

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**October 31, 2014** – Happy Halloween everyone and thank the Bank of Japan for today's goodies. Overnight, they decided they needed some more QE and that's when the fun began, Stocks soared everywhere while the yen cratered (chart in Market Highlights). US Treasury bonds ended their little bounce and gold melted down.

The S&P 500 should be at or close to its September high after the open and the Nasdaq ETF (QQQ) breaking out to fresh new high of its own. And the Russell 2000, while not close to new highs, is right there, too.



There is not much to say in terms of sectors as all, with the exception of gold, are on the move higher. This is practically a monkey throwing darts as it really does not matter what you own anymore. We are interested to see how yesterday's earnings bombs, such as **SBUX**, react. Will they just be off the field for a few plays before getting back in the game?

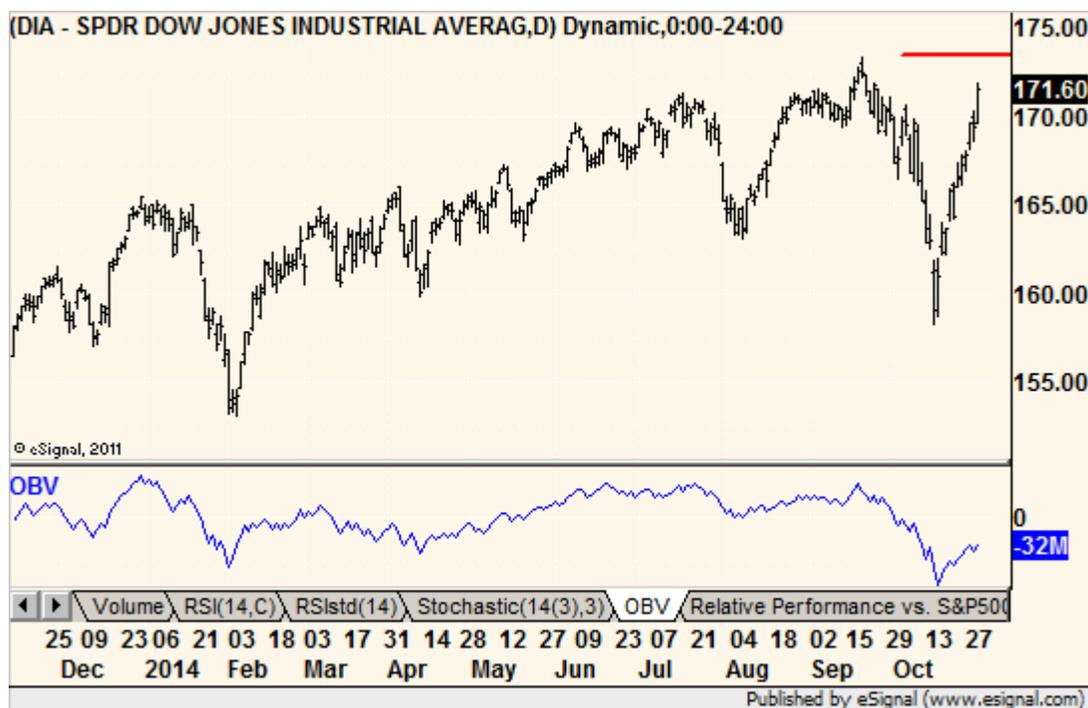


We said yesterday that while the trendlines were broken we really needed to see 195 taken out before getting really bearish. Obviously, that did not happen and now the market is back above two of the lines. Technically, it is overbought once again with the overnight gain but none of that matters when QE is involved.

As far as buying new positions today, there are no setups whatsoever. If you want to get in you have to close your eyes and jump and that is not how we like to do it. Selling is like stepping in front of a speeding train although sooner or later the market is going to realize what it is doing.

There is not a whole lot we can suggest today and there is no Radar Screen at all. Perhaps the only advice is to fade this rally if the Dow gains an additional 200 points from its expected 200-point higher open. That would be the buying climax.

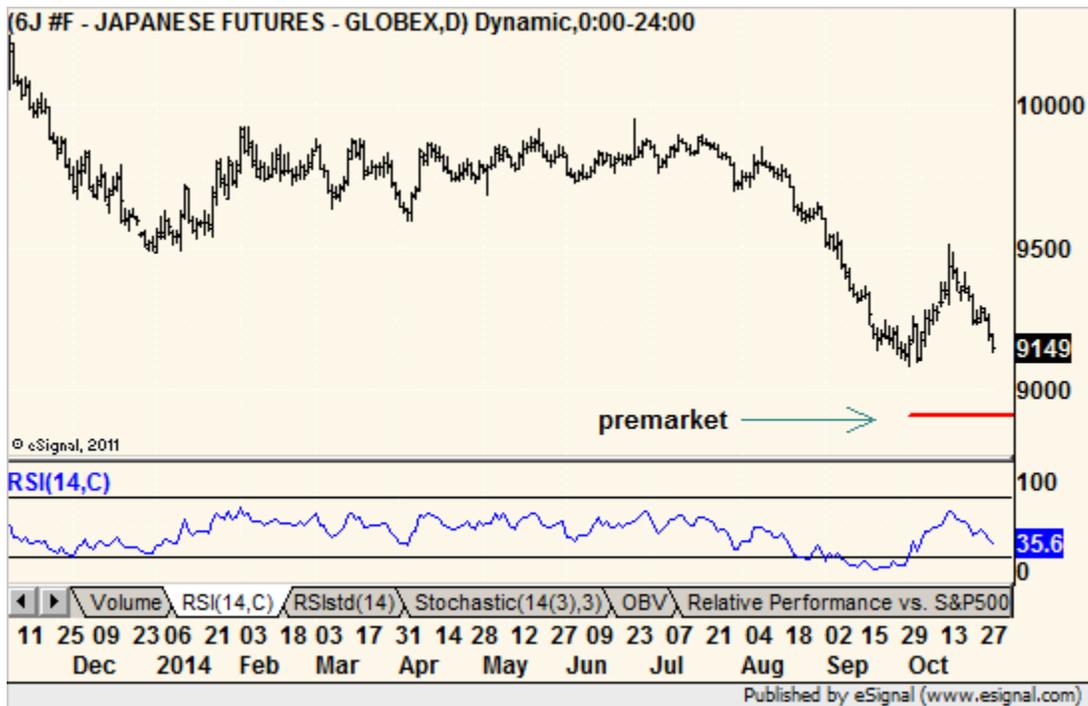
## Index Charts of the Day



We only need one market chart today because they all tell the same story. Here, we see the Dow Diamonds ETF now trading in the premarket at a new high. The rally was nearly vertical, which is really unsustainable. Of course, it was unsustainable two days ago, too.

Check out on-balance volume. It is nowhere near where it was last month and that tells us that a lot of money flowed out then while not so much flowed in during the rebound. Unusual to say the least. Bearish to say the worst but what is really bearish when central banks are involved?

## Market Highlights



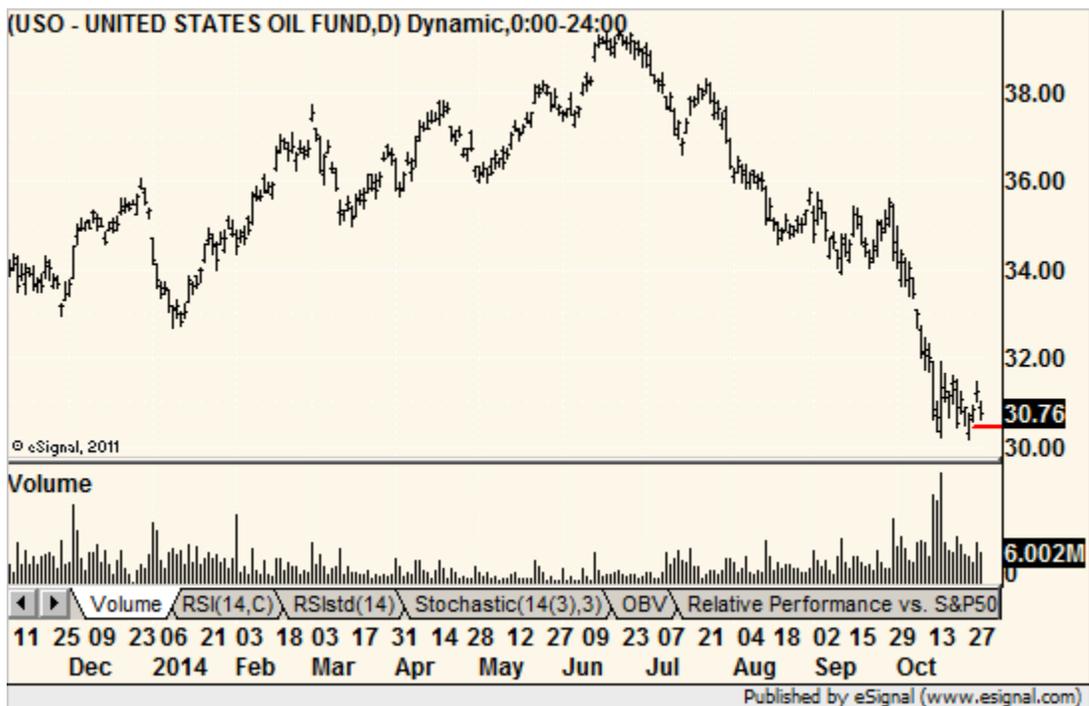
**US dollar index** - Cannot argue with the breakout. The other lines are long-term resistance features that were broken to the upside and now tested.



**Gold ETF** - Support breakdown overnight. My Barron's Online column yesterday was about gold stocks and the conclusion was that it is not yet over. Sentiment is not bearish enough. Seasonality is not yet out of the bear woods.



**Long T-bond ETF** - Trading a bit lower in the premarket. That big spike still looks to be the blow off top in this market to us. **Watch out for municipal bonds. They are near a similar trendline and could break.**



**Oil ETF** - Trading lower this morning but still in its recent range. Our target is still 75-79 for crude (currently 80.36)

## 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>AMTD</b>	TD AMERITRADE HLDG CORP	33.11	7.5%	32.00	30.80	10/21	9
	<b>MANH</b>	MANHATTAN ASSOCS INC	39.28	12.5%	37.50	34.93	10/21	9
	<b>ALL</b>	ALLSTATE CORP	63.91	1.9%	62.00	62.71	10/27	3
	<b>KKD</b>	KRISPY KREME DOUGHNUTS INC	18.57	1.8%	17.75	18.25	10/28	2
<u>Short</u>								

**Notes:** **LOCK** stopped us out Wednesday and then took off Thursday. Unreal.

Otherwise, even considering our very skeptical view of the market we have been 100% long.

## 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

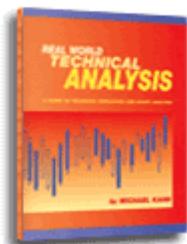
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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