

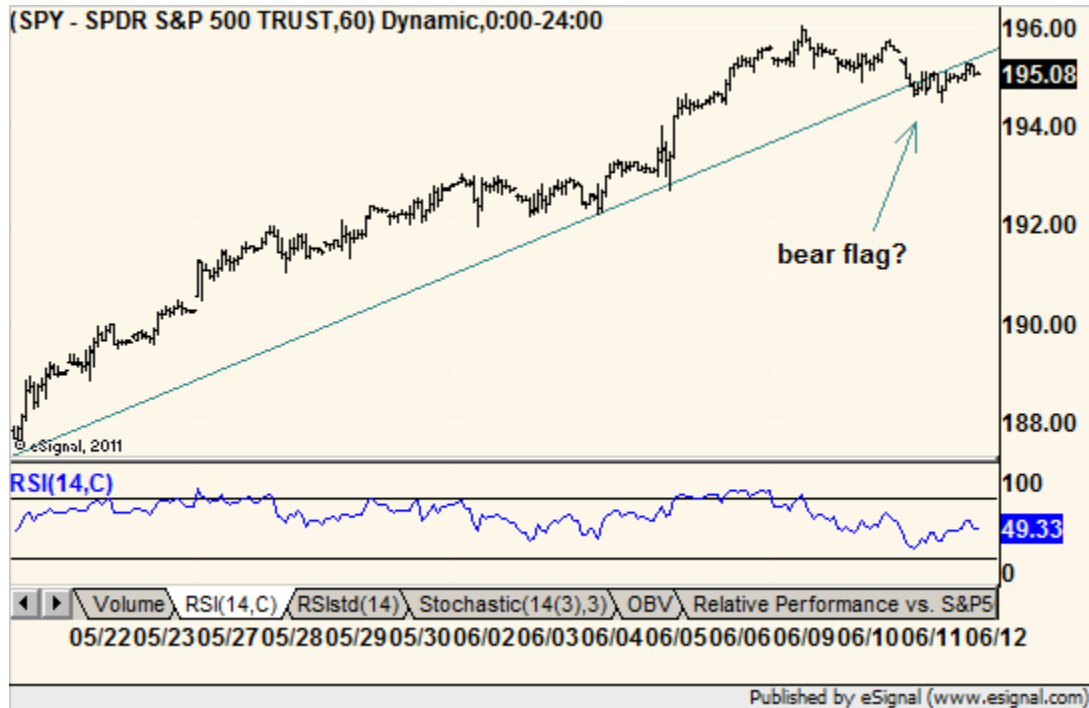
# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**June 12, 2014** - So now we listen to the World Bank's forecasts? Or did the stock market fall because Wall Street-friendly Eric Cantor was shown the door? Or because oil is rising as the headlines from Iraq are exactly the same as they were in the 1990s? (Kurds take Kirkuk, Tikrit Falls, Baghdad threatened).

Well, we have to admit there is a link from oil to stocks but we'd prefer to think it was simply time for a pullback. The Dow's chart matched the setup the last time it did that and sentiment was certainly frothy.

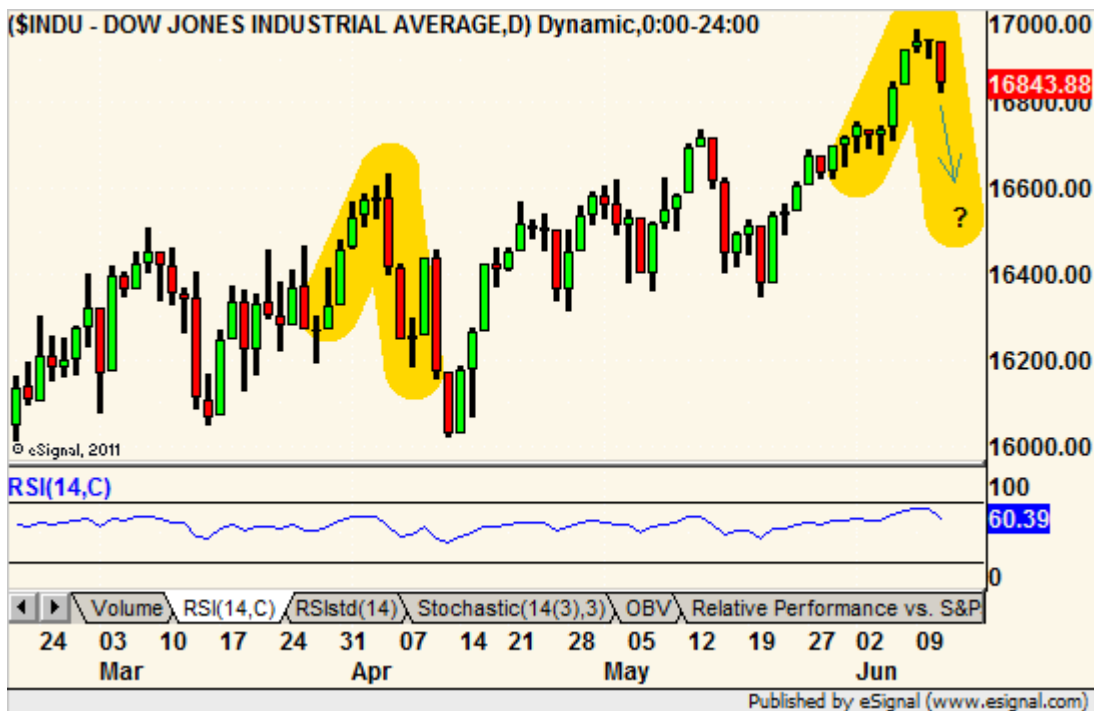


The hourly chart is simple as the trend broke yesterday but we are not sure if we see a bear flag or a low that needs to be incorporated in the trend. The latter means the trendline needs to be adjusted lower as it did not really break. One thing that can make us more confident is a break of the flag lower. If that happens then we look for the 192 area in the **SPY**.

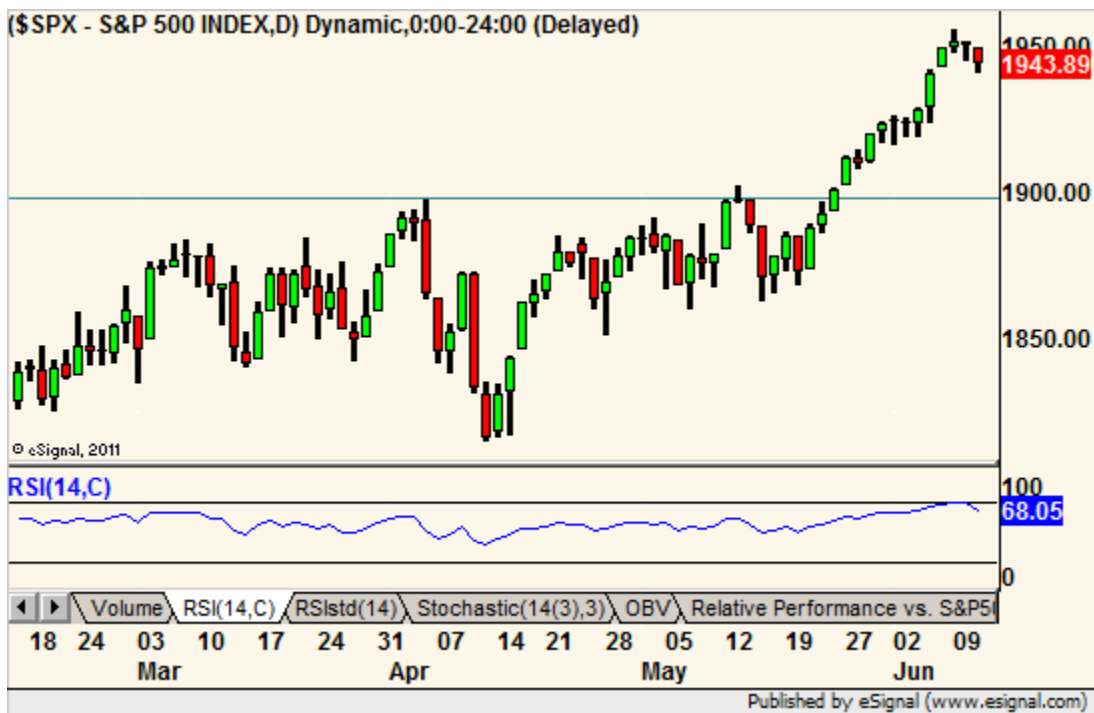
Bonds also present a potential problem. After breaking the trendline in an unconvincing way, the **TLT** ETF has now spent three full days below it. Here, too, what happens today might just tell us if this is really broken or now.

The bottom line for stocks is that we saw a bump yesterday but no breakdown. Any further weakness would put the market on track for a deeper pullback but check out the Big Picture chart for the line in the sand.

## Index Charts of the Day



Not the same but similar. A market rhyme. This is far from a prediction because the trendline from mid-May is still intact but if it breaks then we can look at 200-300 points lower. But will that be the last straw? See next...



If the S&P 500 falls with the Dow according to the top chart then it still will be above the former breakout level. Anything more and then we can talk reversal. See the Big Picture chart later in this report for more.



We are getting way ahead of ourselves with this one but is it possible that this bullish candle pattern is forming? A rising three methods is a five-candle pattern with a tall up day, three consecutive falling small range days and then a tall up day to finish the correction.

It looks like a capital letter "N".

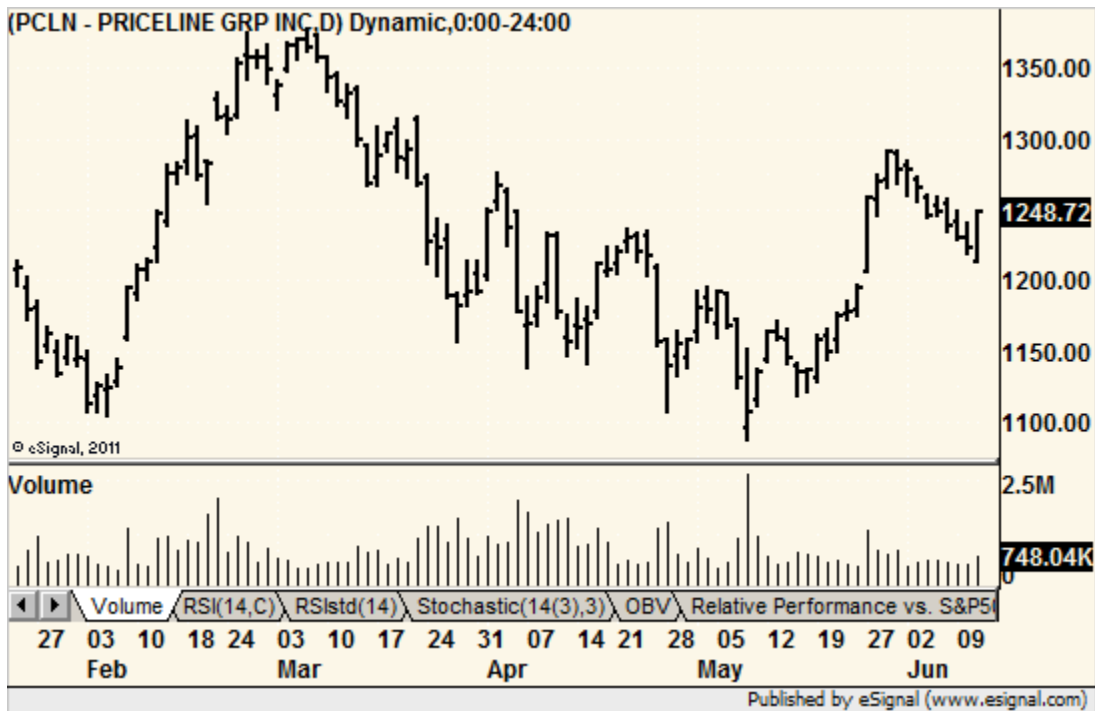
## The Radar Screen

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.

>>> Just because we have three gold stocks here does not mean you have to or even should buy all of them.

<b>Bullish Implications</b>		
<b>Corning GLW</b> - Ascending triangle breaks out at 21.75.		5/28
<b>Paychex PAYX</b> - Rising stochastics in a trading range makes it lean bullish. Buy range breakout over 41.65.		5/28
<b>Novagold NG</b> - Here is a miner with an actually good chart. Above its averages and trendline. The caveat is the low price but it looks pretty good right now.	<b>Triggered</b>	6/11
<b>Yamana Gold AUY</b> - We were looking for a higher low but this stock held its ground over the past week instead of dipping. Now at the neck of a funky inverted head-and-shoulders with RSI divergence. Breakout and time to buy	<b>Moved</b>	6/3
<b>Royal Gold RGLD</b> - This miner never really fell and is now challenging the trendline and 50-day average. Buy close over 50.		6/11
<b>Bearish Implications</b>		
<b>none</b> -		5/28
<b>Unknown Implications</b>		
<b>Coca Cola KO</b> - 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
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Xilinx XLNX</b> worth watching in both directions.		5/28
<b>Intuitive Surgical ISRG</b> - Left in the dust by its sector but now stirring. Bollinger Bands squeeze and stochastics holding a high level suggests a pending breakout. Looks like it got it Wednesday.		6/10
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Telecoms</b> - Flattened out over the past month with RSI divergence. Breakdown		6/9
<b>Gaming</b> - Still lagging. Never recovered.		6/10
<b>Industrial machinery group</b> - Keep this sector in mind for opportunities should the market have a nice orderly pullback now.		6/10
<b>Oil Services ETF OIH</b> - Overbought relieved. Trend is up.		6/10
<b>Semiconductor index SOX</b> - Now approaching upside target for the triangle breakout and also the top of the channel. Overbought RSI. Not a good place for new buying.		6/10
<b>Updates</b>		
<b>Zillow Z</b> - Breakout		

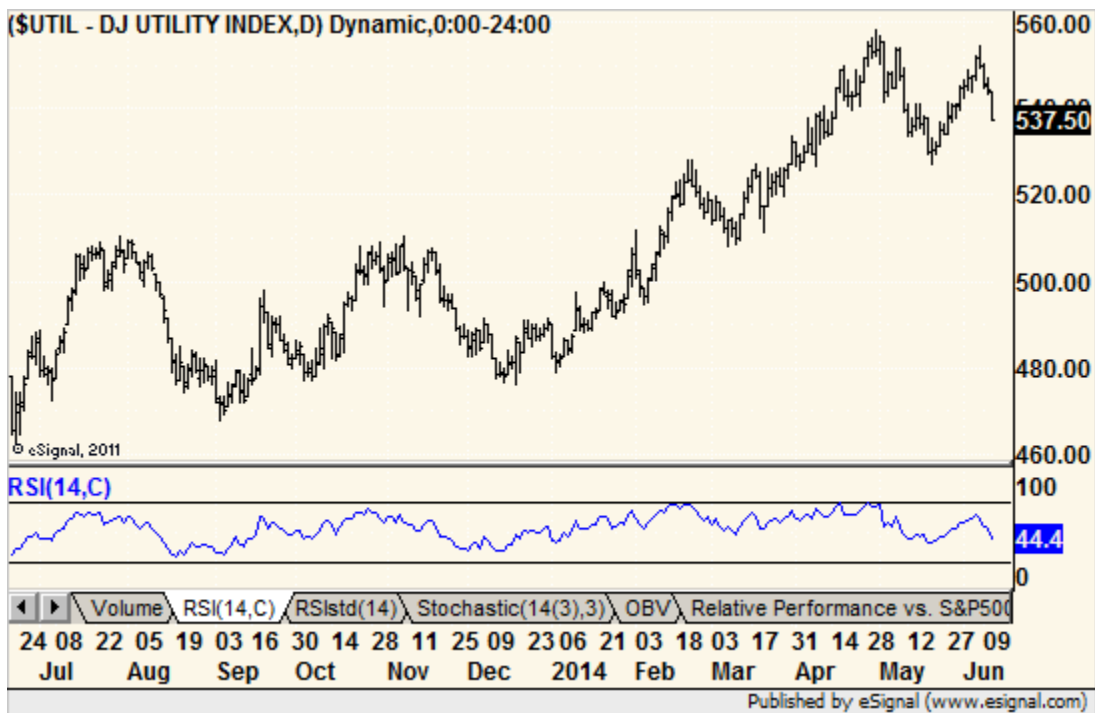
## Market Highlights



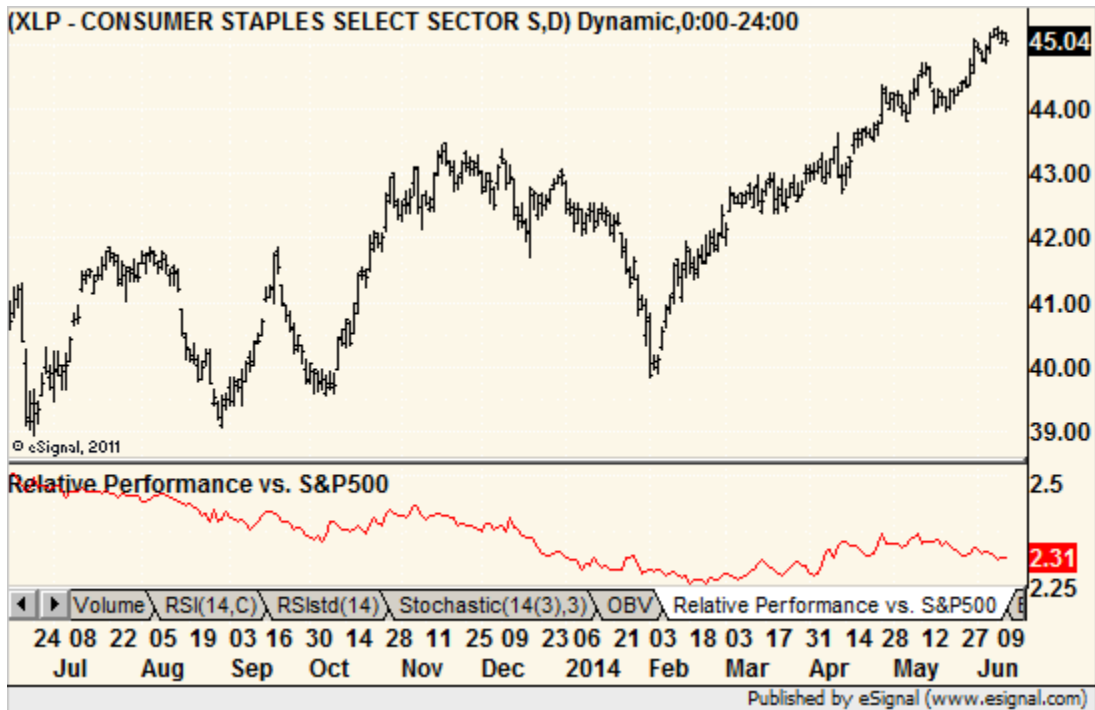
**Priceline** - Outside-day reversal higher for this one. Small volume pickup, too. Might be better for a call option strategy since the **VIX** is still so low.



**Oil ETF** - The breakout now has follow-through.



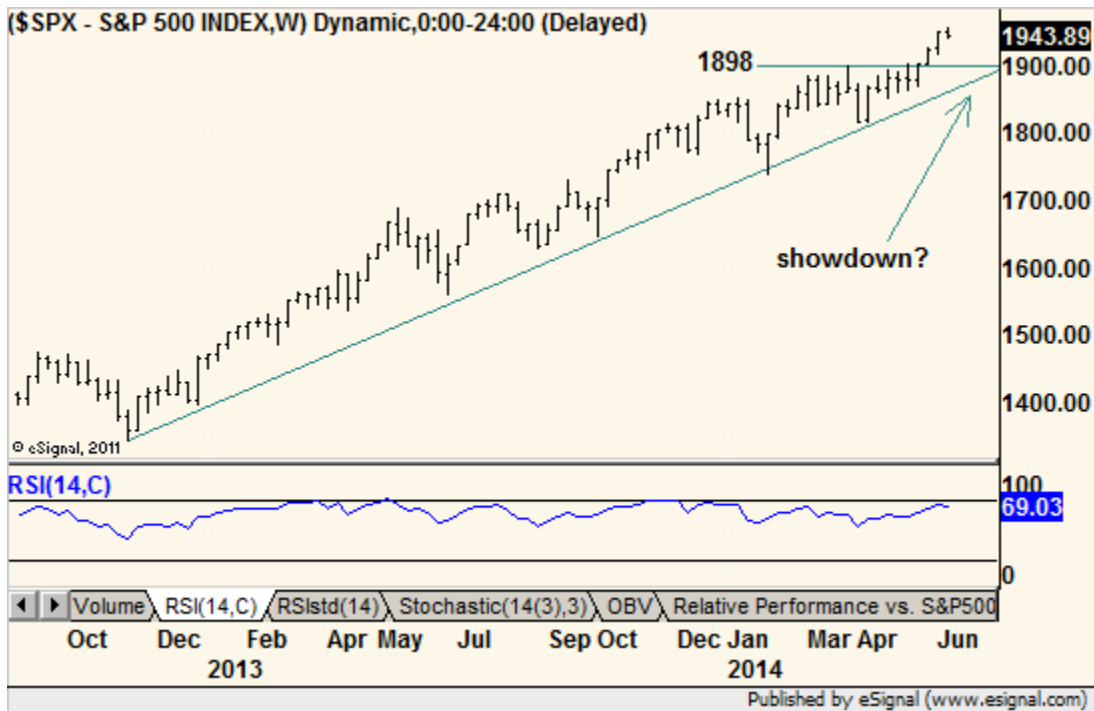
**Utilities** - Double top in progress?



**Consumer Staples ETF** - Starting to lag. Is this related to the dividend paying sectors weakening with bonds? Could be.

## The Big Picture

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

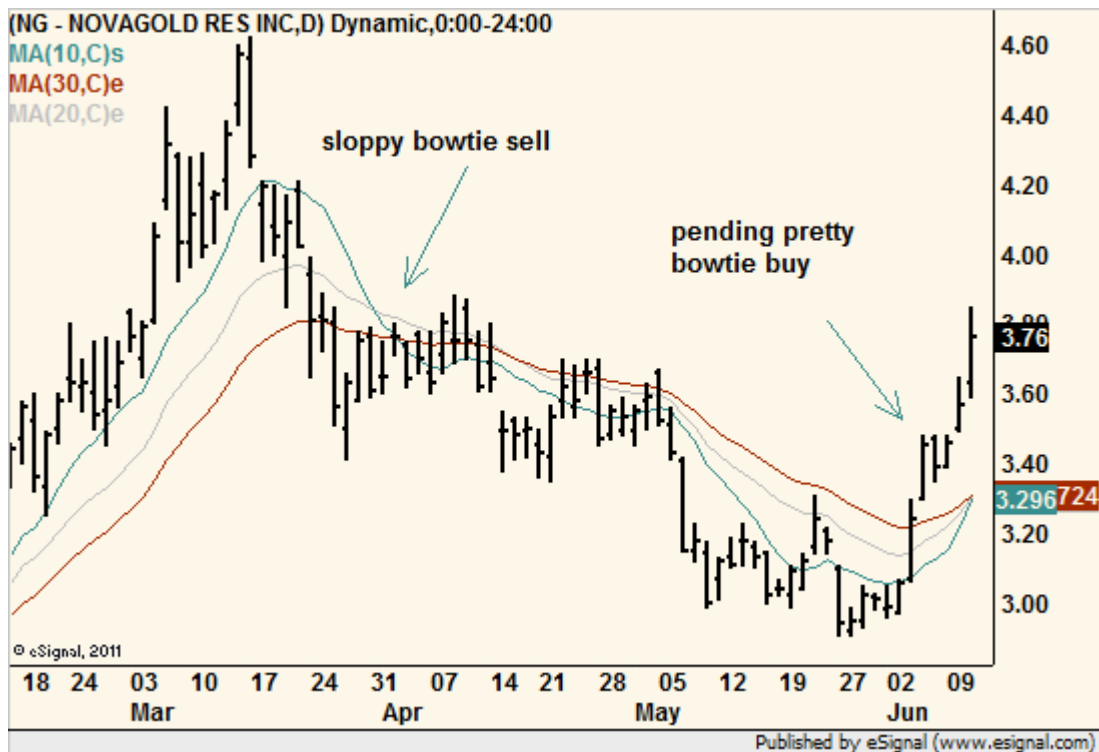


So far, all we had was a down day. Should the market continued lower then the real line in the sand will be just under 1900 where the old trading range top and the major trendline will meet in a few weeks.

## Today's Lesson

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

### Bowtie



**Novagold** - We just bought this stock and now it is about to have a bowtie buy signal, too. This is a moving average crossover system devised by Dave Landry where the 10-day simple, 20-day expo and 30-day expo averages cross together to give the chart the look of a bowtie.



## 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>	<b>FCX</b>	FREEMPORT-MCMORAN COPPER GOLD	34.08	-2.9%	33.75	35.08	5/19	23
	<b>CAG</b>	CONAGRA FOODS INC	32.23	0.2%	31.75	32.17	5/29	13
	<b>DD</b>	DU PONT E I DE NEMOURS & CO	68.97	0.0%	67.50	68.97	5/29	13
	<b>WYN</b>	WYNDHAM WORLDWIDE CORP	73.44	-0.1%	71.50	73.50	5/30	12
	<b>TAN</b>	GUGGENHEIM SOLAR ETF	40.43	-3.7%	39.50	42.00	5/30	12
	<b>FCG</b>	1ST TRUST ISE-REVERE NAT GAS	22.77	0.3%	22.00	22.70	5/30	12
	<b>APD</b>	AIR PRODS & CHEMS INC	121.99	1.8%	119.00	119.85	5/30	12
	<b>PPG</b>	PPG INDS INC	205.60	1.6%	198.00	202.33	6/2	9
	<b>BDX</b>	BECTON DICKINSON & CO	119.06	0.5%	115.00	118.50	6/3	8
	<b>KMI</b>	KINDER MORGAN INC DEL	34.90	2.5%	33.75	34.05	6/4	7
	<b>MRO</b>	MARATHON OIL CORP	38.48	3.8%	36.50	37.07	6/5	6
	<b>GOOGL</b>	GOOGLE INC	567.50	1.9%	545.00	557.11	6/5	6
	<b>CBS</b>	CBS CORP NEW	61.80	2.2%	59.00	60.48	6/5	6
	<b>PAG</b>	PENSKE AUTOMOTIVE GRP INC	47.60	-1.6%	46.50	48.35	6/5	6
	<b>ILMN</b>	ILLUMINA INC	177.40	8.1%	165.00	164.09	6/5	6
	<b>IRBT</b>	IROBOT CORP	35.03	-1.1%	35.00	35.43	6/6	5
	<b>HSY</b>	HERSHEY CO	96.94	-1.1%	95.00	98.00	6/6	5
	<b>NG</b>	NOVAGOLD RES INC	3.76	3.6%	3.55	3.63	6/11	0
<u>Short</u>	<b>RJF</b>	RAYMOND JAMES FINANCIAL INC	49.16	-1.9%	51.00	48.25	5/15	27
	<b>CRM</b>	SALESFORCE COM INC	53.31	-5.7%	54.00	50.29	5/22	20
	<b>SCHW</b>	SCHWAB CHARLES CORP NEW	26.04	-2.7%	26.50	25.33	6/2	9

**Notes:** Tightened stop again on **MOR**.

New long in **NG** at the open yesterday.

## Other Information

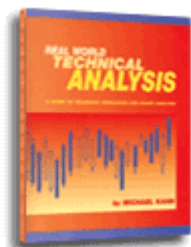
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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