

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

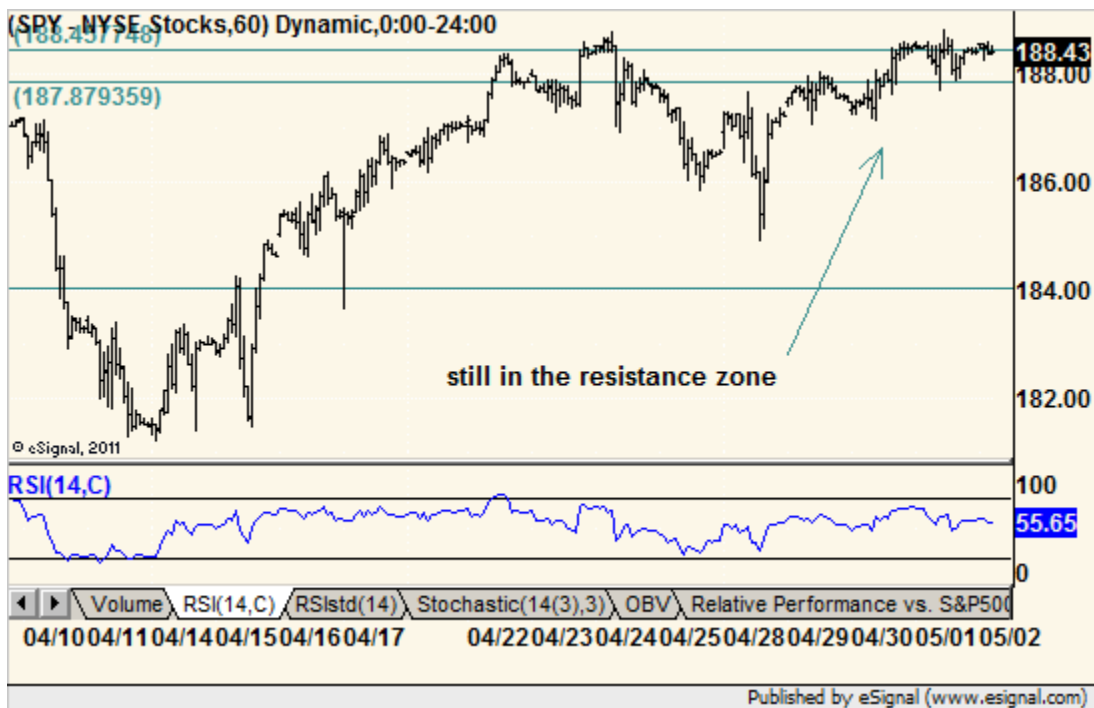
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RESEARCH LLC

**May 2, 2014** - It was not much of a Dow Theory party yesterday and the market remains mixed the whole day. Treasury bonds were the real winners as they set a new rally high (although they do not like today's jobs report). And once again LIBOR hit a fresh all-time low.

We forgot to check the ex-dividend dates before I tweeted that junk bonds gapped down. Still, we'll watch to see if they continue to move lower as a further risk-off sign.

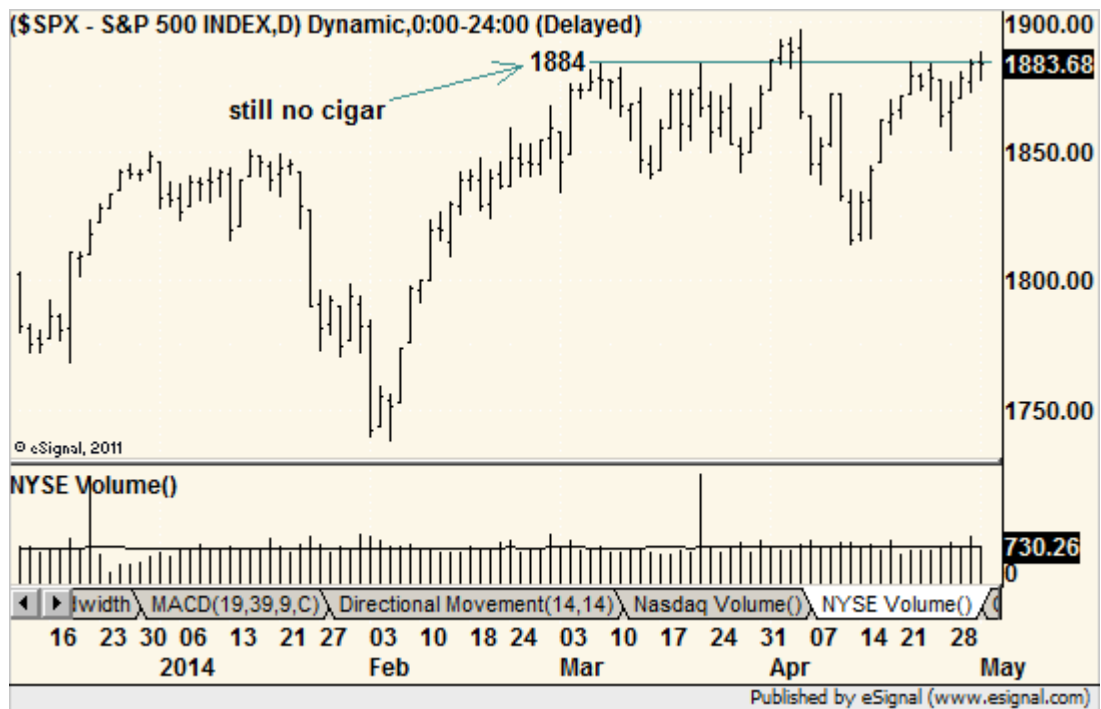
Within the stock market, small and micro caps remain very weak as the middle of the market provided the good news Thursday. Blue chips just rested.

On the sector level, the real surprise move was marine shipping's 6% gain. But again, it was really one stock, **KEX**, that pulled the entire weight. Again, while the advance-decline line hit a new high we think the quality of the indicator, if that is a fair label, is not quite as good. Sure, lots of stocks gain but not many gain big amounts.

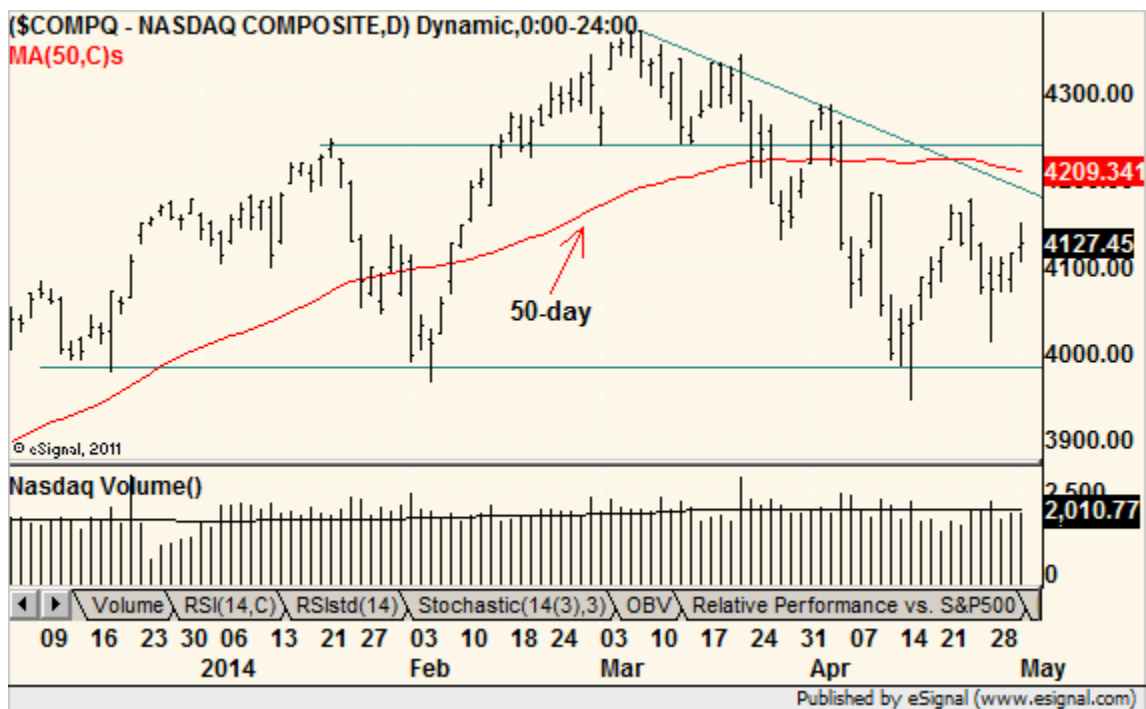


In the hourly **SPY** chart, for the third day in a row we have to admit that the market is showing resilience by staying close to resistance. But we now think it is wearing out its welcome. We may have reached the tipping point between resilience and giving up.

## Index Charts of the Day



Still no close above the resistance we've been watching for two months.



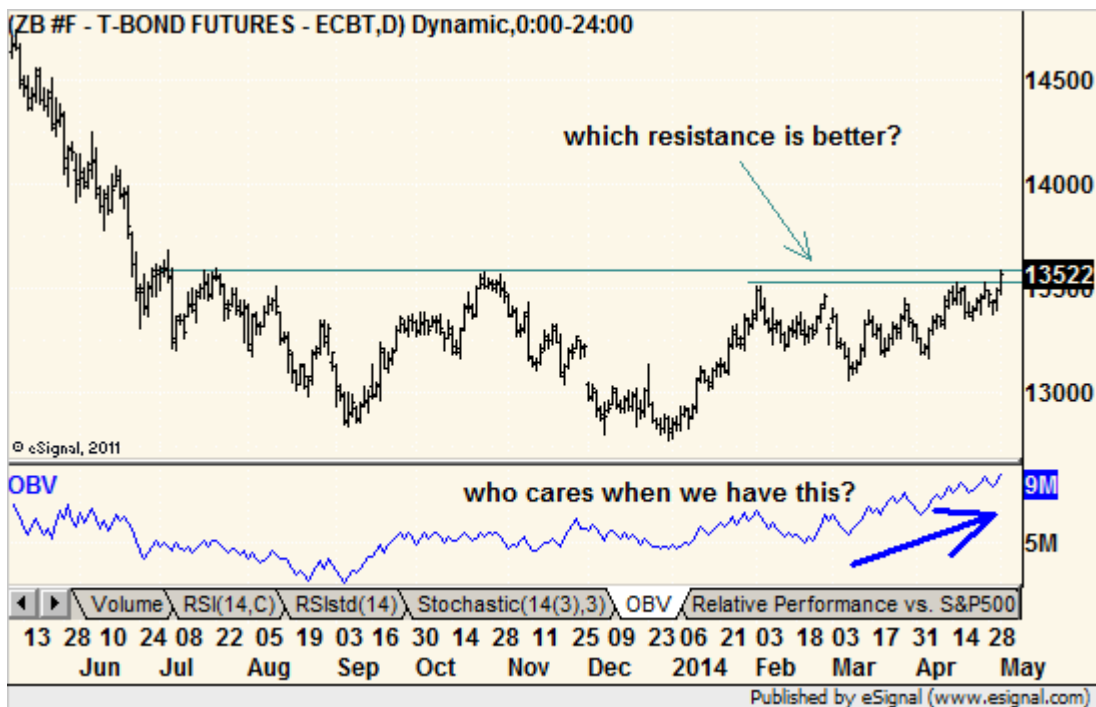
No change from the day before. Still under the trendline and 50-day average.

## The Radar Screen

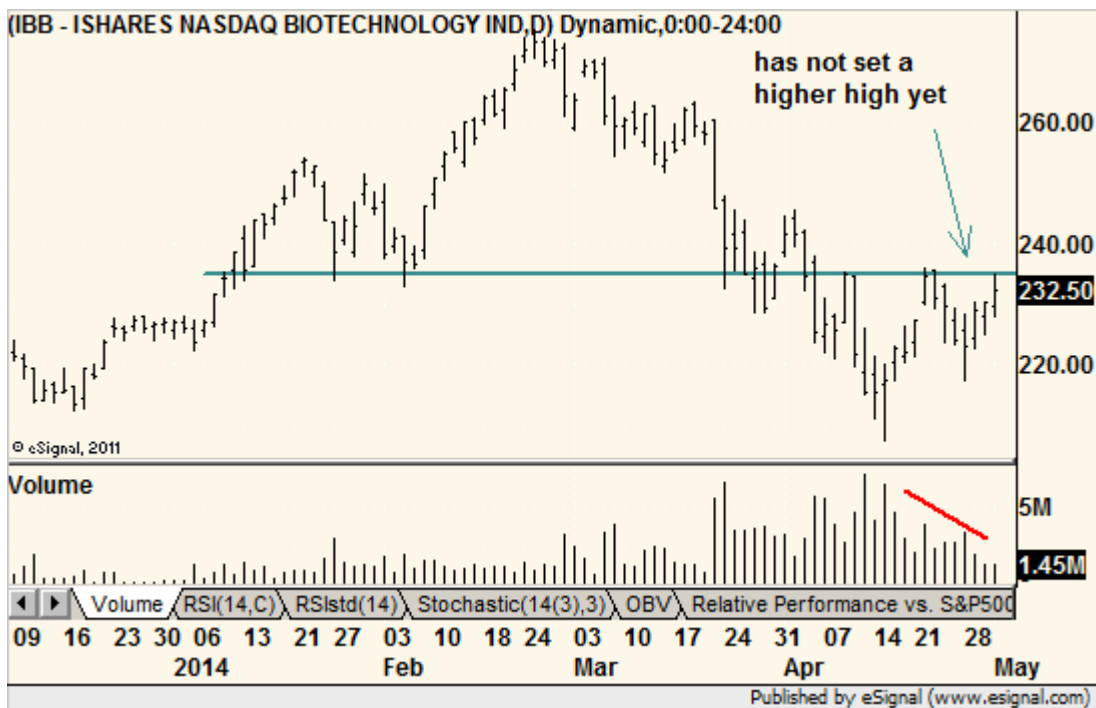
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. <u>So close.</u>		4/30
<b>TransCanada TRP</b> - A pipelines stock poised to break out. Looking for a close over 47.20. Peer WMB broke out yesterday.	<b>New</b>	5/2
<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		4/9
<b>UnitedHealth Group UNH</b> - This HMO looks terrible. Support break, plunging on-balance volume. Selling it here.	<b>New</b>	5/2
<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 WTSL</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 watching for signs that it is time to take profits.		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. <b>MTG</b> did in fact fail.		4/15
<b>Transports</b> - Watching an expanding triangle (megaphone) on the <b>DJTA</b> . <u>Pattern is starting to fade so we'll move on.</u>	<b>Removed</b>	4/25
<b>Updates</b>		
none -		

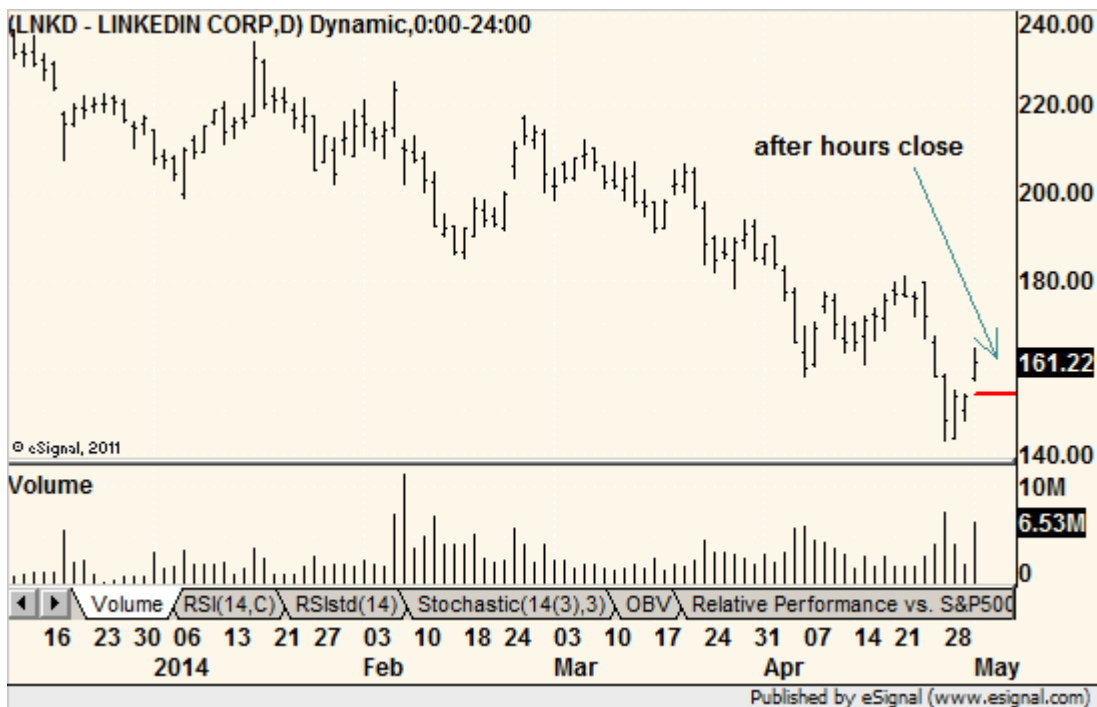
## Market Highlights



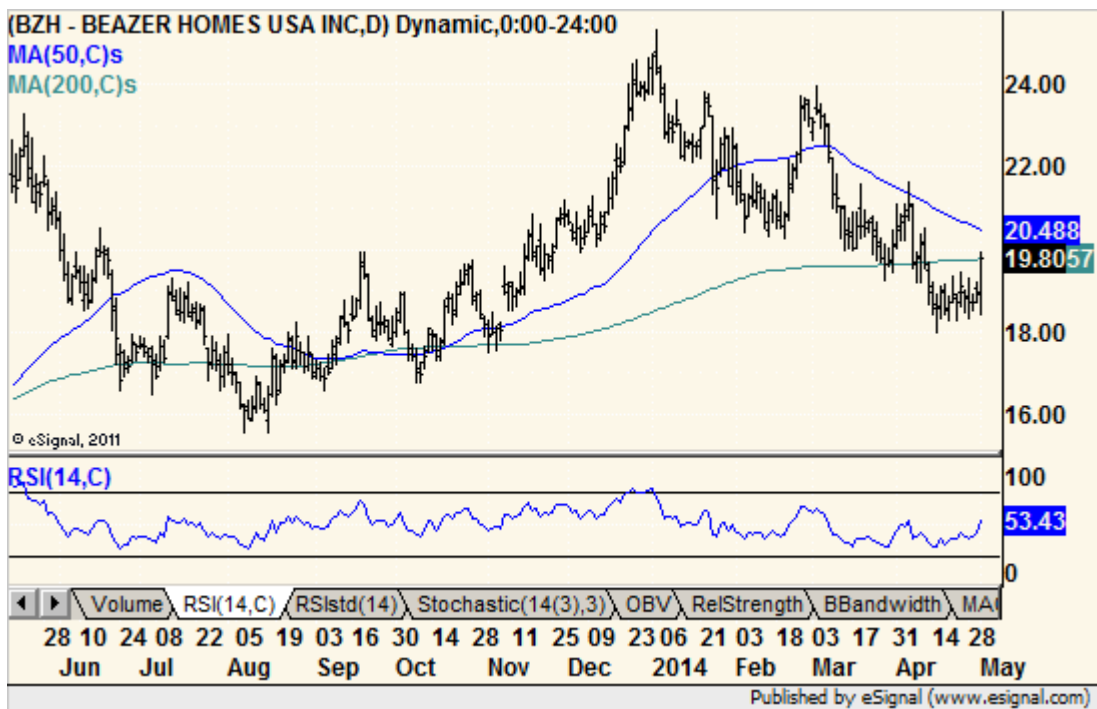
**T-bonds** - Let's look at the real deal instead of the ETF. This is a rising trend. Premarket dip this morning does not change that.



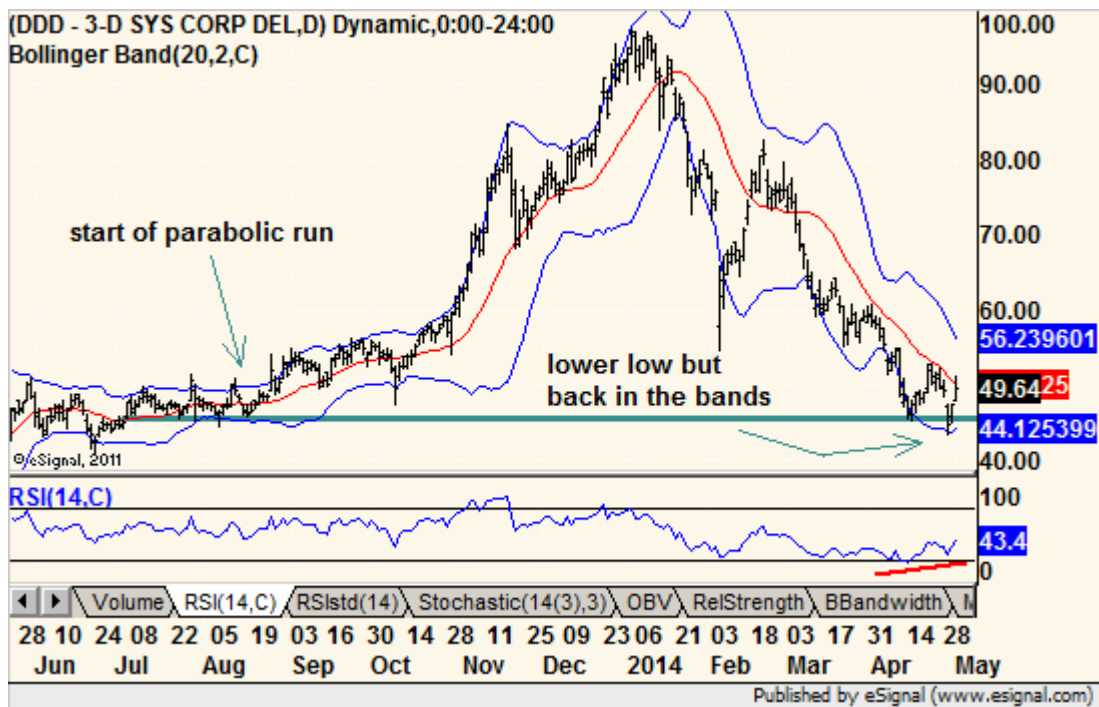
**Nasdaq biotech ETF** - Third day in a row with this chart but the markings from yesterday still hold true.



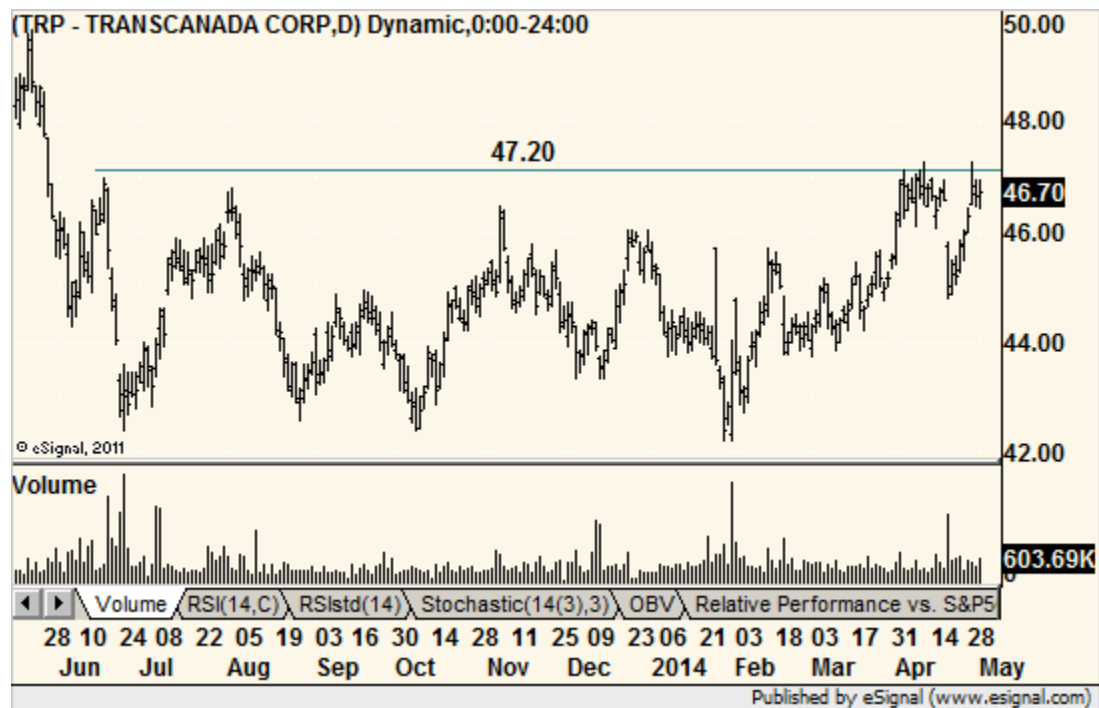
**LinkedIn** - Surprises happen in the direction of the trend. Earnings were not good.



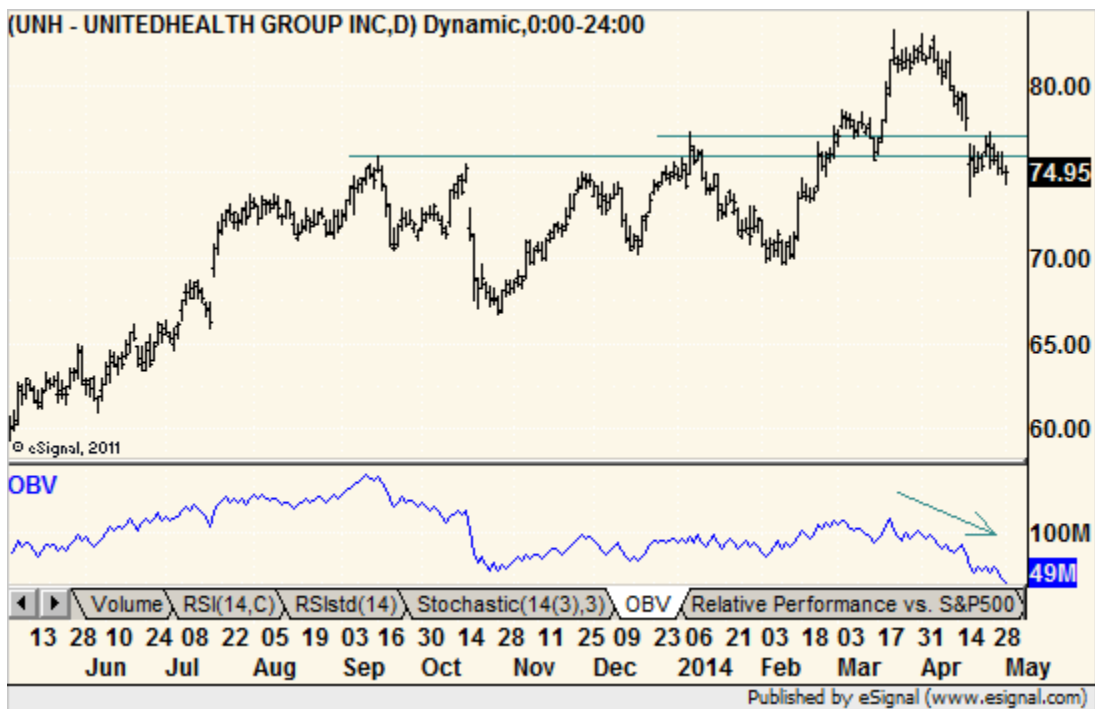
**Beazer Homes** - Some positive action in the housing sector after an upgrade but the trend is still down and the stock is still below the 50-day. Presented just to keep eyes open. We are still bearish housing.



**3D Systems** - This former darling has given back the entire parabolic run and now shows divergences in RSI and Bollinger Bands. Its P/E is still way too high but if you have been waiting to buy this we won't talk you out of it now (not an endorsement, though). The stop point would be a new low below support.



**TransCanada** - A pipelines stock poised to break out. Looking for a close over 47.20. Peer WMB broke out yesterday.

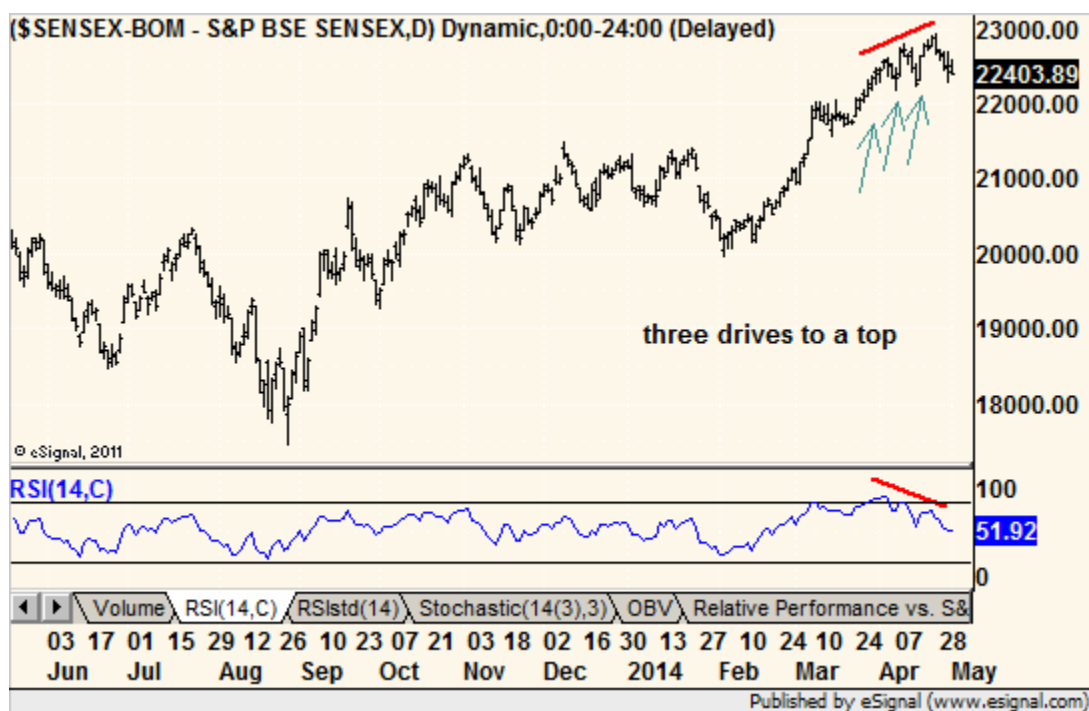


**UnitedHealth Group** - This HMO looks terrible. Support break, plunging on-balance volume. Selling it here.

## Today's Lesson

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

### Three Drives to a Top



**India Sensex Index** - International markets have been doing much better than the USA recently but India sports a bearish RSI divergence now. Also, we see "three drives to a top," which consists of three attempts at new highs in a row.

There is nothing fancy about this pattern and we could not spend paragraphs on it if we wanted to do so. But it is a handy little thing to have in your technical bag of tricks. Wait for the standard breakdown below a trendline, which has arguably happened here.



## 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	24.75	-0.6%	24.00	24.91	4/15	16
	<b>ED</b>	CONSOLIDATED EDISON INC	58.08	3.9%	55.50	55.89	4/15	16
	<b>FE</b>	FIRSTENERGY CORP	33.88	-1.8%	33.25	34.50	4/25	6
<u>Short</u>	<b>UPS</b>	UNITED PARCEL SERVICE INC	98.11	-2.2%	100.00	96.00	3/21	41
	<b>CVS</b>	CVS CAREMARK CORPORATION	73.09	1.0%	76.00	73.85	4/7	24
	<b>CA</b>	CA INC	30.14	1.1%	31.25	30.46	4/22	9
	<b>GS</b>	GOLDMAN SACHS GROUP INC	160.37	-0.1%	162.00	160.26	4/22	9
	<b>BRCM</b>	BROADCOM CORP	30.56	0.1%	31.50	30.60	4/24	7

**Notes:** HR did not hit stop but it broke its trendline.

## Subscriber Corner

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

Note to Grace - Yes, we do think the cyclical bull is over but the cyclical bear has not started. We cannot call it until it actually begins.

## 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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