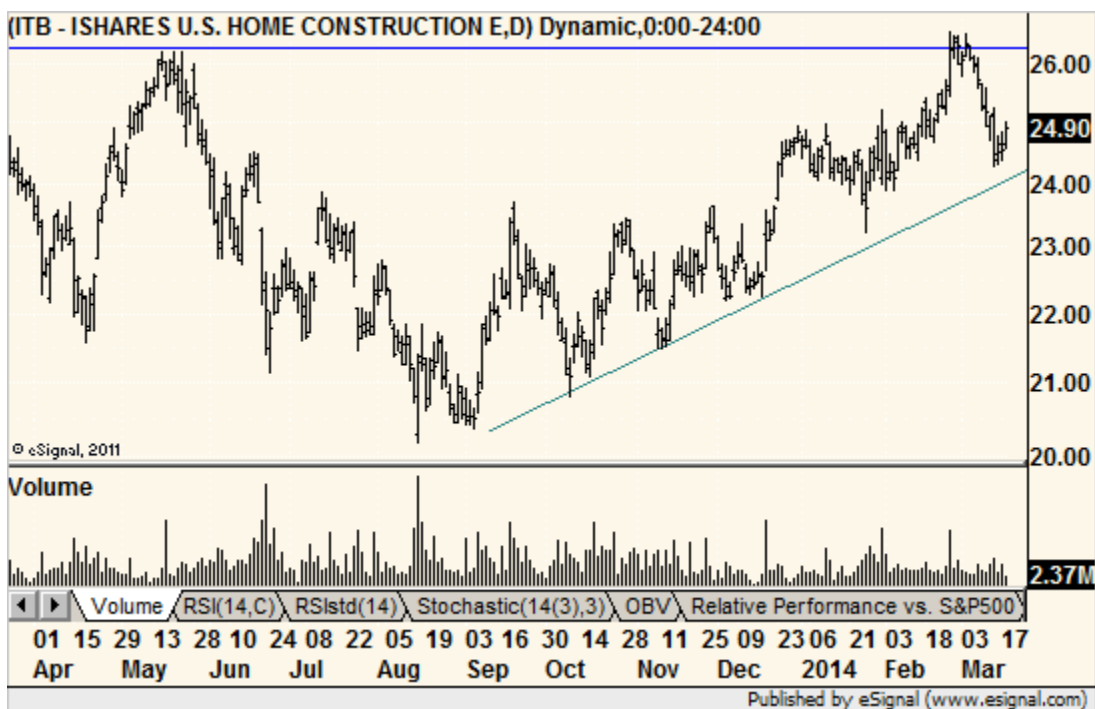
Nasdaq volume was better but still low. Tech had a good day but this index is still in a two-month range and nothing more. We will not call this a bull flag breakout.

## The Radar Screen

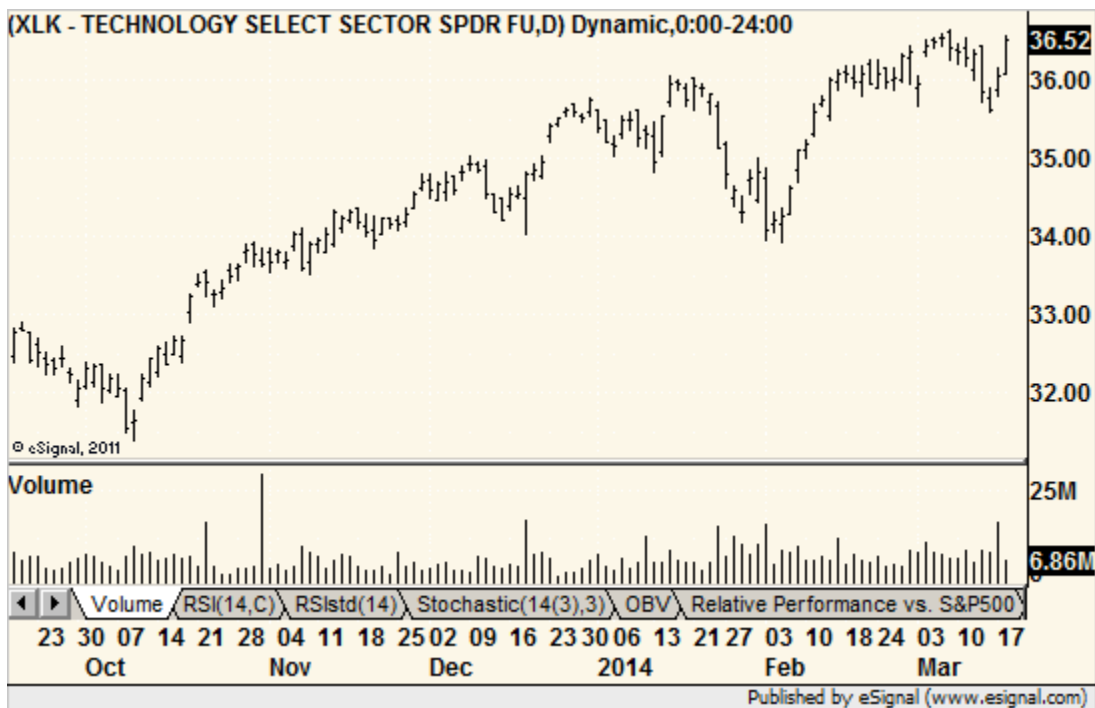
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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> - Just not doing anything and it has drifted far below its resistance trigger.	<b>Removed</b>	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 96.	<b>Changed</b>	3/14
<b>Unknown Implications</b>		
<b>none</b> -		
<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. <b>Tested breakdown. Selling now.</b>		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>to 46.</b>	<b>Changed</b>	3/14
<b>Siemens SI</b> - The gain was so big Monday that the H/S pattern was killed.	<b>Removed</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.		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> ). Possible bull flag.		
<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> - Looking decent for the bulls.		3/14
<b>Semiconductors</b> - Watching expanding triangle. Bear reversal in <b>SMH</b> negated but it is not out of the woods.		3/17
<b>Updates</b>		
<b>none</b> -		

## Market Highlights



**Homebuilding ETF** - Yesterday's news gave the sector a boost but we see nothing to get excited about here in this chart.



**Tech ETF** - This sector was the leader yesterday with MSFT's gain (AMAT, LXX, SNDK, MCHP, too) but not much volume on the ETF. Still below resistance here.

## Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

### Fibonacci Price and Time



**Gold Miners ETF** - Most people have at least heard of Fibonacci price retracements even if they have never used them. Based on the Fibonacci sequence of numbers, it distills down the "golden ratio" of .618 and its derivatives. For example,  $1/.618 = 1.618$  and  $.618$  squared =  $.382$ , which is also  $1-.618$ .

The idea is that there are certain pullback levels that seem to have merit. The same is true for time, although time never pulls back. Both price and time can project into the future using the same ratios.

Here, we see the gold miners ETF with simple price and time levels. The easiest to see is a .382 or 38.2% retracement in price with a 38.2% projection in time. Together, they give us a good place to expect this market to go so we can get back in. After all, our long-term view is bullish.

The result is 18 trading days from the peak to April 9 at a price of 126.34.

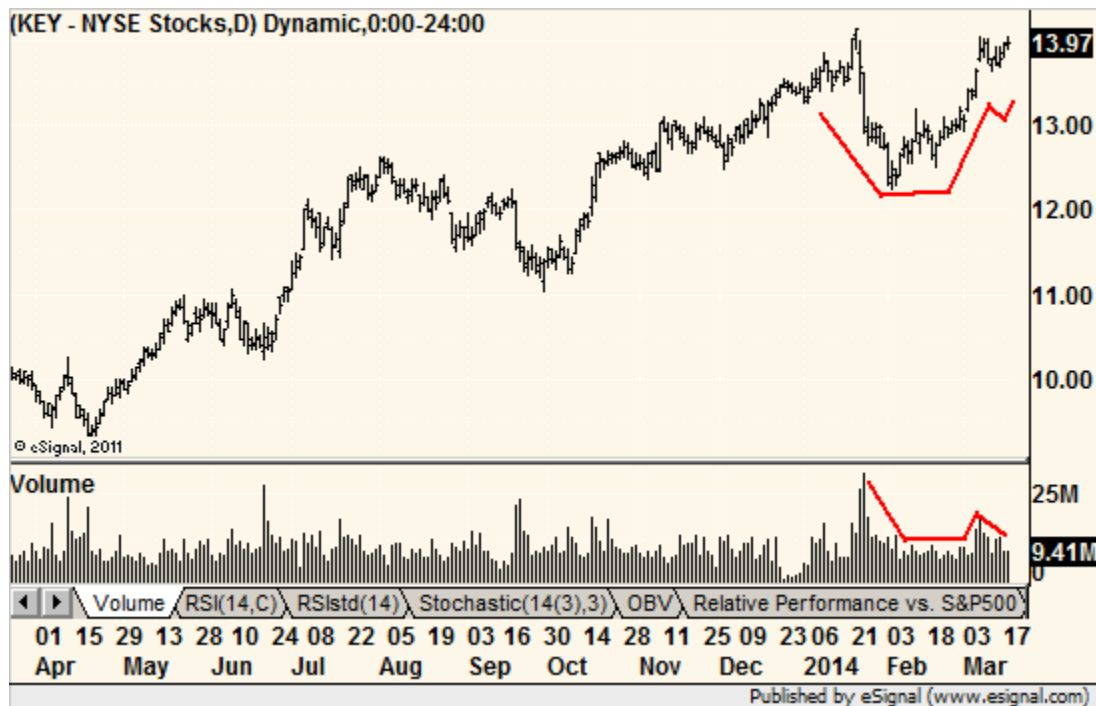
Of course, this is just a framework. We do not throw our other technicals out the window. We could see a bull flag form here with a breakout next week. Or we could see a steep decline to soundly break the rising trend from December, negating the whole thing.

Two-pager on Fibonacci, although it does not cover time, [click here](#).

## Today's Lesson - a bonus lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

### Cup-with-Handle



**Keycorp** - We are not bank fans right now so we are not going to set a buy trigger. However, this is not a bad example of a cup-with handle pattern with confirming volume.

Two-pager, [click here](#).

## 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>JTP</b>	NUVEEN QUALITY PFD INCOME FD	8.06	2.9%	7.80	7.83	1/23	54
	<b>CORN</b>	TEUCRIUM CORN FUND	33.77	7.0%	32.50	31.57	2/6	40
	<b>DBC</b>	POWERSHARES DB COMMODITY ETF	25.87	-2.5%	25.50	26.53	3/3	15
	<b>GSK</b>	GLAXOSMITHKLINE PLC	54.75	-2.8%	54.00	56.30	3/4	14
	<b>DSW</b>	DSW INC	39.00	-1.5%	39.00	39.60	3/6	12
	<b>RMBS</b>	RAMBUS INC DEL	10.56	9.4%	10.00	9.65	3/7	11
	<b>WMT</b>	WAL-MART STORES INC	74.77	-1.0%	74.00	75.53	3/12	6
<u>Short</u>	<b>JNPR</b>	JUNIPER NETWORKS INC	25.91	-2.0%	27.00	25.39	3/11	7
	<b>WDC</b>	WESTERN DIGITAL CORP	86.32	-3.6%	88.00	83.21	3/11	7
	<b>ACHC</b>	ACADIA HEALTHCARE COMPANY INC	47.73	-3.4%	49.00	46.09	3/11	7

**Notes:** Stopped out of **DSW** after earnings.

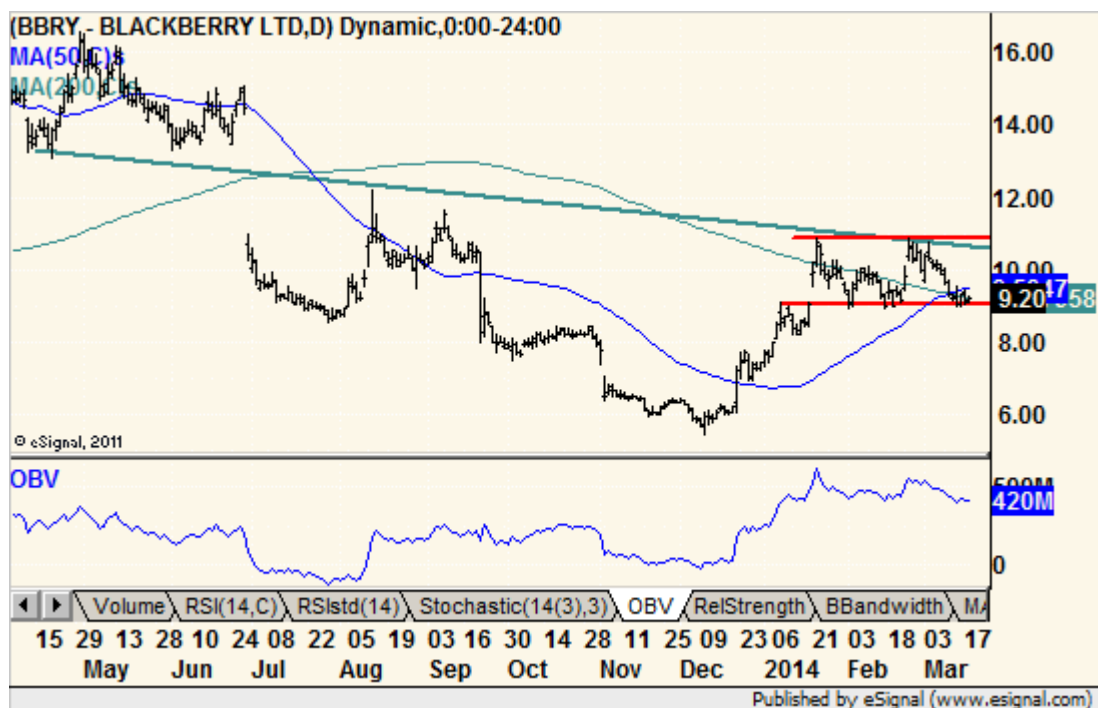
Raised stop in **RMBS**

Here's the final tally on the stock we sold yesterday at the open. Too bad it gapped down a bit to take a percent away from us.

			<u>Price out</u>	<u>P/L</u>	<u>Price in</u>	<u>Date in</u>	<u>#days</u>
<b>L</b>	<b>GDX</b>	GOLD MINERS ETF	26.42	19.3%	22.15	1/13	64

## Subscriber Corner

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



**Blackberry** - We were in it and then stopped out last month. Our reasons for buying are gone but there is an argument that the stock is at moving average support and the bottom of a trading range (in red). Is it in the midst of an inverted head-and-shoulders? Possibly, but that means the neckline and resistance are still above. Traders only within the red range. Long-termers need a breakout above the range and neckline.

With that said, we see it bid higher this morning. But with zero dividend and negative earnings you need to know something about the viability of the company because the market is not that happy right now.



## 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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