

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

July 6, 2015 – Once again we are held hostage to the news from Greece where they voted to reject austerity – and a bailout. We'll keep our comments to ourselves over that but the markets are in a tizzie this morning. They did climb off worse overnight levels but as we write they seem to be back in selling mode. We are not going to do anything in the stock market again today because anything goes on a panic gap down Monday. Not that we are predicting it but a positive close today has to be at least a consideration. That makes us happy to be in mostly cash at the moment.

The real problem market we see is crude oil, which is down big time today. Fear of economic slowdown seems to be the view. Otherwise, the dollar, gold and U.S. Treasuries are up but extraordinarily so. That is good in that there is no real panic. Perhaps we will get some clarity as the week unfolds.

Gaming still seems to be waking up. China keeps its wild child status with a 7% intraday gain evaporating to a 2% net gain. The rest of Asia fell sharply led by Hong Kong's 4% loss. Southern PIIGS in Europe are also down in the 3% area this morning (Italy, Portugal and Spain).

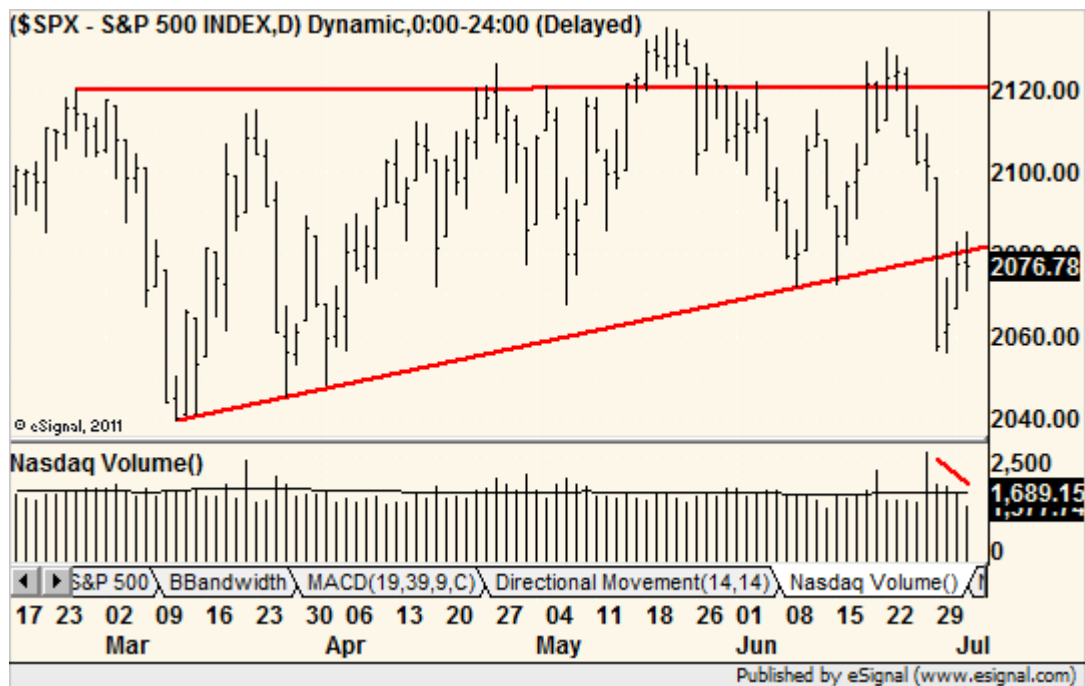
Summer doldrums? Not yet.



There's your bear flag on the hourly SPY chart with breakdown. Note the test of resistance last week.

All in all, cash looks pretty good right now. We'd love to see a bounce tomorrow to consider establishing some shorts. We feel the risk is too high to do so today. We hope that fear does not come back to bite us.

Index Charts of the Day



The closing chart from Friday is somewhat moot but it does show the bear flag-like test of the triangle breakdown. Note the falling volume, holiday or no holiday.



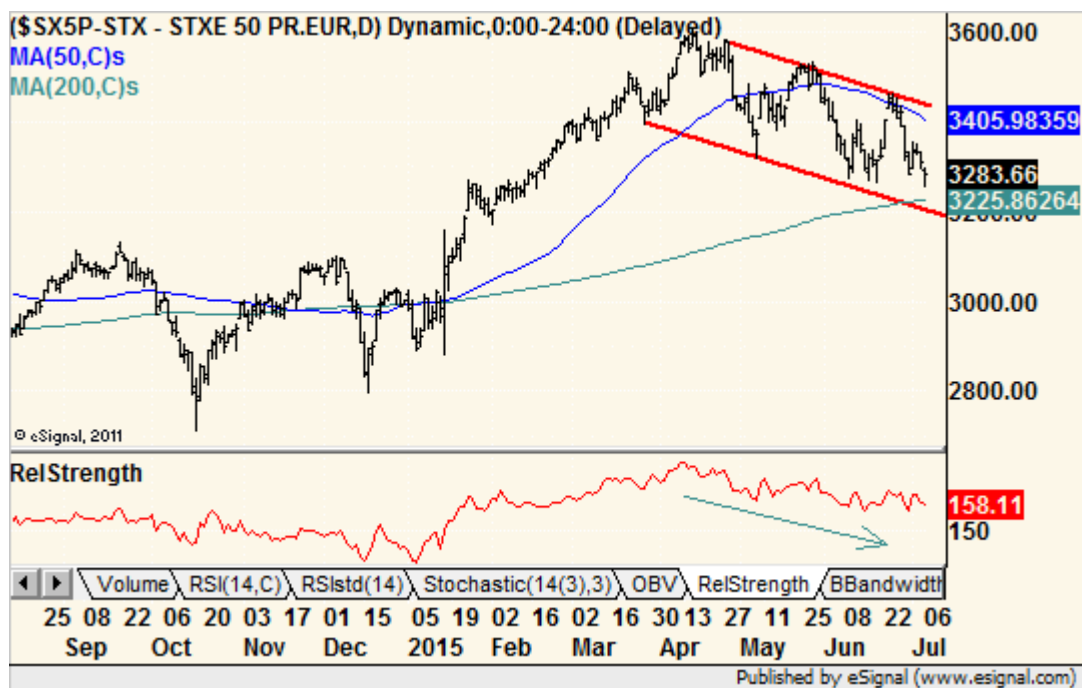
The NYSE composite shows the trend break and new declining channel. Note the bear flag-like test of the 200-day average. This morning should break the channel bottom but with all of these panic Monday's it would be foolish to ignore the possibility of a total turnaround by the close. That is in not a prediction but good reason why we are virtually all in cash.

The Radar Screen

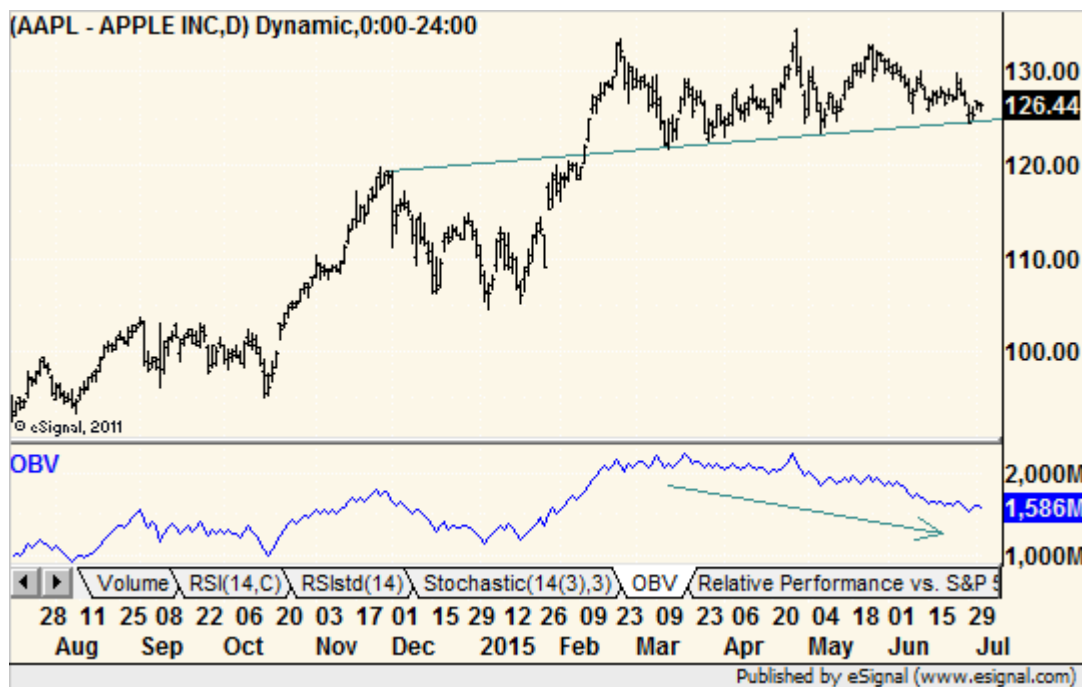
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
none –		
Bearish Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Long-term setups – <u>SFUN</u> (breakout), <u>AGU</u> , <u>MOO</u>		6/3
Stocks we watched pre-Greece – <u>MAN</u> , <u>SCHW</u> , <u>CCL</u> (these three still look to be easing down to test breakouts)		6/29
Goodyear Tire GT – Looking to sell a bounce within a down channel.		7/1
Ashland ASH – Specialty chemical stocks testing support break.		7/1
Hewlett Packard HPQ – Looking nasty long-term. Sell the bounce of head-and-shoulders neckline.		7/2
Sanderson Farms SAFM – Falling on-balance volume suggest support will break. And it did.		7/2
Dow Chemical DOW – We mention it this week but here is the chart. Looks sellable on the test of the breakdown.		7/2
Sonoco Products SON – This is a packaging stock (unlike Sonoco the oil company). Sell the test of the breakdown.		7/2
WYNN Resorts WYNN – A gaming stock with a nice two-day rally. We'd like to see at least a crossover of these short-term averages.		7/2
Wal-Mart WMT – While we wait for clarity on the market, WMT scored a hammer candle and bullish one-day reversal on bar charts last week. Possible MACD crossover. Keep in mind the trend is still down here so this is a Radar Screen item for now.	New	7/6
Align Technology ALGN – This is a medical supplies stock and it is bumping up against a strong resistance. With rising on-balance volume we'll wait for a breakout (rather than selling at resistance).	New	7/6
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Up with bonds Monday but still looking lousy		6/30
Consumer Staples ETF XLP – Not even this defensive area could resist. 200-day average break unlike last month's.		6/30
Consumer Discretionary ETF XLY – No breakdown but on-balance volume falling.		6/30
Financial ETF XLF – Trend and 200-day average break. Not good, especially for the leading sector as of a week ago.		6/30
Tech ETF XLK –Tech broke again and slipped below the 200-day average.		6/30
Industrials ETF – Serious breakdown of pennant and both averages. Transports are in here.		6/30
Healthcare ETF XLV – Still hanging on to a rising trend. Health insurers leading		6/30
Non-ferrous metals index – Big breakdown on a flat to higher day. This includes the likes of <u>FCX</u> , <u>BHP</u> , <u>RIO</u> , <u>TCK</u> and <u>SCCO</u> .		7/1
Banks ETF KBE – Gapped down to a test of trendline. So far holding.		7/2
Updates		
none –		

Market Highlights



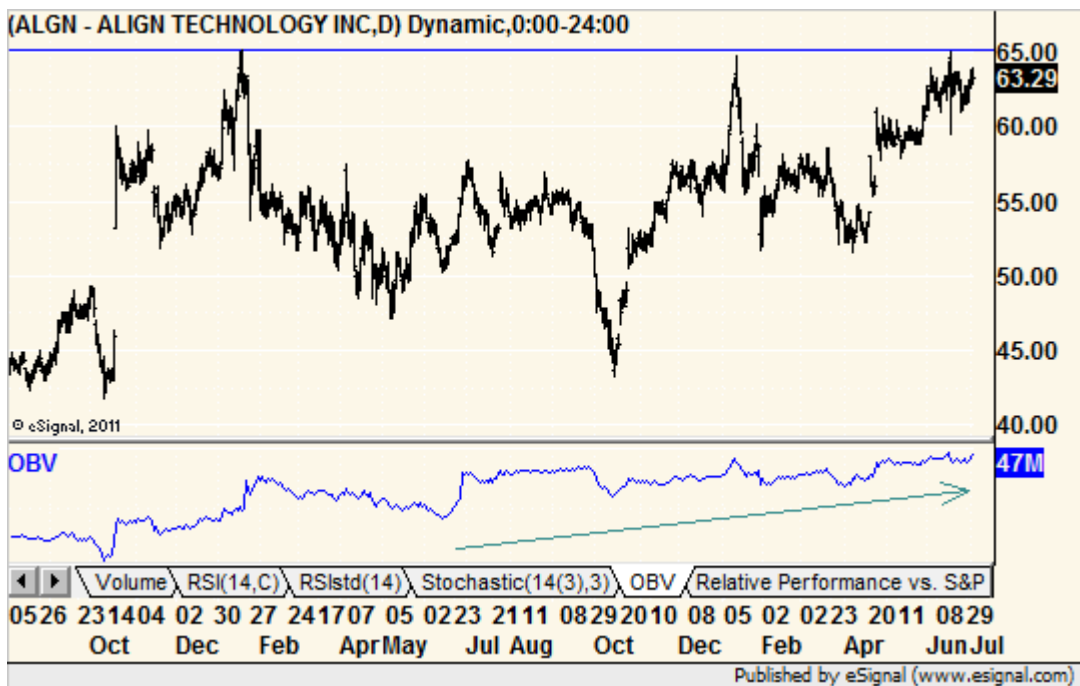
Stoxx 50 – The pan-Europe blue chip index still has the potential to form a bullish failure by not trading down to support within its new channel. Note that it already has a possible hammer candle (bar version shown) intraday this morning (this chart is current as of early Monday morning). The other observation is that Europe is not beating the US as the relative strength chart vs the S&P 500 is still falling. Two-pager on failure, [click here](#).



Apple – Still watching the world’s most valuable company. Edge of a cliff.



Wal-Mart – While we wait for clarity on the market, **WMT** scored a hammer candle and bullish one-day reversal on bar charts last week. Possible MACD crossover. Keep in mind the trend is still down here so this is a Radar Screen item for now.



Align Technology – This is a medical supplies stock and it is bumping up against a strong resistance. With rising on-balance volume we'll wait for a breakout (rather than selling at resistance. Another for the Radar Screen.

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. Symbols in **green** were closed by us. 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>
	UNH	UNITEDHEALTH GROUP INC	121.81	-0.3%	118.00	122.15	6/23	12
<u>Short</u>	none							

Notes: Just sitting on the one health care position.

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 Scott – “Cash” could mean anything from money markets to short-term T-bills. Or, for the adventurous, a market neutral options strategy. We are not well-versed enough to recommend the latter.

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.



24/7 Website archive – <http://www.quicktakespro.com/archive> (password needed)

Customer Support - <http://www.quicktakespro.com/support.html>

Recommended reading - <http://www.quicktakespro.com/education.html>



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>.

Refer a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we’ll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>



<http://www.talkmarkets.com/contributor/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2015