

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

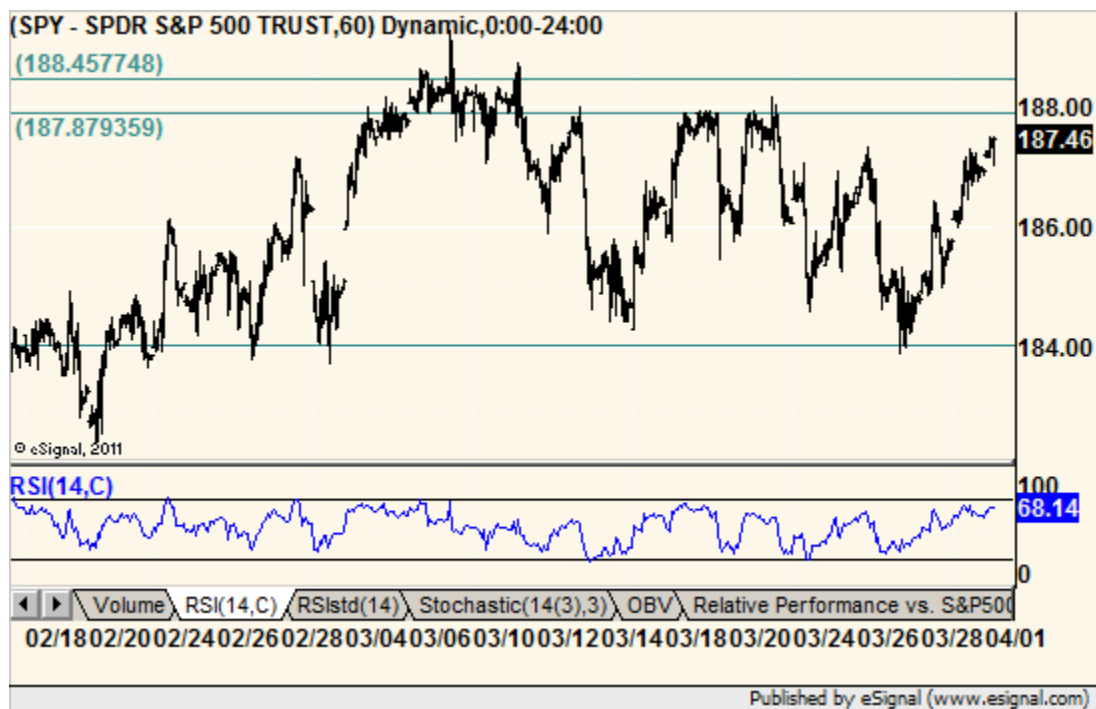
MICHAEL KAHN
RESEARCH LLC

April 1, 2014 – It's April Fool's Day but yesterday energy stocks did the fooling. Their breakout is now questionable. Also doing some fooling were the former glamour momentum stocks such as **TSLA** and **TASR**. Most of them fell on a big rally day and that is important to note for all types of stocks.

When the market rallies, we can get information from stocks that do not. This excludes stocks that normally move the other way such as gold and bond-like names and even defensive stuff such as drugs and smokes. But if momentum leaders such as **PCLN** fall we know that the market is moving on from them.

Banks did bounce and the **BKX** index is back above last week's breakout level. We are still not convinced that they are back as ETF volume (**KBE**, **KRE**) was really low.

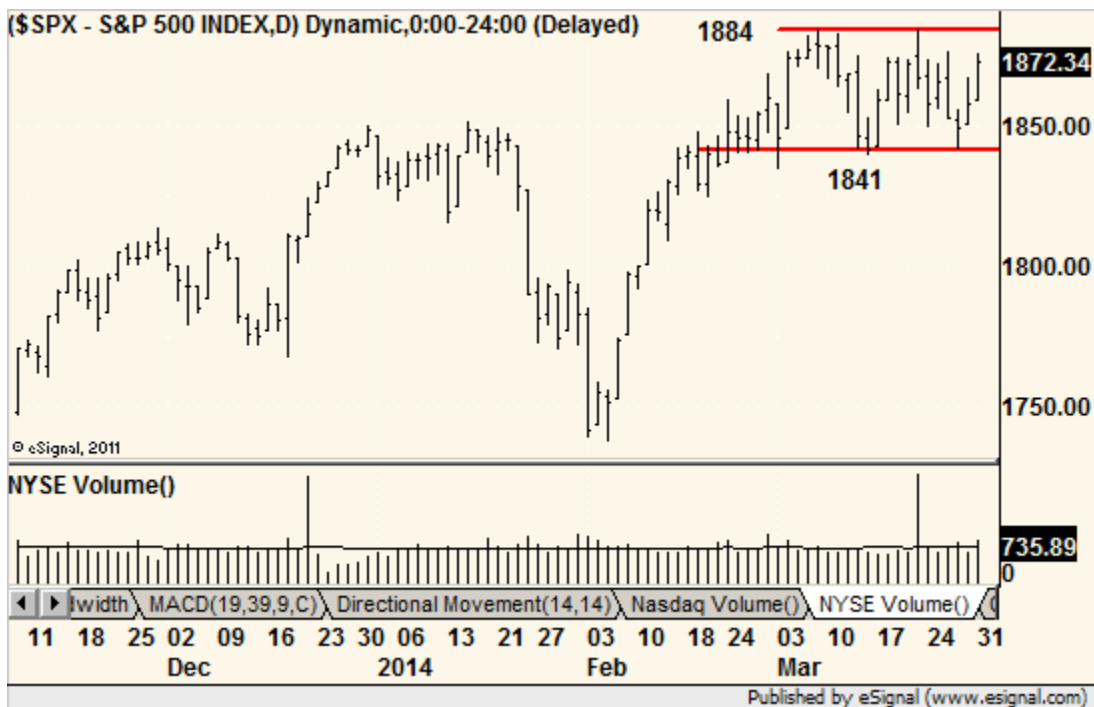
While it felt bad not to be positioned in high beta stocks in a triple digit Dow rally the bottom line is that nothing changed. The market is still in a sideways pattern and the Nasdaq is still below support and its 50-day average. We have to wait for a real break one way or the other.



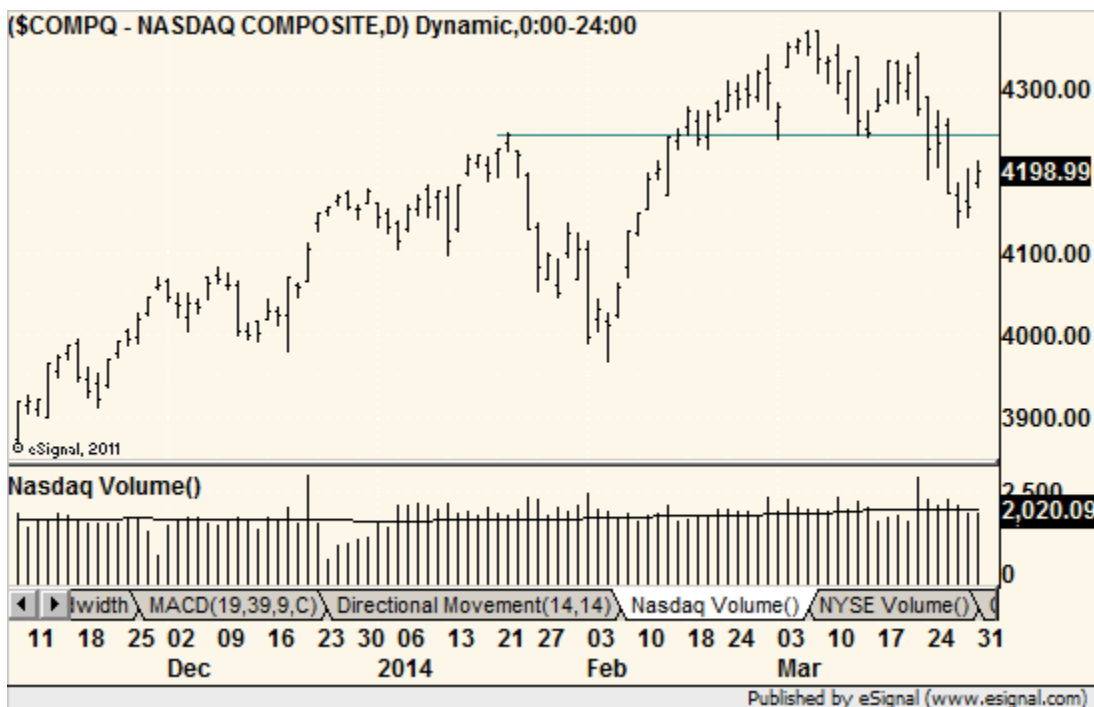
The hourly **SPY** chart remains in the range and now is closer to resistance than support. Not shown here is daily volume, which was lower on the day.

Contrast that the NYSE volume, which was high on end-of-quarter positioning. While volume is no longer as indicative as it was, in this case we will say volume on the rally was not exceptionally bullish. See Index charts below for more.

Index Charts of the Day



We can attribute heavy volume to end-of-quarter positioning but the S&P 500 remains in its trading range.



The Nasdaq did not have heavy volume and it remains below former support (and 50-day average - not shown).

The Radar Screen

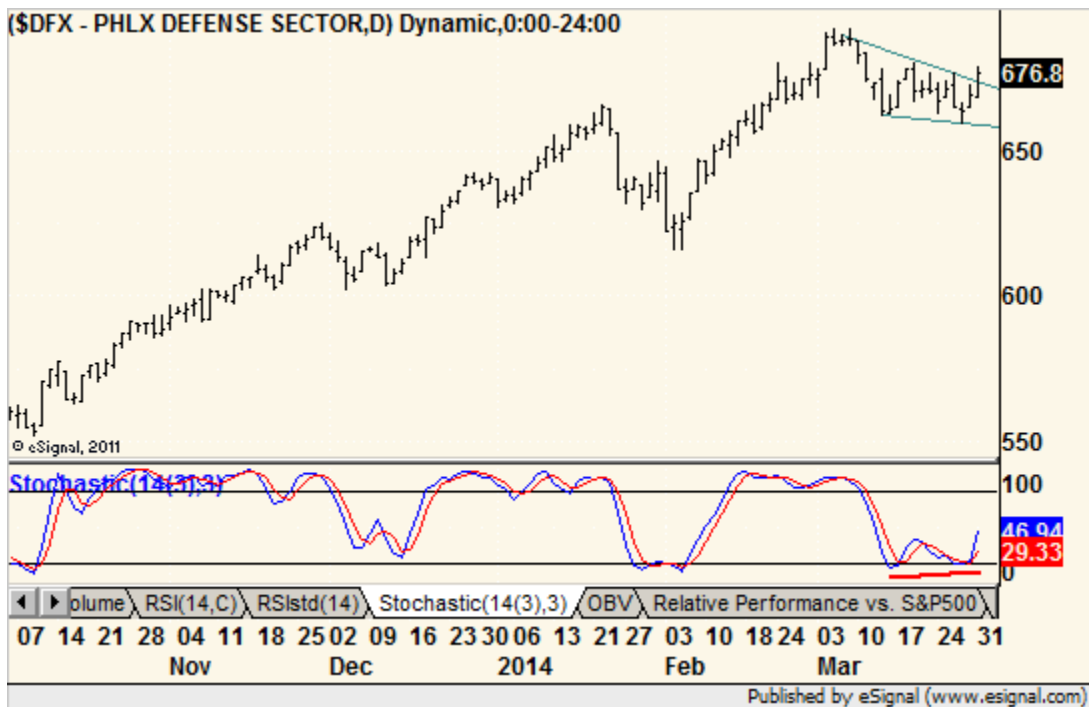
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Bob Evans Farms BOBE - Fell on big rally day so we are moving on.	Removed	3/24
Agco AGCO - This has a bottoming pattern in place. Just reversed at resistance 54.55 but if it takes that out in the near future it will be a buy.	Triggered	3/26
Diamond Offshore DO - Just when energy stocks faded from a breakout we have this drilling with a basing pattern. It is already through the 50-day average and sports a bullish RSI divergence. Buying move over resistance at 48.90.	New	4/1
Bearish Implications		
Boeing BA - We are finally going to set a sell trigger here as the defense sector, while still leading, is starting to weaken. Boeing is by far the weakest in the group. Selling 121.		3/21
Celgene CELG - Barely bounced on a big rally day even though its sector did so we are moving on. This one is not going to give us better entry.	Removed	3/25
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - Fibonacci price and time suggests a buy on April 9 at a price of 126.34. Price happened but time is way, way off. We are now looking for the 61.8% Fibo at 121.80		3/19
Newmont Mining NEM - This one never had the same shape as the rest of the gold sector. Now it looks as if it formed the trough of the right shoulder. <u>Getting close to a buy but Monday's decline was steep.</u>		3/28
Halcon Resources HK - This low-price energy exploration stock is sitting at the neckline of an inverted head-and-shoulders pattern. It is already above its 50-day average. Beware negative earnings. It was up over 5% Friday so we are going to let it rest here for a while before setting the buy trigger. So much for resting - up another 4.6%.	Removed	3/31
Kellogg K - This cereal maker caught our eye as something looking a lot better.		3/31
CVS Caremark CVS - After a nice run following its ban on cigarettes, this retailer scored an abandoned baby (island gap reversal) and now has a bearish RSI divergence. <u>Mini gap up so we are going to let it stew some more.</u>		3/31
Sector Watch (observations that may spark ideas)		
Defense - Possibly coming out of a bull flag now.	Changed	3/1
Banks - Breakout failure		3/13
Toys - Looking decent for the bulls again		3/14
Credit Cards - Perhaps MA, V will give us second chance to sell them.		3/28
Energy - Broke out Friday but scored an intraday reversal Monday .		3/31
Utilities - Nice breakout Monday in the DJUA		3/31
Updates		
none -		

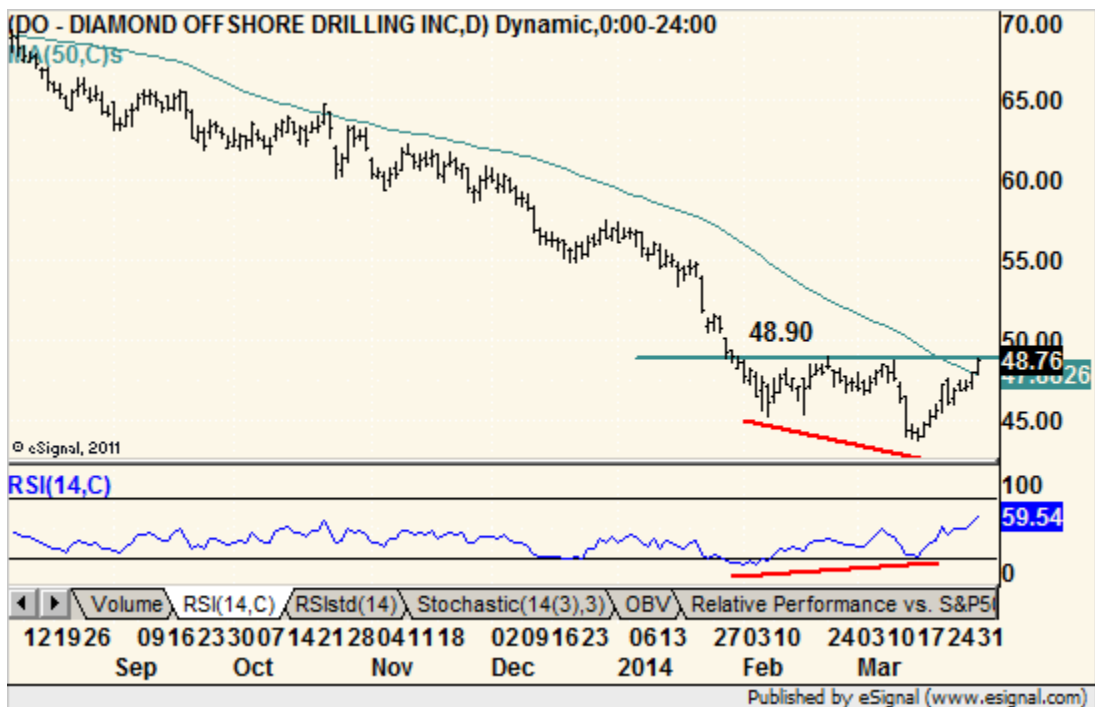
Market Highlights



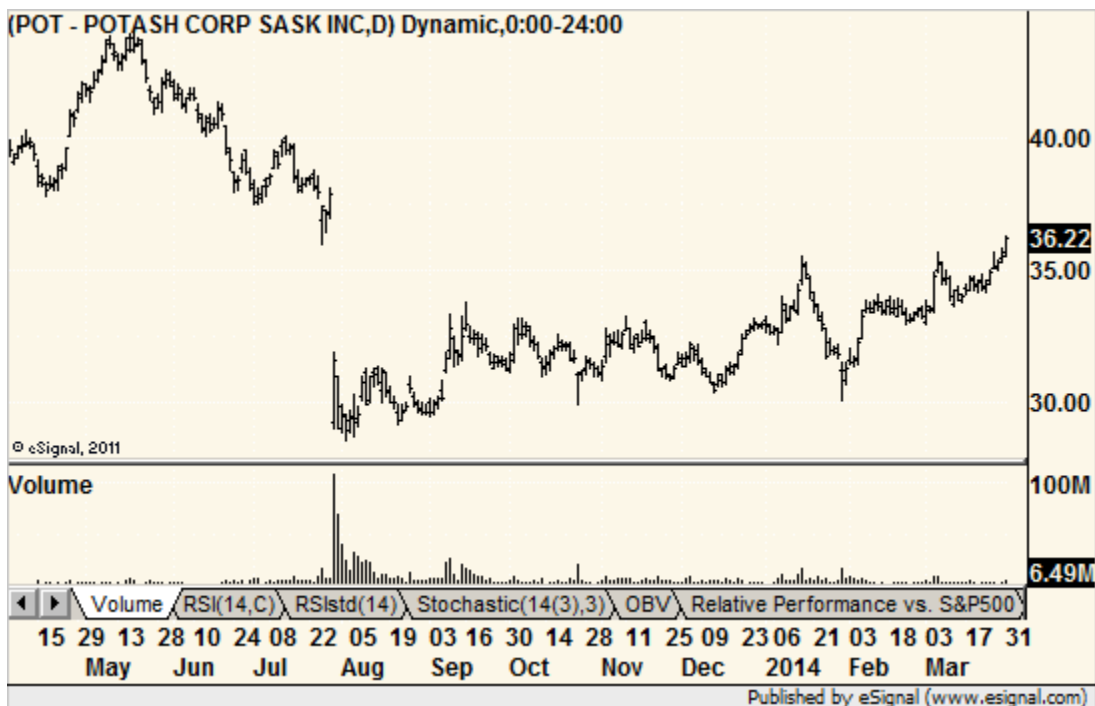
Emerging markets ETF - This is the long-term chart I did not show in my column yesterday. As we can see, there are two long-term problems overhead and relative performance, which better in the short-term, is still in a big old bear market.



Defense sector - We alluded to this above that the sector may be coming out of bull flag. Note bullish stochastic divergence.



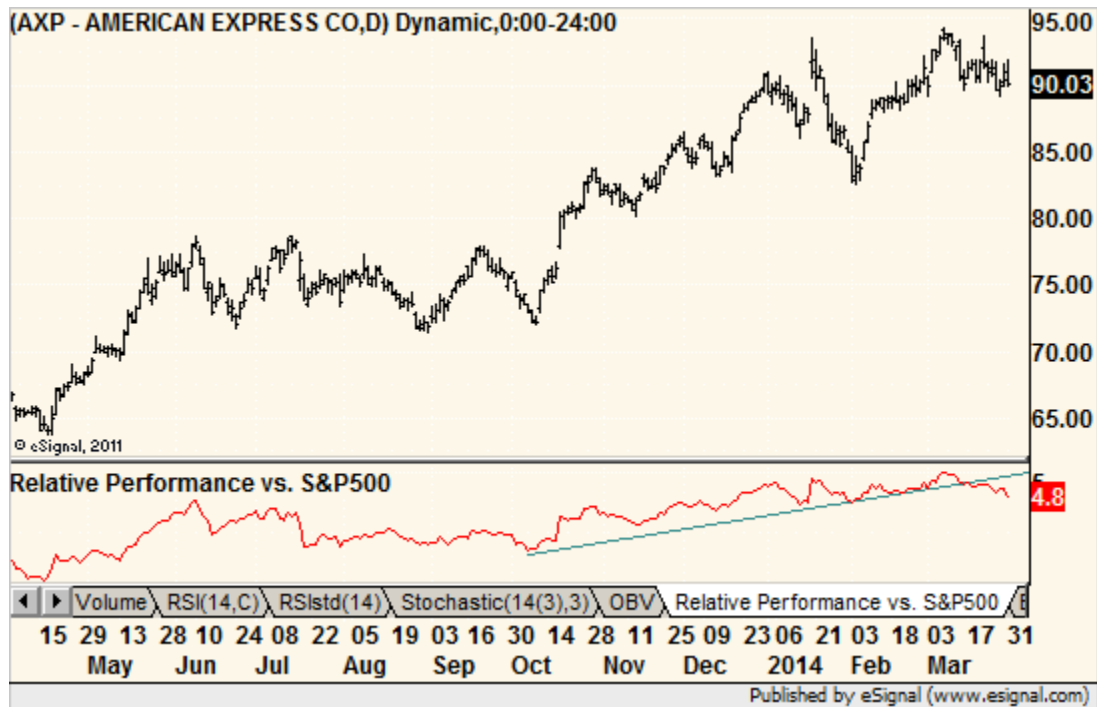
Diamond Offshore - Just when energy stocks faded from a breakout we have this drilling with a basing pattern. It is already through the 50-day average and sports a bullish RSI divergence. Buying move over resistance at 48.90.



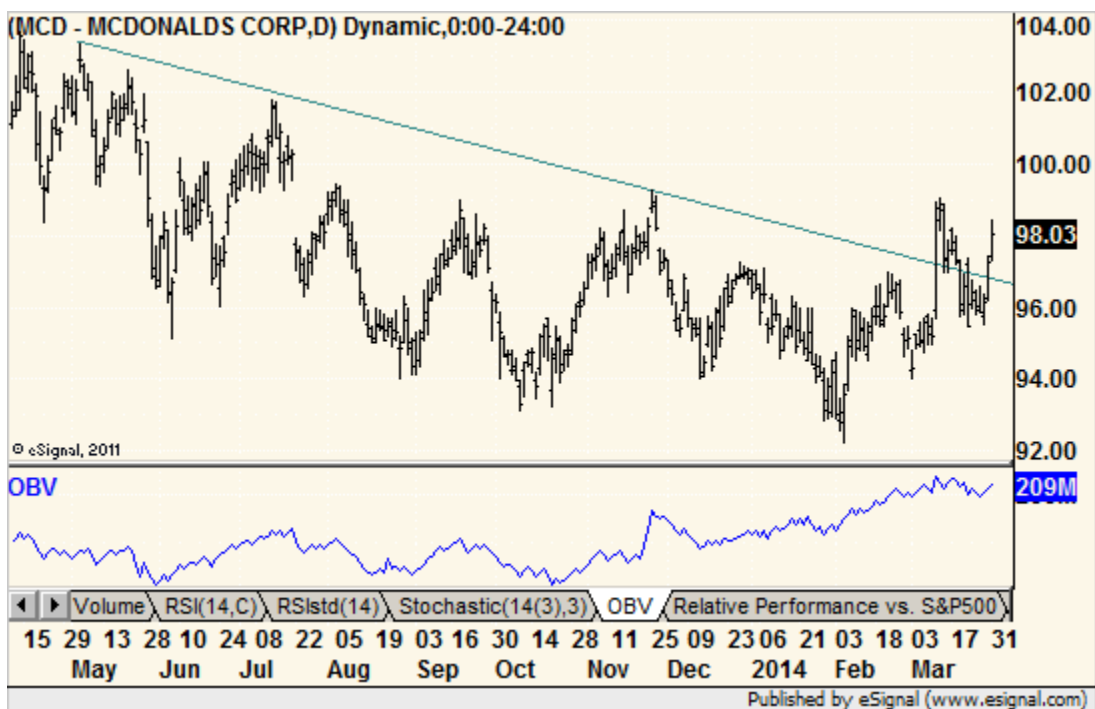
Potash - Fertilizer stocks have been strong. We tried them a few weeks ago and did not have much success. Just pointing this out.



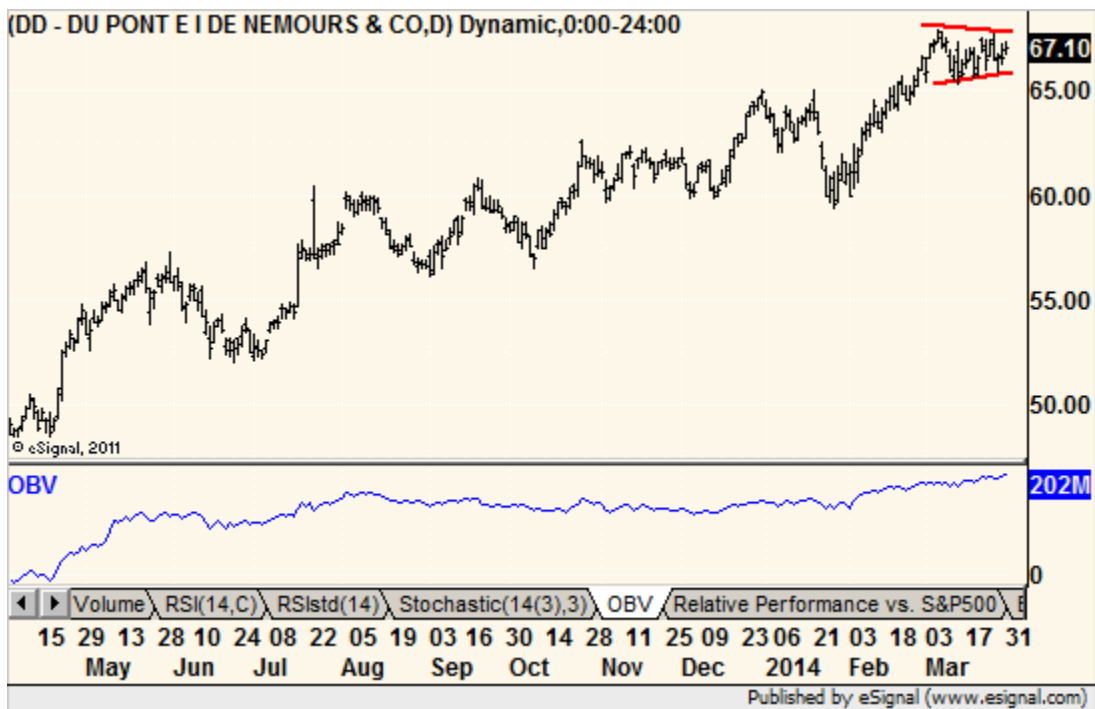
Target - This one is well off investor radar now but it has a bull flag pattern under a major trendline. Already above the 50-day average. Keep watching.



American Express - We've already got MA and V on watch and this one is starting to lag the market, too. Just watching for now.



McDonalds - Lots of bad press now with Taco Bell competing in breakfast. But the stock, which failed to hold a breakout already, had two hot days. Note on-balance volume is still trending up. Watching.



DuPont - A nice flag pattern with rising on-balance volume. Watching for a breakout.

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>	JTP	NUVEEN QUALITY PFD INCOME FD	8.05	2.8%	8.00	7.83	1/23	67
	CORN	TEUCRIUM CORN FUND	34.66	9.8%	32.50	31.57	2/6	53
	DBC	POWERSHARES DB COMMODITY ETF	26.12	-1.5%	sell	26.53	3/3	28
	SYMC	SYMANTEC CORP	19.97	6.7%	19.00	18.71	3/21	10
	HAS	HASBRO INC	55.62	0.0%	54.00	55.60	3/28	3
	LNKD	LINKEDIN CORP	184.94	-2.3%	180.00	189.29	3/28	3
	AGCO	AGCO CORP	55.16	1.1%	53.00	54.55	3/31	0
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.76	-1.4%	27.00	25.39	3/11	20
	ACHC	ACADIA HEALTHCARE COMPANY INC	45.12	2.1%	48.00	46.09	3/11	20
	UPS	UNITED PARCEL SERVICE INC	97.38	-1.4%	101.00	96.00	3/21	10
	INCY	INCYTE CORP	53.52	12.8%	54.00	60.35	3/21	10
	CRM	SALESFORCE COM INC	57.09	1.6%	59.00	58.00	3/25	6
	COL	ROCKWELL COLLINS INC	79.67	-0.3%	82.00	79.40	3/26	5

Notes: Well, we had the right idea to tighten the stop on the short in **INCY** as it rallied over 7% yesterday. It did not trigger the stop because it was so wide. Any narrower and it would have been within the previous day's bar and that is just too tight.

New long in **AGCO** as it moved through the trigger.

Long in **LNKD** was very disappointing as it dropped on a big rally day. We'll see how it does on the presumed opening bounce. That just may be the chance to get out and forget this one.

Selling long in **DBC** as it is just not doing its thing.

Raised stop in **SYMC**. Remember, we are looking to sell it if it reaches 21.

Big outside-day decline in **JTP**. Bad news but we should be able to get out a bit higher.

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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