

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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September 25, 2014 - Well, it was another bear crusher Wednesday as stocks caught fire shortly after digesting the latest housing data. So did the US dollar as the dollar index made a long-term breakout move. That was the topic for yesterday's Barron's Online column but we've seen that chart in this report before.

Today is the first day of the Jewish New Year and as the old saw goes, it is sell Rosh Hashanah and buy Yom Kippur (end of next week). Basically, it is a seasonal strategy that did indeed work over time but as one veteran (Art Cashin) pointed out they never had QE before. Last year it did not work.

But we are not going to obsess over a 10-day window. The overriding pattern we see is chop with a short-term down bias and a long-term up bias. In other words, a sloppy correction.

We also still see some sort of big dislocation this year in October, which is just around the corner. The long-term trendline could be challenged and we'll have to see what happens then. For now, we are mostly in hold mode with both shorts and longs.



We've removed all the old lines from the hourly chart and started fresh and this is what jumped out at us. It is an expanding triangle and it does tell us about increasing volatility and a possible topping process. It also leaves the door open for another high before it is all over but that is a prediction we are not willing to make right now.

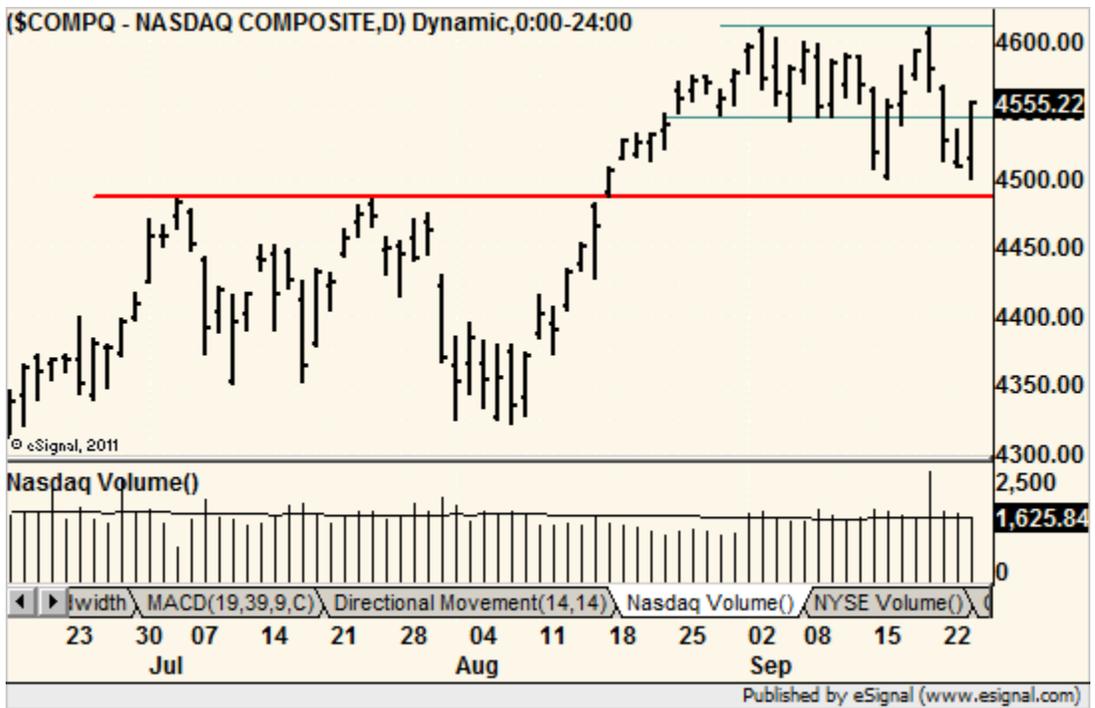
The overnight bombing of an oil refinery in Syria did not move the oil market at all. Treasuries fell yesterday as stocks rallied but did get a small pop higher overnight. And as mentioned, the dollar broke out. It is up again today. If anything, the dollar is clamping down on gold and silver so we'll have to move on from the bottom fishing expedition there.

Today's report is very light, as will be tomorrow's, due to the holiday. Trading volume is expected to be lighter, too, so beware additional volatility.

Index Charts of the Day



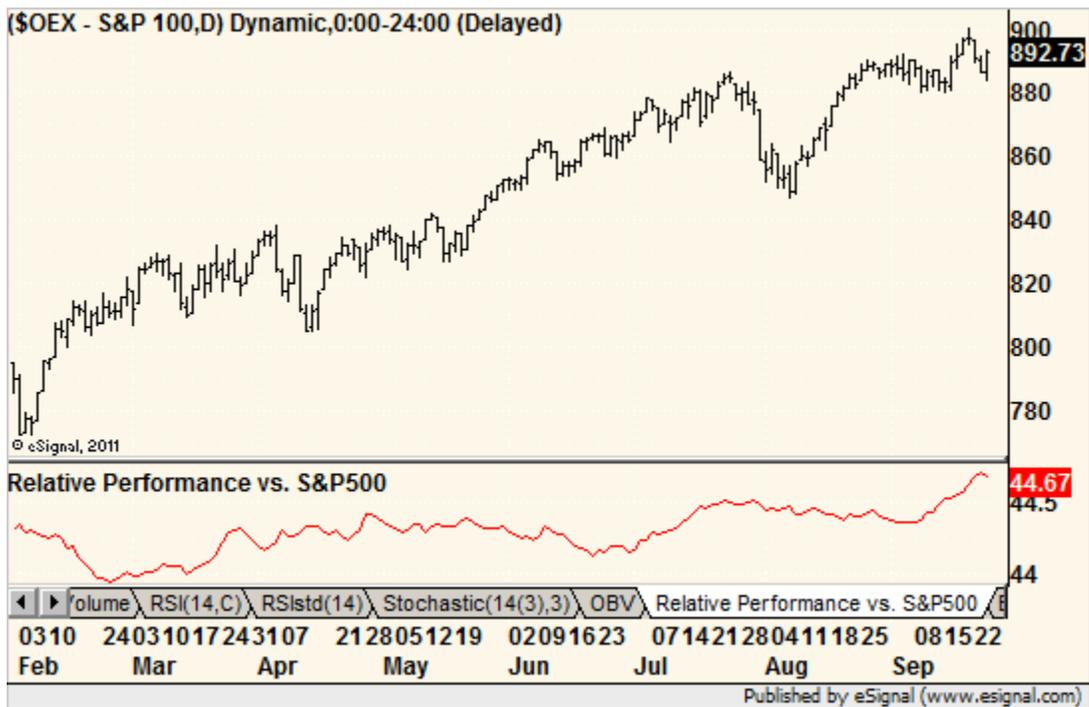
The equal-weighted S&P 500 is perhaps the best representative of what is going on right now. A breakdown followed by a bullish reversal back in to the pattern at oversold conditions suggests the bulls are not dead yet.



Another reversal off the red line for the Naz - bullish so far.



A bullish engulfing line may have negated the previous evening star formation.



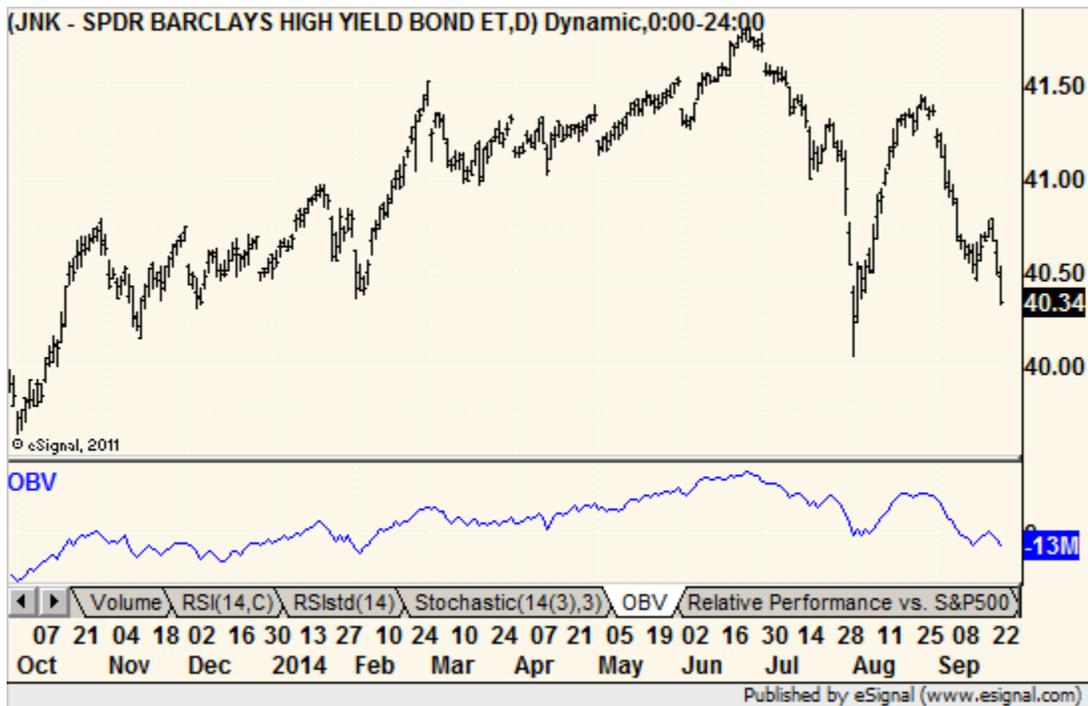
The S&P 100 super-cap index is leading and the chart just looks like it had a little bump in the road.

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		
Norfolk Southern NSC - Would love to buy a dip after this breakout in this railroad stock. Got it. Let's nibble.	Triggered	9/18
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
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. Still like the setup but it is too far away for now. Will keep watching.		9/19
Home Depot HD - Watching to see if it is a double top or cup-with-handle. <u>Looking like the latter so far</u>		9/23
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		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 failure		9/18
Emerging Markets ETF EEM - Breakdown		9/17
Retail ETF XRT - Really weak		9/23
Updates		
Vanguard REIT ETF - Ugly got uglier but it lusted landed on its 200-day average.		

Market Highlights



Junk Bond ETF - Looked nasty yesterday and it fell another chunk - as stocks rose. This is not good.



AMEX oil and gas index - This was the benchmark before ETFs and it just put in a reversal. Note diverging RSI and false breakdown. We are still short one energy name but this chart has the potential to turn things around. Sentiment is also rather dour. Tuesday's chart of the day **RDC** looks ripe.

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	39.66	5.8%	39.00	37.50	8/25	30
	CERN	CERNER CORP	58.99	3.3%	57.50	57.12	8/26	29
	VZ	VERIZON COMMUNICATIONS INC	50.07	1.9%	48.00	49.15	8/26	29
	LRCX	LAM RESEARCH CORP	75.55	3.8%	73.00	72.75	9/11	13
	RJF	RAYMOND JAMES FINANCIAL INC	54.17	-3.3%	54.00	56.00	9/18	6
	ALTR	ALTERA CORP	36.26	-2.9%	35.00	37.33	9/19	5
	NSC	NORFOLK SOUTHERN CORP	111.45	1.0%	106.00	110.31	9/24	0
<u>Short</u>	CNX	CONSOL ENERGY INC	37.03	6.9%	cover	39.60	9/8	16
	CAT	CATERPILLAR INC DEL	101.20	4.4%	cover	105.61	9/10	14
	APA	APACHE CORP	94.85	1.0%	99.00	95.80	9/15	9
	PFE	PFIZER INC	30.31	-0.4%	31.00	30.18	9/22	2

Notes: Normally, we'd like to let profits run but **CAT** (short) landed on support and reversed with heavier volume. It is not much but it is better than nothing.

Also, coal seems to be oversold and our short in **CNX** formed a hammer candle. We'll take this profit, too.

New long in **NSC** as we bought the dip in a leading sector.

We also covered the short in **LVS** yesterday at the open 13.2% profit in 33 days.

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

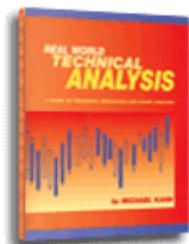
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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