

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

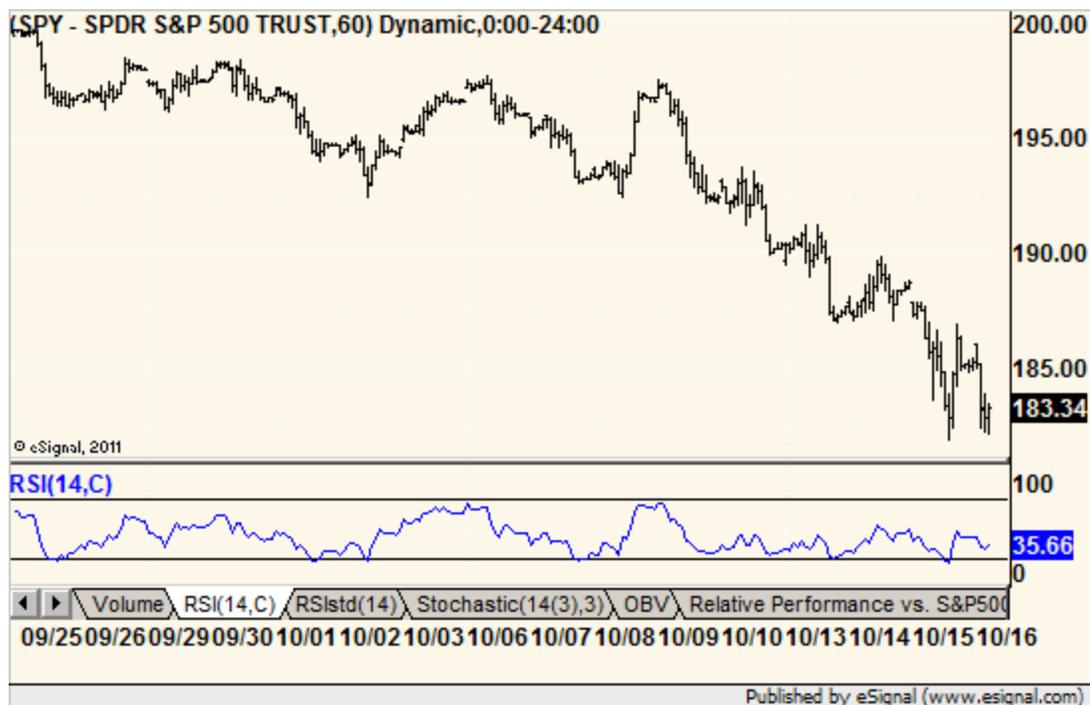
**October 16, 2014** - This time it was Ebola and a second infected nurse that seemed to send investors to the hills. The Dow was down 460 points intraday before rallying back to "only" a 173-point loss. And overnight, more selling.

This kind of volatility is for the pros only and we mean the hardcore trader types. Most of us should recognize the end of the cyclical bull market from 2009 and be prepared, hedged or even conservatively short for the time being. We are not calling it a bear market but its name is not important to what we do.

Gold is not the safe haven and bonds are already so high that the interest rate return does not compensate for the price risk at these lofty levels. Money markets are not much better than the mattress but at least capital will be conserved.

It makes no sense to do any fancy analysis such as junk to treasury or offense to defense ratios. Correlation heads towards one when volatility and fear are this high. Therefore, we are mostly spectators right now with an ever watchful eye for opportunities on the long-side for whenever this debacle ends. We still think online brokers have a good technical story (check out **ETFC** below).

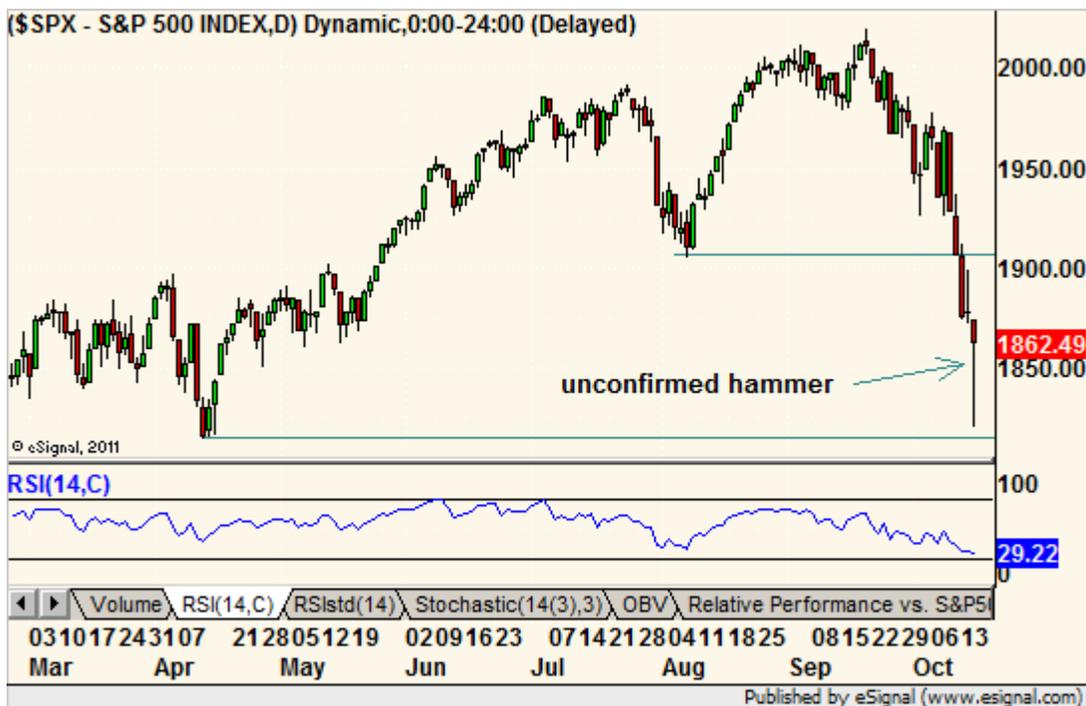
And energy is going to get so hated that it will be cheap. We thought that a few days ago but were not triggered with an actual price reversal and that may not happen until oil falls to our 75-79 target. But it is on the Radar Screen as we wait.



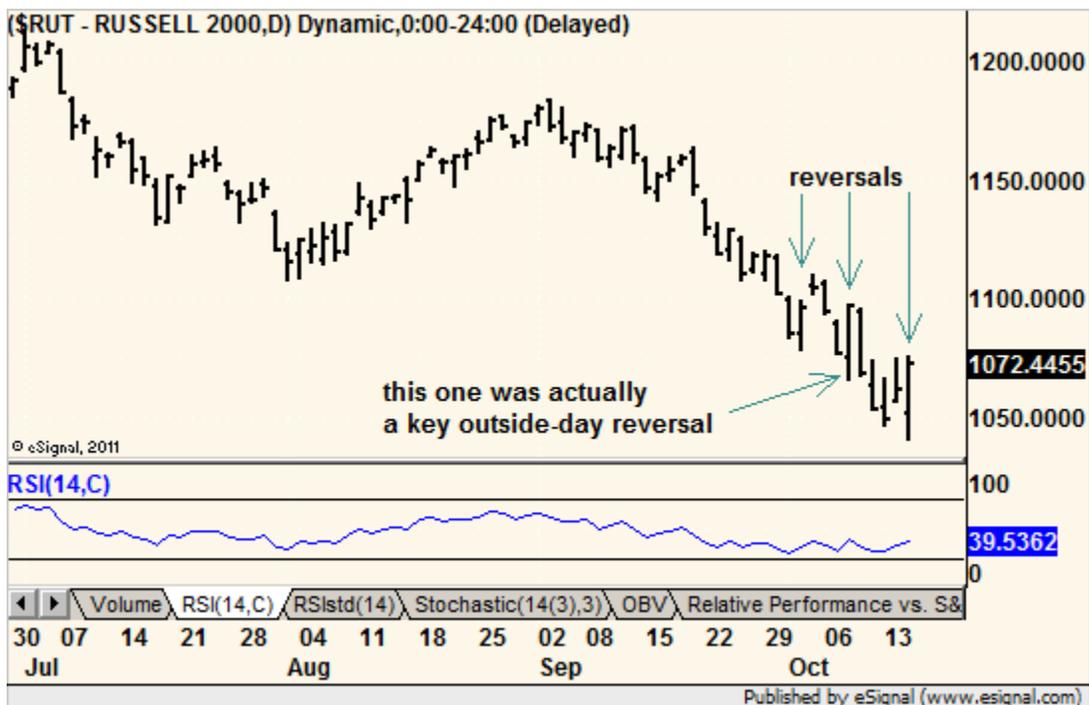
The hourly chart shows the down trend and recent extreme volatility. Some see a double bottom possibility here but it is too early to call for that. We'll stick with the declining trend and not try to buy dips, even for quickie intraday trades.

We ran through some long-term charts earlier this week to look for possible downside targets and they are still unmet. That's the environment. Small positions sizes and conservative plays are the themes now.

## Index Charts of the Day



Once again we have a situation where this oversold market "should" bounce as it left a rather striking hammer candle yesterday. However, we can also argue that the intraday rally was the bounce. In order for it to be a buy signal, short-term or otherwise, we have to see a close above yesterday's high.



Some folks got excited about the reversal in the Russell but we've seen that twice before already and the last one was a key reversal - that failed.

## The Radar Screen

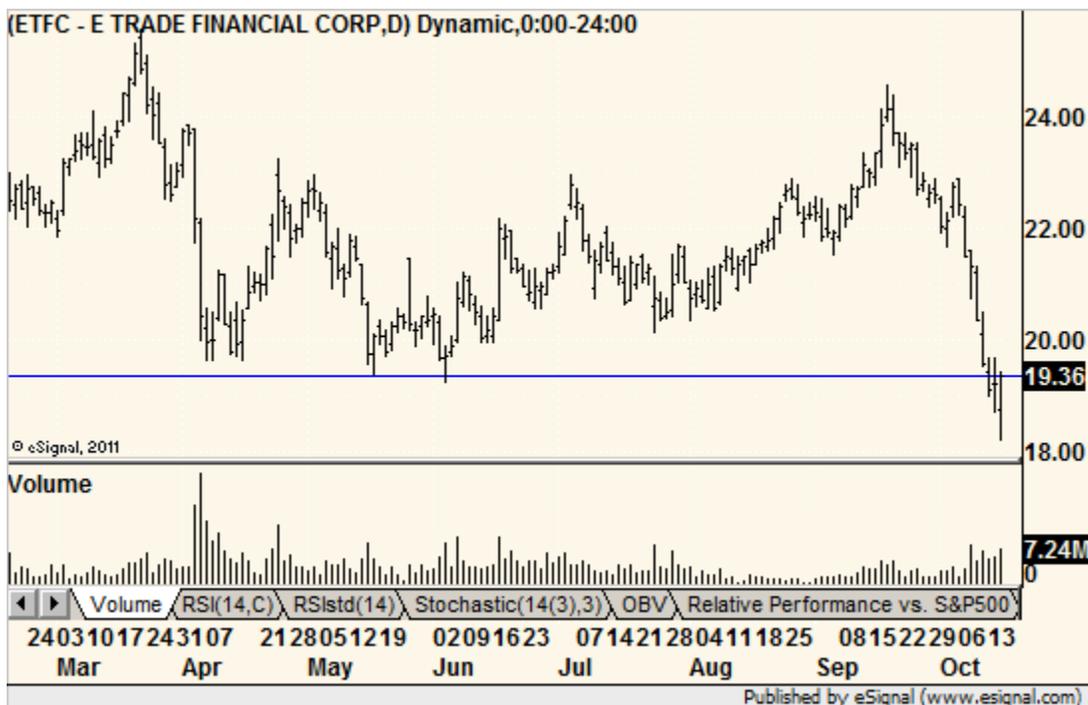
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Ameritrade AMTD</b> - This was the topic for my current Profitable Trading article. Similar to <b>SCHW</b> , which was yesterday's free chart of the day, it is wildly oversold and at support. Waiting for the reversal signal of a close above the middle of Tuesday's candle at 30.25.		10/15
<b>E-Trade ETF</b> - This online broker scored a reversal yesterday and if it is confirmed with a higher close then it will also negate the support break. That is not bad in a panicky market. Buy close over 19.50.	<b>New</b>	10/16
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Hershey HSY</b> - While a good chunk of cocoa comes from West Africa, Hershey is not affected. This chart, however, still looks ready for yet another leg lower. Just watching for now. <b>Breakdown</b>		10/14
<b>Whirlpool WHR</b> - Still in a 2014 triangle but could not lift off the lower border. Watching for a breakdown		10/14
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Falling knife for now but sooner or later it will be overly hated	<b>New</b>	10/16
<b>Updates</b>		
<b>none</b> -		

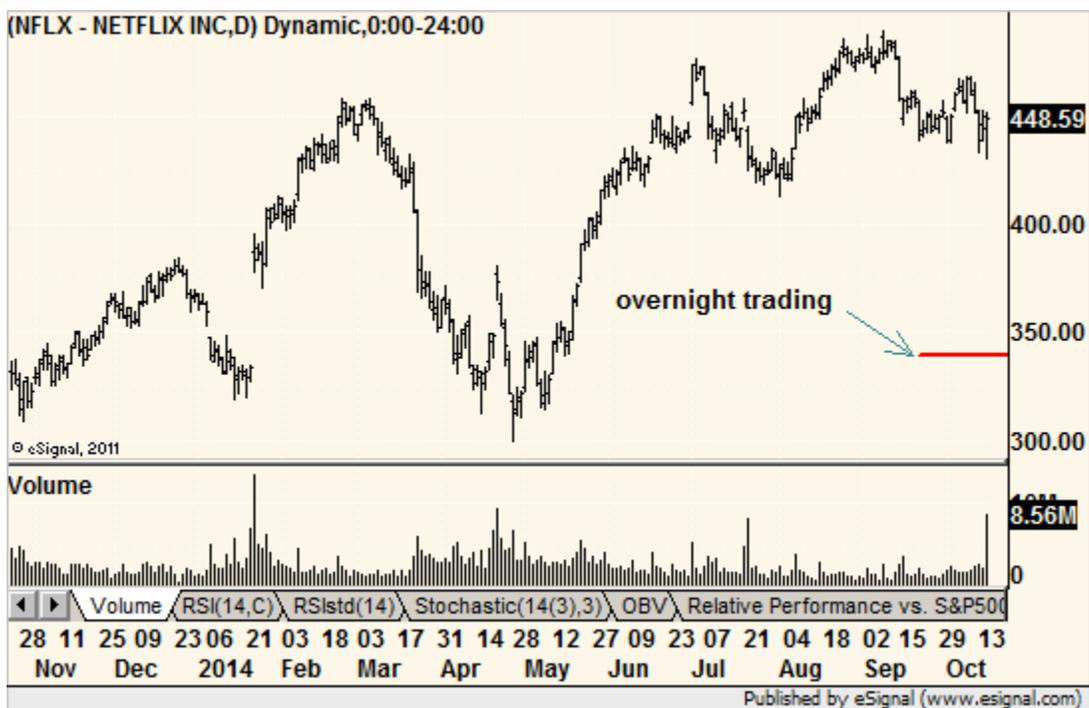
## Market Highlights



**Long T-bond ETF** - Volatility was not limited to stocks as bonds jumped huge in the morning but sold off as stocks recovered. However, they are firm again this morning. This is not for investment but rather a tell on what is going on, suggesting that the stock rout is not over yet.



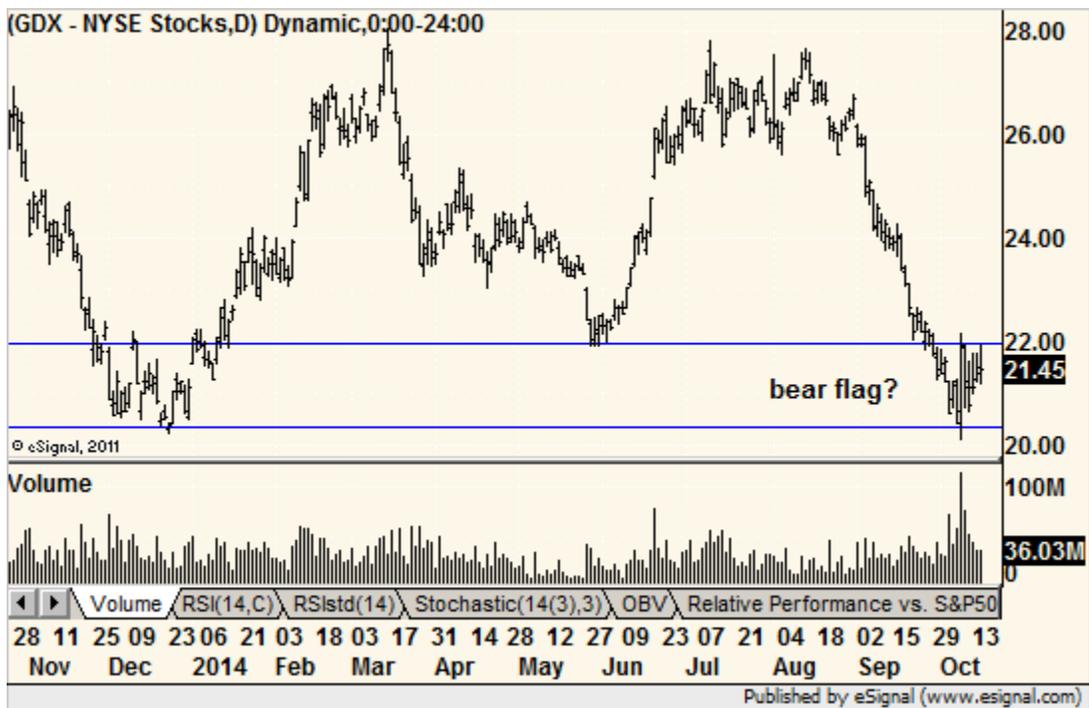
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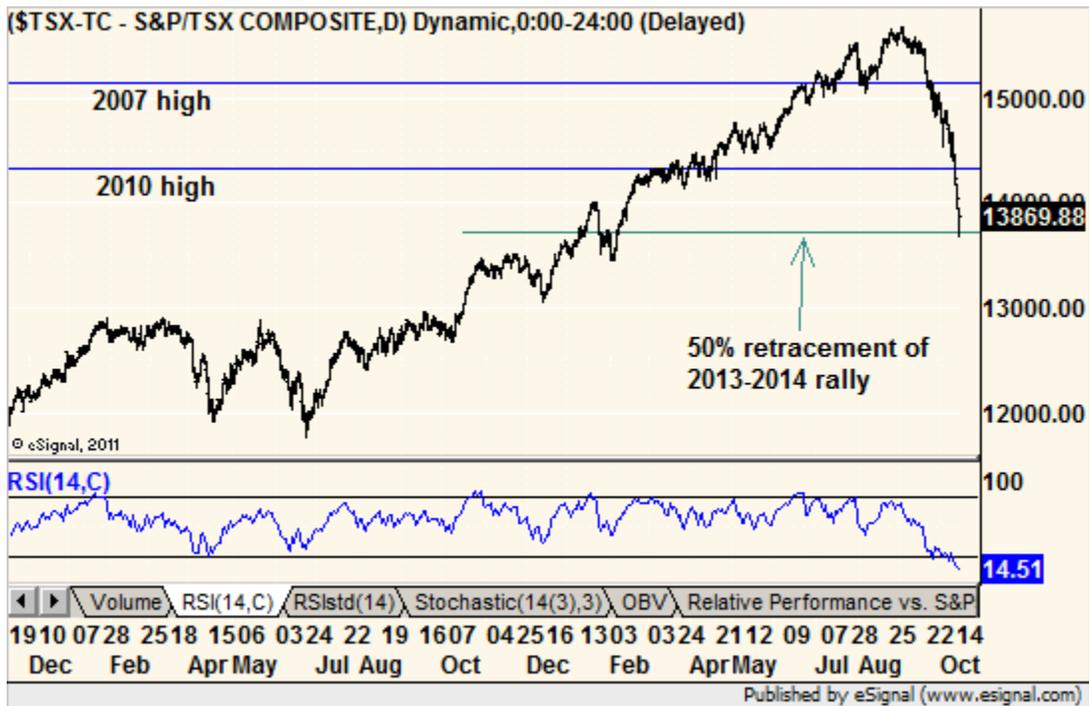
**Netflix** - Here's the chart after it collapsed after hours yesterday. It is a broken stock although with that kind of volatility there should be some tradable swings for the very bold.



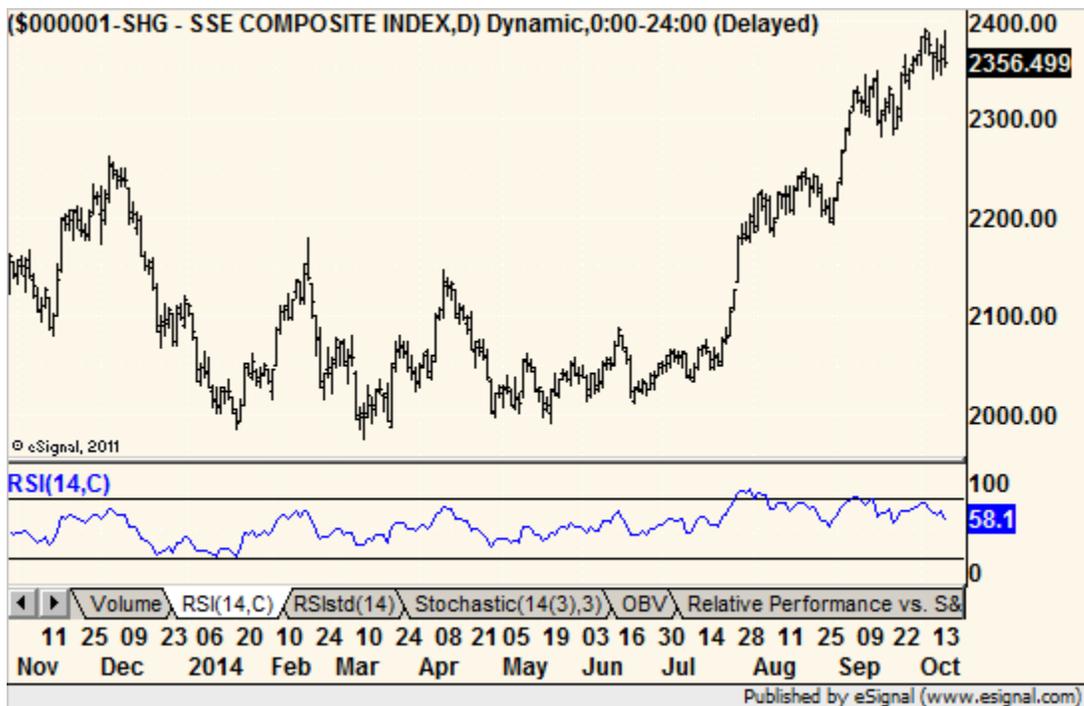
**Bank ETF** - This shows long-term support not far below. We think it has to get down there for a bit before it rebounds simply because we cannot see it do a "V" bottom right here.



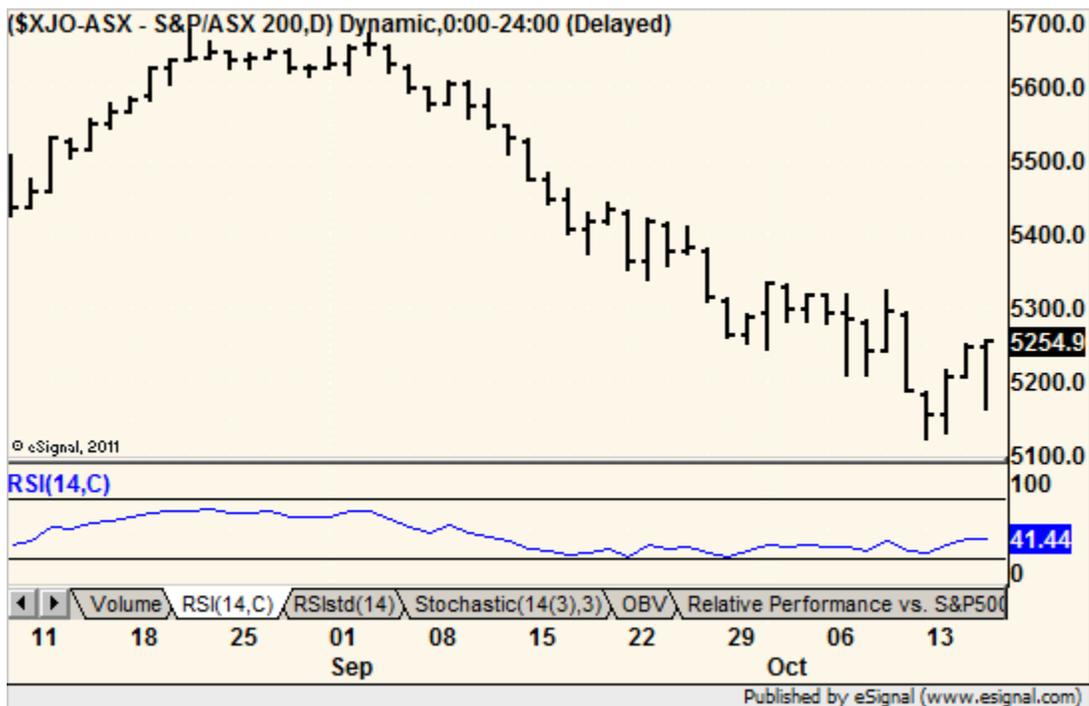
**Gold miner ETF** - Looks like a falling volume bear flag between support and resistance but we are not convinced. Not touching it.



**Canada TSX** - This market got destroyed as it gave up support from the past two major peaks in 2007 and 2010. However, it is now at the 50% retracement of the rally from 2013 and so extremely oversold that it is hard to bet against it right now in the very short-term. The trend, however, is still down.



**China Shanghai Composite** - We know the world is reacting to the sell off but China does not show any of that. Still in a rising trend.



**Australia ASX 200** - Australia was already in decline but it closed higher overnight after an initial drop. Note the slightly rising RSI. Basically, it looks a lot better now than it did a week ago.

## 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>RGEN</b>	REPLIGEN CORP	21.33	5.9%	20.75	20.14	9/30	15
<u>Short</u>	<b>PFE</b>	PFIZER INC	28.19	7.1%	29.75	30.18	9/22	23
	<b>LLTC</b>	LINEAR TECHNOLOGY CORP	38.69	13.1%	41.00	43.75	10/1	14
	<b>AXP</b>	AMERICAN EXPRESS CO	80.93	7.2%	87.00	86.75	10/1	14

Notes: none

## Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

No questions? Really?

## Other Information

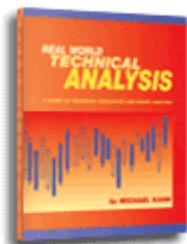
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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