

QUICK TAKES PRO

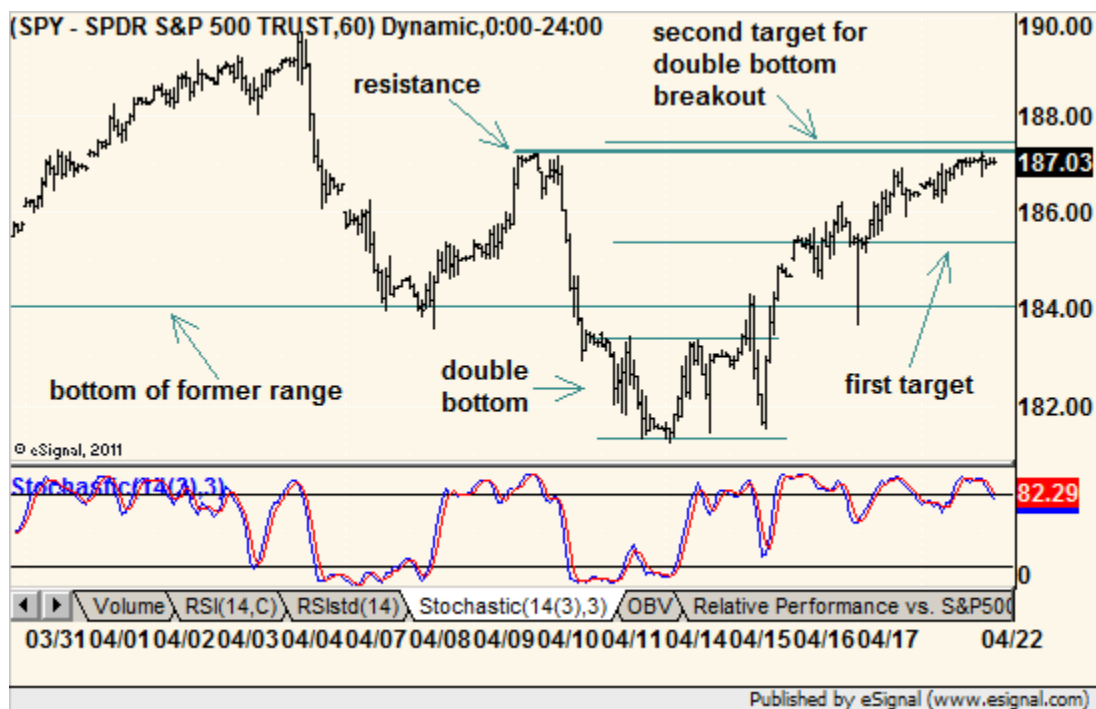
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

April 22, 2014 - Happy Earth Day to all (and Happy Anniversary to my bride). We've got no tie-in for the markets on that one but we are doing our part as citizens.

Monday's stock market was its usual manic self full of head fakes and reversals. By the close, prices were near their highs but conspicuously absent from the fun were financials, homebuilders, gaming, hotels and restaurants. Those last few are all travel and leisure.

In yesterday's Barron's Online column I discussed how consumer discretionary was fading and added yet another group to those being left behind. The key statement was that the number of fading groups may be reaching the tipping point where the broad market can no longer sustain an advance. We have the ratio chart below of consumer discretionary vs. staples to show a significant shift from offense to defense, too.

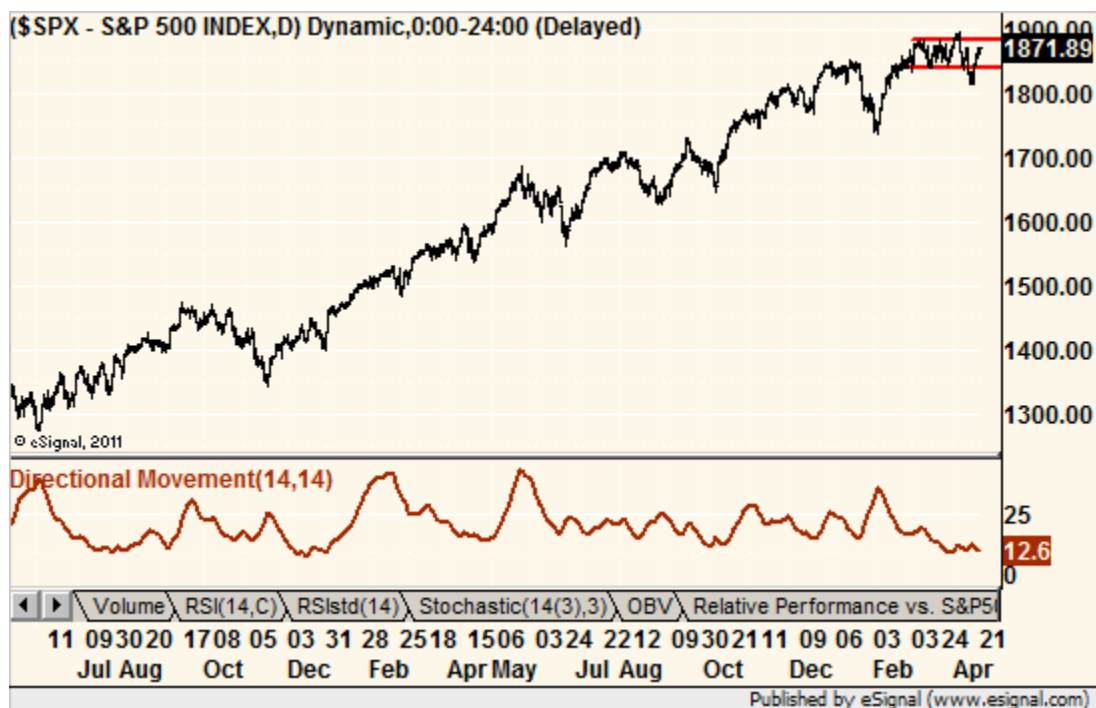


The hourly chart is very busy today as we have a new resistance level laid on top of the targets for the double bottom seen last week. Moving past all the fancy analysis, the point is that there are two reasons to expect a pause here. We said the same yesterday and the market made little to no gain after we published. The gains were really made in the premarket before we got to them.

We've got nothing else again today. The market seems more range-bound than trending right now (see Index Chart of the Day below) even though we see sector after sector fade from the rally. It just feels as if we have to sit on our hands and wait for the market to give us a better signal.

That's that hardest thing to do - nothing. Let's not force any issues.

Index Charts of the Day



While we still maintain that the market is weakening internally, this chart shows the ADX indicator falling hard. The Average Directional Index measures trend strength and when it is low and falling it tells us there is no trend. We need to think about trading range strategies instead of trends at this point albeit with our bearish bias. The red lines represent the range as we've been drawing it for the past few weeks.

What does that mean in English? Sell high but not necessarily on a support break. We'll know if a support break is meaningful when we see a combination of volume, breadth, momentum, sentiment and more tell us so.

No, we cannot outline a specific combination or price level at this time. But like art, we'll know it when we see it.

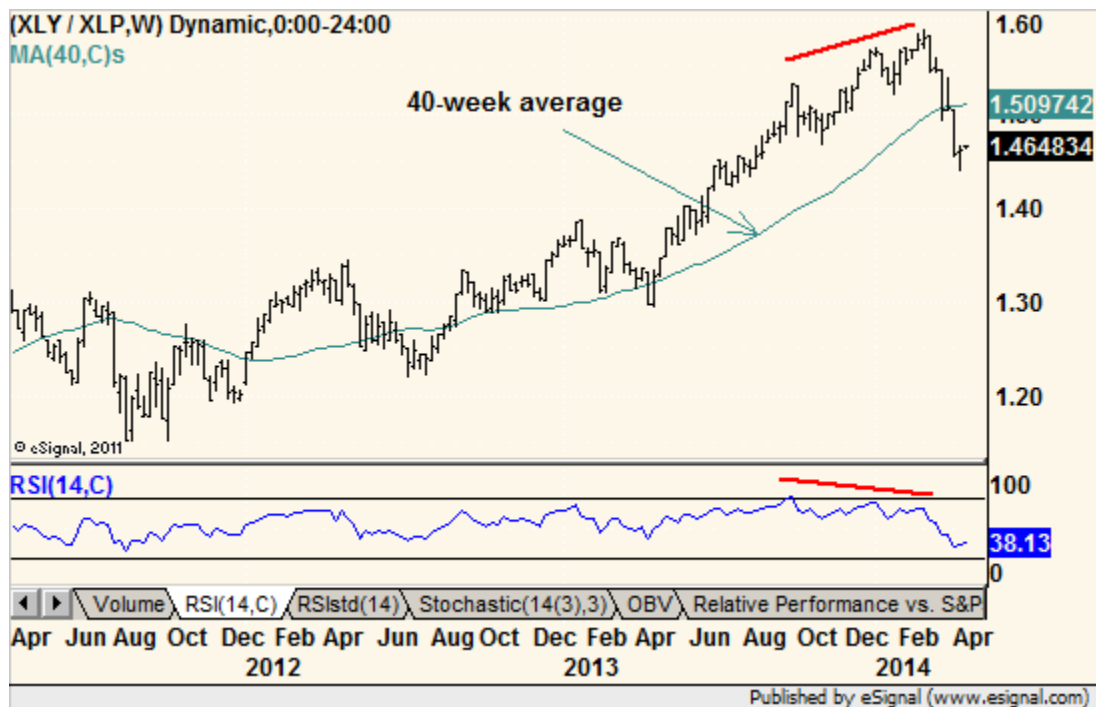
Two-page on ADX, [click here](#).

The Radar Screen

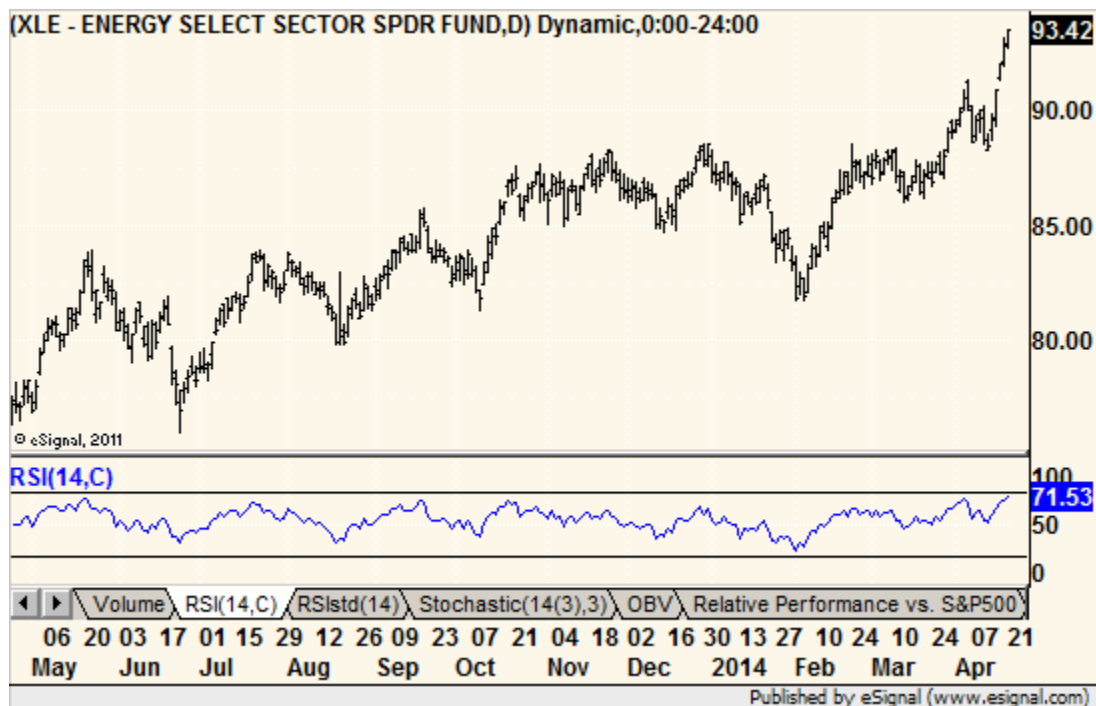
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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 <u>but it came close enough. Selling now.</u>	Changed	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. <u>Came very close. We may lower the trigger tomorrow.</u>		4/17
Broadcom BRCM - Looking for a bounce to test the breakdown. Sell 30.50 where the 50-day average is. That is also just below broken trendline.		4/15
Halliburton HAL - Held its premarket gains so we'll move on with no harm done	Removed	4/21
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
Gold ETF GLD - Back on the 200-day average and 50% retracement. Still not ripe at this time. <u>Looking at May 5 at 121.85 - both .618 Fibonacci levels.</u>		3/19
Sector Watch (observations that may spark ideas)		
Energy - Resilient and leading		3/31
Utilities - Still looking strong. Concerned over bearish reversal Thursday.		3/31
Natural Gas stocks \$FUM - Leading		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 . <u>Adding ETFC as a canary in the coal mine. JPM, too.</u>		4/15
Updates		
Oil refiners - Gasoline prices rising with oil stalling. Good for refiners		

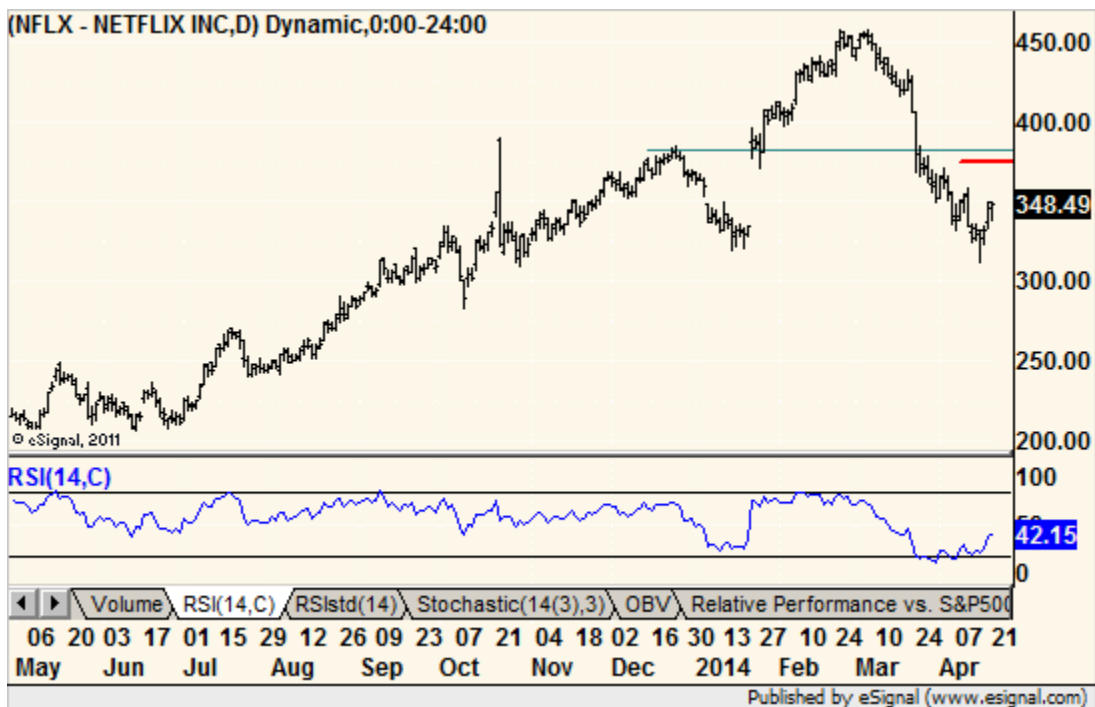
Market Highlights



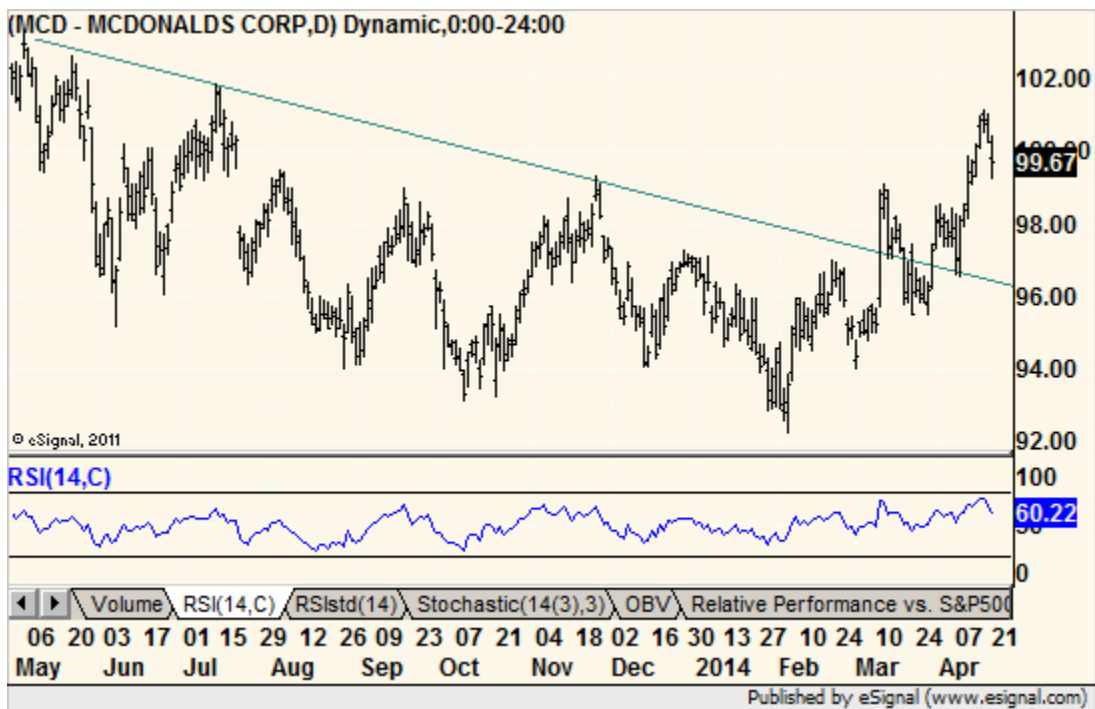
Consumer discretionary vs. staples - A serious breakdown in the trend as discretionary (aggressive) stocks fade relative to staples (defensive) stocks. They are fading relative to the S&P 500, too (not shown).



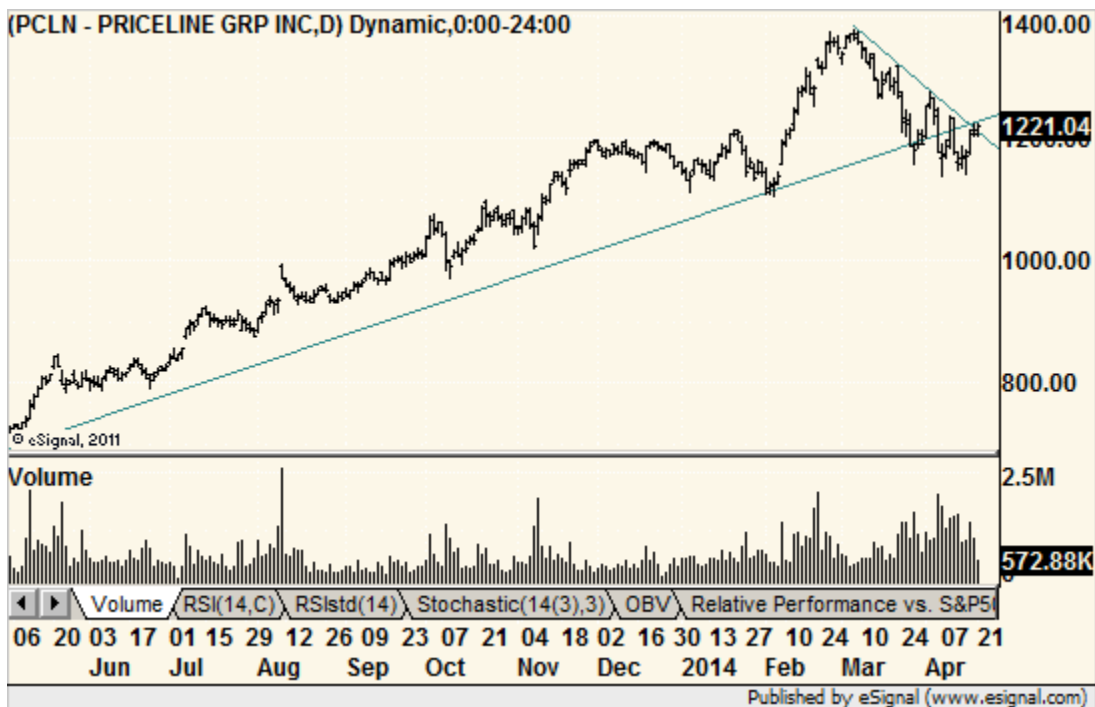
Energy ETF - Time to be a little wary here. The sector is clearly the leader right now but the trend is a bit accelerated and RSI is getting overbought. Buy good setups but don't chase. And we wrote that before seeing crude oil dump by over a dollar in the premarket.



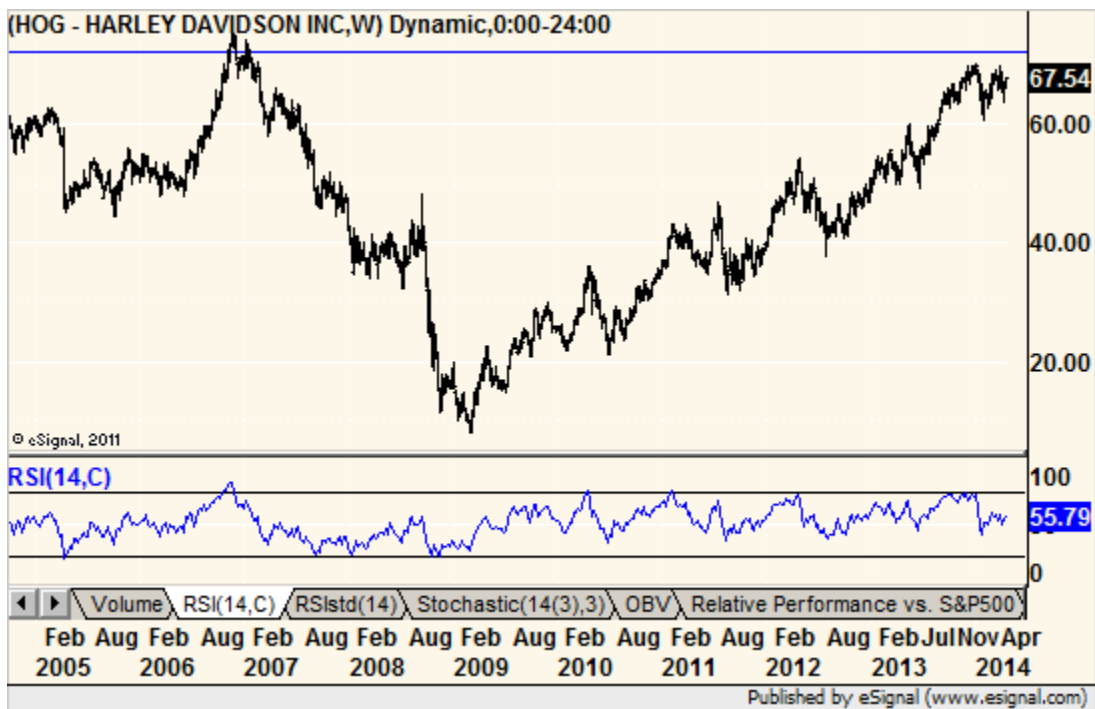
Netflix - Jumped after hours and is now trading at the red line. The line above that is resistance from Dec and the gap. Do you see a possible head-and-shoulders? Don't trade it yet, just follow it.



McDonalds - So far shrugging off an earnings miss. Would not sell it based on what is happening now.



Priceline - Crossroads



Harley Davidson - Jumped huge on earnings but look at where it is relative to all-time highs. Not something we would chase. Indeed, we'd consider selling it (although we are not doing it). Maybe if it closes above 74.

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>	CORN	TEUCRIUM CORN FUND	34.00	7.7%		31.57	2/6	74
	HR	HEALTHCARE RLTY TR	24.93	0.1%	24.00	24.91	4/15	6
	ED	CONSOLIDATED EDISON INC	56.85	1.7%	55.50	55.89	4/15	6
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.42	-0.1%	25.50	25.39	3/11	41
	ACHC	ACADIA HEALTHCARE COMPANY INC	41.54	11.0%	44.00	46.09	3/11	41
	UPS	UNITED PARCEL SERVICE INC	98.90	-2.9%	100.00	96.00	3/21	31
	CVS	CVS CAREMARK CORPORATION	73.67	0.2%	76.00	73.85	4/7	14
	WYNN	WYNN RESORTS LTD	204.44	0.8%	212.00	206.00	4/15	6

Notes: Sold **JTP** at the open (P/L below). We captured the huge April dividend but with utilities and bonds reversing, even it temporary, it is time to move on.

Also stopped out of **CORN** after a nice run.

<u>symbol</u>	<u>name</u>	<u>last</u>	<u>P/L</u>	<u>Price in</u>	<u>Date in</u>	<u>days</u>
JTP	Nuveen quality pfd income fund	8.21	4.9%	7.83	1/23	88

Subscriber Corner

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Other Information

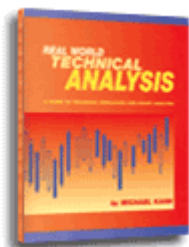
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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