

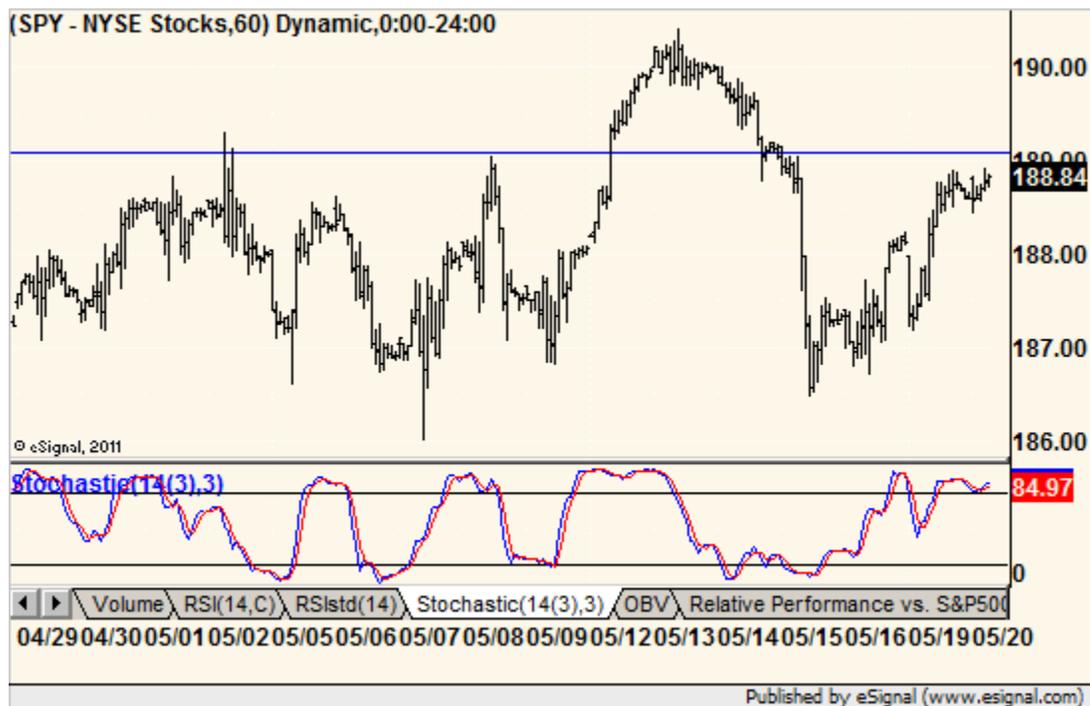
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

May 20, 2014 - The chatter on Twitter was one of boredom yesterday. Big caps traded in a small range while small caps did a low-volume dead-cat bounce thing. Worst to first, we suppose. And volume from all sources - stock exchanges, ETFs, individuals stocks and futures was low - very low. NYSE volume was actually the lowest of the year to date and it was not even a pre-holiday session.

While gold mining continued to languish, it found company in an unlikely friend. Utilities are now in a short-term down trend and below 50-day averages. This is strange considering that bonds are still so strong, save for Monday's one-day decline. We have to take the foot of the gas pedal in this sector and see what shakes out. There is still reason to like it but the trend has indeed changed.

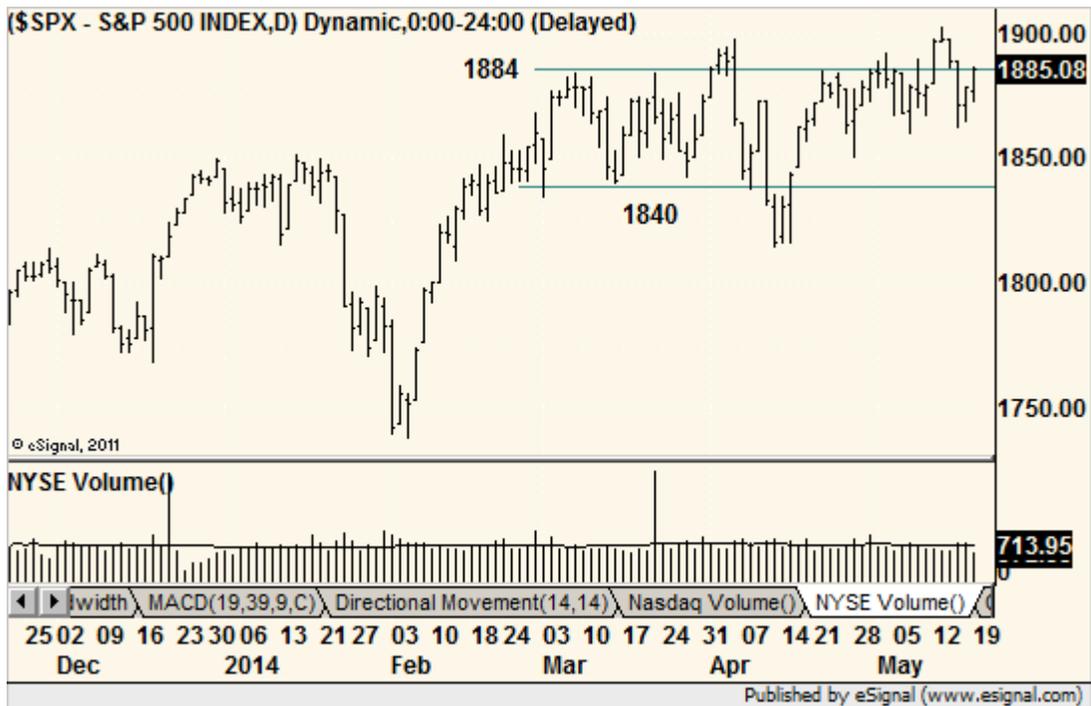


Here is the hourly chart with the line drawn yesterday. Prices are already nearing that resistance level and again if it is taken out then we will have to re-evaluate.

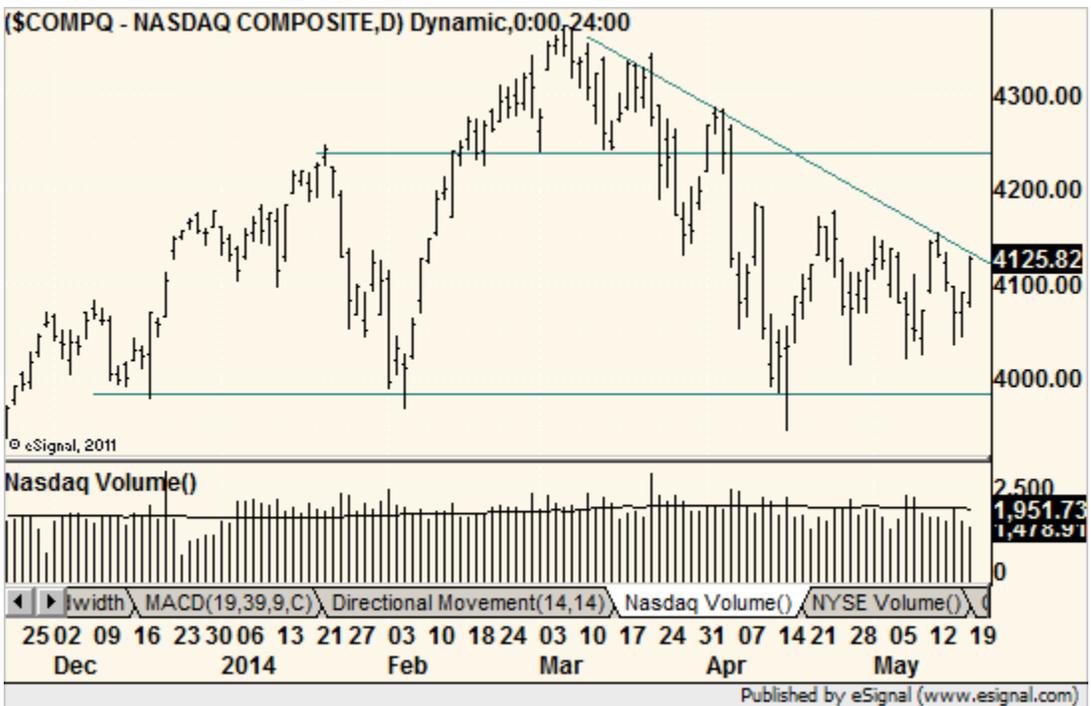
Today, we will run through the highest prices Dow stocks in Quick Takes format. Why? Because the Dow is price-weighted and as these stocks go, so goes the index. It will also help figure out if big stocks are going to go down to meet small stocks or if they leave small stocks no choice but to move back up.

Finally, the earnings bombs are dropping on retail again. This sector is telling us something. See Today's Lesson for more on broken stocks.

Index Charts of the Day



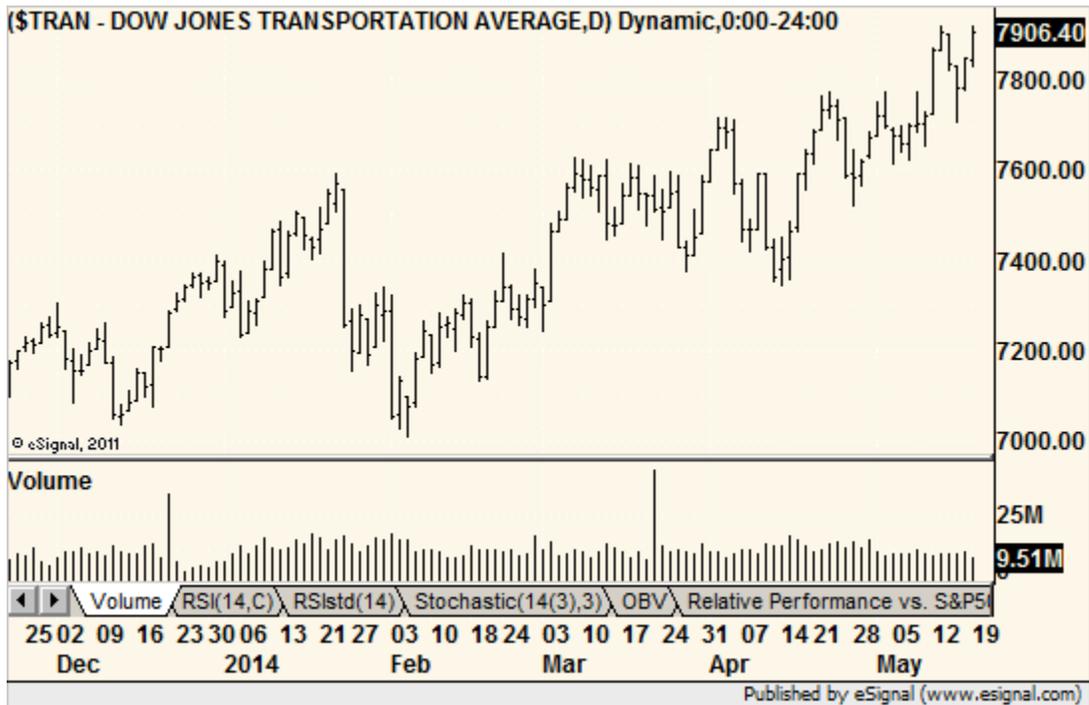
We've brought back the old markings to show the index back at old resistance. It is still a sloppy range to don't read too much into the borders. The worst part? Volume was the slowest of the year.



No breakout and low volume, too.



The Russell 2000 went from worst to first on a dead-cat, low volume bounce. The trend is still down.



New intraday and closing highs for the transports. Again, no volume.

The Radar Screen

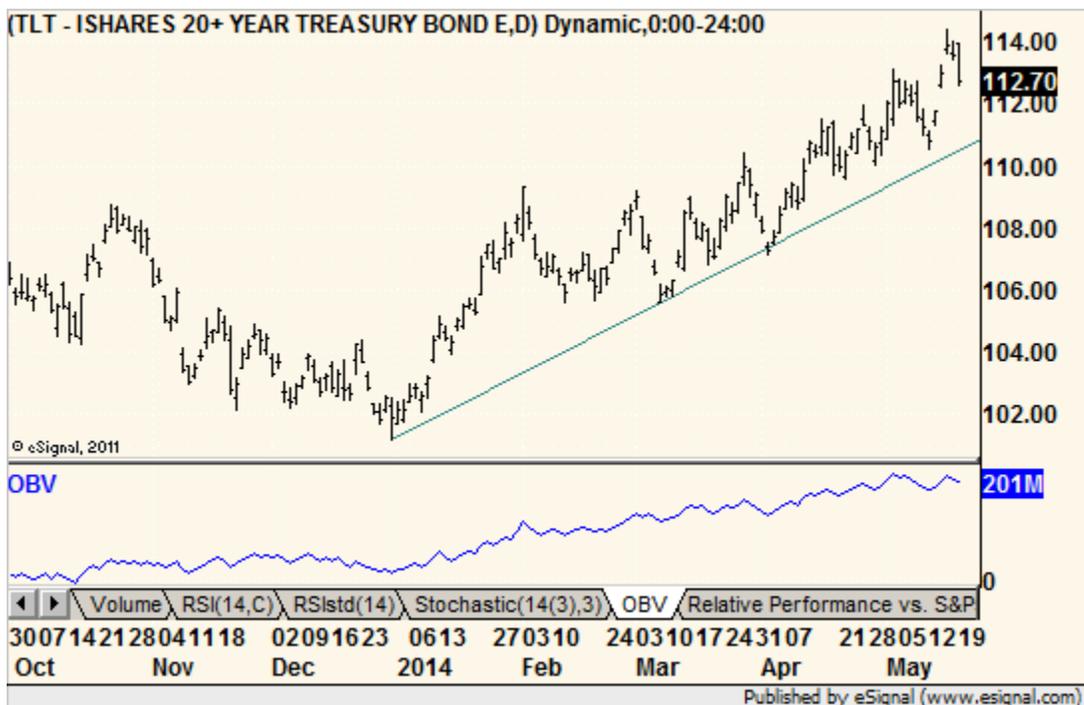
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
None -		
Bearish Implications		
US Bancorp USB - The next major bank to break? Watching the triangle and long-term trendline. Sell 39.75. Heading the wrong way.	Removed	5/7
Adobe Systems ADBE - This software maker was not on the list of momo cult stocks last year but it looks like them. And now it has a bounce off support and the 200-day average. Trailing P/E of 114! Selling 57.30 on close. <u>The setup is gone so we are moving on. Keep it on the back burner.</u>	Removed	5/8
Nasdaq OMX Group NDAQ - The exchanges are weak. This one has a false breakout and then a double top breakdown. Currently it a double top of sorts testing the breakdown. A low under last week's 36.20 (on close) would be a sell. CBOE sitting on 200-day average		5/12
Procter & Gamble PG - Just watching a small double top with MACD divergence. Marginal trendline break. Moving sell trigger up to 81	Changed	5/15
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - The Fibonacci time target is passed so we are just marking time here until we see a real reason to get back in.		3/19
DuPont DD - Ascending triangle with rising on-balance volume. Keeping it on the back burner in case the market is not going to fall.		5/15
Goodyear Tire GT - A trend and support break. Let's wait on this one.		5/12
Sector Watch (observations that may spark ideas)		
Energy - Sitting on support		3/31
Utilities - Decline continues and now 50-day is broken. See chart below.	Changed	3/31
Financials - Still a weak sector but the representative stocks are going every which way		4/15
Defense - One of the more resilient sectors.		5/7
Broker Dealer Index XBD - We see a downward sloping head-and-shoulders in progress. If it completes, it will also break the 200-day average and that will not be good. ETFC, AMTD, SCHW, IBKR, GS, MS		5/12
Soft Drinks - KO, PEP, DPS all doing well. Except SODA .		5/14
Semiconductors - Watching a diamond formation on the SOX index. Pattern complete - waiting for breakdown.		5/14
Nasdaq biotech ETF IBB - looks like a bear wedge		5/16
Updates		
none -		

Market Highlights



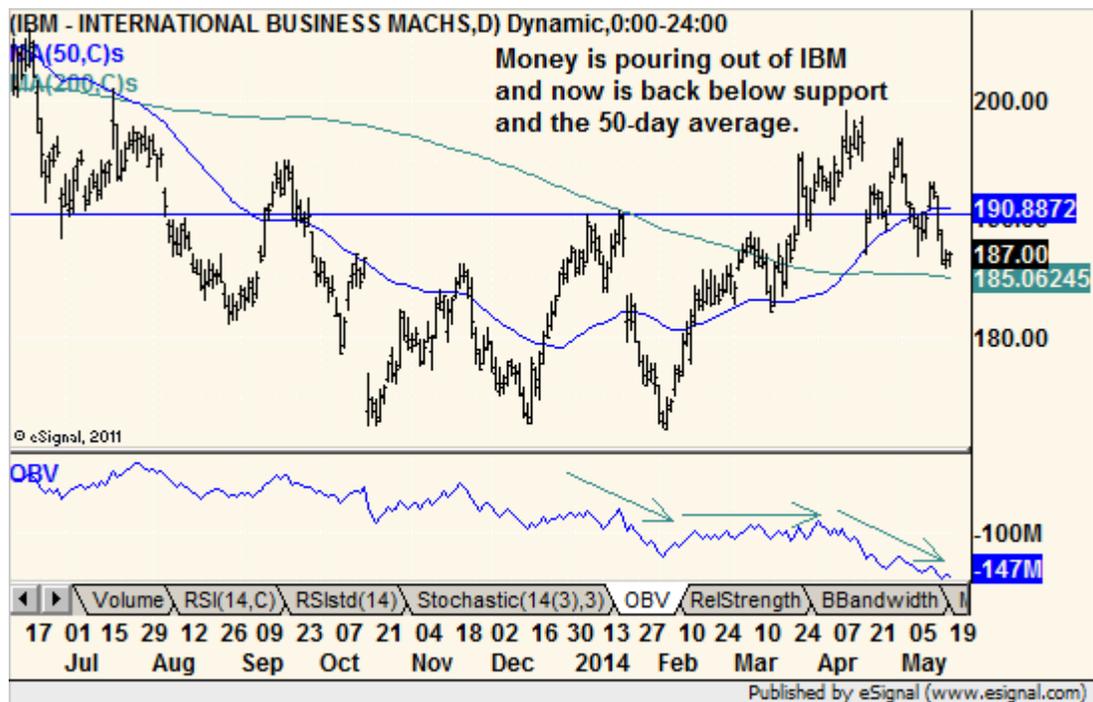
Utilities ETF - The trend and 50-day average are broken but not much money flowed out according to on-balance volume. We are looking at the 38.2% Fibonacci retracement level in the 41 area as the point of no return.

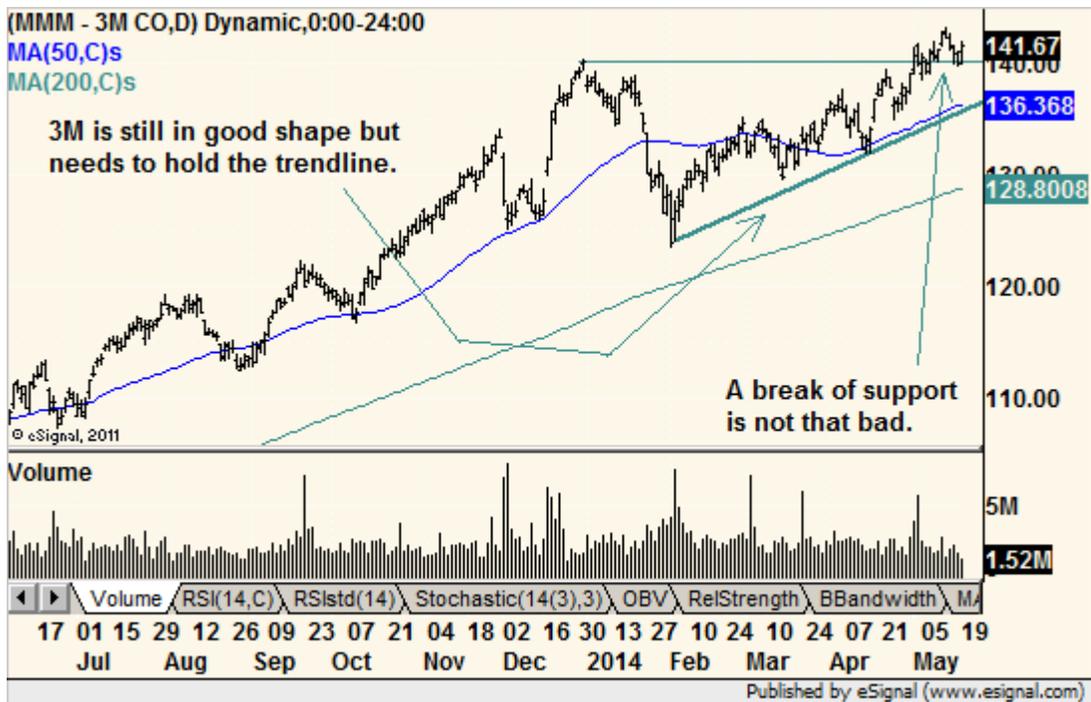


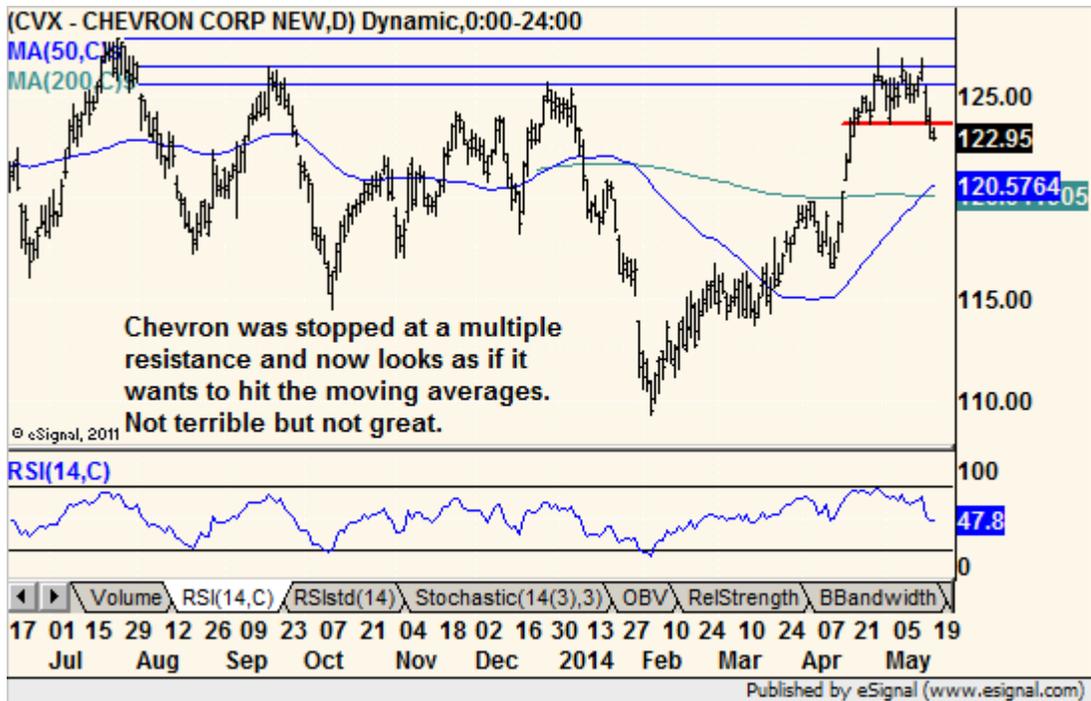
Long T-bond ETF - It was a rather big drop Monday but as long as money is flowing in and the trend is up we have to stay with it. And that spills over to utilities.

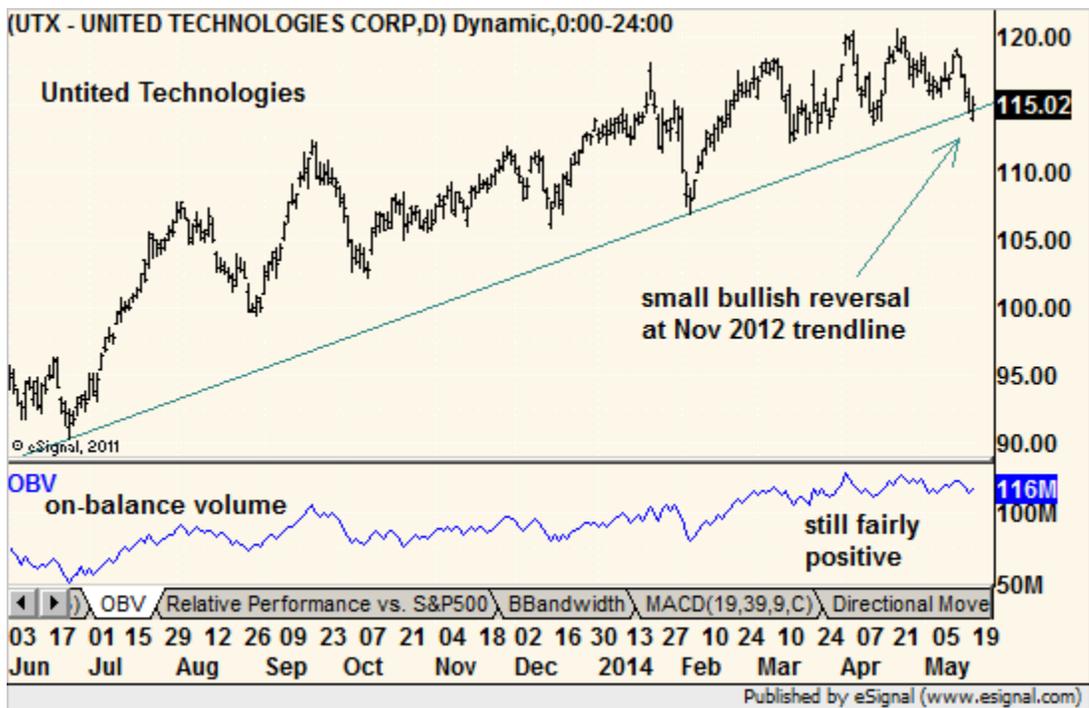
Quick Takes - Dow Stocks

In this section, we take a fast look at charts with just captions.









Conclusion - of the stocks shown, some are neutral, most are bearish and one is bullish.

Today's Lesson

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

Broken Stocks



Dick's Sporting Goods - When this happens, and we mean a monster break, the stock is no bargain. It needs plenty of time to heal. Check out WFM which tanked two weeks ago and is still down there.



Campbell's Soup - compare to this stocks which has a big break but not one that took out all sorts of levels. **SPLS** looks more like this one although that does not make it an automatic buy, either.

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>	HR	HEALTHCARE RLTY TR	24.87	-0.2%	24.00	24.91	4/15	34
	BHP	BHP BILLITON LTD	70.00	-1.6%	69.00	71.17	5/13	6
	CPL	CPFL ENERGIA S A	16.28	-3.5%	16.00	16.87	5/16	3
<u>Short</u>	CA	CA INC	29.25	4.1%	30.75	30.46	4/22	27
	GS	GOLDMAN SACHS GROUP INC	157.67	1.6%	162.00	160.26	4/22	27
	BRCM	BROADCOM CORP	30.07	1.8%	31.00	30.60	4/24	25
	RJF	RAYMOND JAMES FINANCIAL INC	49.06	-1.7%	51.00	48.25	5/15	4

Notes: Tweaked stop in CA.

Quite a bad day for us as all the longs went down and all the shorts went up.

As we went to press we realized we had a **new long in FCX**. Stop 34 for now. It will appear here tomorrow.

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

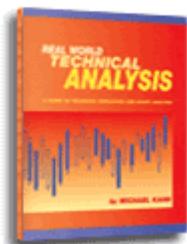
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we'll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2014