

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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April 14, 2014 - Ladies and Gents, we have a breakdown. But it is not the disaster it is made out to be. Why? Because while 50-day averages are broken, 200-day averages for the most part are not. That makes it a correction, not a bear market.

With that said, every bear market starts with prices near major highs. This could turn into the summer of market discontent but until there is evidence on the table we cannot forecast major decline just yet.

Let's look at that evidence. Of the major spyder sector ETFs, six are below respective 50-day averages and three (energy, utilities and consumer staples) are not. Only one (consumer discretionary) is below its 200-day average. Correction.

Of the four key sectors we call the four horsemen (tech, retail, financial homebuilding), and there is overlap with the above paragraph, all are below 50-day averages and only one (retail) is below its 200-day. Correction.

And the news? The so-called biotech bubble? The momo debacle? OK, we'll give that the bear nod. Biotech and Social Media ETFs are below 200-day averages.

Banks look weak. Asset managers reviewed here Friday are below the 200-day.

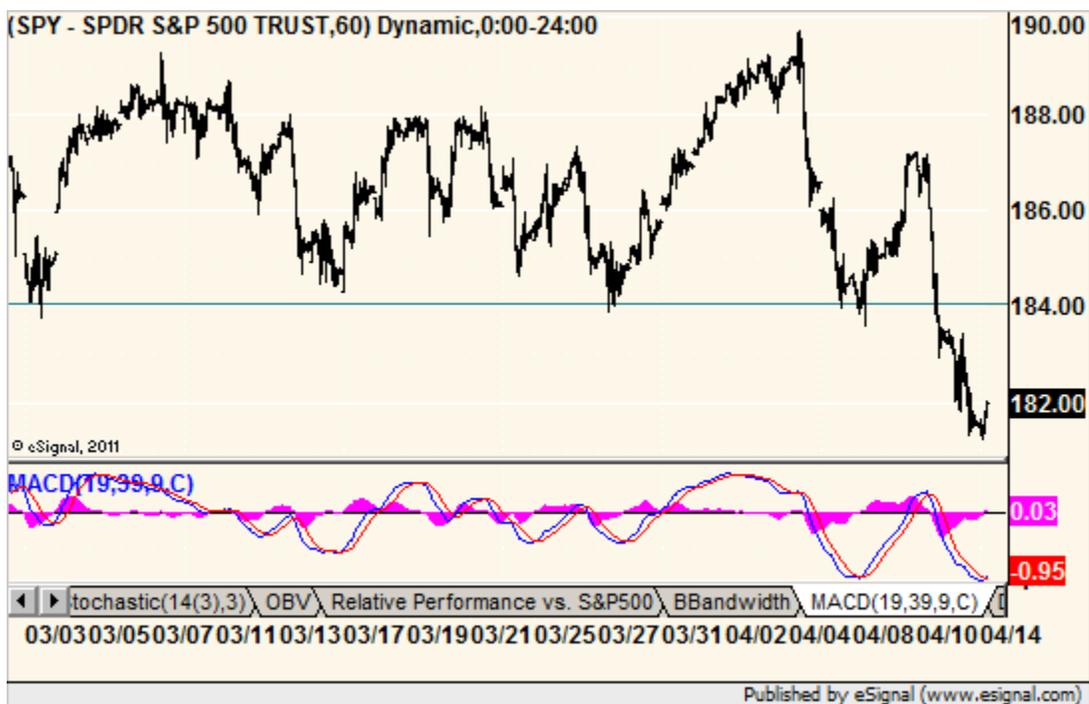
Let's look internationally (and in run-on format). All the former PIIGS are above 200-day averages and one (Italy) is still above its 50-day. The majors are below 50-days and above 200-days, except the UK, which is below both but really just in a flat market.

Asia across the board, with the exception of Japan, is above both averages and in rising trends. That last part is a big difference with Europe and America. And Canada is also above both. Australia is just barely below its 50-day but above support.

Latin America is in rising trends although we think it is hitting major trendlines now.

What does all of it mean? Correction in the States and Europe with rallies still in effect in Asia. It is certainly not a global rout. We'll play defense here now but without panic.

Hourly chart on next page...



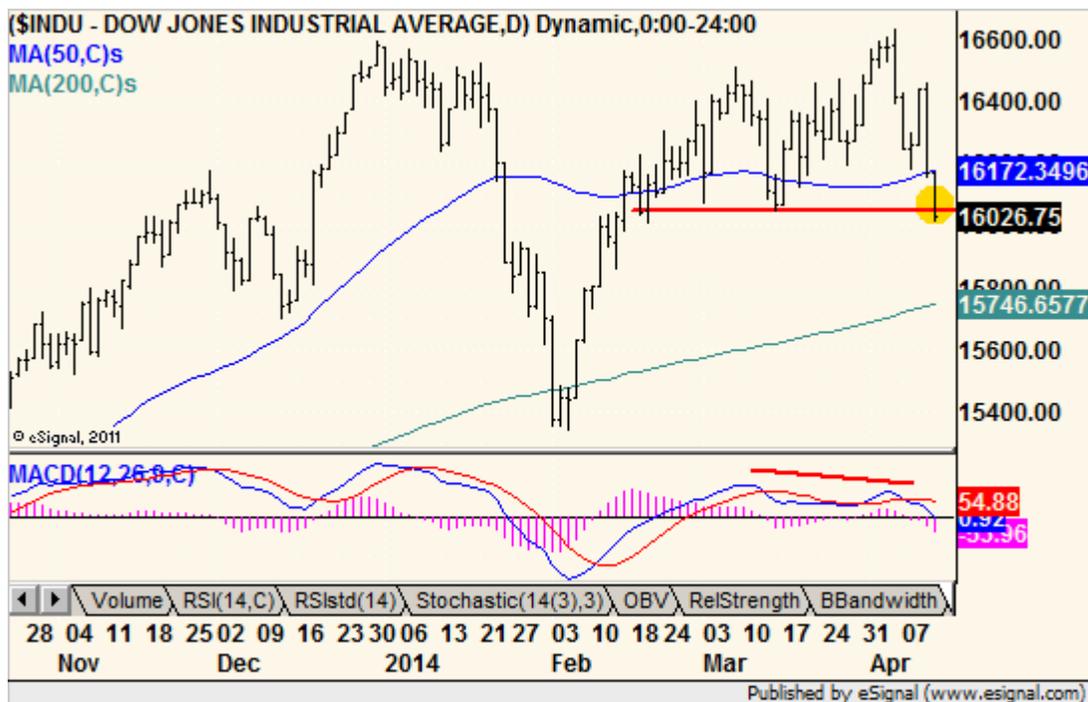
The intraday view shows MACD oversold enough to call for a bounce. If the **SPY** fails are 184 or lower, we will probably get very short this market.



This is the **QQQ** and since we already covered it, the follow-up shows a possible hourly MACD divergence. The spreading down trend is interesting although we do not know what it means.

That's it for stocks. We are bearish but not overly so at this time. We also see evidence that today that bottom fishers are going to give it a go, partially on Citigroup earnings. Will they succeed? We'll see.

Index Charts of the Day



We have a marginal break of support but not enough to say it with conviction. However, the 50-day average is broken again. Could see a bounce today but this market seems to want to go lower.



Here is a follow-up to Friday's report showing support from the 200-day and what may become a neckline now coming into view. Clearly, the bull trend is over and the short-term trend is down. Weak.



The S&P 500 is still above its trendline and that has to temper any bearish view. For now, a correction, not a bear market. Still, the short-term trend is down.



The small-cap Russell 2000 is already sitting on its 200-day average, making it the weakest of the bunch. Support just below that.

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 - Rallying for its ninth day this morning and making us feel like the frog in boiling water. Is this rallying away without us? Silver still not moving at all. One more day.	Changed	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 on close. <u>We are keeping it here as the setup is still good - just in case the market bungees back</u>		4/2
Bearish Implications		
Wynn Resorts WYNN - A gaming stock sitting on support. Already broke and tested the 50-day average. Sell 206.	New	4/14
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Newmont Mining NEM - <u>Watching</u> the neckline of an inverted H/S		3/28
Home Depot HD - Watching a long slow topping process. <u>Tactically we missed it</u>	Removed	4/8
Yahoo YHOO - <u>Looks like we missed any bounce</u>	Removed	4/8
Nike NKE - Weekly double top in progress. If the bounce stalls at last week's high and then the stock falls, it would set up a big short on the support break.		4/9
Sector Watch (observations that may spark ideas)		
Energy - Resilient and leading		3/31
Utilities - Still looking strong		3/31
Natural Gas stocks \$FUM - Looks like a successful test of a resistance breakout		4/4
Drugs - rolled over		4/14
Biotech - rolled over		4/14
Internet - rolled over		4/14
Brokers - rolled over		4/14
Software - rolled over		4/14
Updates		
GM - Collapsed Friday after support break Thursday		
Intel INTC - Confirmed bearish reversal bar		
Microsoft MSFT - Marginally confirmed mini-H/S pattern and trend break		
Morgan Stanley MS - Support and 200-day average breakdown		

Market Highlights



Tech ETF - For all the talk about a tech bubble bursting, this ETF is just barely below its 50-day average and above any trendline you'd care to draw. It's still a short-term breakdown but not a disaster.



Consumer Discretionary ETF - This sector is in much worse shape and below the 200-day.



Retail ETF- A part of consumer discretionary, this sector had a comeback in progress until March. Weak.



Energy ETF - We are not going to say this sector is going to climb with the market tanking but it is still officially holding on to a breakout.



Oil ETF - Now at the top of a multi-year triangle pattern.



Gold Miners ETF - This chart debunks the rally in gold to a small degree. A very short-term trendline is broken and the 50-day average stopped the advance putting the ETF back below the 200-day. Volume also fell during the rally. This gives us one more reason to be patient with the metal itself. Of course, if gold stocks can at least hold firm as the broad market declines, then we can move into the metal.



Wynn Resorts - A gaming stock sitting on support. Already broke and tested the 50-day average. Sell 206.

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	8.16	4.2%	8.00	7.83	1/23	79
	CORN	TEUCRIUM CORN FUND	34.49	9.2%	34.00	31.57	2/6	65
	AGCO	AGCO CORP	55.29	1.4%		54.55	3/31	12
	DO	DIAMOND OFFSHORE DRILLING INC	46.89	-4.1%		48.90	4/1	11
	TGT	TARGET CORP	59.00	-4.5%		61.77	4/9	3
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	24.29	4.5%	25.50	25.39	3/11	32
	ACHC	ACADIA HEALTHCARE COMPANY INC	42.21	9.2%	45.00	46.09	3/11	32
	UPS	UNITED PARCEL SERVICE INC	96.27	-0.3%	100.00	96.00	3/21	22
	CVS	CVS CAREMARK CORPORATION	72.58	1.7%	76.50	73.85	4/7	5
	MNST	MONSTER BEVERAGE CORP	63.27	7.5%	67.00	68.00	4/9	3

Notes: Stopped out of **DO** in what has been a devastating reversal. Also stopped out of **TGT** as the trendline breakout was finally negated.

We closed out the long in **AGCO** at the open.

Tightened a pair of stops on the short side.

Finally, we are debating selling long in **JTP** now that the dividend is ours.

Subscriber Corner

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



Twitter - The old low is support but everyone knows that. Volume on the decline seems rather modest meaning no panic by sellers and no accumulation by bottom fishers. Check out the weekly chart to see the falling knife. We'd avoid for now.

Other Information

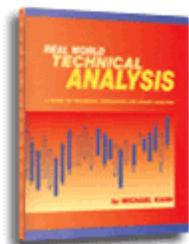
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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