

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**June 25, 2015** – It was all downhill Wednesday after Europe balked at Greece's latest bailout demand. We say "demand" because of this headline this morning, "Greece's lenders threaten 'take it or leave it' choice." Since when can beggars be choosers? Our advice to the EU is a song – Let it go, let it go! This will never end as long as they keep feeding the addiction.

By the end of the day it seemed there were few buyers although we see overnight some did emerge. Maybe it was Chinese investors because an awful lot of them fled Shanghai stocks sending them down 3.85%. Over here, we cannot say it was a panicky exit as volume was it usual low self. That is probably the biggest reason we are not just dumping stocks wholesale. We do have an intraday sell condition in the Advice Tracker.

More reasons not to panic – the dollar did not really move and gold fell. Risk ratios we follow are mostly pointing higher meaning investors are still looking to play (charts below). To top it off, this morning the Greek market is actually slightly green. Go figure.

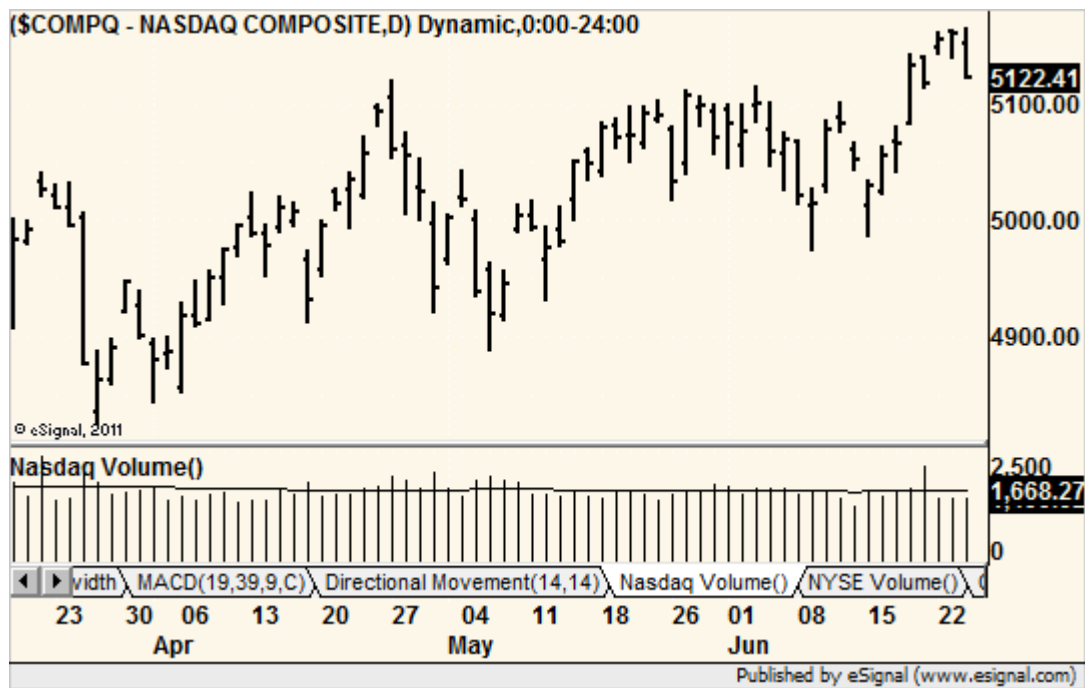
Still, the bearish reversals left on some of the index charts yesterday got our attention. Have we been suckers not wanting to miss the marginal news highs? That is a very "wave 5" thought in Elliott terms. Two-pager on basic Elliott Wave intro, [click here](#). It may take some time to arrive as we are on the road.



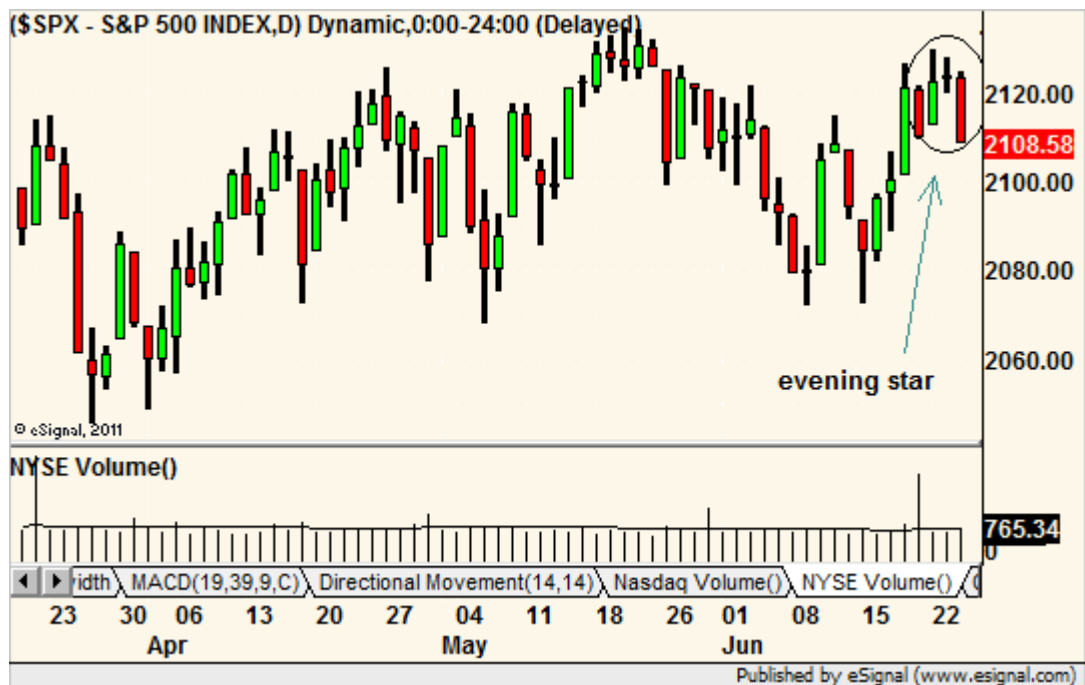
The hourly chart illustrates that steady drop and overnight pop. Still below resistance and still in a downtrend, albeit a weak one.

While we were in cash but leaning long we did say yesterday that something was not quite right. We are definitely going neutral today. We suggest getting out of positions in which you are not confident – bullish or bearish. That is not a "sell it all" thing, just reducing risk.

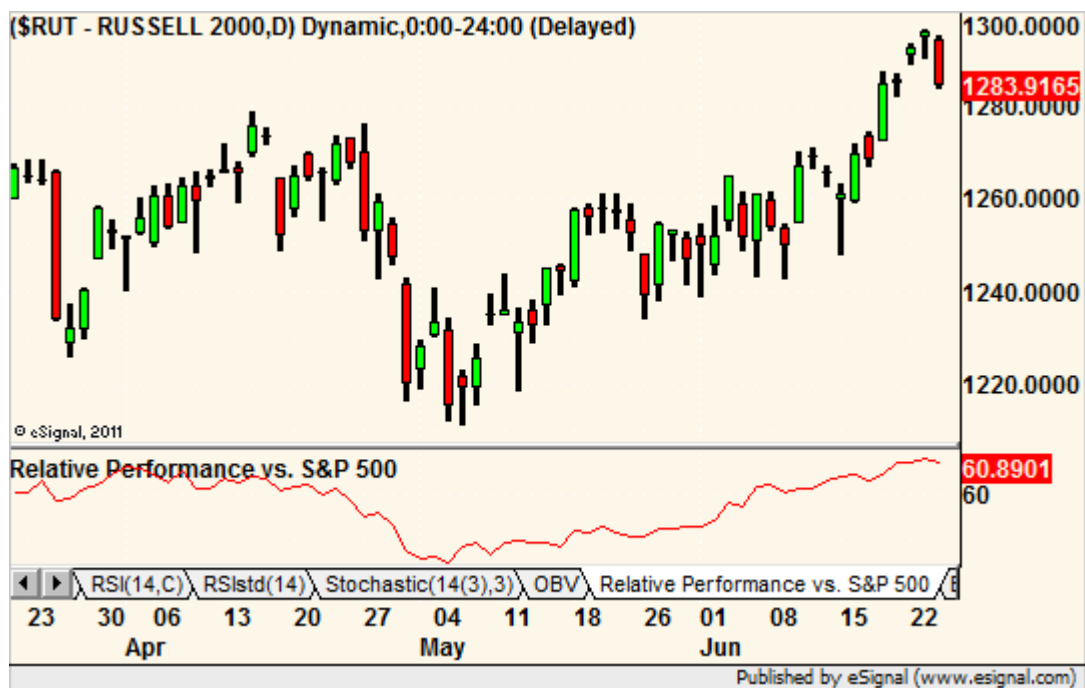
## Index Charts of the Day



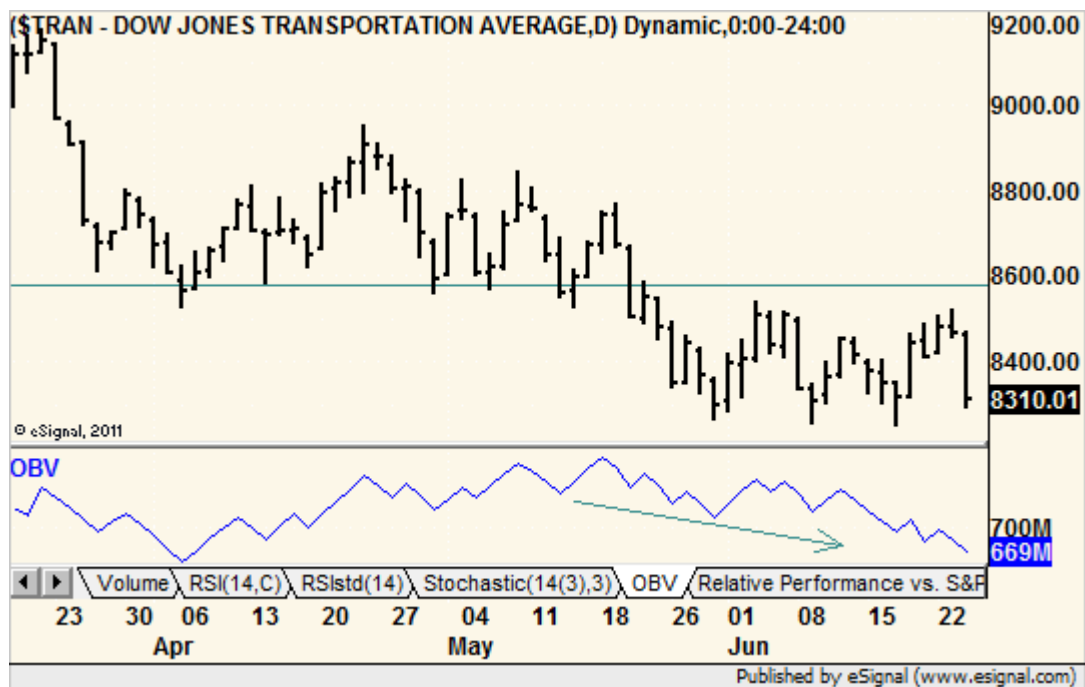
The Nasdaq scored what we think is close enough to an outside-day reversal. However, volume was light so this needs more confirmation in the form of downside follow through.



That is an evening star formation that closed even weaker than necessary to form it. Still needs a little downside follow through.



The Russell 2000 scored a big down day following a hanging man. That's bearish but again we have to see how today shapes up.



The transports look terrible. And we have no experience with quadruple bottoms so this looks to be a continuation rectangle.

## The Radar Screen

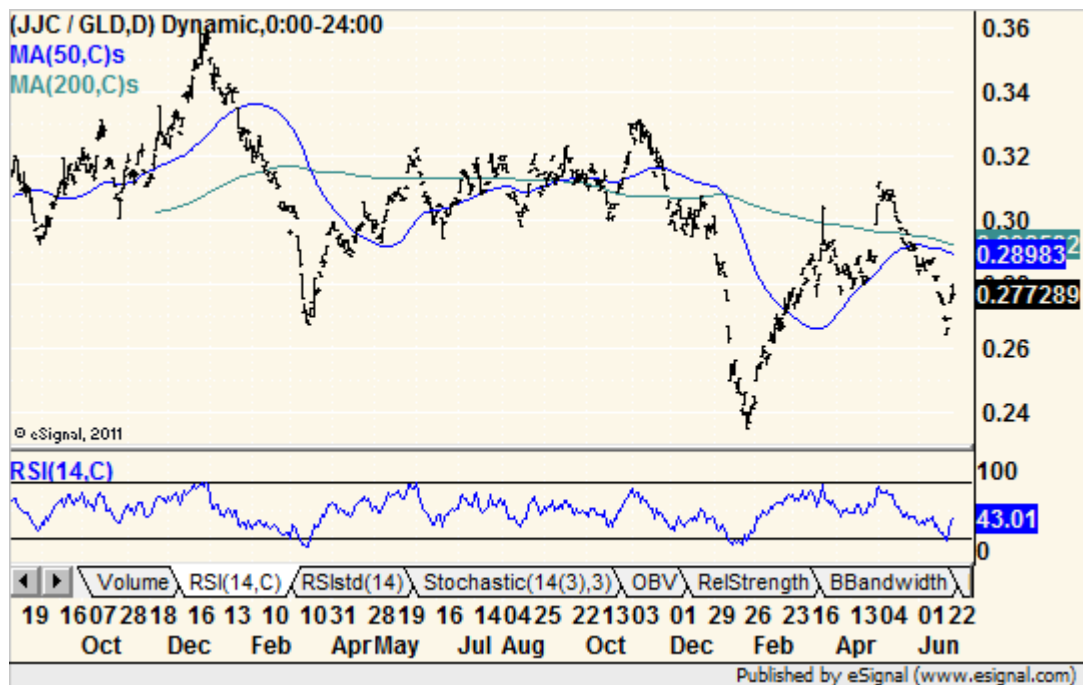
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>IBM</b> –If you liked the <b>MSFT</b> setup then this one is similar. Big tech with a bull flag at support. Buy 169 on close.	<b>Removed</b>	6/17
<b>Costco COST</b> – This retailer came back to its prior breakout and 200-day average. MACD has a crossover but it would be better to wait for a price breakout. We'll go with a close over Friday's high of 141.48.	<b>Removed</b>	6/22
<b>Bearish Implications</b>		
none –		
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Long-term setups</b> – <b>SFUN</b> (breakout), <b>AGU</b> , <b>MOO</b>		6/3
<b>Manpower MAN</b> – Not exactly a weekly cup-with-handle but it has the same feel. Watching for now. Breakout. <u>Unless it pulls back, we missed it.</u>		6/9
<b>Buckle BKE</b> – A retailer with potential. Needs a flag breakout. Got it		6/5
<b>Schwab SCHW</b> – This discount broker led the financial ETF higher Monday and the price chart looks pretty good. However, on-balance volume is pretty bad. <b>Breakout failure</b>		6/23
<b>American Express AXP</b> – This one may have come back to life with a flag breakout and test of 50-day average breakout.		6/23
<b>Carnival CCL</b> – Smoking hot performance for this cruise line. <b>RCL</b> is not far behind. <b>CUK</b> was even hotter. We have to wait for a pullback.		6/23
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Nasdaq biotech ETF IBB</b> – Huge upside breakout. Finally overbought		6/11
<b>REITs ETF IYR</b> – down trend intact		6/23
<b>Tech ETF XLK</b> - Bear flag breakdown after trendline breakdown.		
<b>Updates</b>		
<b>Cempra CEMP</b> – Failure!		
<b>Netflix NFLX</b> – Big intraday failure after the split.		

## Market Highlights



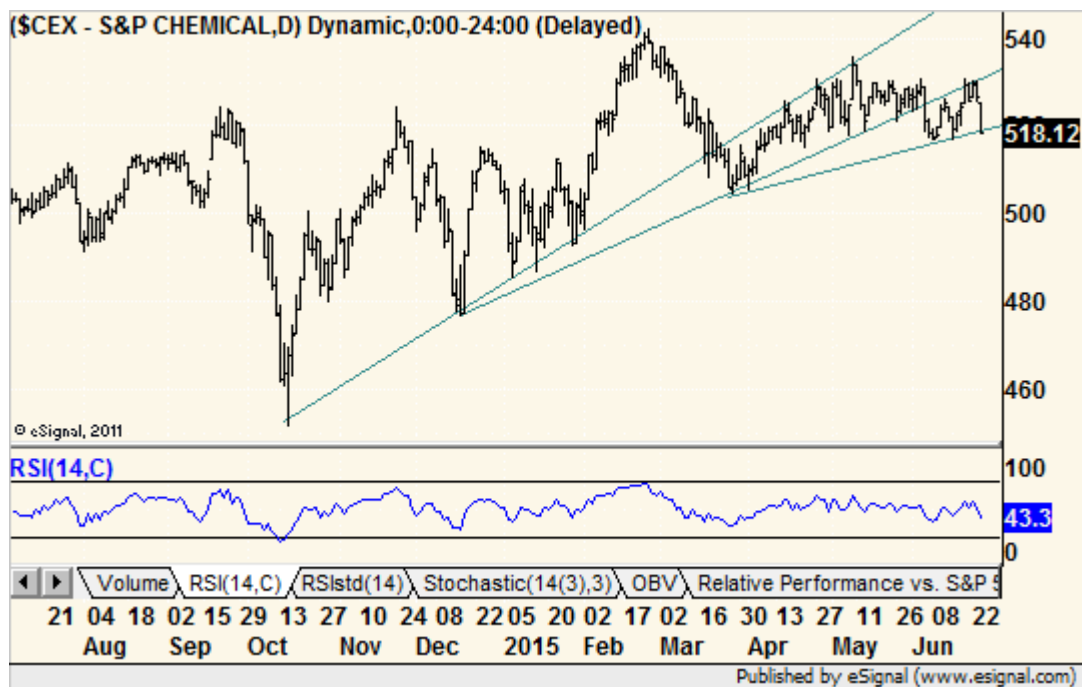
**Junk / Quality ratio** – This is a pure risk ratio in the bond market and we use it to get a feeling for how much risk investors want in stocks. It is rising and actually formed a golden cross. We do not know if that means anything for a bond market ratio but this suggest risk taking is not dead. Perhaps another reason not to panic.



**Copper / Gold ratio** – This is another risk ratio and although it got a small pop this week it is falling. This tells us that despite gold's persistent weakness, copper is worse. And that means risk taking is not high on investor lists. It looks to us like more avoidance of everything – hedging and risk taking. Cash is king.



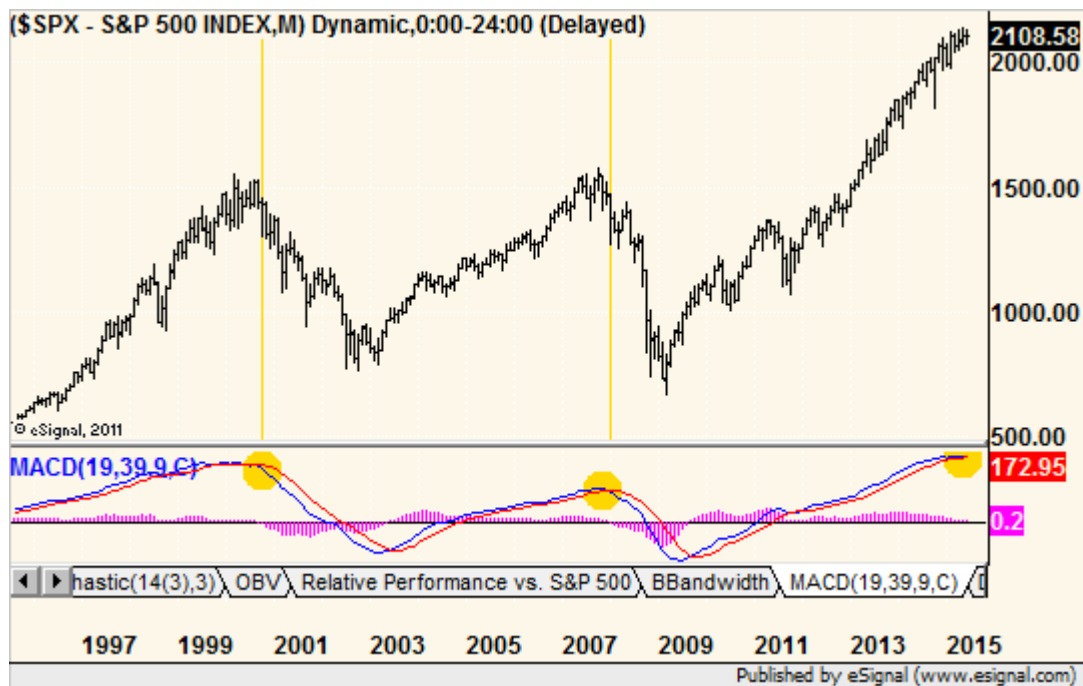
**Discretionary / Staples ratio** – This one is still quite strong. Risk on. However, the full offense/defense ratio we follow (XLK\*XLY/XLP/XLV) is less strong.



**Chemicals** – This is the meat of the **XLB** basic resources ETF and it does not look well. It used to be the only thing propping up the sector but now it exhibits a series of broken and tested trendlines. They are not exactly fan lines since the do not originate from the same point but the transition seems clear. One more breakdown and this could head much lower. **DD** and **FMC** got clobbered. That would make all sectors at the bottom of the economic food chain falling – clearly not good for the economy next year.

## The Big Picture

In this section, we take a macro look at things.



This is a look at the past major peaks in the S&P 500 with monthly MACD. Note the parameters of 19, 39 and 9. These are the recommended numbers at tops from Gerald Appel, the MACD creator. The normal default everyone uses is 26, 12, 9 and Appel uses that at bottoms.

Anyway, the two lines have not yet crossed but they are close. That tells us that if the market is going to set new highs it better not pull back now.

## 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>COF</b>	CAPITAL ONE FINL CORP	89.09	7.6%	85.00	82.80	5/6	49
	<b>KEY</b>	KEYCORP NEW	15.43	4.6%	15.00	14.75	5/11	44
	<b>KBE</b>	SPDR S&P BANK ETF	36.94	6.8%	35.50	34.58	5/11	44
	<b>GM</b>	GENERAL MTRS CO	35.16	-2.6%	34.75	36.11	5/28	27
	<b>XLNX</b>	XILINX INC	45.75	-4.0%	45.75	47.68	5/28	27
	<b>MSFT</b>	MICROSOFT CORP	45.64	-1.9%	45.00	46.50	6/18	6
	<b>PG</b>	PROCTER & GAMBLE CO	79.51	-1.0%	78.00	80.33	6/18	6
	<b>PWR</b>	QUANTA SVCS INC	29.60	-2.7%	29.00	30.41	6/22	2
	<b>UTHR</b>	UNITED THERAPEUTICS CORP	179.00	-5.3%		189.09	6/22	2
	<b>HSIC</b>	SCHEIN HENRY INC	144.32	-1.1%	140.00	145.87	6/22	2
	<b>UNH</b>	UNITEDHEALTH GROUP INC	119.17	-2.4%	116.00	122.15	6/23	1
<u>Short</u>	<b>FLS</b>	FLOWSERVE CORP	53.68	3.2%	56.00	55.40	5/12	43
	<b>MAR</b>	MARRIOTT INTL INC NEW	76.37	0.2%	80.00	76.55	6/12	12
	<b>HST</b>	HOST HOTELS & RESORTS INC	20.73	-4.7%	20.75	19.75	6/15	9

**Notes:** Stopped out of **UTHR** after one day. That one really hurt.

**UNH** may have scored a breakout failure. It must get back in black immediately.

Things have deteriorated and we are going to take an unprecedented step of saying that any of our longs that are in the red at 10:00 NYT are going to be cut. Why not just sell the open as we normally do? We do not want to sell the low of a trap door open and then see the market bounce after a big down day.

## Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Christopher – We are not looking for entry on **AMBA** as that was a serious breakdown after a steep rally. Possible support at the April–May congestion zone near 70.



## 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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