

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**October 15, 2014** - Here is a quote from a trader: A market this oversold that cannot sustain a bounce is in rough shape.

That about sums it up. We thought energy would bounce and even as the market tried this sector did not. Moving on.

What is really funny is the headline that "the S&P 500 snapped a three-day losing streak." Technically, that is true but a 0.16% gain after a two-week 5% loss is not exactly a rebound. The Dow was down, chiefly because of its energy and healthcare components. Healthcare? The last holdout in the bull market? Well, it was mostly the HMO stocks but still...

When the market is in this rising VIX panicky mood most sectors start to move together. Therefore, we are going to keep it at a higher level again and look at major markets rather than pick stocks. And with that said, we'll review one of the brokers that we've been touting for dead cat bounces.



The hourly chart shows only one feature - a declining trend. It is possible that once again there is an RSI divergence but with the daily charts, as we'll see below, all broken we are not exactly enthused about buying stocks right now.

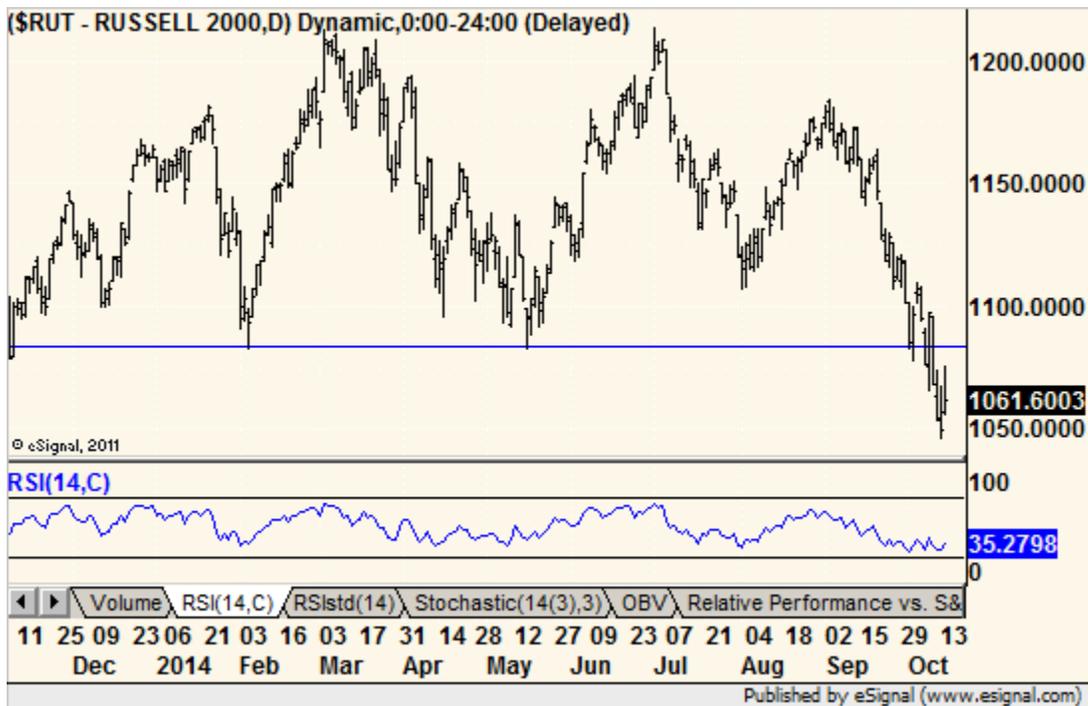
The trend is down.

One more tidbit - Someone at the Fed suggested more QE may be needed. And the market fell. So much for the punchbowl.

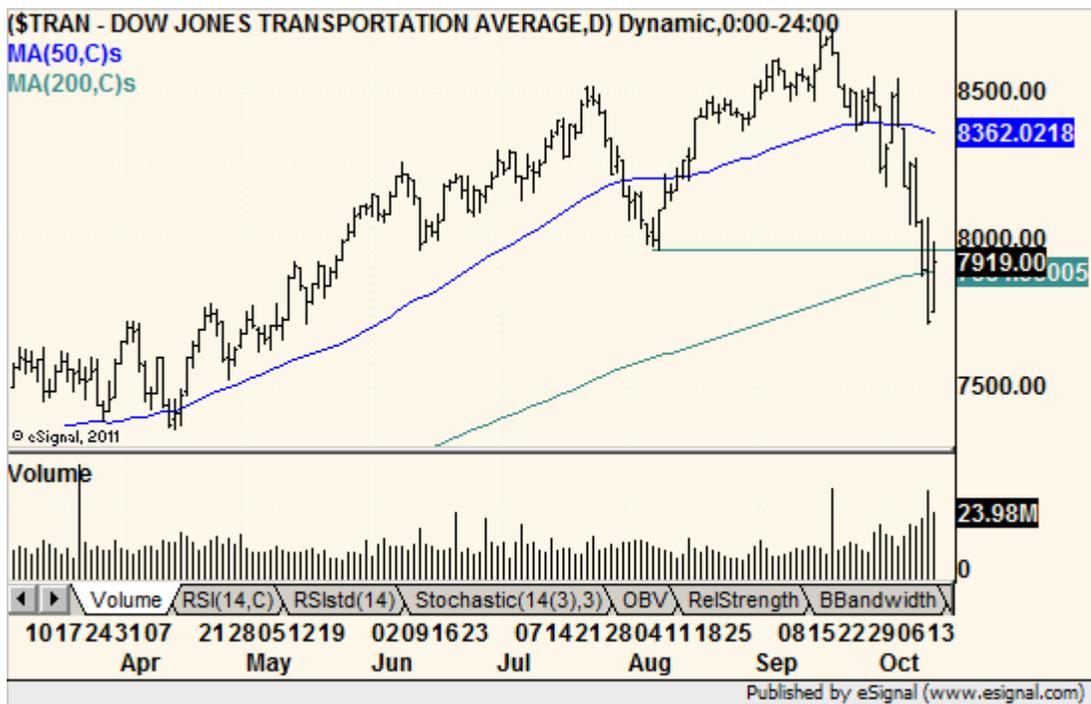
## Index Charts of the Day



Failed bounce as the breakdown is confirmed.



The Russell was worst to first yesterday but it remains well below the breakdown point. It is not even oversold yet.



Weak oil may have helped this bounce but we'd still say it has broken down.



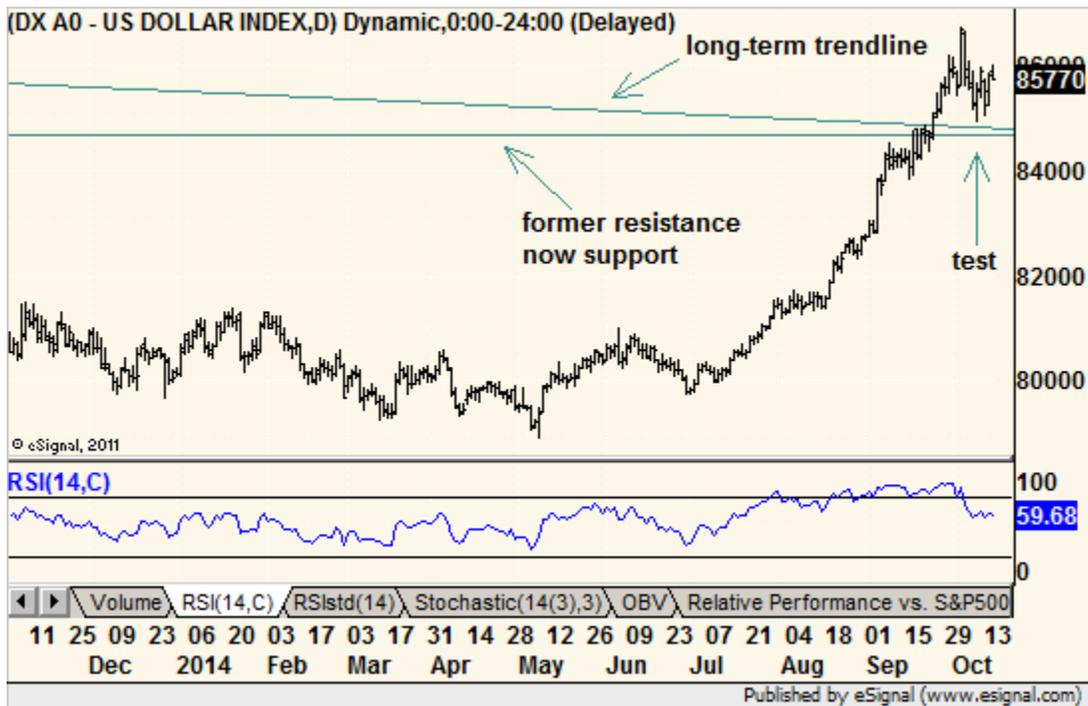
It is still a marginal breakdown but it was the second close below the August low.

## 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>Energy ETF XLE</b> - We've been talking about an opportunistic buy in this extremely beaten down sector but it remains a falling knife. However, the chart suggests it went a bit too far and will bounce. Of course, that can happen from a lower level, too, so we must wait for a sign that the freefall is subsiding. Perhaps a close above the mid-point of yesterday's range at 82.20 (the mid-point of the candle. <u>No harm no foul</u>	<b>Removed</b>	10/14
<b>Ameritrade AMTD</b> - This was the topic for my current Profitable Trading article. Similar to <b>SCHW</b> , which was yesterday's free chart of the day, it is wildly oversold and at support. Waiting for the reversal signal of a close above the middle of Tuesday's candle at 30.25.	<b>New</b>	10/15
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Hershey HSY</b> - While a good chunk of cocoa comes from West Africa, Hershey is not affected. This chart, however, still looks ready for yet another leg lower. Just watching for now.		10/14
<b>Whirlpool WHR</b> - Still in a 2014 triangle but could not lift off the lower border. Watching for a breakdown		10/14
<b>Sector Watch</b> (observations that may spark ideas)		
<b>none</b> -		
<b>Updates</b>		
<b>none</b> -		

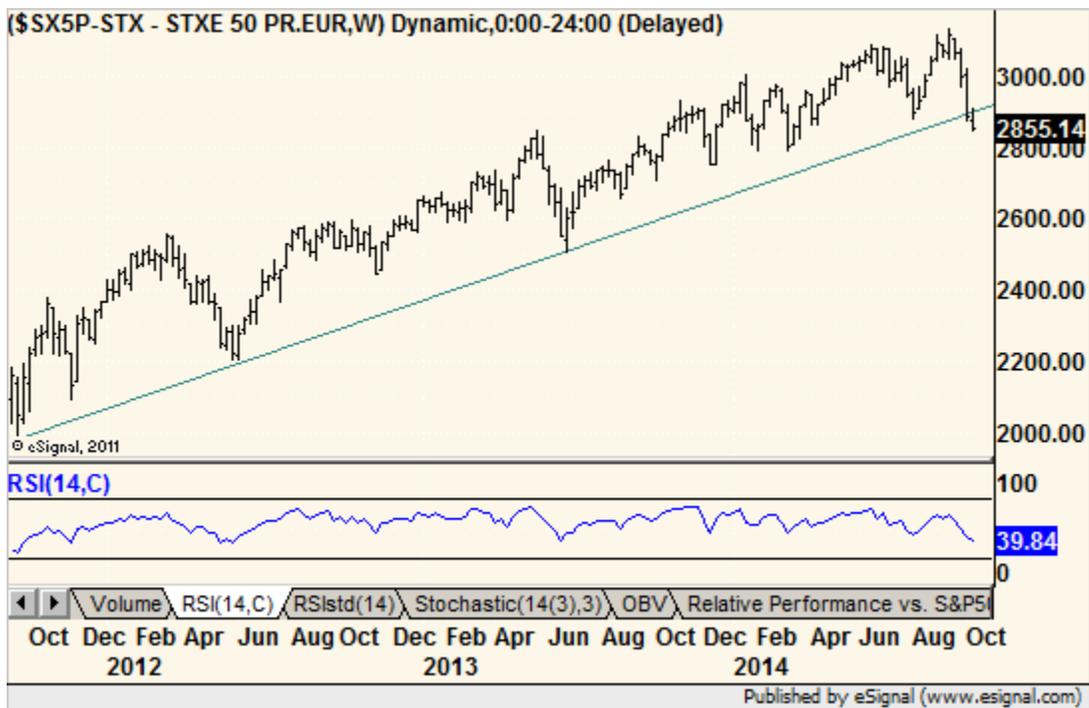
## Market Highlights



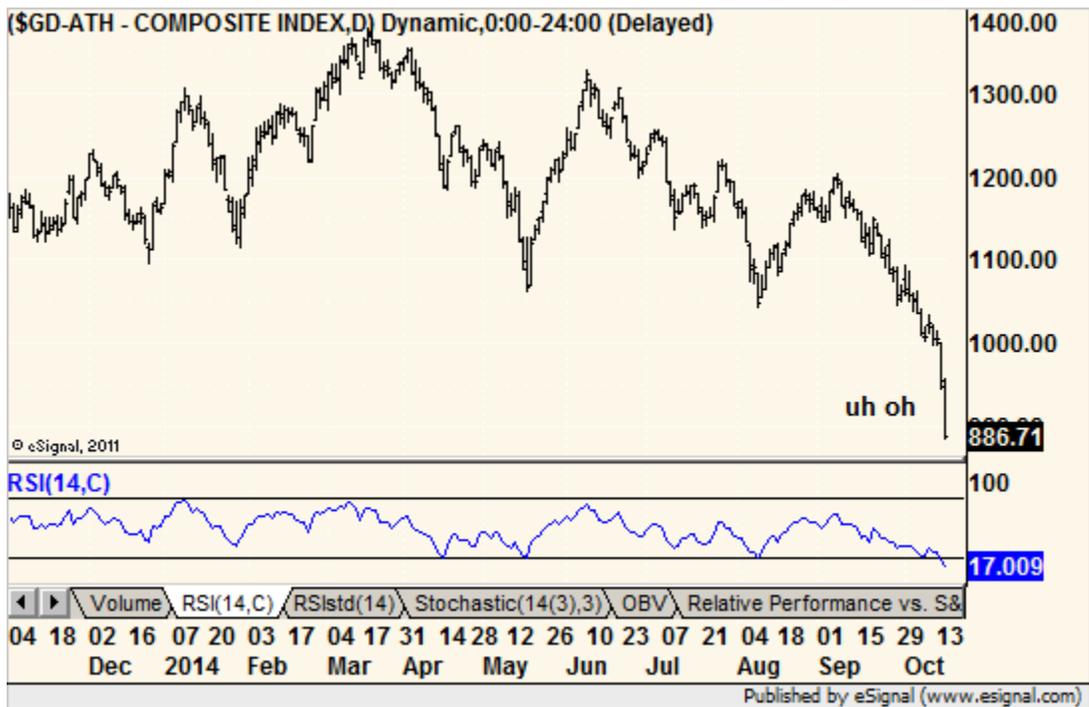
**Dollar index** - Looks like a successful test of a long-term breakout.



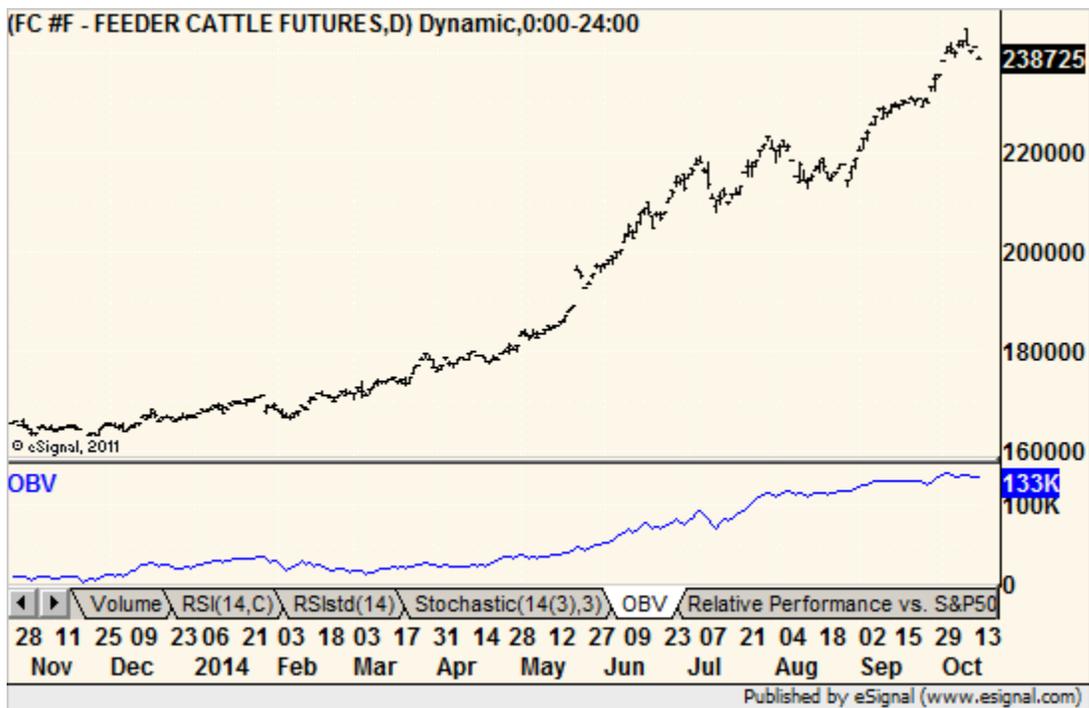
**Ameritrade** - This was the topic for my current Profitable Trading article. Similar to **SCHW**, which was yesterday's free chart of the day, it is wildly oversold and at support. Waiting for the reversal signal of a close above the middle of Tuesday's candle at 30.25.



**Stoxx 50** - This is the pan Europe blue chip index and it has a weekly breakdown.



**Greece** - The PIIGS are oinking again. All look weak and Greece was down over 6% yesterday alone.



**Feeder Cattle** - This is a serious bull market in livestock. Energy and technology inflation may be gone but food inflation is with us - even despite the huge drop in grains. See next chart...



**Corn ETN** - This one quietly turned around with a bullish RSI divergence and break of the 50-day average.



**Long T-bond ETF** - Another new high. Now at the top of the channel and almost overbought. Note - bonds were up yesterday as stocks were at their highs. They do not believe the recovery, as this morning's data confirmed.



**Gold ETF** - So far, any rallies are for traders. Lots of work needed to get this bullish. However, we do think that the bottom may be in. We're not putting money to work so it is just a thought.

## 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>	<b>RGEN</b>	REPLIGEN CORP	21.52	6.9%	20.75	20.14	9/30	14
<u>Short</u>	<b>PFE</b>	PFIZER INC	28.46	6.0%	29.75	30.18	9/22	22
	<b>LLTC</b>	LINEAR TECHNOLOGY CORP	39.03	12.1%	41.00	43.75	10/1	13
	<b>AXP</b>	AMERICAN EXPRESS CO	82.74	4.8%	87.00	86.75	10/1	13

**Notes:** We covered the **APA** short at the open as it was oversold and the entire sector and market looked ready to bounce. Too bad as it sunk another few percent on the day but still a 25.4% profit in 29 days is not too shabby.

## 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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