

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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June 25, 2014 - When we left the office in the early afternoon for a little summertime [hooky](#) the Dow was down about 40 points. The next thing we knew it was triple digits and it was time to find out why. Fortunately, it was nothing sinister. Here is a quote we found in the news:

"If Iraq is a concern, why energy sector is sharply down? (sic) I think markets simply have been overbought and are now taking a breather, with investors taking profit at the end of the quarter"

After being up initially on housing and other good news, the market did drift lower until midday when it fell more sharply. The biggest losers on the day were energy, gold and coal. Does it matter that all three come from the ground? Not really since the **GCC** commodities ETF was flat.

We want to know why junk bonds closed higher on the day when they trade more like stocks than bonds. After all, the stock market put in a rather sizeable bearish reversal.

But was it a rally killer? The NYSE advance-decline was a negative 786, which is really not very bearish. Volume remained below average. And the put/call ratio dropped ever so slightly. All in all we have to agree that it was a little end-of-quarter profit taking and it justified our thoughts yesterday to lighten up on stocks that were not performing.

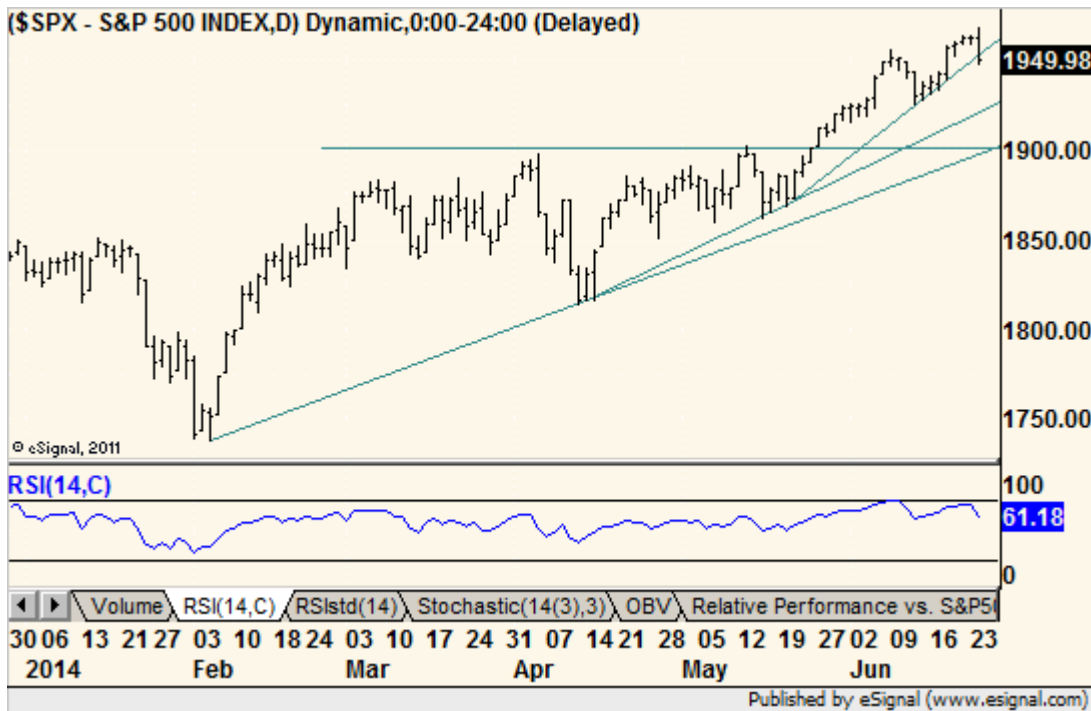


The **SPY** dipped to support and bounced so we have to say that so far we have not seen the end to the bull. A more important support is below at 193 and below that at 190. The latter is a crucial level on daily charts.

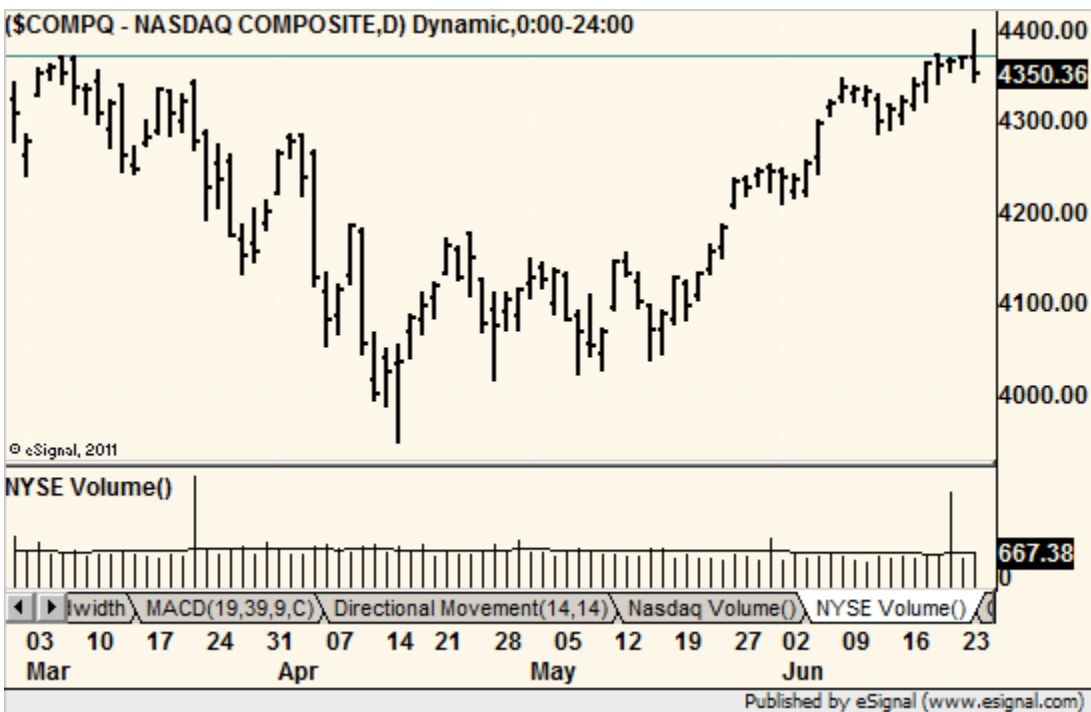
So, we are left waiting to see if this is the start of something bad or just a little overbought market relieving. In either case, we do not have a dip low enough to buy or a solid reason to put on shorts right now.

The waiting is the hardest part - Tom Petty

Index Charts of the Day



The S&P 500 landed on the steepest of its trendlines (and also its 10-day average - not shown) so all we have is a down day. It was a big one but still just one. The dilemma is that it was also a bearish reversal so let's be sure to watch for downside follow through to confirm a trend change. So far, no banana.



We find the Nasdaq's reversal to be more troubling since it was also a breakout failure. After finally setting a new multi-year high, the index gave it all up and then some.

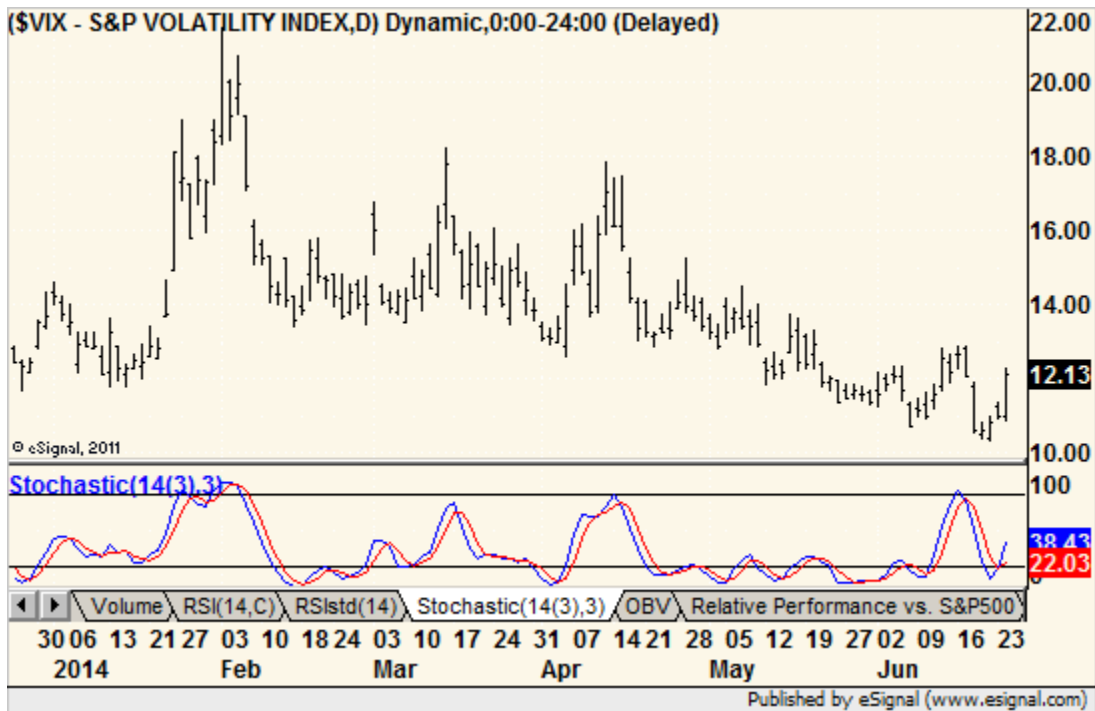
The Radar Screen

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.

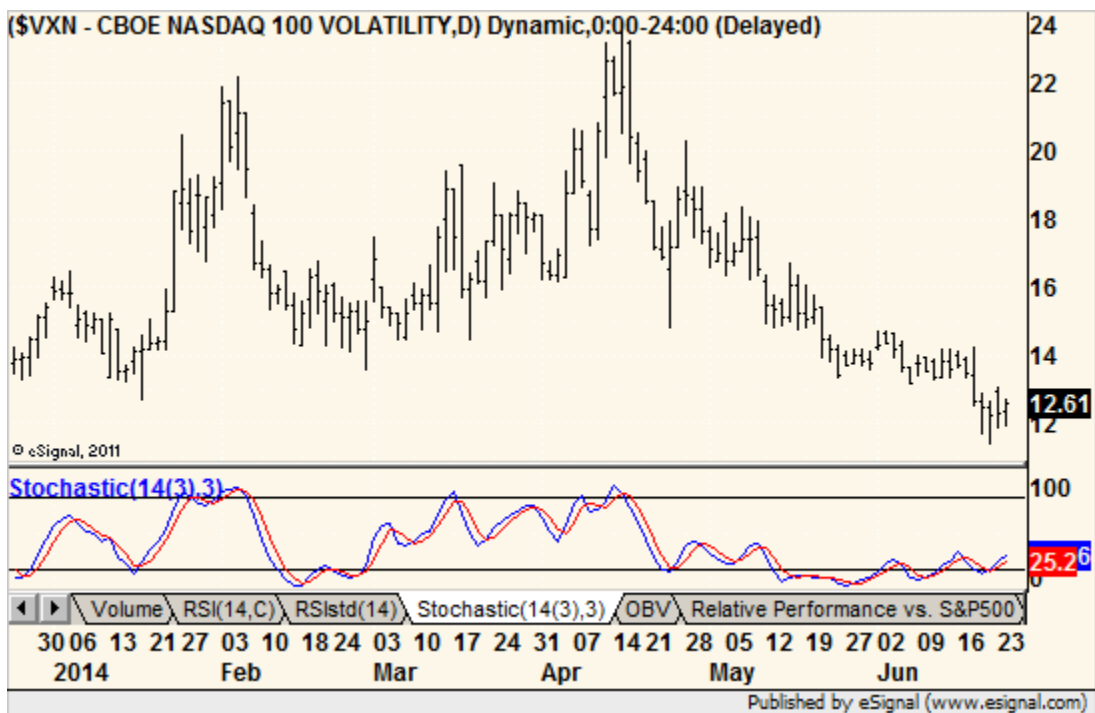
>>> Yes, the radar screen has dwindled. We'd like to think it is because setups in both directions get unclear when the market is deciding its next move.

Bullish Implications		
Paychex PAYX - Rising stochastics in a trading range makes it lean bullish. Buy range breakout over 41.65.	Triggered	5/28
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 Thursday's high at 48.16	Triggered	6/20
Bearish Implications		
none -		5/28
Unknown Implications		
none -		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
3-D Systems DDD - This is the in-vogue 3D printing stock from last year. Look fairly similar to Solar City before its rebound breakout and its business is certainly in the eyes of futurists. Small handle-like pattern at gap resistance from last month. <u>We may buy on the next breakout</u>		6/23
Hartford Financial HIG - Ascending triangle. Waiting to see how it breaks.		6/24
Australia ETF EWA - Nice rectangle.		6/24
CH Robinson CHRW - This trucker looks overbought to us. We'd like to see a pullback and then check out the weekly chart for the right setup to buy.		6/24
Sector Watch (observations that may spark ideas)		
none - All sectors removed in a "reset"		
Updates		
none -		

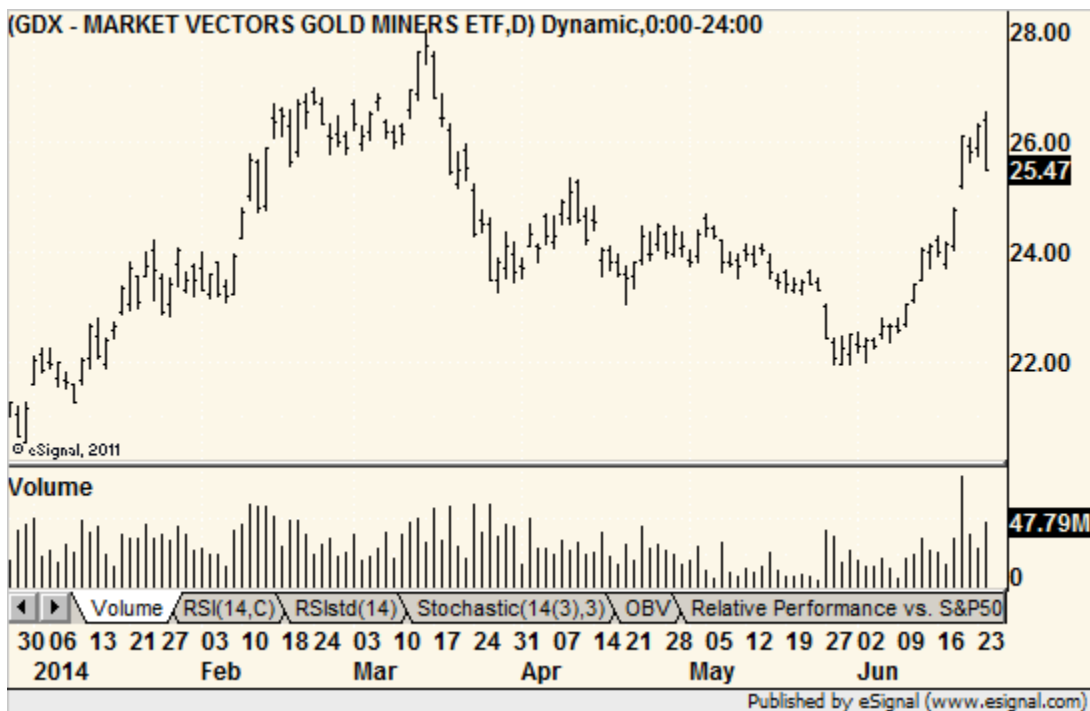
Market Highlights



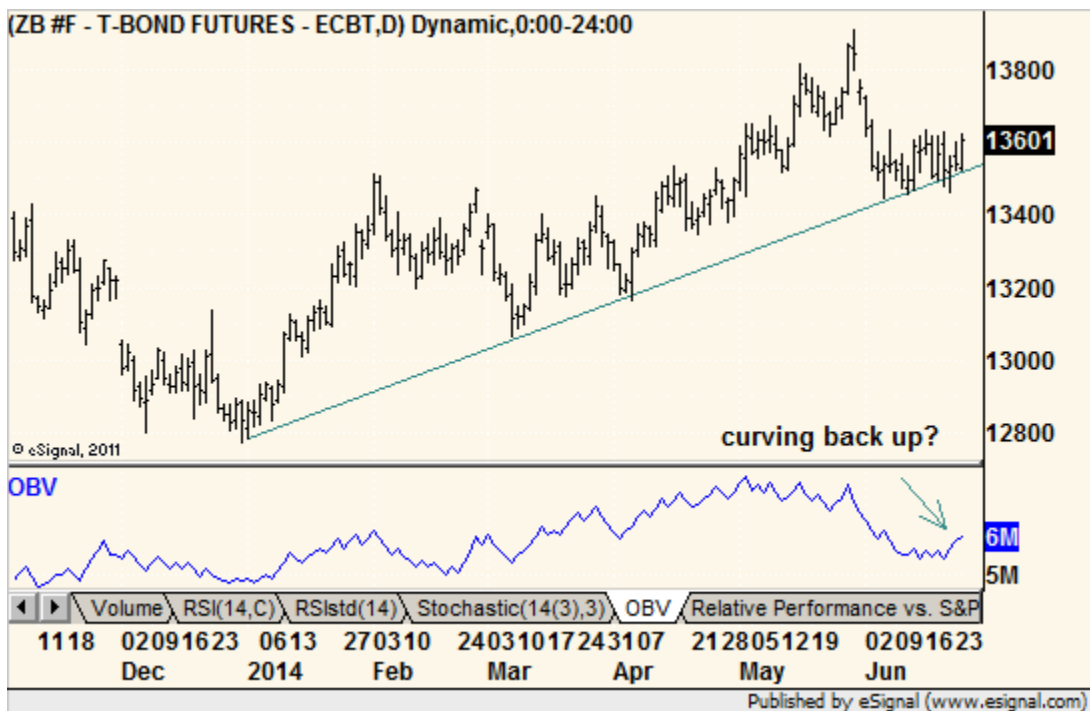
VIX - A sizeable gain but nothing unusual. Had it not moved like this then we'd be worried.



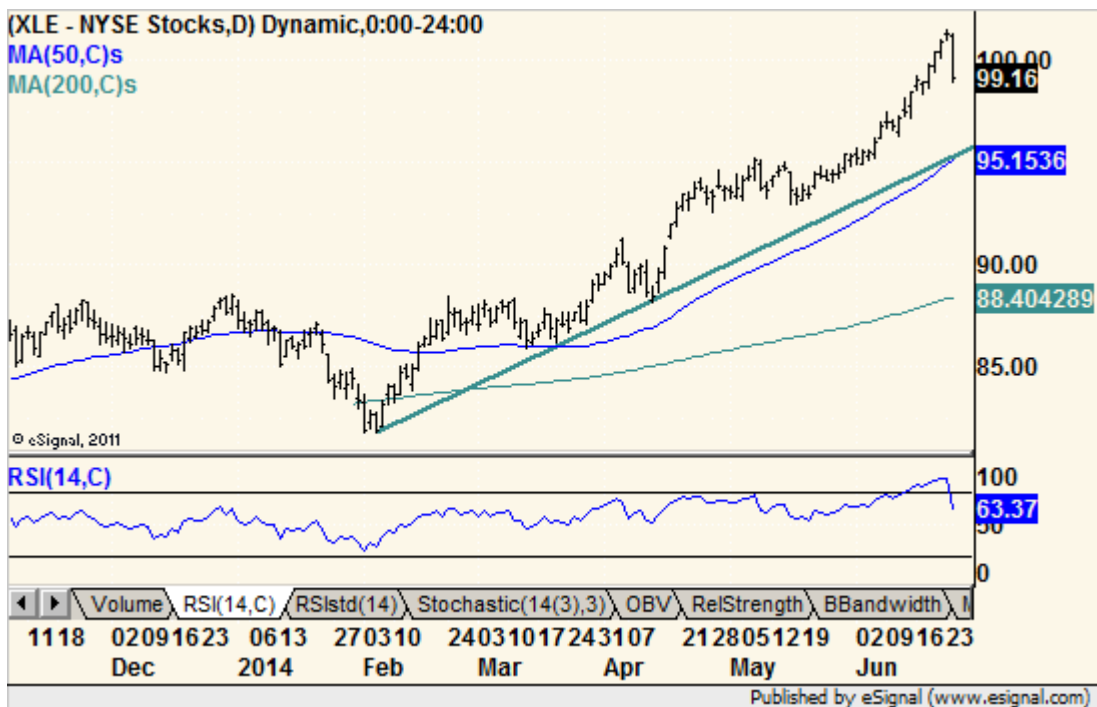
Nasdaq VIX - There was very little movement here so that throws a monkey wrench into the works. Why was there no fear buildup on a breakout failure? Pass the kool-aid.



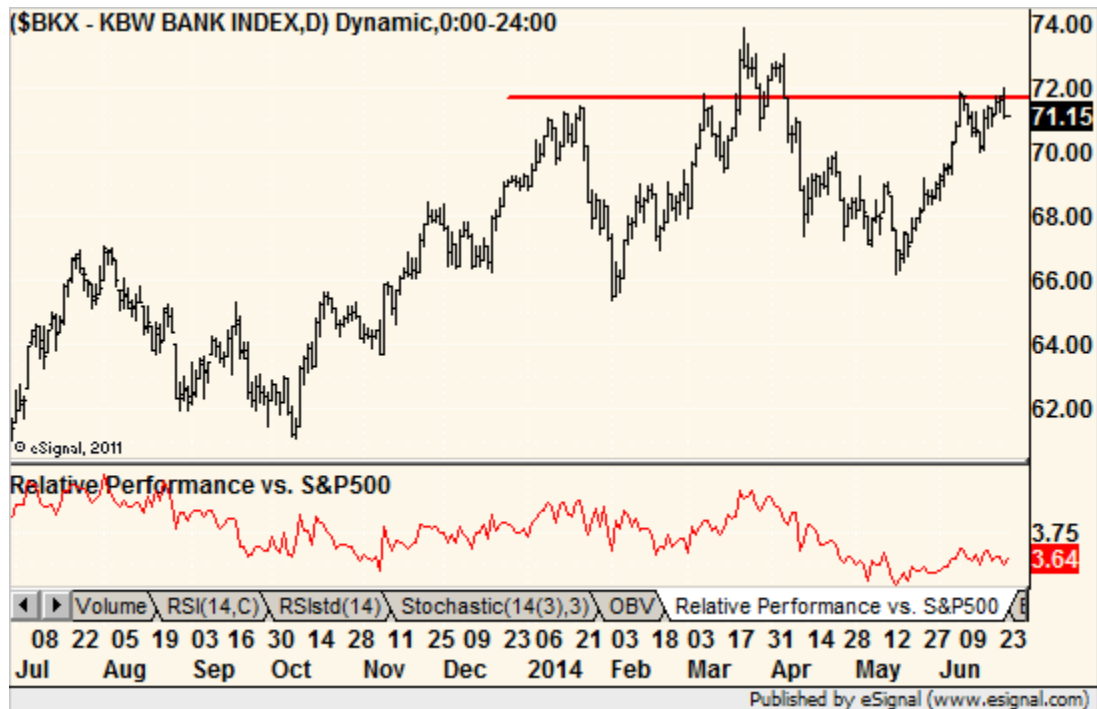
Gold miners ETF - Gold stocks took a beating after setting a new high. Meanwhile gold itself was up a smidge yesterday. Unfortunately, we were stopped out of a few positions but this is not over.



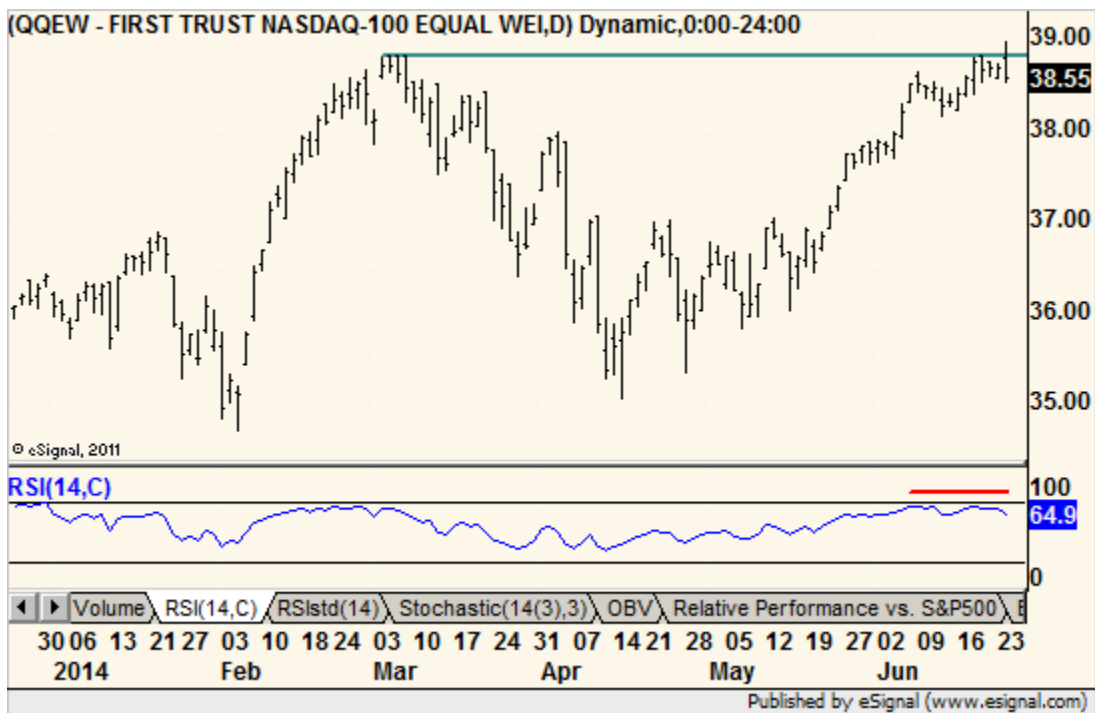
T-bonds - The futures market is still holding the trendline and on-balance volume may be rising again. The problem is that the longer it sits on the trendline the more likely it will be to break down. Strong markets do not hang around supports for long.



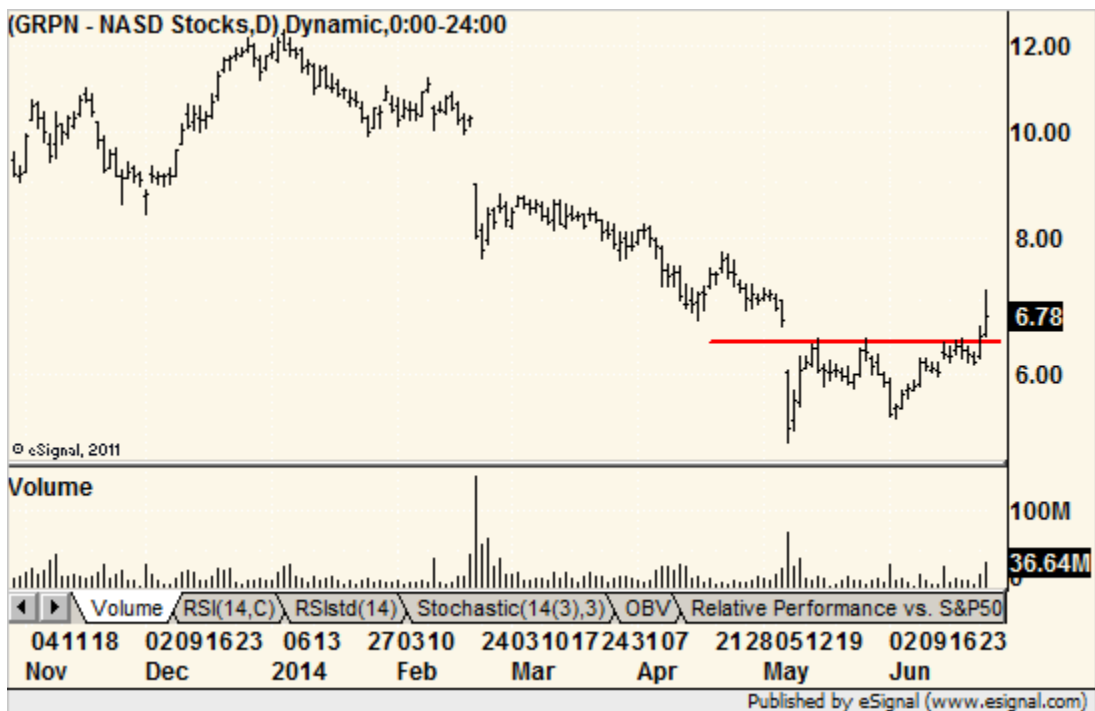
Energy ETF - It was way overbought. It is also still above its averages and trendline. We'd be looking for a bigger dip to buy.



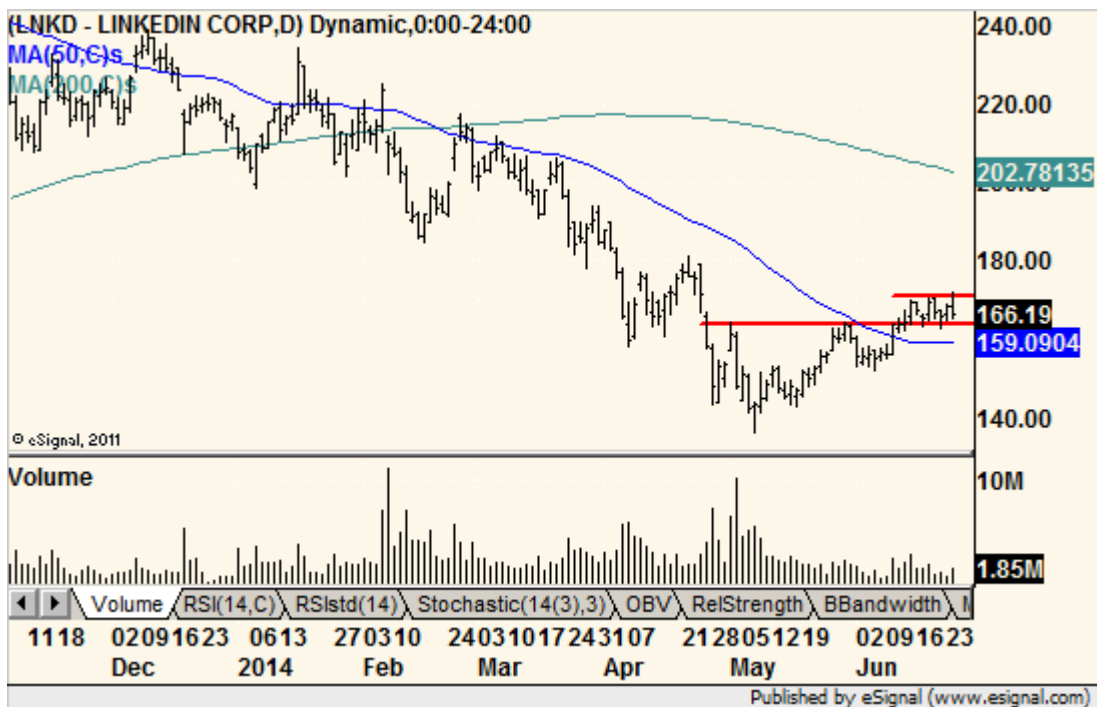
Banks - Still not leading and now stuck under resistance.



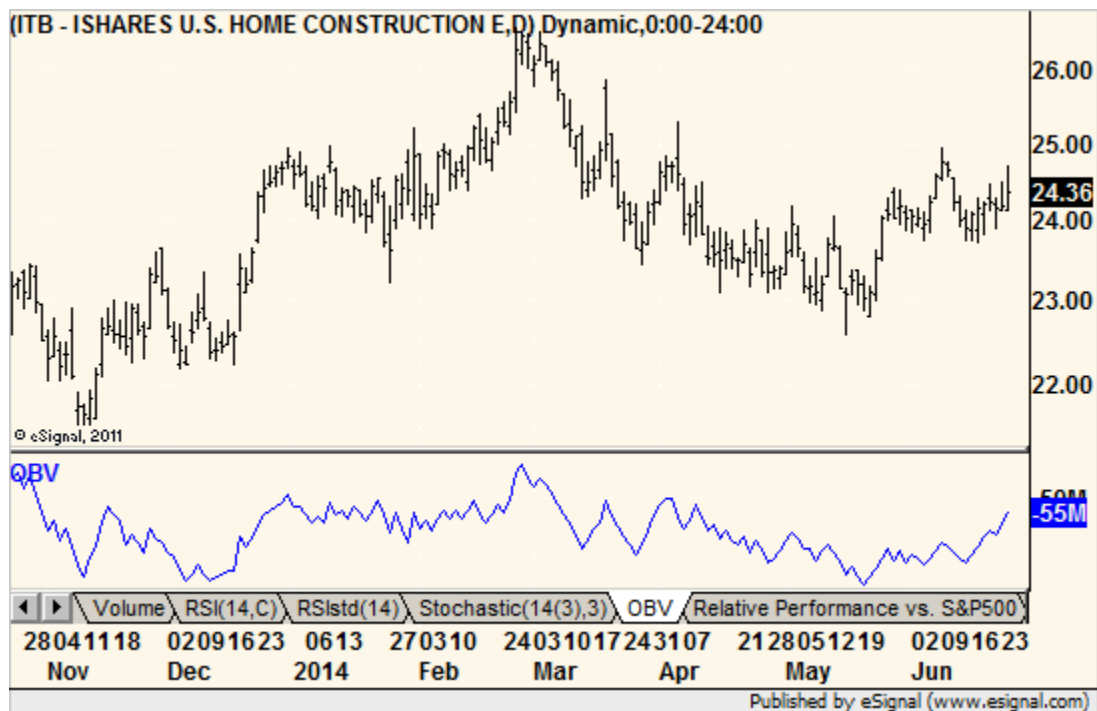
Equal Weighted Nasdaq-100 ETF - Again, it removes the Apple weighting effect. Now showing a failure at resistance. Still have to watch for follow-through before getting bearish.



Groupon - Check out a fallen angel.



LinkedIn - And another



Homebuilder ETF - I wrote this up for Barron's Online a few weeks ago saying it can reach its March high but after that things are likely to sour. It was one of the few bright spots yesterday after a good housing number was released in the morning.

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.

	Symbol	Name	Last	P/L	Stop	Price in	Date in	#Days
<u>Long</u>	WYN	WYNDHAM WORLDWIDE CORP	74.11	0.8%	72.50	73.50	5/30	25
	TAN	GUGGENHEIM SOLAR ETF	43.00	2.4%		42.00	5/30	25
	FCG	1ST TRUST ISE-REVERE NAT GAS	23.00	1.3%		22.70	5/30	25
	KMI	KINDER MORGAN INC DEL	36.11	6.0%	34.50	34.05	6/4	20
	MRO	MARATHON OIL CORP	39.03	5.3%	39.00	37.07	6/5	19
	GOOGL	GOOGLE INC	572.54	2.8%	555.00	557.11	6/5	19
	ILMN	ILLUMINA INC	168.75	2.8%	167.00	164.09	6/5	19
	HSY	HERSHEY CO	97.95	-0.1%	96.00	98.00	6/6	18
	NG	NOVAGOLD RES INC	4.10	12.9%		3.63	6/11	13
	AUY	YAMANA GOLD INC	8.30	5.9%		7.84	6/12	12
	RGLD	ROYAL GOLD INC	73.59	10.2%	70.00	66.77	6/12	12
	KEYW	KEYW HLDG CORP	11.77	1.3%	11.10	11.62	6/13	11
	SCTY	SOLARCITY CORP	68.04	23.7%	sell	54.99	6/17	7
	MYL	MYLAN INC	51.58	2.9%	49.00	50.11	6/17	7
	LLY	LILLY ELI & CO	61.89	-0.2%	59.00	62.03	6/20	4
	IBB	ISHARES NASDAQ BIOTECHNOLOGY	255.48	-0.1%	245.00	255.64	6/20	4
	UTX	UNITED TECHNOLOGIES CORP	115.68	-2.1%	115.00	118.11	6/20	4
	COL	ROCKWELL COLLINS INC	78.06	-2.8%	78.00	80.34	6/23	1
	PAYX	PAYCHEX INC	41.45	-0.5%	78.00	41.65	6/23	1
	BMJ	BRISTOL MYERS SQUIBB CO	48.30	0.0%	78.00	48.30	6/23	1
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	50.18	-3.8%	51.00	48.25	5/15	40

Notes: Clearly a bad day since we are so loaded to the long side. Stopped out of a solar, nat gas and two gold positions, some for some beefy profits.

We also sold two positions at the open for lack of performance and in preparation for a weaker market. Basically, a wash. As follows:

		Price out	P/L	Price in	Date in	# days
L	PPG	203.60	0.6%	202.33	6/2	22
L	BDX	118.20	-0.3%	118.50	6/3	21

We are going to cash in our winner in **SCTY** as solar in general took a big hit. This one did not but it does look like it wants to pull back.

Other Information

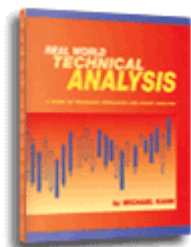
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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