

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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October 23, 2014 - We are in a self-congratulatory mood this week so here is a quote from yesterday: "This is an excellent place to take profits." Even a blind squirrel..... But this morning things are coming back so we have to admit we do not have a great handle on things right now. Clarity should come as the day marches on.

It looks as if yesterday's selling began when news of the terror attacks (I am not waiting for the official labeling) took place in Ottawa. Ebola and terrorism trumped Bullard and Super Mario jawboning.

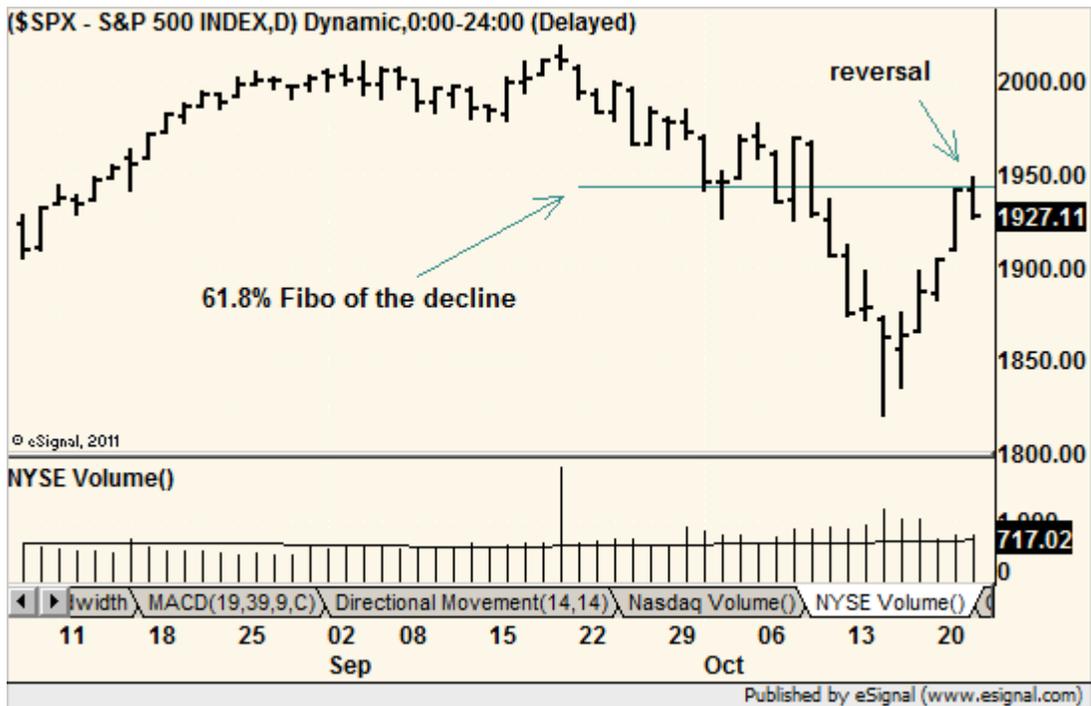
In yesterday's Barron's Online column I expanded on some of the technicals discussed here. Of course, I wrote it when the Dow was flat in the morning (published after the Dow dropped 153) but that's the real-time journo game. Anyway, it looked as if the market reversed to the downside at resistance and that suggests looking for shorts again. But with the overnight rebound and volatility in place today it is hard to want to do much of anything. Quality setups seem few and far between.



As we can see, the market sold off yesterday at the 61.8% Fibonacci retracement of the prior decline. However, morning trading is nearly all the way back to yesterday's highs which is close to negating the bearish reversals seen on daily charts. Well, on daily charts of big stock indices. The Russell ETF is not even close.

Again, we think the problems of the market are not yet over even though the day looks to be firming up. However, just because the market is open does not mean we have to do anything. And if you are managing longer-term money, we'll know that the bull is back when all that overhead supply is eaten up. See the next section for more.

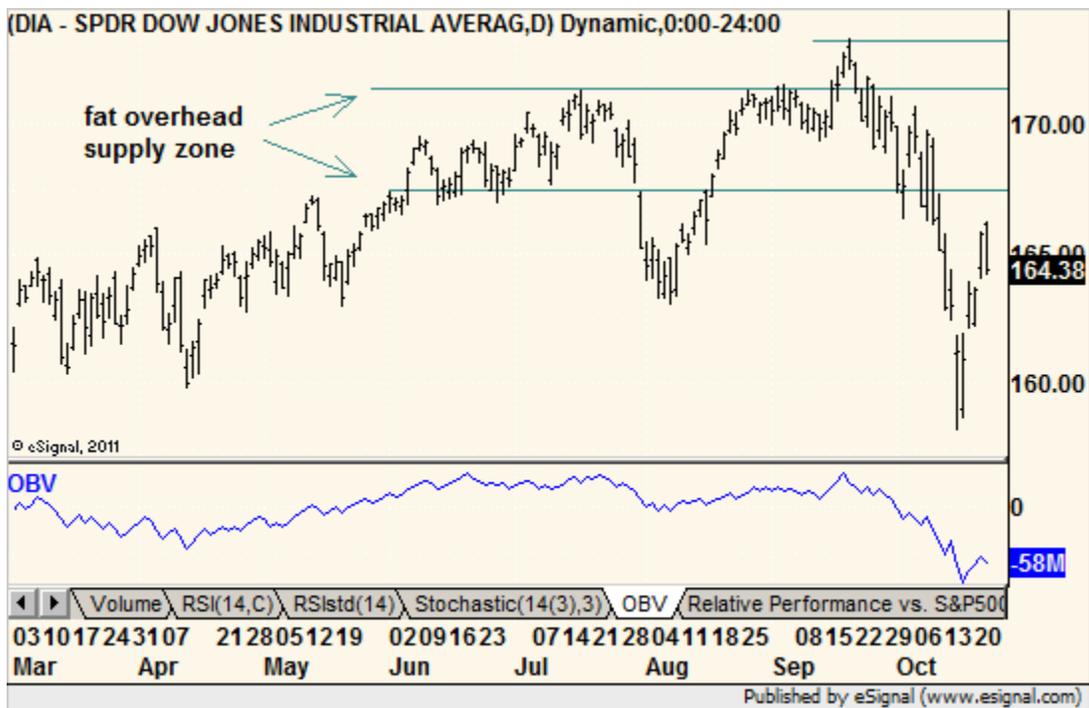
Index Charts of the Day



The S&P 500 scored a bearish reversal at the 61.8% Fibonacci retracement level. Volume was not heavy but if you look at the intraday you will see it pick up on the decline



The Russell scored a key outside-day reversal under its averages.



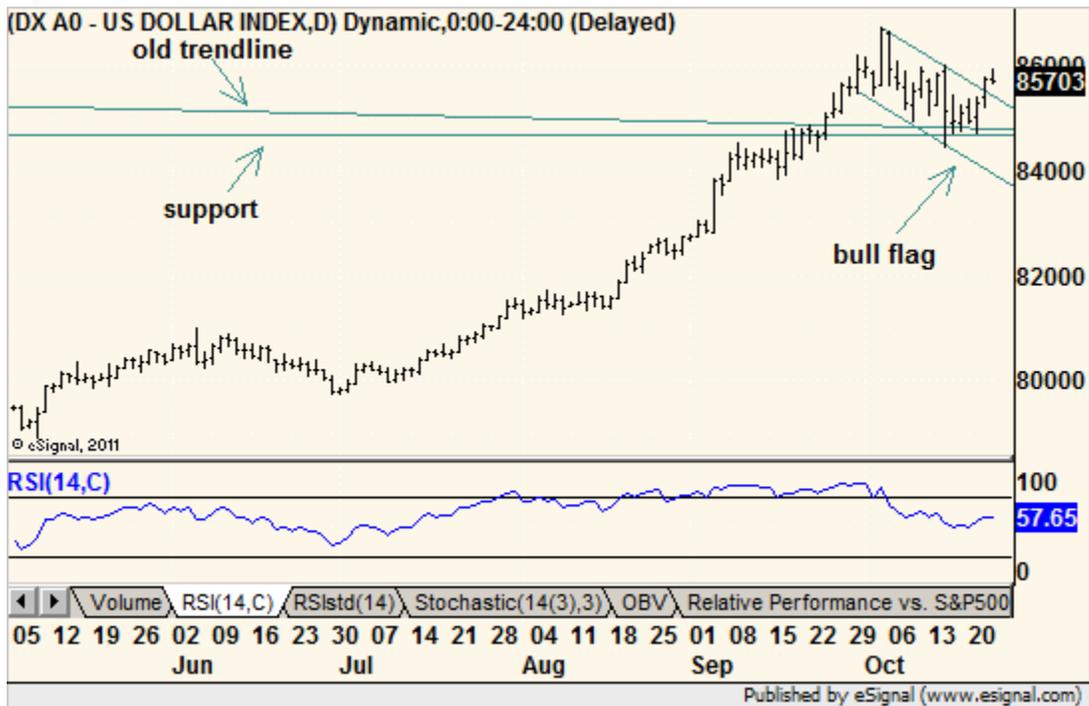
We are using the Dow ETF (diamonds) to show the **overhead supply zone**. And of course, there is resistance at the old high, too. The ETF is trading at yesterday's high in the premarket so it is not even attacking resistance yet. And check out on-balance volume. That does not look like the return of buying enthusiasm.

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		
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
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
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). Close but it did not hold.		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.		10/22
Allstate ALL - A failed breakdown from a range and trendline puts this on a bullish watch.		10/22
Sector Watch (observations that may spark ideas)		
Energy - bounce may be over		10/16
Banks - KBE ETF reversed to the downside after hitting the bottom if its broken nine-month triangle	New	10/23
Updates		
none -		

Market Highlights



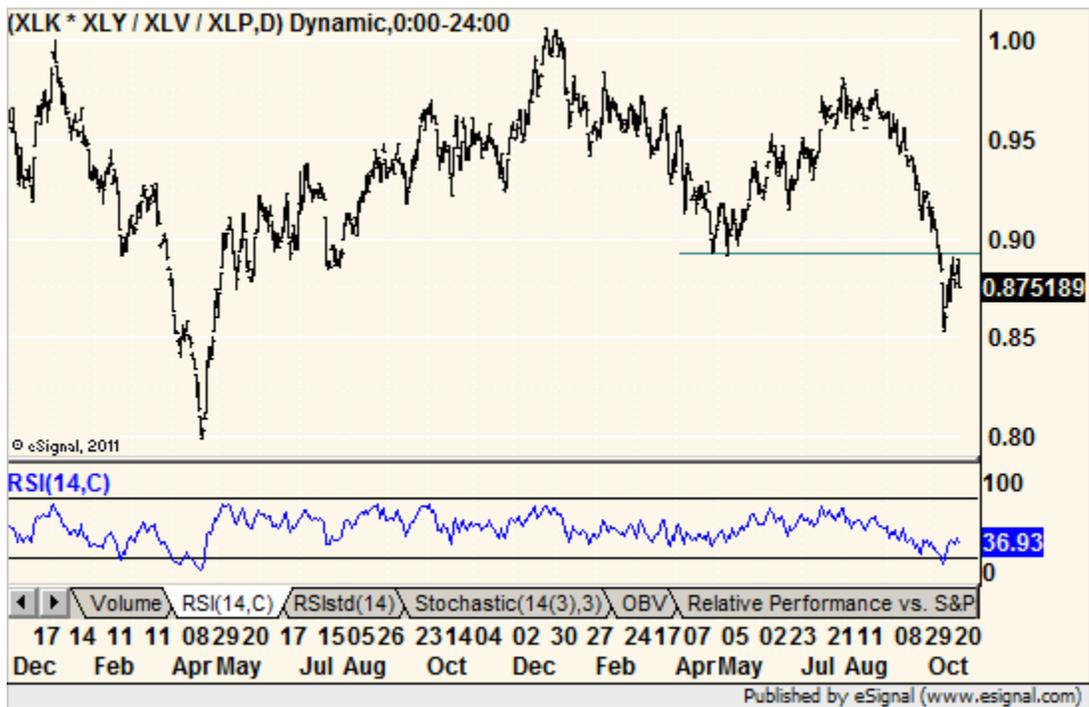
US dollar index - looks like a breakout.



Gold - Sorry gold bugs, not yet.



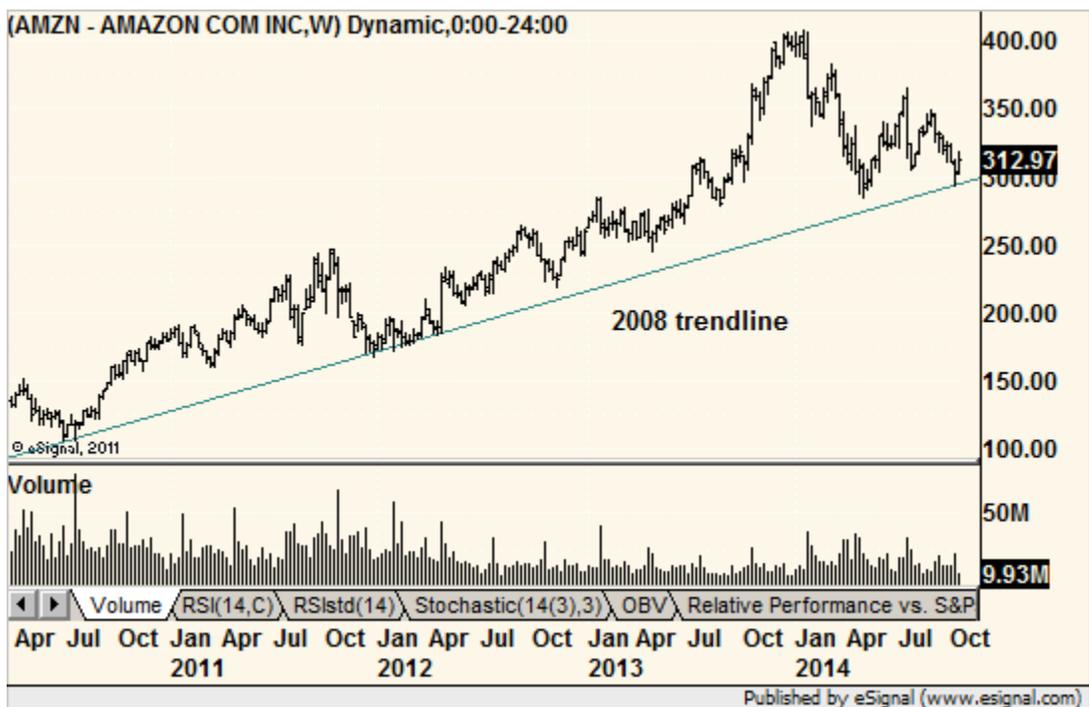
Crude Oil - Close enough for government work? We'd say there is a little weakness left.



Offense/defense index - Looks like an oversold bounce to test the support break. That suggests the market is still on the defensive.



Nextera Energy - A good looking utility with a nice 3% dividend yield.



Amazon - Reports after the bell. Mark Chaikin reports a bearish reading on his "power gauge" and suggested buying cheap put. Either a small loss or a home run. If this breaks now it is a long way down.

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	23.09	14.6%	22.00	20.14	9/30	22
	ETFC	E TRADE FINANCIAL CORP	20.70	4.1%	sell	19.88	10/16	6
	SDRL	SEADRILL LIMITED	23.70	-0.4%	23.25	23.80	10/17	5
	AMTD	TD AMERITRADE HLDG CORP	30.64	-0.5%	29.50	30.80	10/21	1
	MANH	MANHATTAN ASSOCS INC	35.98	3.0%	34.50	34.93	10/21	1
<u>Short</u>	LLTC	LINEAR TECHNOLOGY CORP	40.27	8.6%	41.00	43.75	10/1	21

Notes: A nice surprise with a 3% gain in **MANH**. The other new long **AMTD** was not as lucky.

RGEN popped back to life.

We are going to sell **ETFC** due to the high volume it had on its bearish reversal.

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

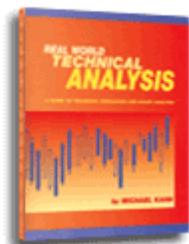
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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