

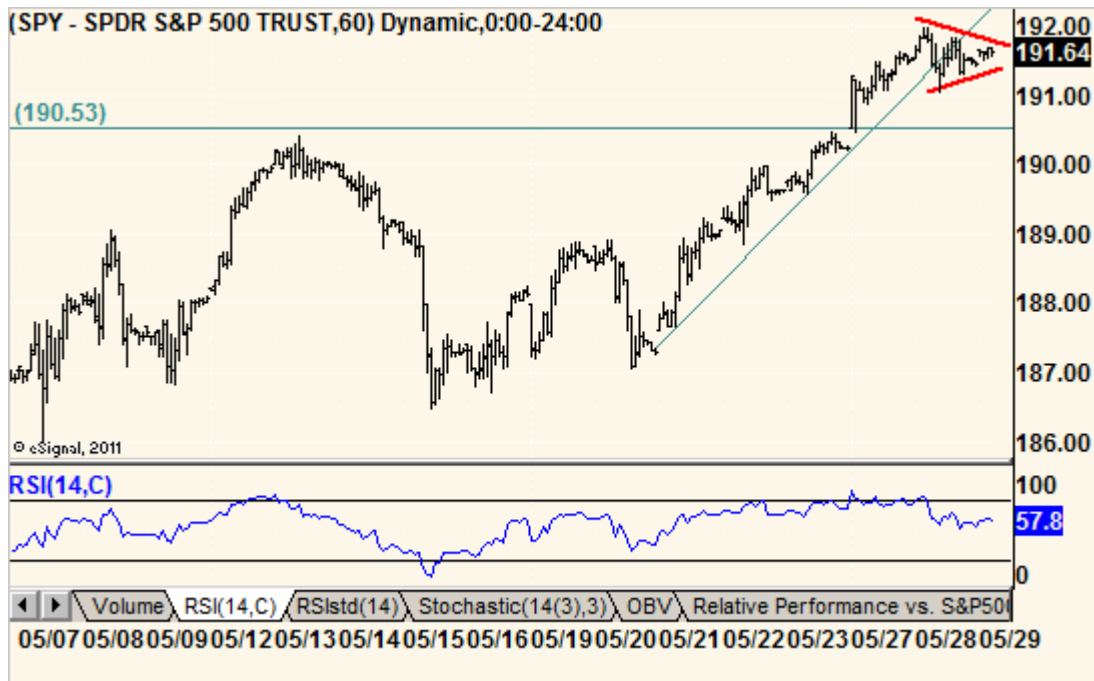
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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May 29, 2014 - As we near the end of the month it seems as if May was a buying opportunity and not a selling one as the old saw suggests. Keep in mind, however, that the seasonal tendency is for the entire summer, not just one month.

It seems that each day now brings a new anomaly. Tuesday, it was gold plunging. Wednesday it was bonds soaring. Yet the stock market keeps on keeping on. Low **VIX**? No problem, it's happened before. Low volume? Well, you know that does not matter anymore. Lagging banks, homebuilders and retail? Hmmm, maybe that is not such a good thing...but [damn the torpedoes!](#)



The hourly chart shows the rising trend and new triangle formation. That the triangle moved sideways through the trendline is not necessarily bearish. We like to see vertical movement, not the passage of time as breaking trendlines. But the pattern does give us some triggers to watch on the upside and downside.

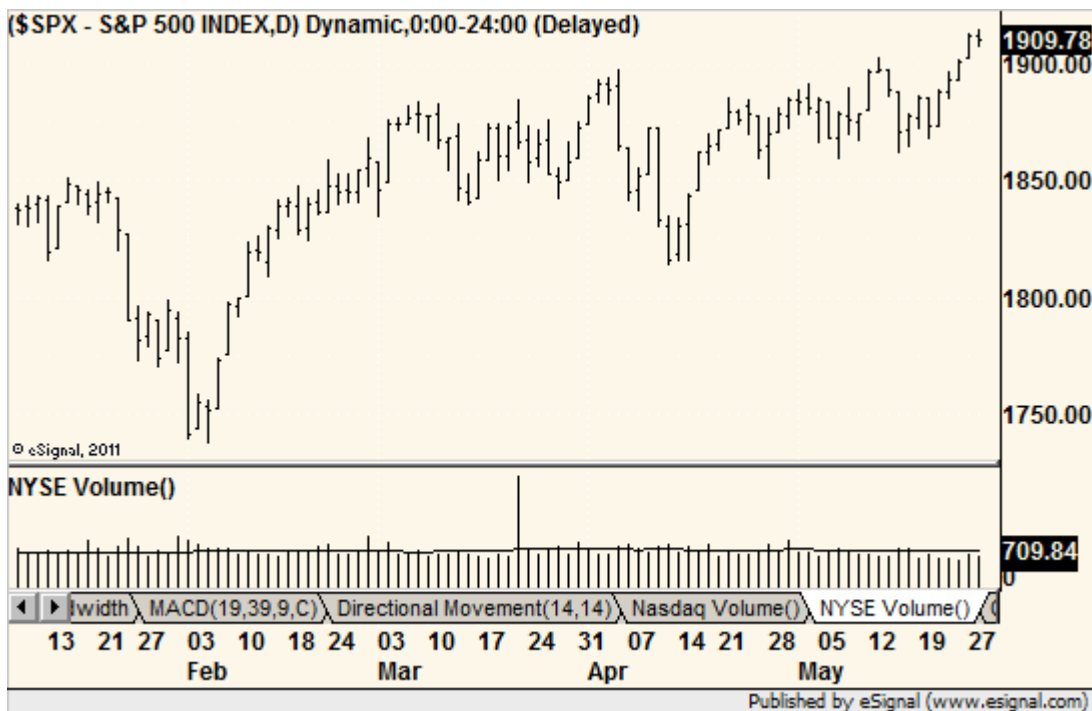
If it does break down then the "healthy correction" callers will crawl out into the light to proclaim a buying opportunity. But after this morning's GDP and jobless claims news the bulls seem to be active.

We have to get back to the question of whether to buy more stocks or not. The May rally did catch us off guard and any hint of failure was quickly quashed. But with the S&P 500 breaking out, it should be an easy decision to go long, right? Not so fast. We cannot help but keep coming back to new highs in the bond market. Not bullish.

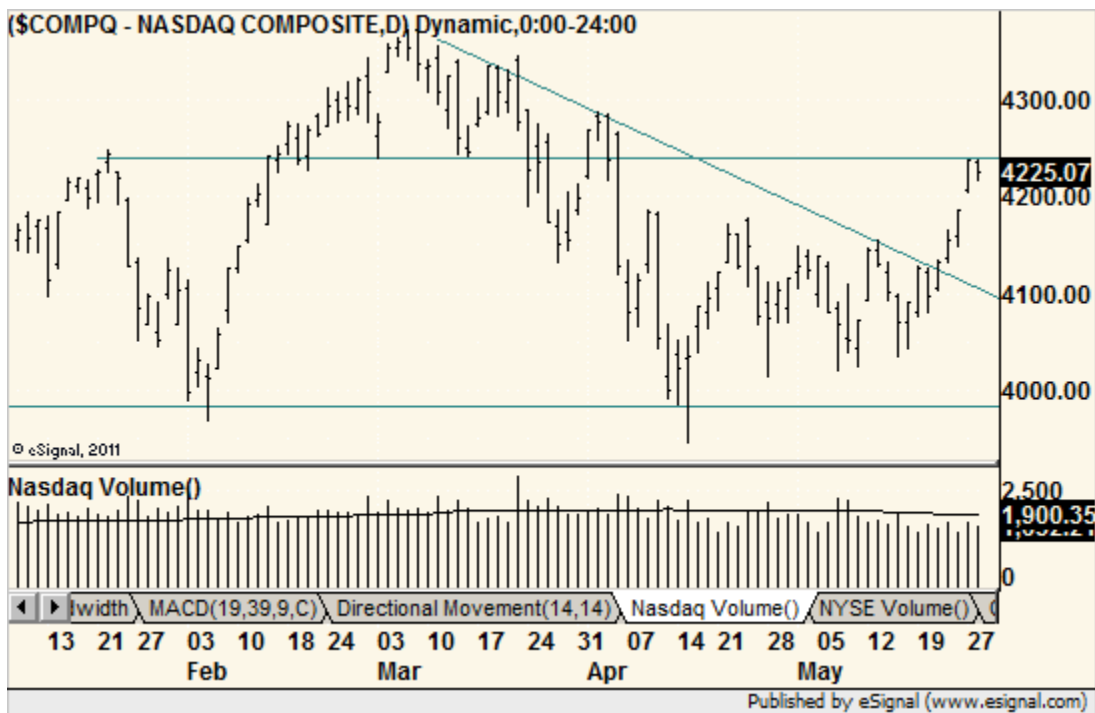
Should we care that the leaders were the year's biggest losers? Twitter was up huge yesterday as bottom fishers scraped the bottom for morsels. Netflix soared. Tesla rallied despite still not offering any earnings. And we cannot figure out how transports are accelerating their rally as the industrials remain flat.

So, to summarize, the trends are still up so on a micro basis you stay with the areas that are rising. But on a macro basis, the sum of the parts does not add up to a healthy market. Something is going to give. We don't know when but it will.

Index Charts of the Day



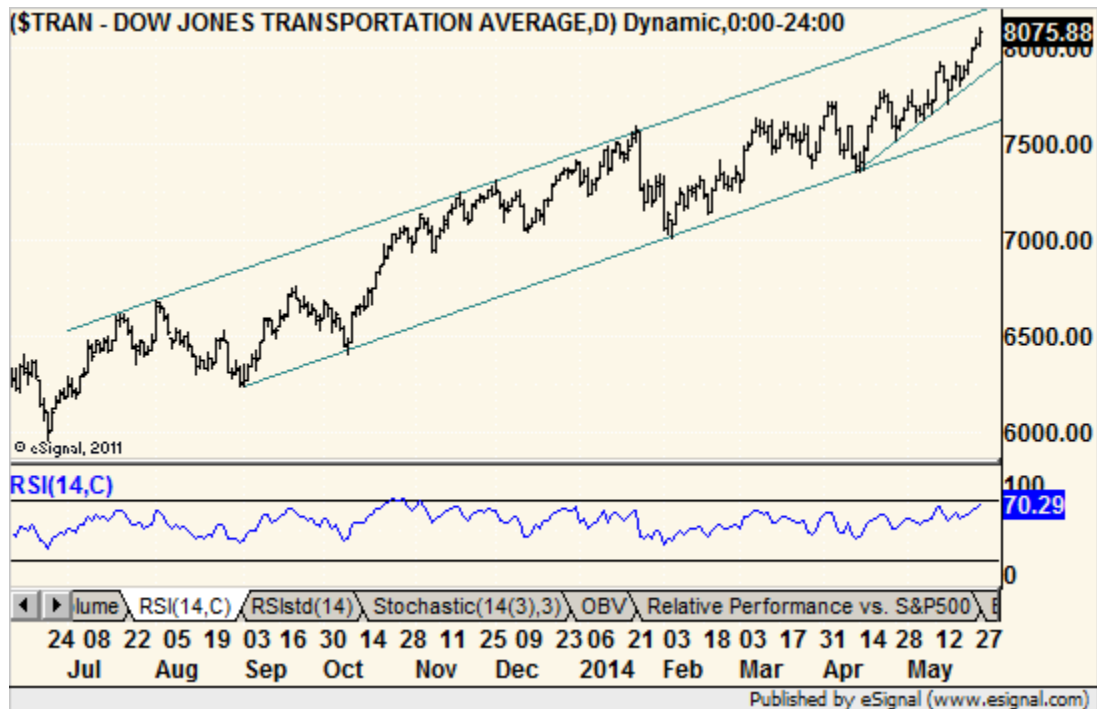
The S&P 500 chart is naked today. What's on it? Nothing. No patterns, no solid trends. And of course no volume.



The Nasdaq respected resistance yesterday and gives us something to watch for clues. Will it punch through or will it fail?



The Russell 2000 is using the 50-day as its resistance. We are not big on averages providing this service but again it is better than nothing. Note it is still badly lagging, even after the past week's rally.



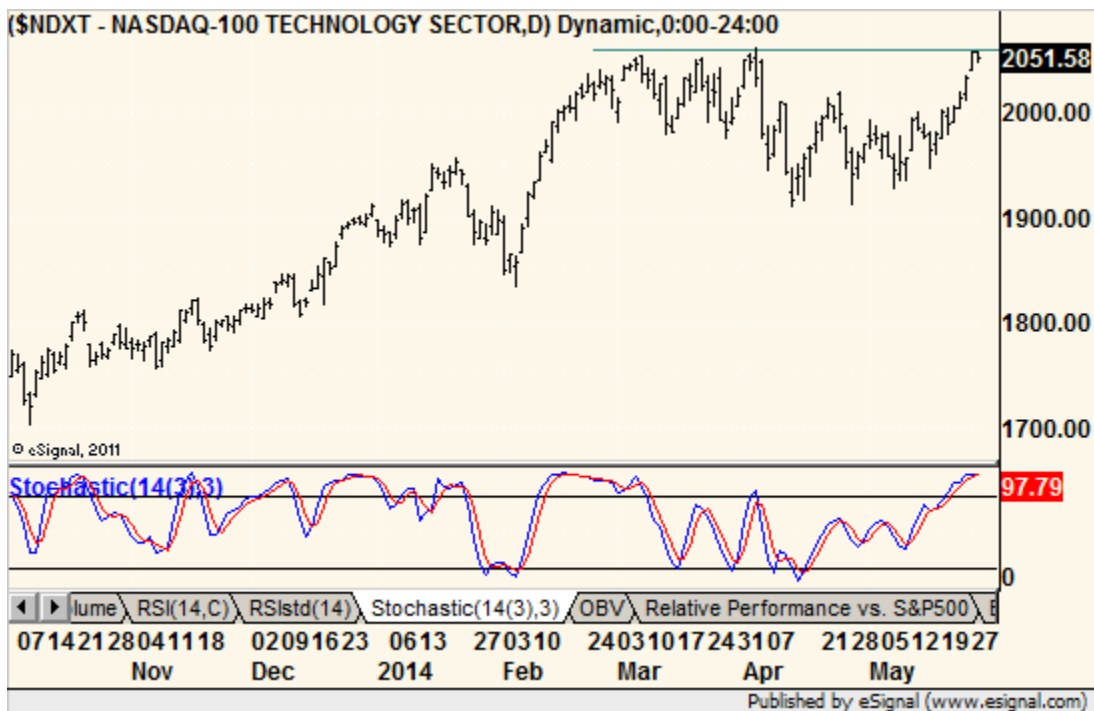
The transports are soaring with an accelerating slope. Based on the channel drawn above we can see it having a bit more upside before the day of reckoning.

The Radar Screen

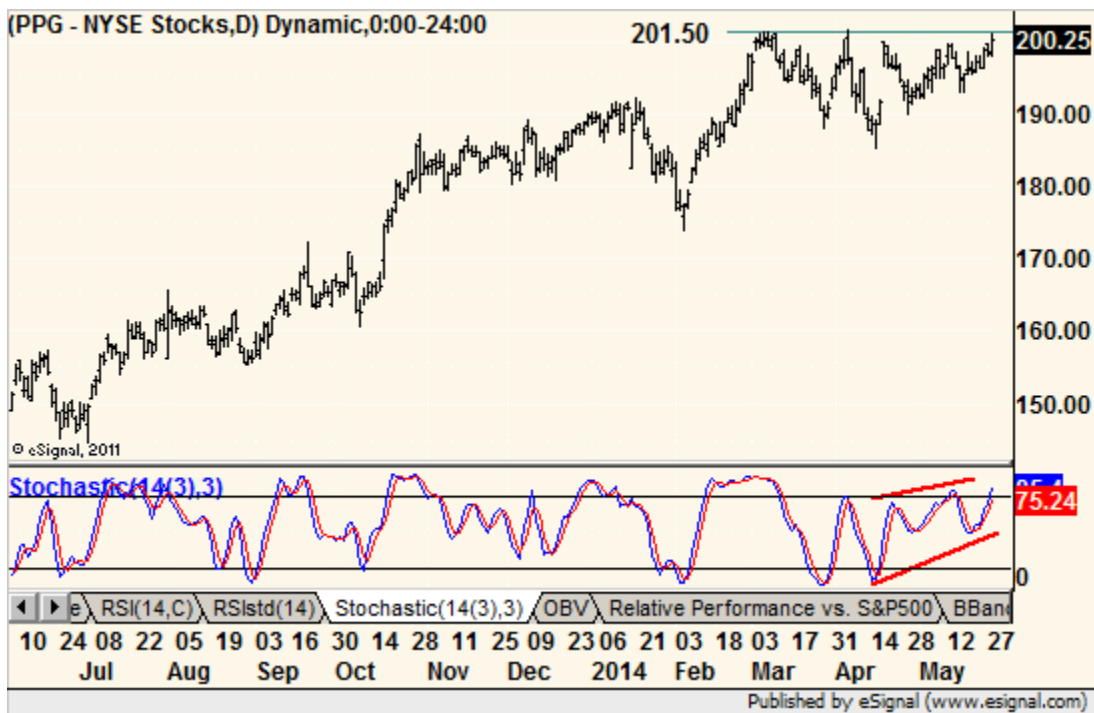
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Conagra CAG - This food stock is approaching a big resistance. A breakout should be buyable - close over 32.		5/23
DuPont DD - Ascending triangle with rising on-balance volume. Buy close over 68.75.		5/15
Hertz Global HTZ - On bull watch. Note rising stochastics lows. Failed breakout Tuesday so it now has to set a new high to trigger the buy at 29.76,		5/27
Wyndham Worldwide WYN - Hotels are strong. This one may be ready to play catch up if it breaks the triangle. Buy 73.50		5/27
Corning GLW - Ascending triangle breaks out at 21.75		5/28
PPG Industries PPG - This basic materials and chemicals stock is poised to break out. Note rising trend in stochastics suggesting building strength. Buy close over 201.50.	New	5/29
Bearish Implications		
Procter & Gamble PG - Just watching a small double top with MACD divergence. Marginal trendline break. Moving sell trigger up to 81		5/15
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close.		5/28
Unknown Implications		
Hershey HSY - Another food stock with multiple supports and resistance levels. Just watching for now. Buy 98, sell 95.25		5/23
Holding Tank - red shade leans bearish, green shade leans bullish		
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.		5/22
XLNX, PAYX, XRX worth watching in both directions		5/28
Microchip Tech MCHP - bull flag		5/28
Linear Tech LLTC - In a range between support and resistance and both major averages.		5/28
Sector Watch (observations that may spark ideas)		
Utilities - Best performance in a while. May be ready to recover		3/31
Financials - Upside breakouts across the board KBE, XLF		4/15
Broker Dealer Index XBD - Not impressed with performance Tuesday. SCHW scored a bear reversal. ETFC epic fail.		5/12
Nasdaq biotech ETF IBB - Upside breakout		5/16
Retail ETF XRT - Still in a triangle but definitely lagging.		5/21
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.		5/22
Updates		
Juniper Networks JNPR - Broke through trendline highlighted yesterday.		

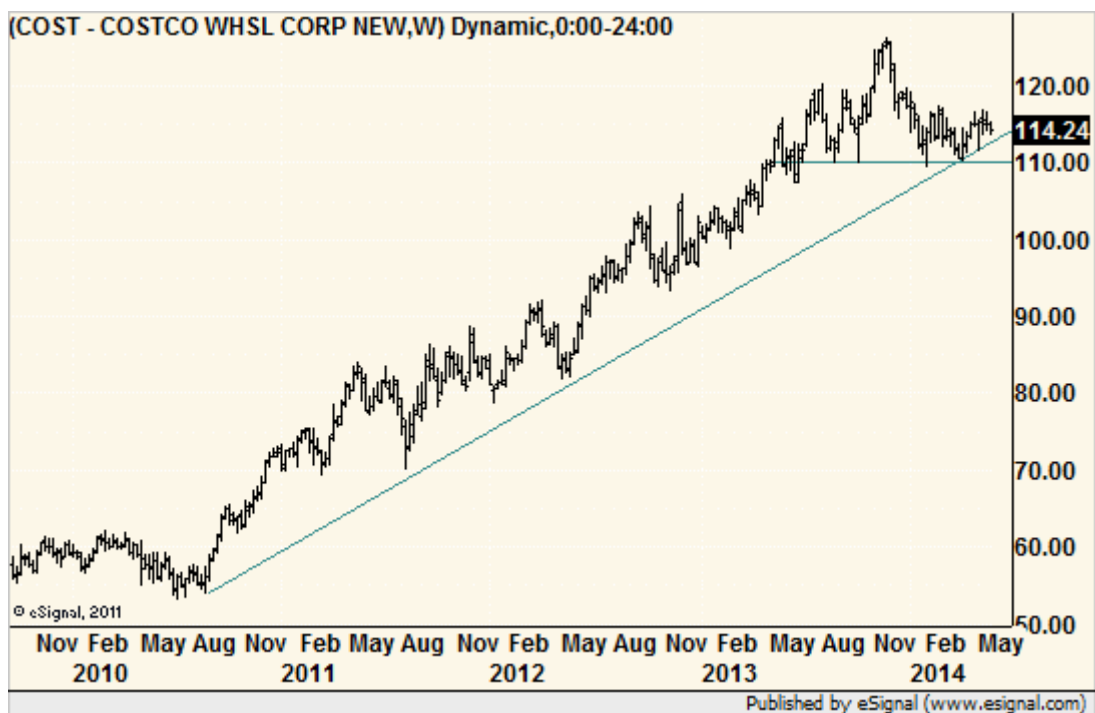
Market Highlights



Nasdaq-100 tech index - This is a pure technology slice of the biggest Nasdaq stocks. At resistance. If you only look at the **XLK** ETF you are missing most of what is happening in tech.



PPG Industries - This basic materials and chemicals stock is poised to break out. Note rising trend in stochastics suggesting building strength. Buy close over 201.50.

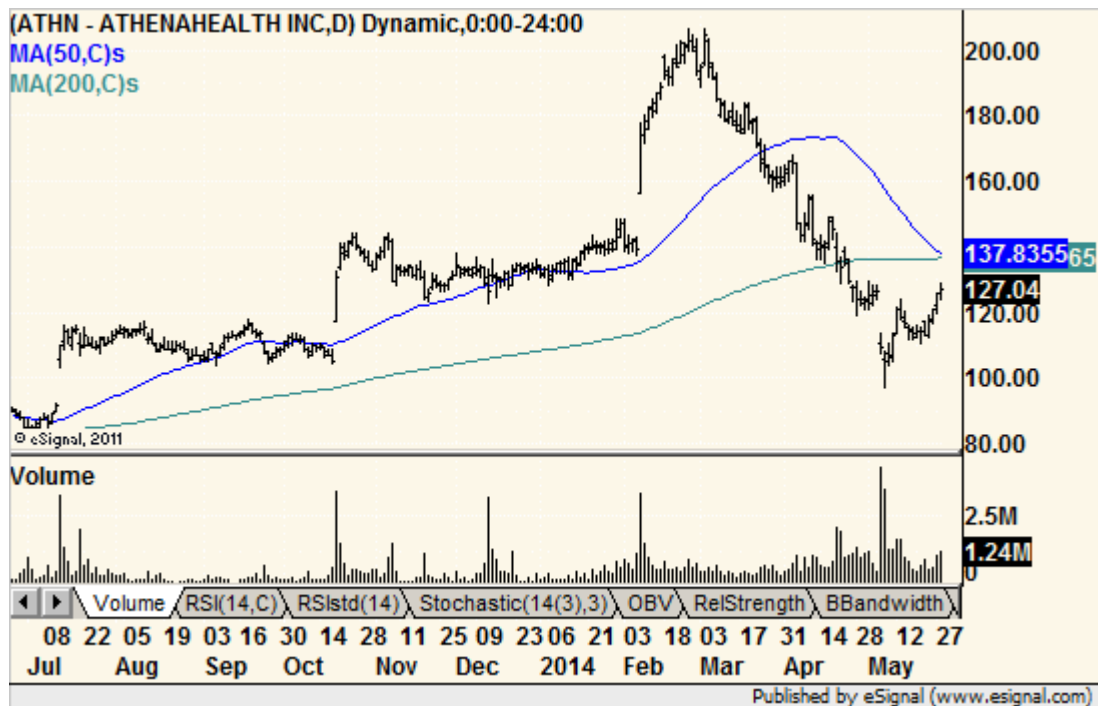


Costco - Just showing the chart because it is in the news today. This retailer is lagging the market and on the verge of an important breakdown.

Today's Lesson

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

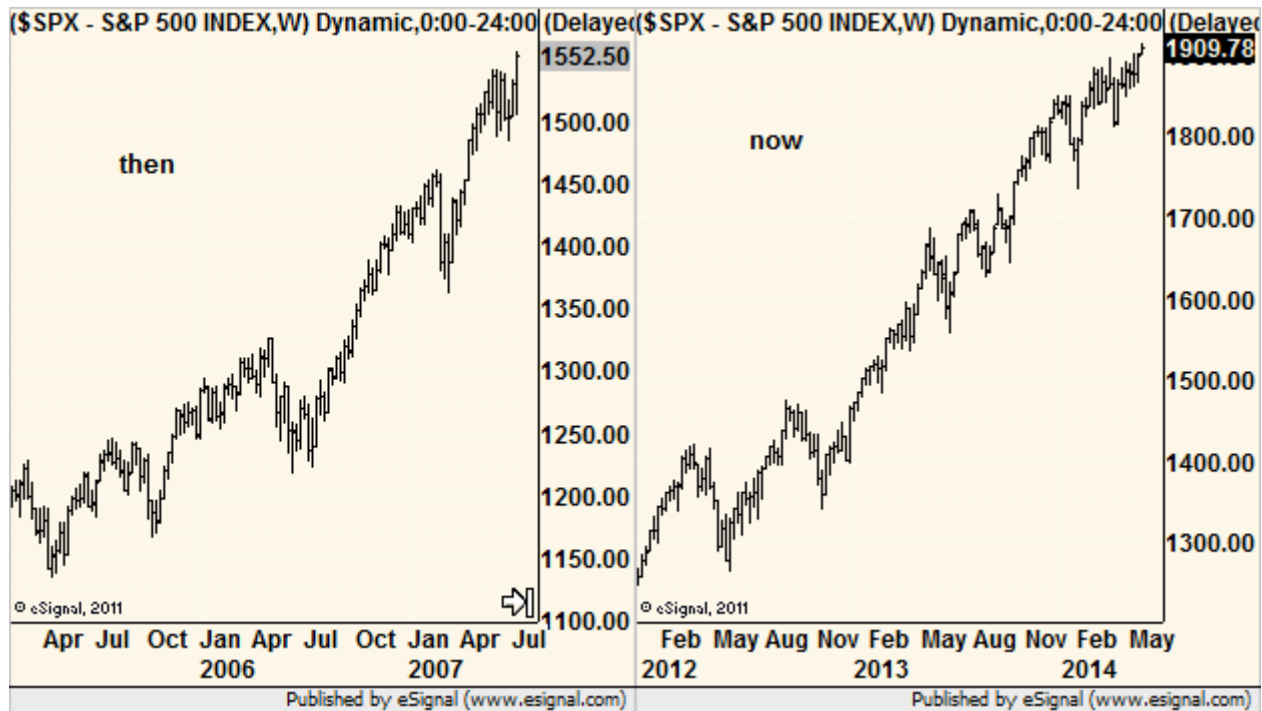
Selling Climax



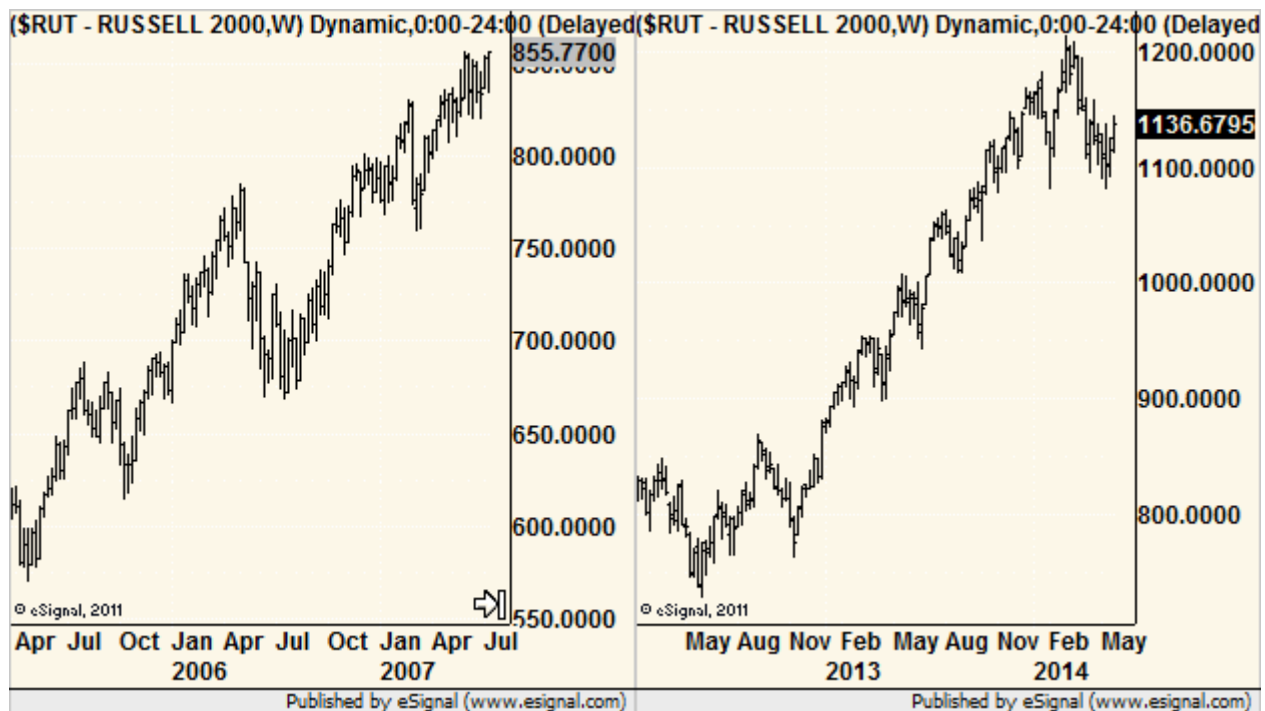
Athena Health - This is the textbook version of a selling climax. A giant gap down on huge volume after a prolonged decline. Lots of resistance at the pending moving average death cross from late 2013 trading so the fun may be over but if it holds on a 130-133 or so and then breaks out it would be a good long bet.

The Big Picture

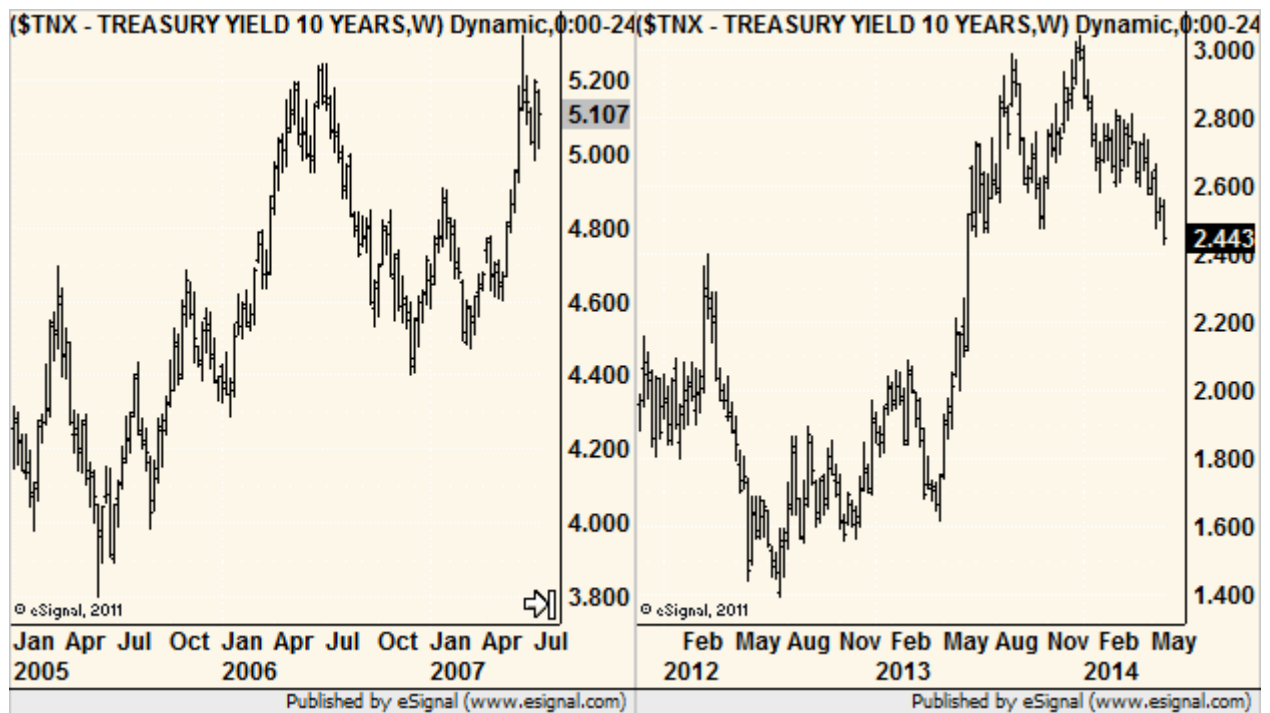
In this section, we take a macro look at things.



The S&P 500 today and in 2007 did indeed have similar looks. In our view, the current trend was smoother, likely due to the Bernanke put and Quantitative Easing stunting any decline



The Russell 2000, however, looks very different. We cannot say that conditions today match 2007 and indeed, the bigcap/smallcap spread happened in 2006 leading to a big rebound and rally continuation.



We've seen websites talk about the widening spread between Treasury yields and stocks. While obvious today it was even more obvious in 2006 and again the stock market rallied.

Our conclusion is that the comparisons between today and the 2007 top are not rock solid. There are some arguments to be made but we are going to have to analyze 2014 on its own merits. We may come up with the same conclusion but not for the reasons espoused by some.

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>	FCX	FREEMPORT-MCMORAN COPPER & GOLD	33.83	-3.6%	33.75	35.08	5/19	9
<u>Short</u>	CA	CA INC	28.90	5.4%	30.25	30.46	4/22	36
	GS	GOLDMAN SACHS GROUP INC	162.00	-1.1%		160.26	4/22	36
	BRCM	BROADCOM CORP	31.00	-1.3%		30.60	4/24	34
	RJF	RAYMOND JAMES FINANCIAL INC	48.59	-0.7%	51.00	48.25	5/15	13
	NDAQ	NASDAQ OMX GROUP INC	37.38	-4.4%	38.00	35.75	5/20	8
	CRM	SALESFORCE COM INC	53.34	-5.7%	55.00	50.29	5/22	6
	GT	GOODYEAR TIRE & RUBR CO	26.16	-4.4%	26.50	25.00	5/23	5

Notes: Stopped out of **BRCM** for a minimal loss. Things looked bleak 24 hours ago but most of the short side actually went down in price to keep them viable.

Subscriber Corner

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Other Information

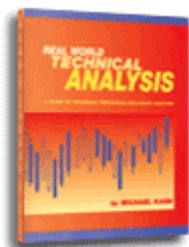
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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