

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**January 29, 2014** – So which indicator should we believe? Turkey took drastic action by raising rates by 4% to soothe emerging markets. The Superbowl indicator will flash a sell signal no matter which team - neither an original NFC team - wins.

Rather, we are looking at the market itself which has indeed changed in tone. What was a buy-the-dip bull trend changed - quite suddenly - into a trading range environment, which may or may not morph into an actual market top. The old saw does say that bottoms are events but tops are processes.

One thing we have noticed is volatility has shot up and not just the **VIX**. Check out some of these moves in the former smokin' hot social media (with Elon Musk and Netflix):

TSLA +5.16%	QIHU +4.88%	NQ +6.30%	TWTR +4.37%
FB +2.97%	YELP +5.04%	Z +8.32%	TRLA +4.27%
LNKD +3.64%	NFLX +6.70%	GRPN +5.20%	RENN +4.90%

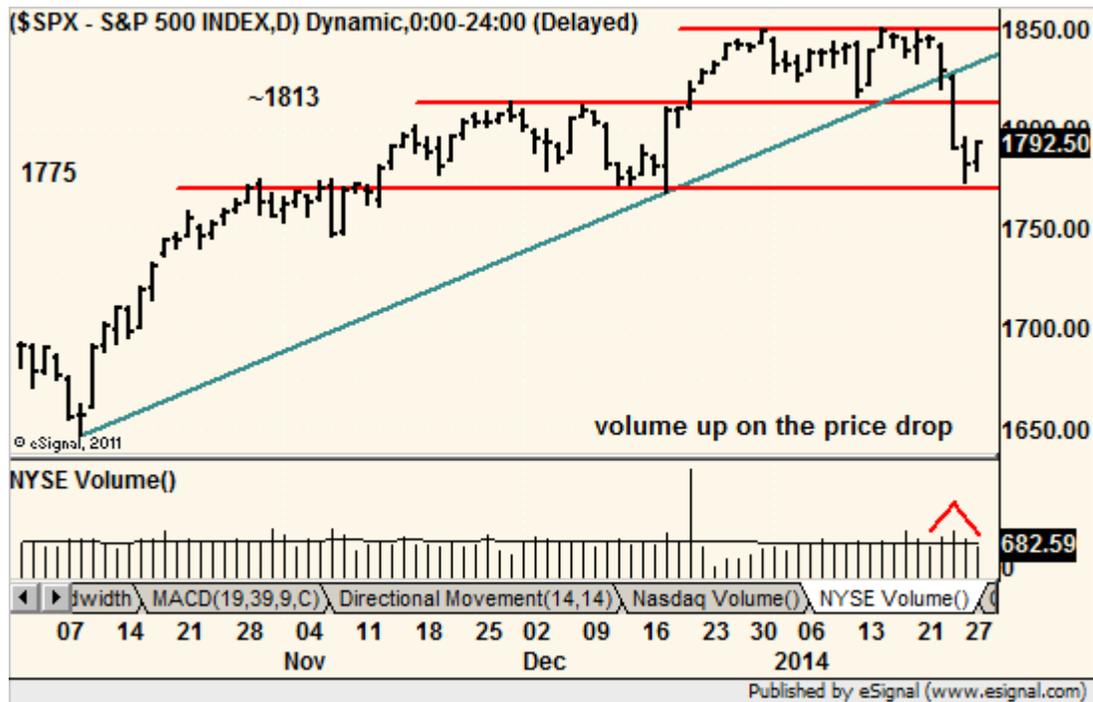
Does volatility precede market turns? Maybe. But it does demand a different approach as we've said before. Another reason for a different approach? Look at what is happening with high-profile earnings reports. They are not pretty and that is another change from the last time.



The **SPY** hourly chart was not giving us much today as it is between support and resistance in trader's no-man's land. However, as we went to press, the market sold off and is now challenging support again. The Turkey soothing seems to be gone already. This support really has to hold or a lot of people will panic

**Fed today** - keeping it light until then. Print, Janet, print!

## Index Charts of the Day



The price chart yields little new information but volume is speaking. Big on the decline and low on the recovery. One more sign that things are different now.



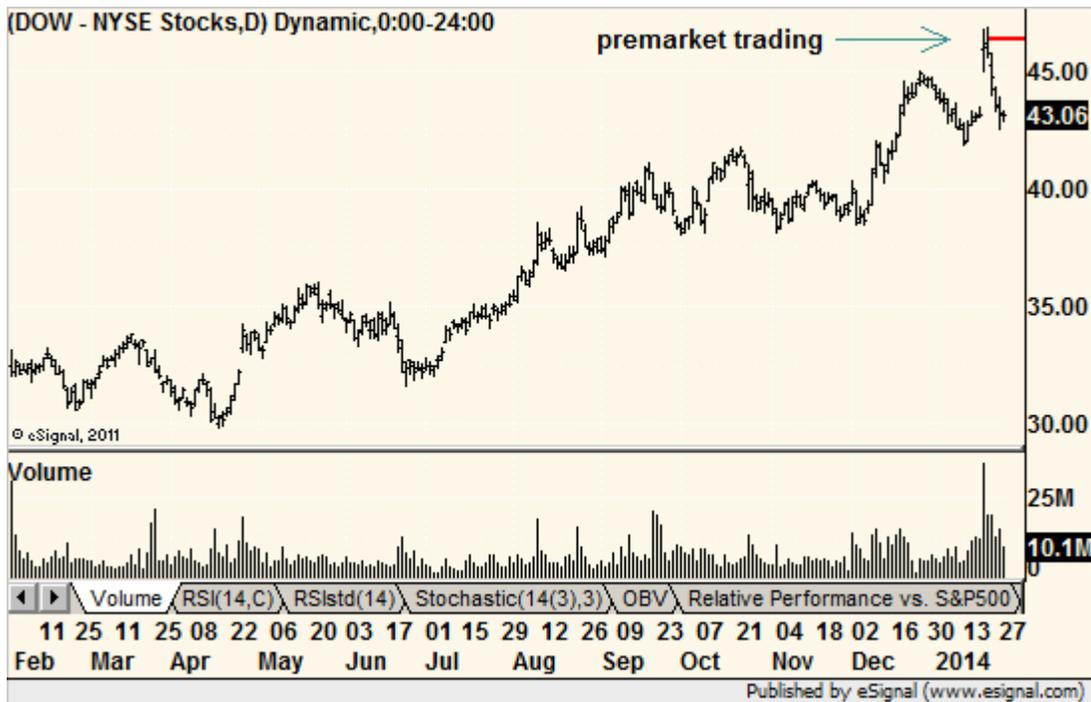
Because **AAPL** is so huge, here is the Nasdaq-100 to show that it really did not distort anything. Plus the chart is not that bad looking with the 50-day average holding. True, there is plenty of room to fall - adjust - with the 200-day so far below. Also note RSI divergence. Bottom line - no panic, no need to panic but reason to think differently about the market.

## The Radar Screen

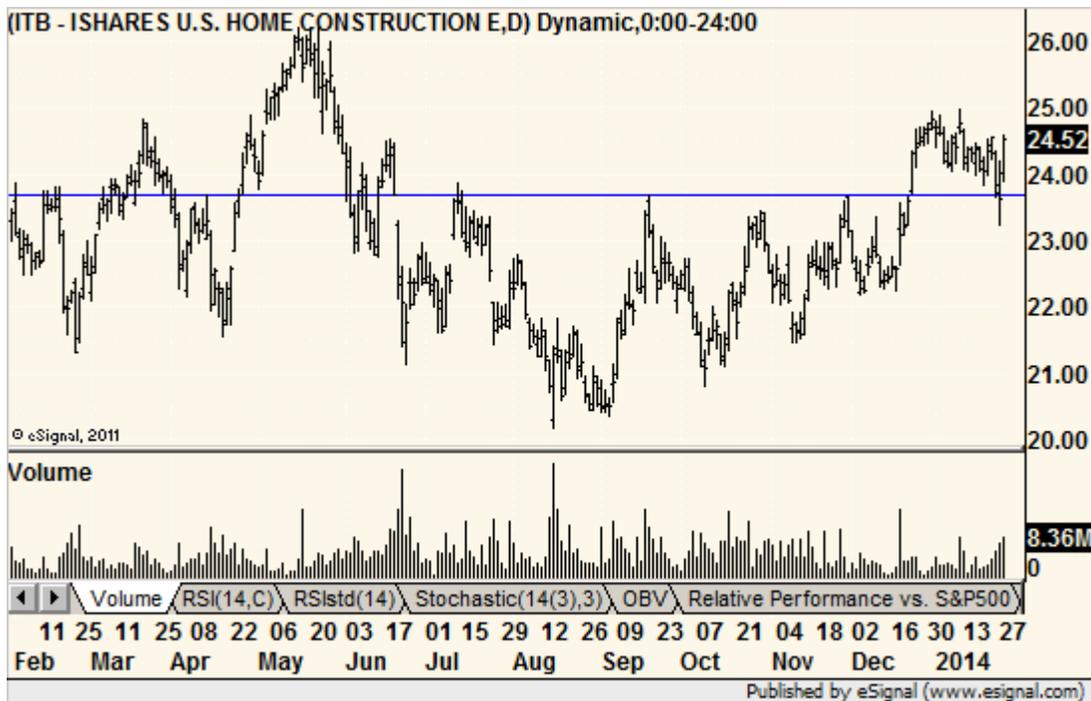
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>General Electric GE</b> - Oversold Dow stock sitting on support. We actually like the risk/reward here for a quick rally so we will buy.	<b>Triggered</b>	1/28
<b>Tim Horton's THI</b> - This is a Dunkin Donuts peer and it is just oversold in any we can measure. Support is near so this is a rather low risk setup for a quick strike buy.	<b>Triggered</b>	1/28
<b>Bearish Implications</b>		
none -		
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Yahoo YHOO</b> - RSI divergence and head-and-shoulders breakdown - sell a bounce. <b>Bad news after hours but now establishing support at 36.25</b>		1/23
<b>Google GOOG</b> - Got crushed over the past few days. We'll leave it here for a short opportunity in case it bounces. <u>Looking for 1136. Not 100% sure</u>		1/23
<b>Buffalo Wild Wings BWLD</b> - This restaurant broke down. Let's see if it gives us a nice test to sell.		1/23
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Oil Exploration/Production Index EPX</b> - Huge breakout failure		1/22
<b>Biotech</b> - Huge decline may have been a game changer here.		1/22
<b>Updates</b>		
<b>Apple AAPL</b> - Looks good for the bounce. Icahn bought more		

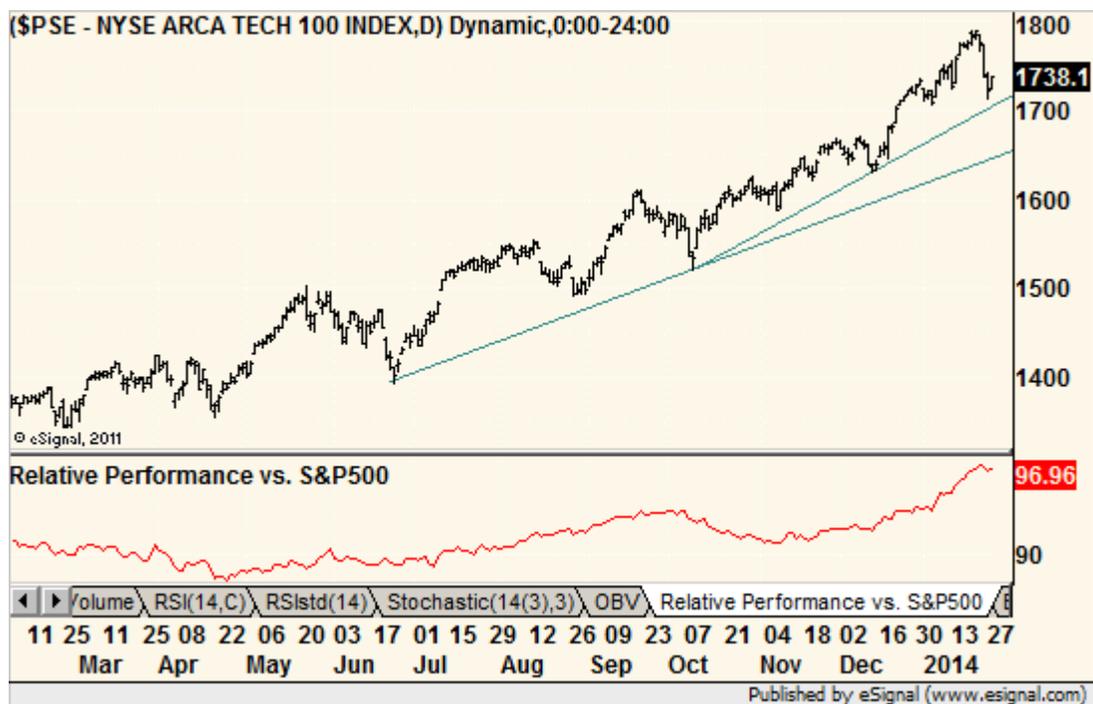
## Market Highlights



**Dow Chemical** - Two weeks ago it shot up on reports it might split itself in two but it then faded. This morning, it is right back up there. Talk about volatility! We are not touching this.



**Homebuilder ETF** - A rather beefy move higher despite the report of a big miss for U.S. home sales. That's bullish. So is the bounce off support. Not every part of the market is spooked by emerging markets.



**Arca Tech 100** - The old PSE index of technology stocks is equal weighted and therefore immune from the Apple-effect. Looks pretty solid to us. Of course, things do change quickly.



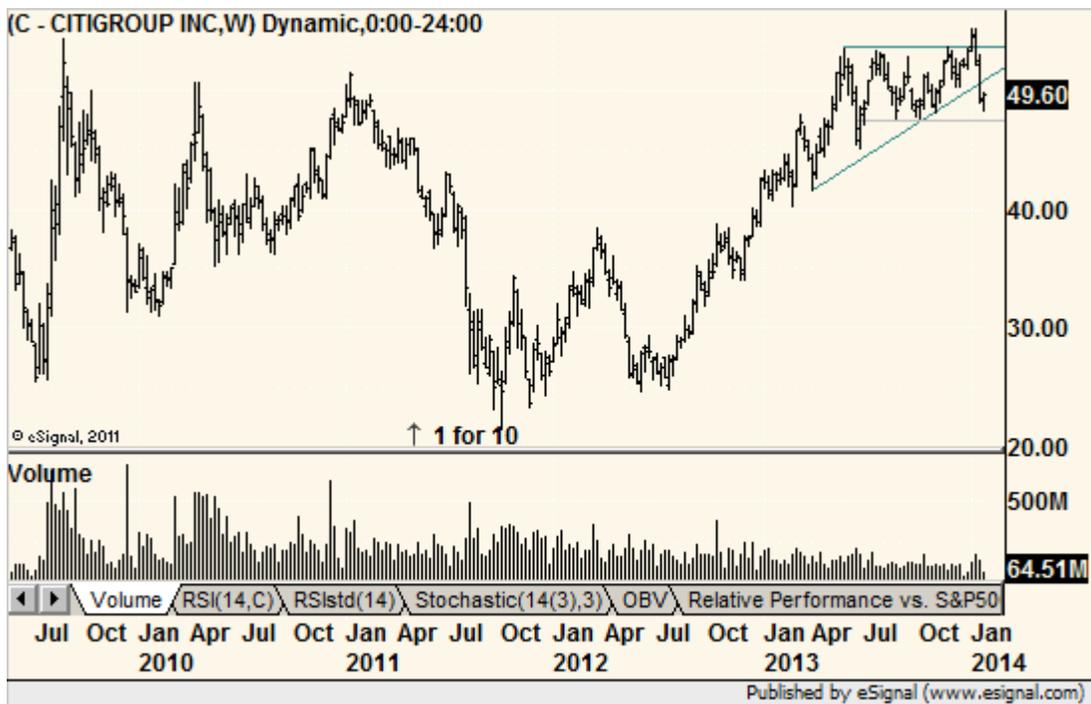
**Healthcare ETF** - Ditto. Still leading.



**Energy ETF** - This sector does not look so good with a trend break and double top break. We will caution that the **XOI** index does not have the double top breakdown so don't put too much into it here. A new low, however, will be an undeniable sell signal.



**Financial ETF** - With insurance as the weakest subsector, the financial ETF has a short-term trend break but has not broken support. Its relative performance, which recently improved to give us a positive bit of evidence for the market as a whole, may have changed for the worse again.



**Citigroup** - Frightening chart of the day. This weekly shows Citi's failed breakout at resistance and an arguable triangle breakdown. We say arguable because we can also label this as a rectangle pattern with support at 47.50. However, both scenarios have a false resistance break and that is bearish.

## 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. 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>NLY</b>	ANNALY CAP MGMT INC	10.43	5.5%	10.00	9.89	12/6	53
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	23.40	5.6%	22.50	22.15	1/13	15
	<b>T</b>	AT&T INC	33.70	1.1%	32.25	33.33	1/14	14
	<b>IBM</b>	INTERNATIONAL BUSINESS MACHS	176.85	-2.4%	175.00	181.28	1/22	6
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	7.75	-1.0%	7.70	7.83	1/23	5
	<b>GE</b>	GENERAL ELECTRIC CO	25.46	0.5%	24.50	25.33	1/28	0
	<b>THI</b>	TIM HORTONS INC	52.63	0.3%	50.75	52.47	1/28	0
<u>Short</u>	<b>AOS</b>	SMITH A O	48.02	4.5%	49.00	50.19	1/23	5

**Notes:** Tightened the stop in **AOS** all the way as it formed a rather sizeable hammer candle Tuesday. If it trades above that candle the reversal is in and the trade ends. However, if the hammer is not confirmed and it eases lower, we'll still be in it this way (vs. just exiting).

Two new longs at the open **GE** and **THI** - both for oversold bounces from support.

## 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

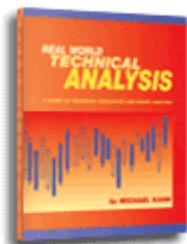
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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