

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

May 21, 2015 – We like this headline about the market – “oozing to the upside.” That’s about it with three steps forward, two steps back and a stumble in between.

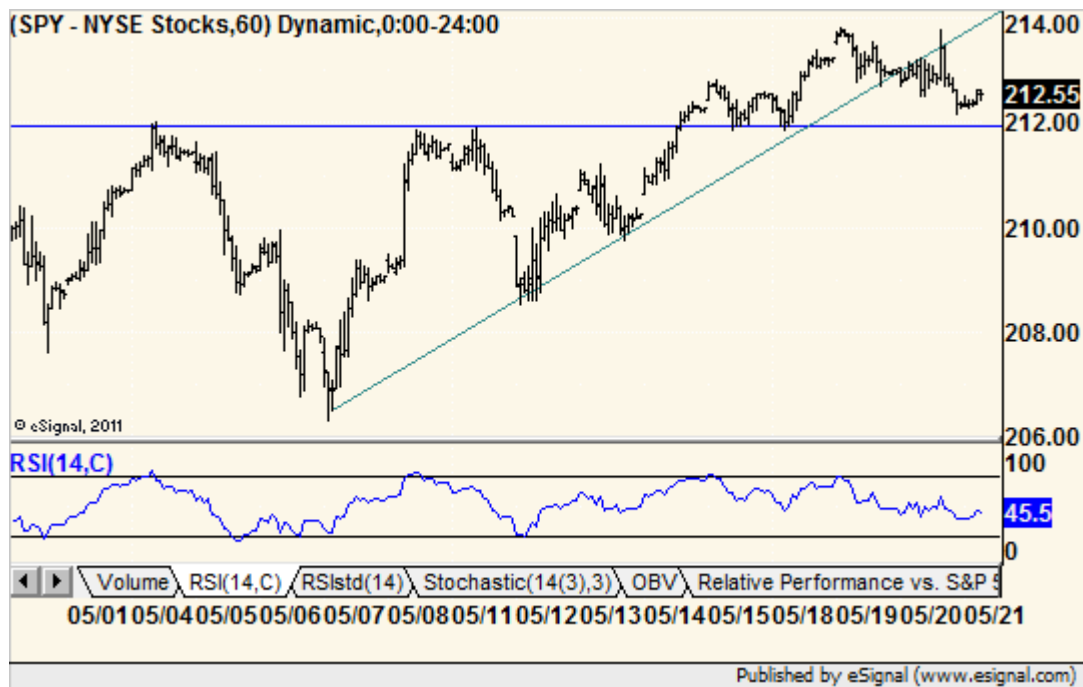
The other headlines focus on telling us why the market is slowing down, running out of steam or otherwise in trouble. With that kind of sentiment, we do not see how it will turn lower right now. But we do acknowledge some problems in breadth (stocks hitting highs) and of course, rising interest rates and falling transports.

Keeping with the theme, even the falling transports factor is getting a lot of coverage and that also makes it less likely to be the reason the market stumbles. After all, the Fed said rates are not going up soon and that still has the market by the throat (you thought something else).

Just to keep it fuzzy, if that is true then why did stocks sell off yesterday after this initial relief rally? Strange.

We still see a positive bias and will watch breadth. Small caps starting to fade relative to big? Maybe. Advance-decline falling? Not yet. Sectors leaving the party? Energy, transports. But what about one sector just getting there? Banks.

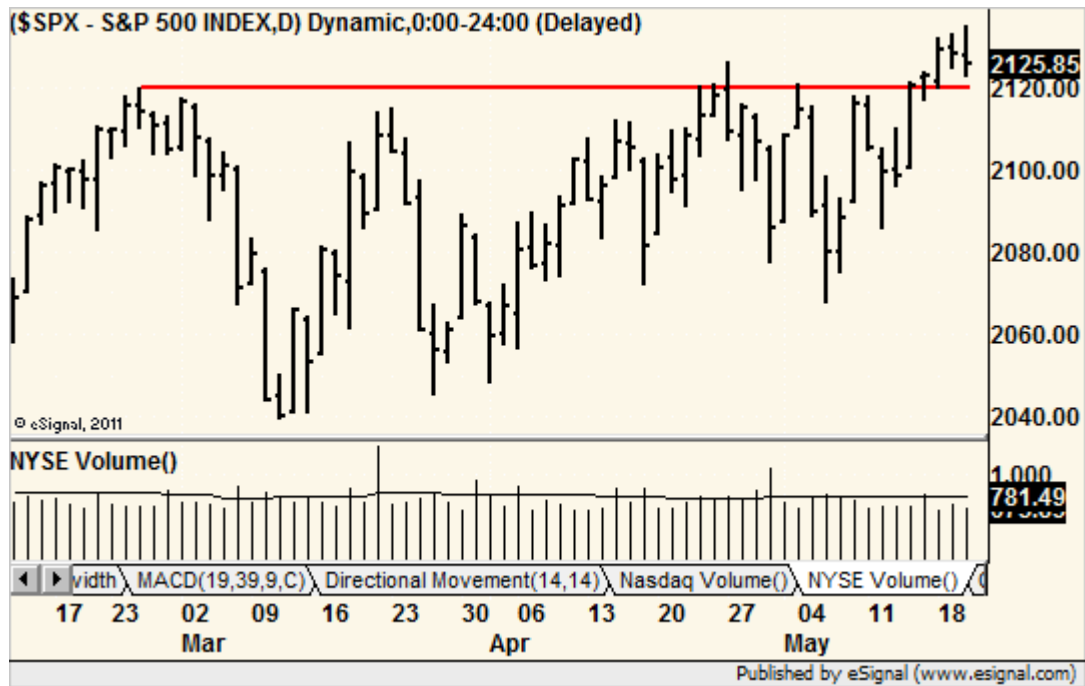
Yes, it is a hot mess but we cannot fight it.



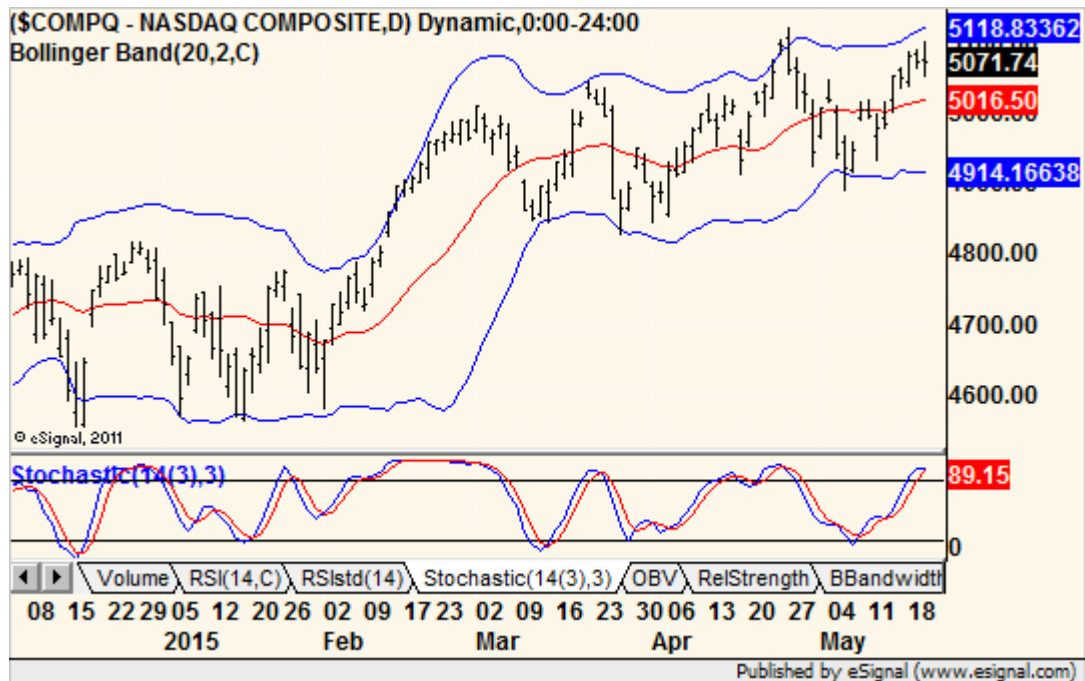
The hourly chart tells us the recent rally is over but not that the next direction is much lower. Perhaps if support breaks. That would confirm a cycle lower within a sideways range in the daily chart below.

Don't forget, the Memorial Day holiday is Monday and light volume is par for the course starting about now. Nobody seems to want to make big bets ahead of the long weekend. Just look at the super high level of neutral sentiment at the AAI survey. Not bullish, not bearish just not interested. Fence sitters, as someone called it on Twitter.

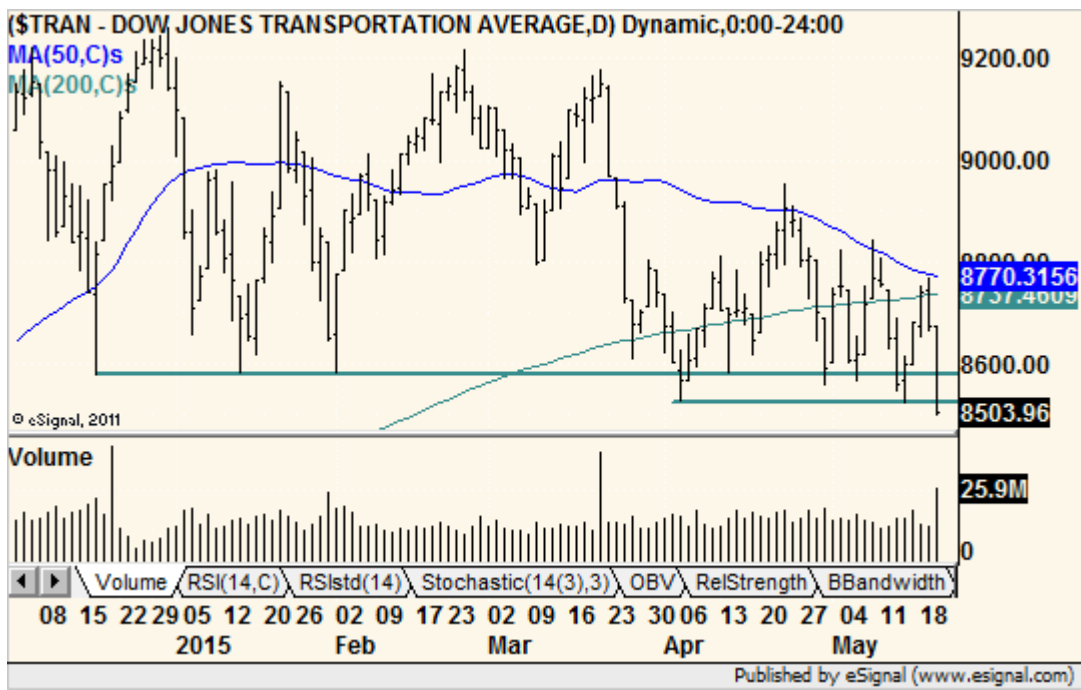
Index Charts of the Day



It broke out on no volume and now it reversed to the downside on no volume. Sloppy. It is hard to call it a real trend but it still has a bullish bias



The Nasdaq has the look of a trading range, albeit with a positive slope. Note that Bollinger Bands are flat and stochastics seems to be tolling over at high levels. That suggests a few days of declines although we are not doing much about that.



This chart of the transports looks sick.

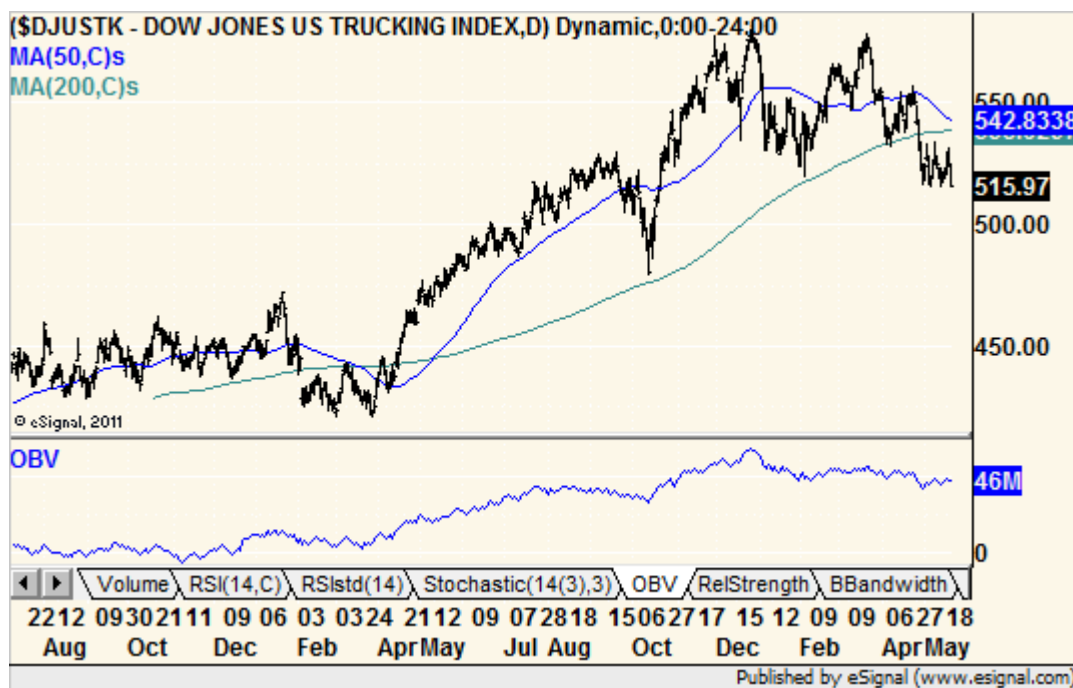
More transport charts later.

The Radar Screen

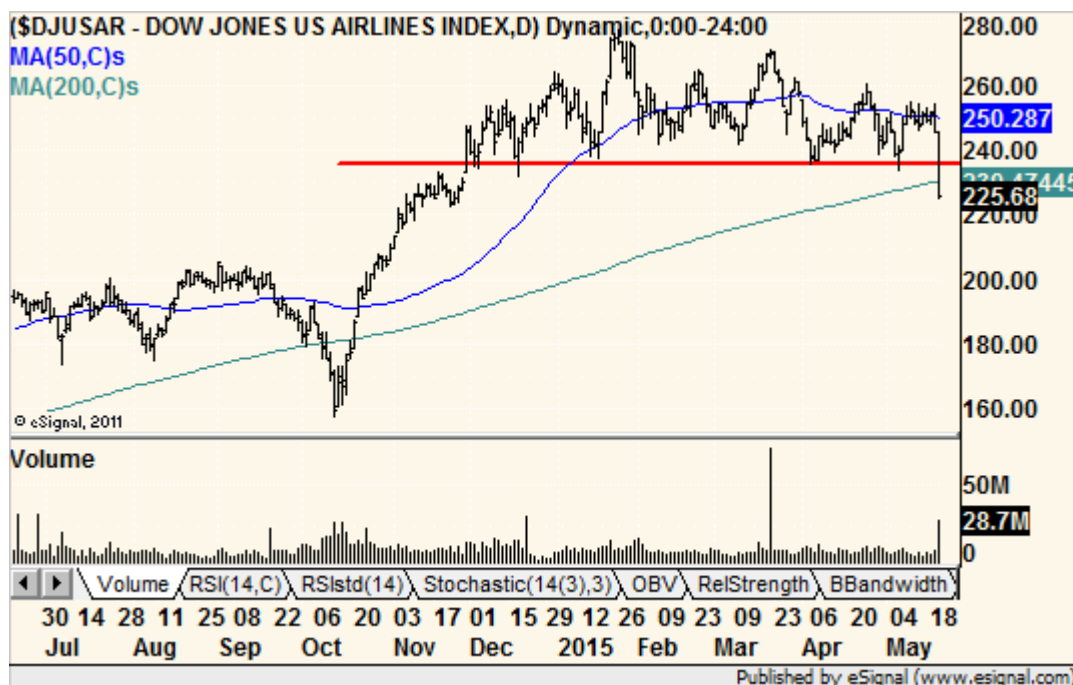
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 | | |
|---|----------------------|------|
| Parsley Energy PE – An explorer/producer challenging resistance. Already through 200-day <u>but now testing it</u> . Buy close over 18.10. | | 5/18 |
| Tetraphase Pharm TTPH – 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. Closed up 11.95% well above our limits. <u>Maybe it will come back to us.</u> | Not triggered | 5/19 |
| Bearish Implications | | |
| Target TGT – Good earnings before the bell Wed and the stock jumped. However, it is still within the falling channel and still below the gap. Closed well off its highs and is still bearish. Sellable here. | | 5/20 |
| Unknown Implications | | |
| none – | | |
| Holding Tank - red shade leans bearish, green shade leans bullish | | |
| Jinko Solar JKS –Still holding nicely. <u>Nevermind</u> | Removed | 5/18 |
| Allstate ALL – Now testing breakdown. Bounced off 200-day avg before bounce | | 5/20 |
| IBM – We missed the major base breakout but avoided the mess of the past few weeks. Now setting up for a fresh breakout. The target for the base breakout is at the top of the gap at 183-ish. The pause happened halfway top the target, as is often the case | New | 5/21 |
| Sector Watch (observations that may spark ideas) | | |
| Oil services – Still holding a base breakout. Do or die! | | 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. <u>Not there yet and may take a while.</u> | | 5/18 |
| Updates | | |
| CVS Health CVS – Looking good on merger news | | |

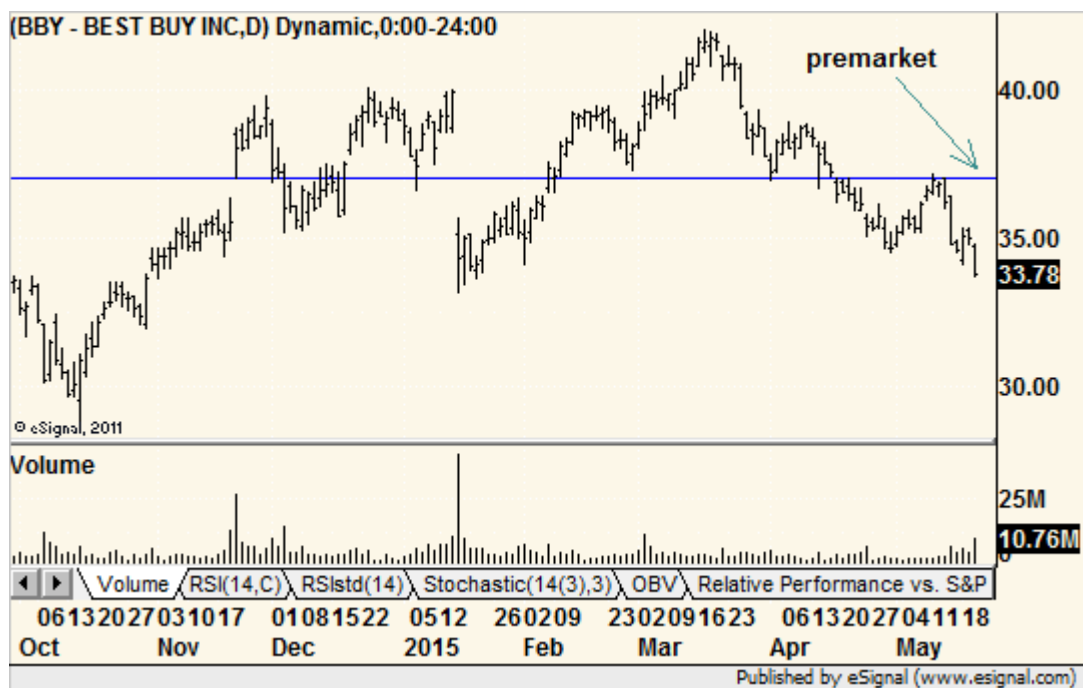
Market Highlights



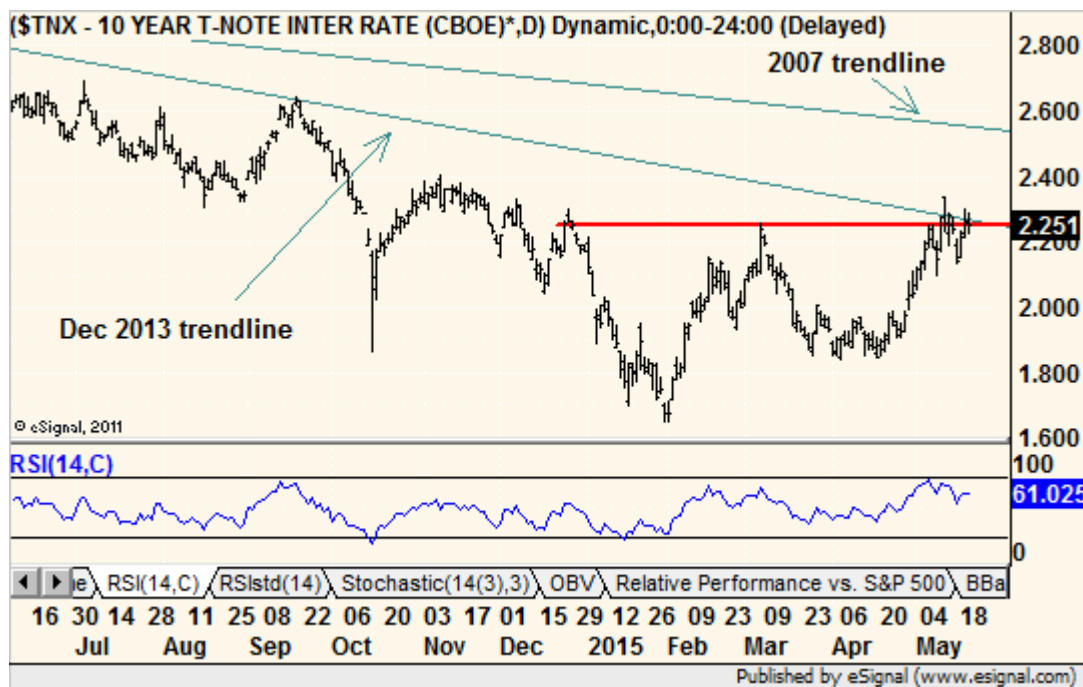
DJ Trucks – This is a bearish chart to join weak railroads but not the reason the DJTA broke down yesterday. See next...



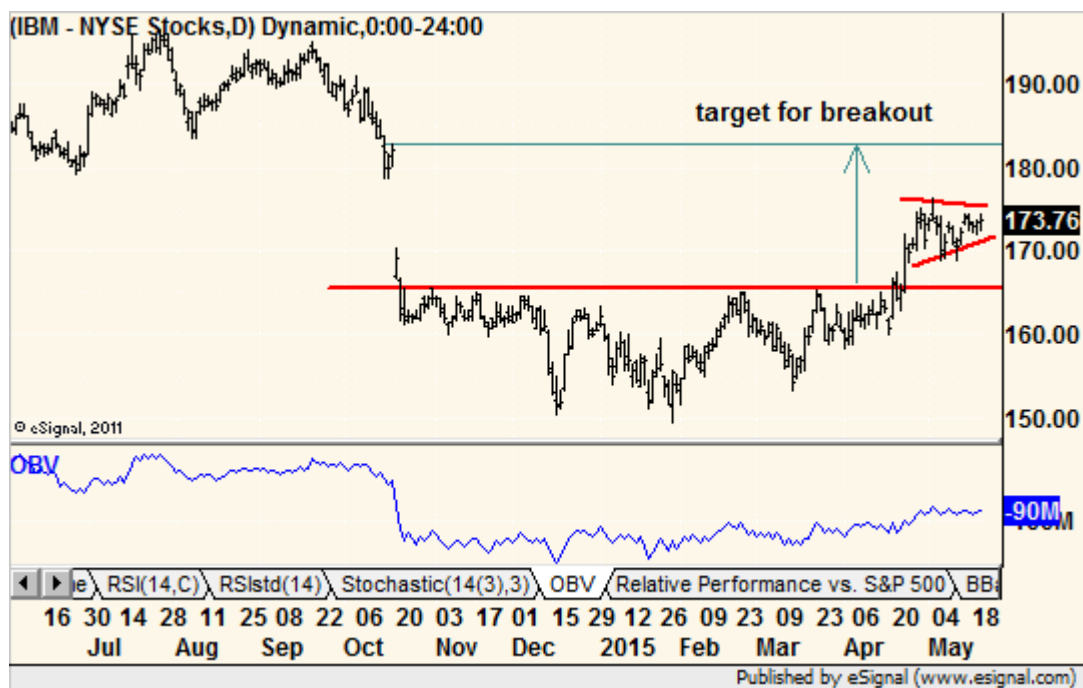
DJ Airlines – Airlines collapsed. Insert your own puns – fell to earth, crashed, grounded, re-routed. This was interesting because oil did not move much yesterday. News blurb → A slight increase in Southwest Airlines' growth plans fueled a broad selloff in airlines, highlighting investor jitters that cheap fuel could cause carriers to oversupply the market, undoing recent competitive discipline that has helped the industry reach record profits.



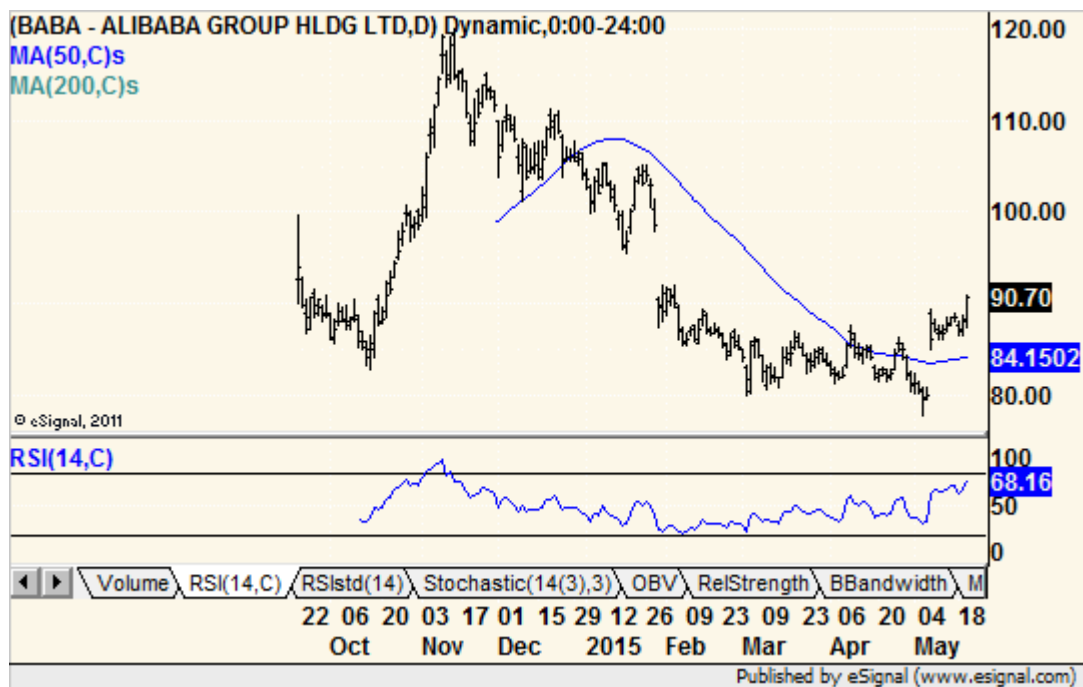
Best Buy – Curiously watching this retailer. Jumped on earnings but will it hold? If it does not then retail really has a problem, Aeropostale (**AEO**) notwithstanding.



10-year T-yield – The 30-year has broken out but this one has not. It is a bit sloppier but once it does we can expect a move to the next trendline



IBM – We missed the major base breakout but avoided the mess of the past few weeks. Now setting up for a fresh breakout. The target for the base breakout is at the top of the gap at 183-ish. The pause happened halfway top the target, as is often the case.



Alibaba – We are not playing but it does not look bad.

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 | 21.77 | -0.1% | 21.25 | 21.80 | 4/14 | 36 |
| | XOM | EXXON MOBIL CORP | 87.13 | 0.6% | 85.00 | 86.63 | 4/14 | 36 |
| | KOP | KOPPERS HOLDINGS INC | 25.58 | 13.0% | 25.25 | 22.64 | 4/22 | 28 |
| | PSX | PHILLIPS 66 | 80.52 | -1.1% | 77.25 | 81.38 | 4/24 | 26 |
| | VZ | VERIZON COMMUNICATIONS | 49.69 | -0.6% | 48.00 | 50.00 | 4/27 | 23 |
| | ORCL | ORACLE CORP | 44.29 | 2.0% | 42.25 | 43.44 | 5/1 | 19 |
| | ETFC | E TRADE FINANCIAL CORP | 29.68 | 2.2% | 28.25 | 29.03 | 5/1 | 19 |
| | HPQ | HEWLETT PACKARD CO | 33.07 | -2.2% | 32.00 | 33.80 | 5/4 | 16 |
| | COF | CAPITAL ONE FINL CORP | 85.35 | 3.1% | 82.00 | 82.80 | 5/6 | 14 |
| | KEY | KEYCORP NEW | 14.97 | 1.5% | 14.25 | 14.75 | 5/11 | 9 |
| | KBE | SPDR S&P BANK ETF | 35.18 | 1.7% | 33.50 | 34.58 | 5/11 | 9 |
| | GT | GOODYEAR TIRE & RUBR CO | 31.26 | 2.9% | 29.75 | 30.38 | 5/13 | 7 |
| | PCAR | PACCAR INC | 65.39 | -1.0% | 64.00 | 66.08 | 5/13 | 7 |
| | FB | FACEBOOK INC | 80.55 | 2.0% | 78.50 | 78.94 | 5/14 | 6 |
| | UPS | UNITED PARCEL SERVICE INC | 101.96 | -0.1% | 99.00 | 102.03 | 5/15 | 5 |
| | | | | | | | | |
| <u>Short</u> | WSM | WILLIAMS SONOMA INC | 77.89 | -1.8% | 79.00 | 76.51 | 4/17 | 33 |
| | XRT | SPDR S&P RETAIL ETF | 99.00 | -1.8% | 100.00 | 97.23 | 5/6 | 14 |
| | DG | DOLLAR GEN CORP NEW | 72.88 | 2.1% | 76.50 | 74.40 | 5/7 | 13 |
| | FLS | FLOWSERVE CORP | 56.90 | -2.6% | 59.00 | 55.40 | 5/12 | 8 |

Notes: Fixed the stop on **UPS**

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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