

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**December 9, 2014** – Monday's trading saw the biggest drop in several weeks but that was not the significant part. What we saw in the late morning was a gate suddenly opening and the bulls starting to run away. Continued weakness in energy and then a drop in Apple weighed as data from overseas was evaluated - apparently with no joy.

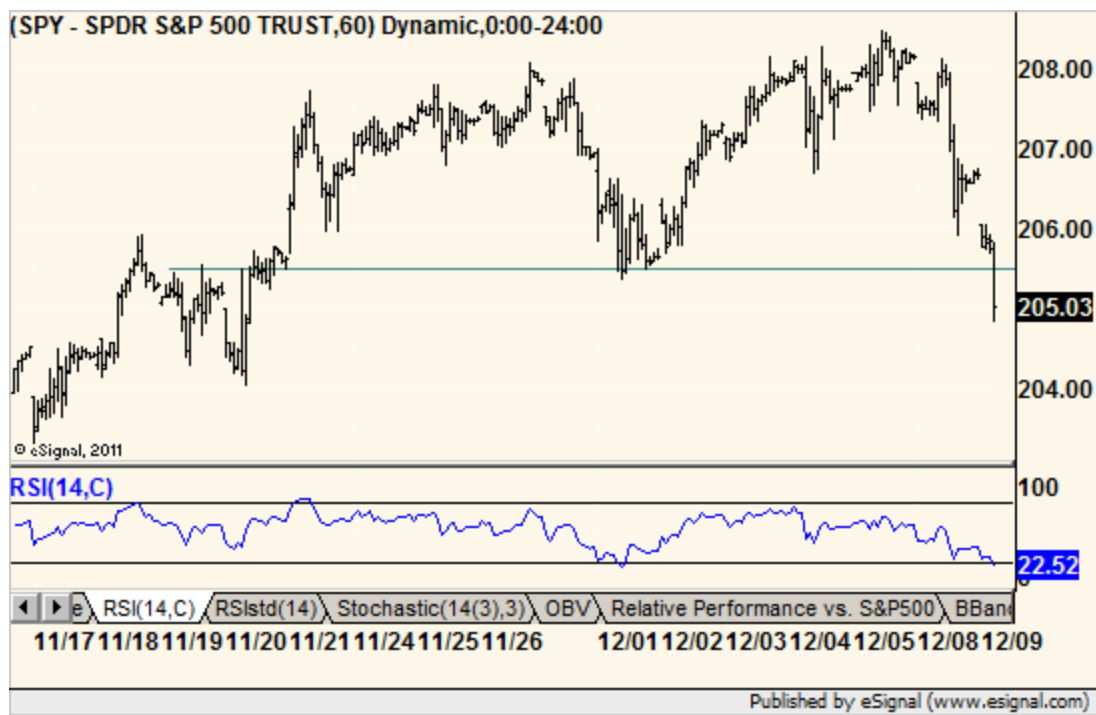
Then overnight the speeding locomotive that was the Chinese stock market plowed into a mountainside. The Shanghai composite dropped 5.4% which even masked the fact that it was significantly in the black earlier in the day. But whatever the details, it left a massive bearish reversal bar after what was a parabolic run higher. As we say, parabolic up, parabolic down. These sorts of runs tend to erase the entire vertical part and if true that could mean another 16% down from here. As one of the few markets in a true rising trend, that is not going to do much for the global psyche. Chart below.

Of course, the rest of Asia was down and Hong Kong got whacked.

Because energy is also weighing on the global mind, we keep tabs on the Saudi market, which got hurt big again. Dubai was down over 4% to accelerate what was already a three-month decline. The wealth machine in the Middle East is sputtering.

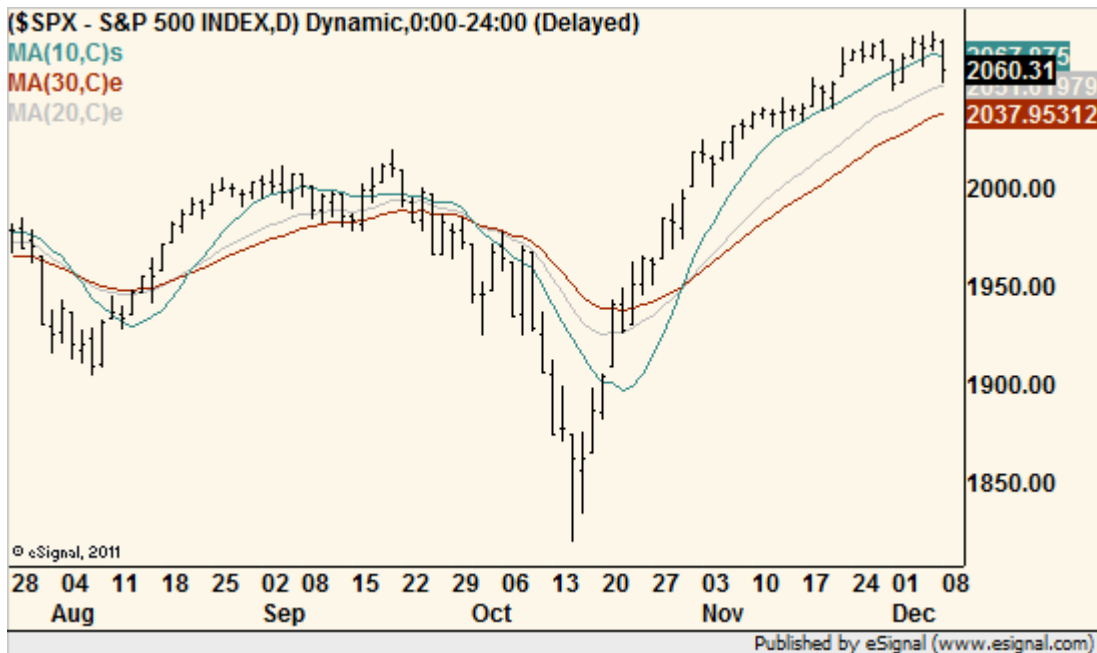
Europe is also down big this morning with 1-2% losses, except for Greece, which is down 11%. The PIIGS coming home to roost? Maybe. And don't forget Canada, down 2.3% yesterday on weak energy and weak banks lending to energy.

Is it any wonder that the US is down this morning, too? The S&P 500 seems destined to break a double top formation, small that it is, and that would break the 20-day average for the first time since early October.

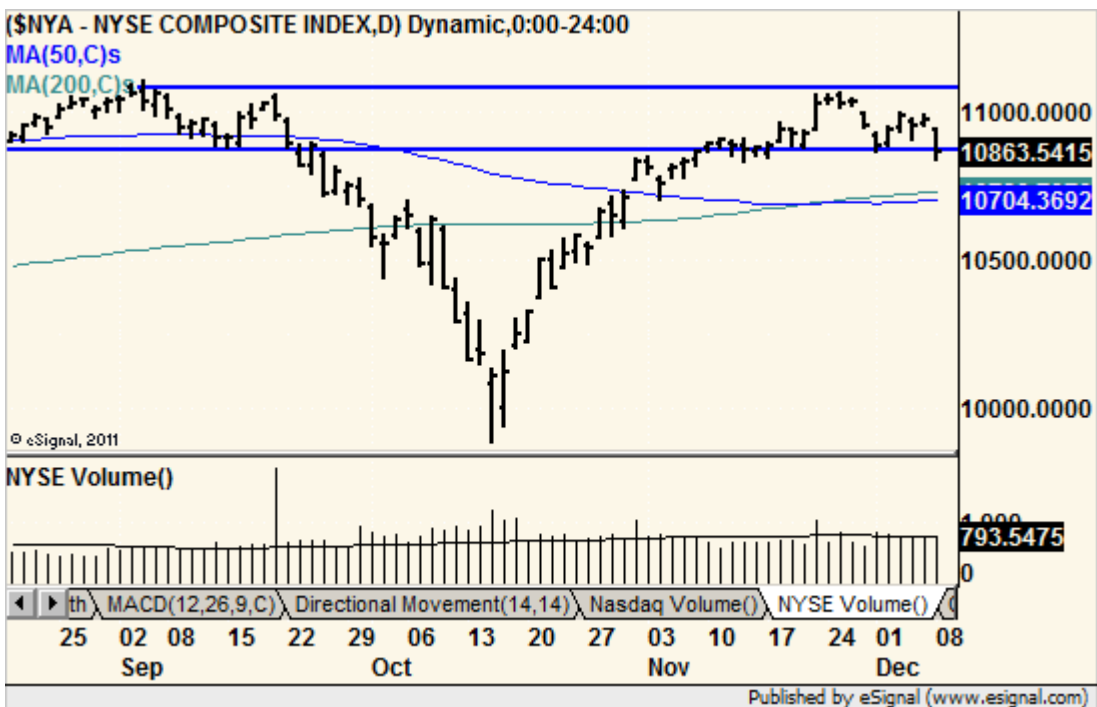


On the hourly chart, the SPY is below support from a double top. Just keep in mind we've seen premarket sell offs before that did not last. This one, however, seems more legit.

## Index Charts of the Day



Here is the S&P 500 with short-term averages. The 10 already fell and the 20 expo will fall on the open. The 30 expo is not yet in danger. And the point of it all, the market seems to be rolling over.



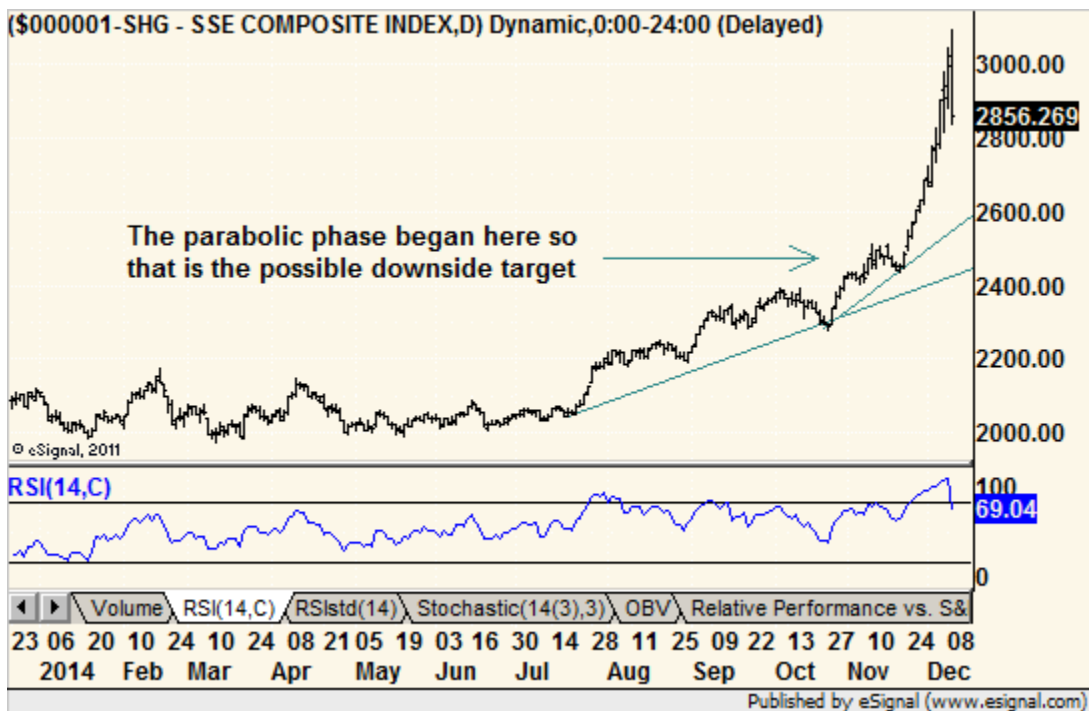
The NYSE composite broke short-term term support yesterday. The Russell 2000 is not yet at its own support, even in the premarket today, but is seems destined to follow.

## The Radar Screen

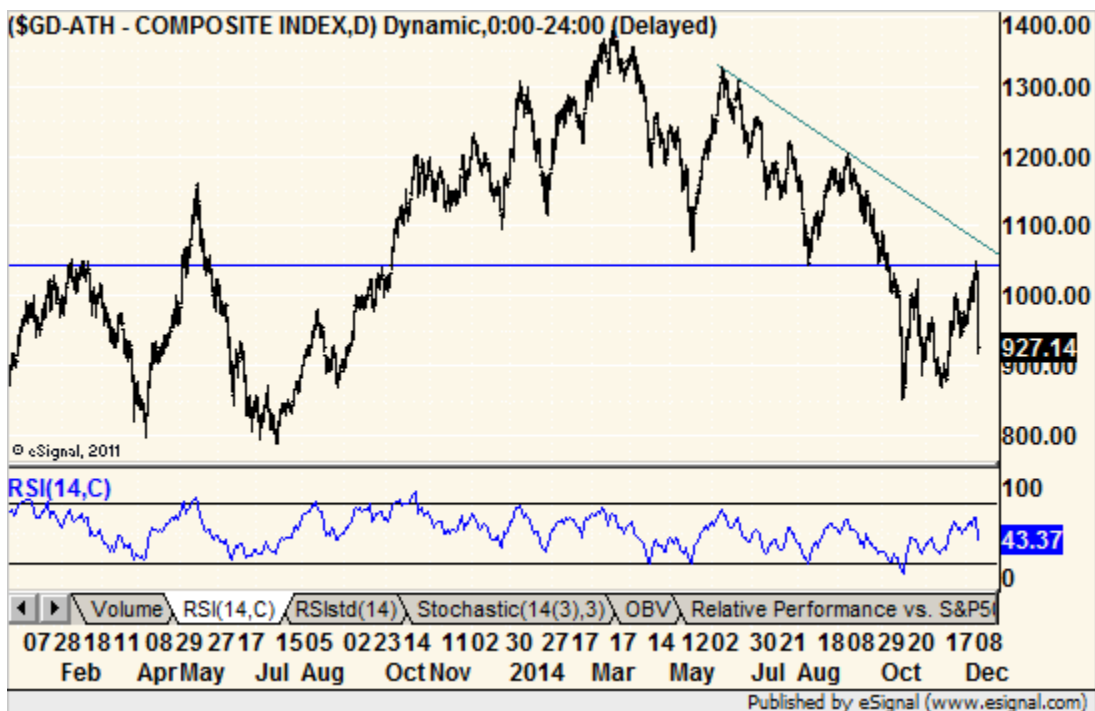
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>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. <u>Now looks like a double top in progress. Sell support break under 34.50/</u>	<b>Moved</b>	12/5
<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. <u>Yesterday's upside breakout is in danger of being erased today.</u>		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 AXP</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. <u>Tentative upside breakout but we will not follow in this weak market.</u>		12/5
<b>Michael Kors KORS</b> - Diamond bottoms are not really patterns but this one shows a bullish RSI divergence		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. <u>Waiting to see the market stabilize.</u>	<b>Changed</b>	12/8
<b>LPL Financial LPLA</b> - 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.		12/8
<b>Wynn Resorts WYNN</b> - We are watching this one for a selling climax. That does not mean one will occur but if this drops hard for the next day or two and big volume it will have the criteria in place. At that point, it should be a nice buy - but not now!	<b>New</b>	12/9
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Industrials</b> - surprisingly weak relative to the market.		12/2
<b>Canadian Banks</b> - Despite US rally, this sector looks bad. <b>RY, TD, BNS, BMO, BNS.</b>		12/5
<b>Semiconductors</b> - This sector is the new black but it did score a small bearish reversal Monday		
<b>Updates</b>		
<b>none</b> -		

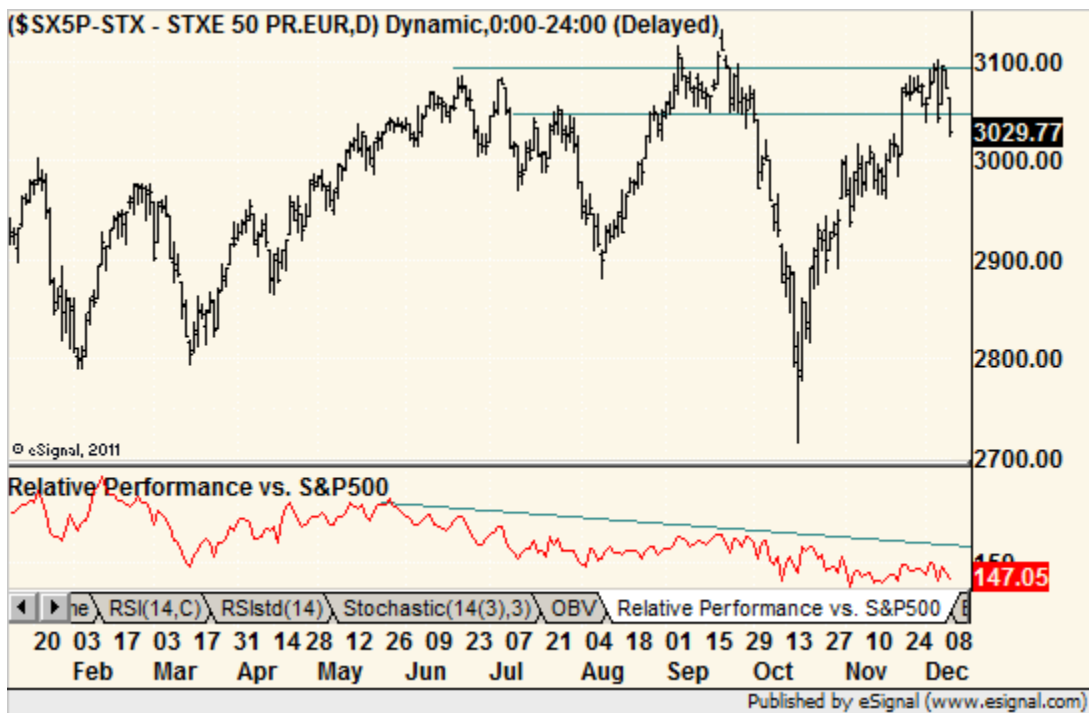
## Market Highlights



**China** - The harder they come.... Today saw a massive bearish reversal bar.



**Greece** - A PIIGS roast at resistance. If you are long Europe we suggest getting out. See next chart...



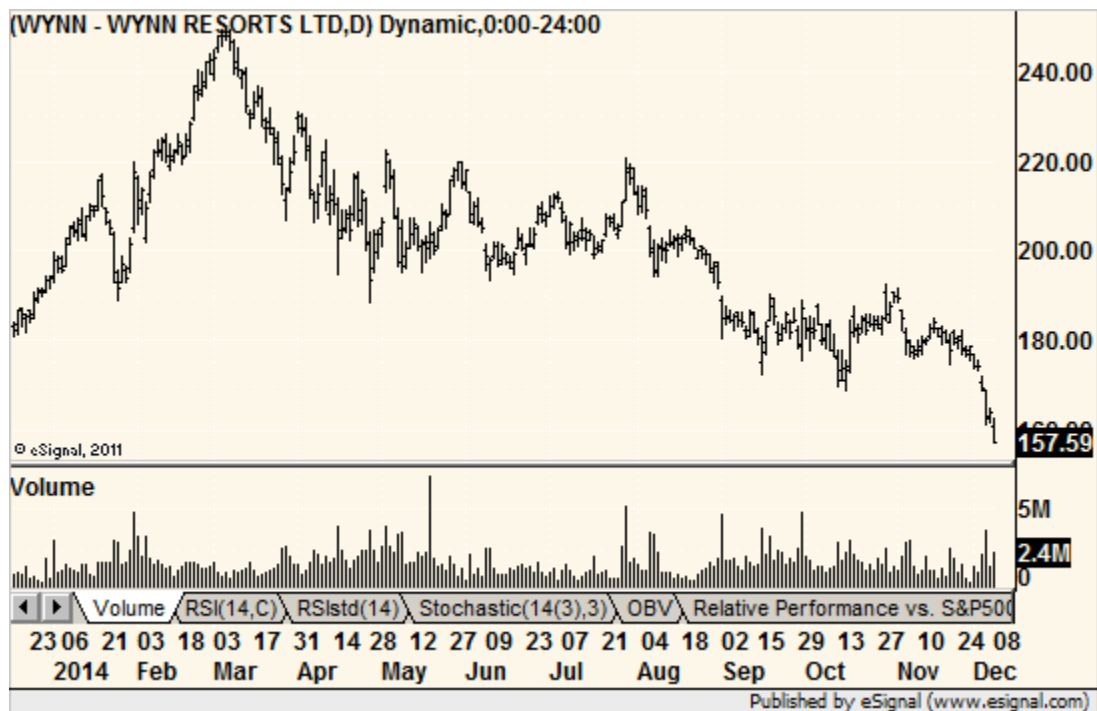
**Stoxx 50** - If Greece is not representative of Europe, how about the pan-Europe blue chip index? Breakdown.



**Long T-bond ETF** - Continuing the rally while Junk bonds (not shown) probe their October panic lows. This is the very **definition of risk-off** in the bond market.



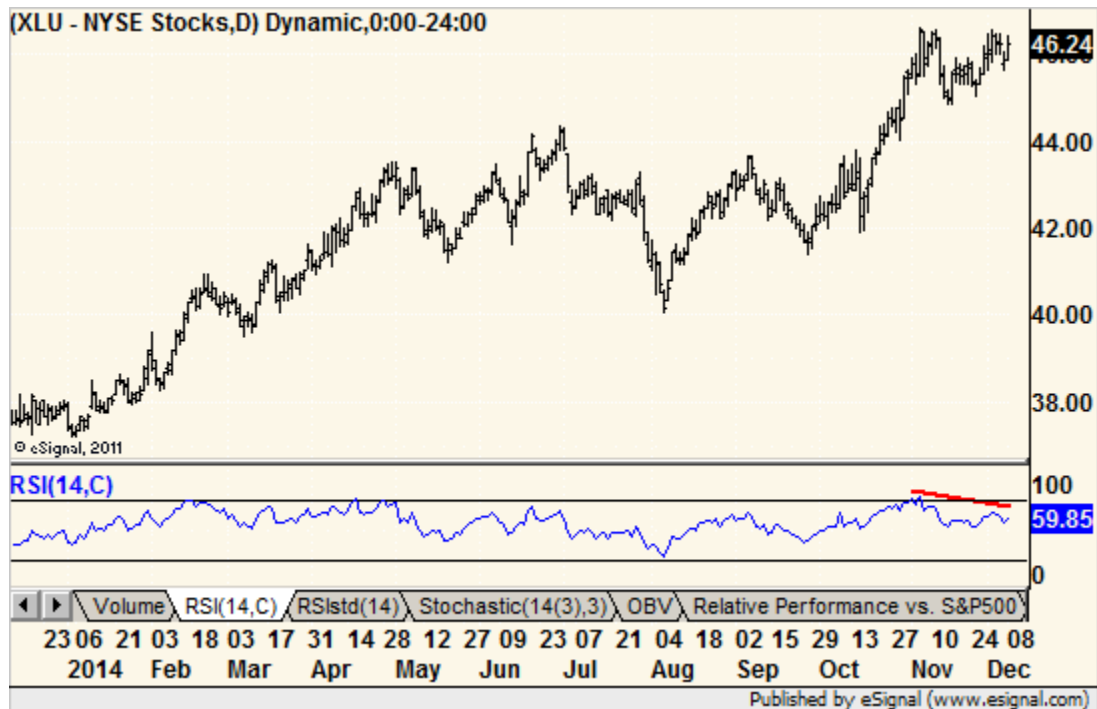
**Caterpillar** - Just an ugly chart if you are looking for global economic growth.



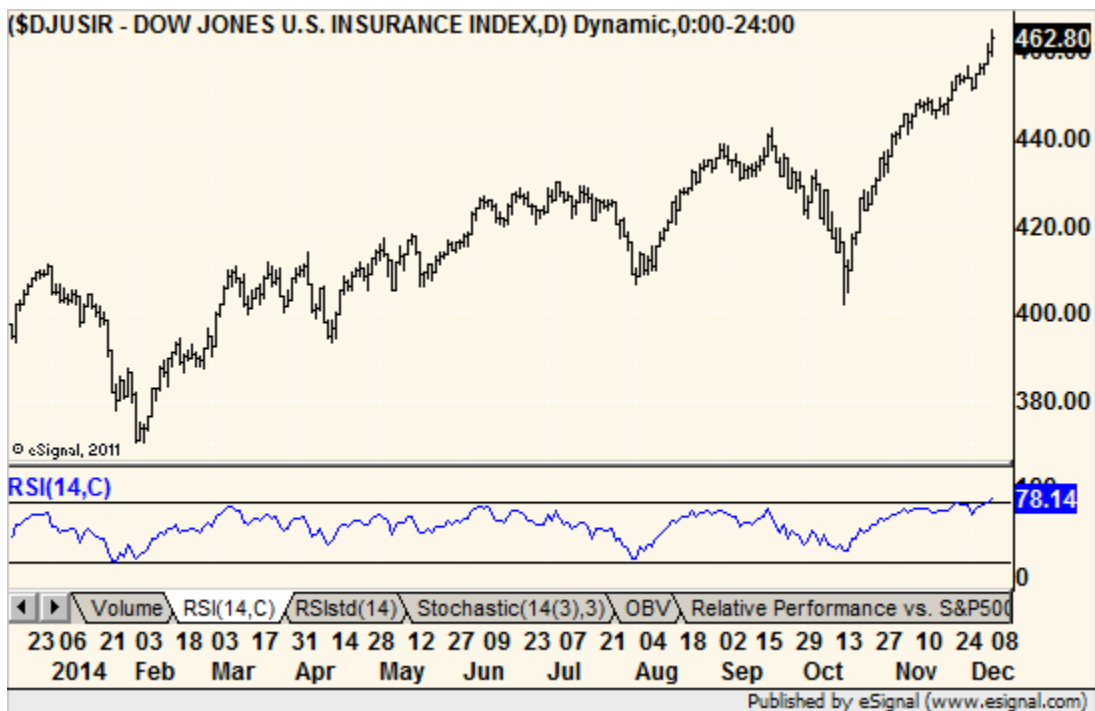
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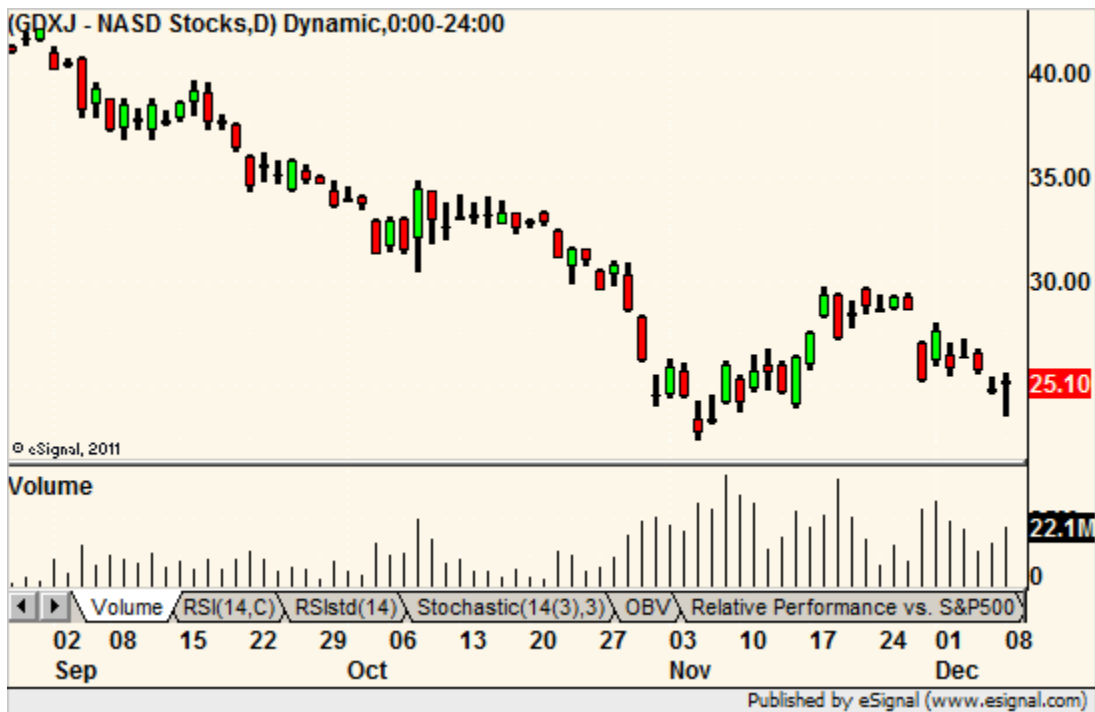
**GM** - We said this had rally potential to the 50-day. It made it and failed miserably. If you traded it, time to cash in.



**Utilities ETF** - Lots of buzz over utilities lately but this ETF shows a bearish RSI divergence. Not saying they will fall but don't go chasing yield.



**DJ insurance index** - Now overbought.



**Junior Gold Miners ETF** - We gave it a go last month and were stopped out quickly. However, it is even lower now and scored a dragonfly doji yesterday.



## 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	66.08	2.4%	64.50	64.53	11/6	32
	<b>YUM</b>	YUM BRANDS INC	76.46	4.0%	75.00	73.50	11/10	28
	<b>NDLS</b>	NOODLES & CO	24.51	6.6%	23.50	23.00	11/21	17
	<b>ACXM</b>	ACXIOM CORP	20.54	3.5%	19.50	19.85	12/4	4
	<b>ANF</b>	ABERCROMBIE & FITCH CO	27.00	-4.7%		28.32	12/4	4
<u>Short</u>	<b>TIVO</b>	TIVO INC	12.10	6.6%	12.75	12.90	11/10	28
	<b>YHOO</b>	YAHOO INC	49.62	2.0%	53.00	50.60	11/20	18
	<b>TSLA</b>	TESLA MTRS INC	214.36	5.5%	230.00	226.25	12/2	6
	<b>BBT</b>	BB&T CORP	38.76	-3.5%	39.00	37.39	12/2	5

**Notes:** Put out of our misery in **ANF**.

Lowered stop in **TSLA** short.

Not liking the gravestone doji in **ACXM** long

## 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

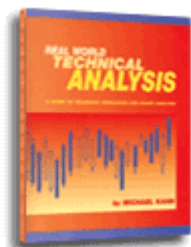
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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