

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

June 17, 2015 – Yeah, yeah Greece. Tuesday saw another oversold bounce as the market looked forward – past Greece – to the Fed and clung to any positive news such as housing permits. Wow, housing permits!

Let's end the snark and get to the technicals. The rally was small and scored low volume. So much for any thought of a follow-through day on the S&P 500. And for the Dow, Monday's low actually undercut last week's low so the FTD countdown has to be reset. That is no way to form a bottom.

One observation to make is that there have been a lot of mergers and takeovers announced recently. That suggests buyers feel their stock is high priced and need to take advantage of it before it ends. Another angle is getting deals done before rates go up and financing is no longer so cheap.

Either case is in the bearish camp, in our opinion. But when we look at midcaps and smaller we cannot pull the trigger on outright bearishness. The microcap index shrugged everything off and actually closed at an all-time high yesterday. Since when are all-time highs bearish?

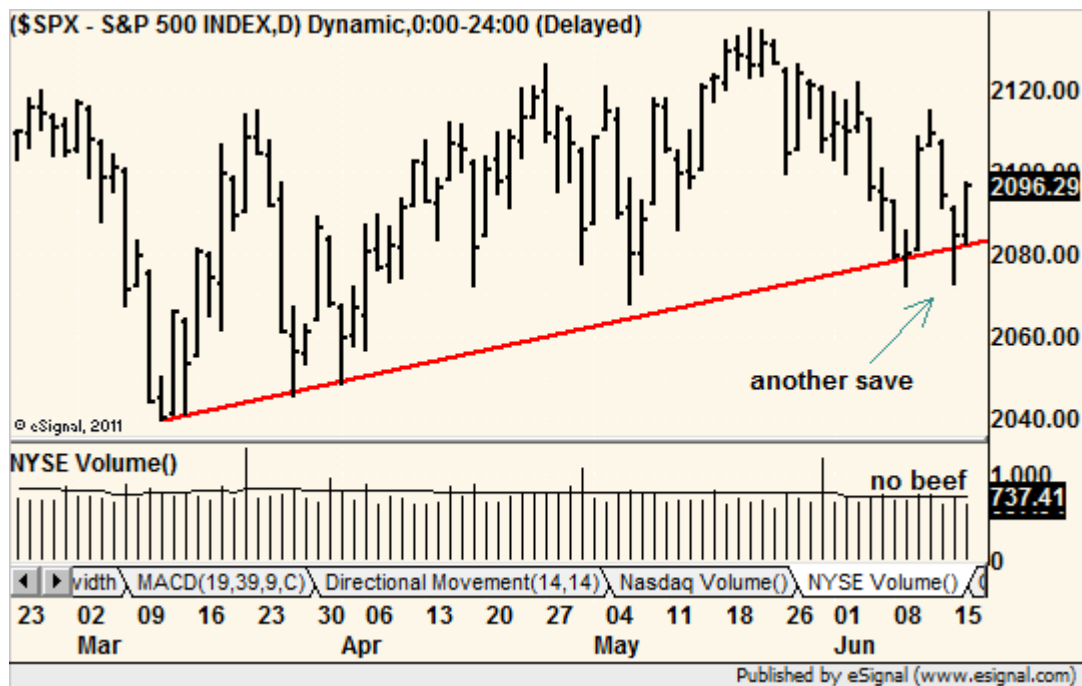
But that does not mean pulling the trigger on market-wide bullishness either. We still like cash with smatterings on both sides of the market aisle.



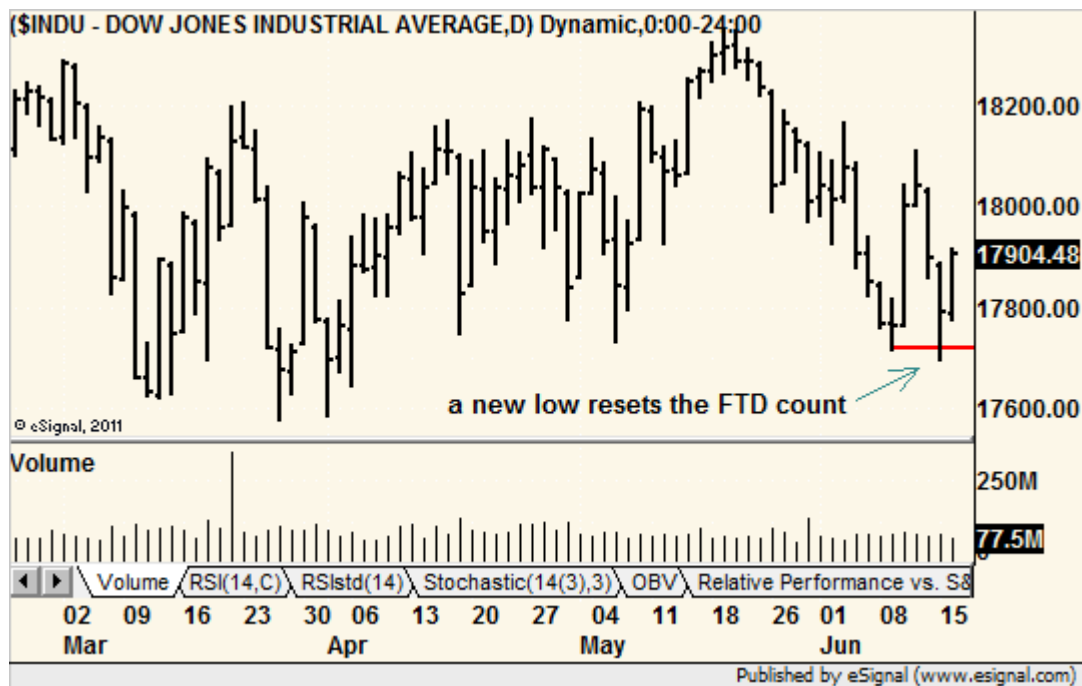
While we can explain away the rally yesterday with dovish Fed hopes and oversold bounces the bottom line is that the S&P 500 once again saved a trendline breakdown – which is shown in the daily chart below. That does take some of the power away from the bears but look at the red line above. The down trend is still intact. However, we now shift from trendline to horizontal support as the line in the sand below the market.

This is a waiting game (hence our cash). Elsewhere, the dollar, gold, oil and bonds are stuck in neutral short-term, as well. Talk about dog days and it is not even summer yet.

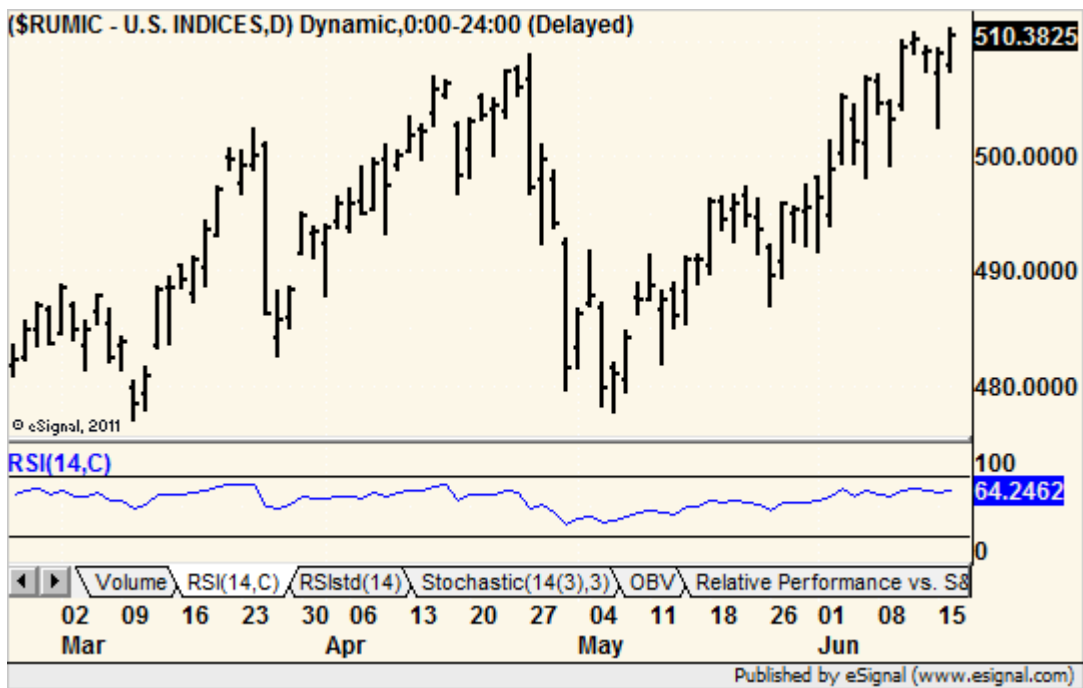
Index Charts of the Day



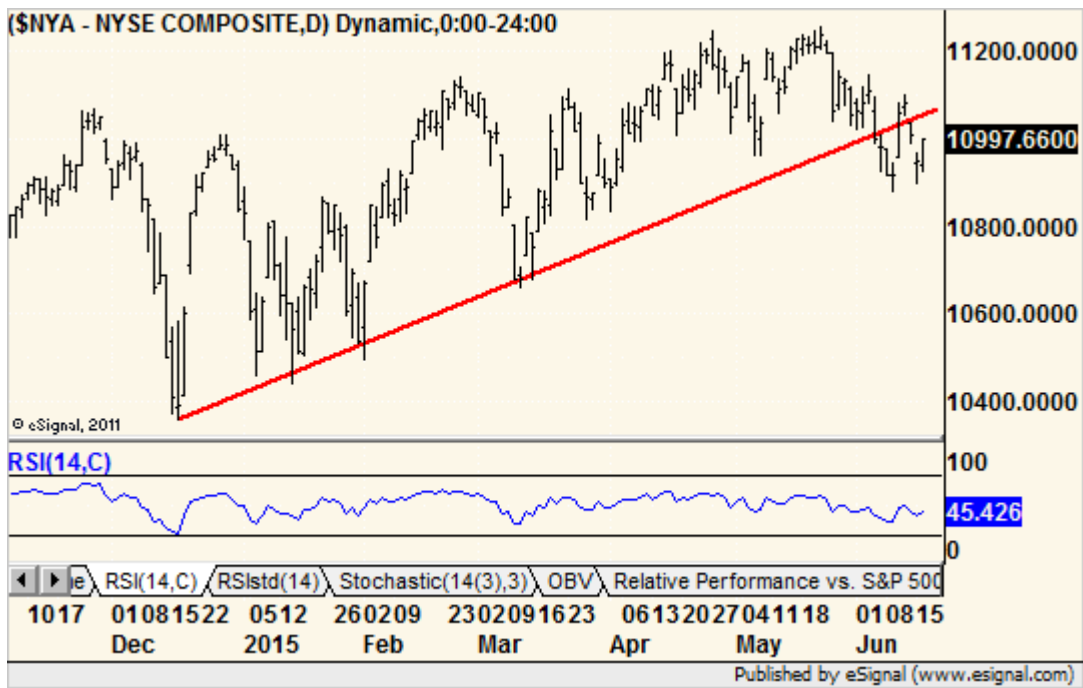
No breakdown yet again but this time there was no volume on the bounce.



A quick glance here looks like a jumble. Maybe this is the bottom of a range and the next mini-trend will be up but momentum indicators (not shown) do not agree.



Microcaps scored a new record high close. Wow!



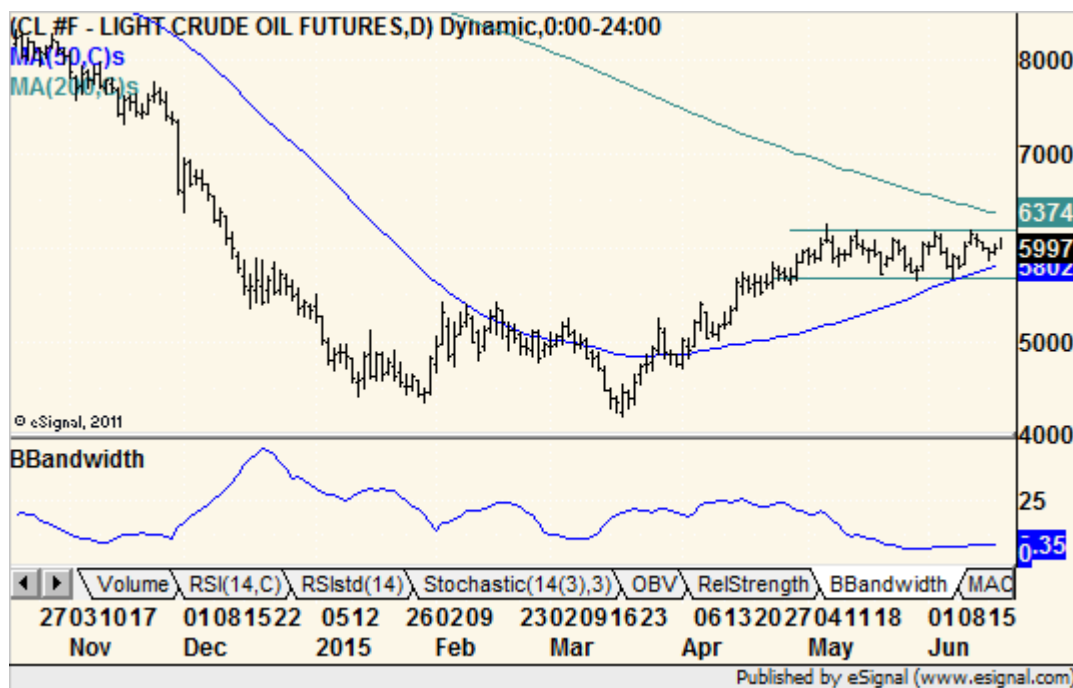
The NYSE is still broken.

The Radar Screen

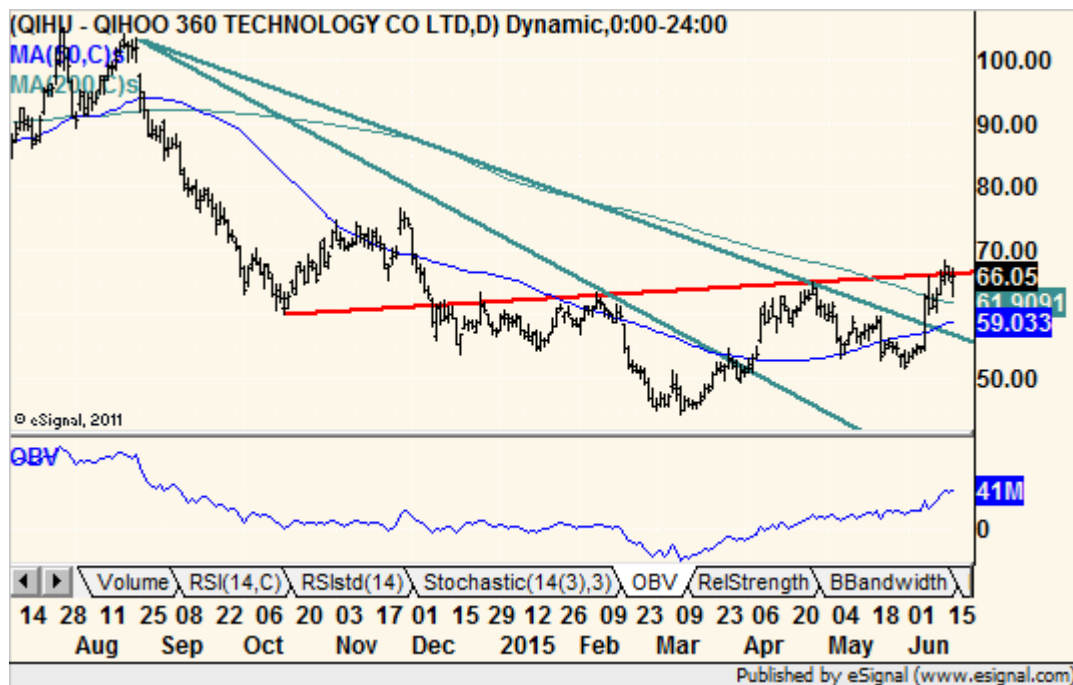
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Microsoft – If you are looking for a reason to buy Mr. Softee, this is it. A move above the six-week flag pattern after support already held would be a very good signal. It may not happen for a while but buy 47. <u>This may be lowered tomorrow</u>		6/12
Bearish Implications		
Yum Brands YUM – Restaurant with bearish RSI divergence. Sell close under 90 as that breaks support.		5/29
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Long-term setups – LGF (breakout), SFUN (breakout), AGU , MOO		6/3
Manpower MAN – Not exactly a weekly cup-with-handle but it has the same feel. Watching for now.		6/9
Buckle BKE – A retailer with potential. Needs a flag breakout. <u>Arguably done</u>		6/5
Sector Watch (observations that may spark ideas)		
SPDR Insurance ETF KIE – Absolute and relative breakout. This seems to be led by stocks already in rallies and not new ones breaking out to join them. That suggests trend following and not bottom fishing is a better plan if you are interested. Nice move up		6/11
Nasdaq biotech ETF IBB – Still holding on but with a bearish stochastics divergence		6/11
Updates		
none –		

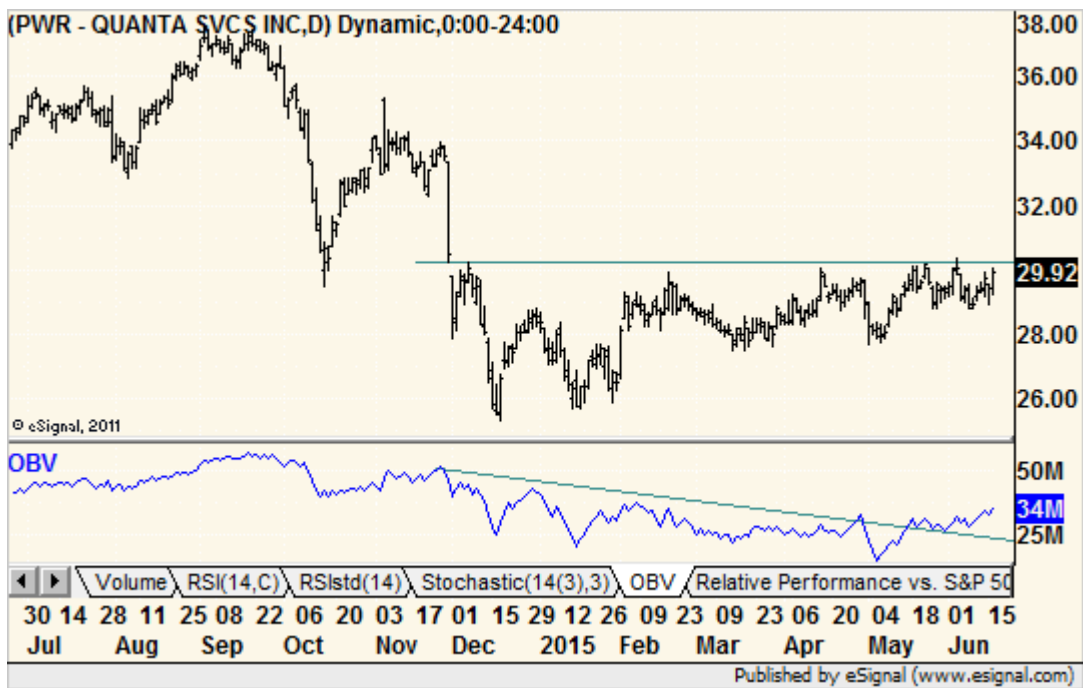
Market Highlights



Crude Oil – Look at this squeeze between averages, Bollinger Bands (lower indicator) and trading range. Something has to give soon.



Qihoo 360 Technology – We saw this Chinese Internet mentioned on StockTwits with a 29% short interest. The chart does look rather bottom-y with fan lines and an inverted head-and-shoulders. But do we want to buy something in China when it looks like a bubble will pop there? More on fan lines in Today's Lesson, below.



Quanta Services – Because we cannot resist showing nice setups even if they do not agree with our market view. Note the trend break in on-balance volume.

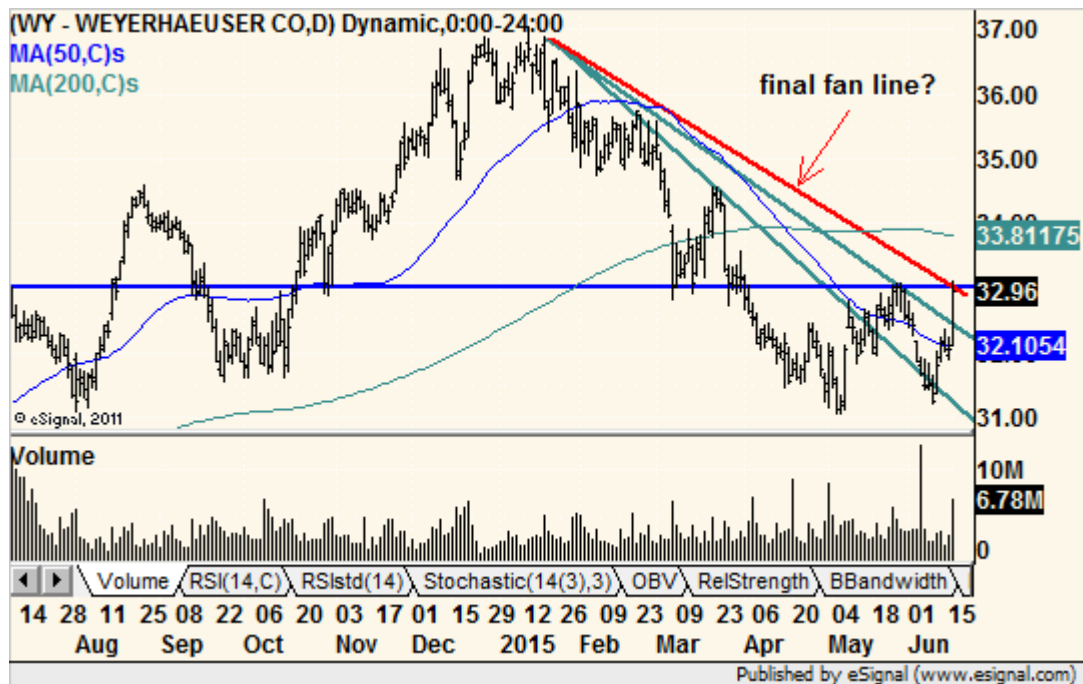


IBM – Back on the Radar. If you liked the **MSFT** setup then this one is similar. Big tech.

Today's Lesson

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

Combining Analyses – Double bottom and fan lines



Weyerhaeuser – At first glance it was a trend break with big range and big volume. But it is still below the 200-day average and resistance as shown.

What if it pauses here to form the third fan line (in a set of three) and then breaks out above the double bottom? That would be a whole lot more powerful.

Two-pager on fan lines, [click here](#).

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>	COF	CAPITAL ONE FINL CORP	88.07	6.4%	85.00	82.80	5/6	41
	KEY	KEYCORP NEW	15.44	4.7%	14.75	14.75	5/11	36
	KBE	SPDR S&P BANK ETF	37.03	7.1%	35.50	34.58	5/11	36
	GM	GENERAL MTRS CO	35.61	-1.4%	34.75	36.11	5/28	19
	XLNX	XILINX INC	46.80	-1.8%	45.75	47.68	5/28	19
<u>Short</u>	FLS	FLOWSERVE CORP	53.37	3.8%	56.50	55.40	5/12	35
	ALL	ALLSTATE CORP	67.33	0.0%	68.00	67.30	6/1	15
	MAR	MARRIOTT INTL INC NEW	76.73	-0.2%	80.00	76.55	6/12	4
	HST	HOST HOTELS & RESORTS	19.95	-1.0%	20.75	19.75	6/15	1
	HA	HAWAIIAN HOLDINGS INC	23.25	-1.2%	24.00	22.96	6/15	1

Notes: No changes.

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.



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we'll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>



<http://www.talkmarkets.com/contributor/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015