

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

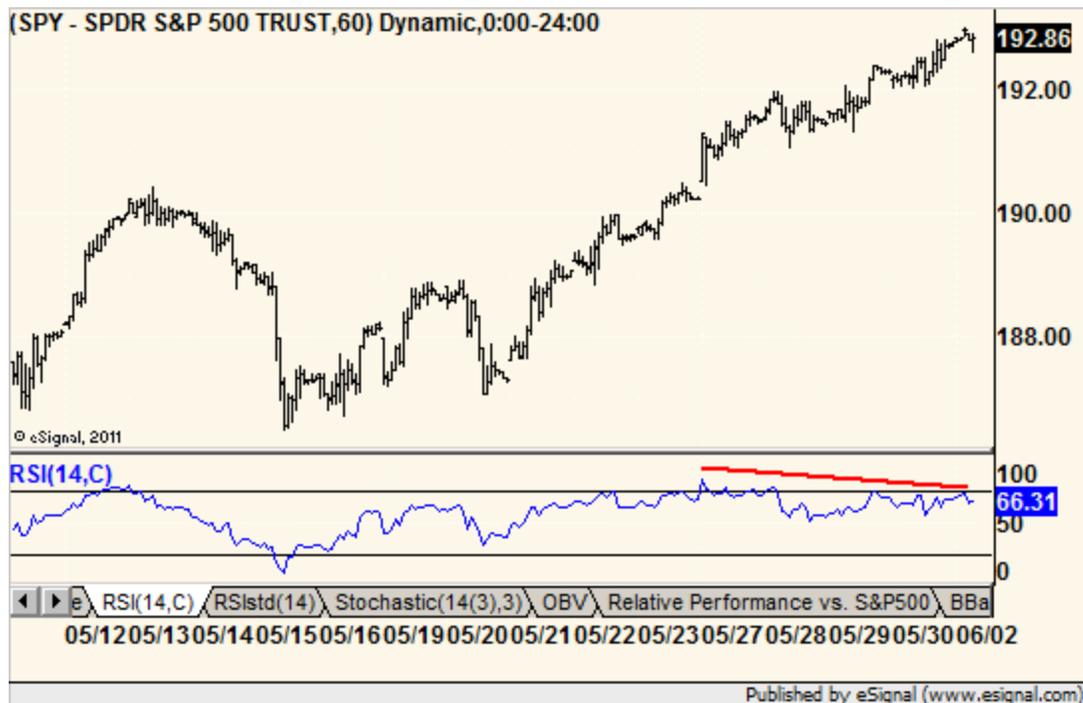
**June 2, 2014** - It's now like we have no choice but to buy everything there is. That's what it's like but not what we should do. The same nagging problems of low fear, low volume, low interest rates and now worries that profits are not what they were supposed to be are all drags on the market. But in true [Mark Bavaro](#) fashion, the trend is carrying them all on its back as it moves higher.

The problem is that these factors do not matter until they do. Yes, a silly slogan but the point is that the market can resist what "should" bring it down a lot longer than we can fight the trend (sort of another Wall Street saw). Such conditions will eventually bring this market down so our job is to play along but in a way that lets us sidestep the inevitable.

True, there is no way to "beat the market" using this stance but we won't get smushed if and when it really corrects.

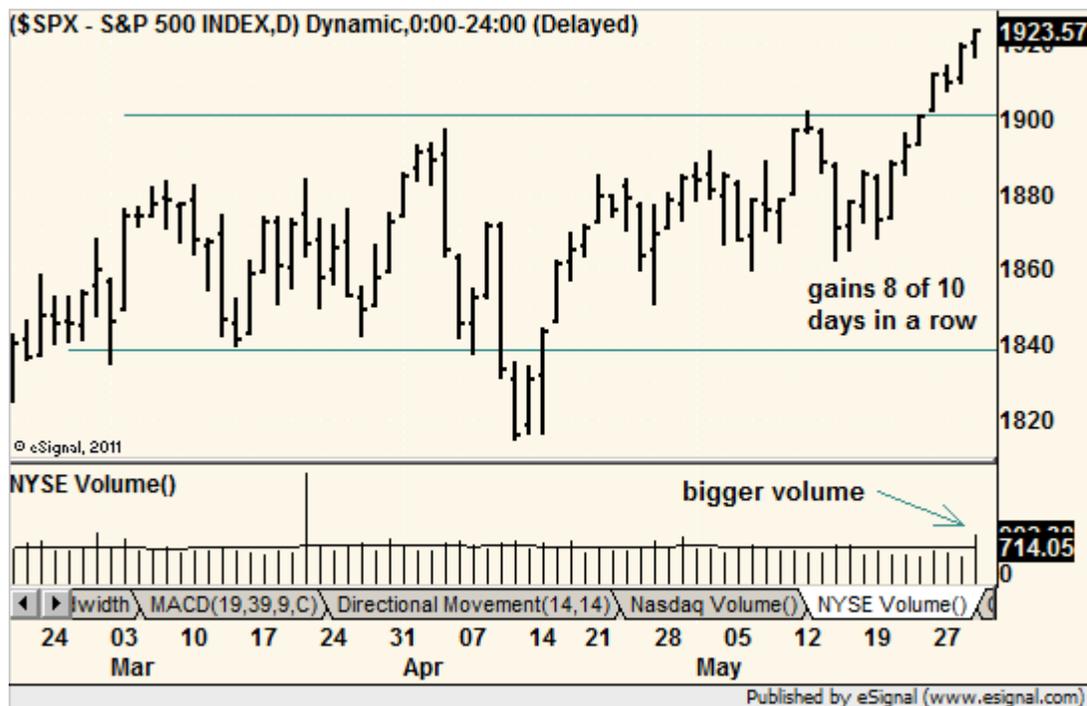
Friday, we ran a chart of 2011 and suggested the current market is close to the same sort of peak. A small decline followed by some ups and downs in a range until the bottom falls out in August. If we do nothing we make nothing. If we jump in with both feet we get volatility and risk. And if we fight it, of course we get instant losses.

For what it's worth, June in a mid-term election year is historically weak. We've stolen that chart and printed it below.

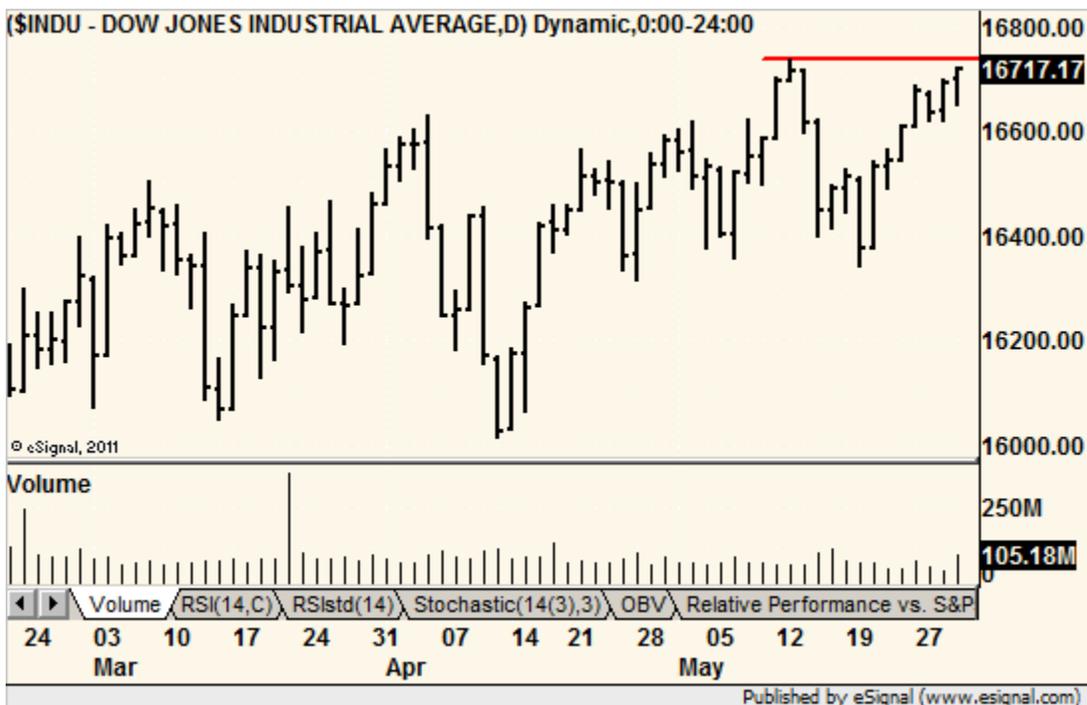


The hourly chart is just a continuation of Friday's. Prices moved higher and momentum eased flat to lower. It is just a heavy looking short-term trend at this point but not enough to say short it.

## Index Charts of the Day

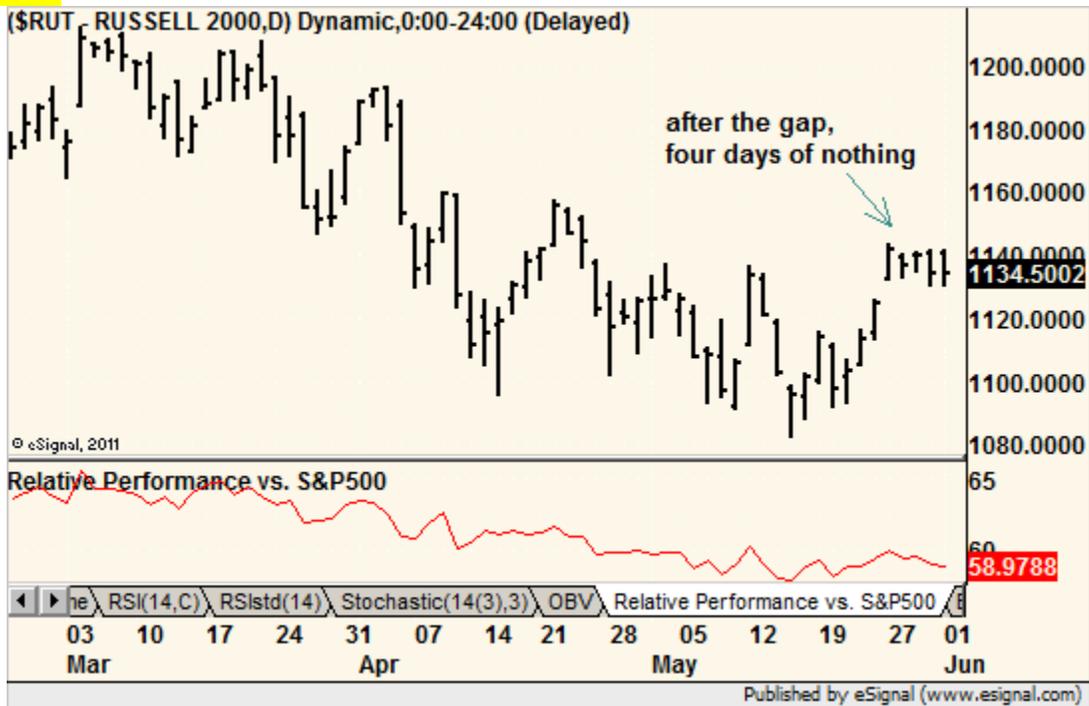


A straight line rally without a pause at resistance is usually prone to failure - or at least a pause before it can continue. And check out volume. A good sign on the rally? Well, 8 of the top 10 volume leaders closed with a loss.

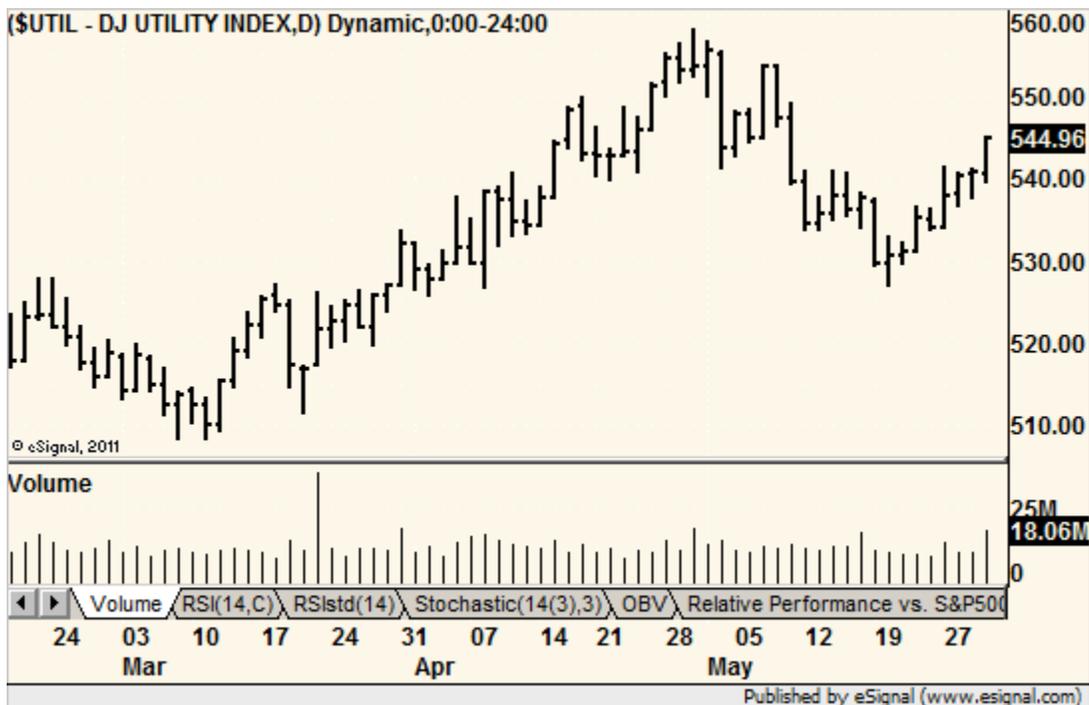


Here is the new closing high they touted for the Dow. We'd say this is nothing to get excited about since it did not take out the earlier high even on an intraday basis.

Key chart >>>



What happened to the Russell 2000 catching up to the S&P 500? It better break out to the upside and soon or risk a snap back to low levels.



Here come the utilities again.

## 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>Hertz Global HTZ</b> - On bull watch. Note rising stochastics lows. Failed breakout Tuesday so it now has to set a new high to trigger the buy at 29.76,		5/27
<b>Wyndham Worldwide WYN</b> - Hotels are strong. This one may be ready to play catch up if it breaks the triangle. Buy 73.50	<b>Triggered</b>	5/27
<b>Corning GLW</b> - Ascending triangle breaks out at 21.75		5/28
<b>PPG Industries PPG</b> - This basic materials / chemicals stock is poised to break out. Note rising trend in stochastics suggesting building strength. Buy close over 201.50.		5/29
<b>Solar ETF TAN</b> - Another small cap breakout. Buying here	<b>Triggered</b>	5/30
<b>Natural Gas ETF FCG</b> - We stopped following this as it started to sink but it has since recovered. Now with an upside breakout. Buying here.		5/30
<b>Air Products APD</b> - This chemicals stock just broke out from a triangle pattern albeit on low volume. We like the 2.6% dividend yield, too. A good buy here.	<b>Triggered</b>	5/30
<b>Chevron CVX</b> - Arguable hammer candle on the trendline with big volume. A buy with a close over Thursday's high. Close Friday but no cigar		5/30
<b>Marathon Oil MRO</b> - Nearing breakout. Rising on-balance volume. Buy 36.75 close		5/30
<b>Becton Dickinson BDX</b> - A medical products stock with an inverse head-and-shoulders. Note rising on-balance volume. Buy the breakout above 118.50.	<b>New</b>	6/2
<b>Bearish Implications</b>		
<b>Procter &amp; Gamble PG</b> - Just watching a small double top with MACD divergence. Marginal trendline break. Moving sell trigger up to 81		5/15
<b>Coca Cola KO</b> - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close.		5/28
<b>Schwab SCHW</b> - scored a bear reversal Friday on volume ready to sell.	<b>Moved</b>	6/2
<b>Unknown Implications</b>		
<b>Hershey HSY</b> - Another food stock with multiple supports and resistance levels. Just watching for now. Buy 98, sell 95.25		5/23
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Harmon Int'l HAR</b> - This consumer electronics stock has a rounded top or even a diamond top in progress. Note on-balance volume has been falling throughout.		5/22
<b>XLNX, PAYX, XRX</b> worth watching in both directions. <u>Bear reversal for PAYX</u>		5/28
<b>Microchip Tech MCHP</b> - bull flag <b>breakout</b>		5/28
<b>Linear Tech LLTC</b> - In a range between support & resistance & both major averages.		5/28
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Financials</b> - Upside breakouts across the board <b>KBE, XLF</b> <b>but still lagging</b>		4/15
<b>Broker Dealer Index XBD</b> - Weak		5/12
<b>Nasdaq biotech ETF IBB</b> - Upside breakout. <b>Waiting to see if it tests it</b>		5/16
<b>Retail ETF XRT</b> - Still in a triangle but definitely lagging. Watching <b>COST</b>		5/21
<b>Travel &amp; Leisure group</b> - Triangle pattern under a rolling-over 50-day average. Within - hotels and airlines strong, restaurants and gaming weak. The battle is on.		5/22
<b>Energy</b> - Oils Services and full sector ETFs breakouts	<b>New</b>	6/2
<b>Updates</b>		
none -		

## Market Highlights



**Gold ETF** - Because it trades later, the ETF scored a hammer candle while gold futures closed near their low (silver, too). This candle MUST be confirmed with a close above Friday's high before we can THINK about buying. See next chart...



**Gold miners ETF** - Meanwhile, gold stocks closed slightly higher two days in a row (gold fell both those days). This could be a good sign although it is nothing until there is a price action breakout.



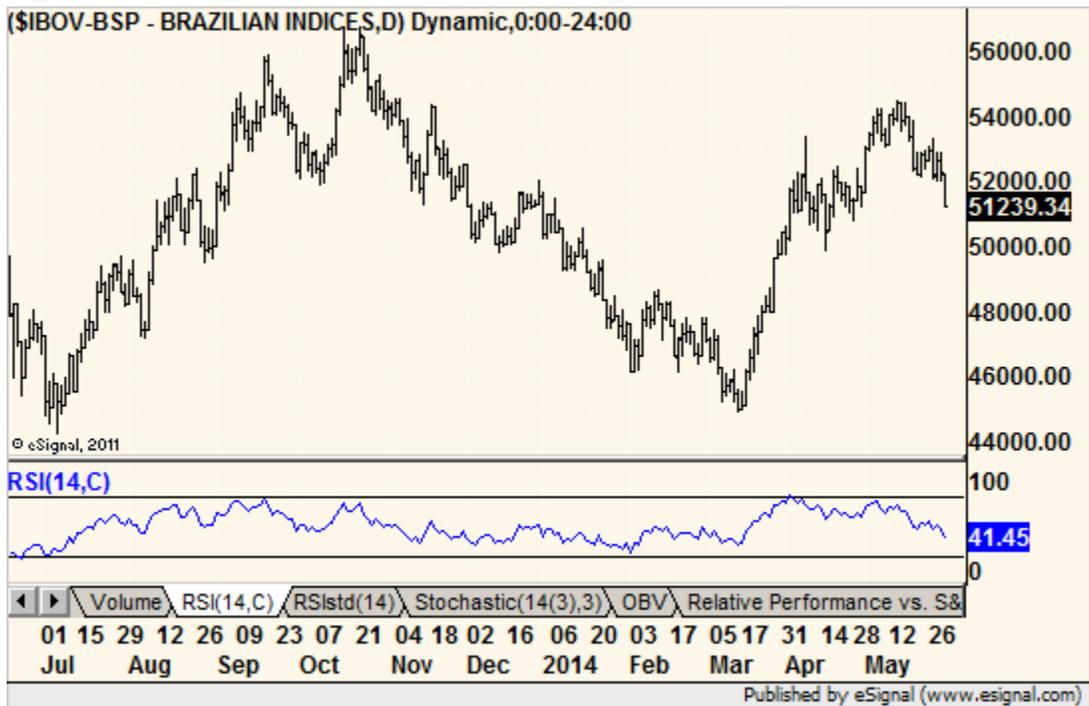
**Long T-bond ETF** - We finally have a warning sign in the bond market but it is not that powerful. While the trend is still clearly up, on-balance volume has flattened out. Perhaps it suggests the trend will stall while the trendline catches up but that is just conjecture.



**US Dollar Index** - still at resistance.



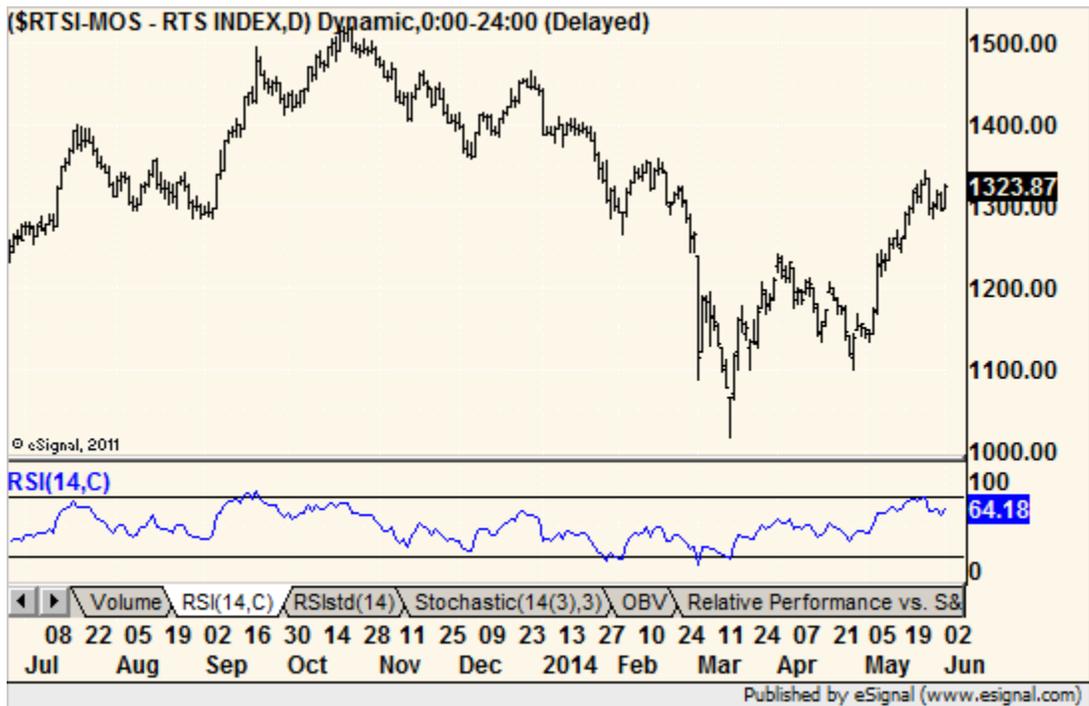
**Nikkei 225 Japan** - A breakout, pause and breakout (Monday). Bullish. Thailand even better. Korea, Philippines, China not so much



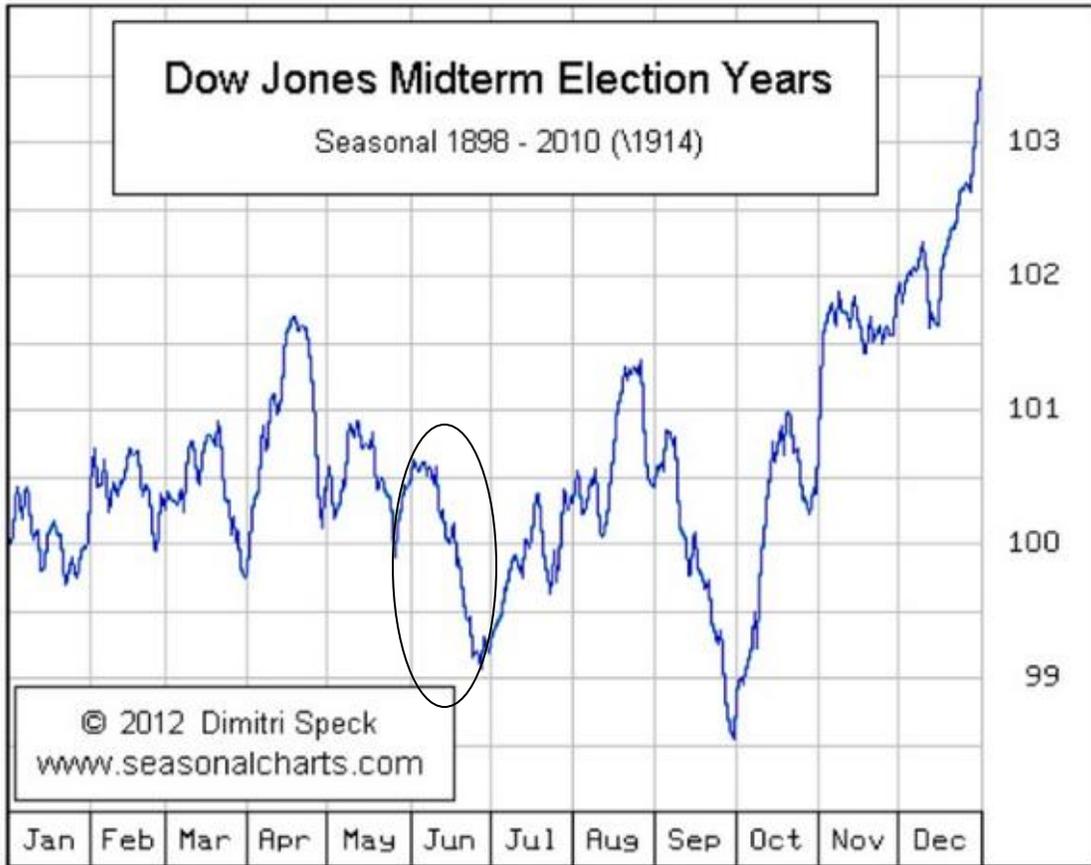
**Brazil Bovespa** - This market has a breakdown (Friday). Same for Mexico.



**Germany ETF** - The ETF lagged the actual DAX index but now there can be no argument. Of course, if it trades back into the triangle then all bets are off.



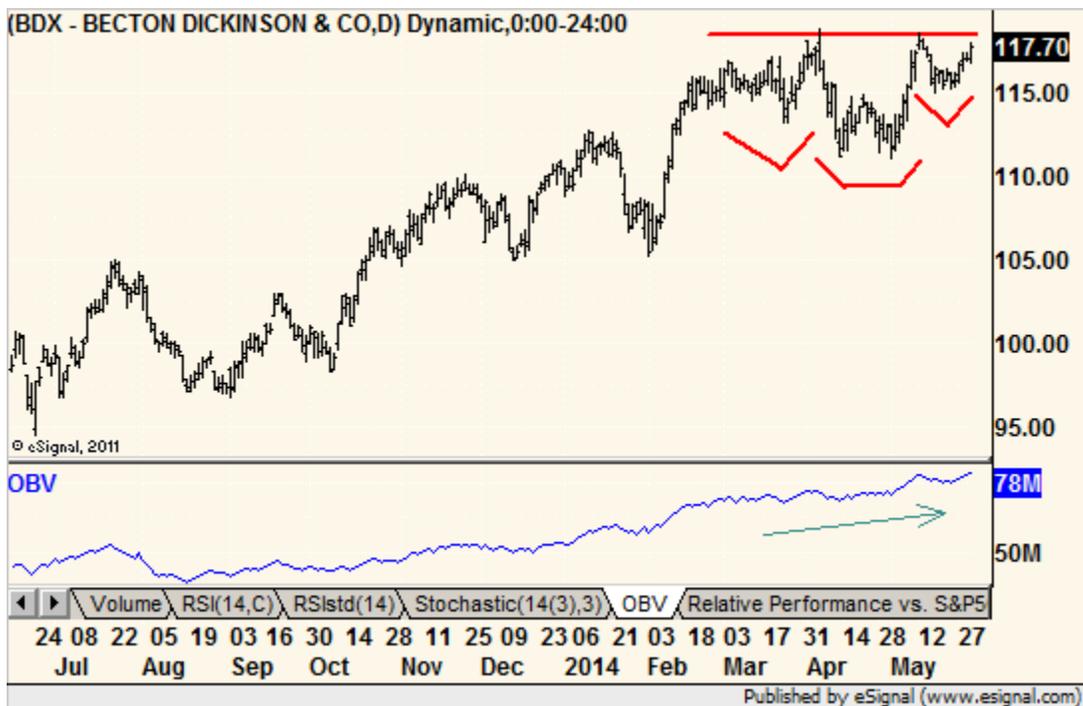
**Russia RTS Index** - Just for kicks, the Russian Rebound. What's a little annexation between comrades?



Performance of the Dow during the mid-term election year. We circled the month of June. Attribution on the chart.



Coal ETF - Fell even before the latest government regulation proposal.



**Becton Dickinson** - A medical products stock with an inverse head-and-shoulders. Note rising on-balance volume. Buy the breakout above 118.50.



**Bank of America** - Lest you think the banks are back.

## 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>FCX</b>	FREEPORT-MCMORAN COPPER GOLD	34.05	-2.9%	33.75	35.08	5/19	12
	<b>CAG</b>	CONAGRA FOODS INC	32.30	0.4%	31.00	32.17	5/29	2
	<b>DD</b>	DU PONT E I DE NEMOURS & CO	69.31	0.5%	66.00	68.97	5/29	2
	<b>WYN</b>	WYNDHAM WORLDWIDE CORP	73.93	0.6%	71.50	73.50	5/30	1
	<b>TAN</b>	GUGGENHEIM SOLAR ETF	40.79	-2.9%	39.50	42.00	5/30	1
	<b>FCG</b>	FIRST TRUST ISE-REVERE NATURAL G	22.53	-0.7%	21.75	22.70	5/30	1
	<b>APD</b>	AIR PRODS & CHEMS INC	119.97	0.1%	117.00	119.85	5/30	1
<u>Short</u>	<b>CA</b>	CA INC	28.69	6.2%	30.25	30.46	4/22	39
	<b>RJF</b>	RAYMOND JAMES FINANCIAL INC	48.40	-0.3%	51.00	48.25	5/15	16
	<b>NDAQ</b>	NASDAQ OMX GROUP INC	37.90	-5.7%	38.00	35.75	5/20	11
	<b>CRM</b>	SALESFORCE COM INC	52.63	-4.4%	55.00	50.29	5/22	9
	<b>GT</b>	GOODYEAR TIRE & RUBR CO	26.37	-5.2%	26.50	25.00	5/23	8

**Notes:** Three new longs - solar, natural gas and chemicals. **TAN** promptly fell sharply but it is still above its trendline breakout.

## 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

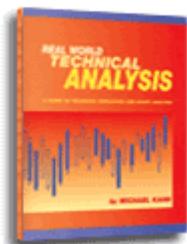
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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