

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

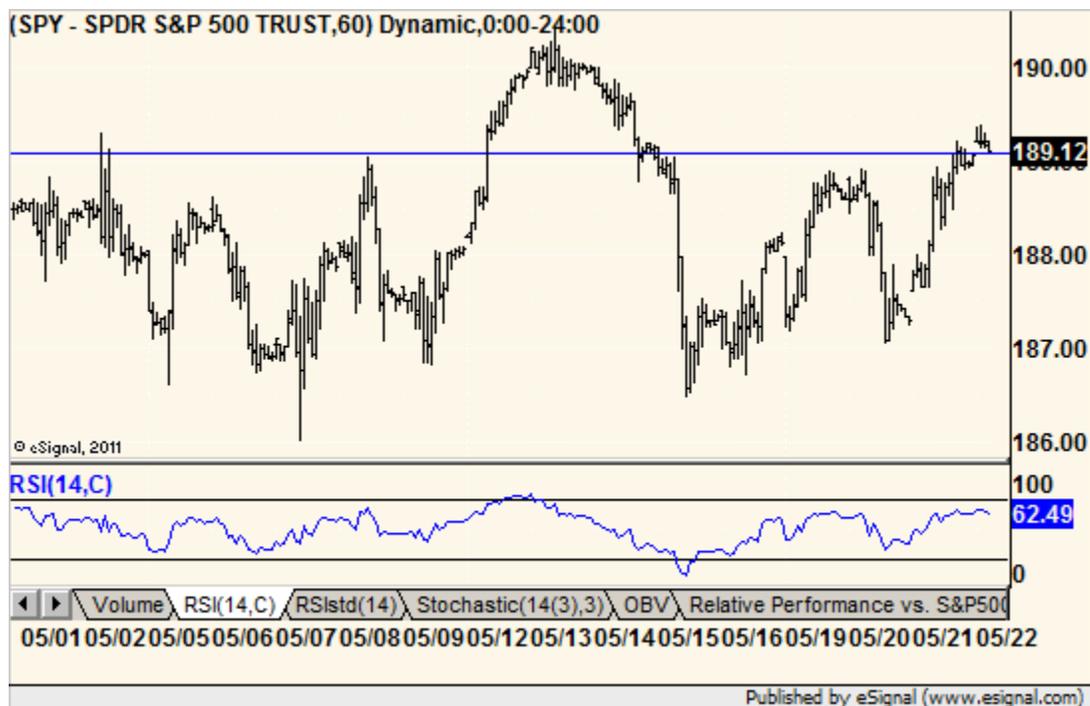
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May 22, 2014 - Well, it wasn't Tiffany earnings that sent the Dow rallying. Once again, some hint of something positive from the Fed and Tuesday's losses were all forgiven. But breadth was not the mirror image of the day before. And volume, even in its disgraced form, was down compared to Monday. In fact, Monday was the lightest volume day of the year to date and today was the third lightest. Some rally.

The Nasdaq poked its head above its trendline (chart below) for a real bullish signal - or was it? Here, too, volume was terrible but worse there were more 52-week lows than highs. Wait a minute - that's Hindenburg stuff.

Well, not so fast. True, more highs than lows is part of it but so is a rising trend. No cigar on that for the Nasdaq. And the numbers of new highs and lows together has to be above a minimum percentage of all stocks traded. Again, it wasn't.

But that does not mean something is not wrong. Big stocks and small stocks are heading in different directions. And all four horsemen, if we make an adjustment in tech, are not leading. The **XLK** is leading but the more representative **PSE** (NYSE Arca Tech) is merely flat.

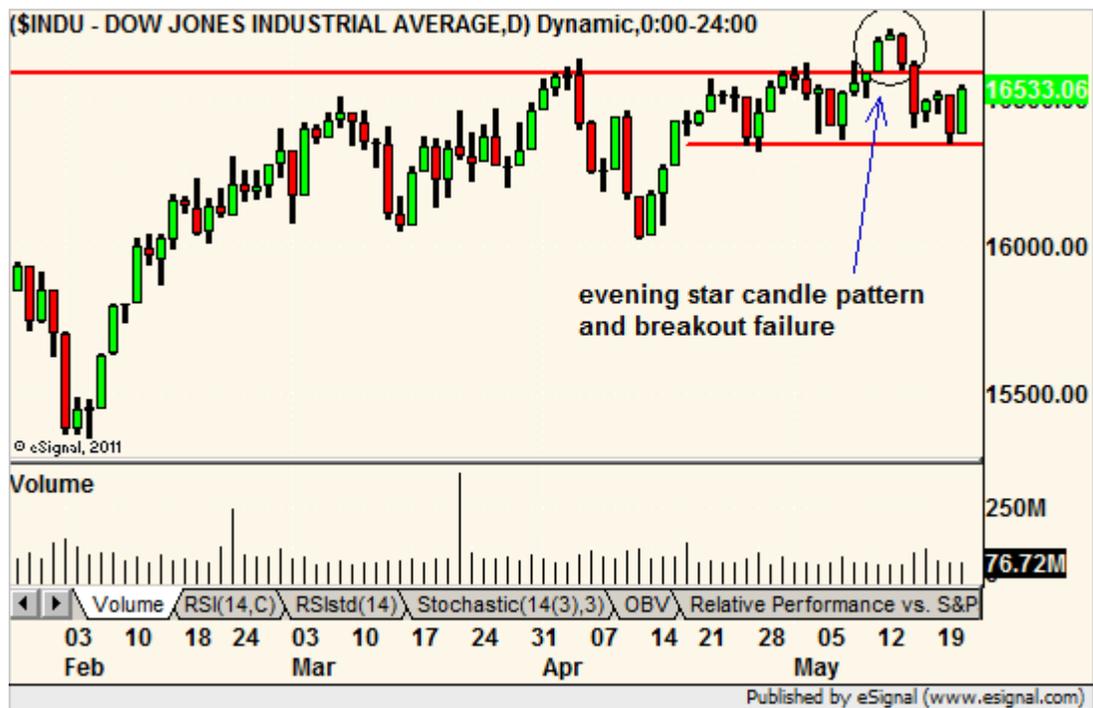


The hourly chart shows the **SPY** above the resistance line we've been watching but given the nearly straight line advance we do not see this as a breakout. Of course, anything can get the herd stampeding but this chart is not it.

And then there's the **VIX**. It closed below 12 Wednesday, its lowest close of the year by far. That's complacency. And speaking of that, the **BAML** Complacency index is closing in on the levels last seen in 2007. You know what happened then? The bottom dropped out of the market.

Oil broke out to the upside yesterday but we cannot say the same for gasoline, even as Memorial Day and the summer driving season are around the corner.

Index Charts of the Day



Same candle chart as yesterday but with the lower red line added to show the latest trading range. Yesterday's rally changed nothing.



Breakout? We need more than what we got to think so. The Russell was not even close to following suit.

The Radar Screen

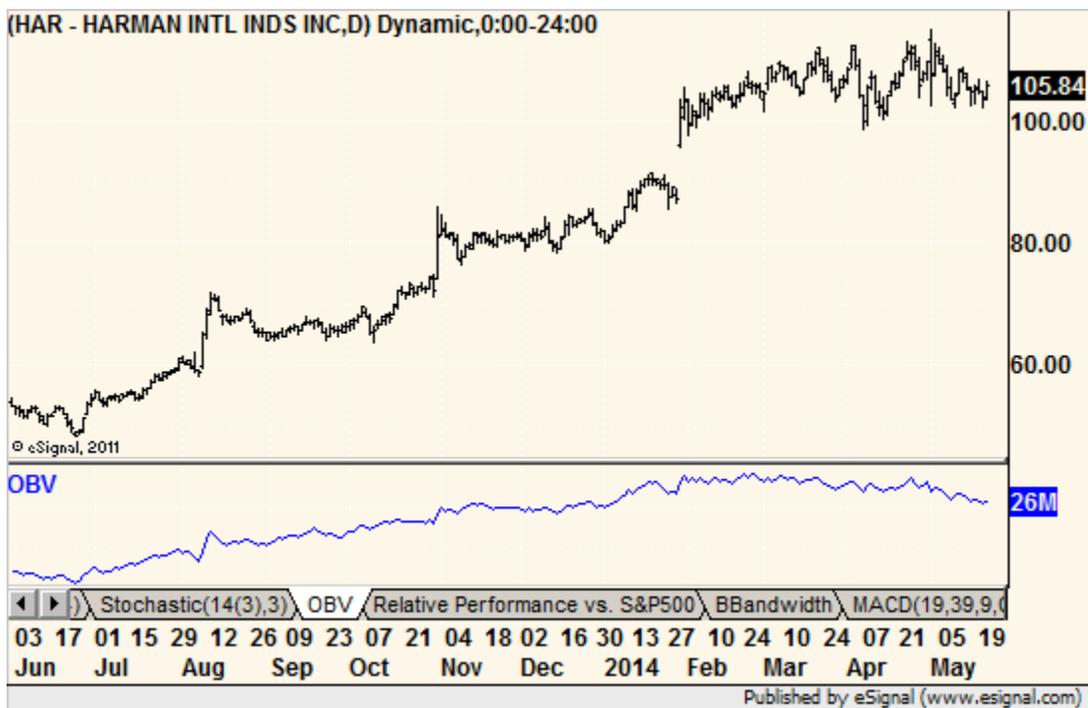
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. This was triggered Tuesday	Triggered	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.		5/12
Consumer Discretionary ETF XLY - 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		5/21
Las Vegas Sands LVS - Sitting on the edge of a cliff. Sell close under 71.50.		5/21
Salesforce.com CRM - Bear wedge running into pending death cross. Volume was up on the downside reversal Tuesday. Selling now as it closes below the wedge Wednesday.		5/21
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
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
Starbucks SBUX - This one is coiling rather tightly. On watch for a breakout one way or the other. We think lower but the stock has to prove that with an actual breakdown.	New	5/22
Harmon Int'l HAR - This consumer electronics stock has a rounded top or even a diamond top in progress. Note on-balance volume has been falling throughout.	New	5/22
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 doji candle		3/31
Financials - Still a weak sector but the representative stocks are going every which way		4/15
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 . Sell any of the online brokers on support breaks. <u>No triggers set yet.</u>		5/12
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
Retail ETF XRT - Still in a triangle but definitely lagging.		5/21
Updates		
Kansas City Southern KSU - This rail stock closed marginally above resistance Wednesday. -		

Market Highlights



Starbucks - This one is coiling rather tightly. On watch for a breakout one way or the other. We think lower but the stock has to prove that with an actual breakdown.



Harmon Int'l - This consumer electronics stock has a rounded top or even a diamond top in progress. Note on-balance volume has been falling throughout. Holding Tank



Travel & Leisure group - Triangle pattern under a rolling-over 50-day average. Within - hotels and airlines strong, restaurants and gaming weak. The battle is on.



Footwear group - Another triangle squeezing the index. This is the same as NKE's chart. DECK is similar.

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>	CPL	CPFL ENERGIA S A	16.05	-4.9%	16.00	16.87	5/16	5
	FCX	FREEPORT-MCMORAN COPPER GOLD	34.26	-2.3%	33.75	35.08	5/19	2
<u>Short</u>	CA	CA INC	29.05	4.9%	30.75	30.46	4/22	29
	GS	GOLDMAN SACHS GROUP INC	159.35	0.6%	162.00	160.26	4/22	29
	BRCM	BROADCOM CORP	30.19	1.4%	31.00	30.60	4/24	27
	RJF	RAYMOND JAMES FINANCIAL INC	48.40	-0.3%	51.00	48.25	5/15	6
	NDAQ	NASDAQ OMX GROUP INC	36.30	-1.5%	38.00	35.75	5/20	1

Notes: Short in **NDAQ** triggered Tuesday. We missed it here.

Sold long in **HR** on the open. 0.06% loss in 36 days. It was dead in the water so we bailed out.

Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Sal - Yes, we think the big caps are going to head the way of the small caps but it is premature to act on it. We must wait for the charts to break.

Other Information

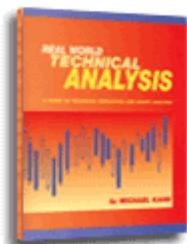
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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