

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

May 30, 2014 - The market is back to another day another record and now the Nasdaq has breached resistance. It is not quite a record but it is the highest level in nearly two months. Small caps remain well behind but the Russell is still holding on to a gap up and marginal cross above its 50-day average.

The bottom line is that the market is pushing higher despite the warnings and again we have to reluctantly follow along. Low **VIX**, low volume (really low), low seasonal support and low (really no) leadership from the "proper" sectors all don't matter - until they do.

Headlines on our favorite market news sites changes daily, too. "Reasons for the rally" followed by "prepare for the correction" to "summer melt-up followed by a big correction" appear daily, contradicting the headline from the day before (see Index Charts of the Day for more). Is it any wonder that the American Association of Individual Investor survey shows a record number of neutral votes? They are not bulls and they are not bears. They just don't know.

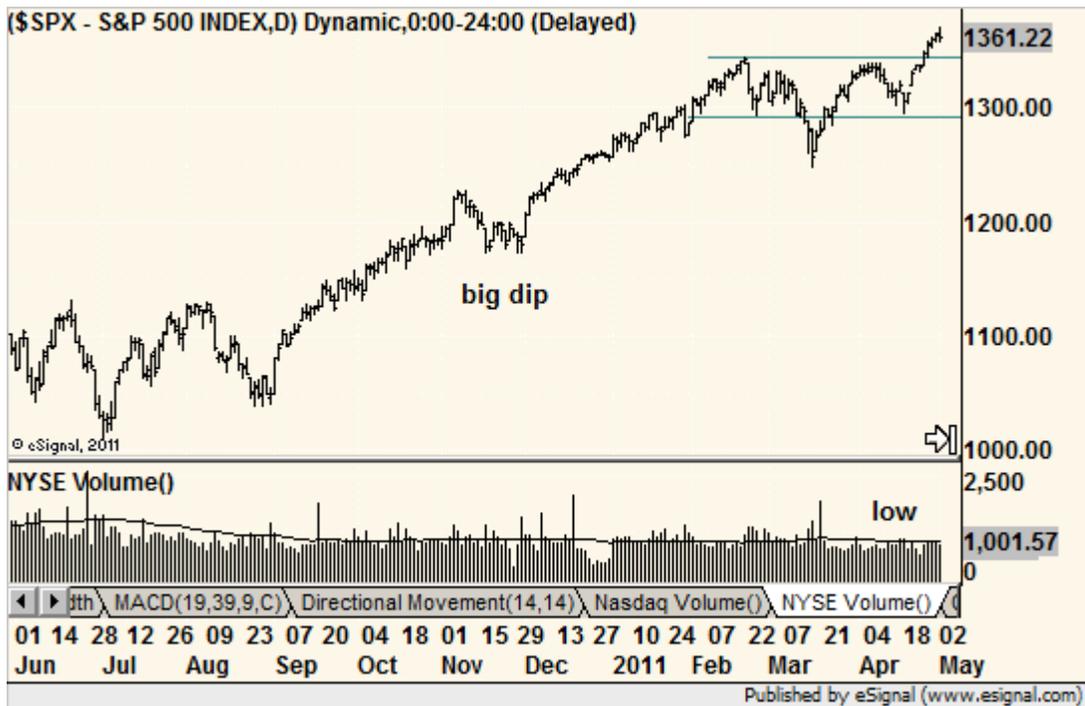


The hourly **SPY** chart shows the breakout from a triangle yesterday and a new high. It also shows a lower RSI peak as we might expect this many days into a rally. The bottom line is that the trend is up but the market could use a cooling off period.

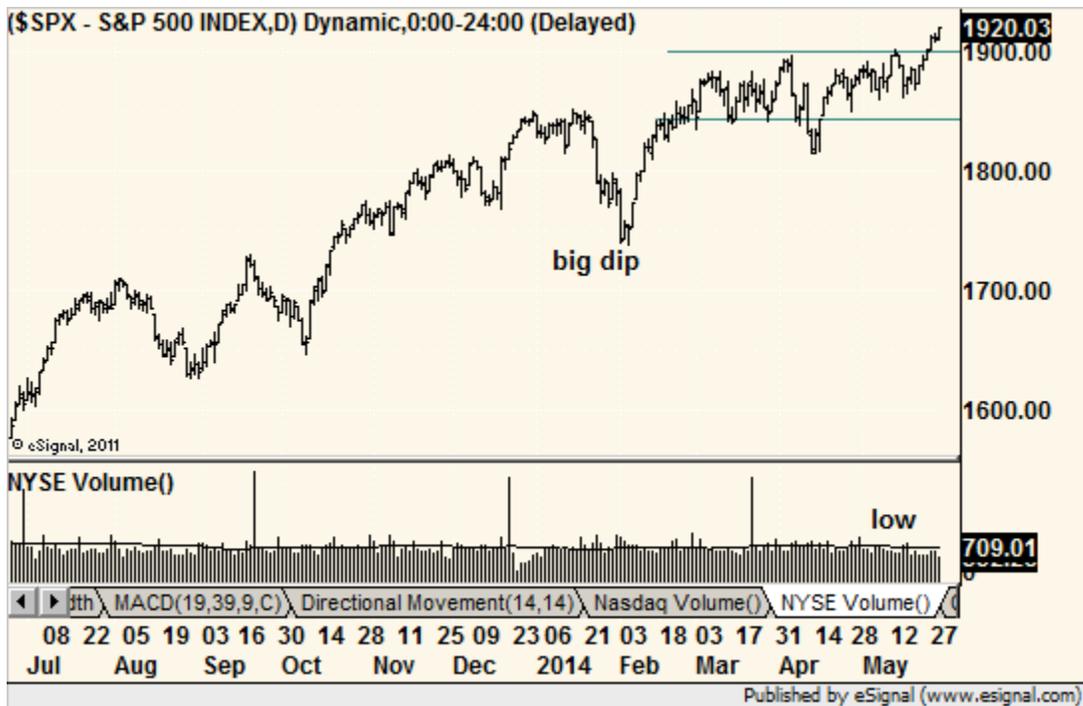
There is something to note from overseas. Several of the smaller Asian markets look to be in the process of breaking down. Philippines, Korea and Indonesia are having their issues on the charts, which is a change from the previous condition of flat domestic markets and rising Asian and European markets.

Elsewhere, bonds backed down a bit. Gold dropped some more but gold stocks ended in the green so it cannot be all bad in metals-land. Check out which sectors are leading the US - natural resources - below.

Index Charts of the Day



The S&P 500 broke out from a sloppy trading range and volume remains below average. Oh wait, this chart ends in May 2011. See next chart...



Here is the current chart. What happened in 2011 was a peak and then more sloppy trading range ending in an August plunge. Will it happen? It is possible thanks to all the indicator issues we've cited.



The Russell is holding its breakout but not advancing. It has to capitalize on its upside breakaway gap soon or else the odds of a hard downside reversal go up.

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.	Triggered	5/23
DuPont DD - Ascending triangle with rising on-balance volume. Buy close over 68.75.	Triggered	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.		5/29
Solar ETF TAN - Another small cap breakout. Buying here	New	5/30
Natural Gas ETF FCG - We stopped following this as it started to sink but it has since recovered. Now with an upside breakout. Buying here.	New	5/30
Air Products APD - This chemicals stock just broke out from a triangle pattern albeit on low volume. We like the 2.6% dividend yield, too. A good buy here.	New	5/30
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)		
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. Watching COST		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		
McDonalds MCD - Broke down through trendline		

Market Highlights



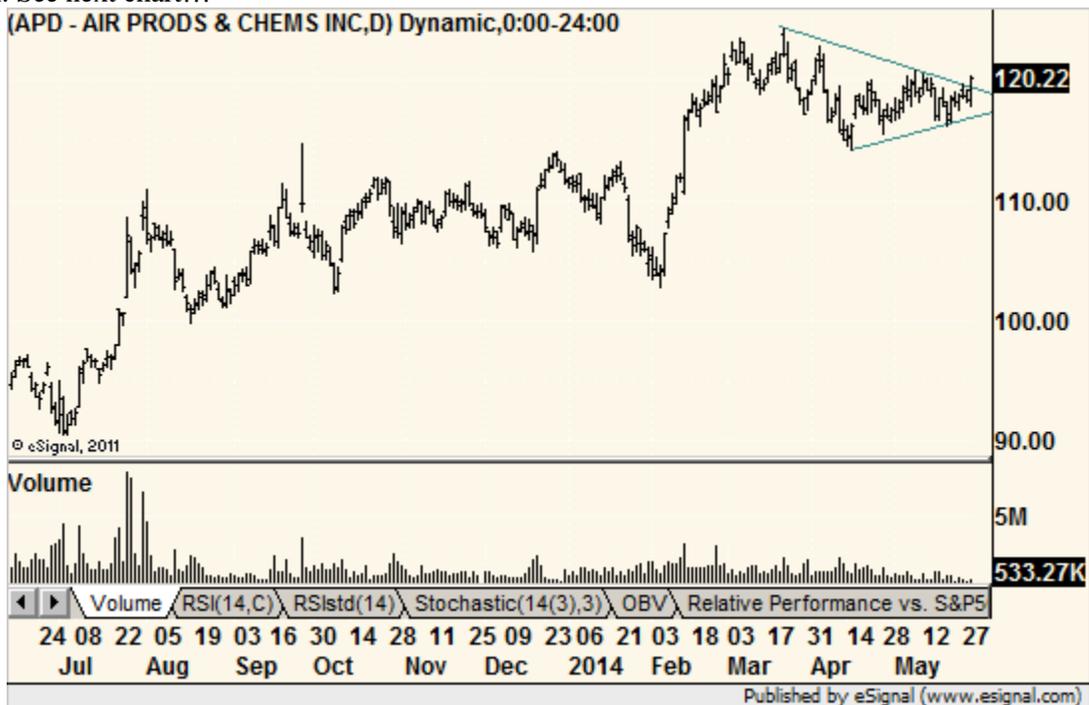
Solar ETF - Another small cap breakout. Buying here.



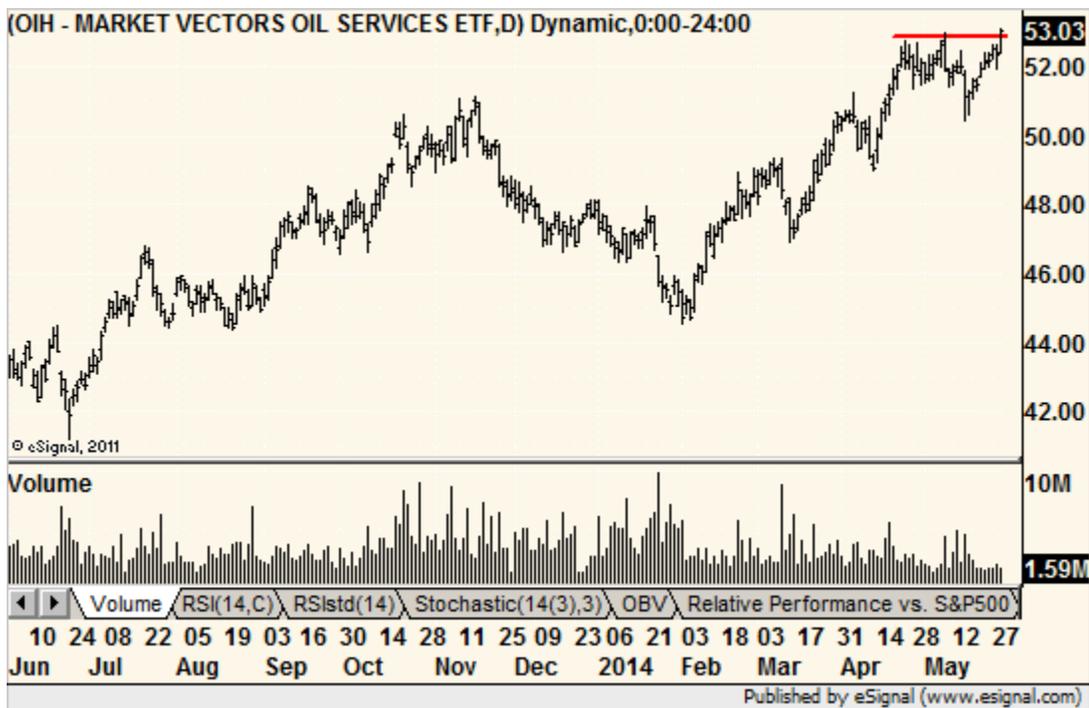
Natural Gas ETF - We stopped following this as it started to sink but it has since recovered. Now with an upside breakout. Buying here.



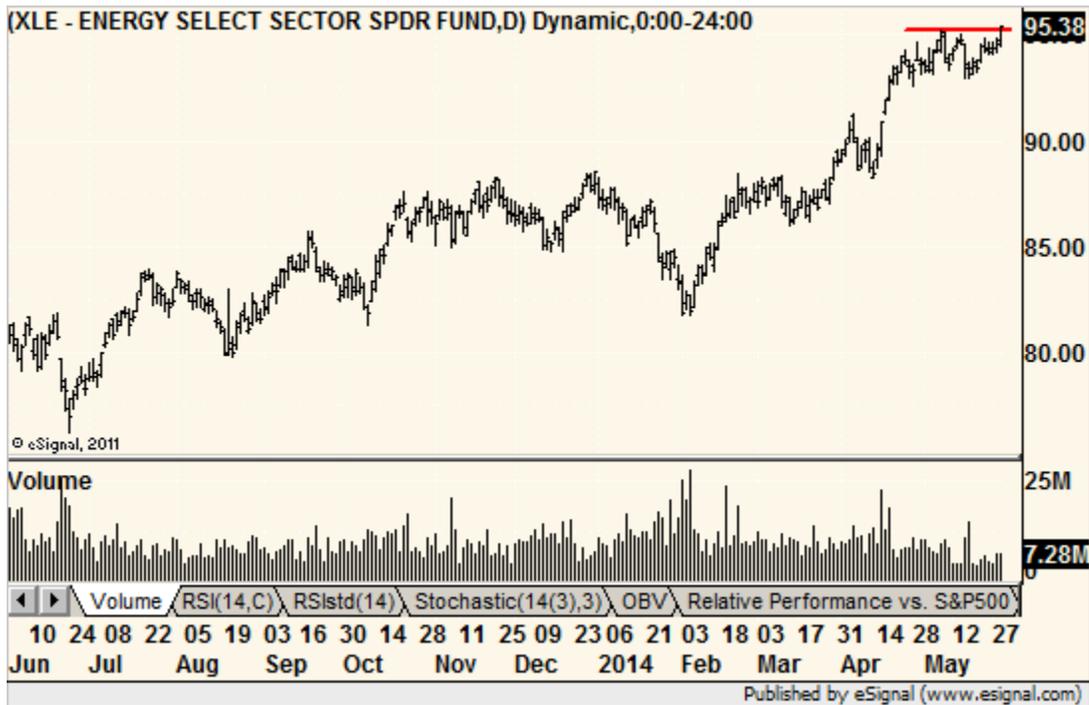
Chemicals Index - A nice looking basic materials sector. I wrote up Celanese (CE) for another site yesterday afternoon. See next chart...



Air Products - This chemicals stock just broke out from a triangle pattern albeit on low volume. We like the 2.6% dividend yield, too. A good buy here.



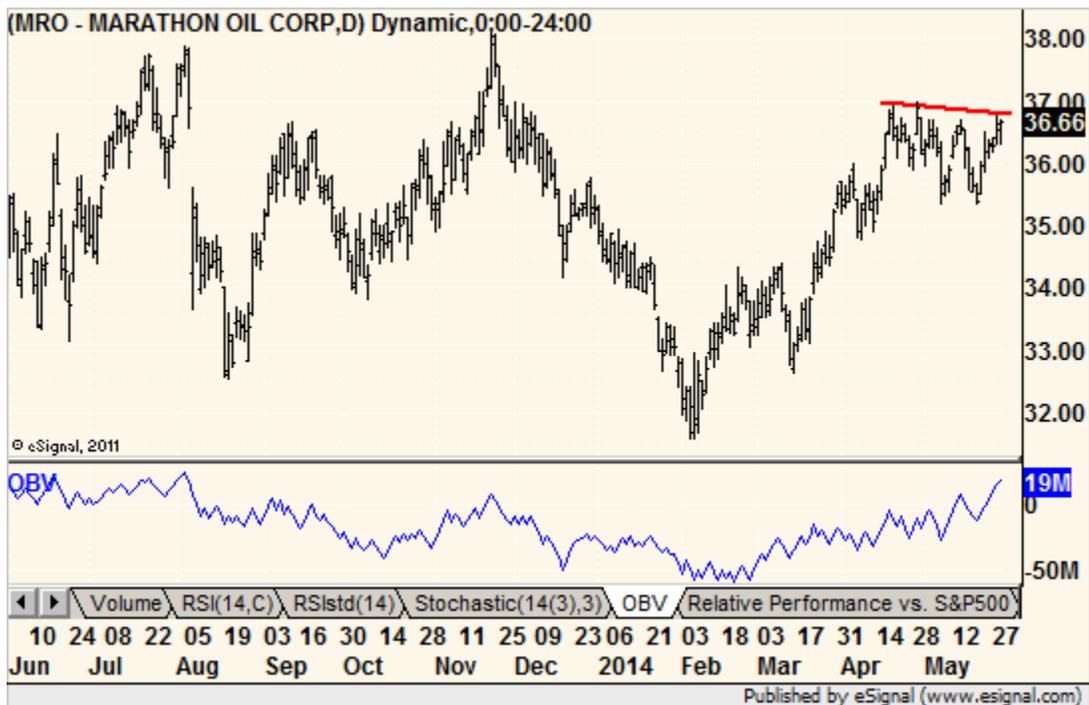
Oil Services ETF - Arguable breakout.



Energy ETF - Arguable breakout.



Chevron - Arguable hammer candle on the trendline with big volume. A buy with a close over Thursday's high.



Marathon Oil - Nearing a breakout. Note rising on-balance volume.

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	34.27	-2.3%	33.75	35.08	5/19	10
	CAG	CONAGRA FOODS INC	32.17	0.0%	31.00	32.17	5/29	0
	DD	DU PONT E I DE NEMOURS & CO	68.97	0.0%	66.00	68.97	5/29	0
<u>Short</u>	CA	CA INC	28.95	5.2%	30.25	30.46	4/22	37
	RJF	RAYMOND JAMES FINANCIAL INC	48.25	0.0%	51.00	48.25	5/15	14
	NDAQ	NASDAQ OMX GROUP INC	37.71	-5.2%	38.00	35.75	5/20	9
	CRM	SALESFORCE COM INC	54.40	-7.6%	55.00	50.29	5/22	7
	GT	GOODYEAR TIRE & RUBR CO	26.00	-3.8%	26.50	25.00	5/23	6

Notes: Two new longs triggered at the close: **CAG** and **DD**

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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