

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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September 15, 2014 - Last week was the first loser since the August (and September) rally started so no big deal there. Over the weekend, economic, earnings and political news was low with one tragic exception in ISIS. Therefore, this week begins with the focus on two items - the Fed and Alibaba.

Here is a news snip about the former:

"Investors will be on the lookout for the two magic words of "considerable time" in the Fed's FOMC policy statement. That phrasing relates to when the Fed expects to begin raising interest rates from near-zero levels. Omission of the phrase from the statement could indicate a hike sooner than investors have been expecting."

And on the latter, news this morning is that the offering price for the giant Chinese Internet IPO may be raised to \$70 from \$60-66. Shares of Yahoo, which owns a huge chunk of Alibaba, soared Friday and are up again in the premarket today.

Aside from the news, we also seem to have a new theme - rising rates. Yes, we need to hear from the Fed but the market is starting to price them in. Banks are firming a bit, real estate is plunging, utilities broke down and the long Treasury bond may be doing the same. This is why there really is nothing in radar screen.



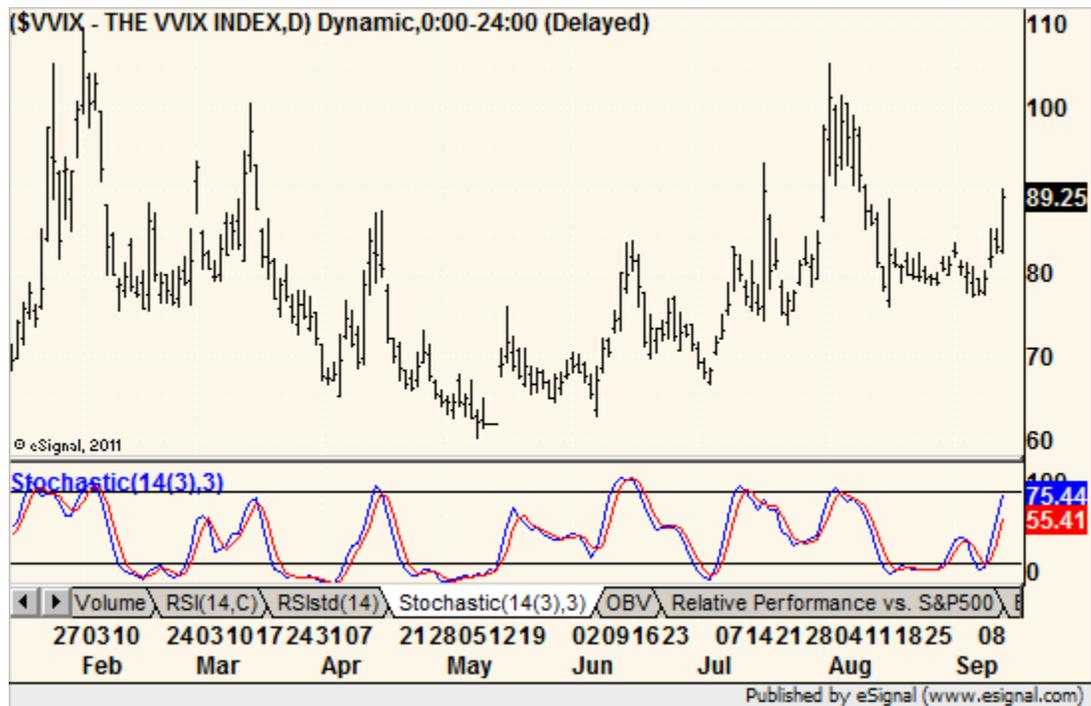
And every time we see a possible signal that the market is moving out of its sideways track it is a fake. Even this morning, the **SPY** hit a new low overnight and then moved back above support.

At the same time as the market is doing nothing, strategists are raising their targets. There was a study I used to follow a few years ago taken directly from the Wall Street Journal. They polled prominent strategists to get their S&P 500 targets and then my colleague would tabulate and chart the result. When the consensus was strong to the bullish side it suggested caution. That seems to be developing now although I cannot call it a clear signal at this time....(continued on next page)

especially now the Fed may be ready to pull the plug. But will they? Here is a quote from the weekly missive from options trader Jeanette Schwarz Young:

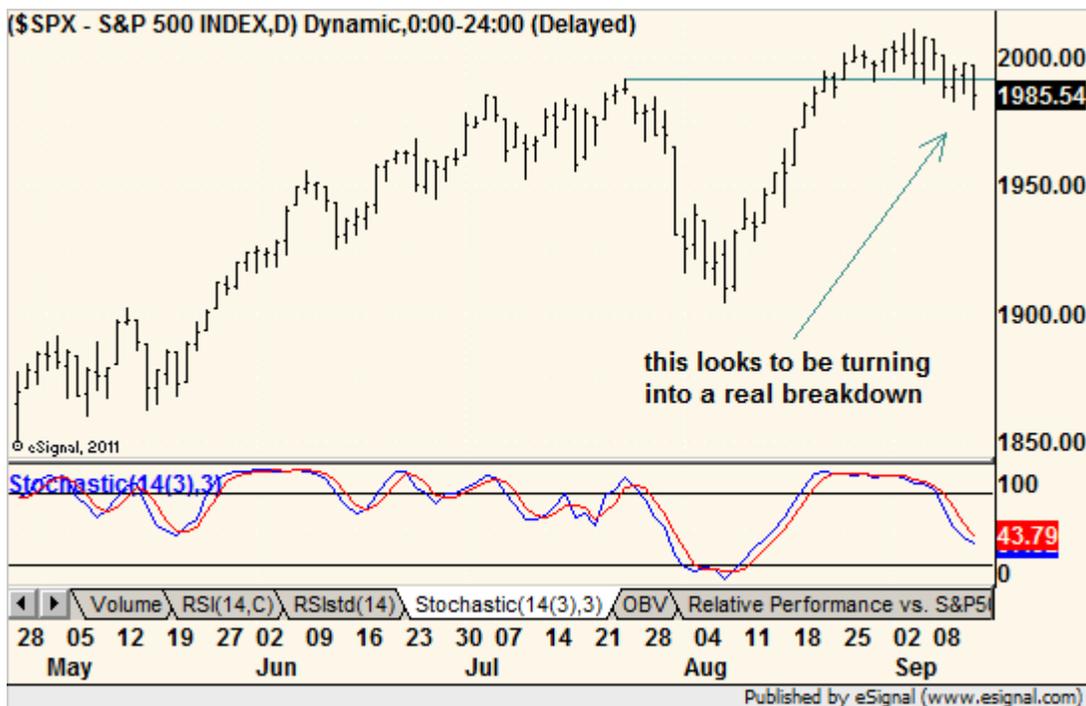
"We see no reason to believe that they will stop meddling with the business cycle. Thus, once this meeting is over, a relief rally should emerge just in time for the quarterly quadruple options expiration this week."

So is the market bearish thanks to ever increasing sentiment or bullish thanks to continued heaping helpings of low interest rates and Euro-QE? Will China's rumored stimulus add to the party? We cannot know just yet and that is reason enough to keep powder dry.

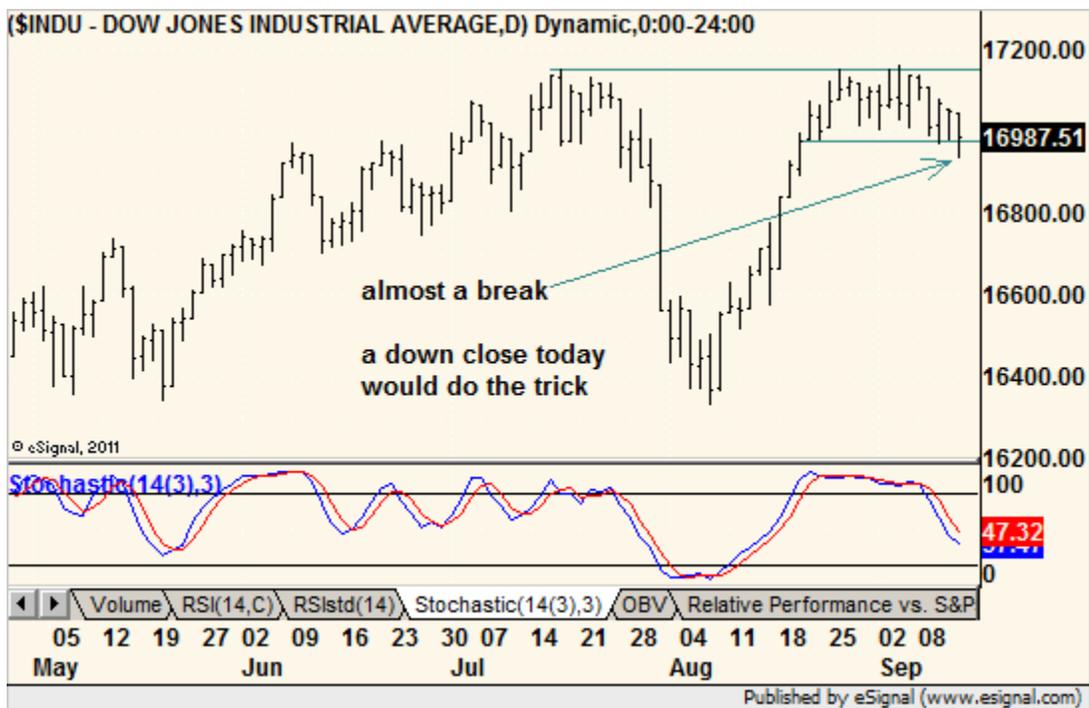


One thing we do know is that the market expects some change soon. Check out this chart of the **VIX** of the **VIX**. It suggests traders are looking for the VIX to move higher and that in turn suggests a move in the market. Down is usually the direction but an upside explosion is not ruled out.

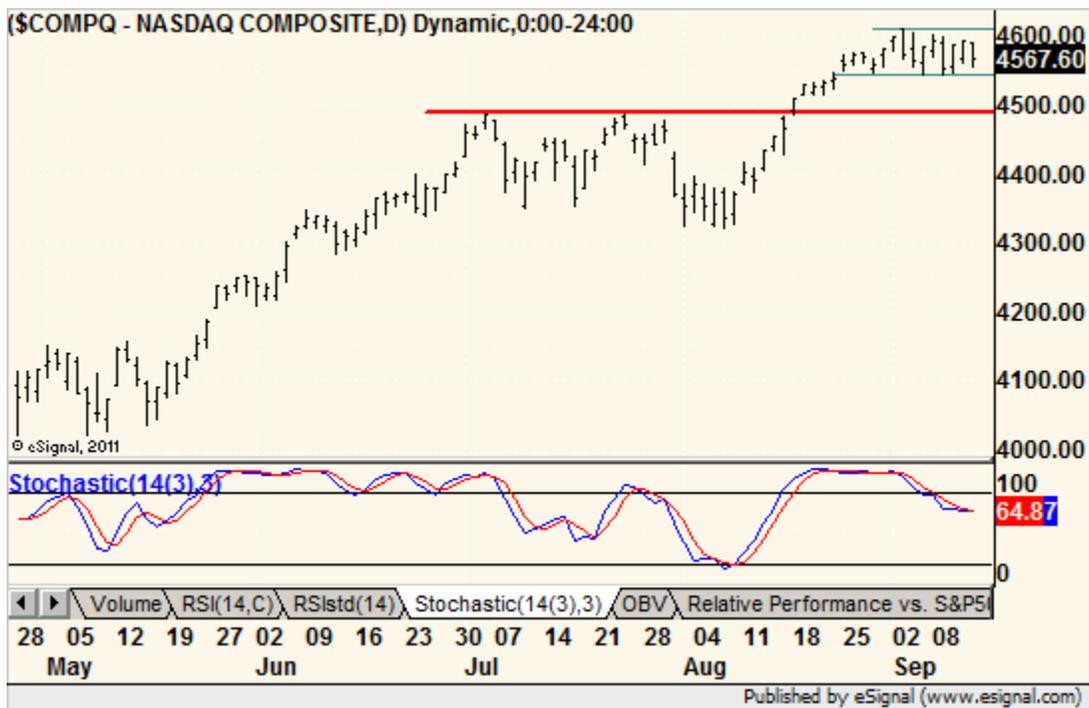
Index Charts of the Day



As mentioned in the comments section above, there have been a lot of fakes but if today stays in the red then we will have a support break and a failure to hold the breakout above the July high.



Same story for the Dow, albeit below the July high.



The Nasdaq is in better shape but still shows the small range. We cannot get really bearish on this until the red line breaks and that is far away.



Every day, the Russell's status changes making the lines we've drawn less meaningful. Not much to do in small caps, save for the company specific setups, but watch from the sidelines.

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		
Apache APA - Beautiful head-and-shoulders classic form. It closed below the neck Tuesday but it may have been an overshoot on momentum. <u>Reversed off resistance</u> . <u>Sell 95.80</u>	Moved	9/10
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Back burner stocks - DKS, DDD	Changed	8/21
Home Depot HD - Letting it fall some more after credit card hack before thinking about getting in.		9/3
eBay EBAY - Fell sharply on Apple wallet news. Currently in no-man's land and not really oversold. We'd like it to get closer to support to think about buying.	Removed	9/11
Target TGT - We were looking for one more big decline (to 56-ish) to buy but it rallied away from us. Now at resistance but supporting a bullish moving average cross. Still want to buy a dip but this time as it is at resistance.		9/12
Zillow Z - This real estate website has backed down from its merger gains and is now below the 50-day average. Could make a nice sell on a test of that break.		9/12
Morgan Stanley MS - broker. This one is pausing after a breakout and waiting for another.		9/12
Hartford Financial HIG - an insurance stock. This one is pausing after a breakout and waiting for another.		9/12
Sector Watch (observations that may spark ideas)		
Solar Power - Some nice rising trends TSL, SPWR, FSLR, CSIQ .		8/20
Technology XLK - Still leading but it lost its mojo.		8/25
Financial ETF XLF - Big change in relative performance for the better .	Changed	8/25
Discretionary ETF XLY - Now lagging XLP .		9/2
Transports - Rails and air freight leading but all areas stronger than the market		9/5
Healthcare - Including biotech & drugs, now turning higher relative to the market		9/11
Utilities - a major downside trend break		9/11
Updates		
Oil - No follow through on Thursday's bullish candle.		
Sugar - Really crapped out Friday after a long decline. Looks very close to a selling climax but we have to wait for the reversal signal.		
Wal-Mart WMT - So much for the bull flag. Setup exploded and it actually broke a trendline to the downside.		
E-Trade ETFC - Breakout!		

Market Highlights



Long T-bond ETF - Looks like a trendbreak but is it? Without even a stutter step, this could just be momentum. Plus, if the Fed holds the line on interest rates this week it could see a bungee jump bounce back. We are not selling based on this chart - at least now without a pause.



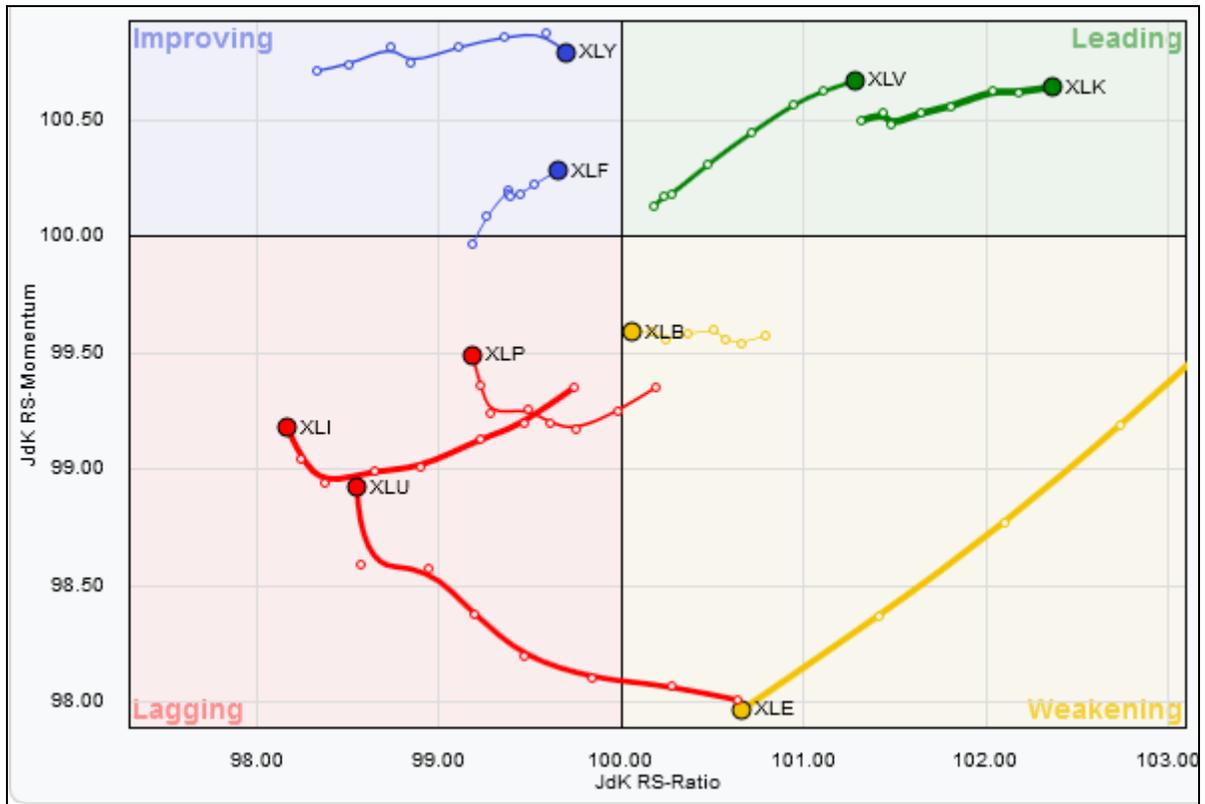
Financials ETF - On-balance volume is climbing as the ETF pauses above former resistance.



Banks Index - A breakout albeit still below the March high. Relative performance is improved but we are not convinced that the trendline shown is the full story. Still, it is better than before.



Regional Bank ETF - No breakout yet but a lot of these stocks are small caps.



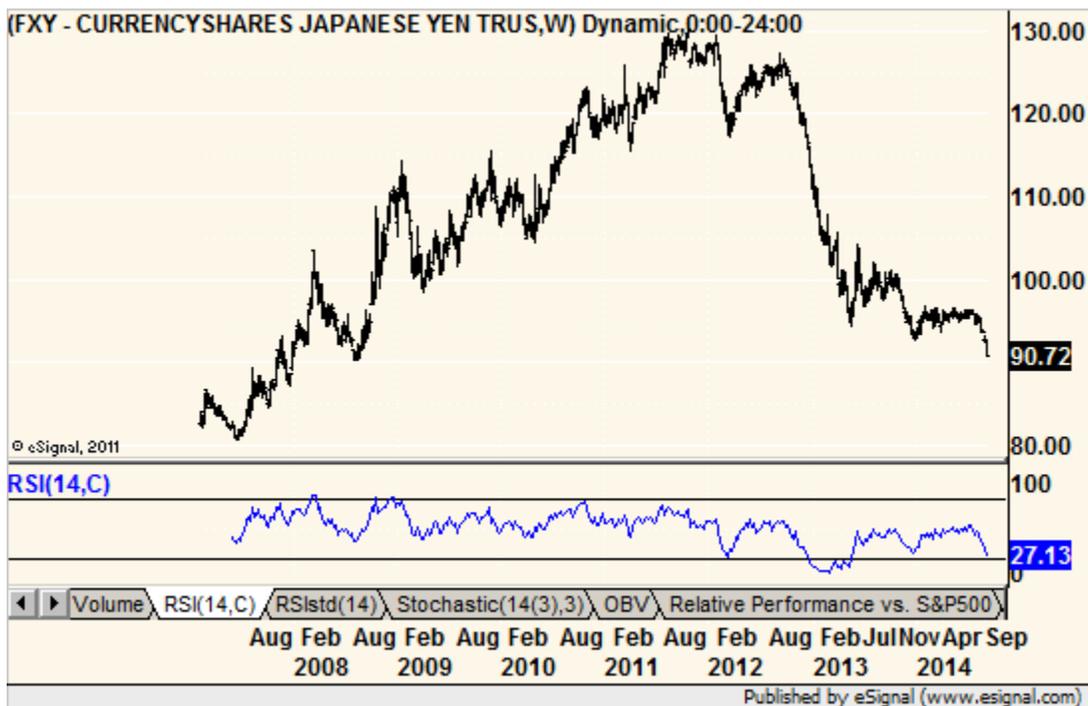
Relative Rotation Graph - This shows the directional movement of the various sectors relative to the market. As we can see, tech is still op there with healthcare on its heels. Financials seem poised to join them.

The Big Picture

In this section, we take a macro look at things.



Dollar Index - Just a little long-term perspective. The index is now at a double resistance and overbought in the weekly (and daily, not shown) time frame.



Japanese yen ETF - Dollar strength is not all euro weakness. The yen is also rather weak.

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>
	SFLY	SHUTTERFLY INC	49.82	-1.3%	48.25	50.47	8/20	24
	GNC	GNC HLDGS INC	39.56	5.5%	38.00	37.50	8/25	19
	MRVL	MARVELL TECHNOLOGY GROUP LTD	13.86	-0.4%	13.40	13.91	8/25	19
	CERN	CERNER CORP	58.75	2.9%	56.50	57.12	8/26	18
	VZ	VERIZON COMMUNICATIONS INC	48.40	-1.5%	48.00	49.15	8/26	18
	K	KELLOGG CO	63.89	-1.7%	63.50	65.00	8/27	17
	TXMD	THERAPEUTICSMID INC	6.25	7.9%	5.90	5.79	9/9	4
	UBNT	UBIQUITI NETWORKS INC	47.25	-0.6%		47.55	9/11	2
	LRCX	LAM RESEARCH CORP	71.65	-1.5%	70.00	72.75	9/11	2
<u>Short</u>	USB	US BANCORP DEL	42.20	1.7%	cover	42.90	7/11	64
	LVS	LAS VEGAS SANDS CORP	63.20	9.1%	66.00	68.94	8/22	22
	CNX	CONSOL ENERGY INC	39.17	1.1%	40.50	39.60	9/8	5
	CAT	CATERPILLAR INC DEL	105.02	0.6%	110.00	105.61	9/10	3

Notes: Stopped out of **UBNT** on a monster reversal one day after it broke out. This one hurts although the loss is minimal.

Tightened stop on **TXMD**.

Covering short in **USB** as financials are strengthening.

While we've added longs recently we are not actively looking for new stocks at all

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

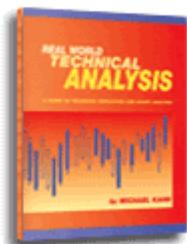
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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