

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

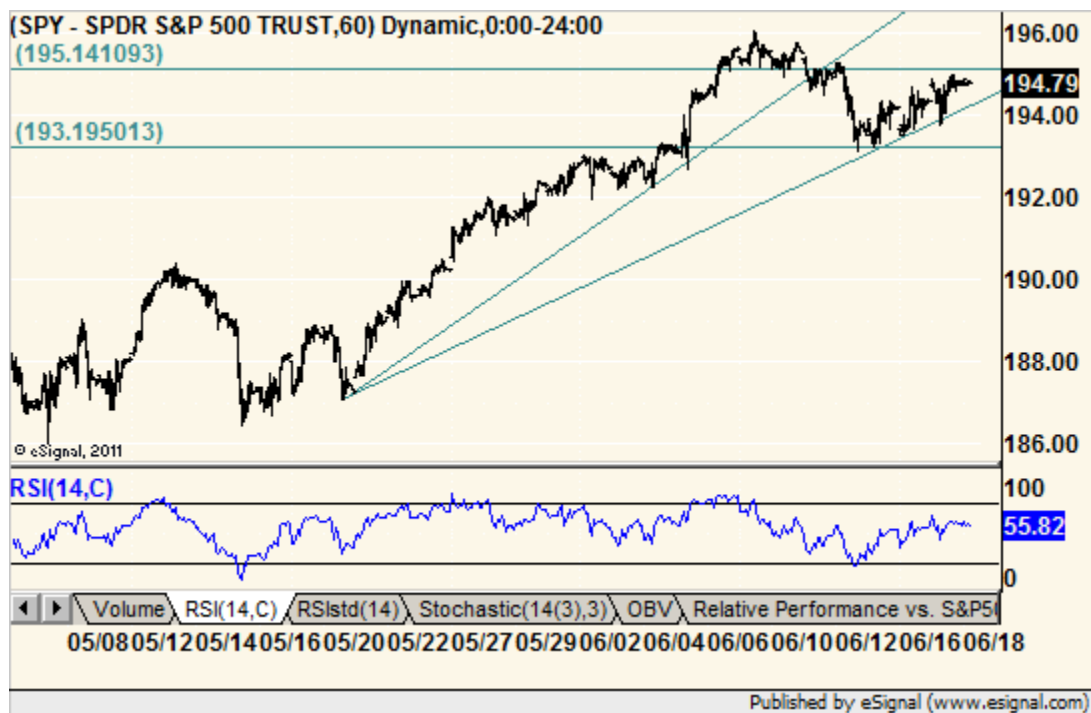
MICHAEL KAHN  
RESEARCH LLC

**June 18, 2014** - It's Fed day again and consensus is for a \$10 billion taper (to \$35 billion per month) and no change in interest rates. It seems we've gone from every meeting being the most important meeting ever to not caring much at all. Sort of like the stock market itself.

Still, we expect a whole lot of nothing until the afternoon when Chairperson Yellen takes the mike.

News reports this morning say Iraq's main refinery is on fire after an attack. Oil markets have not really reacted but we can see how nervousness will be on the rise as this conflict unfolds.

Gold dipped yesterday but recovered most of the loss. However, palladium is the metal on the move (**PALL**).

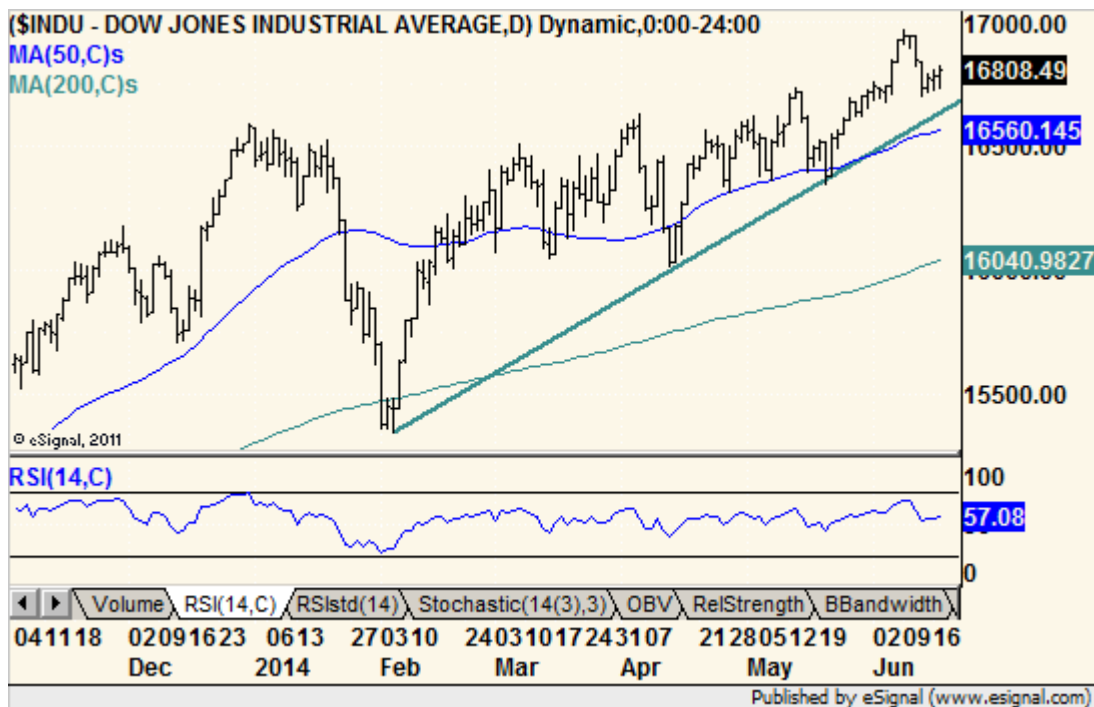


We've changed the upper resistance line a bit higher but the new feature is the trendline. The upper line was broken last week and now we have a new shallower line. Is this the middle line in a three-line set of fan lines? We cannot know that now but it is something to watch. A breakout, of course, puts the SPY on track to a new high. A breakdown below the line first targets the lower support line in the 190 area.

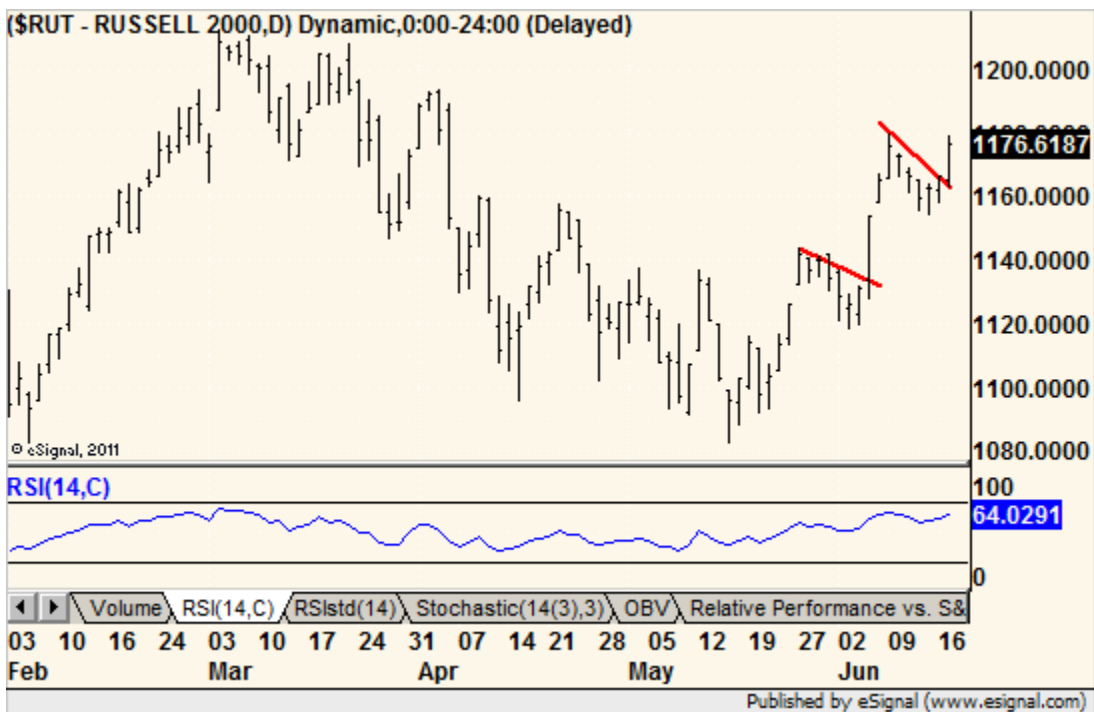
Again, the real deal support is closer to 192 and coincides with the top of the Feb-May trading range.

We have noticed that most sectors are rallying together so there is little to do in terms of sector rotation. However, some of the heavy industrials and related commodities are seriously lagging. Again, market charts are pointing up but it there are few areas in the middle of the economy that are struggling. The bottom (basic materials) and top (tech, consumer, finance) are rallying.

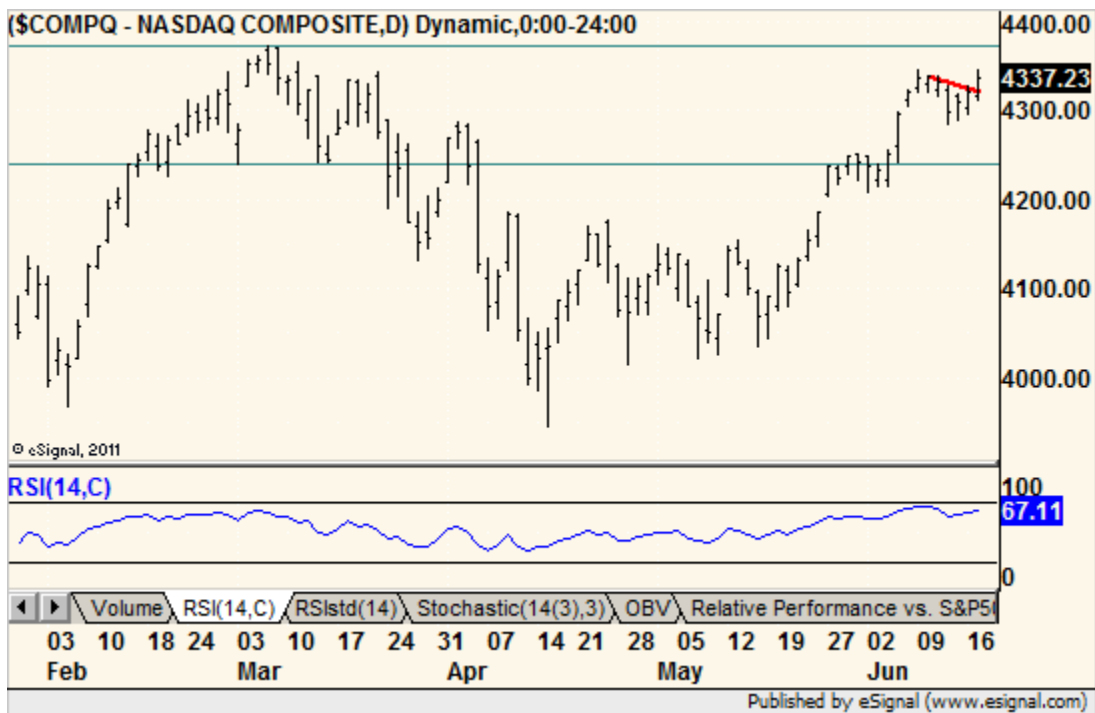
## Index Charts of the Day



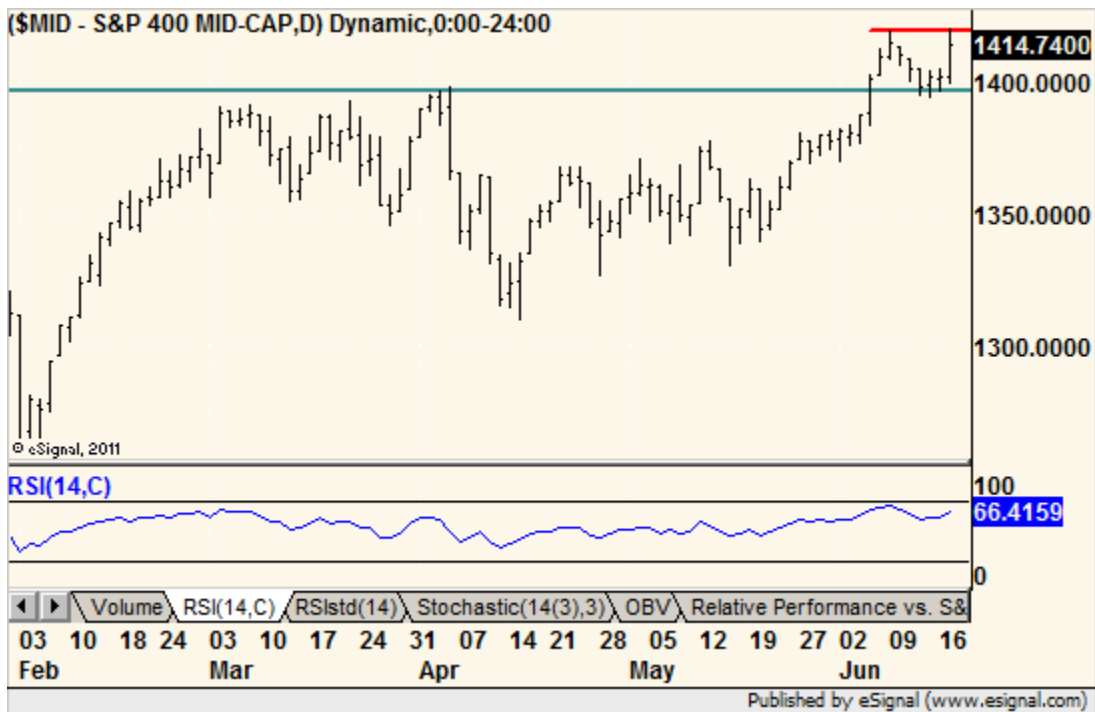
We feel like we are just waiting for something - anything - to happen now. The trendline is one feature to watch on the Dow.



The Russell did have a breakout so this trend is still very much to the upside.



Ditto the Nasdaq but resistance is very, very close.



Check this out - the midcaps index already took out the old high and now has a breakout from the correction.

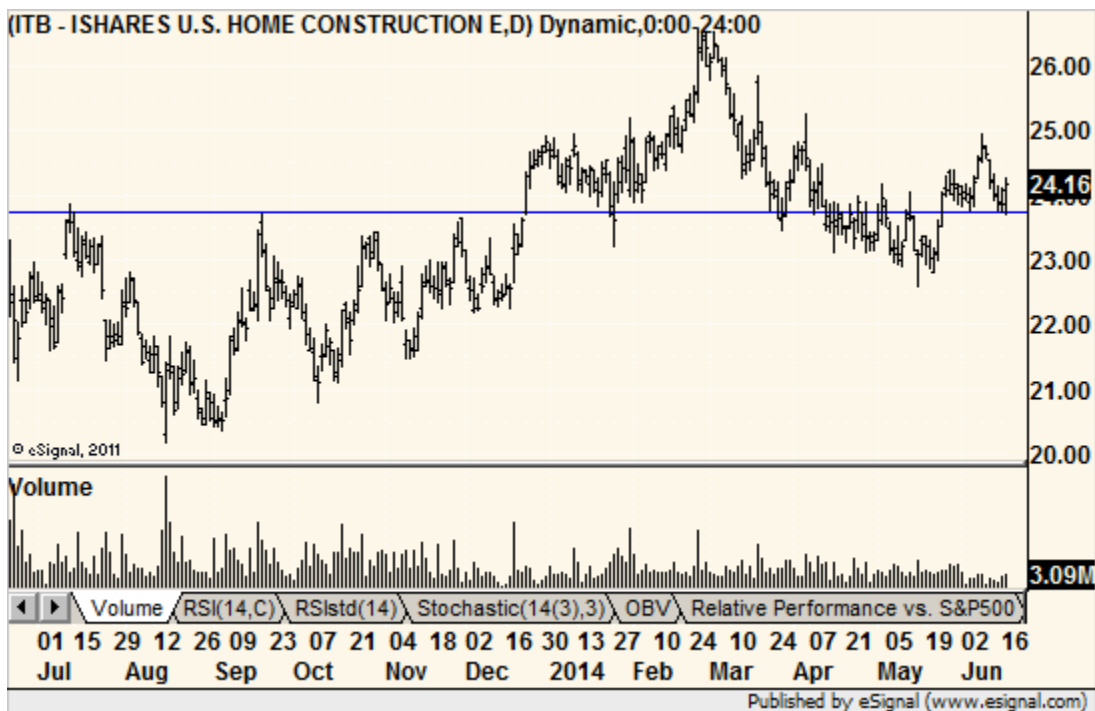
>>> Still, it seems that the biggest potential is in the small caps with the most room to get to resistance.

## The Radar Screen

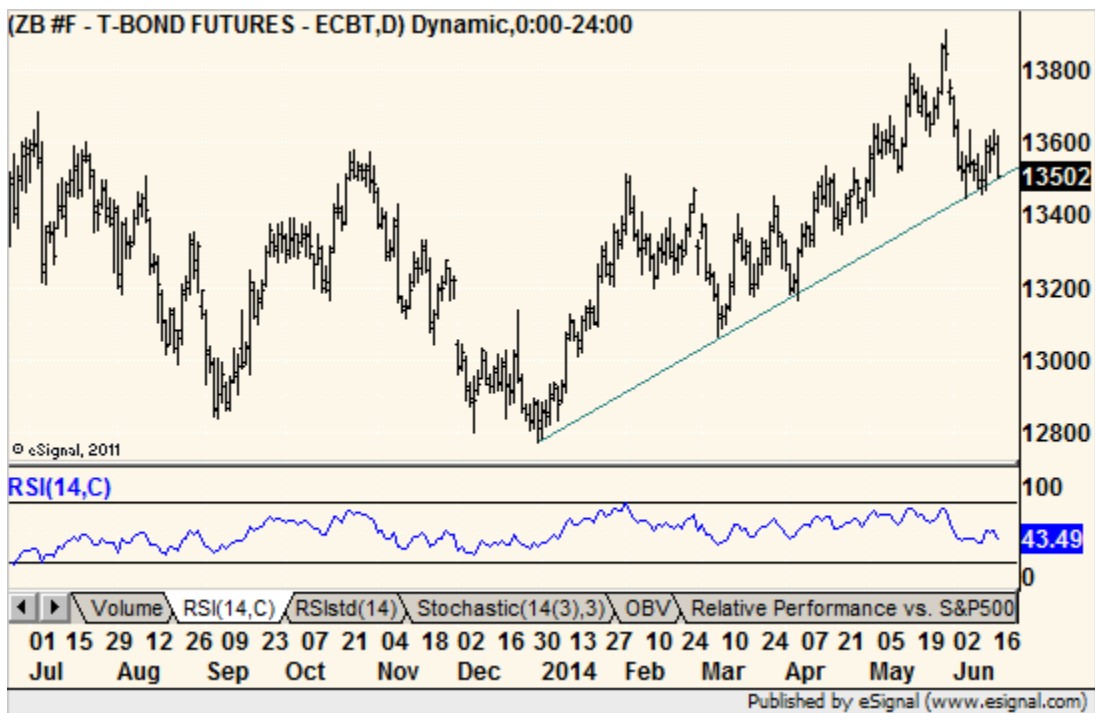
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.

<b>Bullish Implications</b>		
<b>Paychex PAYX</b> - Rising stochastics in a trading range makes it lean bullish. Buy range breakout over 41.65.		5/28
<b>Solar City SCTY</b> - Combine Elon Musk with solar and you get this. Bull RSI divergence and back above the 50-day. A buy.	<b>Triggered</b>	6/17
<b>Mylan Labs MYL</b> - a drug stock with a bull flag breakout through a trendline. Bounced off 50-day average. Not bad right here.	<b>Triggered</b>	6/17
<b>Bearish Implications</b>		
<b>none</b> -		5/28
<b>Unknown Implications</b>		
<b>none</b> -		5/28
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>TD Ameritrade AMTD</b> - Brokers reversed to the upside	<b>Removed</b>	6/16
<b>Microsoft MSFT</b> - Still looks good for a breakout through 41.65 although on-balance volume has tailed off. <b>Technically, a breakout.</b>		6/16
<b>Chevron CVX</b> - Long-term breakout. Short-term overbought so if it dips it would be a nice buy. We are not going to chase due to fluid situation in Iraq		6/17
<b>Visa</b> - Trend break but still above its averages. Waiting for direction.		6/17
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Telecoms</b> - Double top breakdown and now in a possible bear flag.		6/9
<b>Gaming</b> - Still lagging. Never recovered.		6/10
<b>Industrial machinery group</b> - Several components have broken down so we'll remove this group from the "buy the dip" category. <b>PLL, CR</b>		6/10
<b>Oil Services ETF OIH</b> - Trend is up.		6/10
<b>Semiconductor index SOX</b> - Very resilient		6/10
<b>Heavy Construction</b> - Not participating in the rally. <b>CBI</b> got crushed on accounting issues. <b>PWR</b> looking for a breakdown.	<b>New</b>	6/18
<b>Updates</b>		
<b>none</b> -		

## Market Highlights



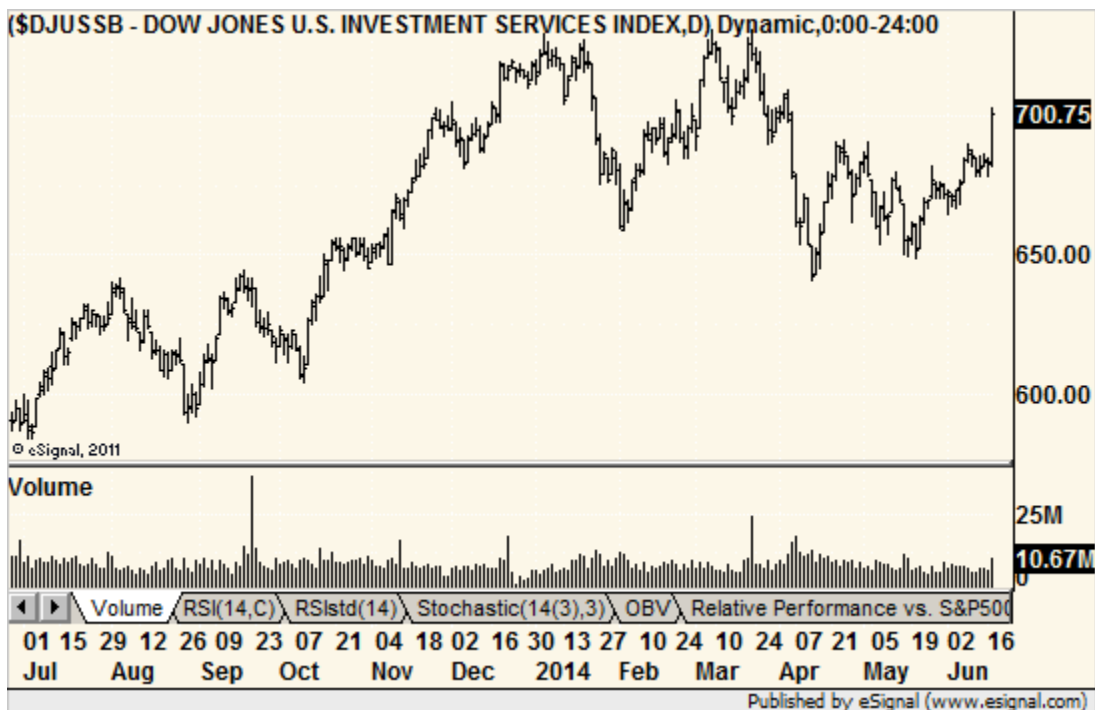
**Homebuilder ETF** - After weak news in the morning, this ETF turned around to close with a bullish reversal at support.



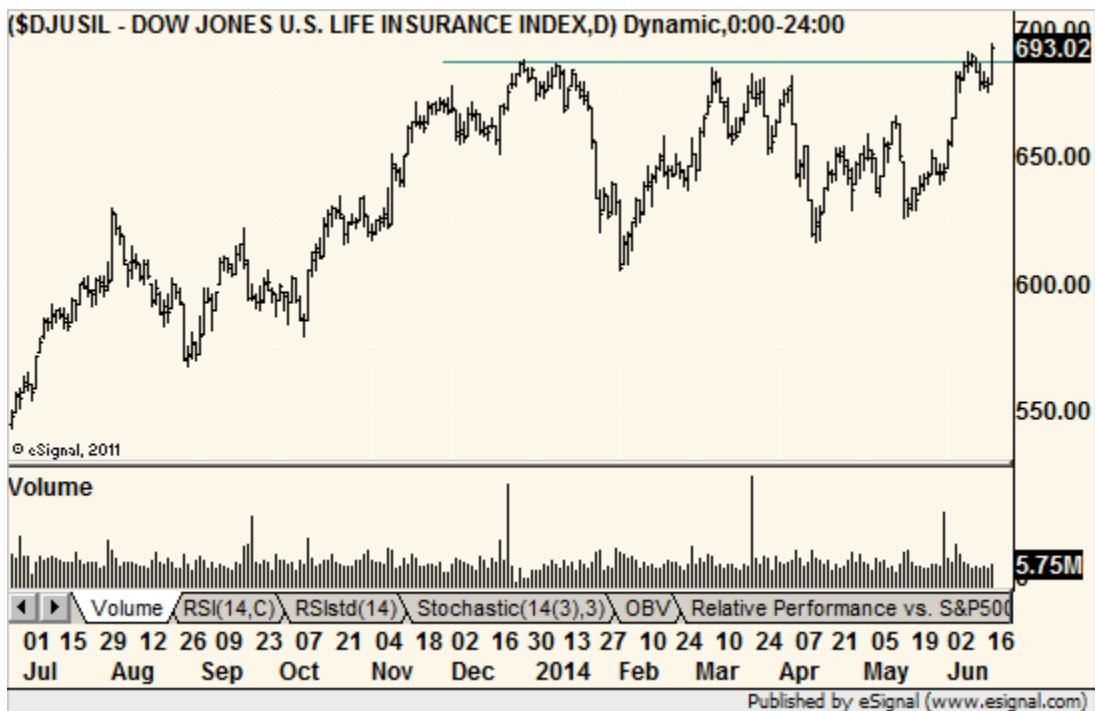
**T-bond futures** - Yesterday, we said the trendline is still holding. After Tuesday's session it is under attack again.



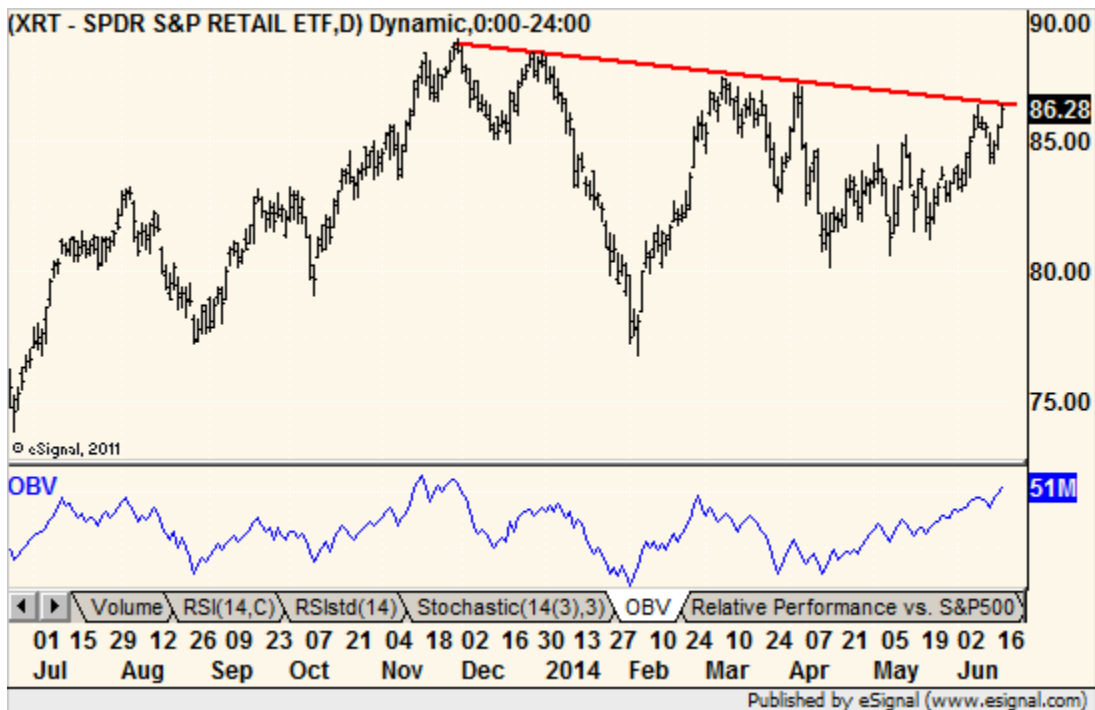
**Quanta Services** - A heavy construction stock NOT playing along with the market. Has not broken down yet but it is close. Peer **CBI** got destroyed this month although on company specific issues. Still, when the tide goes out we can see who is swimming naked - Warren Buffett.



**Brokers** - This chart makes it painfully obvious that our bets against the brokers were wrong. **GS** broke out



**Life Insurance group** - Breakout after a pause. LNC, MET, PFG, SFG, UNM



**Retail ETF** - Two days ago we said the sector was still struggling. Now it is on the verge of a breakout. The funny thing is that when we ran through a list of retail stocks there were none in a similar pattern and none we'd care to buy.

## 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>CAG</b>	CONAGRA FOODS INC	32.85	2.1%	31.75	32.17	5/29	19
	<b>DD</b>	DU PONT E I DE NEMOURS & CO	67.79	-1.7%	67.50	68.97	5/29	19
	<b>WYN</b>	WYNDHAM WORLDWIDE CORP	72.65	-1.2%	71.50	73.50	5/30	18
	<b>TAN</b>	GUGGENHEIM SOLAR ETF	44.28	5.4%	42.00	42.00	5/30	18
	<b>FCG</b>	1ST TRUST ISE-REVERE NATURAL G	23.42	3.2%	22.50	22.70	5/30	18
	<b>APD</b>	AIR PRODS & CHEMS INC	121.60	1.5%	119.00	119.85	5/30	18
	<b>PPG</b>	PPG INDS INC	202.51	0.1%	198.00	202.33	6/2	15
	<b>BDX</b>	BECTON DICKINSON & CO	117.73	-0.6%	115.00	118.50	6/3	14
	<b>KMI</b>	KINDER MORGAN INC DEL	34.97	2.7%	33.75	34.05	6/4	13
	<b>MRO</b>	MARATHON OIL CORP	38.88	4.9%	38.00	37.07	6/5	12
	<b>GOOGL</b>	GOOGLE INC	550.62	-1.2%	545.00	557.11	6/5	12
	<b>CBS</b>	CBS CORP NEW	60.11	-0.6%	59.00	60.48	6/5	12
	<b>ILMN</b>	ILLUMINA INC	169.85	3.5%	165.00	164.09	6/5	12
	<b>HSY</b>	HERSHEY CO	98.34	0.3%	95.00	98.00	6/6	11
	<b>NG</b>	NOVAGOLD RES INC	4.00	10.2%	3.85	3.63	6/11	6
	<b>AUY</b>	YAMANA GOLD INC	8.10	3.3%	7.80	7.84	6/12	5
	<b>RGLD</b>	ROYAL GOLD INC	68.00	1.8%	64.00	66.77	6/12	5
	<b>KEYW</b>	KEYW HLDG CORP	11.70	0.7%	11.10	11.62	6/13	4
	<b>SCTY</b>	SOLARCITY CORP	64.53	17.3%	60.00	54.99	6/17	0
	<b>MYL</b>	MYLAN INC	50.70	1.2%	49.00	50.11	6/17	0
<u>Short</u>	<b>RJF</b>	RAYMOND JAMES FINANCIAL INC	50.41	-4.3%	51.00	48.25	5/15	33
	<b>SCHW</b>	SCHWAB CHARLES CORP NEW	26.50	-4.4%		25.33	6/2	15
	<b>KO</b>	COCA COLA CO	40.92	-1.2%	42.00	40.42	6/12	5

**Notes:** Brokers reversed to the upside, unfortunately in a huge way. We'll keep **RJF** because the stop is very close.

New long in **SCTY** an obvious home run.

New long in **MYL**, too.

Raised a few stops on the long side.

Long in **KMI** may have a small double top with RSI divergence in progress.

Long in **CBS** needs to rally today or we are out 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>.



**Yahoo** - The subscriber asked where a safe place to buy might be. The trend is down so right away we are not happy to look for one. But, there is support right here and again at the April low.

With so many other stocks in rising trends, why bother catching a declining stock that has not really fallen all that much?

## Other Information

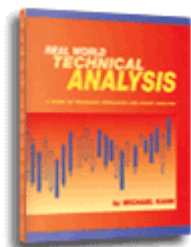
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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

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, 2014