

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

June 6, 2014 - The jobs report dominates the market as we write these words in the premarket hours. Yesterday, the ECB and its decision to put forth negative deposit rates first sent the market lower and then things improved quite a bit. After all, their new goal was to increase inflation.

Yes, we are scratching our heads, too. Gold reacted with a rally but it really was not that much. Perhaps it was the massive bearish reversal in the dollar that was to blame. No, wait, that would be positive for gold. Back to forex, the euro scored a massive bullish reversal and the rest of the majors also gained. Poor greenback.

So, where was the leadership? Small caps. The Russell was up 2% vs. the Nasdaq's 1% and the Dow's half percent. And while exchange volume was still mediocre, ETF volume, especially Russell 2000 ETF volume, was up nicely. It sure feels like a bull market. Even retail and homebuilding looked pretty good. And the **XLF** financial ETF scored a fresh closing high even though it is still badly lagging the market.

Bull market! Well, not so fast. First, from our own activities we see that we are very long in the Advice Tracker and have no shorts in the Radar Screen. That makes us nervous.

What makes us more nervous is the feeling in the rest of the market. All the chatter of a summer melt up is a bit too optimistic for comfort. And the Investors Intelligence survey shows extreme bullishness. The CNN fear/greed index ticked up 9 points yesterday alone and is now in the "extreme greed" zone.

The jobs report better be good. We are going to put the symbolic pen down right here with a bit more than an hour to go before the report and pick it up again once it is out.

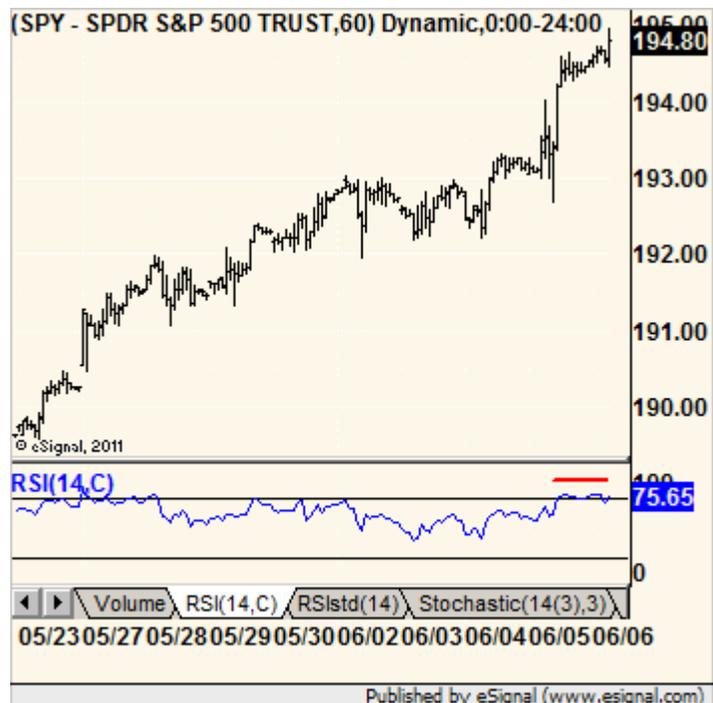
Tick, tick, tick.....

OK, we're back. Here is the initial knee-jerk following the announcement →

As we can see, the market liked it, at least so far. We never know how things will be digested so we make no plan based on the first few hours post-announcement.

What we do see is a slight bearish RSI divergence. Will it matter? Again, we won't know until later.

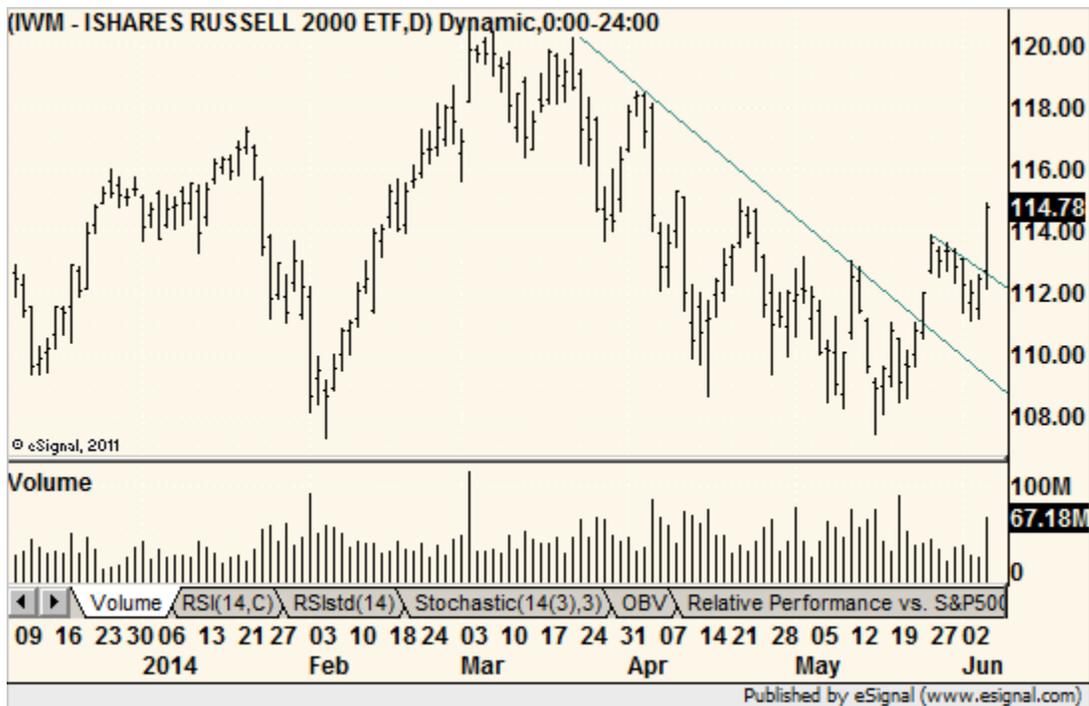
We have some stocks with interesting patterns below but are not making any formal recommendations on jobs day.



Index Charts of the Day



Either the market is indeed melting up or it is set up for a reversal. Is it overbought? Well, maybe.



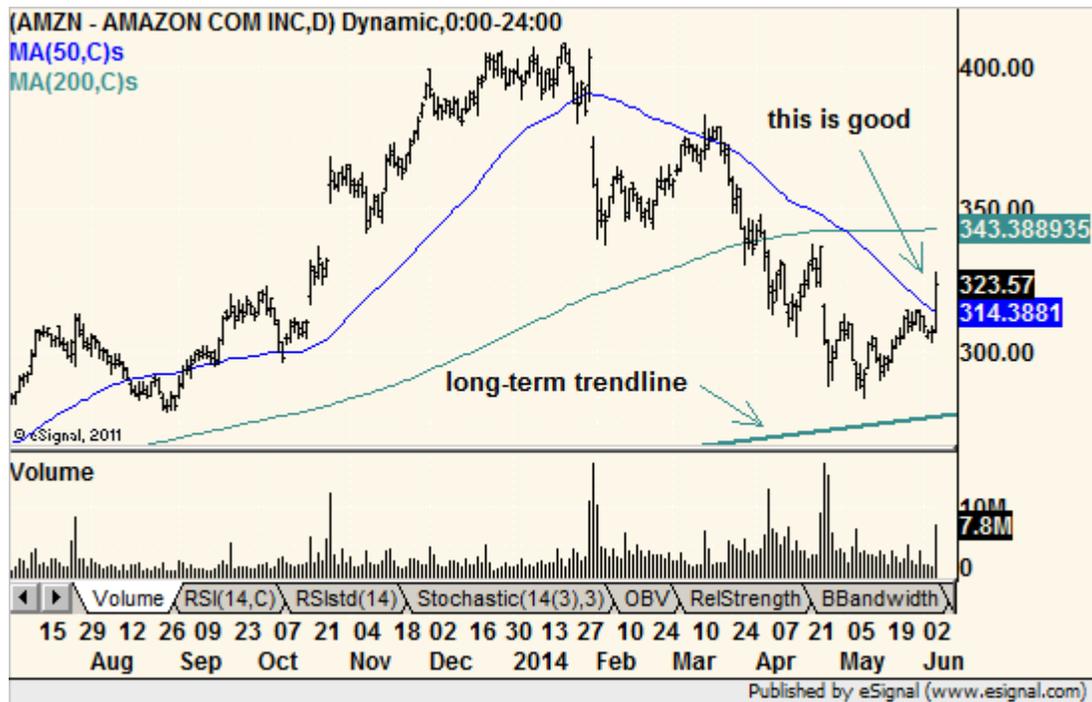
Nice secondary breakout on nice volume. The **IWM** ETF is shown for the latter.

The Radar Screen

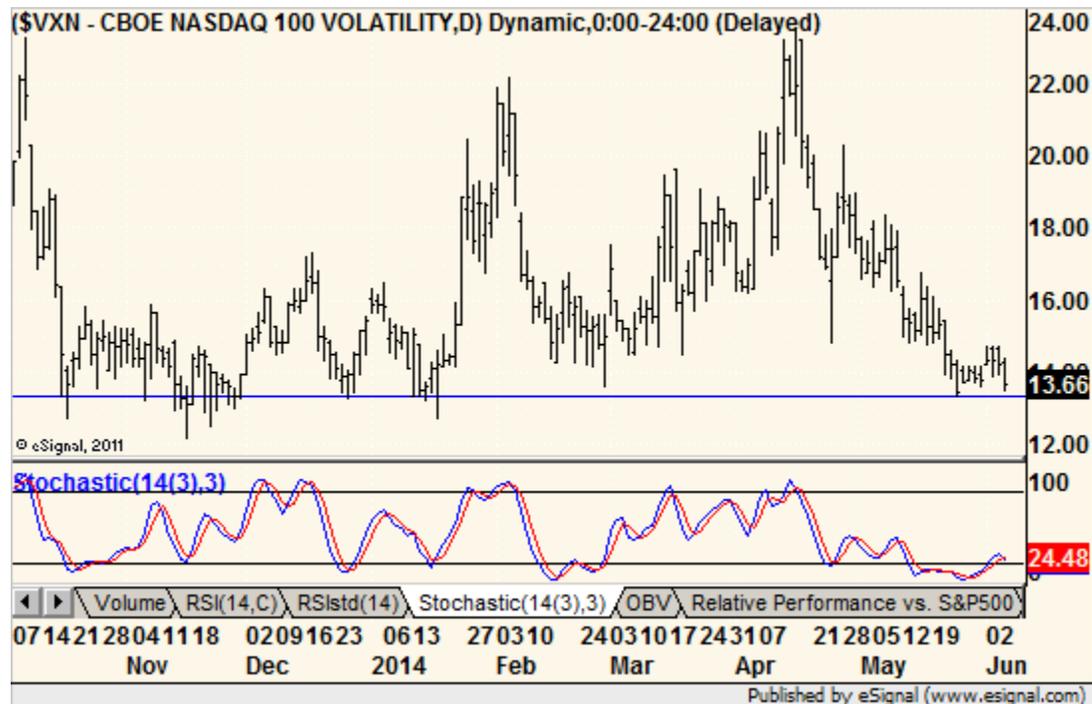
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Corning GLW - Ascending triangle breaks out at 21.75		5/28
Marathon Oil MRO - Nearing a breakout. Note rising on-balance volume. Buy close over 36.75.	Triggered	5/30
Google GOOGL - If you love this stock then this is a good place to take a shot. Now at the 50-day average and support from the past few months. We'll do it.	Triggered	6/5
CBS CBS - This broadcaster sports a bull flag sitting on both major averages. Death cross pending? Not a factor. Buy close over 60.10 (pennies above yesterday's high).	Triggered	6/5
Penske Automotive PAG - Nice resistance level in a pattern with rising on-balance volume. Buy close over 47.75	Triggered	6/5
Illumina ILMN - Since the biotech sector is perking up, here is one ready to go (genomics tool maker). It is down in the premarket today so we'll want it to prove itself with a close above resistance at 161.	Triggered	6/5
iRobot IRBT - I wrote this up for a website at a price of about 32. It soared and now pulled back on no volume at all. Looks ready to resume. Buy close over 35.		6/5
Bearish Implications		
none -		5/28
Unknown Implications		
Hershey HSY - Another food stock with multiple supports and resistance levels. Just watching for now. Buy 98, sell 95.25		5/23
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close. Buy close over 41.28.		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
Harmon Int'l HAR - This consumer electronics stock now sports a possible hammer from Monday. We still see a rounded top but if it rallies now we'll have to move on.		5/22
XLNX, PAYX worth watching in both directions.		5/28
Linear Tech LLTC - The setup got fuzzy but it looks like a range breakout above the 50-day average would do it.	Changed	5/28
Panera Bread PNRA - A steep fall into support with an exhaustion gap and retest. Bollinger Band divergence with a low below the bands and similar low back within. Also an upside MACD crossover in place.		6/3
Brinker International EAT - Another restaurant stock. This one has a breakout. Note on-balance volume was flat during the entire sell-off and that suggest there is demand for this stock. We missed this one and Thursday's doji is ominous.	Removed	6/3
Microsoft MSFT - Triangle pattern in progress. Arguable upside breakout.		6/3
Yamana Gold AUY - Bullish RSI divergence. If it does not set a lower low over the next week then we'll be more bullish for a trade.		6/3
Sector Watch (observations that may spark ideas)		
Financials - Insurance good, brokers bad, banks had a very nice day but still lag		4/15
Retail ETF XRT - COST led a strong Thursday. Looks better as a sector.	Changed	5/21
Travel & Leisure group - Triangle pattern under a rolling-over 50-day average. Within - hotels and airlines strong, restaurants and gaming weak.		5/22
Energy - Oils Services and full sector ETFs breakouts		6/2
Restaurants - Looking better.		6/3

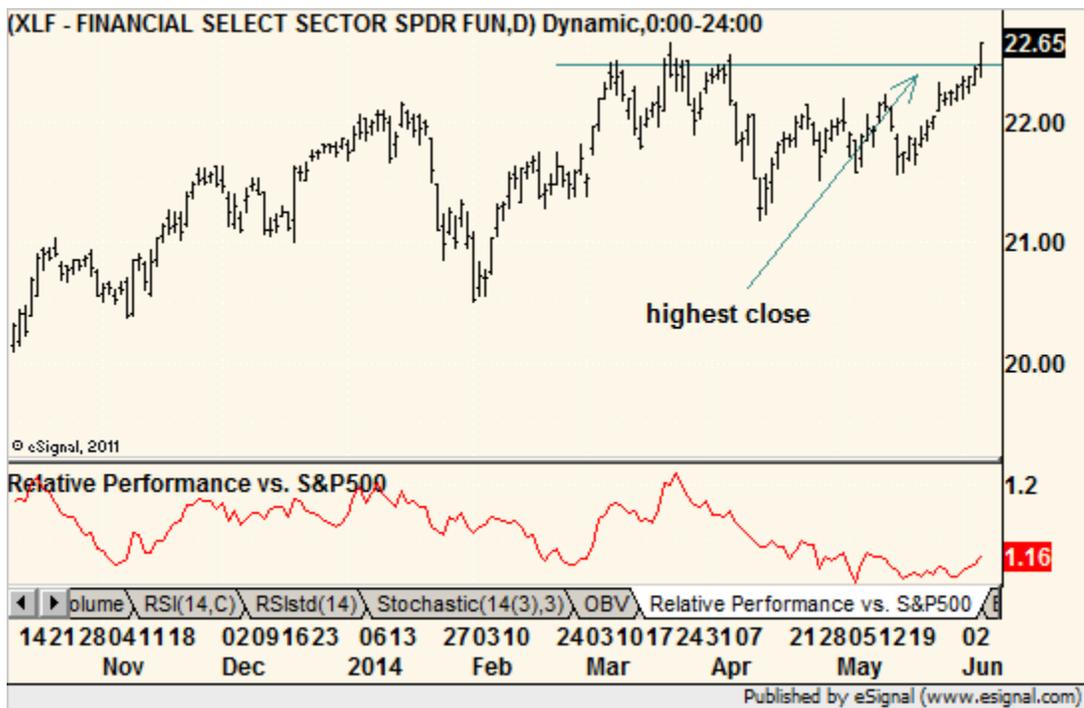
Market Highlights



Amazon - The gain Thursday was a good step towards recovery. Looking back, it had a selling climax in April.



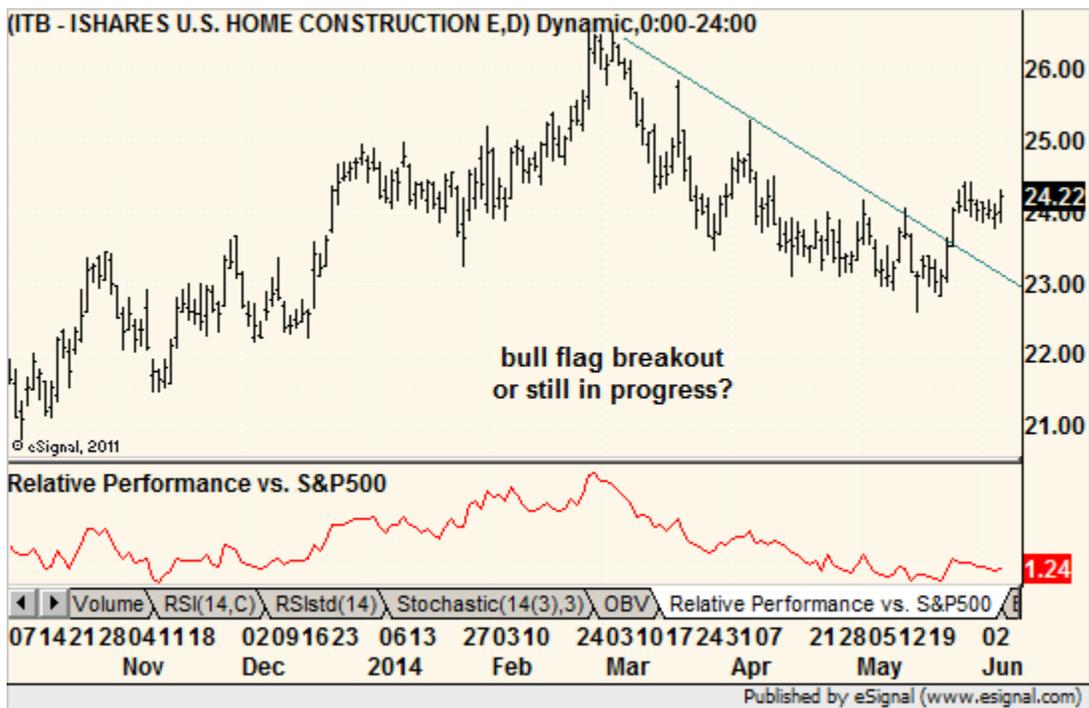
Nasdaq VIX - Check this out: all is forgiven in the Nasdaq as its own VIX is all the way back to its major lows. What could possibly go wrong?



Financial ETF - A new closing high but still lagging.



Banks ETF - Finally above its moving averages but still lagging.



Homebuilders ETF - Looking better but still badly lagging.



Retail ETF - Better but no breakout



Oil explorer ETF - Still waiting for the breakout here. Look at **ECA, APC** and **DNR**. Many in the group have straight line rallies so this pattern is curious.



Yelp - Some of last year's momo's are coming back. This one has a bull flag just below a few resistance features. Looking good on a breakout.



Tesla - Not quite as good as **YELP** due to on-balance volume but still pretty good on the breakout.



Trulia - One more old momo. This one has a test of a breakout in progress.

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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	FCX	FREEMPORT-MCMORAN COPPER GOLD	34.77	-0.9%	33.75	35.08	5/19	17
	CAG	CONAGRA FOODS INC	32.48	1.0%	31.00	32.17	5/29	7
	DD	DU PONT E I DE NEMOURS & CO	69.34	0.5%	66.00	68.97	5/29	7
	WYN	WYNDHAM WORLDWIDE CORP	74.63	1.5%	71.50	73.50	5/30	6
	TAN	GUGGENHEIM SOLAR ETF	40.24	-4.2%	39.50	42.00	5/30	6
	FCG	1ST TRUST ISE-REVERE NAT GAS ETF	22.62	-0.4%	21.75	22.70	5/30	6
	APD	AIR PRODS & CHEMS INC	122.86	2.5%	117.00	119.85	5/30	6
	HTZ	HERTZ GLOBAL HOLDINGS INC	30.49	2.5%	29.00	29.76	6/2	3
	PPG	PPG INDS INC	203.15	0.4%	195.00	202.33	6/2	3
	BDX	BECTON DICKINSON & CO	118.77	0.2%	113.00	118.50	6/3	2
	KMI	KINDER MORGAN INC DEL	34.62	1.7%	33.25	34.05	6/4	1
	MRO	MARATHON OIL CORP	37.07	0.0%	35.50	37.07	6/5	0
	GOOGL	GOOGLE INC	564.93	1.4%	545.00	557.11	6/5	0
	CBS	CBS CORP NEW	60.48	0.0%	59.00	60.48	6/5	0
	PAG	PENSKE AUTOMOTIVE GRP INC	48.35	0.0%	46.00	48.35	6/5	0
	ILMN	ILLUMINA INC	164.09	0.0%	155.00	164.09	6/5	0
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	49.51	-2.5%	51.00	48.25	5/15	21
	CRM	SALESFORCE COM INC	51.37	-2.1%	54.00	50.29	5/22	14
	GT	GOODYEAR TIRE & RUBR CO	26.50	-5.7%		25.00	5/23	13
	SCHW	SCHWAB CHARLES CORP NEW	25.65	-1.2%	26.50	25.33	6/2	3

Notes: Covered short in **CA** at the open. It was a good thing because it rallied throughout the day. 7.8% profit in 44 days.

Volume for the **RJF** rally over the past week was non-existent. We'll hang on to the short until the stop is hit.

SCHW still officially in a down trend.

Stopped out of **GT** short. The writing was on the wall on the jump up two weeks ago.

Tweaked stop in **KMI** long.

Five new longs - **GOOGL** at the open, the others at the close after breakouts.

Other Information

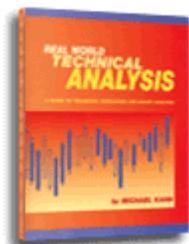
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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