

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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December 2, 2014 – It was interesting to follow the news progression from last Friday through the weekend and into Monday. Black Friday was supposedly strong on falling oil prices, then maybe not so much because it started weeks ago, to quote "Wall Street slips on Weak Retail Performance." This brings us to the slogan from the stock proctologist's website - "we don't know and neither do they."

Let's go with the latest thought that retail did not fare that well. What do the charts say? Find out below but right now the **XRT** ETF still has a breakout in force. Of course it can change but until it does we have to think an overbought **RTH** ETF says retail is doing well. That does not mean we are buyers today but let's not panic, either.

A bigger story is that - after the supposed rotation into financials - was the real break in the banks. The regionals were hit hard and the **KRE** ETF is actually back into the large pattern it broke out from in October. Chart below.

Let's talk oil. My Barron's Online column yesterday was on the oil decline and as usual my editor hung me out to dry with the headline "Time to Buy Oil Stocks." If you read the story you would see I said many sectors are still in trouble but a few of the majors looked solid enough for a nibble. And they wonder why my hair is turning grey. Anyway, oil had a nice rebound yesterday but so far the dead cat crew is still in the game. Now let's see if there is some sort of O'Neil follow-through day pattern to tell us that demand in the market is back. We think raiding your IRA to sell big oil stocks now is a mistake.

And gold. Huge rebound. We may have been stopped out of **GDXJ** but we are not giving up on gold.

Now stocks. The news there was three-fold.

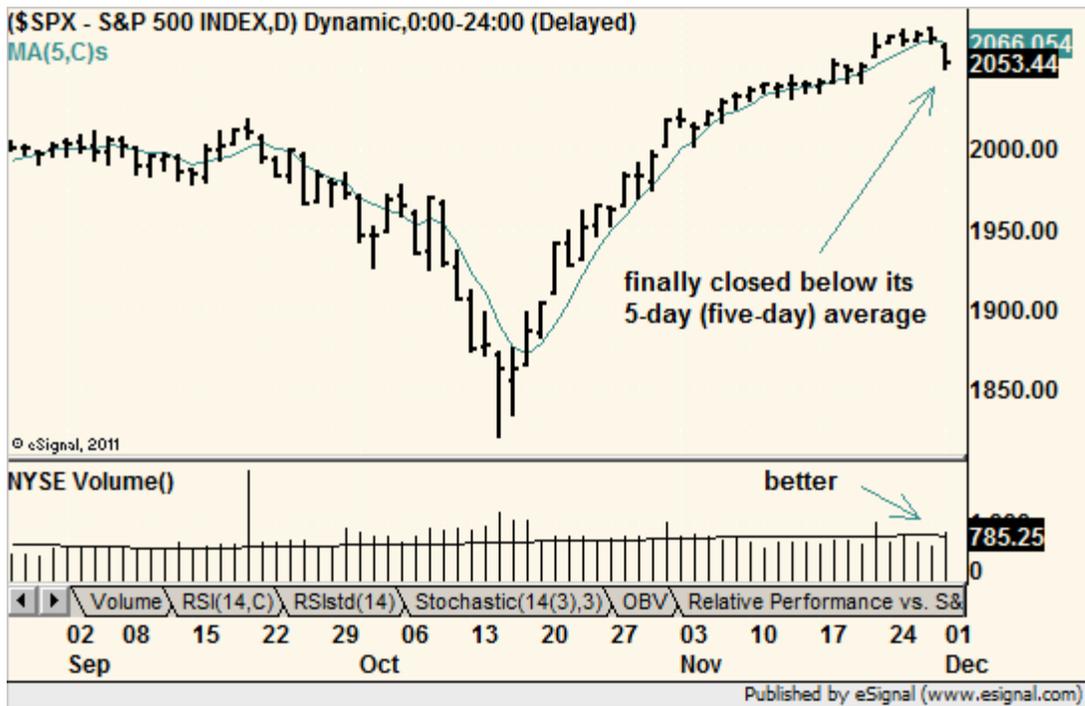
- The S&P 500 finally closed under its 5-day average after a record setting streak.
- Small caps once again led to the downside.
- The transports were worse as airlines backed down rails and trucks continued lower and marine was crushed.

In sectors, the biggest loser list was filled with heavy industrials, including transports. And coal. What would a losers list be without coal?

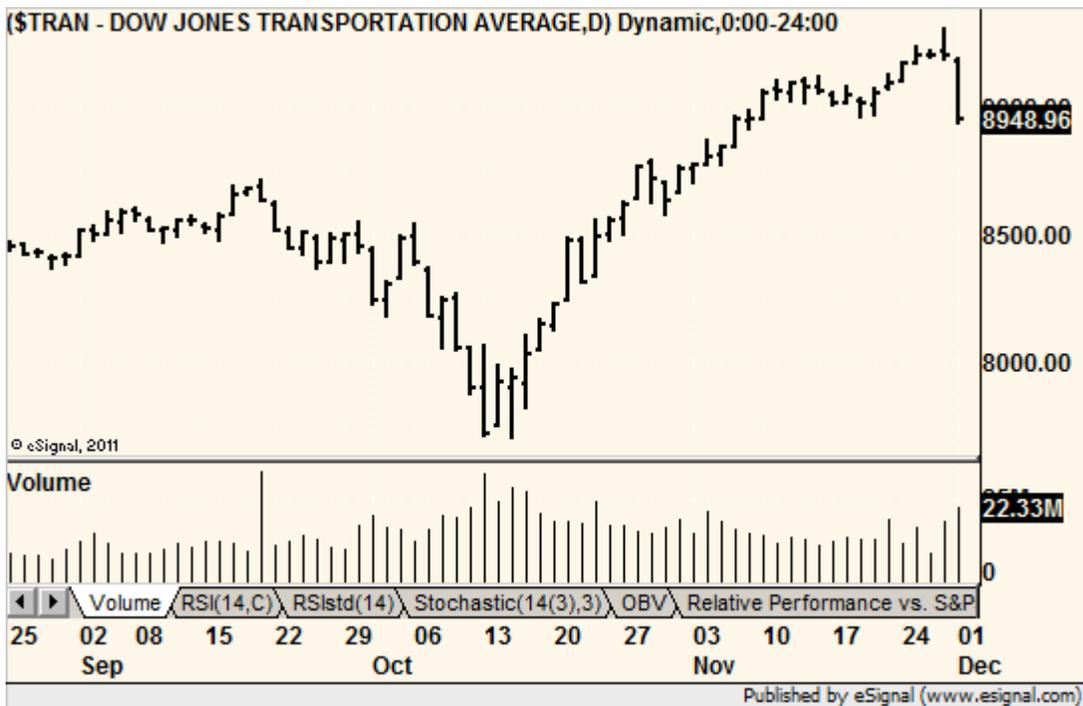
Finally, the copper/gold ratio, which supposedly tells us whether the market is looking for growth (copper) or hedging (gold), has broken down. Despite the gold thrashing, copper was worse and that is not an endorsement of the economy.

The bottom line is that the stock market looks heavy. The new lows list beat the new highs list yesterday and the only thing that seems to have prevented an actual Hindenburg Omen signal was the slope of the market's moving average, according to one chat list we follow. We say there was smoke yesterday and smoke Friday when there were huge numbers of highs and lows at the same time, albeit more than twice as many highs as lows. Where there is smoke.....

Index Charts of the Day



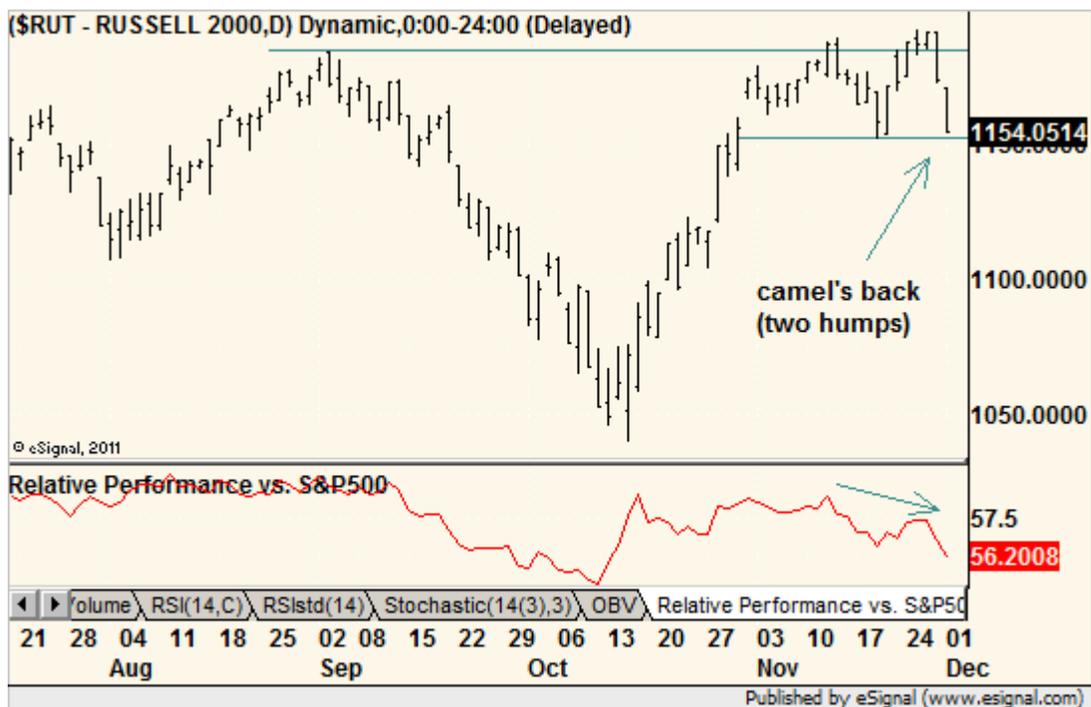
The S&P 500 finally broke its record-setting streak vs. its 5-day average.



The transports confirmed Friday's intraday failure with a big decline.



An arguable evening star candle pattern for the Nasdaq.



The Russell is in the edge of a cliff.

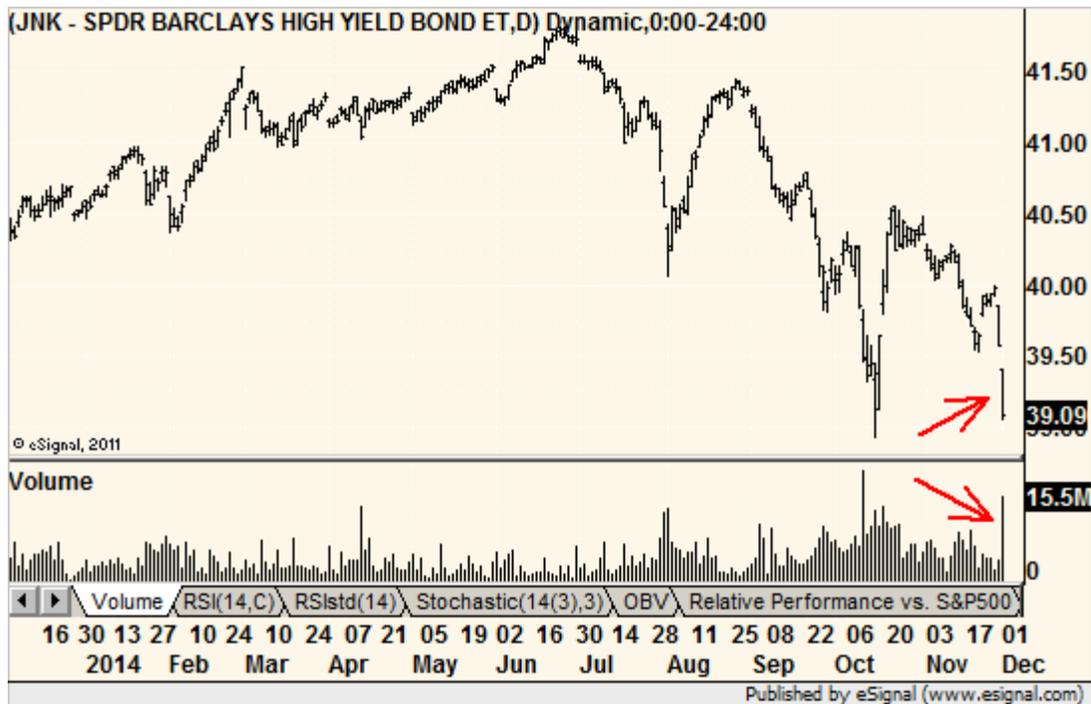
The Radar Screen

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.

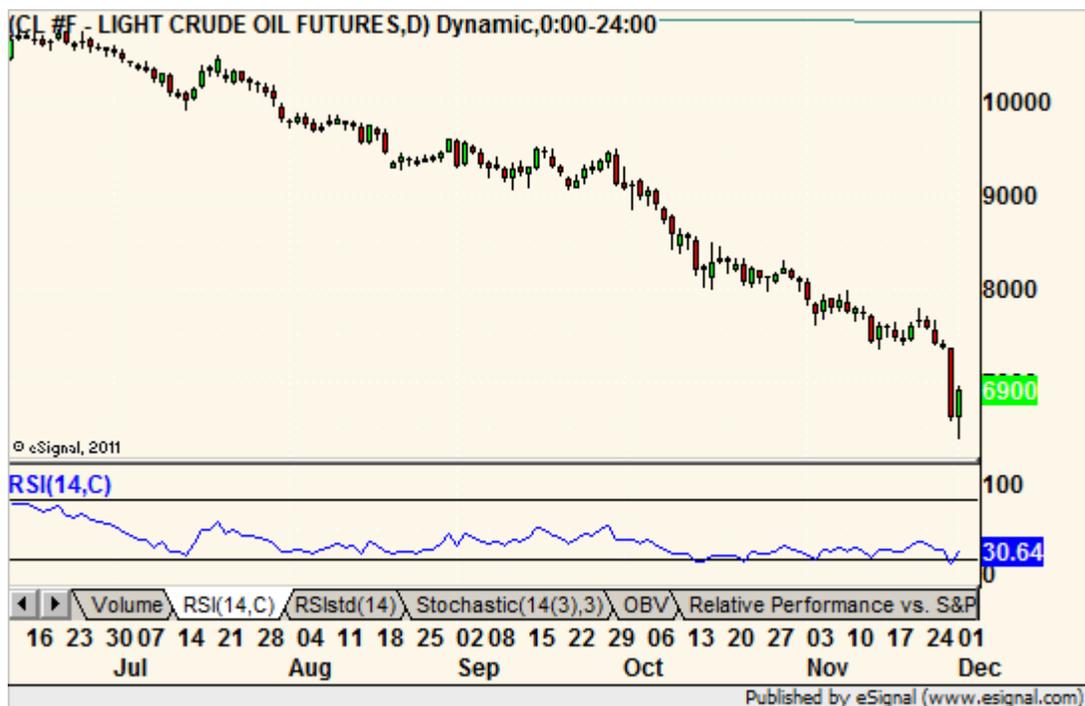
>>> No picks or pans again today.

Bullish Implications		
Vishay Intertechnology VSH - This electronic component maker is now bumping up against resistance. On-balance volume is already back to its 2014 high so we are on alert for a breakout. Buying close above 14.05.		11/17
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Axiom ACXM - Inverted head-and-shoulders setup for this marketing database and intelligence company.		11/24
Sector Watch (observations that may spark ideas)		
Industrials - surprisingly weak relative to the market.	New	12/2
Updates		
China - What reversal? Still kicking it		

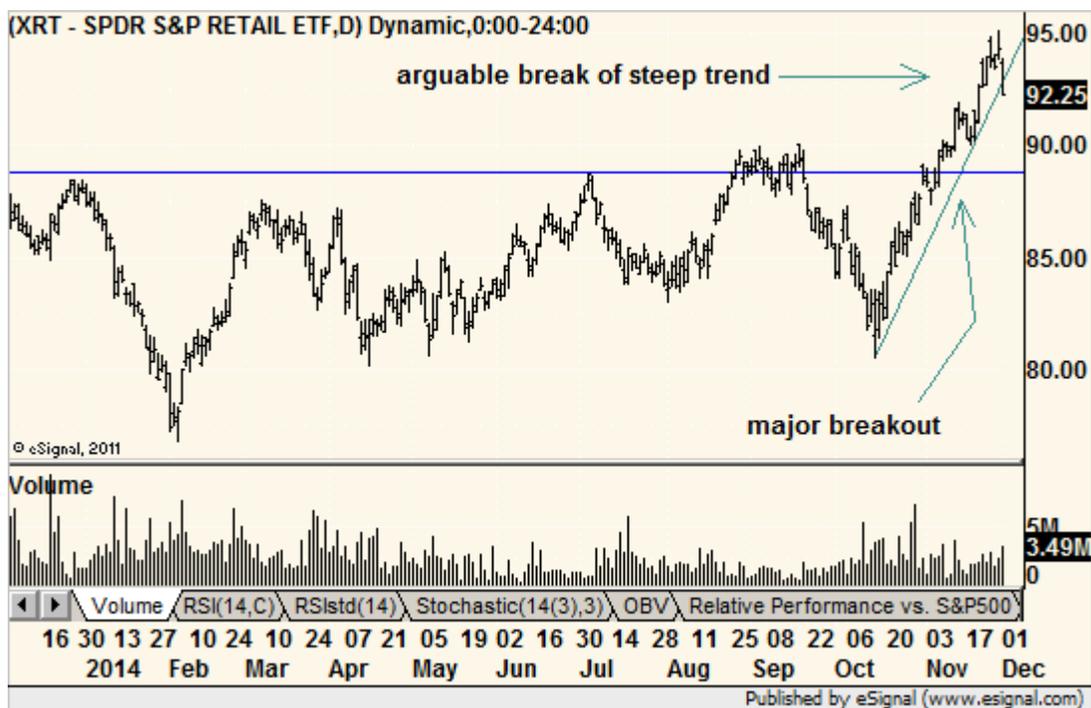
Market Highlights



Junk bond ETF - Holy risk-off, Batman!



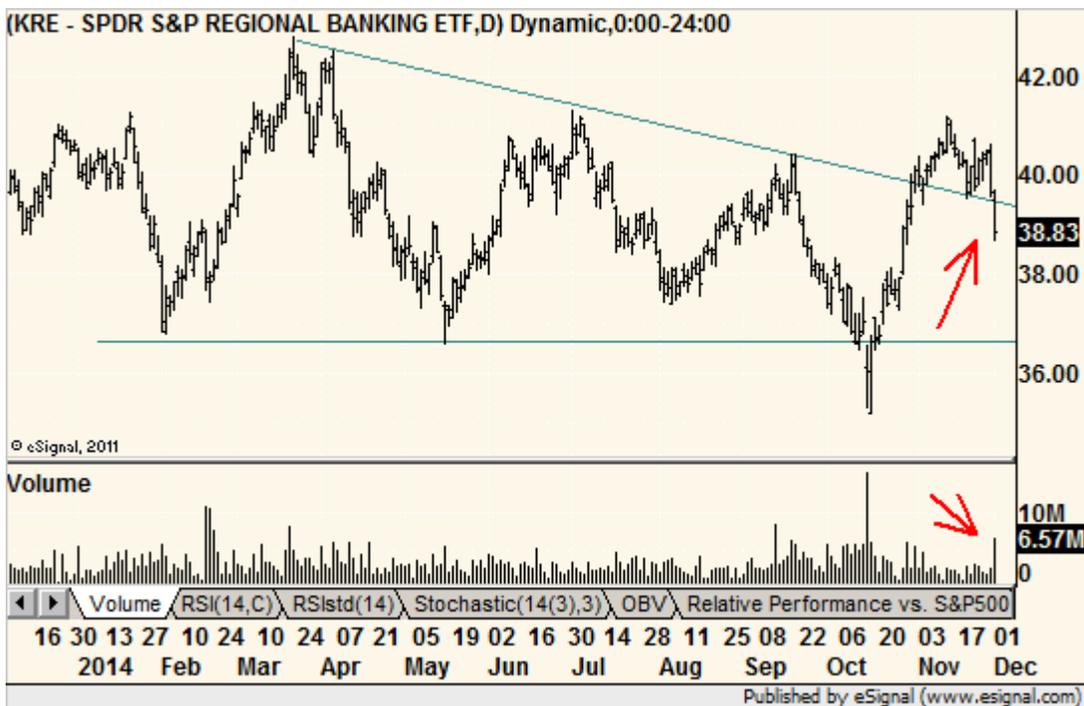
Crude Oil - Not quite a hammer bottom but it was a one-day reversal to the upside. We cannot call that a definite bottom but it is in the conversation.



Retail ETF - The premarket is higher so this may just have been an intraday overshoot of the supporting trendline. See next chart...



Retail ETF - This ETF is not as active as the one above but due to its different composition it reached overbought conditions. That means it can pause but to even get there it had to have a lot of buyers buying. Look what it did Friday - way up! Again, we are not saying to buy but rather to follow the charts instead of the headlines. Retail is far from dead.



Regional Banks ETF - Back below the old trendline and into the old pattern.



Apple - The flash crash. No forecast offered. Interesting tidbit - ZeroHedge said that Apple lost an American Airlines in under a minute (talking market cap). It got a few upgrades this morning and softened. That is not good.



Copper/gold ratio - The chart is more of a mess than an indicator but it was not a good November. This suggests the market is leaning towards nervousness.



NYSE Advance-Decline - While the new highs and new lows are huge, they still lean towards the former. The advance-decline did make a new high so on this front things are OK. The Nasdaq version, which has always had a more negative bias over the years, has been falling since March so perhaps things are not quite as rosy as the NYSE version suggests.

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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	ALL	ALLSTATE CORP	67.61	7.8%	66.00	62.71	10/27	35
	K	KELLOGG CO	66.09	2.4%	64.50	64.53	11/6	25
	YUM	YUM BRANDS INC	77.38	5.3%	75.00	73.50	11/10	21
	DKS	DICKS SPORTING GOODS INC	48.91	2.4%	48.75	47.75	11/14	17
	LULU	LULULEMON ATHLETICA INC	47.04	2.3%	46.00	46.00	11/20	11
	NDLS	NOODLES & CO	24.38	6.0%	23.25	23.00	11/21	10
<u>Short</u>	TIVO	TIVO INC	12.05	7.1%	12.75	12.90	11/10	21
	JPM	JPMORGAN CHASE & CO	60.00	0.0%	62.75	60.00	11/20	11
	YHOO	YAHOO INC	50.10	1.0%	53.00	50.60	11/20	11

Notes: Sold **KKD** yesterday at the open after a Friday bearish reversal. Of course, it dipped at the open before rebounding but that's the breaks. Still not bad - 11% profit in 35 days.

DKS had a bad Monday and is close to its stop. We'll look to sell any strength now unless it is stopped first.

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 Fern - The **Hindenburg Omen** is a complex indicator with a lot of conditions. The spirit of the pattern is that when the market is in rally mode but there are large numbers of new highs and new lows at the same time it is unstable. That means it is at risk for a big fall. Keep in mind one instance of the signal is meaningless. It has to fire several times in a cluster to sound the alarm.

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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