

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

September 19, 2014 - It has been a wild week for news from the Fed to Scotland to Alibaba. We know what happened with the first two, leaving just Alibaba as the day's defining event. That stock priced its IPO yesterday at the high end of the range and it starts trading today (**BABA**). Let's see how the market digests it.

As for Scotland, the vote was to stay in the UK. The British pound seemed to anticipate that as it bounced but right now it is looking at a bearish reversal for today. That is probably not a good sign for it but there is a lot of "day" left in today. The US dollar is on the move higher again although it has been a volatile three days.

And working back to the Fed, Treasury bonds have not moved much at all this week after last week's trendline breakdown. That could be a pause before the real selling begins but again, we have to wait for the market to start moving again. With current evidence, including weak utilities, it seems bearish.

Further, strong financials hint to rising rates and falling bond prices. Banks broke out and we have a chart of the regional bank ETF below with its own breakout. Insurance stocks are breaking out (Lincoln National below). And brokers are going wild (we bought Raymond James yesterday).

We also see strength in semiconductors (Altera below). And health care is still among the leaders.

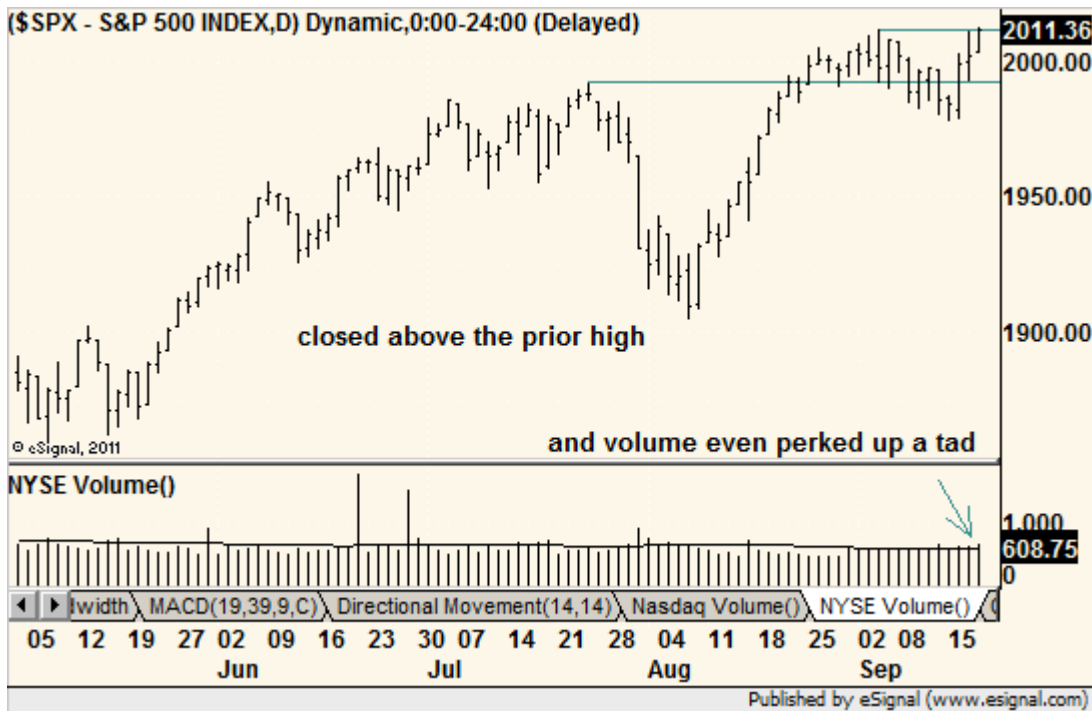
On the negative side, we are avoiding big Internet, at least until we see what happened with BABA. Coal is sinking but steel is flying. And gold is just awful. We are monitoring sentiment here as it is starting to feel very, very negative. When everyone hates it (blood in the streets) then it will become interesting again.



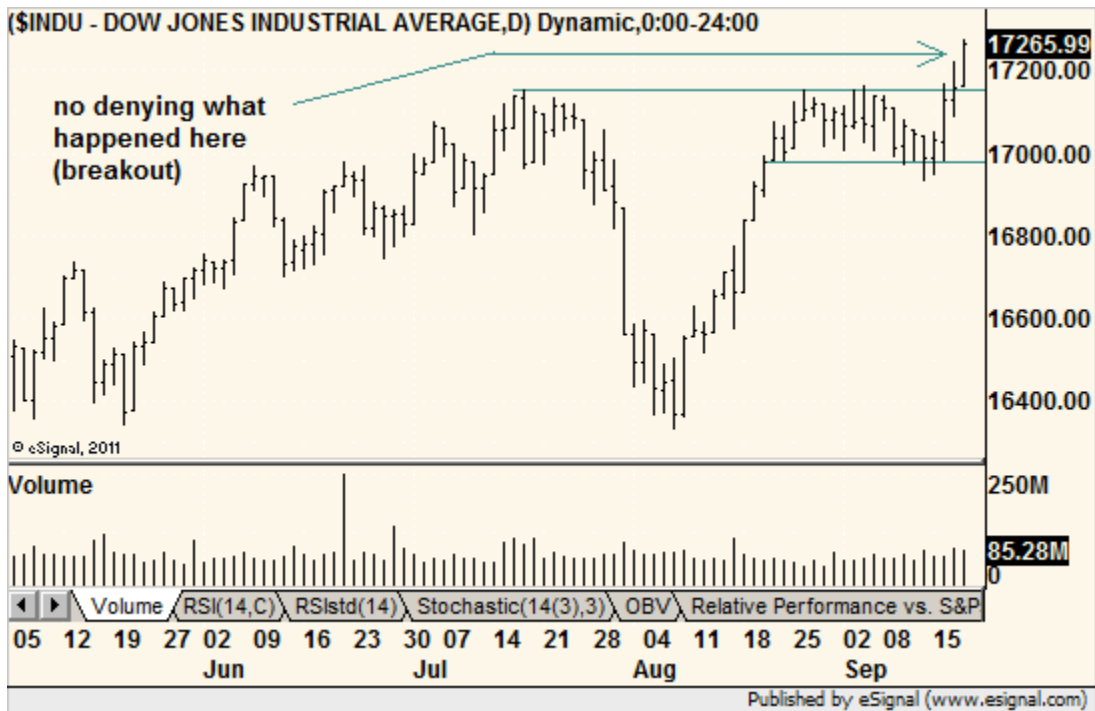
The hourly chart shows a breakout and a big decline overnight. This is very curious since futures are up nicely.

The bottom line is that the long-term stock market trend is still up but after all the good action on big news this week, not to mention a lot of analyst capitulation to the upside ([read this WSJ article](#)), we wonder if it is not "sell the news" time leading to a pullback. A dip, not a reversal.

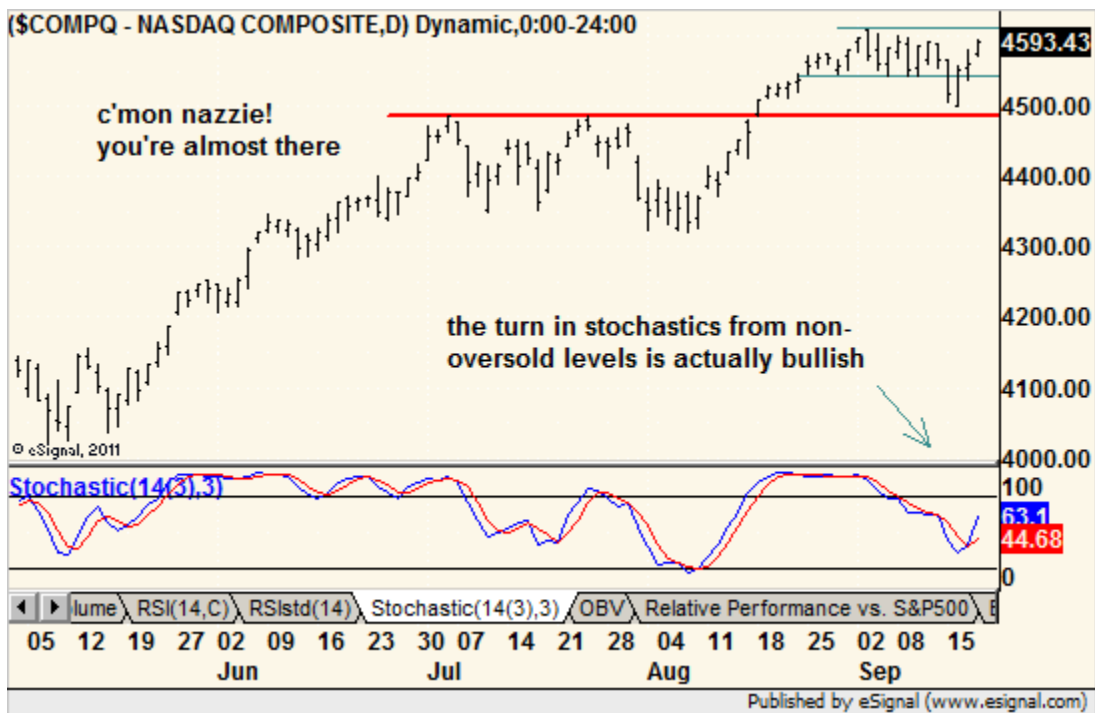
Index Charts of the Day



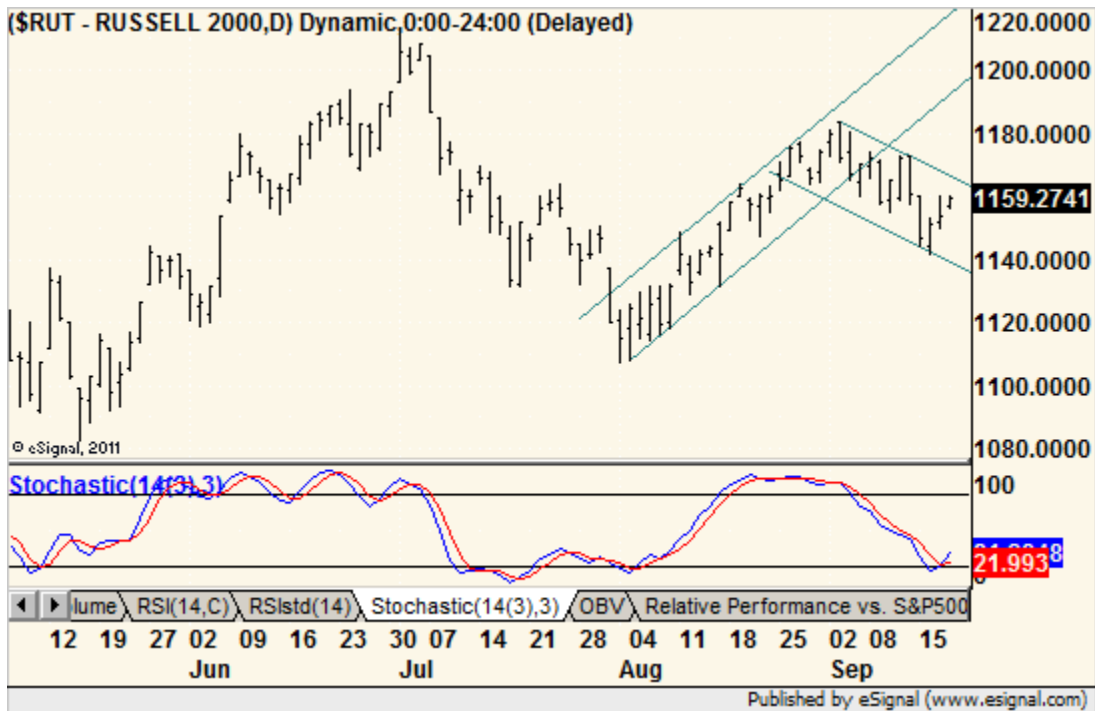
The S&P 500 closed up nicely and overnight futures jumped even higher. A real breakout, however, is still arguable as the SPY is lower this morning, even as futures are higher.



No argument for the Dow.



The Nasdaq is not quite at new highs but still has the breakout test working in its favor. The QQQ ETF did reach the upper border of the range but also does not have an official breakout.



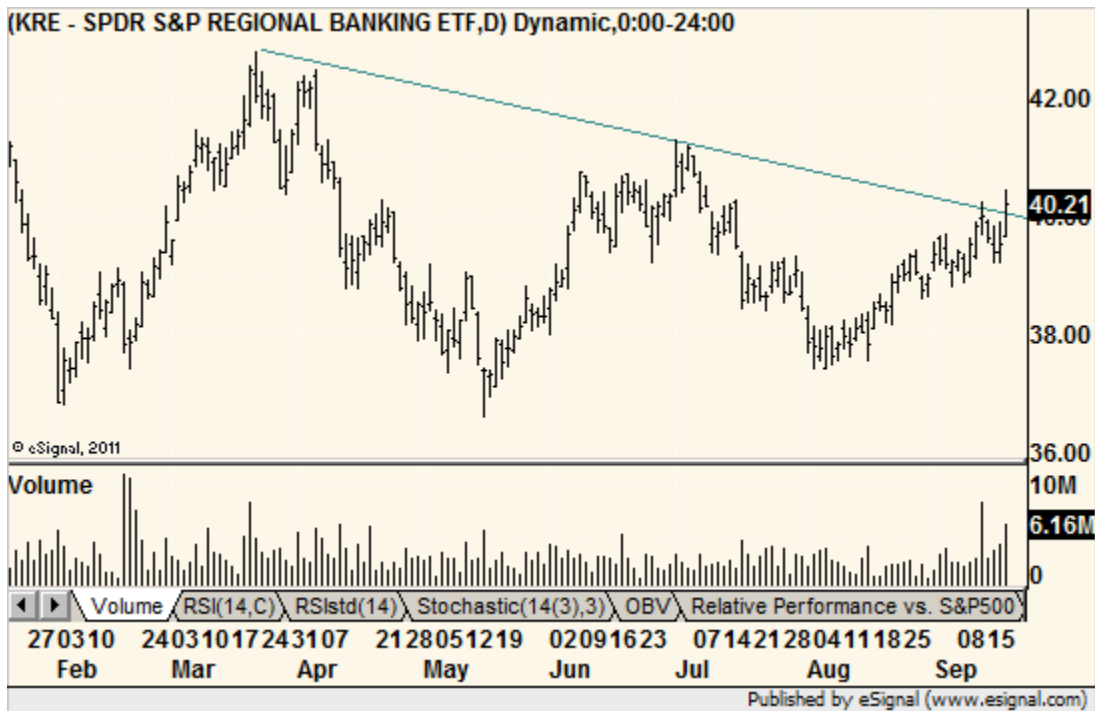
Same caption - Still a mess.

The Radar Screen

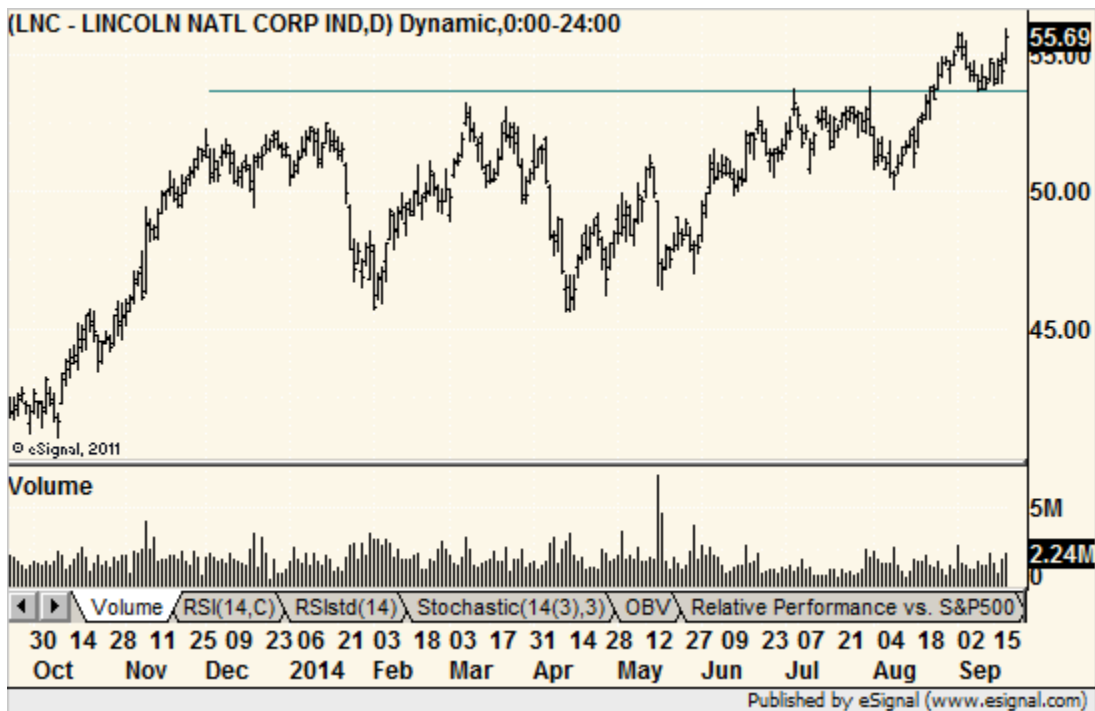
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Raymond James RJF - 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.	Triggered	9/18
Akamai AKAM - A smaller internet stock with a nice pattern and rising on-balance volume. Buy close over 63.	Triggered	9/18
Lululemon LULU - This sports clothing company has been hurting for a while but formed a base over the past few months. The tide has finally come in. After several big volume gaps lower, it finally gapped higher on big volume. Buy 45.	New	9/19
Altera ALTR - Here is a semiconductor stock I wrote up for ProfitableTrading.com. In the article, I showed a daily chart. This is a weekly view to show where this can go for a multi-month trade. Buy any time.	New	9/19
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Back burner stocks - DKS, DDD		8/21
Suncor Energy SU - Another energy stock with a head-and-shoulders (we are short APA on the same pattern).		9/16
Emerging Markets ETF EEM - 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
Norfolk Southern NSC - Would love to buy a dip after this breakout in this railroad stock.		9/18
Sector Watch (observations that may spark ideas)		
Technology XLK - Still leading		8/25
Financial ETF XLF - Big change in relative performance for the better.		8/25
Discretionary ETF XLY - Now lagging XLP ... <u>even a week later</u>		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
Regional Banks ETF KRE - Breakout		9/18
Updates		
none -		

Market Highlights



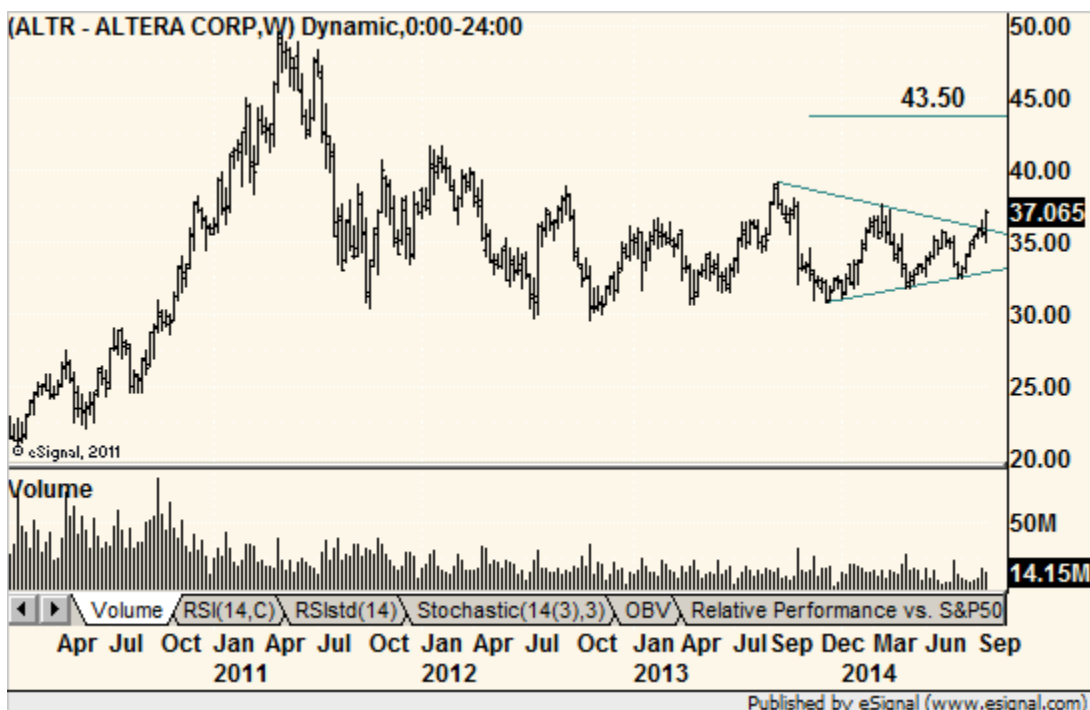
Regional Banks ETF - A breakout. Nice volume, too.



Lincoln National - Financial stock with a breakout, test and secondary breakout. Trailing P/E of 10.3.



Lululemon - This sports clothing company has been hurting for a while but formed a base over the past few months and the tide has finally come in. After several big volume gaps lower, it finally gapped higher on big volume. Buy 45.



Altera - Here is a semiconductor stock I wrote up for ProfitableTrading.com. In the article, I showed a daily chart. This is a weekly view to show where this can go for a multi-month trade. Buy any time for a multi-week, not multi-day, trade.

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>	GNC	GNC HLDGS INC	41.02	9.4%	39.00	37.50	8/25	24
	MRVL	MARVELL TECHNOLOGY GROUP LTD	13.89	-0.1%	13.40	13.91	8/25	24
	CERN	CERNER CORP	58.92	3.2%	57.50	57.12	8/26	23
	VZ	VERIZON COMMUNICATIONS INC	49.69	1.1%	48.00	49.15	8/26	23
	LRCX	LAM RESEARCH CORP	76.77	5.5%	73.00	72.75	9/11	7
	RJF	RAYMOND JAMES FINANCIAL INC	56.07	0.1%	54.00	56.00	9/18	0
	AKAM	AKAMAI TECHNOLOGIES INC	64.35	0.0%	61.50	64.35	9/18	0
<u>Short</u>	LVS	LAS VEGAS SANDS CORP	63.95	7.8%	65.00	68.94	8/22	27
	CNX	CONSOL ENERGY INC	37.98	4.3%	39.50	39.60	9/8	10
	CAT	CATERPILLAR INC DEL	104.34	1.2%	110.00	105.61	9/10	8
	APA	APACHE CORP	97.01	-1.2%	99.00	95.80	9/15	3

Notes: New longs. **RJF** on the breakout. **AKAM**, unfortunately at the close as it blew through resistance intraday.

Raised stops on **GNC** and **LRCX**, which both look great now.

Lowered stop on **CNC** short, which also looks great - as a short.

MRVL should be rallying with semis and tech but it is not. That is not a good sign.

LVS had two big days. Dead cat bounce or a V-bottom? Our stop is there to help.

Subscriber Corner

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Other Information

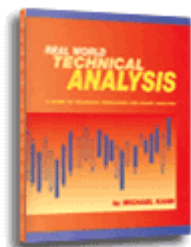
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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