

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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March 13, 2014 – The day got off to a weak start with more China hangover and continued Ukraine worries. Oil did not share the latter as it plunged, ending below support and negating last month's upside breakout. But don't get too excited about the change as it was actually predicted in the charts (see below in Market Highlights). Prices hit the top of a large pattern and pulled back.

As for the broad stock market, I wrote this in a technical analysis chat room yesterday:

It does "feel" different as market flattened out for four days (zero progress) before dipping. But Naz and small caps are still up on the day. Breadth still in rising trend. New sectors taking stabs at being leaders (restaurants). Supports still intact.

As much as I want my inner bear to be validated, I just can't do it today. But when it breaks, it will really break.

That about sums it up. And as we'll see just below in the hourly chart and again on the dailies in Index Charts of the Day, supports were touched and they held firm.



The hourly chart shows the **SPY** following through on its early Tuesday breakdown and then rebounding sharply when it hit key support. It is also back in no-man's land between support and resistance.

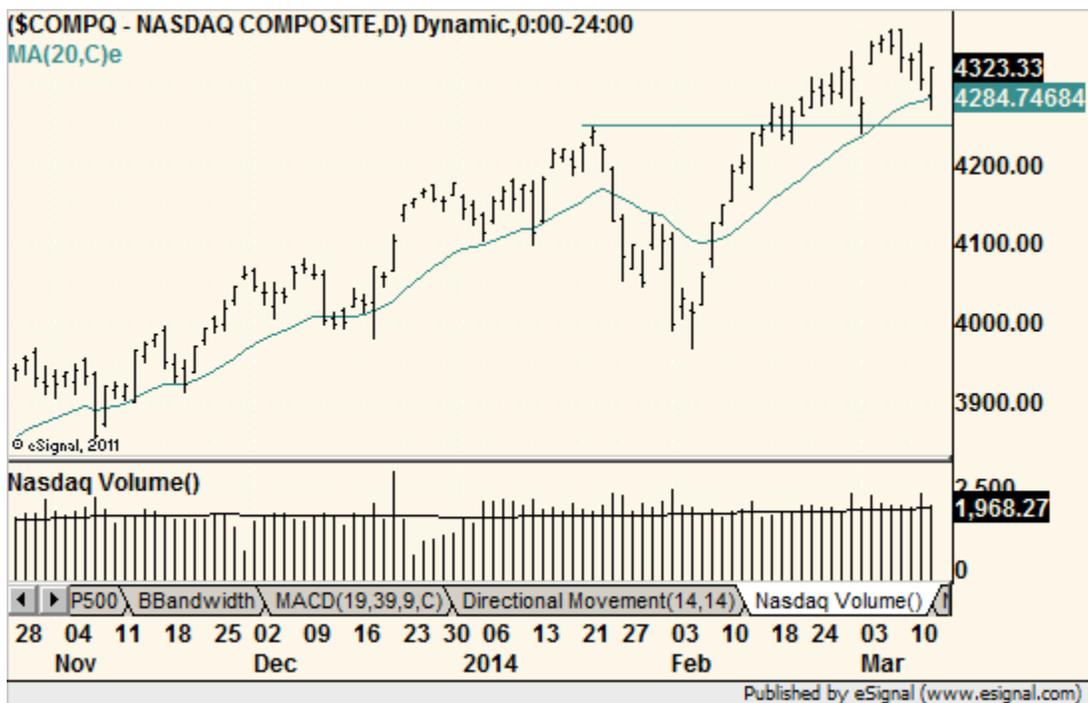
Even though stocks rebounded, gold and T-bonds stayed higher. Both had nice gaps higher and are holding again this morning. The US dollar, however, is falling quickly today.

In sectors, utilities and other interest rate sensitives rebounded with bonds. Toys are the sector of interest today (see below).

Index Charts of the Day



Nice bounce off support and the 20-day expo average. If this is a strong market, we would expect the recovery to continue right away. Choppiness would suggest a positive but not so strong market, in our opinion.



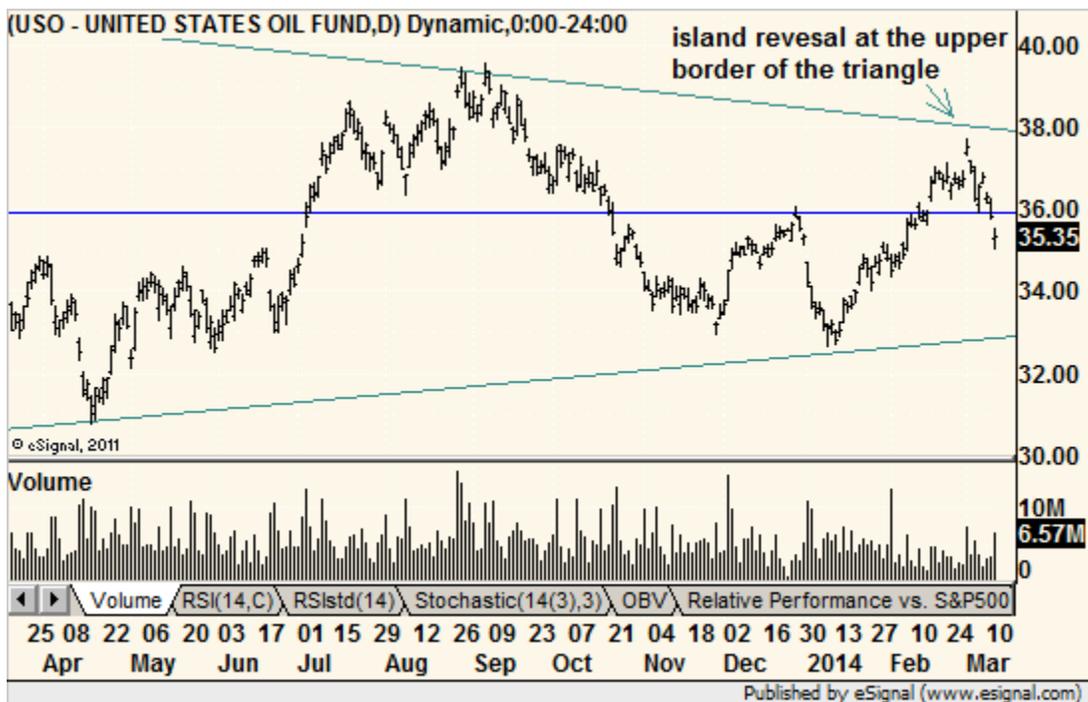
Ditto Nasdaq.

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		
Wal-Mart WMT - A strong Tuesday as the market dipped. Now at the Nov trendline so we will buy a close over 75.	Triggered	3/3
Jaks Pacific JAKK - This toy maker had a bear market but it has also spent many months healing (basing). Currently above its 200-day average, it is in a tight range at resistance and its major trendline. It is indeed speculative but a breakout now would be technically very positive. Zacks reported that earnings are improving and more than 41% of the float is sold short. Good enough to put a buy trigger on it for a breakout at a close over 7.55.	New	3/13
Bearish Implications		
Incyte INCY - This biotech has gone nowhere for weeks, even as its sector led. Now the sector is stumbling. Sell under support at 60.35		3/5
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
AT&T T - Waiting for value to come to papa at 30.25. <u>Noting bullish momentum divergences</u> now appearing.		2/25
Steven Madden SHOO - This shoe maker has a resistance breakout but we think it would be safer to wait for a pullback. <u>Good thing we did. The pullback was sharp and now it is under a rising trendline. Moving on.</u>	Removed	3/10
Citibank C - Bear wedge hitting a death cross from below. <u>Now sitting on wedge bottom. Any lower and it will be broken.</u>		3/11
Sector Watch (observations that may spark ideas)		
Retail - Making a comeback. <u>Danger - AEO and URBN collapsed.</u>		2/26
Defense - Very strong (except BA). <u>However, RSI divergences creeping in.</u>		
Biotech - Possible RSI divergence now. Confirmed		3/7
Utilities - XLU ETF held at a nice support.		3/10
Homebuilders - Failed at resistance		3/11
Banks - Watching possible resistance failure in BKX, KBE, KRE	New	3/13
Updates		
Tesla TSLA - Bull reversal at support		

Market Highlights



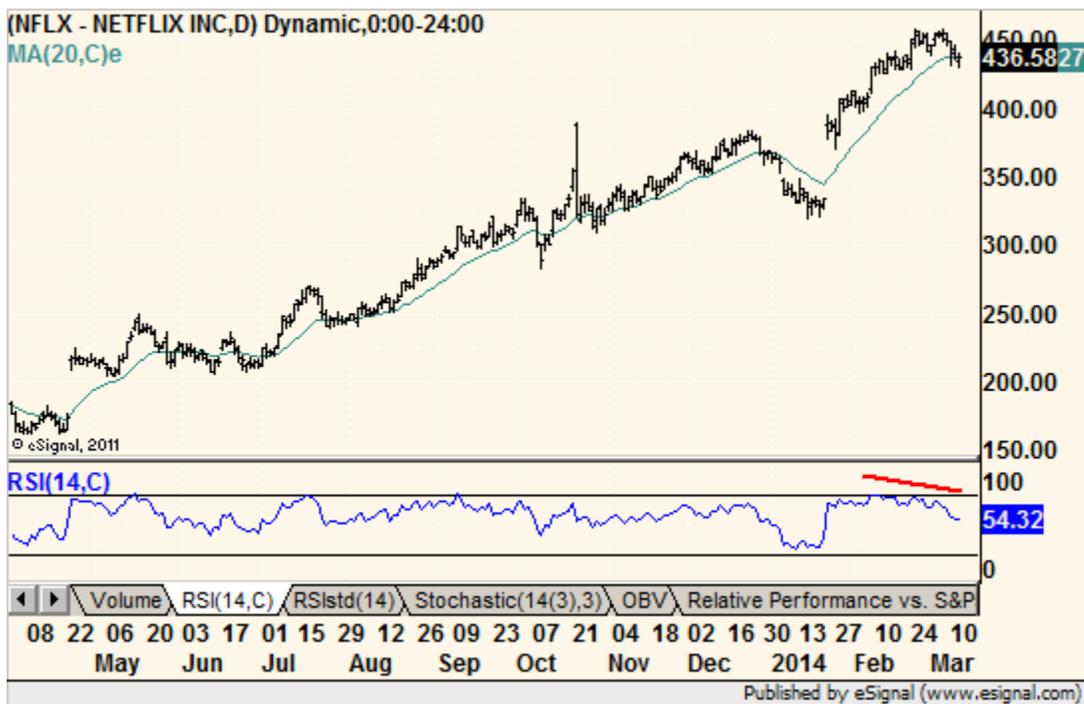
Oil ETF - The triangle pattern appeared in my Feb 18 Barron's Online column and the market came pretty darn close to a perfect hit. It scored an island gap reversal and now it is back below support. It is also in no man's land with another island type of bar so we are going to sit it out for now. [Two-pager on gaps](#)



Silver ETF - Looks like a bull flag on its averages. Our stop was apparently too tight.



Palladium ETF - Here is an industrial metal with a breakout. Copper seems to be alone in its despair.



Netflix - This chart shows what is happening with some of the momentum leaders today and it is the same for **PCLN** and **GOOG**. Shows some weakening with RSI divergence and mini-double top potential. Also now sitting on its 20-day expo average.



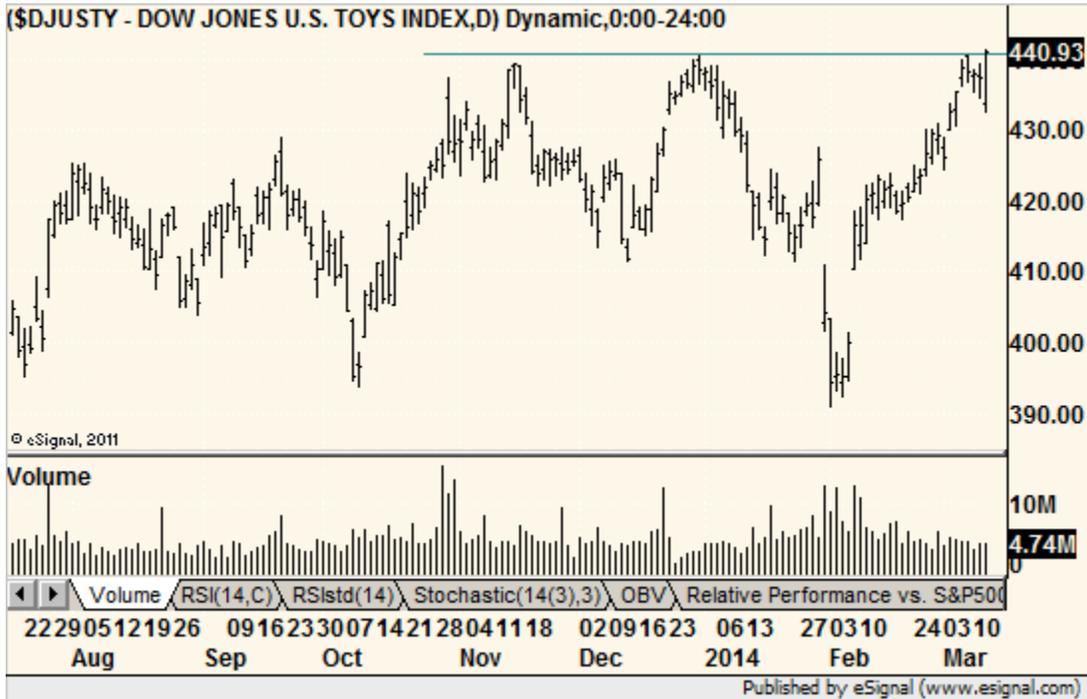
Banks Index - We thought financials were making a comeback but now we see the banks pulling back from resistance and sporting a relative performance decline. This is still not a bearish chart as the index could merely be pausing before the breakout attempt. However, it does bear watching.



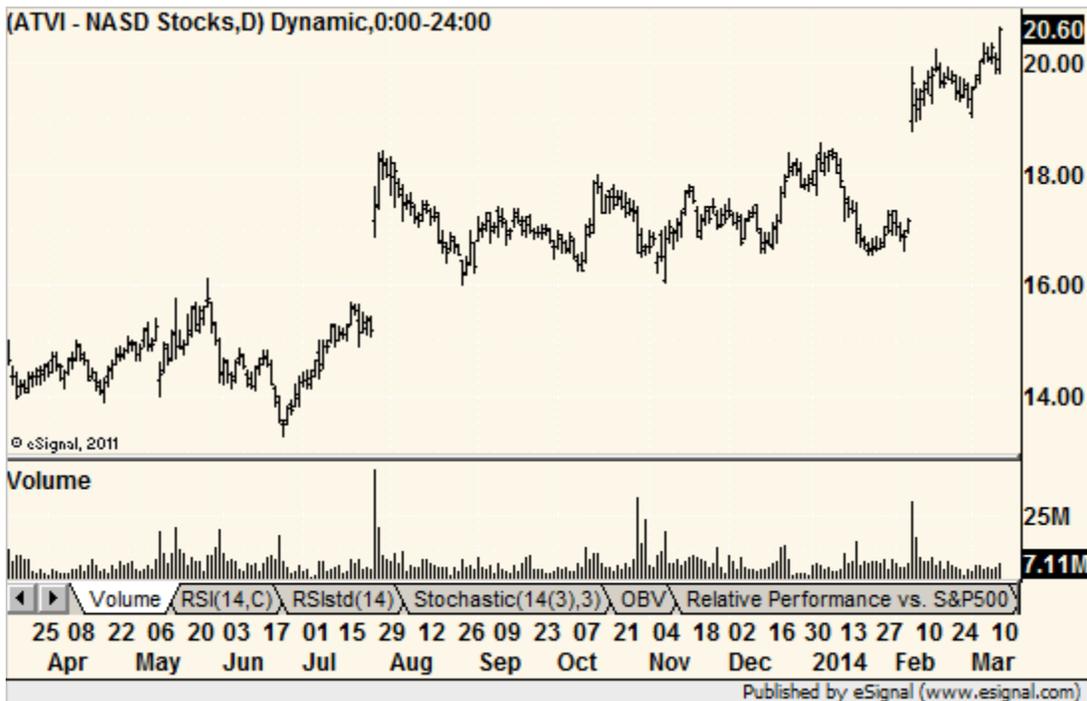
Deutsche Bank - On the other hand, some big European banks are not looking too healthy. **BCS** at a new low.

Sector Watch

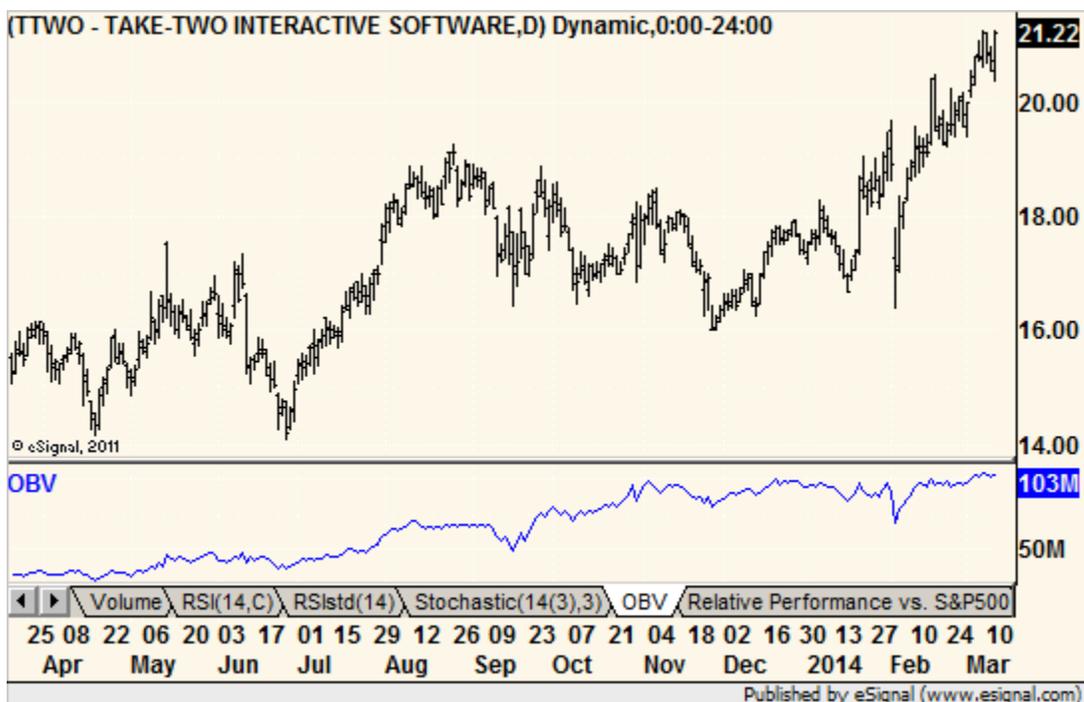
In this section, we take a closer look one sector of the market.



Toys sector - This index sports a nice bull reversal after a three-day pause at resistance. A great setup for a breakout but the problem is that none of the stocks in the index look like this. See next...



Activision - This stock has the bull reversal and breakout but it is already way up there.



Take Two Interactive - This is a better option with its single digit trailing P/E ratio. It has the bull reversal and on-balance volume is rising, unlike that in Activision. Momentum here is strong.



Jakks Pacific - This toy maker obviously had a bear market but it has also spent many months healing (basing). Currently above its 200-day average, it is in a tight range at resistance and its major trendline. It is indeed speculative but a breakout now would be technically very positive. Zacks reported that earnings are improving and more than 41% of the float is sold short. Good enough to put a buy trigger on it for a breakout at a close over 7.55.

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>	NLY	ANNALY CAP MGMT INC	11.22	13.4%	10.70	9.89	12/6	96
	GDX	MARKET VECTORS GOLD MINERS ETF	26.92	21.5%	25.25	22.15	1/13	58
	JTP	NUVEEN QUALITY PFD INCOME FD	8.02	2.4%	7.80	7.83	1/23	48
	CORN	TEUCRIUM CORN FUND	33.69	6.7%	32.50	31.57	2/6	34
	NOV	NATIONAL OILWELL VARCO INC	77.31	1.0%	74.00	76.52	2/18	22
	LTM	LIFE TIME FITNESS INC	49.47	7.3%	47.00	46.09	2/25	15
	DBC	POWERSHARES DB COMMODITY ETF	26.01	-2.0%	25.50	26.53	3/3	9
	GSK	GLAXOSMITHKLINE PLC	54.98	-2.3%	54.00	56.30	3/4	8
	DSW	DSW INC	40.31	1.8%	39.00	39.60	3/6	6
	MOS	MOSAIC CO NEW	48.29	-3.6%	48.00	50.11	3/6	6
	VLCCF	KNIGHTSBRIDGE TANKERS LTD	12.00	4.8%		11.45	3/6	6
	RMBS	RAMBUS INC DEL	9.97	3.3%	9.50	9.65	3/7	5
	FIO	FUSION-IO INC	12.27	3.5%	11.10	11.86	3/11	1
	WMT	WAL-MART STORES INC	75.53	0.0%	74.00	75.53	3/12	0
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.48	-0.4%	27.00	25.39	3/11	1
	WDC	WESTERN DIGITAL CORP	84.16	-1.1%	88.00	83.21	3/11	1
	ACHC	ACADIA HEALTHCARE COMPANY INC	46.46	-0.8%	49.00	46.09	3/11	1

Notes: Wow, it was as if they gunned for stops and found ours in **VLCCF**. The trade was great but the stock did an intraday collapse and full recovery to relieve us of almost 10% profit, leaving us with 4.8%. Not bad for less than a week's work but we do feel screwed.

Nice comeback in **NLY** as bonds rebounded.

SLV was stopped out a few days ago but gold and silver still look great.

GSK looking sick but bid higher this morning.

New long in **WMT** on a trendline breakout. Bought at the close.

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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