

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

September 17, 2014 - When speculation that the Fed would hold the line on interest rates stocks took off in what appeared to be a short squeeze rally. The question now is what happens when we get the real Fed news. Will stocks rally again on the very same thought? Or was Tuesday "buy the rumor" and today "sell the news?"

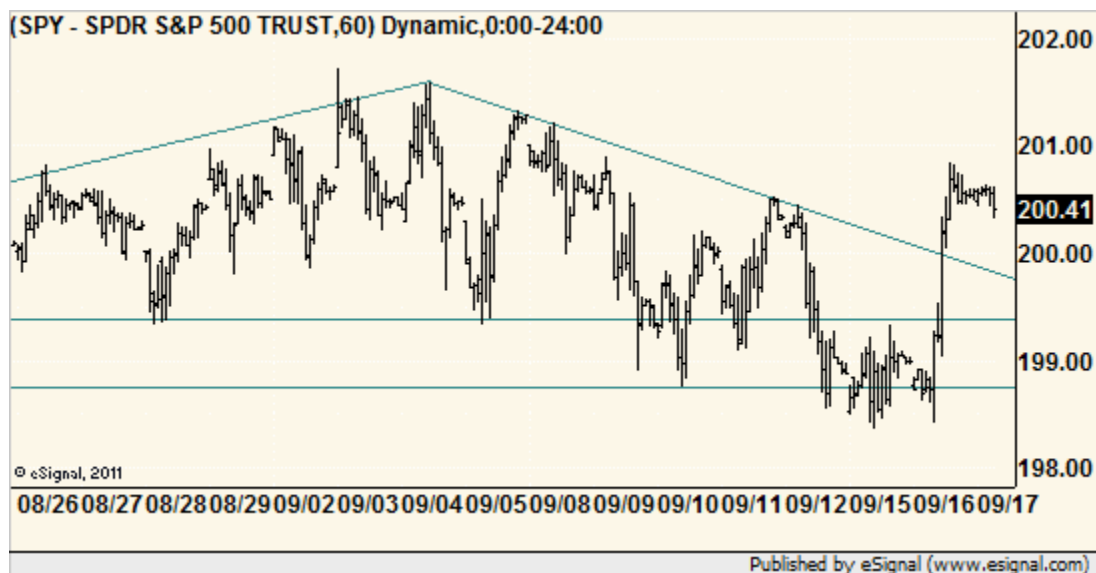
Anything would be a guess and we'll keep out of it until it is all over.

Keep in mind the environment below all of this short-term craziness. The major trend is still up and it is in no immediate danger of breaking. Again, all bullish trends peak and decline before breakdowns occur but if the Nasdaq is any indication that is not what is in place today. After all, that index bounced off major support yesterday (see chart below).

Still, Fed day is volatility day. Small caps still look bad and the ratio of large-cap value to large-cap growth (via ETFs) turned higher (chart below). That is risk-off in attitude. But don't tell that to Treasury bonds, which hit a new low for the current down draft yesterday. What's going on (Marvin Gaye 1971)?

More like a ball of confusion (Temptations, also 1971). Too many cross currents because a risk-off market should benefit Treasuries. But then again, the risk is coming off because of the expectation for interest rates to rise, which is not good for stock and for bonds. But rising interest rates should be good for gold and we know where that is heading. So it must be deflation, which the Fed fights with what? Lower rates? And that sends a bad message about the economy.

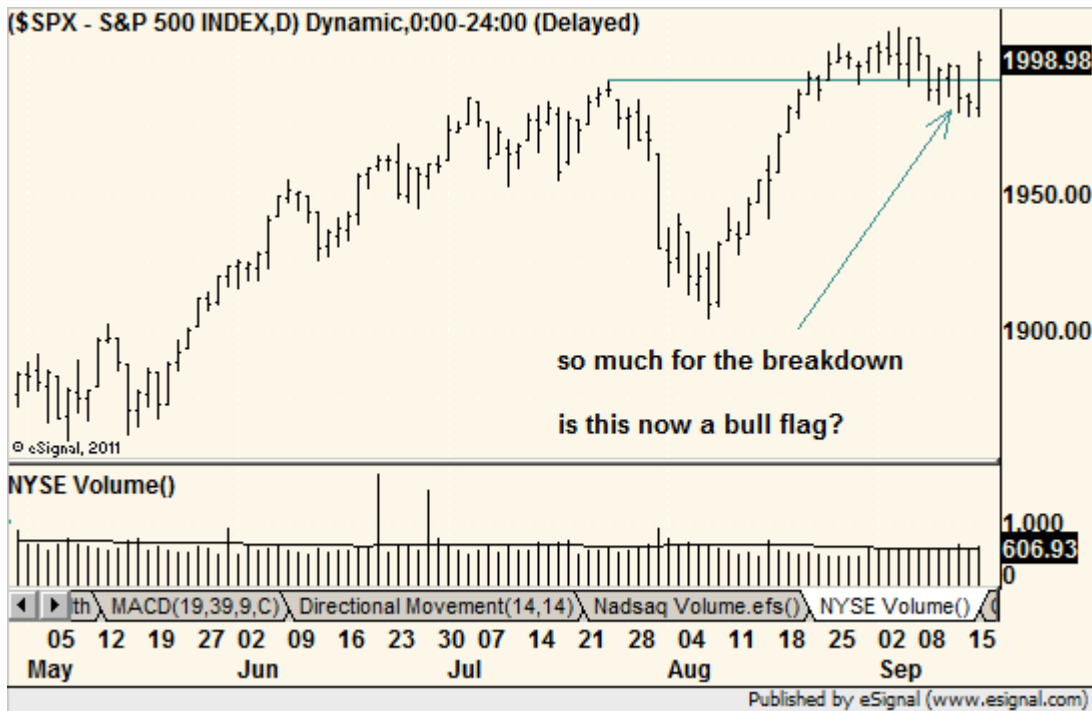
If you followed all that then you get a tip of the hat. It does not really matter if that previous paragraph was fully logical or even accurate. What is important is that making sweeping calls about what is going on right now is probably not a good idea. Let's let the stock market break one way or the other and then follow along.



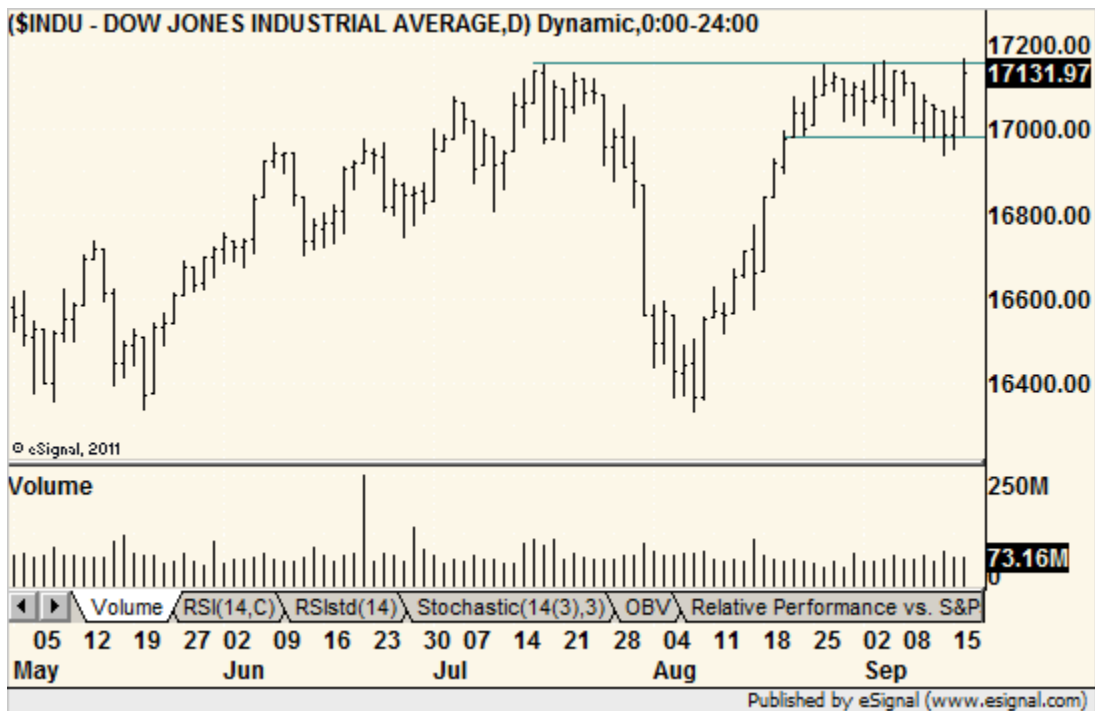
The hourly chart suggests we have already seen the upside move. The daily charts below do not agree so we'll defer to the larger time frame.

You will see the Radar Screen just as empty as it has been with a whole lot of stuff we are watching in general terms. I'm Still Waiting (Diana Ross, yes, also 1971).

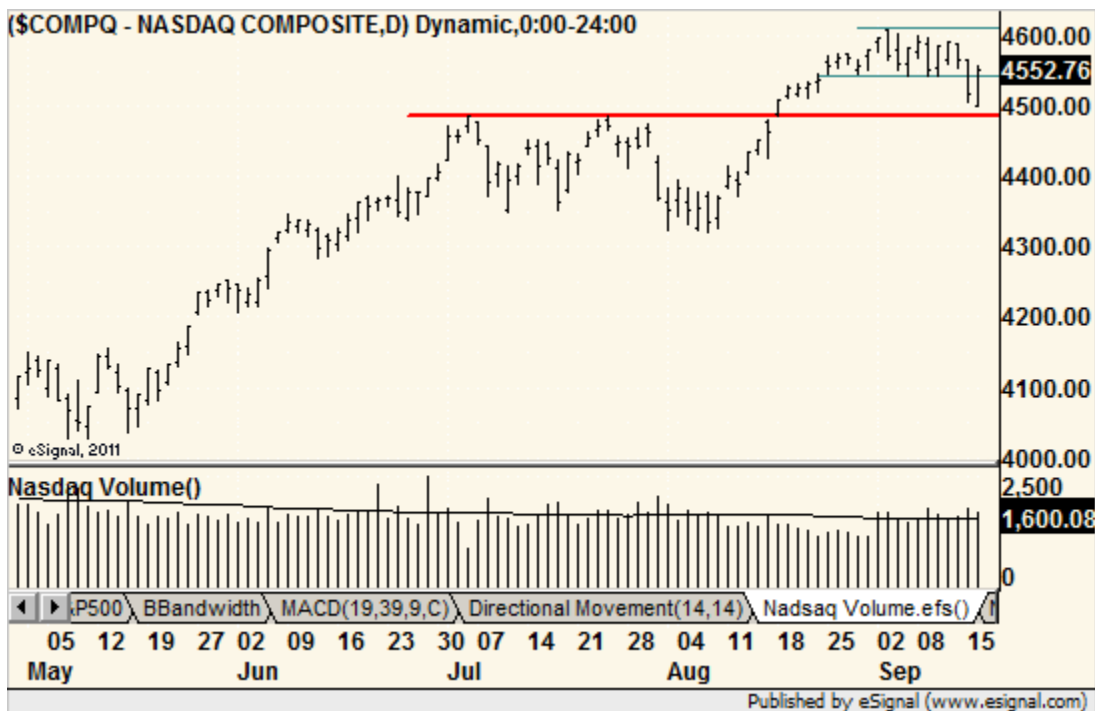
Index Charts of the Day



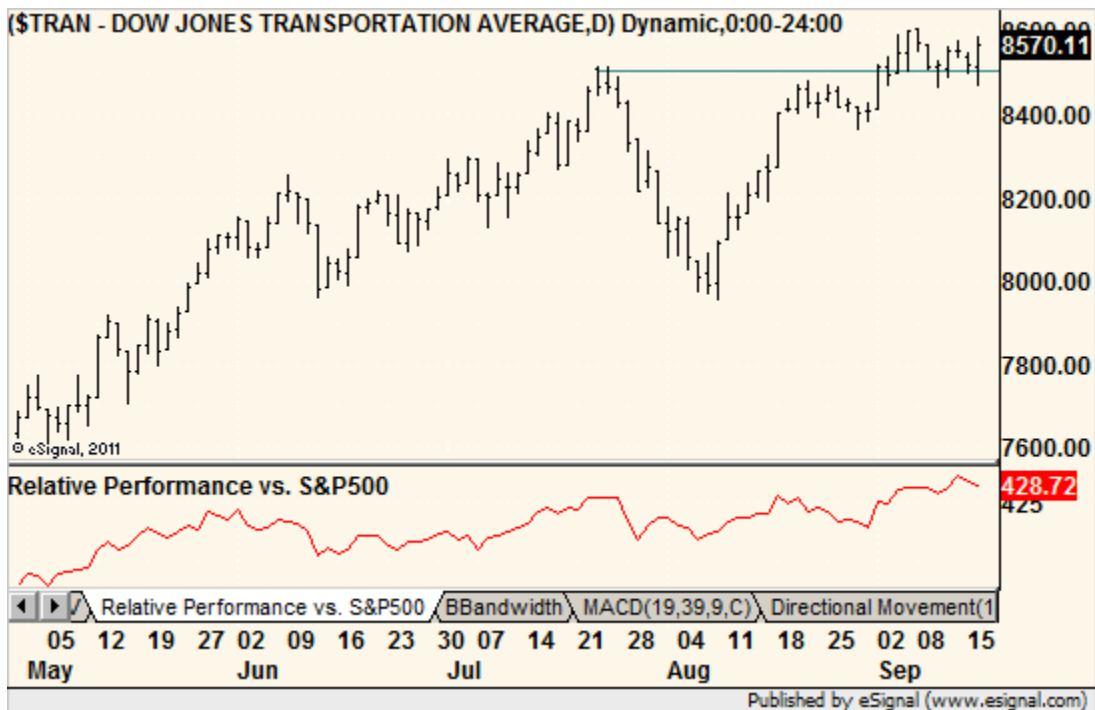
Looks like a short squeeze on speculation the Fed will keep the status quo.



The Dow never broke down and now it is back at the top of its range.



Seems to be a bounce off major support.



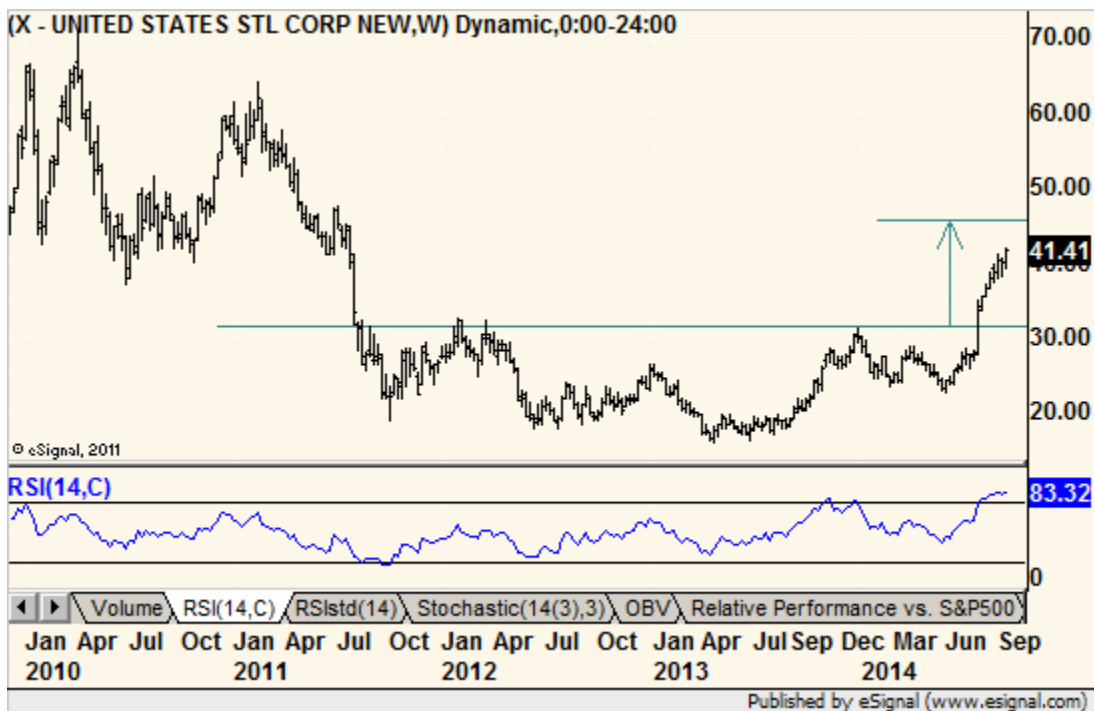
The transports still look to have a breakout and pause, which leans bullish. Note overall relative performance is still up, despite the dip this week.

The Radar Screen

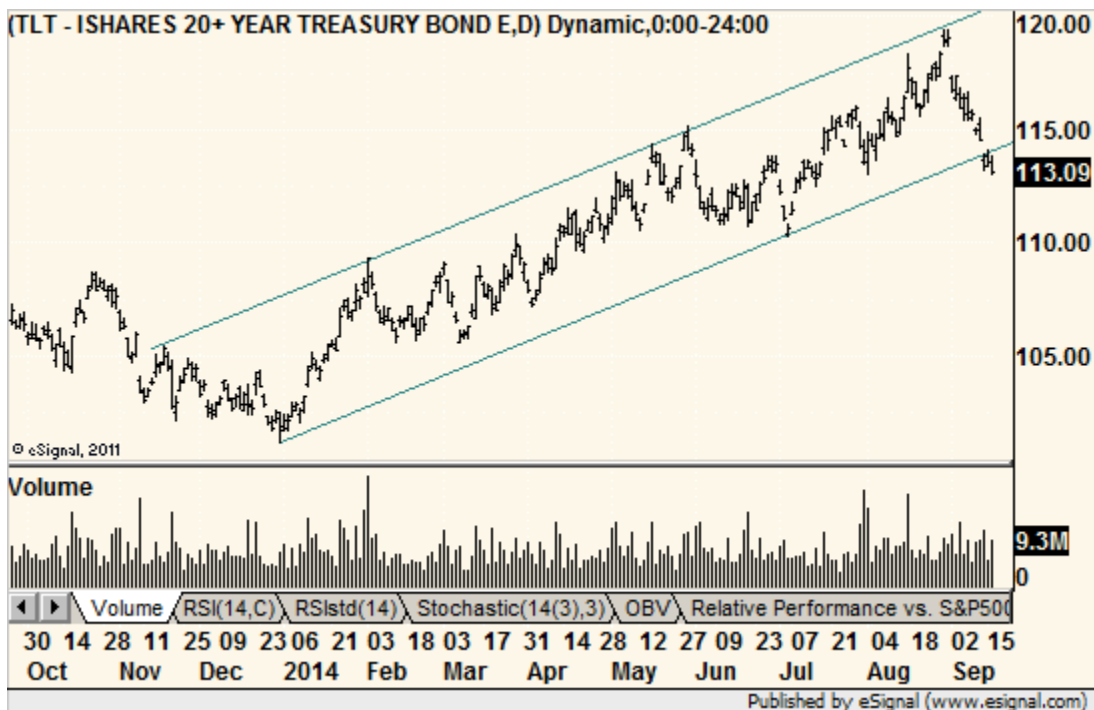
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 - (It is lonely in here)		
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Back burner stocks - DKS, DDD		8/21
Home Depot HD - Letting it fall some more after credit card hack before thinking about getting in.		9/3
Target TGT - We wanted to buy the dip but it is challenging resistance now. Setup is gone so we'll move on.	Removed	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
Suncor Energy SU - Another energy stock with a head-and-shoulders (we are short APA on the same pattern).		9/16
Sector Watch (observations that may spark ideas)		
Technology XLK - Still leading but it lost its mojo.		8/25
Financial ETF XLF - Big change in relative performance for the better.		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		
Amazon AMZN - Bounced off triangle bottom		
Google GOOGL - Testing trendline breakdown		
Priceline PCLN - Followed through on hammer bottom		

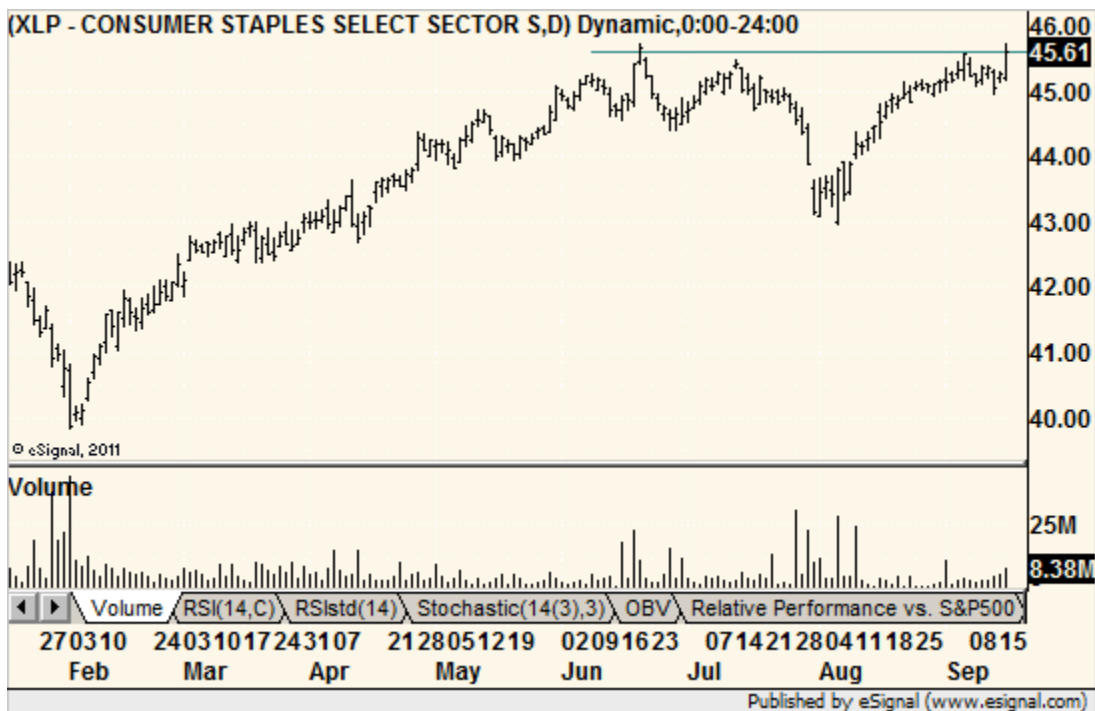
Market Highlights



US Steel - Here is one to track for a while. US Steel has defied the odds and gravity, too, with a long-term base breakout. However, it is very overbought daily and weekly. It needs a pullback to refresh itself for a run at its ultimate target as measured by the size of the range.



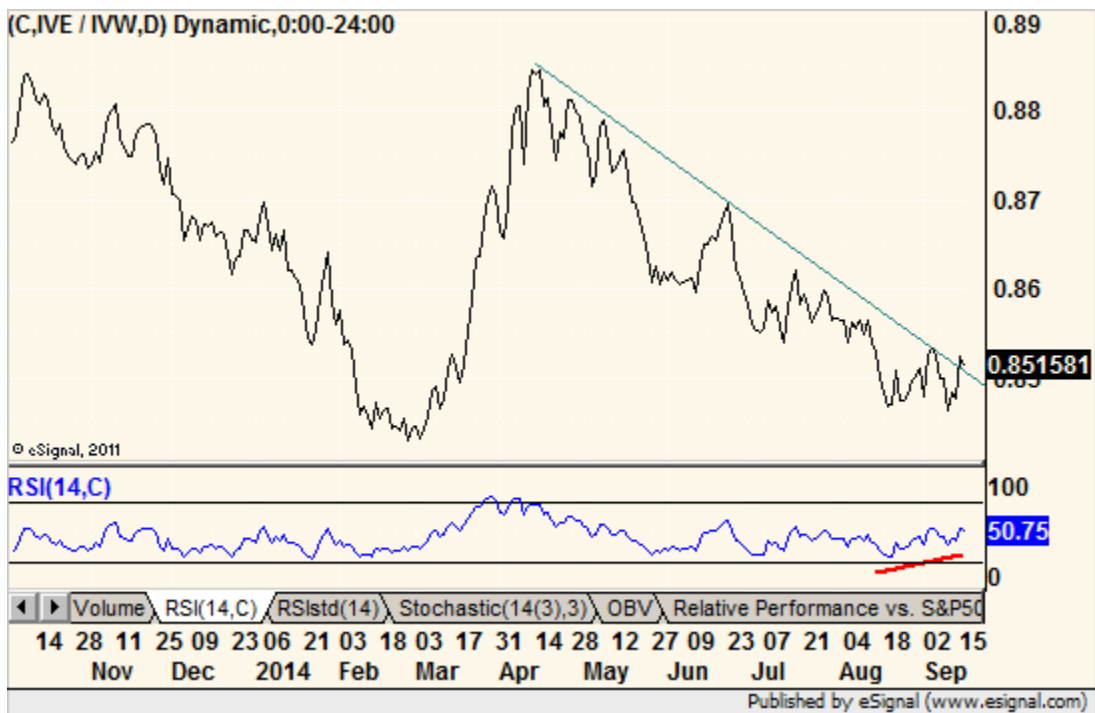
Long T-bond ETF - Watch this one after the Fed today. If it moves lower then look out below.



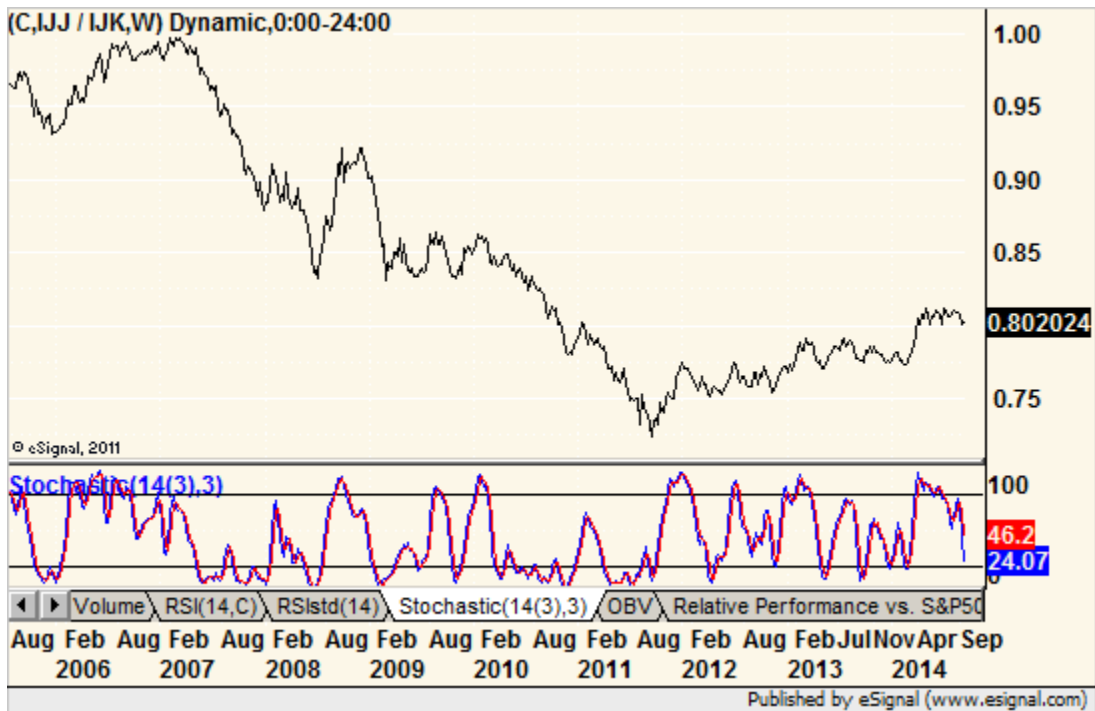
Staples ETF - This cannot be bullish as the defensive consumer staples took the lead yesterday.



Emerging Markets ETF - Big break this month but support is still intact. However, it is now testing the 50-day average from below with falling on-balance volume. No forecast yet but if it breaks lower now then it has little to support it. More risk off.



Large Cap Value vs. Growth - The breakout was prettier intraday yesterday but this looks to be a shift from growth to value.



Mid-cap Value vs. Growth - This is a weekly chart and it shows the clear shift in 2011.

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	48.83	-3.2%	48.25	50.47	8/20	27
	GNC	GNC HLDGS INC	39.16	4.4%	38.00	37.50	8/25	22
	MRVL	MARVELL TECHNOLOGY GROUP LTD	13.92	0.1%	13.40	13.91	8/25	22
	CERN	CERNER CORP	58.57	2.5%	57.50	57.12	8/26	21
	VZ	VERIZON COMMUNICATIONS INC	48.96	-0.4%	48.00	49.15	8/26	21
	K	KELLOGG CO	63.87	-1.7%	63.50	65.00	8/27	20
	LRCX	LAM RESEARCH CORP	74.09	1.8%	70.00	72.75	9/11	5
<u>Short</u>	LVS	LAS VEGAS SANDS CORP	61.17	12.7%	65.00	68.94	8/22	25
	CNX	CONSOL ENERGY INC	38.83	2.0%	40.50	39.60	9/8	8
	CAT	CATERPILLAR INC DEL	104.86	0.7%	110.00	105.61	9/10	6
	APA	APACHE CORP	97.82	-2.1%	99.00	95.80	9/15	1

Notes: No changes.

Nice breakout in **LRCX**.

Nice breakdown in **LVS**.

Subscriber Corner

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Other Information

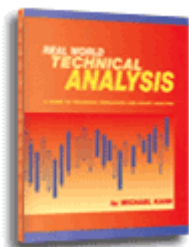
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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