

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**February 13, 2014** - Wednesday was a throw-away day in the stock market with little price movement and the lowest NYSE volume of the month to date. After the four-day surge just seen, exhaustion is a possibility and we are seeing downside movement in the premarket this morning. The trend break on the hourly chart is more troubling for the bulls.



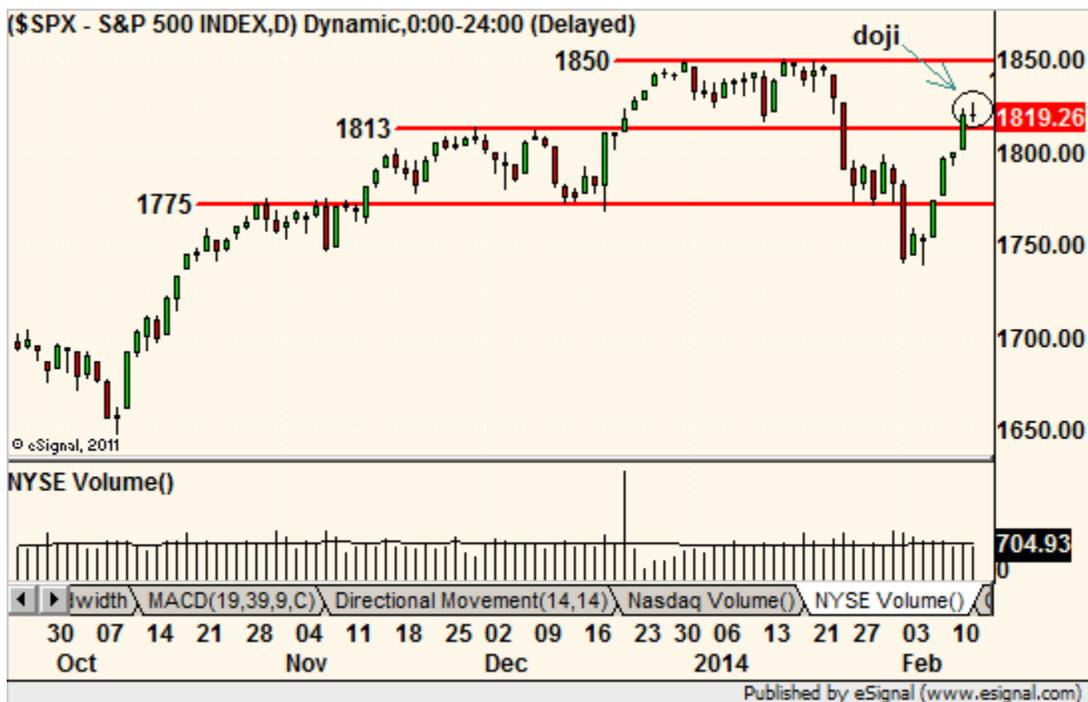
Gold is the big story and that was the topic for my Barron's Online column yesterday. Of course, gold stocks decided to have a big down day - mostly after I wrote it and before it was published. However, that has not changed our views. We've got a silver ETF chart below showing a market coiled and ready to explode higher to catch up with its yellow cousin.

The weather is the issue of the day for the eastern half of the country and the snowflakes falling on us here in suburban NYC are giant-sized! We'll probably hear how the weather squashed today's retail sales results but unlike the puny total seen in the south the last storm, this one dumped some big numbers on the ground. That will keep people home and not working, dining and shopping, for sure.

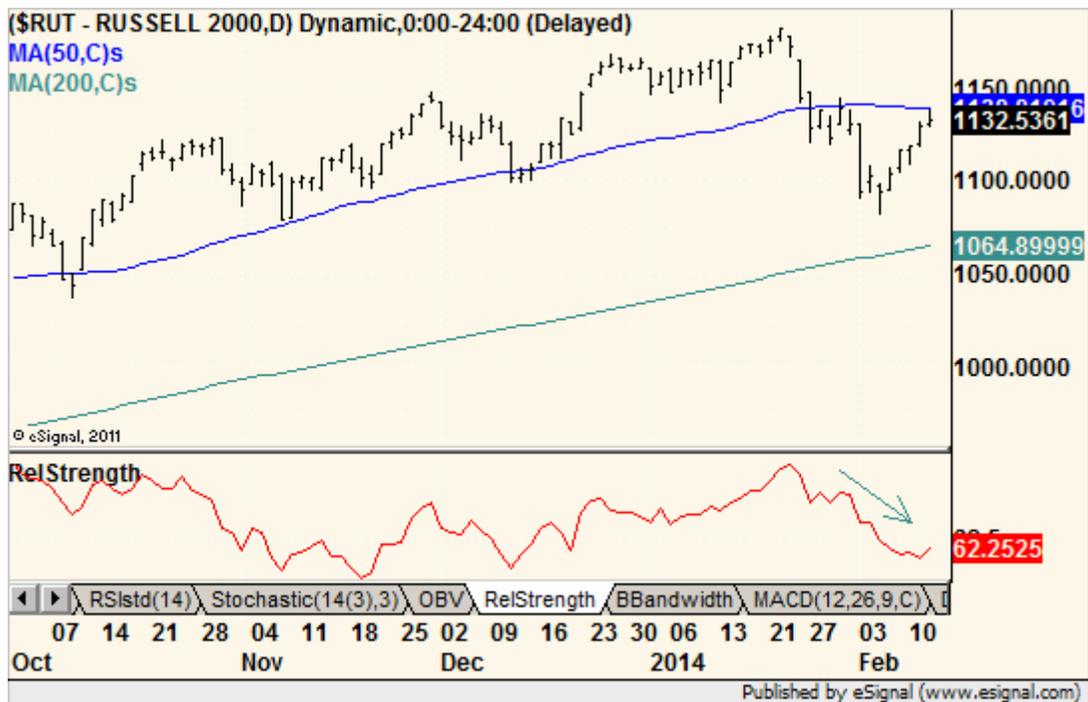
We'll have to see the fallout from the weak retail report and let the market work off its short-term overbought conditions.

What we really want to see is how the multitude of head-and-shoulder potential patterns on big stocks (some shown below) will group together to overrule the lack of H/S pattern on the S&P 500. In English, the index is a math concoction so when there are plenty of individual stocks saying the same thing it must follow.

## Index Charts of the Day



A doji candle after a rally suggests that the market is exhausted and ready to pull back. Volume was so low that we can surmise that people in the market are tired, too. That does not mean it must decline but the odds are with it.



The small cap Russell 2000 is the only major index still below its 50-day average. More importantly, it is still lagging the S&P 500 - on the way down and now on the way back up. Not healthy. See next.



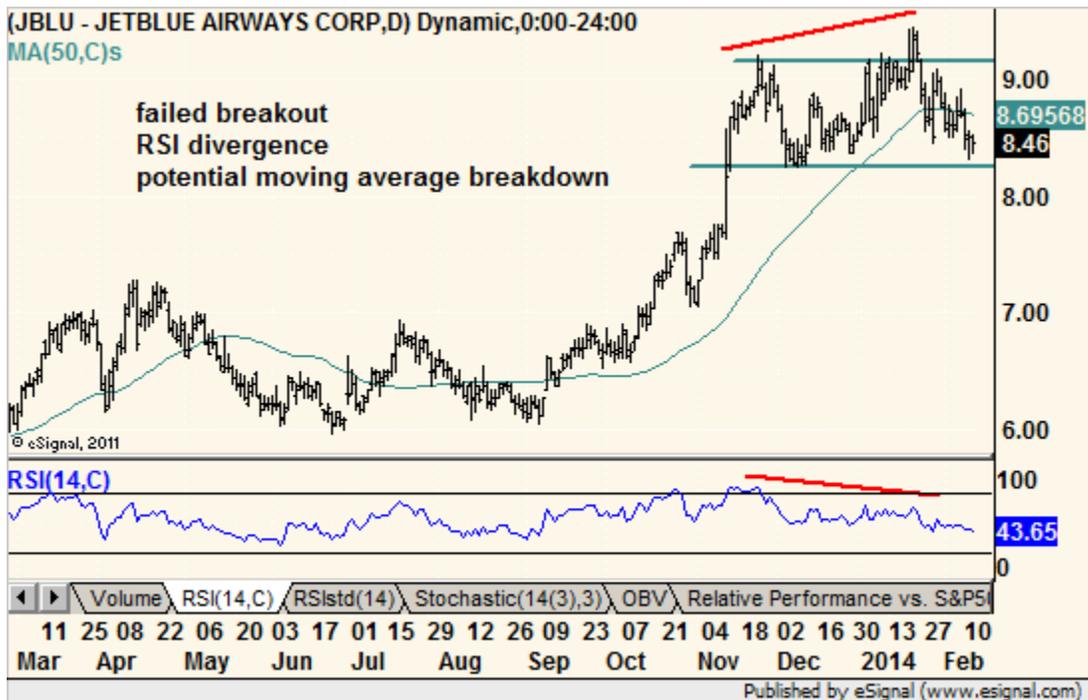
The Russell ETF looks like it is ending a test of the Nov 2012 trendline breakdown.

## 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>Lexington Realty Trust LXP</b> - This is a commercial property REIT with a 6% dividend yield. Just breaking the trendline and already broke and tested the 50-day average. Bullish RSI divergence. A pattern recognition program also flagged it as a rounded bottom. It is a bit aggressive to buy it here but we will.	<b>Triggered</b>	2/12
<b>Anglogold Ashanti AU</b> - A weekly view has a bullish RSI divergence, double bottom breakout and 40-week (200-day) average breakout. Buy dip to 15.50.	<b>Moved</b>	2/12
<b>Silver ETF SLV</b> - Quoting Blink 182 - "Watching, waiting, Anticipating." This is the chart I did not run in my column yesterday. But close over 19.70.	<b>New</b>	2/13
<b>Bearish Implications</b>		
none -		
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Hess HES</b> - An energy stock with another possible buy area.		2/5
<b>Tenneco TEN</b> - This auto parts maker survived a huge smash last month and is now back at resistance. Note on-balance volume not only continues to rise but it accelerated. Watching.		2/12
<b>L-Brands LB</b> - The former Limited Brands retailer is in a short-term down trend and challenging a long-term rising trendline. This could be a huge decline if the long-term line breaks. Holding Tank.	<b>New</b>	2/13
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy ETF XLE</b> - What a difference a day makes! Poor finish in the sector so we'll withdraw our new like for the sector. However, watch the big dividend big oils. We still think they have potential.	<b>Changed</b>	1/29
<b>Updates</b>		
<b>T-bonds</b> - a 50% retracement to 105.25 on the TLT might be the line in the sand where we are wrong		
<b>Priceline PCLN</b> - The same day we identified an expanding triangle with weak internals the stock makes a huge push higher on big volume.		

## Market Highlights



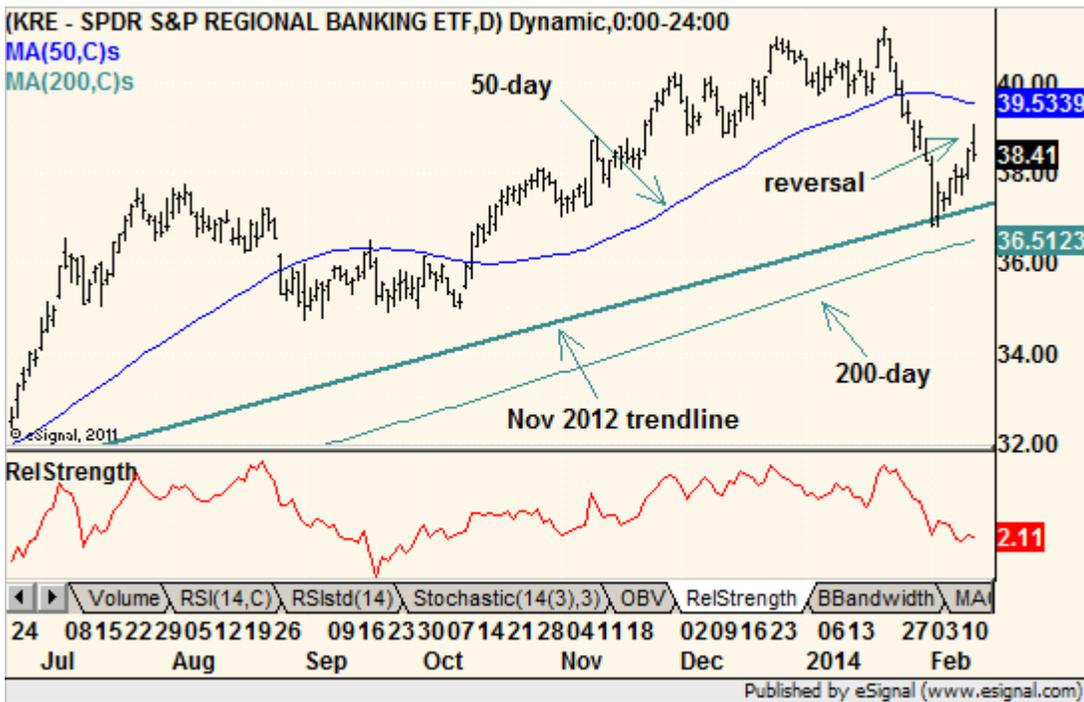
**JetBlue** - Remember one or two snow storms ago when JBLU canceled flights in advance? Now the stock looks ready to break down in a big way. Weekly log scale trendline now approaching 7.50. Support is at 8.24.



**3M** - The failed breakdown below the major trendline should have been bullish but the rebound took place on serious falling volume. Already below the 50-day average. This looks like the H/S pattern the S&P 500 was working on a few days ago.



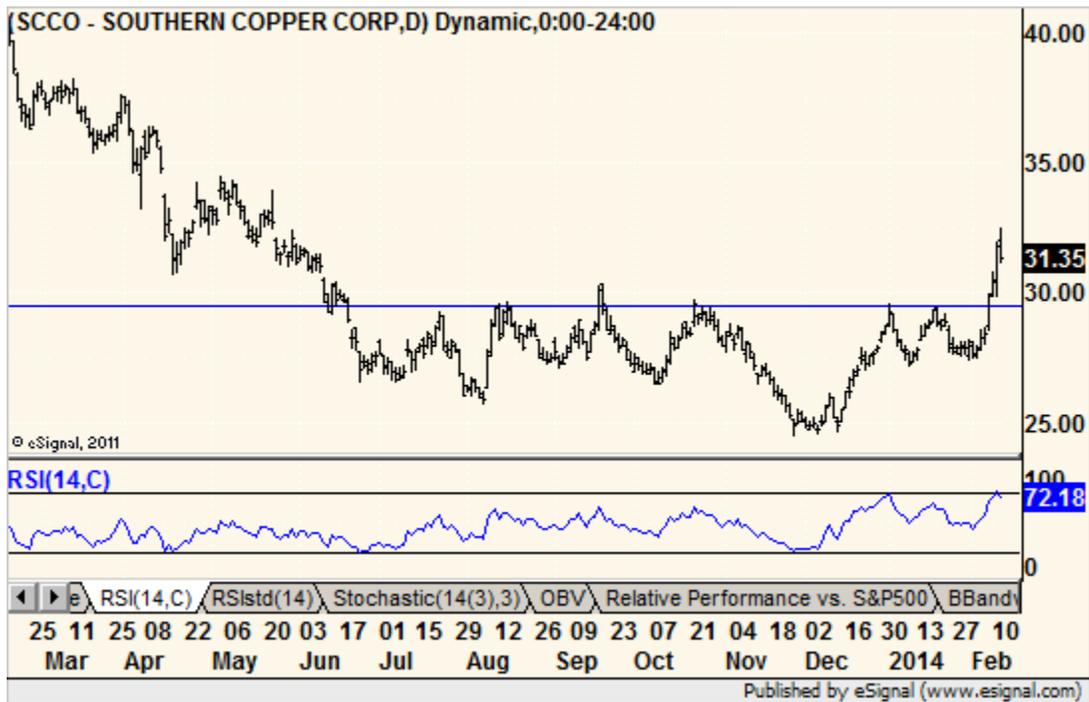
**Macy's** - Another individual stock with the head-and-shoulders pattern that "should" have formed in the S&P 500. This makes us think the index - which is just math - still has the spirit of the pattern and that is bearish.



**Regional Bank ETF** - We looked at KBE before and now here is KRE. Both sport reversals after bounces. KRE has a bounce off the trendline and near the 200-day. Looks like a bounce, not upside reversal and it is now ending.



**Silver ETF** - Quoting Blink 182 - "Watching, waiting, anticipating." This is the chart I did not run in my column yesterday. But close over 19.70.



**Southern Copper** - We are not buying but this gives support to copper the metal strengthening.



**L-Brands** - The former Limited Brands retailer is in a short-term down trend and challenging a long-term rising trendline. This could be a huge decline if the long-term line breaks. Holding Tank.

## 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. 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>NLY</b>	ANNALY CAP MGMT INC	10.85	9.7%	10.40	9.89	12/6	68
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	24.77	11.8%	24.00	22.15	1/13	30
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	7.85	0.3%	7.70	7.83	1/23	20
	<b>CORN</b>	TEUCRIUM CORN FUND	31.40	-0.5%	30.00	31.57	2/6	6
	<b>FCX</b>	FREEPORT-MCMORAN COPPER GOLD	32.78	4.5%	31.50	31.36	2/6	6
	<b>LLY</b>	LILLY ELI & CO	53.32	-1.2%	52.00	53.97	2/10	2
	<b>LXP</b>	LEXINGTON REALTY TRUST	10.87	-0.1%	10.25	10.88	2/12	0
<u>Short</u>	<b>AOS</b>	SMITH A O	48.00	4.6%		50.19	1/23	20
	<b>X</b>	UNITED STATES STL CORP NEW	26.50	-5.4%		25.06	2/3	9
	<b>CF</b>	CF INDS HLDGS INC	228.68	1.7%	240.00	232.61	2/11	1
	<b>XLP</b>	CONSUMER STAPLES ETF	41.39	-0.6%	42.50	41.15	2/11	1

**Notes:** Stopped out of two shorts. Looking back, there were signs that AOS could have been covered sooner but we would have removed any chance of a big winner.

And we took a hickey on the two gold related positions but we think that sector has broken out to the upside.

## 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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