

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**February 28, 2014** – February comes to an end today and for a seasonally weak month it was pretty good. Conversely, for a seasonally strong month, January was rather weak so does that mean March will not be its seasonally strong self? Nope. There is no trend to be had in whether a month follows its seasonals. Perhaps if one month was particularly "wrong" the next might overcompensate the other way but so far the "wrong" was not too bad.

What we are trying to say is that March and April are strong months and there is no reason to doubt them this year. That does not mean they absolutely will perform but the wind is at their backs.

Yesterday, the S&P 500 ended at a record high close. We take that with a grain of salt because it did not take out Monday's high, even on an intraday basis. Its status of a breakout is questionable so we'll wait for a true new high to party on. But with that said, the mid caps, small caps and micro caps all had upside breakouts that were a whole lot better in terms of looking like breakouts.

Other than the huge stumble in the crypto currency (bitcoin) world, today's news is the dollar, which ended its two-week bounce with a sharp decline. The culprit is the euro (and Swissie) which has a very sharp rally working today. Other currencies are flat to only slightly stronger. Flight to euro from Ukraine?

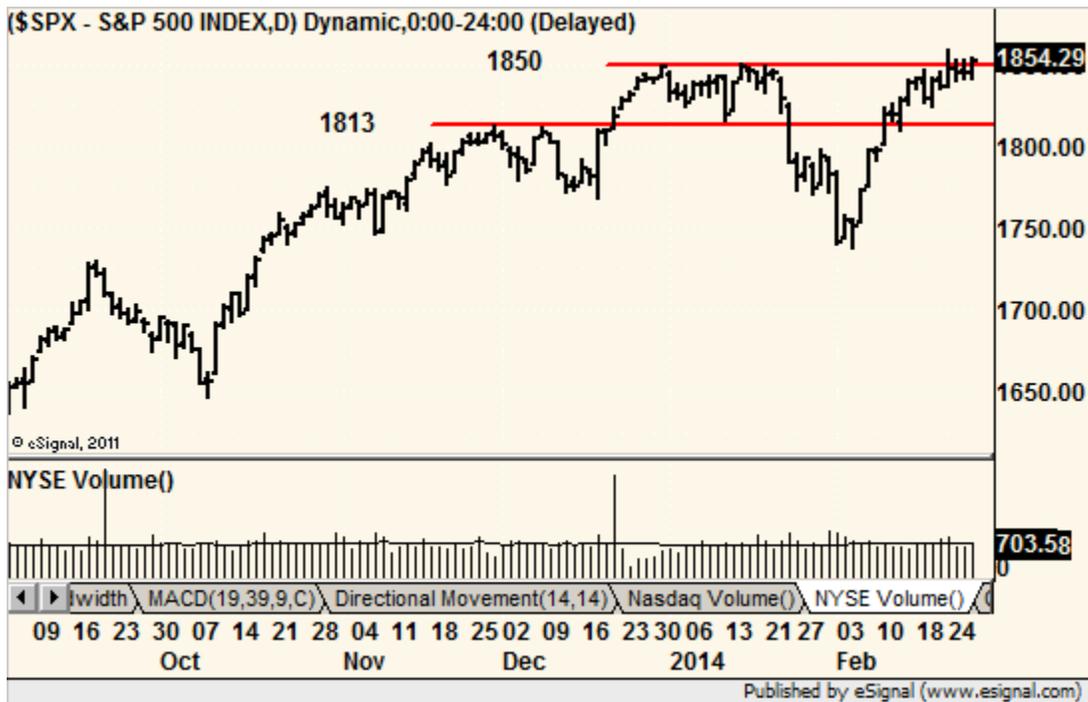
With bitcoin in trouble and the dollar down we'd expect gold to be up but it is not. We won't worry about that so much since the metal is still digesting its nice February rally.



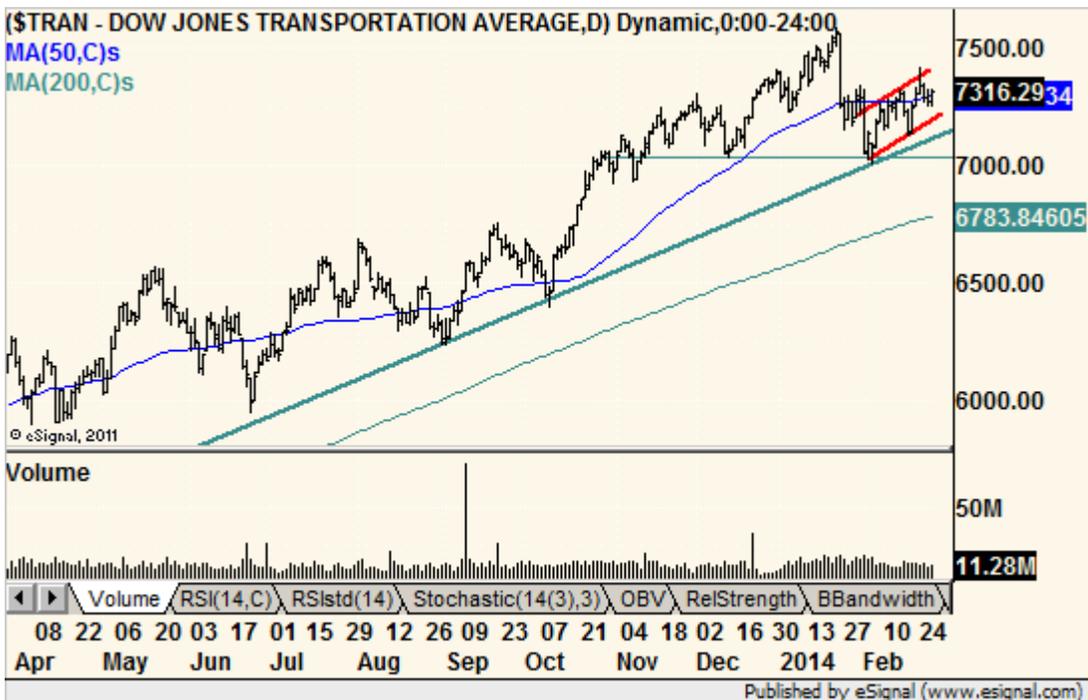
The hourly fan lines pattern is now fully developed and it is time for the market to make its decision. Support was recaptured immediately after the break so that is bullish. The bulls win with a new high. The bears win with a fan lines breakdown (two-pager on fan lines, [click here](#)). We cannot see much more sideways movement from here.

Closing with sectors: we like metals, energy and now retail. Financials continue to lag and some parts look ready to crack - major banks, financial exchanges (see <http://profitabletrading.com/stocks-etfs/sell/intercontinentalexchange-group-ice-stock-short-selling-strategy> for financials trade)

## Index Charts of the Day



A new high close is bullish but it is not quite the sea change breakout we need yet.



We just slapped some lines on the transports chart to see what pops up. We see a pause on the Nov 2012 trendline and trading on the 50-day average. Could go either way but it is lagging the market and therefore a bit more bearish than bullish. It is hard to imagine a sustained market rally without this group.

## 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>Family Dollar Stores FDO</b> - Here is a retail idea from a discounter. Just broke the trendline on big volume. Above the 50-day and now hitting the 200-day. RSI divergence, too.	<b>Triggered</b>	2/27
<b>DSW DSW</b> - A shoe retailer with a possible double bottom. Resistance at the 50-day average but nice RSI divergence in place. Buy close over 39.60.		2/27
<b>Bearish Implications</b>		
<b>FedEx FDX</b> - We have not had much luck finding nice short setups and that makes us nervous. Here is one possibility with a bear flag-looking bounce reversing at the 50-day average. Sell 131.		2/27
<b>Unknown Implications</b>		
<b>Rambus RMBS</b> – This chip stock is in a nice pennant formation that has been in place long enough to flatten out its major moving averages. Buy 9.65, sell 8.65		2/21
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Boeing BA</b> - This looks to be the real breakdown, especially compared to its sector - defense (indices <b>DFX, DFI</b> ).		2/24
<b>GM</b> - While Tesla soars, <b>GM</b> looks to be in a bearish wedge pattern at its 200-day moving average. We may sell the breakdown if the market sours.		2/25
<b>AT&amp;T T</b> - Waiting for value to come to papa at 30.25.		2/25
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Regional Bank ETF KRE</b> - shook off breakdown and is back in the hunt		2/13
<b>Homebuilder ETF ITB</b> - Still in a rising trend and bucking bad news		2/14
<b>Biotech</b> - One of the strongest groups but with possible RSI divergence. Trend seems accelerated now and that makes it vulnerable. Exhaustion gap hanging man possible on the <b>BTK</b> index.		2/21
<b>Retail</b> - Making a comeback. <b>ANF, AEO, ARO, URBN</b>		2/26
<b>Updates</b>		
none -		

## Market Highlights



**Long T-bond ETF** - Inverted head-and-shoulders or cup-with-handle. The difference between linen white and china white. Note money flowing in so our view that this will eventually break out still holds.



**US Dollar Index** - Still above support but clearly a breakdown from the recent bounce.



**Gold Miners ETF** - No reason to worry as long as the 20-day exponential average is intact. Resistance at 27 is now the key and a breakout then targets long-term resistance at 31. As for this being a cup-with-handle, that is officially a continuation pattern in a rally. This is a bottoming situation but it is also a tomaty-tomahto argument. We watch resistance above and the 20-day expo below.



**Healthcare ETF** - Just keeping tabs on the market's winner. The chart action is bullish but on-balance volume is starting to weaken just a bit.

## 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	11.17	12.9%	10.70	9.89	12/6	83
	<b>GDX</b>	MARKET VECTORS GOLD MINERS ETF	25.97	17.2%	25.25	22.15	1/13	45
	<b>JTP</b>	NUVEEN QUALITY PFD INCOME FD	8.03	2.6%	7.70	7.83	1/23	35
	<b>CORN</b>	TEUCRIUM CORN FUND	31.76	0.6%	31.00	31.57	2/6	21
	<b>FCX</b>	FREEPORT-MCMORAN COPPER GOLD	33.47	6.7%	32.00	31.36	2/6	21
	<b>LXP</b>	LEXINGTON REALTY TRUST	11.28	3.7%	10.75	10.88	2/12	15
	<b>SLV</b>	ISHARES SILVER TRUST	20.46	3.6%	20.00	19.74	2/13	14
	<b>NOV</b>	NATIONAL OILWELL VARCO INC	74.70	-2.4%	73.50	76.52	2/18	9
	<b>FSLR</b>	FIRST SOLAR INC	57.19	-2.2%	54.00	58.50	2/25	2
	<b>LTM</b>	LIFE TIME FITNESS INC	47.31	2.6%	43.50	46.09	2/25	2
	<b>BBRY</b>	BLACKBERRY LTD	10.49	-1.8%	9.75	10.68	2/26	1
	<b>FDO</b>	FAMILY DLR STORES INC	66.55	-0.9%	64.00	67.16	2/27	0
<u>Short</u>	<b>XLP</b>	CONSUMER STAPLES SELECT SECTOR S	42.06	-2.2%	42.50	41.15	2/11	16

**Notes:** We are highlighting **FSLR** to emphasize that this trade is borrowed from the gods. We were officially stopped out at 50 but we are going to follow it as if we properly changed the stop as intended. It still goes in our record books as a big loss.

Elsewhere, we raised the stops in the two real estate related stocks.

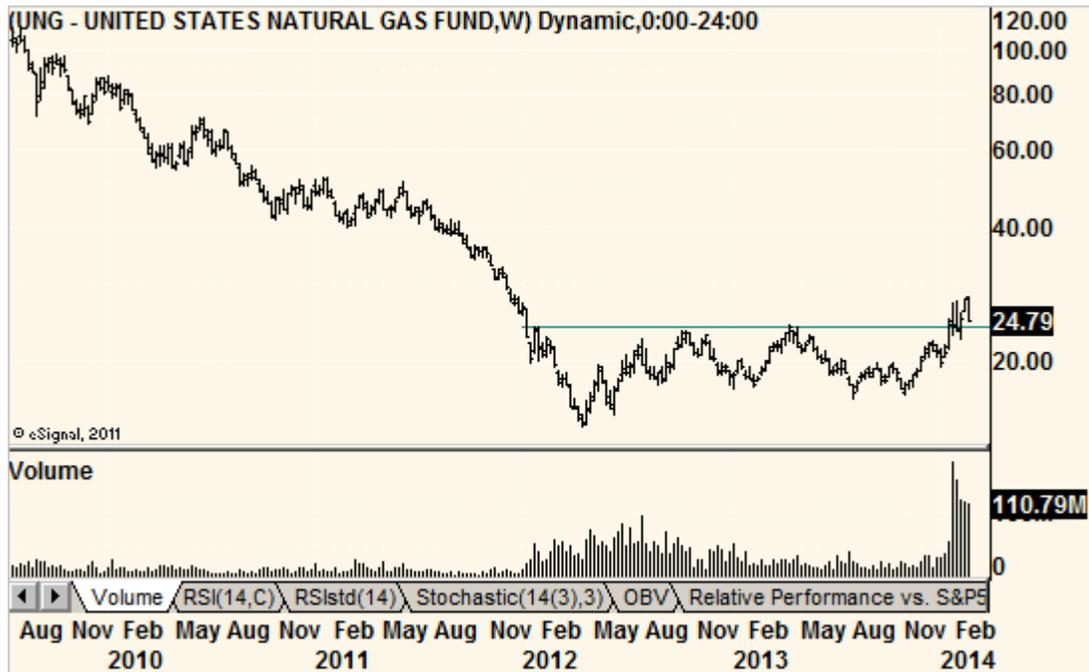
New long in **FDO** added at the open yesterday.

## Subscriber Corner

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



**Lions Gate Entertainment** - Not much of a hard conclusion here. The stock is lagging the market and trading in a short rising trend channel. A breakdown also breaks the major moving averages. Therefore, it is hanging in there until further notice. Not that attractive but not dead yet.



**Natural Gas ETF** - The heartbreak market for years - every time it looks alive it dies. Now, we have extreme volatility and huge volume. We'd prefer to buy this to put away for the long-term because it could easily dip to 20 without breaking a sweat even though it looks to have a true breakout in place.

## Other Information

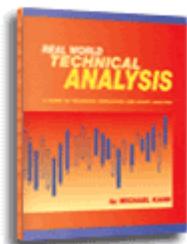
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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