

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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March 14, 2014 – The "feel" of the market changed in a hurry yesterday. Of our list of reasons to stick with the bull market - from a still rising breadth trend to the S&P 500 being above support and its 20-day expo average - most are now gone. One fell swoop! The price breakdown has one trick up its sleeve if it can find it - a quick rebound. If that happens then we can say we just had an emotionally charged selloff courtesy of our best pals China and Russia.

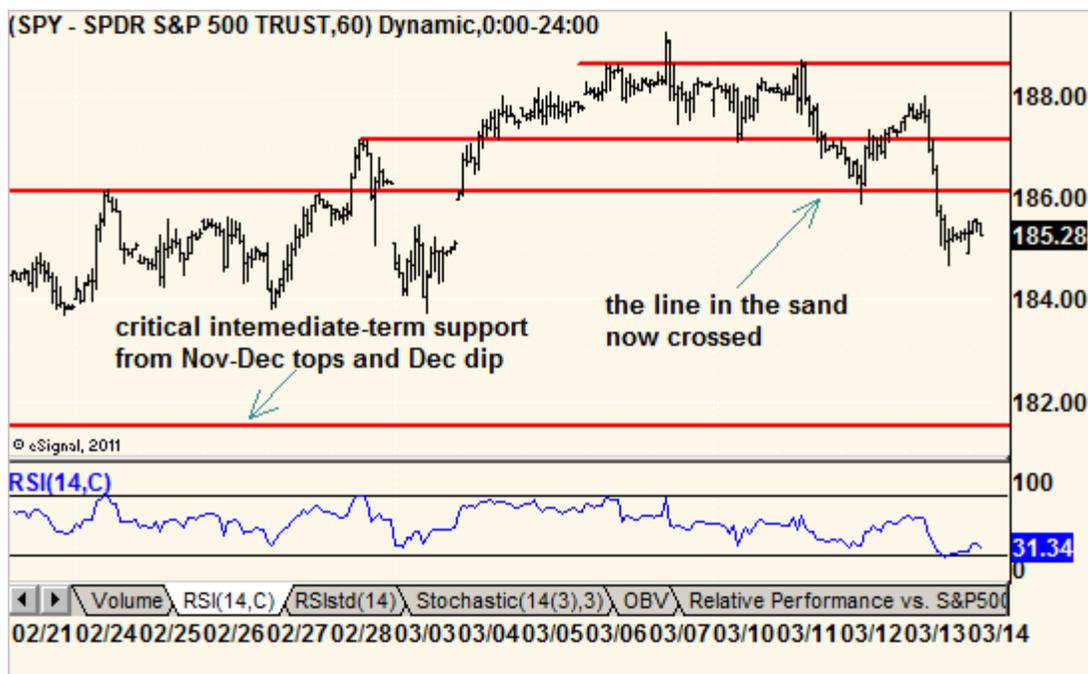
Believe it or not, the big cap sectors fared worse than the small caps. Quite a switch. Or is it more ominous in that portfolio manager can raise cash faster buy dumping their highly liquid blue chips? That is a good question and unfortunately we do not have the answer.

Sectors that fared worst included discretionary and biotech. Sectors that held up best were gold, utilities, tobacco, our new friend the toys, drug retailers and telecoms. Basically, save for toys, it was a clear switch from aggressive sectors to defensive sectors and that is not good.

So do we dump longs and get into shorts? Only a true rebound will mean the rally is intact and all will then be forgiven and so far this morning, it's not happening. We are not panicking at this time.

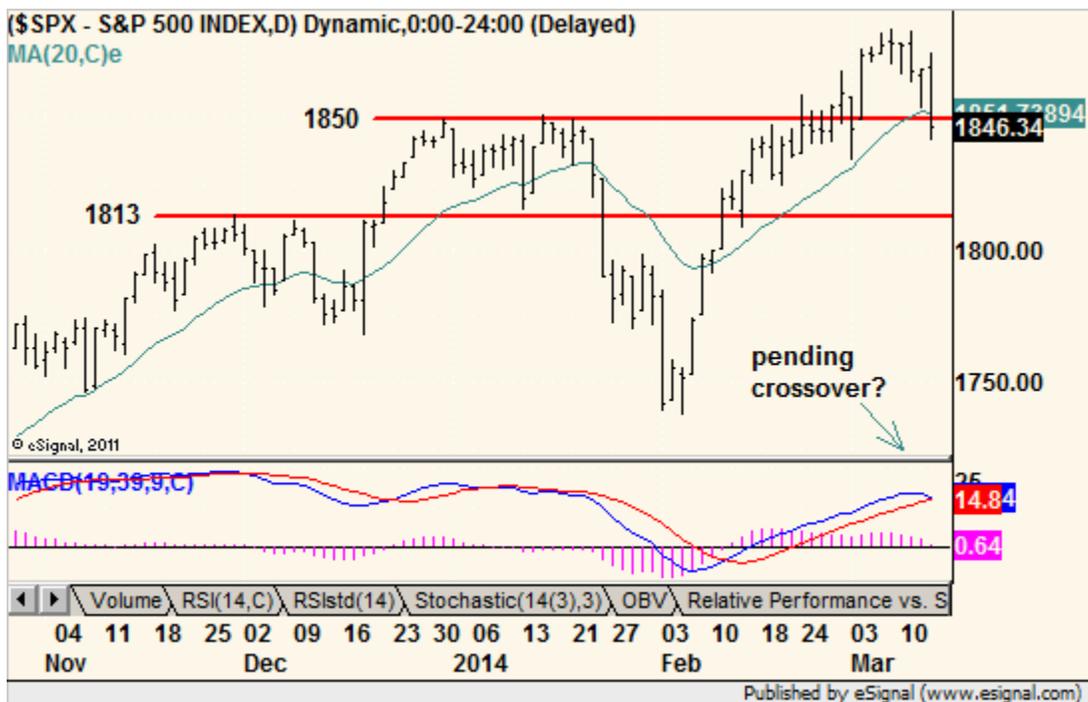
In yesterday's report, we said that if the S&P 500 bounced off support thing would be OK. At the close, however, it was below that support so it is totally critical to rebound right now. Unfortunately, the hourly chart below sports lower highs and lower lows plus a bear flag.

The primary trend remains up but now it looks as if there is more short-term downside ahead - barring some peace news in Crimea - as critical support at SPY 186-ish and S&P 500 1813 comes into play.

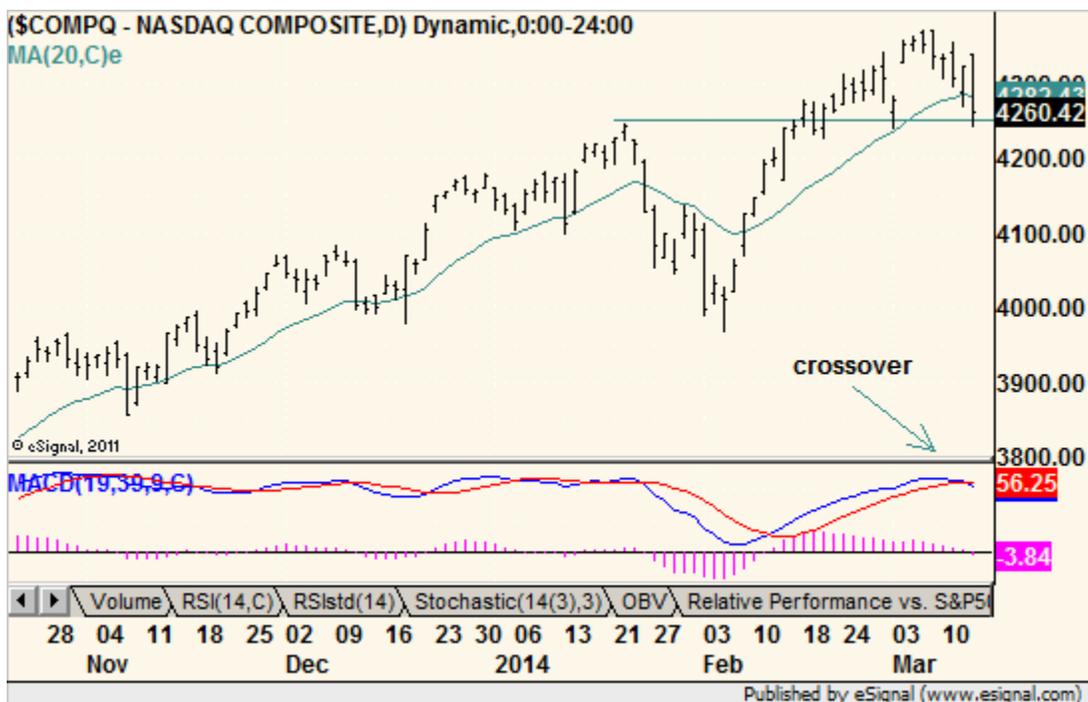


Gold and gold stocks broke out again. Silver not so much. Still our fave as long as Russia flexes its muscles although the rising trend got started long before the Olympics flame of goodwill went out. Crimea may be deciding the magnitude of moves but the stock market won't change directions based solely on that. Again, we have not given up the bull case entirely but it the margin for error is shrinking.

Index Charts of the Day



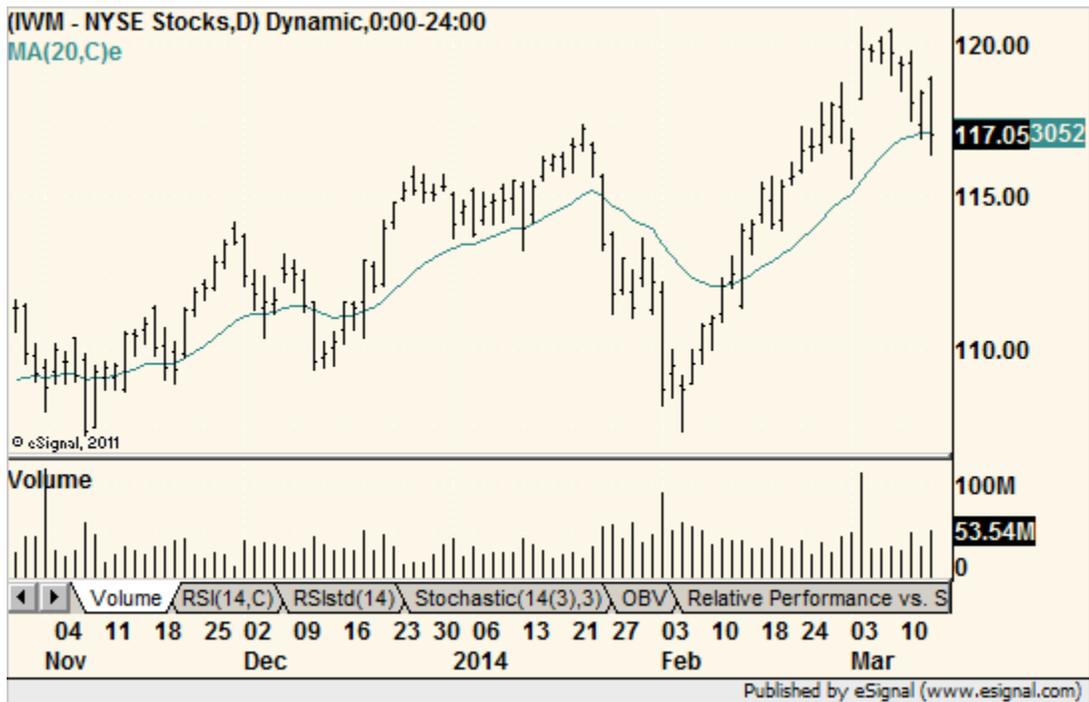
After Wednesday's bounce off 1850 support, Thursday saw it break. The index is also below the 20-day exponential average, which we can accept if the market bounces immediately. If not, we will likely see a MACD crossover, too, and that is yet another bit of bearish evidence.



The Nasdaq has the 20-day average break but not a support break. MACD has indeed crossed over to the downside but volume (not shown) was lower than the previous day. It is not enough evidence to say the bear have taken control. See next...



Check out falling on-balance volume in the Nasdaq-100 ETF. Volume here yesterday was quite heavy so this adds to our theory that "they" were dumping big stocks, which are very liquid.



The Russell 2000 ETF shows heavy volume on the week's two big down days - distribution. It has not yet broken support or its 20-day average so it is actually in better shape than the big cap areas.

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		
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.		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.		2/25
Citibank C - Bear wedge hitting a death cross from below. Now sitting on wedge bottom. Any lower and it will be broken. Breakdown		3/11
Texas Instruments TXN - A key outside-day reversal on big volume following an equally high volume scoot into new high ground. Bearish. Needs to follow through so we'll watch today.	New	3/14
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		3/13
Updates		
Priceline PCLN - Mini-double top breakdown along with GOOG and NFLX		
Toy sector - Failed breakout possible in the sector index DJUSTY . Watching ATVI, TTWO		
Deutsche Bank DB - Plunged yesterday after breakdown		
Starbucks SBUX - key outside-day reversal to the downside.		
McDonalds MCD - Now testing its breakout		

Market Highlights



China ETF - Bouncing a tad today but this one looks to have a date with support.



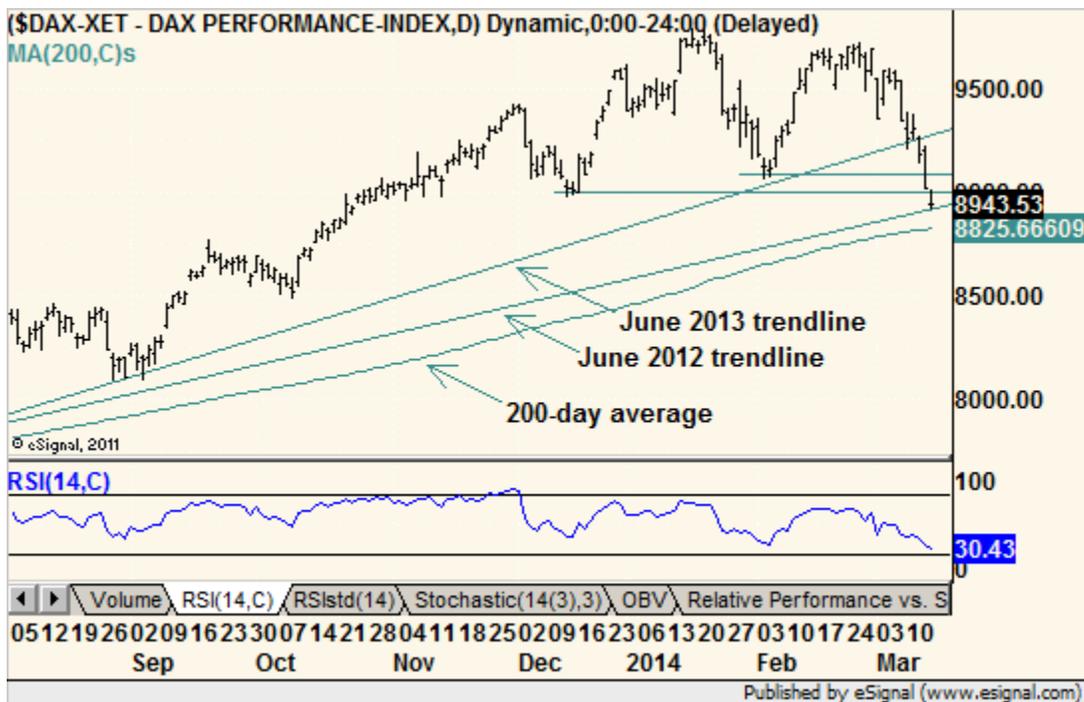
Emerging Markets ETF - Ditto. Why we see reports of "time to buy" is a mystery.



India Sensex Index - A different picture here. We are not trading it but it is quite a bit stronger than other non-Western markets.



Russia ETF - This long-term chart shows nothing in the way of a devastating drop. Fundamentalists can cite pending economic sanctions. We are not trading as it is quite oversold at this time.



Germany DAX index - The break is still marginal but this is a double top pattern. Any lower and the long-term trendline breaks, too.



Japan Nikkei Index - This looks terrible.



Financial ETF - One of the four horsemen. Started to outperform but that ended. Primary trend still up but a correction seems to have begun.



Homebuilding ETF - Horseman. Breakout failure and now a dip to the trendline. Breakdown in relative performance so this one is bearish for the market.



Retail ETF - unlike the above Horsemen, this one is still above the 50-day average and still outperforming. A positive for the market.

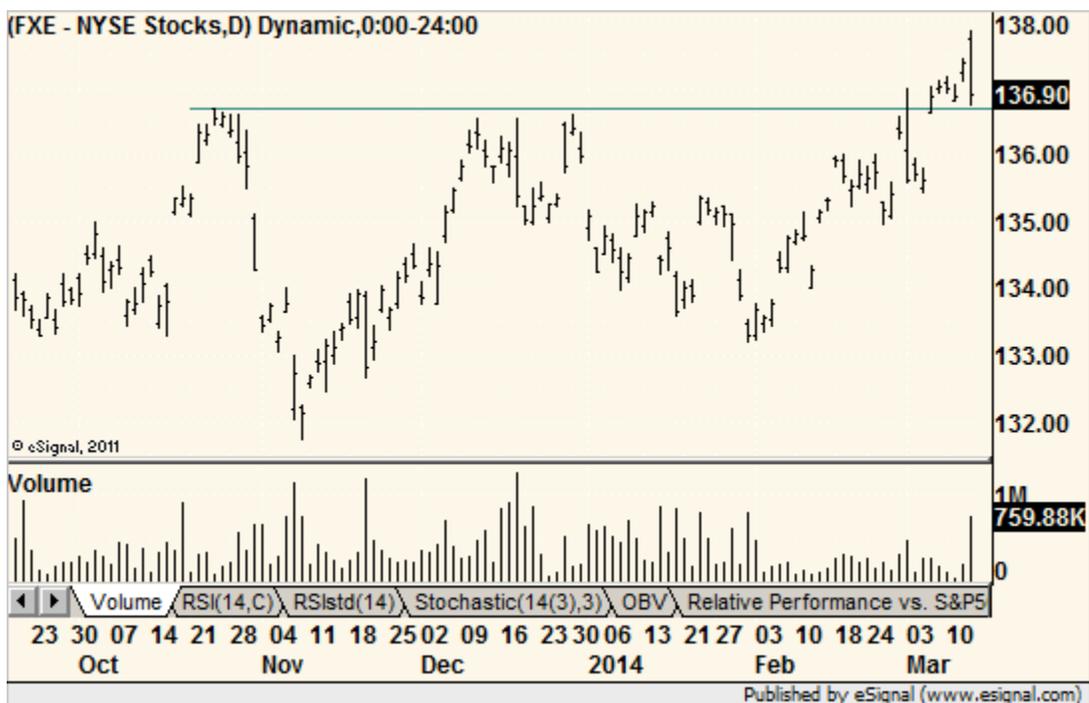


Tech ETF - The last Horseman is now lagging although it is still above its 50-day average.

Conclusion - Retail is the best of the four critical sectors right now.



Long T-bond ETF - We want to say the tribe has spoken and it is not good for stocks. Bond demand is strong. The early March dip served to shake out weak hands. Basically, stick with interest rate sensitives, such as utilities.



Euro ETF - A massive bear reversal but the breakout is still intact. Just something to watch for now.



Gold Miners ETF - We harped on the 31-level last year and now it is a compelling upside target.



Texas Instruments - A key outside-day reversal on big volume following an equally high volume scoot into new high ground. Bearish. Needs to follow through so we'll watch today.

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	11.34	14.7%	11.00	9.89	12/6	97
	GDX	MARKET VECTORS GOLD MINERS ETF	27.63	24.7%	26.25	22.15	1/13	59
	JTP	NUVEEN QUALITY PFD INCOME FD	8.01	2.3%	7.80	7.83	1/23	49
	CORN	TEUCRIUM CORN FUND	33.49	6.1%	32.50	31.57	2/6	35
	NOV	NATIONAL OILWELL VARCO INC	75.18	-1.8%	sell	76.52	2/18	23
	LTM	LIFE TIME FITNESS INC	49.09	6.5%	sell	46.09	2/25	16
	DBC	POWERSHARES DB COMMODITY ETF	25.89	-2.4%	25.50	26.53	3/3	10
	GSK	GLAXOSMITHKLINE PLC	54.36	-3.4%	54.00	56.30	3/4	9
	DSW	DSW INC	39.58	-0.1%	39.00	39.60	3/6	7
	MOS	MOSAIC CO NEW	48.00	-4.2%		50.11	3/6	7
	RMBS	RAMBUS INC DEL	9.79	1.5%	9.50	9.65	3/7	6
	FIO	FUSION-IO INC	11.74	-1.0%	11.50	11.86	3/11	2
	WMT	WAL-MART STORES INC	74.93	-0.8%	74.00	75.53	3/12	1
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.11	1.1%	27.00	25.39	3/11	2
	WDC	WESTERN DIGITAL CORP	84.21	-1.2%	88.00	83.21	3/11	2
	ACHC	ACADIA HEALTHCARE COMPANY INC	45.07	2.3%	49.00	46.09	3/11	2

Notes: As expected, we took some draw downs yesterday and one stock was stopped out (**MOS**). It never really got going and we are a little surprised that a fertilizer stock fell while agricultural commodities rose.

We are raising stops in **NLY** and **GDX** to trail them higher. We are also raising the stop in **FIO**, which is not a winner but is jumping all over the map. We'd rather take the small loss then go for a big gain at the risk of a big loss.

We are also going to sell **NOV** as oil looks terrible and so does NOV's chart. Why wait for the stop if the reasons for buying are gone?

As for **LTM**, we are going to sell it, too, to lock in a profit. It seems ready for a pullback anyway although selling a winner can come back to bite us later.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Q - In today's (Thursday's) QTP you mention that gold and silver still look great. Would you be a buyer of **GLD** at these levels?

A - Resistance does not kick in until 1435 (on gold the metal vs. its current 1371) so the answer is yes. Silver has not yet broken out (from a bull flag) so that should be good when it does

Other Information

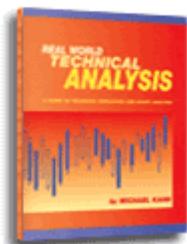
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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