

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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August 14, 2014 - Michael Santoli tweeted that the markets are bouncing on a less-bellicose Putin. That is the only reason we think can overcome the weak economic readings in Germany and France today. Of course, we can also argue that the rally over there is the follow-on to the initial dead-cat bounce. After all, Germany was already down 10% and France was down more. Funny how the **EWG** (Germany) and **EWQ** (France) ETFs have not followed through at all.

Quick tidbit - A guest on Bloomberg this morning said Europe is in a rolling depression (not recession).

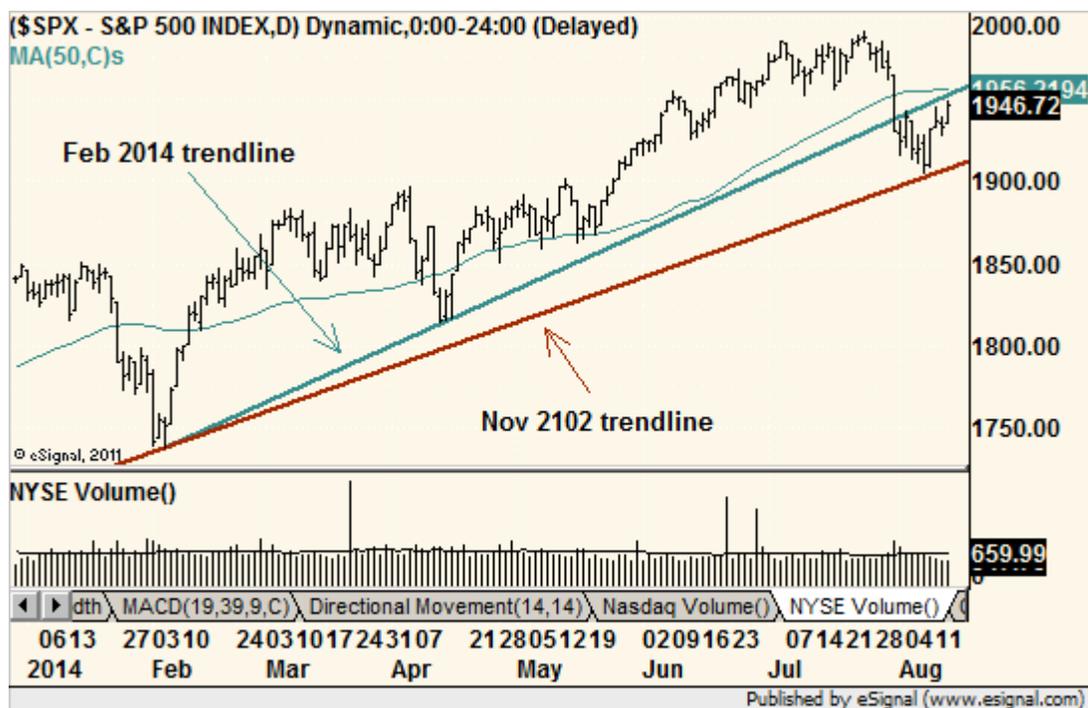
Over here, the market is moving on other things. One new thing is retail and its emerging weakness and Macys was the shot across the bow yesterday. Wal-Mart cut its outlook this morning but the stock is wiggling, not falling. It is too bad the trend was already down since April.

Dillard's (**DDS**) broke down yesterday. Tiffany (**TIF**), which we are already short, had a bad day to resume its emerging down trend. Walgreens (**WAG**) was crushed last week on news we did not get as being that evil. You get the point. Retail is not the same as it was in June when it looked to be breaking out. That move has since failed (see the **XRT** retail ETF chart below).



The hourly chart shows the **SPY** back above resistance but with waning momentum. We do not think this is a breakout for that reason. The real reason comes from the daily chart below in Index Charts of the Day. We think that is the key chart for the entire market right now so we'll end the comments right here. No fresh stock picks or pans today are the market reaches its showdown point.

Index Charts of the Day



The showdown is now set. The market now faces still resistance from the 50-day average and the broken February trendline. It is also smack in the middle of its O'Neil follow-through day window (today is day 5 - the window is 4-7 days). So far, volume on the bounce has been falling and that suggests it is a bounce and not a reversal. Of course, we take volume with a grain of salt over the past few years.



The Russell 2000 ETF is above the trendline but on-balance volume barely budged. That suggests little money flowed back in.

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		
McDonalds MCD - Now oversold at support. The trend is clearly down but this is a rather good place to think about buying. We'll wait for it to close above Thursday's high at 94. Finally able to get some traction but no trigger.		8/7
Move MOVE - This is a competitor to Zillow and Trulia, who have agreed to merge. A nice range here sitting above the averages. Rising on-balance volume. A close above 15.50 would do it but we think it carries higher risk.		8/12
Bearish Implications		
Las Vegas Sands LVS - Broke down hard so we'll leave it here in case it bounce to 70.00 where we will sell.		7/17
Autodesk ADSK - This software stock broke support and looks to be testing it in a bear flag. The 50-day average is now resistance. Sell close under 54.00. Big gain Wednesday but on low volume. Still waiting.		8/12
Nike NKE - Failure after a good earnings pop. Looking for a break of support at 76.00.		8/7
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Target TGT - rising bottoms this year. Perhaps a drop to 56.50 would set up a nice long-term buy point. Beefy dividend		8/5
Regis RGS - This specialty consumer services stock operates hair salons. After a long flat period it is now above its major averages. Keeping it here to see if it pulls back to test its breakout.		8/7
Biomarin Pharma BMRN - A bunch of small drug makers looking better. Check out the new high in on-balance volume even as prices were down.		8/7
Occidental Petroleum OXY - An interesting long setup for this energy stock. The sector fared poorly recently but this seems to be a place where many of these stocks can reverse. Yes, despite the market.		8/11
Crocs CROX - It's bizarre but it is cup-with-handle-y.		8/12
Lab Corp LH - This medical testing stock has arguably broken its trendline and 50-day average. On-balance volume never recovered as price did from last year's debacle.		8/13
Caterpillar CAT - Nice looking bear flag with falling volume. Watching for any signs of failure.		8/13
Sector Watch (observations that may spark ideas)		
Homebuilders – serious trouble - even with Friday's dead-cat bounce		7/23
Airlines - tippy. Arguable sector breakdown		7/25
Aerospace/defense index DFX, DFI - Not looking healthy. <u>Now testing breakdown.</u>		7/31
Insurance index KIX - This looks bad. <u>Now testing breakdown.</u>		7/31
Semiconductors SOX - Bounced off trendline and now heading for 50-day average.		8/11
Gold Miners - Lots of breakouts in the sector despite gold's waffling		8/12
Updates		
Junk Bonds ETF JNK - Moved above the 50% retracement level but volume was really light.		
Disney DIS - We rescind our tippy view. It is still a good idea to take some profits but it now looks like it wants to breakout from its rectangle.		

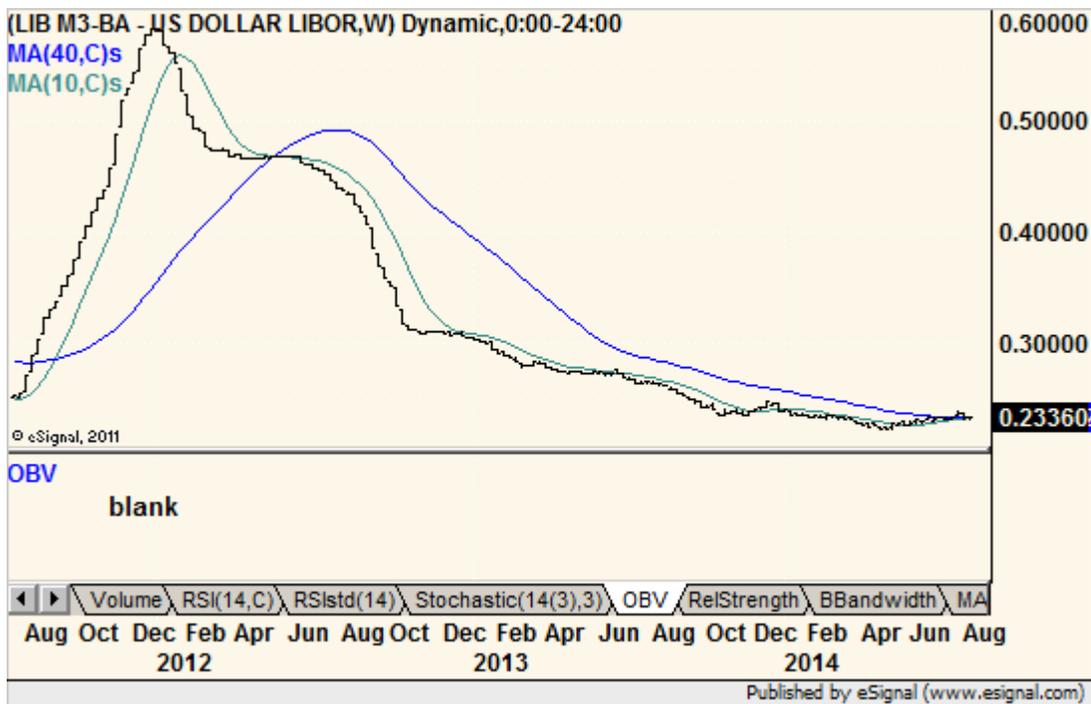
Market Highlights



Retail ETF - From a breakout in June to failure in July, retail continues to underperform.



DJ restaurant group - This is the look before **RRGB** collapsed in the premarket. Along with retail, this is part of the consumer discretionary group. We posted last week that discretionary still beats staples but both are lagging the broad market.



LIBOR - We tweeted this yesterday that it was closing in on a golden cross (50- crossing above 200-day average). Here is it in weekly format using 10- and 40-week averages. There has not been a cross since 2012. While this is a stock market indicator it does tell us that things may be changing in LIBOR towards higher risk rates (Treasury bills are risk free). Probably not good for stocks.



Crude oil - Watch the mini-range for the next directional clue.

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>	RGLD	ROYAL GOLD INC	82.50	23.6%	77.00	66.77	6/12	62
	PCLN	PRICELINE GRP INC	1293.75	3.0%	1250.00	1255.95	7/30	14
<u>Short</u>	AFG	AMERICAN FINL GROUP INC	57.29	1.7%	58.00	58.27	7/10	34
	USB	US BANCORP DEL	41.36	3.7%	42.50	42.90	7/11	33
	CMCSA	COMCAST CORP NEW	54.11	-0.7%	56.00	53.73	7/31	13
	TIF	TIFFANY & CO NEW	96.98	1.1%	101.00	98.00	8/5	8
	CVS	CVS CAREMARK CORPORATION	78.91	-3.1%	80.00	76.50	8/5	8

Notes: Raised stop again in **RGLD**.

TIF short finally in the green

Subscriber Corner

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Other Information

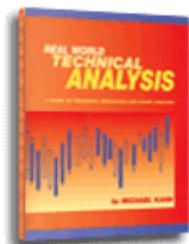
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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