

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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April 17, 2014 - So, is the correction over? It seems that way but we are not so sure the market rallies from here. The intraday chart we showed here yesterday had an upside target for the double bottom seen at Friday's and Tuesday's lows. It was achieved yesterday. That suggests the bottom fishers are through for now although that is far from a high confidence call. That is why we are still waiting to make the "time to sell again" call.

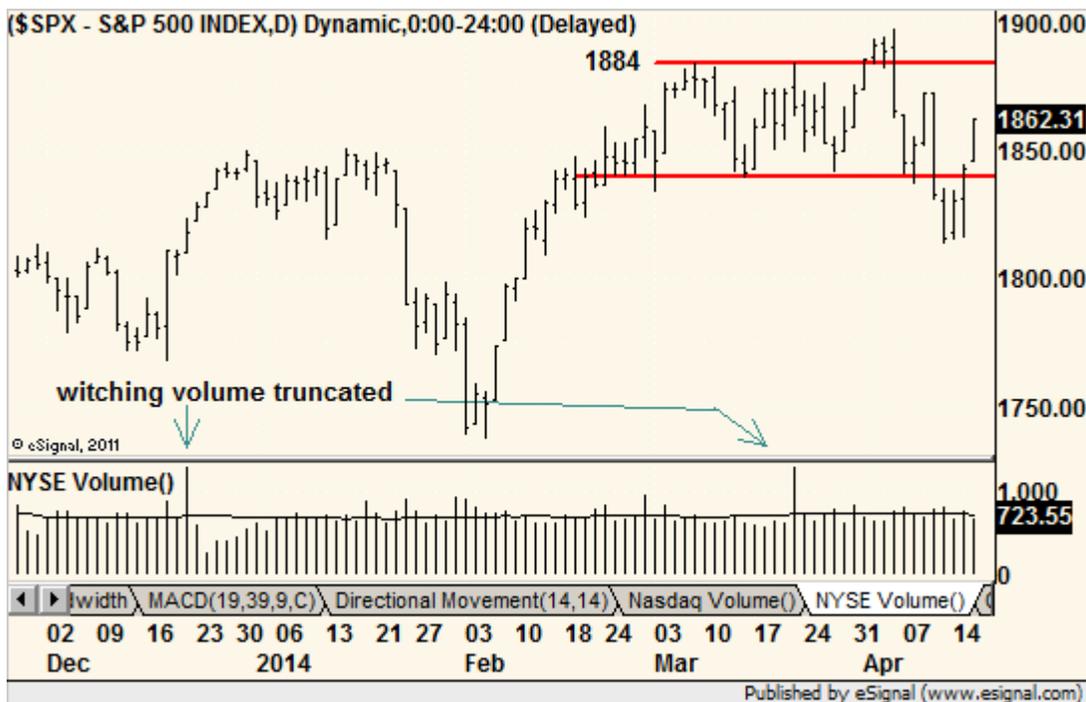


The hourly **SPY** shows the target achieved or was it "mission accomplished?" It is a good place for a pause if not reversal but if the market keeps going it would target 188. That would be the second integral multiple of the double bottom pattern's height (two-pager on measuring the move, [click here](#)).



Check out the Nasdaq-100 ETF chart. Nice channels and lines to watch. As we can see, the RSI divergence and the convergence of two lines provided a nice floor. But it is already at resistance. A breakout targets the next line, likely near 88.

Index Charts of the Day



Officially, the range breakdown was negated with yesterday's rally although it felt like one of those exciting bear market rallies. Still, we have to respect it and put the sideways pattern back in place. We are not buying. Note on SH - the short S&P 500 ETF. Volume during the decline was really low.



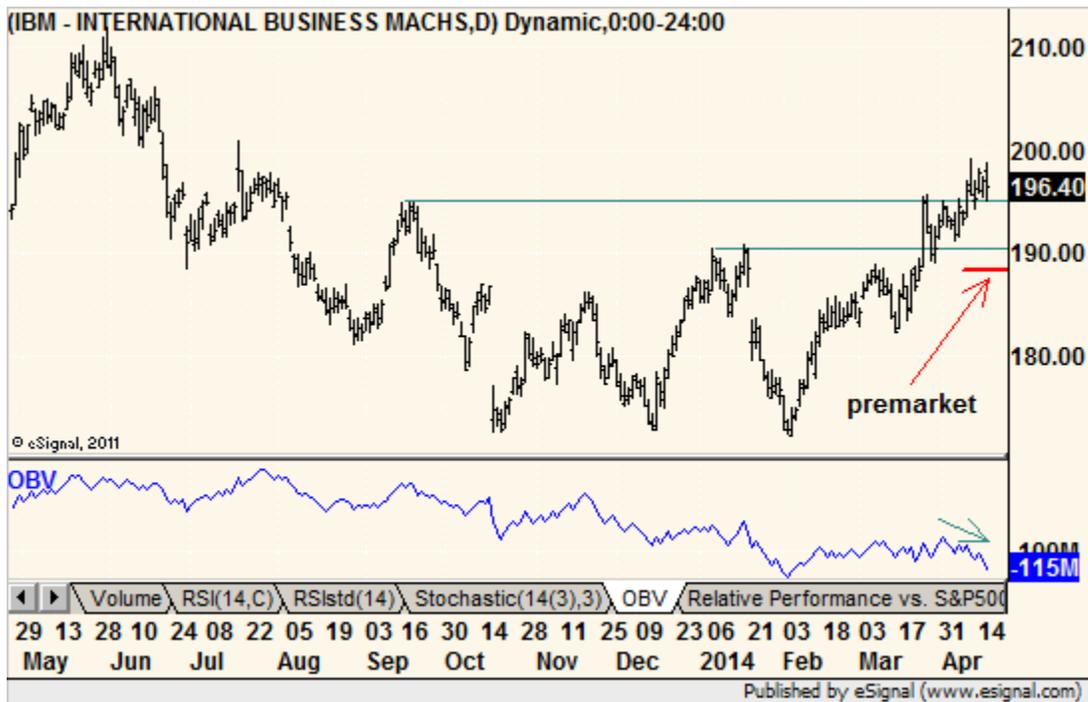
The Nasdaq followed through on its reversal but volume was the third lightest of 2014. That is not way to run a rally.

The Radar Screen

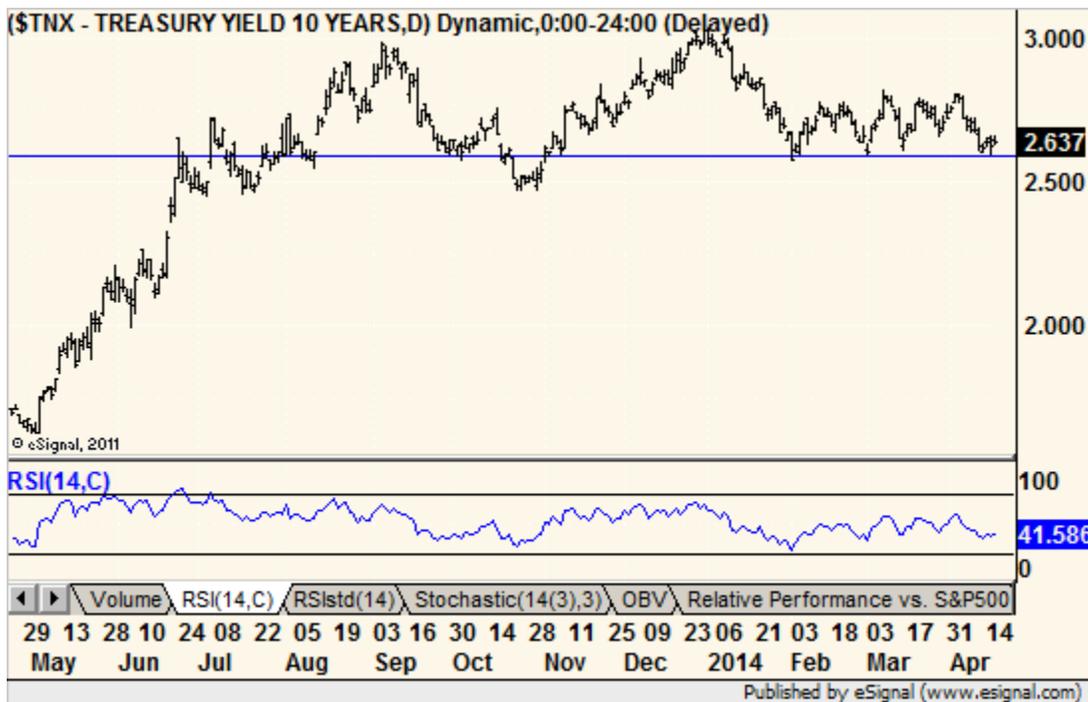
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 | | |
|---|------------|------|
| none – | | |
| Bearish Implications | | |
| General Electric GE - 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 |
| Computer Associates CA - 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 |
| Goldman Sachs GS - Jumped on earnings (actually revenues) and is now testing its support break. This would be a good place to sell it but we want to be sure the market's bounce is over first. Let's put a higher trigger on it to reduce risk. Sell 162. It may change tomorrow. | New | 4/17 |
| Unknown Implications | | |
| none – | | |
| Holding Tank - red shade leans bearish, green shade leans bullish | | |
| 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 |
| Broadcom BRCM - Looking for a bounce to test the breakdown. | | 4/15 |
| Gold ETF GLD - The big drop yesterday put it on a trendline and 200-day average. We are getting close to buying now. | | 3/19 |
| 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 |
| Sectors that rolled over - Drugs, biotech, Internet, Brokers, Software | | 4/14 |
| Financials - Watching these three area representatives. If they break then the market will be a step closer to a serious breakdown - KBE, AXP, MTG | | 4/15 |
| Updates | | |
| Credit Suisse CS - Bounced off lower border of the six-month triangle highlighted here yesterday. | | |
| Intel INTC - Big earnings rally premarket yesterday and although it closed with a net gain on the day it was well off its high and below resistance from January. We'd call this a failure. Note - Dow stock | | |

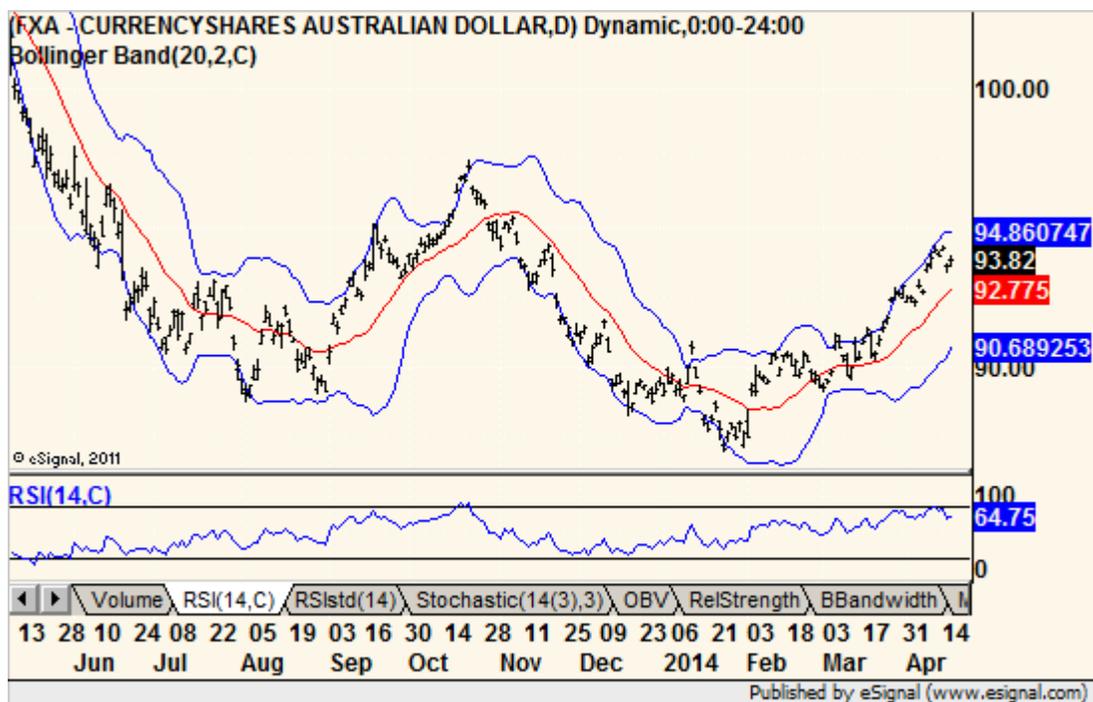
Market Highlights



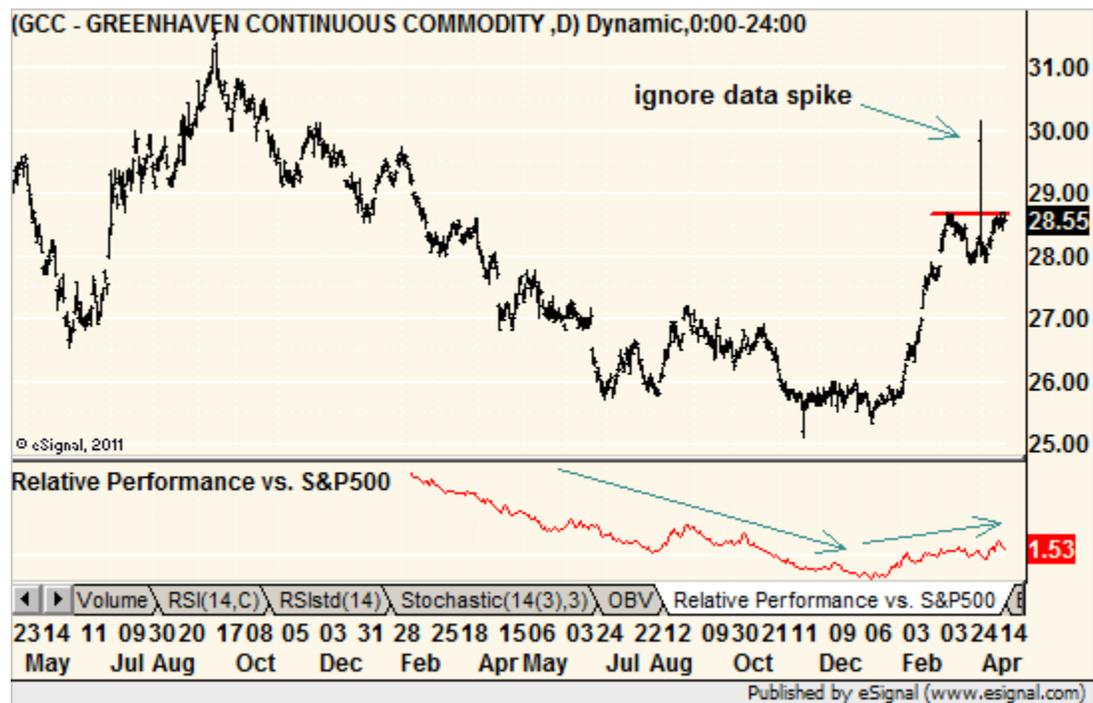
IBM - An earnings miss sent this tumbling after the bell. It erased two breakouts and made the moving average golden cross (not shown) from last week look silly. Note how on-balance volume started to fall two weeks ago. We'd avoid this one. Also, it is a Dow stock so the pressure is on.



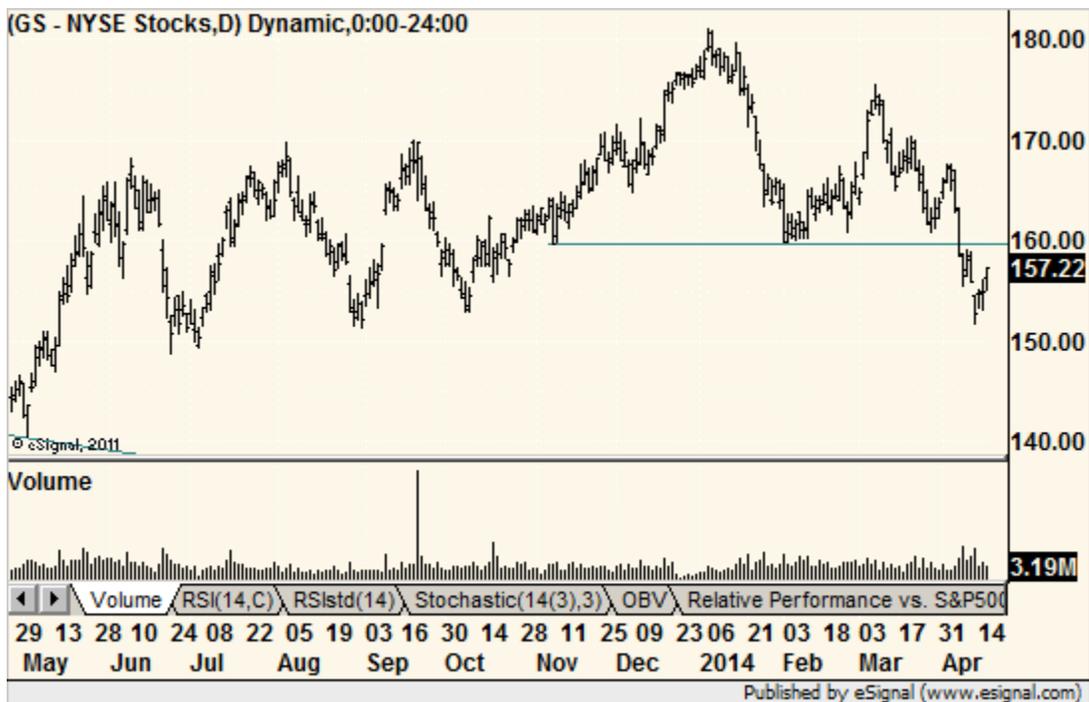
10-year Treasury yield - We're switching from the long bond ETF **TLT** to the 10-year yield. While the price of TLT broke out to the upside and yield to the downside, the 10-year yield has not yet done the same. If this breaks down, then we can look for a rather substantial price rally and yield decline all around.



Australia dollar ETF - This is in rally mode. Commodity currency? Play on China? Whatever the case, it shows demand for all things Aussie. The stock market there is holding very firm.



Greenhaven Continuous Commodity fund - Speaking of commodities, this descendent of the **CRB index** is ready to break out again. Note the relative performance to the stock market changed in January. Here is a link to a WSJ story talking about rising food prices. <http://on.wsj.com/1nshe3t>



Goldman Sachs - Jumped on earnings (actually revenues) and is now testing its support break. This would be a good place to sell it but we want to be sure the market's bounce is over first. Let's put a higher trigger on it to reduce risk. Sell 162. It may change tomorrow.



Chemicals Index - The basic materials sector may not be beating the market but it is in decent shape. Big move on earnings from PPG this morning. Just a place to consider if you are a little more bullish.

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 | 8.22 | 5.0% | 8.10 | 7.83 | 1/23 | 83 |
| | CORN | TEUCRIUM CORN FUND | 34.40 | 9.0% | 34.00 | 31.57 | 2/6 | 69 |
| | HR | HEALTHCARE RLTY TR | 24.85 | -0.2% | 24.00 | 24.91 | 4/15 | 1 |
| | ED | CONSOLIDATED EDISON INC | 57.59 | 3.0% | 55.50 | 55.89 | 4/15 | 1 |
| | | | | | | | | |
| <u>Short</u> | JNPR | JUNIPER NETWORKS INC | 25.05 | 1.4% | 25.50 | 25.39 | 3/11 | 36 |
| | ACHC | ACADIA HEALTHCARE COMPANY INC | 41.98 | 9.8% | 44.00 | 46.09 | 3/11 | 36 |
| | UPS | UNITED PARCEL SERVICE INC | 97.35 | -1.4% | 100.00 | 96.00 | 3/21 | 26 |
| | CVS | CVS CAREMARK CORPORATION | 73.91 | -0.1% | 76.00 | 73.85 | 4/7 | 9 |
| | MNST | MONSTER BEVERAGE CORP | 65.42 | 3.9% | 67.00 | 68.00 | 4/9 | 7 |
| | WYNN | WYNN RESORTS LTD | 205.00 | 0.5% | 212.00 | 206.00 | 4/15 | 1 |

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>.



Conagra - This food stock looks to be in a bullish flag pattern with rising on-balance volume. However, big resistance from the trendline and 200-day average is overhead. Probably a good chance it makes it there and if it does then we can re-assess. Nice dividend goes ex-div on April 28.

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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