

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

March 24, 2014 – Friday's intraday downside reversal kept the trading range theory going and this morning's strength is doing the same. Looking at the Dow, all we see is chop in both weekly and daily time frames.

The S&P 500 is a bit more orderly with a breakout a few weeks ago settling into a trading range. Or, according to the intraday chart of the **SPY** ETF below, a head-and-shoulders pattern. Friday, it looked as if the ETF was about to break out to the upside and kill the pattern but that did not happen and the right shoulder looks even better developed today.



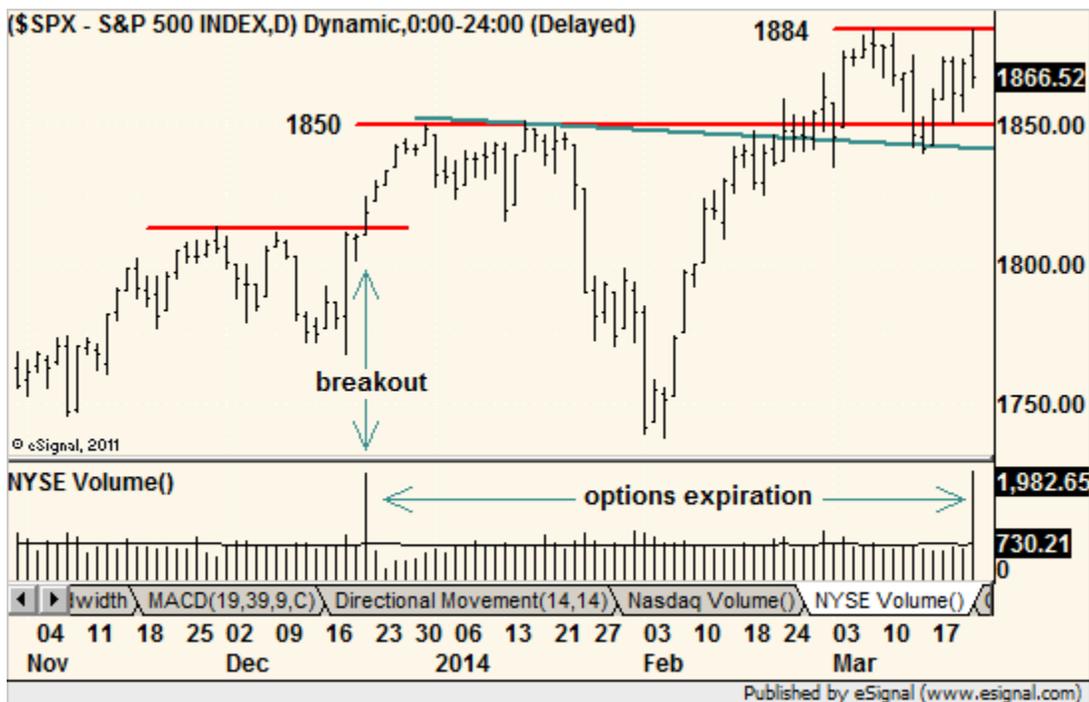
As we can see here, the SPY is still in a range or a pattern and there is no difference in how we treat it. We have to wait for a breakout one way or the other.

Gold ended Friday's bounce with a dip back to last week's low in the premarket today. Our Fibonacci price and time framework is keeping us on the sidelines but we caution everyone not to get married to a forecast. If things change, we will be very happy to throw it out the window and get back into this market sooner. And with that said, check out the **GDX** gold miners ETF chart below. It is one bit of evidence to say that gold may not be quite ready to resume any long-term rally.

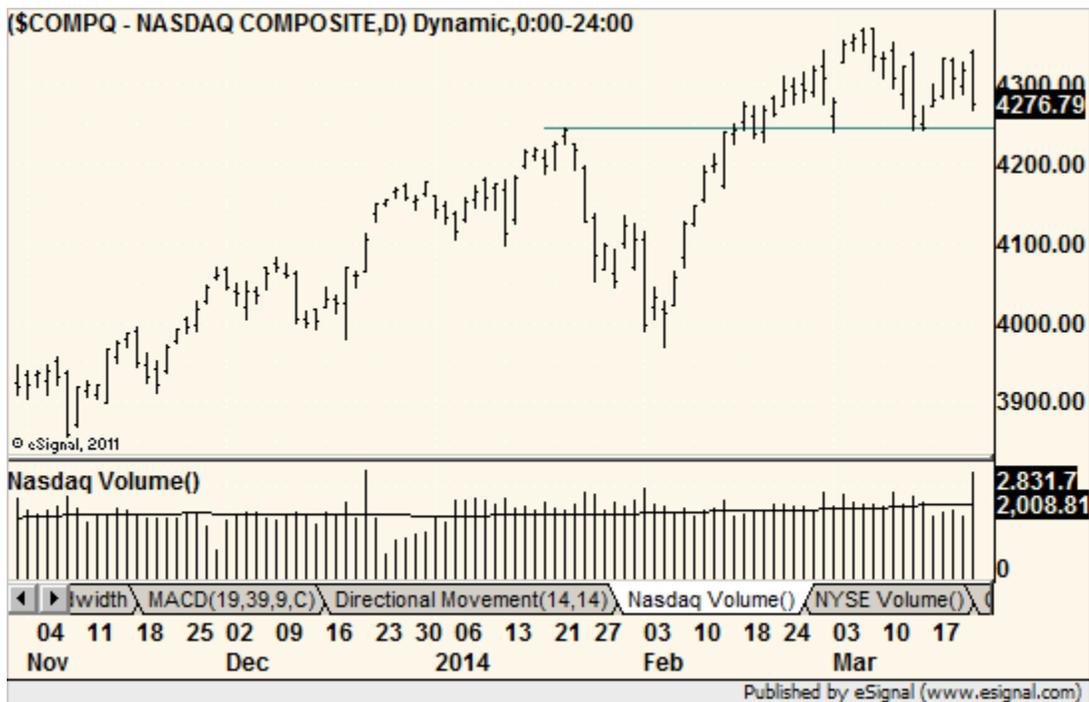
Finally, there were plenty of sector developments. Drugs, biotech and healthcare in general sport some bearish action with biotech actually breaking down. Banks broke out last week but ended with a bearish reversal. Steel moved higher. And homebuilders broke a trendline to the downside.

The major theme for us right now is waiting for the market to break its range. We've been hurt with directional bets in both directions recently and it is time to let the market tip its hand.

Index Charts of the Day



Again, volume is suspect these days but even the easily explained away options expiration volume had meaning in December. Under that model, Friday's reversal at resistance is bearish. The green line is a sloped support that fits the data better than a flat line at 1850.



Once again, support on the Nasdaq is the key. This one is drawn in the mid 4240s.

The Radar Screen

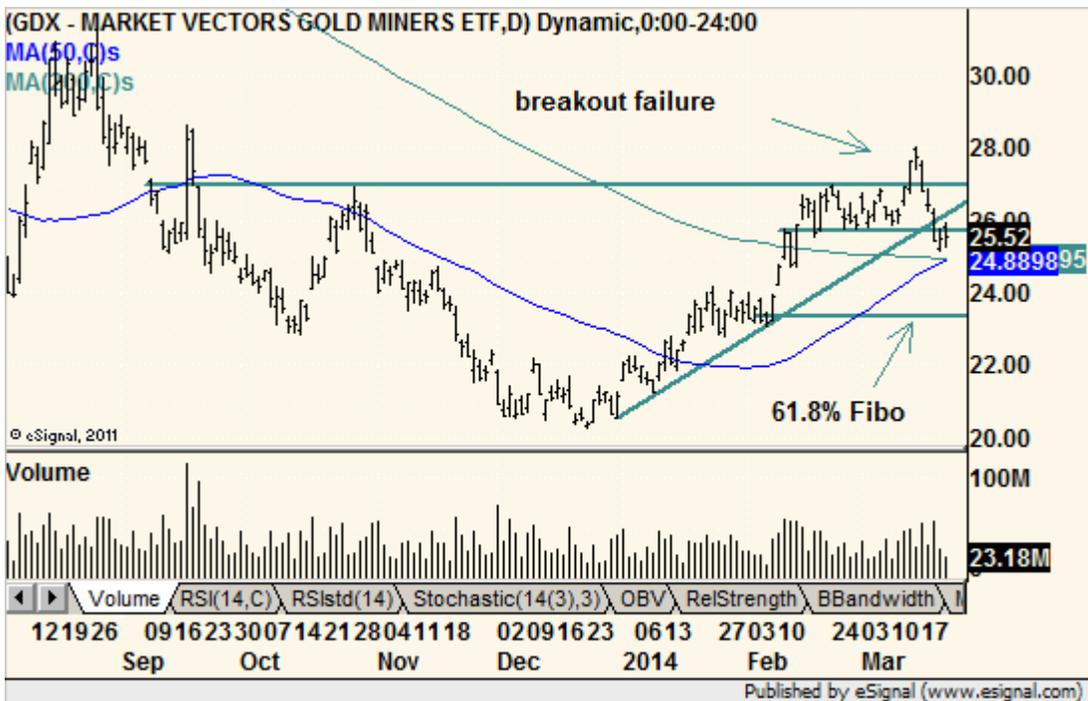
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Symantec SYMC - This computer hardware maker (mouse pads) got crushed after the CEO was ousted after the close yesterday. Looking at the history of this beleaguered stock, a big gap down can be a short-term trading opportunity on the long side. Speculators only but this might just be a selling climax. We'll try it.	Triggered	3/21
Hasbro HAS - Here is the toy maker stock that we promised Friday. Nice pause at resistance with rising on-balance volume. Buy 55.60.		
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	Triggered	3/5
United Parcel Service UPS - This delivery stock has a nice bear setup in place with a bear flag stopped at the now falling 50-day average. Big volume on the Thurs-Fri decline. Selling 96.		3/14
Boeing BA - We are finally going to set a sell trigger here as the defense sector, while still leading, is starting to weaken. Boeing is by far the weakest in the group. Selling 121.		3/21
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - Fibonacci price and time suggests a buy on April 9 at a price of 126.34		3/19
Bob Evans Farms BOBE - This is a restaurant stocks and it survived a total thrashing March 5 on an earnings miss by rallying back immediately. It had another big volume gain Friday so this one may be getting set to break out.	New	3/24
FirstEnergy FE - An electric utility with a possible rounded bottom. We'd like to see it form a "handle" here before breaking out. Forgive the incorrect use of "handle" but a pause at resistance is harder to say.	New	3/24
Salesforce.com CRM - Broke its trendline. We'll probably look to sell it tomorrow as the market is up today.	New	3/24
Electronic Arts EA - Watching a bearish reversal taking place well above its 50-day average.	New	3/24
MasterCard MA - Bearish reversal at the 50-day average.	New	3/24
Sector Watch (observations that may spark ideas)		
Defense - Watching this leader. Bearish RSI divergence in place but trend is still up.		
Biotech - Time to decide between exhaustion gap and bull flag. Breakdown		3/7
Homebuilders - Failed at resistance. Breakdown		3/11
Banks - Banks of all kinds just broke out through resistance.		3/13
Toys - Looking decent for the bulls. See HAS chart below		3/14
Semiconductors - expanding triangle obliterated with a new high		3/17
Updates		
Germany - Head-and-shoulders breakdown still in effect and the test may be over now thanks to new data. However, any further rally will negate the breakdown. Germany is watching Ukraine and this does <u>not</u> affect the US (to a degree)		
China - Upside follow through on Friday reversal. China matters for the US.		

Market Highlights



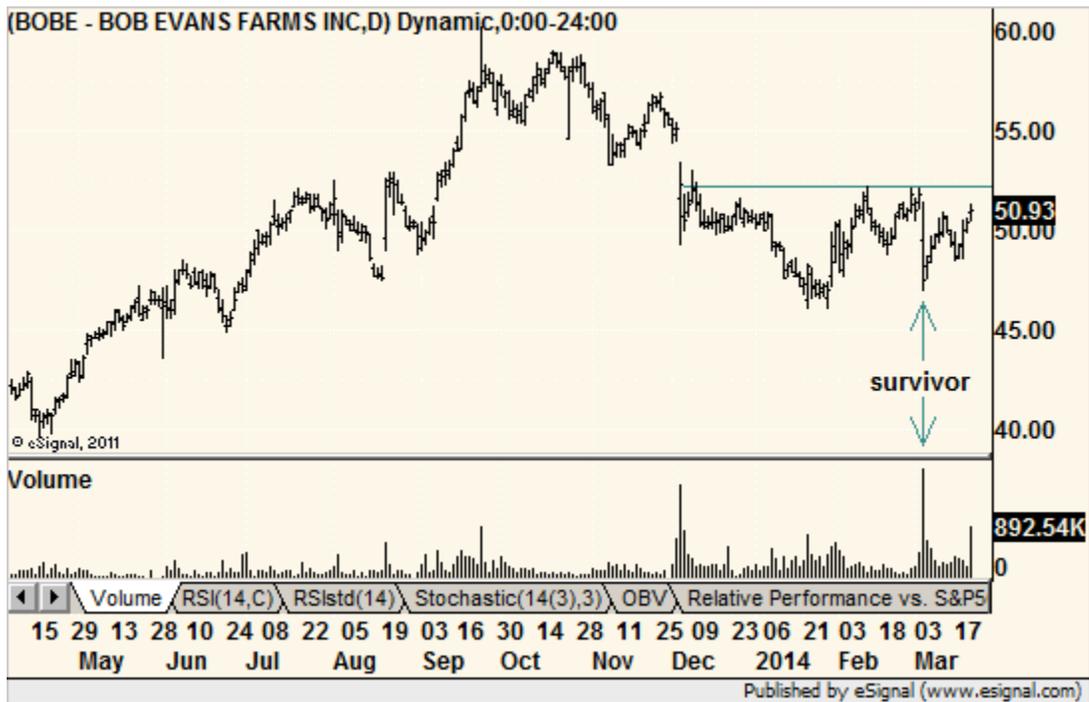
Hasbro - Here is the toy maker stock that we promised Friday. Nice pause at resistance with rising on-balance volume. Buy 55.60.



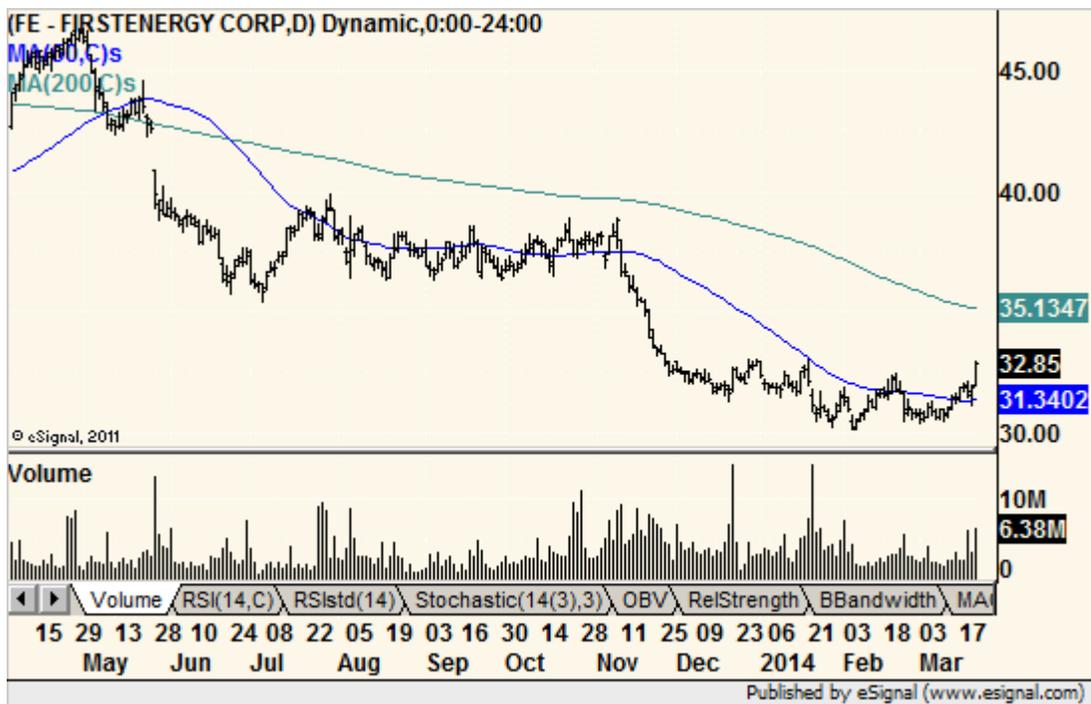
Gold Miners ETF - Lots of reasons here to stay out including a breakout failure, trend break and downside target of a Fibonacci 61.8% retracement of the rally. The moving average cross that is pending is actually a bullish signal so we are not done with the ETF just yet. We are just waiting for the right time.



Banking Index - Just when we thought the banks were in a happy place they reversed to the downside Friday. This is not over just yet but it demands careful attention.



Bob Evans Farms - This is a restaurant stocks and it survived a total thrashing March 5 on an earnings miss by rallying back immediately. It had another big volume gain Friday so this one may be getting set to break out. Holding Tank.



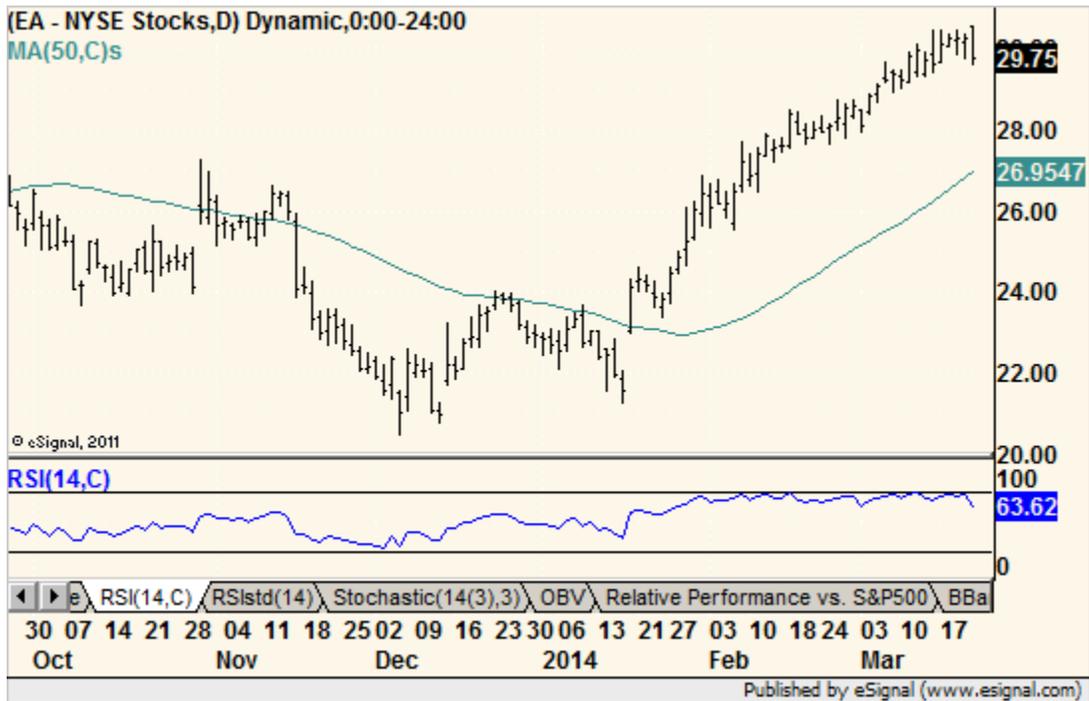
FirstEnergy - An electric utility with a possible rounded bottom. We'd like to see it form a "handle" here before breaking out. Forgive the incorrect use of "handle" but a pause at resistance is harder to say. Holding Tank.



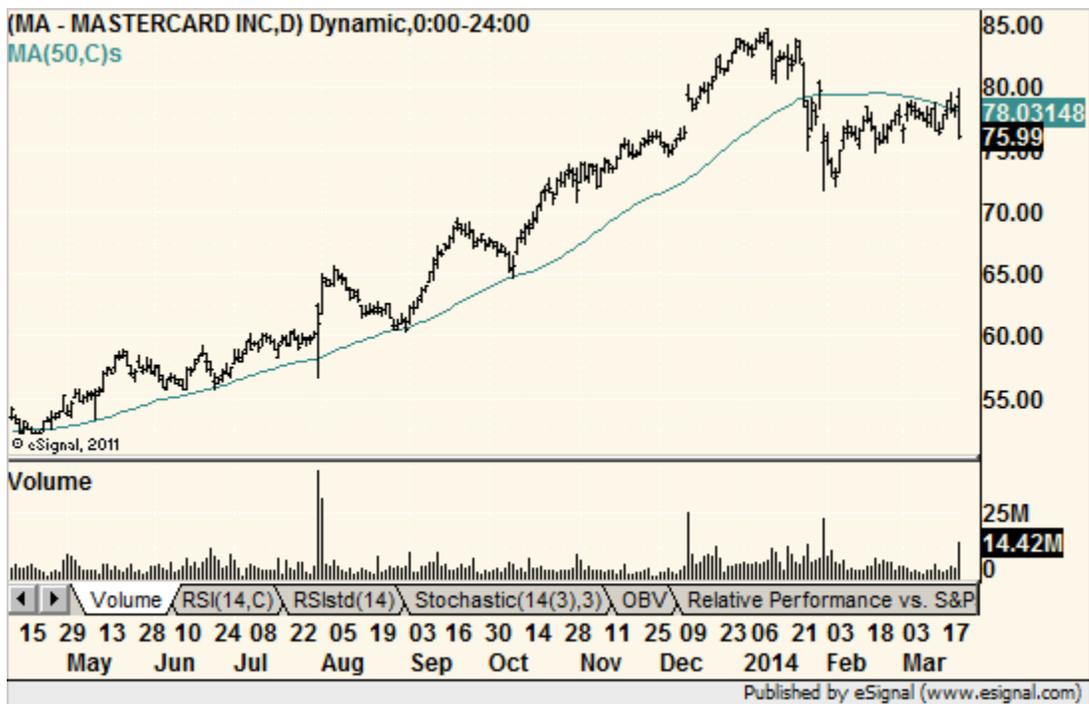
Biotech ETF - Breakdown. We followed the RSI divergence a few weeks ago.



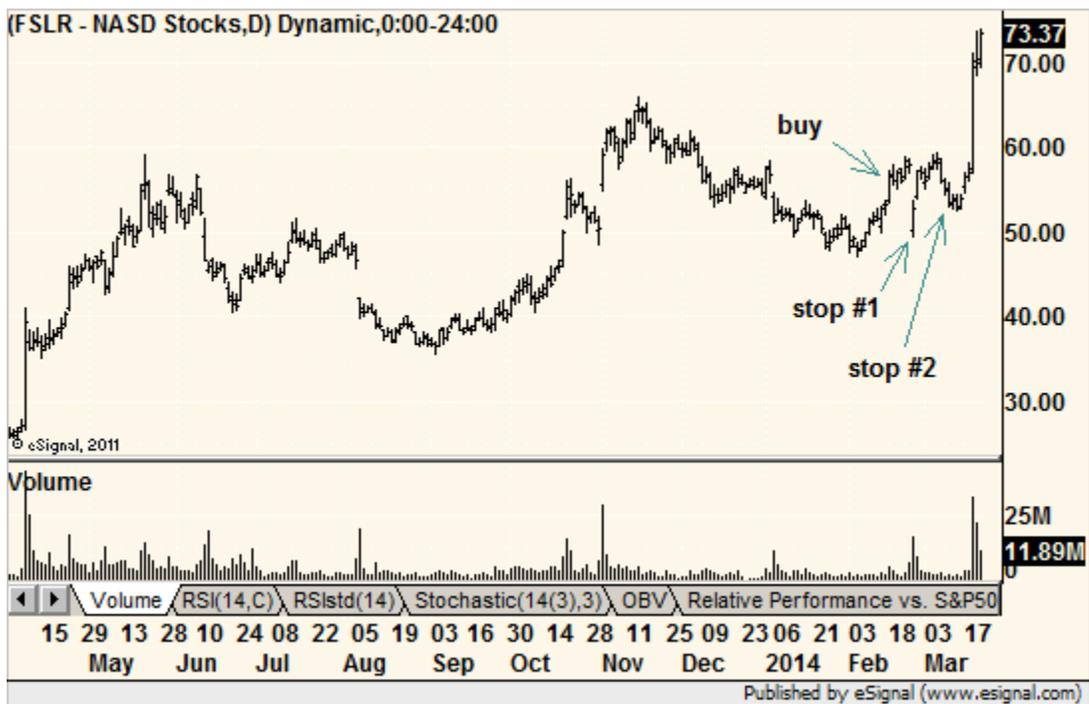
Salesforce.com - Broke its trendline. We'll probably look to sell it tomorrow as the market is up today.



Electronic Arts - Watching a bearish reversal taking place well above its 50-day average.



MasterCard - Bearish reversal at the 50-day average. Holding Tank.



First Solar - And from the "gods hate me department".....

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>	JTP	NUVEEN QUALITY PFD INCOME FD	8.04	2.7%	7.80	7.83	1/23	58
	CORN	TEUCRIUM CORN FUND	33.15	5.0%	32.50	31.57	2/6	44
	DBC	POWERSHARES DB COMMODITY ETF	25.76	-2.9%	25.50	26.53	3/3	19
	SYMC	SYMANTEC CORP	18.20	-2.7%	17.40	18.71	3/21	1
<u>Short</u>	JNPR	JUNIPER NETWORKS INC	25.96	-2.2%	27.00	25.39	3/11	11
	ACHC	ACADIA HEALTHCARE COMPANY INC	47.28	-2.5%	49.00	46.09	3/11	11
	C	CITIGROUP INC	50.08	-3.7%		48.22	3/19	3
	TXN	TEXAS INSTRS INC	47.15	-2.4%		46.00	3/19	3
	UPS	UNITED PARCEL SERVICE INC	96.86	-0.9%	101.00	96.00	3/21	3

Notes: We are getting chewed up long and short and that might be a sign of transition in the market.

Stopped out of **C**, which was expected as banks were too hot. Also stopped out of **TXN** as semis perked up.

New long in **SYMC** on the gap down. Speculators only

New short in **UPS**. This one looks more like our style.

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