

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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June 10, 2014 - Stocks ran up to give the bears one more dig before reversing. The day was still in the green but it got very tired in the afternoon. That is a good adjective - tired. Bears are tired. Bulls are already all in so their purchasing power is tired. Media is printing flip flopping headlines to try anything for eyeballs.

Tired.

Some are pointing out a choppy nature of the market now and that is supposedly bad. If that means volatility then we don't see it. Historical volatility measures are just as low as the implied levels as reported by the **VIX**.



It took an extra day but falling RSI took looks to be taking its toll. The trend from May, however, is still up. Again, we could see an easing lower to allow the trendline to catch up or a quick dip to tag the line before a bounce. Only a solid vertical break below the trendline would constitute a breakdown and a reason to short anything.

For now, perhaps taking a few profits might be a plan. Don't forget, sentiment is quite frothy again and that could mean a stampede for the exits should things go south. It would be difficult to get out under such a scenario.

Elsewhere, oil has resumed a long-term breakout. Gold is still doing nothing. And the dollar seems to be shaking off last week's bearish reversal.

Index Charts of the Day



The Dow chart shows a reason for a pullback now. In March, it took a few more candles before the big drop. It also sported a flatter momentum reading. Today, it is not quite overbought (the S&P 500 is) so it could be the start of a pullback already. Keep in mind that being early in March did no real harm.



The Russell 2000 continued its winning ways Monday as it blasted through the 61.8% Fibon retracement of the prior decline. The 78.6% level is the point of no return meaning that if it breaches that level a full 100% retracement should be expected. Until then, it is resistance.

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.

>>> Obviously, the Radar Screen has dwindled. We've got plenty of long exposure and the trend is too solid to lay on shorts right now.

Bullish Implications		
Corning GLW - Ascending triangle breaks out at 21.75.		5/28
Bearish Implications		
none -		5/28
Unknown Implications		
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close. Buy close over 41.28.		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
XLNX, PAYX worth watching in both directions.		5/28
Linear Tech LLTC - The setup got fuzzy but it looks like a range breakout above the 50-day average would do it. Failed Friday, made it Monday.	Removed	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.	Removed	6/3
Microsoft MSFT - Triangle pattern in progress. Arguable upside breakout.	Removed	6/3
Yamana Gold AUJ - Bullish RSI divergence. If it does not set a lower low over the next week then we'll be more bullish for a trade.		6/3
Intuitive Surgical ISRG - Left in the dust by its sector but now stirring. Bollinger Bands squeeze and stochastics holding a high level suggests a pending breakout. Holding Tank for now.	New	6/10
Sector Watch (observations that may spark ideas)		
Telecoms - Flattened out over the past month with RSI divergence		6/9
Gaming - Still lagging. Never recovered.	New	6/10
Industrial machinery group - Keep this sector in mind for opportunities should the market have a nice orderly pullback now.	New	6/10
Updates		
none -		

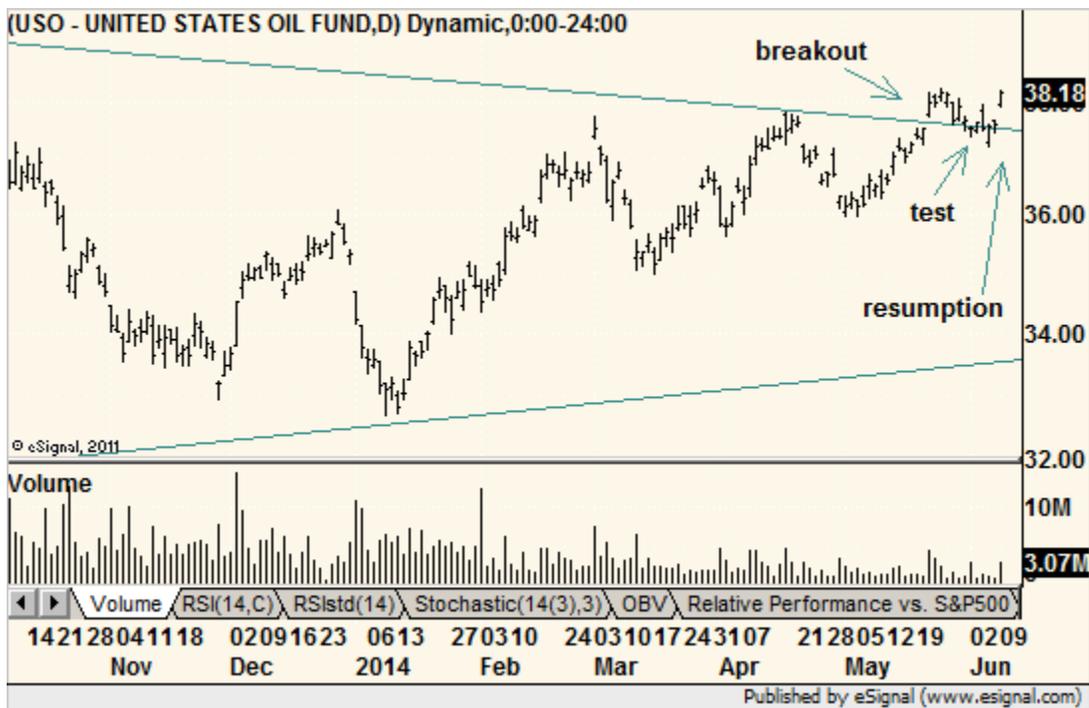
Market Highlights



Gaming - This is one of the few sectors that is not participating in the rally. It gapped down and closed below its 200-day average Monday but left a high-volume hammer candle at support on the chart. That has to be confirmed with more strength today because the trend is still down here.



Intuitive Surgical - Left in the dust by its sector but now stirring. Bollinger Bands squeeze and stochastics holding a high level suggests a pending breakout. Holding Tank for now.



Oil ETF - Looking pretty good long-term. This triangle pattern goes back to 2011.



Oil Services ETF - Oil looks good but oil services is overbought.



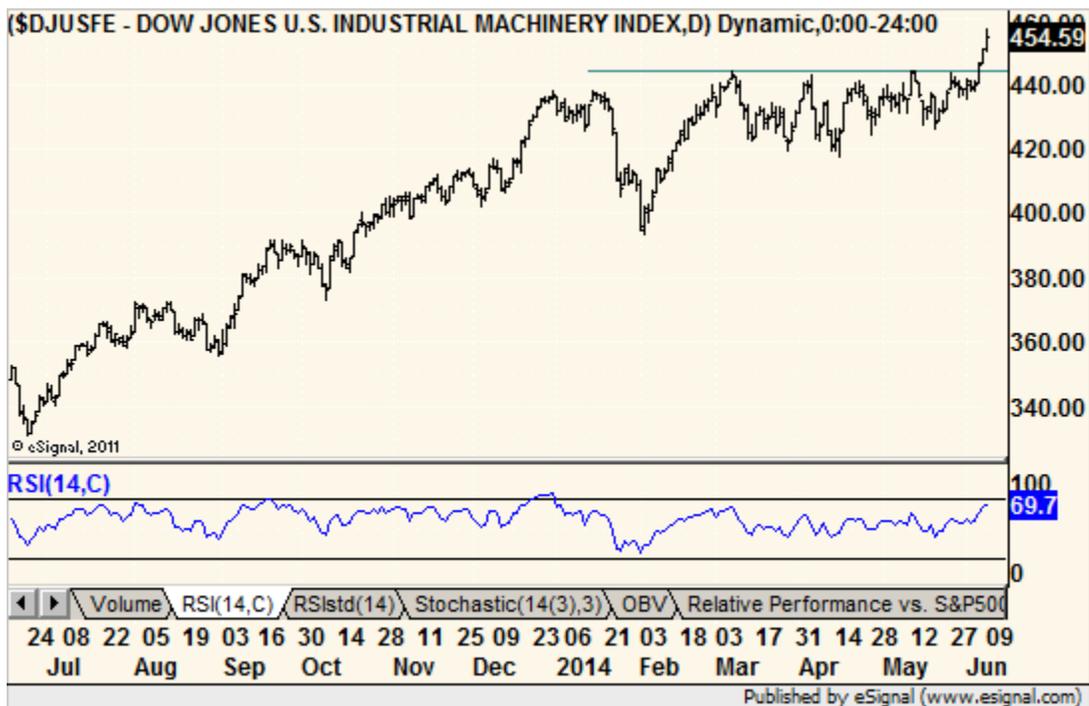
Long T-bond ETF - This is a possible breakdown in the making. The on-balance volume trend is broken and prices are pausing on their own trendline. No break yet but it is close.



ISE Homebuilders Index - A different view from the ITB chart I ran in Barron's Online yesterday. Shows the triangle pattern in progress and positions vs. the bear market. Conclusion was short-term room to rally but long-term resistance is formidable.



Semiconductor index - Just a look. Now approaching upside target for the triangle breakout and also the top of the channel. Overbought RSI. Not a good place for new buying.



Industrial machinery group - Keep this sector in mind for opportunities should the market have a nice orderly pullback now.

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	34.66	-1.2%	33.75	35.08	5/19	21
	CAG	CONAGRA FOODS INC	32.55	1.2%	31.75	32.17	5/29	11
	DD	DU PONT E I DE NEMOURS & CO	69.43	0.7%	67.50	68.97	5/29	11
	WYN	WYNDHAM WORLDWIDE CORP	74.36	1.2%	71.50	73.50	5/30	10
	TAN	GUGGENHEIM SOLAR ETF	40.13	-4.5%	39.50	42.00	5/30	10
	FCG	1ST TRUST ISE-REVERE NAT GAS	22.76	0.3%	21.75	22.70	5/30	10
	APD	AIR PRODS & CHEMS INC	122.95	2.6%	119.00	119.85	5/30	10
	PPG	PPG INDS INC	205.11	1.4%	198.00	202.33	6/2	7
	BDX	BECTON DICKINSON & CO	120.33	1.5%	115.00	118.50	6/3	6
	KMI	KINDER MORGAN INC DEL	35.06	3.0%	33.75	34.05	6/4	5
	MRO	MARATHON OIL CORP	37.84	2.1%	36.00	37.07	6/5	4
	GOOGL	GOOGLE INC	570.73	2.4%	545.00	557.11	6/5	4
	CBS	CBS CORP NEW	60.74	0.4%	59.00	60.48	6/5	4
	PAG	PENSKE AUTOMOTIVE GRP INC	48.90	1.1%	46.50	48.35	6/5	4
	ILMN	ILLUMINA INC	171.35	4.4%	163.00	164.09	6/5	4
	IRBT	IROBOT CORP	37.00	4.4%	35.00	35.43	6/6	3
	HSY	HERSHEY CO	97.27	-0.7%	95.00	98.00	6/6	3
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	50.49	-4.4%	51.00	48.25	5/15	25
	CRM	SALESFORCE COM INC	51.71	-2.7%	54.00	50.29	5/22	18
	SCHW	SCHWAB CHARLES CORP NEW	26.45	-4.2%	26.50	25.33	6/2	7

Notes: Raised a few more stops.

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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