

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**December 16, 2014** – Oil is down again and so are the markets that depend on it. Just for kicks, here is a chart of the Russian Ruble →

The word "Weimar" comes to mind, at least for the look of the chart. Something over there is going to break soon whether it is political, economic or social. Perhaps all three but that is not for us to cover.

We'll run some stock charts in the Market Highlights section to show what the oil collapse is doing to Dubai, Saudi Arabia and Argentina. And the overall commodities decline is hurting emerging markets everywhere, too.



In the domestic stock market, the early rebound was erased in rather dramatic action as a 124 Dow-point gain went triple digits the other way before stabilizing in the afternoon. And then the market sold off into the close to indicate a continuing weak market. Indeed, an overnight gain in futures was erased by morning coffee today.

Everyone except producers loves falling energy prices but crashing prices is disruptive. It also creates worry in the market, which as we know is never bullish.



We can see the hourly SPY chart trend accelerating to the downside. It bounced off the 38.2% Fib of the October-December rally and this morning dipped below it. Curiously, RSI is not oversold at this time although it seems that bears will get a better entry later. There are no signs here that prices have bottomed but check out the daily charts below for more.

...More...

Let's talk sectors. Right now, the surprise sector is the consumer discretionary group, which is outperforming the market significantly since early November. Consumer staples are also beating the market but not as much as the discretionary group. When we see these two moving together we think of consumers in general and right now the consumer seems to be driving the stock market or at least keeping it afloat.

Basic materials and energy, as expected, lag the market badly or put another way are leading to the downside.

Healthcare and financials are also beating the market, albeit by falling less.

In market cap, small stocks are pacing large right now although the Russell 2000 had a serious support break yesterday (chart below). Surprisingly, mega-caps of the S&P 100 are also lagging so there might be a strong-dollar at play here. Giant stocks are usually multi-national and therefore dependent on foreign trade for their profits. A strong dollar interferes there.



So, if you are looking to hide in the best stocks, think big but not too big. The **SDY** SPDR S&P dividend ETF looks to be a good vehicle for that. Too bad the dividend is only 2.2%.

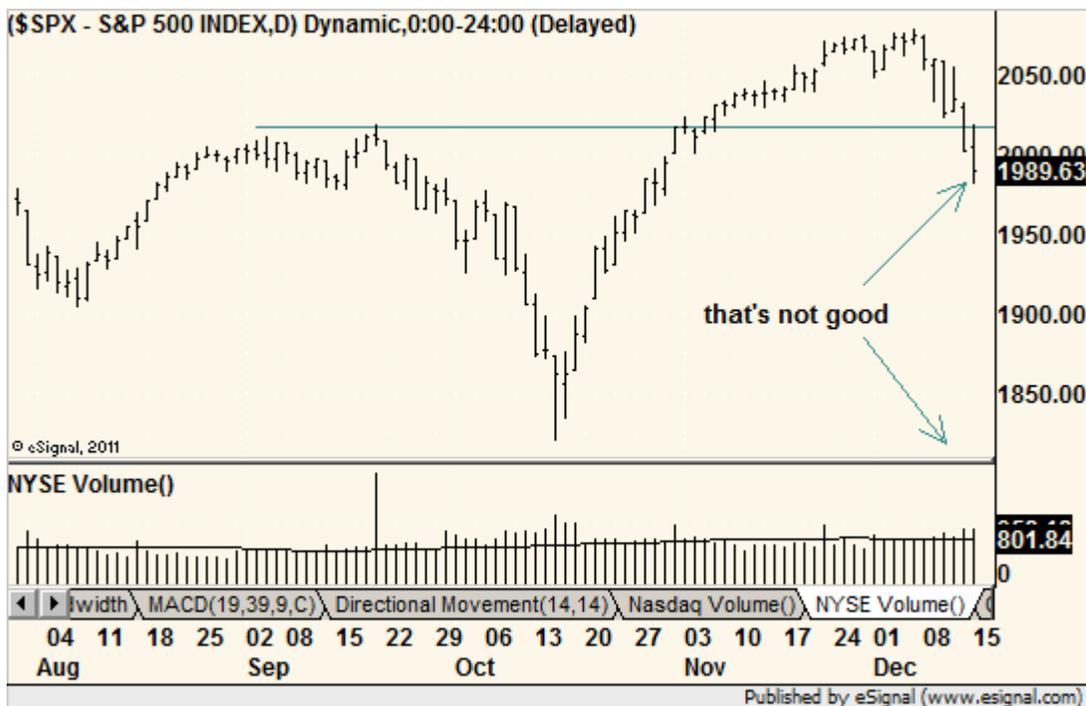
In Asia, Japan broke down but China seems to be shaking off last week's big bearish reversal. India has a trendline breakdown. Europe, even without Russia, is falling hard. Basically, it is a worldwide stock rout in progress with the US holding up best.

Here's a little tidbit to close:

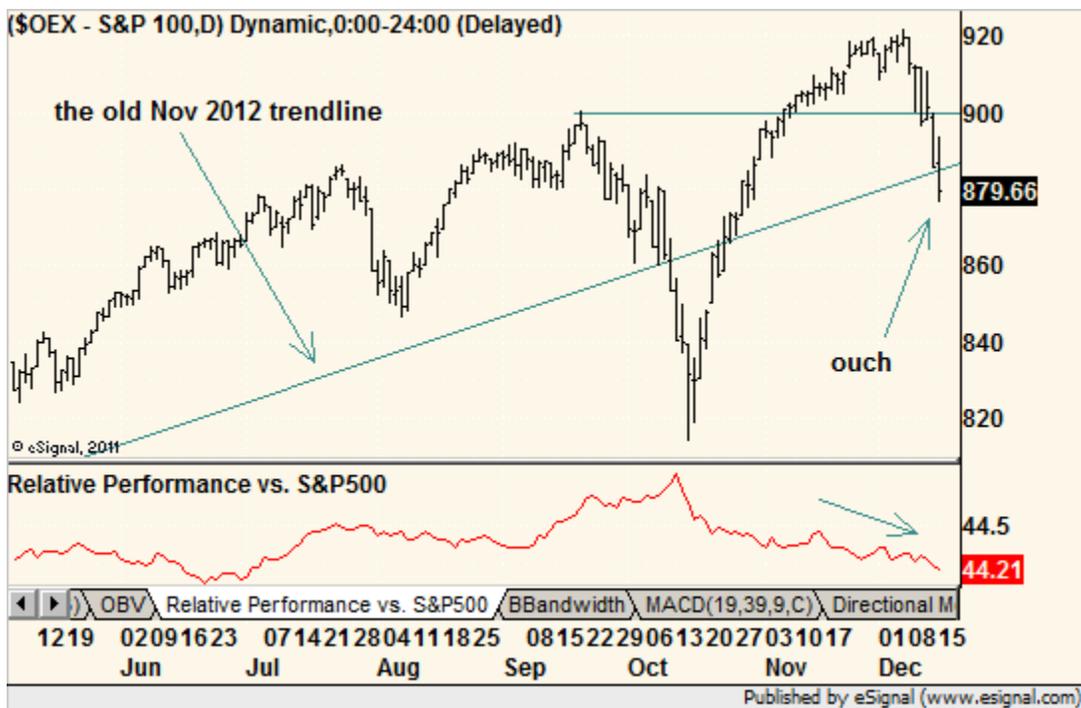
"It's starting to feel like 1998 all over again. Back then, oil prices were plunging, currencies were spiraling, Venezuela was caught in a financial tailspin, and Russia was sinking into debt default and devaluation."

We are not saying it is the same now but with the market so high for so long and the Fed's jungle juice spigot now closed there is plenty of risk in equities. The argument that there is "nothing else" does not hold water.

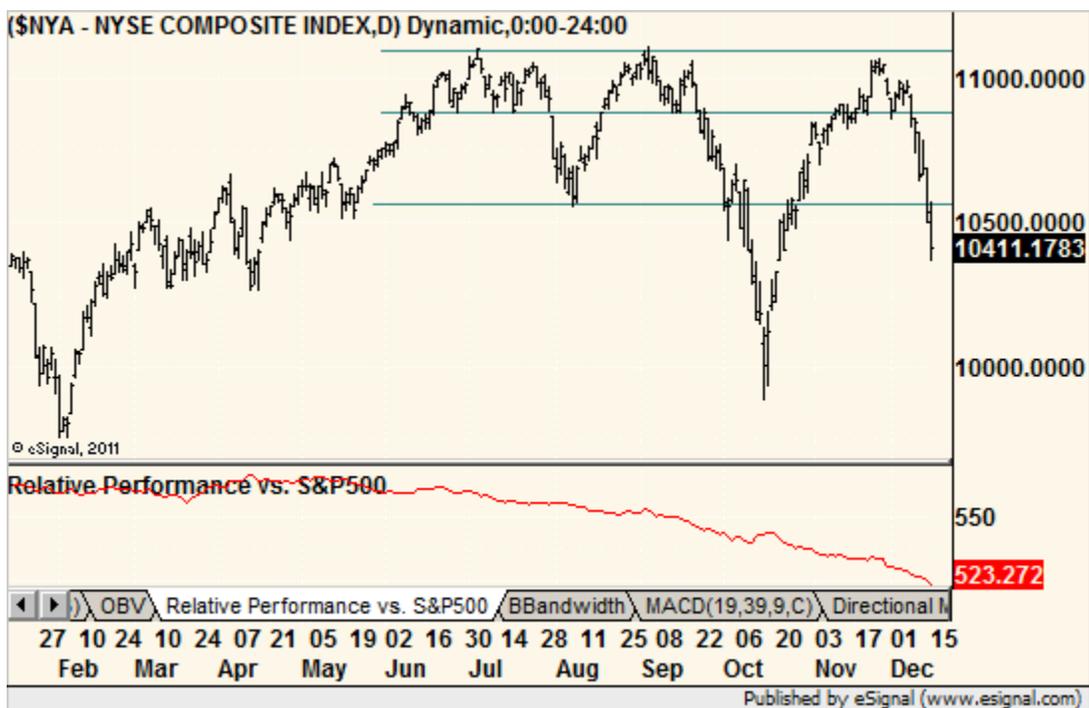
## Index Charts of the Day



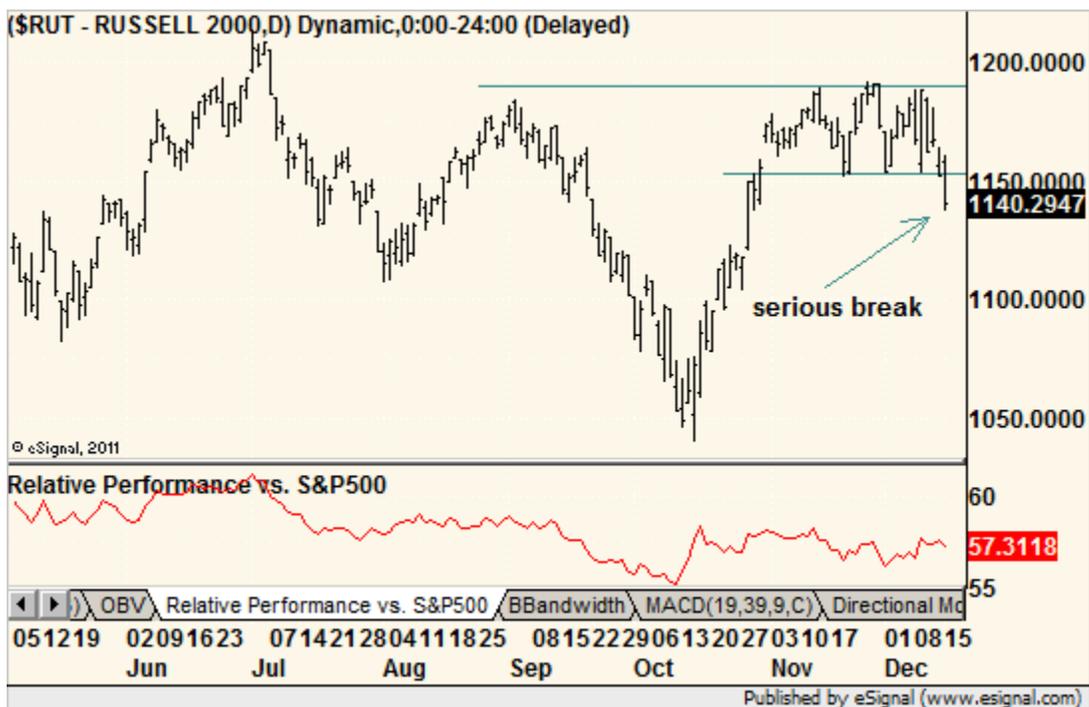
Yesterday, we complained that volume was bigger but no big deal. Today, we see two days in a row like that and we'll lean a little more to the serious side.



The S&P 100 megacap index is lagging and now below the old trending again.



Another support level bites the dust for the NYSE composite.



Although the small caps are merely pacing the market, this is a real breakdown from a trading 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.

<b>Bullish Implications</b>		
<b>Netapp NTAP</b> - Holding near resistance with rising stochastics bottoms. Looking for a breakout above 44. <u>Going the wrong way, not harm done.</u>	<b>Removed</b>	12/10
<b>Hovnanian HOV</b> - This homebuilder has a trend break and a test of the 50-day average. A move above the recent range and 200-day average would be a new breakout. Trailing P/E 2.1! Buy close over 4.35.		12/15
<b>Bearish Implications</b>		
none -		
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Invensense INVN</b> - 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.		12/12
<b>Costco COST</b> - This retailer scored a major reversal last week and followed through. We'll look to see if it bounces and probably set a sell trigger.		12/15
<b>Coach COH</b> - This high-end retailer was up nicely on a down market day. It looks to be in a nice basing pattern although it is too early for a buy, save for scalpers. Takeover rumors!		12/15
<b>Freeport McMoran FCX</b> - This one is on selling climax alert. Big volume as it falls off a cliff. Extremely wide Bollinger Bands and a big spread to the 200-day average		12/15
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Semiconductors</b> - This sector is the new black but it did score a small bearish reversal Monday		
<b>Truckers</b> - breakdown		12/10
<b>Airlines</b> - Bear reversals Friday even as oil fell.		12/15
<b>Aerospace/Defense Sector index</b> - breakdown		12/15
<b>Updates</b>		
none -		

## Market Highlights



**Saudi Arabia** - Crushed. We look at this one for reversal signs that will lead us back to crude oil and its possible rebound. Not here. Or in Dubai's chart.



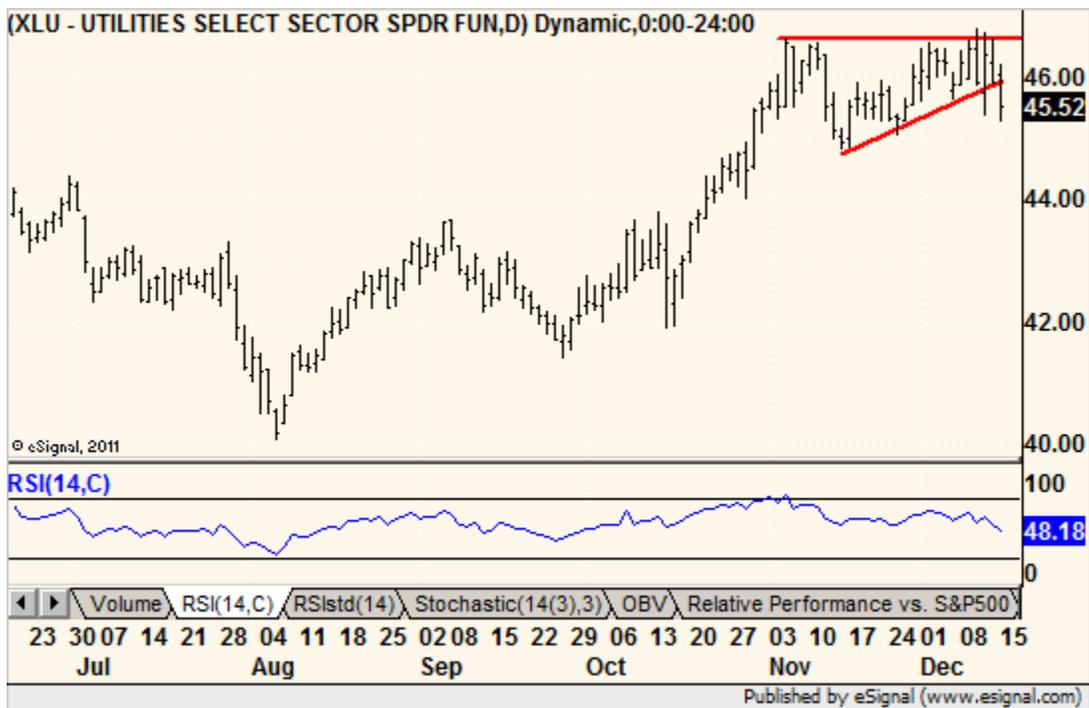
**Mexico** - No support for a while.



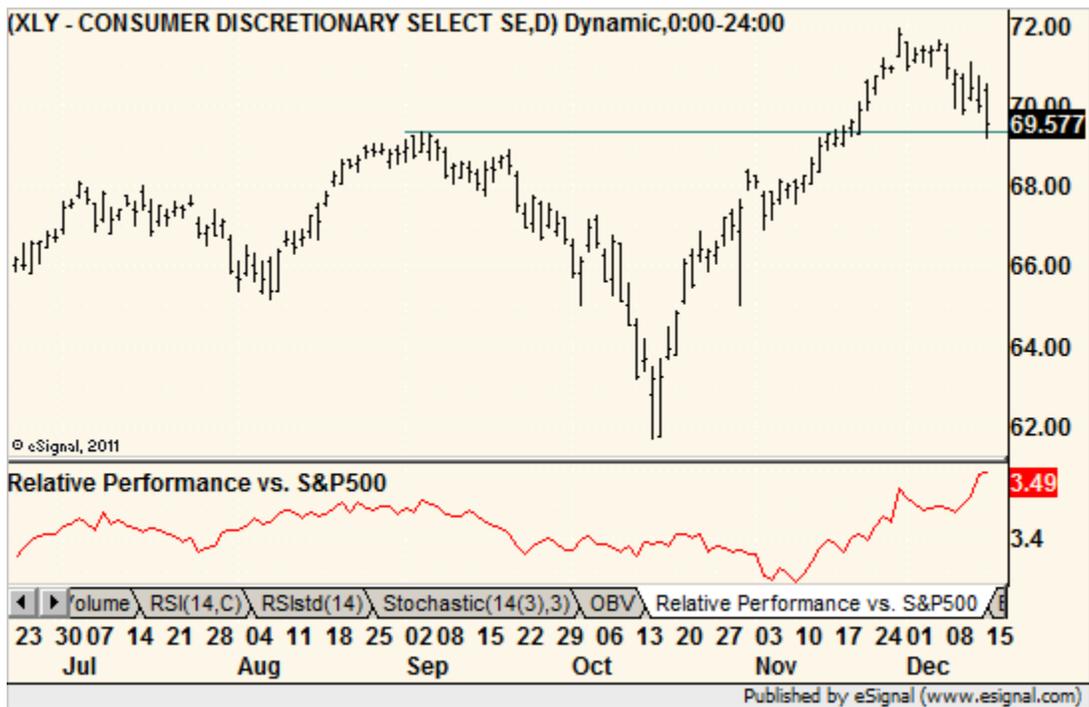
**Emerging Market ETF - Ditto. No support for a while.**



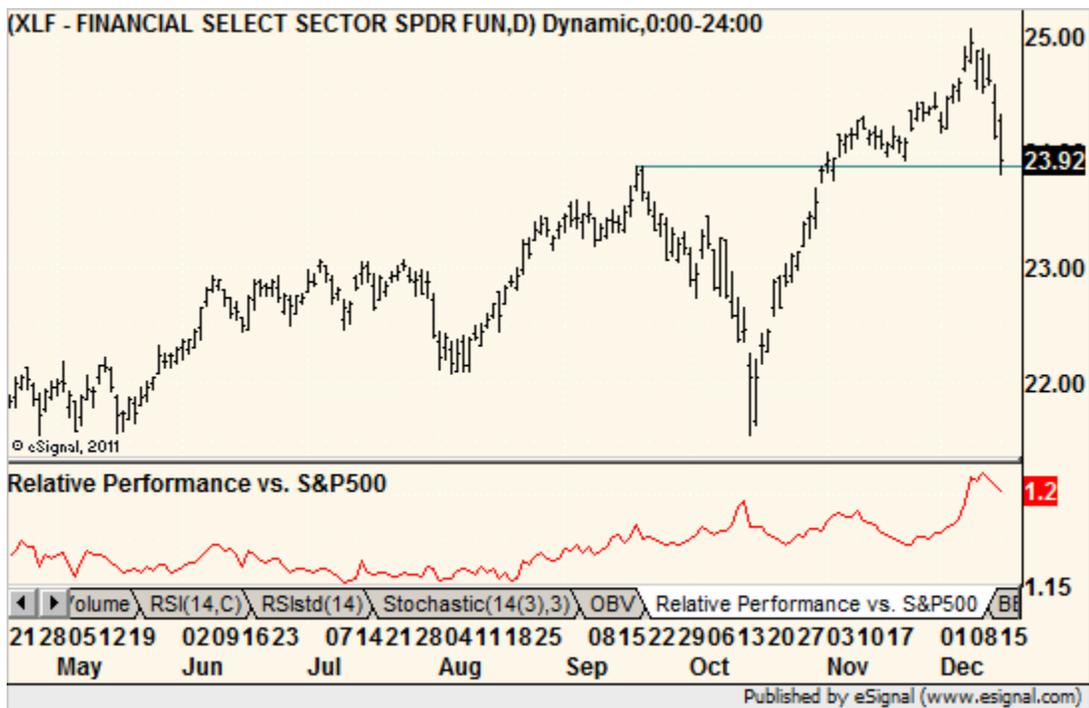
**Brazil ETF - We'd use any short-term bounce to sell here.**



**Utilities ETF** - The breakout last week failed and now we can argue for a triangle breakdown. Note falling RSI.



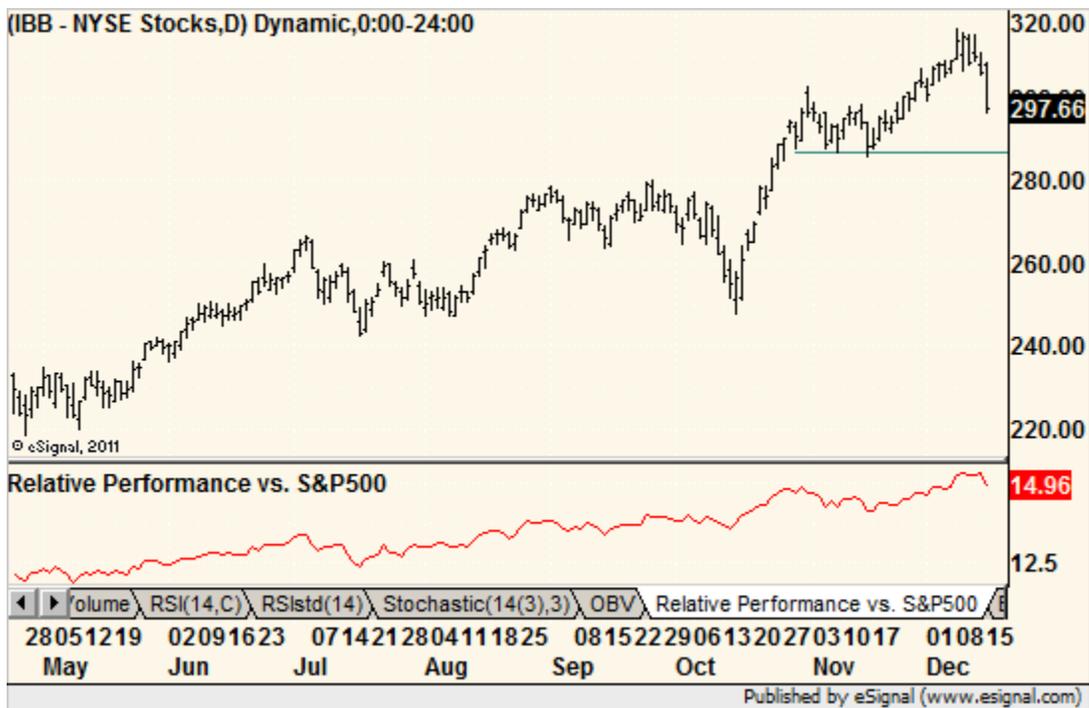
**Consumer Discretionary ETF** - **If the market is going to bounce we think this is going to lead it.** The home of retail, restaurants, autos and entertainment.



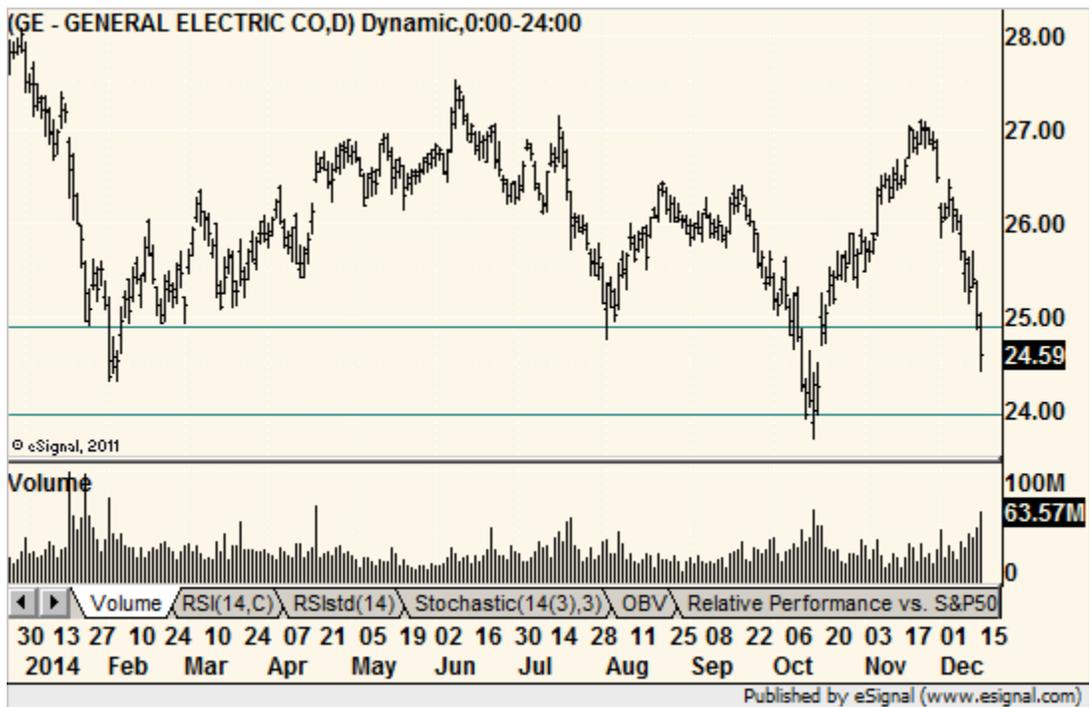
**Financial ETF** - This one could be second to lead if the market rebounds.



**Silver ETF** - Failed breakout.



**Biotech** - Had a bad day but still leading and still above support.



**GE** - This one did not make the cut in my Barron's Online article yesterday. **GE** is now in the support zone so we are looking for a technical signal that it is time to buy.

## 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	65.00	0.7%		64.53	11/6	39
	<b>NDLS</b>	NOODLES & CO	25.26	9.8%	24.50	23.00	11/21	24
	<b>WYNN</b>	WYNN RESORTS LTD	145.16	-1.9%	144.00	147.90	12/11	4
<u>Short</u>	<b>TIVO</b>	TIVO INC	11.93	8.1%	12.50	12.90	11/10	35
	<b>YHOO</b>	YAHOO INC	49.82	1.6%	52.00	50.60	11/20	25
	<b>TSLA</b>	TESLA MTRS INC	204.04	10.9%	216.00	226.25	12/2	13
	<b>BBT</b>	BB&T CORP	37.08	0.8%	39.00	37.39	12/2	13
	<b>OC</b>	OWENS CORNING NEW	32.96	4.7%	35.00	34.50	12/10	5

Notes: Stopped out of K. Weeks of grudging gains were erased in two days.

## Subscriber Corner

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## Other Information

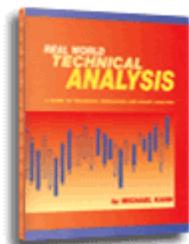
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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