

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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June 1, 2015 – Wiley old Tom McClellan published a study of two keywords on Google Trends. Apparently, searches for "sell in May" are way, way up and searches for "gold prices" are way, way down. For a sentiment follower, the message here is clear. Stocks are making people nervous and nobody gives a hoot about gold. Contrarians would say that both are then poised to move higher.

Of course, as with all sentiment data, there is no timing element here. It could end tomorrow or it could end in three months.

Our interpretation is that the stock rally is indeed quite aged but not quite ready to die. Gold has been basing for months and may just have been sidetracked by the strong dollar.

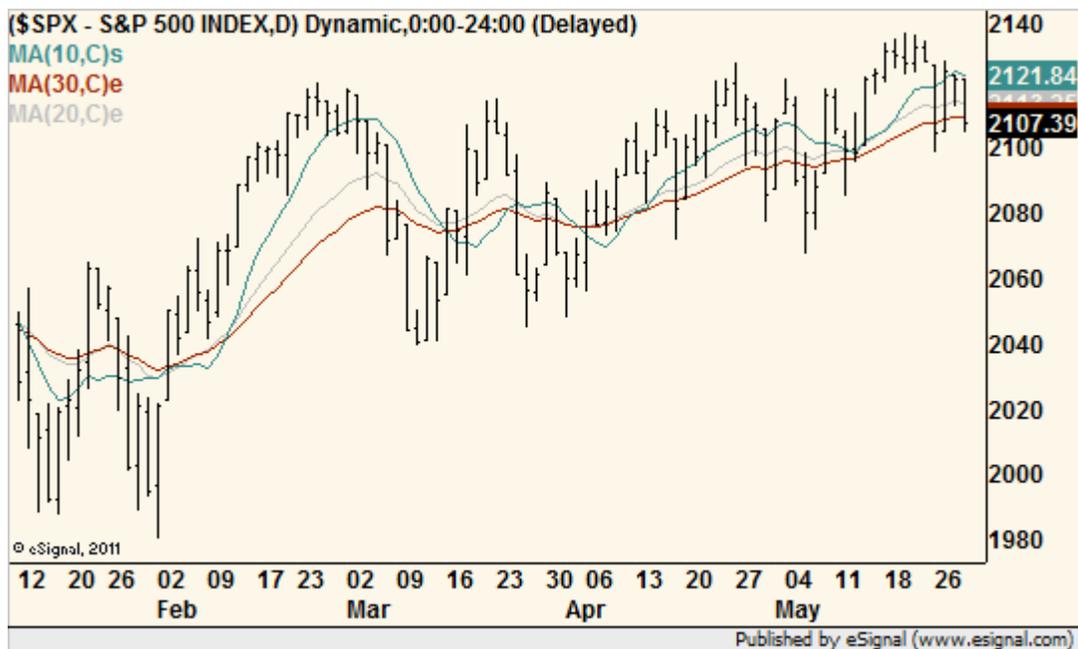
And speaking of sell in May, last week we wrote about how it has not worked in a long time. Here is one more thing to shake up cherished beliefs. Recall that part of the sell in May seasonal trade is that September was the worst month of the year and the only one with a net loss over time. Toss that one out the window. See below for a chart of new seasonality and another of which sectors perform best and worst.



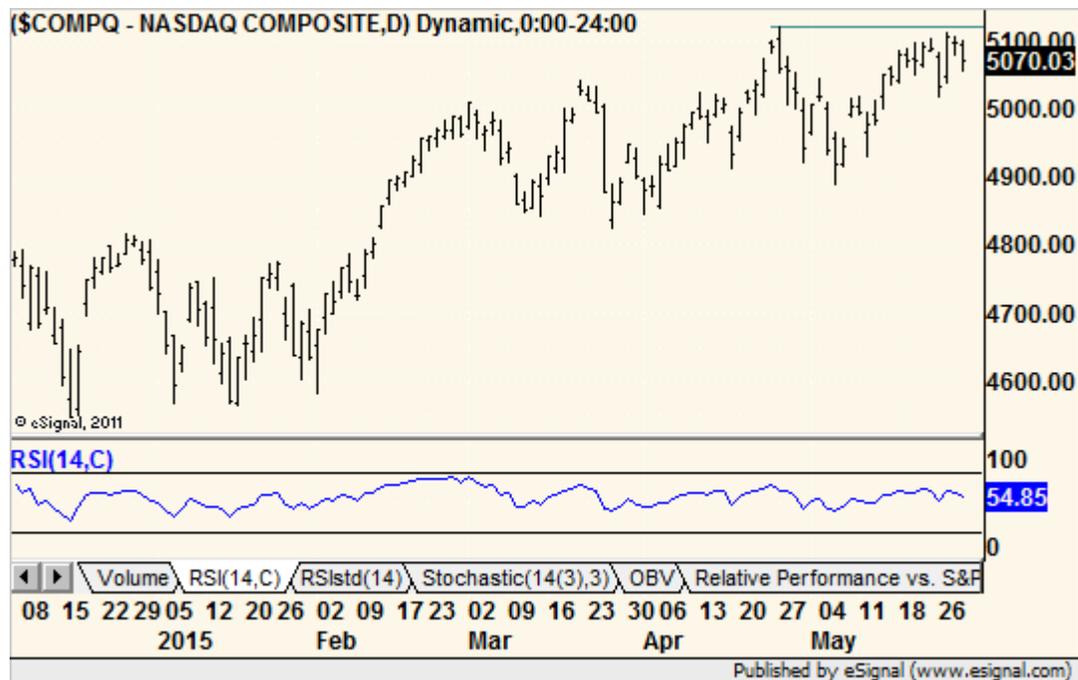
Here is the 2-hour bar again to show the channel. A lot of movement recently but still at the old resistance level.

Otherwise, this week seems destined to be like last week with volatility and little change. Of course, there are a lot of data coming this week and everyone will project their views about how that will influence the Fed to act sooner or later. Tune it out. We know what the Fed is thinking – unless the data are really, really out of line. Asia was up overnight on hopes for Chinese stimulus. Europe, as always, will fret over Greece.

Index Charts of the Day



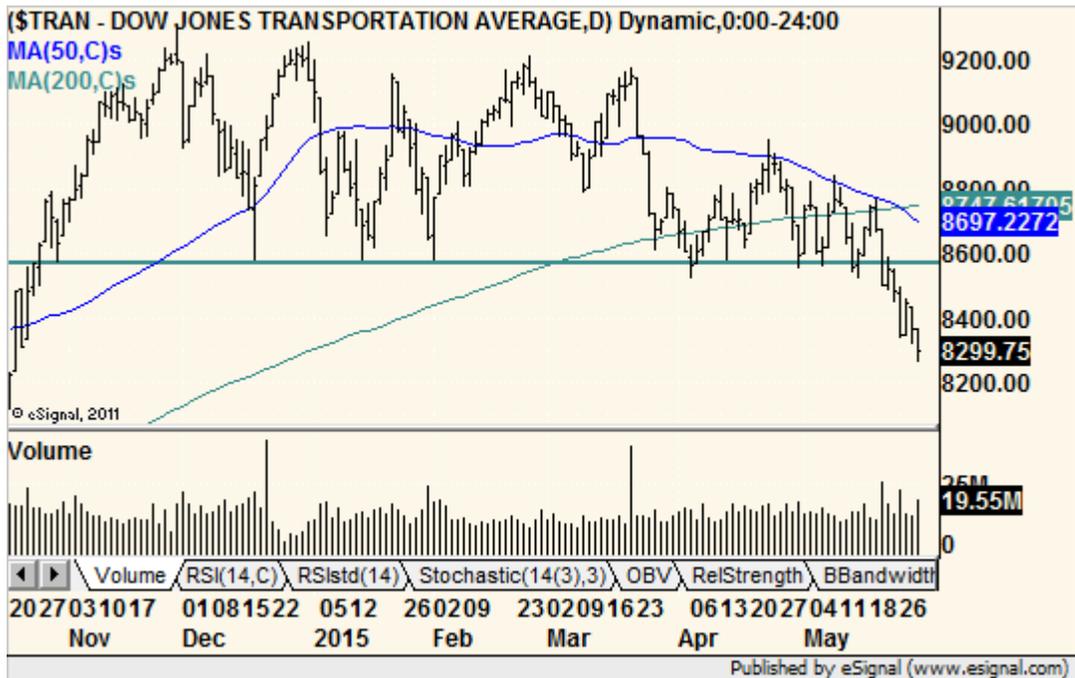
We left the markings off today to show that there is no real pattern at work save for an upward bias. Note the short-term moving averages are in proper rally order with 10-d, above 20-day expo above 30-d expo. That is just a positive lean at this point and not a solid assessment of trend.



Yes, it set a new closing high last week but never really broke out. Therefore, it cannot have a breakout failure.



The Russell may have failed at the 50-day average, if which case the trendline breakdown is confirmed. This is a bit at odds with our views of the big cap indices.



Airlines may have been green Friday but the rest of the groups were red, very red. This is bad news for the sector and maybe for the market soon.

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		
IBM – Now setting up for a fresh breakout. I wrote this up for a website. Buy 173 target 180 and then 194.		5/21
Alibaba BABA – This looks like a pullback after a breakout. Rather bullish. We'll bite.	Triggered	5/29
Medivation MDVN – A biotech with a rising trend, flag breakout a small pause. Looks good right here.	Triggered	5/29
Bearish Implications		
JB Hunt JBHT – A trucker as a sell-the-bounce candidate. It may not get there but we want 86.50. <u>Bull hammer candle Friday. Let's keep it here to see what happens.</u>		5/26
Allstate ALL – Sitting on 200-day average in a bear-flag-like configuration. Sell breakdown below 67.30.		5/20
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
eBay EBAY – Looking strong. Challenging both long- and short-term resistance. Real breakout.		5/26
KLA Tencor KLAC – We'd like to say this one is next but on-balance volume is flat and it is trading between its major averages. But price rules. Keep an eye on it		5/28
Seaworld SEAS – Looks ready. Coming out of a base and a "handle."		5/28
Yum Brands YUM – Restaurant with bearish RSI divergence. Not a sell signal just yet but it is a warning.		5/29
GoPro GPRO – We said it looked like a bottom but did not set a buy trigger. <u>However, it may be pausing to allow us to try again.</u>		
Sector Watch (observations that may spark ideas)		
Oil services – Still holding a base breakout. Now or never.		5/6
Retail ETF XRT – now testing 50-day average. Especially weak is apparel. <u>Outside-day down for the ETF.</u>		5/11
REIT ETF IYR – On the edge of a cliff. ST support, LT trendline		5/27
Updates		
Gasoline ETF UGA – Bull flag on a rising trendline. MACD is positive so the trend remains healthy, believe it or not. Big rally Friday.		

Market Highlights



Semiconductor Index – We liked this sector until we say this chart. Now at the 50% retracement of the tech bubble bear market and sporting monthly RSI divergence. Mergers may be driving it and they cannot last for long.



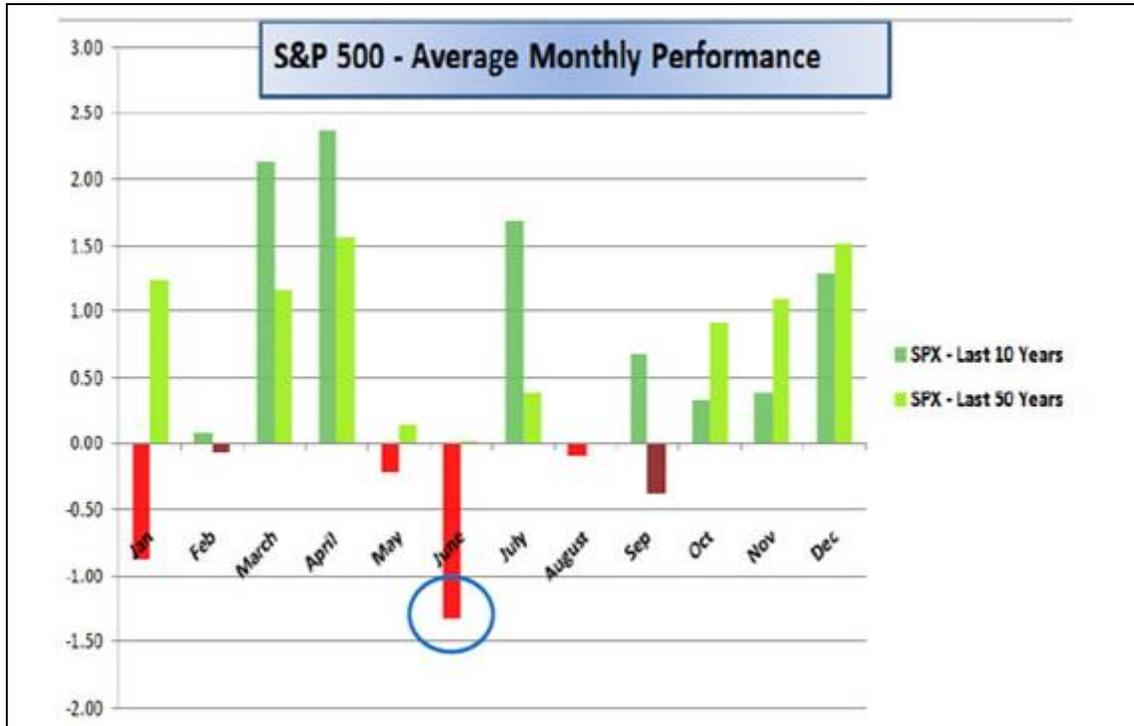
iShares Financials – Possible breakout failure. Note relative performance is still in decline. However, the biggest caveat here is that the **XLF** ETF has no similar breakout failure. Just something to consider, as is looking at several versions of things to be sure. Seasonal warning? See charts below.



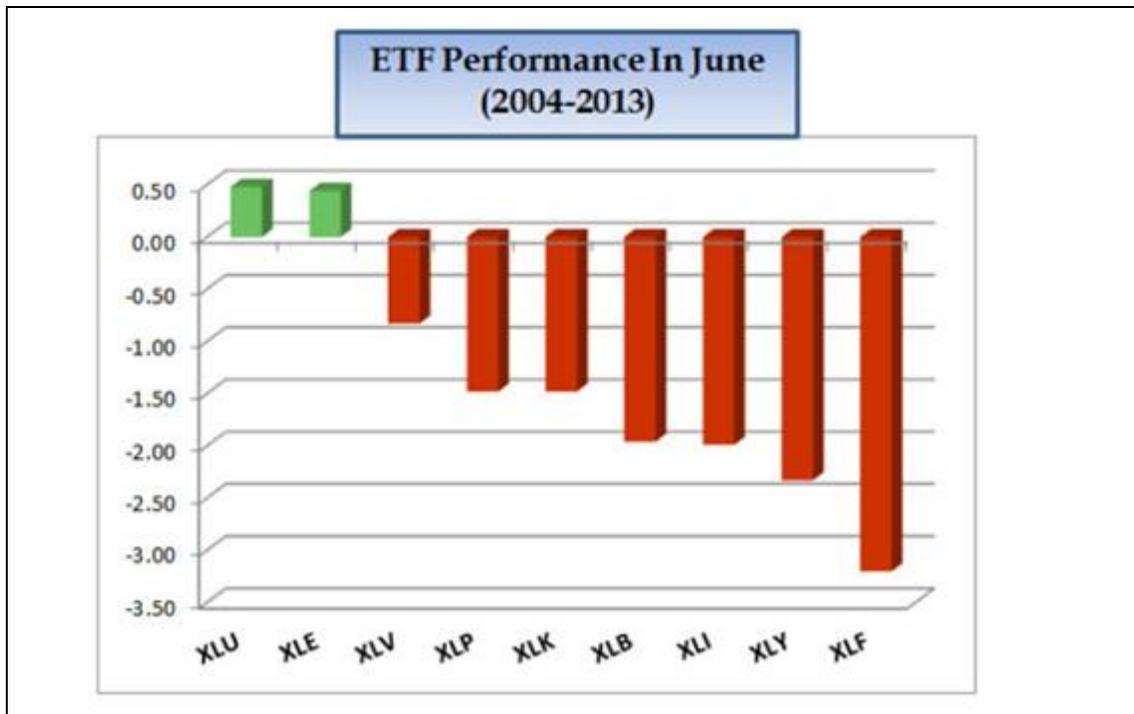
Ted Spread – We found this at SeeItMarket. The TED spread at a three-year high. But then again, it had been climbing all through 2014 and that was a pretty good year for stocks.



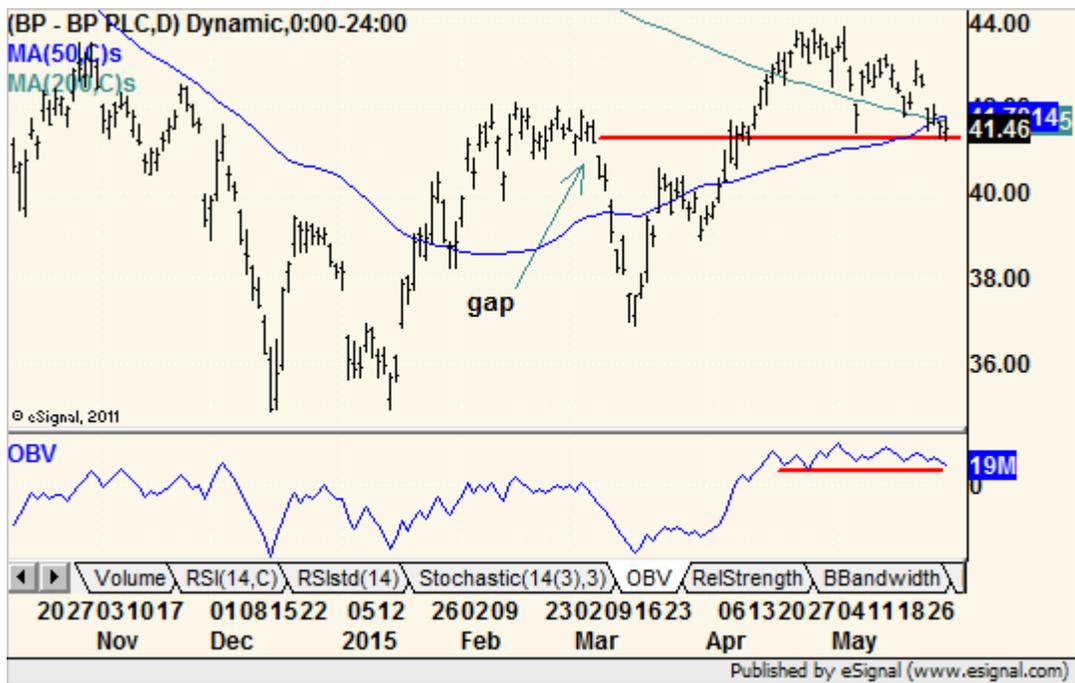
T-Bonds ETF – At resistance after bouncing off the channel bottom.



Seasonal Pattern – This chart was lifted from MarketWatch this morning (credit to Jonathan Krinsky at MKM Partners). The old standard shows September with a decent next loss over the past 50 years. The new standard for only the past 10 years shows even worse performance in January and June, with the latter being the worst.



Sector Performance in June – This chart from the same analyst shows that utilities and energy hang on in June but the rest, especially discretionary and financials do lousy. We may have to rethink our like for banks (Krinsky said to hold on) although our dislike for retail (and maybe restaurants) is in discretionary.



BP - This is one of those just sayin' stocks. Look at that support and on-balance volume hardly budged during the recent price decline. I wrote this up for Barron's a few weeks ago and still like it. Monster dividend.



Utilities ETF – Since we mentioned it above in the seasonals, here is the chart. Dead flat with flat on-balance volume. Look for a break one way or the other.

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	21.84	0.2%	21.25	21.80	4/14	46
	XOM	EXXON MOBIL CORP	85.20	-1.7%	85.00	86.63	4/14	46
	PSX	PHILLIPS 66	79.12	-2.8%	77.25	81.38	4/24	36
	VZ	VERIZON COMMUNICATIONS	49.44	-1.1%	48.00	50.00	4/27	33
	ORCL	ORACLE CORP	43.49	0.1%	42.25	43.44	5/1	29
	COF	CAPITAL ONE FINL CORP	83.56	0.9%	82.00	82.80	5/6	24
	KEY	KEYCORP NEW	14.58	-1.2%	14.25	14.75	5/11	19
	KBE	SPDR S&P BANK ETF	34.89	0.9%	34.00	34.58	5/11	19
	GT	GOODYEAR TIRE & RUBR CO	31.85	4.8%	31.00	30.38	5/13	17
	PCAR	PACCAR INC	64.00	-3.1%		66.08	5/13	16
	FB	FACEBOOK INC	79.19	0.3%	78.50	78.94	5/14	16
	UPS	UNITED PARCEL SERVICE INC	99.22	-2.8%	99.00	102.03	5/15	15
	GM	GENERAL MTRS CO	35.97	-0.4%	34.75	36.11	5/28	2
	XLNX	XILINX INC	47.42	-0.5%	45.75	47.68	5/28	2
	BABA	ALIBABA GROUP HLDG LTD	89.32	-2.2%	86.00	91.35	5/29	1
	MDVN	MEDIVATION INC	132.05	0.7%	125.00	131.14	5/29	1
<u>Short</u>	XRT	SPDR S&P RETAIL ETF	97.79	-0.6%	100.00	97.23	5/6	24
	DG	DOLLAR GEN CORP NEW	72.59	2.5%	76.00	74.40	5/7	23
	FLS	FLOWSERVE CORP	55.00	0.7%	57.50	55.40	5/12	18

Notes: Stopped out of **PCAR** long on a rather big breakdown. Could have been worse.

The long list is getting whittled away but the market's volatility. Unless it picks up by say Tuesday we may just dump most of it.

Stops tweaked in a few places.

Other Information

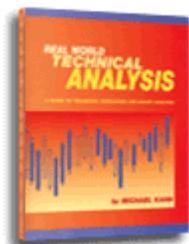
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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