

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

November 19, 2014 – The Chinese wish "may you live in interesting times" sure fits. Yesterday, we get better-than-expected news from Home Depot and better homebuilder sentiment. Home Depot fell. This morning Lowes soars on its own good news and then housing starts fall. We'd say that is interesting. And we'd also say confusion is not a trait of a bull market.

Skepticism is bullish. Confidence is less so. Overconfidence, of course, is bearish. There is our bell curve of market mood from despair and confusion to overconfidence. Bearish to bullish to bearish.

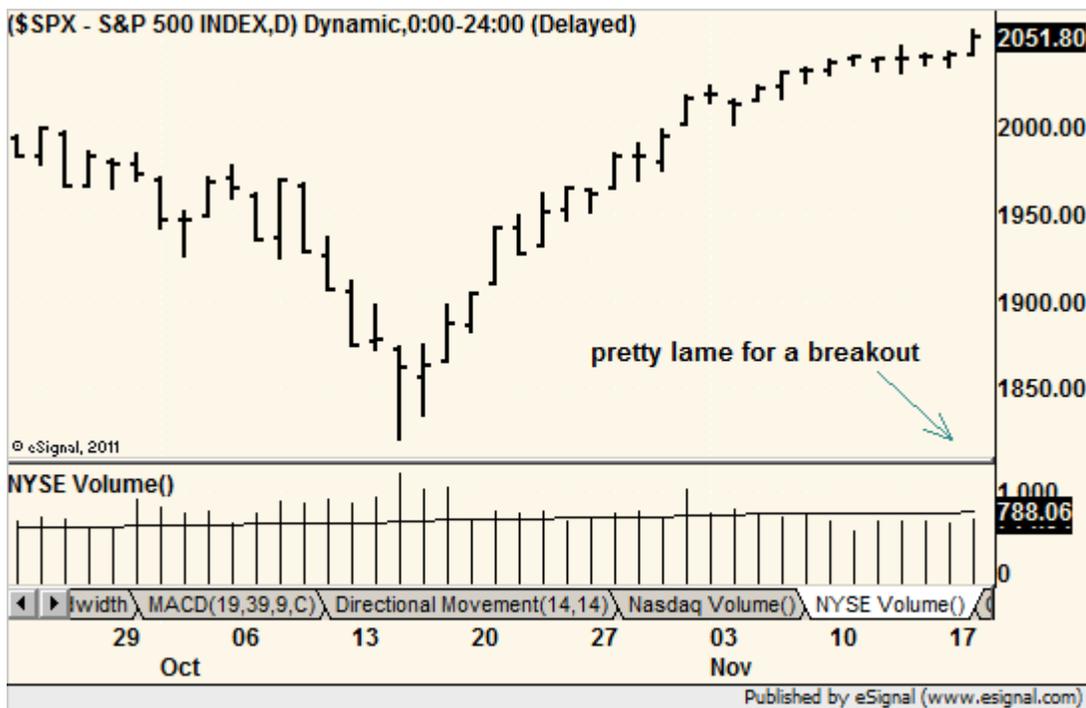
We return to the bond market to see Treasuries holding their ground and working off a major reversal. The intermediate trend is up (with big long-term resistance well overhead as seen in yesterday's Big Picture section) and that does not help a bullish case for stocks. Neither does a **falling junk bond market**, now down five days in a row.



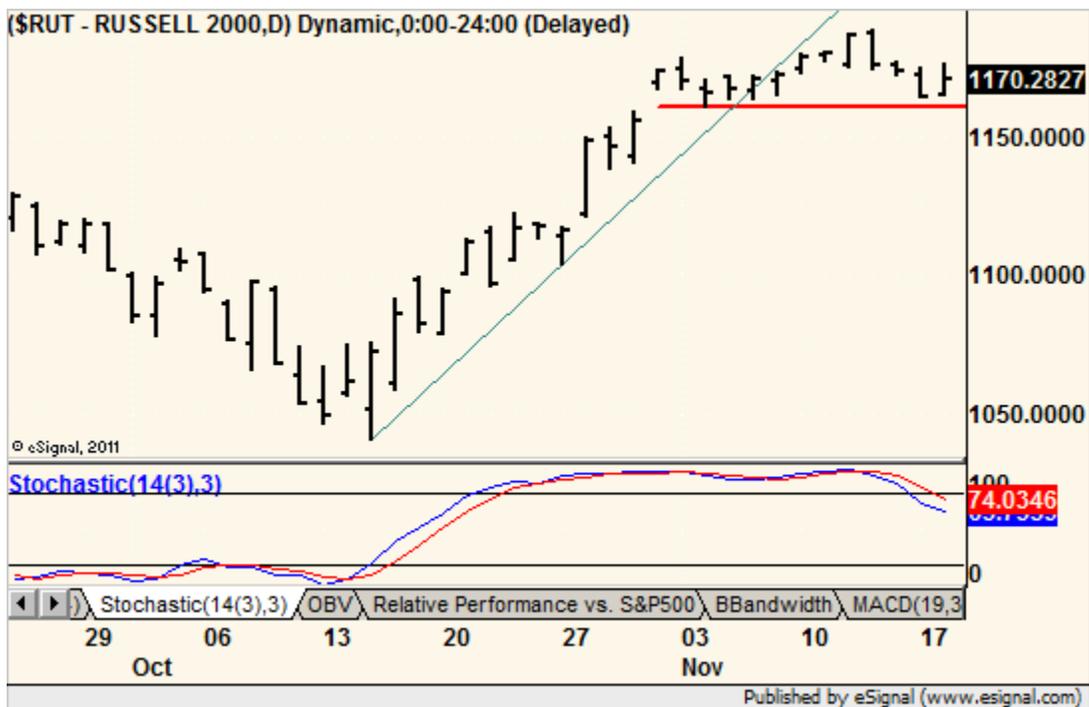
The hourly chart shows yesterday's breakout but as we'll see below it was on very low volume. We have heard a theory that a breakout from a low volatility situation is often a fake so we will watch that very closely. A move back into the range would be a failure and suggest a move to support is next. Of course, a new high would negate that theory.

Fed minutes later today. Always a fun time anticipating what will happen. The last time resulted in a big rally.

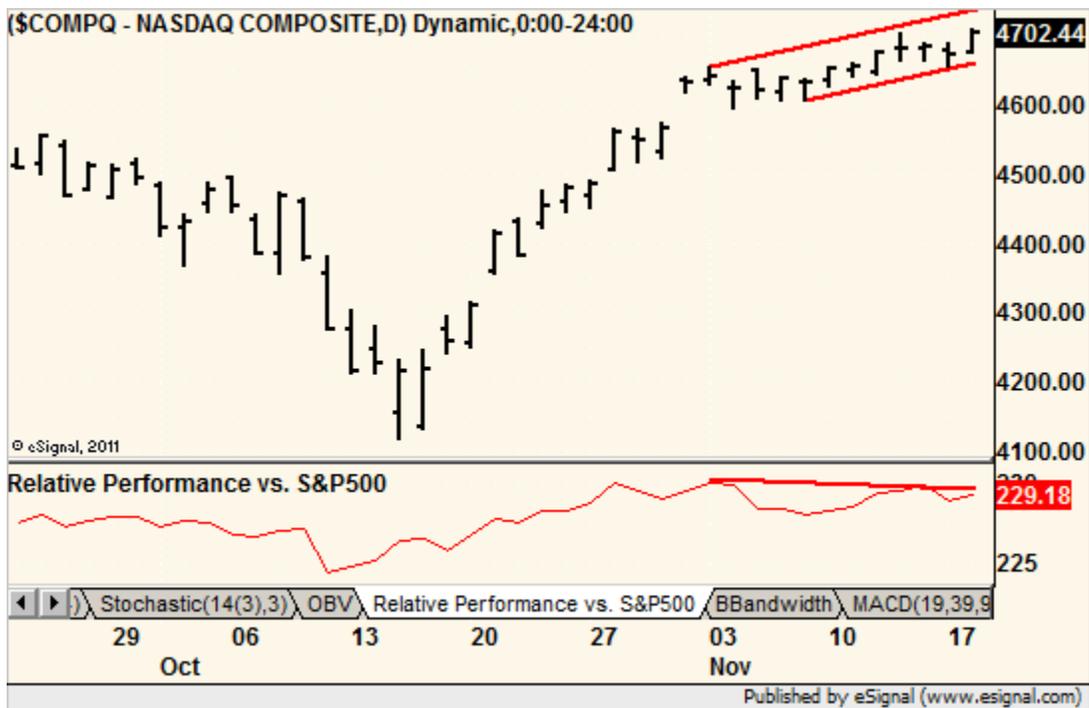
Index Charts of the Day



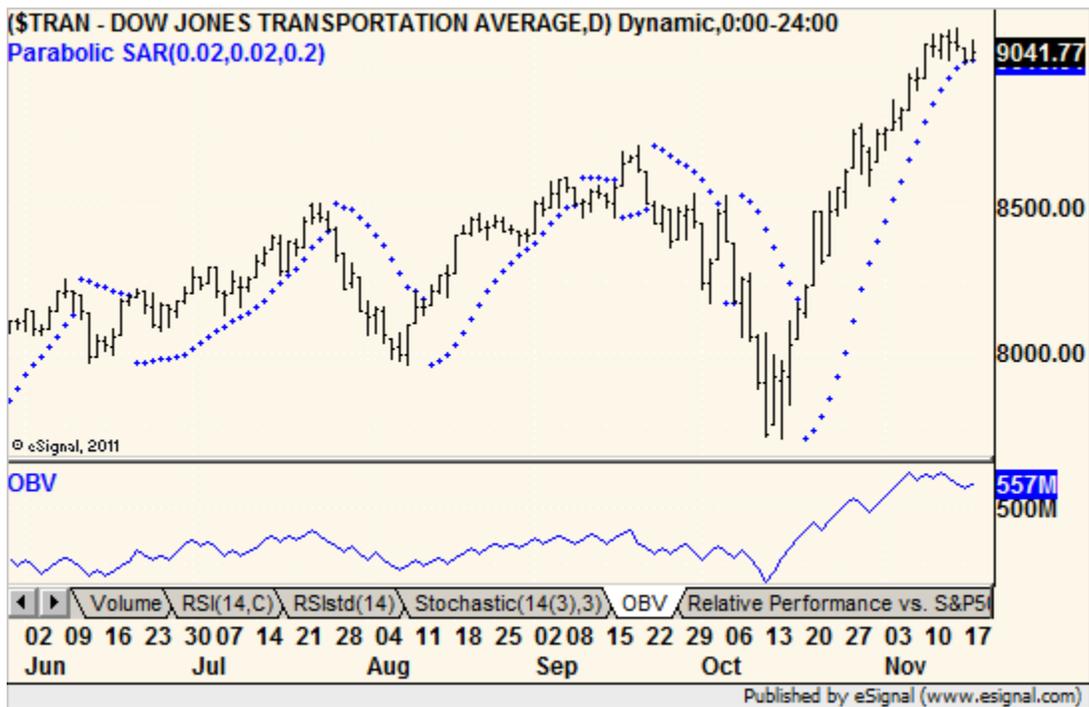
"Never short a dull market" won yesterday but there is no technical trading book that will say volume can be ignored. Breakouts are supposed to be sea-change events when market mood suddenly shifts decisively to one side. This hardly fits that bill.



The Russell 2000 is still in its range with a stochastics crossover still in place. Nothing to rejoice here.



The Nasdaq is edging higher but relative to the S&P 500 it is still falling. Another "not good" thing.



Since we brought it up, let's follow the parabolic indicator on the transports. Another near miss yesterday.

The Radar Screen

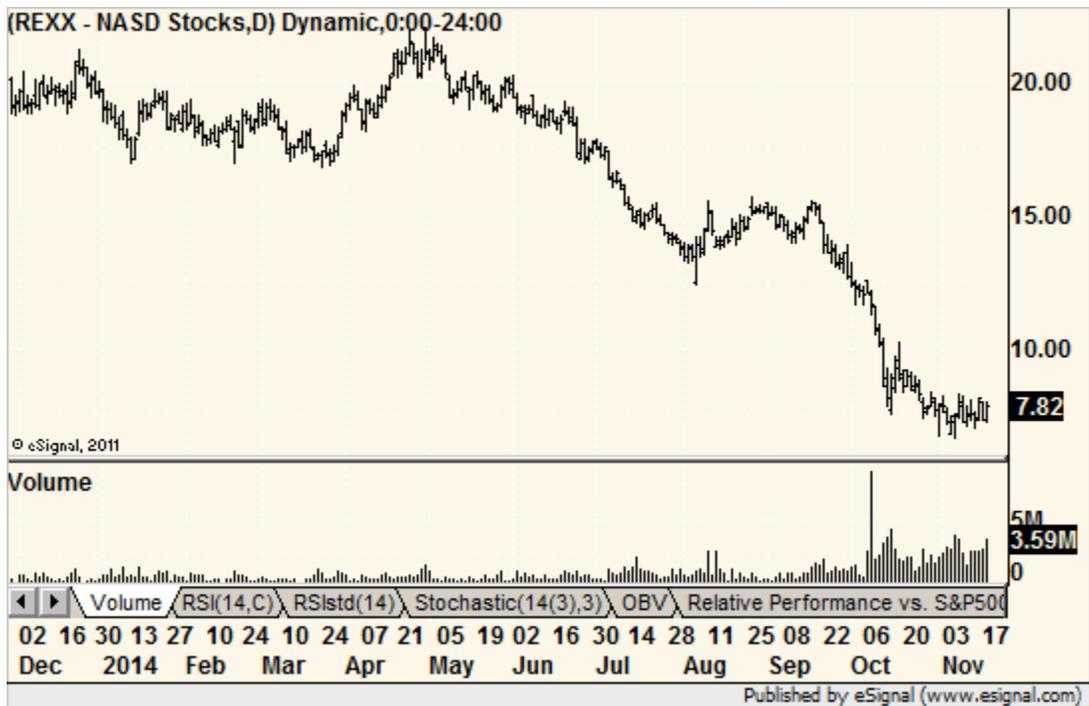
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 23.85. <u>Now sitting on trendline from September low.</u>		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 Intertechnology VSH - This electronic component maker is now 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.		11/17
Bearish Implications		
JP Morgan JPM - Gap down break after hitting resistance. A move under the current pause would be sellable. Selling 60	Moved	11/17
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Staples SPLS - We wanted a pause before the breakout but Monday was a huge decline on volume. <u>And Tuesday confirmed we did right by waiting.</u>	Removed	11/14
Deckers Outdoor DECK - A shoe maker with a nice little breakout. Note relative breakout, too. Now testing it so we'll see how it handles it.		11/18
Peabody Energy BTU - Coal stocks have absolutely been the worst for months but look at all that volume since September. Is that an inverted head-and-shoulders? We think so. RSI (not shown) is rising to confirm. A breakout also breaks the 50-day average.		11/18
Yahoo YHOO - Way overbought. Sell at the first sign of trouble. So far, despite a soft premarket, there is none.		11/18
Rex Energy REXX - A small cap energy exploration and production stock. Huge volume over the past six week. Also rising stochastics (divergence). We will look for a breakout from the trading range as a buy	New	11/18
Blackberry BBRY - Here is another one to follow. A sharp breakout and equally sharp test. Bid lower this morning so let's see if it recovers. If so, it gets a buy trigger.	New	11/18
Sector Watch (observations that may spark ideas)		
Gold Miners - Extreme bearish sentiment and nearing its 2008 lows. We should be setting a buy trigger soon.		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 (fading), DKS, WFM, LULU		11/14
Updates		
none -		

Market Highlights



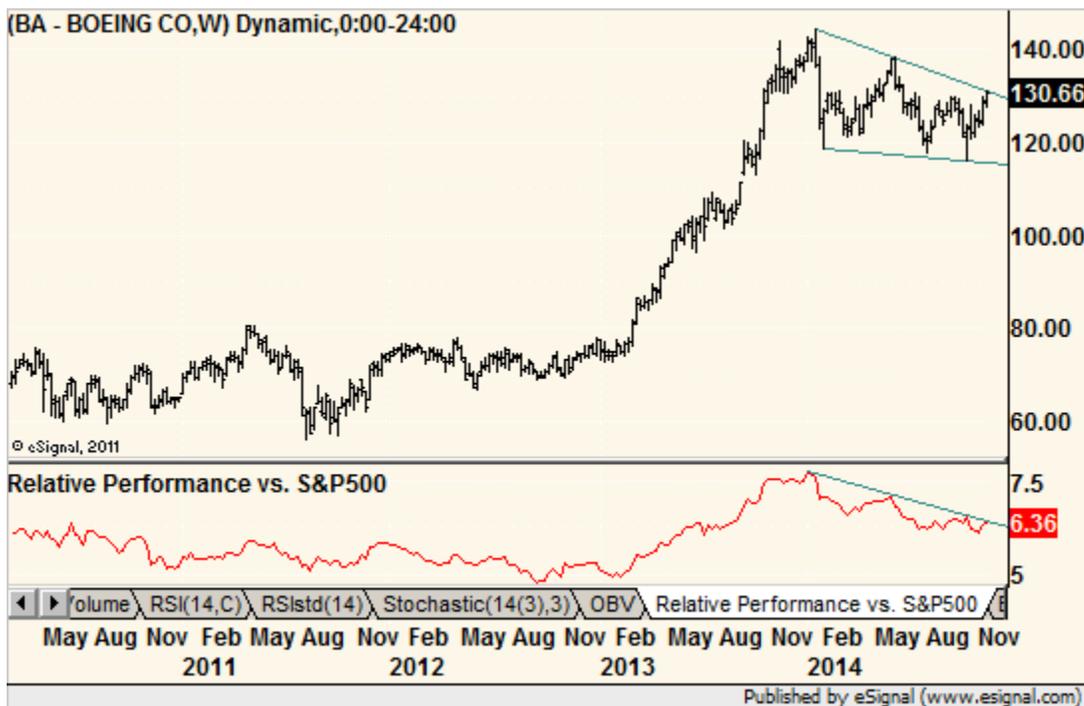
Long T-bond ETF - While stocks edged higher, so did bonds. The major channel is still up and it looks as if the reversal last month has run its course. Wait for a break in either direction.



Rex Energy - A small cap energy exploration and production stock. Look at that volume over the past six week. Not shown is rising stochastics (divergence). We will look for a breakout from the trading range as a buy but for now it goes in the Holding Tank.



Blackberry - Here is another one for the Holding Tank. A sharp breakout and equally sharp test. Bid lower this morning so let's see if it recovers. If so, it gets a buy trigger.

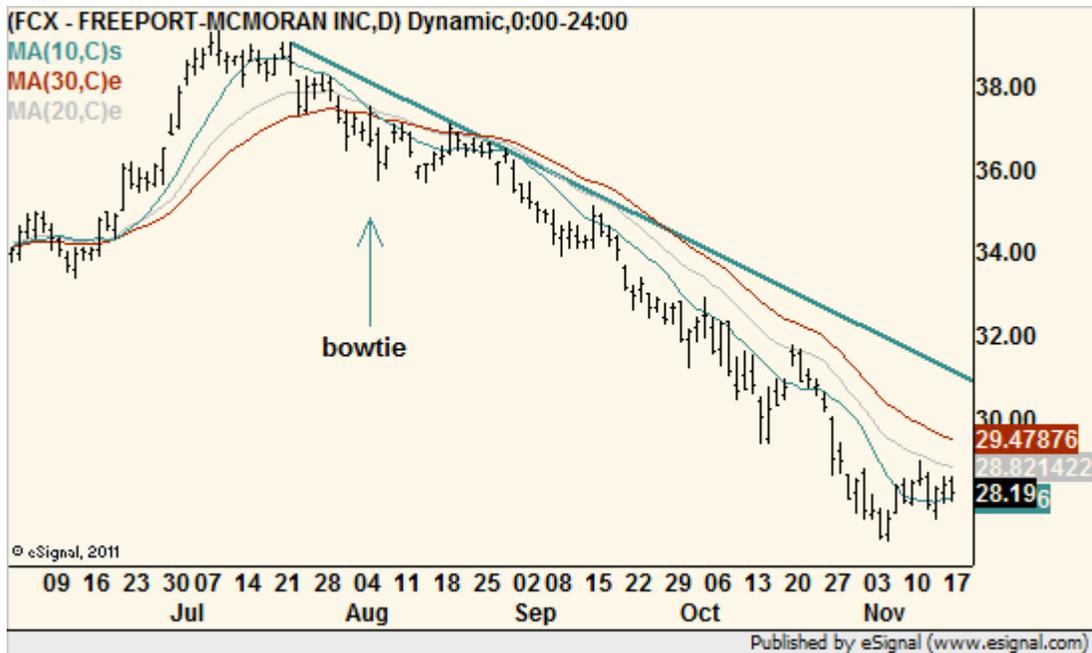


Boeing - This chart may be in a text book in a few years. A beautiful weekly pennant formation awaiting a breakout.

Today's Lesson

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

Bowtie Reversal



Freeport McMoran - This copper and gold miner is still in decline but seems to be churning into a bottom. Shown here is Dave Landry's bowtie system. It uses 10 simple, 20-expo and 30-expo moving averages and looks for a symmetrical crossover of all three together. It leaves the look of a bowtie on the chart and we can see one in August.

Since gold stocks are starting to come to life, a bowtie here would be a good buy signal, even if the trending is unbroken. Just something to watch for now.

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	66.79	6.5%	66.00	62.71	10/27	22
	KKD	KRISPY KREME DOUGHNUTS INC	20.01	9.6%	19.50	18.25	10/28	21
	K	KELLOGG CO	65.60	1.7%	64.00	64.53	11/6	12
	YUM	YUM BRANDS INC	74.19	0.9%	72.00	73.50	11/10	8
	DKS	DICKS SPORTING GOODS INC	47.10	-1.4%	46.00	47.75	11/14	4
<u>Short</u>	SBAC	SBA COMMUNICATIONS CORP	114.89	-3.7%	116.00	110.69	11/4	14
	CNI	CANADIAN NATL RY CO	70.94	-3.0%	72.00	68.78	11/4	14
	TIVO	TIVO INC	13.02	-0.9%	13.50	12.90	11/10	8

Notes: none

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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