

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**May 20, 2015** – Just a choppy day with no real pattern. There is probably more information in the hourly chart so let's get right to it.



There is the rising trend from early May and another flag-like test of the trendline. Momentum seems to have eased a bit but until that trendline breaks we cannot do anything but long hold. And even then there is support below current action.

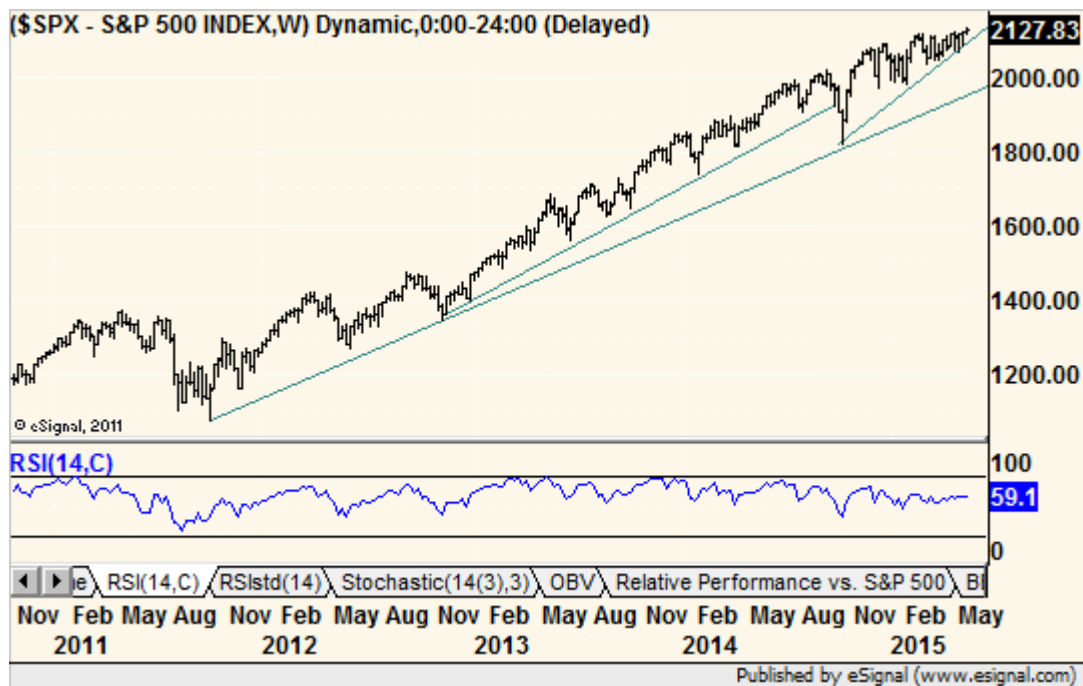
Sectors remain as they have been. Banks lead, techs are in the leadership ranks somewhere, retail lags and now energy is failing. We won't close the book on energy just yet but we were stopped out of a position yesterday.

I attended the local investment club meeting last night where Lowry's Reports was the featured presenter. The bottom line is that they say the market is narrowing – which does not yet show up in our traditional indicators of breadth. However, they think there will be six more months of gains in big cap stocks before it is all over. The bull is indeed old but as we say it is not dead yet.

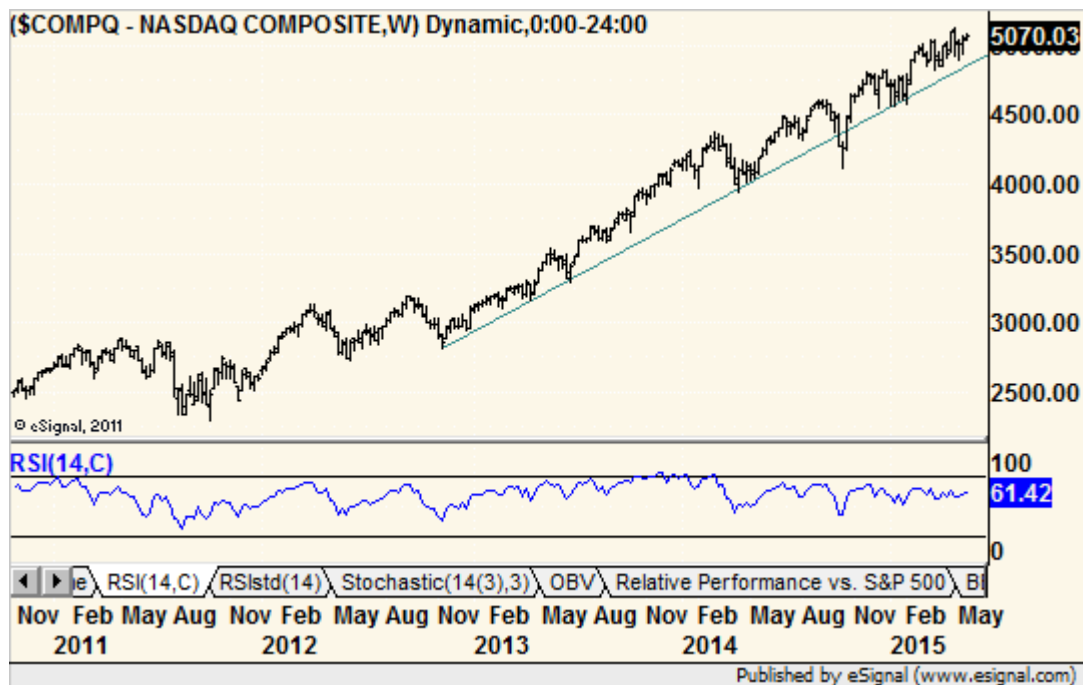
What was most interesting was that at major market tops the percent of stocks hitting new highs or are near to them is very low. Care to hazard a guess? 70%? 60%?

The answer is more like 10%. That means most of the market was already in a bear as the major indices hit their highs. Fascinating. Lowry's see that starting to develop here but it is not complete.

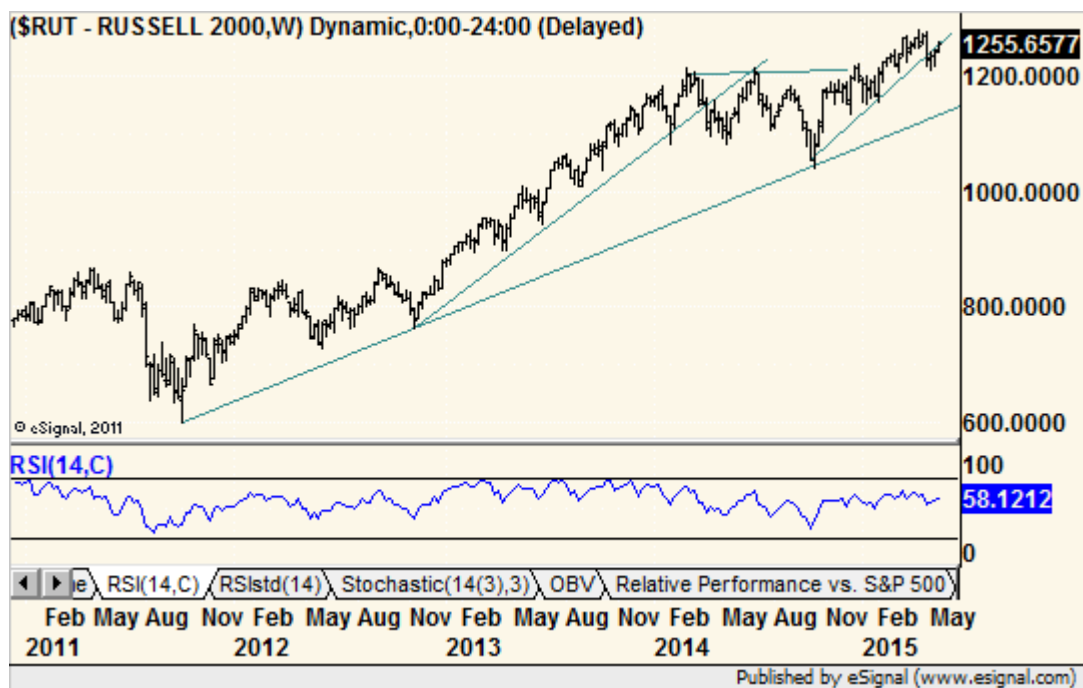
## Index Charts of the Day



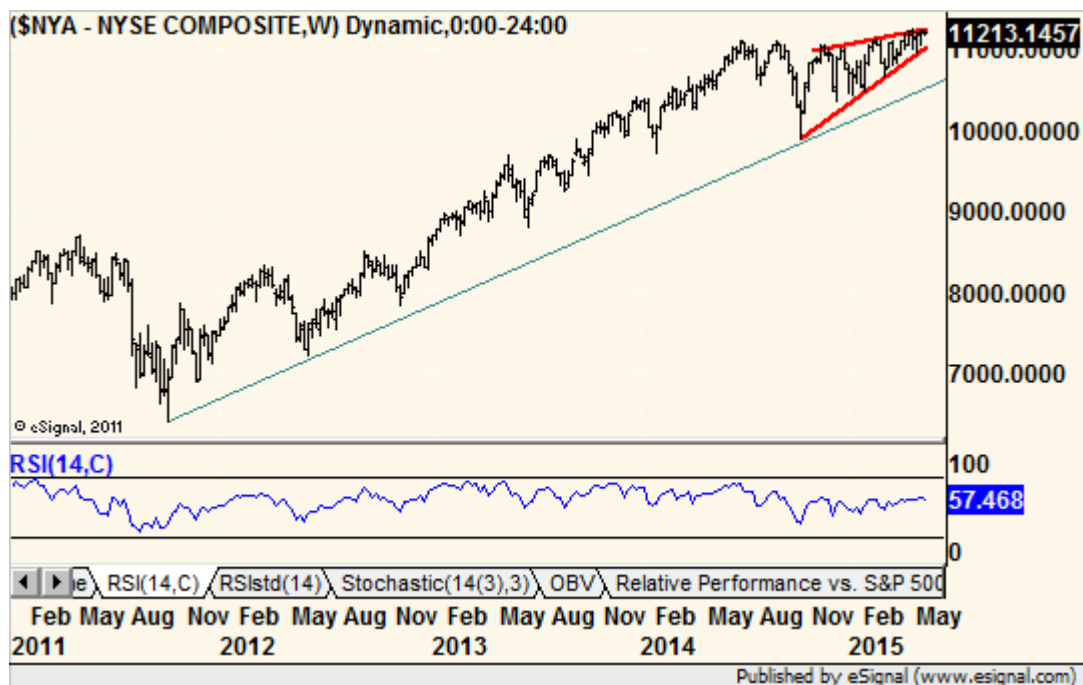
Let's look long-term today. The S&P 500 has two trendlines at work right now – from 2011 and from October 2014. The longer one does not really describe the action in 2013 so we have split it into three phases. Admittedly, the down-phase last year was very brief. Bottom line – the bulls are still in control.



The Nasdaq shows a trendline from 2012 that does a good job except for the Ebola-panic aberration last year. Again, the conclusion is that the bulls still have it.



The Russell 2000 shows a rally, flat and rally. As we know, the short-term trend from 2014 is broken to the downside. The balance of power is a bit more even here.



The NYSE is similar to the others but we can see a terminal wedge or ending diagonal in Elliott Wave terms. This is more of a warning that the market is getting narrower.

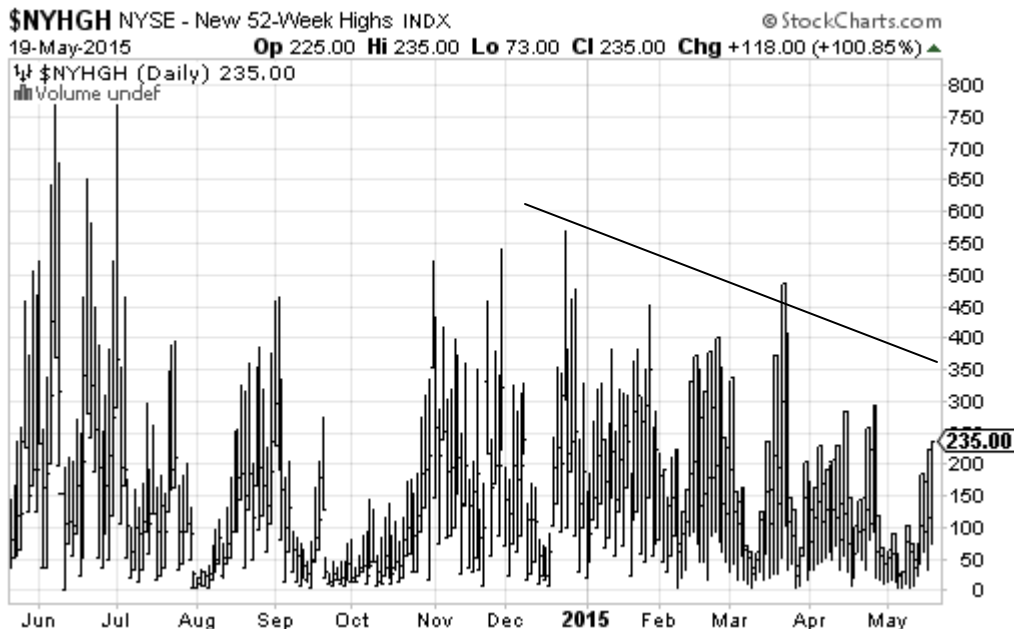
To dig a bit deeper, we are going to go into breadth analysis in Market Highlights below.

## The Radar Screen

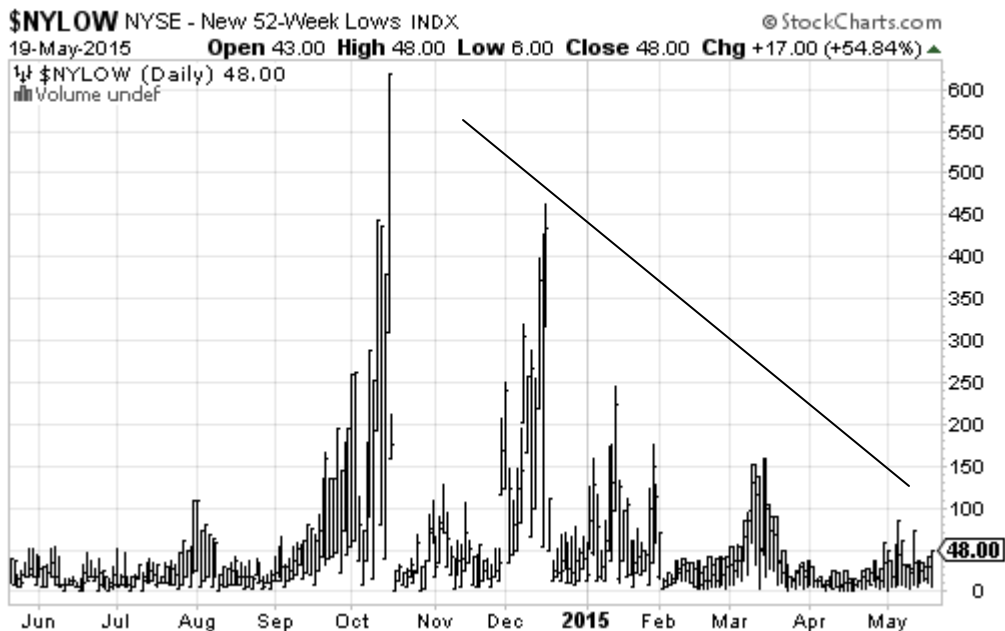
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>Parsley Energy PE</b> – An explorer/producer challenging resistance. already through 200-day. Buy close over 18.10.		5/18
<b>Tetraphase Pharm TTPH</b> – We keep going back and forth on biotechs and just took them of the bear list. This one looks ready for an upside breakout from a pennant. Note rising on-balance volume. Buy close over 42.		5/19
<b>Bearish Implications</b>		
none –		
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Jinko Solar JKS</b> –Still holding nicely. <u>Nevermind</u>	<b>Removed</b>	5/18
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Oil services</b> – Still holding a base breakout. <b>Do or die!</b>		5/6
<b>Retail ETF XRT</b> – now testing support break. Especially weak is apparel.		5/11
<b>Solar ETF TAN</b> – weekly chart shows a pause under resistance. New highs in price and relative performance would be a really good buy signal. <u>Not there yet and may take a while.</u>		5/18
<b>Updates</b>		
<b>Homebuilding ETF ITB</b> – Failed right at former trendline.		

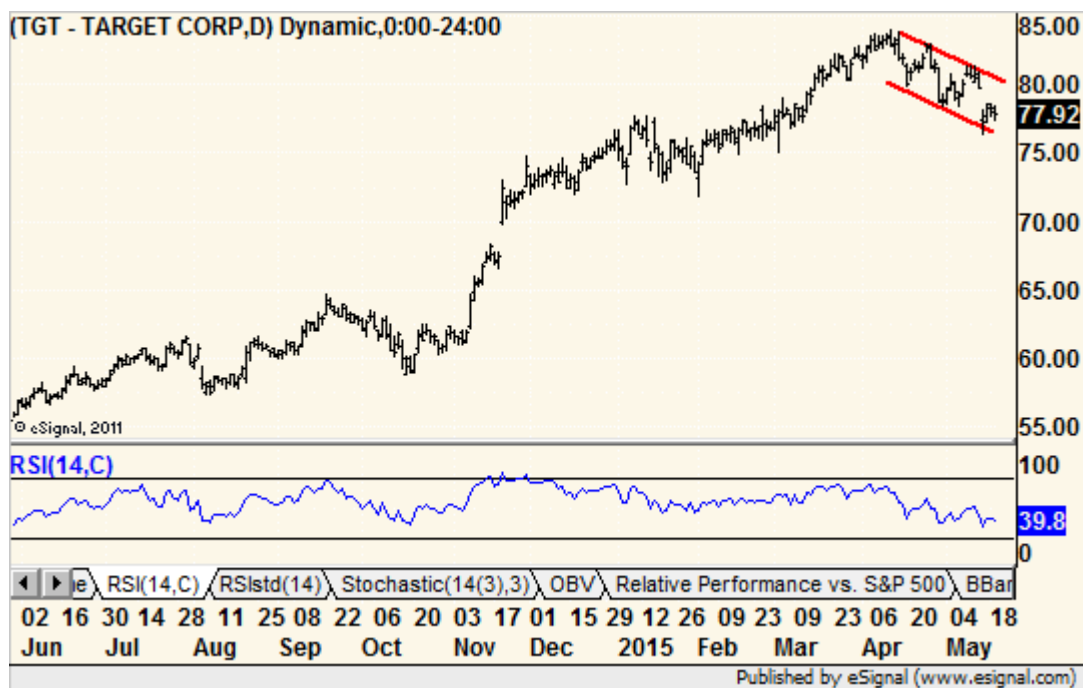
## Market Highlights



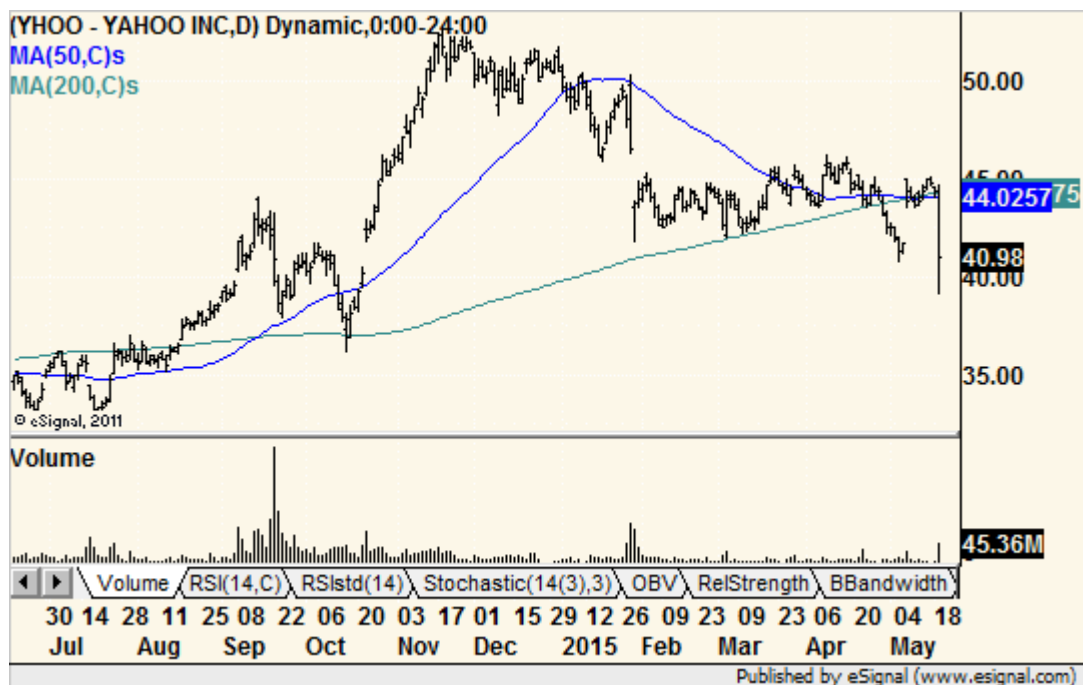
**NYSE new 52-week highs** – With the market at new highs, this is not a good thing.



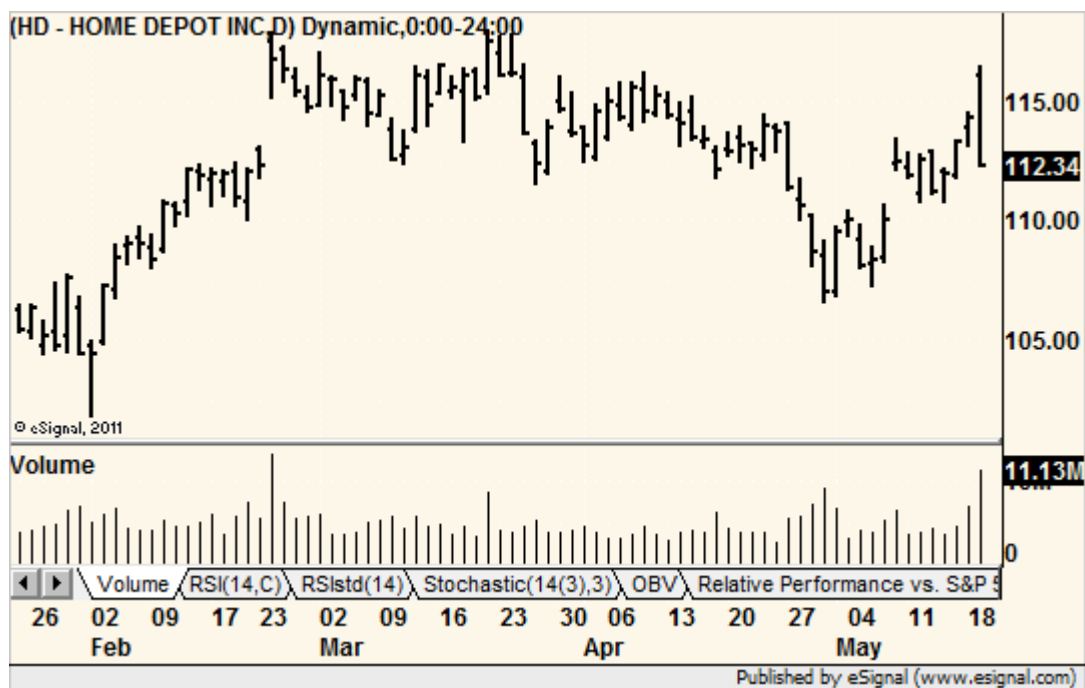
**NYSE new 52-week lows** – This is still good. The trend in lows is down as we'd expect.



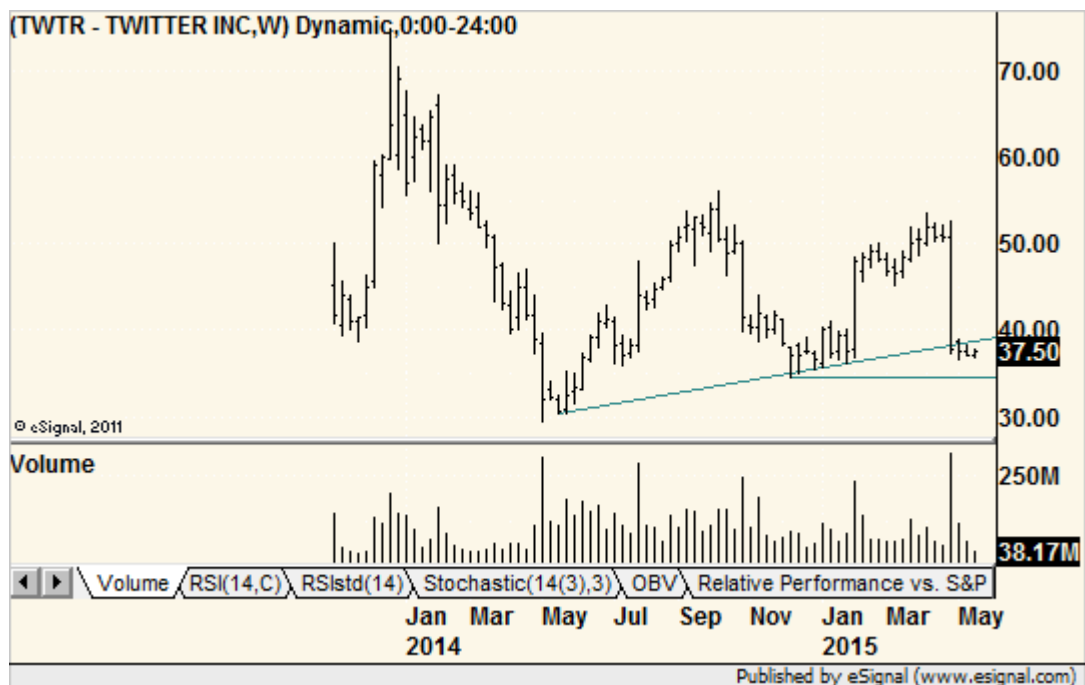
**Target** – Good earnings before the bell and the stock jumped. However, it is still within the channel and still below the gap. Watch this into the close and if it stumbles we’d be happy to sell it.



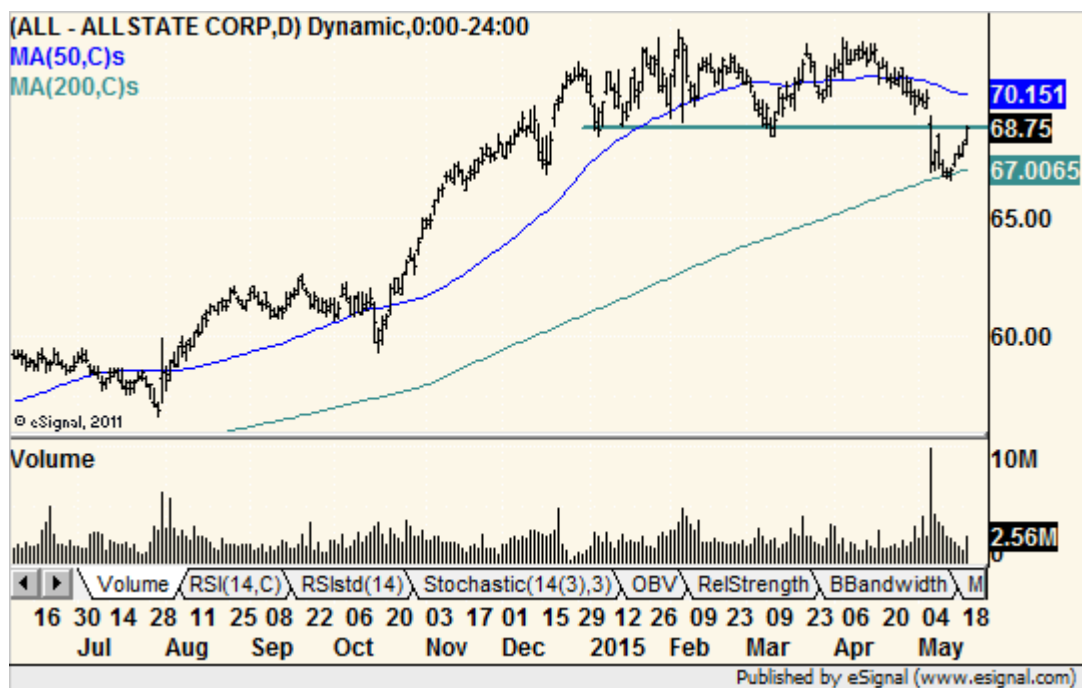
**Yahoo** – It does not matter why it fell but this is a serious technical break. Watch for the dead-cat bounce but dead is dead.



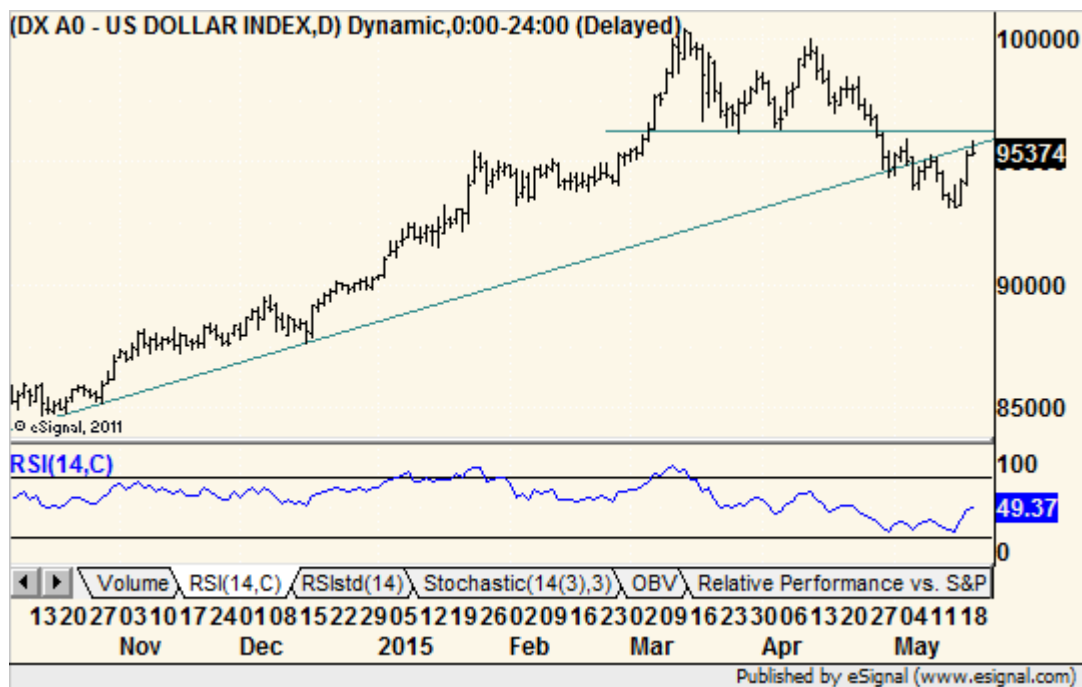
**Home Depot** – Good earnings, epic fail on the charts. And then there is peer Lowe’s this morning gapping down in an already falling trend. More retail nasties.



**Twitter** – You can argue support but this is a broken stock with plenty of time needed for healing before we’d buy it.



**Allstate** – Now testing breakdown. Note bounce off 200-day average. This just shows it is banks driving financials, not anything else. As for Allstate, failure here would be a sell.



**US dollar index** – Big test ahead.



## 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>	<b>ABB</b>	ABB LTD	21.76	-0.2%	21.25	21.80	4/14	35
	<b>XOM</b>	EXXON MOBIL CORP	86.99	0.4%	85.00	86.63	4/14	35
	<b>KOP</b>	KOPPERS HOLDINGS INC	25.71	13.6%	25.25	22.64	4/22	27
	<b>PSX</b>	PHILLIPS 66	80.70	-0.8%	77.25	81.38	4/24	25
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	49.55	-0.9%	48.00	50.00	4/27	22
	<b>XLE</b>	ENERGY SELECT SECTOR SPDR	80.00	-3.9%		83.25	4/29	20
	<b>ORCL</b>	ORACLE CORP	44.32	2.0%	42.25	43.44	5/1	18
	<b>ETFC</b>	E TRADE FINANCIAL CORP	29.63	2.1%	28.25	29.03	5/1	18
	<b>HPQ</b>	HEWLETT PACKARD CO	33.40	-1.2%	32.00	33.80	5/4	15
	<b>COF</b>	CAPITAL ONE FINL CORP	85.41	3.2%	82.00	82.80	5/6	13
	<b>KEY</b>	KEYCORP NEW	15.11	2.4%	14.25	14.75	5/11	8
	<b>KBE</b>	SPDR S&P BANK ETF	35.37	2.3%	33.50	34.58	5/11	8
	<b>GT</b>	GOODYEAR TIRE & RUBR CO	31.21	2.7%	29.75	30.38	5/13	6
	<b>PCAR</b>	PACCAR INC	65.54	-0.8%	64.00	66.08	5/13	6
	<b>FB</b>	FACEBOOK INC	80.63	2.1%	78.50	78.94	5/14	5
	<b>UPS</b>	UNITED PARCEL SERVICE INC	102.08	0.0%	78.50	102.03	5/15	4
<u>Short</u>	<b>WSM</b>	WILLIAMS SONOMA INC	78.23	-2.2%	79.00	76.51	4/17	32
	<b>XRT</b>	SPDR S&P RETAIL ETF	98.93	-1.7%	100.00	97.23	5/6	13
	<b>DG</b>	DOLLAR GEN CORP NEW	73.83	0.8%	76.50	74.40	5/7	12
	<b>FLS</b>	FLOWSERVE CORP	56.48	-1.9%	59.00	55.40	5/12	7

**Notes:** Stopped out of **XLE**. We still believe in energy but the market has not agreed just yet.

Raised stop in **COF**.

## 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

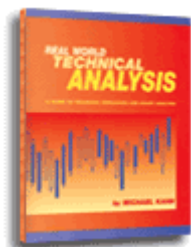
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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