

QUICK TAKES PRO

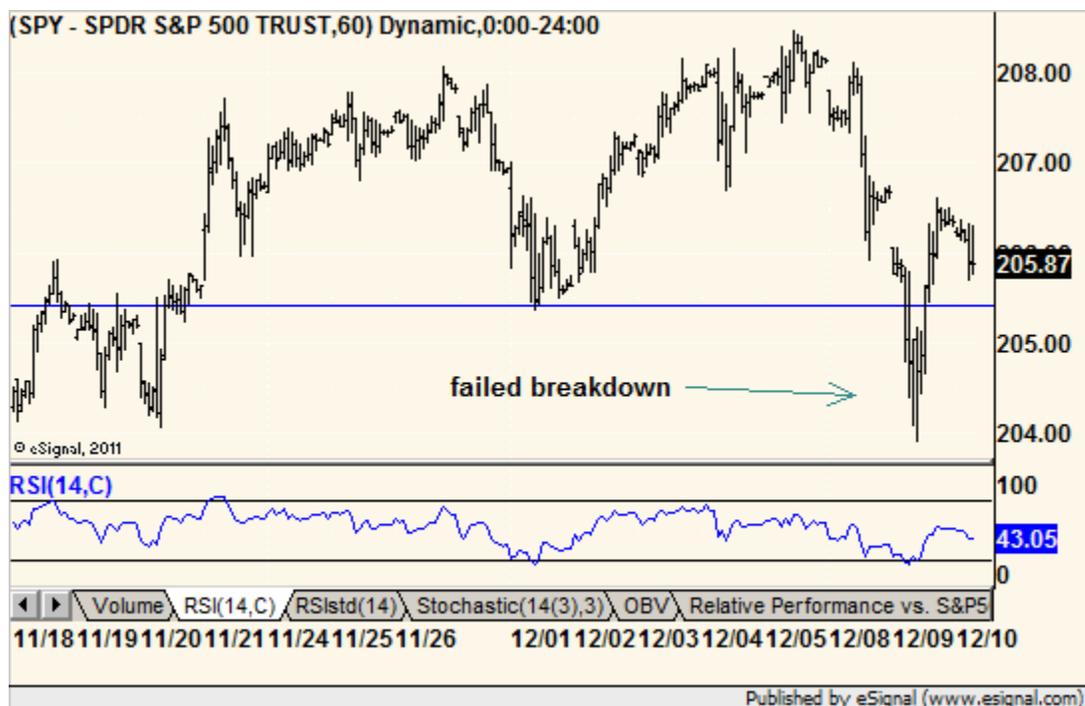
"TECHNICAL ANALYSIS FOR EVERYONE"

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December 10, 2014 – Oil down, what a shocker. It is getting matter-of-fact that "you should not own energy" but that nudges sentiment ever closer to an extreme bearish reading.

In stocks, the Dow was down over 200 points at one point yesterday and the headlines were appropriately fearful. The **VIX** was up another 10% and as we see all too often in the age of QE (even though it ended) the market started to rally. Big stocks closed with small losses. Small stocks closed with big gains.

Curiously, although they closed off their highs, Treasuries were also up nicely. The stock trend may still be up but short-term there are reasons to worry, including the infamous Hindenburg Omen. There were more than twice as many new lows on the NYSE as highs and both numbers were significant. That adds to the existing cluster of signals and ups the odds that something bad will happen. Nobody is using the C-word (crash) here.

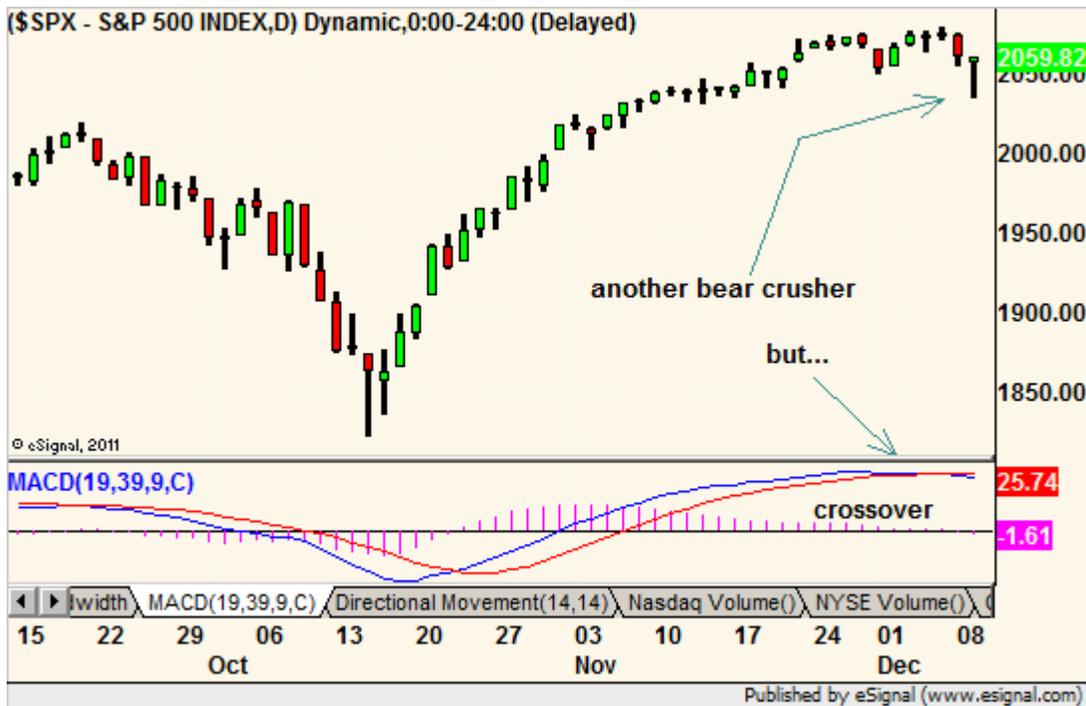


The hourly chart shows the failure of the early breakdown. Some might say the gap is now closed so the market is free to continue the decline. It does look that way but we do not believe gaps must be closed.

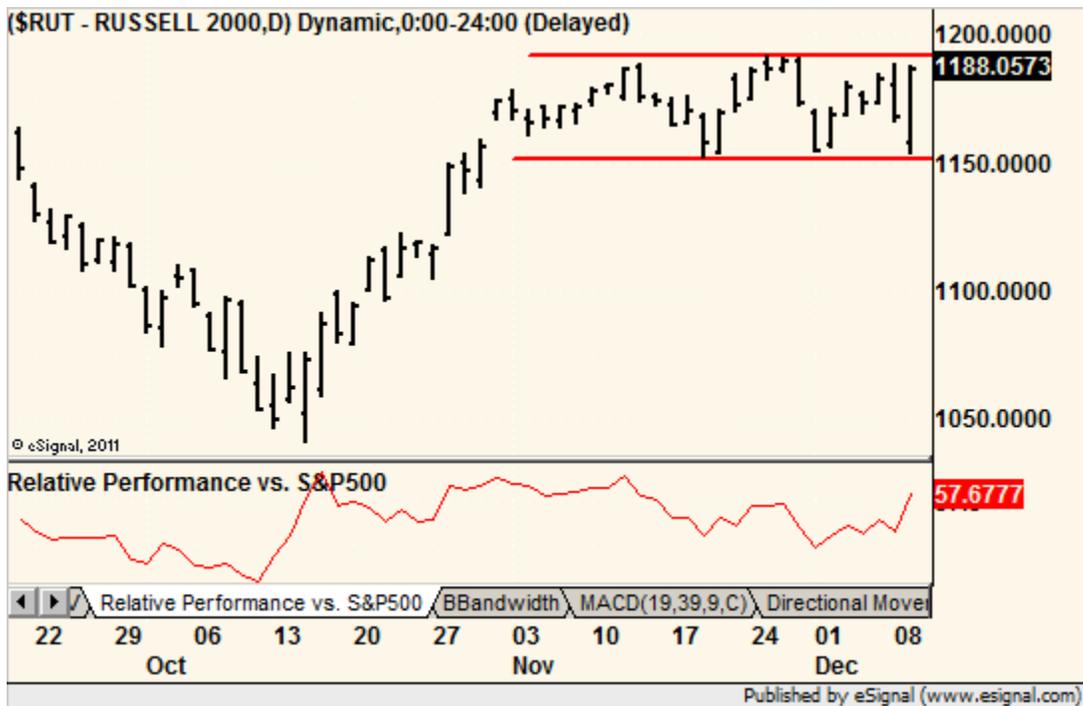
Yesterday, we saw a lot of stocks we were watching for pullbacks our outright breakdowns stay strong and close high. Given the market, that was impressive and it tells us there are still reasons to look for stocks to own. The problem is there are growing reasons, Hindenburg included, why we should look for stocks to sell.

Check out the two-pager in the Subscriber Corner section below.

Index Charts of the Day



The big early drop was erased. We still think things are broken but the bulls refuse to go away.



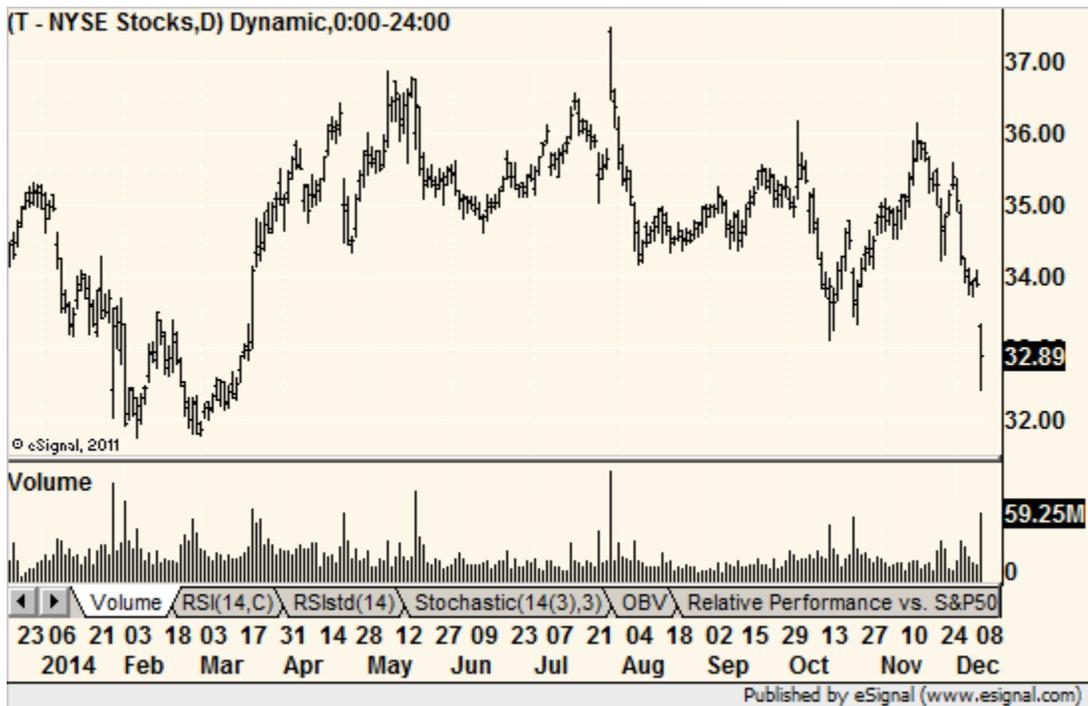
Huge rebound for small-caps but the Russell 2000 is still in its range.

The Radar Screen

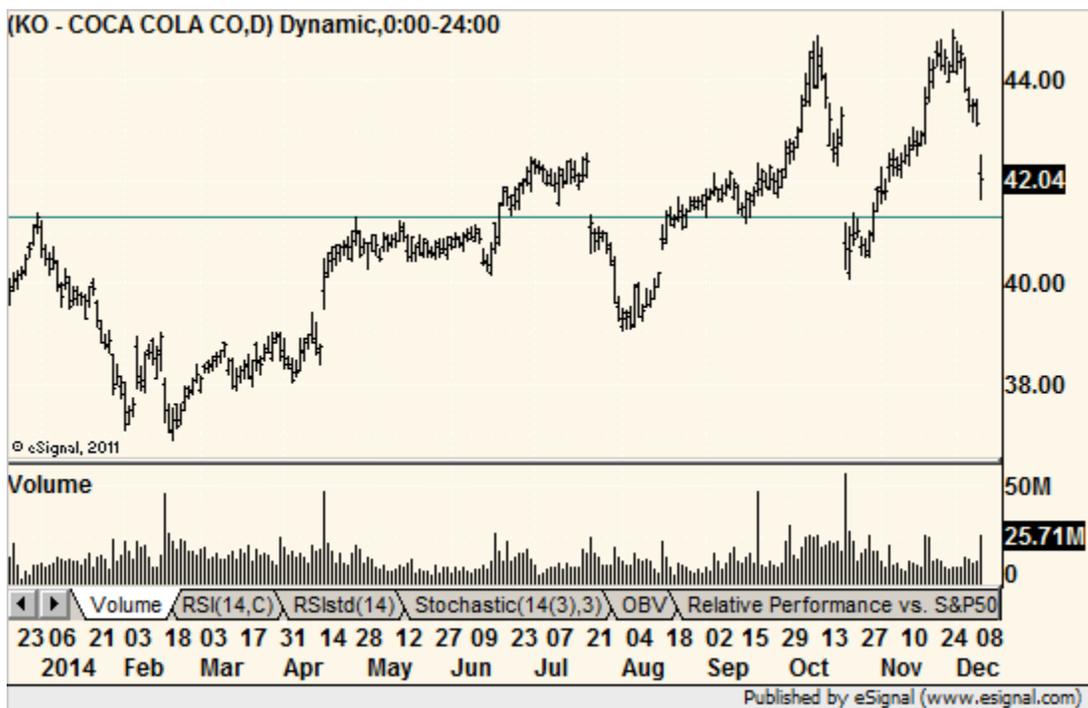
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Netapp NTAP - Holding near resistance with rising stochastics bottoms. Looking for a breakout above 44.	New	12/10
Bearish Implications		
Owens Corning OC - On the verge of a breakout through resistance and possible inverted H/S neckline but it reversed to the downside Friday. Now looks like a double top in progress. Sell support break under 34.50/	Moved	12/5
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
IBM - Just watching. A small range but stochastics has a positive bias.		12/5
United Technologies UTX - Was looking for a short but then it broke out. Missed the boat on a buy.	Removed	12/5
Johnson & Johnson JNJ - Another Dow stock that can go either way from a tight range.		12/5
American Express AXP - 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>Strong finish Tuesday. Looks stronger</u>	Changed	12/5
Michael Kors KORS - Diamond bottoms are not really patterns but this one shows a bullish RSI divergence		12/5
Ciena CIEN - A break and test of the 50-day average, rising change in on-balance volume trend and an ascending triangle pattern. <u>We waited for the market to stabilize but it broke out. We may have missed it.</u>		12/8
LPL Financial LPLA - 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. <u>Another one we waited for but stayed strong. Looks good.</u>		12/8
Wynn Resorts WYNN - 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!		12/9
Sector Watch (observations that may spark ideas)		
Semiconductors - This sector is the new black but it did score a small bearish reversal Monday		
Updates		
China - Up nicely but Monday's outside-day reversal to the downside still in effect		

Market Highlights



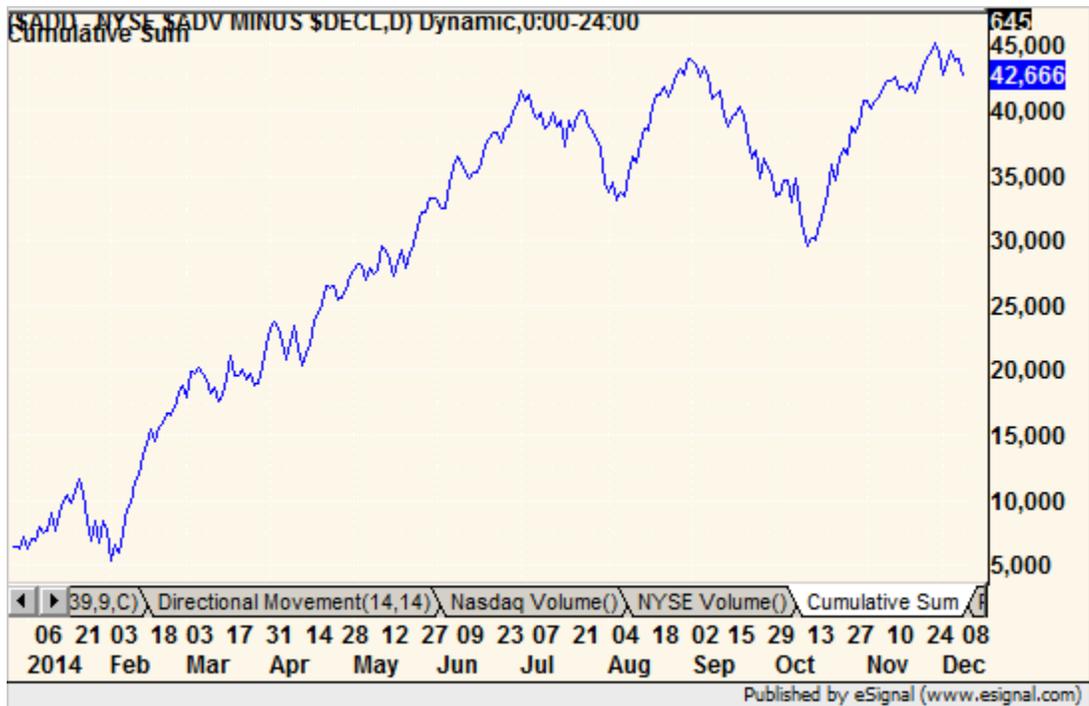
AT&T - Telecoms heading south in good markets and bad. **VZ, TMUS**



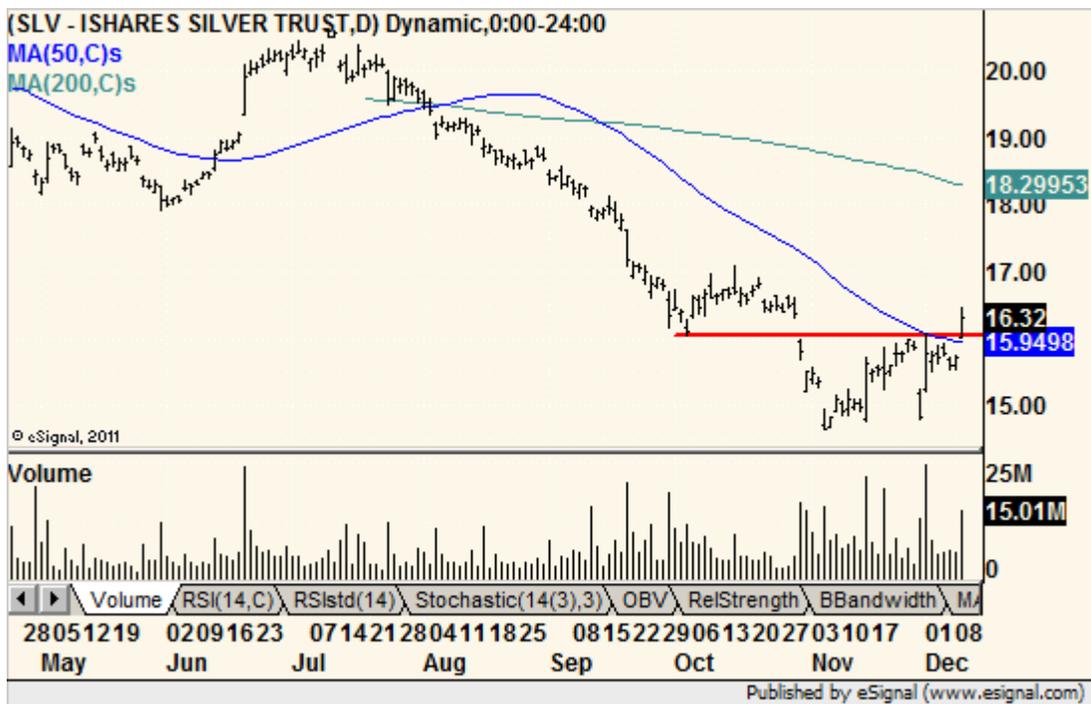
Coca Cola - Clearly not in good shape. Support coming into view below. Add this to a bunch of Dow stocks in rough shape - **MCD, MRK, CAT**



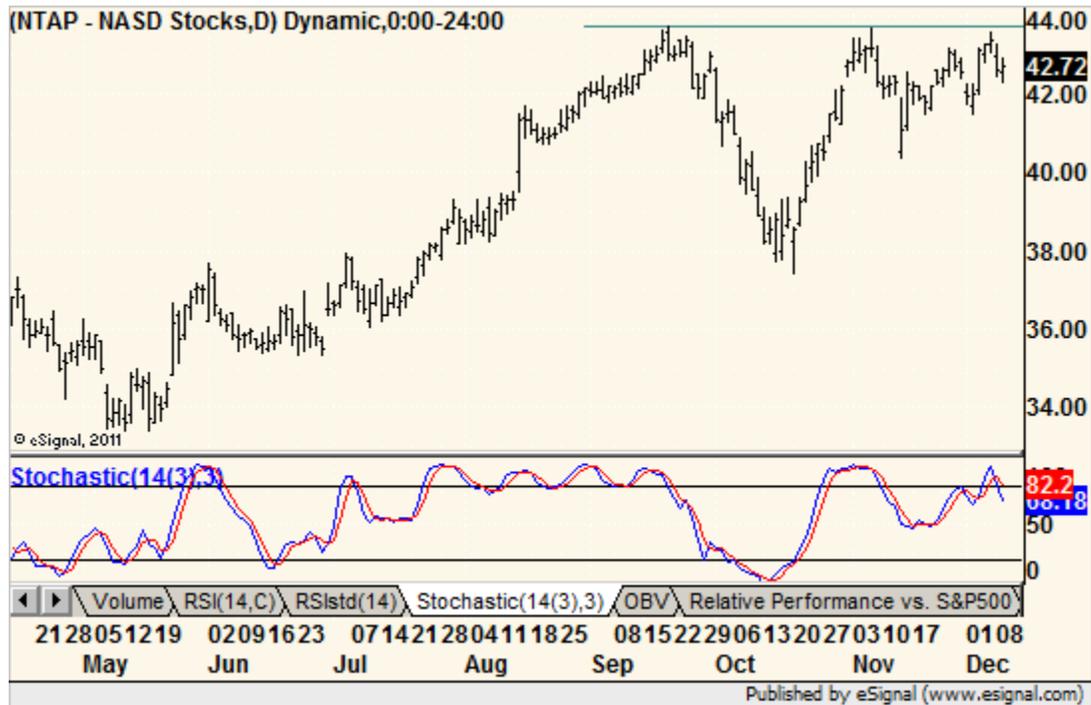
Old Dominion Freight Lines - Truckers enjoyed falling gas fuel prices but the past few days have not been kind. A reversal last week and a gap down yesterday, both on volume, are not good signs. The entire trucking sector is showing cracks.



NYSE advance-decline - Although many stocks are hitting new 52-week lows, the NYSE advance-decline line is holding rather steady near its highs.



Silver ETF - In case you missed it, silver broke out yesterday.



Netapp - Holding near resistance with rising stochastic bottoms. Looking for a breakout above 44.

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>	K	KELLOGG CO	65.82	2.0%	64.50	64.53	11/6	33
	YUM	YUM BRANDS INC	75.22	2.3%		73.50	11/10	29
	NDLS	NOODLES & CO	24.98	8.6%	23.50	23.00	11/21	18
	ACXM	ACXIOM CORP	21.03	5.9%	19.75	19.85	12/4	5
<u>Short</u>	TIVO	TIVO INC	12.19	5.8%	12.75	12.90	11/10	29
	YHOO	YAHOO INC	50.51	0.2%	52.00	50.60	11/20	19
	TSLA	TESLA MTRS INC	216.89	4.3%	225.00	226.25	12/2	7
	BBT	BB&T CORP	38.93	-4.0%	39.00	37.39	12/2	5

Notes: Just stopped out of **YUM** as it gapped down.

Feeling better about **ACXM** after gravestone doji negated with a big gain.

Lower stops on both **YHOO** and **TSLA** shorts as they reversed to the upside.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

This is probably a good time to read the two-pager on "when to stay out." Conflicting signals, trades that do not work before they do and a bunch of other reasons why you do not always have to trade. [Click here](#).

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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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>.

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