

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

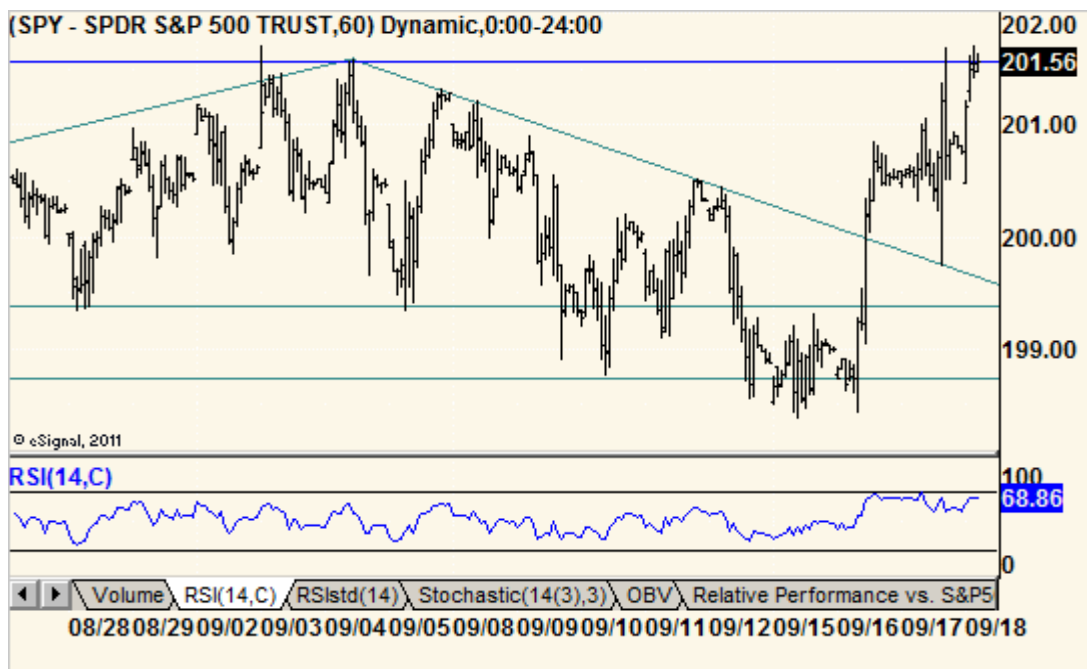
MICHAEL KAHN  
RESEARCH LLC

**September 18, 2014** - Hoots mon! It is Scottish independence vote day. Will the UK split up and toss confidence in Europe out the window? The US dollar is higher although not by as much as overnight. Some say a split would drive money to the USA and stock futures here are indeed higher this morning.

But then again, they are higher because the Fed did not change its stance. It is very curious that Treasury bonds broke down this week and while they are bid a bit higher this morning the sell signal was given.

The question for most of us is whether the stock market is actually breaking out and giving the signal for another leg up. The Dow sure looks that way. So does the S&P 100 meg-cap index (**OEX**). The benchmark S&P 500, however, is trading at yesterday's high and resistance from earlier in the month. The Nasdaq, which successfully tested a resistance breakout this week, is rather far from its old high.

Therefore, at this time we cannot declare a breakout. That does not mean it won't happen and the banks sure do have their breakout. Transports, too. A market-wide breakout does seem likely and the bias does seem to be to the upside so we will look for stocks to buy. Whether we actually buy them is another story although we can at least rule out selling stuff right now.



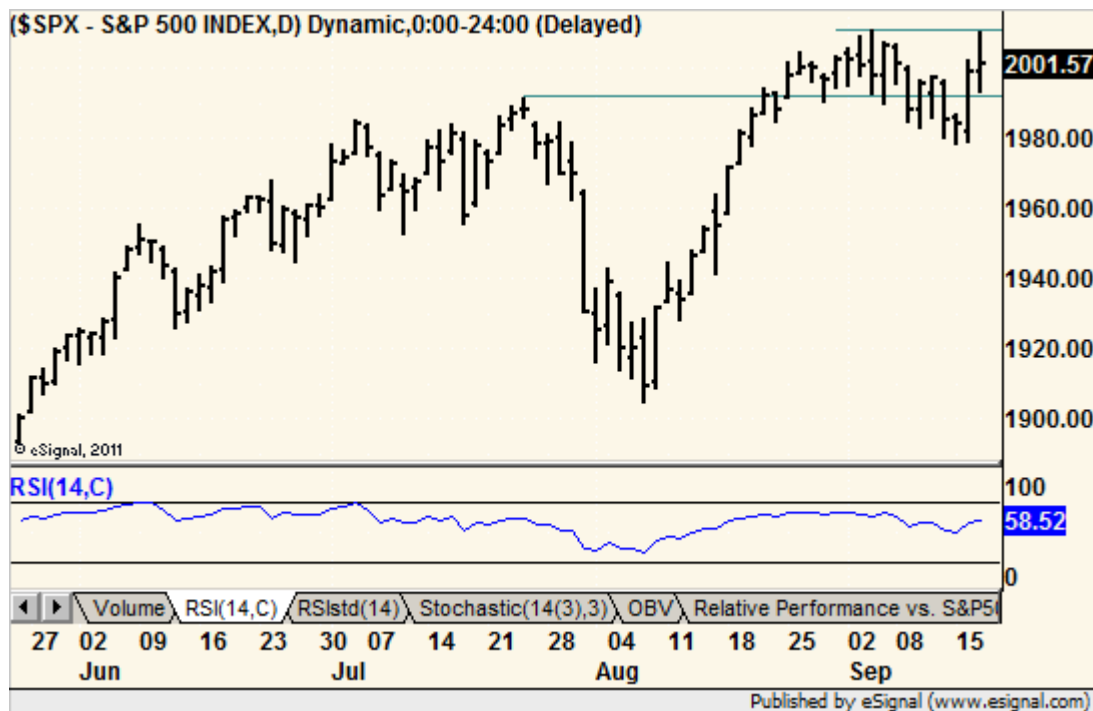
The hourly chart shows yesterday's run to resistance pre-Fed and then drop post-Fed. But today, the **SPY** is back up there again.

As for sectors, steel jumped much to our chagrin after saying it needed a rest. We did say it had not yet met its upside target and now US Steel has.

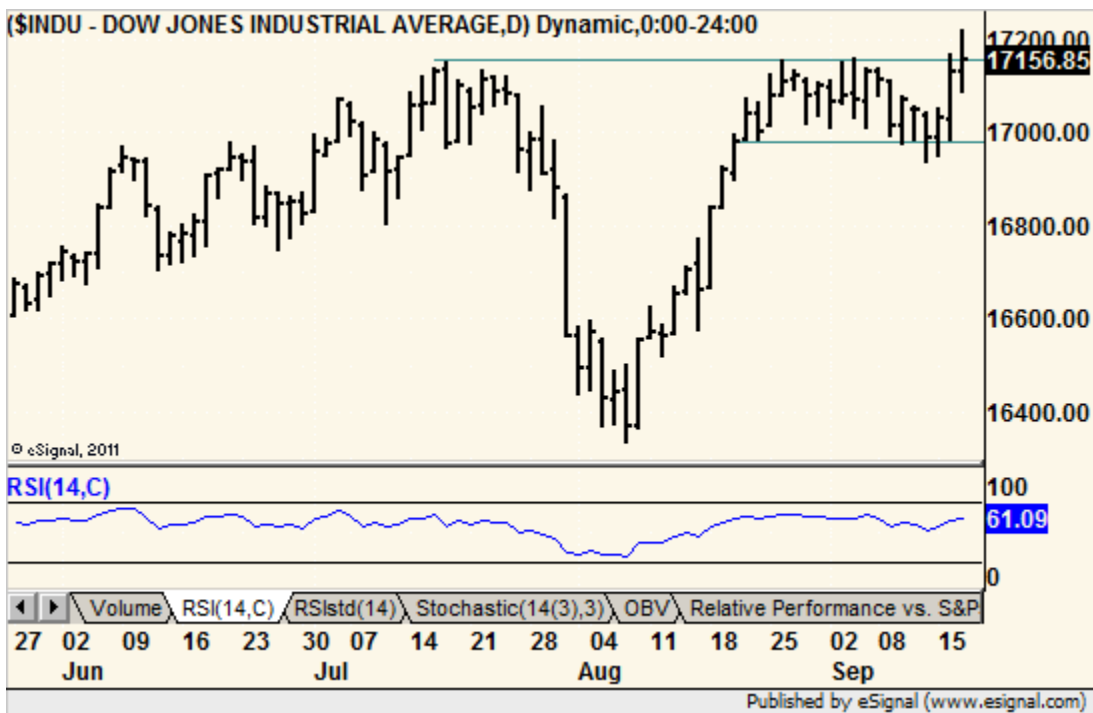
Other groups that rocked yesterday were homebuilding (although today's data were bad), delivery services and railroads. These are all economically sensitive areas so the market seemed to be saying it was more hopeful. Gaming was also a leader but it was a dead-cat type of event.

Gold continued to suffer and big Internet was weak again, possibly in advance of the Alibaba IPO. Avoiding both for now.

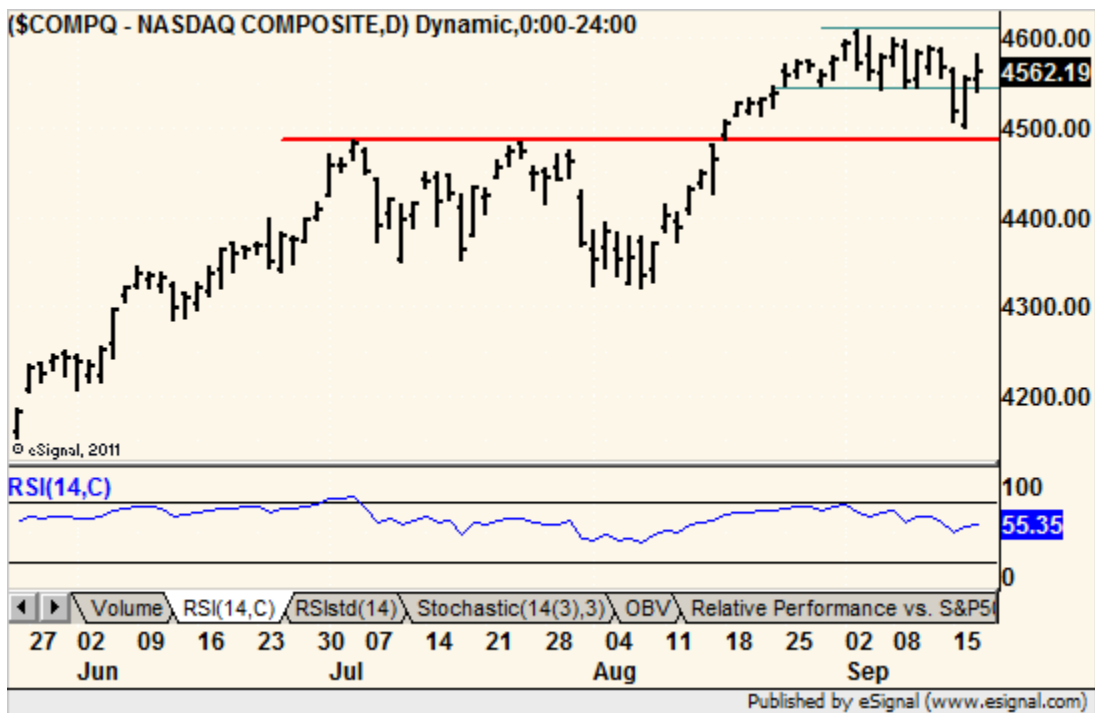
## Index Charts of the Day



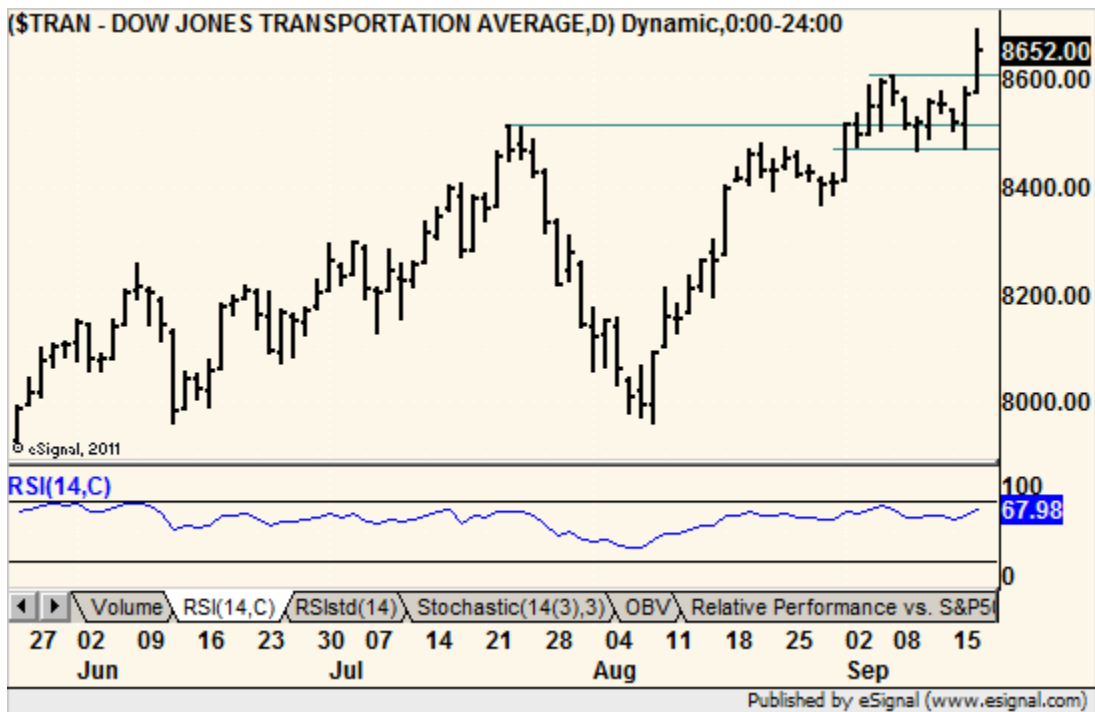
The S&P 500 is trading at resistance again in the premarket. Looks more bullish than bearish but only the biggest of the big stocks are actually broken out at this time.



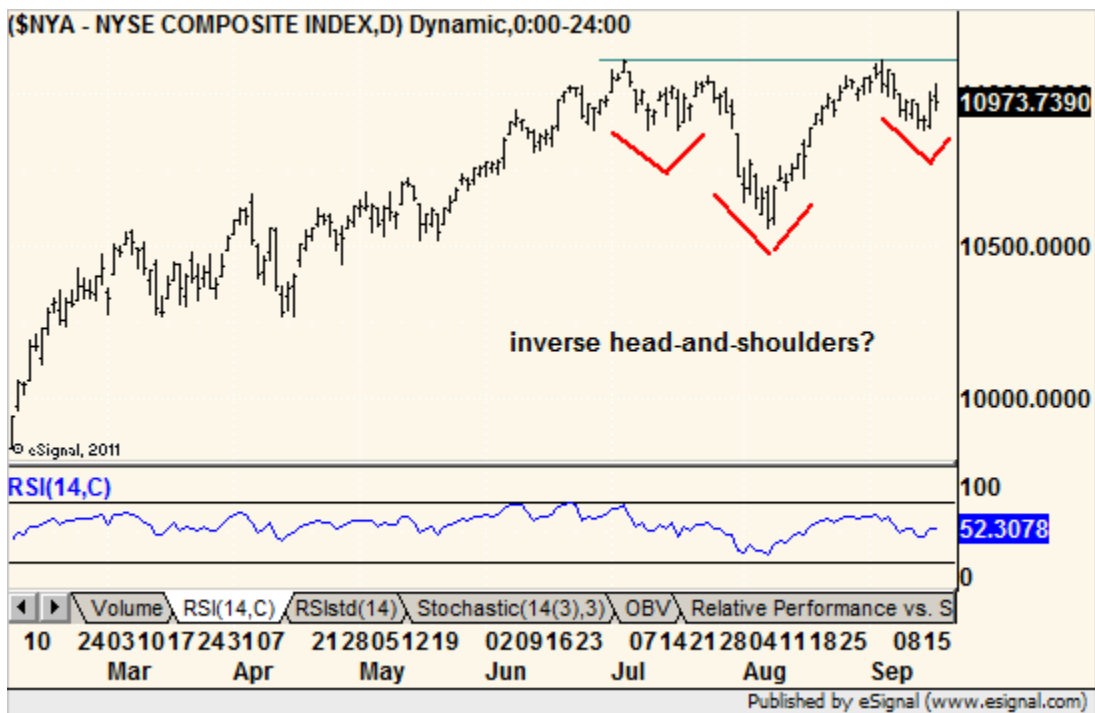
The Dow did not exactly break out yesterday even though it eked out a record high close. However, it is back out its intraday high this morning.



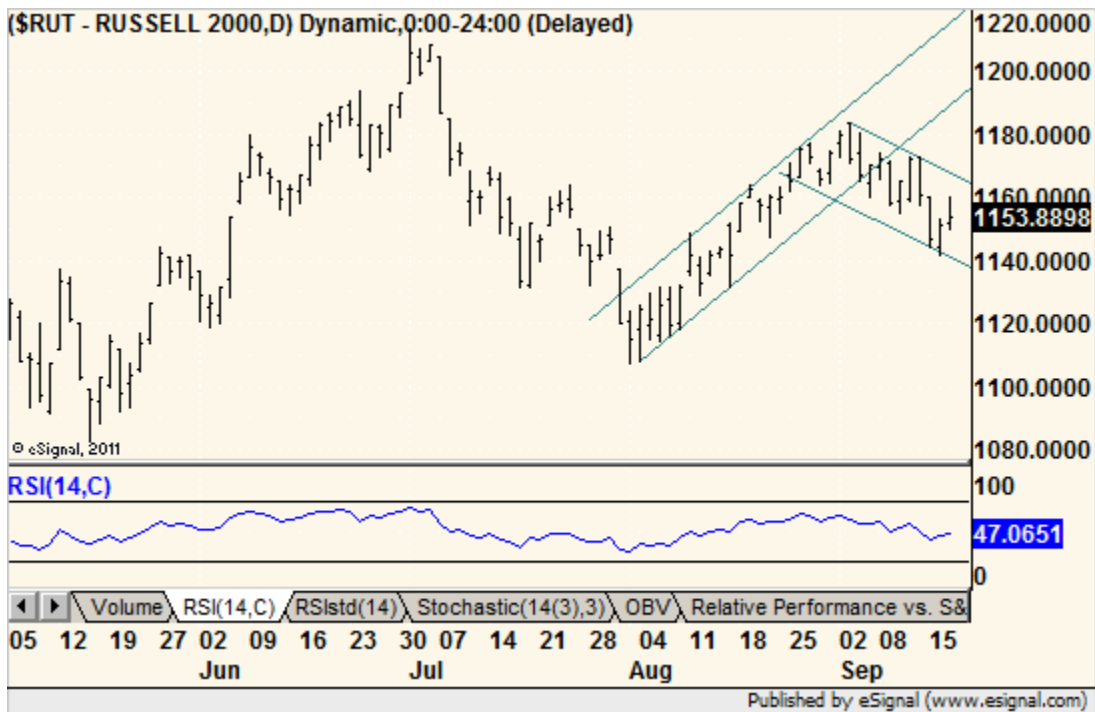
The Nasdaq does not have an upside breakout but this week's test of a prior breakout leans bullish.



No arguing with this breakout for the transports. Thank the rails and air freight.



The NYSE composite may have an inverse head-and-shoulders. A break of the neck would be rather bullish.



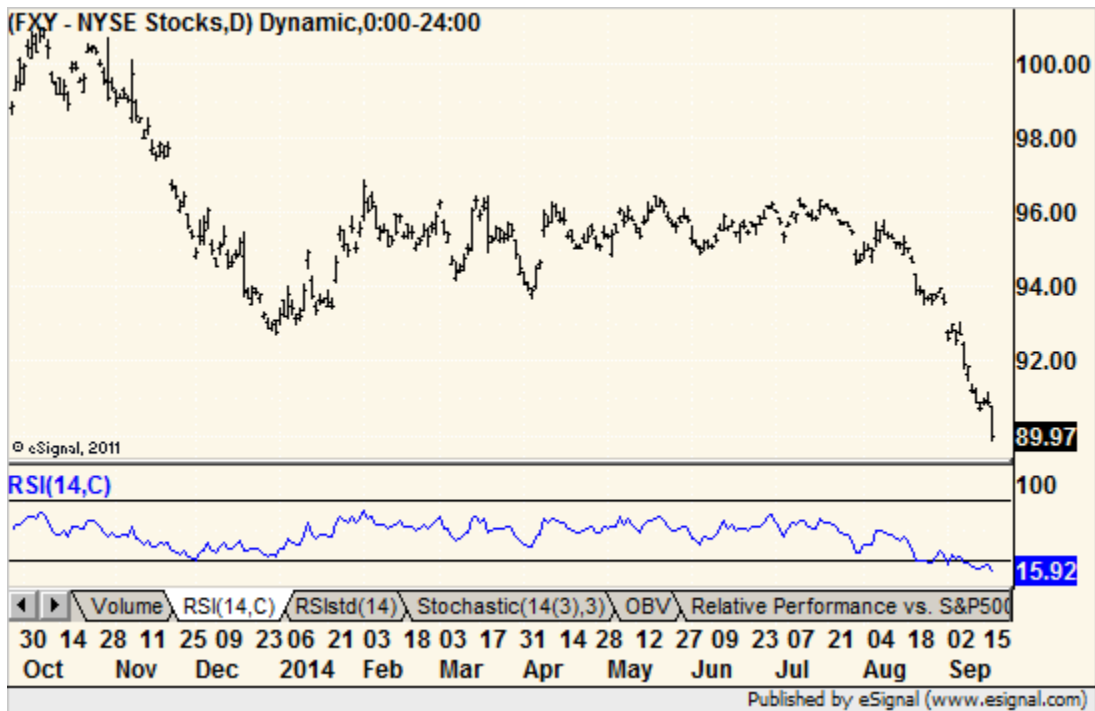
Finally, the manic Russell 2000 is just one reversal after another. We are avoiding it.

## The Radar Screen

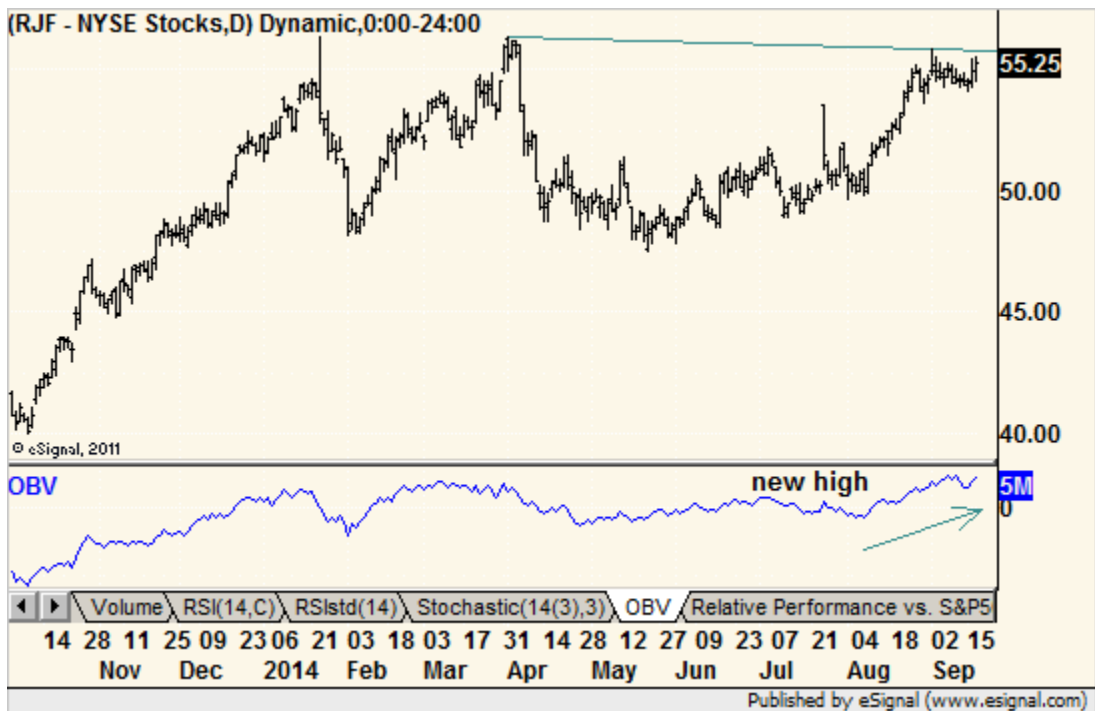
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Raymond James RJF</b> - How about this lesser brokerage stock with a cup-with-handle-like setup? Rising on-balance volume at new highs, too. Buy 56 or a close over 55.60.	<b>New</b>	9/18
<b>Akamai AKAM</b> - A smaller internet stock with a nice pattern and rising on-balance volume. Buy close over 63.	<b>New</b>	9/18
<b>Bearish Implications</b>		
none -		
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Back burner stocks - DKS, DDD</b>		8/21
<b>Home Depot HD</b> - Letting it fall some more after credit card hack before thinking about getting in. <u>Not happening so we are moving on. Not good risk/rew.</u>	<b>Removed</b>	9/3
<b>Morgan Stanley MS</b> - broker. This one is pausing after a breakout and waiting for another. <b>Breakout!</b>		9/12
<b>Hartford Financial HIG</b> - an insurance stock. This one is pausing after a breakout and waiting for another. <b>Breakout!</b>		9/12
<b>Suncor Energy SU</b> - Another energy stock with a head-and-shoulders (we are short <b>APA</b> on the same pattern).		9/16
<b>Emerging Markets ETF EEM</b> - Big break this month but support still intact. However, now testing the 50-day average form below with falling on-balance volume. No forecast yet but if it breaks lower now then it has little to support it.		9/17
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Technology XLK</b> - Still leading but it lost its mojo.		8/25
<b>Financial ETF XLF</b> - Big change in relative performance for the better.		8/25
<b>Discretionary ETF XLY</b> - Now lagging <b>XLP</b>		9/2
<b>Transports</b> - Rails and air freight leading but all areas stronger than the market		9/5
<b>Healthcare</b> - Including biotech & drugs, now turning higher relative to the market		9/11
<b>Utilities</b> - a major downside trend break		9/11
<b>Updates</b>		
none -		

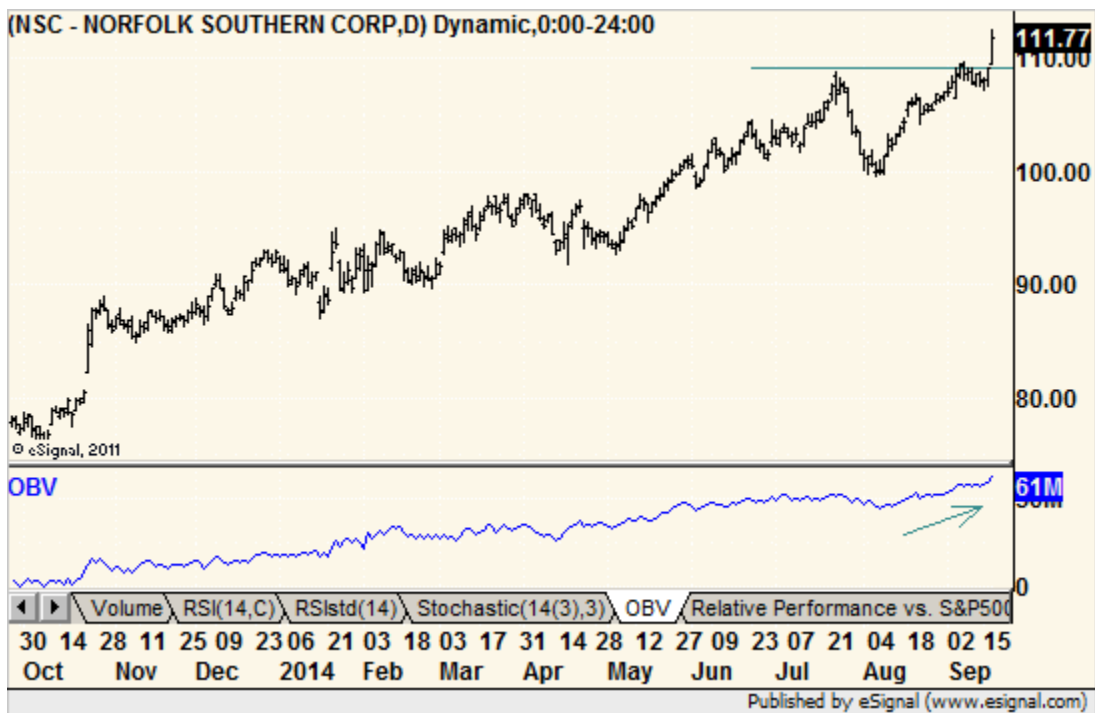
## Market Highlights



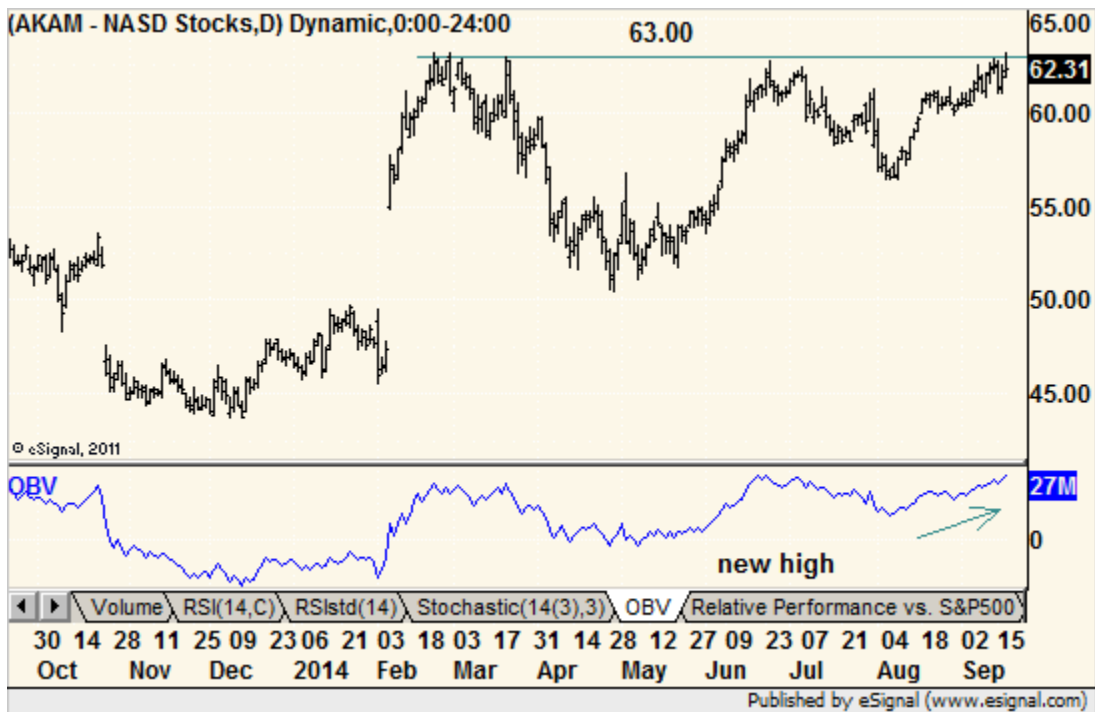
**Japanese yen ETF** - This is why Japanese stocks were up huge overnight.



**Raymond James** - How about this lesser brokerage stock with a cup-with-handle-like setup? Rising on-balance volume at new highs, too. Buy 56 or a close over 55.60.



**Norfolk Southern** - Would love to buy a dip after this breakout in this railroad stock.



**Akamai** - A smaller internet stock with a nice pattern and rising on-balance volume. Buy close over 63.

## 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>SFLY</b>	SHUTTERFLY INC	48.25	-4.4%		50.47	8/20	28
	<b>GNC</b>	GNC HLDGS INC	39.12	4.3%	38.00	37.50	8/25	23
	<b>MRVL</b>	MARVELL TECHNOLOGY GROUP LTD	13.85	-0.4%	13.40	13.91	8/25	23
	<b>CERN</b>	CERNER CORP	58.68	2.7%	57.50	57.12	8/26	22
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	49.21	0.1%	48.00	49.15	8/26	22
	<b>K</b>	KELLOGG CO	63.50	-2.3%		65.00	8/27	21
	<b>LRCX</b>	LAM RESEARCH CORP	75.40	3.6%	72.00	72.75	9/11	6
<u>Short</u>	<b>LVS</b>	LAS VEGAS SANDS CORP	62.88	9.6%	65.00	68.94	8/22	26
	<b>CNX</b>	CONSOL ENERGY INC	38.87	1.9%	40.50	39.60	9/8	9
	<b>CAT</b>	CATERPILLAR INC DEL	103.99	1.6%	110.00	105.61	9/10	7
	<b>APA</b>	APACHE CORP	97.50	-1.7%	99.00	95.80	9/15	2

**Notes:** Raised stop in **LRCX**.

Stopped out of **SFLY** and **K**. Both had breakouts, which we bought, and both never followed through before rolling over. More trades that looked good at the start but just did not work.

## 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

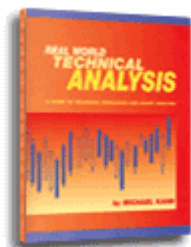
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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