

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

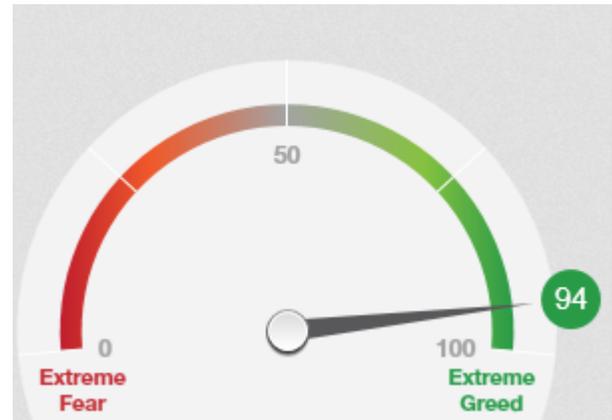
June 19, 2014 - The Fed speaks and the market rallies. Of course, that seems to be the case at all meetings with the next day giving some or all of it back. Regardless, the S&P 500 moved to a new high. So did junk bonds and that is a bit of a concern. Is risk-on back in force? And with gold rising?

Something is funky here but if we look at the stock market in isolation - as a pure chart reader would do - then we have to acknowledge the rising trend.

That does not mean ignoring other factors. Check out the CNN/Money Fear/Greed index at the right. That's a pretty high level and it is one more reason to think that the market is ignoring all the problems it faces. Resilience is one thing but when everyone seems to think nothing matters beside the rising trend then things get risky.

We cannot trade based solely on a sentiment indicator but we don't have to be carelessly buying, either.

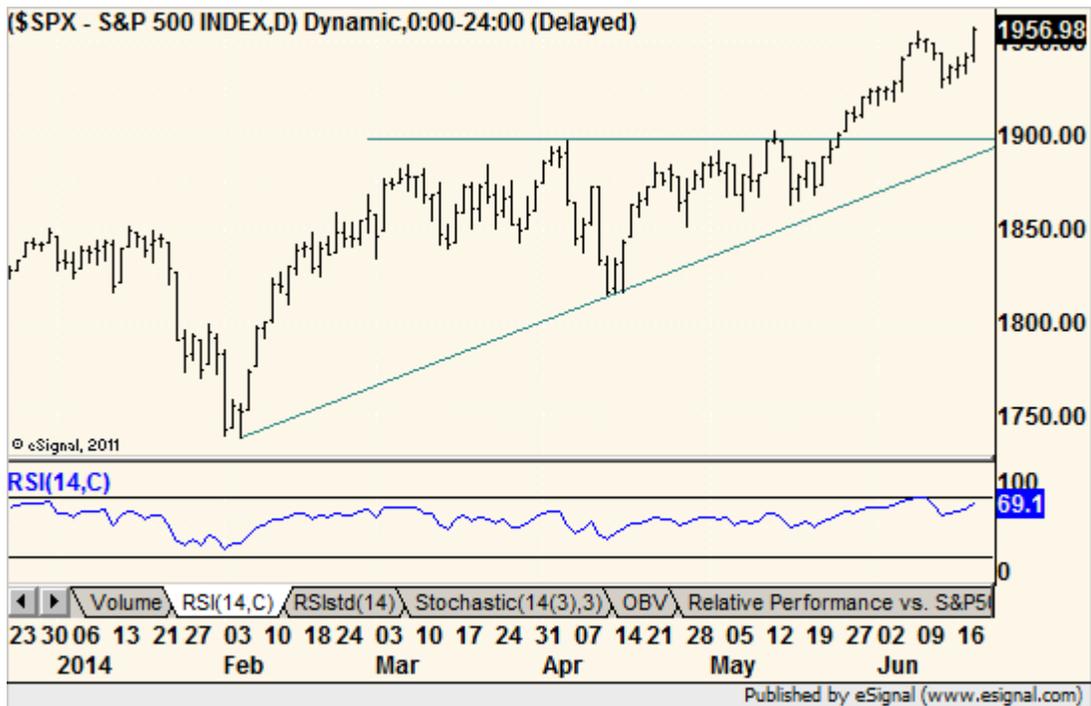
As for the hourly chart, the breakout is quite clear. The question is how the market handles itself here. Clearly, in this time frame we can see an overbought condition, even if RSI is not at traditionally overbought levels. Will it pull back to test the breakout or merely stop to catch its breath? Or, because there is no worry in the market, will it react to the next bit of bad news that comes its way?



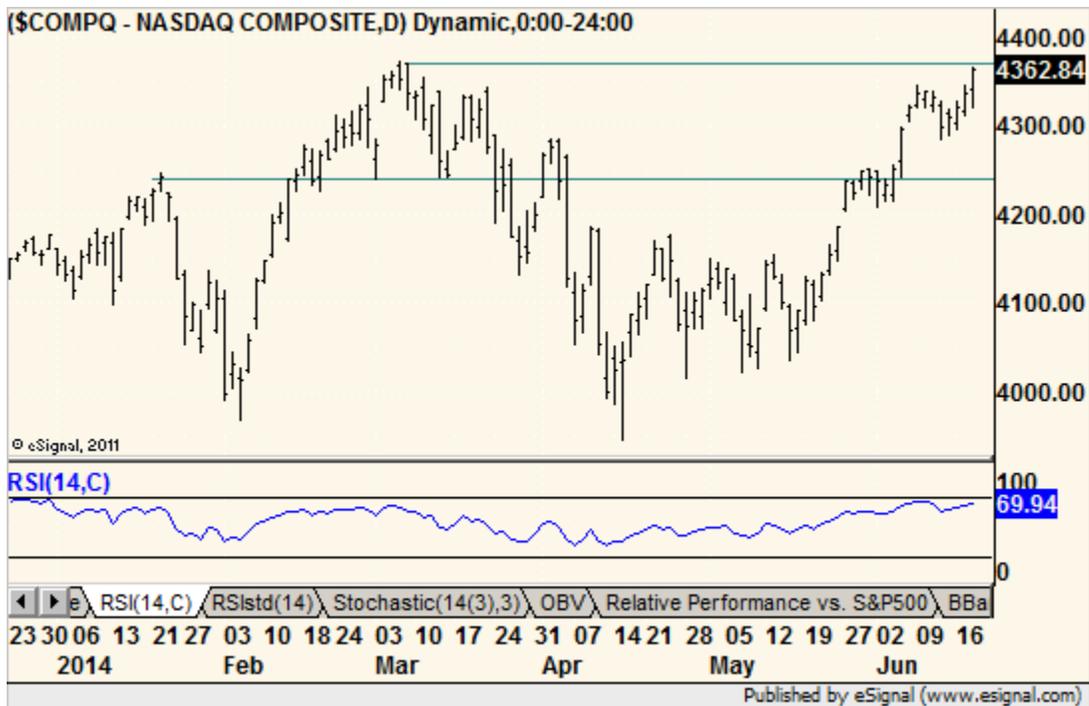
Could it be Iraq? Or the earnings bombs that are quietly dropping behind the scenes (**KBR** this morning, peer **CBI** yesterday, **CAG** yesterday). Argentina default? Continued decline in the Baltic Dry shipping rate?

All conjecture. The point is that the trend is up but there are a lot of reasons why people would bail out in a hurry if things change. Owning a few put options is not a bad idea.

Index Charts of the Day



A new high erases the thought of a correction down to the previous range top but this market is once again quite far above its trendlines. Stick with it but do not chase marginal setups



Nasdaq now at 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.

Bullish Implications		
Paychex PAYX - Rising stochastics in a trading range makes it lean bullish. Buy range breakout over 41.65.		5/28
Lilly LLY - A drug stock in a coil. Rising on-balance volume suggests it will break to the upside but we have to wait for it. Buy close over 60.	New	6/19
Biotech ETF IBB - Ready to break from a small rectangle pattern. Buy close over 250.58.	New	6/19
Bearish Implications		
none -		5/28
Unknown Implications		
none -		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
Visa V - Trend break but still above its averages. Bull reversal on volume tips it to the bull side.	Changed	6/17
Rockwell Collins COL - Just watching this defense contractor to see if it can break resistance at 80.45.	New	6/19
United Technologies UTX - Rising on-balance volume during a trading range is bullish.	New	6/19
Sector Watch (observations that may spark ideas)		
Telecoms - Double top breakdown and now in a possible bear flag.		6/9
Gaming - Still lagging. Never recovered.		6/10
Oil Services ETF OIH - Trend is up.		6/10
Semiconductor index SOX - Very resilient but now overbought		6/10
Heavy Construction - Not participating in the rally. CBI got crushed on accounting issues. PWR looking for a breakdown. New development , KBR crushed in the premarket today		6/18
Life Insurance - Breakout after a pause. LNC, MET, PFG, SFG, UNM		6/18
Updates		
Retail ETF XRT - Broke out through top of triangle pattern		

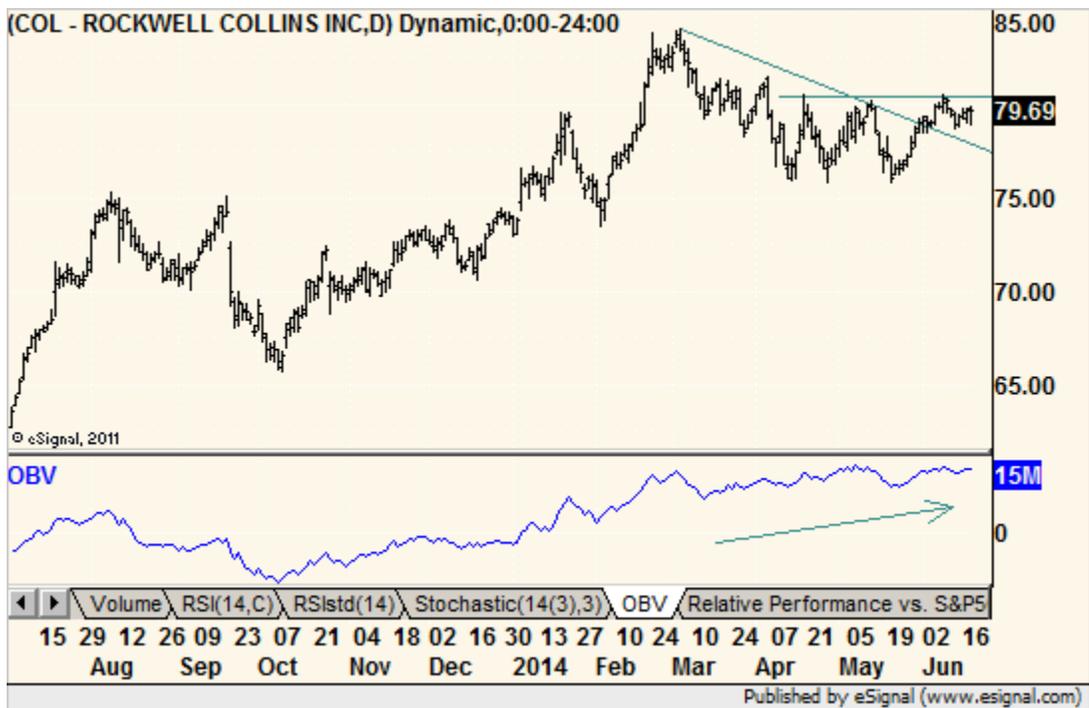
Market Highlights



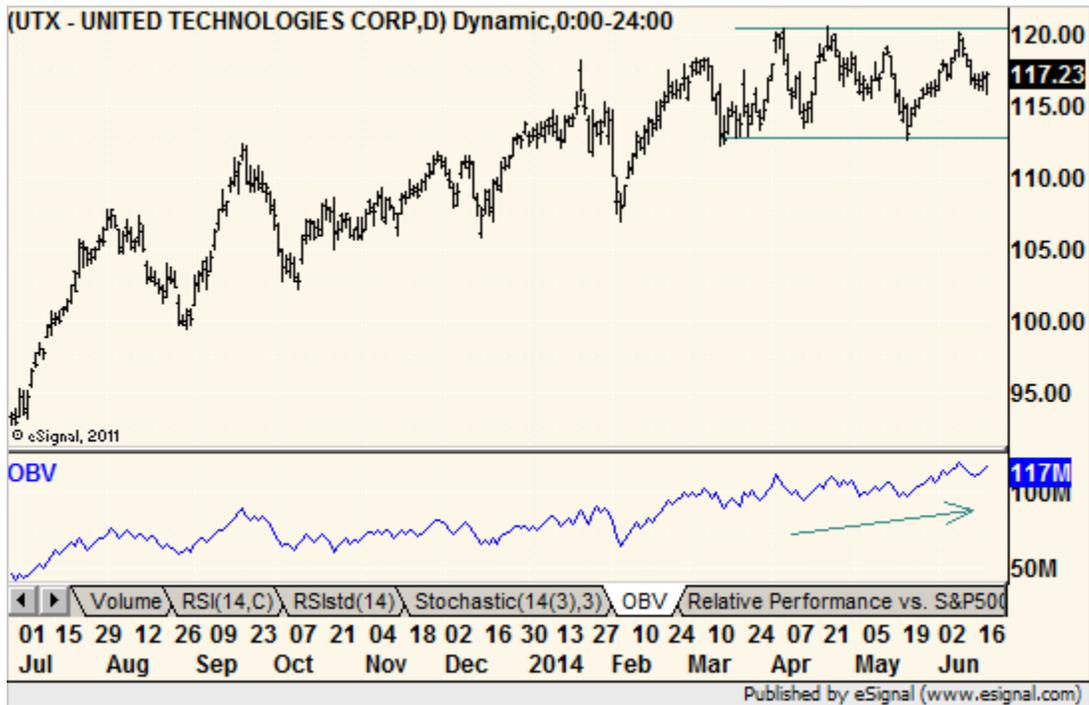
Lilly - A drug stock in a coil. Rising on-balance volume suggests it will break to the upside but we have to wait for it. Buy close over 60.



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Rockwell Collins - Just watching this defense contractor to see if it can break resistance at 80.45.



United Technologies - Rising on-balance volume during a trading range is bullish.

\$CPCE CBOE Options Equity Put/Call Ratio (EOD) INDX

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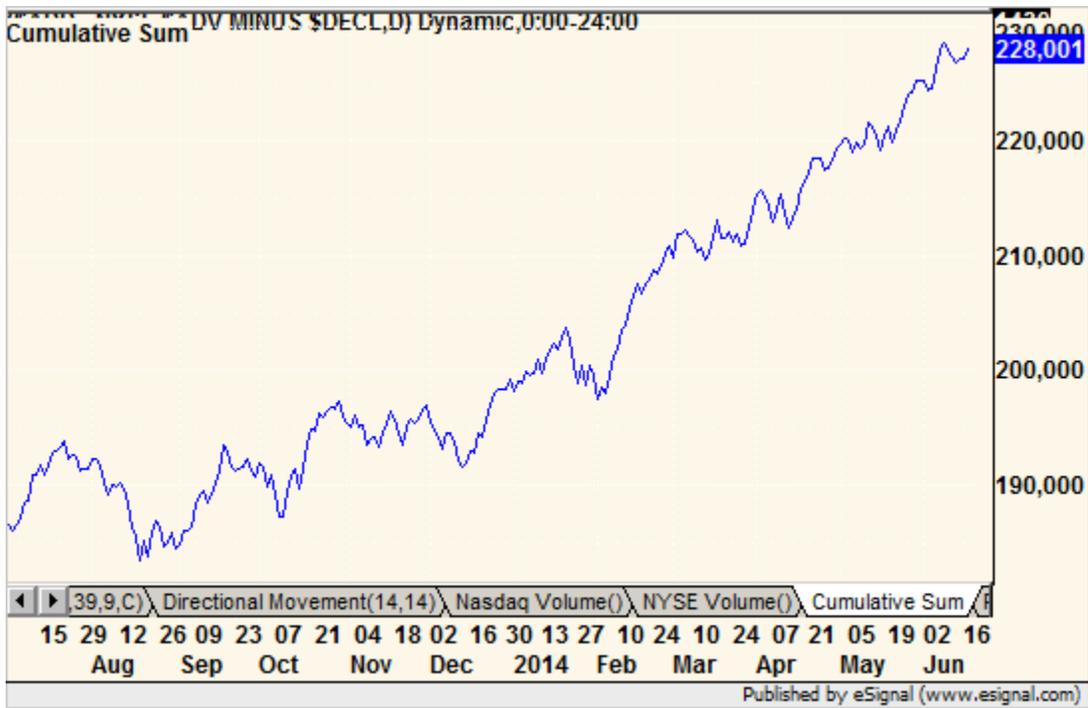
18-Jun-2014

Open 0.380 High 0.380 Low 0.380 Close 0.380 Chg -0.110 (-22.45%) ▼

— \$CPCE (Daily) 0.380
 ■ Volume undef



Equity put/call ratio - an extreme low suggests excessive bravado (all calls, not puts). Another sentiment problem.



NYSE Advance-decline - No stopping market breadth.

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>	CAG	CONAGRA FOODS INC	31.34	-2.6%		32.17	5/29	20
	DD	DU PONT E I DE NEMOURS & CO	67.89	-1.6%	67.50	68.97	5/29	20
	WYN	WYNDHAM WORLDWIDE CORP	73.15	-0.5%	71.50	73.50	5/30	19
	TAN	GUGGENHEIM SOLAR ETF	44.48	5.9%	42.00	42.00	5/30	19
	FCG	1ST TRUST ISE-REVERE NAT GAS	23.69	4.4%	22.50	22.70	5/30	19
	APD	AIR PRODS & CHEMS INC	130.72	9.1%	125.00	119.85	5/30	19
	PPG	PPG INDS INC	203.59	0.6%	198.00	202.33	6/2	16
	BDX	BECTON DICKINSON & CO	118.48	0.0%	115.00	118.50	6/3	15
	KMI	KINDER MORGAN INC DEL	35.07	3.0%	33.75	34.05	6/4	14
	MRO	MARATHON OIL CORP	38.94	5.0%	38.00	37.07	6/5	13
	GOOGL	GOOGLE INC	560.66	0.6%	545.00	557.11	6/5	13
	CBS	CBS CORP NEW	61.23	1.2%	59.00	60.48	6/5	13
	ILMN	ILLUMINA INC	171.01	4.2%	165.00	164.09	6/5	13
	HSY	HERSHEY CO	99.25	1.3%	95.00	98.00	6/6	12
	NG	NOVAGOLD RES INC	4.07	12.1%	3.85	3.63	6/11	7
	AUY	YAMANA GOLD INC	8.30	5.9%	7.80	7.84	6/12	6
	RGLD	ROYAL GOLD INC	69.64	4.3%	65.00	66.77	6/12	6
	KEYW	KEYW HLDG CORP	11.79	1.5%	11.10	11.62	6/13	5
	SCTY	SOLARCITY CORP	67.15	22.1%	63.00	54.99	6/17	1
	MYL	MYLAN INC	50.62	1.0%	49.00	50.11	6/17	1
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	50.71	-4.9%	51.00	48.25	5/15	34
	KO	COCA COLA CO	41.56	-2.7%	cover	40.42	6/12	6

Notes: The big news for us was **CAG**'s destruction at the open on its way to a 7.25% loss. Fortunately, we were able to get out just below our stop (it gapped down through it) for a minor 2.6% loss.

KO, which had a failed range breakdown, now has a breakout to the upside. We are covering instead of waiting for the stop because it actually looks good to buy.

SCTY is the gift that keeps giving. Also, **APD** gave a nice gift yesterday, too.

CBS finally bounced so we'll hang on for a while longer.

And of course gold stocks are doing nicely.

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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