

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**November 12, 2014** – Tuesday's light volume did not disappoint bulls looking for yet another new closing high. Of course, spiking the ball after the Dow gains a whopping 1.16 points is a little delusional.

Today, we get a blast from the not-so-distant past as regulators slap some more fines on big banks for currency manipulation. Back to the well. We are not fans of big banks but either let them fail or break them up. This nickel and diming, albeit billions of nickels and dimes, does nobody any good as the business grinds to a halt. But we digress.

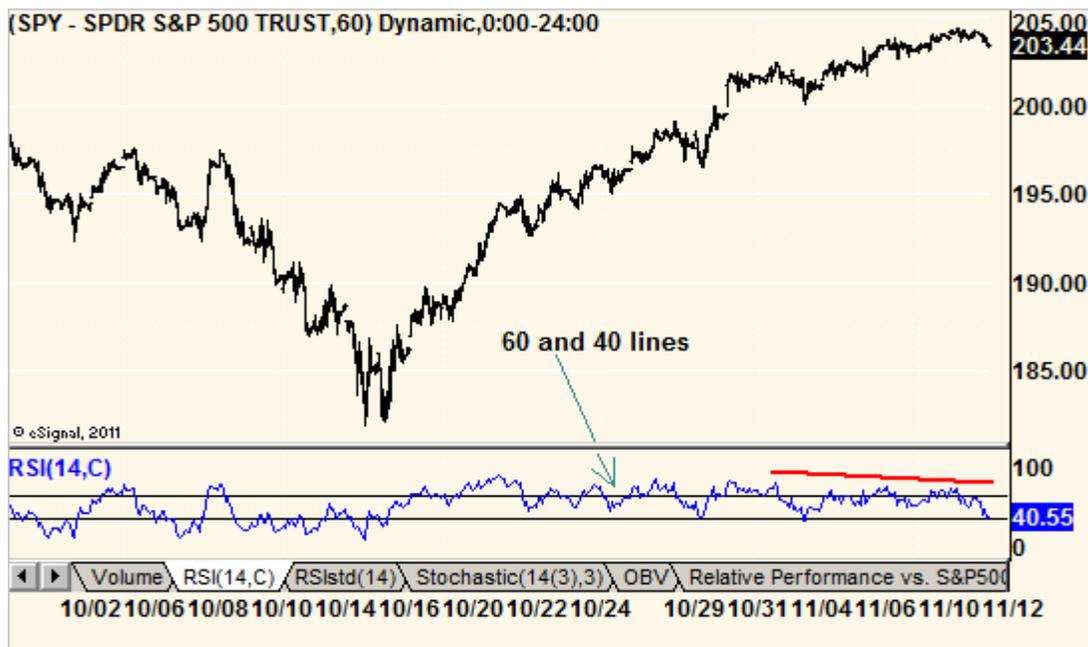
In the actual markets, oil continued to show signs of life, even though it is soft this morning. Oil stocks are holding on, too, although we still think they, save for the drillers, are not quite ready to rally.

Gold and gold stocks reversed the reversal with a nice little gain. Here, too, the morning is soft so we will contain our enthusiasm. But we think this area should be on the watch list.

Yes, we know the dollar is still kicking the world's backside but the greenback is getting a bit frothy in the sentiment area. And check out the chart in Market Highlights showing a rather substantial and bearish RSI divergence. Something seems to be brewing.

Below we have charts of our four horsemen - the sectors we consider to be critical to the economy. What we will see is that only one of them is leading in the short-term and that is not exactly encouraging for a bull market from here. Small caps are also missing from the leaders to add to the skepticism.

**Our point** is that despite the trend, the market is spouting all sorts of warnings. All we need is price to actually give us a reversal or exhaustion pattern.



The hourly chart finally shows some evidence favoring the bears. RSI peaks were falling and now the indicator is once again testing its own 40-level. During a rally, RSI does not usually go below 40. When it does, we can surmise things are changing.

## Index Charts of the Day



Tuesday was calm as expected. However, the charts do not care if was a holiday or not. Volume is drying up.



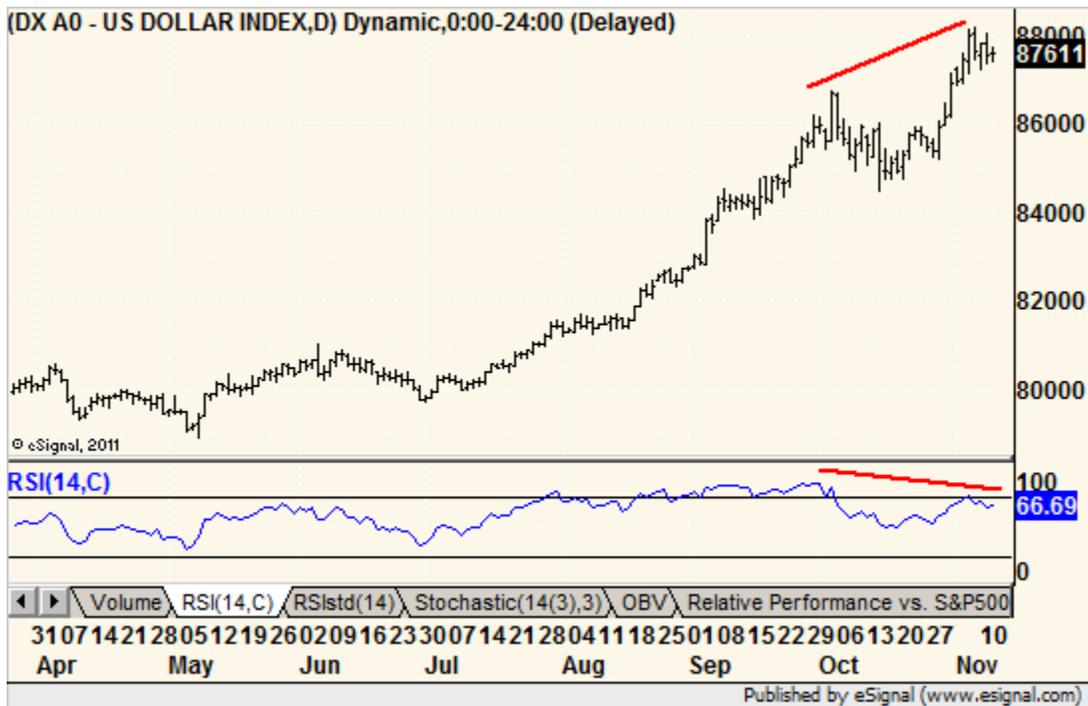
The Nasdaq also has no volume. Keep watching the small range for a break one way or the other.

## 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>Tile Shop TTS</b> - Selling climax. A move above resistance at 9.13 would be a good entry.		11/7
<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>Choice Hotels CHH</b> - Here, we see a reversal at resistance. Some will argue that this is a cup-with-handle pattern although the shape and volume are wrong. Still, we have a range at resistance where a break in either direction will tell us the next move. Possible downside break		11/3
<b>Hyatt Hotels H</b> - A rather weak stock for such a strong week in the market. Big decline Tuesday.		11/3
<b>Noodles NDLS</b> Inverted head-and-shoulders, rising on-balance volume, good momentum, and above the 50-day average. Neckline breaks at 23.40. Not triggered as it gapped up over 8%. Watching.		11/6
<b>Ford F</b> - Just watching the support/resistance line at 13.50.		11/10
<b>Odyssey Marine Exploration</b> - This deep water explorer is not looking for oil but for minerals and salvage. Its chart shows an inverted head-and-shoulders with rising RSI. Huge volatile Tuesday. Not so sure <u>any more</u> .		11/11
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Gold Miners</b> - Extreme bearish sentiment and nearing its 2008 lows.		11/3
<b>Hotels</b> - Some, not all, have weakened considerably.		11/3
<b>Marine Transportation</b> - Major breakdown and successful test of that break.		11/5
<b>Energy</b> - A few pattern breakdowns Tuesday. Still avoiding save for a few drillers if they break double bottoms- <b>RIG, DO, NBR</b>		11/5
<b>Airlines</b> - Very far above moving averages. Looks like it will snap back.		11/7
<b>Broadline retailers ETF</b> - This group contains <b>TGT, WMT, COST</b> and <b>AMZN</b> among others. On-balance volume has been rising for months even as the sector index floundered. A positive sign.		11/11
<b>Updates</b>		
<b>none</b> -		

## Market Highlights



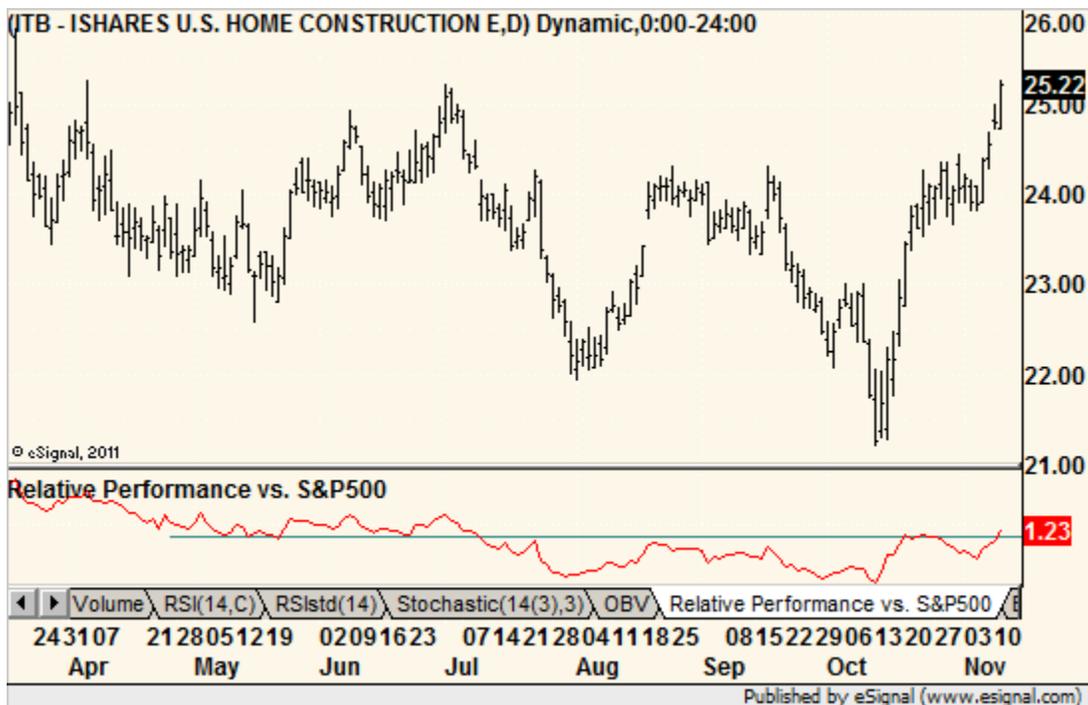
**US dollar index** - That is a rather clear RSI divergence and it is a bearish warning.



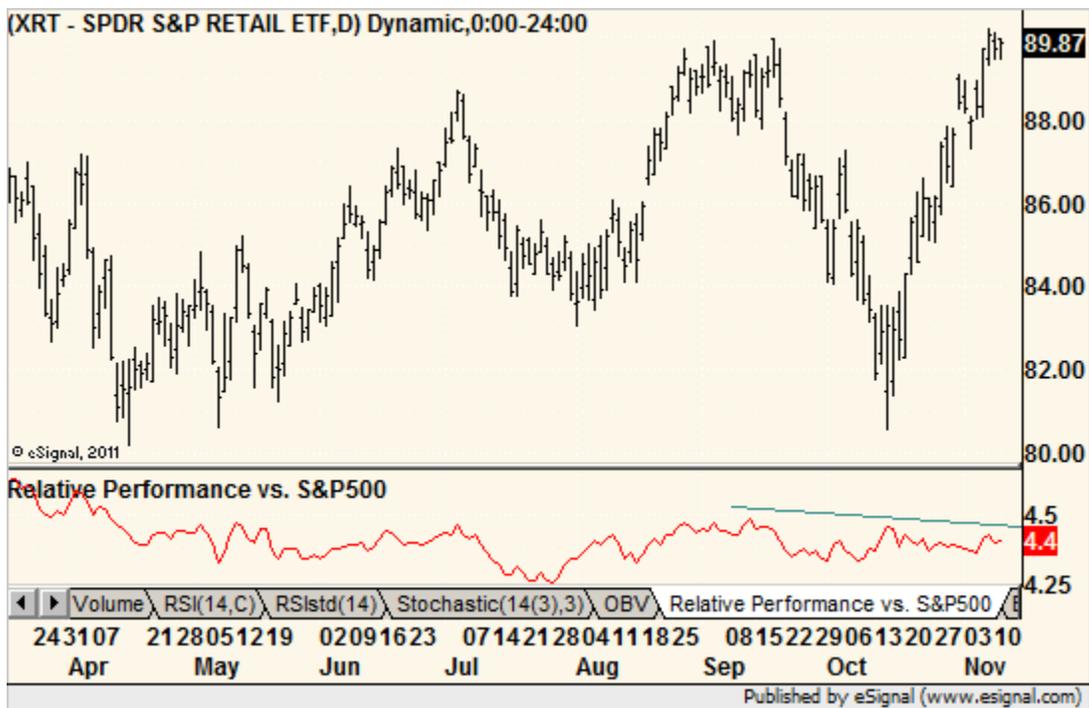
**Gold ETF** - Check out this weekly view. Last week was a clear hammer candle. This week we have the potential for another but we caution that the week is far from over. A rally now into a net gain on the week would confirm the hammer.



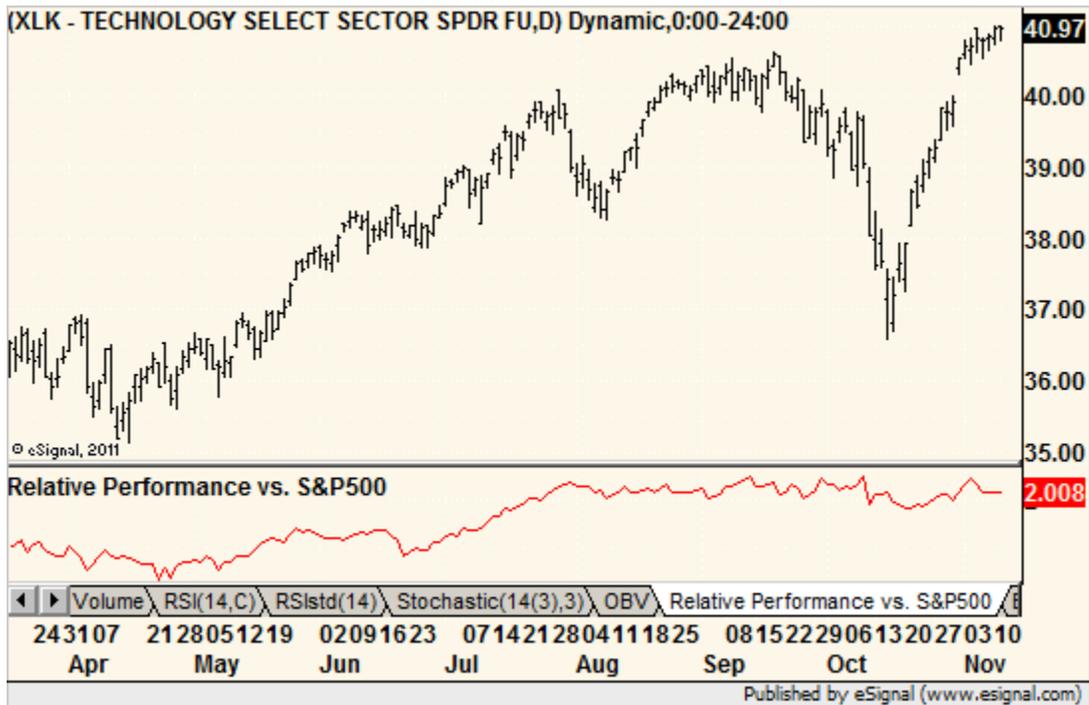
**Financial ETF** - We can argue every side of this. The relative performance trend is still grudgingly to the upside since the summer but the trendline is broken leaving a lower high in place. From the absolute point of view, the ETF looks quite extended and in need of a rest.



**Homebuilding ETF** - While this has still not taken out "resistance" on the relative performance chart it does have a choppy rising trend. We still think that its short-term strength will end at long-term resistance at the top of this chart. **BZH** will be today's free chart of the day with a breakout.



**Retail ETF** - Now at resistance and lagging the market. Will Macy's good earnings push it over the top?



**Technology ETF** - While it gets positive headlines it seems to have stalled. It is actually lagging the market, albeit not by much, since September.



**Energy vs. Market** - This is a ratio chart of the energy ETF to the **SPY**. Why do it this way? To put some indicators on it and show a bullish RSI divergence. This does not say energy is going back up but rather its performance vs. the market is on the verge of changing for the better.



**Discretionary vs. Staples** - This ratio of consumer discretionary to consumer staples is still in decline, no matter how strong the October rebound was. It suggests defensive is still the way to go.

## 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>ALL</b>	ALLSTATE CORP	66.63	6.3%	64.00	62.71	10/27	15
	<b>KKD</b>	KRISPY KREME DOUGHNUTS INC	19.89	9.0%	19.00	18.25	10/28	14
	<b>K</b>	KELLOGG CO	63.75	-1.2%	62.75	64.53	11/6	5
	<b>YUM</b>	YUM BRANDS INC	73.52	0.0%	71.00	73.50	11/10	1
<u>Short</u>	<b>SBAC</b>	SBA COMMUNICATIONS CORP	112.42	-1.5%	116.00	110.69	11/4	7
	<b>CNI</b>	CANADIAN NATL RY CO	70.89	-3.0%	72.00	68.78	11/4	7
	<b>TIVO</b>	TIVO INC	12.90	0.0%	13.50	12.90	11/10	1

**Notes:** **KKD** doing quite well. Stop raised again.

Rails were hot Tuesday but **CNI** was lagging. We still like this as a short. Of course, if has to start falling right away now.

## 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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