

QUICK TAKES PRO

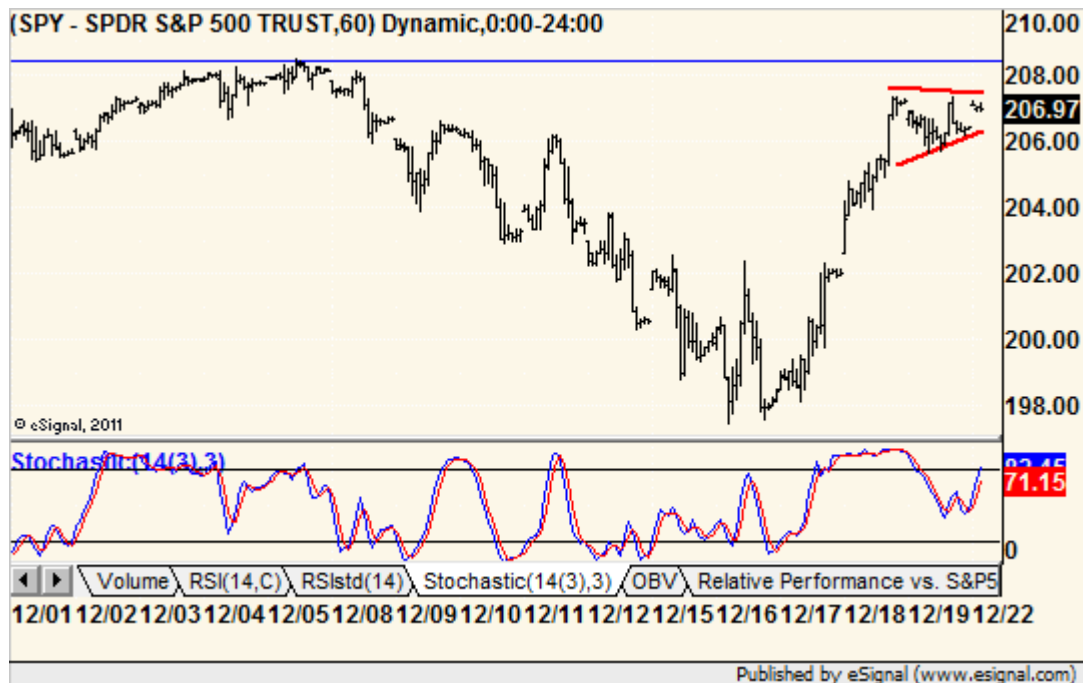
"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

December 22, 2014 – Twas a few days before Xmas, yada, yada, yada. And volume plummeted. And volatility rose (maybe) thanks to a thin market. They say that analysis is often faulty because the heavy hitter traders are away in the Caribbean leaving the desk to the junior guys who are quick on the trigger. Panic? Immature trades? Bailing out too soon?

We only have a few sector charts today and will let you find the individuals within to trade. Here is an interesting tidbit related to holiday shopping. The three bottom sectors Friday were consumer electronics, footwear and toys. Sounds like what you will find under the tree on Thursday. Hmm, lumps of coal were in the middle of the pack Friday.

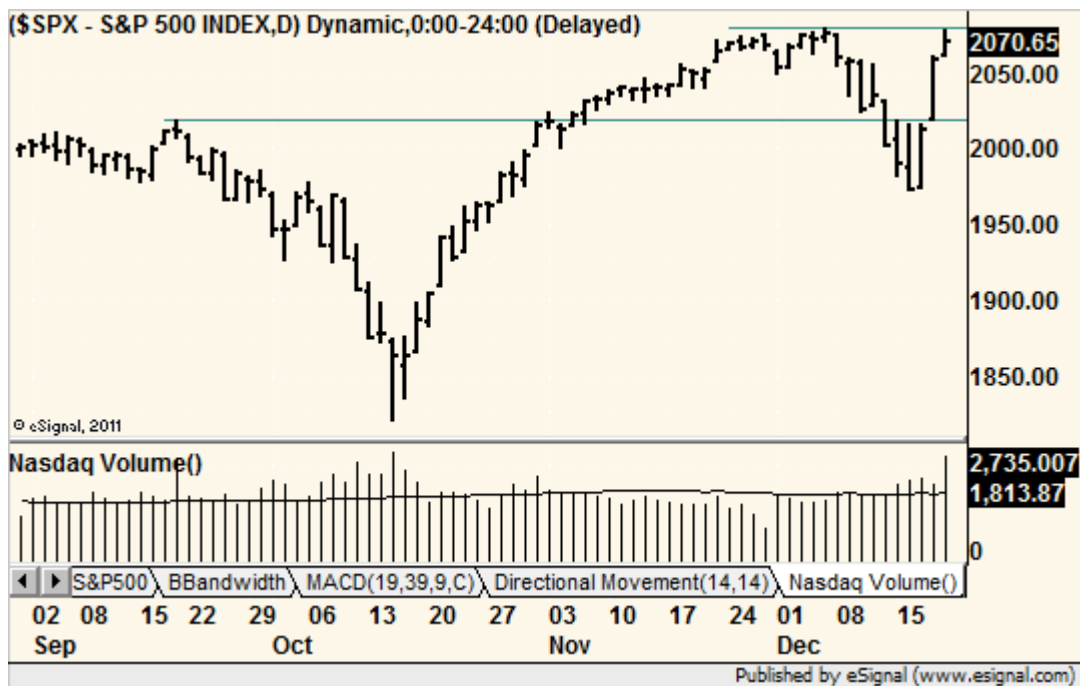
These major holiday weeks are no time for detailed analysis and we should keep it rather high level, probably for the rest of the month and year. As we can see from the hourly chart below the **SPY** is in a triangle pattern just under important resistance. Stochastics bottomed out Friday in the middle of its range and that is actually bullish in this time frame. The problem is buying this time frame immediately puts us at odds with resistance from the daily time frame as represented by the horizontal line at the all-time high.



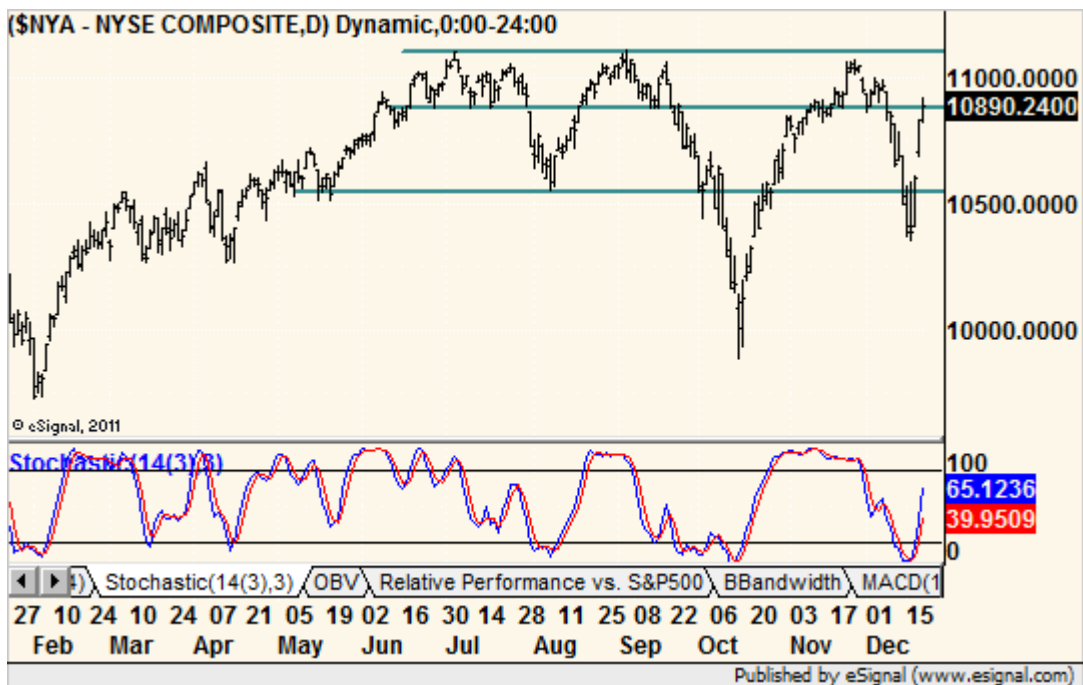
So, the view from 30,000 feet is one of upside reversal after the December swoon. Sell signals turned around as once again the Fed saved the day. The excitement as Russia and other oil-related economies tanked is over as their respective markets found some footings. Canada has a particularly nice reversal with bullish divergence. Keep in mind Canada is big on financials and not just energy. Financials are not as weak as they were just a week ago.

Again, we are keeping this high level. We'd prefer to keep what we've got going into year end rather than risk it for more.

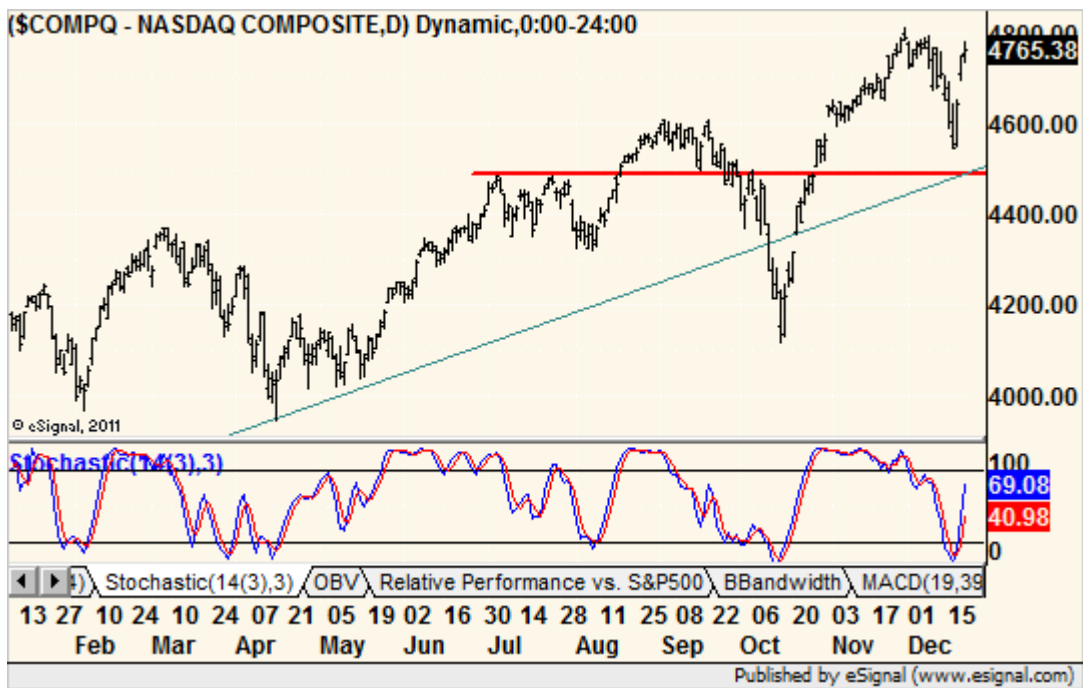
Index Charts of the Day



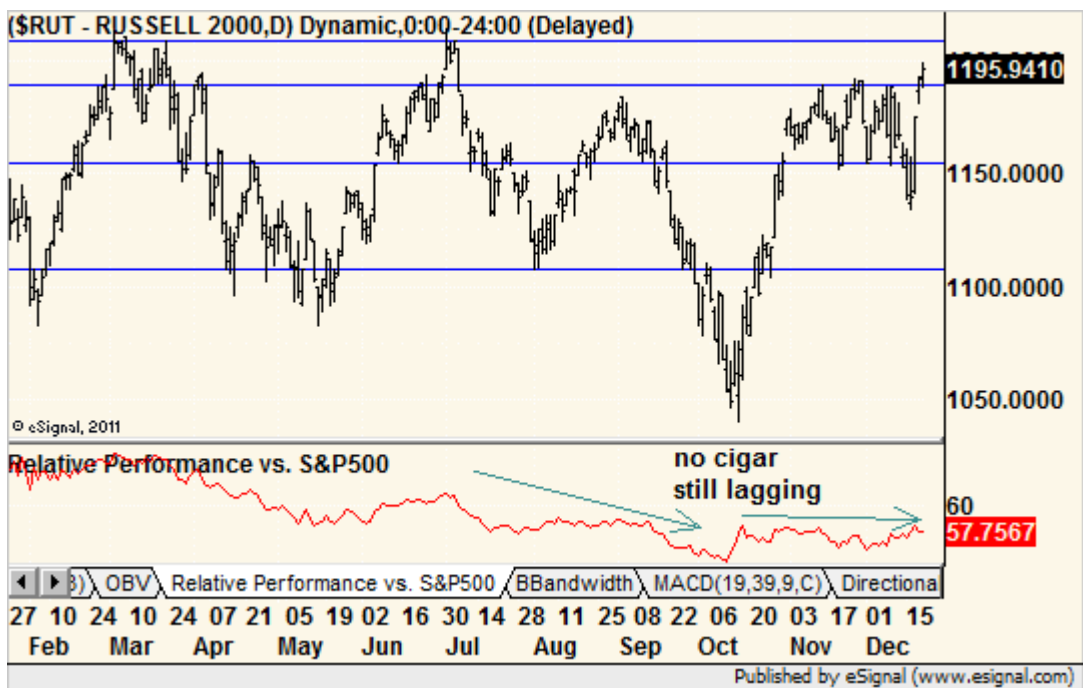
Friday before the market opened we complained that volume was not commensurate with the gain we saw Thursday. Then Friday saw a monster volume on triple witching with only a modest gain. Another Wyckoff issue. The question is why did that much volume only result in a 26-Dow-point gain?



Here is the NYSE composite – still underperforming. This chart shows support and resistance. Friday ended on resistance with the old highs being a major hurdle. We will not get bullish until that is taken out and even then the volume this week makes anything suspect.



Nothing too technical to say here. It dipped and reversed higher. Can it keep going? Still no new high.



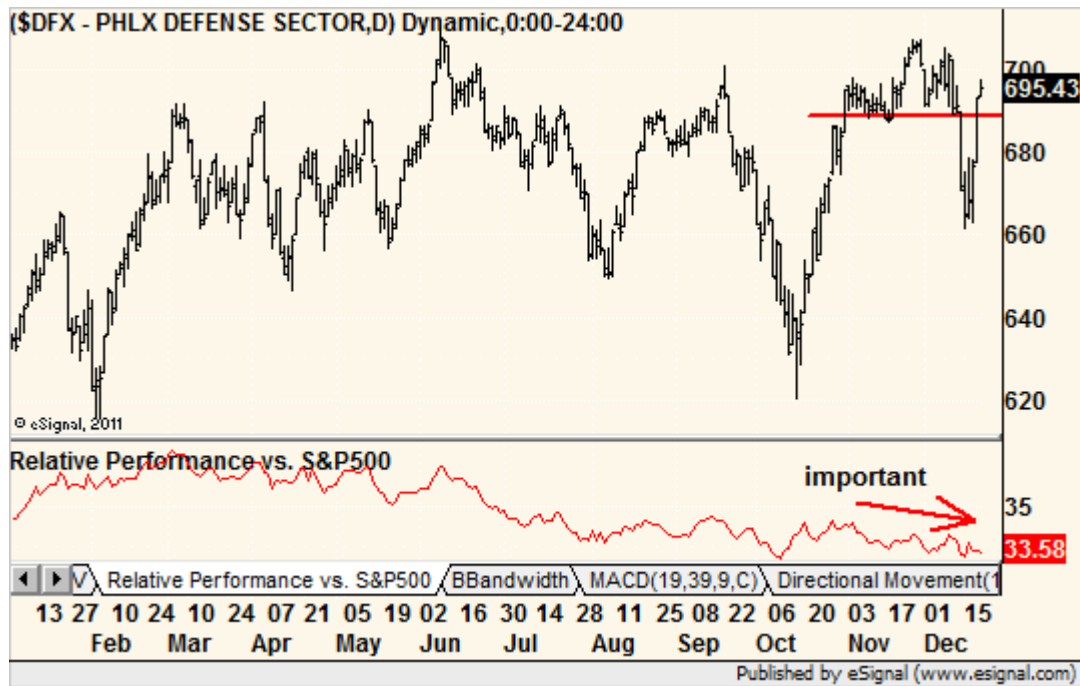
We have to treat the Russell as a giant trading range. The false breakdown last week is a bullish warning but as with the NYSE resistance above is tough.

The Radar Screen

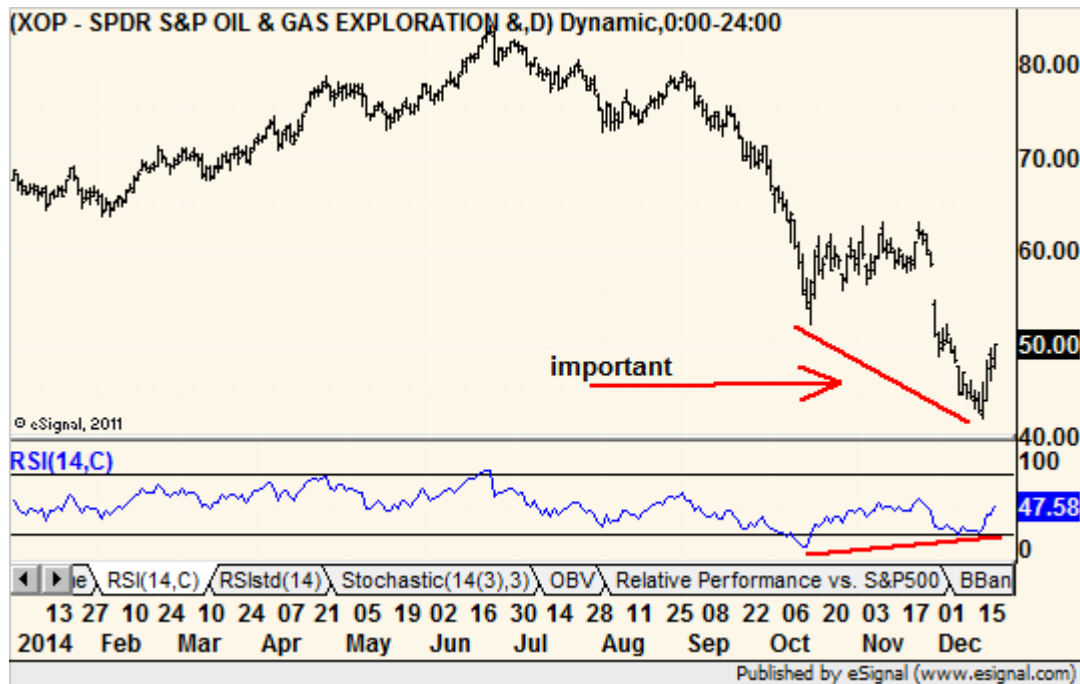
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
none -		
Bearish Implications		
Google GOOGL - Possible short-term selling climax (big daily volume on a huge decline yesterday) but in the context of a weekly triangle breakdown. Looking for a bounce and then a likely sell trigger. Sell 520.	Triggered	12/17
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Costco COST - 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. <u>Not yet</u>		12/15
Coach COH - This high-end retailer was up nicely on both up and down market days. It looks to be in a nice basing pattern although it is too early for a buy, save for scalpers. Takeover rumors!		12/15
Freeport McMoran FCX - 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
GE - This one did not make the cut in my Barron's Online article. GE is now in the support zone so we are looking for a technical signal that it is time to buy. Big bullish hammer candle Wednesday. <u>Talk about the train leaving the station!</u>		12/16
Facebook FB - Contradiction. A diamond top in progress but rising on-balance volume. Just watching. <u>Bullish lean</u>		12/17
JDS Uniphase JDSU - Networker with a breakout.		12/18
Sector Watch (observations that may spark ideas)		
Aerospace/Defense Sector index – breakdown negated but this is still lagging.		12/15
Networking Index - A breakout and test. Looking good.		12/18
Silver miners SIL - still watching possible double bottom		12/19
Updates		
General Cable BGC - Breakout from a tight range. Still time		

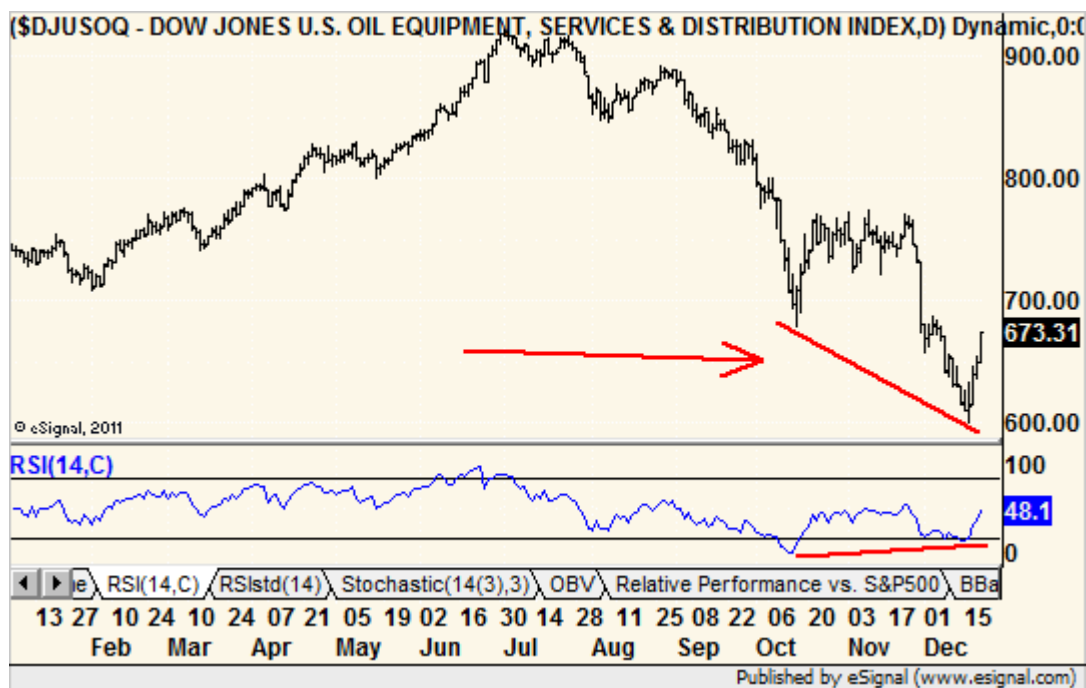
Market Highlights



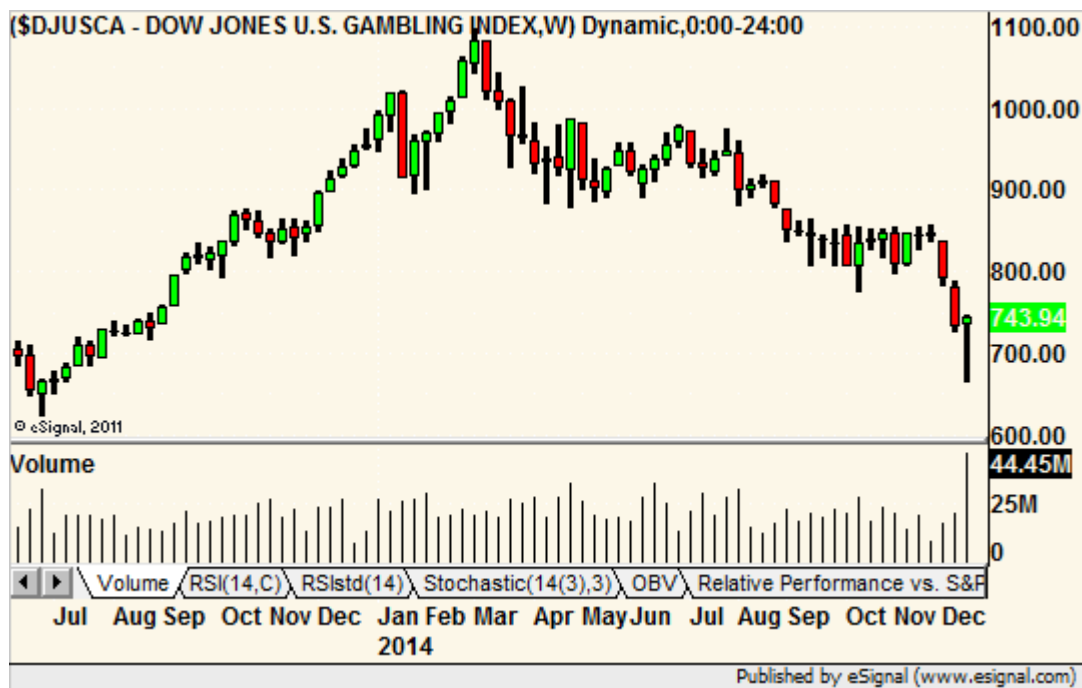
Aerospace/defense index – This is a candidate to sell if and when the market stops rising.



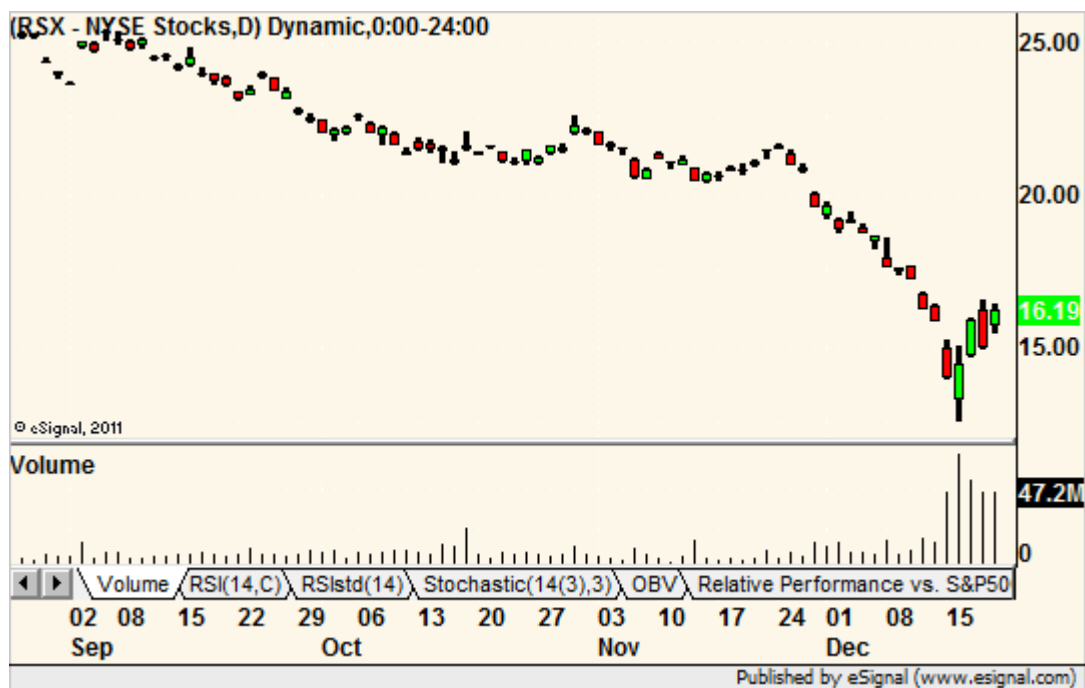
Oil and Gas Exploration ETF – Bullish divergence and a rising performance when oil hit a new closing low last week, as mentioned here.



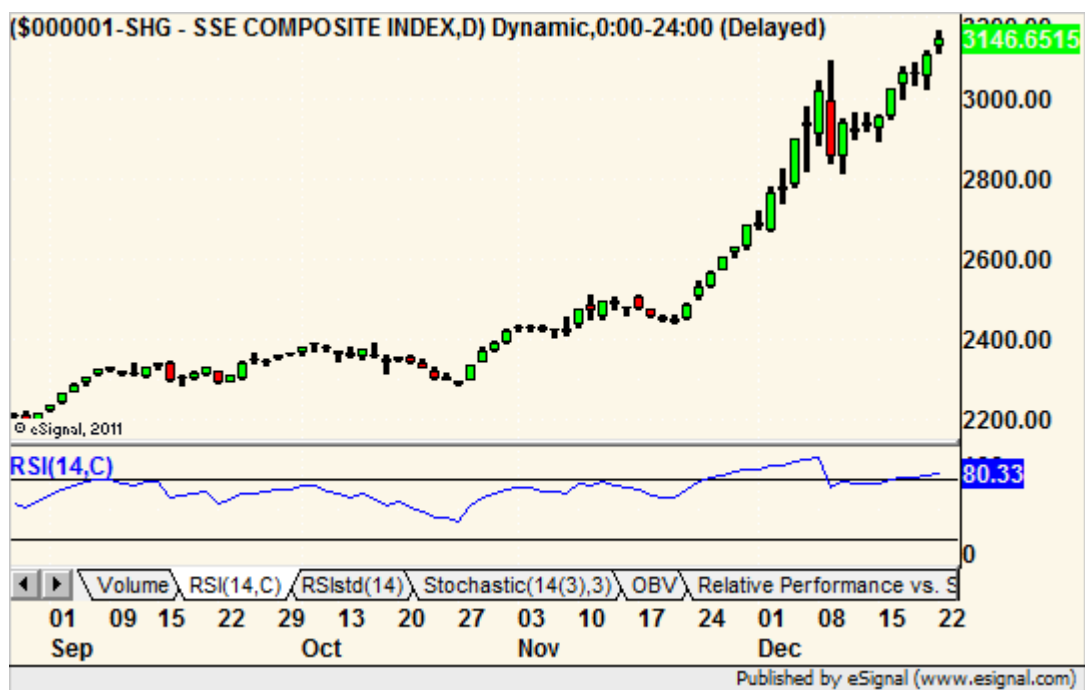
Oil Equipment index – Another positive oil subsector.



Gaming Index – Gambling stocks scored a monster weekly bullish hammer on monster volume. Hammers require some upside follow through to confirm. True, we will never catch the bottom with this pattern.



Russia ETF – Russian bears beware.



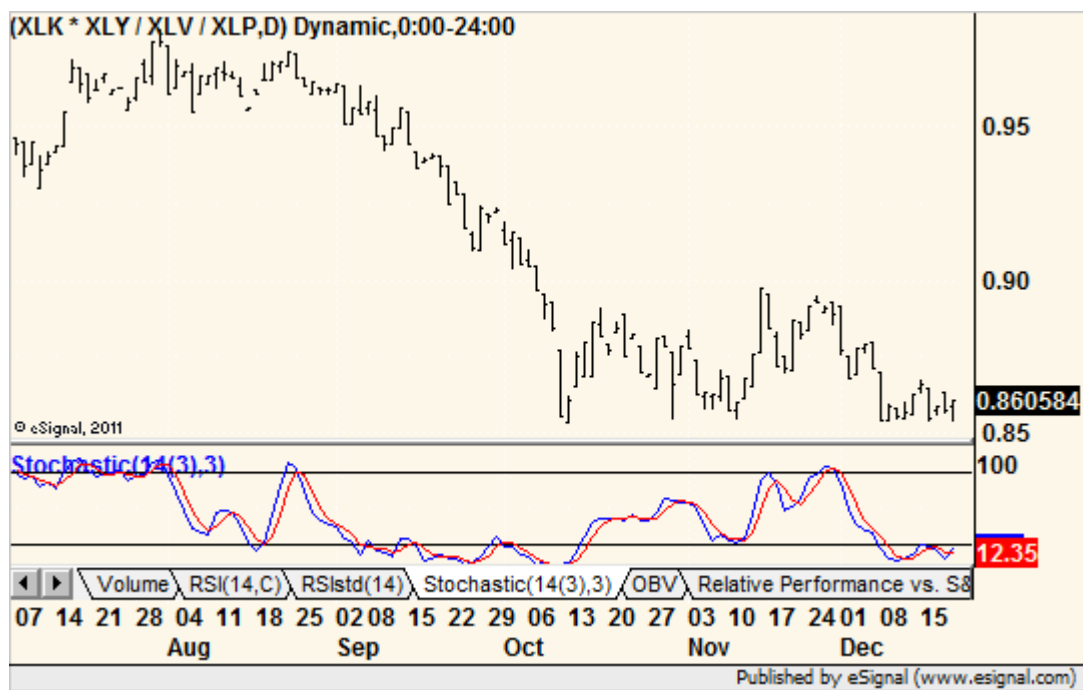
China ETF - This chart says to be a bull in the China shop.



Canada ETF – Looks like there is more upside rebound although the overall trend leans lower.



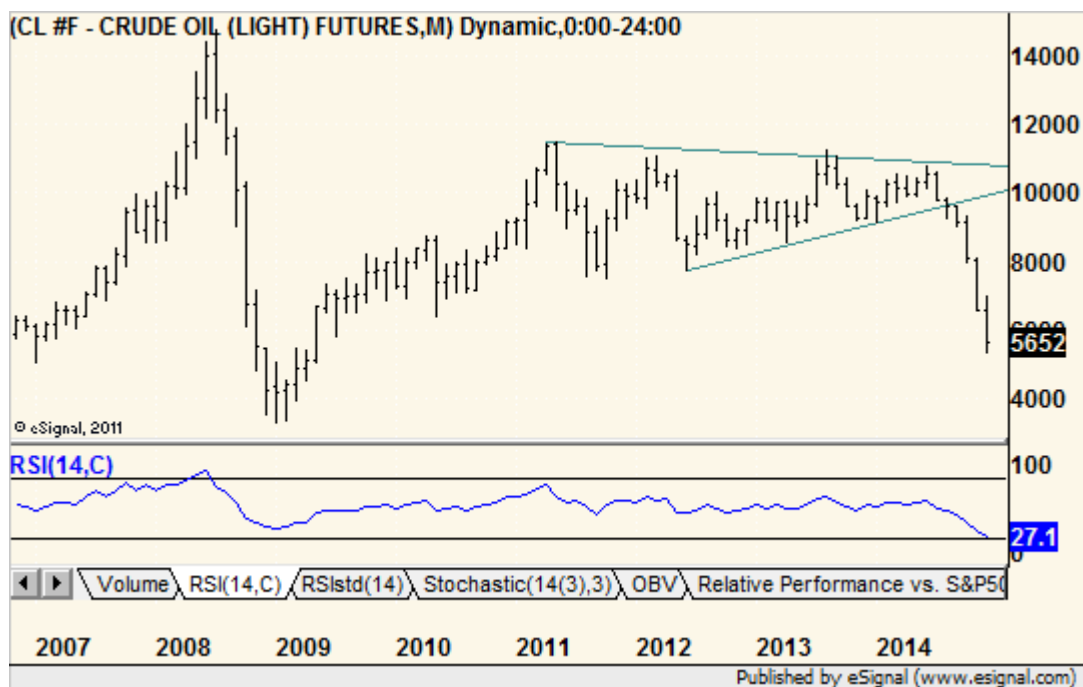
Financials ETF – Financials had a strong bounce from the decline but relative performance-wise it actually lagged. This is just something to be watched as a weakening market could send lagging sectors down harder.



Offense / defense index – Back to a low with oversold stochastics. We’d expect a rally here as aggressive risk on stocks win. But if it breaks down, well, you know.

The Big Picture

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



Crude Oil – Just another look at crude. This is a monthly chart and even though the decline this year was smaller than that in 2008 it is far more oversold in this time frame. We like energy for 2015.

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>	NDLS	NOODLES & CO	26.03	13.2%	22.75	23.00	11/21	29
	CIEN	CIENA	19.36	2.2%	18.00	18.94	11/21	29
<u>Short</u>	TIVO	TIVO INC	11.83	9.0%	13.50	12.90	11/10	40
	YHOO	YAHOO INC	50.88	-0.6%	53.00	50.60	11/20	30
	OC	OWENS CORNING	34.50	0.0%	34.50	34.50	12/10	10
	GOOGL	GOOGLE	520.04	0.0%	540.00	520.00	12/19	0

Notes: New short in **GOOGL** as it bumped up to our sell trigger.

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

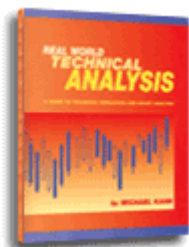
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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