

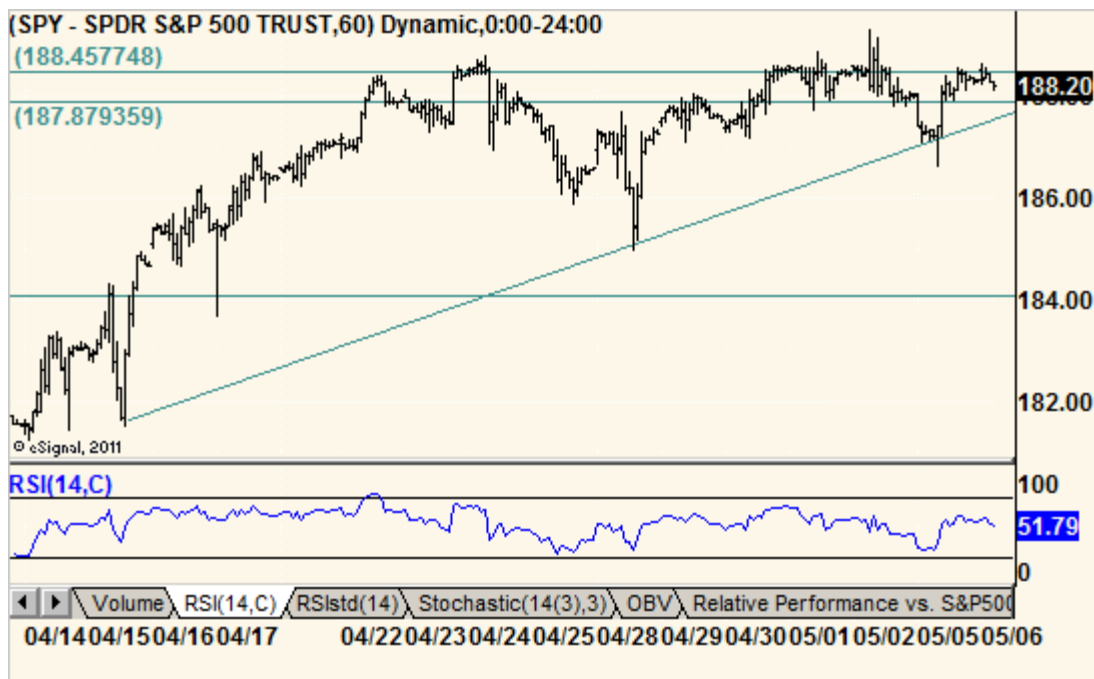
# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**May 6, 2014** - Monday played out according to the script used before the S&P 500's April peak - open way down Monday and come charging all the way back. Take that bears! And now that it is Tuesday the track record says more gains. But don't get too comfortable bulls. Volume was awful and candle charts show spinning tops, not hammers (uncertainty, not bottoming). And, of course, small caps lagged.

There are two reasons for bullishness aside from the comeback. The first is the **SPY** spyder's bounce off the trendline as seen in the hourly chart below. What it means is the recent Dow high and reversal is still officially a pause and not a true end of the rally.



Here's the bounce off the trendline. But at the same time, resistance is still rather strong here.

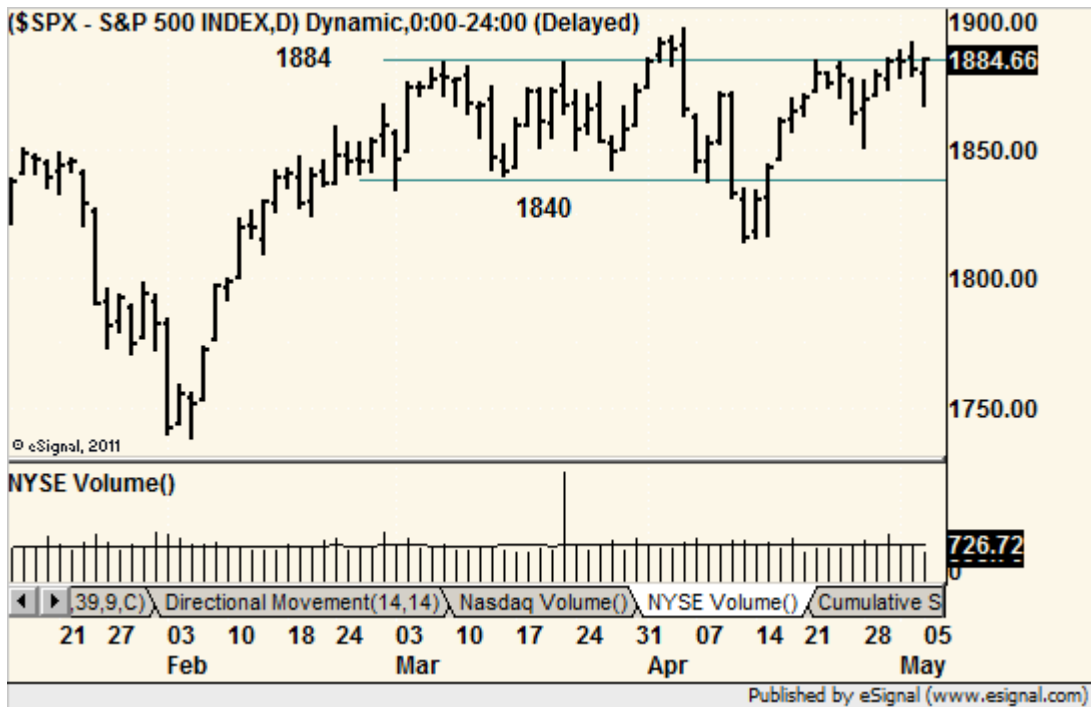
The second is bonds. Bonds? Weren't they telling us not to be bullish on stocks? Yes, and they still may be telling us that but futures scored a "tweezer" yesterday, which is really an intraday double top viewed on a daily chart. It could lead to short-term weakness although after the trade report that might be moot.

Something for everyone, that is, if you like lumps of coal in your stocking. Which cleverly (not) brings us to my Barron's Online column from yesterday. Domestic coal producers have perked up considerably. Not all of them but enough to make us take notice. They are segregated into good and bad, of course, and the good have already had some serious gains. We'll be monitoring the bad ones for signs of reversal and power to catch up. For example, **JRCCQ**, which as the "Q" at the end to signify great financial distress for the company, seems to have had a selling climax last month (speculators only). Perhaps **ANR** and its bullish RSI divergence would be safer although I would put my mother in neither.

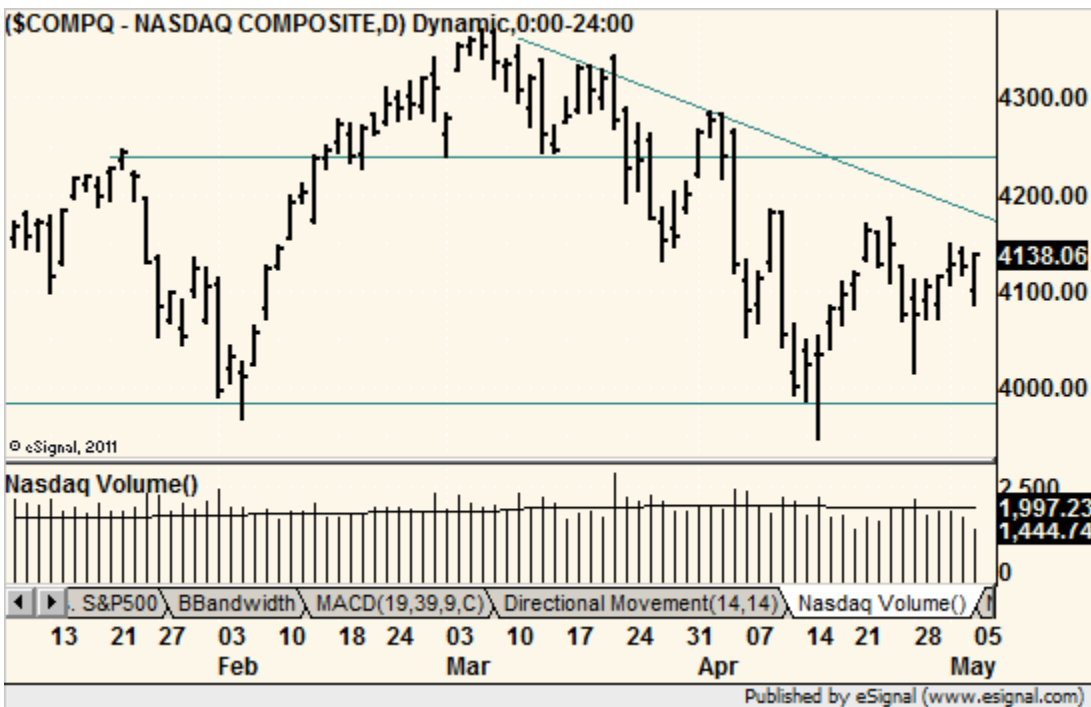
And what up with the banks? **BAC** is undercapitalized. **CS** is going to settle a tax probe. **JPM** gapped down to break a bear flag on news its "environment was challenging." Boo hoo. Check out the chart of the sector below with a break of a three-year trendline.

**Bullish stock market? We don't think so.** It's just that the blue chips are giving it one last try.

## Index Charts of the Day



Still in the range although the recovery yesterday leans bullish. Volume was exceptionally low.



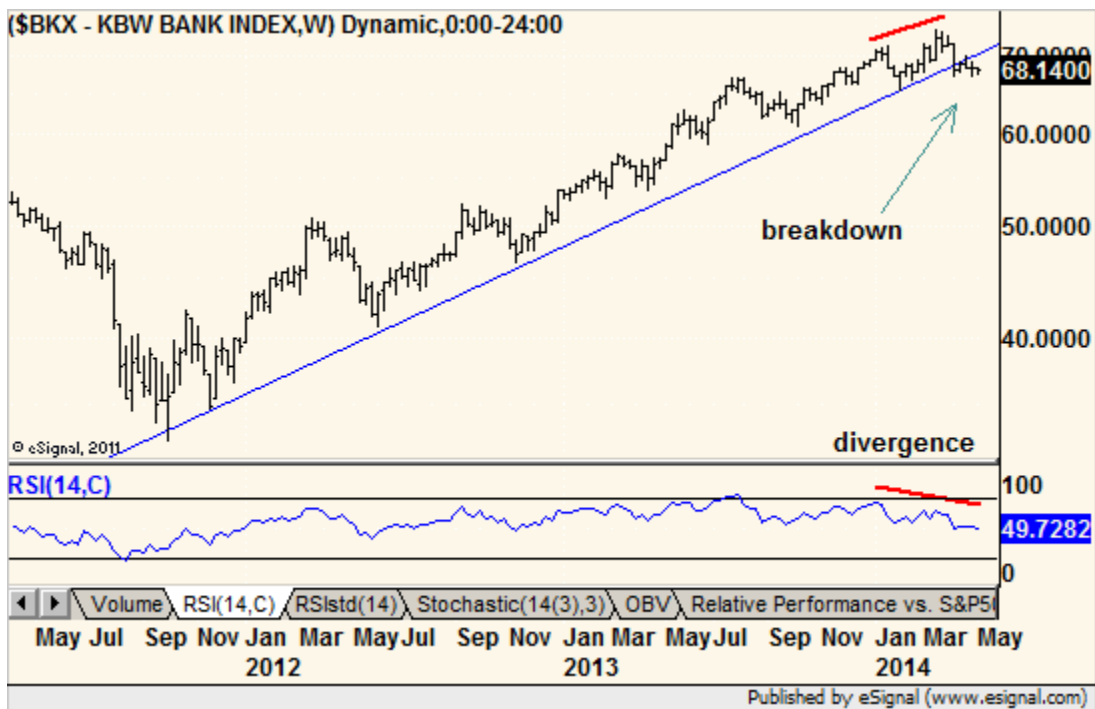
A little more room to the trendline but volume was the lowest of the year - pre-holidays included. The trend is still down.

## The Radar Screen

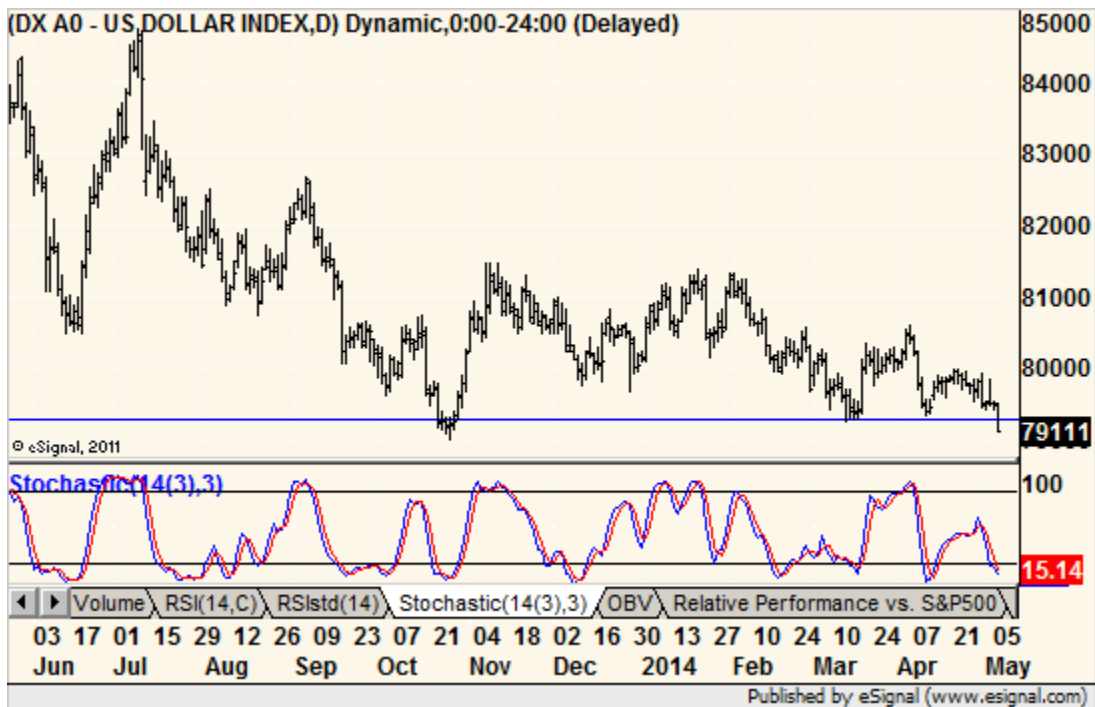
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>TransCanada TRP</b> - A pipelines stock poised to break out. Looking for a close over 47.20. Peer WMB broke out last week.		5/2
<b>Target TGT</b> - The stock rallied back after the CEO news but collapsed later in the morning. Moving on. Setup is gone. No harm done.	<b>Removed</b>	5/5
<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 <u>ZZZzzz...</u>		4/9
<b>Unknown Implications</b>		
<b>none</b> -		
<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> - 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>India</b> - watching three drives to a top		5/2
<b>Mexico ETF EWW</b> - While we remain skeptical in emerging markets, this one does sport a bull flag at the trendline and 200-day average. Must break out to actually become bullish so we watch.	<b>New</b>	5/6
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Resilient and leading.		3/31
<b>Utilities</b> - Still looking strong but a bit concerned over a big decline on a day when bonds were way up.		3/31
<b>Natural Gas stocks \$FUM</b> - Leading. <u>Bull flag?</u>		4/4
<b>Financials</b> - Some of our canaries rallied but overall financials still look weak. Still watching <b>JPM, AXP, KBE</b> .		4/15
<b>Updates</b>		
<b>none</b> -		

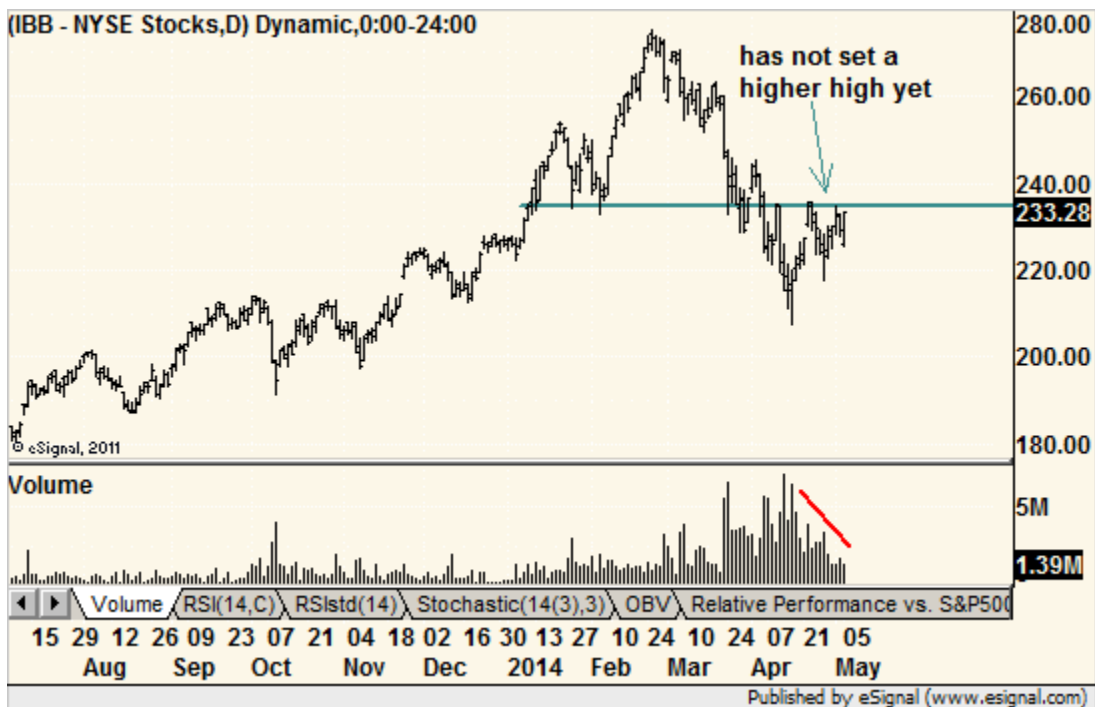
## Market Highlights



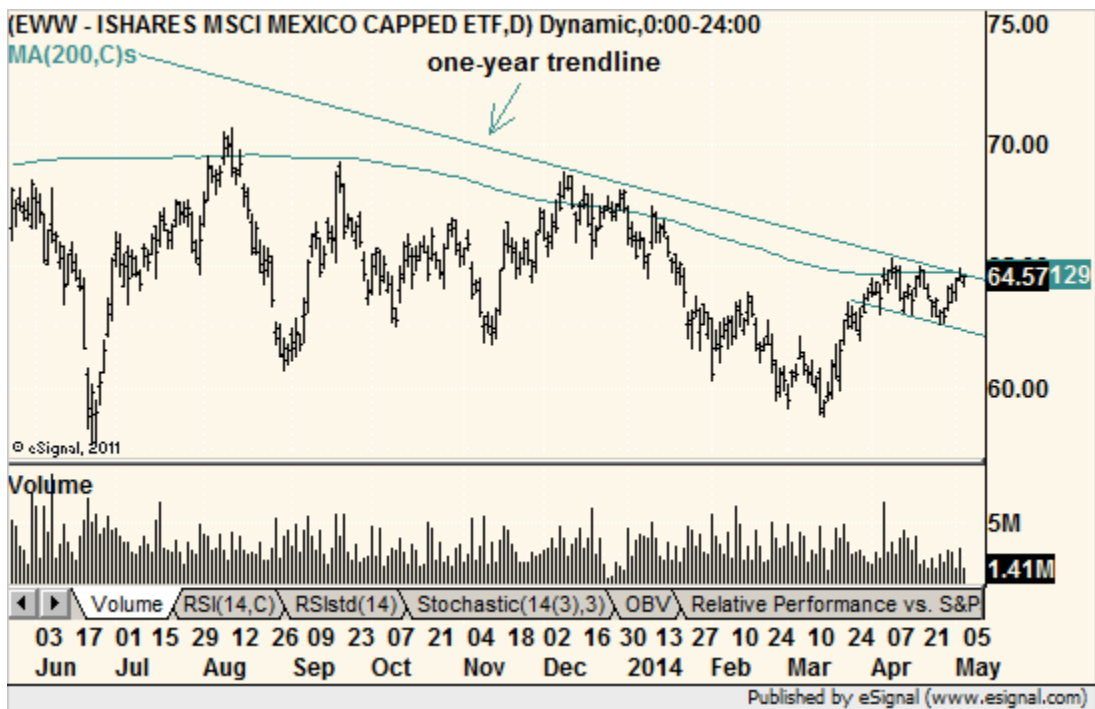
**Banks** - A three-year trendline is broken.



**Dollar Index** - The greenback is off sharply this morning and now below short-term support.



**Nasdaq Biotech ETF** - Still has not taken out resistance. Looks like a bear wedge to us.



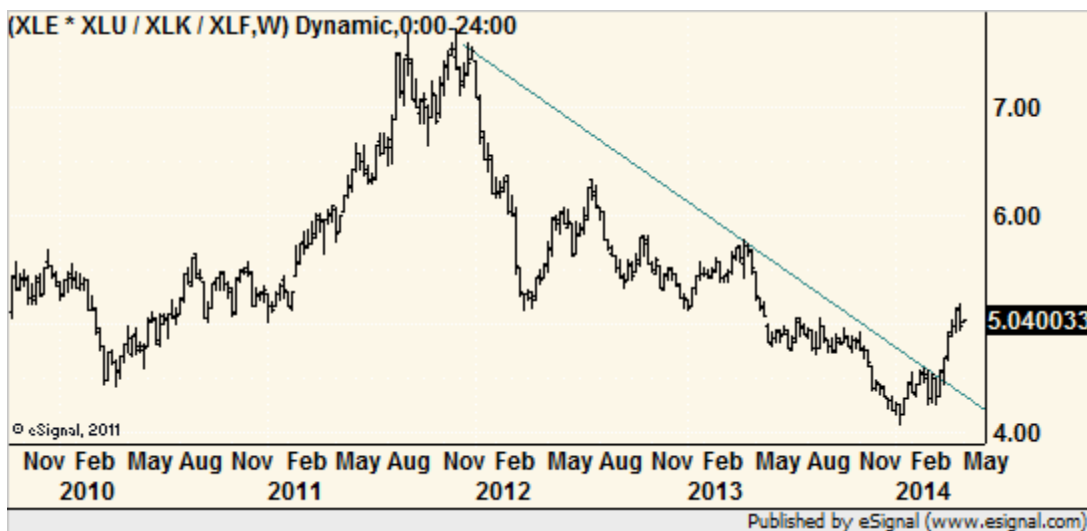
**Mexico ETF** - While we remain skeptical in emerging markets, this one does sport a bull flag at the trendline and 200-day average. Must break out to actually become bullish so we watch.

## 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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	<b>HR</b>	HEALTHCARE RLTY TR	25.05	0.6%	24.00	24.91	4/15	20
	<b>ED</b>	CONSOLIDATED EDISON INC	57.03	2.0%	55.50	55.89	4/15	20
	<b>FE</b>	FIRSTENERGY CORP	33.42	-3.1%	33.25	34.50	4/25	10
	<b>DK</b>	DELEK US HLDGS INC	32.93	-4.6%	31.50	34.50	5/2	3
<u>Short</u>	<b>UPS</b>	UNITED PARCEL SERVICE INC	97.95	-2.0%	100.00	96.00	3/21	45
	<b>CVS</b>	CVS CAREMARK CORPORATION	74.98	-1.5%	76.00	73.85	4/7	28
	<b>CA</b>	CA INC	29.66	2.7%	31.25	30.46	4/22	13
	<b>GS</b>	GOLDMAN SACHS GROUP INC	156.35	2.5%	162.00	160.26	4/22	13
	<b>BRCM</b>	BROADCOM CORP	30.44	0.5%	31.50	30.60	4/24	11
	<b>UNH</b>	UNITEDHEALTH GROUP INC	75.23	-0.7%	78.00	74.68	5/2	3

**Notes:** The Advice Tracker is far from what we'd hoped but not dead yet. We are basically long energy and utilities and short tech and financials. Here is a chart of that using ETFs.



The strategy is correct so we'll stick with it during this bump (we think) in the road.

## Other Information

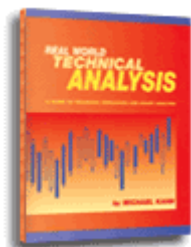
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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