

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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December 4, 2014 – Your market wrap - "Big gains in energy, materials and industrials sectors, following a rebound in oil and gold prices, helped propel the S&P 500 and Dow Jones Industrial Average to record levels on Wednesday."

Other than that explanation, we see a low momentum, narrow range rally that seems to be drifting higher on past success. The ECB Chief Mario Draghi spoke before the US open and while policy did not change everyone hoped for accommodative words. It did not seem that way.

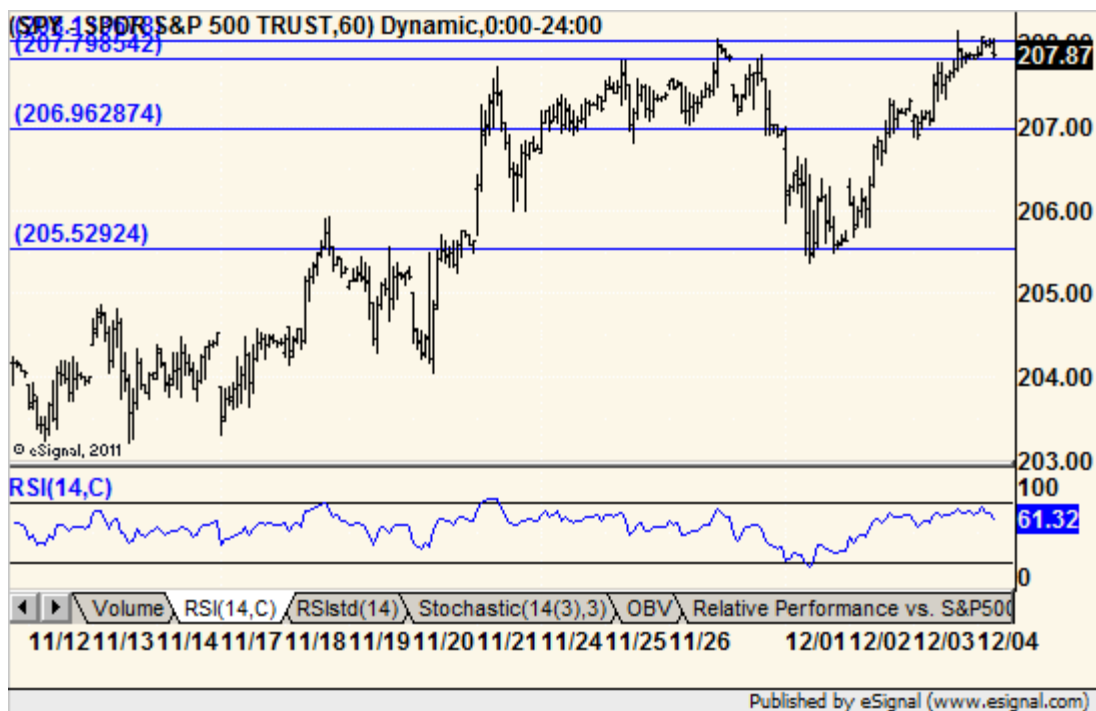
Yesterday, I was preoccupied with my Barron's Online column, which covered bonds, junk and TIPs. As we already knew here, junk was tanking while treasuries were rising. What I learned was that emerging markets bonds and TIPs (inflation adjusted Treasuries) were also falling. The conclusion was a growing aversion to risk and lack of inflation fear.

Why no inflation? Because government bond yields everywhere were plunging. Economic outlooks are awful.

I also learned that 1/6 of junk bond issuers were in the energy field. That explains some but not all off the junk bond decline. And finally, I learned that lots of banks in Texas were in trouble, again from falling oil. Talk about collateral damage!

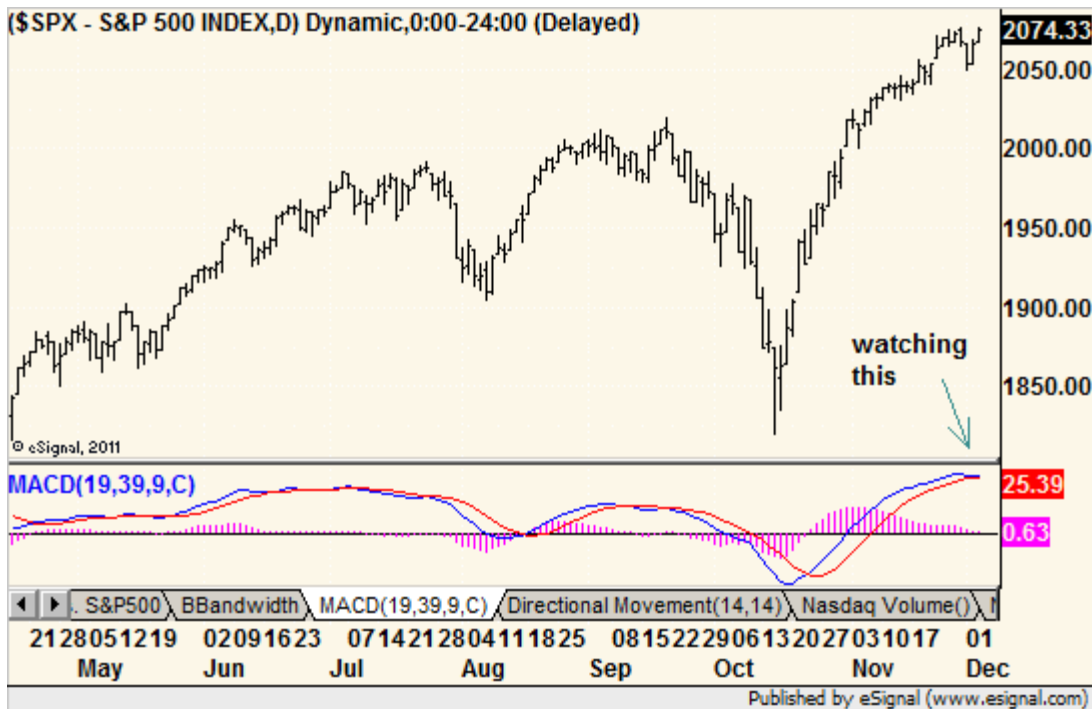
We shorted a few regional banks yesterday although none were in Texas. We did see a few that looked awful, such as **CFR**, but they were already way down.

Here's something else - North Dakota municipal bonds may hurt down the line if oil prices keep falling. Right now, they seem to be OK (check out **VNDFX**) but the state boomed on oil and it may bomb with it, too.

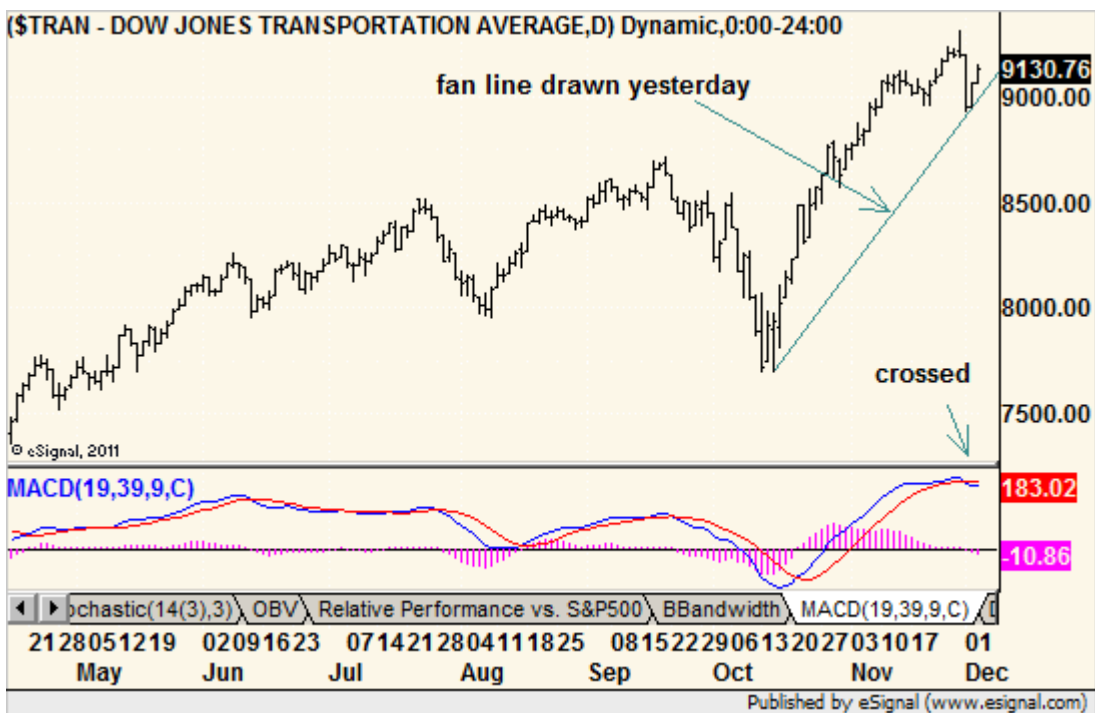


We added a resistance line at last month's high but it does look as if the **SPY** has run into a ceiling. Will fallout from Draghi's comment push it through? No bets from us.

Index Charts of the Day



We are watching MACD here as any weakness today could spark the crossover.



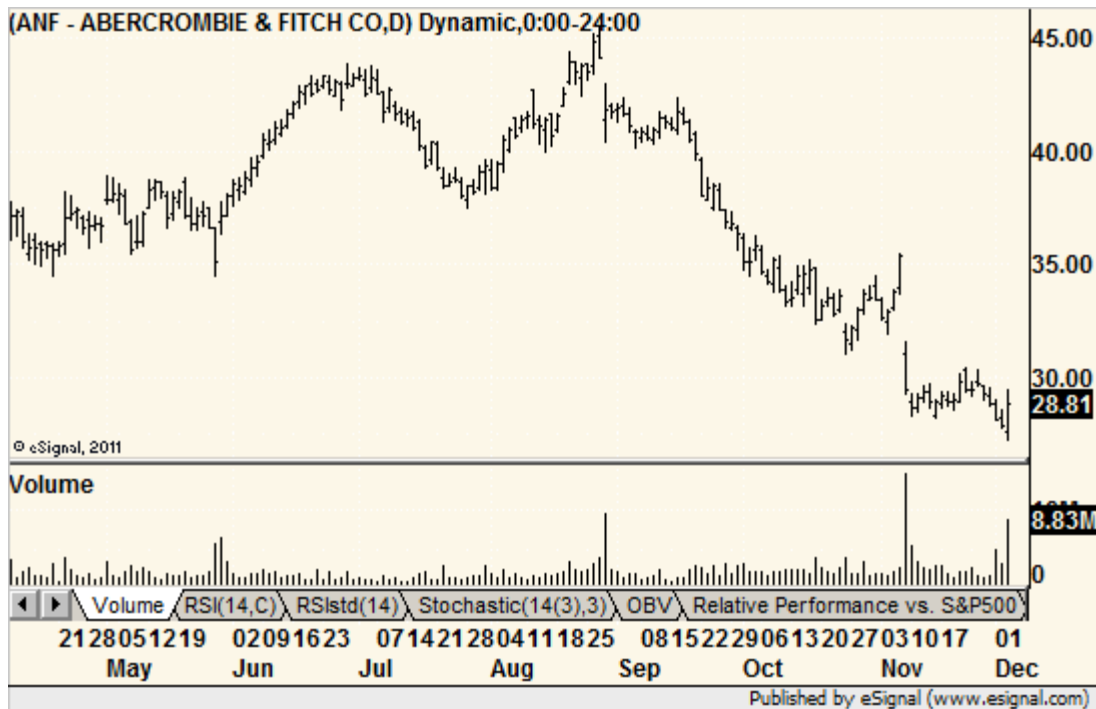
Not enough to sell the transports but they are on the edge. If oil rallies.....

The Radar Screen

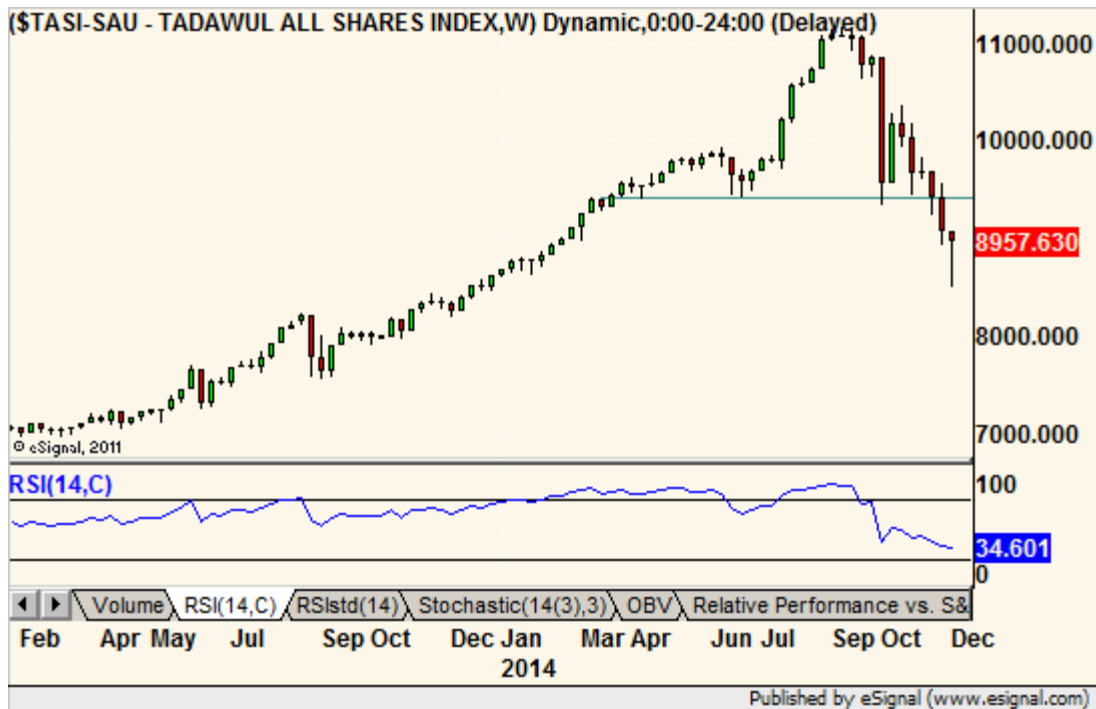
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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. (4-5% rule)	Not triggered	11/17
Axiom ACXM - Inverted head-and-shoulders setup for this marketing database and intelligence company. It broke out so we will jump in.	Moved	11/24
Abercrombie & Fitch ANF - A big bullish reversal on big volume after bad news. Not shown is a bullish MACD divergence. We are in.	New	12/4
Bearish Implications		
Tesla TSLA - Yesterday, we showed it on the trendline and 200-day average. Today, it is trading below it for a breakdown. We are going to sell the open.	Triggered	12/3
Huntington Bancshares HBAN - Regional banks broke down Monday and rebounded weakly Tuesday. This one is working on a major reversal at resistance so we are going to sell it here. Warning, it is very low priced.	Triggered	12/3
Keycorp KEY - Another regional bank ripe to sell. Note failure under trendline and 200-day average.	Triggered	12/3
BB&T BBT - One more regional bank to sell. Remember, you do not have to sell them all!	Triggered	12/3
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
none -		
Sector Watch (observations that may spark ideas)		
Industrials - surprisingly weak relative to the market.		12/2
Regional Banks - KRE ETF has failed in a breakout attempt. Aside from stocks in bearish section above, look at STI, FITB, RF, PNC		12/3
Updates		
China - Overbought got more overbought. But if China is getting so weak why is it up 19% in four weeks? Don't give up on commodities. ← Read me		

Market Highlights



Abercrombie & Fitch - A big bullish reversal on big volume after bad news. Not shown is a bullish MACD divergence. We are in.



Saudi Stock Market - When this chart broke down oil followed. Now we see a potential weekly hammer candle so watch to see if it finishes the week this way. We won't know until Friday but if it closed right here we'd be rather happy liking oil.

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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	K	KELLOGG CO	66.38	2.9%	64.50	64.53	11/6	27
	YUM	YUM BRANDS INC	77.64	5.6%	75.00	73.50	11/10	23
	LULU	LULULEMON ATHLETICA INC	46.00	0.0%		46.00	11/20	13
	NDLS	NOODLES & CO	24.19	5.2%	23.50	23.00	11/21	12
<u>Short</u>	TIVO	TIVO INC	12.47	3.4%	12.75	12.90	11/10	23
	JPM	JPMORGAN CHASE & CO	61.54	-2.5%	62.75	60.00	11/20	13
	YHOO	YAHOO INC	50.28	0.6%	53.00	50.60	11/20	13
	TSLA	TESLA MTRS INC	229.30	-1.3%	240.00	226.25	11/20	13
	HBAN	HUNTINGTON BANCSHARES INC	10.15	-1.3%	10.40	10.02	11/20	13
	KEY	KEYCORP NEW	13.32	-0.9%	13.75	13.20	11/20	13
	BBT	BB&T CORP	37.96	-1.5%	39.00	37.39	11/20	13

Notes: Stopped out of **LULU** for no gain. It still looks like it will bounce but a stop is a stop.

Also sold **ALL** at the open for an 8.7% gain in 37 days.

New shorts in **TSLA** and three banks (you do not need to sell them all). Unfortunately, they all rallied yesterday so we start behind the eight ball.

Subscriber Corner

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Other Information

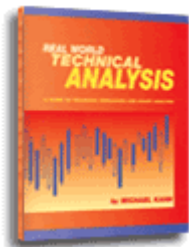
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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