

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**April 30, 2014** - It's the end of the month and it is fun to believe that yesterday's rally was due to the usual - so they say - end of month portfolio games. Or was it a simple follow-through to Monday's hammer candles? We'd opt for the latter.

Here is what we wrote in yesterday's report: "It's just that we need to let the hammers play out or fail now."

So we buy, right? Not exactly. We will once again look to the bond market for guidance and even though the bond ETF (**TLT**) lost ground it closed at the top of its daily range. In other words, it spent the bulk of the day rising and that suggests it is not time to get overly excited about stocks.

Note, as well, that junk bonds (**JNK**, **HYG**) closed flat. In the better times just a few weeks ago, junk bonds rallied when stocks rallied so that relationship is gone. The media called it risk on yesterday but we disagree. If risk means buying blue chips then we need a new definition.

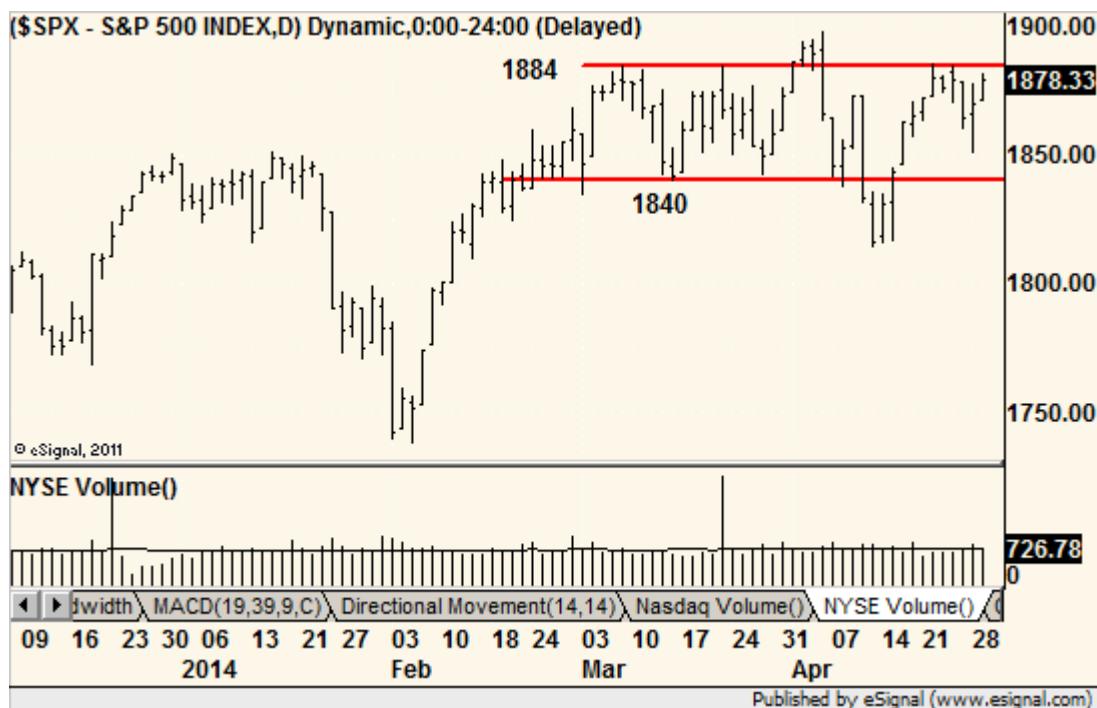
Have you been following the [Twitter feed](#)? We tweeted yesterday that LIBOR hit another all-time low Monday. We are not experts on that meaning but when a short-term interest rate heads towards zero we will notice. In 2007, when LIBOR soared to the moon during the financial crisis relative to T-bills we had panic in the streets. Now that it is heading lower it should mean good times, right? It is just that with its counterpart T-bills being held near zero thanks to the Fed we see distortion. No conclusion but something does not feel quite right.



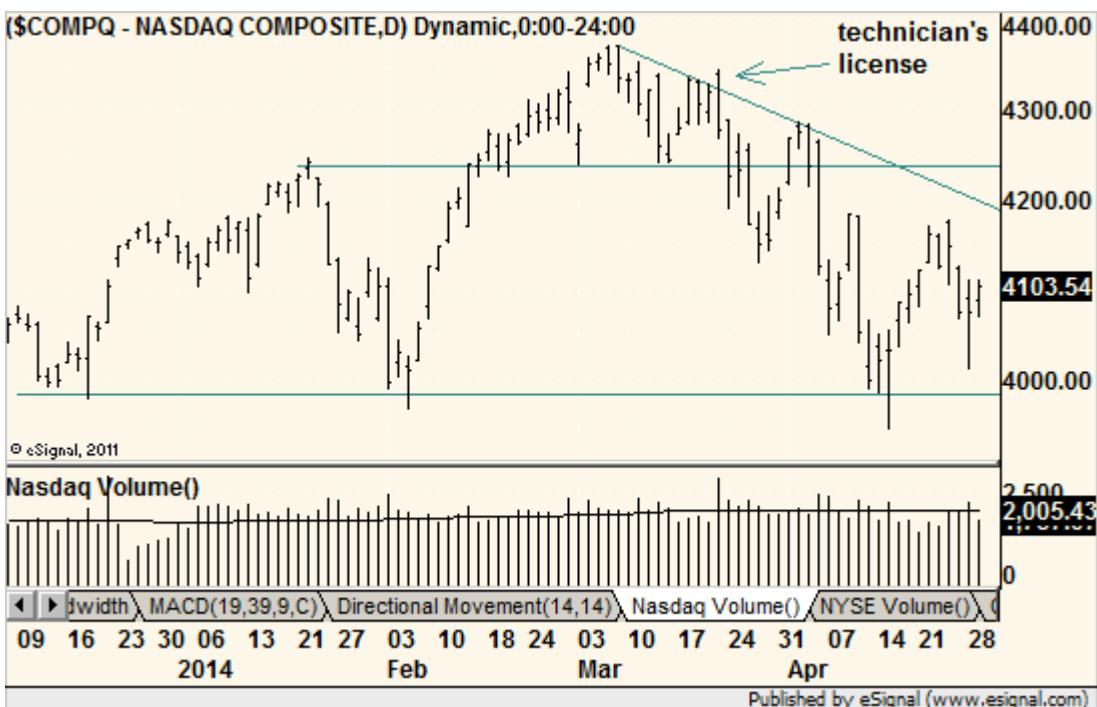
In the hourly **SPY** chart, we have to admit that the market is showing resilience by staying close to resistance.

So is the market ready for some summer fireworks and we mean in the good way? Resilience is a virtue but there are still too many factors working against it from leadership to bonds. And the biggest gaining sectors yesterday were mostly oversold before that. Of the top six winners Tuesday, five were in steep declines (gaming, mobile telecoms, internet and internet commerce). The sixth was coal, which has been garbage for months. That is hardly confidence inspiring leadership.

## Index Charts of the Day



Even with the rally Tuesday, the technicals have not changed. This is a sideways market until proven otherwise.



The follow through to the hammer was meager at best. Volume was much lower than average. Technician's License is the same as artistic license - [two-pager](#).

## The Radar Screen

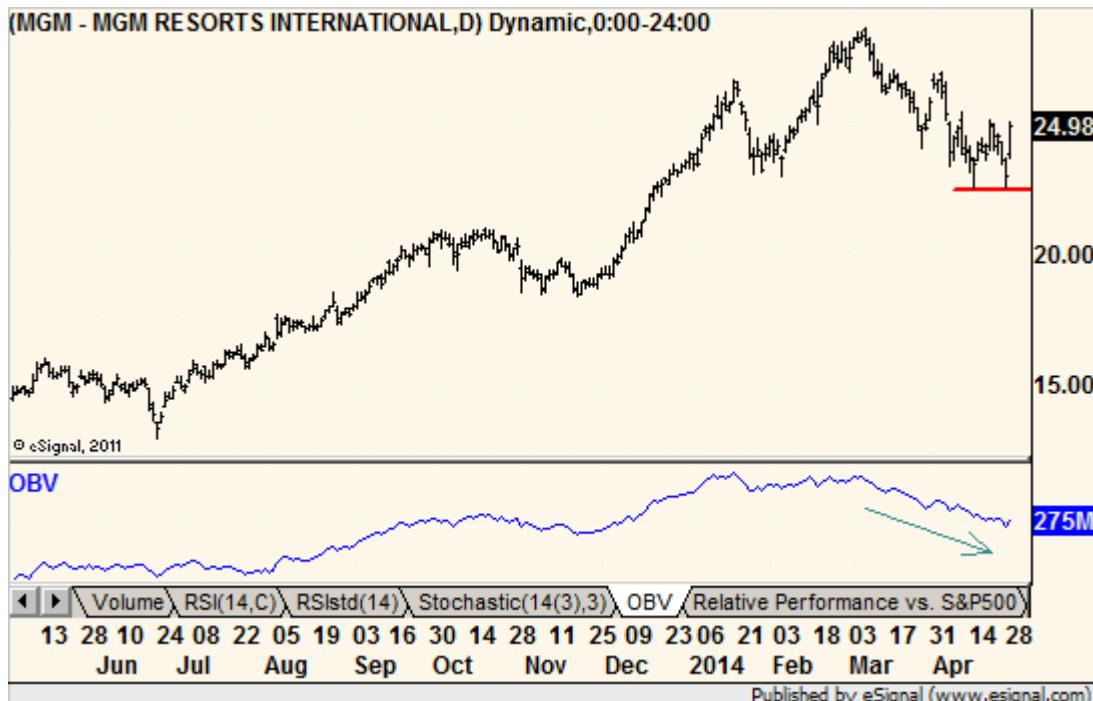
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Delek DK</b> - Even though major oil stocks look a bit overbought, this energy producer looks pretty good and is just waiting for the breakout. Buy close above 32.60.	New	4/30
<b>Bearish Implications</b>		
<b>Nike NKE</b> - Weekly double top in progress. If the bounce stalled so we look for the setup for a big short on the support break. Sell under 70.25	Moved	4/9
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Gold ETF GLD</b> - Back on the 200-day average and 50% retracement. Still not ripe at this time. Looking at May 5 at 121.85 - both .618 Fibonacci levels.		3/19
<b>Dunking Brands DNKN</b> - Now pausing on support. Broke down but with the market firmer we'll wait for a small bounce.		4/25
<b>Wetseal WTS</b> - Waiting for the bowtie buy signal. Speculative.		4/28
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Resilient and leading. Inverted hammer candle Tuesday so we are <u>watching for signs that it is time to take profits</u> .		3/31
<b>Utilities</b> - Still looking strong.		3/31
<b>Natural Gas stocks \$FUM</b> - Leading.		4/4
<b>Financials</b> - Some of our canaries rallied but overall financials still look weak. Still watching <b>JPM, AXP, KBE</b> . Looking to see if <b>MTG</b> and <b>ETFC</b> fail. MTG did in fact fail.		4/15
<b>Transports</b> - Watching an expanding triangle (megaphone) on the DJTA		4/25
<b>Updates</b>		
<b>Priceline PCLN</b> - meager follow through after a hammer candle		
<b>Netflix NFLX</b> - meager follow through after a hammer candle		
<b>Google GOOGL</b> - Good price follow through after hammer candle but lower volume		
<b>LinkedIn LNKD</b> - Good price follow through after hammer candle but lower volume. A bit more oversold than the others so this could reach resistance at 160 and maybe its declining trendline		

## Market Highlights



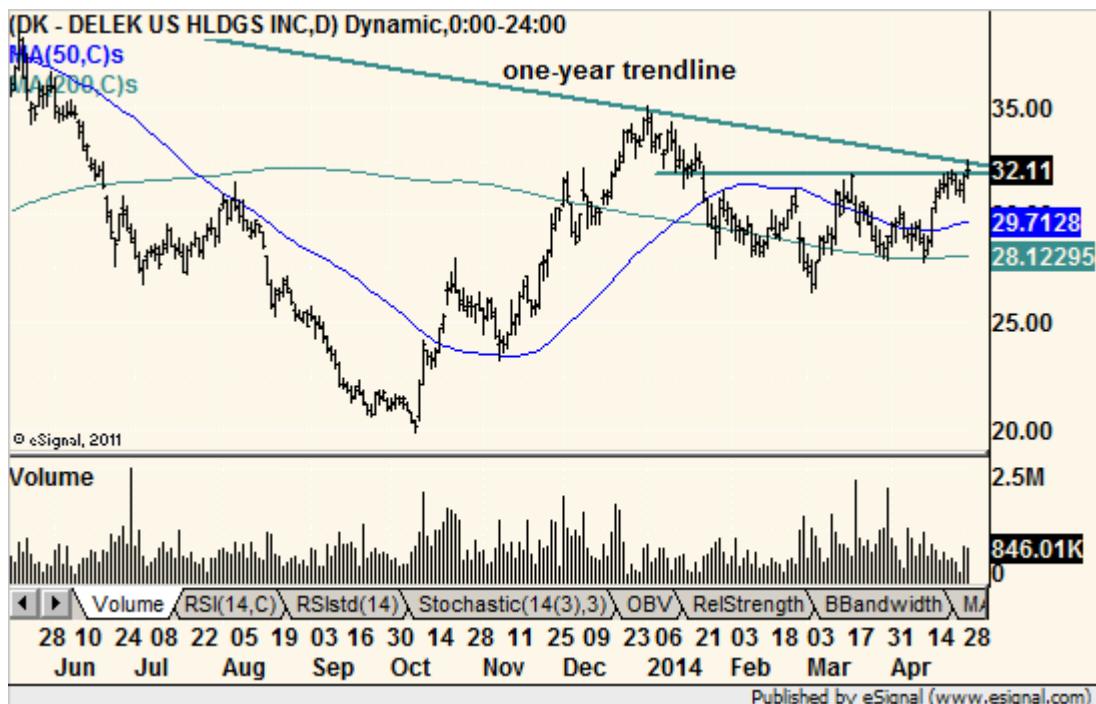
**Nasdaq biotech ETF** - Still looks bad. Note on-balance volume staying near its lows, suggesting little buying coming back.



**MGM Resorts** - This stock drove the gaming sector higher with its earnings yesterday but look at on-balance volume. Still falling fast. We'll monitor the possible double bottom pattern but this stock has plenty of work to do. Indeed, most of the rest of the sector looks terrible.



**Chevron** - We hinted that energy (major companies of the XLE) may be getting to the sell point and this stock shows why. An inverted hammer in the resistance zone with borderline overbought conditions. Just something to watch at this point. On-balance volume (not shown) is still moving straight up.



**Delek** - With the above said, this energy producer looks pretty good and is just waiting for the breakout. Buy close above 32.60.

## 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>HR</b>	HEALTHCARE RLTY TR	25.14	0.9%	24.00	24.91	4/15	14
	<b>ED</b>	CONSOLIDATED EDISON INC	58.01	3.8%	55.50	55.89	4/15	14
	<b>FE</b>	FIRSTENERGY CORP	34.26	-0.7%	33.25	34.50	4/25	4
<u>Short</u>	<b>UPS</b>	UNITED PARCEL SERVICE INC	98.01	-2.1%	100.00	96.00	3/21	39
	<b>CVS</b>	CVS CAREMARK CORPORATION	73.47	0.5%	76.00	73.85	4/7	22
	<b>CA</b>	CA INC	30.01	1.5%	31.25	30.46	4/22	7
	<b>GS</b>	GOLDMAN SACHS GROUP INC	158.24	1.3%	162.00	160.26	4/22	7
	<b>BRCM</b>	BROADCOM CORP	30.67	-0.2%	31.50	30.60	4/24	5

**Notes:** none

## Subscriber Corner

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## Other Information

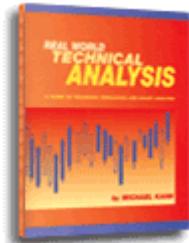
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron’s Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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