

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

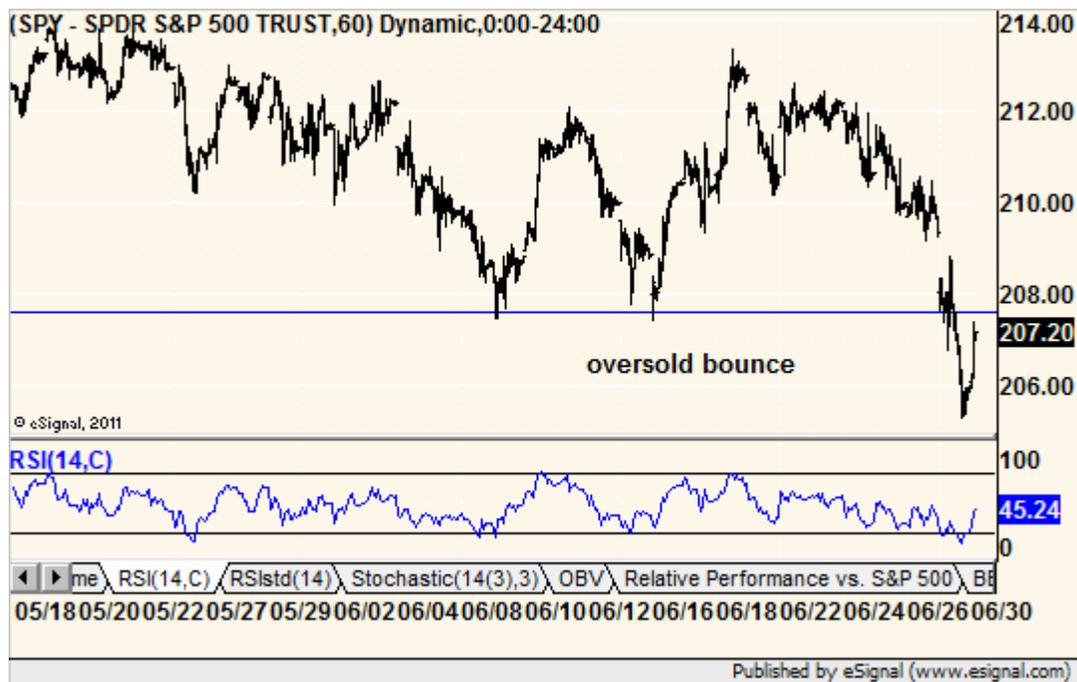
MICHAEL KAHN  
RESEARCH LLC

**June 30, 2015** – Turnaround Tuesday? It sure was in China where a 4% loss turned into a 5% gain overnight. And all markets here are reversing what they did yesterday. Of course, not by the same magnitude. We think this is going to be a test of the breakdown and lower prices are indeed still coming.

How low? So far all we can forecast are the Dec-Feb lows at 1990 on the S&P 500 and 17,060 on the Dow. Below that and then we've got trouble but as always let's not cross that bridge until we come to it.

One thing that will happen below that target is a Dow Theory sell signal. At that point will we have to load up on shorts.

Today, we've got charts of the other markets, and plenty of the S&P sector ETFs. Get this – six of nine are now below their 200-day averages including tech. Talk about a gradual rolling over in the market where tops are processes and bottoms are events.



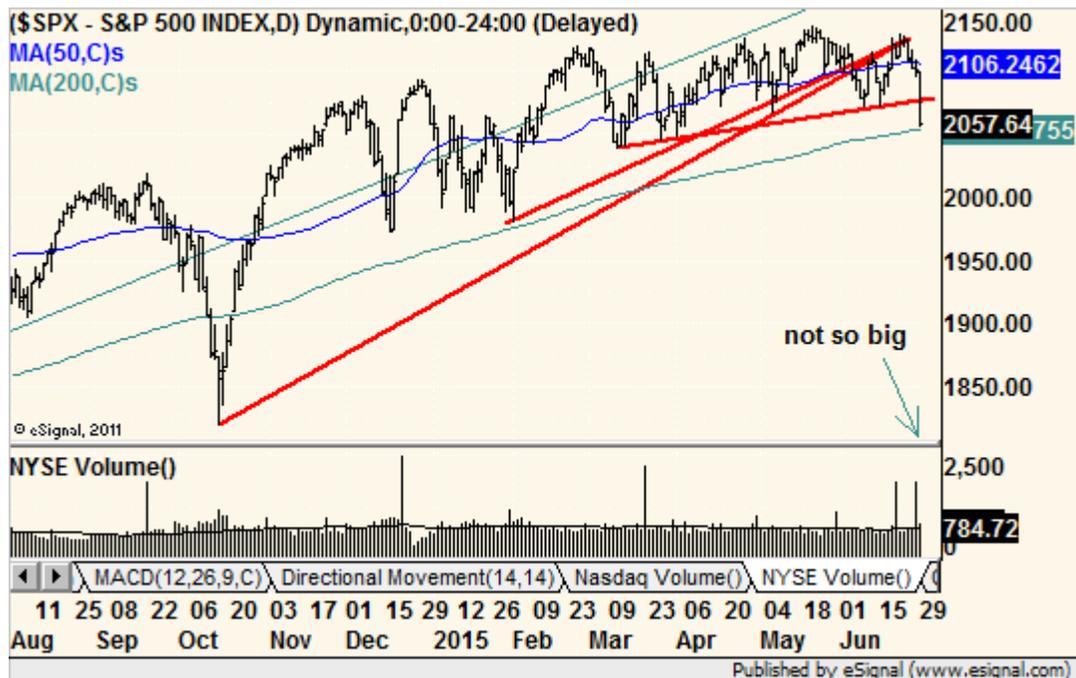
Here we see a sharp rebound in the premarket and as of this printing of this chart the **SPY** gained back half of what it lost yesterday. Bottom fishing, in our view. It has to regain broken support and stay there for a day or two before we can think about buying. And what would be buying? So far, the small caps have held up best so that would be a good place to start.

Today is a travel day so this report is out early. We will miss the action just ahead of the open.

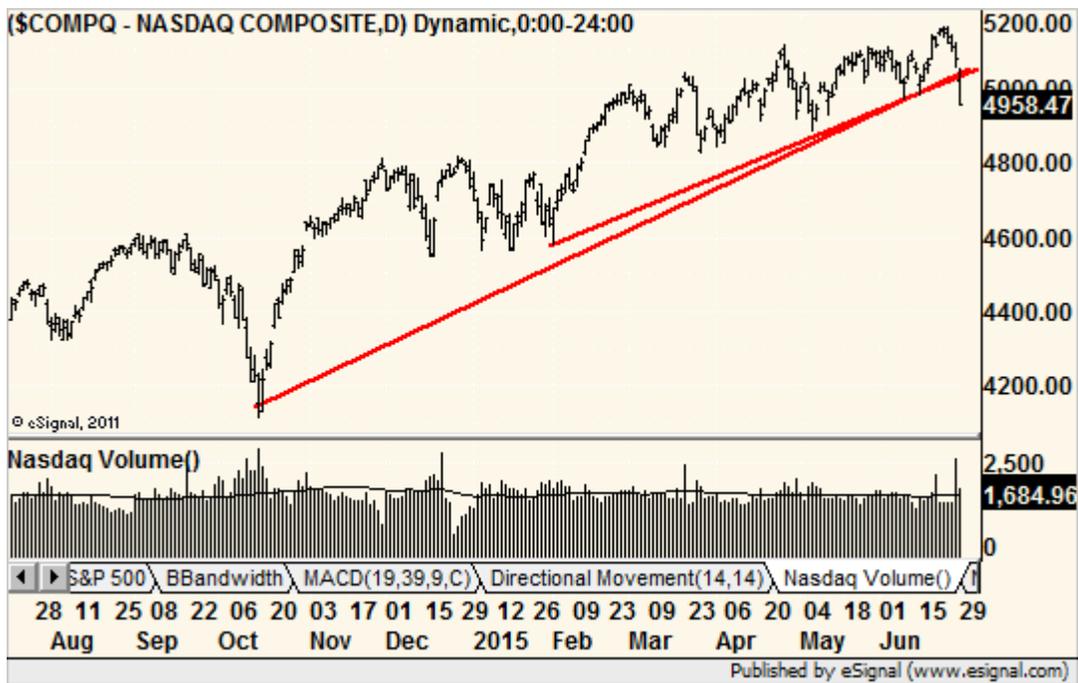
## Index Charts of the Day



We can argue if this is a breakdown from the Mar-Jun range or an overshoot of the 200-day average. What is not up for debate is that the bull run from October is over. So, we watch to see how today's supposed rebound unfolds. There may have been enough panic yesterday to keep the market propped up a little while longer but we see no reason to buy today. Only those brave enough to buy the close yesterday are positioned correctly and we suspect that is not too many people.



Pick your trendline – they are all broken. Oversold intraday for sure, but broken.



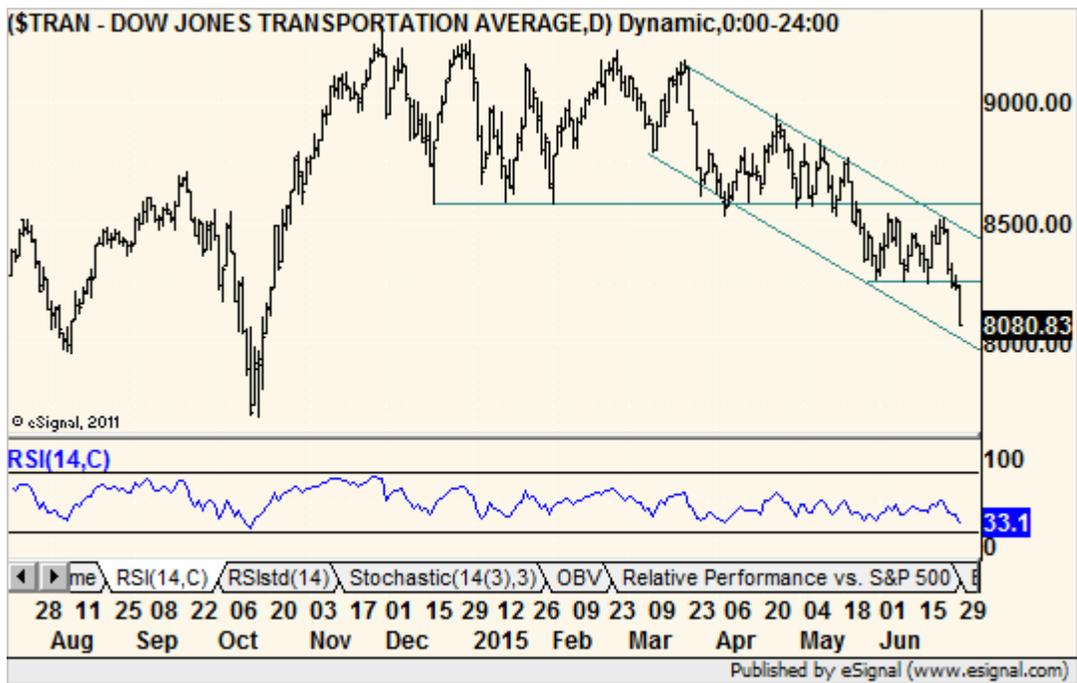
A Nasdaq bounce should test the breakdown.



The Russell 2000 is also broken but not as bad as the big stocks. Just barely below the 50-day.



Really not a good look for the NYSE composite.



The transports are sick. However, they are oversold intraday near the channel bottom.

## 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.

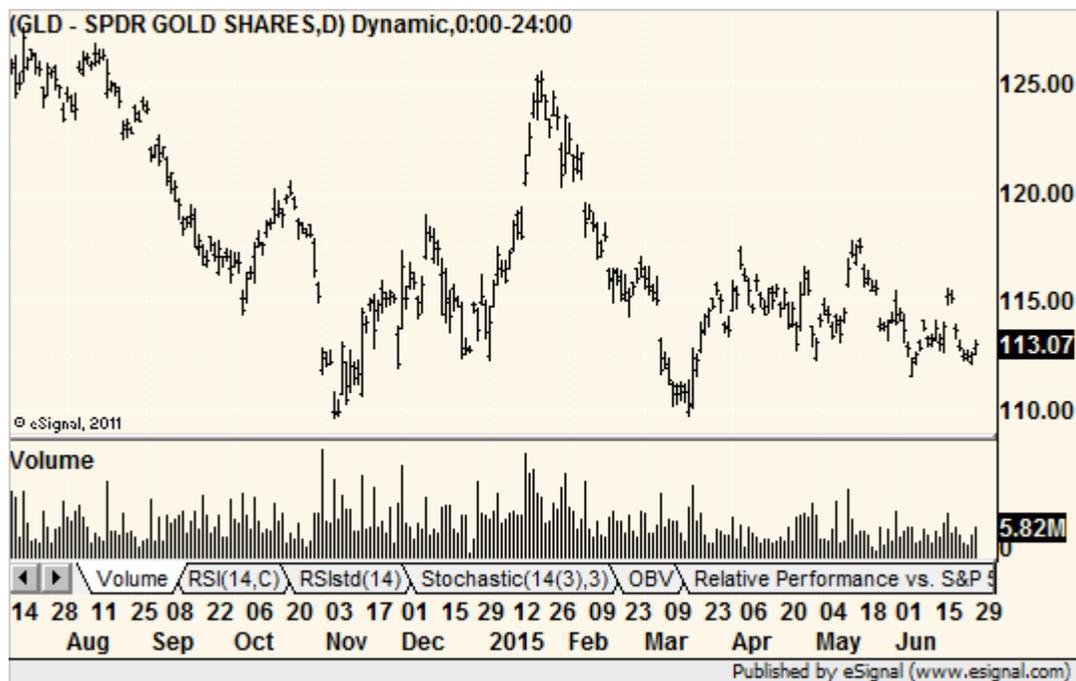
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|   |            |      |
|---|------------|------|
| <b>Bullish Implications</b>   |            |      |
| none –  |            |      |
| <b>Bearish Implications</b>   |            |      |
| none –  |            |      |
| <b>Unknown Implications</b>   |            |      |
| none –  |            |      |
| <b>Holding Tank</b> - red shade leans bearish, green shade leans bullish  |            |      |
| <b>Long-term setups</b> –SFUN (breakout), AGU, MOO  |            | 6/3  |
| <b>Stocks we watched pre-Greece</b> – MAN, SCHW, AXP, CCL, ANF  |            | 6/29 |
| <b>Sector Watch</b> (observations that may spark ideas)   |            |      |
| <b>Utilities ETF XLU</b> – Up with bonds Monday but still looking lousy   | <b>New</b> | 6/30 |
| <b>Consumer Staples ETF XLP</b> – Not even this defensive area could resist. 200-day average break unlike last month's.   | <b>New</b> | 6/30 |
| <b>Consumer Discretionary ETF XLY</b> – No breakdown but on-balance volume falling.                                       | <b>New</b> | 6/30 |
| <b>Financial ETF XLF</b> – Trend and 200-day average break. Not good, especially for the leading sector as of a week ago. | <b>New</b> | 6/30 |
| <b>Tech ETF XLK</b> –Tech broke again and slipped below the 200-day average.  | <b>New</b> | 6/30 |
| <b>Industrials ETF</b> – Serious breakdown of pennant and both averages. Transports are in here.                          | <b>New</b> | 6/30 |
| <b>Healthcare ETF XLV</b> – Still hanging on to a rising trend.   | <b>New</b> | 6/30 |
| <b>Updates</b>  |            |      |
| none –  |            |      |

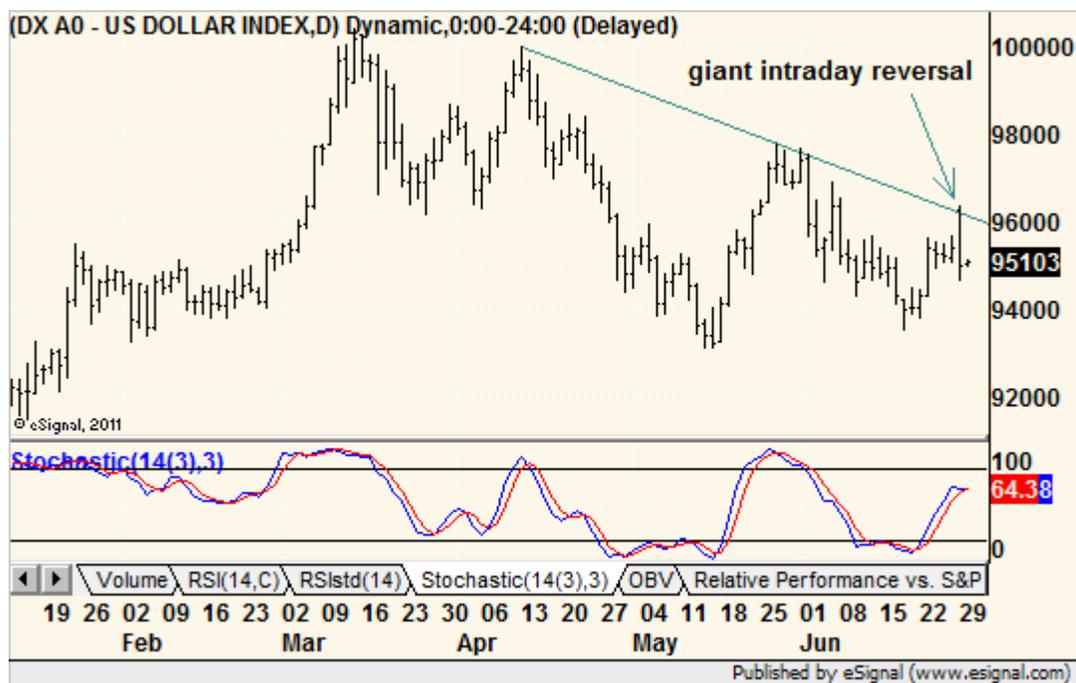
## Market Highlights



**Treasury bond ETF** – Closed up a bit stronger than the chart we showed yesterday before the open. Still, the trend is down. However, we now see a falling wedge with rising RSI. That is potentially a bullish signal but look at the trendline above. Not that much room to rally.



**Gold ETF** – What fear trade? Not here. If gold did not rally yesterday it has a long way to go before it is ready.



**US dollar index** – First, there was fear and then there was none. This trend is down. Bouncing this morning but the trendline is not in danger.



**Greece ETF** – Down 19% on huge volume. But is that a breakdown? Need confirmation. But look at this and think that all of this was priced into the market months ago.



**China ETF** – This was the worst of the emerging markets by far after Greece. And it does not even track China. It is more like Hong Kong so now the jewel of China is heading lower, too. Just beware that Asia bounced back big overnight so this ETF should jump at the open, too.



**Oil ETF** – Oil was down on Greek news worrying the global economy but this chart may be close to the bottom of a pattern and a bounce. Not terrible, at least not yet.



**Utilities ETF** – Up with bonds Monday but still looking lousy.



**Consumer Staples ETF** – Not even this defensive area could resist. That is a 200-day average break unlike last month's.



**Consumer Discretionary ETF** – No breakdown but look at on-balance volume.



**Financial ETF** – This is not good, especially for the leading sector as of a week ago.



**Tech ETF** – Uh oh. Tech broke again and slipped below the 200-day average.



**Industrials ETF** – Serious breakdown. Transports are in here.



**Healthcare ETF** – Still hanging on to a rising trend. If this breaks, then look out below for the market.



**Apple** – Looks like a breakdown. Will it recover on Turnaround Tuesday?

Yesterday's Laundry list of things to watch yesterday and today:

1. How do the fear markets move? Gold, dollar, bonds  
Not so terrible. Bonds were the only one to move at all
2. Do any sectors resist the fall?  
Maybe utilities but they are in a bear trend.
3. Do any sectors bounce back after initial problems?  
No
4. Do any sectors really get clobbered and stay down?  
Anything related to cars. Heavy construction, biotech and life insurance were killed.
5. How do the other PIIGS hold up? They are bad now but do they bounce?  
Had a very, very bad day save for Ireland.
6. Market volume – panic?  
Not at all. Volume was modestly higher.
7. Breadth – is it a total purge across the board or not?  
Very bad. Baby with the bathwater bad. More than half of the stocks that actually ticked new highs closed in the red.
8. Sentiment – does it move to an extreme?  
**VIX** jumped big. We will have to wait for the investor surveys. However, it does not feel like much of a panic at all.

## 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> |
|---------------|------------------------|-------------|------------|-------------|-----------------|----------------|--------------|
| <b>UNH</b>    | UNITEDHEALTH GROUP INC | 121.19      | -0.8%      | 118.00      | 122.15          | 6/23           | 6            |
| <b>FLS</b>    | FLOWSERVE CORP         | 51.19       | 8.2%       | 53.50       | 55.40           | 5/12           | 48           |
| <b>MAR</b>    | MARRIOTT INTL INC NEW  | 73.83       | 3.7%       | 77.00       | 76.55           | 6/12           | 17           |
| <b>HST</b>    | HOST HOTELS & RESORTS  | 19.56       | 1.0%       | 20.50       | 19.75           | 6/15           | 14           |

**Notes:** Not a bad day for us. Stops tightened on the shorts.

## 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

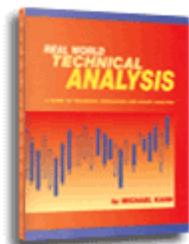
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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