

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

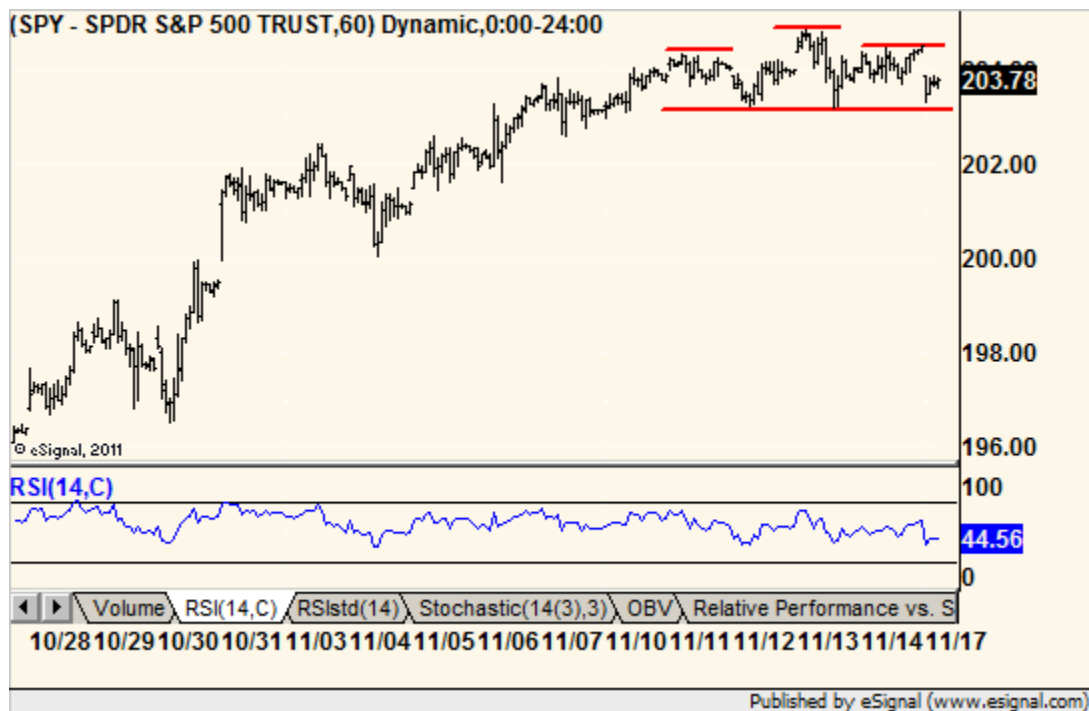
November 17, 2014 – There are four items we are watching and one is really a non-factor. We'll start there - Japan. Overnight, they missed the broad side of a barn with their GDP report and that lit up the news wires. But the yen, already in a bear market, just fluttered. The Nikkei fell sharply but the chart still has a rising trend. Nothing to see here. Move along.

The other events were the extremely flat US stock market, the latest new low in oil and a rather hot Friday for gold and gold stocks. Let's dig in.

First, stocks. Volume was very low, the **VIX** is back to pre-October lows and sentiment is quite happy again. All of these suggest that something is going to happen although we cannot definitively say it is going to be bad. Perhaps the continued drop in junk bonds tips the scale to the negative.

In oil, the market dipped below our target 75-79 range Thursday but reversed to the upside Friday. We've got a chart below to show rising RSI and with sentiment really, really negative we believe that this market is at or near its bottom. No way will we see \$60 oil anytime soon.

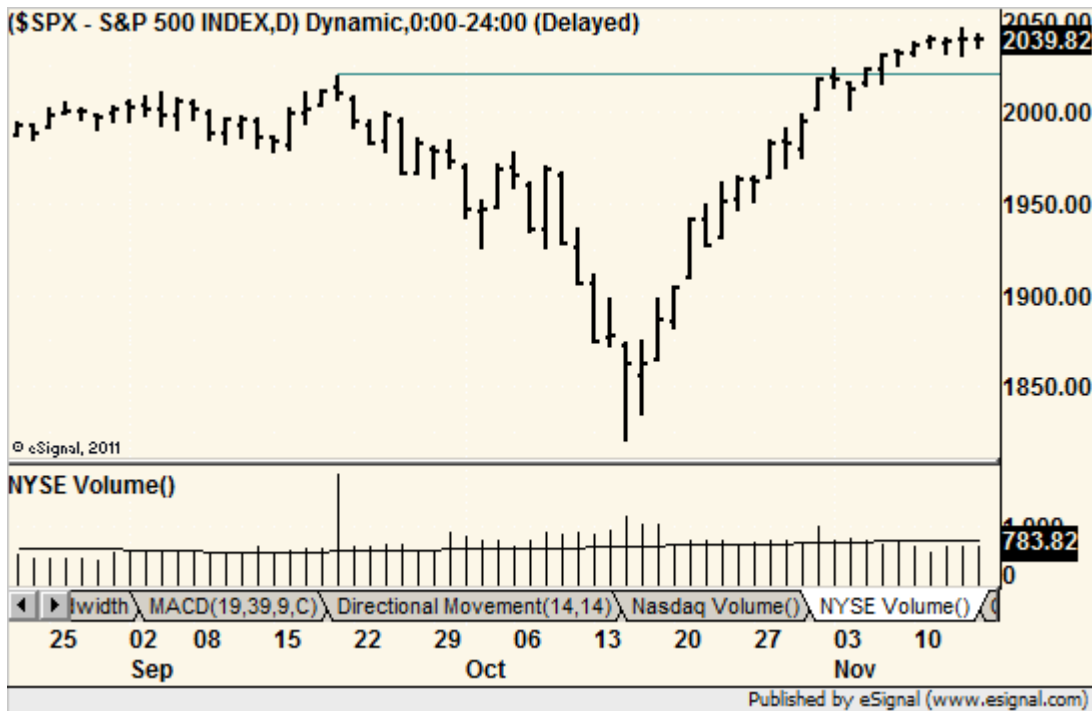
And then there's gold. Everyone hates it, too, but Friday saw a surge in price and volume that met the criteria for an O'Neil follow-through day. True, this is a stock market indicator but if we think about what it supposed to mean it fits very nicely. After a long decline, the market suddenly rallies big but if it happens within a few days of the low they it could be short covering and bottom fishing. However, if it happens four to seven days into the rally attempt it signals that real buying has come back. We'd like a little more but this market could be ready to rebound, at least somewhat.



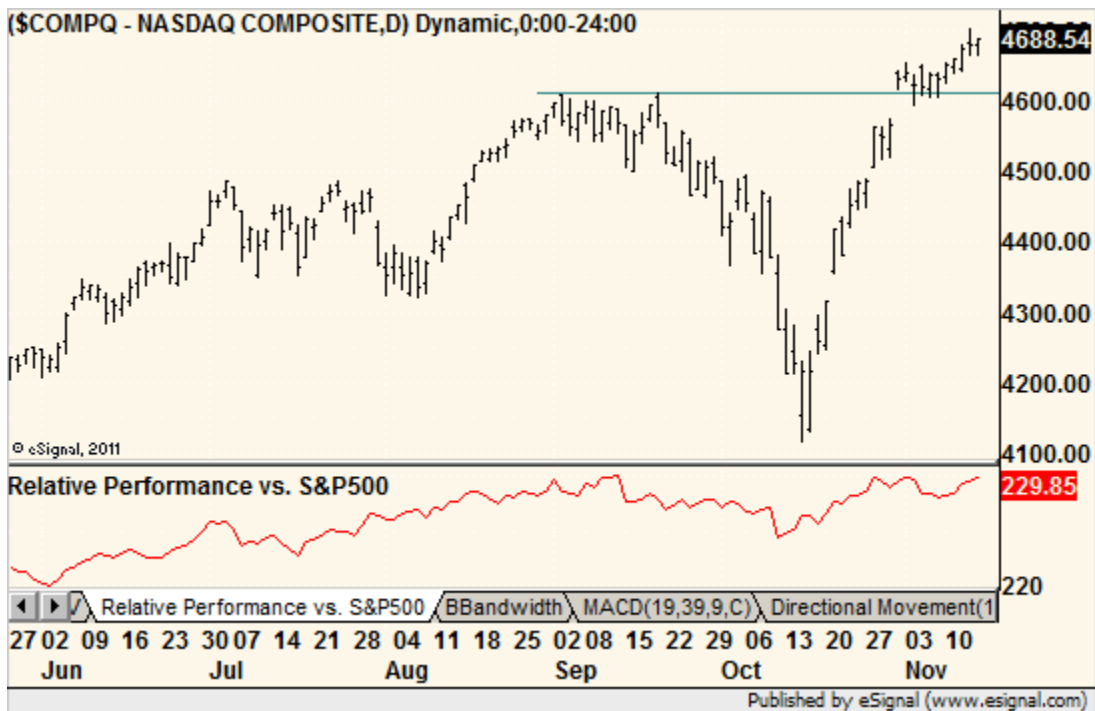
Is the hourly **SPY** still in a range or a head-and-shoulders? If the lowest line breaks to the downside, it won't matter. But right now, it is not broken and the market is still doing nothing.

That's it for today. We need the market to tip its hand first.

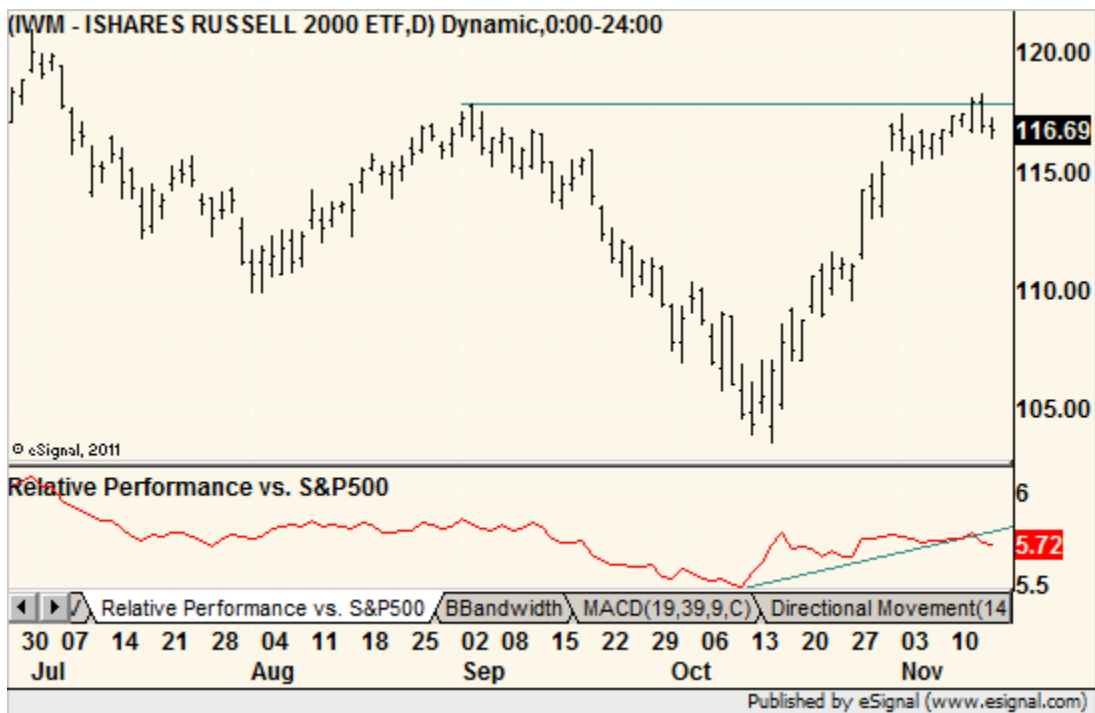
Index Charts of the Day



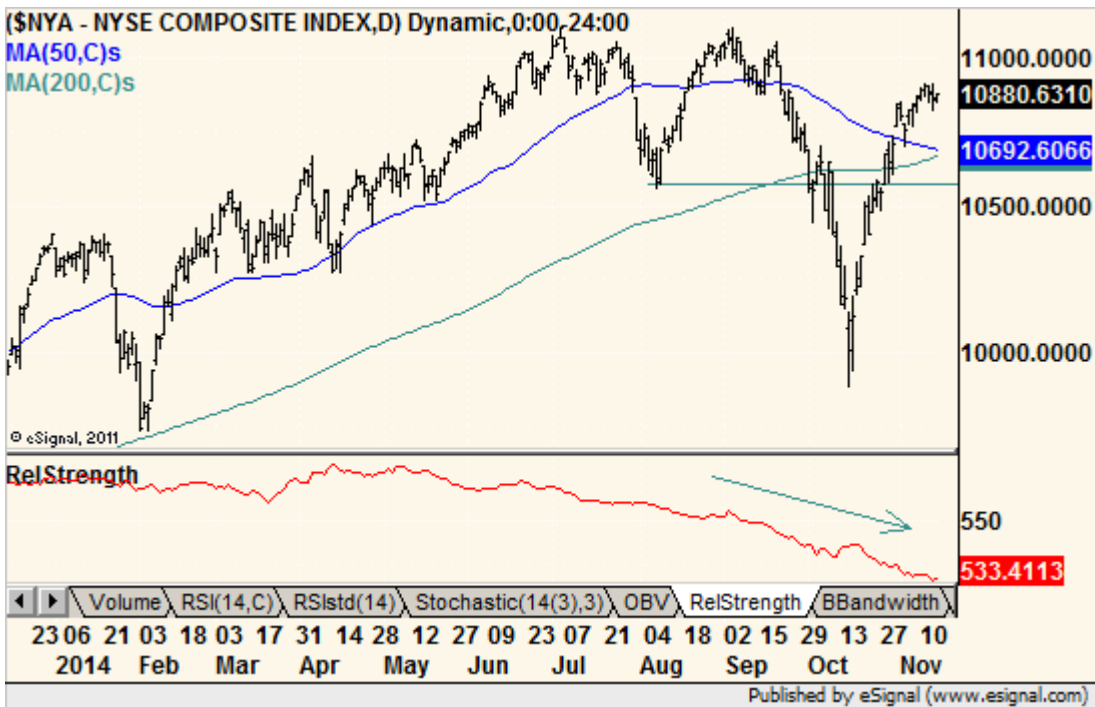
Even with the Japan GDP news over the weekend, the S&P 500 is still trading flat, flat, flat.



The Nasdaq is in a rising trend but not quite at a new relative performance high. Still, it is better than other parts of the market.



The Russell may have broken its relative performance line to the downside but it definitely balked big time at resistance last week. .



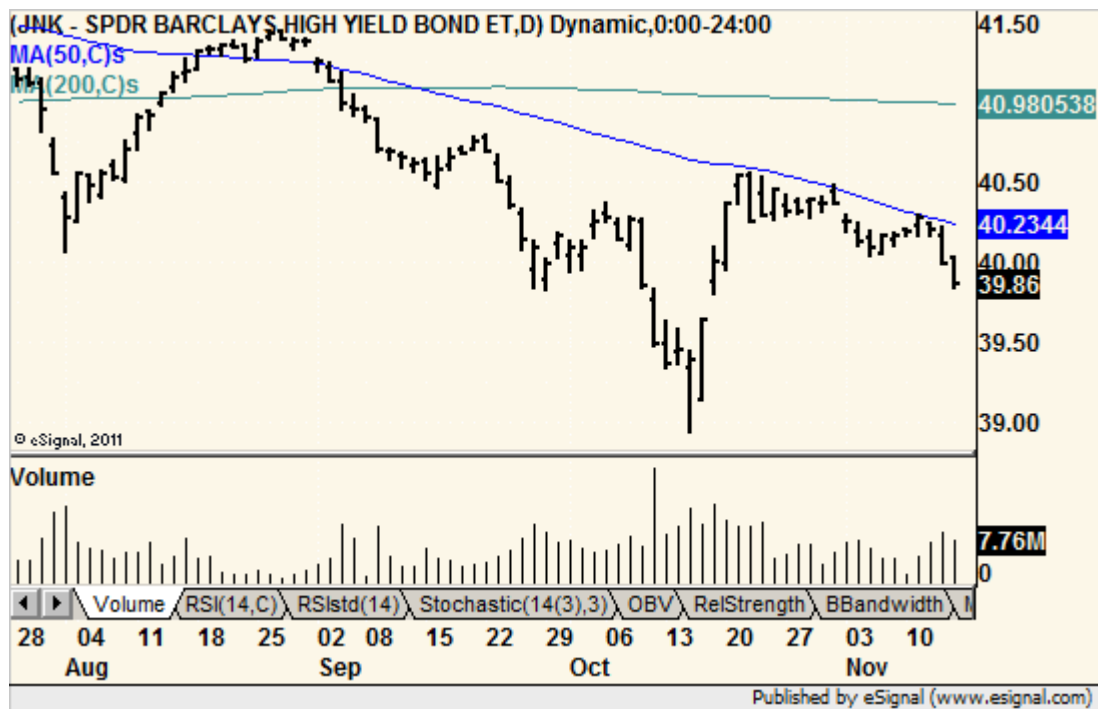
The NYSE composite is getting killed relative to the S&P 500. We think a move back below its averages will be the real sell signal, if it happens, of course.

The Radar Screen

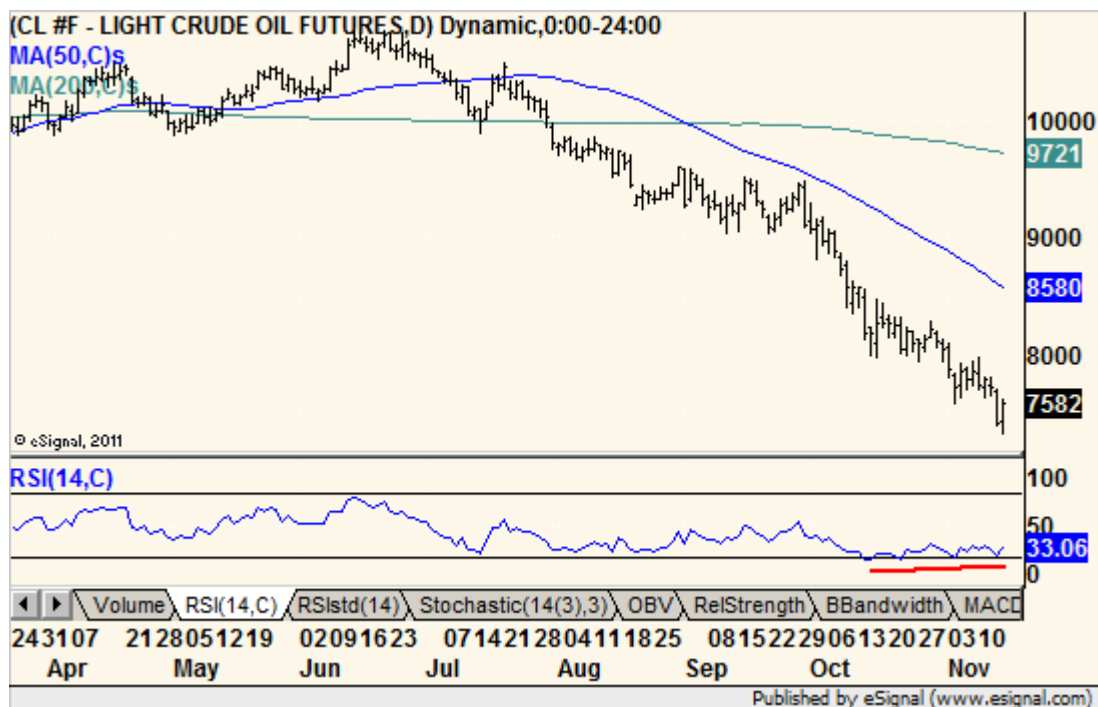
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Noodles NDLS Inverted head-and-shoulders, rising on-balance volume, good momentum, and above the 50-day average. Broke the neckline of an inverted H/S pattern on a monster gap but now it has pulled back sufficiently. We'll buy over 24.00 . If it falls more, then we'll reset yet again.	Changed	11/6
Lululemon LULU - This stock has been tumbling, especially on earnings reports, that is until the last one in September, which was better than expected. A breakout above 46 targets 54.		11/14
Vishay VSH Intertechnology - This electronic component maker is not bumping up against resistance. On-balance volume is already back to its 2014 high so we are on alert for a breakout. Buying close above 14.05.	New	11/17
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Odyssey Marine Exploration OMEX - This deep water explorer is not looking for oil but for minerals and salvage. Its chart shows an inverted head-and-shoulders with rising RSI. Not so sure any more.		11/11
Staples SPLS - Yet another retailer with a bottoming pattern. The slanted line shows a breakout when using intraday levels. The horizontal line is through the closes set earlier in the year. We'd like to see a pause here and then a breakout to buy. All else from on-balance volume to momentum looks good.		11/14
JP Morgan JPM - Gap down break after hitting resistance. A move under the three-day pause would be sellable.	New	11/17
Sector Watch (observations that may spark ideas)		
Gold Miners - Extreme bearish sentiment and nearing its 2008 lows.		11/3
Marine Transportation - Major breakdown and successful test of that break.		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.		11/11
Retail - Lots of bottoming setups all over SPLS, DKS, WFM, LULU		11/14
Updates		
Saudi Arabian Stock Market - Broke support Monday and a possible comment on oil price direction. We are watching to see if the breakdown fails or continues.		

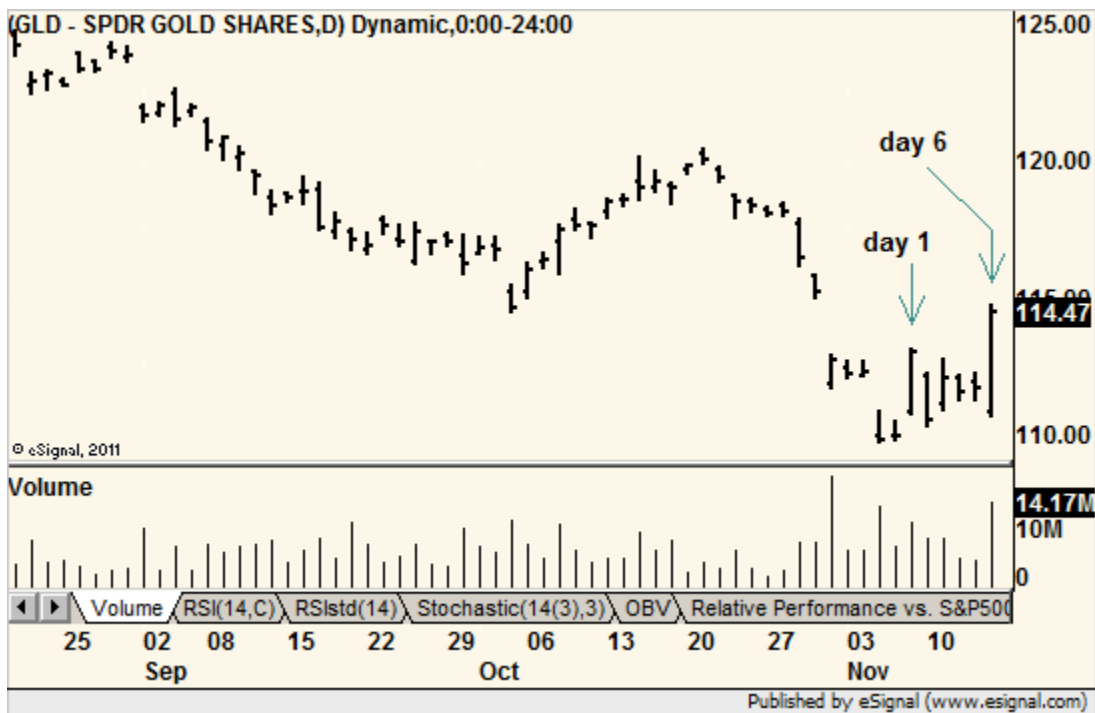
Market Highlights



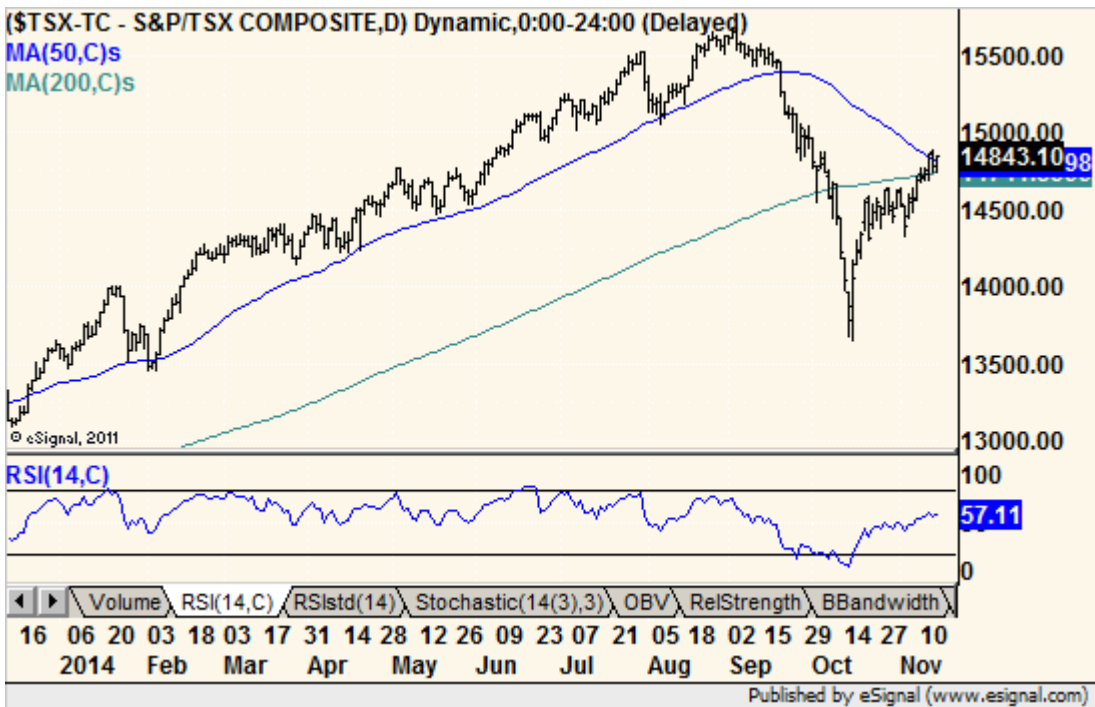
Junk Bonds ETF - Seriously, does this not bother the stock market pundits?



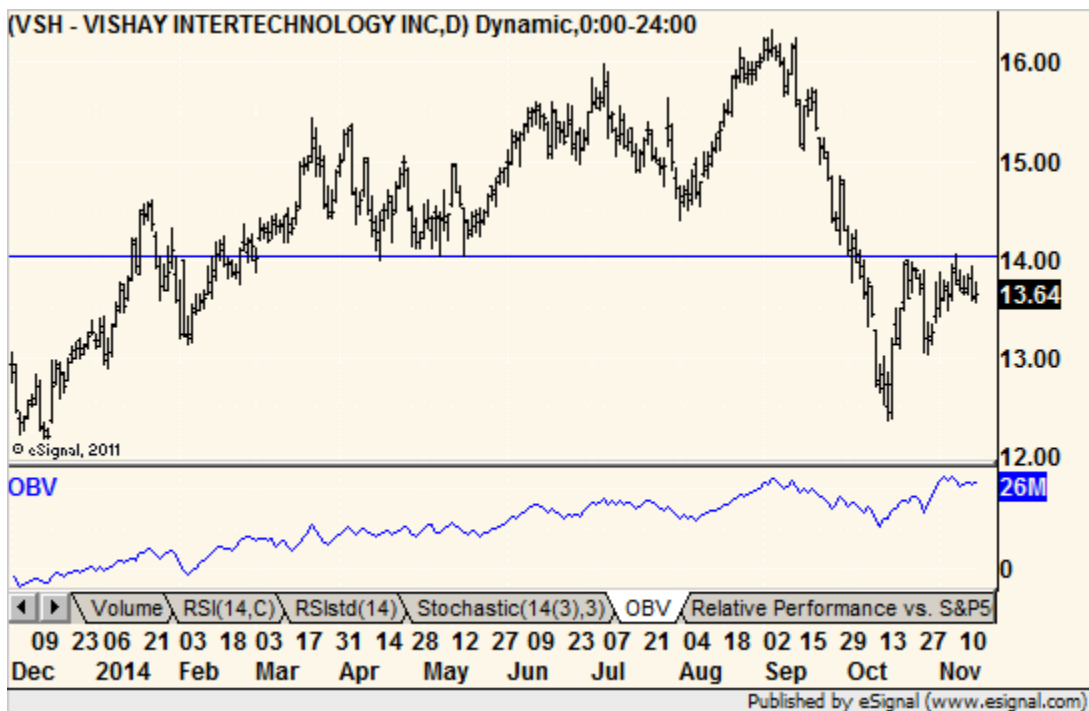
Crude Oil - Last week, we showed charts of long-term oversold conditions in West Texas and Brent crude oil markets. Here, we see WTI with a short-term bullish divergence in RSI. Sentiment is extremely bearish so we still think a bottom is very near. Just be aware that the trend is still officially down so we need more proof to actually buy. Maybe the **HAL-BHI** merger is an omen.



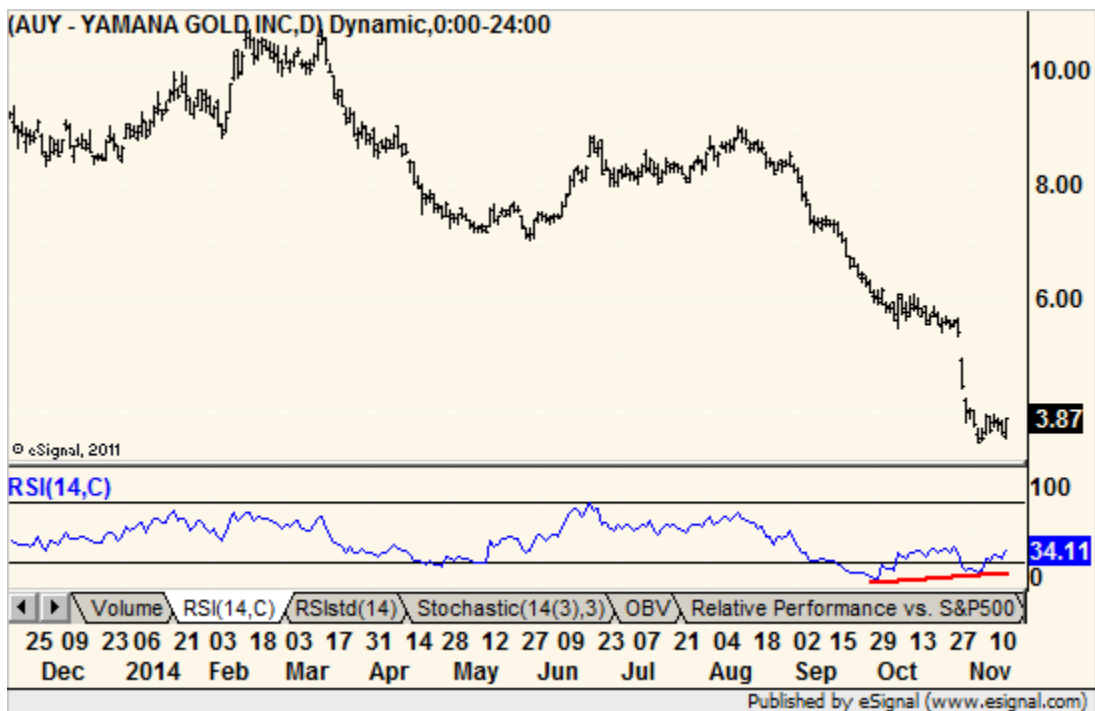
Gold ETF - Friday was day 6 of the O'Neil follow-through-day setup and we can see price and volume surged. The **GDX** gold miners ETF started its setup a day earlier but still fired the signal on Friday.



Canada TSX Index - Now at resistance from the pending death cross.



Vishay Intertechnology - This electronic component maker is not bumping up against resistance. On-balance volume is already back to its 2014 high so we are on alert for a breakout. Buying close above 14.05.

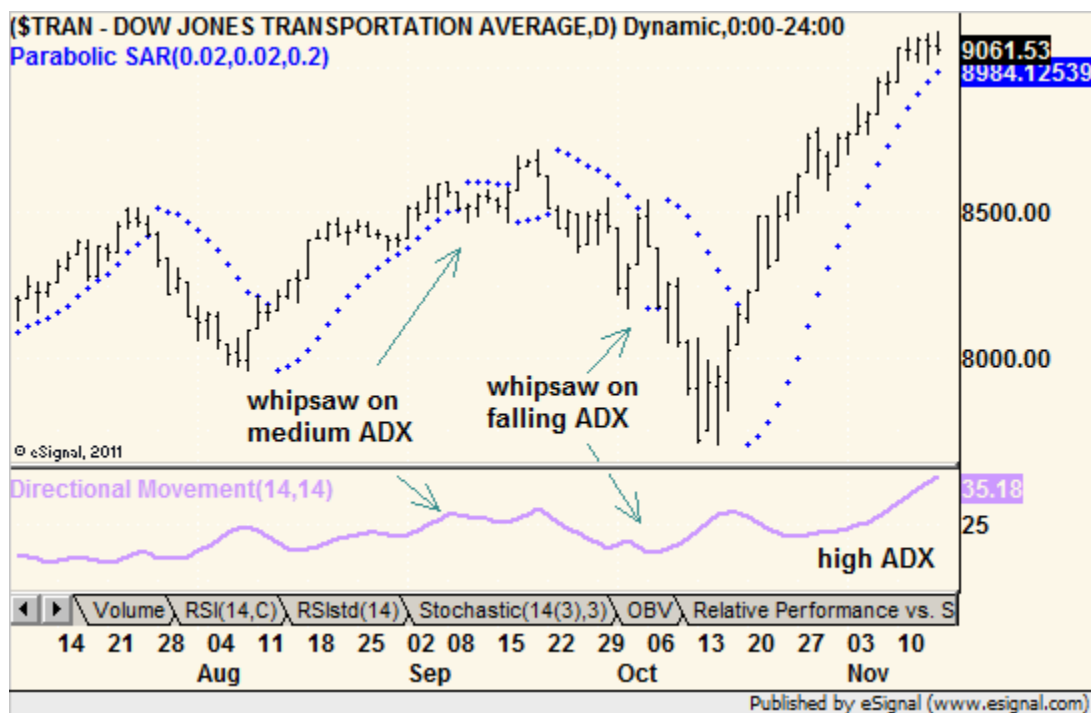


Yamana Gold - You can buy this stock for the price of an option. Note the RSI divergence but also note the roaring bear market. Speculators only.

Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Parabolic Stop-and-Reverse



Dow Transports - Like art and pornography, we cannot define the ideal setup but we know it when we see it. Right now, the trend is strong and established, which is the ideal setup for a parabolic stop-and-reverse signal. Early in this chart, the parabolic signal triggered but the trend was not that strong. First, the trend strength indicator - ADX (average directional index) was in the 20s. In the middle, the ADX was falling. However, now we see it at high levels and still rising.

The parabolic stop gets tighter over time and now, after a solid trend, we would sell immediately if it triggered.

Get the two-pager ([click here](#)) but as a refresher, ADX rises as trends get stronger - whether they are falling or rising. The higher its value, the stronger the trend. When the ADX starts to fall, the trend is weakening, even if at high levels.

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	66.58	6.2%	65.00	62.71	10/27	19
	KKD	KRISPY KREME DOUGHNUTS INC	20.18	10.6%	19.50	18.25	10/28	18
	K	KELLOGG CO	63.81	-1.1%	62.75	64.53	11/6	9
	YUM	YUM BRANDS INC	74.78	1.7%	72.00	73.50	11/10	5
	DKS	DICKS SPORTING GOODS INC	47.90	0.3%	46.00	47.75	11/14	1
	JIVE	JIVE SOFTWARE INC	6.83	-1.6%	6.50	6.94	11/14	1
<u>Short</u>	SBAC	SBA COMMUNICATIONS CORP	113.04	-2.1%	116.00	110.69	11/4	11
	CNI	CANADIAN NATL RY CO	70.76	-2.8%	72.00	68.78	11/4	11
	TIVO	TIVO INC	13.17	-2.1%	13.50	12.90	11/10	5

Notes: Two new longs at Friday's open - **DKS** and **JIVE**. The latter is quite speculative.

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

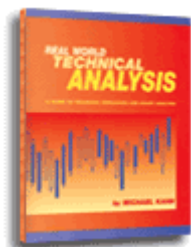
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we'll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2014