

# QUICK TAKES PRO

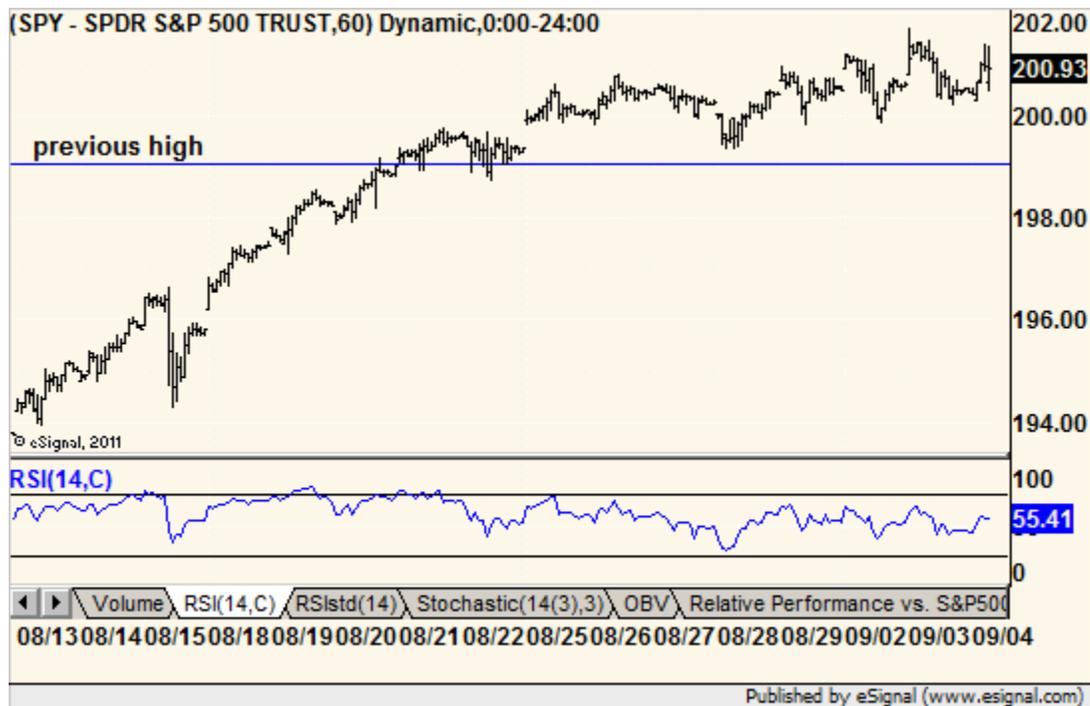
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**September 4, 2014** - Stocks jumped early Wednesday but spent most of the rest of the day falling back to the flat line. The Nasdaq fell into the red, thanks to the gorilla in the room **AAPL**. But otherwise, the chatter we saw yesterday from traders was "ZZZZZ." A snoozer, likely as we wait for all the data coming this week. Technically, we were certainly not impressed one way or the other in the two days since Labor Day.

The real gem for the day was the low number of bears in the Investors Intelligence survey. Some say it was the lowest since February 1987. Oh my! The AAI survey was over 50% last week although it dropped back as of yesterday's result. It is still well over its long-term average.

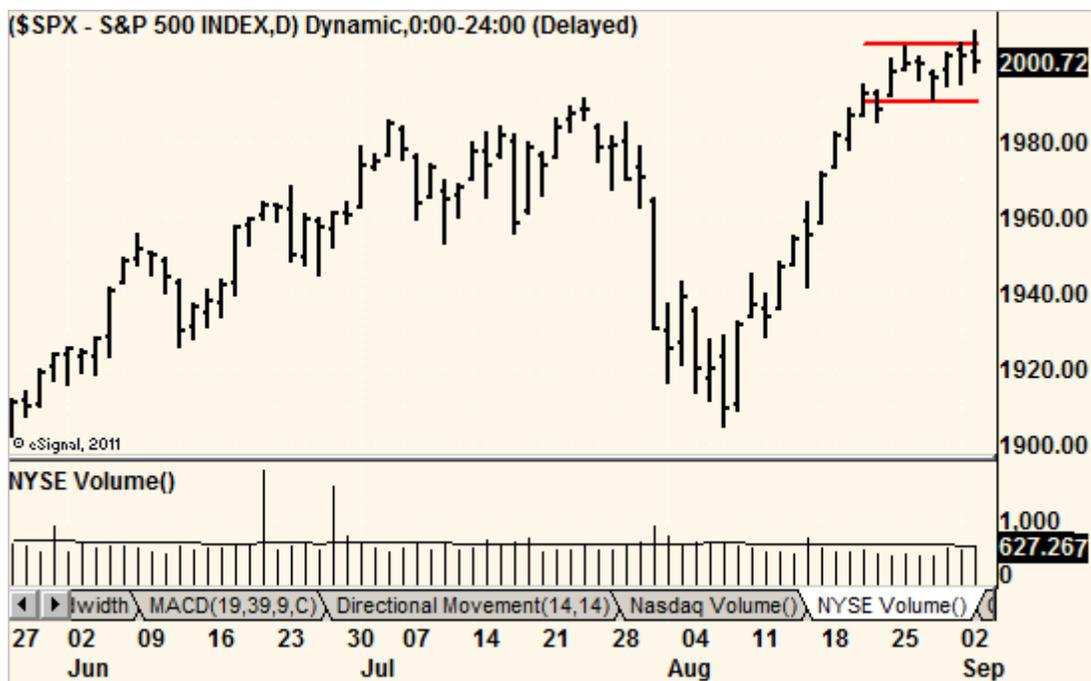
Perhaps September will live up to its reputation as the worst month of the year. But then again, everyone is looking at that and the market rarely gives everyone what they want. Rather, we look towards October and its reputation for panics. There has not been one in a long, long time so it might be more unexpected.



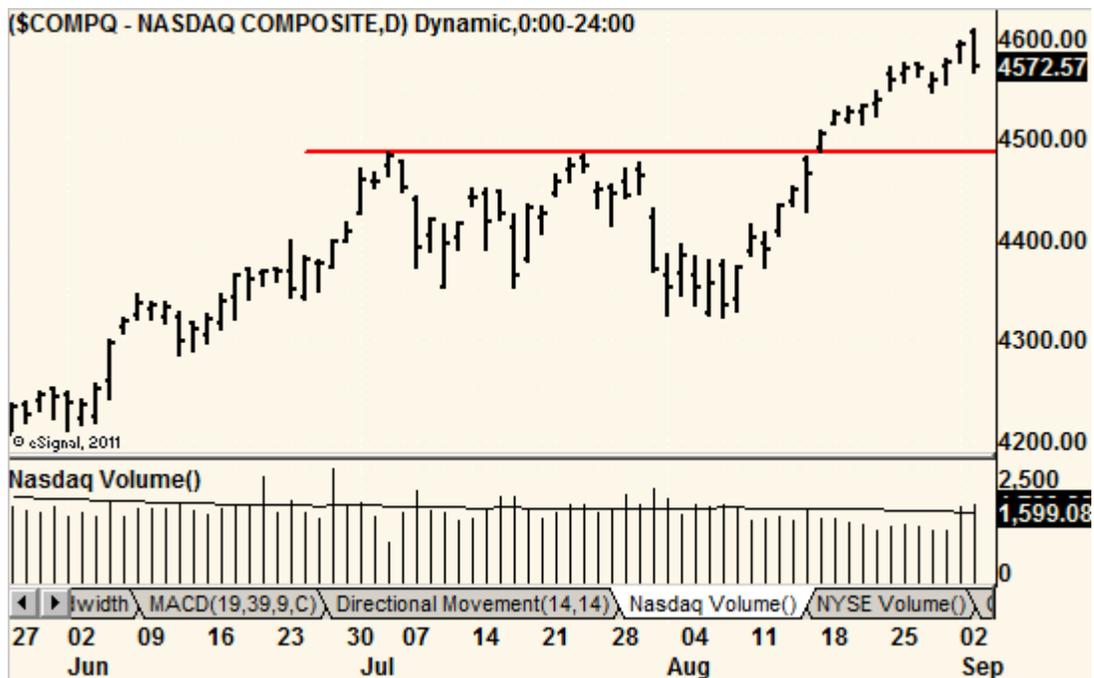
The hourly chart is now flat and choppy. Not much help for forecasting although it does give us levels to watch for breaks in either direction.

That's about it. Europe is going for more QE and lower interest rates just as we here in the USA are doing the opposite. European stocks are up and currencies down. The stock trend here is still up but the S&P 500 needs to break through resistance before giving the signal.

## Index Charts of the Day



Wednesday's trading sure looked to be a breakout failure but the market is back above the upper red line this morning. It is not at a new high so we cannot call it a breakout just yet. Clearly, and unclear pattern.



The Nasdaq left a very clear key reversal to the downside yesterday complete with the higher volume in a month. But here, too, prices are higher this morning in what is still just a reaction to a big decline. However, a new high would, of course, negate the reversal and once again we are left waiting for the close to determine what is going on. By the way, there were similar key reversals in the Russell 2000 and the Russell Microcap index.

## The Radar Screen

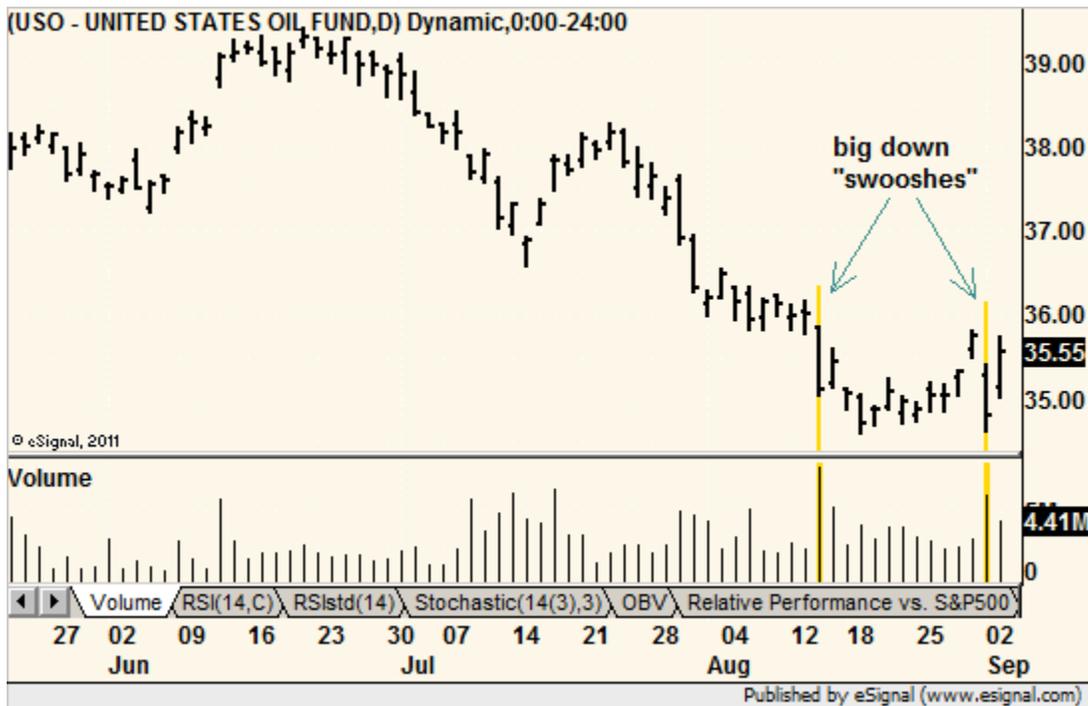
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>none -</b>		
<b>Teekay Tankers TNK</b> - An oil tanker with an ascending triangle. Nice support by rising 50-day average. Baltic (dry) shipping rate rising. Buy close over 4.44.		9/3
<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. Inverted hammer Monday so there is hope now		8/13
<b>Priceline PCLN</b> - This one looks bad. Trend break. Weak on-balance volume. Dip below the 50-day average. We'll sell a test of the trend break at 1275.	<b>New</b>	9/4
<b>Unknown Implications</b>		
<b>none -</b>		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<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> - No longer interested. The pattern is too far gone for us.	<b>Removed</b>	8/25
<b>3D Systems DDD</b> - 3D printing back in the market's view. This one seems to be coming off support. <u>Still valid</u>		8/29
<b>Vodafone VOD</b> - Looking for a possible double bottom breakout. Takeover chatter by Softbank.		9/3
<b>Home Depot</b> - 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.		9/3
<b>Soufun SFUN</b> - This is a Chinese real estate portal and home furnishings website and it is poised to break out. It has already bounced off a newly rising 50-day average and now sports an ascending triangle pattern.	<b>New</b>	9/4

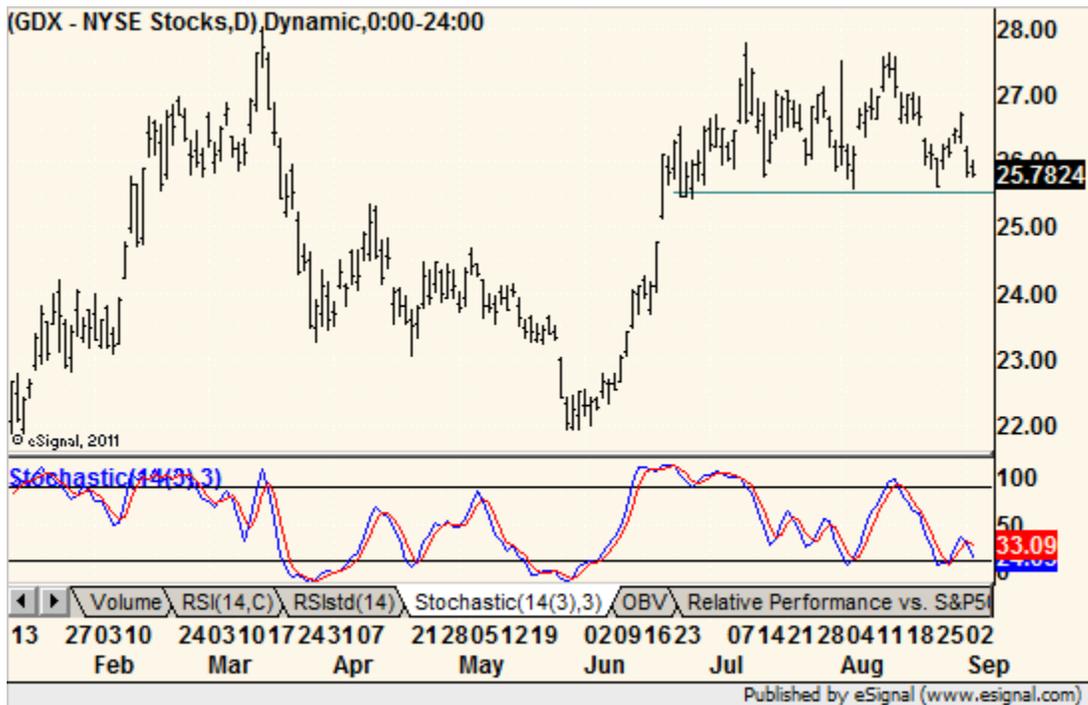
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<b>Sector Watch</b> (observations that may spark ideas)		
<b>Biotech</b> - the leader		8/15
<b>Solar Power</b> - Some nice rising trends <b>TSL, SPWR, FSLR, CSIQ</b> . <b>There they go</b>		8/20
<b>Technology XLK</b> - Still leading but it lost its 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>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.		9/3
<b>Updates</b>		
<b>Wells Fargo WFC</b> - trendline breakout failure so far - <u>and now a reversal</u>		
<b>Toll Brothers TOL</b> - Monster bearish reversal from the premarket gap up on good earnings.		
<b>Wetseal WTSL</b> - So much for the set-up. It cratered on news yesterday but no harm done since it did not break resistance first.		

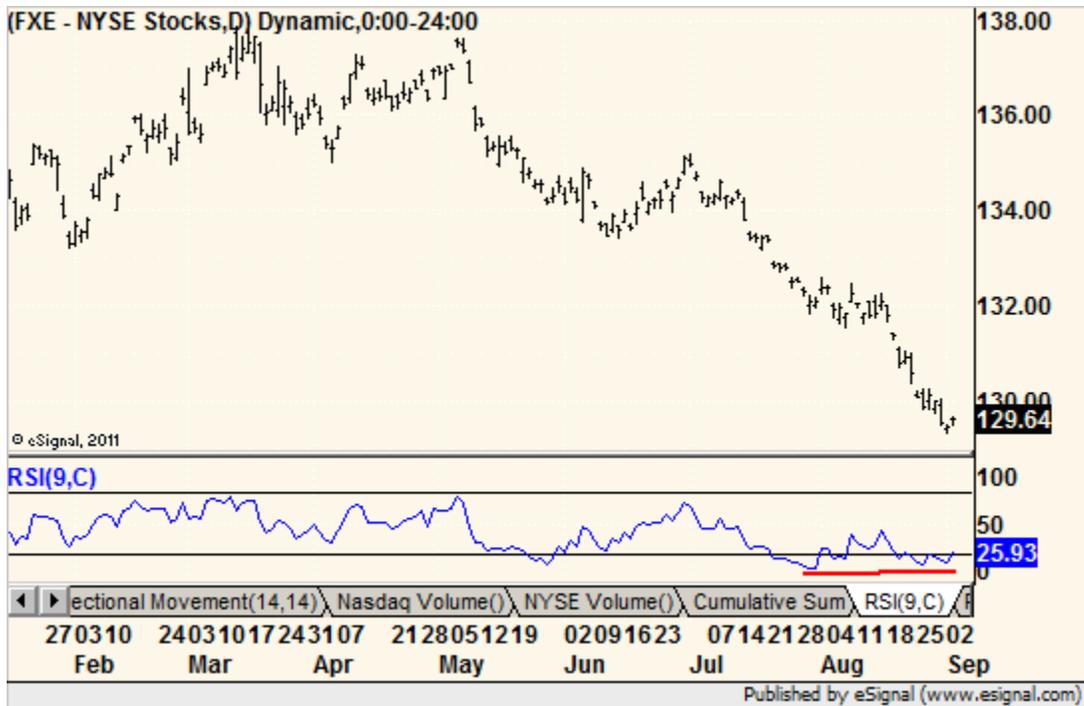
## Market Highlights



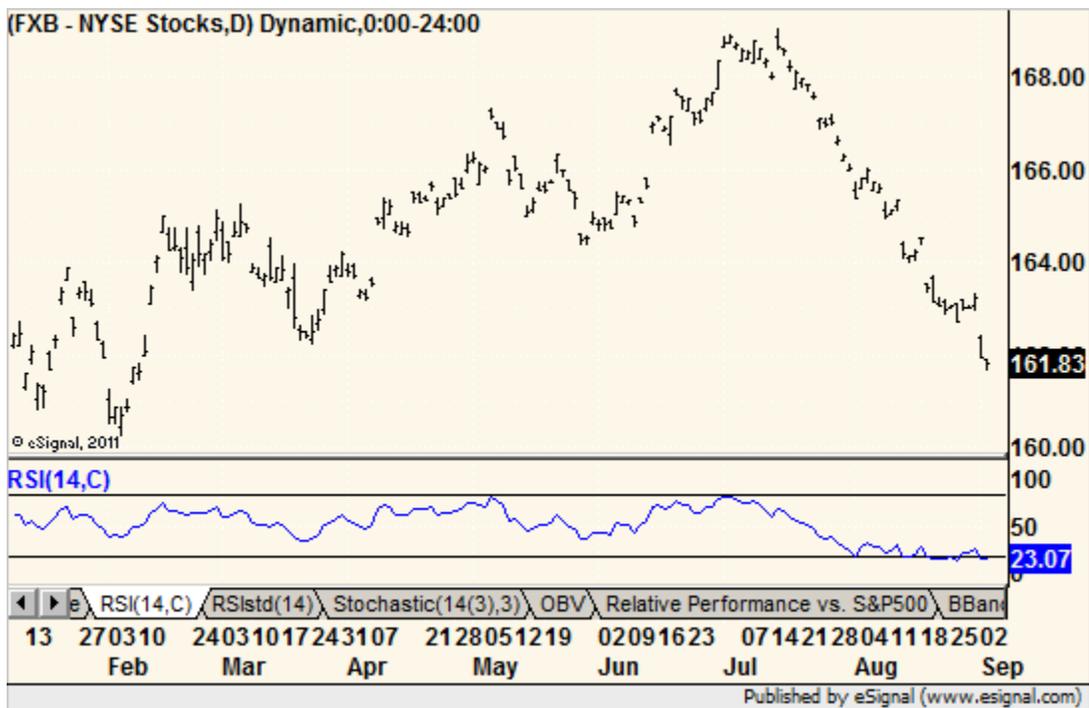
**Oil ETF** - Yesterday, we looked at a big failure of a rebound. Today, we see a nearly as big recovery leaving a whole lot of volatility in this market. Note two big volume, big range declines after a downtrend was already in place. We think of it as a sort of 90% down day in the broad market where everything is tossed in the garbage. It happened again yesterday so we are going to look for a 90% up day equivalent - a big range, big volume gain - as a sign the worst is over. That has not yet happened. We made up the term "swoosh."



**Gold Miners** - The metal may be barely clinging to life but gold stocks are still above support.



**Euro ETF** - Is that a bullish 9-day RSI divergence? Could be. It is definitely an oversold looking market when using momentum indicators with longer parameters. Lets see if it shakes off the Draghi sell-off this morning.



**British pound ETF** - Sterling sure looks to be oversold.



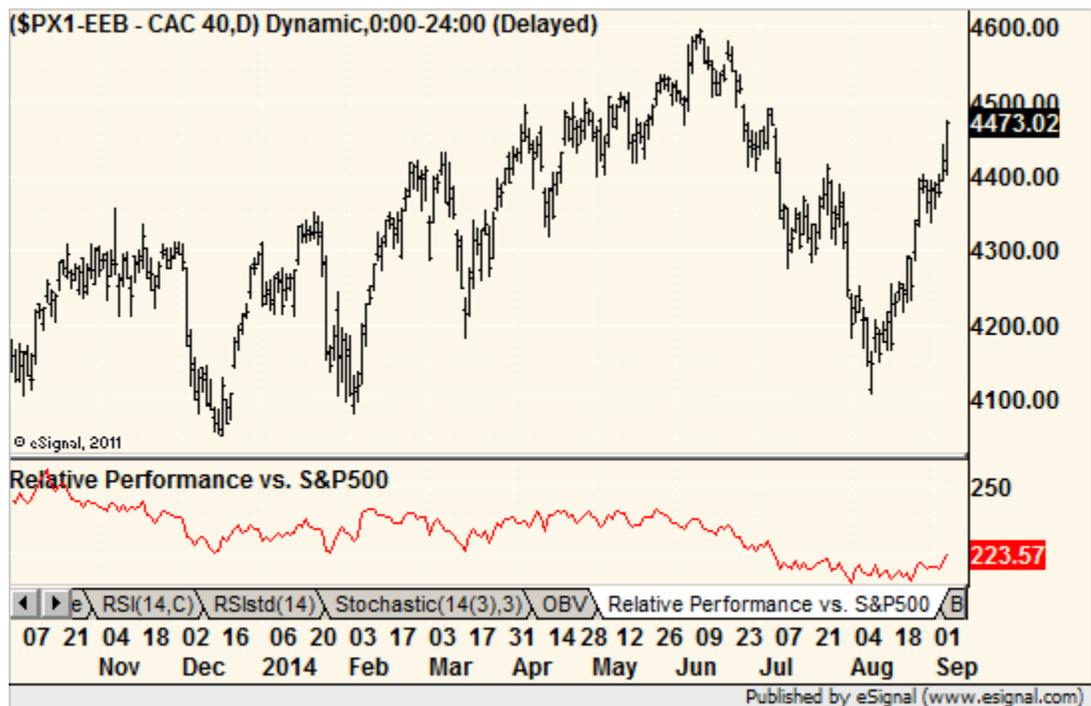
**Shanghai Composite (China)** - This weekly chart looks very bullish. It is approaching overbought but this looks to be a bull market. Look for Chinese ADRs. **BIDU, CTRP, PTR, CHU** and **NTES** are all buy the dip candidates.



**Soufun** - This is a Chinese real estate portal and home furnishings website and it is poised to break out. It has already bounced off a newly rising 50-day average and now sports an ascending triangle pattern.



**Thailand Fund ETF** - This is representative of what is happening all over Asia. The trends are strong. Buy the dips.



**CAC-40 (France)** - Europe liking the idea of more QE from Super Mario Draghi.



**Apple** - Yesterday was bad but it is still above its 50-day exponential average. The broken average is the 20-day exponential so there was short-term damage. The intermediate-term is still intact. The problem is that it is still rather far above the 200-day. Conclusion - don't panic. It's a long-hold.



**Priceline** - This one looks bad. Trend break. Weak on-balance volume. Dip below the 50-day average. It is bouncing a bit this morning so we'll look to sell a test of the trend break at 1275.

## 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	93.14	-1.2%	92.50	94.25	8/18	16
	<b>SFLY</b>	SHUTTERFLY INC	49.66	-1.6%	48.25	50.47	8/20	14
	<b>GNC</b>	GNC HLDGS INC	38.82	3.5%	36.00	37.50	8/25	9
	<b>MRVL</b>	MARVELL TECHNOLOGY GROUP LTD	14.03	0.9%	13.40	13.91	8/25	9
	<b>NEM</b>	NEWMONT MINING CORP	26.31	-0.7%	25.70	26.50	8/26	8
	<b>CERN</b>	CERNER CORP	58.91	3.1%	56.50	57.12	8/26	8
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	49.88	1.5%	48.00	49.15	8/26	8
	<b>K</b>	KELLOGG CO	64.79	-0.3%	62.75	65.00	8/27	7
	<b>PF</b>	PINNACLE FOODS INC DEL	32.87	1.1%	31.75	32.50	9/2	1
	<b>DBA</b>	POWERSHARES DB AGRICULTURE FD	26.43	-0.5%	25.75	26.55	9/2	1
<u>Short</u>	<b>USB</b>	US BANCORP DEL	42.12	1.9%	42.50	42.90	7/11	54
	<b>CMCSA</b>	COMCAST CORP NEW	54.87	-2.1%	56.00	53.73	7/31	34
	<b>CVS</b>	CVS CAREMARK CORPORATION	80.00	-4.4%		76.50	8/5	29
	<b>LVS</b>	LAS VEGAS SANDS CORP	63.54	8.5%	67.00	68.94	8/22	12

**Notes:** Stopped out of **CVS**, as expected.

Raised stop in **CERN**.

## Subscriber Corner

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

## Other Information

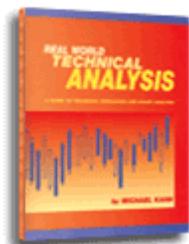
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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