

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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February 21, 2014 – So much for the market resting although we can easily see some more ups and downs before the next big move. So far, it look like more ups in the premarket. We are on the road today so comments will be brief.

Aside from the obvious downgrade of Ukraine debt, the biggest market observation we have is that social media is roaring again. Not all but most of the high fliers from last year are back to new highs. And last year's other leaders – **TSLA, GOOG, PCLN** but not **AMZN** – are also in new high ground.

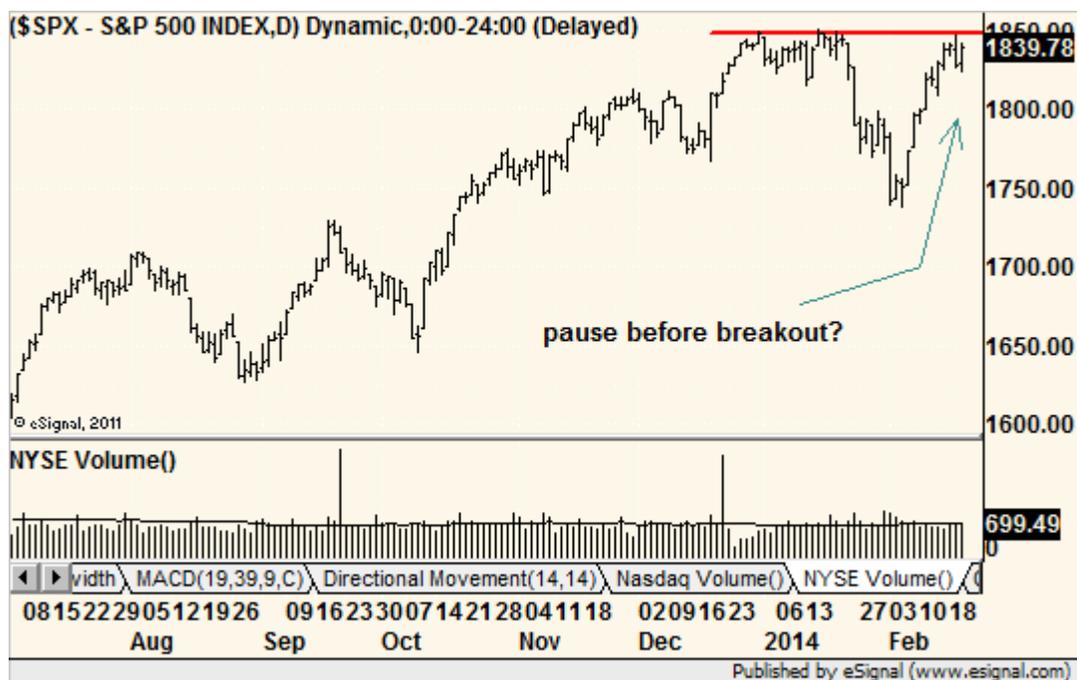
Given the WhatsApp buyout – and we never heard of it before this week – and the bitcoin debacle, the new order is back in the fore. I tweeted yesterday, quoting Charles Payne from Fox Business, that Elon Musk and Mark Zuckerberg are the new shapers of the country just as the railroad barons were in the 1800s. I would not be surprised to see Dow Theory replace the transports with the "New Media" index.



The hourly chart shows the dip at resistance and recovery. It also shows two trendlines that could represent the gradual rolling over of the market and be part of a three-line fan lines pattern – even with a marginal new high. It is too early to declare that one but we want you all to be aware that when we drill down to the micro level we can make a case for bulls and bears. But for now, the overall trend is up and we have to respect it. If and when it breaks out then we can add to longs.

As for bonds, that market is sagging and it is getting close to the point where we'll have to give the market to the bears – and higher interest rates. Chart below.

Index Charts of the Day



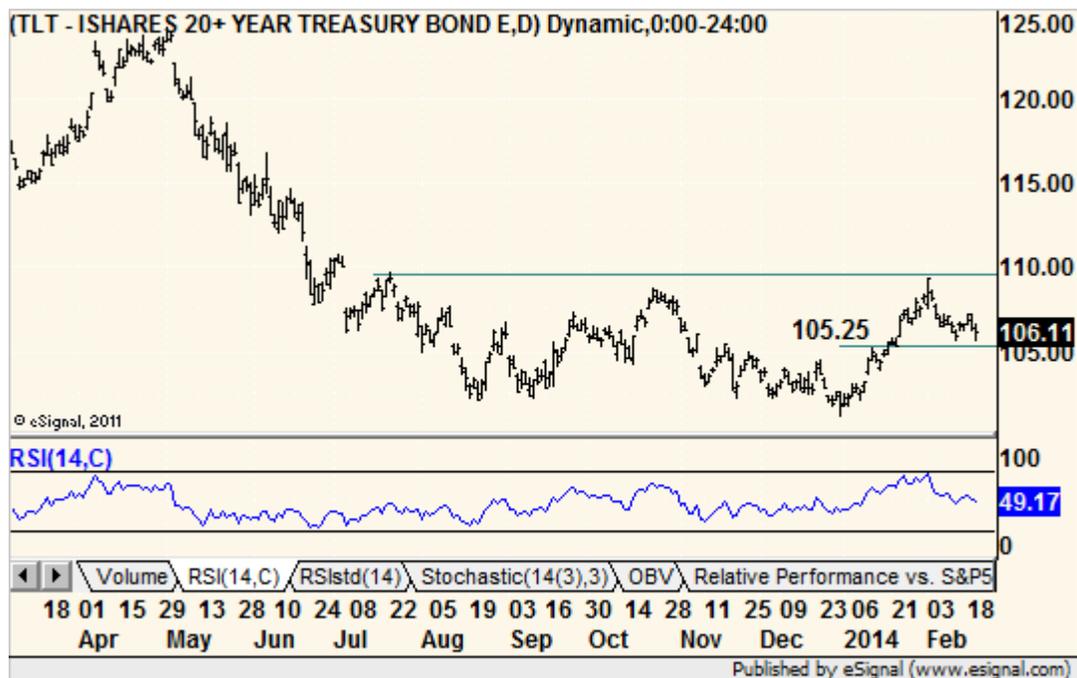
Just one index chart need today. Here, we see a pause at resistance, which could be interpreted as a “handle” in a cup-with-handle pattern. It still has to break out before it can be called bullish because the longer it fails to do so the less likely it will.

The Radar Screen

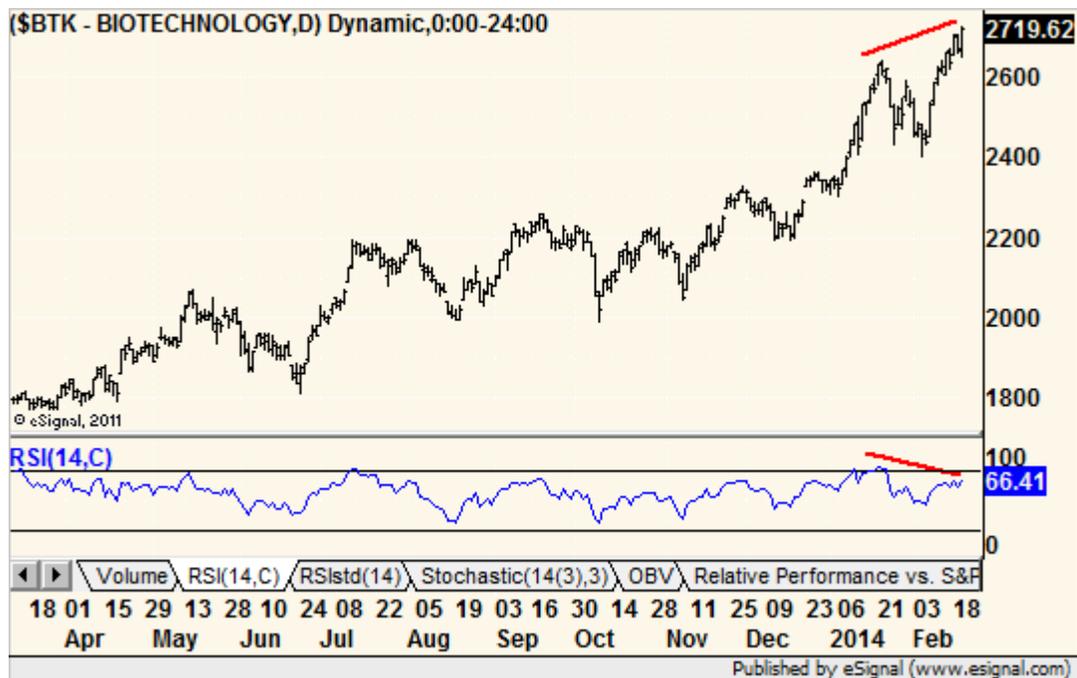
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Anglogold Ashanti AU – Removed because we do not see it dipping to our target	Removed	2/12
Starbucks SBUX - A breakout from the current pause would be hot. Buy close over 75.24. <u>Hammer candle. We may move the trigger lower.</u>		2/18
Seadrill SDRL - Officially adding this to the buy list at the open after sending out the intraday email Tuesday. See chart in Subscriber Corner below.	Triggered	2/20
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Tenneco TEN – Not coming down to test the breakout and give us entry.	Removed	2/12
Head-and-shoulders watch - Just consolidating the three stocks we had on watch for this pattern. MMM, M.		2/13
Rambus – This chip stock is in a nice pennant formation that has been in place long enough to flatten out its major moving averages. We'll watch this one for a breakout.	New	2/21
Sector Watch (observations that may spark ideas)		
Regional Bank ETF KRE - flag breakdown. .		2/13
Homebuilder ETF ITB - It's a sloppy pattern but it looks like a pause before the next upside breakout. Similar for TOL and SPF . Bull flag possible for KBH . Not bad considering the economic news this week. Resilient?		2/14
Updates		
none -		

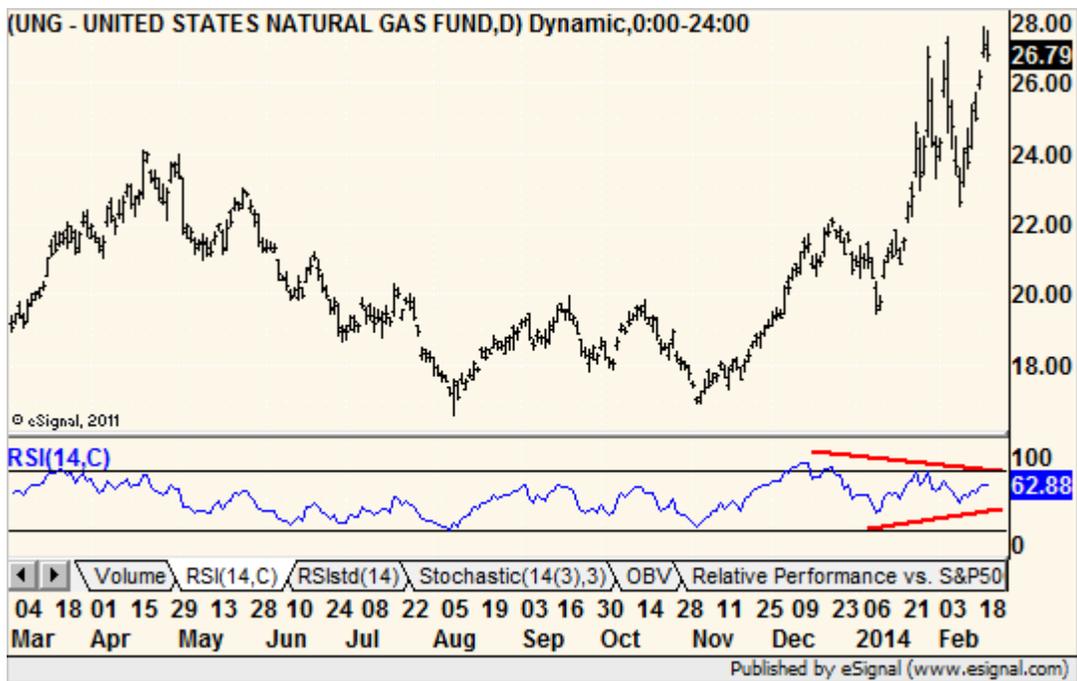
Market Highlights



Long T-bond ETF – The line at 105.25 is the 50% retracement of the Dec-Jan rally and is probably the place where we'll have to give up on the higher price, lower interest rates argument.



Biotech index – This is one of the strongest groups. Here, we are just offering up a bearish RSI divergence. No selling but it is something to watch.



Natural Gas ETF – We'll call this the chaos pattern. Not for us.



Rambus – This chip stock is in a nice pennant formation that has been in place long enough to flatten out its major moving averages. We'll watch this one for a breakout.

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>	NLY	ANNALY CAP MGMT INC	10.85	9.7%	10.50	9.89	12/6	76
	GDX	MARKET VECTORS GOLD MINERS ETF	26.67	20.4%	25.25	22.15	1/13	38
	JTP	NUVEEN QUALITY PFD INCOME FD	7.89	0.8%	7.70	7.83	1/23	28
	CORN	TEUCRIUM CORN FUND	32.35	2.5%	31.00	31.57	2/6	14
	FCX	FREEPORT-MCMORAN COPPER GOLD	33.75	7.6%	32.00	31.36	2/6	14
	LXP	LEXINGTON REALTY TRUST	11.10	2.0%	10.50	10.88	2/12	8
	SLV	ISHARES SILVER TRUST	21.00	6.4%	20.00	19.74	2/13	7
	NOV	NATIONAL OILWELL VARCO INC	76.38	-0.2%	73.50	76.52	2/18	2
	SDRL	SEADRILL LIMITED	36.44	-0.1%	34.25	36.49	2/20	0
<u>Short</u>	XLP	CONSUMER STAPLES ETF	41.69	-1.3%	42.50	41.15	2/11	9

Notes: Trailed several stops higher.

Sold **LLY** on the open yesterday after a gap up into resistance for a 7.2% profit in 10 days.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Cary – Yes, **DO** and **SDRL** are still in good shape. It's a marathon, not a sprint.

Other Information

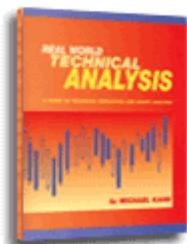
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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