

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

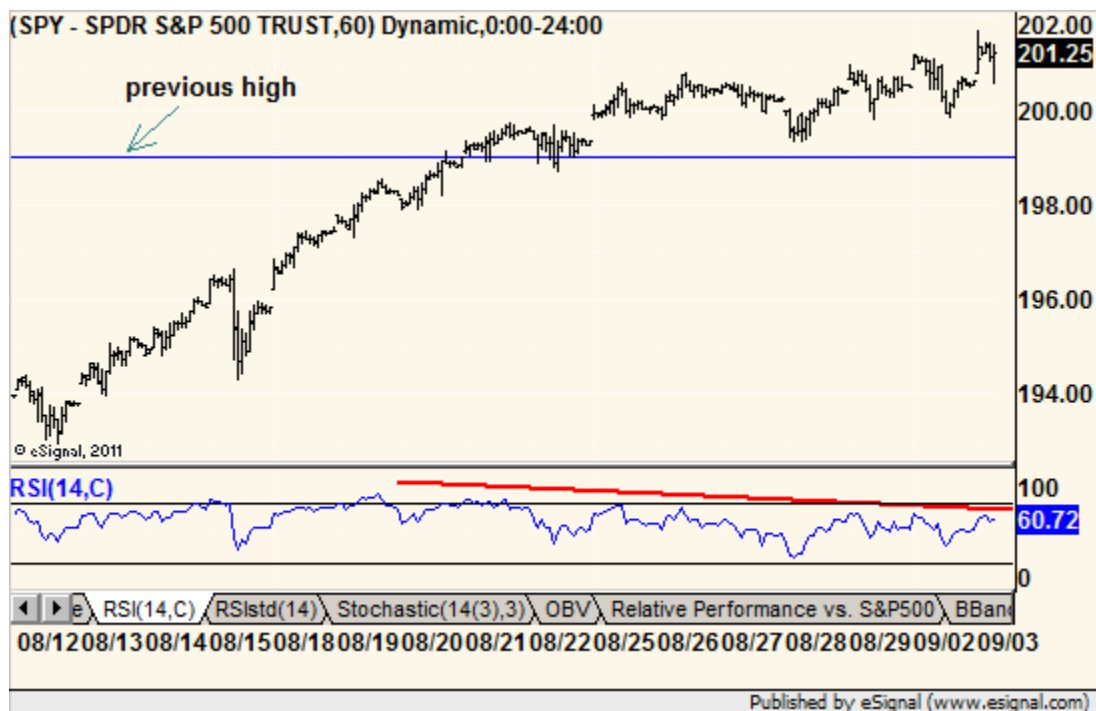
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RESEARCH LLC

**September 3, 2014** - All markets were moved by the Russia-Ukraine "don't call it a cease fire" flap. Tensions eased then they didn't then they did. The result was a bond market decline (peace), gold market decline (peace) and a stock market waffle (maybe I should take profits).

The stronger ISM reading came out after trading started so that was not to blame for the initial move. We think it kept the pressure on bonds, however, as it put the idea out there that the Fed would move to raise rates sooner rather than later. However, bonds remained in its pattern and really did not change technically for the intermediate-term.

Stocks may be feeling better thanks to moves in Europe. Lots of gains today led by Germany and we have to assume that it is eased tensions in Ukraine that is the spark. However, as we write this we see these markets off their best levels and premarket trading here is softer, too.

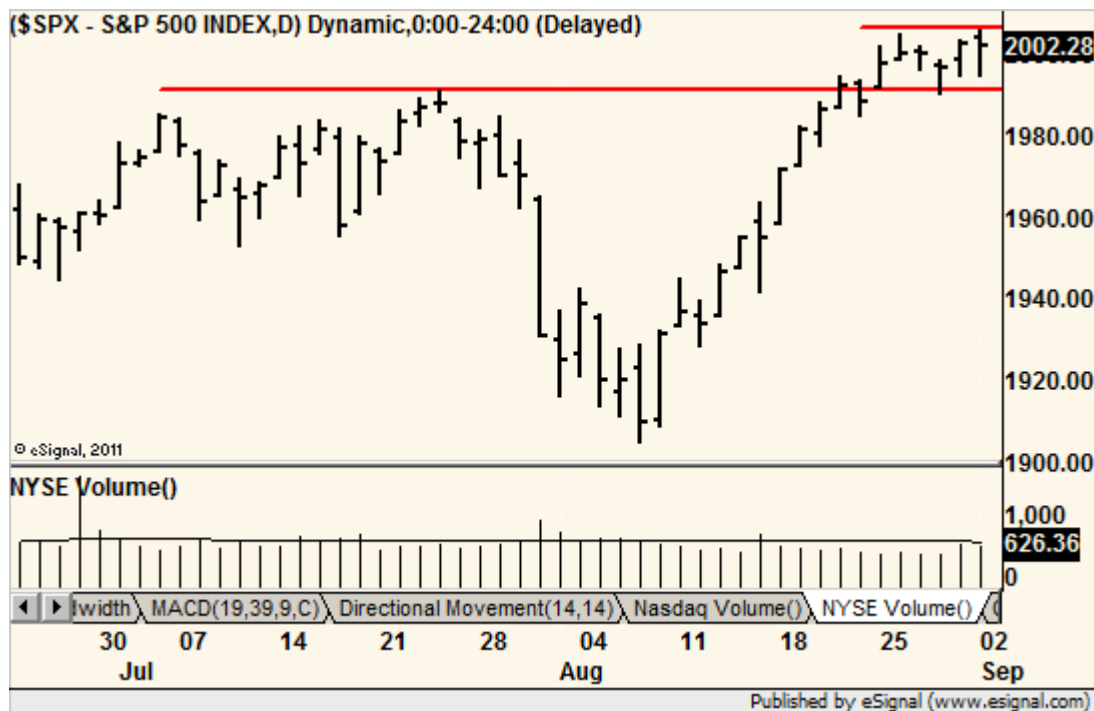
The bottom line is that the trends everywhere are still intact and we'll run through the major markets below. Energy trends are also still intact, which is bad for us since we saw gasoline leading an upside move before the open yesterday.



The hourly chart shows still higher prices but momentum is mostly gone.

So far, the return to work has been rather disappointing no matter if you are bull or bear. The former is still winning but not by much. We added two longs yesterday.

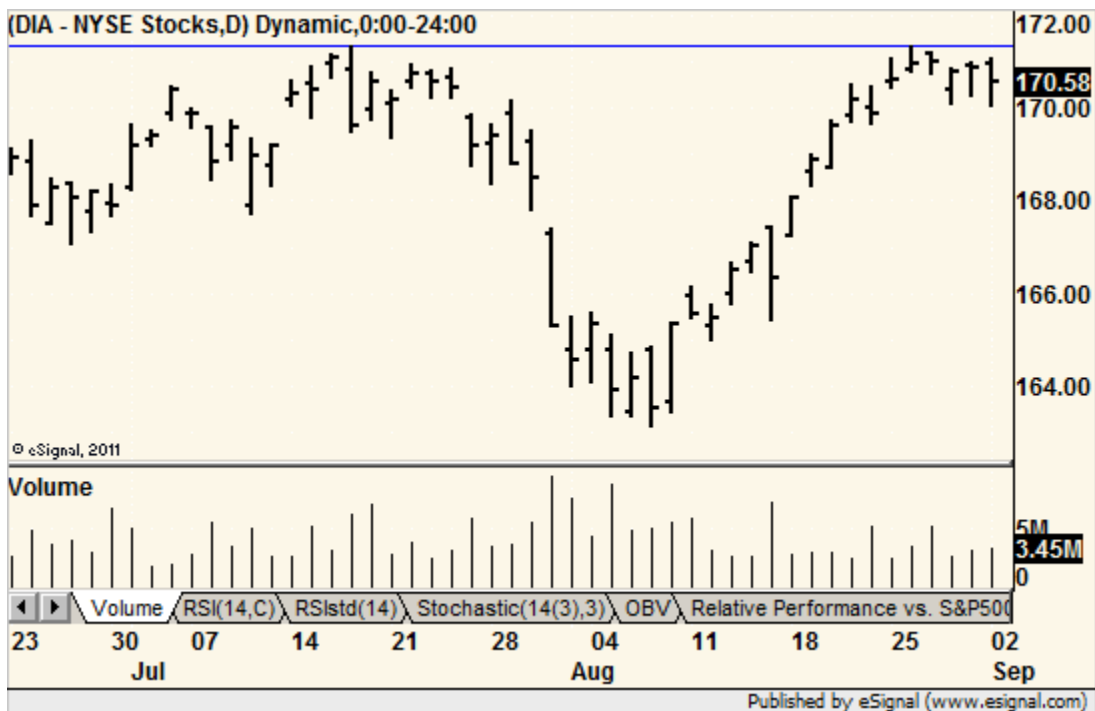
## Index Charts of the Day



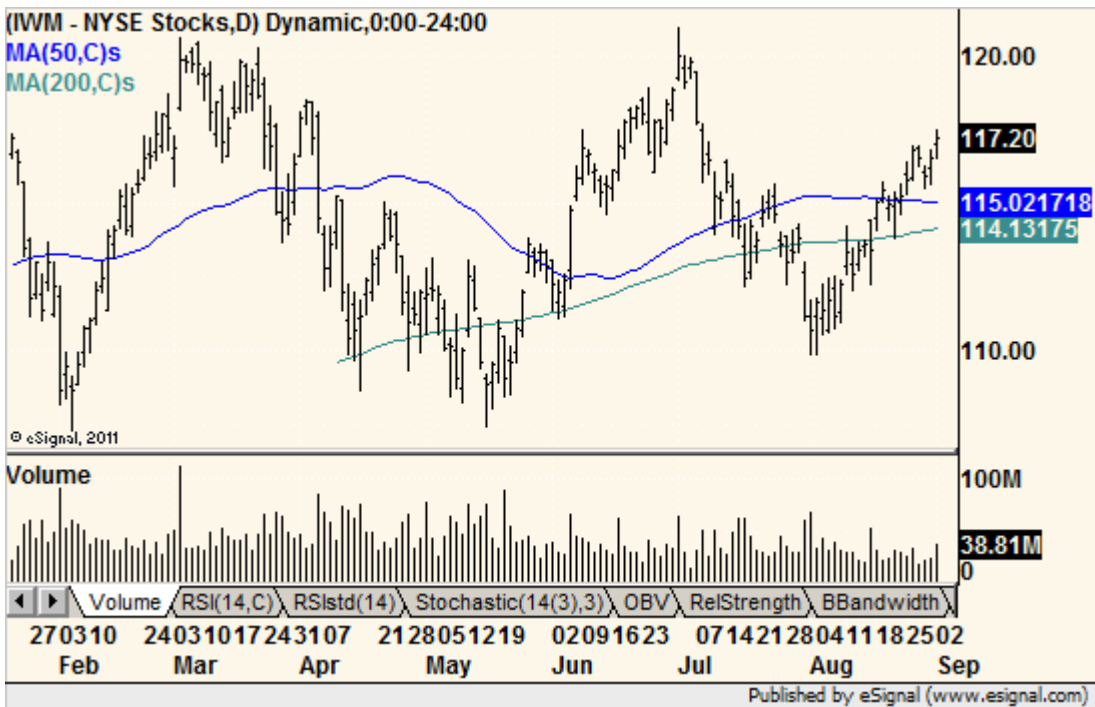
The S&P 500 moved above the upper line overnight but not by much. So far, we are not so sure about this being a breakout. Volume on the return to work Tuesday session was still rather pitiful and that makes us think the market still has not gotten its act together. A close above the smaller line would help a lot.



The Nasdaq (QQQ ETF shown here) gained yesterday on good volume but candle charts show a hanging man. This is a potential short-term top but it must be confirmed with a decline. So far, the index is up in the premarket. If it closes lower from there then we'll have a bearish signal. If not, the trend remains up.



The Dow (diamonds ETF shown here) so-far failed at resistance in the premarket. If it turns back higher and closes above the line then we'll have a breakout. That's 17, 152 on the Dow itself.



A decent up-day for the Russell 2000 ETF. Now clearly above its averages but overall still in a large range all year.

## The Radar Screen

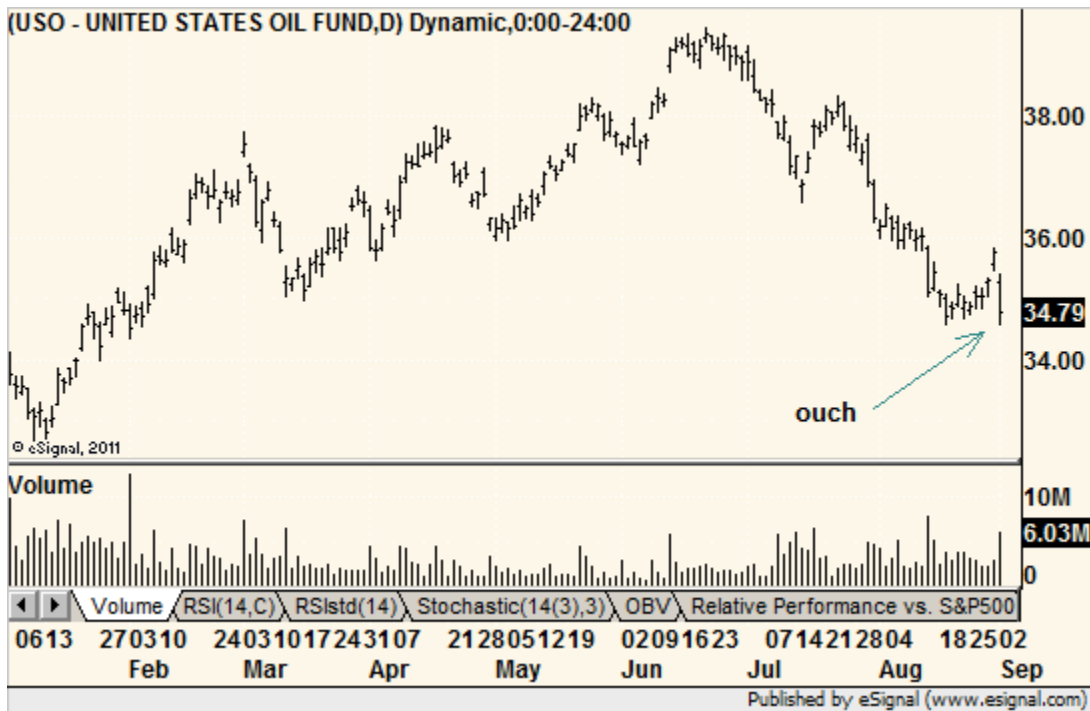
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Pinnacle Foods PF</b> - Bullish setup with a triangle formed just after a trendline breakout. Buy the break at 32.50.	<b>Triggered</b>	8/28
<b>DB Agriculture fund DBA</b> - As a follow up to my Monday column, this holds a basket of ag futures and wheat is in play thanks to Russia. However, it is only 6% of this fund. Regardless, the RSI divergence and pending moving average / trendline breakout are compelling. We're in.	<b>Triggered</b>	8/28
<b>Bearish Implications</b>		
<b>Caterpillar CAT</b> - Nice looking bear flag with falling volume. Now in the gap and still losing volume. Sell below 107.00 but clearly this one is not cooperating. <b>Inverted hammer Monday so there is hope now</b>		8/13
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>ExxonMobil XOM</b> - Failed to hold breakdown but we are moving on.	<b>Removed</b>	8/20
<b>Dicks Sporting Goods DKS</b> - I wrote this in Barron's Online as a stock that was showing signs of healing (reversal earlier this month). Earlier it popped on heavy volume. Now waiting for a dip to buy.		8/21
<b>Hospira HSP</b> - This is a drug delivery company (injectables) in a strong rally. Currently, it is in a triangle pattern, which normally leans bullish. However, it sports divergences in momentum and volume. Also just hit rising March trendline		8/25
<b>3D Systems DDD</b> - 3D printing back in the market's view. This one seems to be coming off support.		8/29

Continued on next page...

<b>Sector Watch</b> (observations that may spark ideas)		
<b>Biotech</b> - the leader		8/15
<b>Oil Refiners</b> - Although there was not too much damage, the drop in energy futures and gasoline in particular makes liking this sector wrong.	<b>Removed</b>	8/20
<b>Solar Power</b> - Some nice rising trends. <b>TSL, SPWR, FSLR, CSIQ</b>		8/20
<b>Technology XLK</b> - Still leading but it lost its mojo. More of a long-hold than a place for big new buying.		8/25
<b>Healthcare XLV</b> - Not too overdone and with room to go within its trend channel. Of course, reaching the upper border will require a big rally so we do not think it will get there. But for now, a leader, in large part thanks to biotech		8/25
<b>Financial ETF</b> - Banks do not look this good but <b>XLF</b> may have a little uptick in the works relative to the market. While it did break out on the absolute chart, we are not hailing this as the big positive market development some claim it is.		8/25
<b>Fertilizer</b> - firming <b>AGU, MOS, POT</b>	<b>Removed</b>	8/26
<b>Retail</b> - Lots of earnings bombs last week. Watching to see how <b>RTH</b> corrects		8/29
<b>Discretionary ETF XLY</b> - Possibly improving relative to the market but not by much. Watch the breakout level, now support. A dip back below instantly targets the rising line where a breakdown - if it happens - would be very bad. For now, it remains in decent shape and nothing more.		9/2
<b>DJ airlines index</b> - looks solid. Lower oil helped.	<b>New</b>	9/3
<b>Updates</b>		
<b>Ryder Systems R</b> - cup/handle breakout		
<b>Wells Fargo WFC</b> - trendline breakout failure so far		
<b>LIBOR</b> - Finally got its moving average golden cross.		

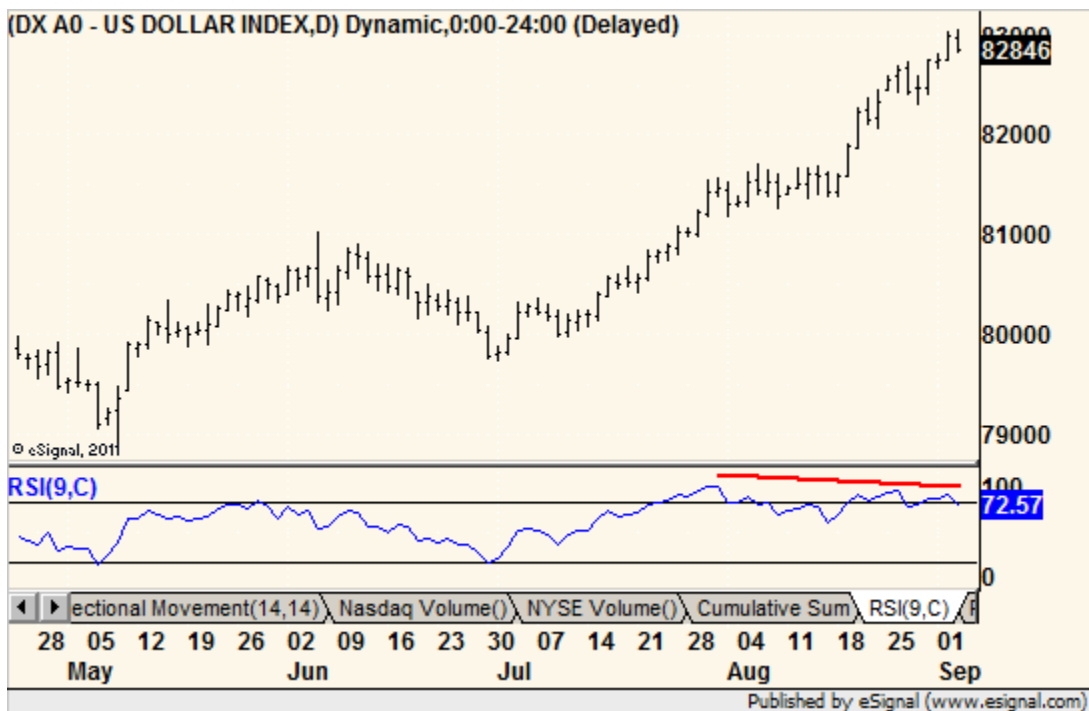
## Market Highlights



**Oil ETF** - Big failure. Trend is down.



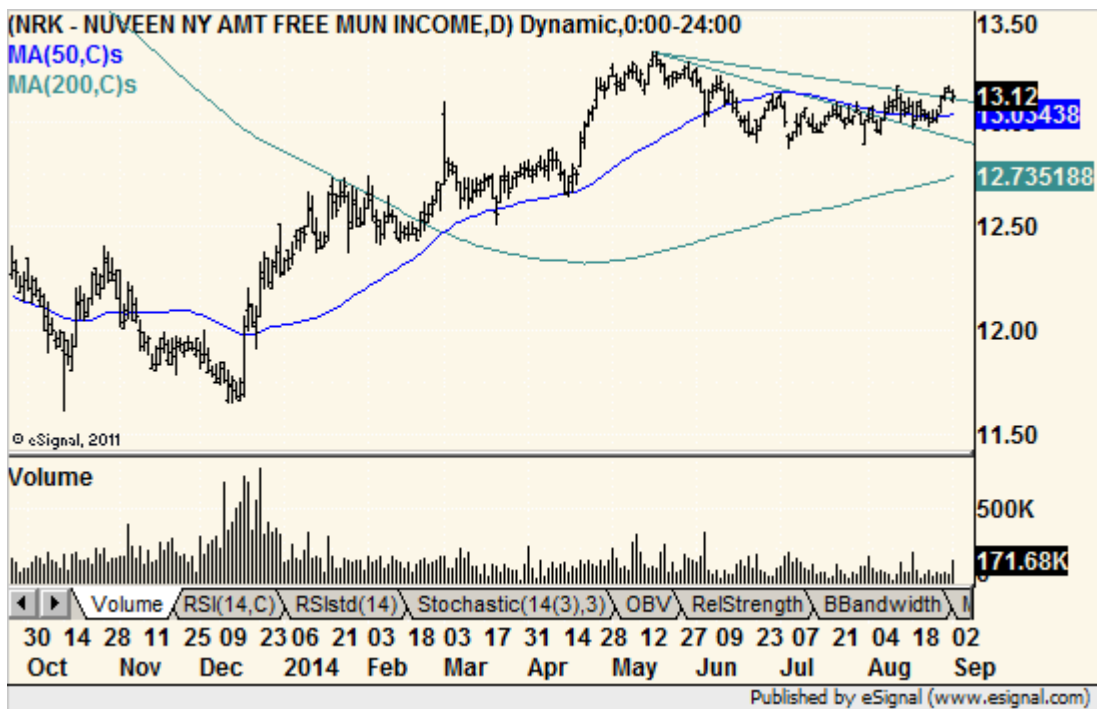
**Gold** - Dropped below support and now arguably below the triangle bottom.



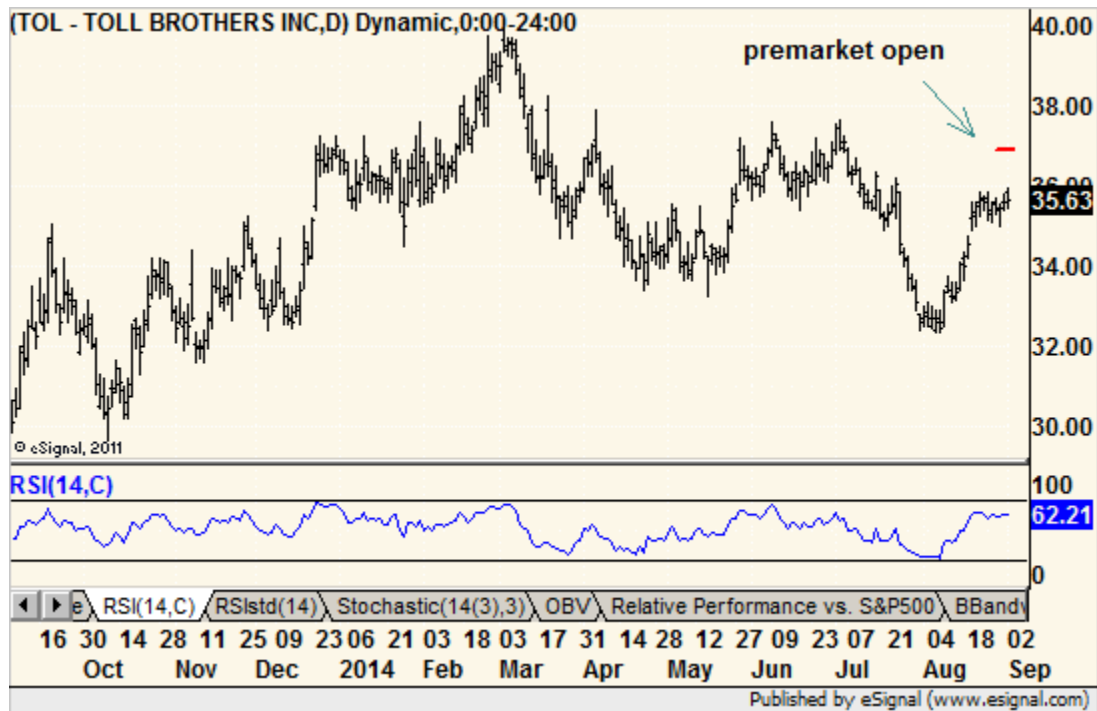
**US Dollar Index** - Pullback today (so far) but check out the continued RSI divergence.



**Long T-bond ETF** - Still in a channel so the decline looks to be a normal pull back within it. Part of the drop was due to ex-dividend.

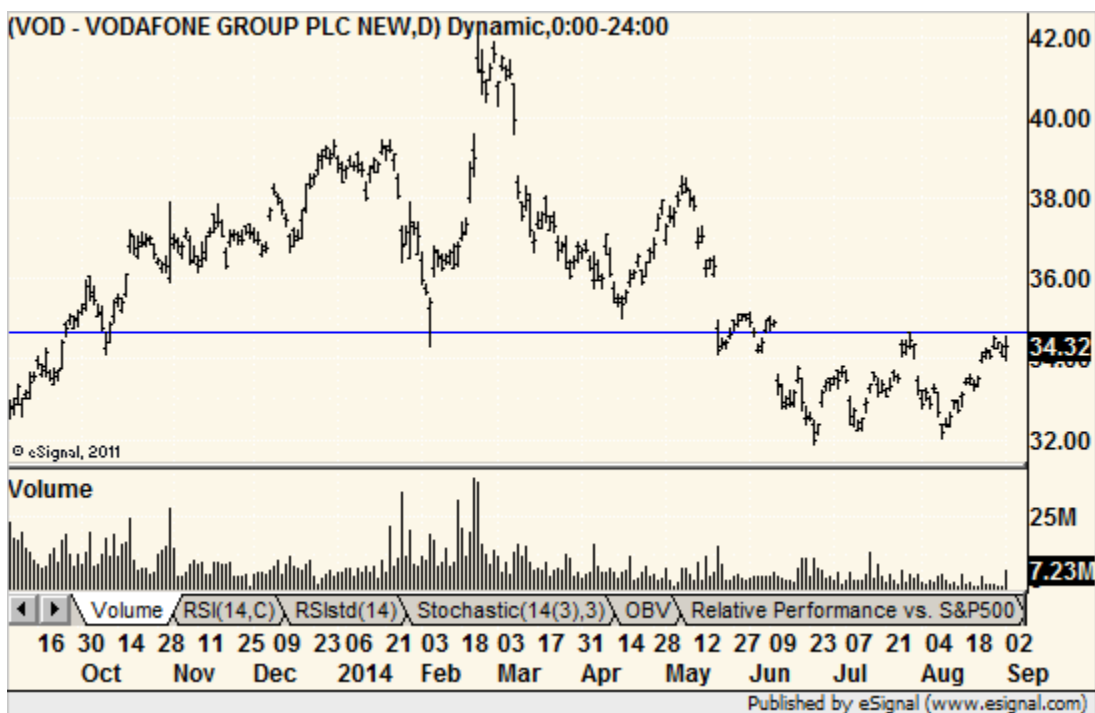


**Nuveen NY Muni Fund** - Not a bad deal for NY residents. 6.3% yield. Chart is good with a series of breakouts but we'll say it is still in a sideways range.

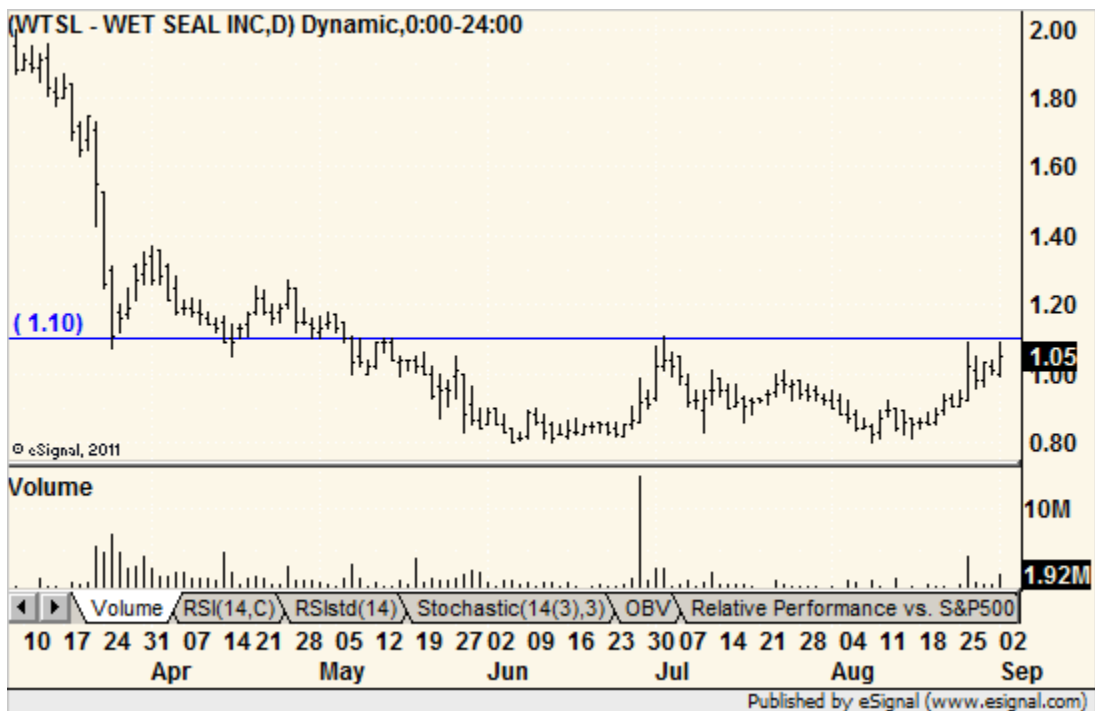


**Toll Brothers** - This homebuilder jumped in the premarket after good earnings but it is already trading back at unchanged. This is a potential key reversal should it end net lower on the day.

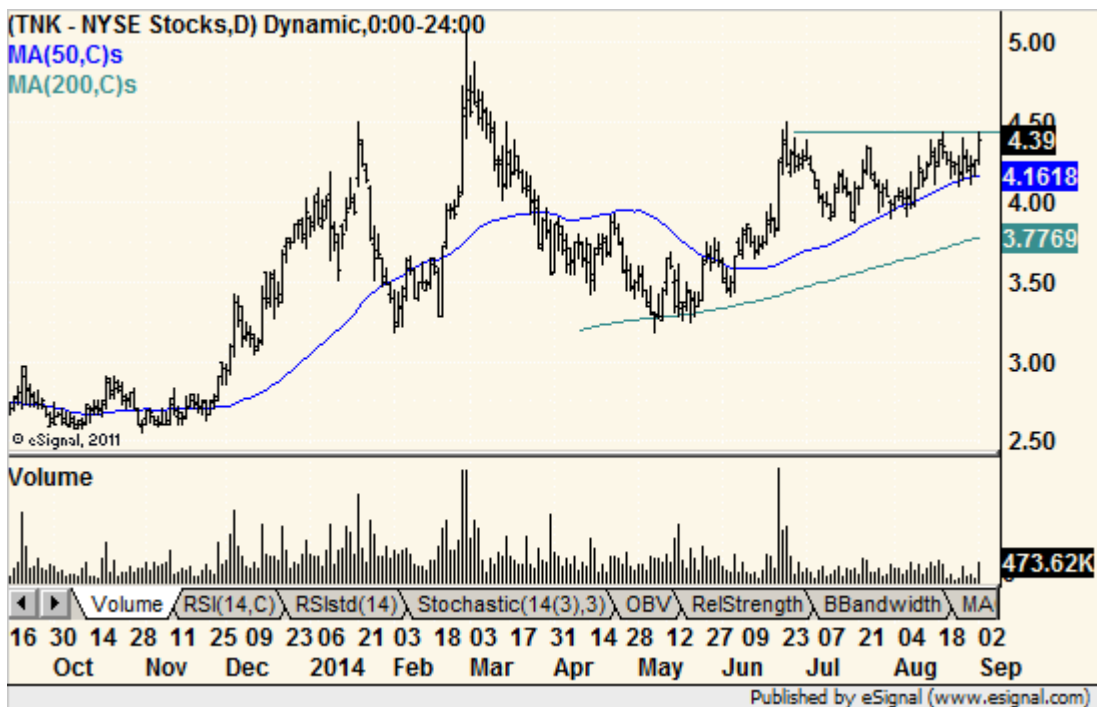




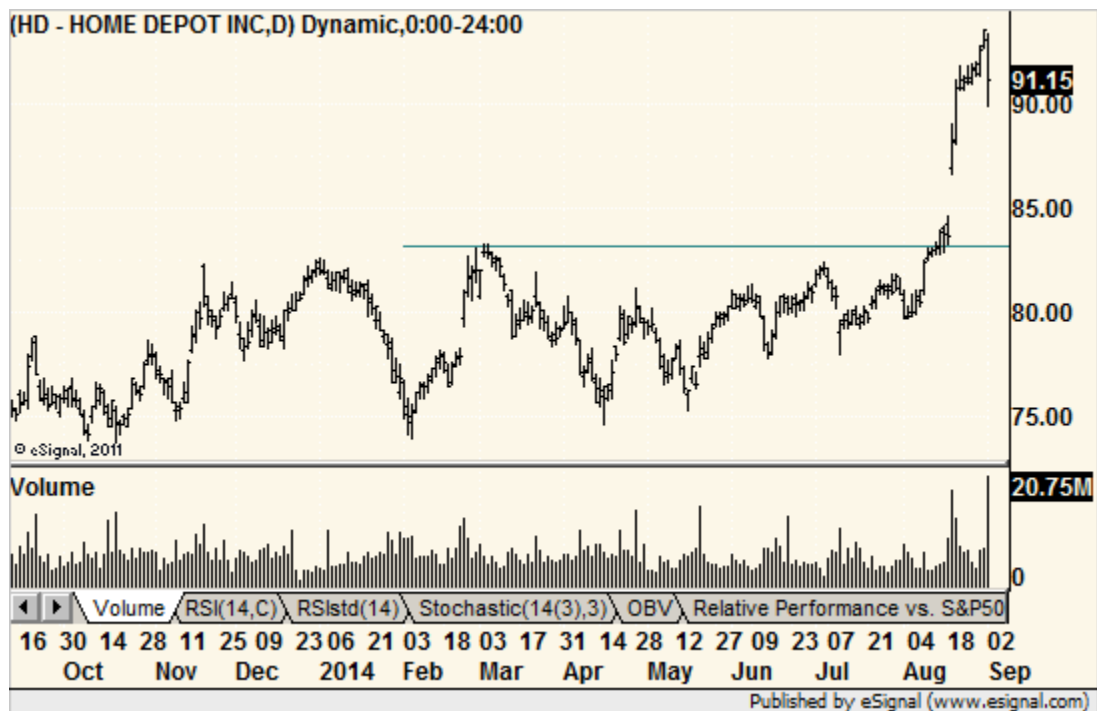
**Vodafone** - This one jumped in the premarket and is so-far holding. If it holds through the close it would be a breakout. Takeover chatter by Softbank.



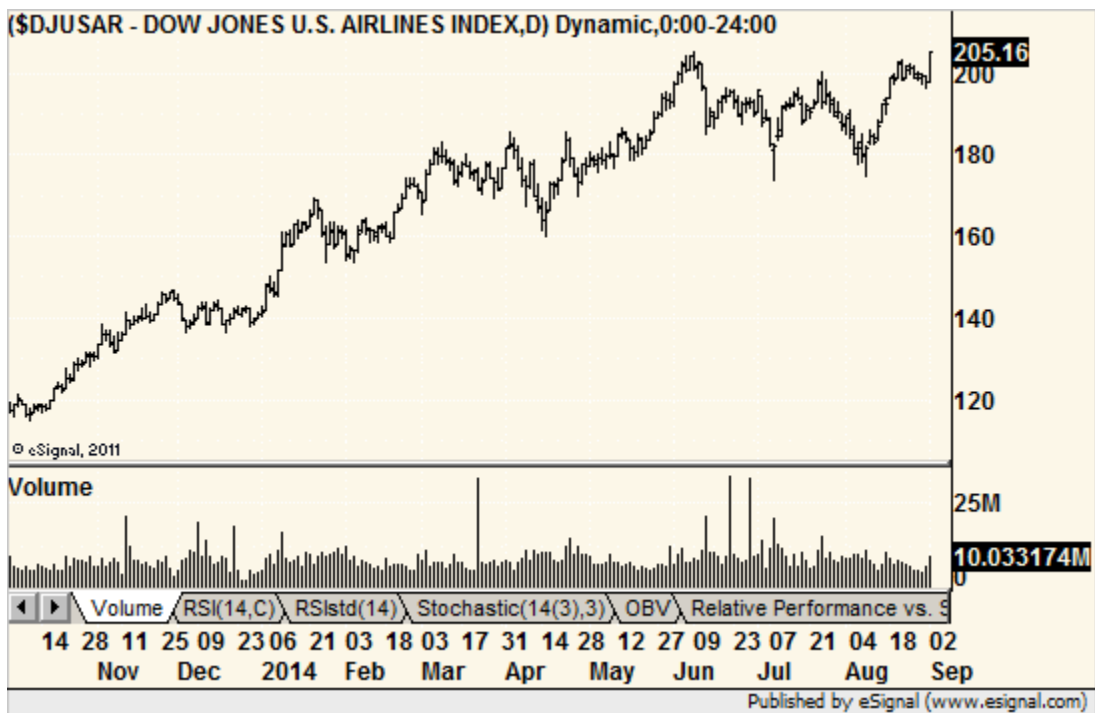
**Wetseal** - We looked at this one as a spec stock in late June but it did not work. Once again, it looks to be emerging and this time from a real base. Aggressive players can buy over 1.10. The CEO departure news and downgrade to "hold" caused not price reaction (yet).



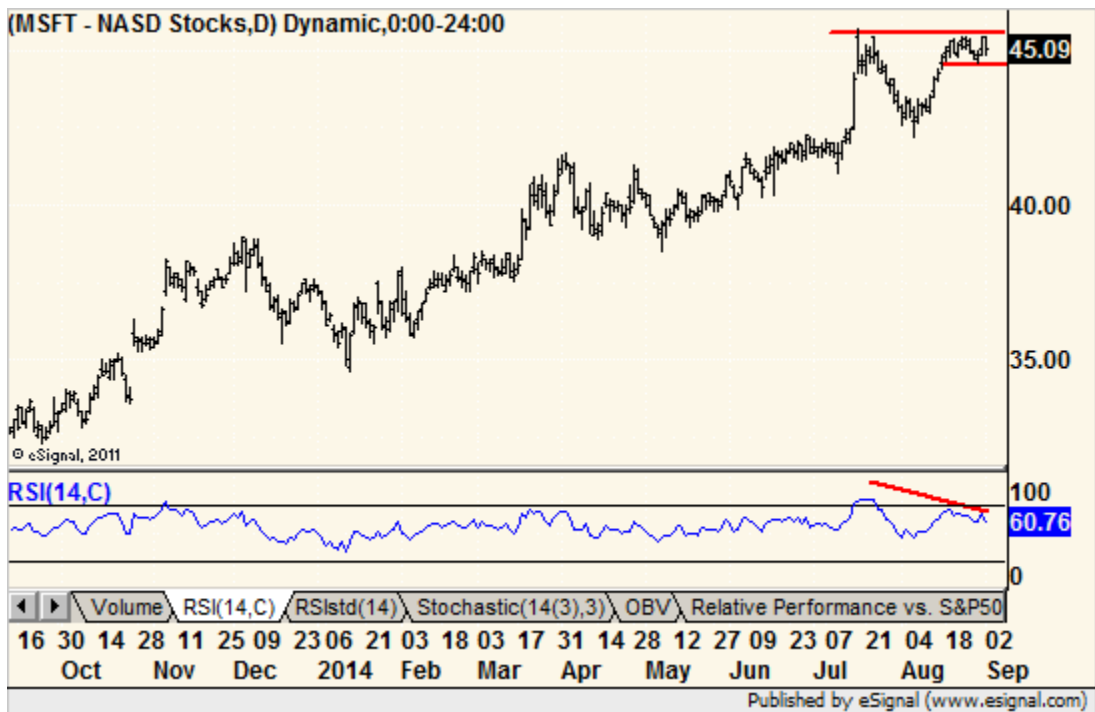
**Teekay Tankers** - An oil transporter with an ascending triangle. Nice support by rising 50-day average. Baltic (dry) shipping rate rising. Buy close over 4.44.



**Home Depot** - It took Target months to even start recovering after its credit card hack. HD is a much better stock but we'd let it fall some more before thinking about getting in.



**DJ airlines index** - Looks solid. Lower oil helped.



**Microsoft** - Just a look at Mr. Softee in a cup/handle-like formation. RSI divergence is a negative.

## 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. **Green** means we closed them. 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>MCD</b>	MCDONALDS CORP	92.80	-1.5%	92.50	94.25	8/18	15
	<b>SFLY</b>	SHUTTERFLY INC	50.92	0.9%	48.25	50.47	8/20	13
	<b>GNC</b>	GNC HLDGS INC	38.20	1.9%	36.00	37.50	8/25	8
	<b>MRVL</b>	MARVELL TECHNOLOGY GROUP LTD	13.85	-0.4%	13.40	13.91	8/25	8
	<b>NEM</b>	NEWMONT MINING CORP	26.41	-0.3%	25.70	26.50	8/26	7
	<b>CERN</b>	CERNER CORP	58.06	1.6%	54.50	57.12	8/26	7
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	49.77	1.3%	48.00	49.15	8/26	7
	<b>K</b>	KELLOGG CO	64.79	-0.3%	62.75	65.00	8/27	6
	<b>PF</b>	PINNACLE FOODS INC DEL	32.94	1.4%	31.75	32.50	9/2	0
	<b>DBA</b>	POWERSHARES DB AGRICULTURE FD	26.66	0.4%	25.75	26.55	9/2	0
<u>Short</u>	<b>USB</b>	US BANCORP DEL	42.27	1.5%	42.50	42.90	7/11	53
	<b>CMCSA</b>	COMCAST CORP NEW	54.78	-1.9%	56.00	53.73	7/31	33
	<b>CVS</b>	CVS CAREMARK CORPORATION	79.73	-4.1%	80.00	76.50	8/5	28
	<b>LVS</b>	LAS VEGAS SANDS CORP	63.10	9.3%	67.00	68.94	8/22	11

**Notes:** New longs in **DBA** at the open and **PF** as it went through our trigger.

Trailed stop in **LVS** short lower.

**CVS** is looking terrible as a short but it is so close to the stop that we'll let hope ride.

**MCD** is getting hammered thanks to overseas turmoil. This trade is virtually dead but here, too, it is peanuts away from its stop. Perhaps we'll get a dead cat bounce so we can salvage a little cash.

## Subscriber Corner

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

>> We take questions on all markets so don't be shy.

## Other Information

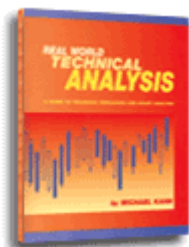
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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