

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

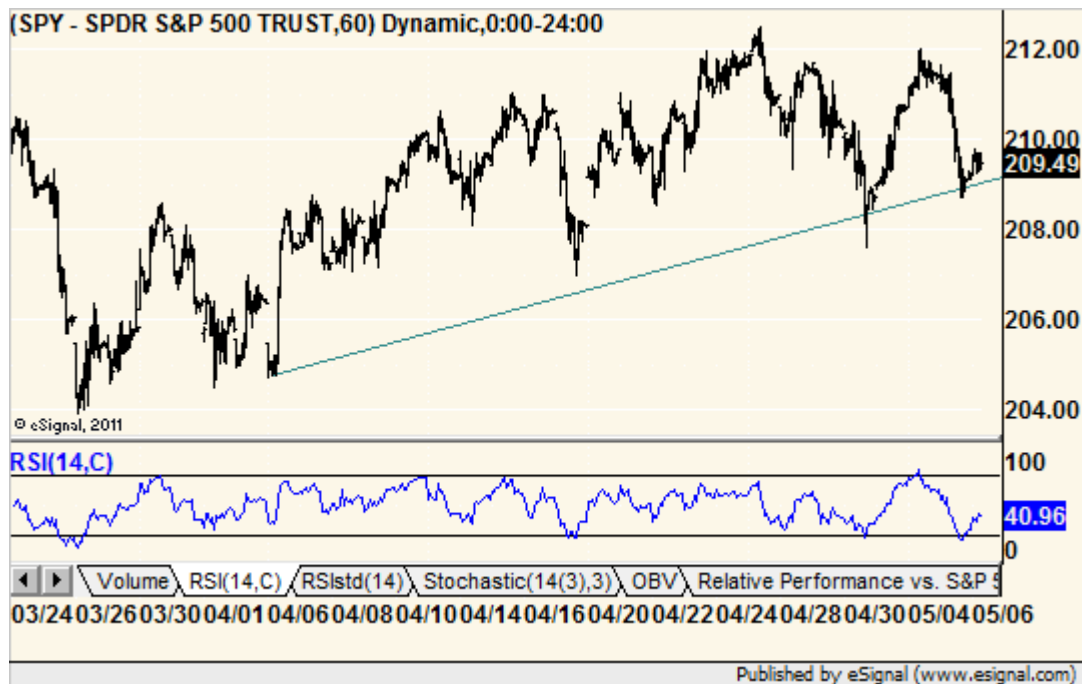
MICHAEL KAHN
RESEARCH LLC

May 6, 2015 – Was it the trade gap or more Greece fears? Or maybe the Fed? It's always the Fed even though they do not meet for a while.

We think it was just a weak phase within a trading range so nothing too sinister. However, we've had to remove our "positive bias" language.

With that said, there are a few things that are troubling. Several ETFs and indices show breakdowns and tests. That's not good. The Dow and S&P 500 are still holding but if the dollar breaks down – and it is close – then things could change there, too.

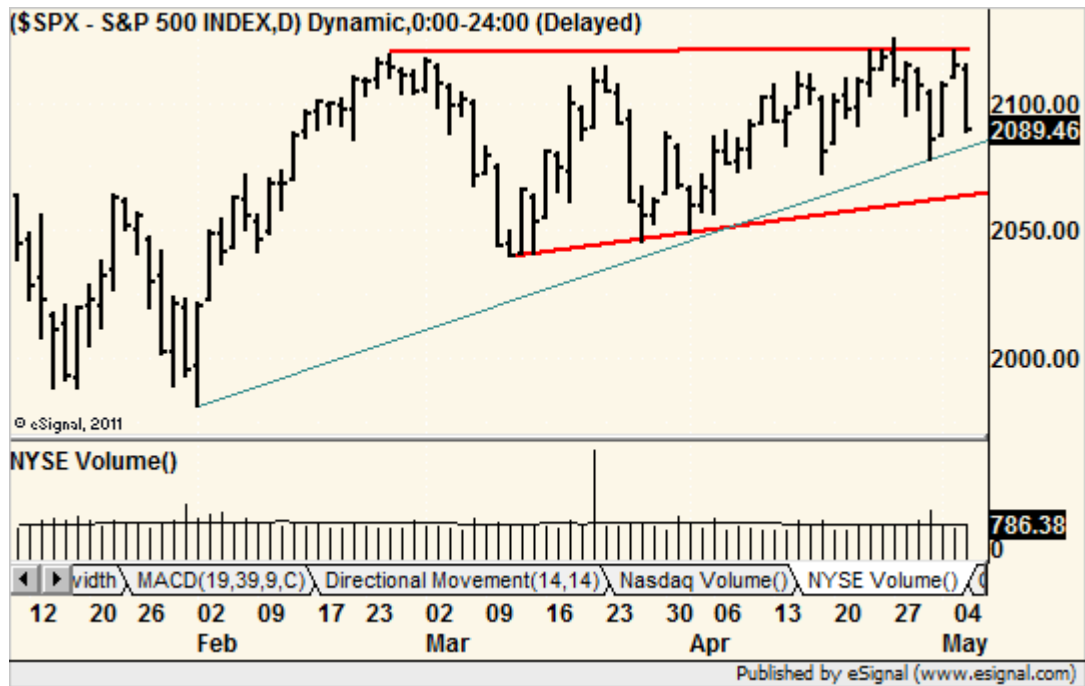
This is a fine line to walk as many technicals from breadth to leadership rotation are still good. Offense is still beating defense (see Subscribers Corner). The **VIX** is still low. Yet, we cannot ignore the sector breakdowns, either. Starting tomorrow we are going to look at Advice Tracker positions that should be closed due to changing chart patterns. Why not today? It looks to be a bounce in the offing.



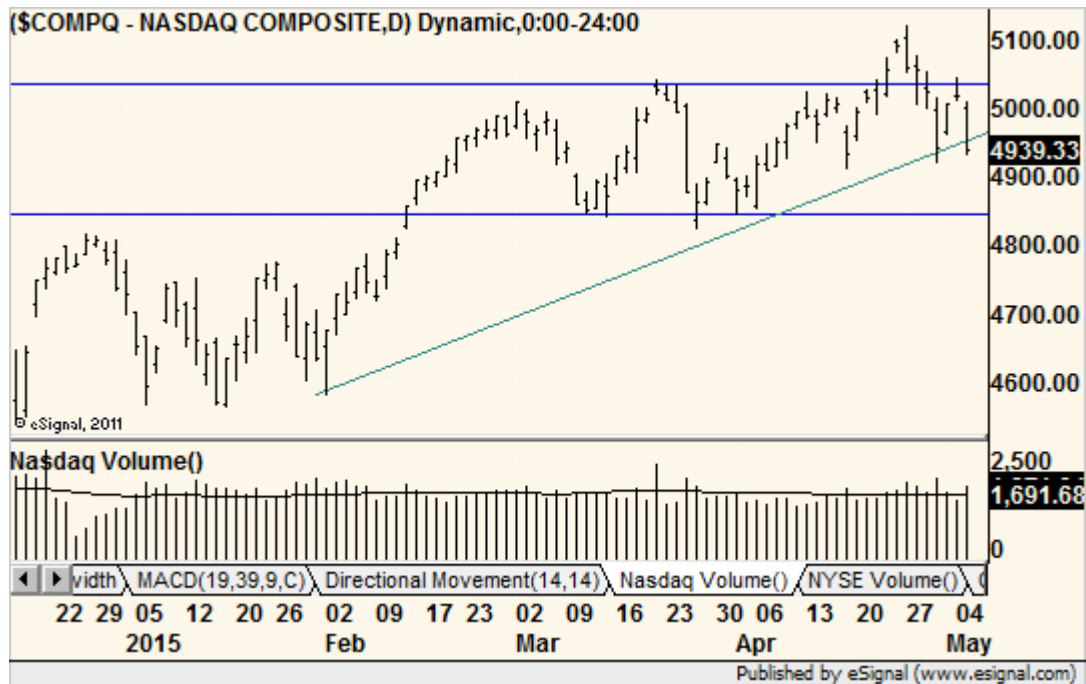
Here is the hourly chart with the trendline drawn yesterday. As we can see, it held as support. But the market must, must, must bounce today or the danger level will go up another notch.

My how things change in a hurry. We must let the weight of the evidence be the guide and not the headlines but that evidence is different today than it was last week.

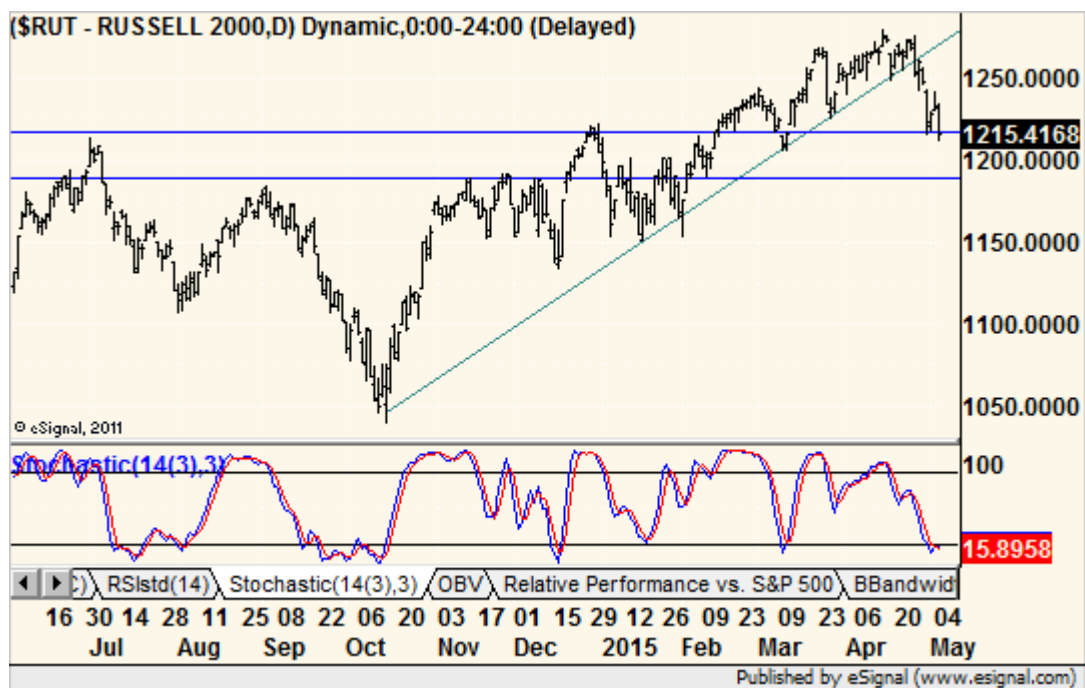
Index Charts of the Day



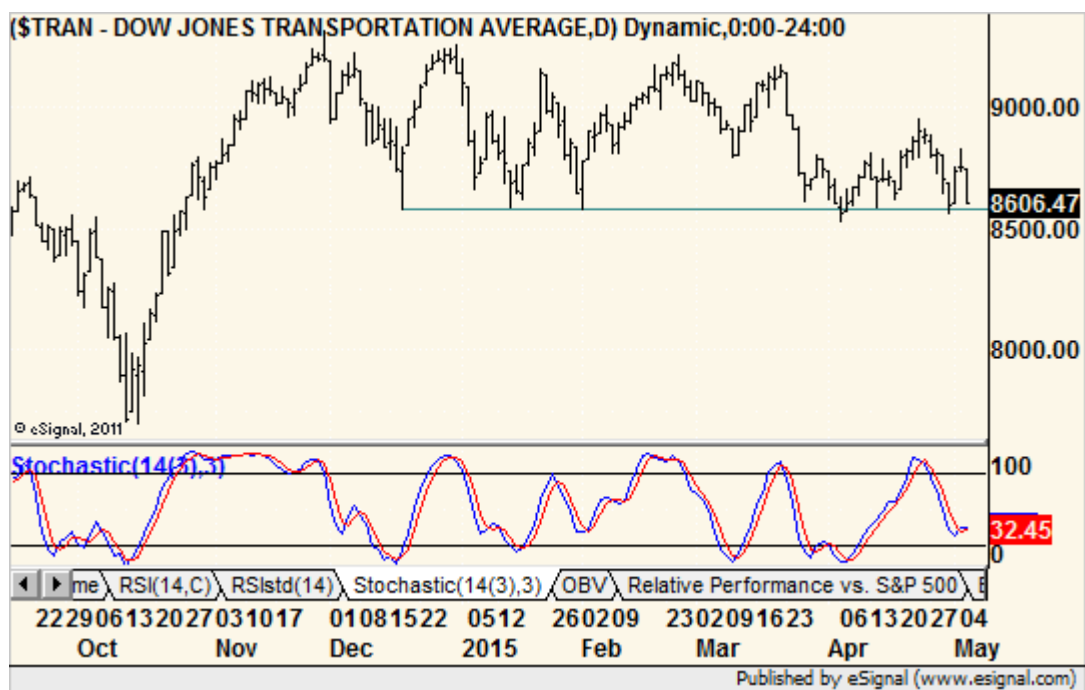
It was a decent sell-off but it did no technical damage. Note sub-average volume.



Volume here was higher and there seems to be a little more danger here. The tech ETF was a big loser yesterday.



The Russell 2000 gets an “uh oh.” This does not look good.



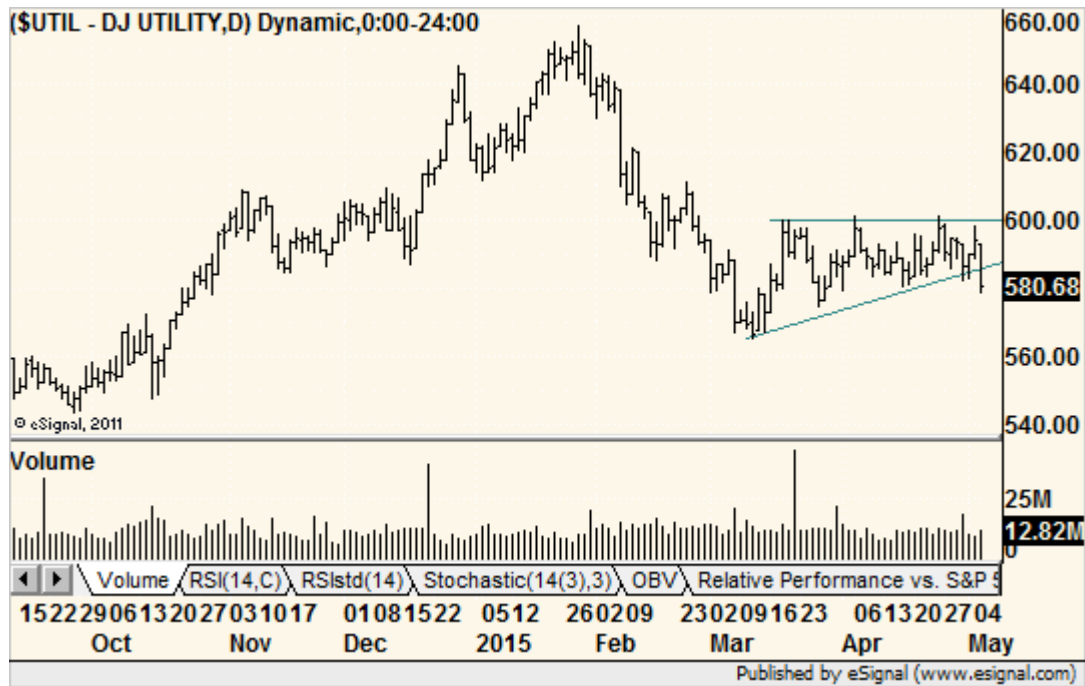
Transports also on the edge of a cliff. Keep in mind oil is rallying.

The Radar Screen

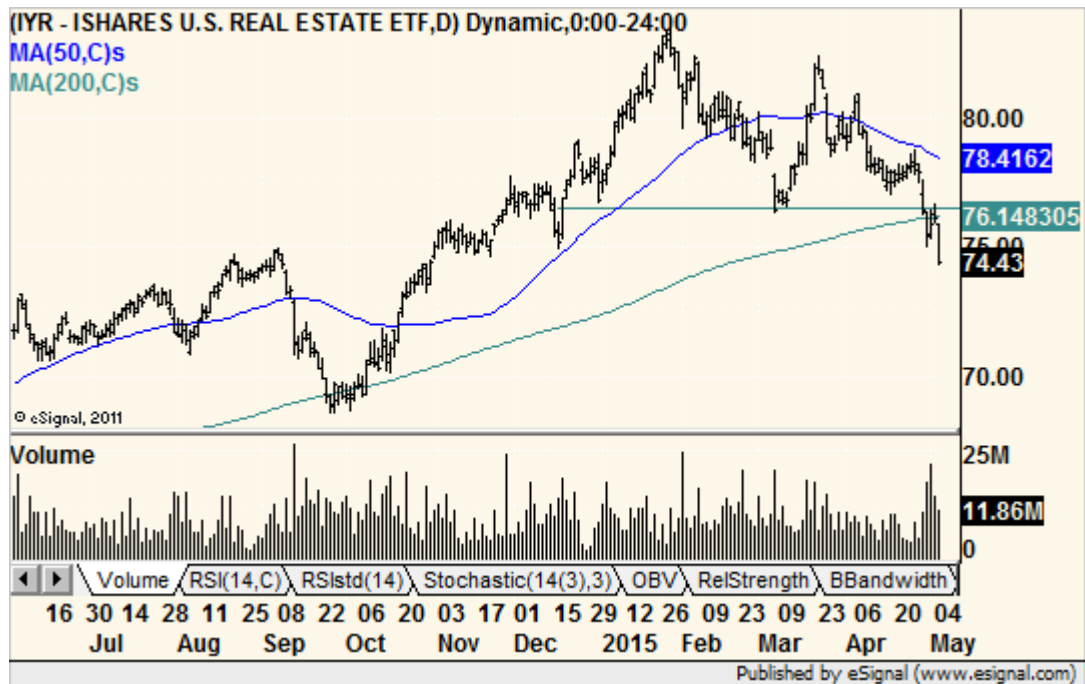
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Matrix Services MTRX – Heavy construction stock now in a bull flag right at 200-day average. Buy close over 22.50		4/7
Keycorp KEY – Here is a bank poised to lead if and when the sector breaks out. Failed attempt Tuesday to breach resistance. Buy 14.75.		5/5
Capital One COF – Another bank poised to break out; this one from a falling trendline. Check out strong on-balance volume. Buy 82.80.		5/5
Bearish Implications		
Keurig GMCR – A stock on precipice. It has a moving average death cross in February. Now that it bounced we will sell under 111. This one has been here a long time and it is starting to form a triangle.	Triggered	3/30
Dollar General DG – Here is a retailer awaiting a better sell signal. Already has a short-term support break and trendline break. Sell bounce to 74.40	Moved	5/4
Nasdaq Biotech ETF IBB – This is more or less a stop-and-reverse play. It bounced off support but then failed at the 50-day average. If it breaks support now it will be game over. Sell close below 333.60		5/5
SPDR Retail ETF XRT - Also a bounce off support and failure at previous range bottom. Sell below support 97.60 on close.		5/5
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Caterpillar CAT - Looks like we've missed the initial buy. We'll keep it here for a few more days in case it dips.		4/24
IBM – Ditto. Warning – potential inverted hammer		4/30
FedEx FDX – Breakdown failure last month and now squeezed between averages.		4/29
Verifone PAY – Another stock to watch for a breakout. Note rising on-balance volume. Had a false attempt to break out over 36.50 so we will watch to see if it was a stumble or a failure.		5/4
Sector Watch (observations that may spark ideas)		
Banks ETF KBE - Still waiting for a real breakout despite same in JPM and GS . Getting very close.		4/21
Industrial Metals stocks – FCX , SCCO , TS , CCJ looking better		4/27
REIT ETF IYR – This interest sensitive group is on the edge of a cliff. Boom!		5/4
Consumer Products - These staples stocks (CHD , PG , CL) look terrible and worse than the XLP ETF.		5/4
Updates		
Long T-bond ETF – Support break		

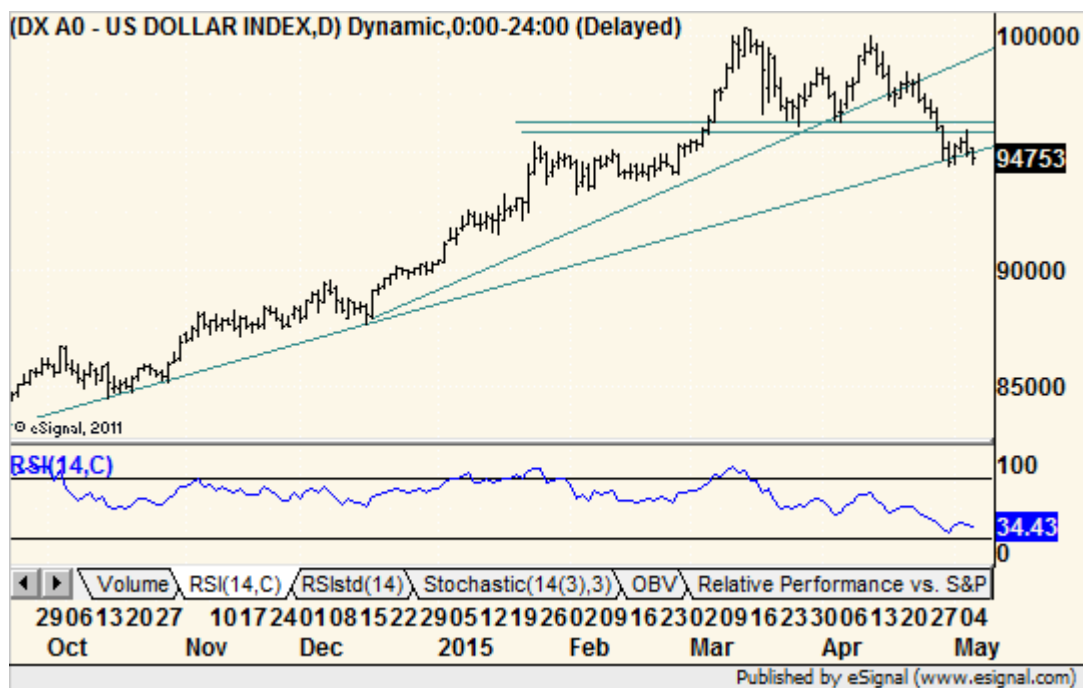
Market Highlights



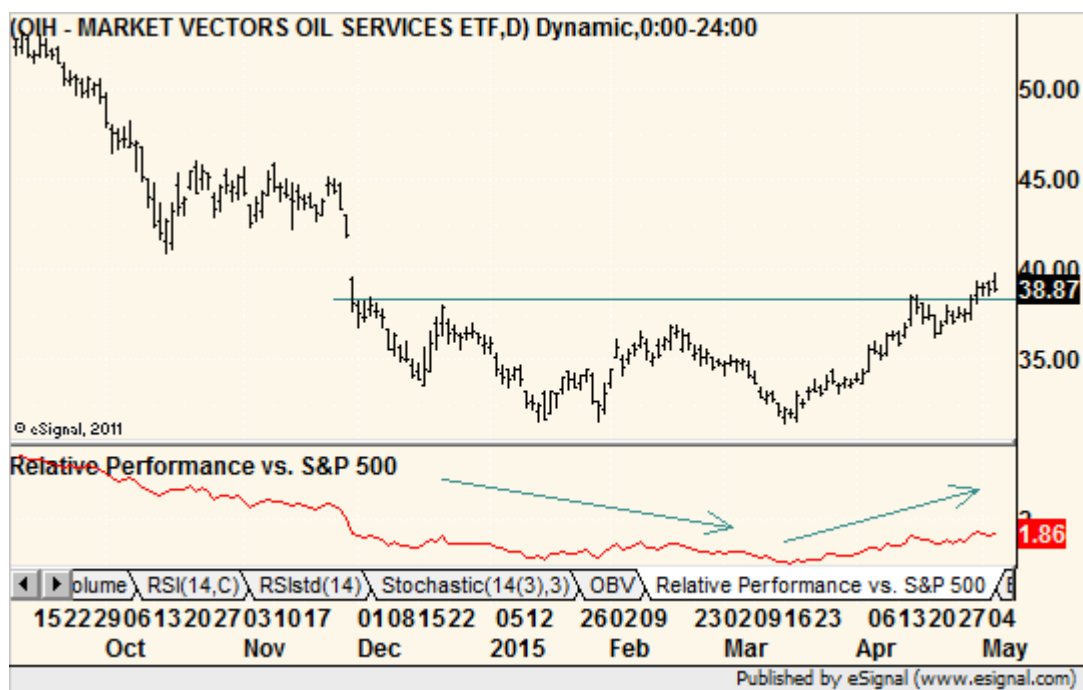
Utilities – Bonds broke support and utes broke this triangle.



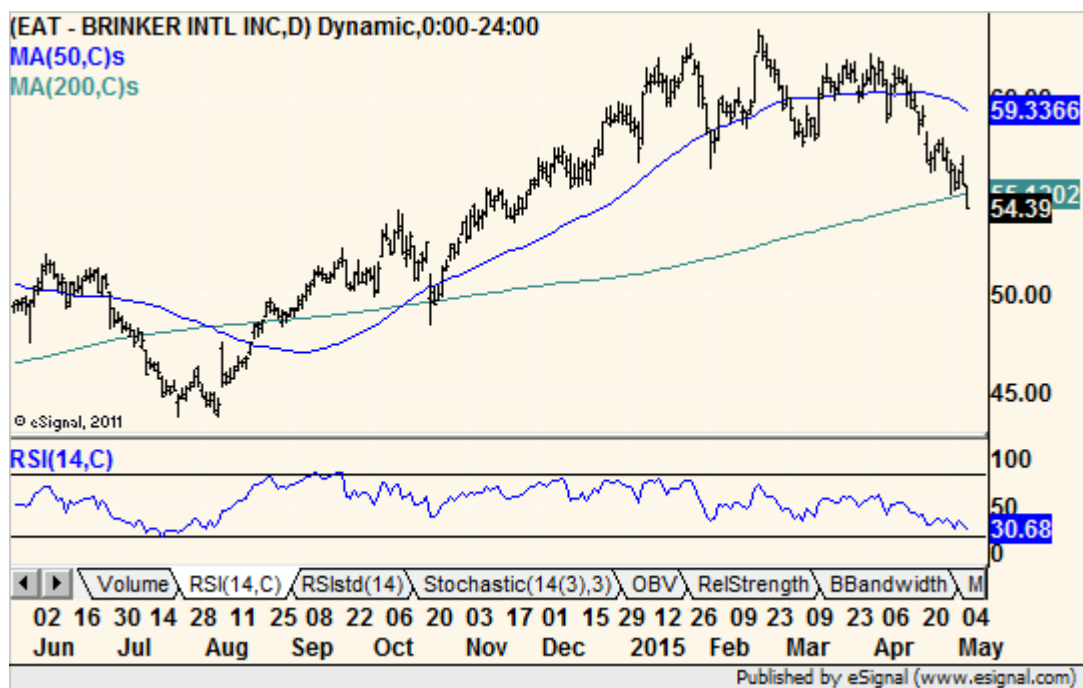
REIT ETF – Real estate also looks bad. Interest rate sensitive.



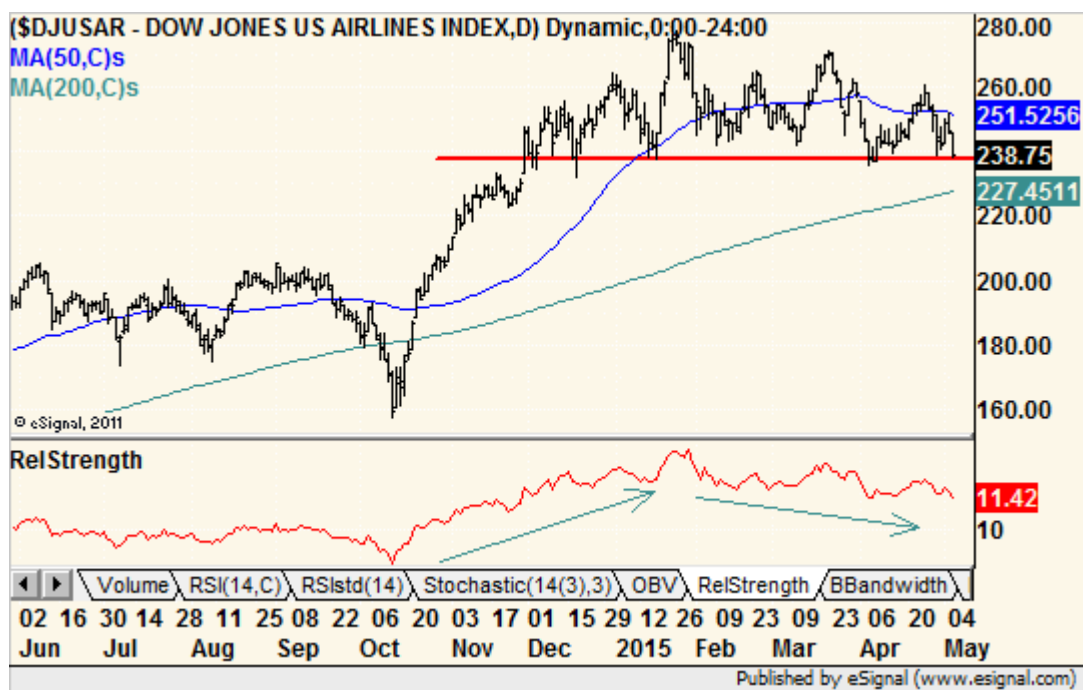
Dollar Index – Also looking weak.



Oil Services ETF – Just a reminder.



Brinker – A lot of restaurants look like this. (bearish).



DJ Airlines Index – Also set up to break down.

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>	PM	PHILIP MORRIS INTL INC	82.81	6.0%	82.00	78.11	4/14	21
	ABB	ABB LTD	21.34	-2.1%	21.25	21.80	4/14	21
	GILD	GILEAD SCIENCES INC	102.99	0.6%	100.00	102.34	4/14	21
	XOM	EXXON MOBIL CORP	88.61	2.3%	85.00	86.63	4/14	21
	FLR	FLUOR CORP NEW	58.86	-1.8%	58.00	59.93	4/21	14
	KOP	KOPPERS HOLDINGS INC	23.16	2.3%	22.50	22.64	4/22	13
	PSX	PHILLIPS 66	80.44	-1.2%	77.25	81.38	4/24	11
	VZ	VERIZON COMMUNICATIONS INC	50.09	0.2%	48.00	50.00	4/27	8
	ABX	BARRICK GOLD CORP	13.11	-1.9%	12.75	13.36	4/29	6
	XLE	ENERGY SELECT SECTOR SPDR	81.64	-1.9%	80.00	83.25	4/29	6
	ORCL	ORACLE CORP	43.92	1.1%	42.25	43.44	5/1	4
	ETFC	E TRADE FINANCIAL CORP	29.01	-0.1%	27.75	29.03	5/1	4
	HPQ	HEWLETT PACKARD CO	33.16	-1.9%	32.00	33.80	5/4	1
<u>Short</u>	WSM	WILLIAMS SONOMA INC	75.39	1.5%	79.00	76.51	4/17	18
	GMCR	KEURIG GREEN MTN INC	110.00	0.9%	117.00	111.00	5/5	0

Notes: New short in **GMCR** after more than a month of waiting for it.

Observation – not much progress in P/L over the past two weeks.

Subscriber Corner

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



Discretionary / Staples ratio – We had some requests to show this chart mentioned in the bullet points yesterday. The offense sector (discretionary) is beating the defense sector (staples) and although the trend is choppy now it is still rising. Note the 50-day average as support.

The bottom pane shows the directional movement system with the relevant parts being a rising, albeit slightly, ADX (average directional index) and the green positive movement component above the red negative component.

Two-pager, [click here](#). New subscribers, this is part of the service so don't be shy.

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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