

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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June 19, 2015 – Well, it sucked to be a bear Thursday. The following is the only thing that matters right now and we'll qualify it momentarily – "The Fed is going to be very slow to raise interest rates." It did not matter yesterday that economic news was pretty good because the Fed's plan is low and slow.

The qualifier is that there is a serious risk that Greek banks will not open Monday morning. We are certainly not predicting that but the market here is precarious enough where if that happens there will be a major shock. While the charts do show some breakout action, which we will examine below, the risk this weekend seems quite high. And let's not forget that today is options expirations where volatility is always possible.

No doubt, new highs in the Nasdaq, Russell, Midcaps and Microcaps are bullish. Biotech soared on a breakout. Banks shook off Wednesday's bearish reversal. Retail was strong and even in our Radar Screen we added two new longs as they were triggered. So what's the problem? No, it is not Greece. That is just a trigger for reaction, not trend change.

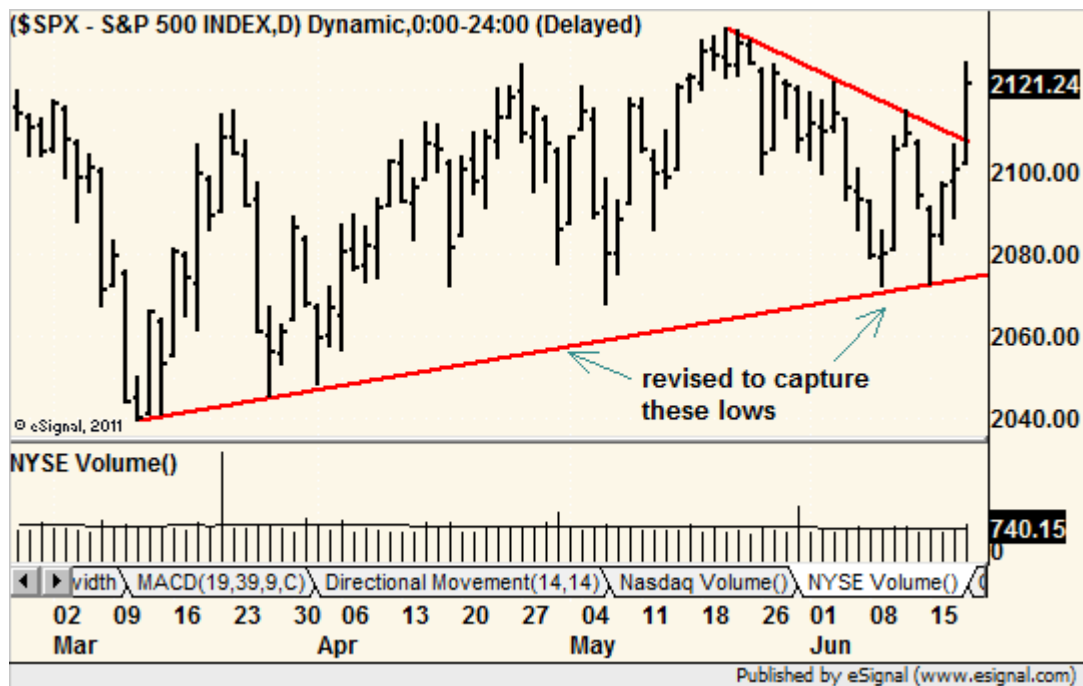
Let's just list some of the things that are still in place – NYSE trend break, Transports support break, copper and industrial metals bear markets and how about China's 6.4% drop overnight to cap off a monster losing week. Don't forget that China is the number two economy in the world and responsible for a lot of good feelings about global growth. That bubble may have just burst.



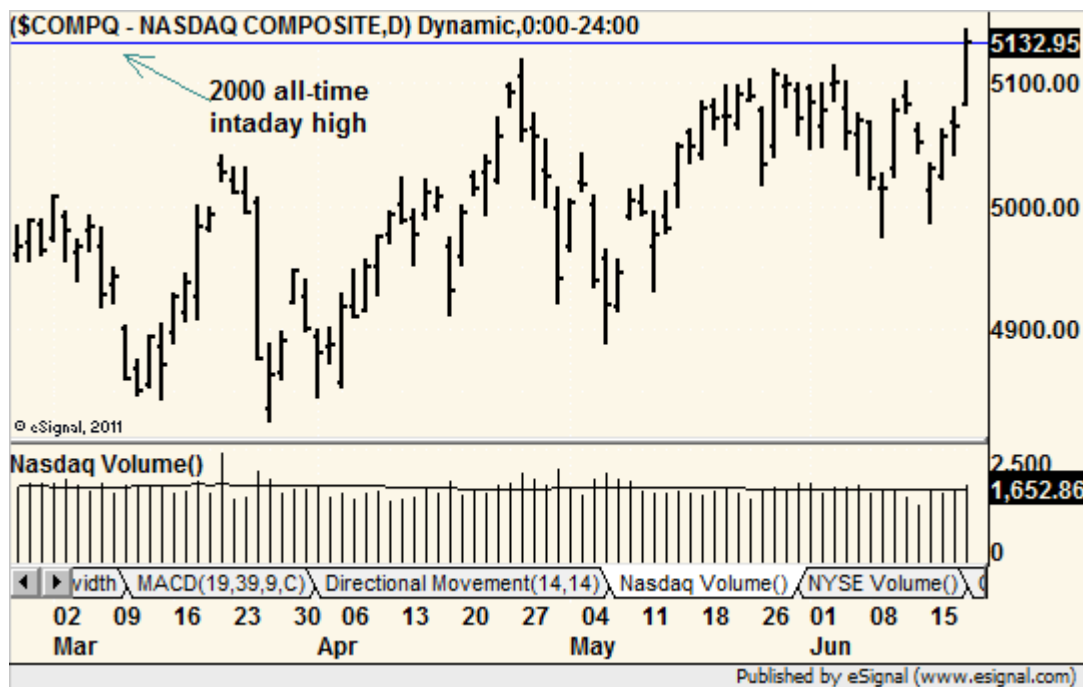
Here is the hourly **SPY** chart to show the pause and serious breakout. While a pullback is always possible it seemed rather sharp with a gap. But as long as the breakout holds, well, it holds. We have to seriously think that there are higher prices ahead, barring a Greek shock, of course, and act accordingly. Again, we are not going to do too much until we are through quadruple witching (options expiration) and the weekend.

We are still heavy in cash but have indeed tilted a little more the bullish side.

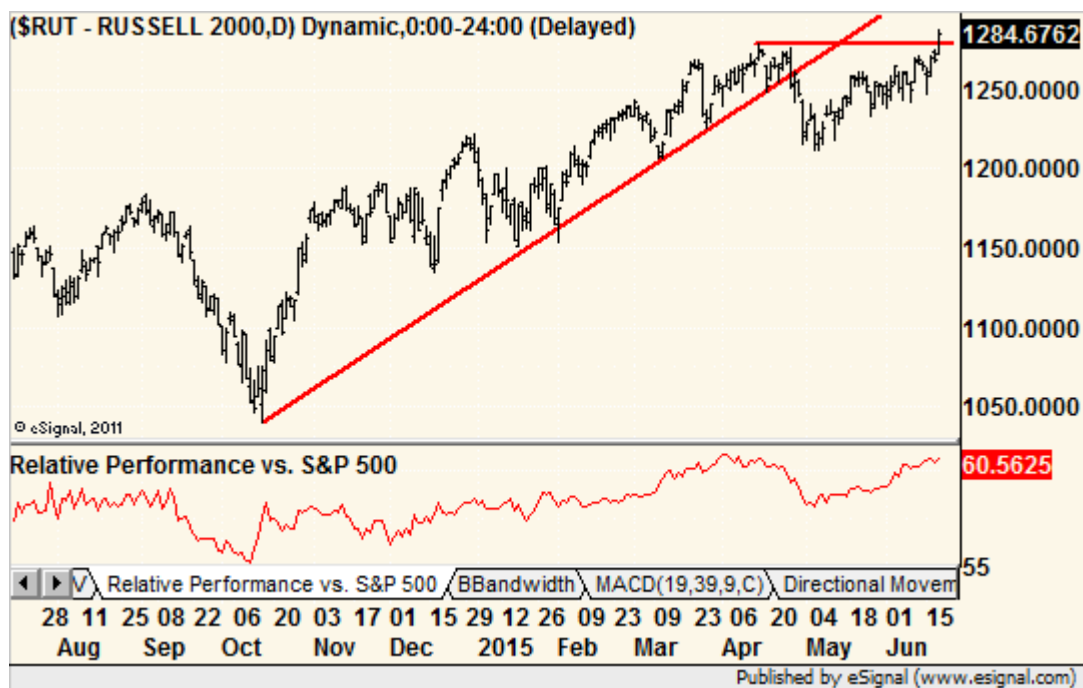
Index Charts of the Day



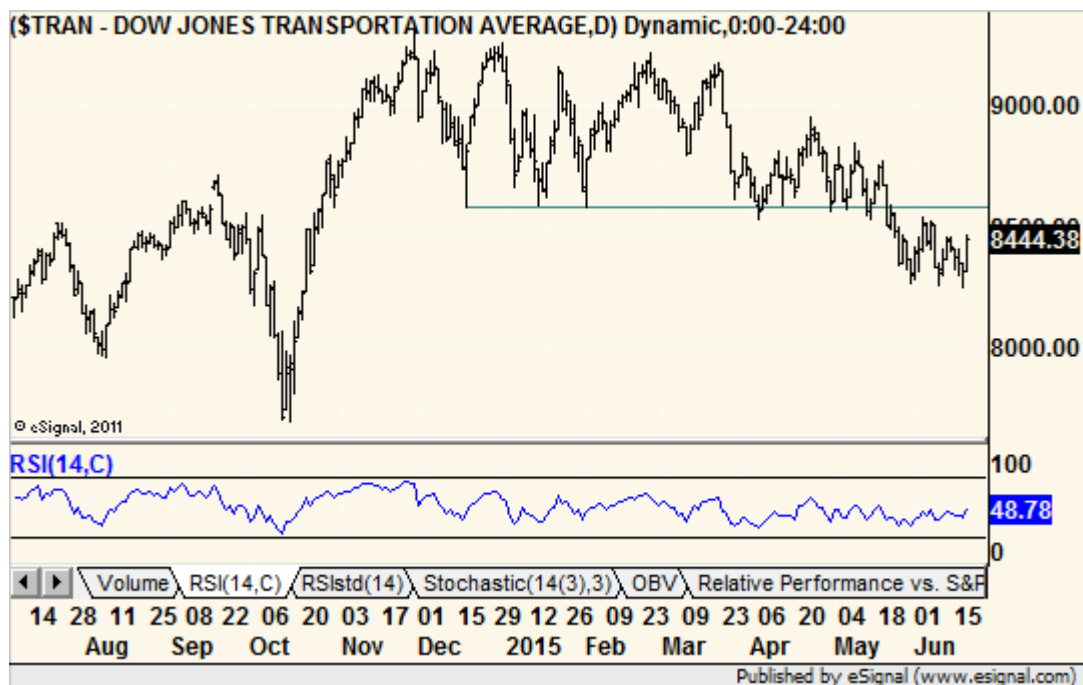
We've revised the trendline lower to capture all data but the real story here was the big rally Thursday. Was it a follow-through day? No. That requires at least 1.5% gain with serious volume. We will go with the volume angle – more than the day before and above average – but not on price. So, we are left with a short-term upside trend break but no new high. Breadth was solid so it must be considered bullish. But will it last?



A new high is a new high but it barely closed above the 2000 intraday peak. Volume was up so we have to give it to the bulls.



Forget the old trendline now. This looks pretty good on its own. We still wonder why it is outperforming again especially when merger activity is on pace to kill 2000 and 2007.



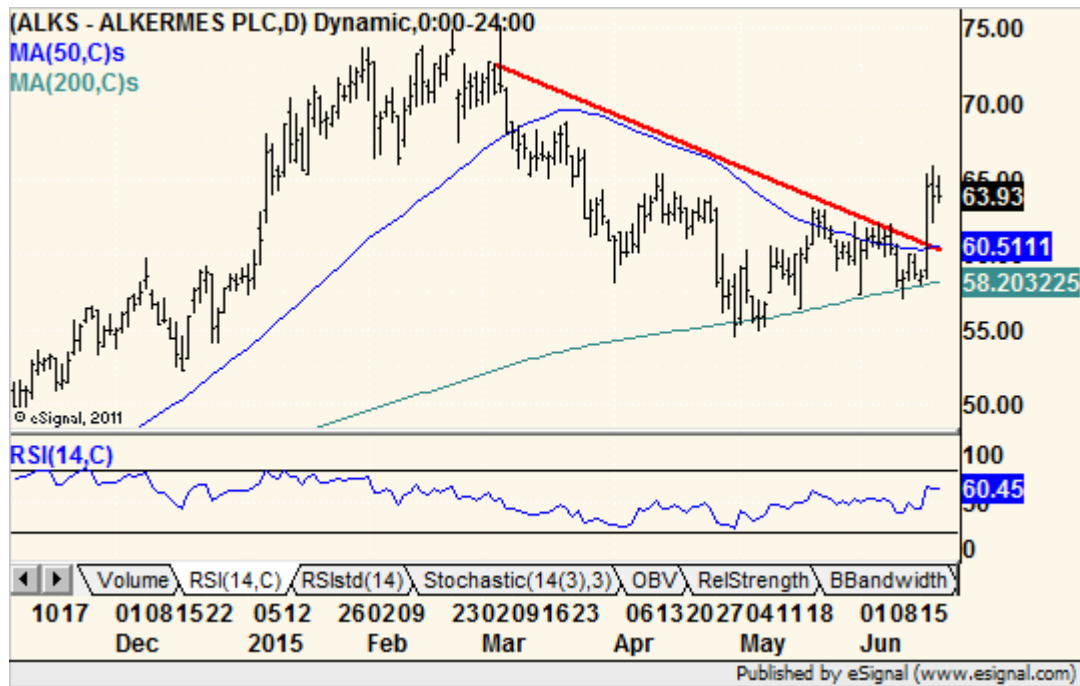
The transports are still in decline. We looked for anything bullish, such as an RSI divergence, and did not find it.

The Radar Screen

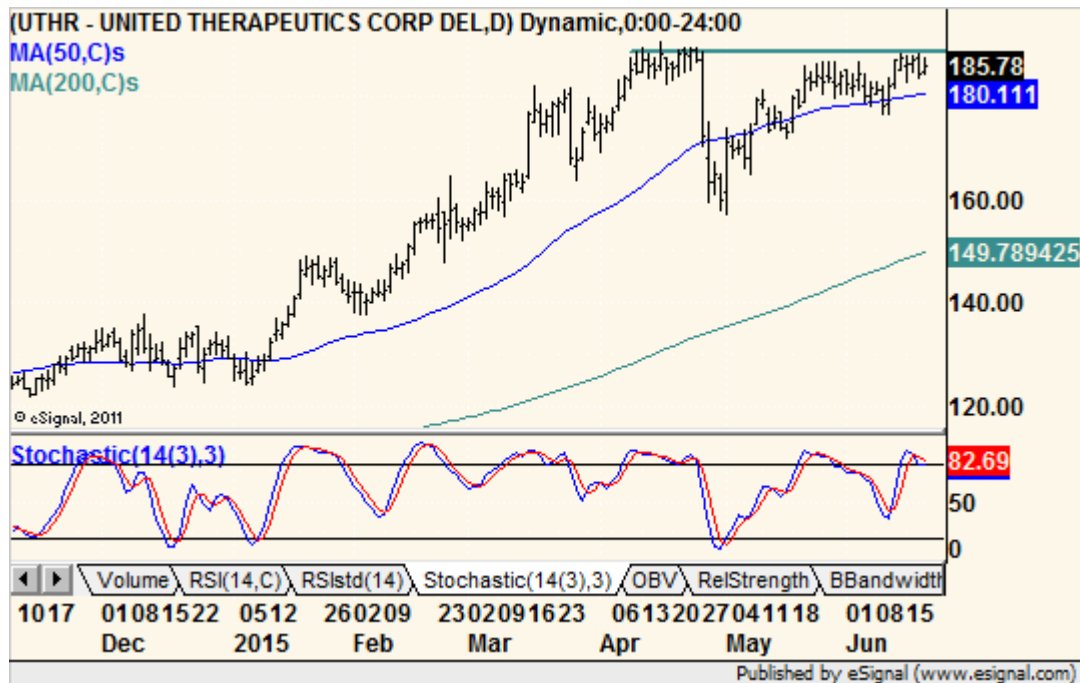
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 46.50.	Triggered	6/12
Quanta Services PWR – Because we cannot resist showing nice setups even if they do not agree with our market view, this one is challenging a seven-month resistance. Positive trend break in on-balance volume. Buy 30.30 on close.		6/17
Procter & Gamble PG – Arguable breakout now with slight bullish RSI divergence. Love the 3.3% dividend yield. Buying now as even if it flounders for a while it is already a good support floor.	Triggered	6/18
IBM – If you liked the MSFT setup then this one is similar. Big tech with a bull flag at support. Buy 169 on close.	Moved	6/17
Weyerhaeuser WY – Watching fan lines on this paper stock. How fitting! Buy 33.15	Moved	6/17
Bearish Implications		
Yum Brands YUM – Restaurant with bearish RSI divergence. Sell close under 90 as that breaks support. Any more strength and this gets removed.		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. Breakout		6/9
Buckle BKE – A retailer with potential. Needs a flag breakout.		6/5
Qihoo 360 Technology QIHU – Chinese Internet 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?		6/17
Cal Maine Foods CALM – The hourly looks quite interesting. The daily chart shows this as a high, tight pennant with a bullish bias. If you are a short-term trader this would be quite nice on the breakout.		6/18
Sector Watch (observations that may spark ideas)		
Nasdaq biotech ETF IBB – Still holding on but with a bearish stochastics divergence. Huge upside breakout.		6/11
Updates		
China ETF FXI – Heading lower after Shanghai fell 6.4% overnight		
Regional Banks ETF KRE – May have shaken off its bearish reversal		

Market Highlights



Alkermes – With the **IBB** biotech ETF breakout we found a lot of posted charts on StockTwits today. Here is one although we are not trading today. Nice looking.



United Therapeutics – A nice chart waiting for the breakout.



Tekmira Pharma – Close to a breakout. Sports bullish RSI divergence.



Henry Schein – It's not biotech but it is medical (supplies). Range breakout.

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	88.52	6.9%	85.00	82.80	5/6	43
	KEY	KEYCORP NEW	15.37	4.2%	14.75	14.75	5/11	38
	KBE	SPDR S&P BANK ETF	36.73	6.2%	35.50	34.58	5/11	38
	GM	GENERAL MTRS CO	36.20	0.2%	34.75	36.11	5/28	21
	XLNX	XILINX INC	47.16	-1.1%	45.75	47.68	5/28	21
	MSFT	MICROSOFT CORP	46.72	0.5%	45.00	46.50	6/18	0
	PG	PROCTER & GAMBLE CO	80.82	0.6%	78.00	80.33	6/18	0
<u>Short</u>	FLS	FLOWSERVE CORP	53.68	3.2%	56.00	55.40	5/12	37
	ALL	ALLSTATE CORP	68.00	-1.0%		67.30	6/1	17
	MAR	MARRIOTT INTL INC NEW	78.15	-2.0%	80.00	76.55	6/12	6
	HST	HOST HOTELS & RESORTS	20.52	-3.8%	20.75	19.75	6/15	3
	HA	HAWAIIAN HOLDINGS INC	24.00	-4.3%		22.96	6/15	3

Notes: The good news is that we were ready for the rally with triggers in **MSFT** and **PG** (now long).

The bad news is that shorts are in bad shape. Two are stopped out and two are close to it.

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.



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