

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

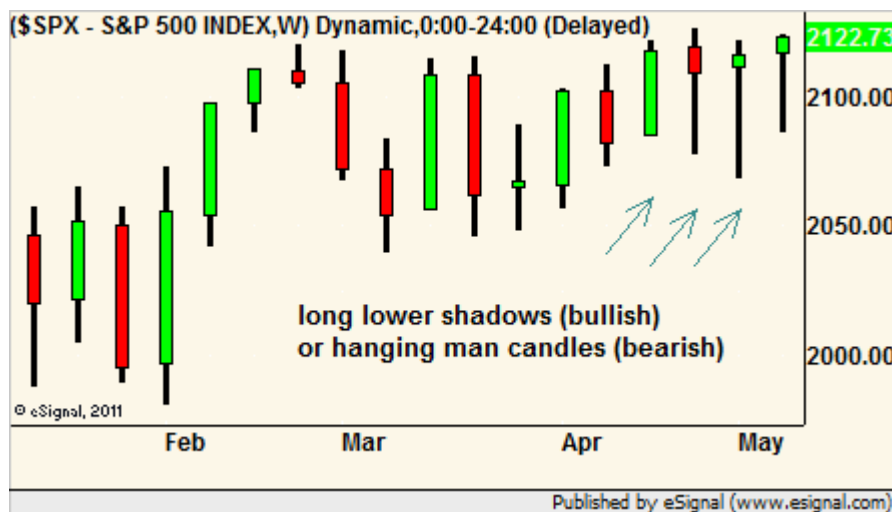
May 18, 2015 – There are two sets of information we'd like to convey as the new week begins:

Fundamentals – Of course, this is not our bailiwick but there are two items of interest. The first is this headline: Big retailers cap earnings season against backdrop of weak sales. We already have retail on our "weak" list and a few retailers short in the Advice Tracker.

The second is this: "the recent trend of weaker data is worrisome." Note that it is the trend that makes us concerned.

Technicals – The market remains in a chop and cannot really get to new highs. Yes, the S&P 500 made closing highs last week but the rest of the market did not. You that old saying "get off the pot?" We'll let you fill in the first part.

But at the same time, check out the weekly →. The past three weeks all finished strong. Also, the thing about hanging man candles is that they must be confirmed with declines in order to be valid as bearish signals.

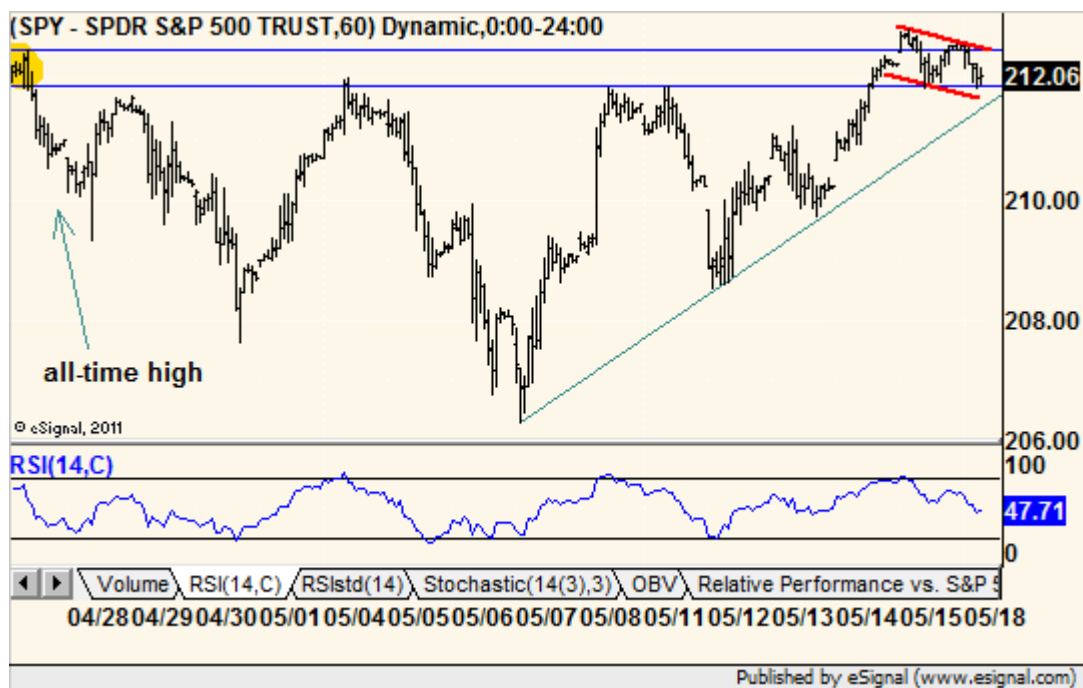


On the bond front, we read that bonds have stabilized. If that means they stopped falling then OK, but we say things are far from stable. Friday was a big bounce day from oversold conditions. Check out the yield chart below where we will see plenty of room to test the recent upside breakout (downside break in prices).

Gold had a big week but as much as we'd like to like it we just cannot. **ABX**'s chart still looks like a bottoming pattern but we cannot throw good money after bad until it actually confirms a breakout. You will likely read about gold and silver crossing their 200-day averages and while true we do not see that as a reason to jump in – at least not by itself. Platinum is still quite far below its 200-day.

On to oil. We are a little perplexed over the May weakness in energy stocks. Trends in oil and gasoline are up. So are trends in oil exporters Brazil, Russia and Saudi Arabia. True, the latter two markets have political components but at least they do not dispute strength in crude. We'll stick with this for now.

And now the hourly chart (see next page):



The **SPY** appears to be in a bull flag at resistance and a rising trendline. We have a feeling that the resolution here will set the tone for the next few weeks.

And in sectors, the big story remains the transports. Friday, this group resisted the morning decline to end up as a top performer but was it an oversold bounce or reversal? After undercutting support the DJTA does have the latter feel. However, trucks and airlines did very little. Rails still look dead-catty to us but airfreight seems to be the place to be in transports.

The bottom line is that this does not look like a sector wide reversal – at least not yet.

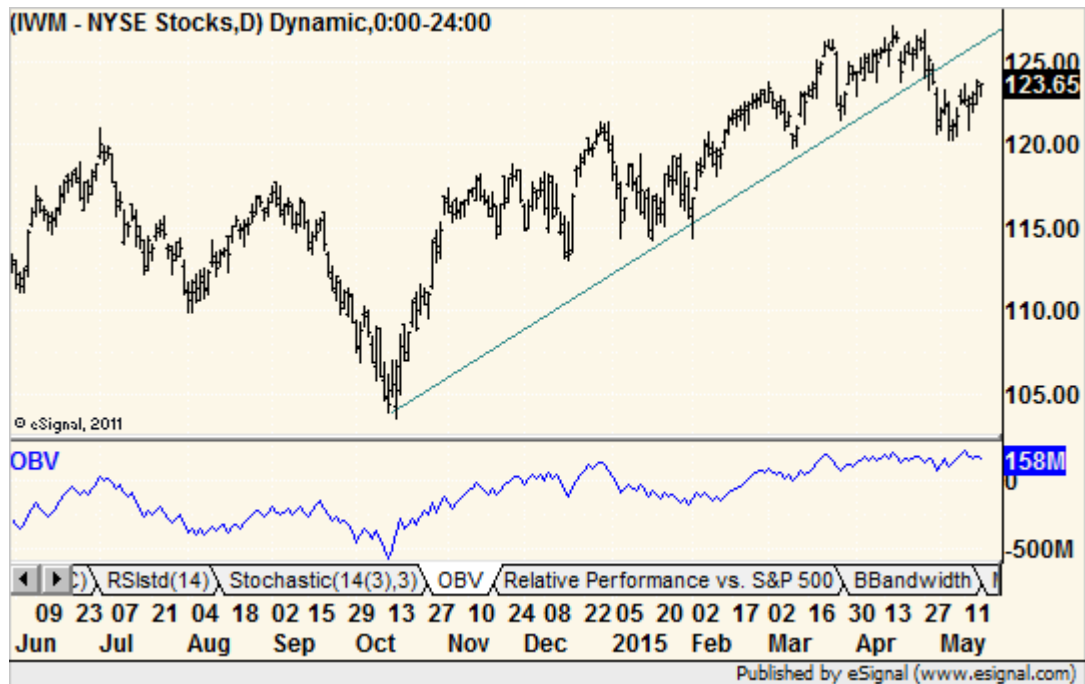
But at the same time sentiment seems to have gotten super bearish suggesting the group has found its footing.

Again, cautiously bullish overall on stocks.

Index Charts of the Day



It seems that the S&P 500 has been one day away from a real breakout for days.



The Russell ETF's trendline is still broken but on-balance volume is handing in there.

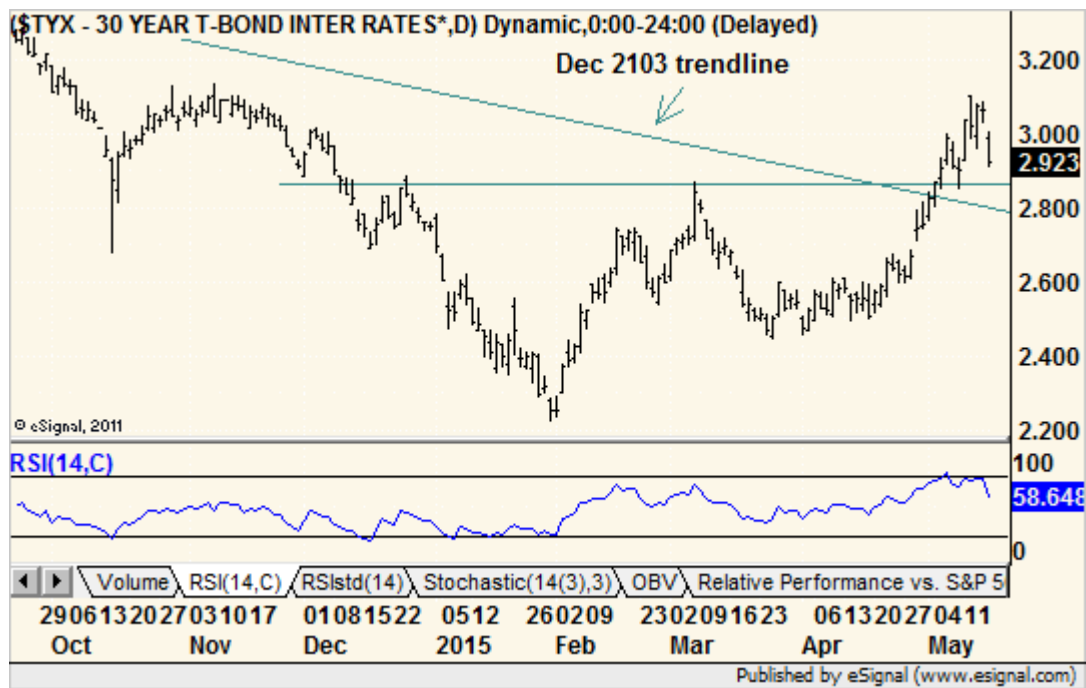
Bottom line – The market is not dead yet

The Radar Screen

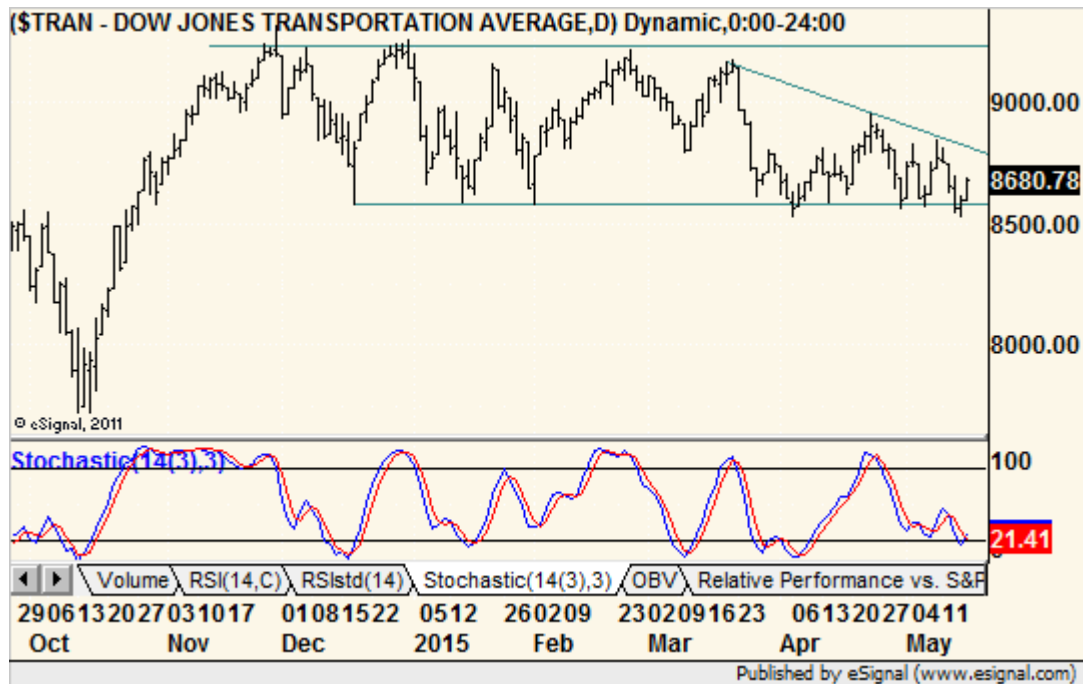
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
United Parcel UPS – If the transports to rally then this one is poised to lead. Resistance and moving average breakouts pending. Buy 102	Triggered	5/15
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. This may take a while or it may never happen.		5/5
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
FedEx FDX – Looks like it has moved above its averages for a bullish bent	Changed	4/29
Verifone PAY – flat range can go either way. Starting to lean higher.	Changed	5/4
Solar City SCTY – Another worth watching for a long. Tight range after base breakout. <u>Inverted hammer Friday but not confirmed reversal.</u>		5/11
Jinko Solar JKS – Nice pause under tight resistance.	New	5/18
Sector Watch (observations that may spark ideas)		
Oil services – Still holding a base breakout		5/6
Retail ETF XRT – now testing support break. Especially weak is apparel.		5/11
Solar ETF TAN – weekly chart shows a pause under resistance. New highs in price and relative performance would be a really good buy signal.	New	5/18
Updates		
none -		

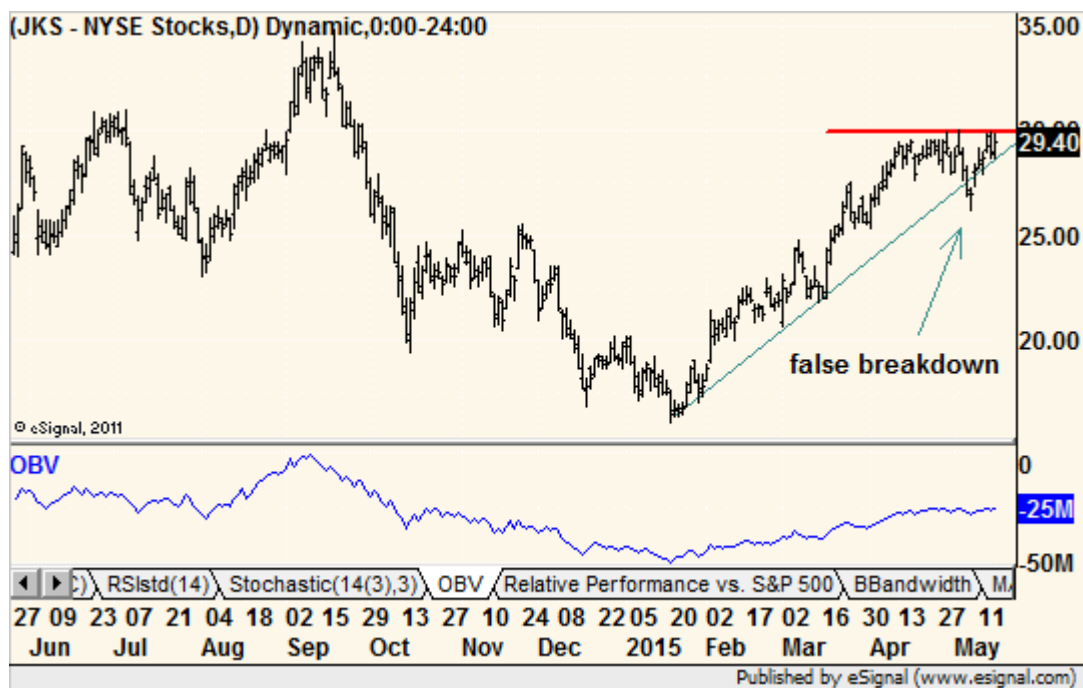
Market Highlights



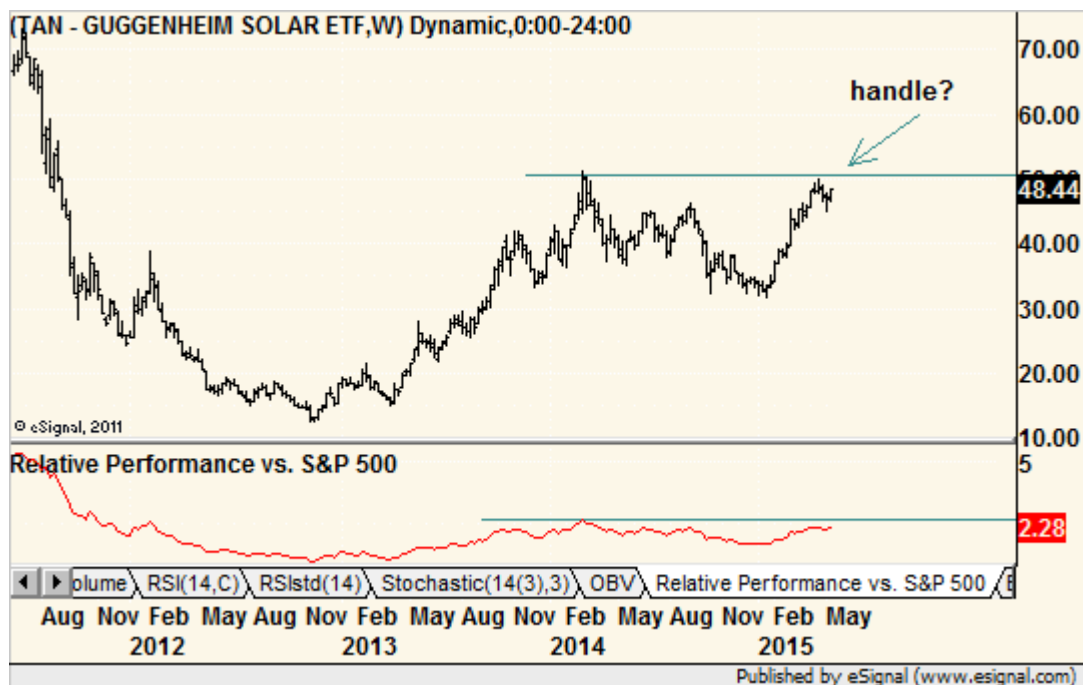
30-year Treasury yield – Still room to correct but the breakout is intact.



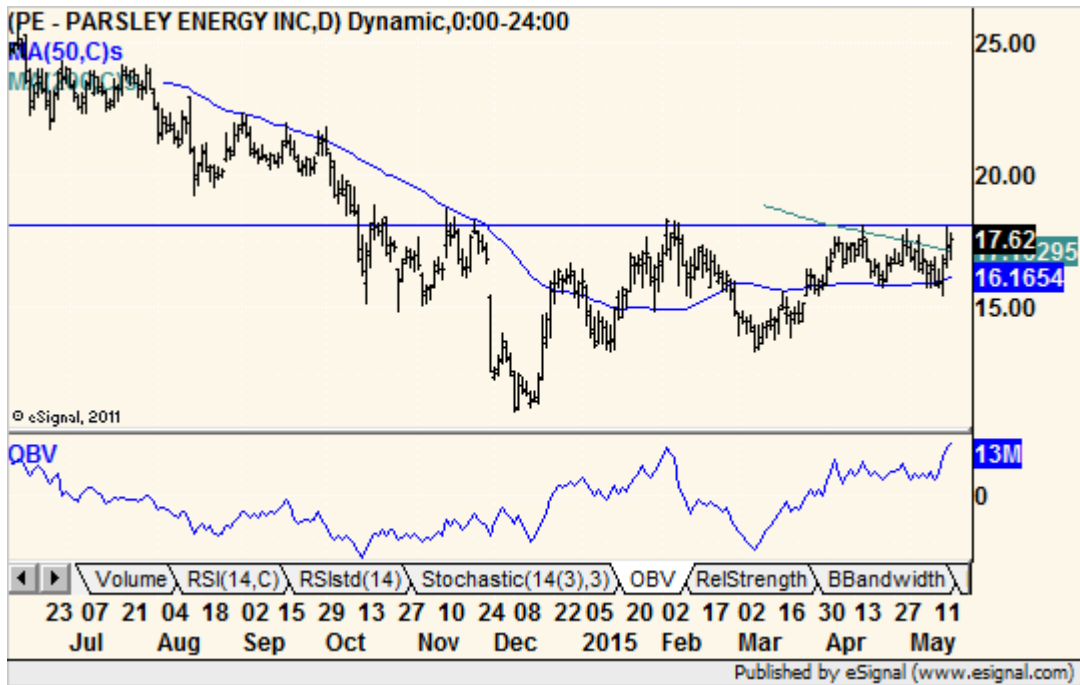
Transports – We would not bet the farm just yet here. It was a good finish to the week and sentiment is really bearish but let's see that trendline break first.



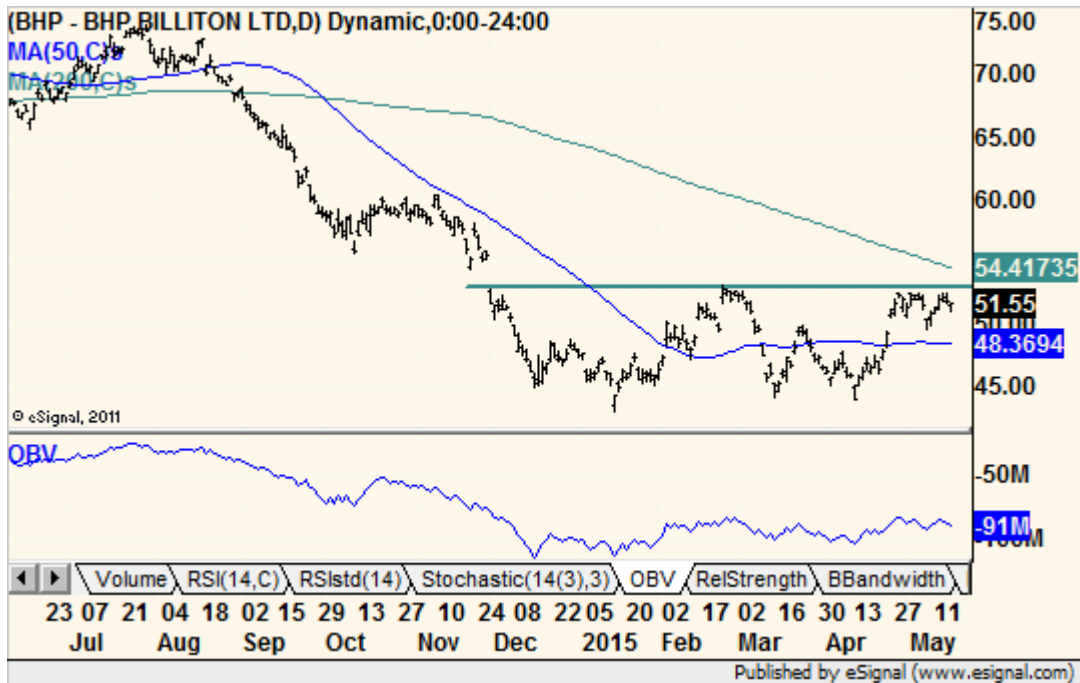
Jinko Solar – Another solar stock with a possible long setup. We are not quite ready to jump into solar but this should go in the Radar Screen. See next chart...



Solar ETF – This is a weekly chart showing a pause under resistance. New highs in price and relative performance would be a really good buy signal.



Parsley Energy – As long as we are on energy, here is an explorer/producer we’ve never heard of (sic). Looks strong. And no, the 200-day average shown is complete. It is a young stock.



BHP Billiton – Another bottoming pattern. This is a copper and other metals miner.

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>	ABB	ABB LTD	22.21	1.9%	21.25	21.80	4/14	33
	XOM	EXXON MOBIL CORP	87.35	0.8%	85.00	86.63	4/14	33
	FLR	FLUOR CORP NEW	59.23	-1.2%	sell	59.93	4/21	26
	KOP	KOPPERS HOLDINGS INC	26.46	16.9%	25.25	22.64	4/22	25
	PSX	PHILLIPS 66	81.05	-0.4%	77.25	81.38	4/24	23
	VZ	VERIZON COMMUNICATIONS INC	49.79	-0.4%	48.00	50.00	4/27	20
	XLE	ENERGY SELECT SECTOR SPDR	80.67	-3.1%	80.00	83.25	4/29	18
	ORCL	ORACLE CORP	44.15	1.6%	42.25	43.44	5/1	16
	ETFC	E TRADE FINANCIAL CORP	29.01	-0.1%	28.25	29.03	5/1	16
	HPQ	HEWLETT PACKARD CO	33.60	-0.6%	32.00	33.80	5/4	13
	COF	CAPITAL ONE FINL CORP	84.03	1.5%	80.00	82.80	5/6	11
	KEY	KEYCORP NEW	14.70	-0.3%	14.25	14.75	5/11	6
	KBE	SPDR S&P BANK ETF	34.53	-0.1%	33.50	34.58	5/11	6
	GT	GOODYEAR TIRE & RUBR CO	30.85	1.5%	29.25	30.38	5/13	4
	PCAR	PACCAR INC	66.45	0.6%	64.00	66.08	5/13	4
	FB	FACEBOOK INC	80.42	1.9%	78.50	78.94	5/14	3
	UPS	UNITED PARCEL SERVICE INC	102.13	0.1%	78.50	102.03	5/15	2
<u>Short</u>	WSM	WILLIAMS SONOMA INC	76.14	0.5%	79.00	76.51	4/17	30
	XRT	SPDR S&P RETAIL ETF	98.64	-1.4%	100.00	97.23	5/6	11
	DG	DOLLAR GEN CORP NEW	74.71	-0.4%	76.50	74.40	5/7	10
	FLS	FLOWSERVE CORP	57.10	-3.0%	59.00	55.40	5/12	5

Notes: New long in **UPS** at the open Friday.

Selling **FLR** as it has done nothing and does not look like it will.

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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