

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

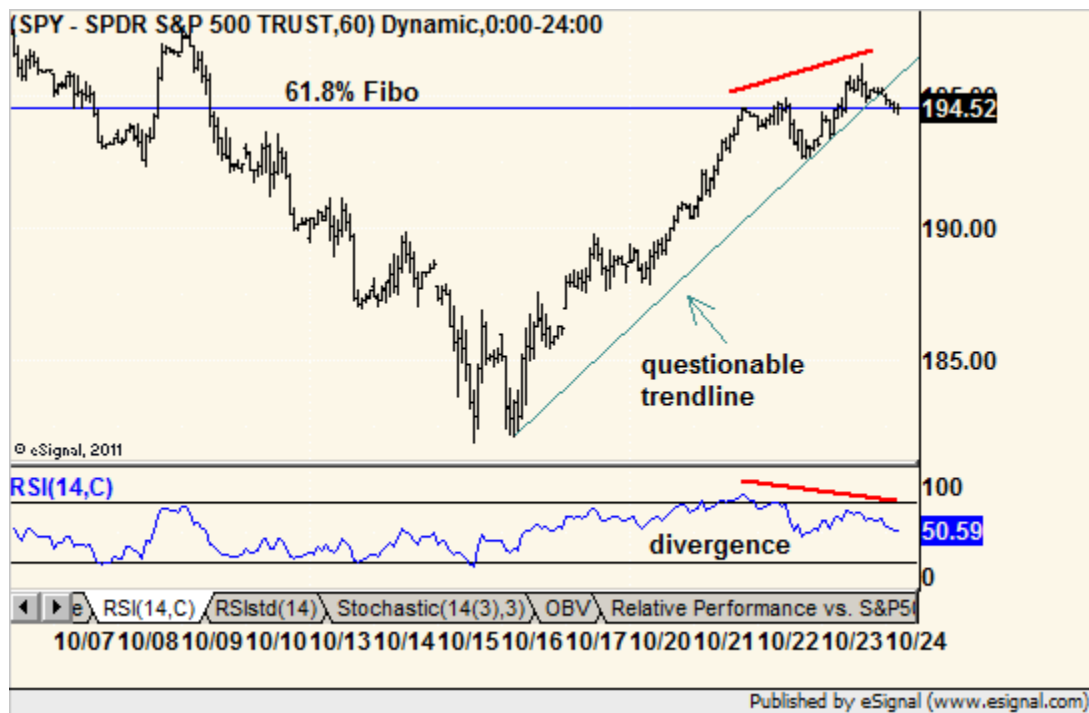
MICHAEL KAHN
RESEARCH LLC

October 24, 2014 - That was some little rally yesterday thanks to big earnings and better news from Europe. The Dow was up 300 at one point, that is, before news came out that a doctor in New York City was Ebola positive. The Dow ended up with a 216-point gain. Sounds good, right?

Not so fast. The entire gain - and we mean entire - was notched at the open. The rest of the day was fluff and the market, depending on the index, scored a spinning top candle. The bigger the capitalization, the better the candle - and the more uncertainty it left. Uncertainty is the hallmark of spinning tops, which open and close near to the same price.

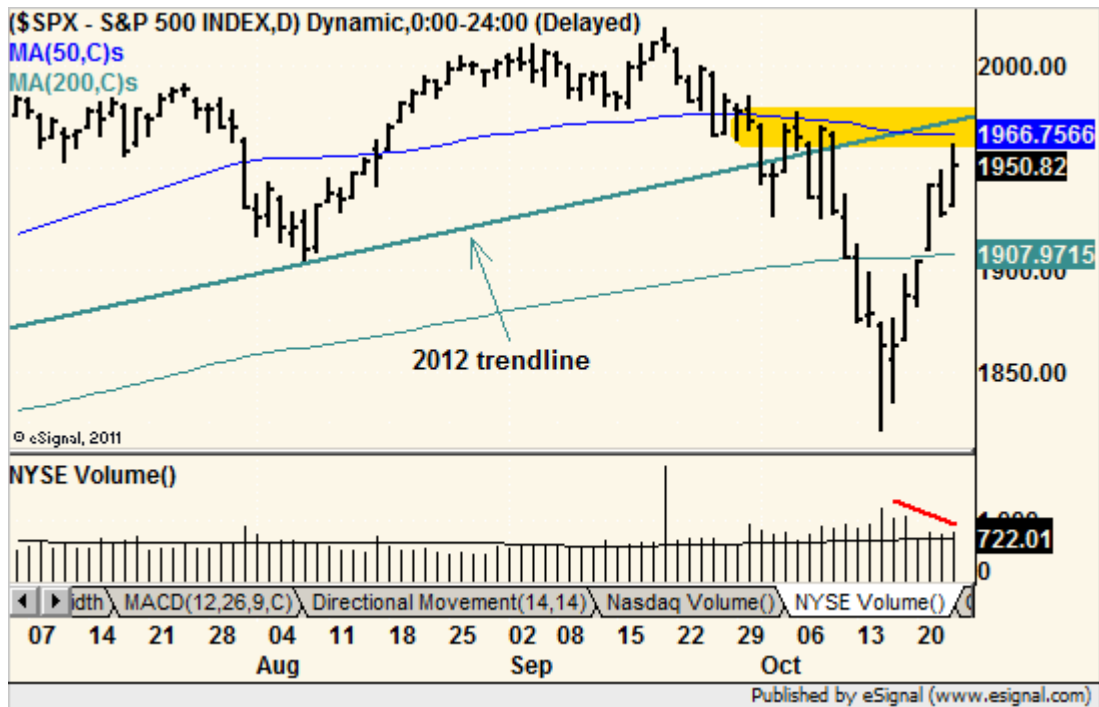
CAT and **MMM** were credited with 1/3 of the Dow's net so why did the Nasdaq have one of its best days? Those stocks are not on it but **FB**, **MSFT** and the behemoth **AAPL** sure are. We cannot just say it was just the Dow stocks that were the reason for the big up-day and that is a bullish argument. But was it enough to keep the market going?

In the age of volatility, we'd say the odds were pretty good that today will be a down day to keep the up-down string alive on the Dow. **AMZN**'s earnings miss and price collapse after hours will work in that forecast's favor, especially on the Nasdaq where it lives.

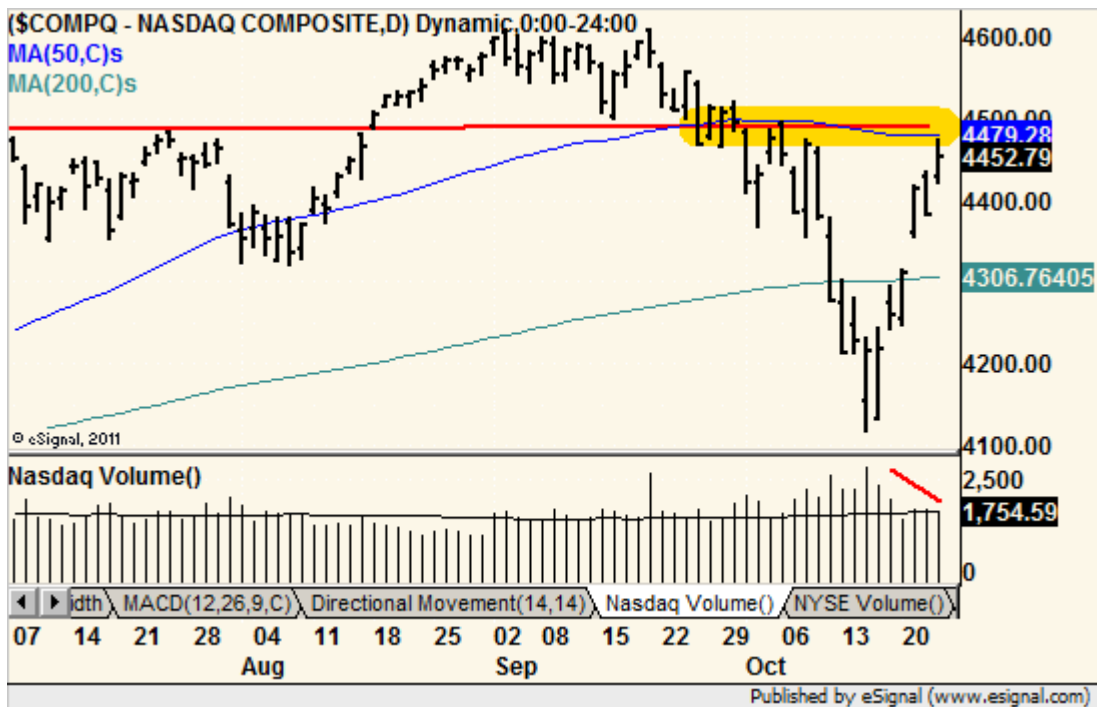


The hourly chart shows the **SPY** breaking out through the Fibonacci level shown and then coming back to test it yesterday. Today, it is starting to look like it will fail that test with a move below that level. Of course, there is plenty of trading left today before we can declare anything but the RSI divergence suggests the bears have the upper hand again.

Index Charts of the Day



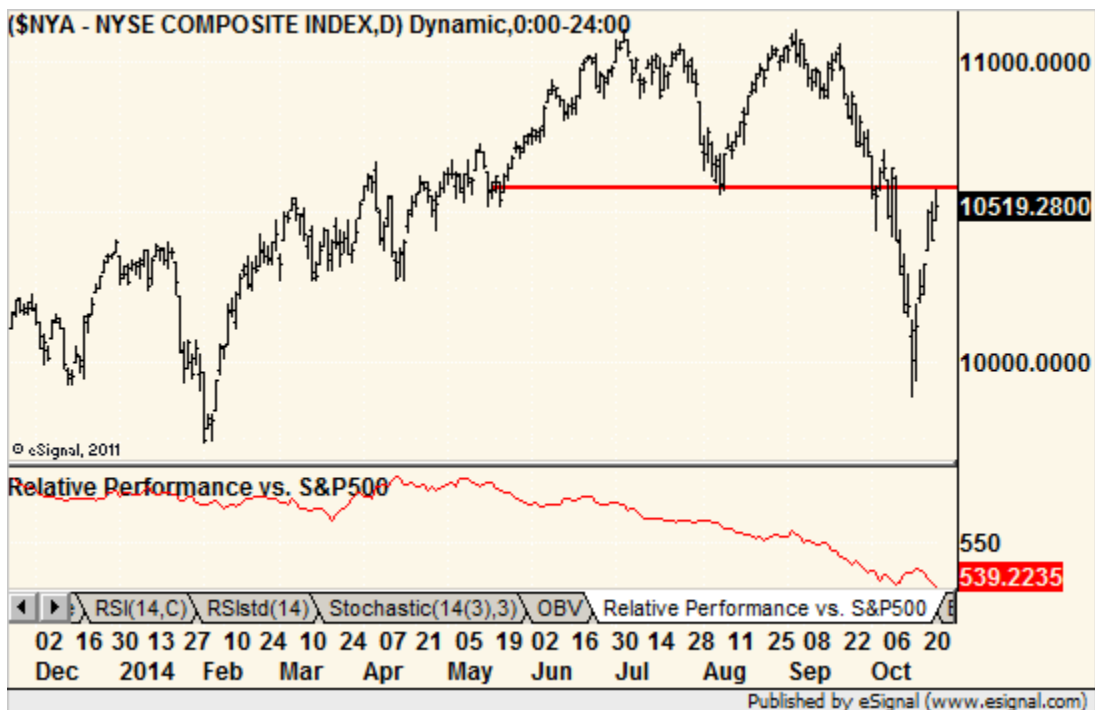
Wednesday's reversal was negated but the resistance area is now in view.



Same story for the Nasdaq. Resistance is nigh.



Unlike an index, which has to calculate as stocks within open, an ETF can jump like a single stock at the open. Here we see the **SPY** do just that and leave a doji candle of uncertainty at resistance. Translation, it is still a good time to take profits.



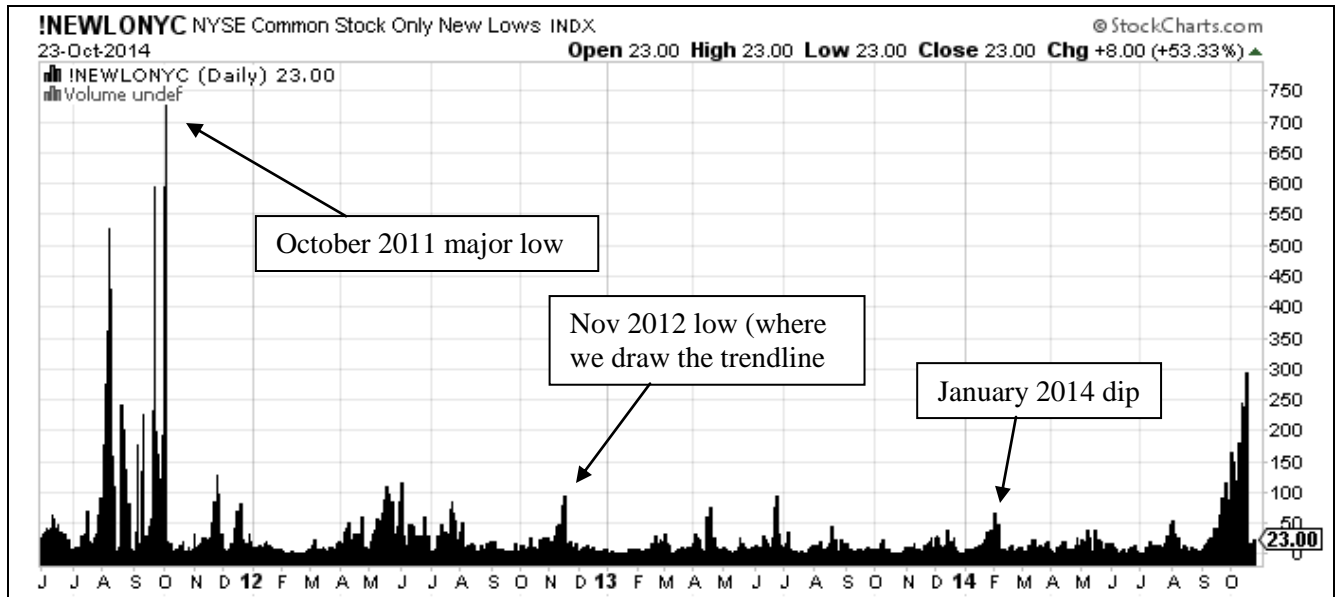
The NYSE composite is testing its double top breakdown. Its relative performance chart still tells us that the average stock is losing.

The Radar Screen

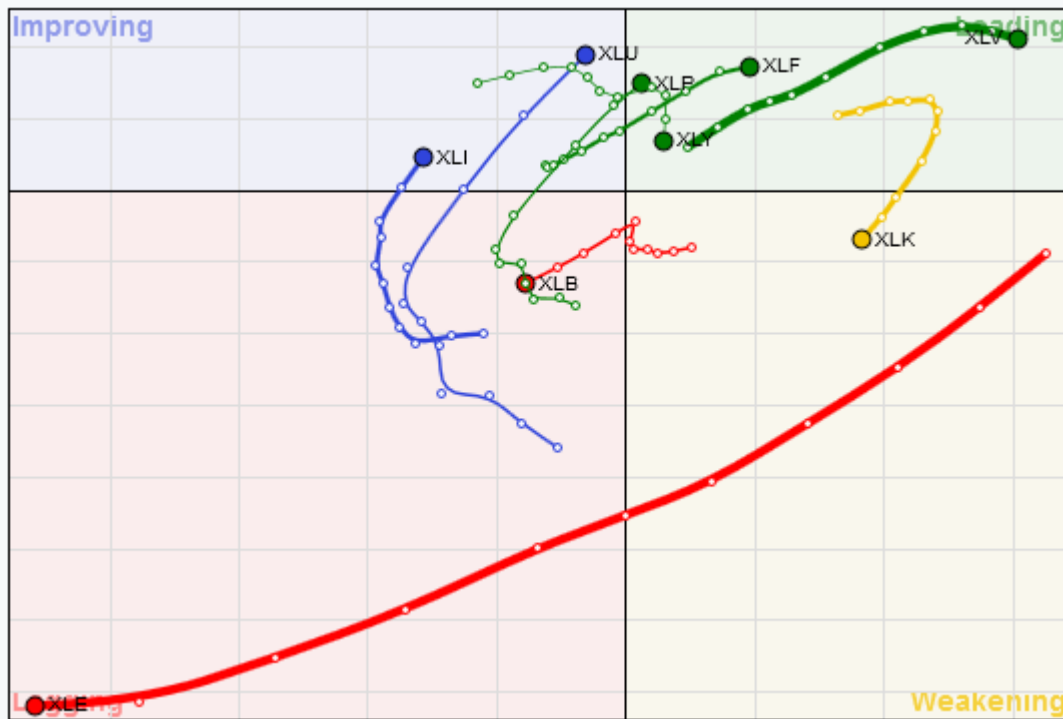
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Lifelock LOCK - You've seen the TV ads. This stock is in an uptrend but paused in a triangle surrounded by its 50- and 200-day averages. Buy close over 15.75.	Triggered	10/21
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Columbia Sportswear COLM - Elevated volume tipped us off to this one. Not shown is rising RSI and flat on-balance volume as prices sagged. Those are bullish divergences. Still needs to break the trendline and 50-day average above that (not shown). Second time, no cigar. This might be the hint to move on.		10/22
Pep Boys PBX - This auto parts retailer is pulling away from its lower Bollinger Band, near support with rising RSI. A good one to watch here.		10/22
Allstate ALL - A failed breakdown from a range and trendline puts this on a bullish watch.		10/22
Discover Financial DFS - This credit card stock is on bear watch. The trendlines are from two lows in 2013 and 60 seems to be the key. A move under that would be quite bearish.	New	10/24
Sector Watch (observations that may spark ideas)		
Energy - bounce may be over		10/16
Banks - KBE ETF reversed to the downside after hitting the bottom if its broken nine-month triangle		10/23
Updates		
Nextera Energy - We did not officially say to buy it but we hope you did. Nice rally. Nice dividend.		

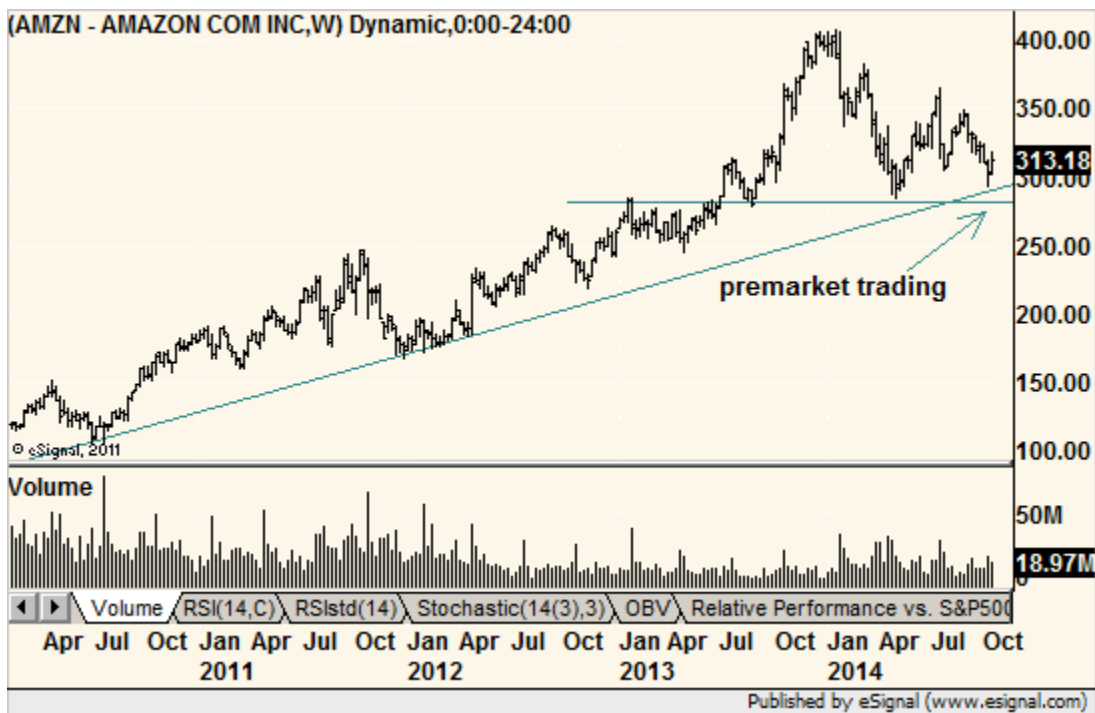
Market Highlights



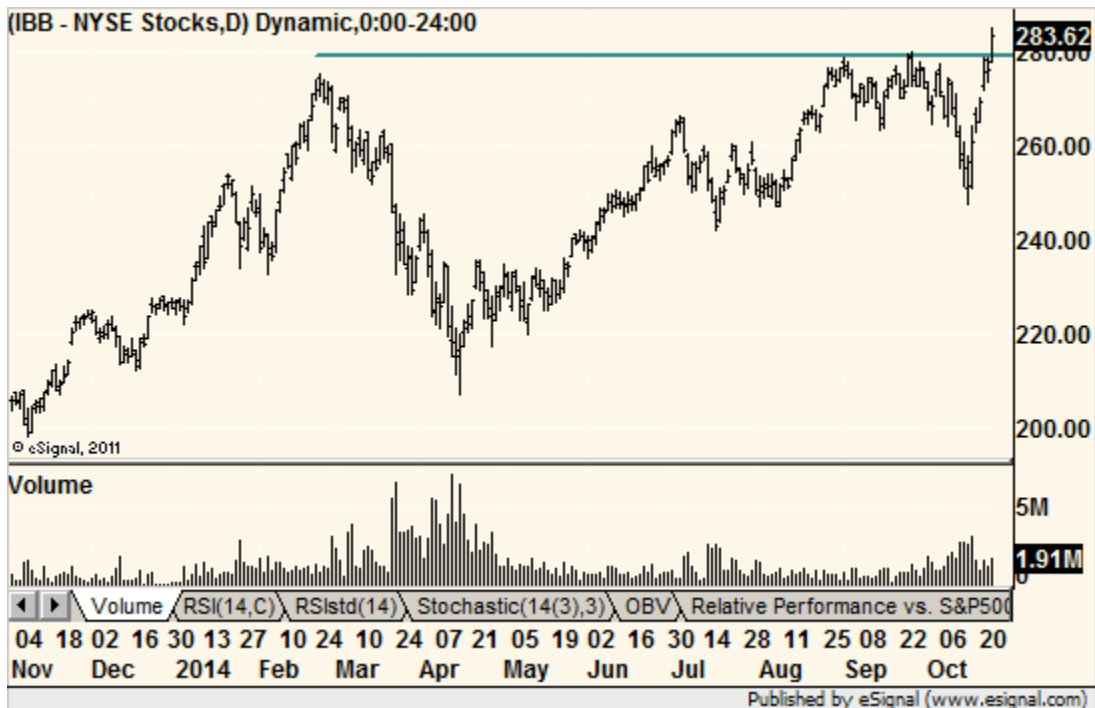
NYSE common stock only new 52-week lows - The number of new lows is greatly expanded but beyond any market dip level in the past. It is still well below the real correction in 2012. This is a bad sign.



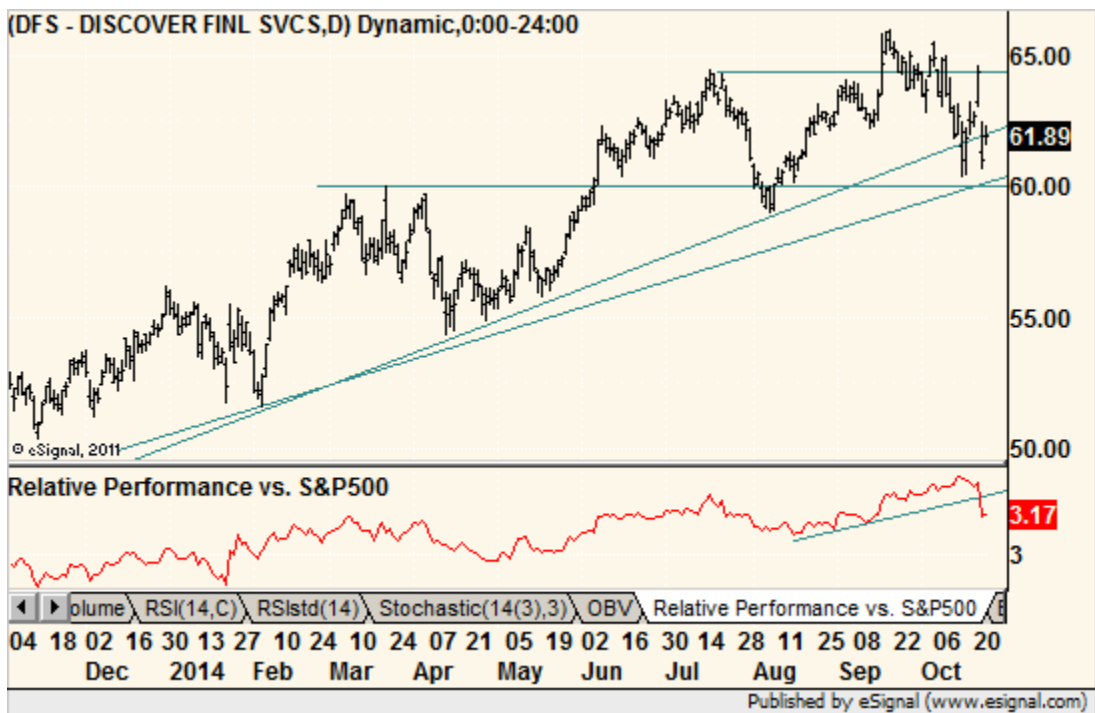
Relative Rotation Graph - Healthcare is still leading but financials are now moving well. The real problem here is that tech has cycled out of the leader box. Poor energy still lags badly.



Amazon - Chaikin nailed it with his "buy cheap puts at the open" strategy yesterday. It missed its earnings and tanked after hours. We like that it landed on support but not that it broke its 2008 trendline. While it can be an overshoot of this support it still sports an insane P/E ratio. The emperor has no clothes.



Nasdaq biotech ETF - Healthcare and biotech still the place to be if you like stocks.



Discover Financial - This credit card stock is on bear watch. The trendlines are from two lows in 2013 and 60.00 seems to be the key. A move under that would be quite bearish.



Delta Airlines - The ride may be over with that shooting star candle and the latest Ebola news.

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>	RGEN	REPLIGEN CORP	23.98	19.1%	sell	20.14	9/30	23
	SDRL	SEADRILL LIMITED	24.14	1.4%	23.25	23.80	10/17	6
	AMTD	TD AMERITRADE HLDG CORP	31.26	1.5%	30.25	30.80	10/21	2
	MANH	MANHATTAN ASSOCS INC	36.76	5.2%	35.00	34.93	10/21	2
<u>Short</u>	LLTC	LINEAR TECHNOLOGY CORP	40.92	6.9%	41.00	43.75	10/1	22

Notes: Sold **ETFC** at the open yesterday, which was not bad since it closed at about the same price. Here are the details: 6.1% profit in 7 days.

Today, we are going to cash in **RGEN** as it rallied into resistance with weak volume and overbought conditions.

Raised stops in **AMTD** and **MANH** (again).

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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