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"TECHNICAL ANALYSIS FOR EVERYONE"

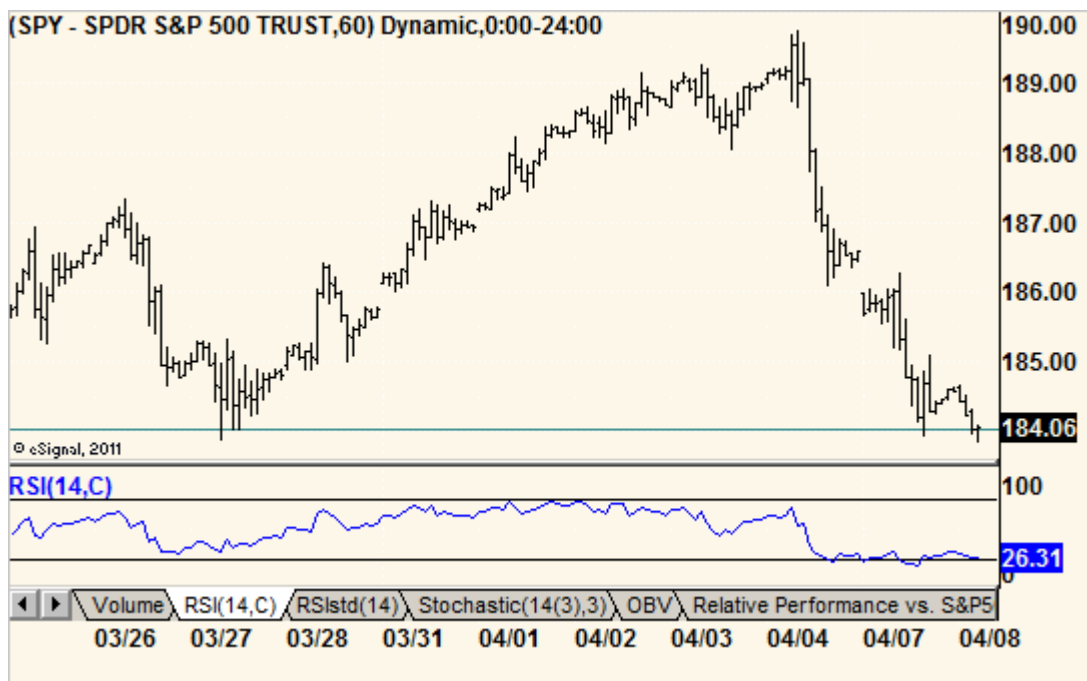
MICHAEL KAHN
RESEARCH LLC

April 8, 2014 - Well that was not fun. We saw plenty of posts saying the market should bounce but there are no signs that buyers are stepping in. After an across the board risk-off day, it is no wonder. Only utilities and consumer staples hung around the flat line while everything else was stomped.

As for the four horsemen (homebuilders, technology, financials and retail), we saw two get crushed yesterday (homies, retail). Tech was crushed Friday. Financials broke a trendline (see below in Today's Lesson). The point is that all four of the key sectors for the economy and by extension the market are not doing well. [Dennis Gartman](#) should be scared.

What is interesting is that market volume continues to be merely average. As we know, volume is not what it used to be so we are not going to say that just because it was low that the sell off was not meaningful. After all, all the major index ETFs (**SPY**, **DIA**, **IWM**, **QQQ**, **MDY**) traded volumes well above average over the past two days. This volume thing may just be a function of the lack of retail in this market. Futures volume was very heavy yesterday.

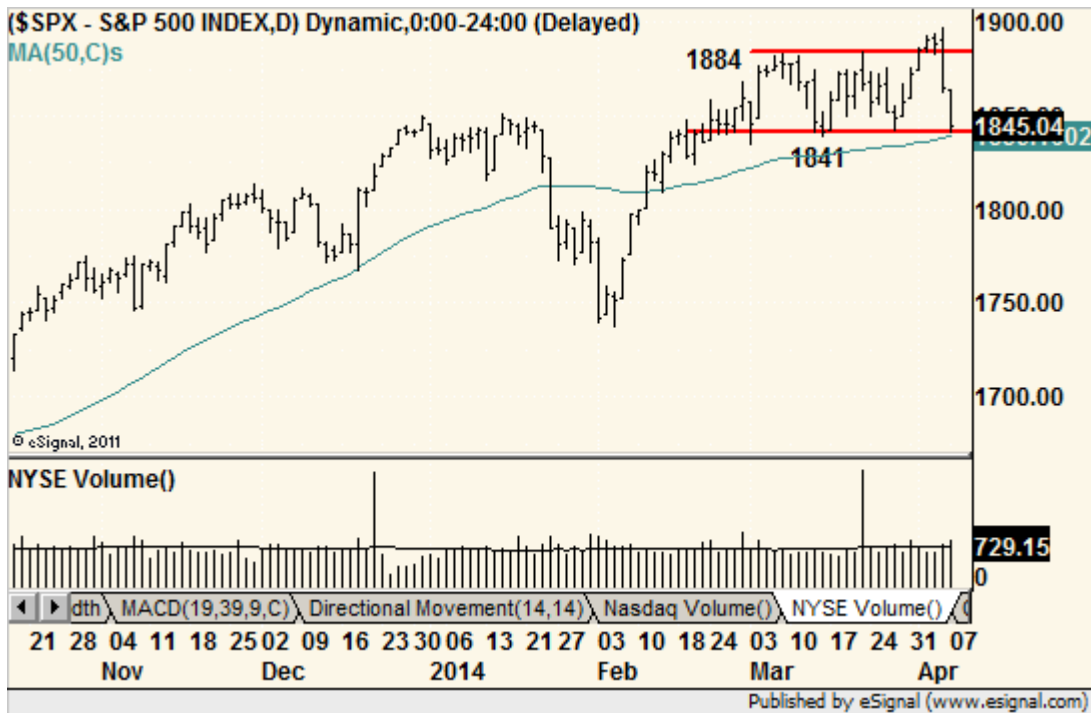
Yesterday, we said we thought the market would rest after such a big Friday dump. Obviously, that did not happen - except for two of the places that really got hurt Friday - biotech and social media/Internet. But those sectors were already in bear markets.



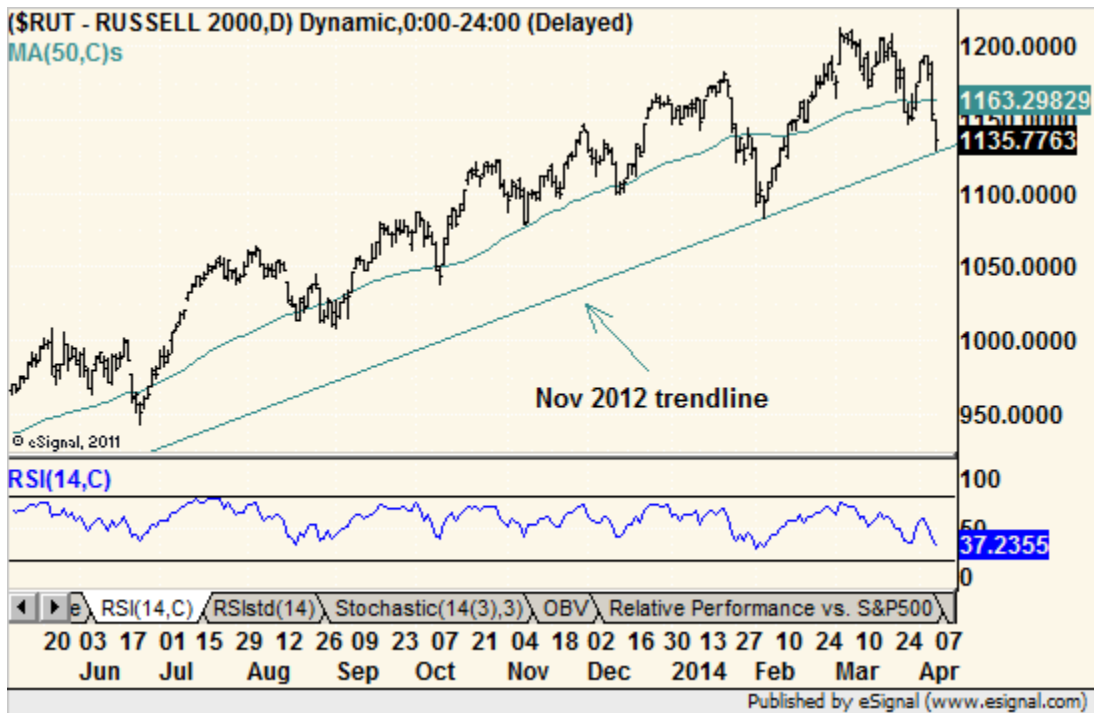
The hourly chart shows the **SPY** bouncing off key support yesterday and overnight but then fading back in the premarket this morning. This is not good because strong markets do not hang around support and that applies to markets in trading ranges as this one seems to be.

Recall that as the market ran to and through resistance we said it was prone to failure. The same is true for running down to and through support but here we already see a pause at that level. In other words, the bottom fishers already tried to buy and supply was too much for them. That is not a forecast for a breakdown but the odds are much higher than if there were no pause. While the S&P 500 and Dow have not broken important trendlines or even 50-day averages, this market is very different than it was last week - very different.

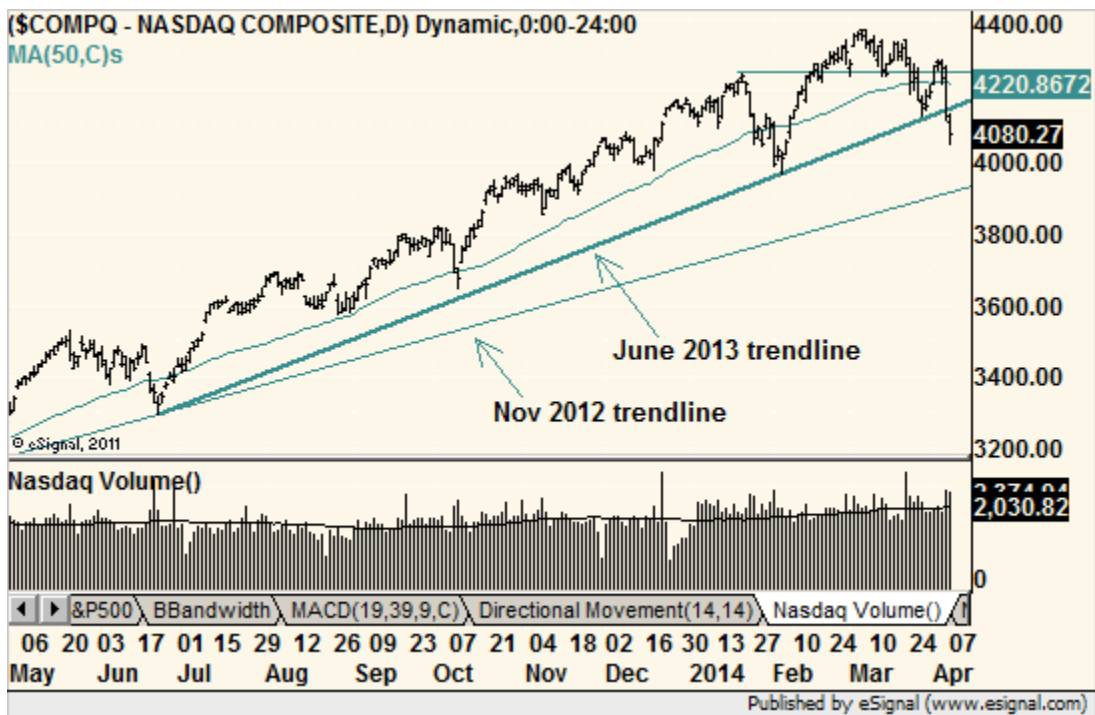
Index Charts of the Day



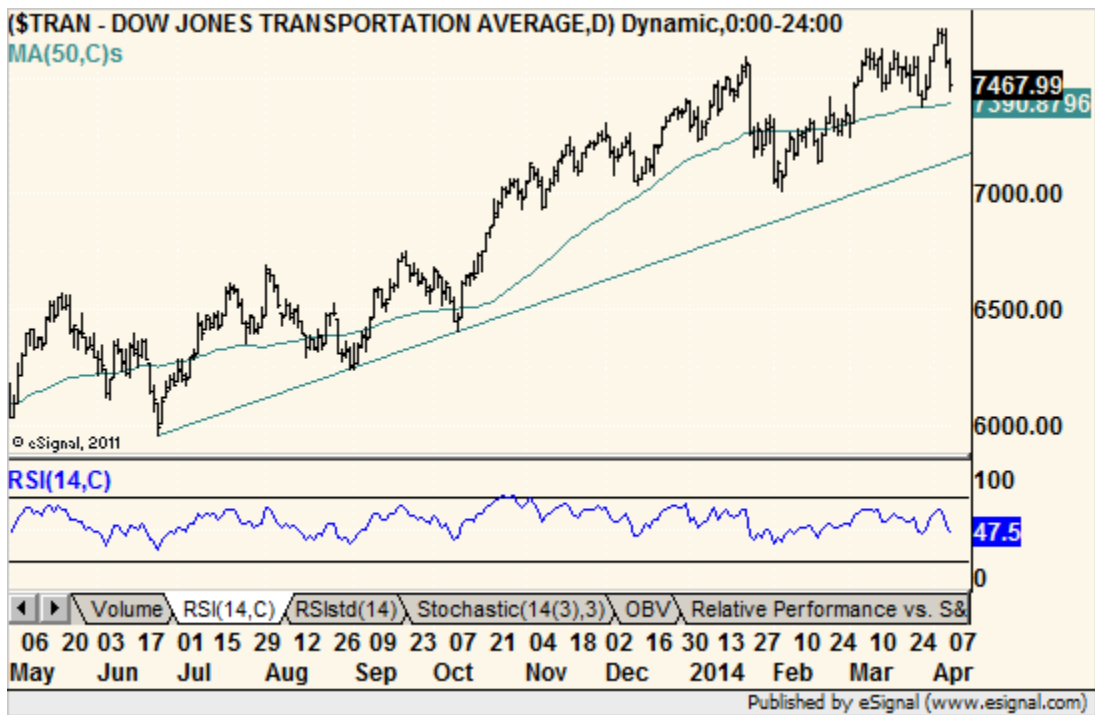
The breakout failure already did its first job by sending the index down to support. This is a good spot to expect a bounce but that is not a promise. More weakness also takes out the 50-day average.



The Russell took the brunt of Monday's selling but did not break the major Nov 2012 trendline.



They still hit the Nasdaq hard Monday. We expect a test of the trend break and then a move to the next line.



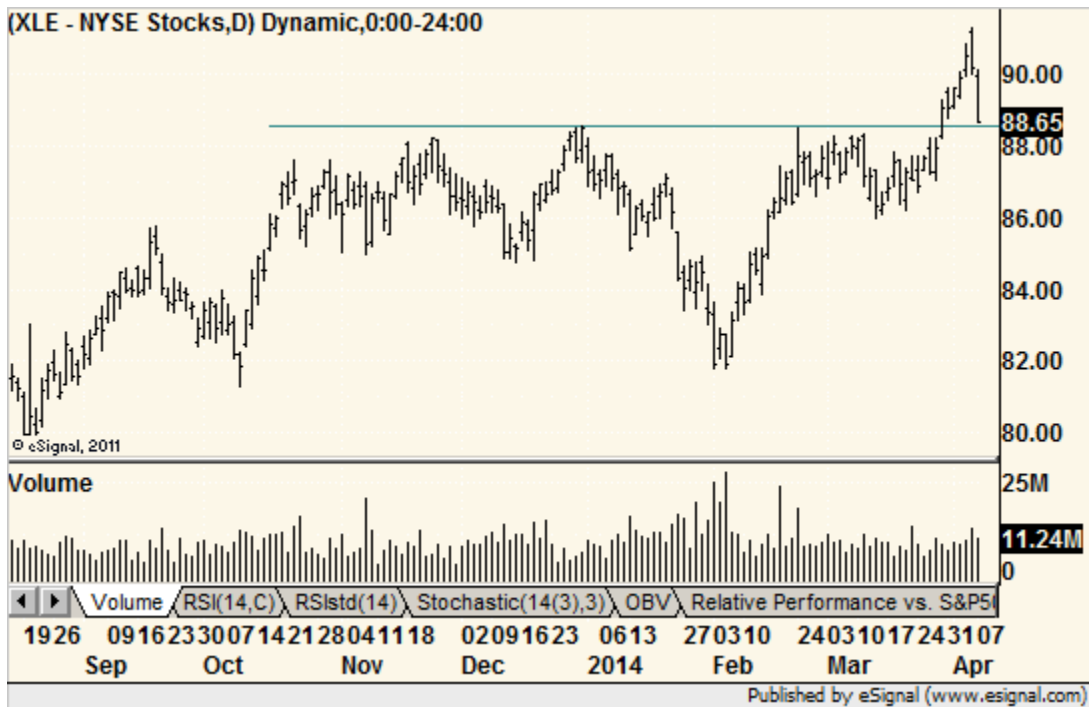
With all the Dow Theory talk, we thought we'd take a look at the transports. So much for the new high.

The Radar Screen

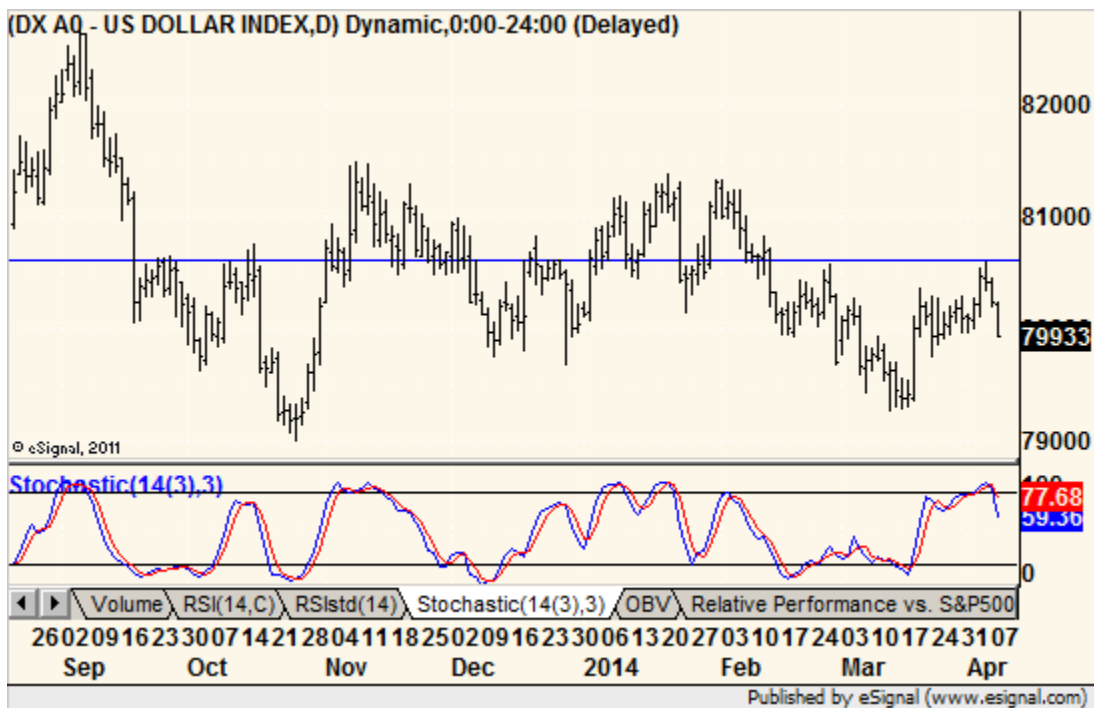
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Gold ETF GLD - Fibonacci price and time suggests buy on April 9 at the 61.8% Fibo at 121.80. Possibly too aggressive a downside but we'll hold it for now		3/19
Healthcare Realty Trust HR - This REIT appears to be ready to complete a base. It is already above both major averages and sports rising on-balance volume during the current sideways range. Nice dividend, too. Buy 24.75.		4/2
Highwoods Properties HIW - This is an office and industrial REIT and it is testing resistance at 38.50. On-balance volume is rising during the pause. Buy close above resistance.		4/3
Coca Cola Enterprises CCE - This Coke bottler looks more like an expanding triangle than a rectangle with a bullish bent. Moving on.	Removed	4/3
Bearish Implications		
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. Sell under range low at 73.85.	Triggered	3/31
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Newmont Mining NEM - Looks like we are not going to be able to buy this one at the trough of the right shoulders. Still watching.	Changed	3/28
Target TGT - One day away from a trendline breakout failure. If the market picks itself up, we'll move it to the buy column. For now, no.	Changed	4/1
McDonalds MCD - Looks like it is developing a base and needs lot of time to do it. Moving on.	Removed	4/1
Old Dominion Freight ODFL - All bets are off on the decline. Moving on.	Removed	4/4
Sector Watch (observations that may spark ideas)		
Energy - Upside breakout despite falling oil. Big reversal Friday but this still has the potential to be a test of last week's breakout		3/31
Utilities - Nice breakout last week in the DJUA		3/31
Natural Gas stocks \$FUM - Looks like a possible test of a resistance breakout		4/4
Semiconductors ETF SMH - Was in great shape Friday morning and then ended with a monster sell off of huge volume. <u>Bearish RSI divergence, too</u>		4/4
Healthcare ETF XLV - Lagging sector had a bull flag but it failed (sold off) on bug volume.		4/4
Updates		
none -		

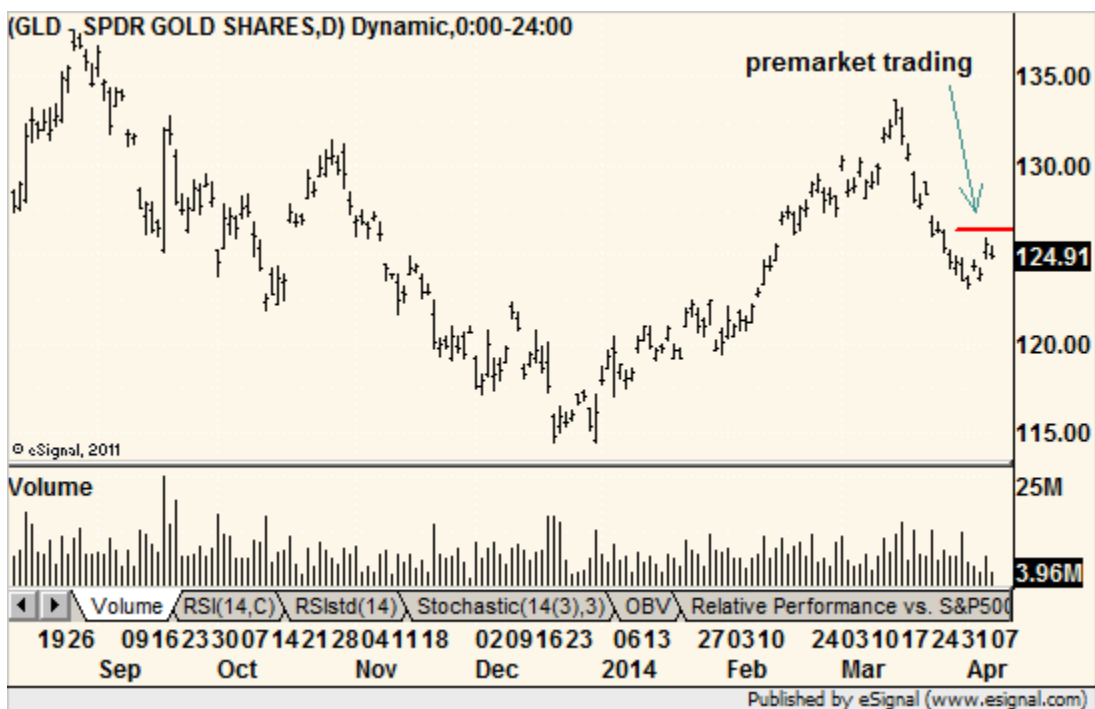
Market Highlights



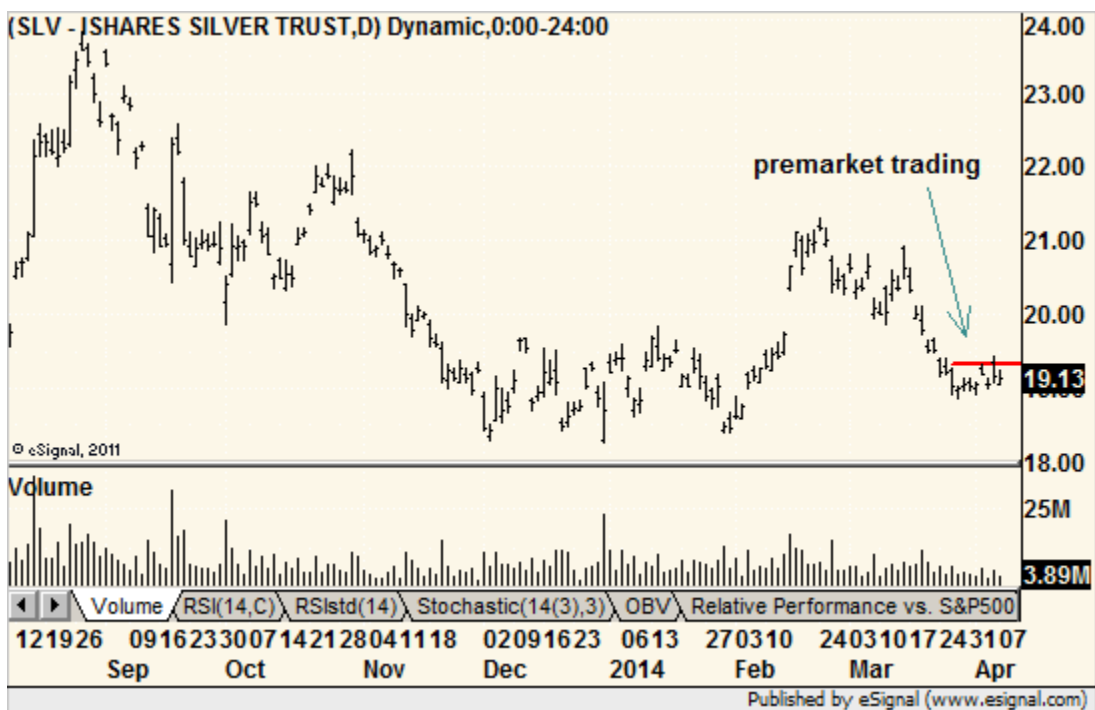
Energy ETF - We'd like to think this is a test of the breakout but tests are supposed to be eased down to support, not dumps. Jury still out on this one.



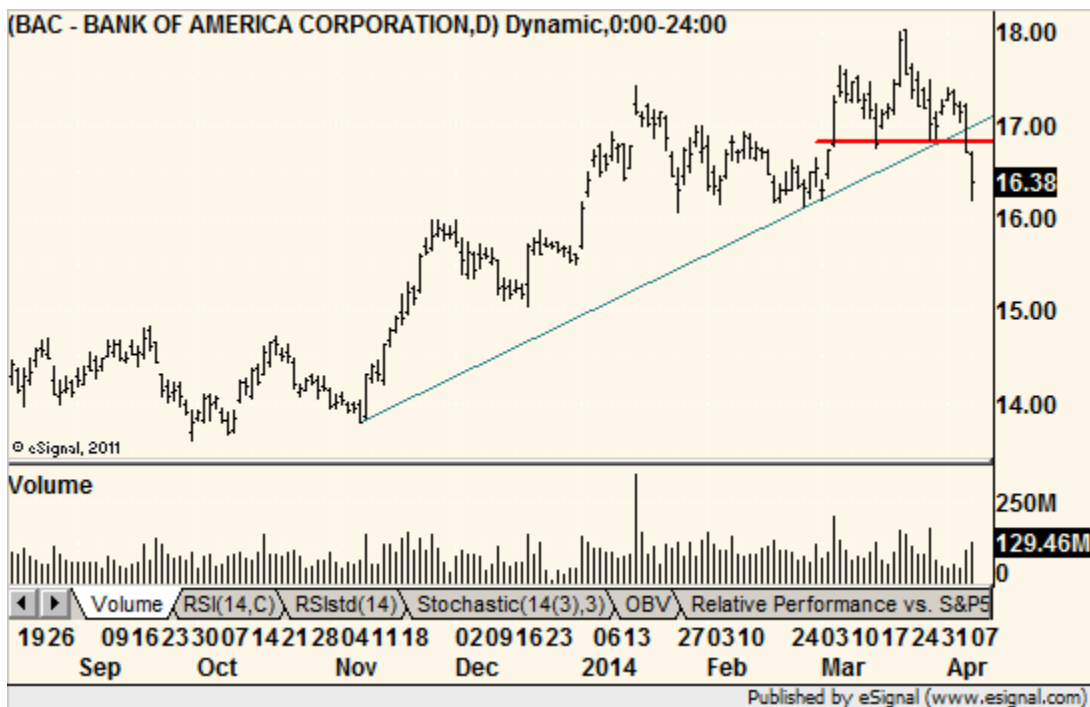
US dollar index - This does not look good.



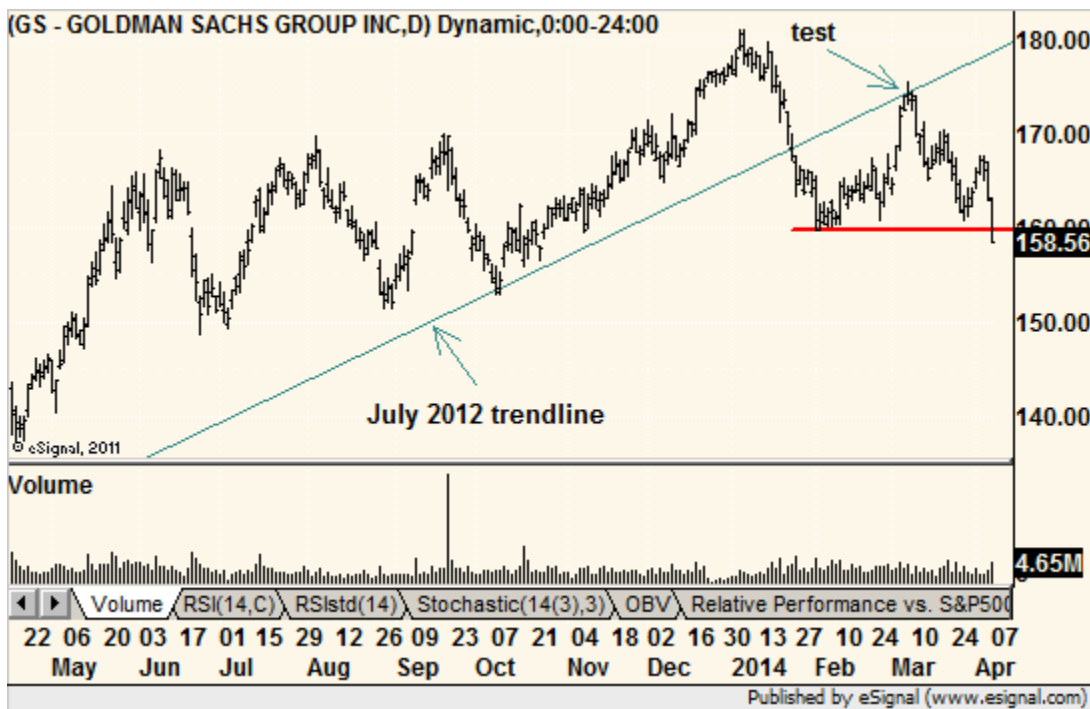
Gold ETF - We are getting that "should have" feeling here as we think that we waited for a low price that would not happen. The Fibonacci time correction is at hand (actually it is tomorrow) so if this thing starts to rally we will have to get back in. See next chart.



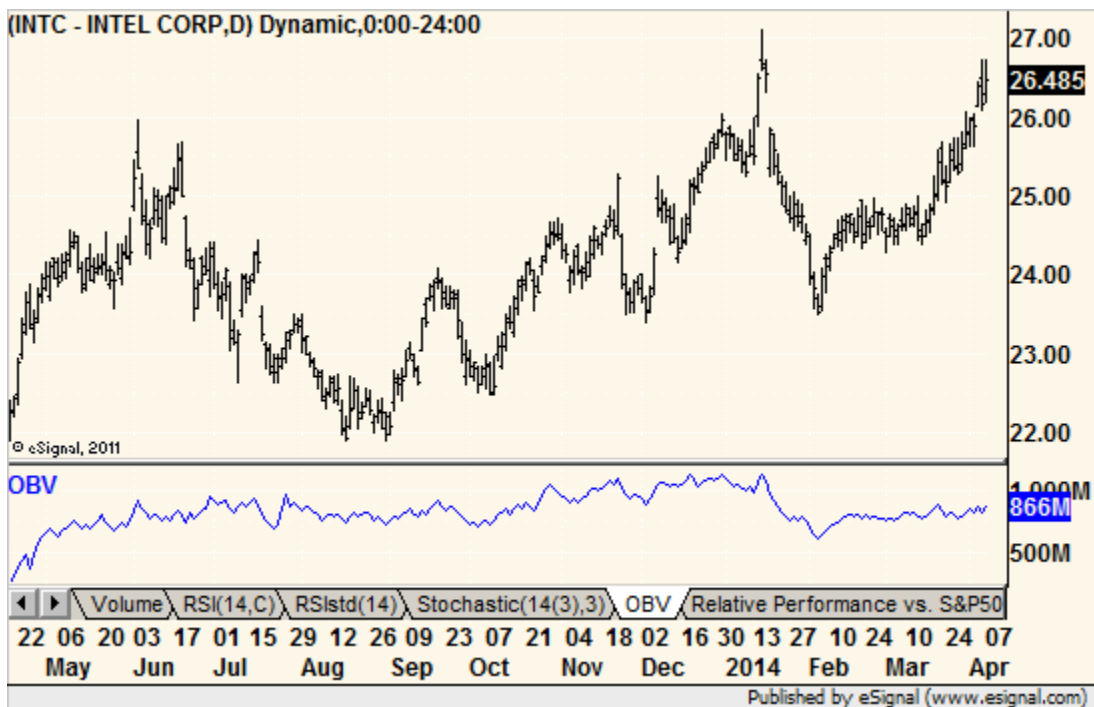
Silver ETF - Silver did not really bounce at all and shows little power. This helps keep us from jumping into gold.



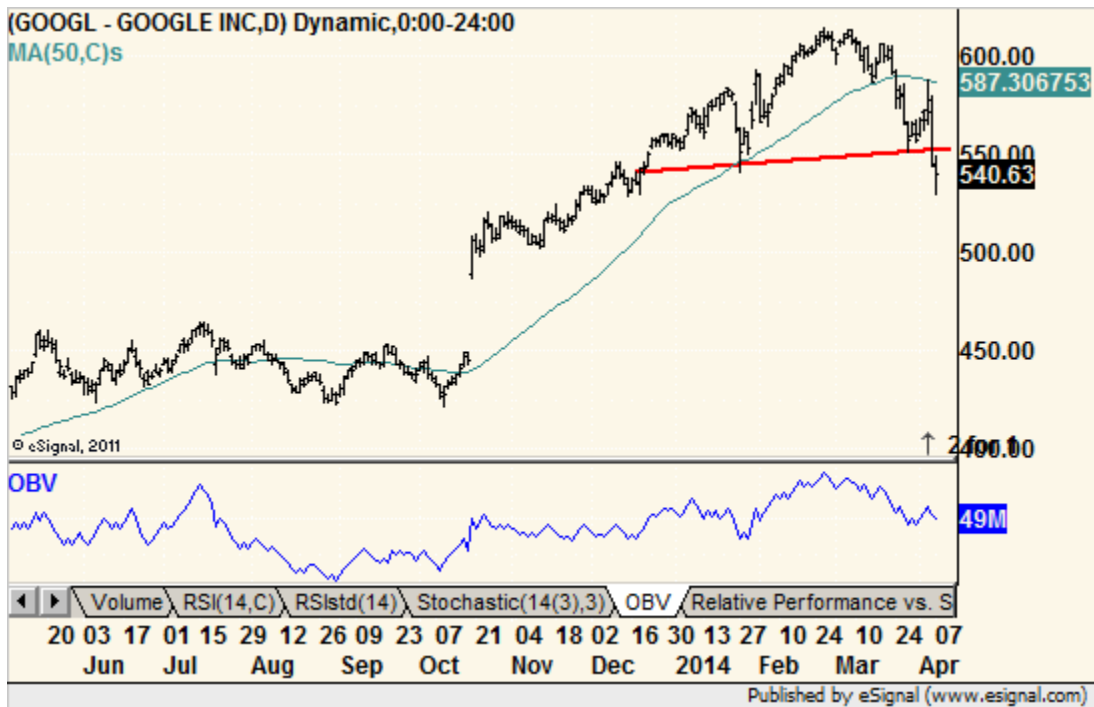
Bank of America - Not a bullish chart.



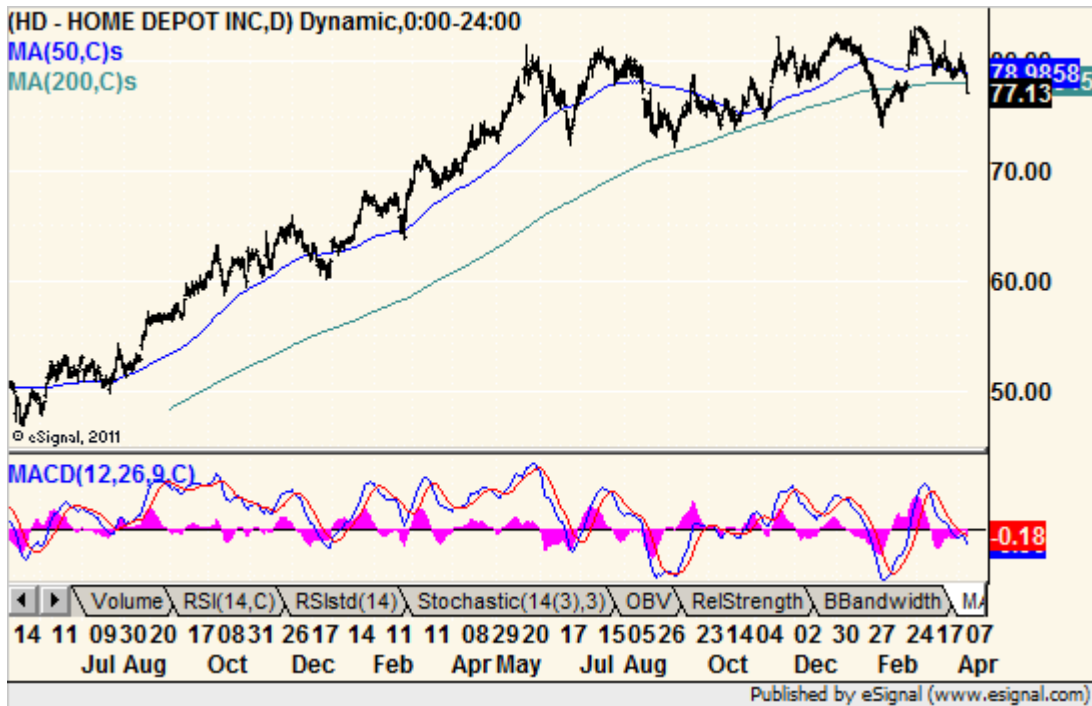
Goldman Sachs - This might be an overshoot of support but the long-term trendline is broken and tested. Not a bullish chart.



Intel - Analysts used this stock to show "rotation" in the market but it looks exhausted to us. It had a big run in January and turned at this level. Note on-balance volume barely rose during the current rally.



Google - We can't keep the new shares straight with the old but this chart is not bullish. It is hard to call this a head-and-shoulders since the proportion is really out of whack but support is broken. Note how the 50-day average hit turning points perfectly.



Home Depot - Broke the 200-day. This could be a long slow topping process.

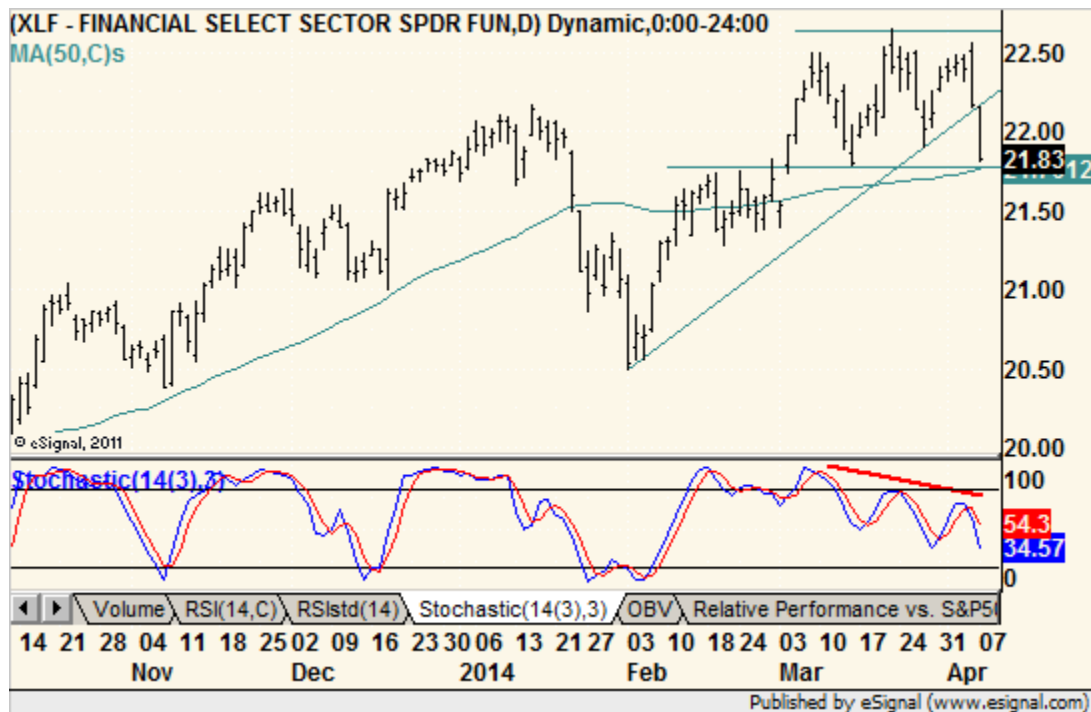


Yahoo - not a bullish chart.

Today's Lesson

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

Stochastics and Trading Ranges



Financials ETF - This is a good example of changing to stochastics in a trading range. We can clearly see that even though price action took it to the top of the rectangle pattern, momentum weakened. This makes it look quite ready to break down but as usually we have to wait for the actual breakdown to sell.

Note the 50-day average will break if the range breaks. The trendline is already broken.

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	8.19	4.6%	8.00	7.83	1/23	74
	CORN	TEUCRIUM CORN FUND	34.61	9.6%	34.00	31.57	2/6	60
	SYMC	SYMANTEC CORP	20.41	9.1%	20.00	18.71	3/21	17
	AGCO	AGCO CORP	54.81	0.5%	53.00	54.55	3/31	7
	DO	DIAMOND OFFSHORE DRILLING INC	48.79	-0.2%	46.75	48.90	4/1	6
	PMCS	PMC-SIERRA INC	7.30	-6.6%		7.82	4/3	4
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.33	0.2%	26.75	25.39	3/11	27
	ACHC	ACADIA HEALTHCARE COMPANY INC	42.96	7.3%	45.00	46.09	3/11	27
	UPS	UNITED PARCEL SERVICE INC	97.36	-1.4%	100.00	96.00	3/21	17
	CVS	CVS CAREMARK CORPORATION	73.83	0.0%	76.50	73.85	4/7	0

Notes: Raised stop in **SYMC** to be very tight as our 21 target approaches.

PMCS was finally stopped out. This trade triggered intraday on a day that ended in a reversal. It should have been an "on close" trigger.

Trailed to stops on the short side lower - **JNPR** and **ACHC** (again).

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

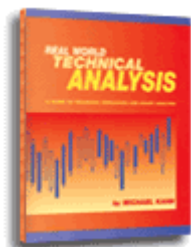
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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