

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

December 12, 2014 – Hindenburg and Oil - the topics of the day. The former fired again yesterday and stocks are indeed looking shaky, especially with yesterday's intraday failure.

Oil took out our target support but it looks to be an overshoot, not a breakdown. Why? Extremely oversold momentum and extremely overextended bearishness. Everyone is focused here and while markets can and do move farther than we think they can, that does not mean this is a good time to be selling oil.

We have to say that major oil stocks look rather enticing from the long side. **TOT**, for example offers a 5.2% dividend yield and a trailing P/E of 9.4, not to mention the full erasure of its 2013-2014 rally.

Elsewhere:

1. Precious metals have been bumped off the hated list and quietly firmed up.
2. Treasuries continue to soar and junk plummets.
3. LIBOR has an arguable upside breakout from a year and a half base.
4. European stocks are moving sharply lower with a plunge in the UK market leading the way.



The double top was broken and now survived two tests. The trend is down in this time frame.

And remember just a few days ago we had some stock bucking the trend with nice gains in a really weak market? **UTX** has now given all that up. **C** back at its breakout level. Ditto **LPLA**. In other words, the trend-buckers are no longer bucking. Sure, there are always stocks doing well in a down market but these were "regular" technical breakouts that are on hold. Watch to see if they rebound now or at least after the opening market decline.

Finally, what we are watching for more signs of an oil bottom - Russia (you can view the **RSX** ETF), Venezuela, Saudi Arabia, Airlines (for a decline), Railroads (for a gain).

Index Charts of the Day



Pretty much the same chart as yesterday. Now testing the double support in the premarket. The trendline is from the 2012 low.



So much for the Dow 18K party. Still fading into the support zone surrounding the 50-day average. Below that we can worry more.

The Radar Screen

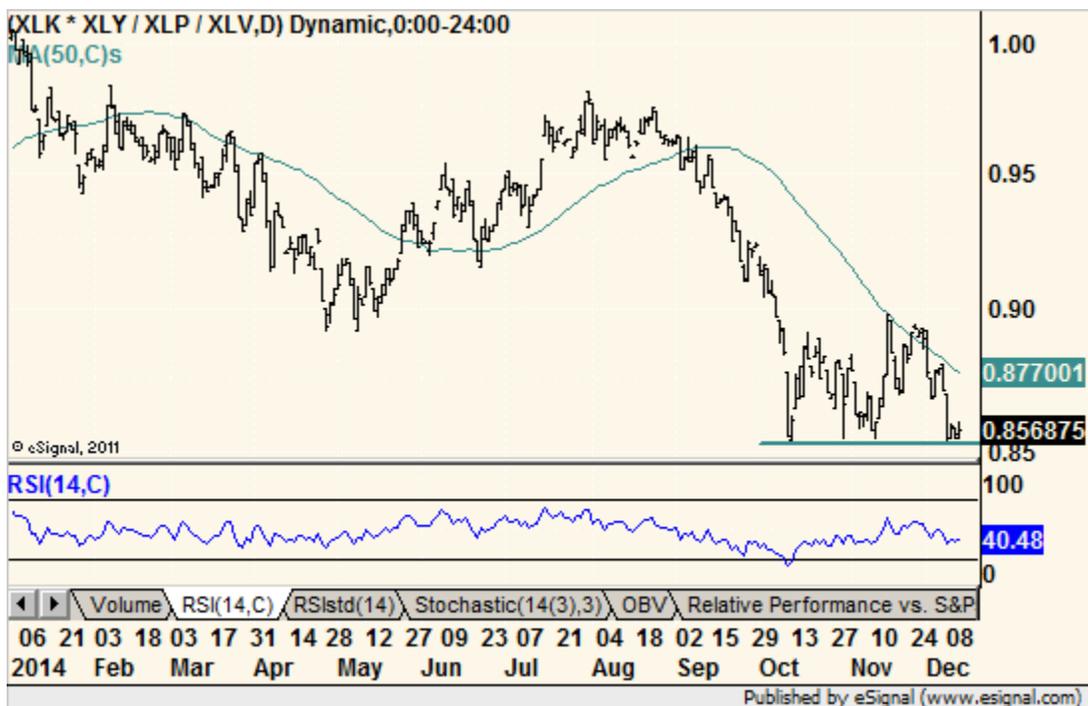
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.		12/10
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.	Triggered	12/9
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
IBM - In a small range that can go either way		12/5
Johnson & Johnson JNJ - Another Dow stock that can go either way from a tight range. Possible false breakdown		12/5
American Express AXP - Possible false breakout.	Changed	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. Watching how it handles premarket drop on earnings. <u>Came roaring back into the black. A bit high for us but we'll keep it here.</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.		12/8
Invensense INVN - This one makes motion detectors and gyroscopes for consumer electronics. After a disastrous fall, it seems to have stabilized with rising RSI (not shown) and a nice surge in price and volume after the low (follow-through day). Let's see what it does today first.	New	12/12
Sector Watch (observations that may spark ideas)		
Semiconductors - This sector is the new black but it did score a small bearish reversal Monday		
Truckers - breakdown		12/10
Updates		
none -		

Market Highlights



Industrials ETF - Double top breakdown. Keep the time frame in mind as this is a small pattern.



Offense / Defense index - This is aggressive sectors over defensive sectors and it does not include financials, utilities or energy. Currently at support after testing the falling 50-day average. If it breaks down we'll have a good indication that the market has more downside ahead.



British Pound ETF - We're not trading it but this chart has a lot of developing bullish items from Bollinger Band and RSI divergence to threatened trendline (visualize it) and 20-day average breaks. The euro is missing a lot of this. Still, it is a crack in the strong dollar argument.

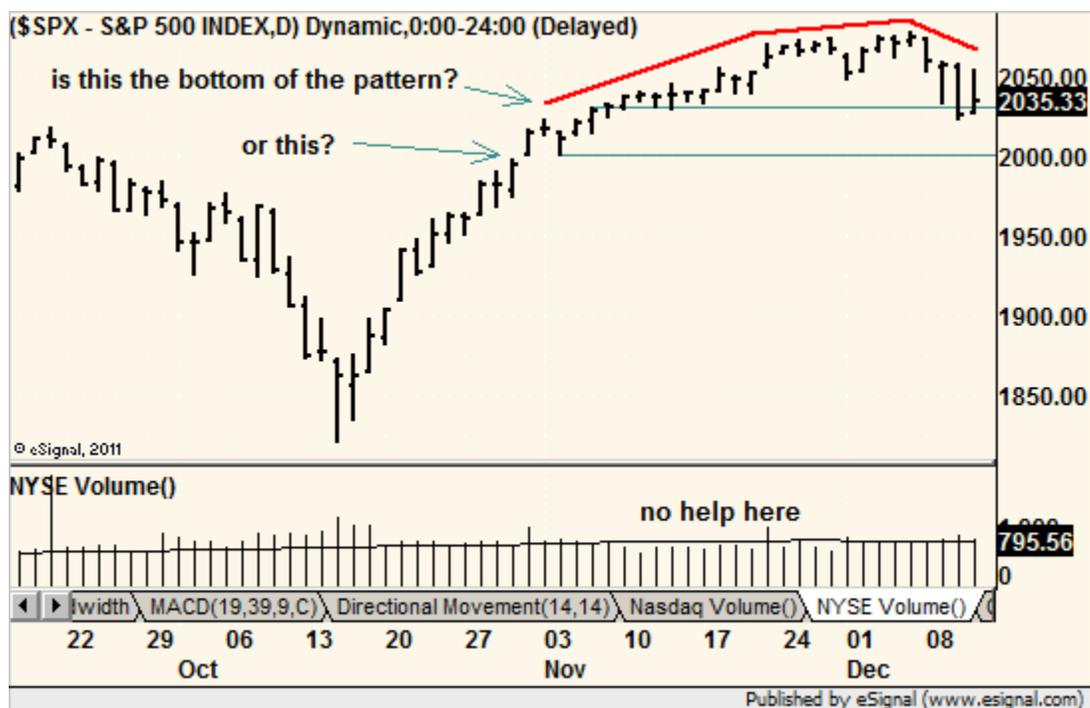


Invensense - This one makes motion detectors and gyroscopes for consumer electronics. After a disastrous fall, it seems to have stabilized with rising RSI (not shown) and a nice surge in price and volume after the low (follow-through day). Let's see what it does today first.

Today's Lesson

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

Rounded (Saucer) Top



Rounded tops, a.k.a. saucer tops and dumpling tops (in candles), are patterns that signal a gradual rolling over from bull to bear. They are very hard to see as they develop and that makes them hard to trade. Why? Because we really do not know when support breaks, the pattern completes and the sell signal is given.

With that said, we do not see the pattern here for the simple reason that the past few days have had really big ranges relative to the pattern.

However, if we remove the requirement that this is a rounded top and call it something else - or nothing at all - then the spirit of the pattern comes through. The market rallied, struggled, calmed down and then gradually started to fall.

We also have a small double top pattern that did break down this week.

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	67.10	4.0%	65.00	64.53	11/6	35
	NDLS	NOODLES & CO	25.58	11.2%	24.50	23.00	11/21	20
	ACXM	ACXIOM CORP	20.67	4.1%	19.75	19.85	12/4	7
	WYNN	WYNN RESORTS LTD	148.88	0.7%	144.00	147.90	12/11	0
<u>Short</u>	TIVO	TIVO INC	12.11	6.5%	12.50	12.90	11/10	31
	YHOO	YAHOO INC	49.94	1.3%	52.00	50.60	11/20	21
	TSLA	TESLA MTRS INC	208.88	8.3%	220.00	226.25	12/2	9
	BBT	BB&T CORP	38.18	-2.1%	39.00	37.39	12/2	9
	OC	OWENS CORNING NEW	34.16	1.0%	36.00	34.50	12/10	1

Notes: New long in **WYNN** after what we think was a selling climax.

A few stops tweaked.

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.



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



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>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we’ll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2014