

QUICK TAKES PRO

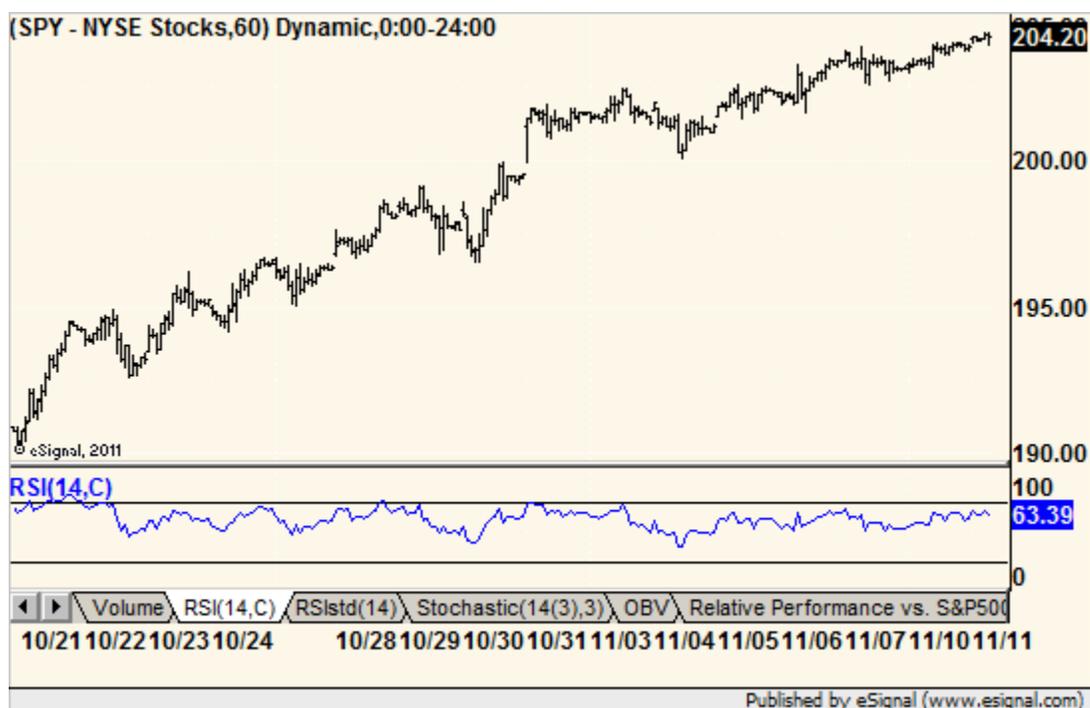
"TECHNICAL ANALYSIS FOR EVERYONE"

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November 11, 2014 – Stocks edged higher Monday as commodities fell back and stock volume was extremely light ahead of today's semi-market holiday. Bond and forex markets are closed today as banks are on holiday for Veterans Day. Expect light stock volumes, too.

Monday, gold reversed Friday's rally and we think that could be the final straw to get the bulls to capitulate. In other words, after being faked out again, they may finally have given up to set the stage for the actual rebound. Time will tell and we are not buying until there is proof on the charts. But we are ready.

In yesterday's Barron's Online column I wrote up a few oil drillers as looking good even as the rest of the energy sector does now. **RIG, DO** and **NBR** are but a few with double bottom patterns and bullish indicator divergences. We caution to wait for the actual breakouts before buying.



The hourly chart shows nothing interesting at all. The trend is up, momentum is fair and intraday swings have diminished. With the semi-holiday, this may not change today. However, a lack of liquidity could exaggerate any move should something spark one. Don't get faked out!

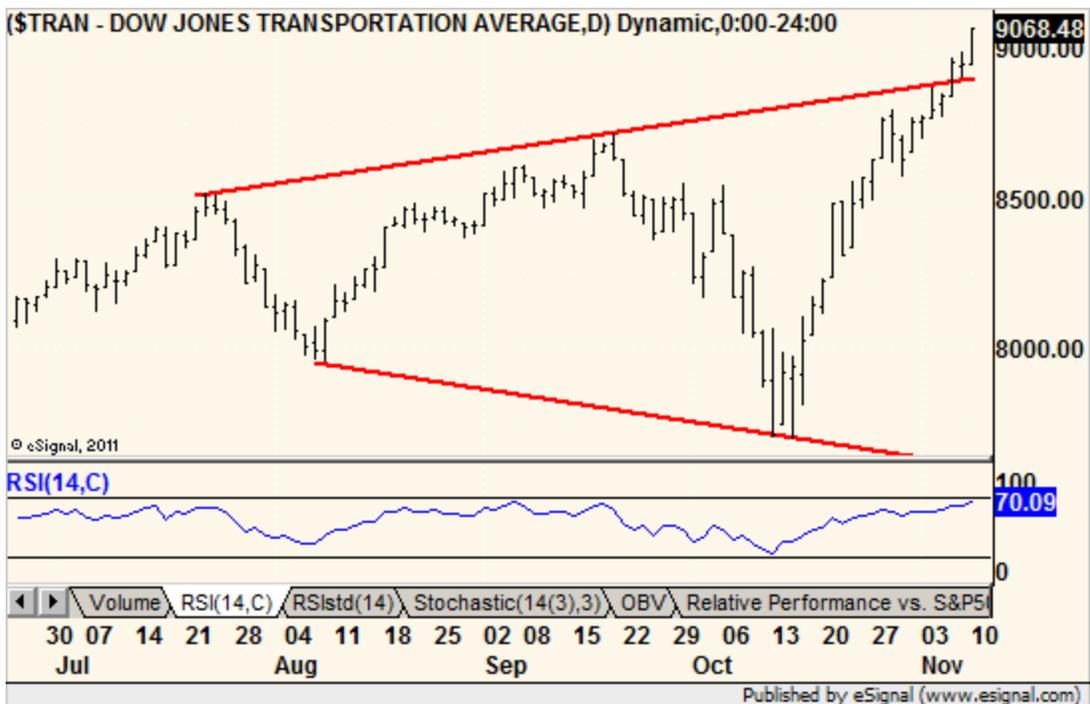
Overseas, Japan is soaring on a sinking yen. India and China are strong. Plus, we've got a chart of the Saudi Arabian market and a possible correlation to crude oil. Both are at support so a reversal in one could signal a reversal in the other. Of course, we hope it will be Saudi stocks going first to tip us off about oil and not the other way around.

Finally, after months of leadership, we see the health care sector as showing signs of wear. It is not reversing but its relative performance ratio sports a bearish RSI divergence. With other sectors improving this may not be a problem for the market - just for health care.

Index Charts of the Day



We all know the market is at new highs. Despite the falling **VIX**, we can see here that the market is extremely volatile. Bollinger bands are now wider than they were during the December sell-off and as wide as they have been since the 2011 correction and 2010 flash crash. This cannot be good.



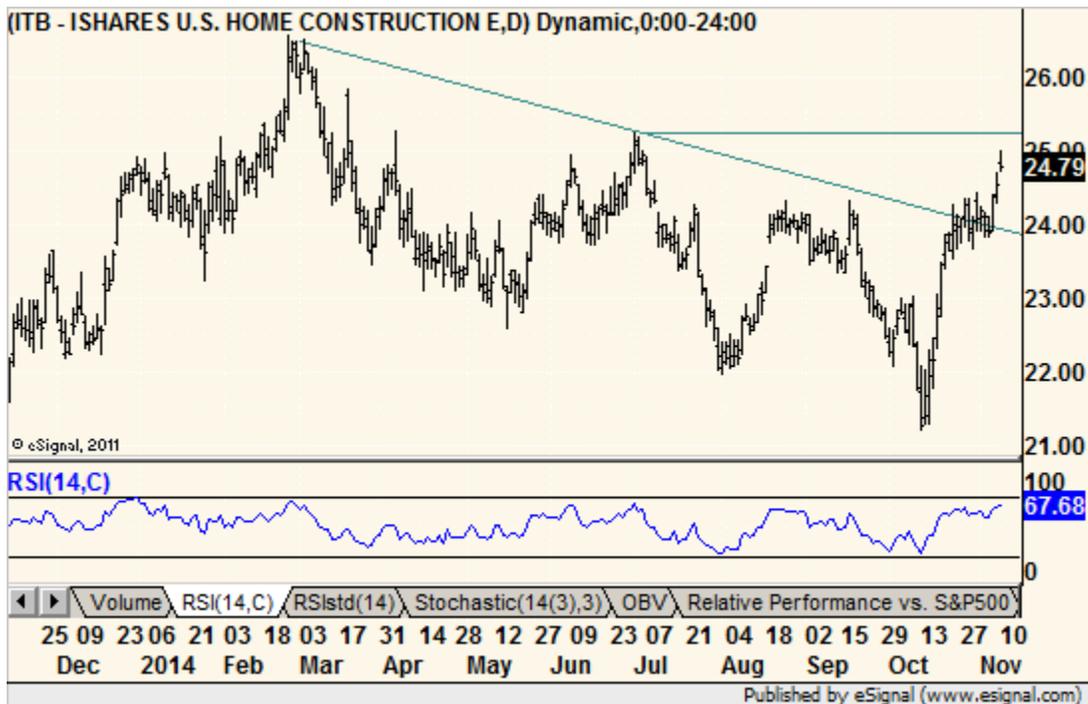
We suppose the expanding triangle theory is now dead. The transports are not even that overbought at this point but it has been an unusual rally, to say the least. If this is an energy-based rally and we are right that oil has stopped falling then transports could be at risk. We are not buyers but not sellers just yet.

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		
Tile Shop TTS - Selling climax. A move above resistance at 9.13 would be a good entry.		11/7
Yum Brands YUM - This restaurant stock sports on-balance volume already back to its July price peak levels. Looking for a breakout above resistance. Our trigger is 73.50.	Triggered	11/10
Bearish Implications		
Tivo TIVO - 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. Selling 12.90	Triggered	11/3
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Marriott MAR - Several hotels failed Friday afternoon after big morning gains. This one is overbought but we need confirmation and a weaker market before selling. <u>A little too perky to look like a possible short.</u>	Removed	11/3
Choice Hotels CHH - 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. Possible downside break		11/3
Hyatt Hotels H - A rather weak stock for such a strong week in the market. Big decline Tuesday.		11/3
Noodles NDLS Inverted head-and-shoulders, rising on-balance volume, good momentum, and above the 50-day average. Neckline breaks at 23.40. Not triggered as it gapped up over 8%. Watching.		11/6
Ford F - Just watching the support/resistance line at 13.50.		11/10
Odyssey Marine Exploration - This deep water explorer is not looking for oil but minerals and salvage. Its chart shows an inverted head-and-shoulders with rising RSI. Keep watching.	New	11/11
Sector Watch (observations that may spark ideas)		
Gold Miners - Extreme bearish sentiment and nearing its 2008 lows.		11/3
Hotels - Some, not all, have weakened considerably.		11/3
Marine Transportation - Major breakdown and successful test of that break.		11/5
Energy - A few pattern breakdowns Tuesday. Still avoiding save for a few drillers if they break double bottoms- RIG, DO, NBR		11/5
Airlines - Very far above moving averages. Looks like it will snap back.		11/7
Broadline retailers ETF - This group contains TGT, WMT, COST and AMZN among others. On-balance volume has been rising for months even as the sector index floundered. A positive sign.	New	11/11
Updates		
none -		

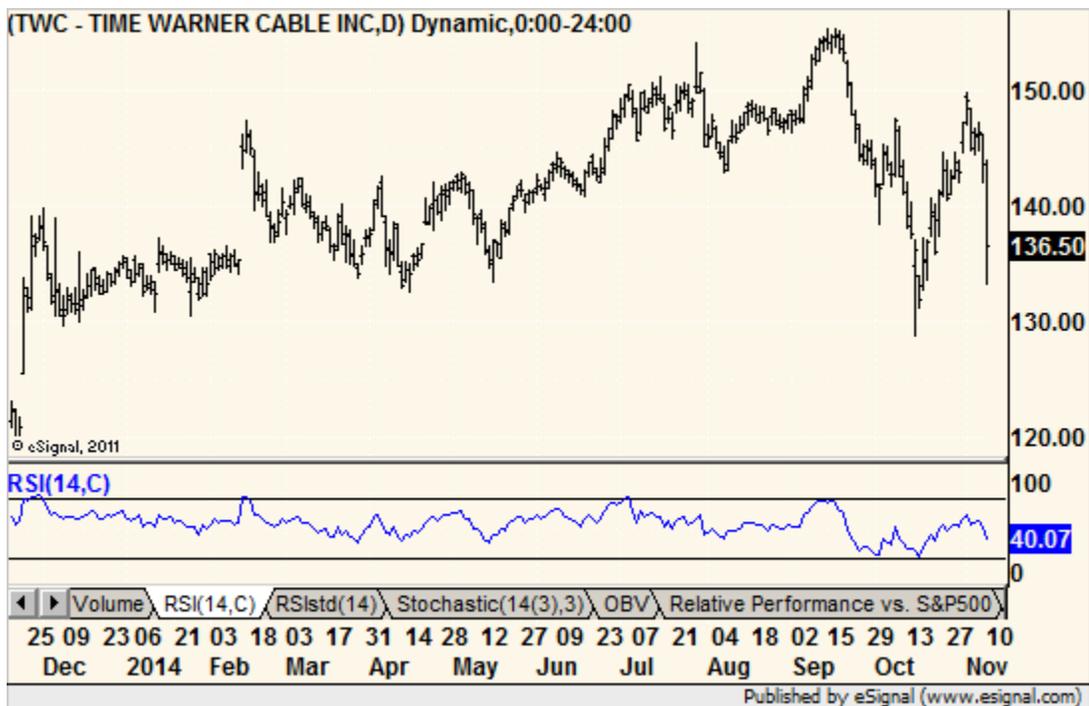
Market Highlights



Homebuilders ETF - Here, we can see the pause at the trendline. It looked to us that it would fail but clearly it did not. However, there is resistance just overhead and a long-term range bounded but the 2014 high on top is a formidable obstacle. Traders only. Investors have too many problems ahead.



Broadline retailers ETF - This group contains TGT, WMT, COST and AMZN among others. On-balance volume has been rising for months even as the sector index floundered. A positive sign.



Time Warner Cable ETF - After yesterday's net neutrality argument flared, cable operators bonked. Not enough for a selling climax so we will not play. Also **CVC, CMCSA**.



Odyssey Marine Exploration - This deep water explorer is not looking for oil but minerals and salvage. Its chart shows an inverted head-and-shoulders with rising RSI. Keep watching.



Japan Nikkei 225 - Soaring on the back of a falling yen.



Saudi Arabia Tadawul - Not that we are trading here but the Saudi market is below its averages and sitting on critical support. Will a reversal in oil cause the same here? Or vice versa?

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>	ALL	ALLSTATE CORP	66.76	6.5%	64.00	62.71	10/27	14
	KKD	KRISPY KREME DOUGHNUTS INC	19.54	7.1%	18.75	18.25	10/28	13
	K	KELLOGG CO	63.90	-1.0%	62.75	64.53	11/6	4
	YUM	YUM BRANDS INC	73.27	-0.3%	71.00	73.50	11/10	0
<u>Short</u>	SBAC	SBA COMMUNICATIONS CORP	113.28	-2.3%	116.00	110.69	11/4	6
	LEN	LENNAR CORP	45.00	-5.1%		42.70	11/4	6
	CNI	CANADIAN NATL RY CO	70.45	-2.4%	72.00	68.78	11/4	6
	TIVO	TIVO INC	12.95	-0.4%	13.50	12.90	11/10	0

Notes: Stopped out of **LEN** short. This stock was stalled at a resisting trendline and looked to be breaking down. However, it firmed up the next day and then broke out to the upside. A good risk that failed.

New long in **YUM** on the breakout.

New short in **TIVO** on a bearish reversal.

Trailed stop in **KKD** long a little higher.

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 **Gregg** - Yes, this is the seasonally strong half of the year but don't rely on that alone. We see a lot of writing about it, supplemented by the positive decennial cycle for 2015. The market likes to fool people and what would be the best joke? A bear market (not a prediction).

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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