

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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May 1, 2014 - (snark alert) Well, it must be a supercycle bull market because the Dow Industrials just hit a record high close to trigger another Dow Theory buy signal. After all, the economy sucked wind and the Fed tapered anyway - either of which would have sent prices lower in another time and place. Was Janet Yellen's jawboning the ticket?

But wait, the Nasdaq and Russell 2000 are still in actual declining short-term trends. Both are still below respective 50-day averages. And there was no O'Neil follow-through day for the S&P 500, which, according to O'Neil, is required to begin a bull market.

The Dow stands alone at new highs. The S&P 500 stopped at the 1884 resistance level we have been watching for two months and we've already discussed the Naz and Russell. So we ask again, was it just some end of the month tomfoolery? (that's a first use of that word for us)

The stocks that got us here are dead (the momentum leaders - just look at **SOCL** social media ETF below). The deeply oversold sectors, such as biotech, have not even taken out their first bounce highs (we'll make that clearer in the chart below).

The leadership in the market remains with energy - oil, natural gas and even coal is starting to become a contender. We are very leery of coal as it has done this before (we called it garbage yesterday) but **BTU** is looking a lot better and **CNX** is actually in a roaring bull market.

And that meshes with the commodities theme I proffered in yesterday's [Barron's Online](#) although the better sectors were agriculture and industrial. Oil actually broke a short-term trendline to the downside.

In looking at other leading sectors from Wednesday, it seems that they were propped up by one stock each. **WLP** soared for the HMOs. **CHRW** for truckers. **PBI** for office products. The rest of their respective sectors did very little. While it looked good on the surface to have these diverse sectors leading the market yesterday the fact that it was really three total stocks behind the push means it was a very narrow - in terms of participation - gain.

And again, we go back to bonds. Treasuries rallied a decent amount and that "should not" happen if the stock market is breaking out. At least not with the relationship between the two that has been in place for months.

Let's go to the video tape (slightly funny only to New York area sports fans). Next page...



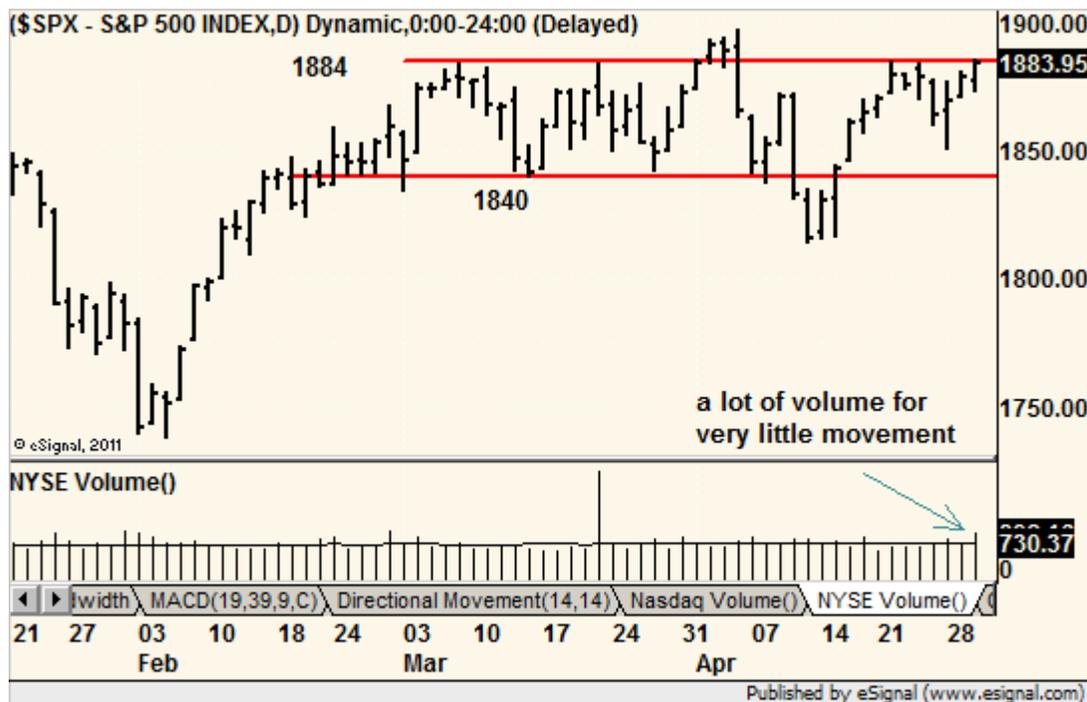
In the hourly **SPY** chart, once again we have to admit that the market is showing resilience by staying close to resistance.



Now check out the hourly (actually this is a 2-hour chart to fit it on the page) on the **QQQ**. We drew in individual resistance levels to show how much work this needs to do before we can feel confident on the bullish side.

We've presented a very one-sided argument for the bears today. If things change, so will the analysis.

Index Charts of the Day



Wyckoff said volume and price movement should be somewhat in sync. Here, we see a jump in volume but a relatively small increase in price. If it took that much volume to push the S&P 500 up 0.30% then what will it take to make a real breakout? Think of it as the bears absorbing most of the energy put out by the bulls.



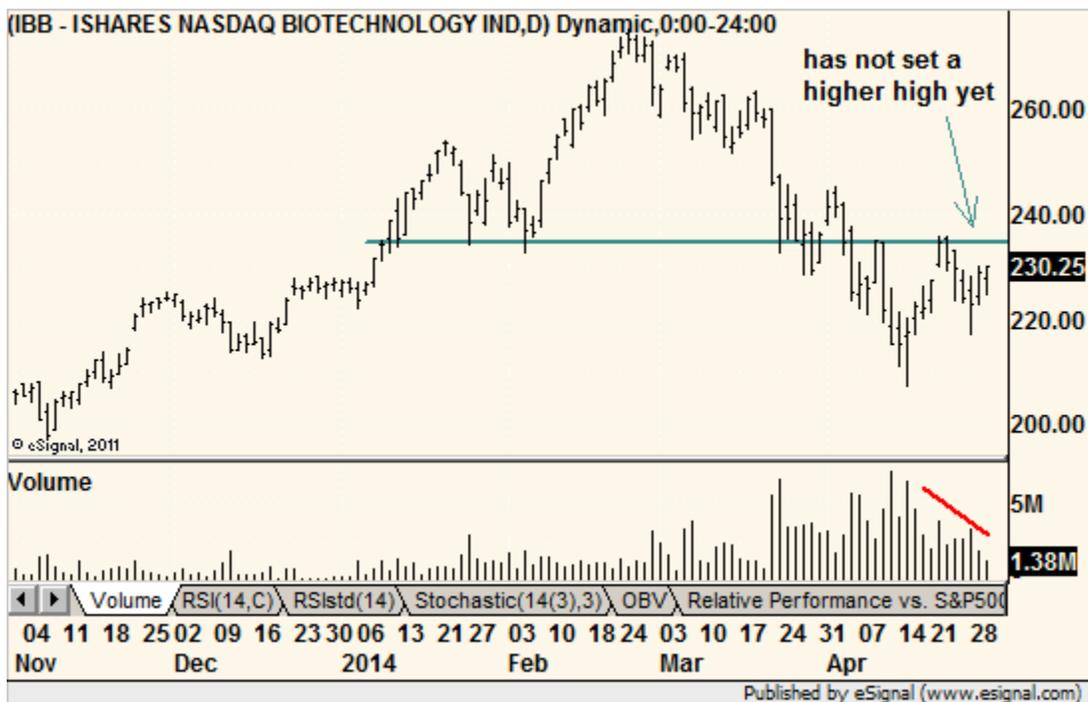
Here is the Dow with its record high close. Of course, it was still below the previous intraday high. And should we bank on an index that is actually lagging the benchmark?

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		
Delek DK - 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.		4/30
Bearish Implications		
Nike NKE - 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		4/9
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - 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
Dunking Brands DNKN - Now pausing on support. Broke down but with the market firmer we'll wait for a small bounce.		4/25
Wetseal WTSL - Waiting for the bowtie buy signal. Speculative.		4/28
Sector Watch (observations that may spark ideas)		
Energy - Resilient and leading. Inverted hammer candle Tuesday so we are watching for signs that it is time to take profits.		3/31
Utilities - Still looking strong.		3/31
Natural Gas stocks \$FUM - Leading.		4/4
Financials - Some of our canaries rallied but overall financials still look weak. Still watching JPM, AXP, KBE . Looking to see if MTG and ETFC fail. MTG did in fact fail.		4/15
Transports - Watching an expanding triangle (megaphone) on the DJTA		4/25
Updates		
MGM Resorts MGM - Arguable double bottom breakout		
Chevron CVX - Still watching possible inverted hammer topping signal		

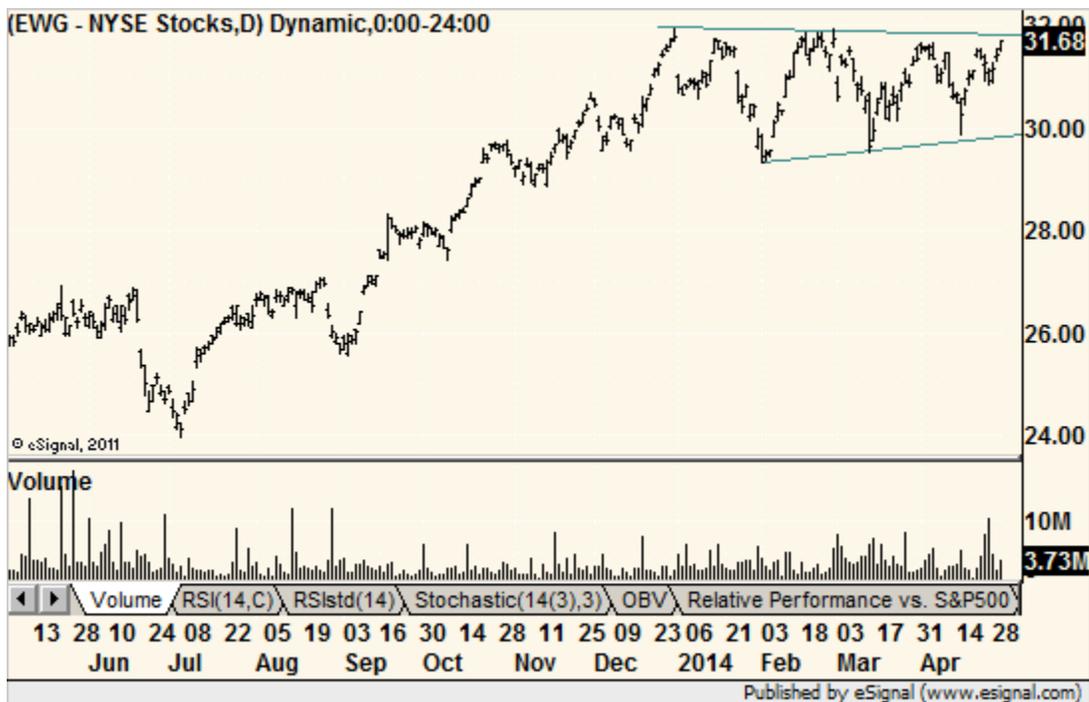
Market Highlights



Nasdaq biotech ETF - Here is another look at this index. After setting a higher low (good) it has not yet set a higher high. Plus, volume is way down on the rebound.



Social Media ETF - Not only has it failed to stop falling but it is undeniably below its 200-day average. We would expect an oversold bounce soon but this trend is clear (and bearish).



Germany ETF - We have to admit this looks like a potential breakout.



Emerging Markets ETF - After pausing at the trendline, this looks bull-flag-like with support at the averages.

So do strong charts in other parts of the world mean a bullish market for us here? It does not hurt but calling victory for one side or the other (domestic vs. international) is folly.

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>	HR	HEALTHCARE RLTY TR	25.15	1.0%	24.00	24.91	4/15	15
	ED	CONSOLIDATED EDISON INC	58.03	3.8%	55.50	55.89	4/15	15
	FE	FIRSTENERGY CORP	33.75	-2.2%	33.25	34.50	4/25	5
<u>Short</u>	UPS	UNITED PARCEL SERVICE INC	98.50	-2.5%	100.00	96.00	3/21	40
	CVS	CVS CAREMARK CORPORATION	72.72	1.6%	76.00	73.85	4/7	23
	CA	CA INC	30.14	1.1%	31.25	30.46	4/22	8
	GS	GOLDMAN SACHS GROUP INC	159.82	0.3%	162.00	160.26	4/22	8
	BRCM	BROADCOM CORP	30.80	-0.6%	31.50	30.60	4/24	6

Notes: Nice pattern breakdown for our short in **CVS**.

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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