

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

May 21, 2014 - Stocks fell and once again small caps tanked about twice as hard as big caps. Considering that they rallied the most Monday we feel comfortable - as anyone can use that adjective in the markets - in our view that Monday was a relief rally only. The split between big and small is still very much with us.

We ran through the top eight highest priced stocks in the Dow yesterday to see if that price-weighted index was in any trouble. The biggest news on the day was Caterpillar and this bellwether broken down in a big way. And while percentage losses elsewhere in the group were not quite as remarkable, half had technical breakdowns from wedges or supports.

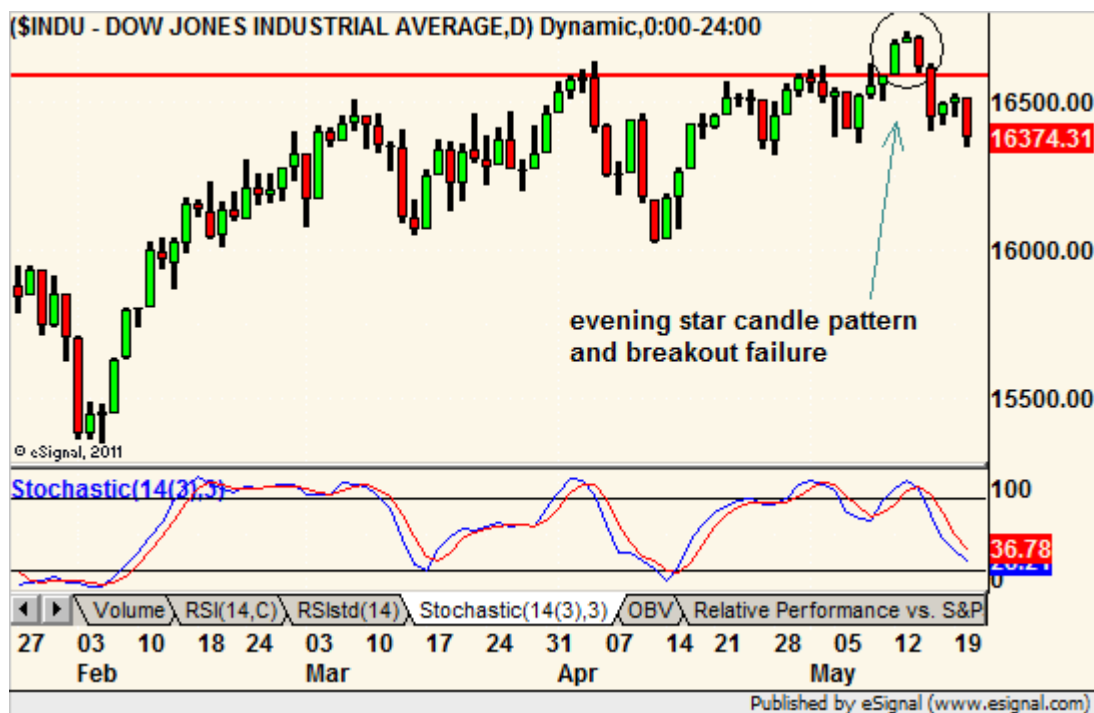
It is hard to deny that the Dow's breakout last week has failed.



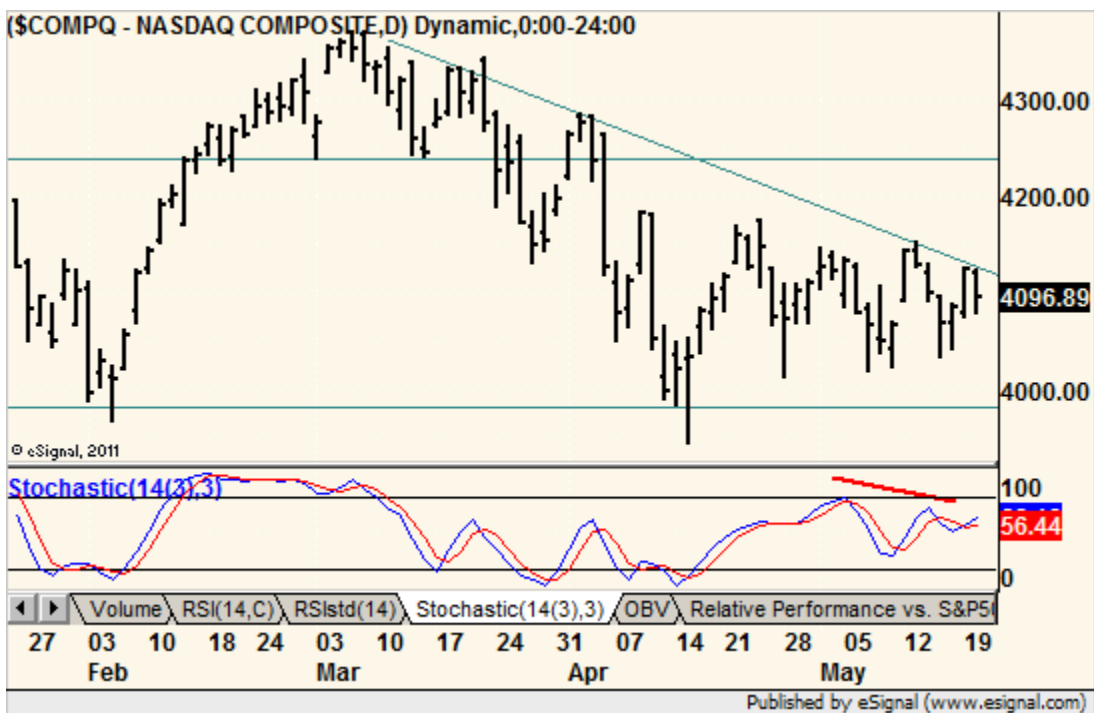
The most important thing we can say about the hourly chart is that resistance held. And the selling accelerated after the Fed spoke. Apparently, the Fed still matters.

The sideways range continues but it seems that declines are starting to happen in a more dramatic fashion than rallies. It is starting to look more and more that the big stocks are going to follow the small and not the other way around. Complacency is just too high (low **VIX**).

Index Charts of the Day



The caption says it all.



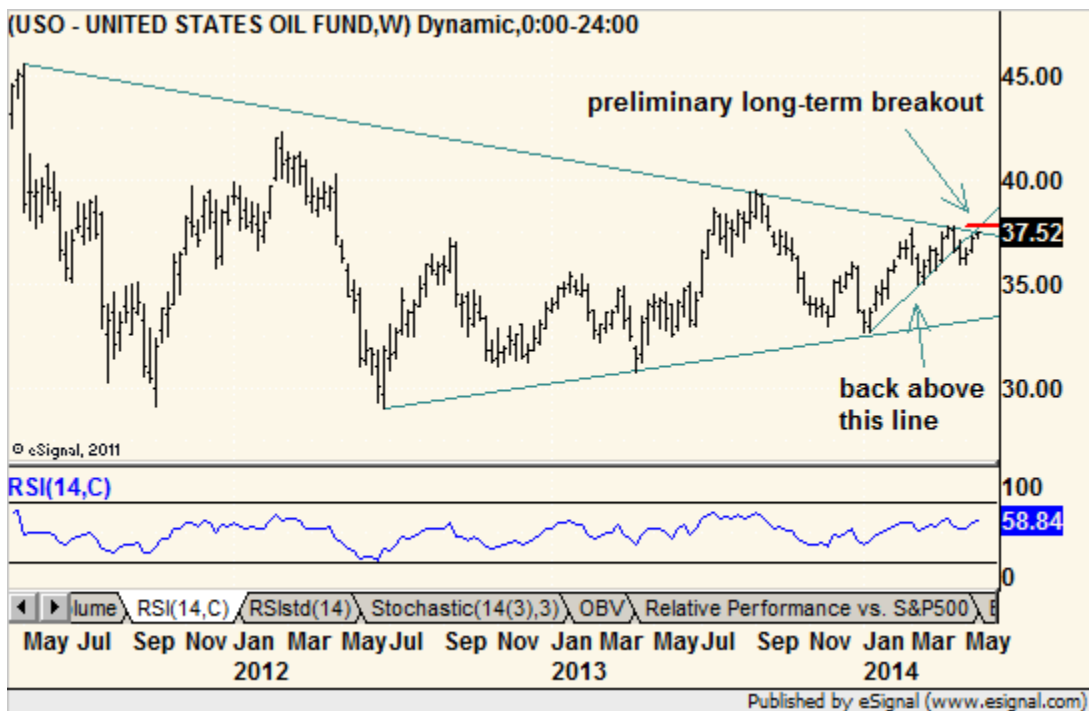
The Nasdaq failed at the trendline.

The Radar Screen

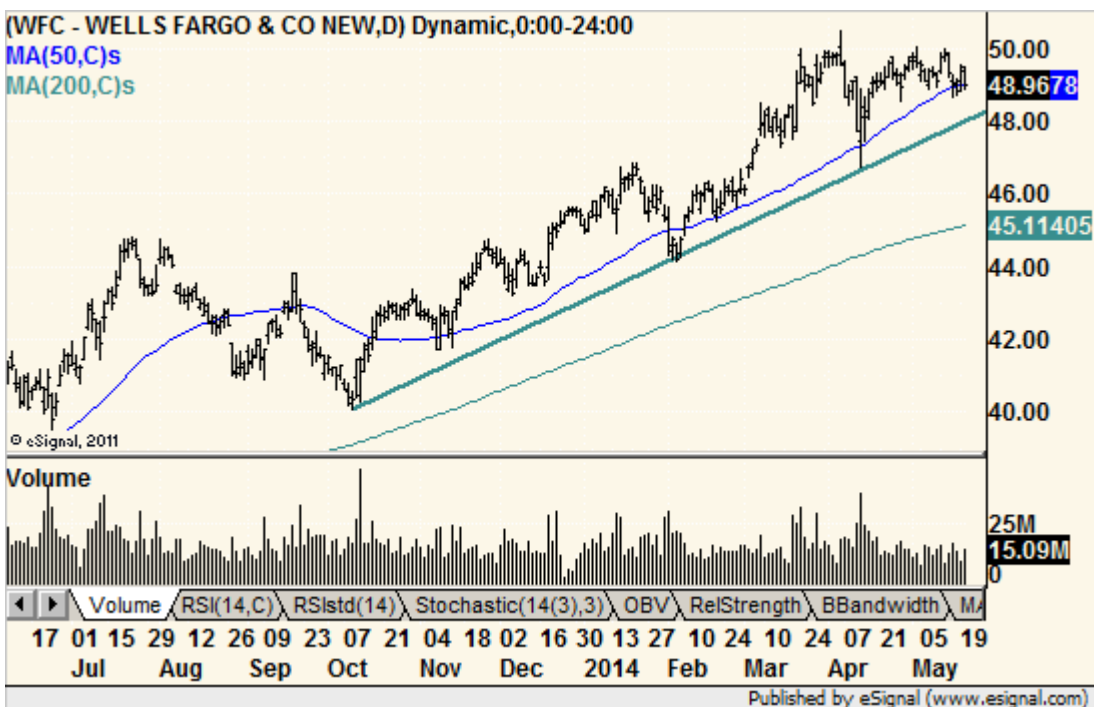
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
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		5/15
Goodyear Tire GT - After a short hiatus, we are going to reinstate the sell trigger at 25. This one has a support break and trend break.	Moved	5/12
Consumer Discretionary ETF - Retail is a subset here. The XLY , however, has a killer pattern setup - nice and tight. A breakdown now would be a good sell signal. Sell close under 62.75	New	5/21
Las Vegas Sands LVS - Sitting on the edge of a cliff. Sell close under 71.50.	New	5/21
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - We are going to remove this from the Radar Screen but it is not leaving our daily check list. When it does something important it will return here.	Removed	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
Sector Watch (observations that may spark ideas)		
Energy - Sitting on support		3/31
Utilities - Decline continues and now 50-day is broken. XLU has a <u>doji candle</u>		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 - not anymore	Removed	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 . <u>Sell any of the online brokers on support breaks</u> . We'll set trigger tomorrow.		5/12
Soft Drinks - KO, PEP, DPS starting to look less robust	Changed	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 -		

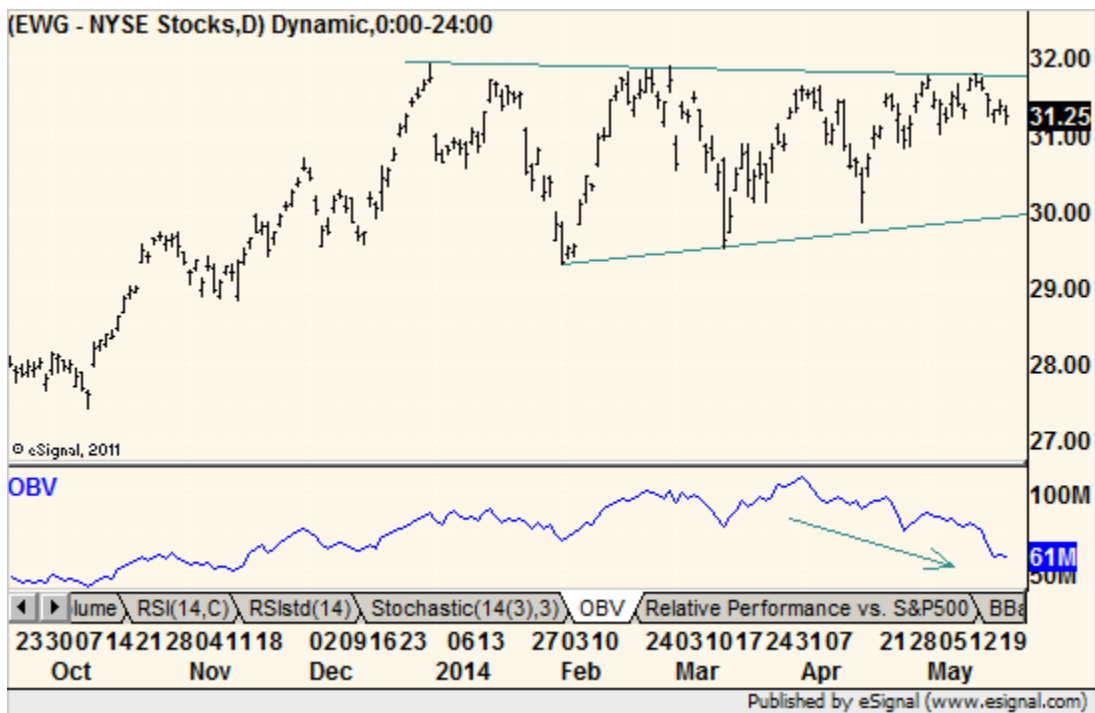
Market Highlights



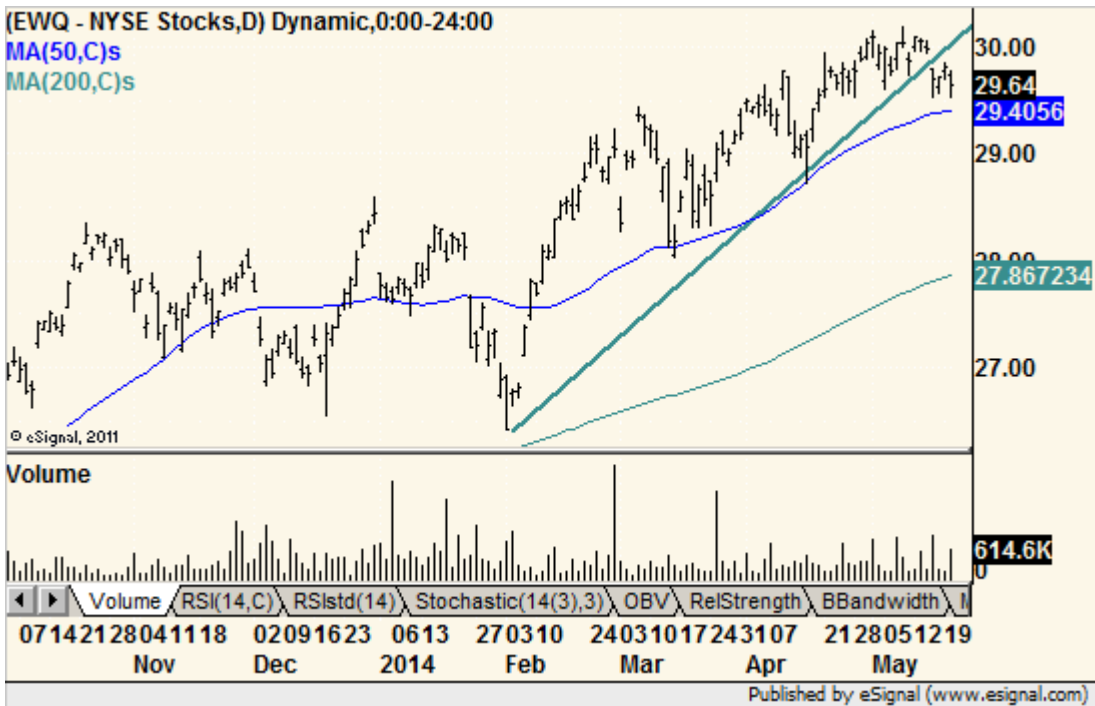
Oil ETF - This is a weekly chart with a preliminary breakout in the premarket.



Wells Fargo - This is the last of the strong banks. We are going to follow it because if this breaks then there is nothing left to hold the sector up at all. **C**, **JPM** and **BAC** are disasters already.



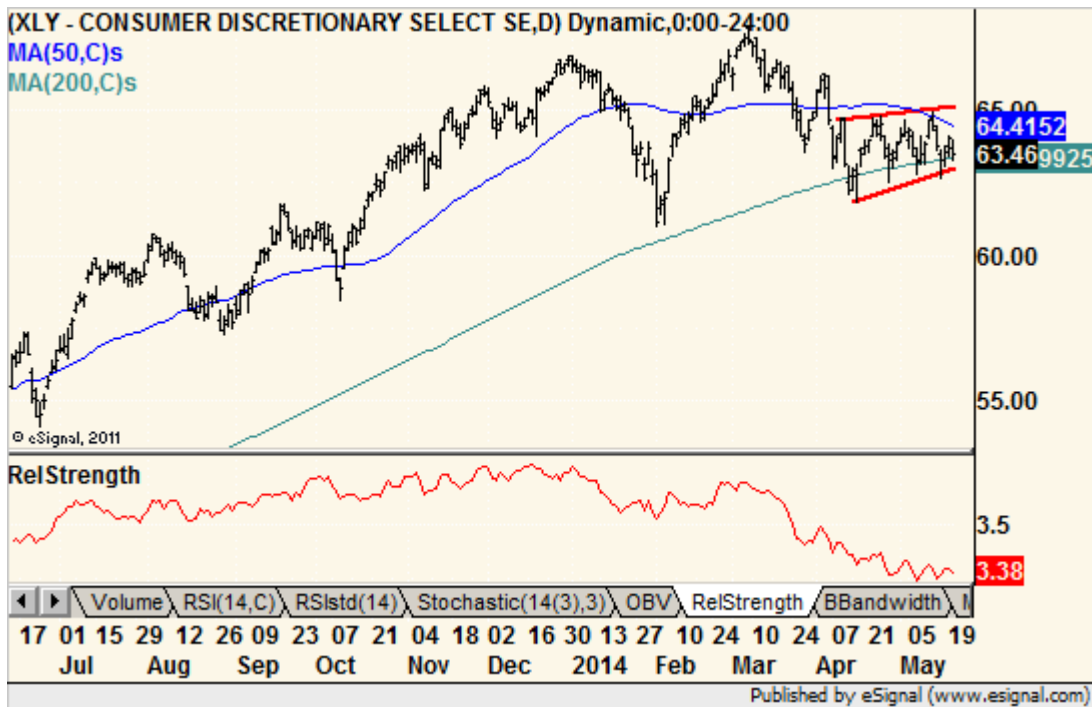
Germany ETF - Look who never broke out. And now on-balance volume is tanking.



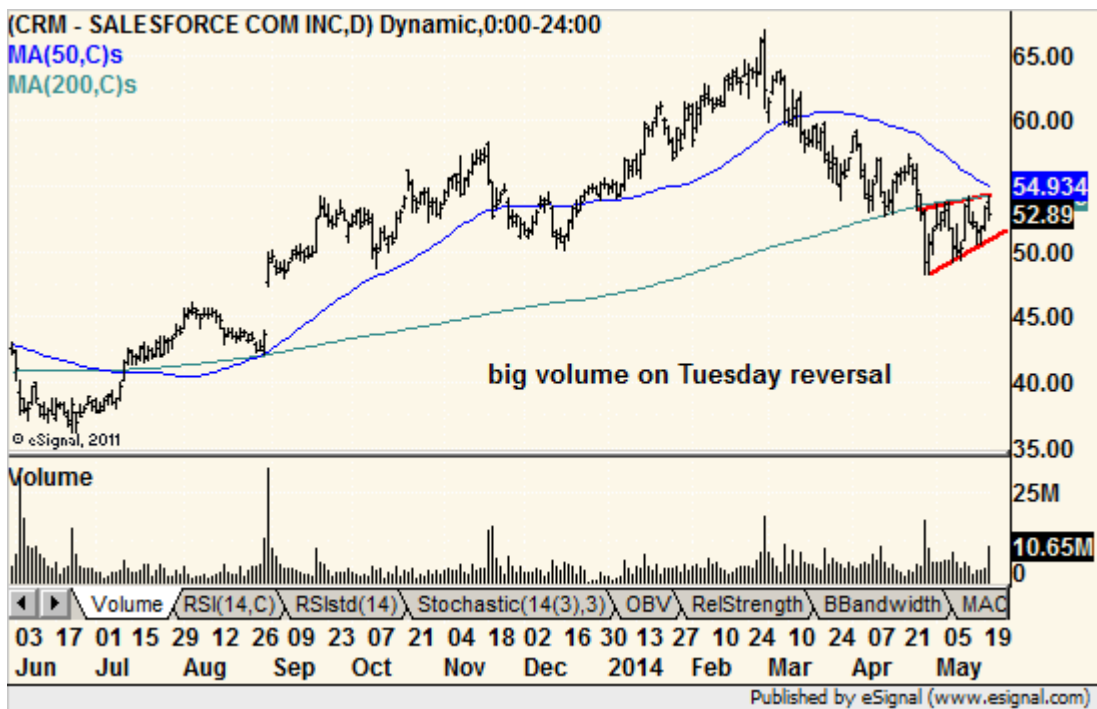
France ETF - This was one of the strongest markets anywhere. Not anymore. It still needs to break the 50-day average to be really bearish but another burner has been snuffed.



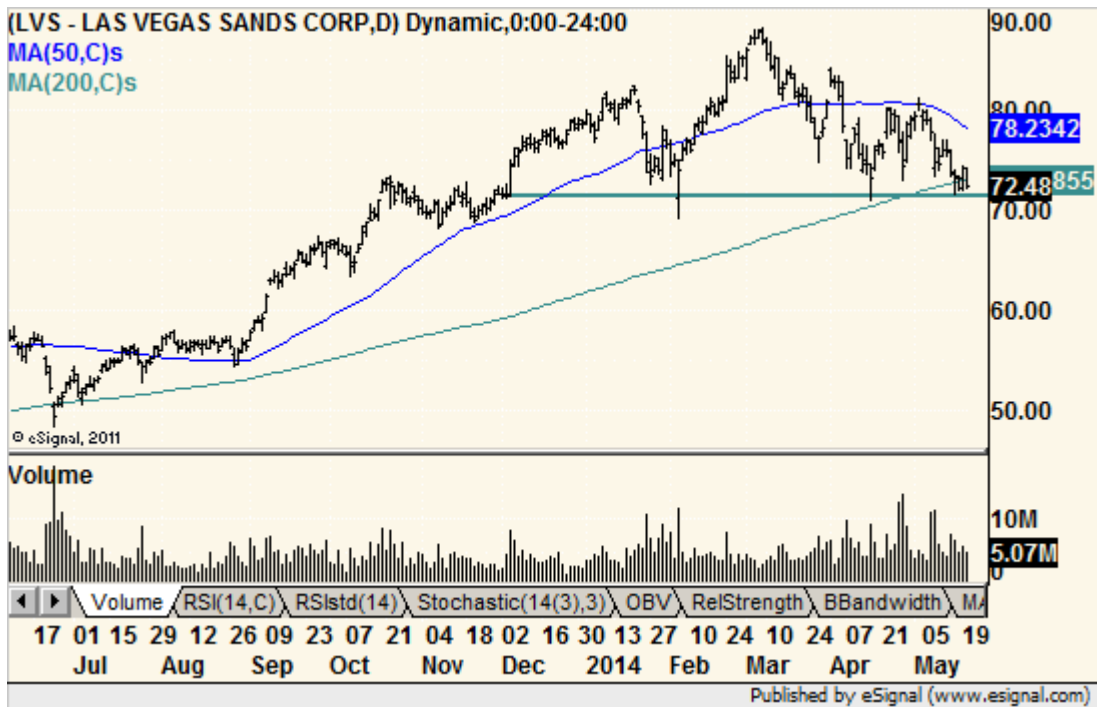
Retail ETF - Big flush yesterday in many retail stocks but the ETF is still in its triangle. Definitely lagging the market but there is nothing new here.



Consumer Discretionary ETF - Retail is a subset here. The XLY, however, has a killer pattern setup - nice and tight. A breakdown now would be a good sell signal. Sell close under 62.75



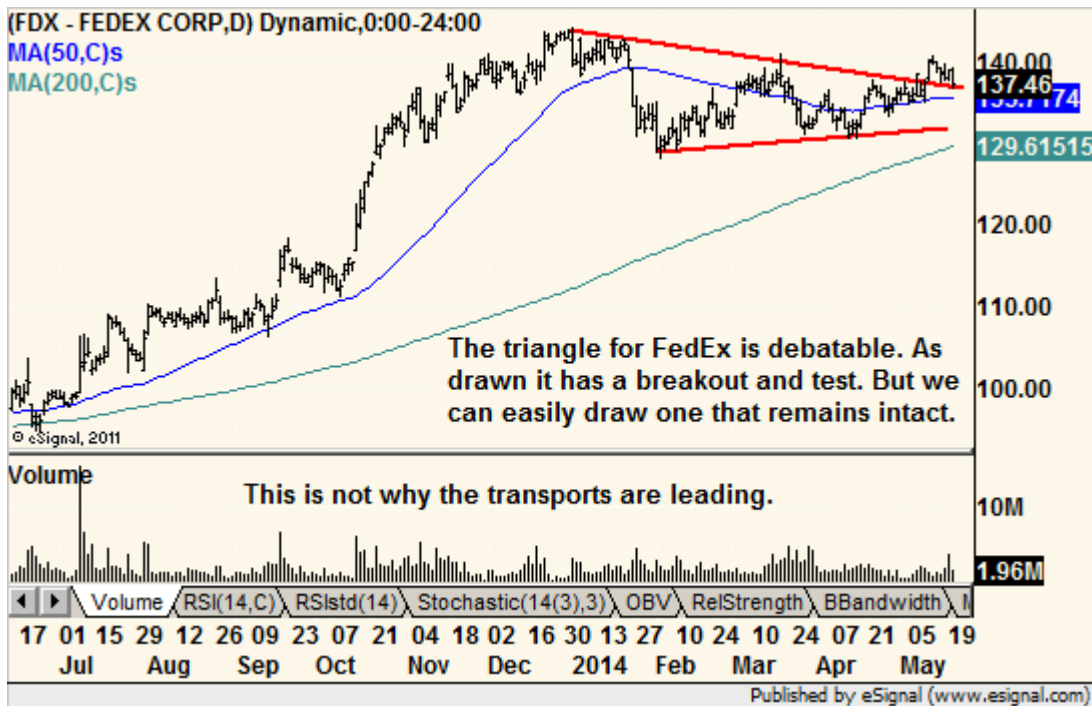
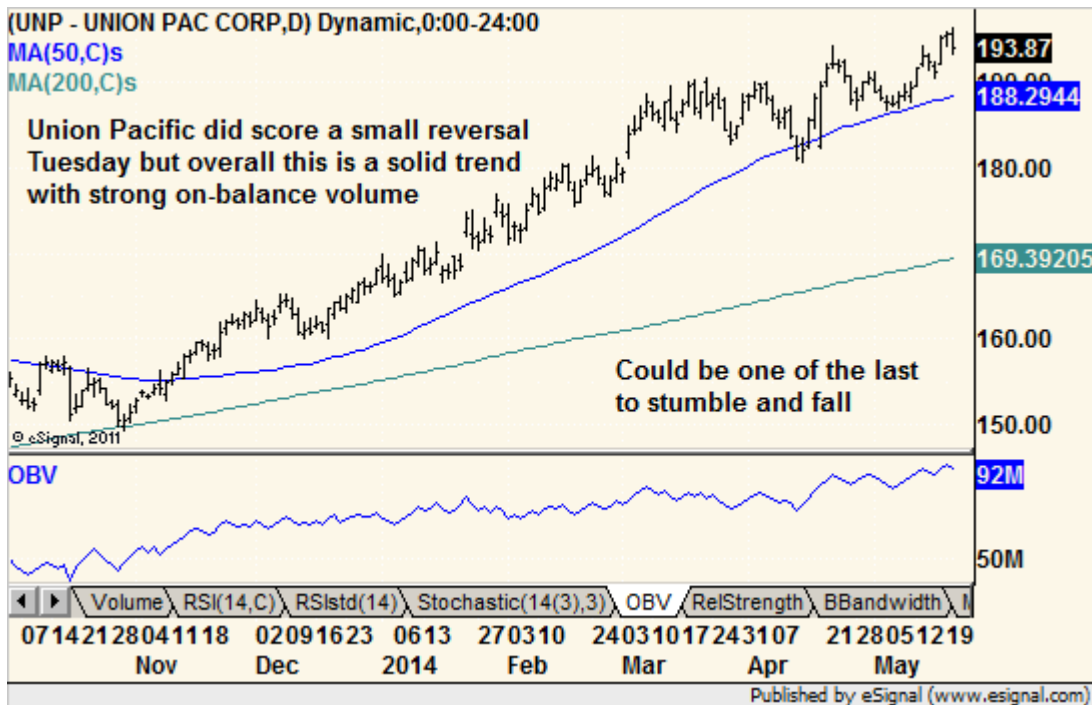
Salesforce.com - Bear wedge running into pending death cross. Volume was up on the downside reversal Tuesday.

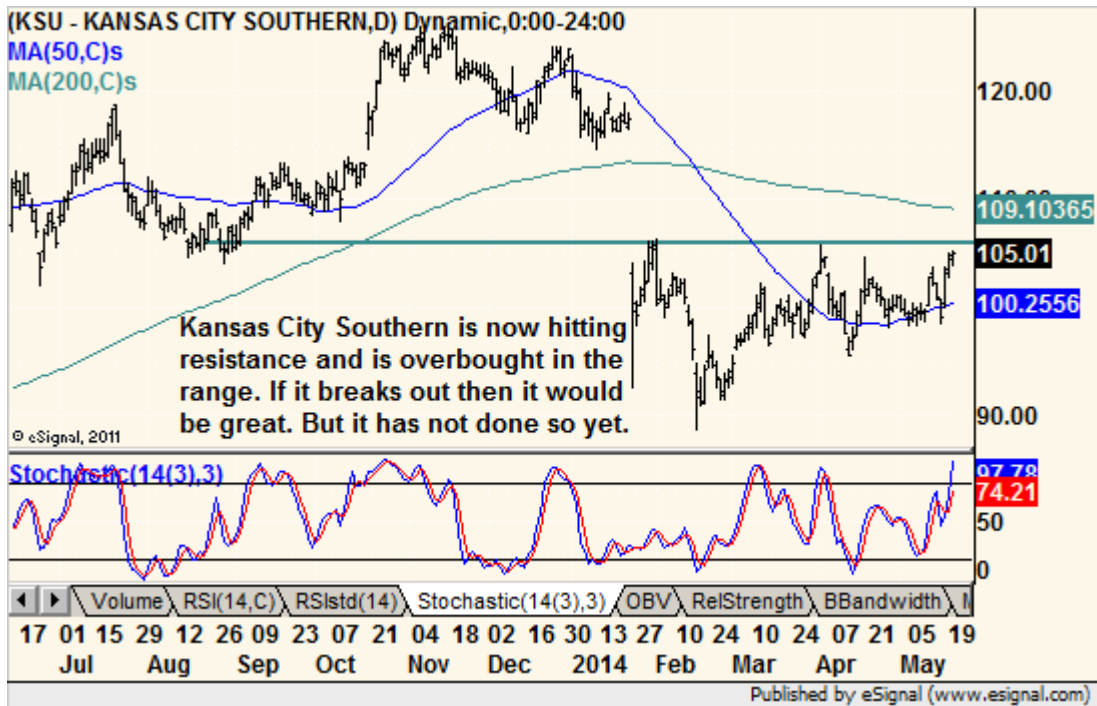


Las Vegas Sands - Sitting on the edge of a cliff. Sell close under 71.50.

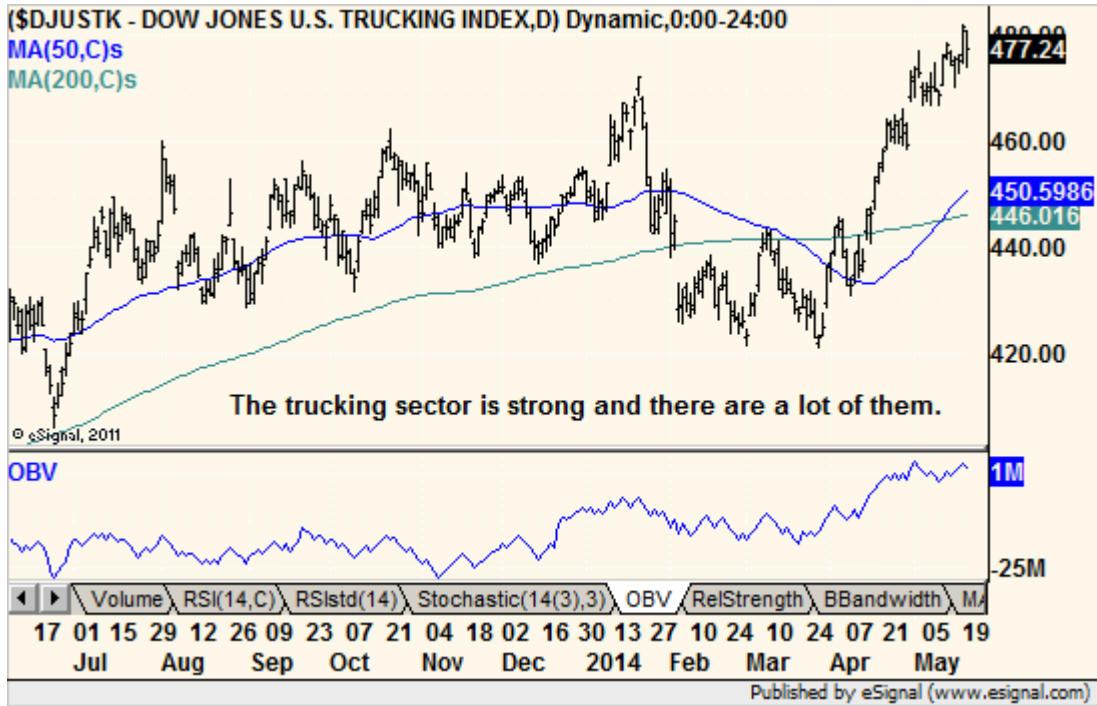
Quick Takes - Dow Transports

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





So why is the **TRAN** at new highs?



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	24.67	-1.0%	sell	24.91	4/15	35
	BHP	BHP BILLITON LTD	69.00	-3.0%		71.17	5/13	7
	CPL	CPFL ENERGIA S A	16.11	-4.5%	16.00	16.87	5/16	4
	FCX	FREEMPORT-MCMORAN COPPER GOLD	34.44	-1.8%	33.75	35.08	5/19	1
<u>Short</u>	CA	CA INC	28.99	5.1%	30.75	30.46	4/22	28
	GS	GOLDMAN SACHS GROUP INC	156.35	2.5%	162.00	160.26	4/22	28
	BRCM	BROADCOM CORP	30.30	1.0%	31.00	30.60	4/24	26
	RJF	RAYMOND JAMES FINANCIAL INC	48.14	0.2%	51.00	48.25	5/15	5

Notes: We lowered the stop in **FCX** just a bit, something we never do on established positions but in this case it was to make an estimated stop a bit more technically meaningful.

Stopped out of long in **BHP** on the breakdown. This one just did not work but given the same setup we'd take it again. Still looks like a good long-term play with a nice dividend.

We are going to cut and run with **HR** as it has done nothing and now looks to be rolling over.

Finally, utilities are taking a bath. If they do not turn around today or at least give a little bounce then we'll have to abandon the sector.

Observation - we have been long utilities and commodities, which have stalled, and short big caps, which are holding on vs. small caps.

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

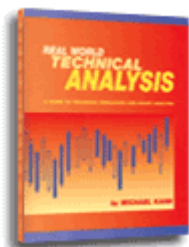
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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