

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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July 23, 2014 - Whether it was the after party for Chipotle's earnings or a benign inflation report, stocks jumped out of the gate Tuesday but spent most of the day just chopping around at those levels. Perhaps everyone was waiting for Apple (and Microsoft) earnings after the bell. All we really know is that the S&P 500 touched a new intraday record high.

Then came earnings. Apple beat and actually traded lower after hours (outlook was lower). However, it is suddenly catching a bid and is up this morning. Anything we said before about this stock still holds, including daily and weekly reversal bars to the downside.

As for Mr. Softee, it actually missed its earnings number (beat on revenue) and moved higher.



Let's get to the hourly chart before moving on to what we think is the most important statistic to watch (teaser). The **SPY** poked its head into new high ground before falling back. But this morning, it is giving it another go and we'll have to see if it can set a new high for a breakout or fail for a resistance hold.

In commodities, gold and oil did not change their technicals but natural gas continued to plummet. Livestock broke out to the upside. And corn failed to confirm a hammer candle following a long, long decline. All grains are falling knives right now and deeply oversold. It may be the bottom but there is no what to objectively forecast that when the trend is so strong.

Time for the main event. We said the other day to keep an eye on Dow Industrials breadth because big caps are the current market leaders. Here is a quick recap of what Dow stocks reporting earnings yesterday did:

Coke - gapped down

McDonald's - gapped down

Travelers - gapped down

DuPont - Outside-day to the downside

United Tech - Big range, huge vol support break

Previous and future

Goldman Sachs - jumped up last week, broke out Tues

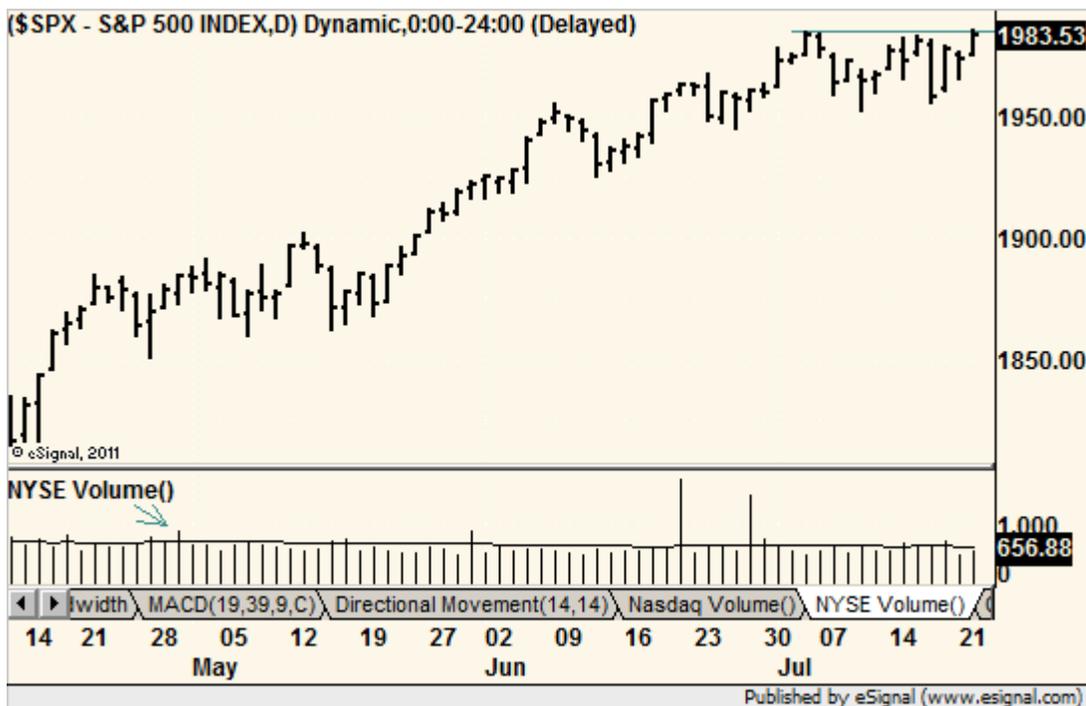
JP Morgan - jumped up last week

Microsoft - moving up on a miss

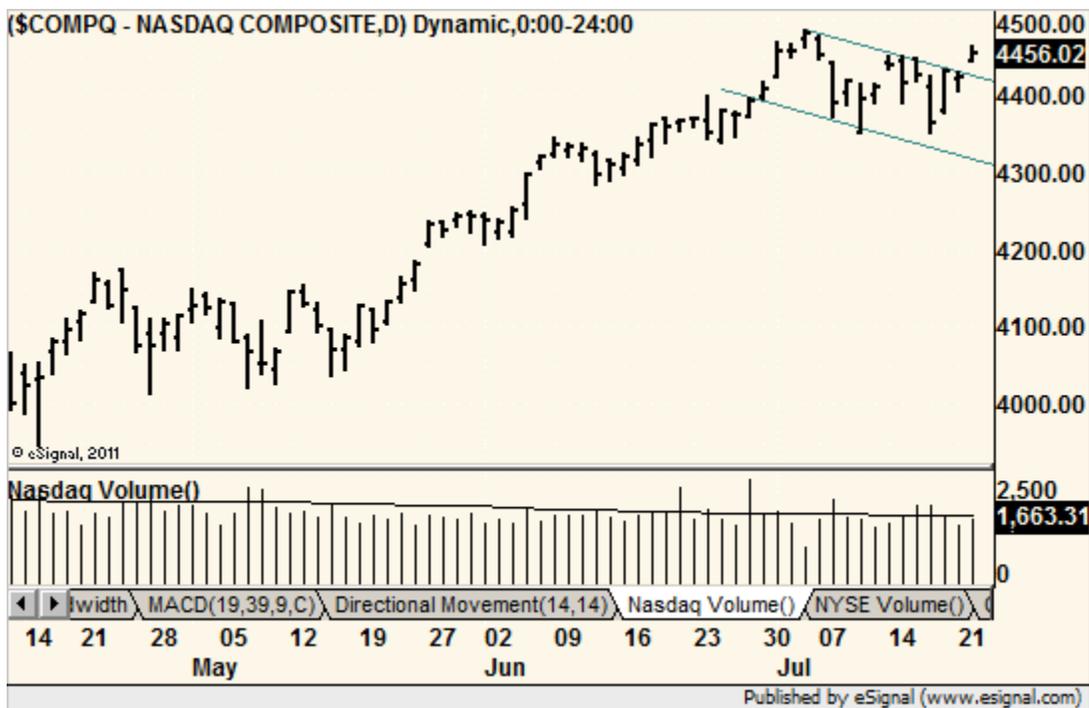
GE - Breakdown Monday

So why did the Dow rally Tuesday? Visa, IBM, Goldman and Chevron had big days. These are four of the top five most heavily weighted stocks in the index. (This just in - Boeing falling hard on the premarket)

Index Charts of the Day



The S&P 500 is going for a breakout this morning but yesterday's rally was still on low volume. And it took place in the first half hour instead of a slow build.



We can argue for a bull flag (or triangle) breakout on the Nasdaq, despite low volume.

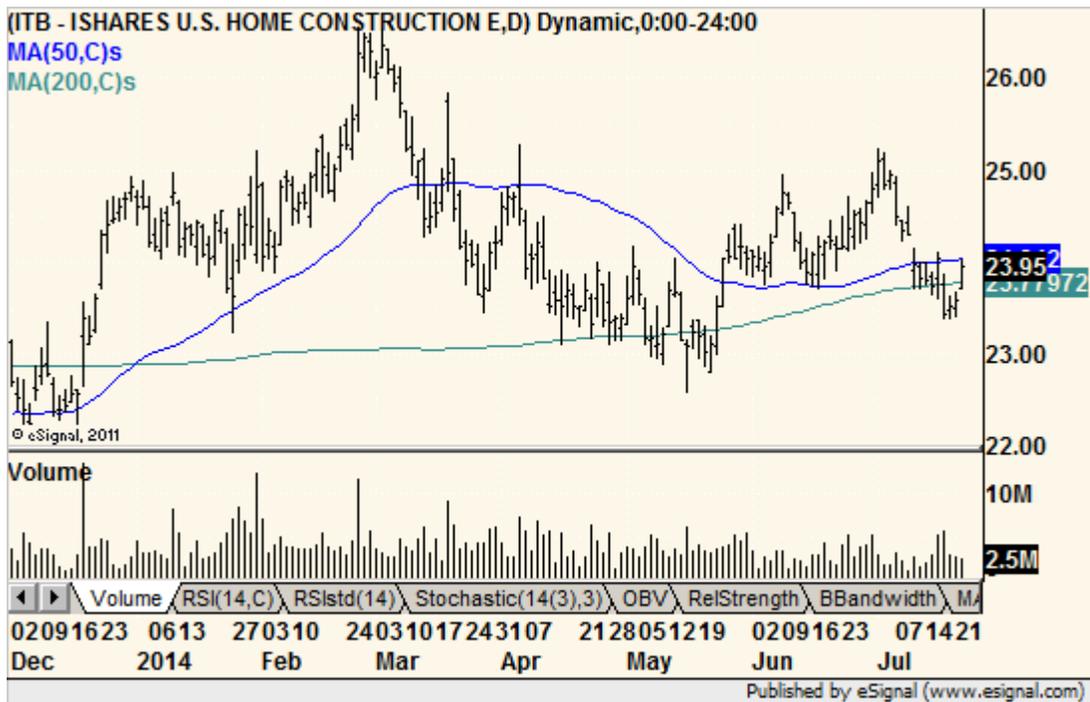
The Radar Screen

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.

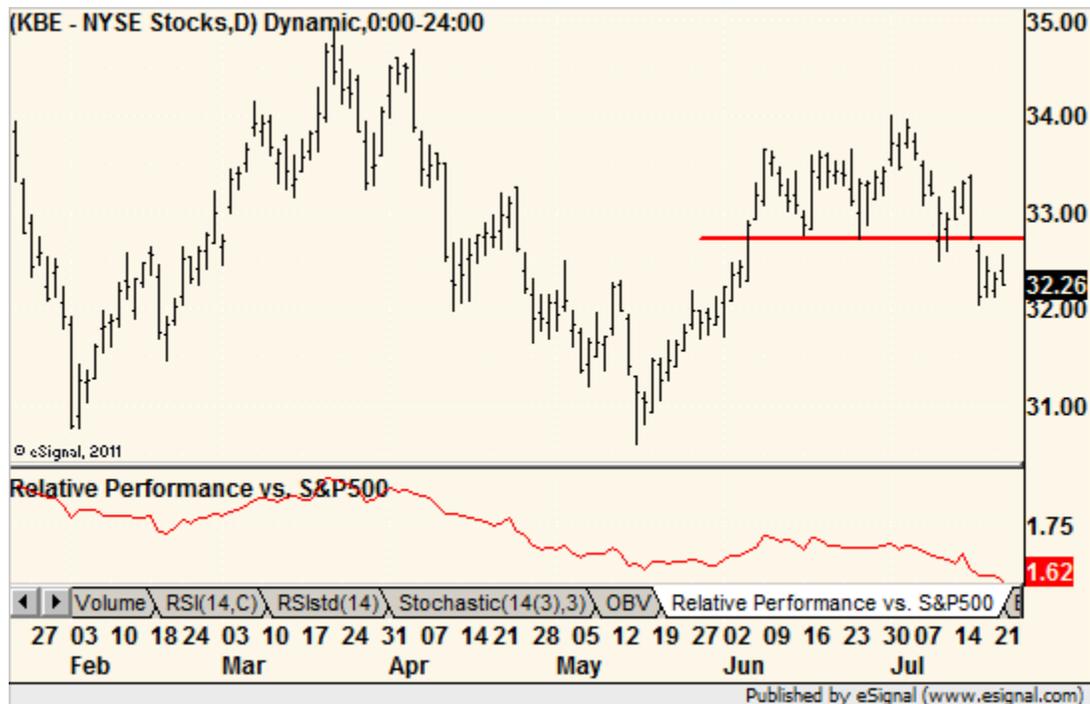
>>> As you can see, we are very light here, as we have been for a while. We are quite concerned that everyone else is not concerned

Bullish Implications		
none -		
Bearish Implications		
Amkor Technology AMKR - While the big techs show good earnings with mixed chart results, here is a semiconductor stock (actually, they do testing and packaging) with a bearish setup. Sell close under 10.60.		7/18
Las Vegas Sands LVS - This one gets a lot of exposure in this report and it is now sitting on support. Sell close under 71.35		7/17
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
none -		
Sector Watch (observations that may spark ideas)		
Energy - We are back in.		6/26
Gold miners - A bit better again		7/10
Utilities - Seems to be heading to rising January trendline		7/14
Latin America - looks interesting ILF (new high), ECH (bull reversal at support), EPU		
Financial Exchanges - CME, ICE, NDAQ all strong - breakouts confirmed		7/22
Paper - Weak. IP breakdown, KS, MWV in a range		7/22
Homebuilders - not much to cheer		
Updates		
T-bonds - Did not follow through on Monday reversal bar so no reversal in place		
Cameco CCJ - dragonfly doji suggests tiring trend		

Market Highlights



Homebuilder ETF - Big pop on good news but no real technical change. Still below the 50-day average.



Banks ETF - With the exception of **GS** and **JPM**, banks still look bad.



Nasdaq Biotech ETF - BIIB and ISRG earnings look to power a breakout here.



China - Looking better on the breakout.

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>	KMI	KINDER MORGAN INC DEL	37.65	10.6%	36.00	34.05	6/4	48
	MRO	MARATHON OIL CORP	40.20	8.4%	39.00	37.07	6/5	47
	GOOGL	GOOGLE INC	603.57	8.3%	580.00	557.11	6/5	47
	RGLD	ROYAL GOLD INC	77.16	15.6%	74.00	66.77	6/12	40
	LLY	LILLY ELI & CO	63.72	2.7%	61.50	62.03	6/20	32
	COL	ROCKWELL COLLINS INC	78.00	-2.9%		80.34	6/23	29
	BMY	BRISTOL MYERS SQUIBB CO	49.12	1.7%	47.50	48.30	6/23	29
	MTZ	MASTEC INC	30.64	2.4%	29.50	29.92	6/27	25
	VZ	VERIZON COMMUNICATIONS INC	50.98	2.2%	49.00	49.90	7/3	19
	LF	LEAPFROG ENTERPRISES INC	7.69	-0.8%	7.35	7.75	7/9	13
	INFY	INFOSYS LTD	54.31	-3.3%	53.00	56.15	7/11	11
	XOP	SPDR S&P OIL & GAS EXPLORATION	79.18	0.3%	76.50	78.93	7/15	7
	JNPR	JUNIPER NETWORKS INC	24.82	1.3%	23.50	24.50	7/21	1
<u>Short</u>	AFG	AMERICAN FINL GROUP INC OHIO	58.45	-0.3%	60.00	58.27	7/10	12
	USB	US BANCORP DEL	42.25	1.5%	43.50	42.90	7/11	11
	ALL	ALLSTATE CORP	58.09	0.6%	60.00	58.46	7/15	7

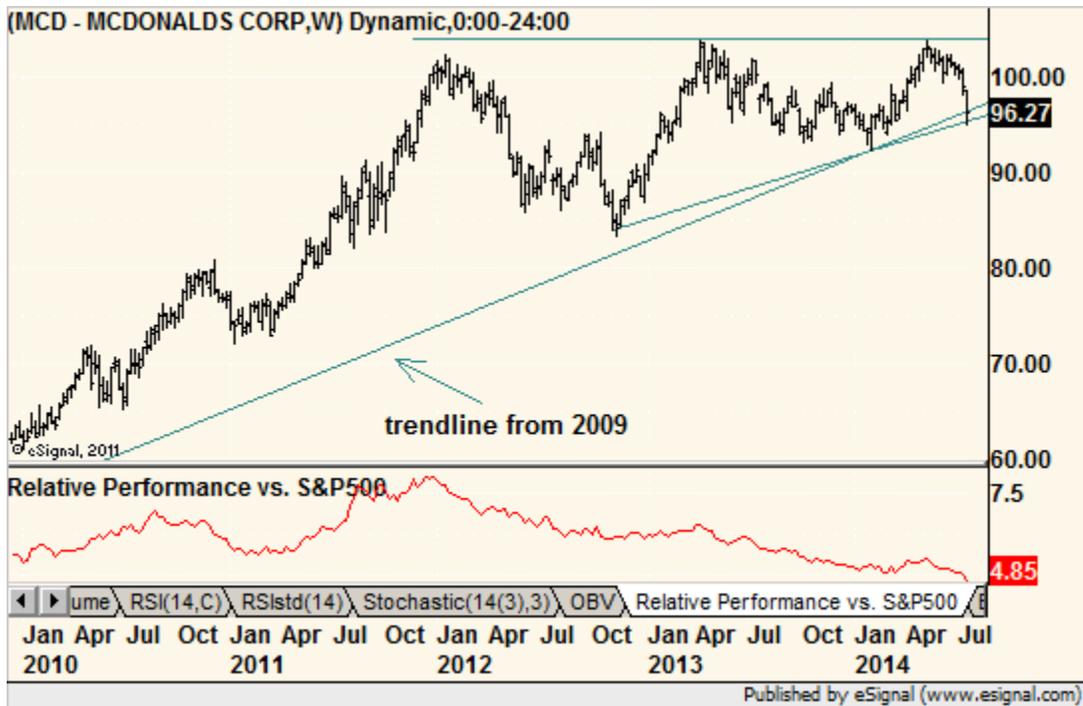
Notes: Stopped out of **COL** which is just as well since it did nothing for a month.

The real shocker is **JNPR**, which we assume will be crushed at the open. It broke out to the upside Monday and followed through Tuesday. Then earnings came out - double last year at this quarter but below expectations - and the stock dumped in the premarket. We are going to lose big as it gaps down below its stop. We would not be surprised to see it rebound a little but we cannot play with stops.

We were "this close" to selling **KMI** after a nice run and inverted hammer candle. However, it is up a fraction in the premarket so we'll let it ride.

Subscriber Corner

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



McDonalds - This stock has been a clunker for three years but yesterday's plunge took it to both versions of trendline support seen here. Volume was huge and we can make a case for a short-term selling climax, which really does not show up in this weekly chart. Also, it closed well above where it opened for a good sign.

The bad part is that it faded back to its lows overnight.

Our feeling is that this is a decent place to pick up shares. It has a beefy (no pun intended) dividend and it is still an iconic company making money. If it starts to go lower from here, we would get out right away because there seems to be a vacuum of support for quite some way down.

And if it went nowhere, the next dividend is just about a month away.

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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The Big Picture

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

Sector Watch

In this section, we take a closer look one sector of the market.

Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Quick Takes

In this section, we take a fast look at charts with just captions.

Market Highlights
