

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

October 21, 2014 - Let the debate begin. In this corner, wearing the blue trunks, **IBM** was a one-off. In the other corner, wearing black trunks, tech is dead. Of course, don't tell that to Apple.

But today is a different day and we're getting stocks chugging higher on earnings - **HOG, TRV, AAPL, UTX**. Futures are also showing some strength despite yesterday's low-volume gain. (to be fair, **MCD** is trading lower after earnings).

And speaking of volume, today is day five of the new O'Neil follow-through day. The window of four to seven days into a rally attempt looks for a surge in both price and volume to signal the return of real buyers and not just bottom fishers. As long as volume stays low there will be no signal, at least not in our book. O'Neil only looks for volume higher than the day before but that does not cut it when everything is below average.

In sectors, utilities are back with a healthy gain yesterday. Still, they have no net movement since June so all we have is chop but then again that's not bad if you are collecting a nice dividend. We are not going to look there until we get a breakout because a cycle down within the choppy range will only eat up the dividend. Chart below.

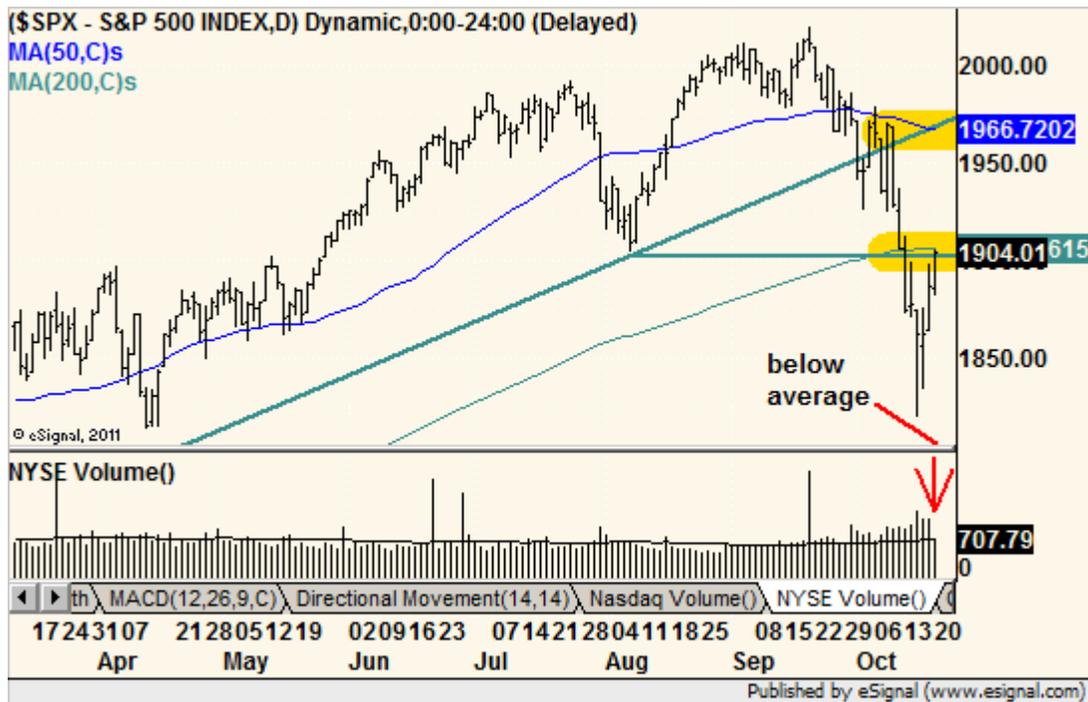
Similar sectors are moving, too. REITs and homebuilding are both interest rate sensitive. The former also pays a nice dividend. Charts below.



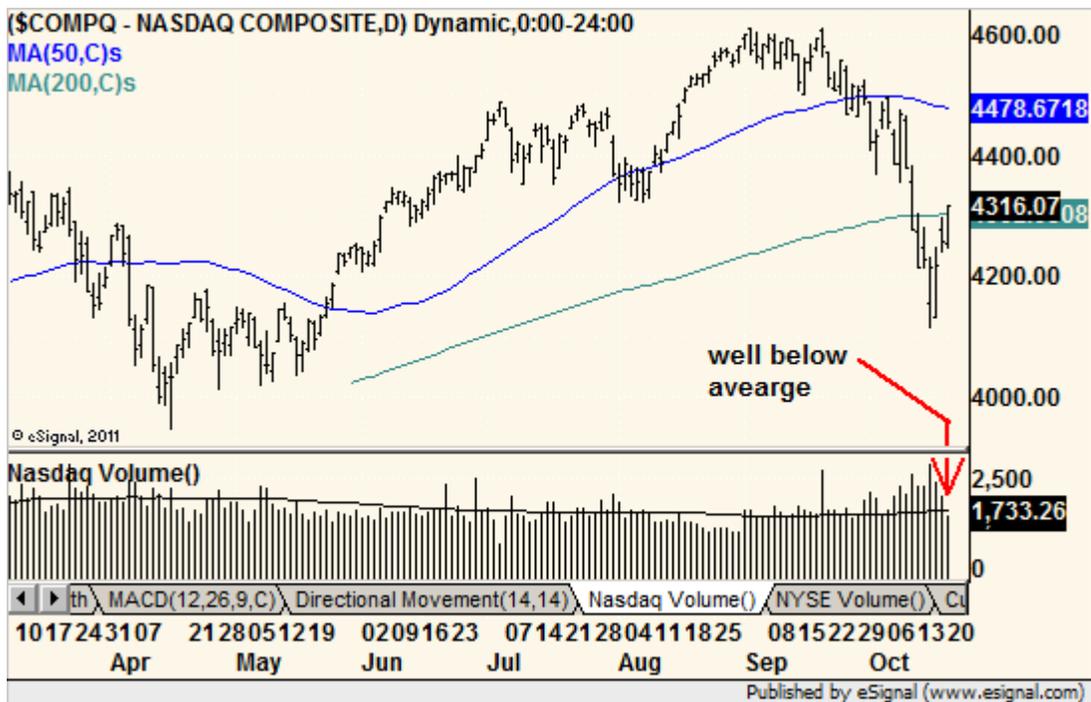
The hourly chart ignored the stochastics divergence yesterday but today it is at the 50% retracement of the entire Sep-Oct slide. We can see it reaching the 61.8% retracement level but the 50% seems formidable. Keep in mind that this chart already has premarket trading included.

Bottom line - the bounce can continue but we still see another leg lower before a real bottom forms.

Index Charts of the Day



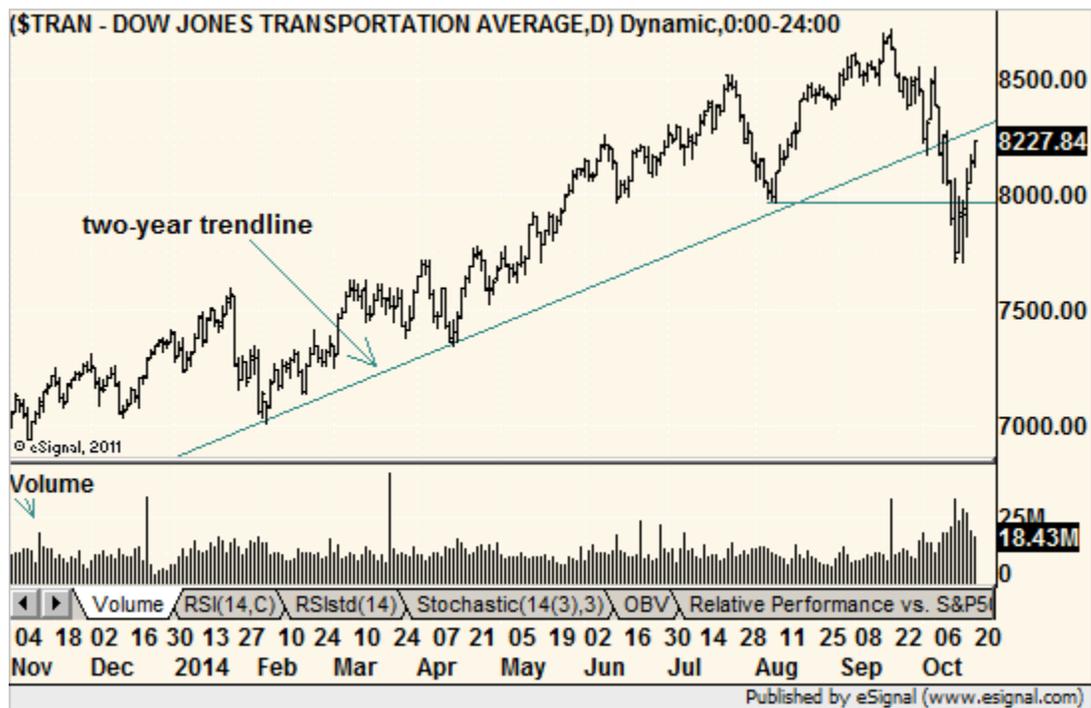
This is essentially the same chart as yesterday but with volume showing. That indicator fell below average again as the market moved into resistance. Don't forget that **IBM** alone accounted for 23 million shares. This morning it is up some more but if volume stays low we would look for failure very soon.



The volume situation was even worse on the Nasdaq.



The Russell was a leader but no new high here.



This is a daily view of yesterday's weekly chart. The trendline is now being tested. Broken support, as we can see, has been recaptured.

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		
Ameritrade AMTD Waiting for the reversal signal of a close above the middle of Tuesday's candle at 30.25.		10/15
Lifelock LOCK - You've seen the TV ads. This stock is in an uptrend but paused in a triangle surrounded by its 50- and 200-day averages. Buy close over 15.75.	New	10/21
Manhattan Assoc. MANH - Described as a provider of software solutions for retailers, wholesalers, manufacturers and governments, this stock has a trend break and pause. It is above both major averages. Buy close above 34.50	New	10/21
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Twitter TWTR - Looks like it is in a corrective bounce that is not yet resolved. Could also develop into a head-and-shoulders but let's not jump the gun.	New	10/21
Sector Watch (observations that may spark ideas)		
Energy - Reversed last week and now needs to see some volume	Changed	10/16
Updates		
none -		

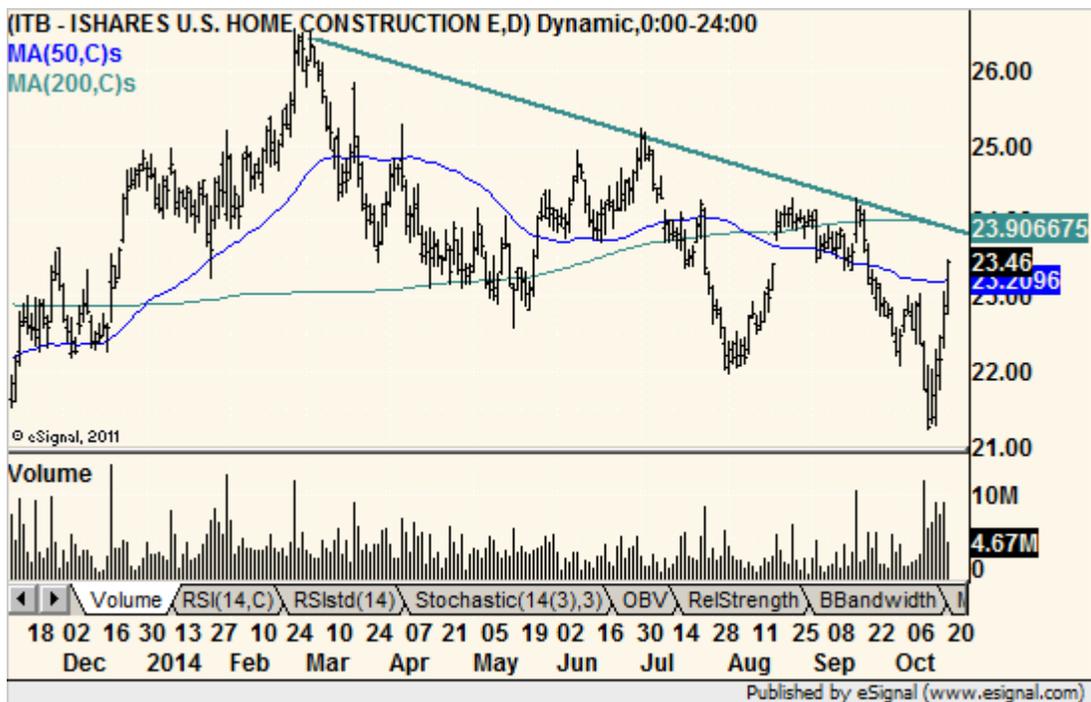
Market Highlights



DJ Utilities - Not much progress since June. Now in the resistance zone. Note the pickup in relative performance as the market swooned this month. It kicked the S&P's butt yesterday to put doubt on the broad rally, too.



Real Estate ETF - Back above the 50-day average. This sector has some nice dividend yields for those looking to capture them in hit-and-run style.



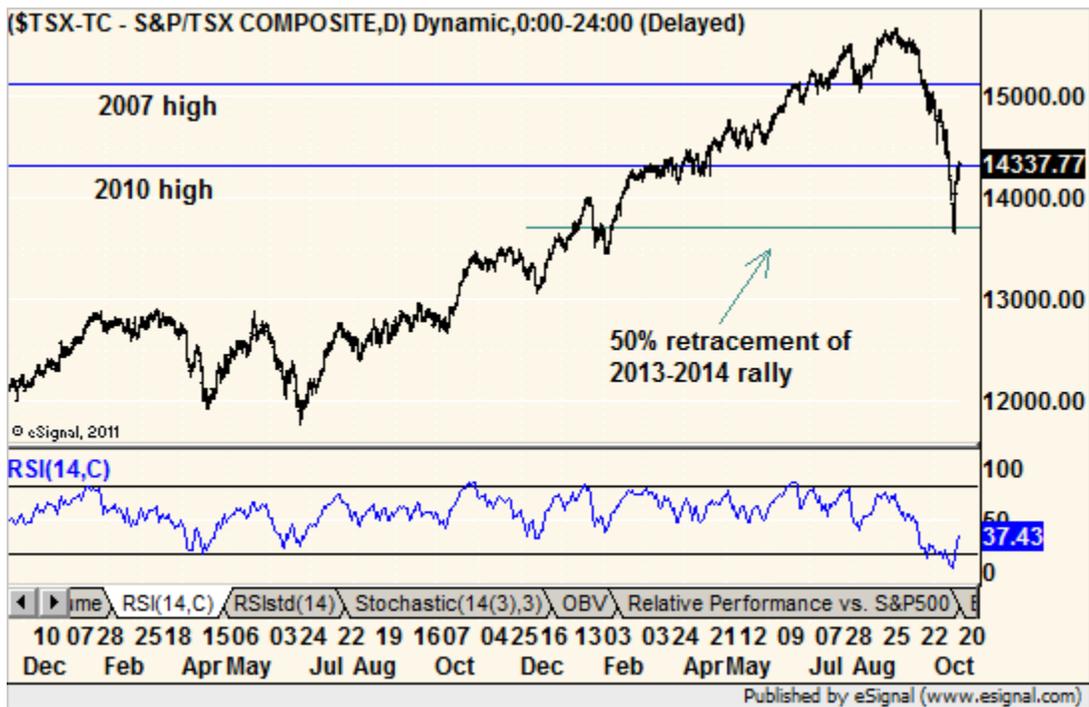
Homebuilders ETF - Nice three-day rally but still below the trendline and 200-day average.



Healthcare ETF - Still leading the market and the spike decline looks like it should be an exhaustion of selling. However, the rebound volume is fading fast. Short-term momentum can take it a bit higher but this may not be the strength it appears to be.



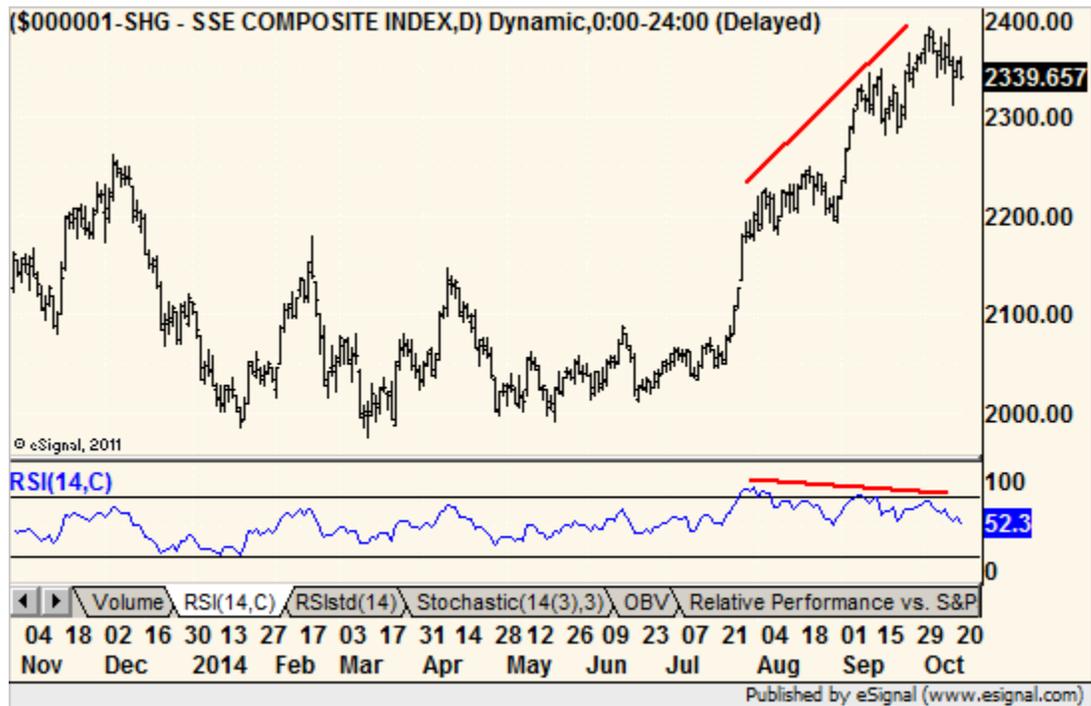
Semiconductor index - Let them bounce, This sector is still broken.



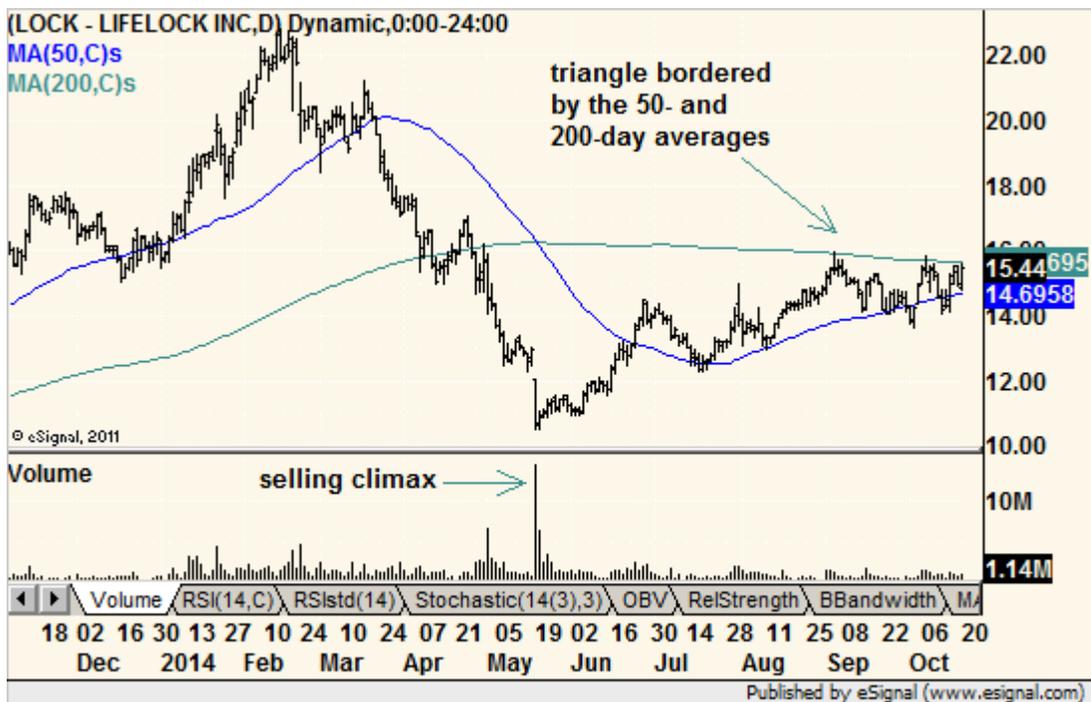
Canada TSX - Nice bounce from deeply oversold conditions.



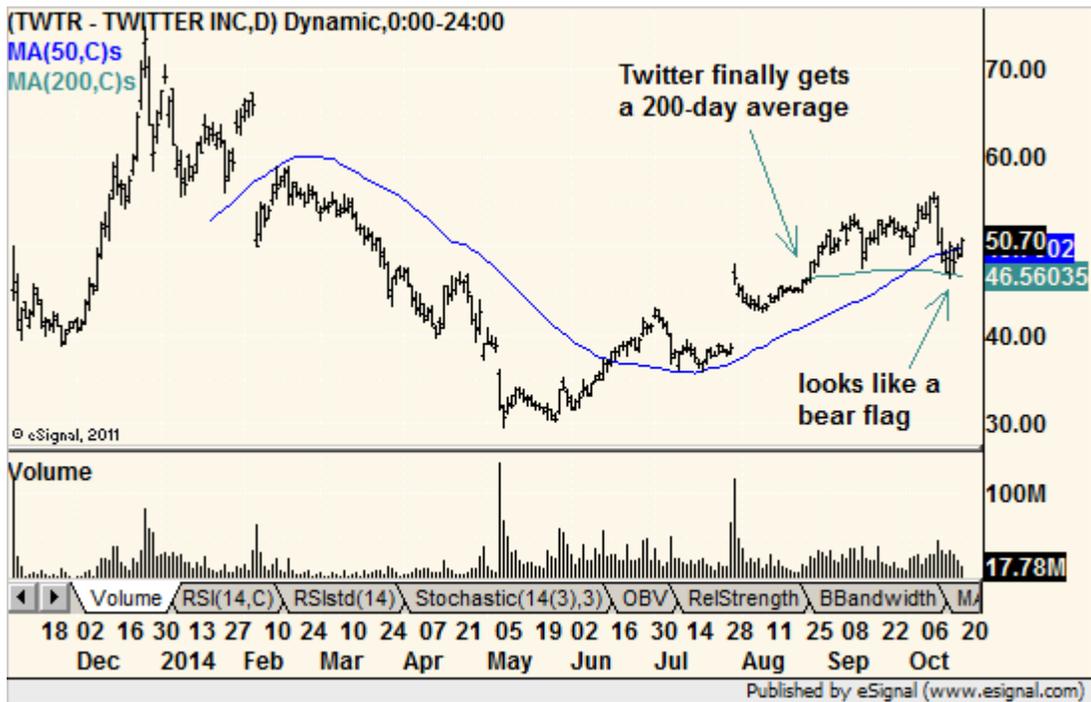
Germany DAX - Still below the breakdown level and a huge amount below its averages. That leaves bounce room but don't call this anything more than a corrective rally.



China Shanghai Composite - Not much of a fall overnight as GDP hit a five-year low in growth. Still, the economy grew 7.3% so boo hoo. This chart shows a rising trend with slowing momentum. It is probably not a good idea to buy this dip just yet so wait for an upside reversal or at least a move above Tuesday's high.



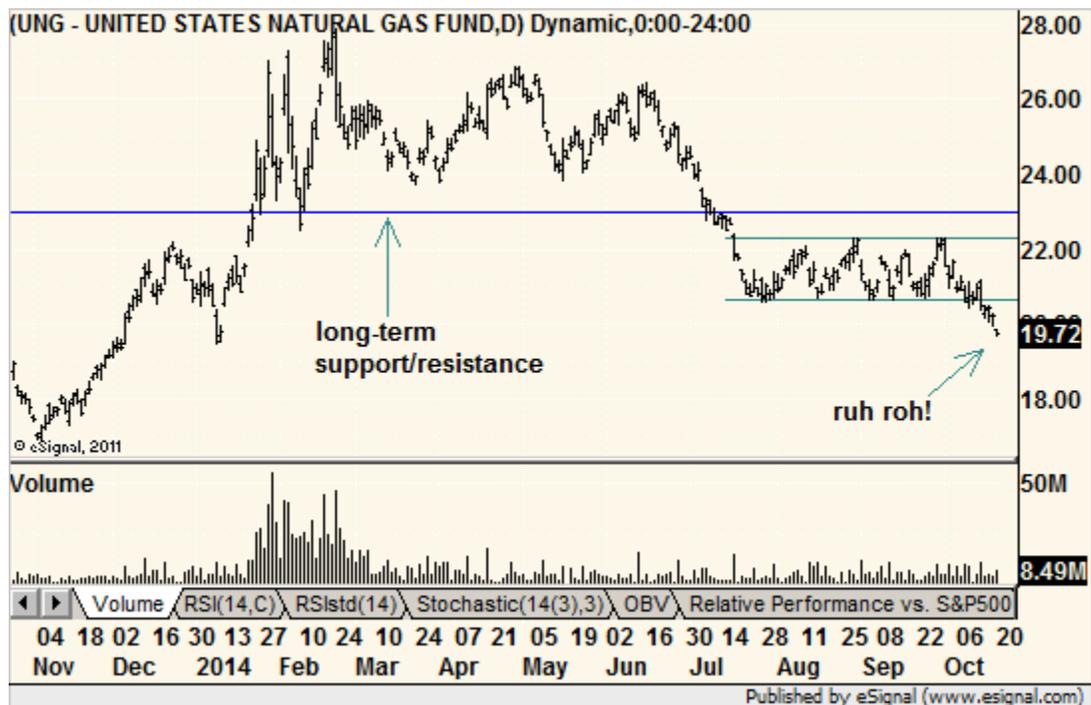
Lifelock - You've seen the TV ads. This stock is in an uptrend but paused in a triangle surrounded by its 50- and 200-day averages. Buy close over 15.75.



Twitter - Looks like it is in a corrective bounce that is not yet resolved. Could also develop into a head-and-shoulders but let's not jump the gun.



Manhattan Assoc. - Described as a provider of software solutions for retailers, wholesalers, manufacturers and governments, this stock has a trend break and pause. It is above both major averages. Buy close above 34.50. Maybe tech is not dead - sorry IBM.



Natural Gas ETF - Looking mighty weak. Same for coal. Both as crude oil languishes.

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>	RGEN	REPLIGEN CORP	22.75	13.0%	21.75	20.14	9/30	20
	ETFC	E TRADE FINANCIAL CORP	20.44	2.8%	19.50	19.88	10/16	4
	SDRL	SEADRILL LIMITED	23.06	-3.1%	21.90	23.80	10/17	3
<u>Short</u>	LLTC	LINEAR TECHNOLOGY CORP	39.59	10.5%	41.00	43.75	10/1	19

Notes: Raised stop on **ETFC**.

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

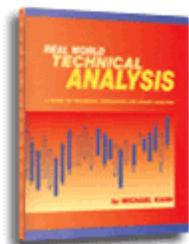
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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