

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**November 3, 2014** – Thursday it rallies on Fed follow-up. Friday it rallies on more QE in Japan. Over the weekend, while there was no real news, it did nothing. Considering how far the market moved up last week, that nothing seems rather bullish. But with the steepness of the rebound and seriously overbought short-term conditions it is also rather risky.

Check out the Big Picture section for a comparison to another sharp rebound period from the past.



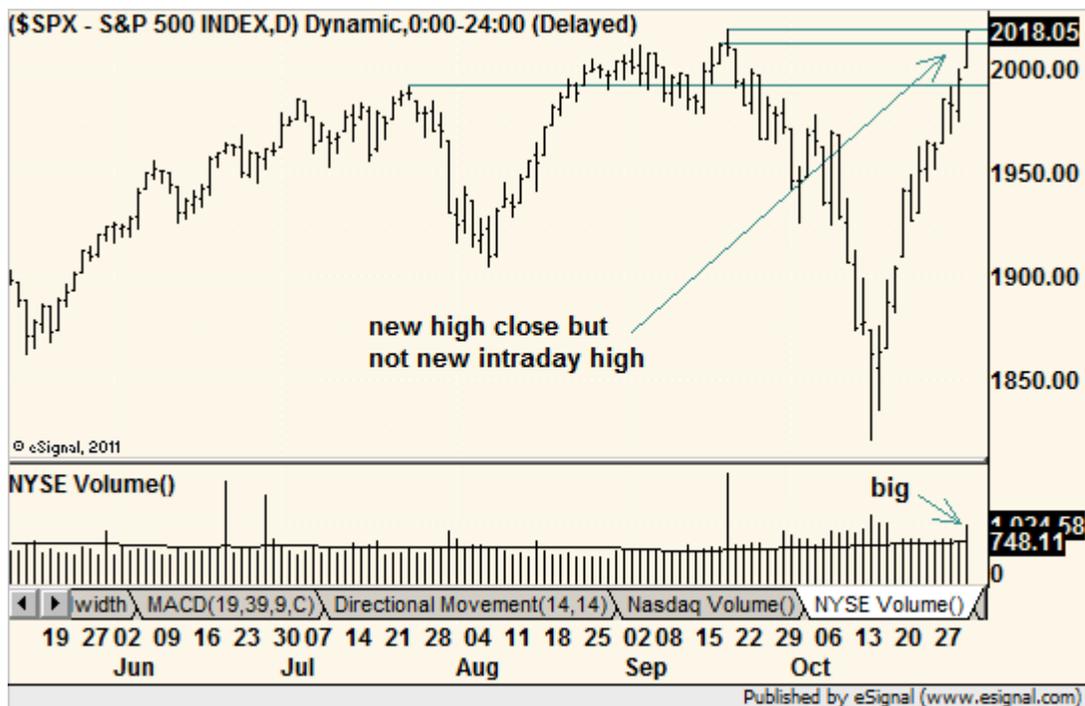
The hourly chart shows the morning jump Friday followed by a whole lot of nothing for the rest of the day lasting into the premarket this morning. A drop back into the channel first targets the channel bottom, which is no big deal for the bulls. From there, we look for a break of the lower channel line although there is little to suggest it will happen just yet.

With the yen taking a hit on the Japanese QE (continuing today), the dollar soared and gold plunged. Nothing new here except that gold stocks are now extremely stretched to the downside. They are also not far from the 2008 lows so check out the chart in Market Highlights. It is very close to time for a long trade there.

What we find useful in sector work is looking for groups that did not participate in the market-wide rally. Precious metals are a gimme but the next worst performers Friday were consumer electronics, mobile telecom, homebuilders and hotels. We've got a few examples below and they can be the start of the laundry list for selling once we are convinced it is time for the market to decline.

For now, the market seems numb. Bears are dazed. Bulls are probably worrying if this is too good to be true. And the mid-term election is tomorrow. I personally cannot wait for the political robocalls to stop.

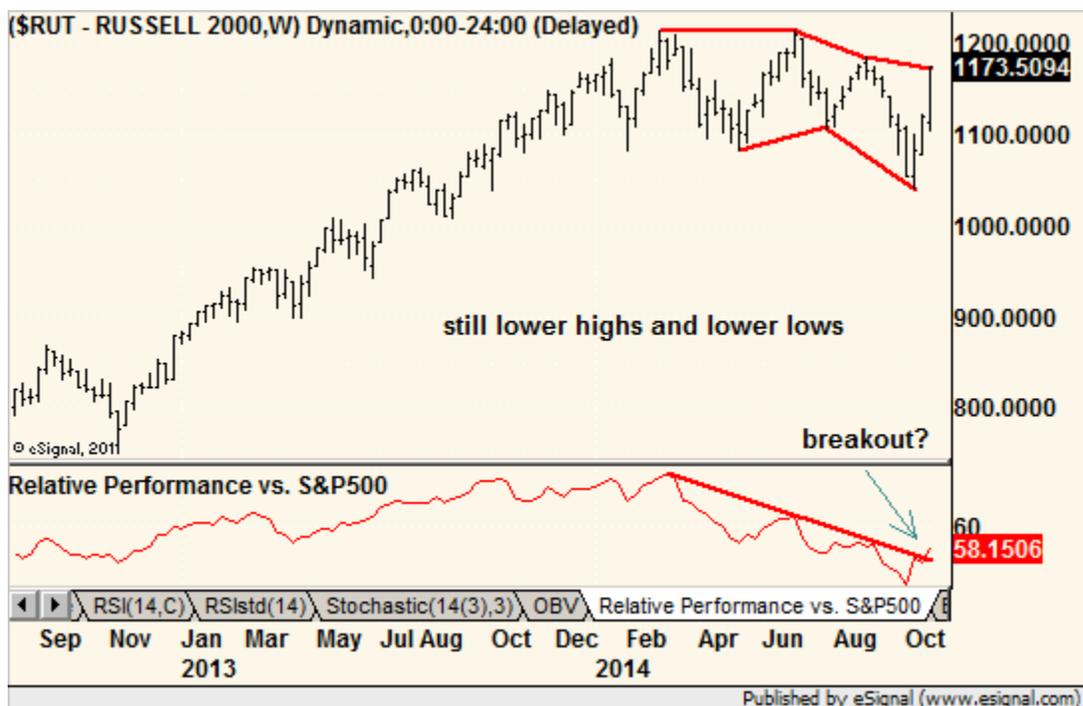
## Index Charts of the Day



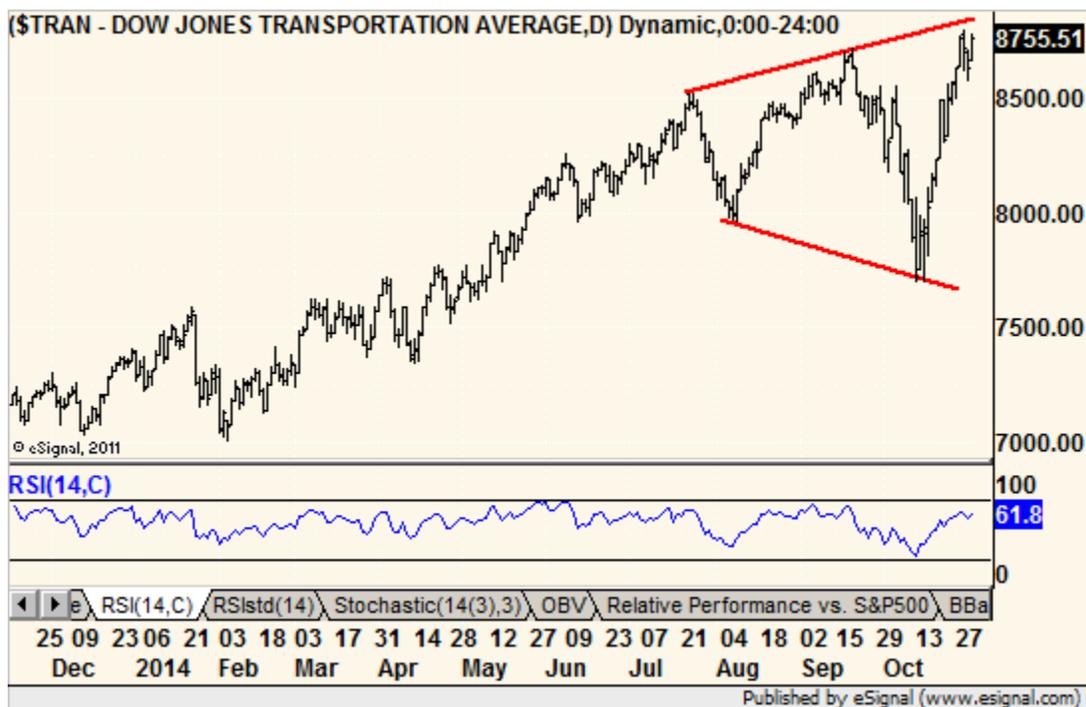
Why does a volume surge now feel climactic? The S&P 500 hit a new closing high and volume was heavy as the month ended. But after such a steep run it may be time to start looking to raise a little cash.



Big volume even though it made zero progress after the initial gap up. If, repeat if, it falls hard today then we'll get a sell signal.



Relative performance for the Russell may have broken out but the price trend is still down.



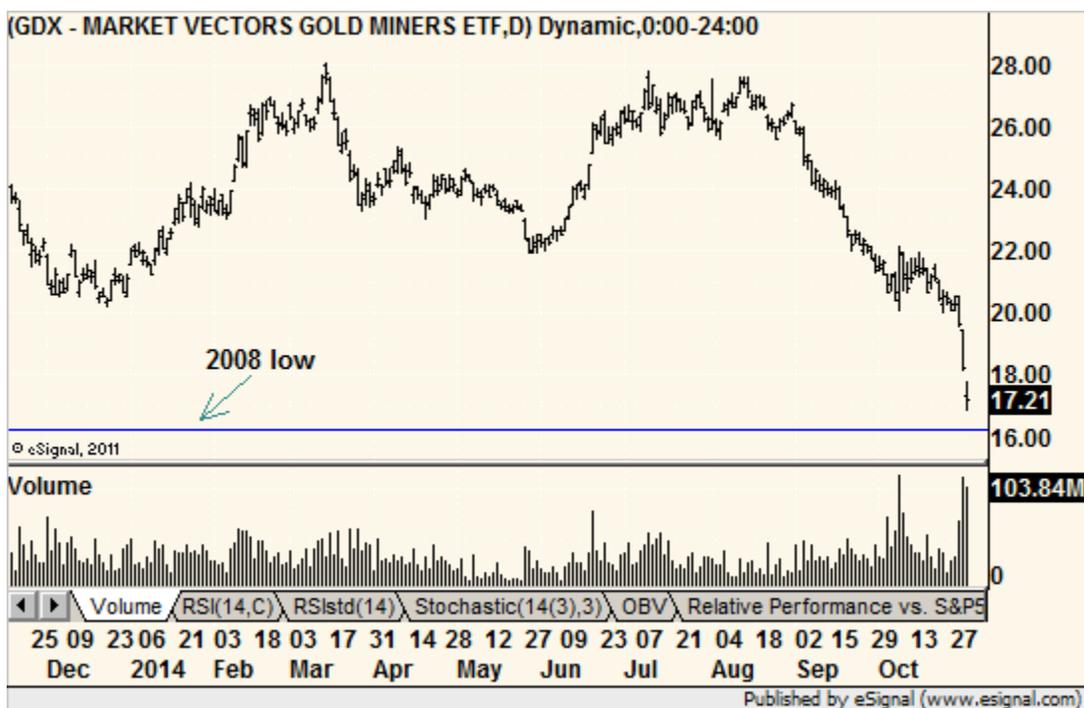
Transports still have the expanding triangle and the pullback from resistance was mild. That gives it a bullish bent but still in need of new highs to confirm. A move under last's week's low would be a sell signal within the pattern.

## The Radar Screen

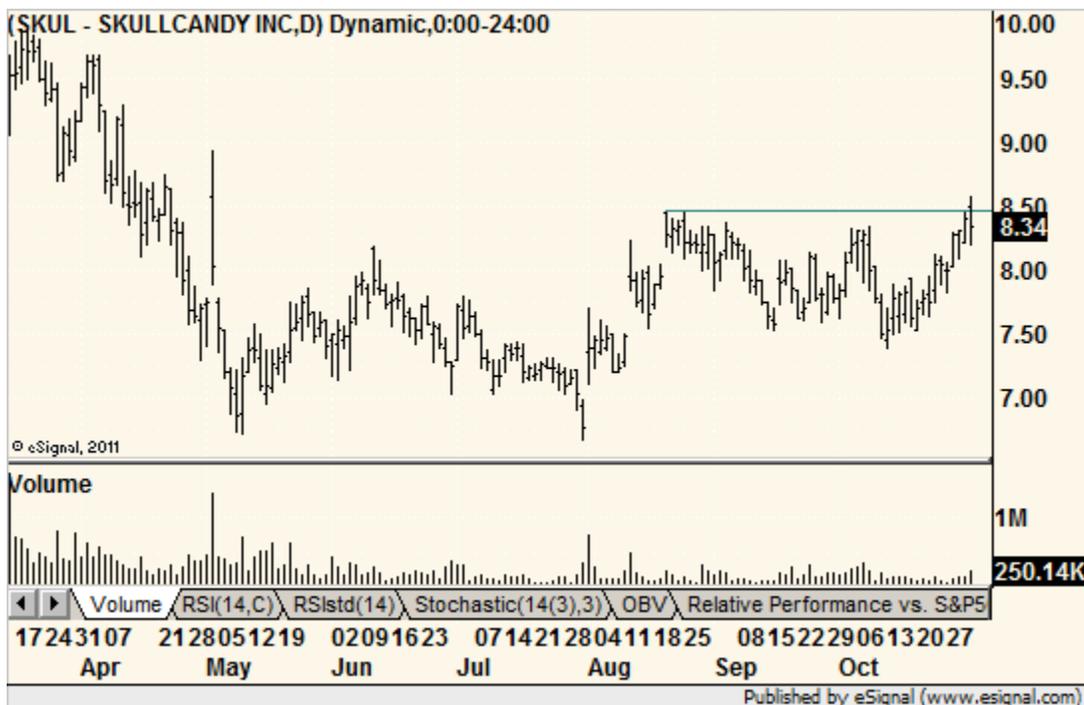
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>none -</b>		
<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>SkullCandy SKUL</b> - This company makes headphones and audio accessories. The stock made an initial breakout Friday but closed with a net loss on the day - a technical failure. A sell candidate should the market weaken. We won't go it alone in a rising market.	<b>New</b>	11/3
<b>Tivo TIVO</b> - A bearish intraday reversal at the 50-day average although it closed with a tiny net gain. Considering the strength in the market that day, this is not a good sign. Big P/E, too.	<b>New</b>	11/3
<b>Marriott MAR</b> - Several hotels failed Friday afternoon after big morning gains. This one is overbought but we need confirmation and a weaker market before selling.	<b>New</b>	11/3
<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.	<b>New</b>	11/3
<b>Hyatt Hotels</b> - A rather weak stock for such a strong week in the market.	<b>New</b>	11/3
<b>SBA Communications SBAC</b> - Big reversal and breakout failure.	<b>New</b>	11/3
<b>Lennar LEN</b> - One of many homebuilders that have weakened considerably. This one is at resistance in a small range. Momentum was not great on the rally and volume (not shown) fell.	<b>New</b>	11/3
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Gold Miners</b> - Extreme bearish sentiment and nearing its 2008 lows.	<b>New</b>	11/3
<b>Hotels</b> - Some, not all, have weakened considerably.	<b>New</b>	11/3
<b>Updates</b>		
<b>none -</b>		

## Market Highlights



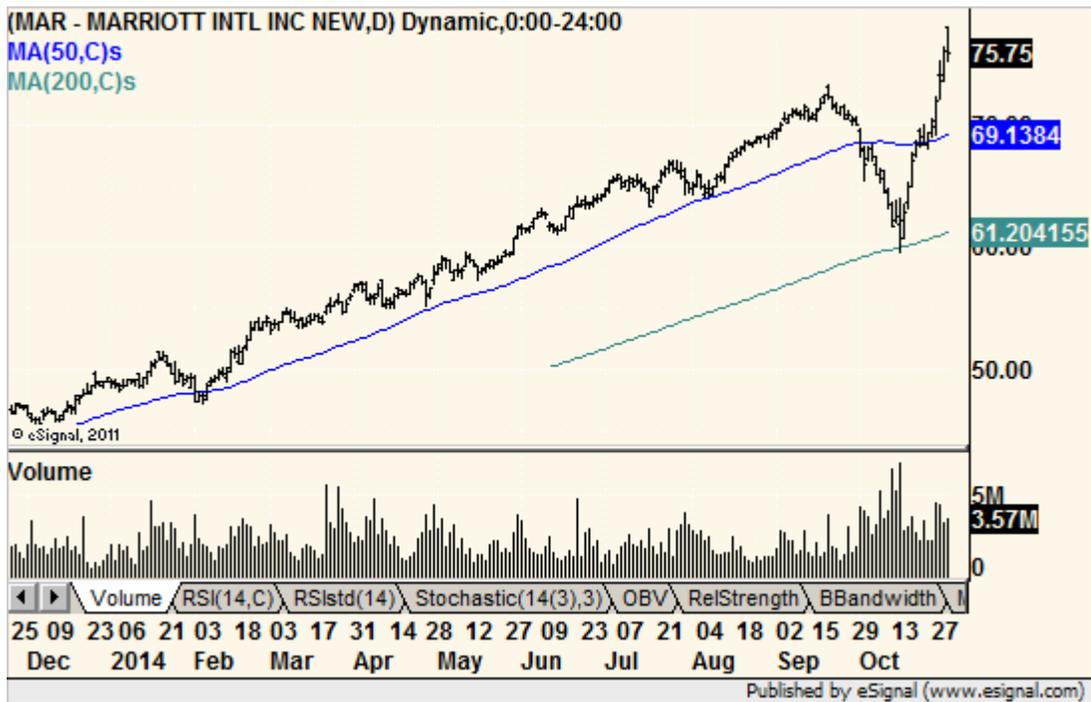
**Gold Miners ETF** - Bullish percent in this sector has gone to zero - really! That is major support and with huge volume on the "obvious" support break it may be time to get back in here. However, as I wrote last week in my column, the seasonals are still positive for a few more weeks and this is still a falling knife.



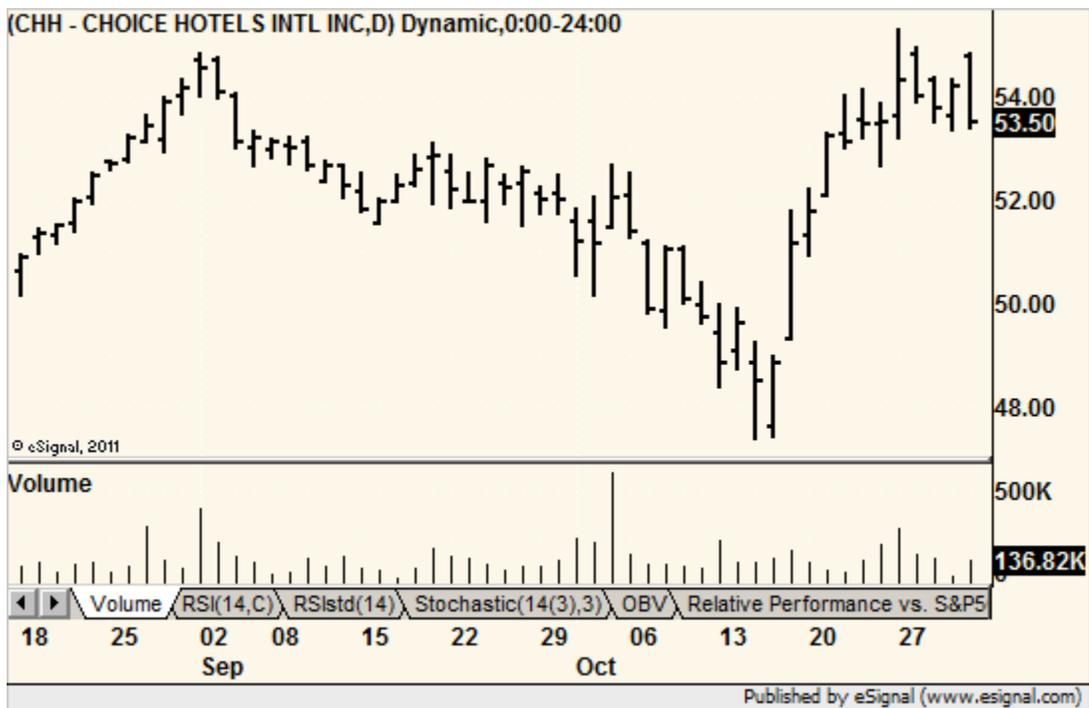
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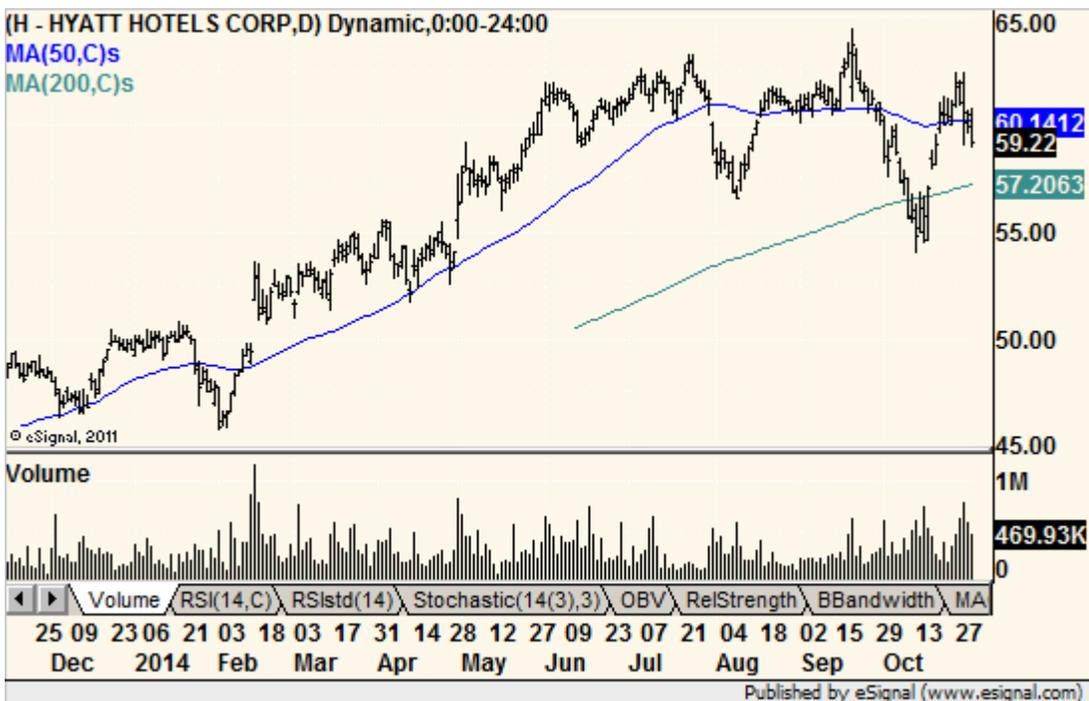
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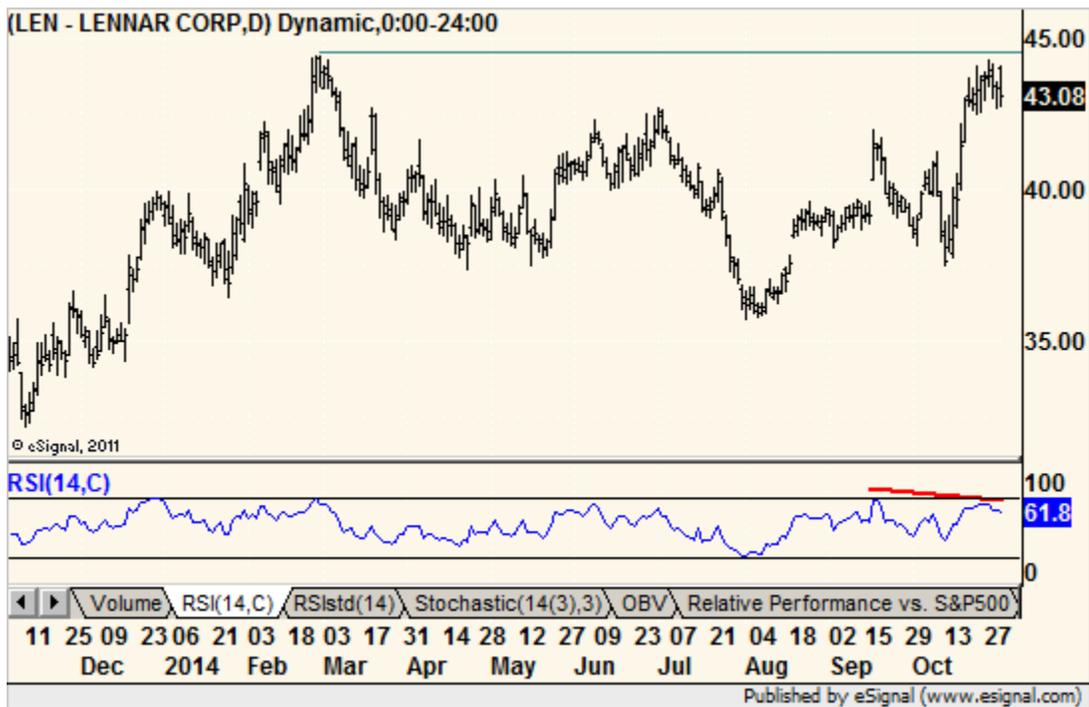
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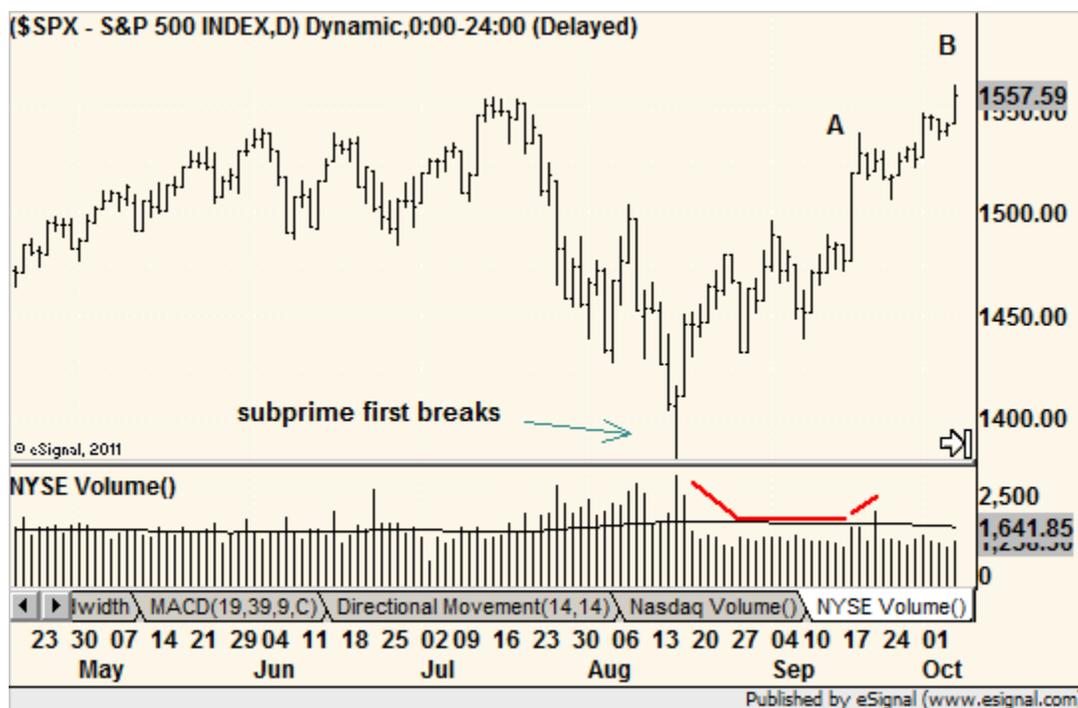


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## The Big Picture

In this section, we take a macro look at things.

### Have we seen this before?



Here, we see the S&P 500 in late 2007. The news of the subprime crisis broke in August and left a monster bullish reversal (a hammer in candlesticks). Volume for the ensuing rally was low until mid-September, which is spiked a bit.

The question, assuming this analog is correct, is whether the market today is at point A or B on this chart. We can say A because of the volume spikes last week. But we can say B because it retraced the entire decline as the market has done today.

In 2007, the market rallied for 2 1/2 days more before scoring a bearish reversal bar. That was the end of the 2003-2007 bull market.

## 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>AMTD</b>	TD AMERITRADE HLDG CORP	33.74	9.5%	33.00	30.80	10/21	11
	<b>MANH</b>	MANHATTAN ASSOCS INC	40.11	14.8%	sell	34.93	10/21	11
	<b>ALL</b>	ALLSTATE CORP	64.85	3.4%	62.00	62.71	10/27	5
	<b>KKD</b>	KRISPY KREME DOUGHNUTS INC	18.92	3.7%	18.00	18.25	10/28	4
<u>Short</u>	<b>none</b>							

**Notes:** Selling MANH as it formed a doji candle at resistance after a strong run.

Otherwise, raising stops all around. **AMTD** also formed a doji star and its stop is just below the window (gap).

## 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

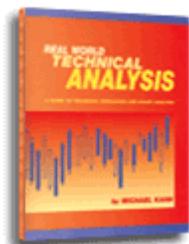
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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