

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**November 4, 2014** – It was a choppy, low volume day as things came to a grinding halt before today's midterm elections. Stocks did nothing although oil broke down (chart below). Treasury bonds did very little but muni bonds broke down. And the dollar soared while gold did nothing although granted gold is thoroughly beaten down.

Here is what we know about all those markets. Both gold and oil are nearing major lows - gold being the 2008 bottom and oil being the 75-79 target. The latter is currently at 76.

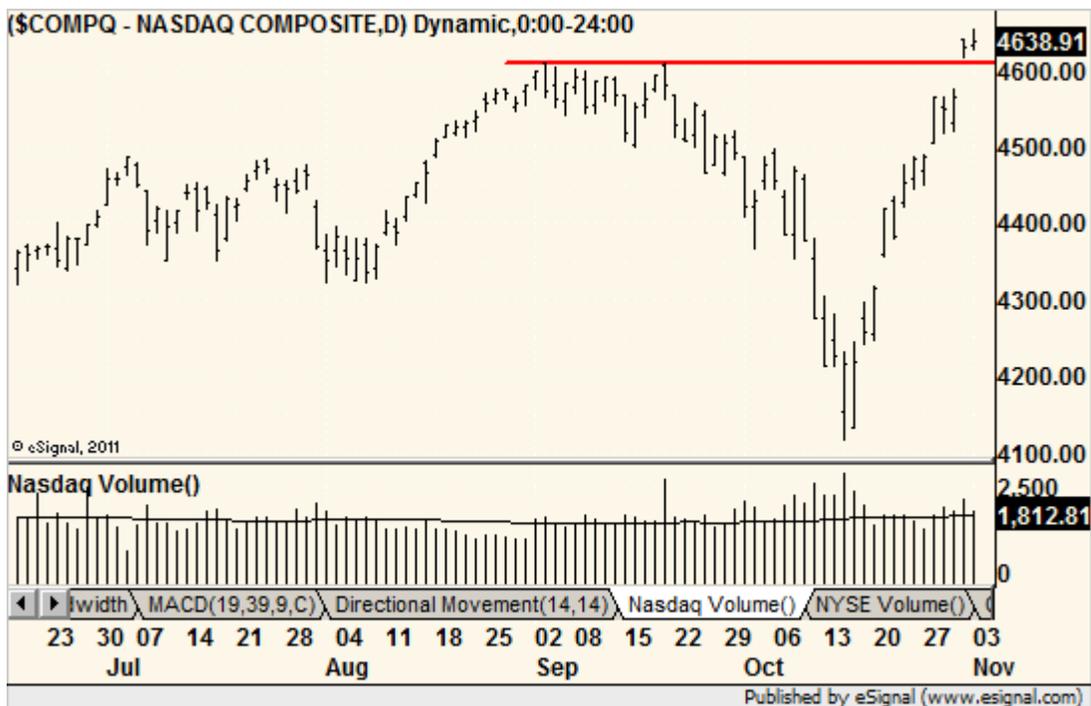
We also know Europe is doing terribly as they lowered their growth forecast. With Japanese QE, Eurozone weakness and emerging markets heading lower it is no wonder the US dollar is soaring. Be careful, however, as sentiment in the greenback is getting a bit frothy.



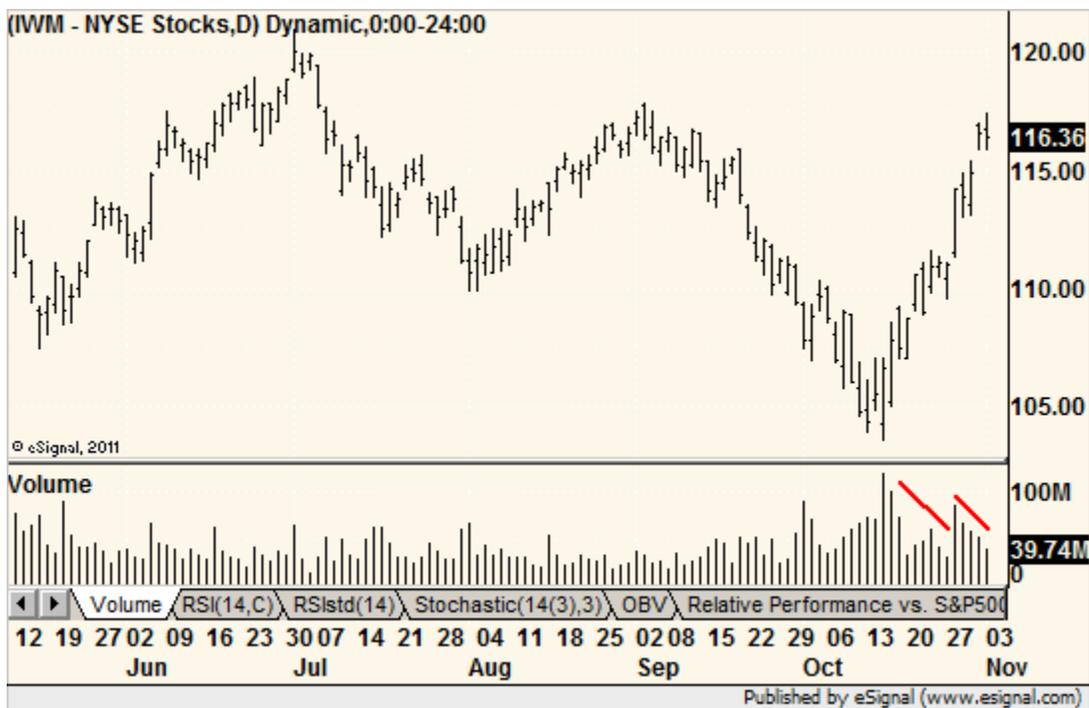
It does look as if the hourly chart is weakening but the red support line remains intact. Just as we have a battle between the line and the channel, we have a battle between weak Eurozone growth and the mid-term elections. For that, we have to remain on the sidelines until tomorrow unless the market makes an actual technical move today.

Note, however, that a few stocks in the Radar Screen moved from Holding Tank to bearish setups today.

## Index Charts of the Day



Nasdaq still holding the gap but we still do not know if it is exhaustion or continuation. Two-pager on gaps, [click here](#).



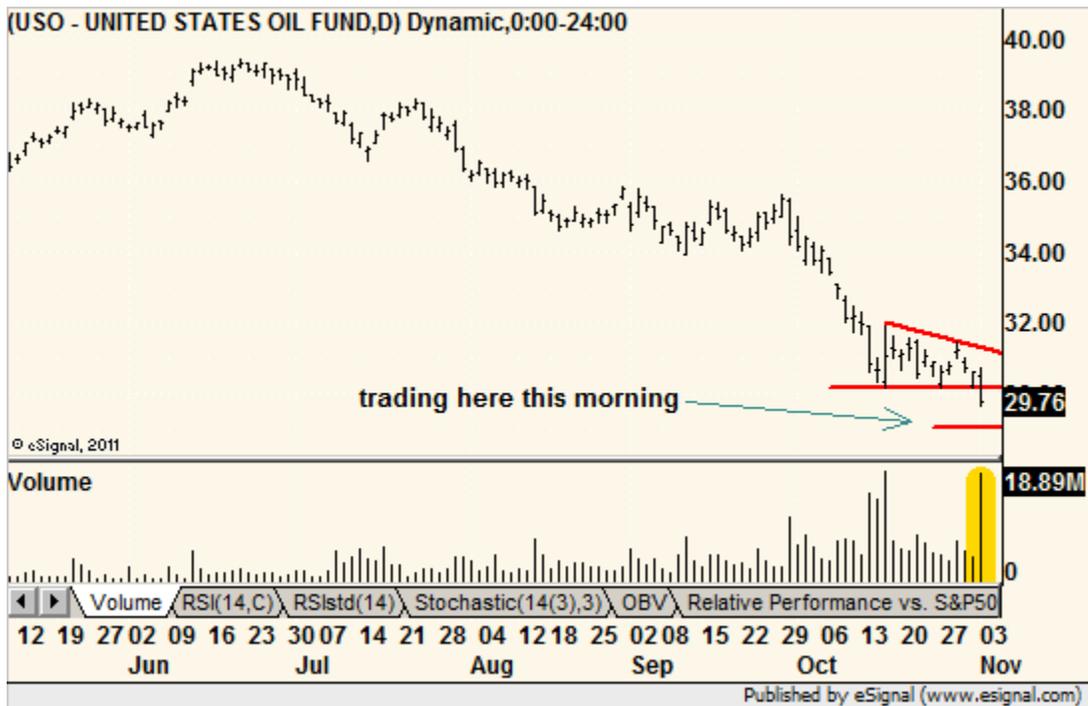
Just observing falling volume again for the Russell 2000 ETF. All major market ETFs had very low volume Monday, which makes sense ahead of the elections.

## The Radar Screen

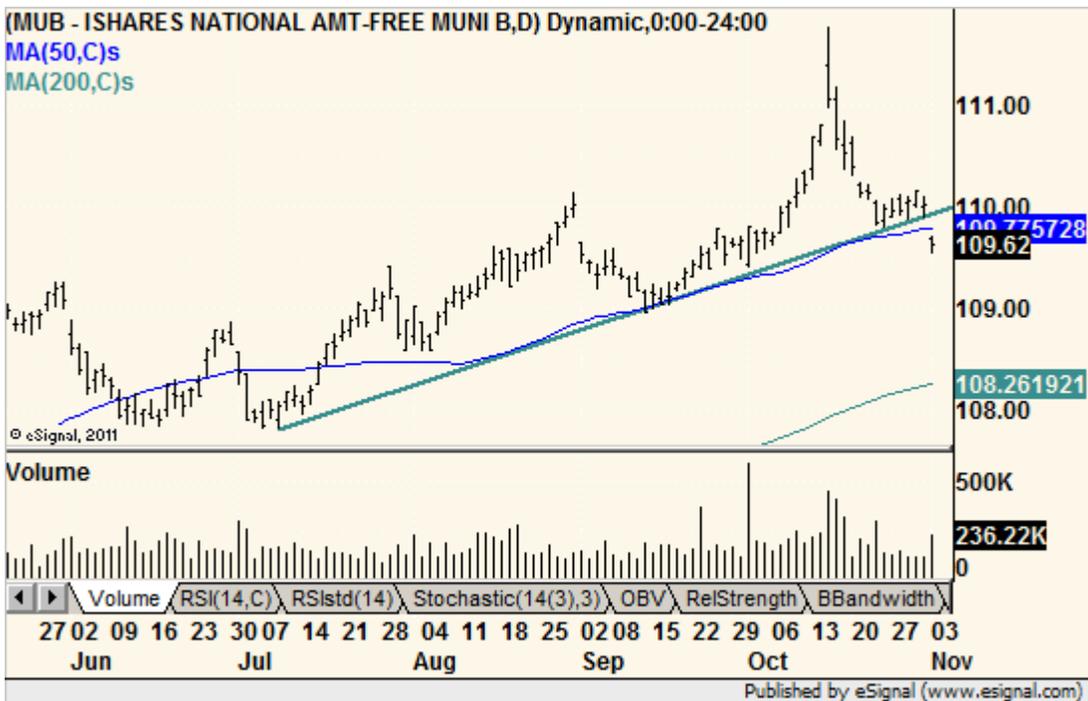
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>none -</b>		
<b>Bearish Implications</b>		
<b>SBA Communications SBAC</b> - Big reversal and breakout failure. Sell close under Monday low 111.33.	<b>Moved</b>	11/3
<b>Lennar LEN</b> - One of many homebuilders that have weakened considerably. This one is at resistance in a small range. Momentum was not great on the rally and volume (not shown) fell. Sell close under Monday's low 42.73.	<b>Moved</b>	11/3
<b>Canadian National Railway CNI</b> - The group sports and RSI divergence but this rail stock did not even make it to new high. Now looks to be reversing to the downside at its 50-day average. Sell a lower close.	<b>New</b>	11/4
<b>Unknown Implications</b>		
<b>none -</b>		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>SkullCandy SKUL</b> - This company makes headphones and audio accessories. The stock made an initial breakout Friday but closed with a net loss on the day - a technical failure. A sell candidate should the market weaken. We won't go it alone in a rising market.		11/3
<b>Tivo TIVO</b> - A bearish intraday reversal at the 50-day average although it closed with a tiny net gain. Considering the strength in the market that day, this is not a good sign. Big P/E, too.		11/3
<b>Marriott MAR</b> - Several hotels failed Friday afternoon after big morning gains. This one is overbought but we need confirmation and a weaker market before selling.		11/3
<b>Choice Hotels CHH</b> - Here, we see a reversal at resistance. Some will argue that this is a cup-with-handle pattern although the shape and volume are wrong. Still, we have a range at resistance where a break in either direction will tell us the next move.		11/3
<b>Hyatt Hotels H</b> - A rather weak stock for such a strong week in the market.		11/3
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Gold Miners</b> - Extreme bearish sentiment and nearing its 2008 lows.		11/3
<b>Hotels</b> - Some, not all, have weakened considerably.		11/3
<b>Updates</b>		
<b>Apple AAPL</b> - Soaring		

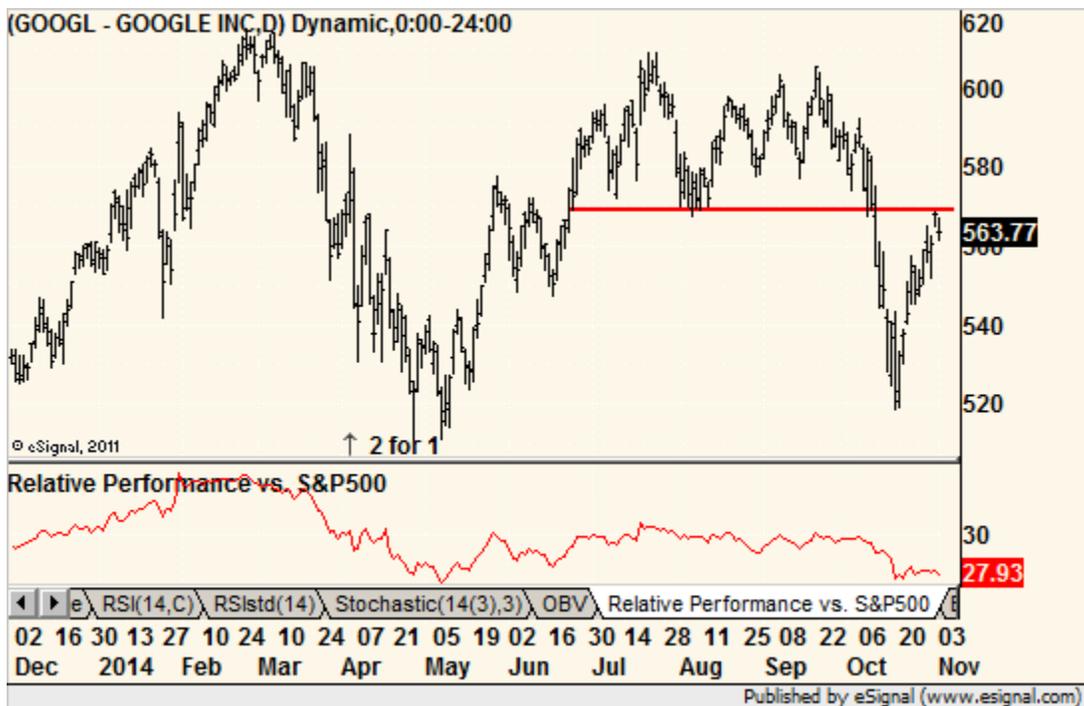
## Market Highlights



**Oil ETF** - Big volume breakdown and follow through this morning. However, crude oil itself is now well into the target zone of 75-79 that I wrote about in [Barron's on October 6](#). This could be the final low for a while but as usual we need some proof that buyers are coming back. Shorting now is not a good idea.



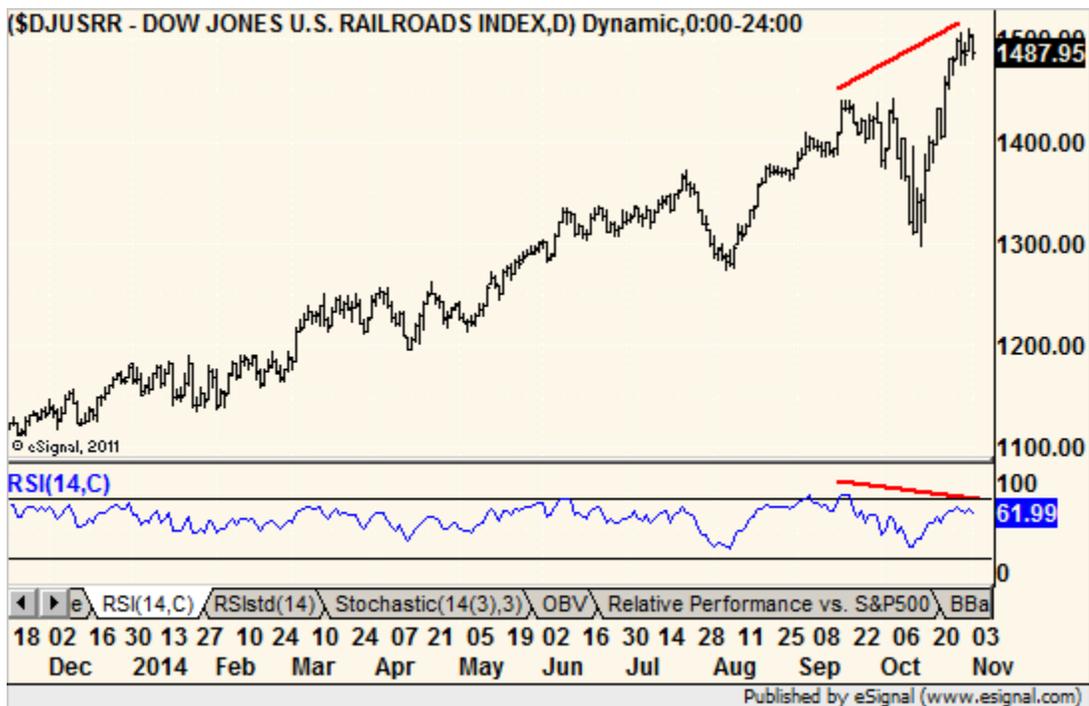
**Municipal Bond ETF** - Gap breakdown yesterday. This trendline is just for the period we can see in the chart. Longer trendlines are more difficult to pinpoint but the 50-day average is a good proxy. Look at the 200-day in the lower right corner as a possible target.



**Google** - We said last month that the support break here was not good for the market. Now we see it testing that breakdown with a rally on lower technicals (RSI, OBV). It is also still lagging badly so we'll take this again as a bad sign for the market.



**Banks ETF** - Ran into trendline resistance and now overbought.



**Railroads Index** - Bearish RSI divergence is a warning. Only a move below its recent consolidation will confirm the signal to sell. See next chart...



**Canadian National Railway** - This rail stock did not make a new high and now looks to be reversing to the downside at its 50-day average. Sell a lower close.

## 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	33.98	10.3%	sell	30.80	10/21	13
	<b>ALL</b>	ALLSTATE CORP	64.72	3.2%	62.00	62.71	10/27	7
	<b>KKD</b>	KRISPY KREME DOUGHNUTS INC	18.97	3.9%	18.25	18.25	10/28	6
<u>Short</u>	<b>none</b>							

**Notes:** We sold **MANH** at the open yesterday as it was overbought at resistance. The details: 15.4% profit in 13 days.

Today, we are selling **AMTD** at the open as it formed an inverted hammer candle at resistance after a very steep rally.

## Subscriber Corner

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

Note to Greg - We think the presidential cycle in the market is not going to help in the age of money printing. A lot of cherished indicators are not working so well.

## Other Information

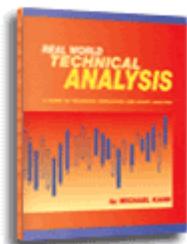
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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