

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

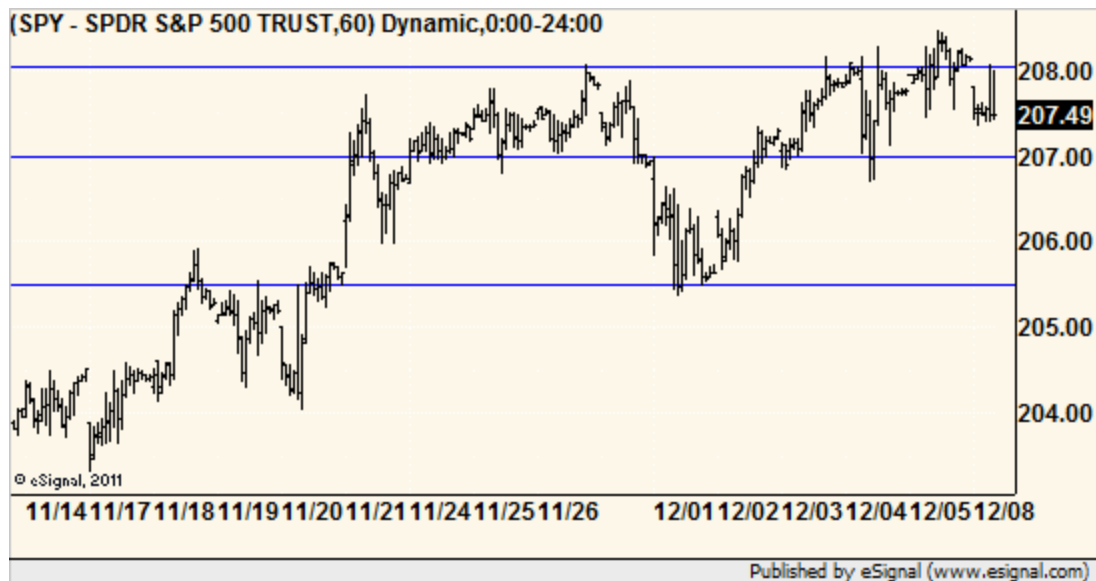
**December 8, 2014** – A quick acknowledgement to Pearl Harbor Day yesterday. Still wishing for plowshares.

Friday saw new highs for the Dow and S&P 500 while the Russell 2000 and NYSE composite remained below resistance. Volume, as usual, was below average so we are not going to get too excited. One thing we will get excited about, and not in a good way, is getting clocked on all bank shorts. Bank ETFs gapped up after the jobs report as the market rejoiced an economic improvement. We do not quite get why oil went down on that sort of development although a soaring U.S. dollar did hurt commodities in general. The exception was grains.

The big news this morning is the continued weakness in Europe, an ECB-er saying so and Mario Draghi reiterating the "we will do what it takes" thing. How many times can talk without action prop things up? Apparently, not today. And the bond market in Europe agrees with the UK now joining a few others below the 2% yield level.

Even here, where the economy is a lot better, junk bonds are still low.

Riddle me this. If the domestic economy is the best around and big stocks are usually multi-national with global exposure, why are small stocks, with their domestic-only focus, still lagging? The only answer we can see is that the domestic economy is just smoke and mirrors. Big job gains on the surface are good but in the context of where we should be and what is happening globally we are not so sure. But that is way outside our wheelhouse so let's back to the charts.

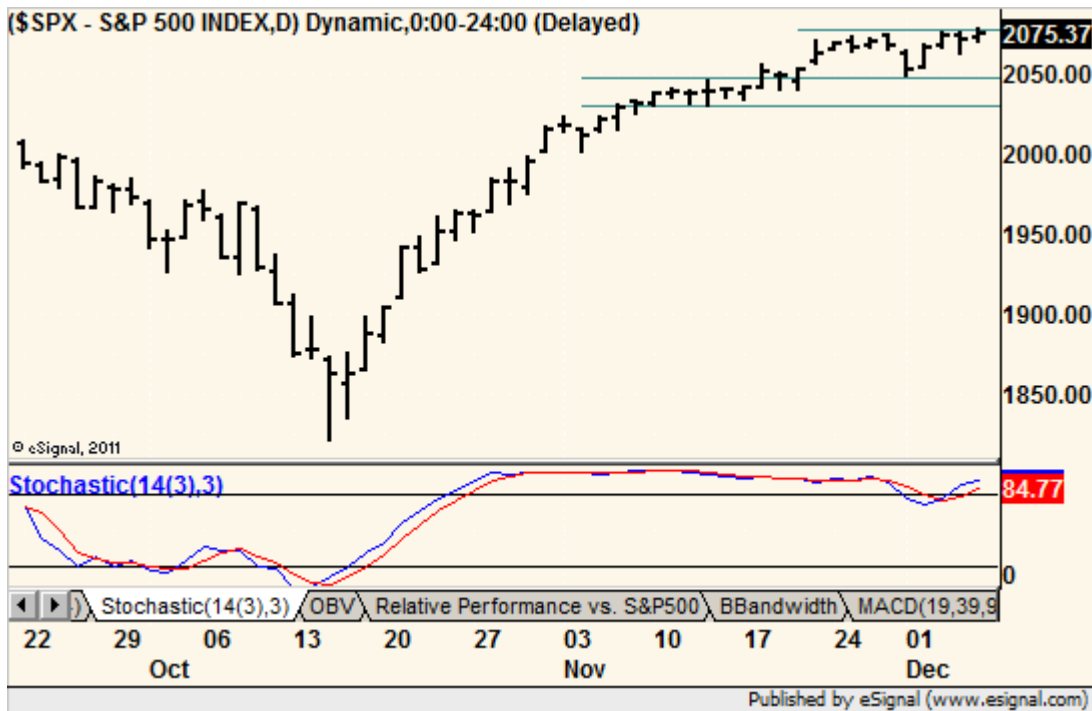


On the hourly chart, no support or resistance level is sacred. Sure, they work once but that's it. We interpret that as just chop and no trend. And therefore, analysis needs a lot of rope. Keep it light.

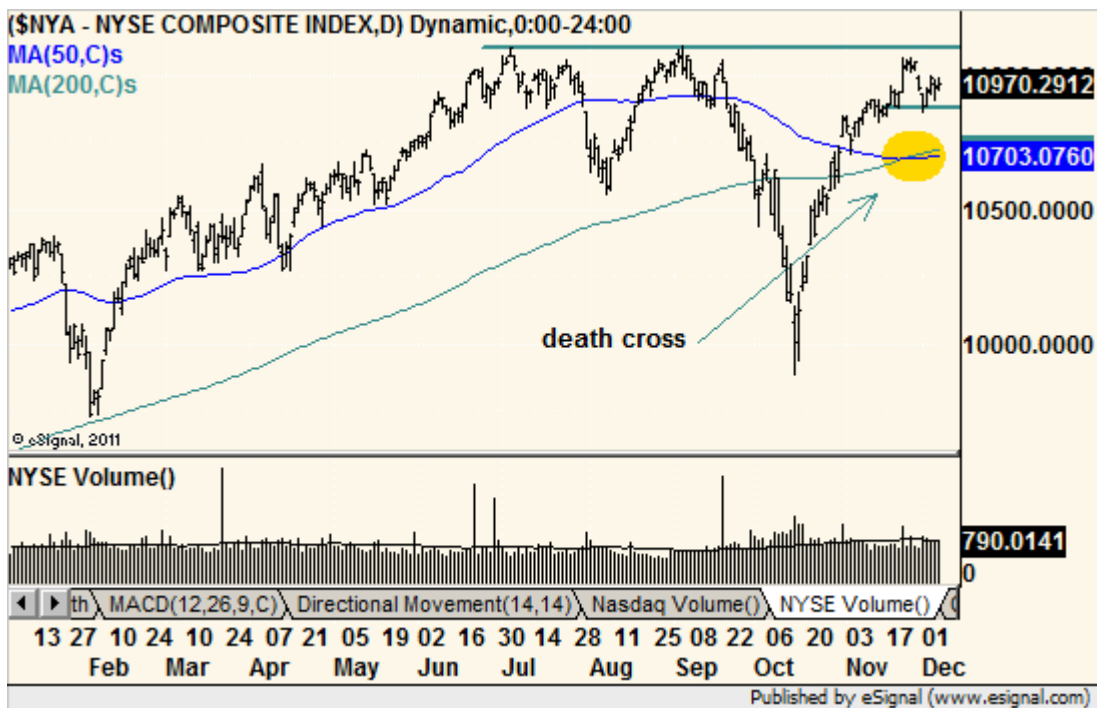
From Twitter:

"There is a time to go long. A time to go short. And a time to go fishing." Jesse Livermore

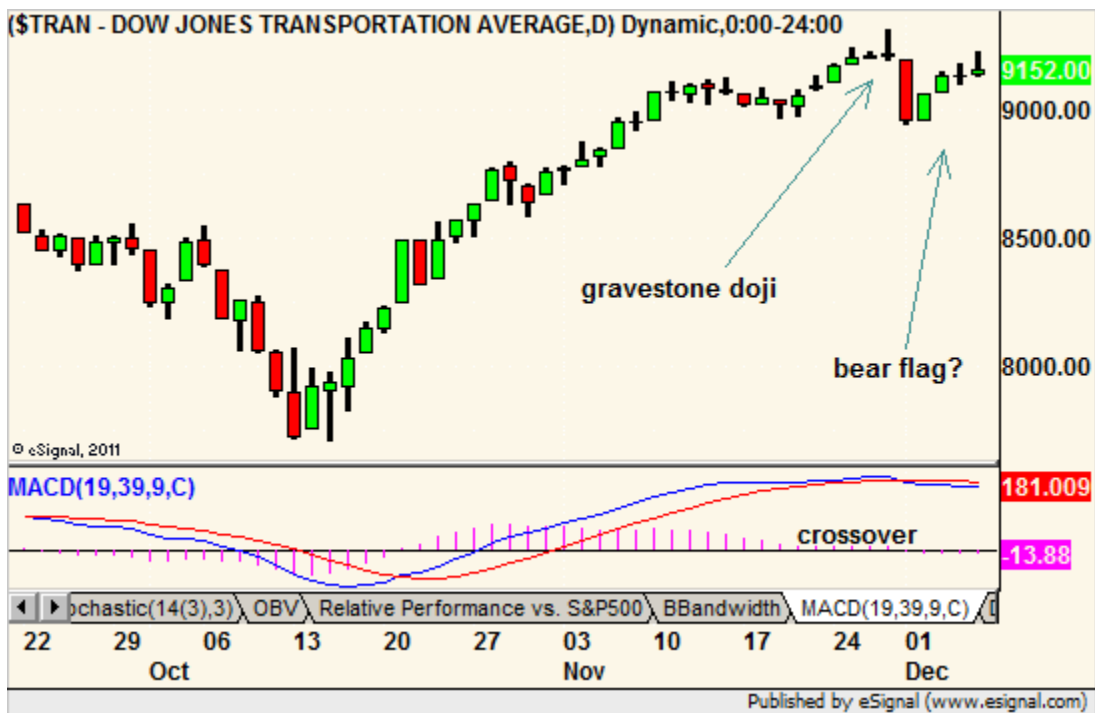
## Index Charts of the Day



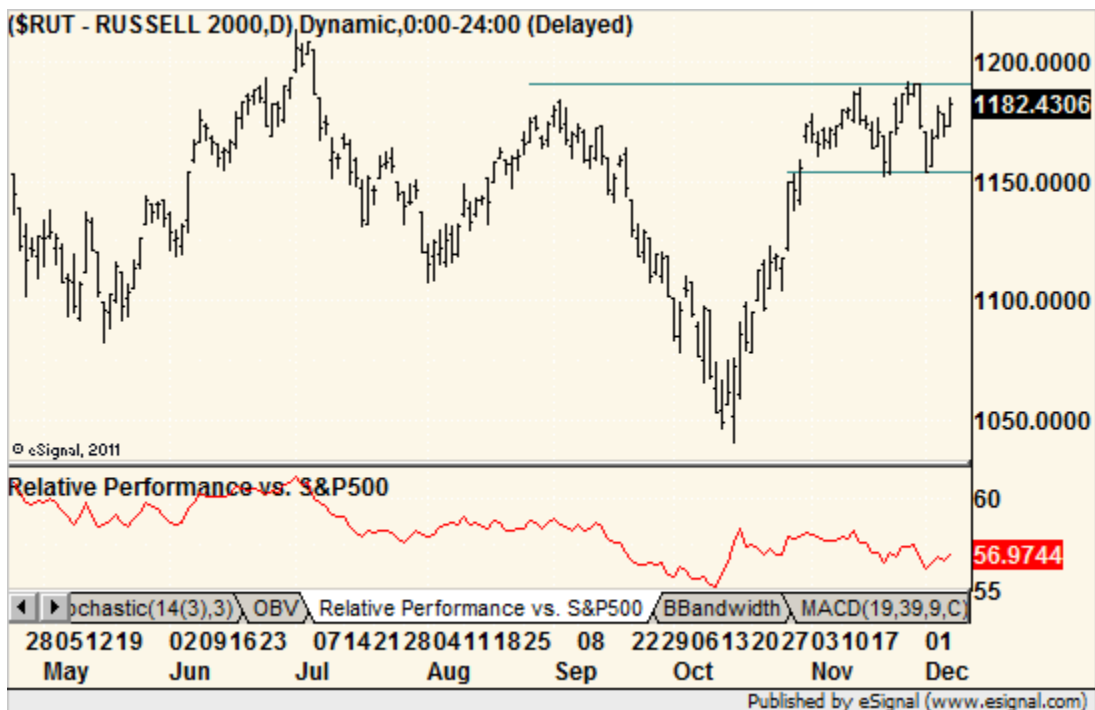
The S&P 500 has been flat with a rising bias and that is confirmed in stochastics, a good range indicator. The market is soft this morning so it looks as if resistance will hold but there really are not a lot of directional clues right now.



Don't look now but the NYSE composite scored a death cross two weeks ago. It still needs to take out short-term support to mean anything real, however.



The transports need to get moving right away. We cannot call this a bear flag since there was really only one down day but the gravestone doji from the week before last (open and close near the low) is still in effect as a bear signal.



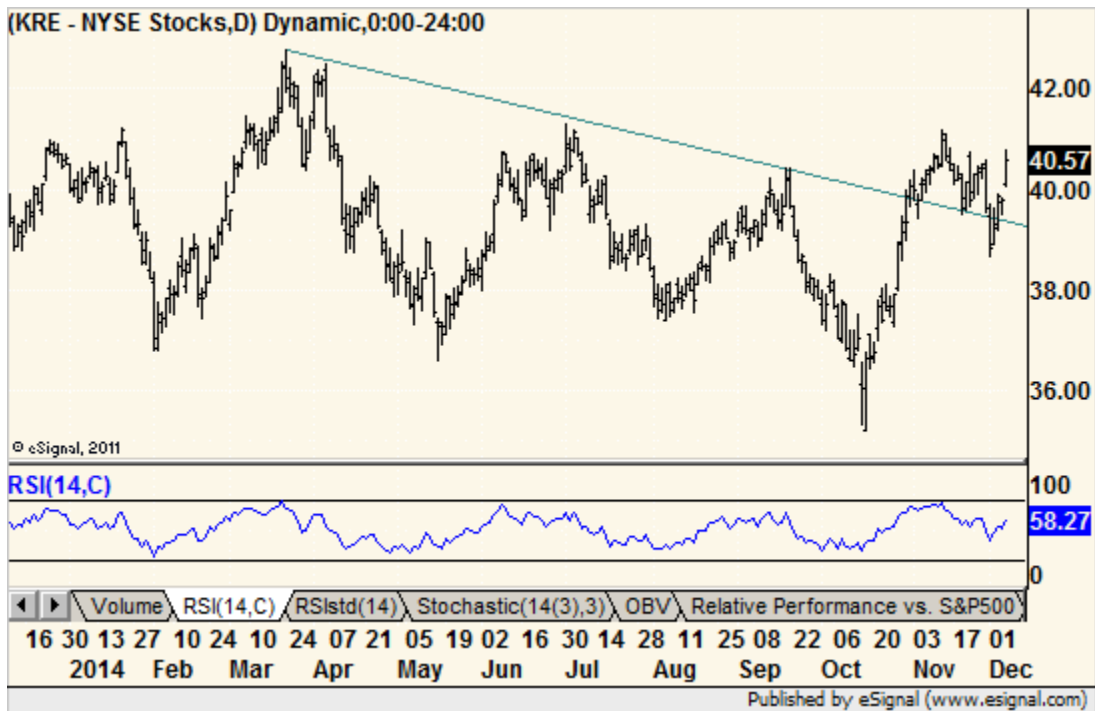
Still watching the short-term range on the Russell 2000.

## The Radar Screen

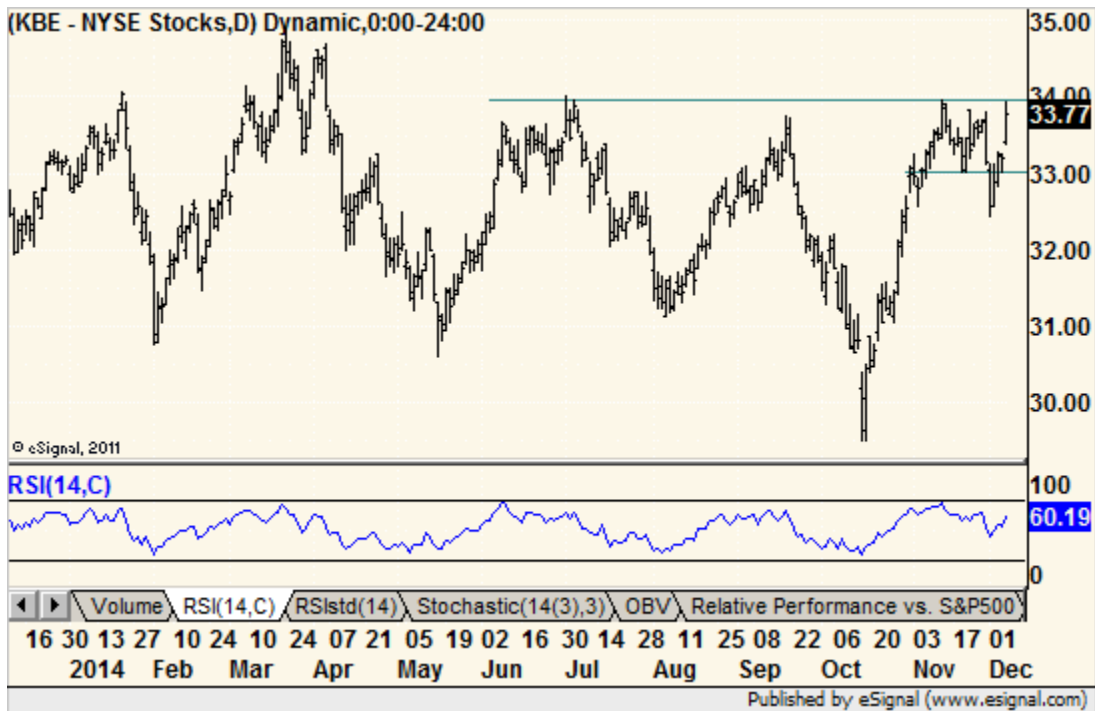
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Vishay Intertechnology VSH</b> - Broke out big but never really came back to us. Moving on. If you own it on the actual break, keep it.	<b>Removed</b>	11/17
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>IBM</b> - Just watching. A small range but stochastics has a positive bias.		12/5
<b>United Technologies UTX</b> - Not exactly an inverted head-and-shoulders. Resistance seems more important with falling on-balance volume. We would sell a trendline breakdown but that has not yet happened.		12/5
<b>Johnson &amp; Johnson JNJ</b> - Another Dow stock that can go either way from a tight range.		12/5
<b>American Express</b> - Possible double top with a bearish reversal on volume Wednesday. Needs to take out support before the pattern completes. Financials rally Friday did hurt the bear case a little.		12/5
<b>Owens Corning OC</b> - On the verge of a breakout through resistance and possible inverted H/S neckline but it reversed to the downside Friday.		12/5
<b>Michael Kors KORS</b> - Diamond bottoms are not really patterns but this one shows a bullish RSI divergence and Friday saw an arguable upside breakout.		12/5
<b>Ciena CIEN</b> - A break and test of the 50-day average, rising change in on-balance volume trend and an ascending triangle pattern. We will likely set a buy trigger for tomorrow given the market's Monday morning weakness.	<b>New</b>	12/8
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Industrials</b> - surprisingly weak relative to the market.		12/2
<b>Regional Banks</b> - We were wrong. Too strong.	<b>Removed</b>	12/3
<b>Canadian Banks</b> - Despite US rally, this sector looks bad. <b>RY, TD, BNS, BMO, BNS.</b>		12/5
<b>Updates</b>		
<b>Saudi stock market</b> - The weekly hammer did form last week but so far it is not confirmed as a bottom signal.		
<b>Citigroup C</b> - Punched through resistance		

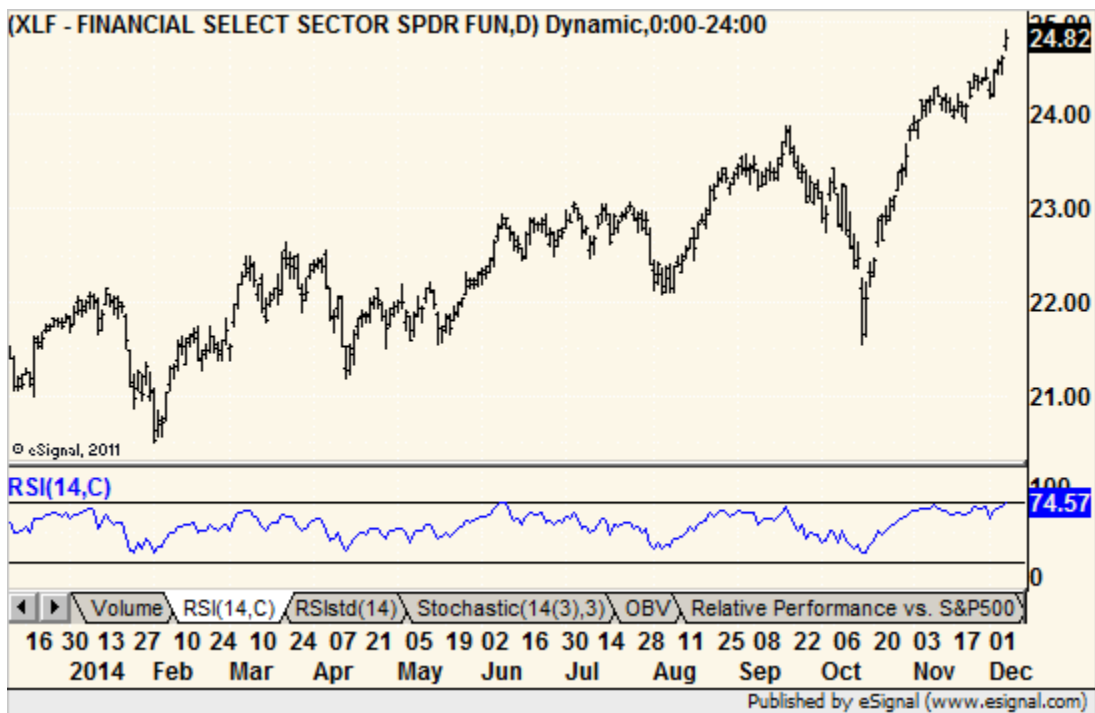
## Market Highlights



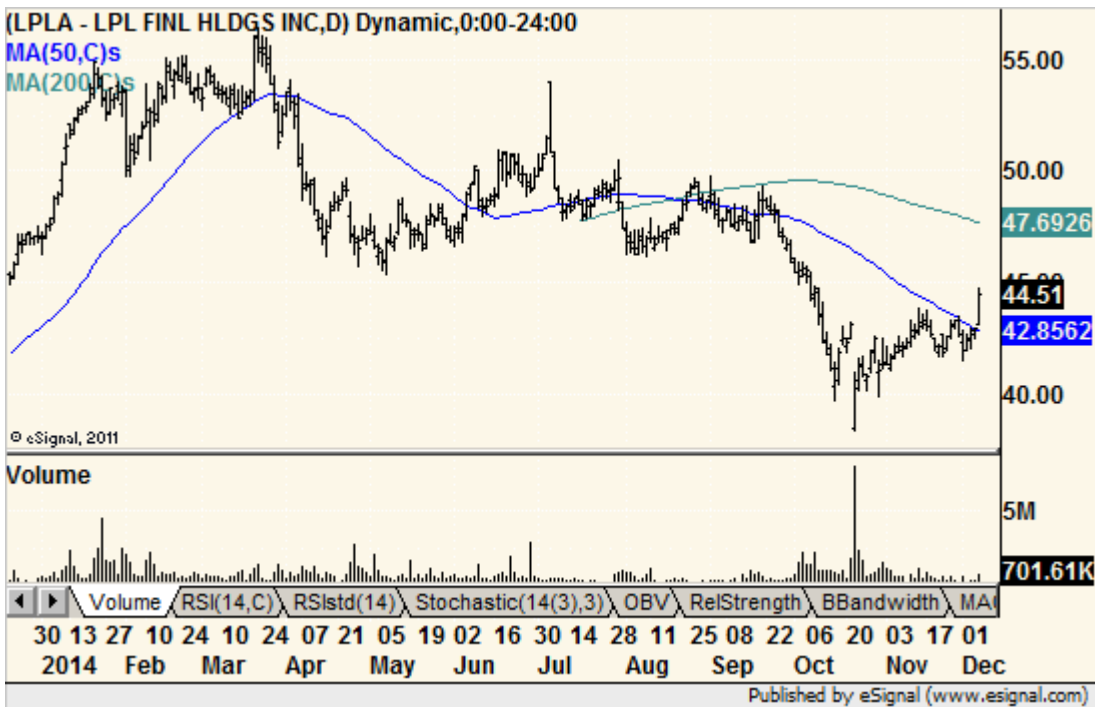
**Regional Banks ETF** - We saw the drop below the trendline and got short. Then it reversed higher leading into Friday's giant jobs-report rally and stop-outs. See next chart...



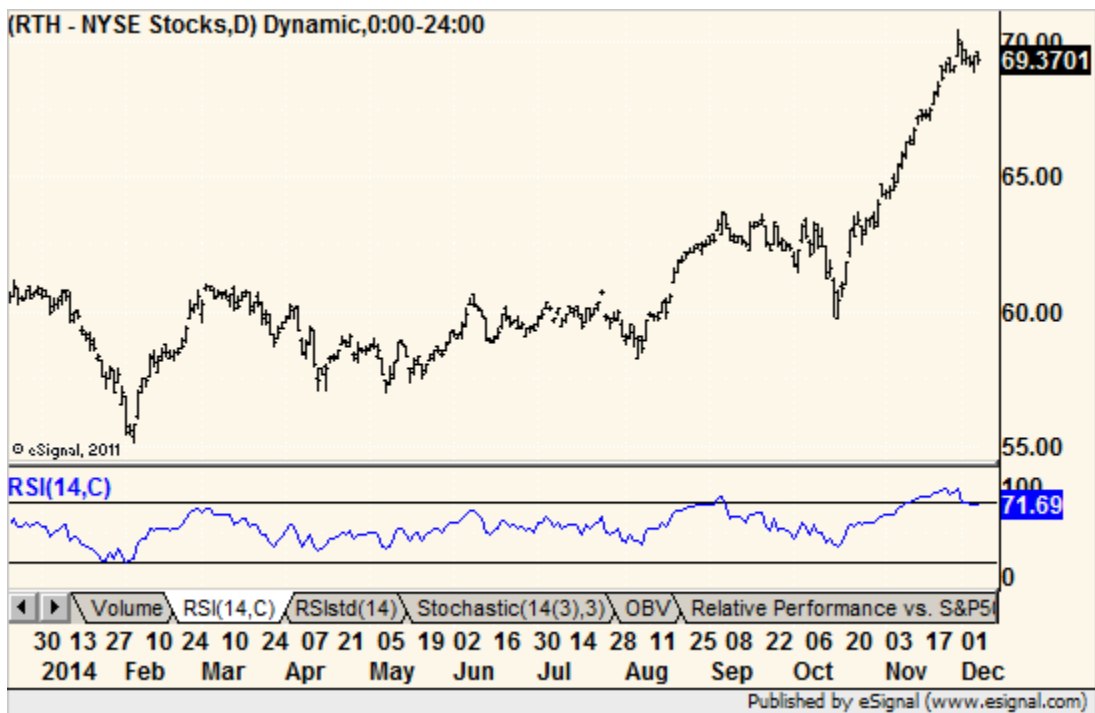
**Banks ETF** - The major banks had a support break after a failure at major resistance. The latter is still holding (even though we got stopped out of a **JPM** short).



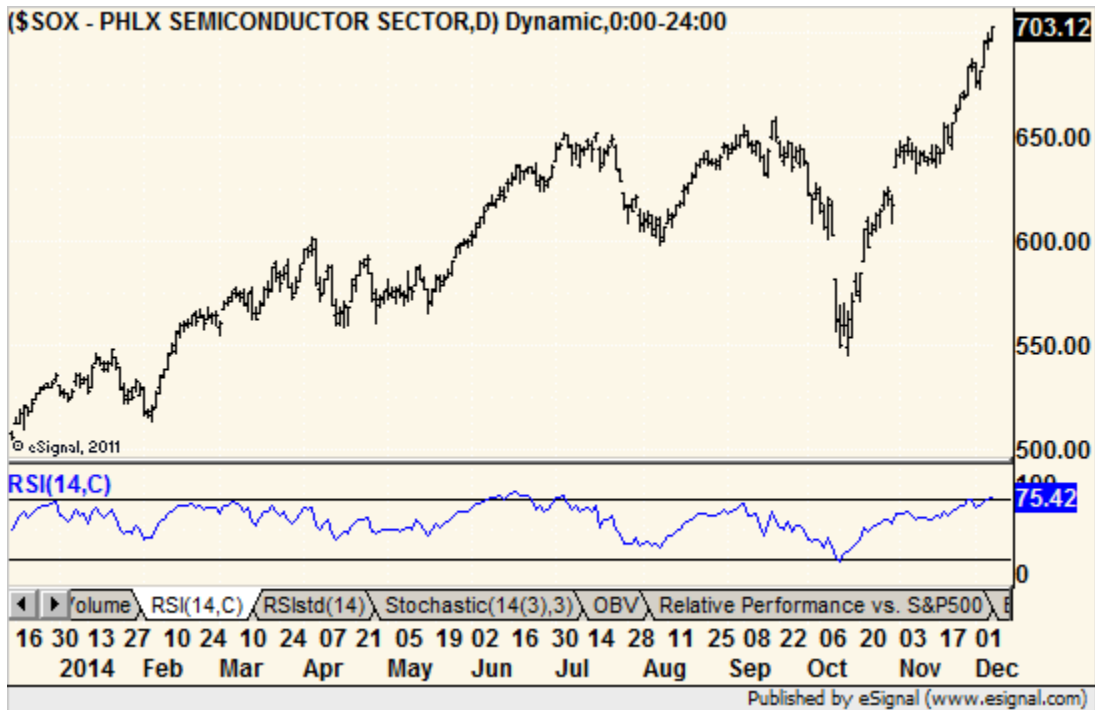
**Financial ETF** - Gap up Friday on jobs. Regional banks led but brokers were right in there, too. See next chart...



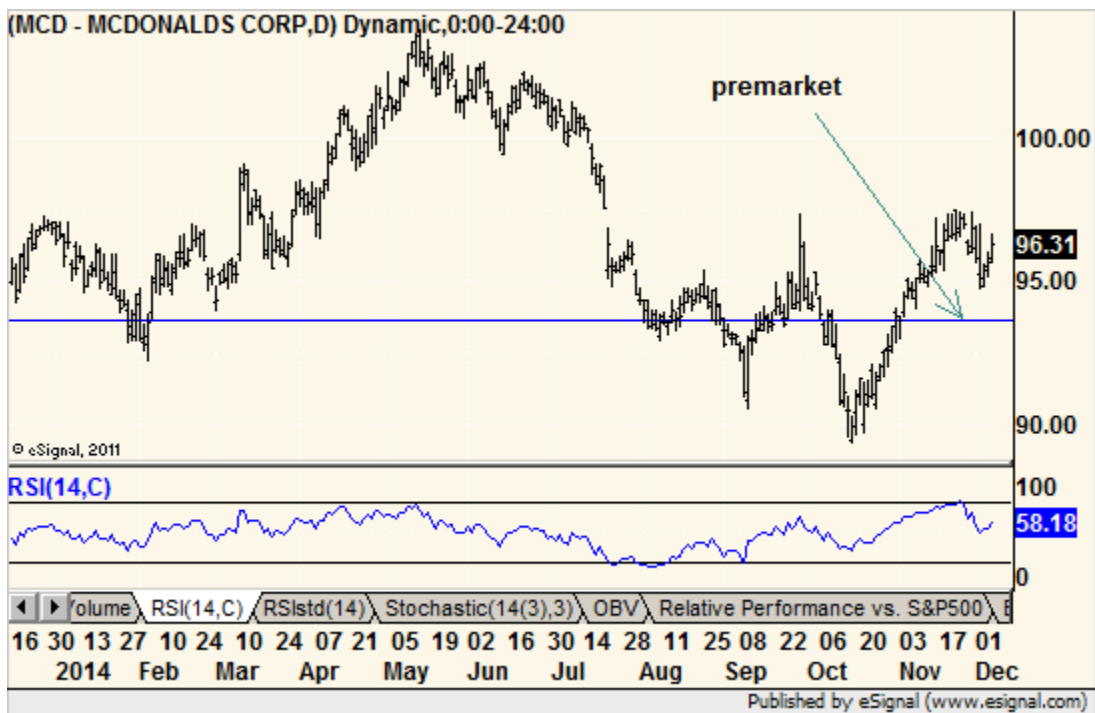
**LPL Financial** - This one is in the brokers group although it is more of an advisor. Catch-up candidate now that it is above the 50-day and short-term resistance. Note selling climax in October.



**Retail ETF** - The demise of retail after black Friday was not exactly true on the charts.



**Semiconductor Index** - We read somewhere that the SOX is back as an important indicator. Maybe. But this chart shows a really steep rally that is close to overbought in the indicators. Quite risky although you do not step in front of a speeding train.



**McDonalds** - A premarket smash after earnings. This is one a few Dow stocks with charts far from new highs. And it does not look cheap here.

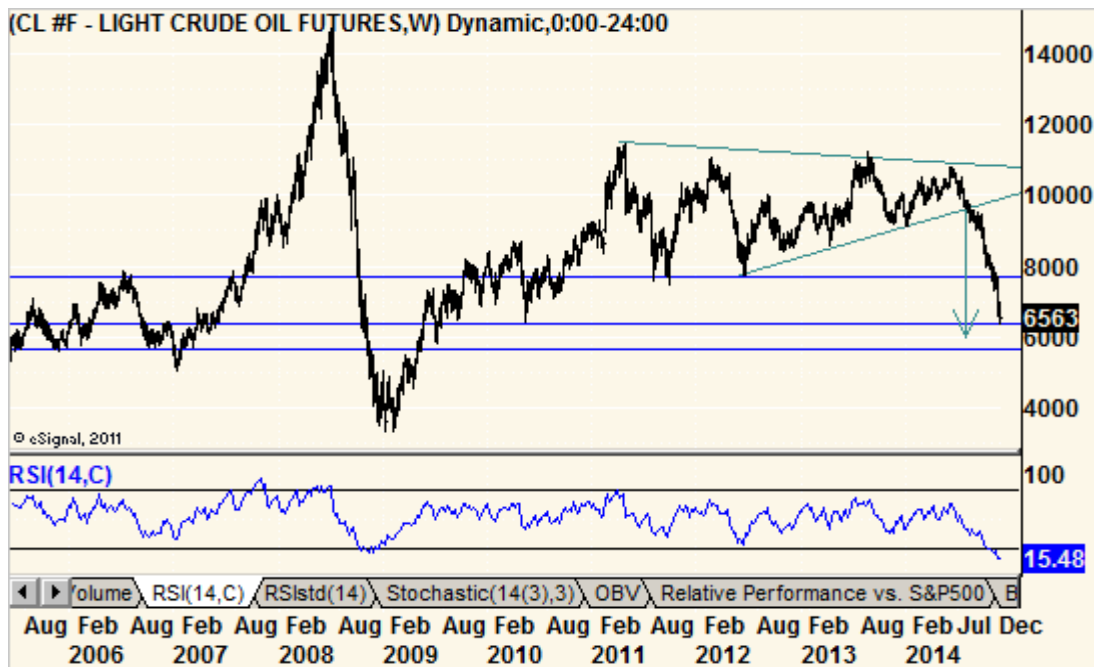


**Ciena** - A break and test of the 50-day average, rising change in on-balance volume trend and an ascending triangle pattern. We will likely set a buy trigger for tomorrow given the market's Monday morning weakness.

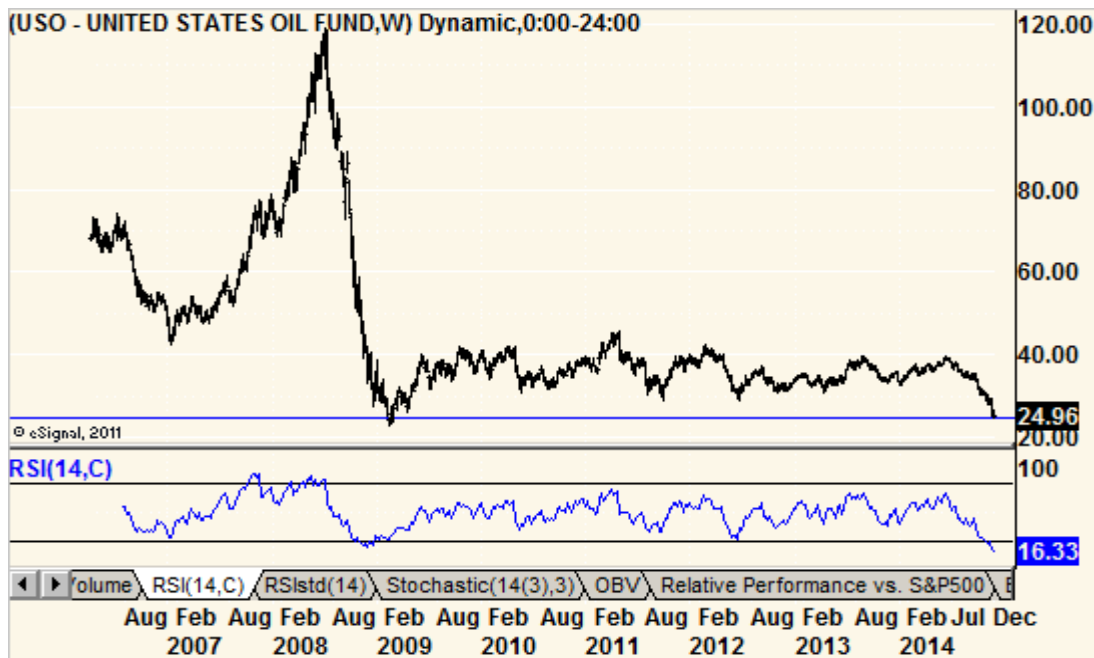


## The Big Picture

In this section, we take a macro look at things.



**Crude Oil** - Our first downside target of 75-79 was obviously busted and now crude is approaching another support band around 60. It is already wildly oversold in the weekly time frame. Note that the downside target for the triangle break is also in the 60-area.



**Oil ETF** - The ETF does not look like crude due to rollovers and other calculation issues. However, it is now trading at the line, which is just above the crisis lows in 2009. The bottom line is that this over-hated market is not likely to break 60, in our view.

## 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>K</b>	KELLOGG CO	66.40	2.9%	64.50	64.53	11/6	30
	<b>YUM</b>	YUM BRANDS INC	78.30	6.5%	75.00	73.50	11/10	26
	<b>NDLS</b>	NOODLES & CO	24.34	5.8%	23.50	23.00	11/21	15
	<b>ACXM</b>	ACXIOM CORP	20.51	3.3%	19.50	19.85	12/4	2
	<b>ANF</b>	ABERCROMBIE & FITCH CO	27.29	-3.6%	27.00	28.32	12/4	2
<u>Short</u>	<b>TIVO</b>	TIVO INC	12.23	5.5%	12.75	12.90	11/10	26
	<b>JPM</b>	JPMORGAN CHASE & CO	62.70	-4.3%	62.75	60.00	11/20	17
	<b>YHOO</b>	YAHOO INC	50.99	-0.8%	53.00	50.60	11/20	16
	<b>TSLA</b>	TESLA MTRS INC	223.71	1.1%	240.00	226.25	12/2	4
	<b>HBAN</b>	HUNTINGTON BANCSHARES INC	10.43	-3.9%	10.40	10.02	12/2	5
	<b>KEY</b>	KEYCORP NEW	13.78	-4.2%	13.75	13.20	12/2	5
	<b>BBT</b>	BB&T CORP	38.78	-3.6%	39.00	37.39	12/2	5

**Notes:** ANF is sucking wind. Not stopped yet but totally disappointing.

Jobs report sent banks soaring. @\$&\*%

## 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

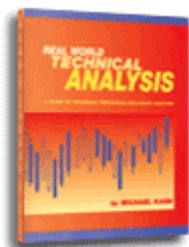
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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