

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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October 22, 2014 - In the words of Ronald Reagan, "Well, there you go again." The good folks in Europe whispered the Q-word and stocks took off. Sure, credit Apple and even Harley Davidson earnings if you like but we all know what has been driving this market since 2009 - quantitative easing and money printing.

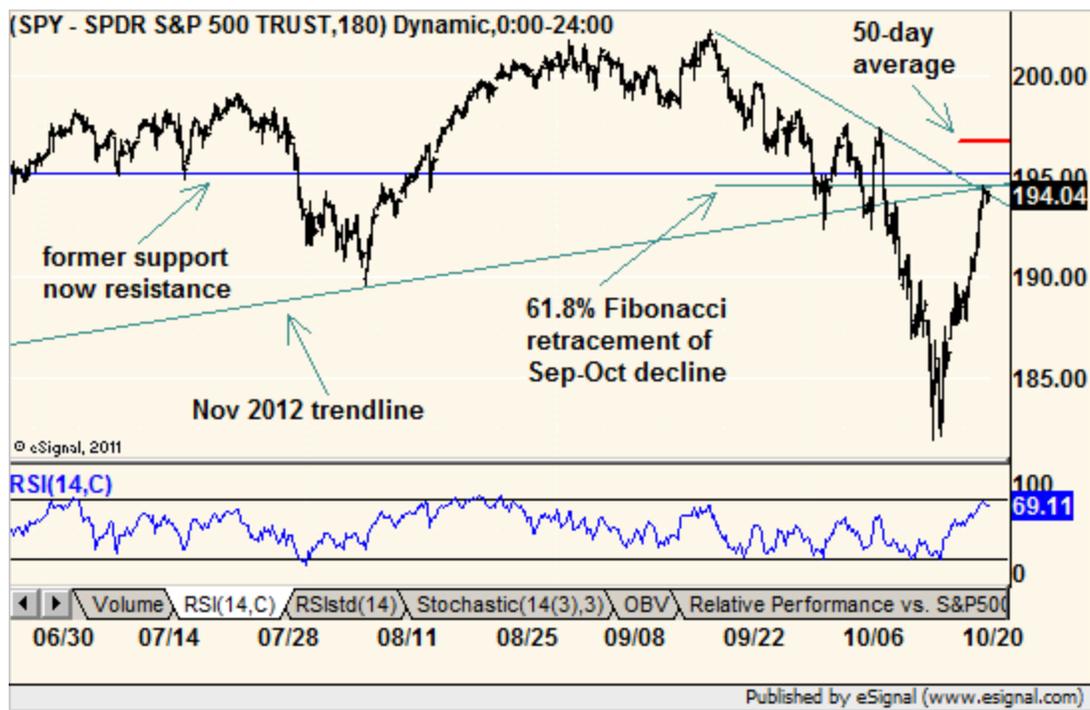
Yesterday, we wrote this about the S&P 500 ETF: "We can see it reaching the 61.8% retracement level but the 50% seems formidable."

The market blew through the 50% level and rallied almost all the way to the 61.8% (see chart just below). And it reached an overbought hourly RSI, too. There is tons of resistance in the area now.

And then there is the follow-through day. We said that the rally would need volume to trigger this signal and if you look at it with a strict interpretation of the rules, yes, it did trigger. Volume Tuesday was greater than volume Monday although both were merely average and the lowest seen since the rebound last week. The letter of the law was met but not the spirit of the law.

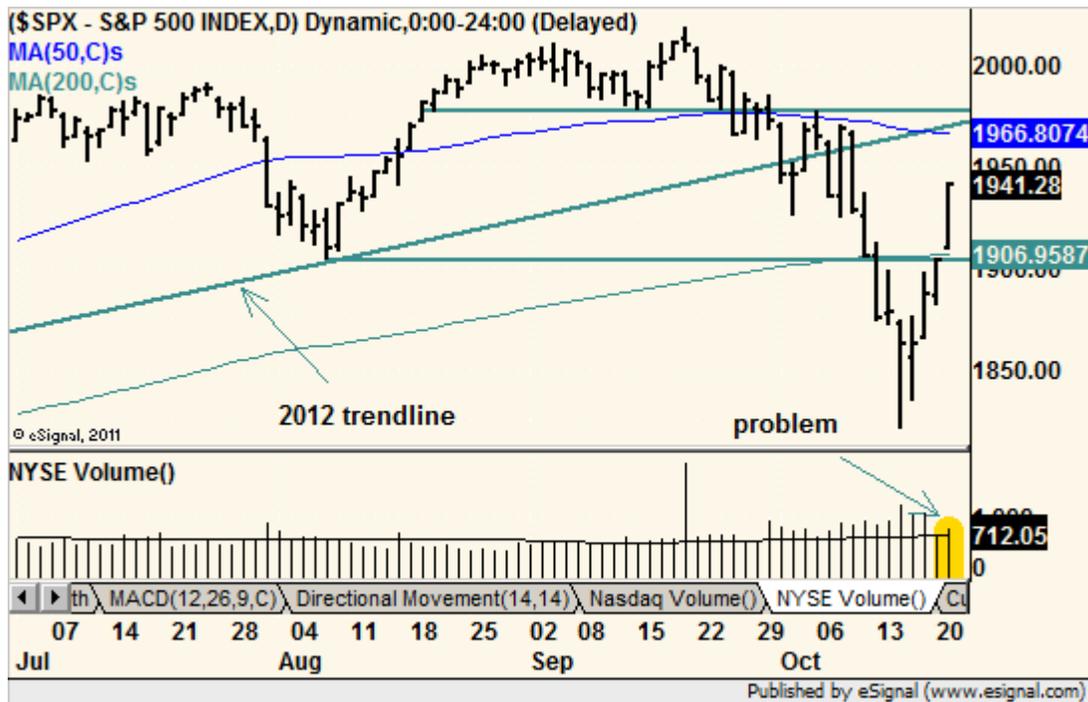
So is this another of the market's famous "V" bottom corrections? To use the tired old phrase, this time it's different. No, the rules are not different but this time the "V" happened after a trendline breakdown. That is indeed different.

In sectors, the transports led the pack with airlines and marine killing it to the upside. Semiconductors jumped to close the gap and that means resistance. And energy made a nice comeback. And don't forget basic materials with big rallies this week in paper, aluminum and chemicals (**DOW** this morning although it already hit resistance). This entire paragraph, save for semis, is at the bottom of the economy (where it all begins) so you can make your own conclusions on that front.

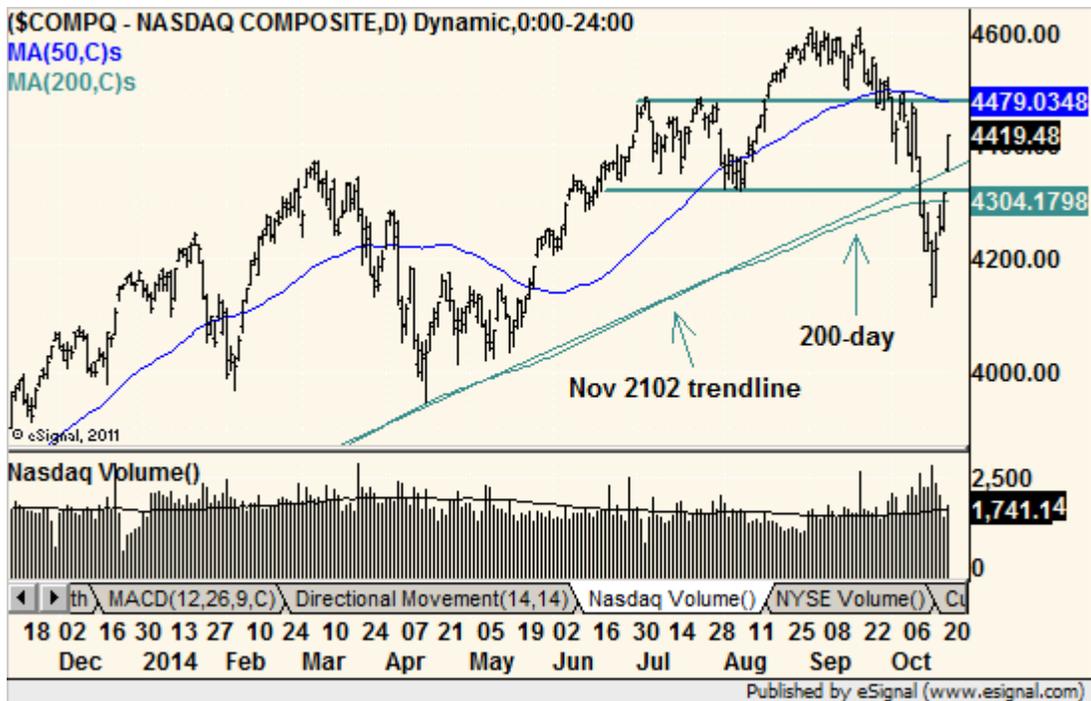


There is so much to cram into this **SPY** chart that we made it a 3-hour bar that goes back to June. Look at all the resistance in the area. This is an excellent place to take profits.

Index Charts of the Day



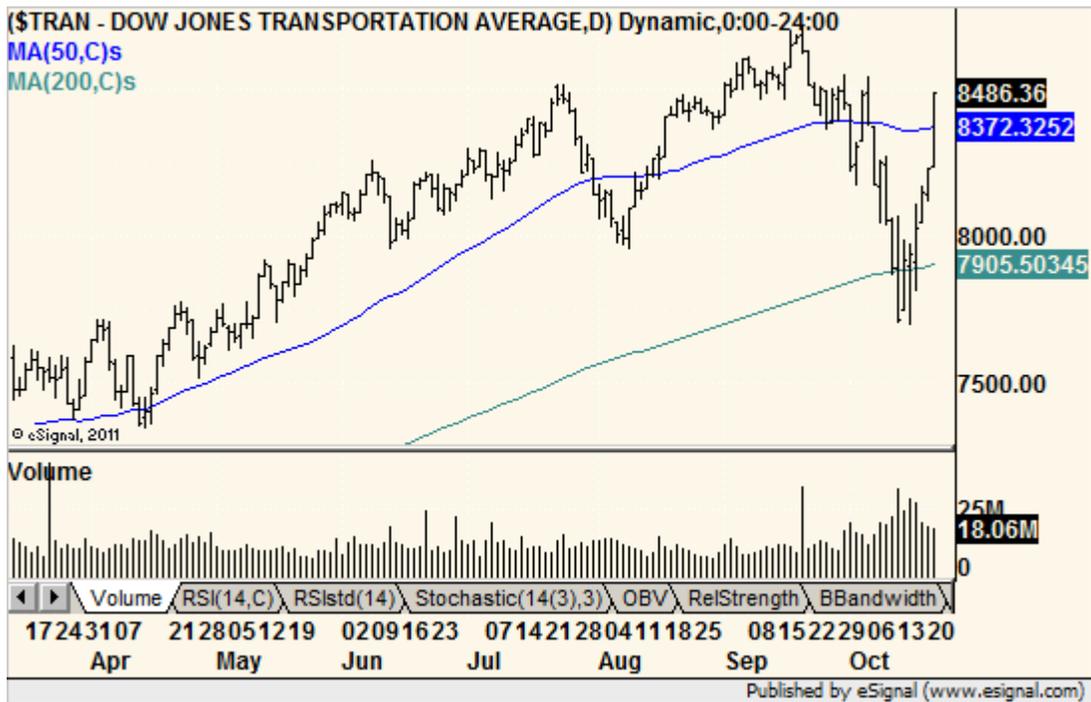
A huge rally with far from commensurate volume. In fact, volume for the past two days was lousy given the moves all over the market.



The Nasdaq had a better move but could barely get average volume. It is back above its trendline.



The Russell erased all previous problems with its rally but it still looks like a rally in a down trend. Or even just a reversion to the mean.



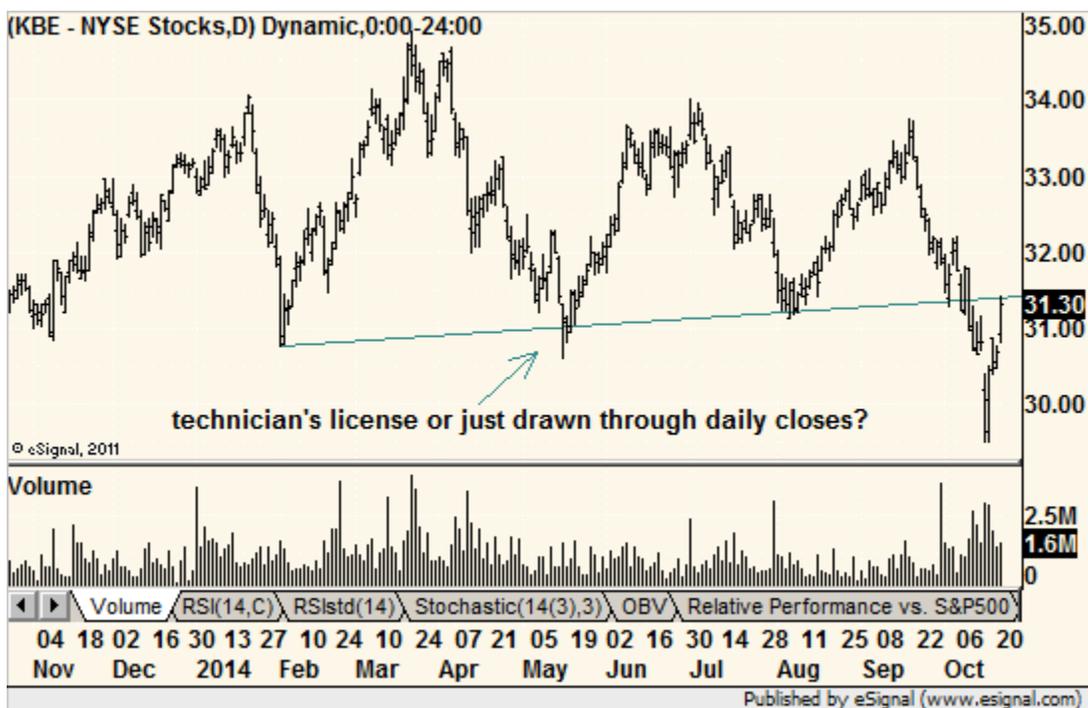
OK trannies, you win. Back above the two-year trendline and 50-day average but again - volume was terrible.

The Radar Screen

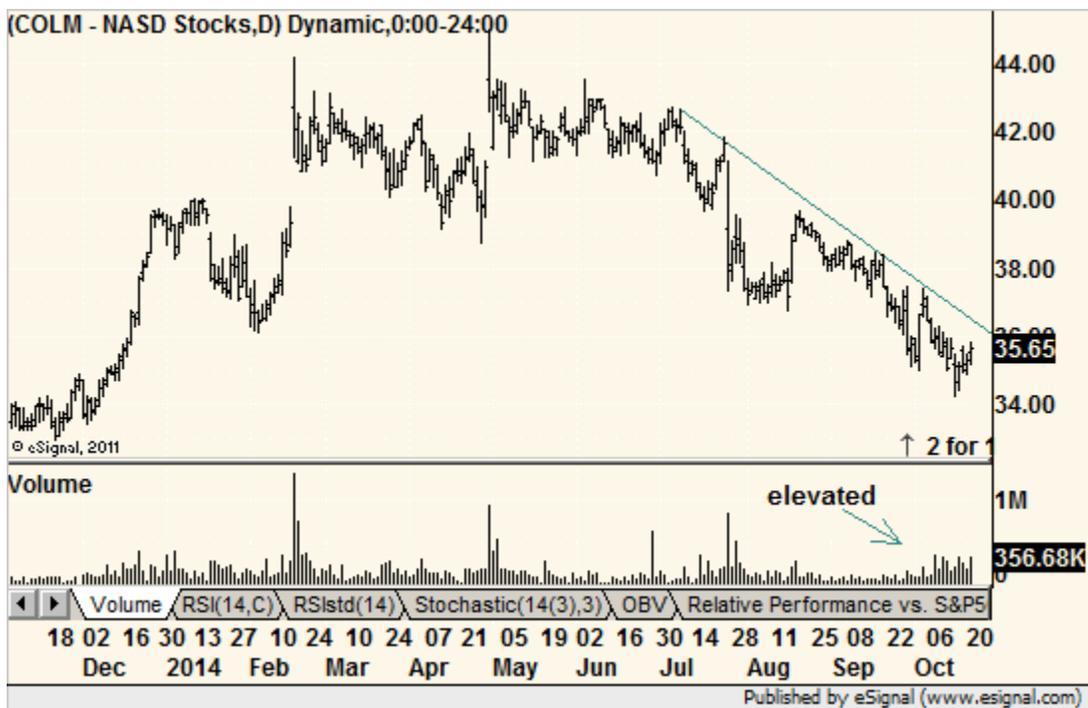
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.	Triggered	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.		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	Triggered	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. Bear reversal Tuesday.		10/21
Columbia Sportswear COLM - Elevated volume tipped us off to this one. Not shown is rising RSI and flat on-balance volume as prices sagged. Those are bullish divergences. Still needs to break the trendline and 50-day average above that (not shown). Holding Tank.	New	10/22
Pep Boys PBX - This auto parts retailer is pulling away from its lower Bollinger Band, near support with rising RSI. A good one to watch here.	New	10/22
Allstate ALL - A failed breakdown from a range and trendline puts this on a bullish watch.	New	10/22
Sector Watch (observations that may spark ideas)		
Energy - Reversed last week and now needs to see some volume - and didn't		10/16
Updates		
Homebuilders ETF ITB - Rallied again but now is at a trendline and 200-day average		
Canada TSX - Now testing 200-day average from below		
Germany DAX - Still below broken support		

Market Highlights



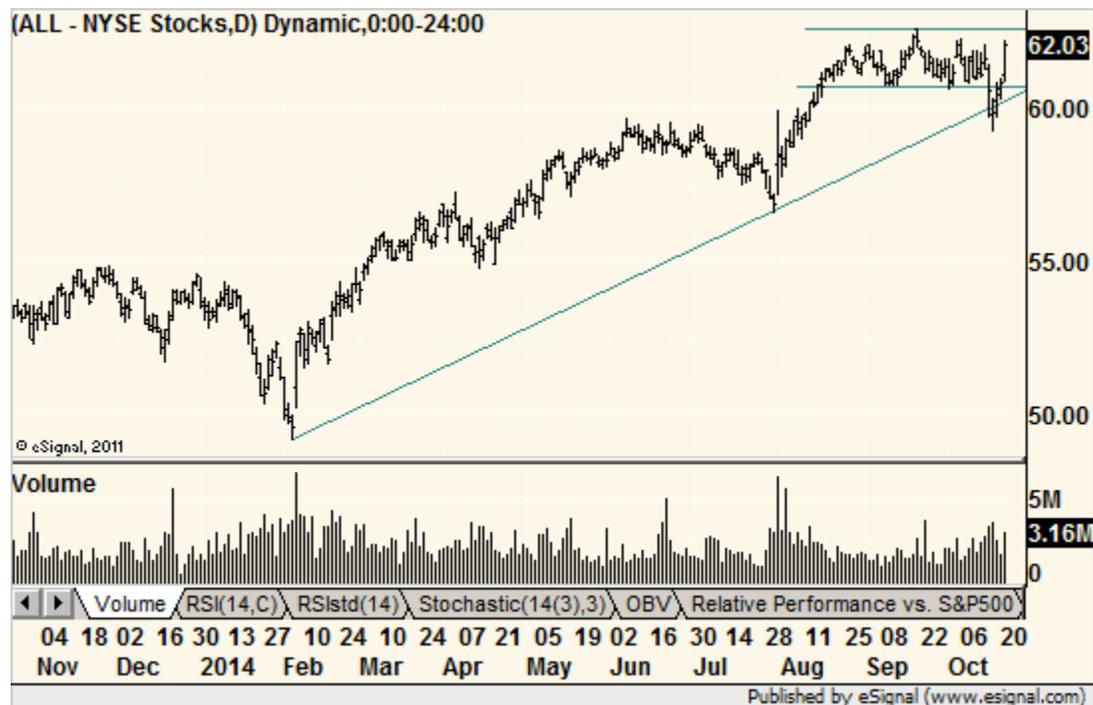
Banks ETF - Now testing the breakdown. Two-pager on technician's license, [click here](#). However, if you look at this chart in close-only format the line is nearly perfect.



Columbia Sportswear - Elevated volume tipped us off to this one. Not shown is rising RSI and flat on-balance volume as prices sagged. Those are bullish divergences. Still needs to break the trendline and 50-day average above that (not shown). Holding Tank.



Pep Boys - This auto parts retailer is pulling away from its lower Bollinger Band, near support with rising RSI. A good one for the Holding Tank.



Allstate - A failed breakdown from a range and trendline puts this on a bullish watch.

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	22.72	12.8%	22.00	20.14	9/30	21
	ETFC	E TRADE FINANCIAL CORP	20.94	5.3%	20.00	19.88	10/16	5
	SDRL	SEADRILL LIMITED	24.53	3.1%	23.25	23.80	10/17	4
	AMTD	TD AMERITRADE HLDG CORP	30.80	0.0%	29.50	30.80	10/21	0
	MANH	MANHATTAN ASSOCS INC	34.93	0.0%	33.50	34.93	10/21	0
<u>Short</u>	LLTC	LINEAR TECHNOLOGY CORP	40.88	7.0%	41.00	43.75	10/1	20

Notes: Raised stops on **ETFC** and **SDRL** on nice moves up. Raised stop on **RGEN** because it did not rally Tuesday and may be exhausted.

Added two new longs at the close (**AMTD**, **MANH**), which may not have been the best idea after such a sharp market move this week. But they were triggered on breakouts, unlike the market.

Finally, we lost a bit on our lone short **LLTC**. It is too close to its stop to monkey around so we'll let it ride.

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

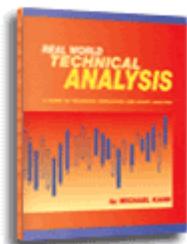
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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