

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**April 16, 2014** - Tuesday's action was manic with a big gain followed by a big loss followed by a big gain into the close. Viewed intraday we can see a double bottom (chart just below). Viewed on the daily chart and we see don't see much - except when we turn to the Nasdaq. Bar charts show a one-day reversal to the upside. Candles show a dragonfly doji, which in this case would also signal a reversal to the upside. (chart below in Index Charts of the Day).

Did it matter that volume was fair? Probably not. What we think mattered more was which sectors led the way higher. No, it wasn't tech, although that's what you'll see in financial media. Biotech was up there but often the sectors that get destroyed on the way down rebound the sharpest. Dead cat, you know.

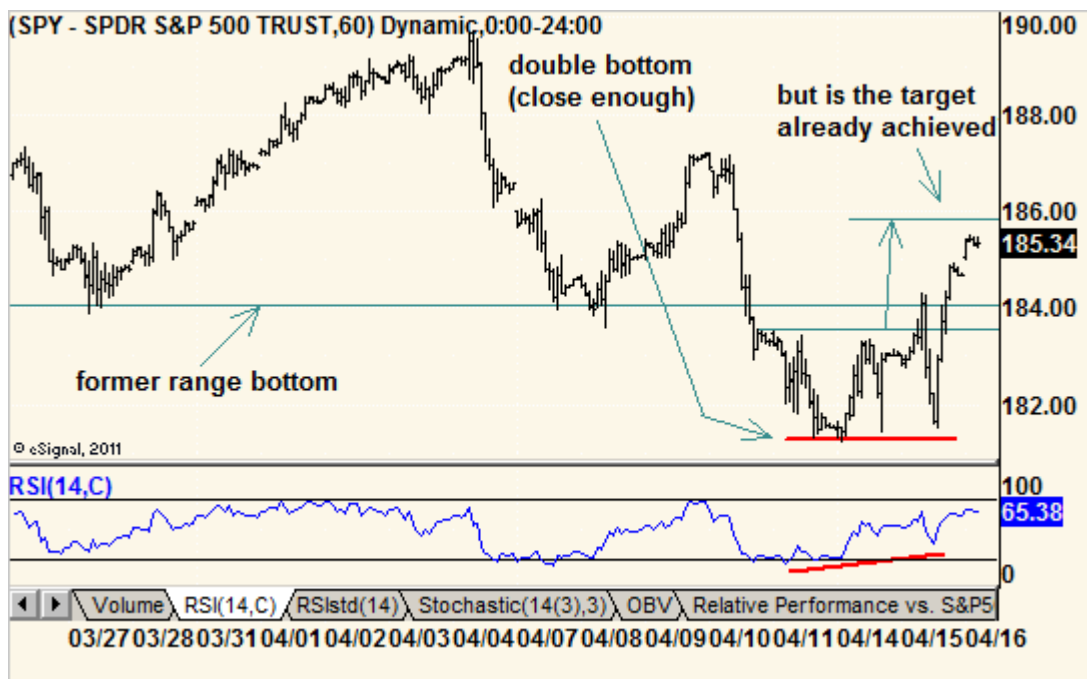
Of the major sectors, energy led the way with utilities a close second. Everything else was far behind.

And which asset had the best day? Treasury bonds as **TLT** moved to another new high for the year.

Retail? Flat. Homebuilders? Down. Getting the picture. The leaders were defensive sectors. That is not the base on which to build a new leg higher in the market.

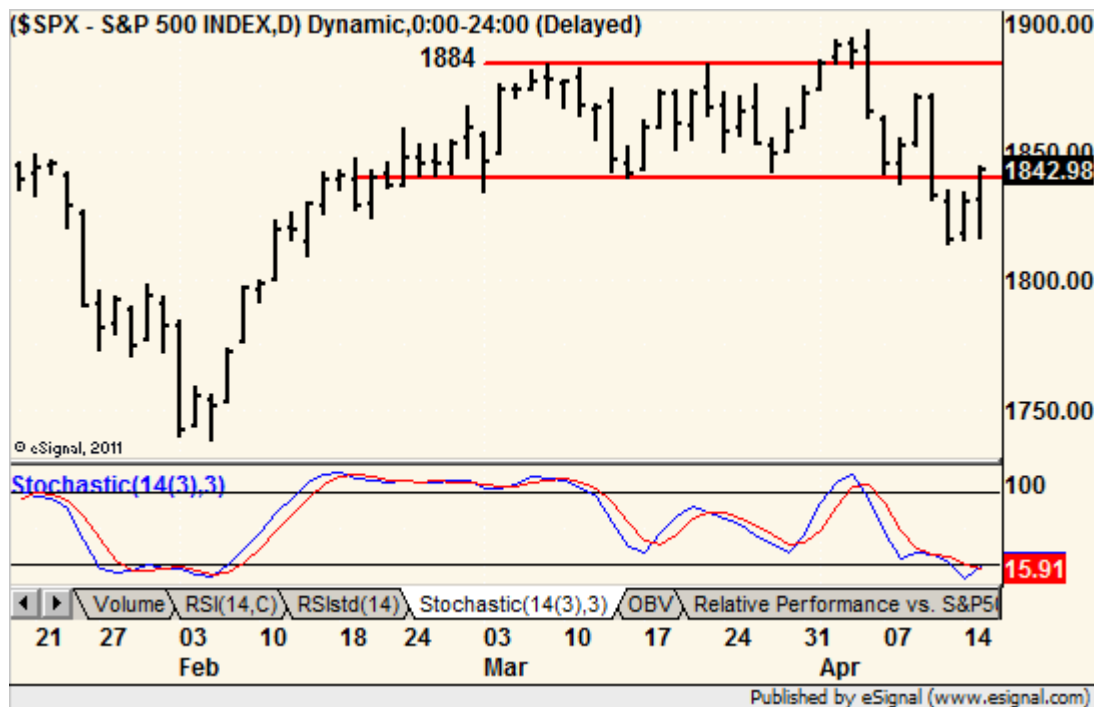
But with that said, let's review what we said yesterday - "We see nothing that says the bearish trend is over at this time although the evidence is still for a correction, not bear market. Again, that can change but for now it is what it is."

Well, it changed. The reversals seen in the market, despite the leadership, suggest the bulls will give it another go. That in no way guarantees success but we will back off the bearish stance until this bounce runs its course. No sense fighting the tape.

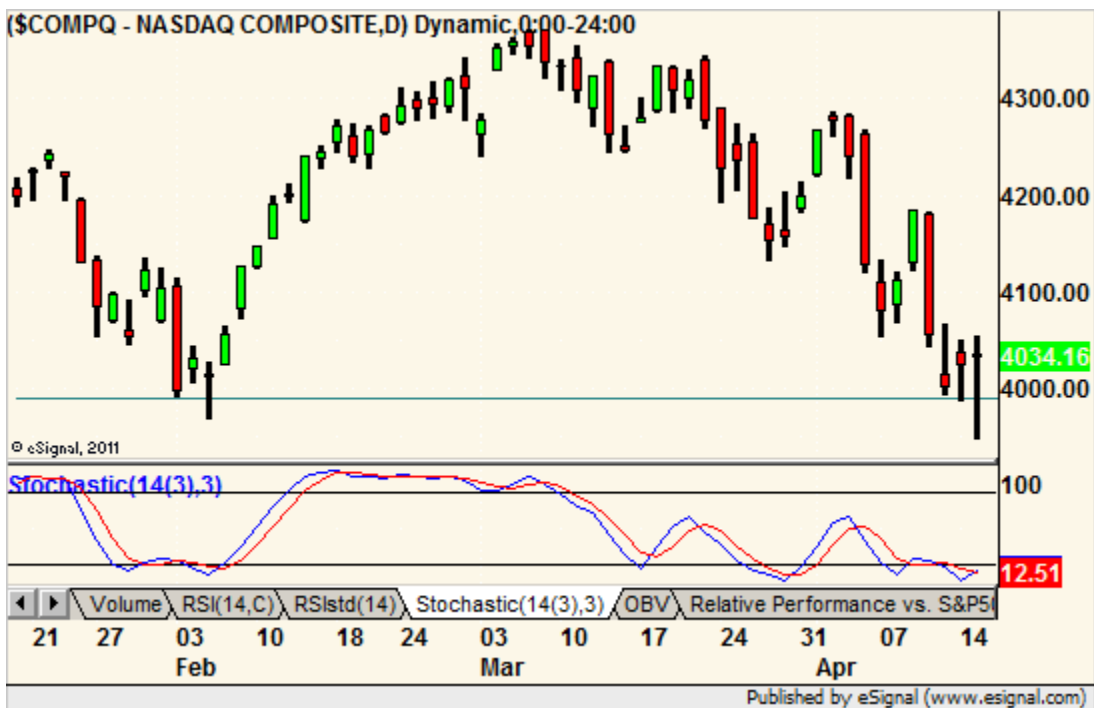


The hourly **SPY** chart shows the double bottom and move back into the old range. If we measure the pattern as drawn then it is already close to its upside target. All we can do today is prepare. Buying will require the market first confirm its reversal with a strong day today and even that will require nerves of steel.

## Index Charts of the Day



The S&P 500 is back in its old range but not so much as to declare a breakdown failure. We do have to respect the upside reversal yesterday, however.



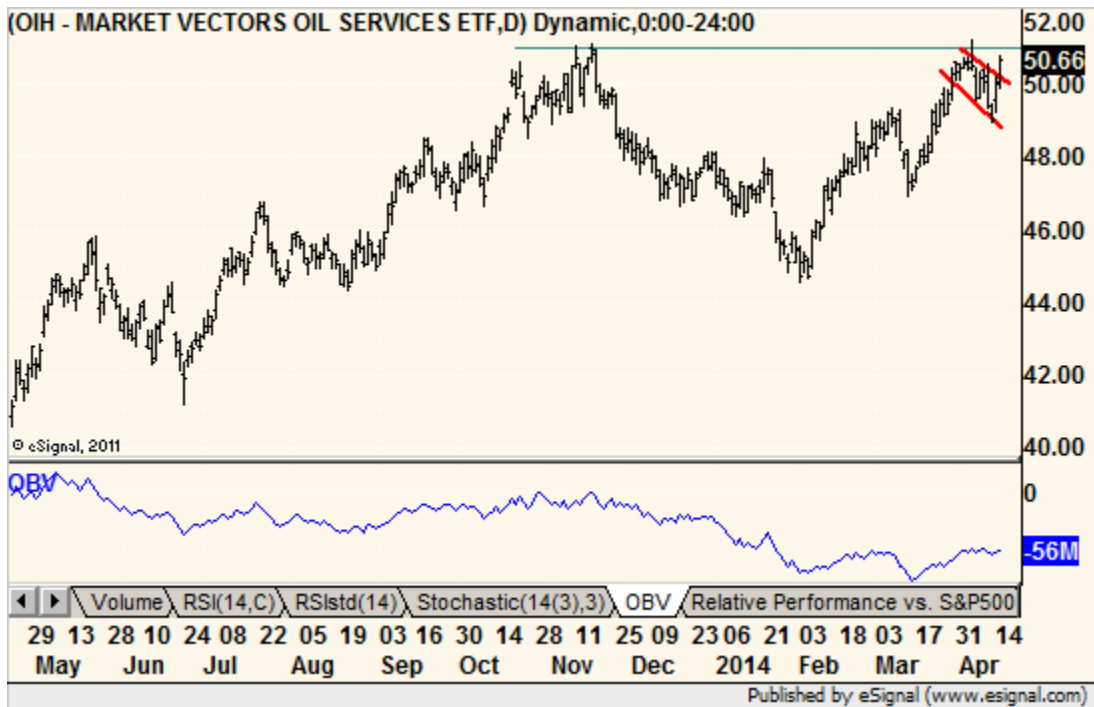
The Nasdaq scored a dragonfly doji with a very long lower shadow that was also a false breakdown below support. It also needs to be confirmed as a reversal with upside follow through but as we can see, the trend is still indeed down at this time.

## The Radar Screen

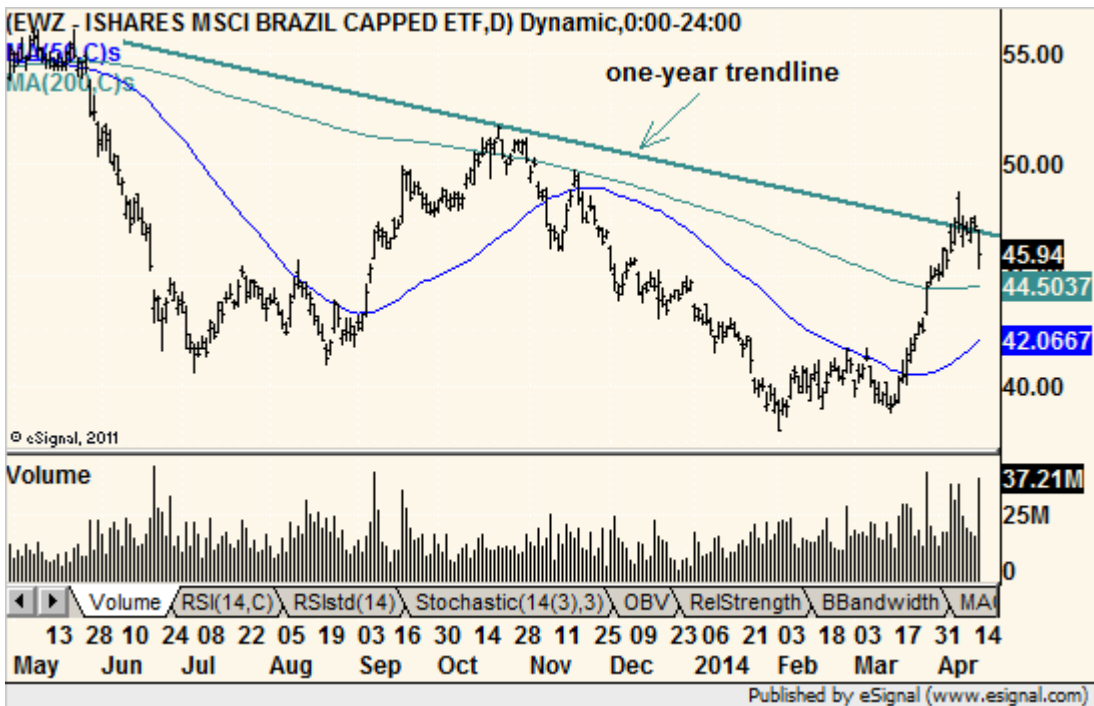
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Healthcare Realty Trust HR</b> - 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.	<b>Triggered</b>	4/2
<b>Con Ed ED</b> - This NYC based utility has been seriously lagging but it is now above its one-year trendline, finally sports rising on-balance volume and seems ready to catch up to its sector. It's a buy.	<b>Triggered</b>	4/15
<b>Bearish Implications</b>		
<b>Wynn Resorts WYNN</b> - A gaming stock sitting on support. Already broke and tested the 50-day average. Sell 206.	<b>Triggered</b>	4/14
<b>General Electric GE</b> - Sitting on a small trendline and both major averages. On-balance volume eased lower during the 2014 gains. Sell under Friday's close 25.40.		4/15
<b>Computer Associates CA</b> - This software stock is in decline. We are looking for a rebound to test the trendline, both major averages and resistance at 30.75, where we will sell.		4/15
<b>none –</b>		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Newmont Mining NEM</b> - H/S pattern is gone so we'll move on for now. The best we can say is that we did not chase this.	<b>Removed</b>	3/28
<b>Nike NKE</b> - 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
<b>Broadcom BRCM</b> - Looking for a bounce to test the breakdown.		4/15
<b>Gold ETF GLD</b> - The big drop yesterday put it on a trendline and 200-day average. We are getting close to buying now.	<b>Changed</b>	3/19
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Resilient and leading		3/31
<b>Utilities</b> - Still looking strong		3/31
<b>Natural Gas stocks \$FUM</b> - Looks like a successful test of a resistance breakout		4/4
<b>Sectors that rolled over</b> - Drugs, biotech, Internet, Brokers, Software		4/14
<b>Financials</b> - Watching these three area representatives. If they break then the market will be a step closer to a serious breakdown - <b>KBE, AXP, MTG</b>		4/15
<b>Updates</b>		
<b>Twitter TWTR</b> - Flipped us a giant bird with a huge rally Tuesday. Dead cat. If you have it, take the cash.		

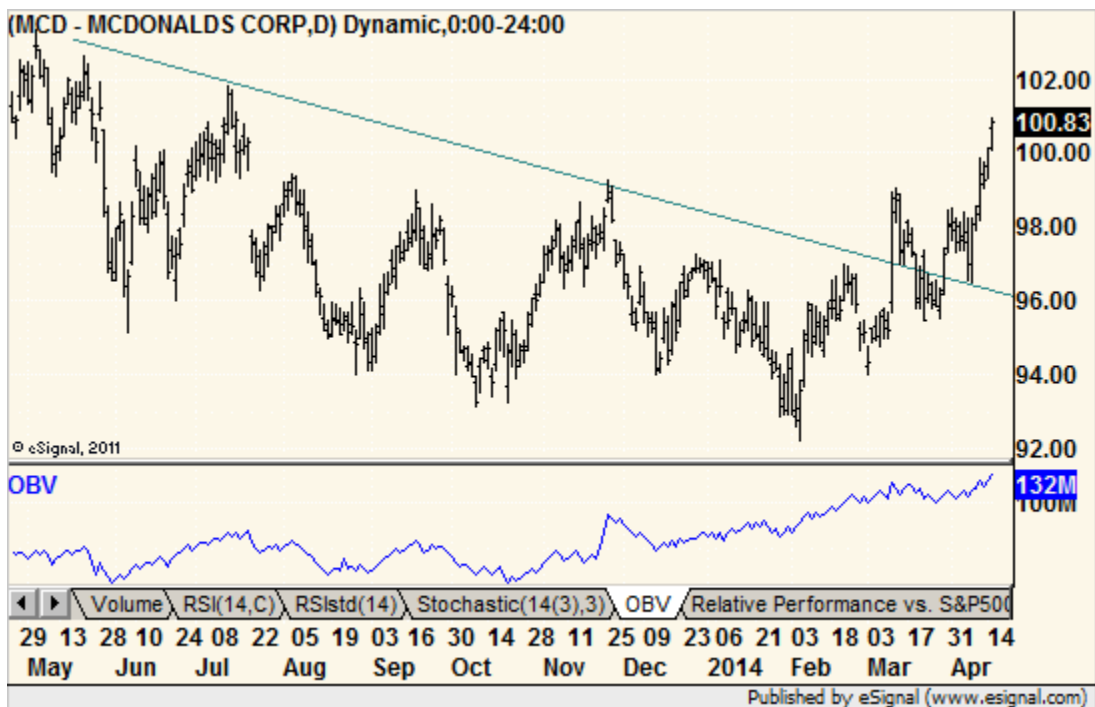
## Market Highlights



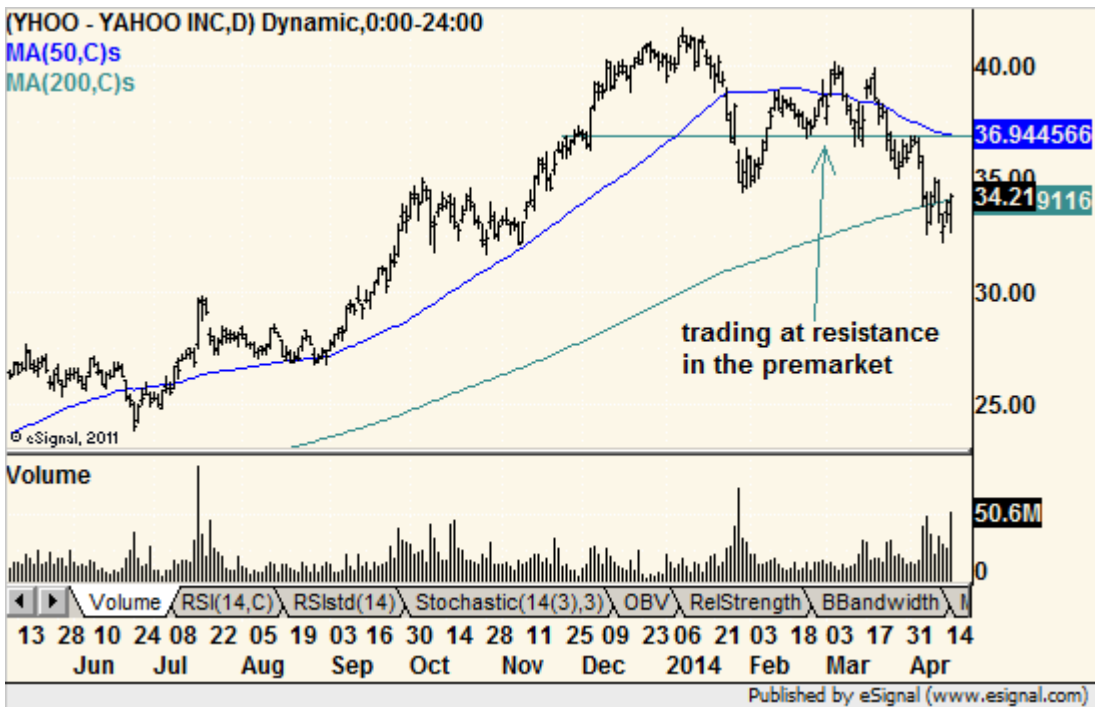
**Oil Services ETF** - Energy is a leader and this ETF is arguably in a cup-with-handle pattern (two-pager, [click here](#)). The problem is on-balance volume looks terrible. Still, price rules. Wait for the breakout.



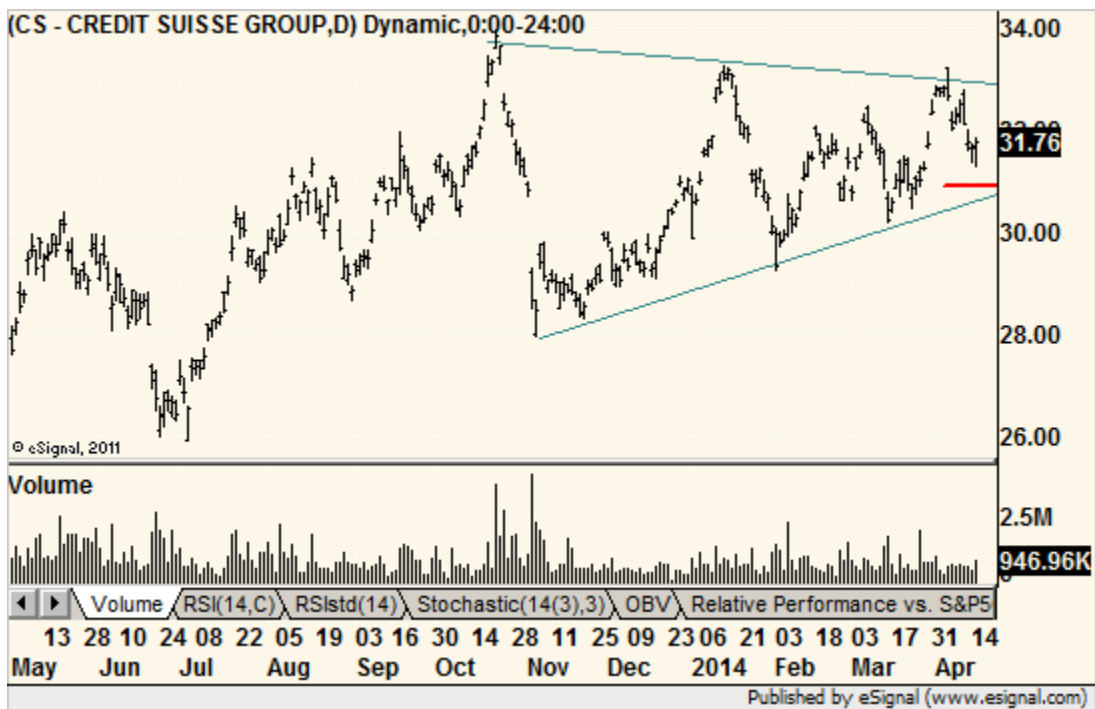
**Brazil ETF** - Remember how everyone got so excited over emerging markets making a comeback? We pointed out the trendline a month ago. Yesterday, it failed there.



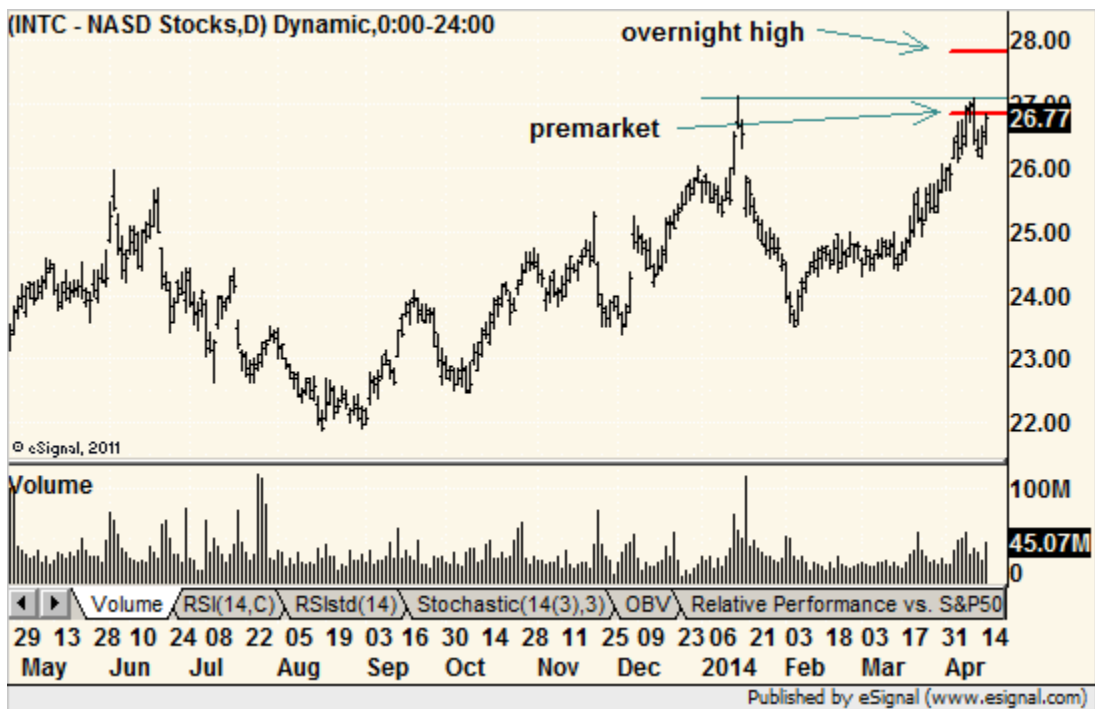
**McDonalds** - We tried buying the breakout in March but it failed. Now it is stronger. Check out rising on-balance volume and Coke (KO) soared yesterday. But is this a good sign for the economy?



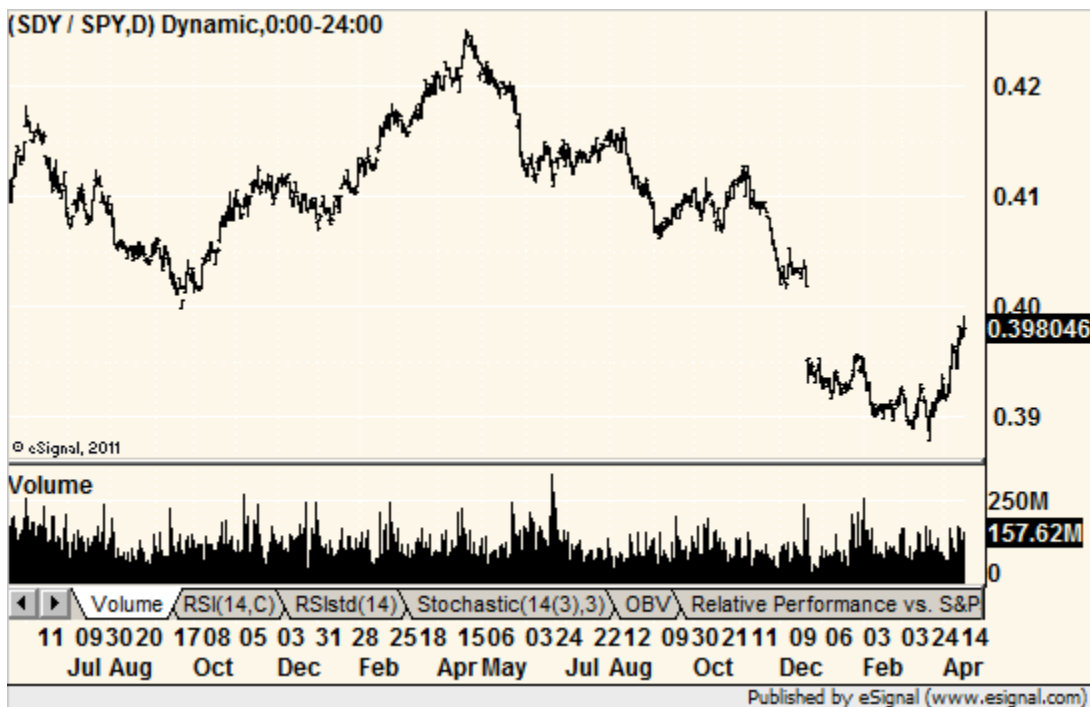
**Yahoo** - Big after hours rally. Now at resistance and 50-day average. I personally own this (for years) and will sell it today.



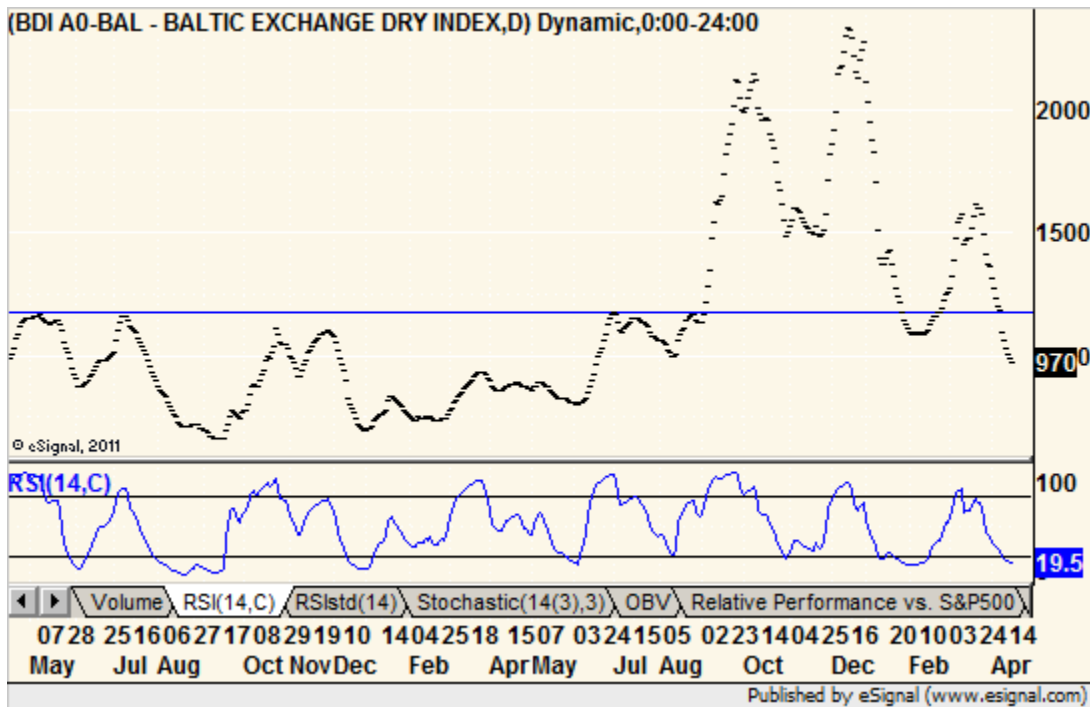
**Credit Suisse** - Earnings miss for this bank. Watching the triangle at support.



**Intel** - A big jump after hours on earnings. But it is back below resistance in the premarket. Watching to see if it fails or holds on.



**Dividends vs. Capital Gains** - This is the S&P 500 dividend ETF divided by the SPY itself. It suggests dividends are now more important than growth.



**Baltic Dry Rate** - We are not experts in shipping rates but they have collapsed below support. If this is a global economic indicator then it is not a good sign.

## 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	8.15	4.1%	8.00	7.83	1/23	82
	<b>CORN</b>	TEUCRIUM CORN FUND	34.72	10.0%	34.00	31.57	2/6	68
	<b>HR</b>	HEALTHCARE RLTY TR	24.91	0.0%	24.00	24.91	4/15	0
	<b>ED</b>	CONSOLIDATED EDISON INC	57.19	2.3%	55.00	55.89	4/15	0
<u>Short</u>	<b>JNPR</b>	JUNIPER NETWORKS INC	24.89	2.0%	25.50	25.39	3/11	35
	<b>ACHC</b>	ACADIA HEALTHCARE COMPANY INC	41.66	10.6%	44.00	46.09	3/11	35
	<b>UPS</b>	UNITED PARCEL SERVICE INC	95.78	0.2%	100.00	96.00	3/21	25
	<b>CVS</b>	CVS CAREMARK CORPORATION	73.44	0.6%	76.00	73.85	4/7	8
	<b>MNST</b>	MONSTER BEVERAGE CORP	63.87	6.5%	67.00	68.00	4/9	6
	<b>WYNN</b>	WYNN RESORTS LTD	202.82	1.6%	212.00	206.00	4/15	0

**Notes:** Two new longs - **ED** at the open and **HR** at the close.

One new short - **WYNN** as it fell through our trigger.

Trailed stop in **ACHC** lower and tweaked **CVS** just a little.



## Subscriber Corner

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



**Mattel** - This toy maker stalled at resistance earlier this month, where it scored a bearish reversal bar. However, it has already fallen quite a bit and continues to respect its 50-day average. Its P/E seems low and dividend high so we would not tell you to sell it. However, it has a tough road ahead. We might consider selling at resistance just over 40 if we can capture that dividend (ex-div looks to be May 18).

## 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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What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

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