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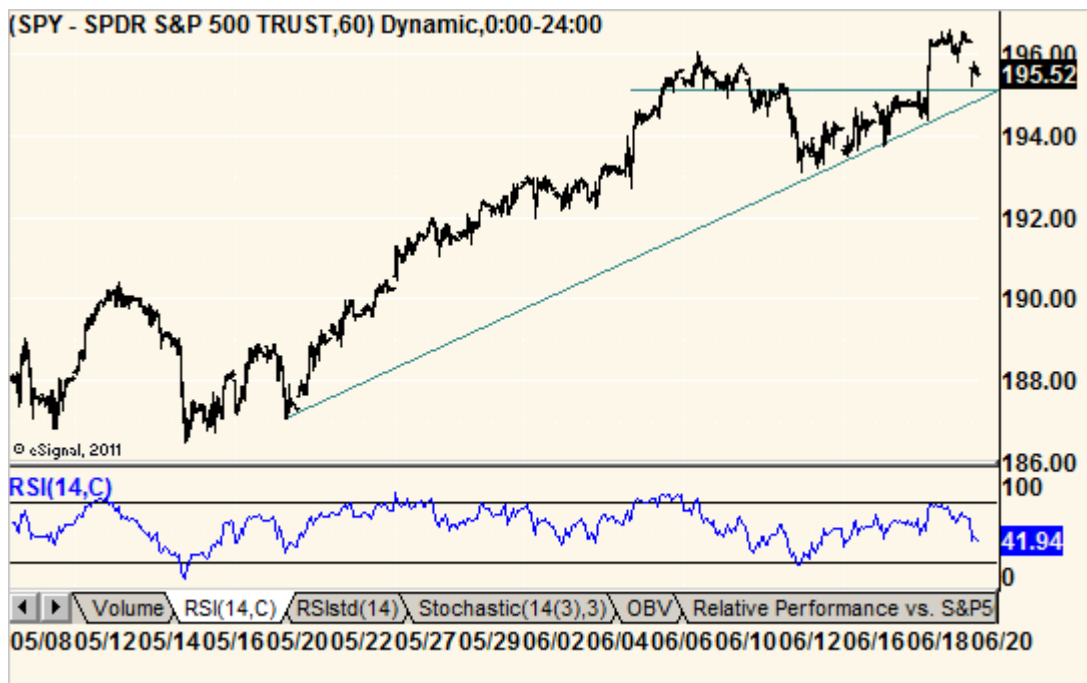
MICHAEL KAHN
RESEARCH LLC

June 20, 2014 - A weak start but a nice recovery - for stocks that is. Gold was all uphill to the tune of 41 bucks and a close well above 1300. Gold stocks were monsters, too, and we got some great play in our Advice Tracker.

So who is in record high ground? We know the S&P 500 is but the Dow is not. The Russell is not and the Nasdaq is a few ticks away. But the interesting part is that the NYSE composite, S&P 400 midcaps and S&P 100 giant caps are also in record territories. There really is no size theme here other than lagging small caps.

How about a major sector theme? Not really. They are all in rising trends although the **XLY** consumer discretionary ETF has a rather stiff resistance zone overhead. Could it be **DRI**'s issues with food inflation? It is certainly not **SBUX**'s gap up breakout.

The intriguing pattern is the **XLV** healthcare ETF's cup-with-handle-esque breakout (two-pager, [click here](#)). The hospitals index (**RXH**) and especially the drug sector index (**RXS, DRG, PPH**) look ready to come out from consolidation patterns.



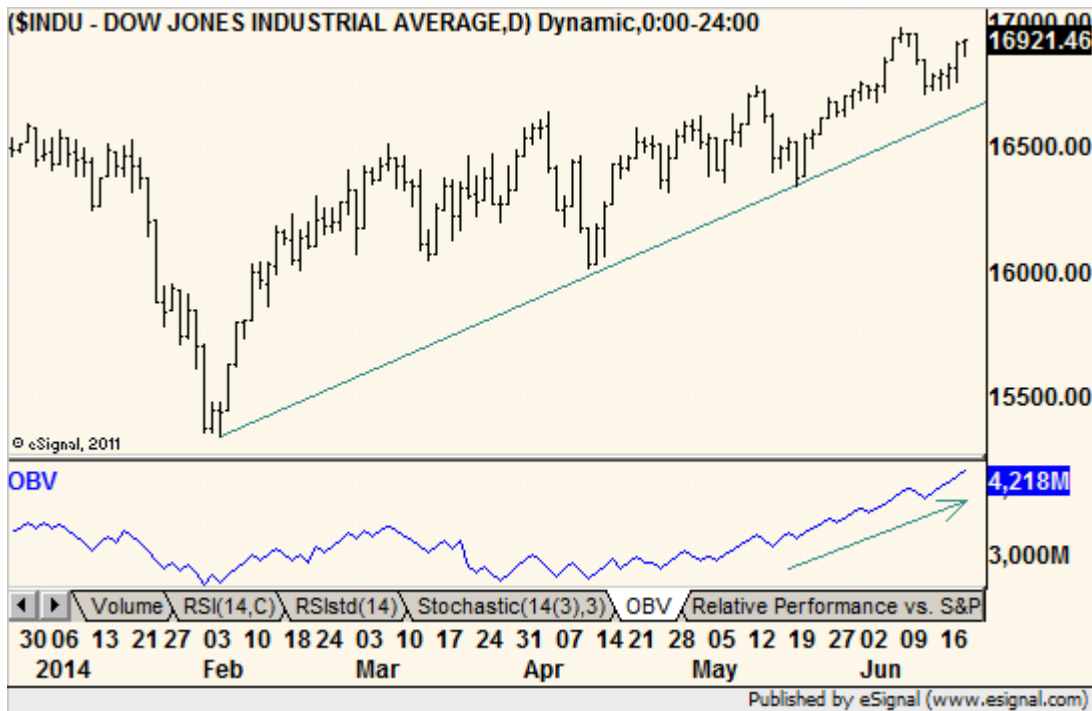
While the market ended higher yesterday, it was not a pretty victory. Overnight, we see a decline that appears to be just a pullback following a rather strong week. The hourly chart shows the trendline and support line still intact. Should they break, we do not see any reason to become fearful unless the 193 support (June lows) breaks.

Check out the daily charts below for more. There are potential hanging man patterns in place now. Given that the **VIX** is back under 11, this cannot be overlooked.

Neither can the breakdown in the long T-bond ETF (**TLT**). Bonds themselves are not quite as advanced in a breakdown of their own but there are close, if not arguably there. Pay attention to this!

A stock market put or two for the weekend is still a good idea.

Index Charts of the Day



It is tough to argue that the Dow is in any trouble based on this chart. Sentiment is not shown here.



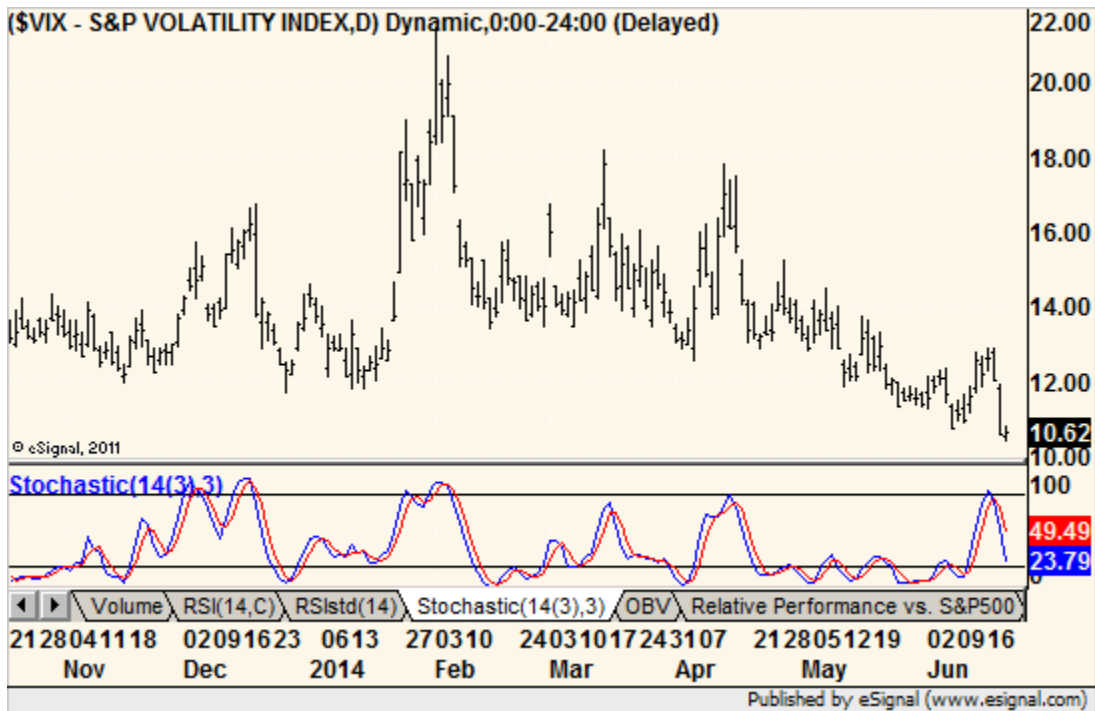
But we cannot ignore a Nasdaq hanging man candle at resistance.

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. <u>Close but no cigar</u> .		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.		6/19
Biotech ETF IBB - Ready to break from a small rectangle pattern. Buy close over 250.58 (that is resistance)		6/19
United Technologies UTX - Rising on-balance volume during a trading range is bullish. Featured in ProfitableTrading.com as a buy so we will.	Moved	6/19
Bristol Myers Squibb BMY - This drug stock has the makings of a turnaround as it is back above a breakdown level. MACD sports a bullish divergence. Buy close over yesterday's high at 48.16	New	6/20
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.		6/17
Rockwell Collins COL - Just watching this defense contractor to see if it can break resistance at 80.45.	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
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. KBR crushed		6/18
Life Insurance - Breakout after a pause. LNC, MET, PFG, SFG, UNM		6/18
Updates		
Equity Put/Call Ratio - Big rebound off record low		

Market Highlights



VIX - The put/call ratio rebounded off an extreme low but the **VIX** sank to a new low.



Long T-bond ETF - This is a breakdown. It is not fully confirmed by the bond market itself but long Treasuries are also dipping below their trendline this morning.



Consumer Discretionary ETF - Overhead resistance, lagging performance. Just not a lot to like. This might be the place to look for shorts if the market turns south.



Healthcare ETF - While also lagging, this has a very cup-with-handle-like pattern and a more bullish bent. The bottom of the cup is too pointy but the point is that we see a pause at resistance and then a flag-pattern breakout.



Drugs index - It's been in a range so it lagged the market but now looks to be coming out of it. We've already got **LLY** in the Radar Screen. **ABT** broke out yesterday.



Bristol Myers Squibb - This drug stock has the makings of a turnaround as it is back above a breakdown level. MACD sports a bullish divergence. Buy close over yesterday's high at 48.16

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>	DD	DU PONT E I DE NEMOURS & CO	67.50	-2.1%		68.97	5/29	21
	WYN	WYNDHAM WORLDWIDE CORP	74.14	0.9%	71.50	73.50	5/30	20
	TAN	GUGGENHEIM SOLAR ETF	44.10	5.0%	42.00	42.00	5/30	20
	FCG	1ST TRUST ISE-REVERE NAT GAS	23.80	4.8%	22.50	22.70	5/30	20
	APD	AIR PRODS & CHEMS INC	129.70	8.2%	sell	119.85	5/30	20
	PPG	PPG INDS INC	203.22	0.4%	198.00	202.33	6/2	17
	BDX	BECTON DICKINSON & CO	118.30	-0.2%	115.00	118.50	6/3	16
	KMI	KINDER MORGAN INC DEL	35.40	4.0%	33.75	34.05	6/4	15
	MRO	MARATHON OIL CORP	39.30	6.0%	38.00	37.07	6/5	14
	GOOGL	GOOGLE INC	564.99	1.4%	545.00	557.11	6/5	14
	CBS	CBS CORP NEW	60.37	-0.2%	sell	60.48	6/5	14
	ILMN	ILLUMINA INC	172.70	5.2%	165.00	164.09	6/5	14
	HSY	HERSHEY CO	99.74	1.8%	96.00	98.00	6/6	13
	NG	NOVAGOLD RES INC	4.24	16.8%	4.00	3.63	6/11	8
	AUY	YAMANA GOLD INC	8.80	12.2%	8.30	7.84	6/12	7
	RGLD	ROYAL GOLD INC	73.45	10.0%	68.50	66.77	6/12	7
	KEYW	KEYW HLDG CORP	11.65	0.3%	11.10	11.62	6/13	6
	SCTY	SOLARCITY CORP	67.95	23.6%	64.00	54.99	6/17	2
	MYL	MYLAN INC	50.41	0.6%	49.00	50.11	6/17	2
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	50.01	-3.5%	51.00	48.25	5/15	35

Notes: Stopped out of **DD**, which was a disappointment. It had a nice breakout but the pullback just got too deep.

We are going to cash in the profit on **APD** as its peers in chemicals are not performing. Let's get paid rather than risk a sector-wide decline.

We are also selling **CBS** as it gave up the prior day's gain and was not participating in the rally.

Elsewhere, we are raising stops on the gold positions as well as a few others.

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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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>.

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