

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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May 12, 2015 – Let's just start with comments from yesterday:

... probably a day of rest. However, if the market starts to tumble and ends up giving back a good chunk of Friday then we can get back to last Thursday's worries and some of the charts we offered last week

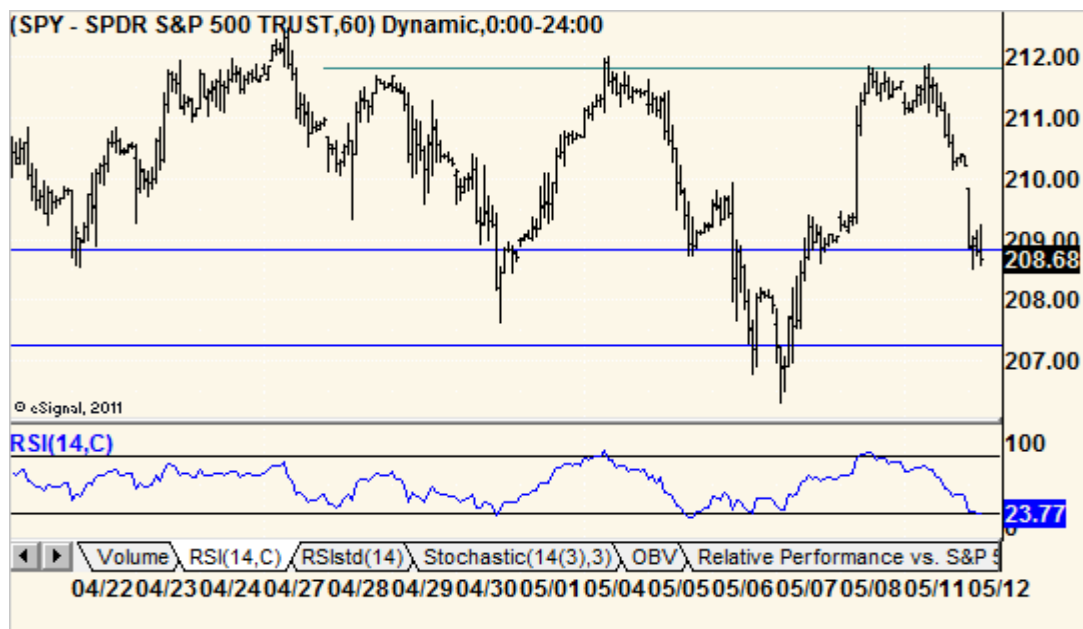
Yesterday's loss was a small chunk, not really a "good chunk." But overnight, that turned worse and in the premarket the SPY is back to where it closed Thursday. The entire jobs fueled gain is gone.

So is that really bad? Not exactly. The reason is that the market is still in its trading range. And the Russell actually closed in the green yesterday. Its premarket decline still leaves it in its two-week range, albeit under a broken rising trendline.

The culprit? Bonds. Long bonds set a new low and the trendline we've been highlighting is undeniably broken. And while I was writing yesterday's Barron's Online column I had to change the words from "nearly 3%" to "just crossed above 3%." Bonds are suddenly more competitive with stocks and that could siphon some cash.

Remember that chart last week of the German Bund breakdown? Same for the UK. Even Japanese bonds look heavy and they have been helium-filled for decades.

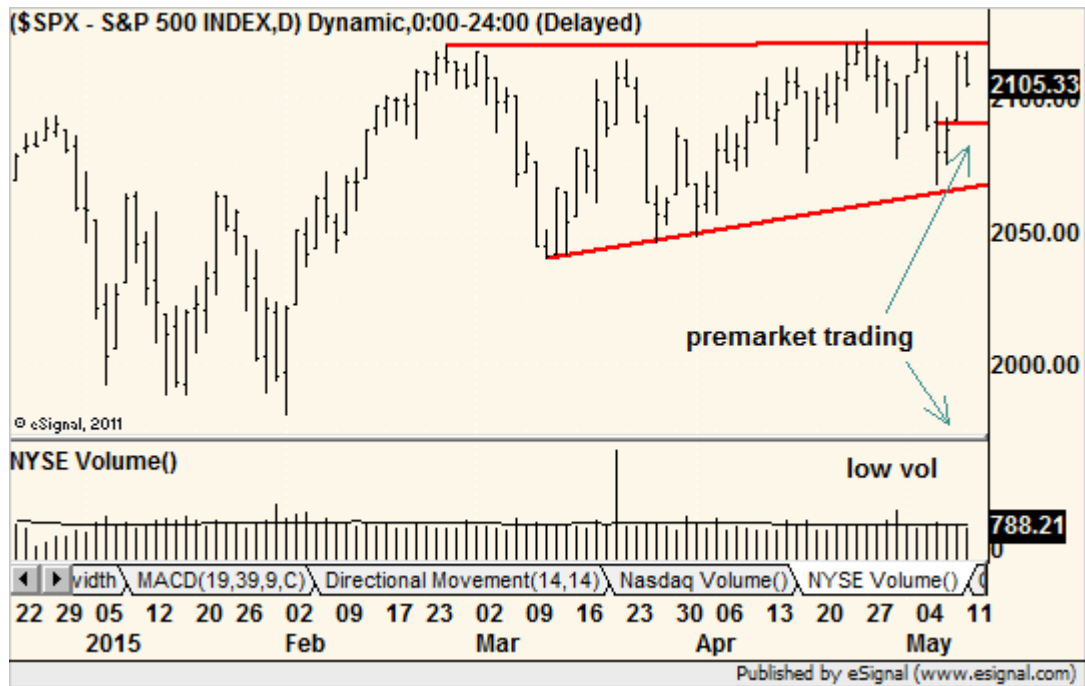
Watch for negative motion in utilities, REITs and even consumer staples with their often generous div yields. Banks may actually like it.



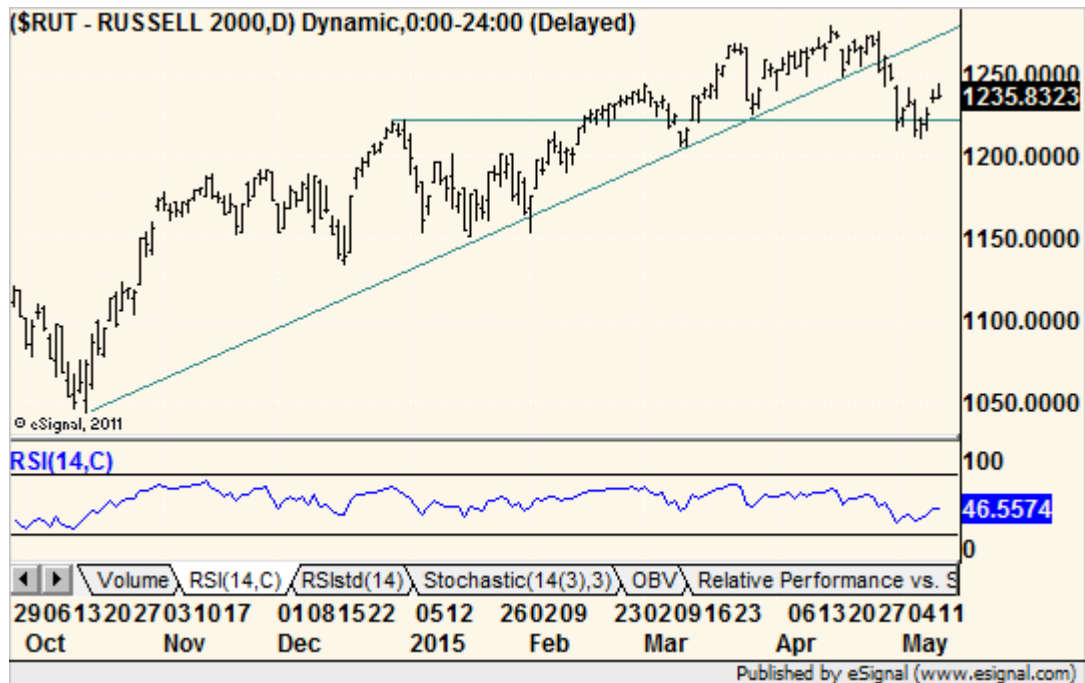
Big fake out on the hourly chart yesterday. The bull flag broke out to the upside but did not reach its objective. Rather, it stalled at resistance and completed a small double top. And the projections down from the pattern – in integral multiples – were rather close to the support shown. We have to believe that if it cannot mount a reasonable rebound now with oversold intraday conditions then this support will break and the next level would be in the crosshairs.

We are trimming longs (although we got triggered for two new ones on banks).

Index Charts of the Day



Still in the triangle. The middle is always a place to look for a pause or reaction but the bottom of the pattern is a reasonable target over the next few days.



The Russell is trading on the horizontal support line in the premarket. Is that a flat head-and-shoulders pattern?

The Radar Screen

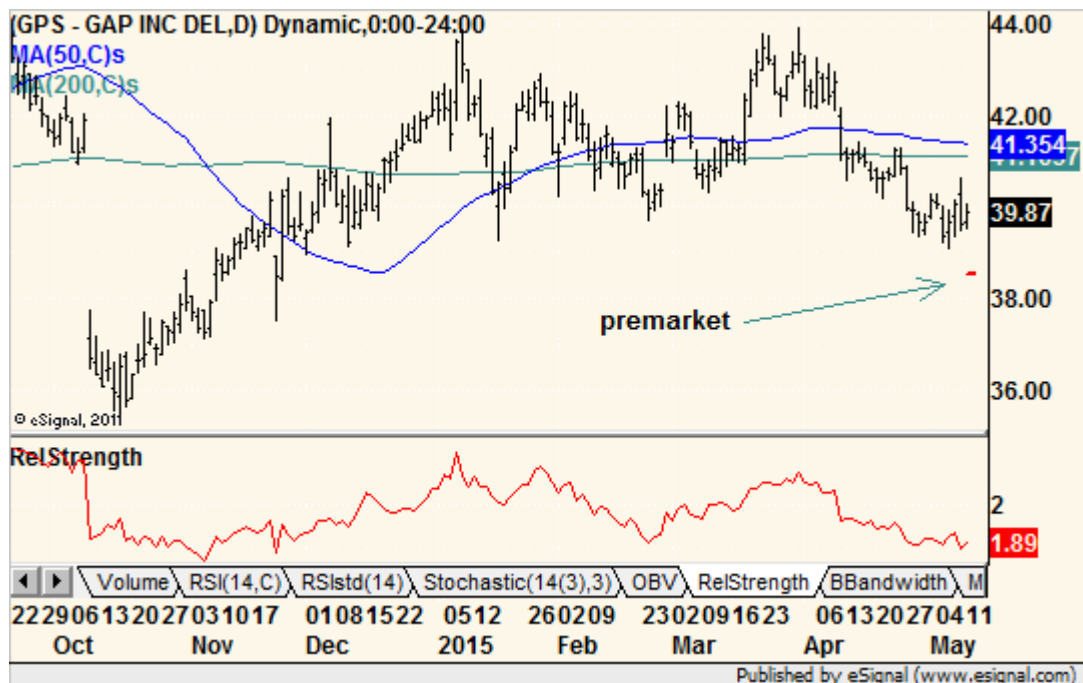
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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.	Triggered	5/5
Banks ETF KBE - Still waiting for a real breakout despite same in JPM and GS . Green Wednesday. Buy close over Tuesday high 34.43.	Triggered	4/21
Goodyear Tire GT – A strong long-term chart with a possible short-term flag breakout. New high in on-balance volume. Buy close over 30.		5/8
Bearish Implications		
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
Flowerserve FLS – If you are looking for shorts, this industrial machinery maker is already in decline and under its averages. Falling on-balance volume. Sell below support 55.40.	New	5/12
Gap GPS – Retail is on our least favorite list and this one is set to gap down this morning after an earnings miss. If we can get a bounce back to 39 it might be a nice short.	New	5/12
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Caterpillar CAT – We blew this trade but with market conditions we are not interested in chasing it.	Removed	4/24
FedEx FDX –now squeezed between averages.		4/29
Verifone PAY – flat range can go either way		5/4
Facebook FB – I poo-pooed most social media stocks with one exception. And now it is in a place that looks interesting. Oversold at the 200-day.		5/11
Solar City SCTY – Another worth watching for a long. Tight range after base breakout. Failed attempt so this may not happen.	New	5/11
Sector Watch (observations that may spark ideas)		
Consumer Products - These staples stocks (CHD , PG , CL) look terrible and worse than the XLP ETF.		5/4
Oil services – Still holding a base breakout		5/6
Airlines – sitting on important support		5/6
Healthcare ETF XLV – Held critical support		5/7
Retail ETF XRT – now testing support break		5/11
Homebuilders – We postulated that good action in home furnishings may be a good sign here. It was not – likely trumped by the bond market.	New	5/12
Updates		
Tempur Sealy TPX – Big bearish reversal for this mattress maker		

Market Highlights



Flowserve – If you are looking for shorts, this industrial machinery maker is already in decline and under its averages. Falling on-balance volume. Sell below support 55.40.



Gap – Retail is on our least favorite list and this one is set to gap down this morning after an earnings miss. If we can get a bounce back to 39 it might be a nice short.

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	84.13	7.7%	sell	78.11	4/14	27
	ABB	ABB LTD	21.82	0.1%	21.25	21.80	4/14	27
	GILD	GILEAD SCIENCES INC	104.73	2.3%	sell	102.34	4/14	27
	XOM	EXXON MOBIL CORP	86.78	0.2%	85.00	86.63	4/14	27
	FLR	FLUOR CORP NEW	59.92	0.0%	58.00	59.93	4/21	20
	KOP	KOPPERS HOLDINGS INC	26.75	18.2%	25.25	22.64	4/22	19
	PSX	PHILLIPS 66	80.54	-1.0%	77.25	81.38	4/24	17
	VZ	VERIZON COMMUNICATIONS INC	49.80	-0.4%	48.00	50.00	4/27	14
	XLE	ENERGY SELECT SECTOR SPDR	80.22	-3.6%	80.00	83.25	4/29	12
	ORCL	ORACLE CORP	43.84	0.9%	42.25	43.44	5/1	10
	ETFC	E TRADE FINANCIAL CORP	29.85	2.8%	28.25	29.03	5/1	10
	HPQ	HEWLETT PACKARD CO	33.70	-0.3%	32.00	33.80	5/4	7
	COF	CAPITAL ONE FINL CORP	83.31	0.6%	79.50	82.80	5/6	5
	KEY	KEYCORP NEW	14.74	-0.1%	14.00	14.75	5/11	0
	KBE	SPDR S&P BANK ETF	34.58	0.0%	33.50	34.58	5/11	0
<u>Short</u>	WSM	WILLIAMS SONOMA INC	77.44	-1.2%	79.00	76.51	4/17	24
	XRT	SPDR S&P RETAIL ETF	99.14	-1.9%	100.00	97.23	5/6	5
	DG	DOLLAR GEN CORP NEW	74.84	-0.6%	76.50	74.40	5/7	4

Notes: We've busted the **NKE** trade because we wrote 108.50 as the buy trigger instead of 101.50. Of course, we cannot take credit for the "profit" because of this error. Therefore, it is removed from the Advice Tracker. For all those who knew what we meant, this one is still a viable long at that price. BTW – it never traded as high as 108.50.

New longs in **KEY** and **KBE** as banks are the only possible beneficiaries of the steeper yield curve.

Otherwise, we are selling **GILD** and **PM**. The former is a biotech that seems to be in danger. The latter is a high dividend item.

We also raised the stop in **KOP**.

Other Information

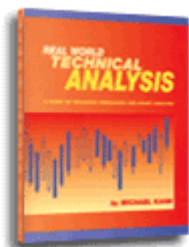
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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