

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

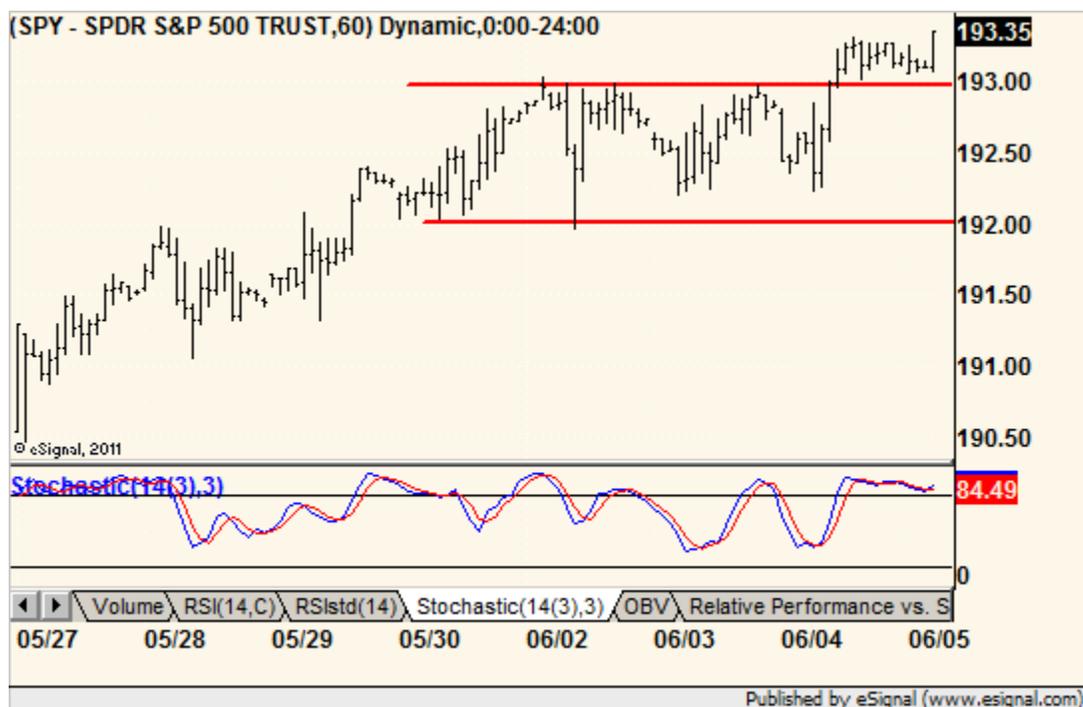
MICHAEL KAHN
RESEARCH LLC

June 5, 2014 - The ADP jobs report was weak and stocks just wobbled in the premarket yesterday. A worse trade deficit and lower productivity were then offset by a higher service ISM to send the market to another new high. Is your head spinning on that stuff? Nothing makes sense with the reaction to these reports anymore. At least before we knew that a crappy economy would get the Fed to print more money. Now, we are on our own.

Sentiment has taken a major jump towards the happy side with sentiment surveys shows jumps in bulls and the CNN fear/greed gage running from 35 to 70 in one week's time. Toss in the low **VIX** and this market is priced for perfection. What that really means is that if something goes wrong it will go wrong in a big way.

But right now nothing is wrong, or at least nothing big from the outside. A few key sectors continue to lag but the big caps are compensating. Bonds even helped by reversing a morning gain yesterday although the **TLT** ETF remains on its rising trendline. It needs to bounce and soon to keep its rally alive.

Gold is still doing nothing although copper had a short-term breakdown yesterday. And agricultural commodities remain weak: quite a change from April. Only cocoa is in rally mode. Can we blame the dollar rally in May and June for the commodities decline? Sure, why not? Or it could just be a correction following a super run higher in the beginning of the year. Check out the commodities ETF chart below to see the bigger picture.



The hourly chart shows the breakout yesterday and the smaller breakout this morning after the ECB unveiled a negative deposit rate. Whereas stochastics yesterday at this time looked somewhat bearish it now looks exactly the opposite.

The plan is the same - big caps are steady and small caps with good charts can play catch-up.

Index Charts of the Day



The S&P 500 simply looks like a breakout but in need of a pause.



Can it or can't it? The breakout is intact but relative performance still stinks. That's the battle and right now we have to give it ever so slightly to the bulls.

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		
Corning GLW - Ascending triangle breaks out at 21.75		5/28
Chevron CVX - The setup is gone so we'll move on. That does not mean it won't break out but not for the reasons we first saw.	Removed	5/30
Marathon Oil MRO - Nearing a breakout. Note rising on-balance volume. Buy close over 36.75. <u>So far shrugging off a bearish reversal bar</u>		5/30
Kinder Morgan KMI - A close over resistance and the trendline at 34 looks like a good buy.	Triggered	6/3
Google GOOGL - If you love this stock then this is a good place to take a shot. Now at the 50-day average and support from the past few months. We'll do it.	New	6/5
CBS CBS - This broadcaster sports a bull flag sitting on both major averages. Death cross pending? Not a factor. Buy close over 60.10 (pennies above yesterday's high).	New	6/5
Penske Automotive PAG - Nice resistance level in a pattern with rising on-balance volume. Buy close over 47.75	New	6/5
Illumina ILMN - Since the biotech sector is perking up, here is one ready to go (genomics tool maker). It is down in the premarket today so we'll want it to prove itself with a close above resistance at 161.	New	6/5
iRobot IRBT - I wrote this one up for a website at a price of about 32. It soared and now pulled back on no volume at all. Looks ready to resume. Buy close over 35.	New	6/5
Bearish Implications		
none -		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
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close. <u>Buy close over 41.28.</u>	Moved	5/28

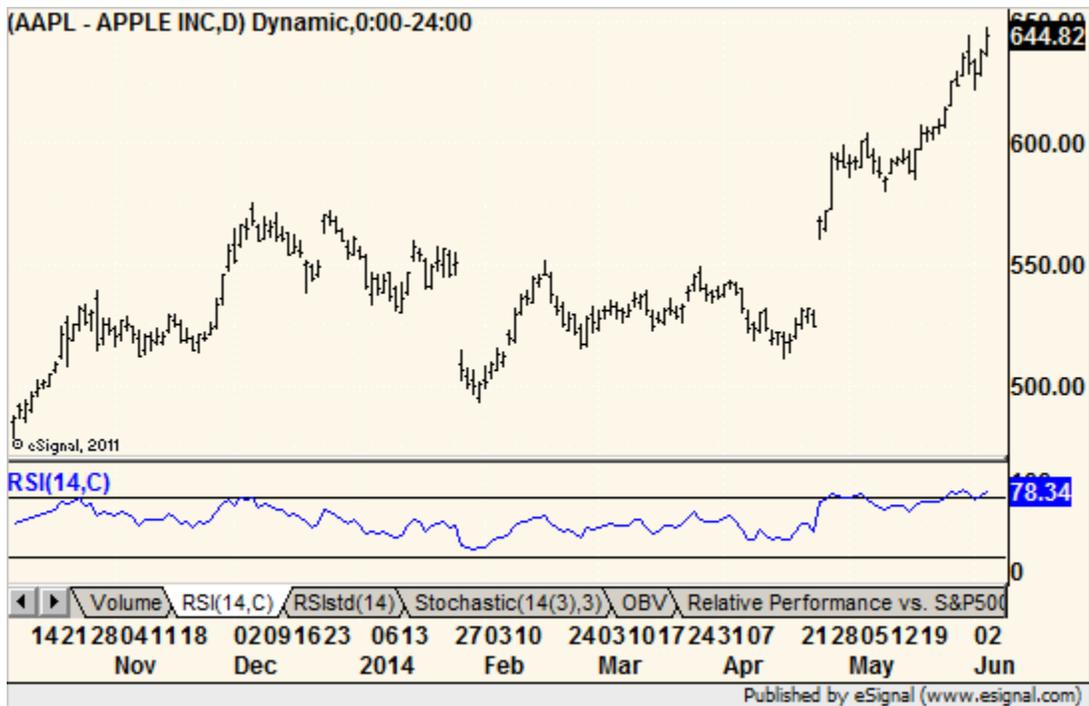
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Holding Tank - red shade leans bearish, green shade leans bullish		
Harmon Int'l HAR - This consumer electronics stock now sports a possible hammer from Monday. We still see a rounded top but if it rallies now we'll have to move on.	Changed	5/22
XLNX, PAYX worth watching in both directions.		5/28
Linear Tech LLTC - In a range between support and resistance & both major averages. Possibly failing at resistance now		5/28
Panera Bread PNRA - A steep fall into support with an exhaustion gap and retest. Bollinger Band divergence with a low below the bands and similar low back within. Also an upside MACD crossover in place.		6/3
Brinker International EAT - Another restaurant stock. This one has a breakout. Note on-balance volume was flat during the entire sell-off and that suggest there is demand for this stock.		6/3
Microsoft MSFT - Triangle pattern in progress		6/3
Yamana Gold AUJ - Bullish RSI divergence. <u>If it does not set a lower low over the next week then we'll be more bullish for a trade.</u>		6/3
Sector Watch (observations that may spark ideas)		
Financials - Insurance good, banks and brokers bad		4/15
Nasdaq biotech ETF IBB - Upside breakout.		5/16
Retail ETF XRT - Still in a triangle but definitely lagging. Wednesday was an improvement. 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.		5/22
Energy - Oils Services and full sector ETFs breakouts		6/2
Restaurants - Looking better.		6/3
Updates		
none -		

Market Highlights



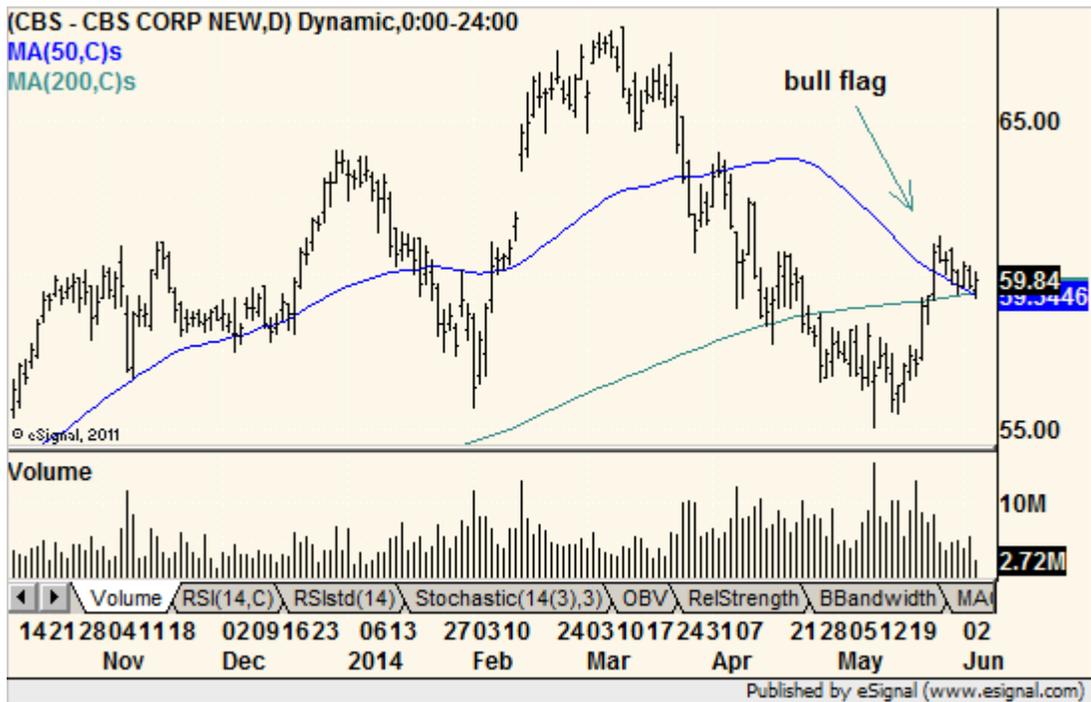
Commodities ETF - Commodities had a rough month of May but the long-term view is much more bullish. Still above the trendline and still above the 40-week average.



Apple - I thought I was so smart cashing in on the April gap but apparently not. However, this stock is now in overbought territory and that puts it at risk for a pullback.



Google - If you love this stock then this is a good place to take a shot. Now at the 50-day average and support from the past few months. We'll do it.



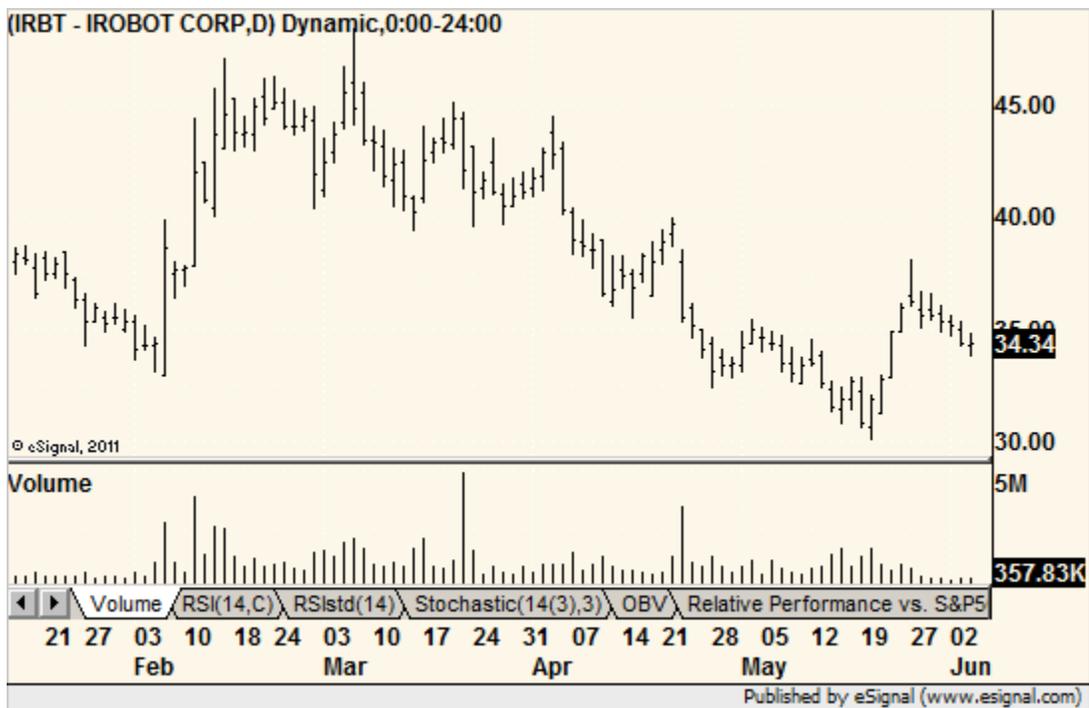
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Advice Tracker

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>Long</u>	FCX	FREEMPORT-MCMORAN COPPER GOLD	34.51	-1.6%	33.75	35.08	5/19
	CAG	CONAGRA FOODS INC	32.37	0.6%	31.00	32.17	5/29
	DD	DU PONT E I DE NEMOURS & CO	69.32	0.5%	66.00	68.97	5/29
	WYN	WYNDHAM WORLDWIDE CORP	74.55	1.4%	71.50	73.50	5/30
	TAN	GUGGENHEIM SOLAR ETF	40.13	-4.5%	39.50	42.00	5/30
	FCG	FIRST TRUST ISE-REVERE NATURAL G	22.46	-1.1%	21.75	22.70	5/30
	APD	AIR PRODS & CHEMS INC	120.45	0.5%	117.00	119.85	5/30
	HTZ	HERTZ GLOBAL HOLDINGS INC	30.24	1.6%	29.00	29.76	6/2
	PPG	PPG INDS INC	203.86	0.8%	195.00	202.33	6/2
	BDX	BECTON DICKINSON & CO	119.22	0.6%	113.00	118.50	6/3
	KMI	KINDER MORGAN INC DEL	34.05	0.0%	32.75	34.05	6/4
<u>Short</u>	CA	CA INC	28.32	7.6%	cover	30.46	4/22
	RJF	RAYMOND JAMES FINANCIAL INC	49.17	-1.9%	51.00	48.25	5/15
	CRM	SALESFORCE COM INC	51.07	-1.5%	54.00	50.29	5/22
	GT	GOODYEAR TIRE & RUBR CO	26.35	-5.1%	26.50	25.00	5/23
	SCHW	SCHWAB CHARLES CORP NEW	25.20	0.5%	26.50	25.33	6/2

Notes: Covering short in **CA** as it is now oversold in a rising sector.

Tweaked stop in **HTZ** long.

New long in **KMI** at the close.

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

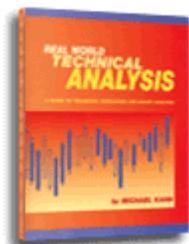
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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