

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

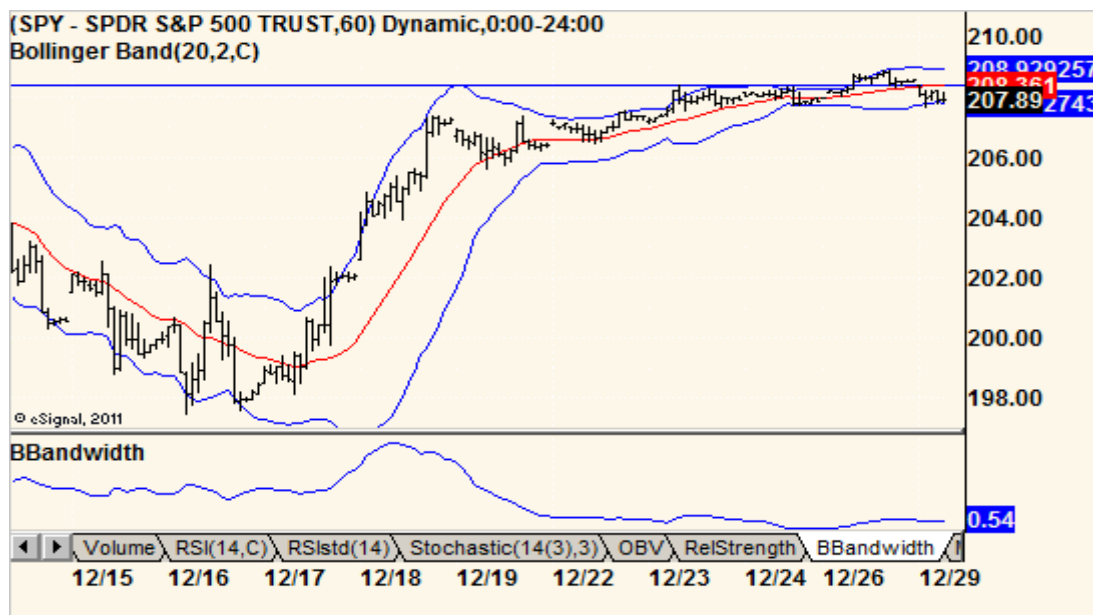
MICHAEL KAHN
RESEARCH LLC

December 29, 2014 – It's that lull between Xmas and New Year's that feel like more of a break to the hectic pace of life than any week in Aruba can. For me, since the laptop goes everywhere that I do, that week in the sun is not a vacation but rather a "relocation/" The markets do not stop because I need some cocoa butter.

But we are in the office today and will be again tomorrow with only minimal appearances the rest of the week. Wednesday, of course, will be New Year's Eve and we will only publish a minimal report that day, basically to illustrate any technical changes in the S&P 500 alone with oil or bonds or one other market that might impact you immediately. That will be it for the year. We will always be available for emails and admin duties.

So, it's the first real day back after Xmas and the final day in the O'Neil follow-through day (FTD) window (we are allowing it to have today even though officially it is eight days into the rally attempt). Will stocks surge on big volume? That's what the bulls want, for sure. But think about this: an FTD signal is supposed to provide a buying signal after a downturn. Can we really get one when the market is already at all-time highs? Philosophically, we cannot see it. How can we declare the bulls finally came back when daily stochastics is already at a super overbought 96? I wish I added that to last Wednesday's Barron's Online column.

So, if we can get a logically and philosophically pleasing signal, what is left? Hope? Overbought conditions? Loss of leadership in biotech and healthcare?

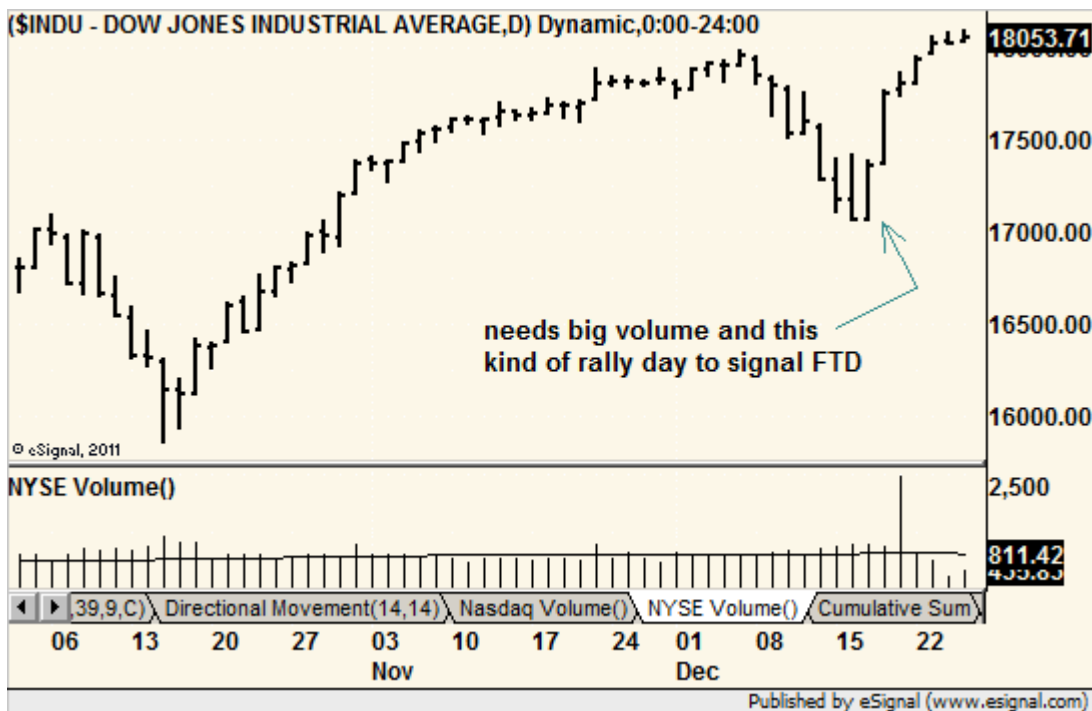


Here is the **SPY** with the slow bump into resistance from the prior all-time high. Hourly Bollinger Bands are not even as narrow as they were last week and that suggests last week's breakout from a squeeze failed. Not enough to trade but not exactly encouraging.

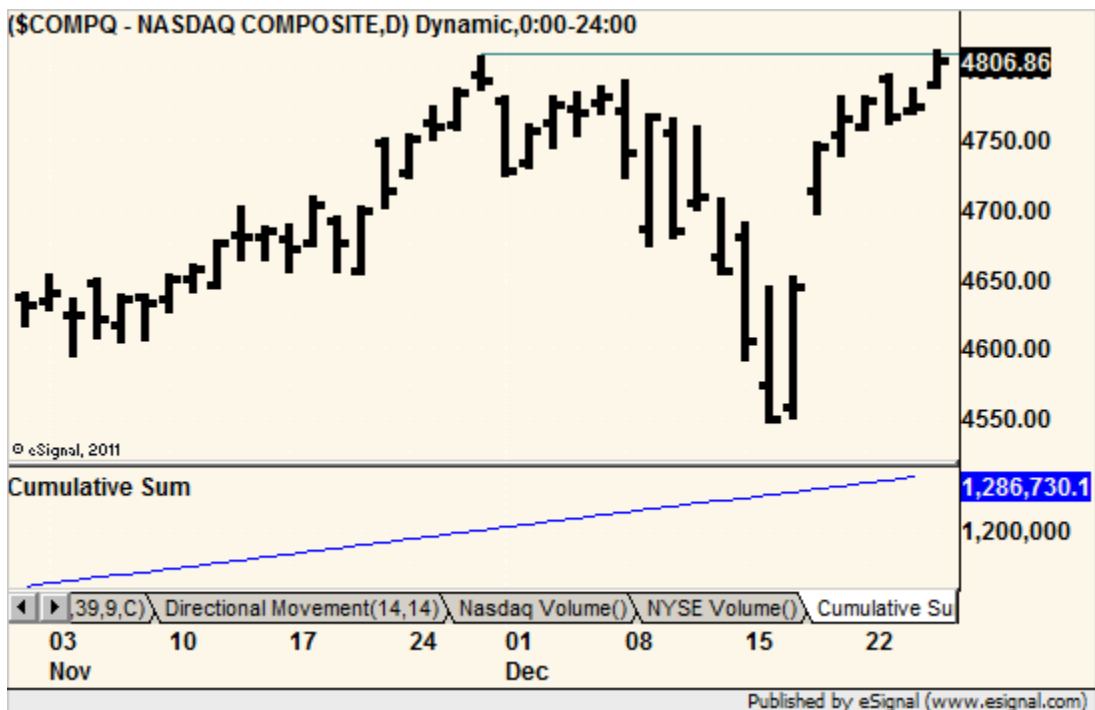
Not much to report on other markets or even overseas in stocks. While you were caroling, China hit a new high but closed poorly overnight. Greece is now down over 5% so far today to a two-year low. Russia may be negating last week's bullish hammer already.

Again, a semi-holiday atmosphere today is really for required moves such as tax loss selling and raising cash for whatever. Bold moves are contraindicated.

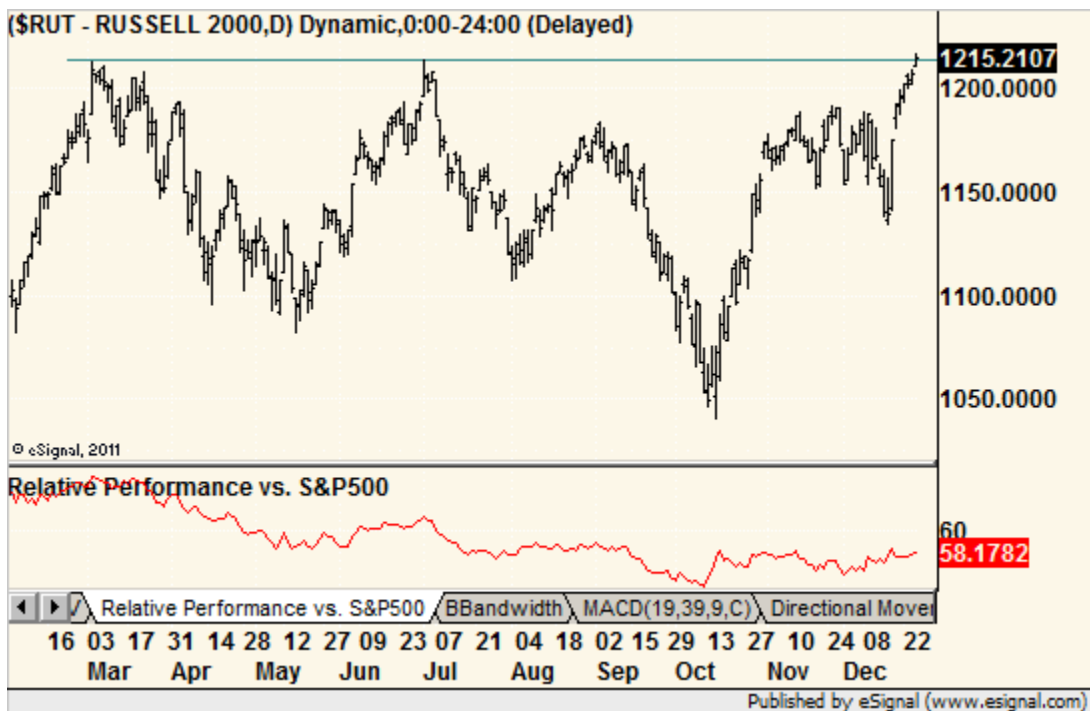
Index Charts of the Day



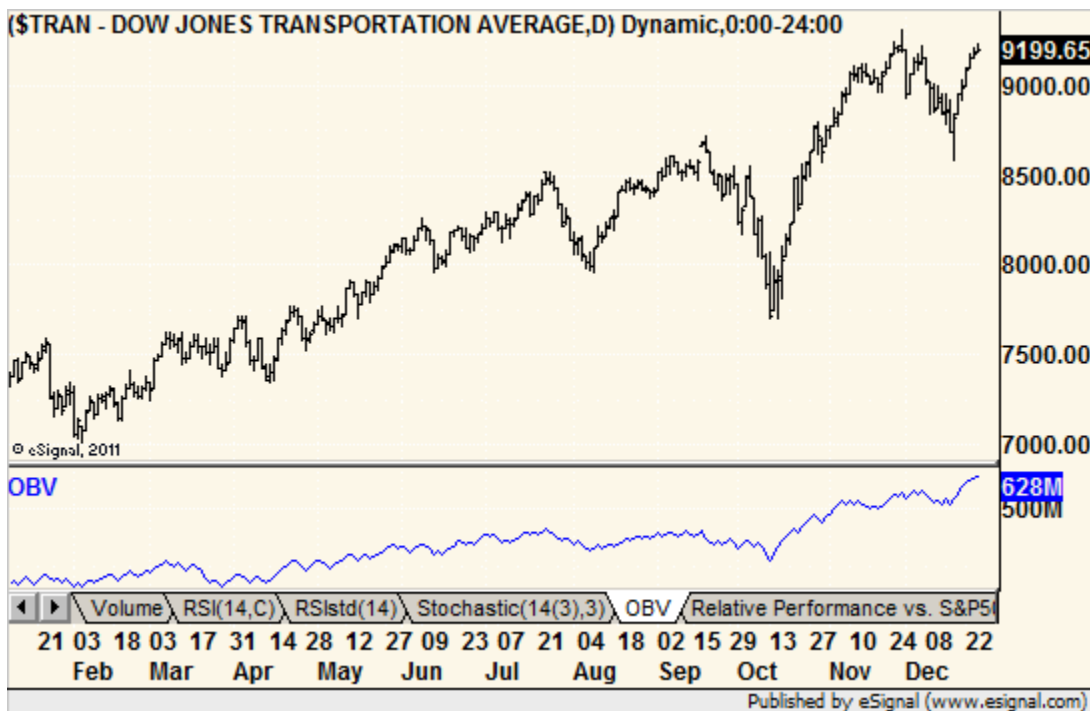
Now or never, FTD lovers. And even if it happens we think the entire environment is wrong for it. That does not mean the market cannot continue higher (don't forget the bullish offense/defense index and junk/treasury ratios) but a follow-through day seems to be ridiculous here.



Finally a new high close but not really a breakout just yet.



Check this out - a breakout for the Russell. Still not leading the market, however. Plus it happened with no volume.



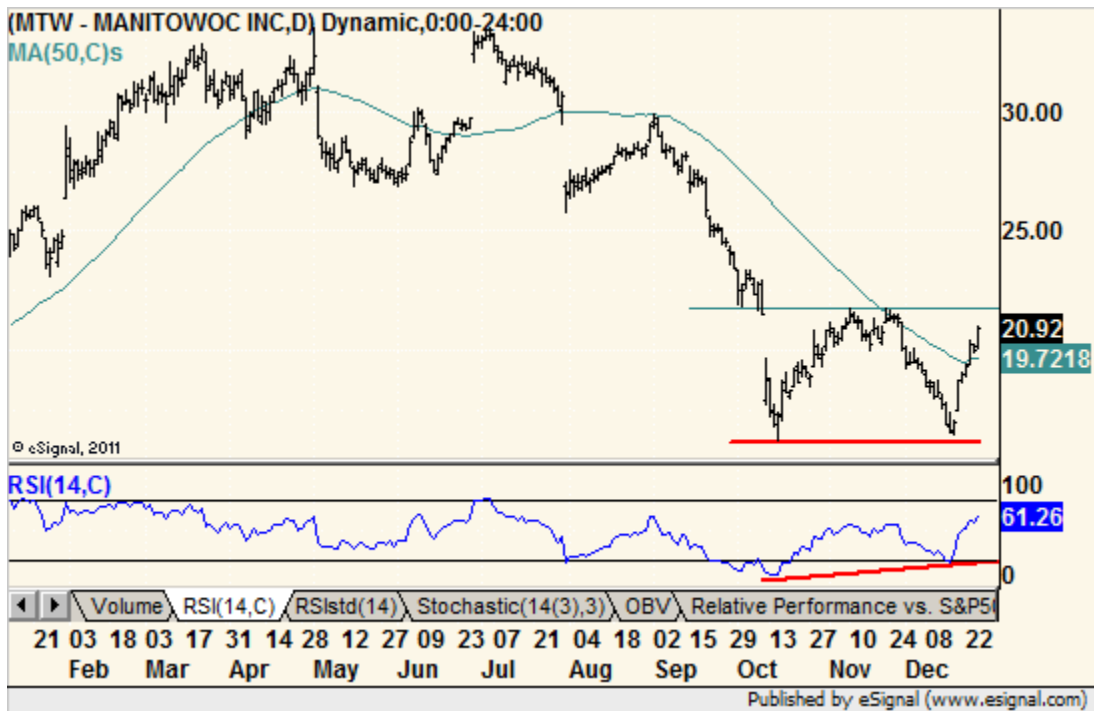
Transports - It is hard not to like this chart other than for a short-term pullback to buy the dip. On-balance volume is rocking a new high, too.

The Radar Screen

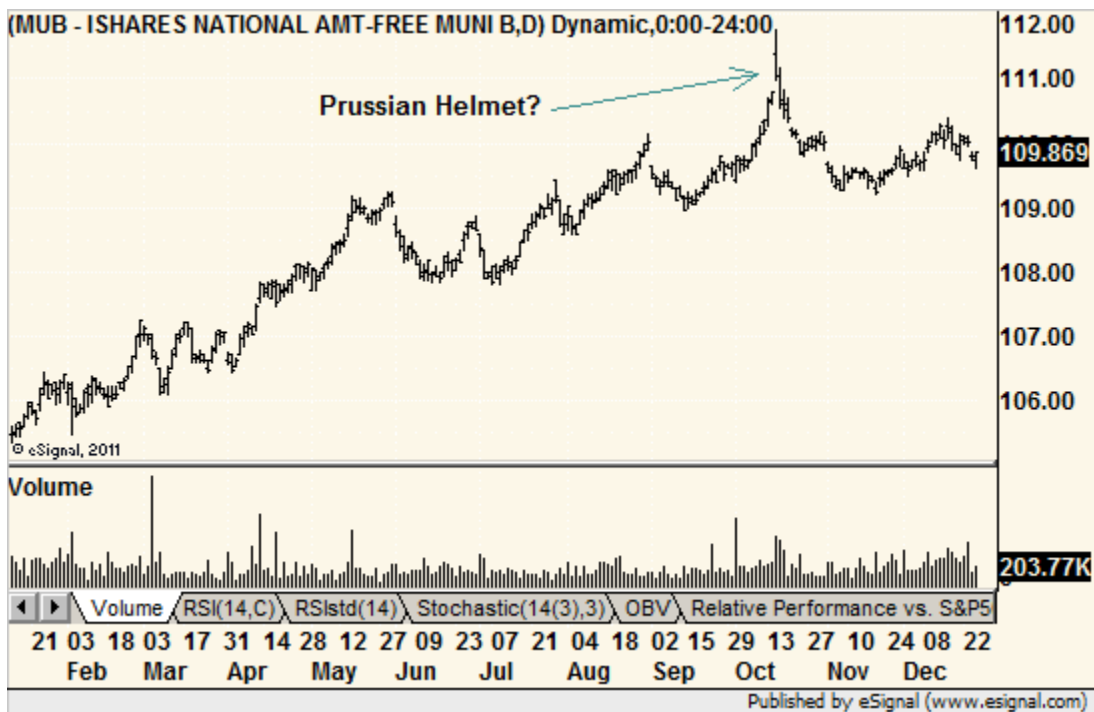
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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 with takeover rumors! Buy break over 37.75	Moved	12/15
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
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
JDS Uniphase JDSU - Networker with a breakout.		12/18
Manitowac MTW - This commercial vehicle maker supposedly getting Carl Icahn interest. We see a textbook double bottom in progress with confirming RSI divergence and 50-day average break. Needs to take out resistance but not the way it will at the open. We would like it to pause at resistance or come back down, let the news headline this morning fade and then get the breakout to buy.	New	12/29
Sector Watch (observations that may spark ideas)		
Aerospace/Defense Sector index DFX, DFI – breakdown negated but this is still lagging.		12/15
Networking Index NWX - A breakout and test. Looking good.		12/18
Silver miners SIL - still watching possible double bottom		12/19
Gaming - Still waiting for confirmation of the weekly hammer candle		12/22
Canada EWC - Got official confirmation of the weekly reversal bar but volume fell all last week (nothing unusual). Still that is not a positive.	Changed	12/22
Updates		
Offense / defense index - Big jump off support Monday <u>and now Tuesday</u> .		
Alibaba BABA - We said to give it a little more rope but it took the entire spool.		

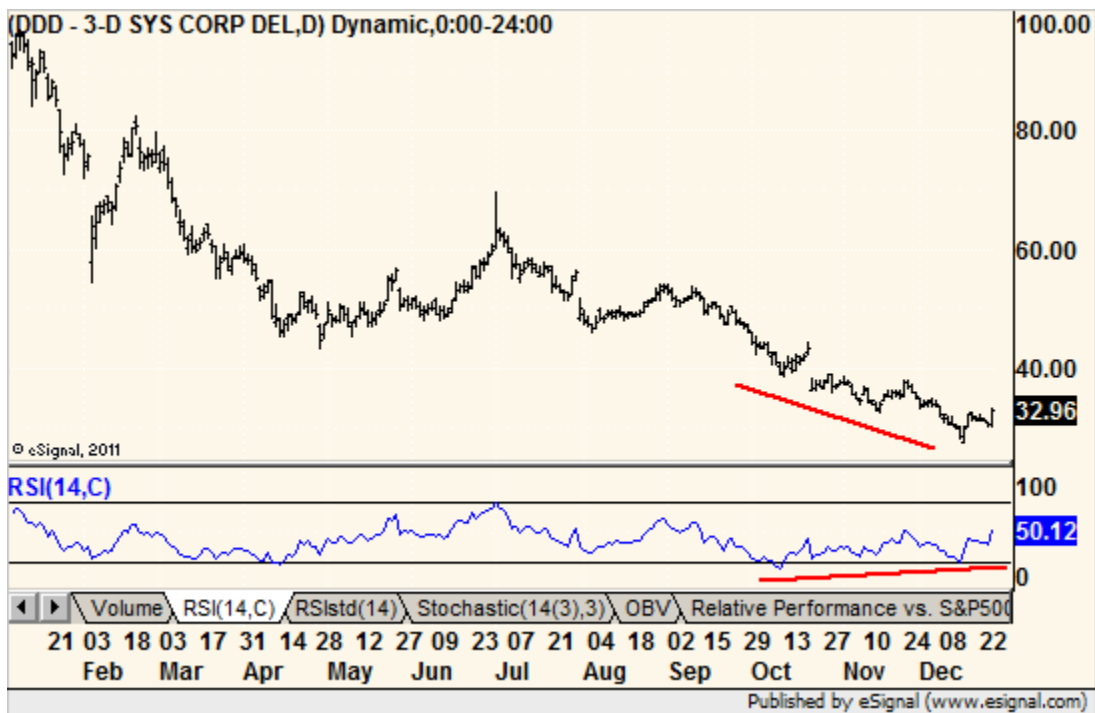
Market Highlights



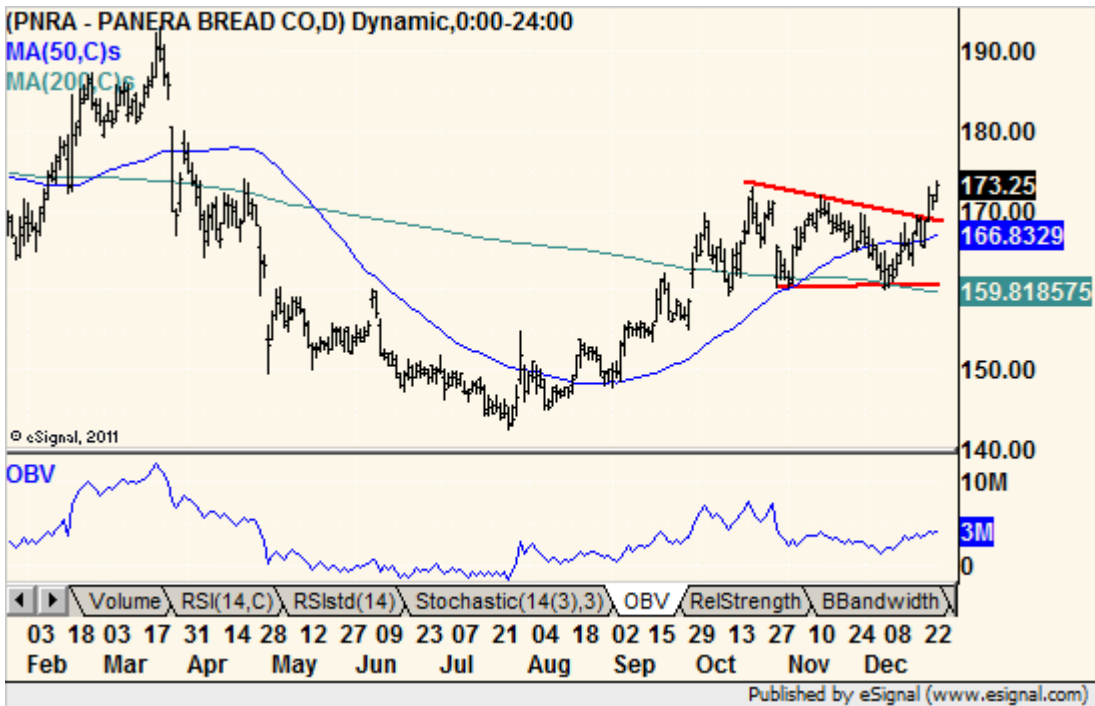
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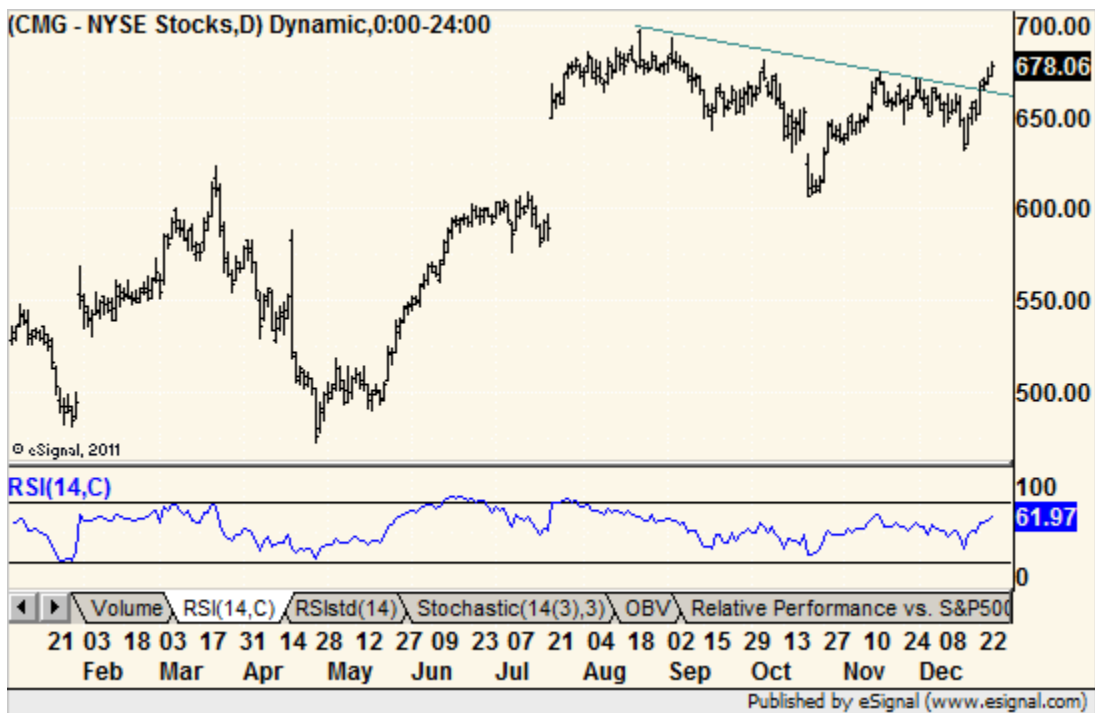
Municipal Bond ETF - Was the October surge and reversal the peak in the Prussian Helmet pattern? Basically, it is a pattern of exhaustion with a head-and-shoulders feel. Still needs to take out support before selling.



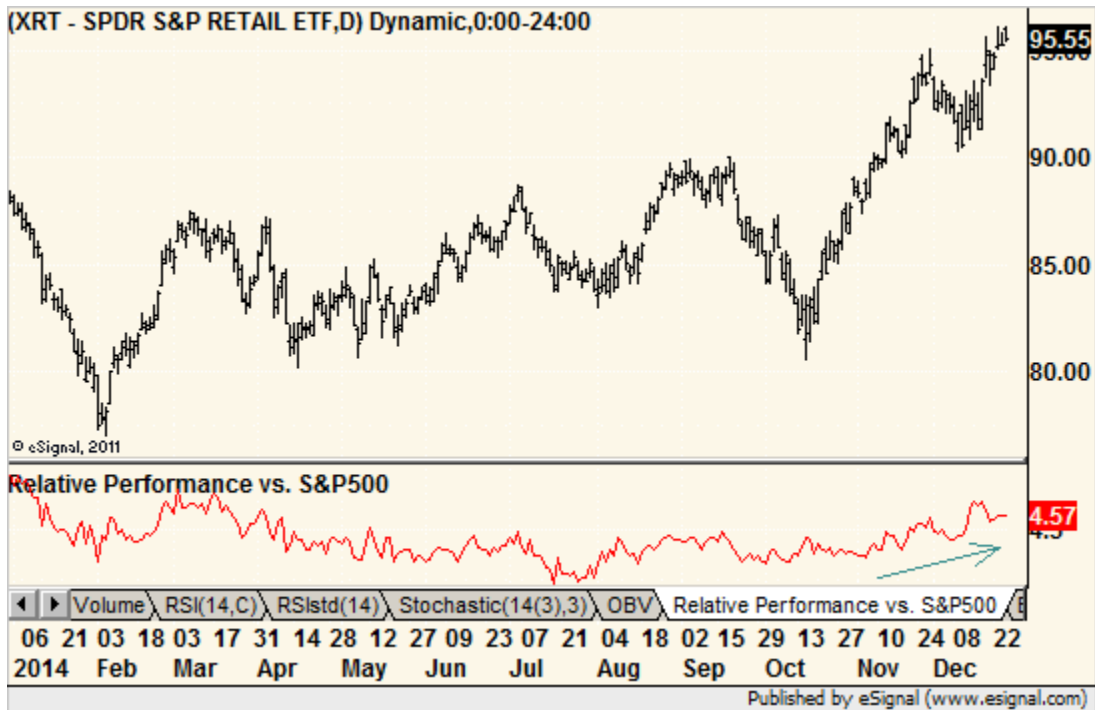
3D Systems - Time to watch 3-D printing stocks again. Also **XONE**.



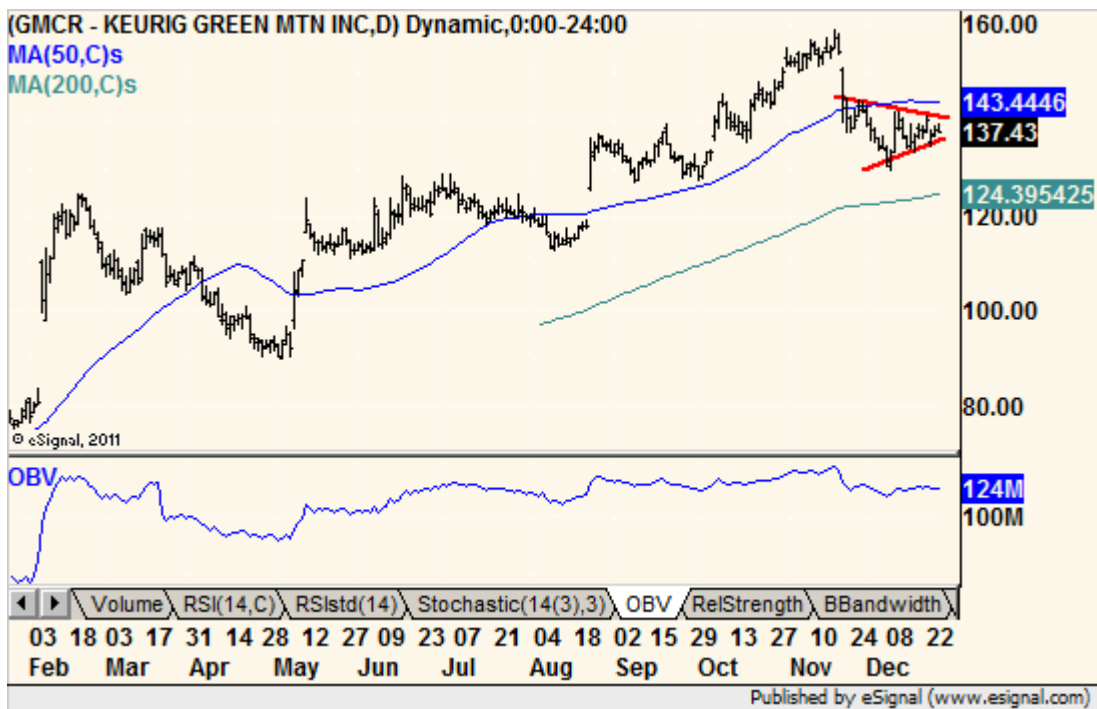
Panera Bread - Buy the dip following this triangle breakout. See next chart...



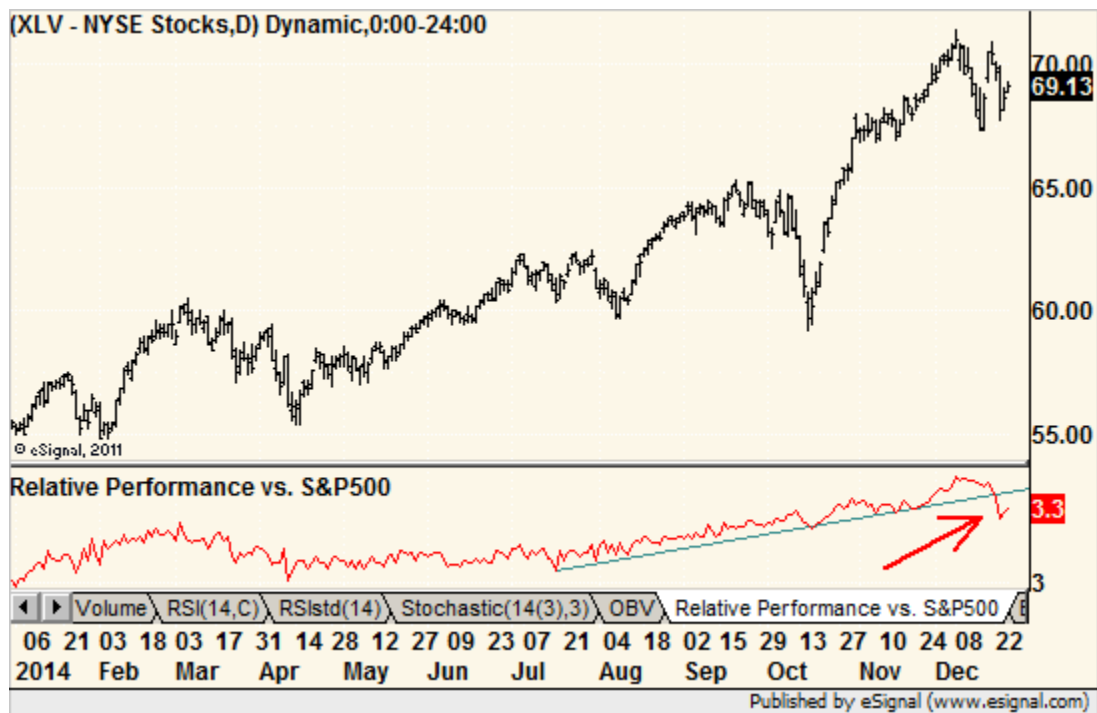
Chipotle - Restaurants firming. This one is just the poster child for the group.



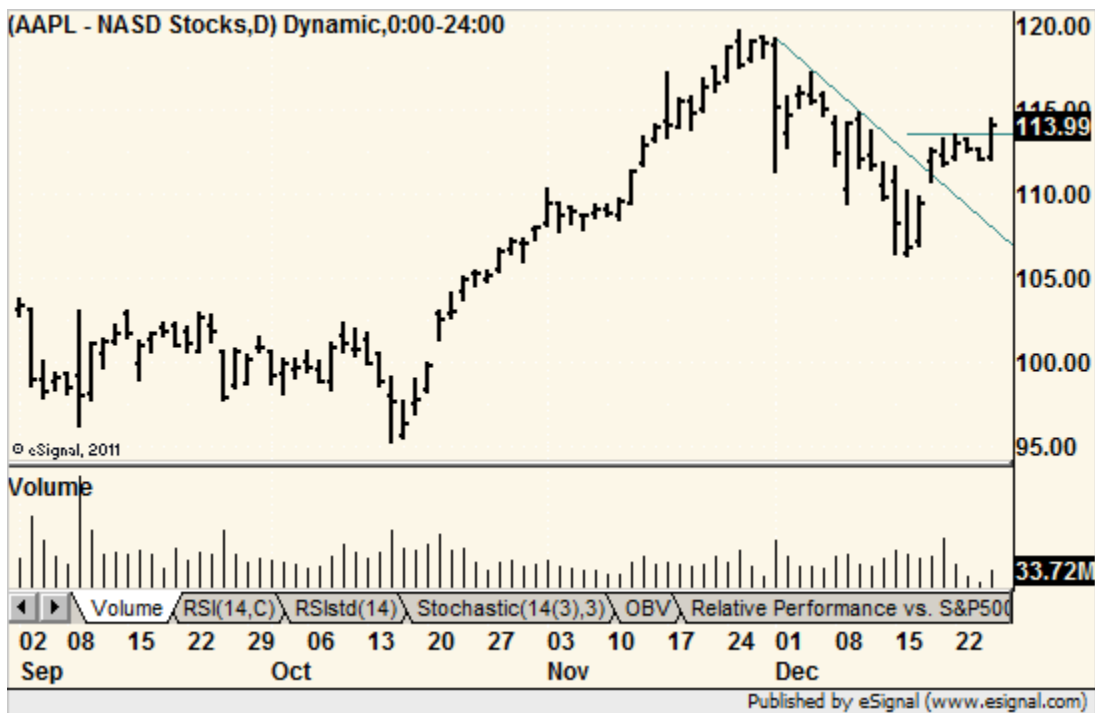
Retail ETF - Another consumer discretionary area. This one is leading the market now.



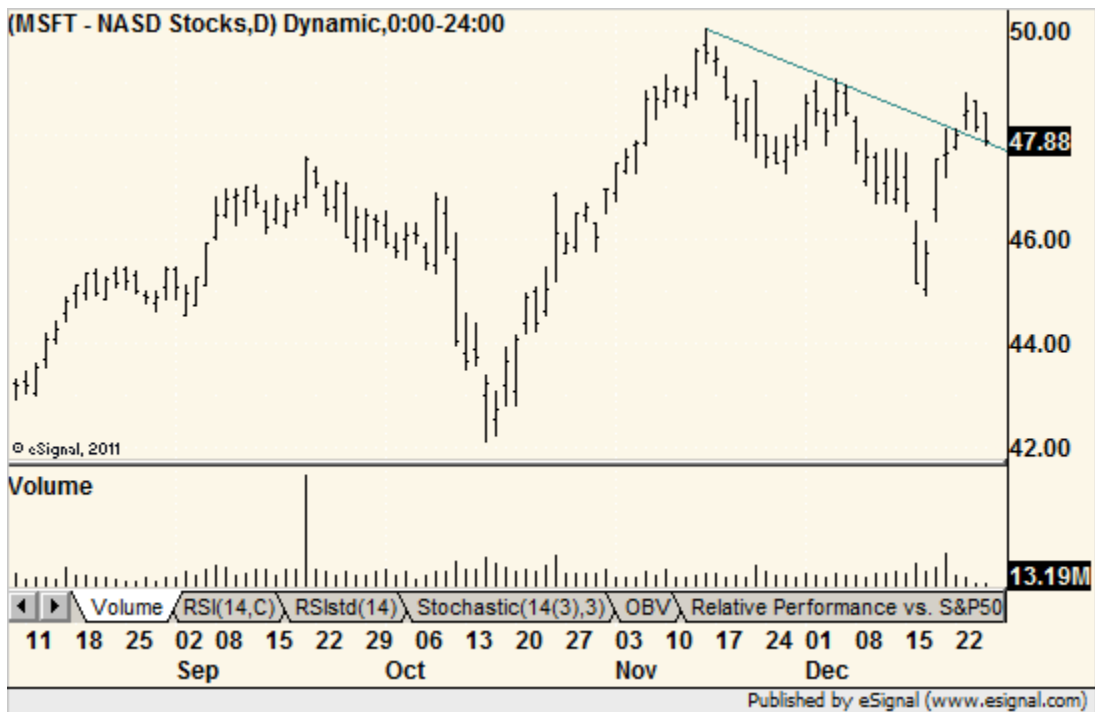
Keurig Green Mountain - Just watching this little triangle



Healthcare ETF - Lost its leadership role last week.



Apple - A pretty Friday on the chart except for lack of volume.



Microsoft - Testing the breakout now.

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	26.02	13.1%	25.25	23.00	11/21	36
	CIEN	CIENA CORP	19.85	4.8%	19.00	18.94	11/18	39
<u>Short</u>	TIVO	TIVO INC	12.05	7.1%	12.30	12.90	11/10	47
	GOOGL	GOOGLE INC	540.00	-3.7%		520.00	12/19	7

Notes: Stopped out of **GOOGL**. We expected it to fail after testing its breakdown and so far it is not. Small loss - let's keep it that way.

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

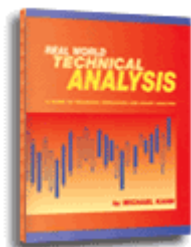
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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