

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

July 7, 2015 – Monday's trading was a perfect illustration of fear and loathing on Wall Street. The trap-door open stole capital from countless market chickens who panicked at the open and then messed with the heads of those who saw it coming with an afternoon sell-off. This is why we sit comfortably in cash.

The drop in oil was far more telling. Quoting from my Barron's Online column yesterday, "The Greek referendum, a potential nuclear deal in Iran, China's economic foibles and heavy supply all conspired to torpedo oil prices Monday. August crude fell 7.7%." More supply potential and less demand potential are not indicative of a strong economy (except for the suppliers).

A fundamental guy on the tube this morning said the consumer is still not flourishing. Rising costs in housing and healthcare with still weak wage growth – despite legislation – still have the squeeze. And which pundit has not said that domestically it is a consumer driven economy? Technically, we still see 2015 as a topping process in a long cyclical bull market.

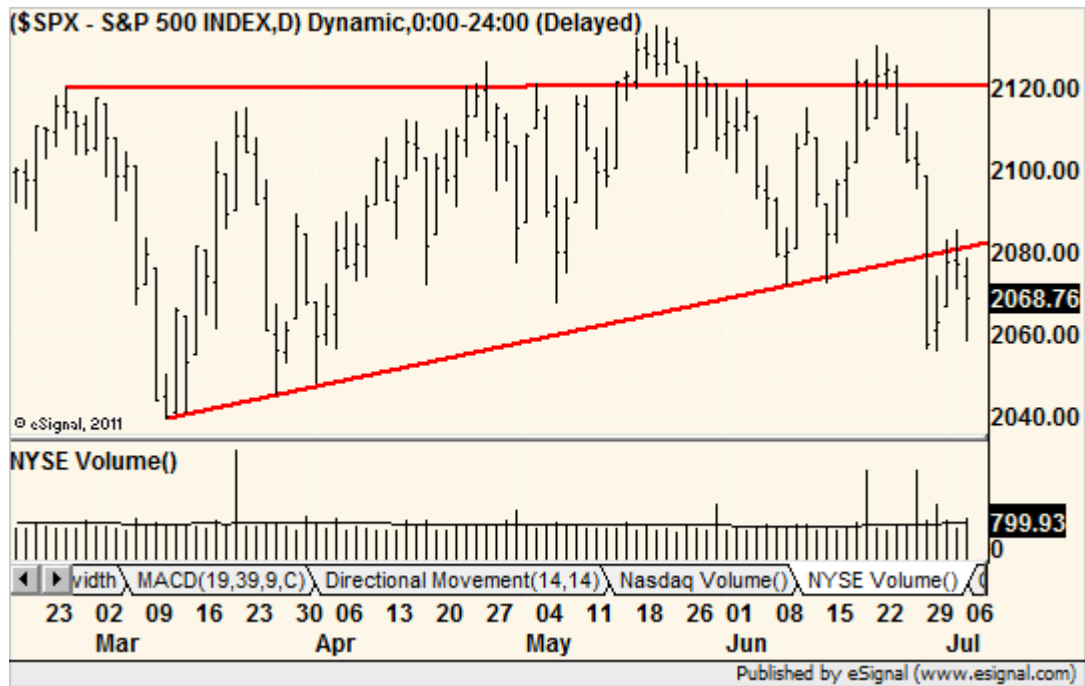
Let's expand on that. We do believe this has been a cyclical bull market in the context of a secular bear. What? A secular, i.e. long-term bear market? If that is correct then there is one more cyclical bear coming before the secular bull really gets underway. Remember, bears can be sideways as long as there is pain.

The thing is that it does not have to be a big one as we saw in 2008. We'll run this tomorrow in the Big Picture charts to see the comparison to the 1970s. And with that said, there can always be one more final short-term push higher before the real slide commences. We do not think one is coming but health care and consumer discretionary are still leading (despite the fundamental comments above). We are watching consumer staples, which is starting to gain in relative strength - something more in line with a weakening market.

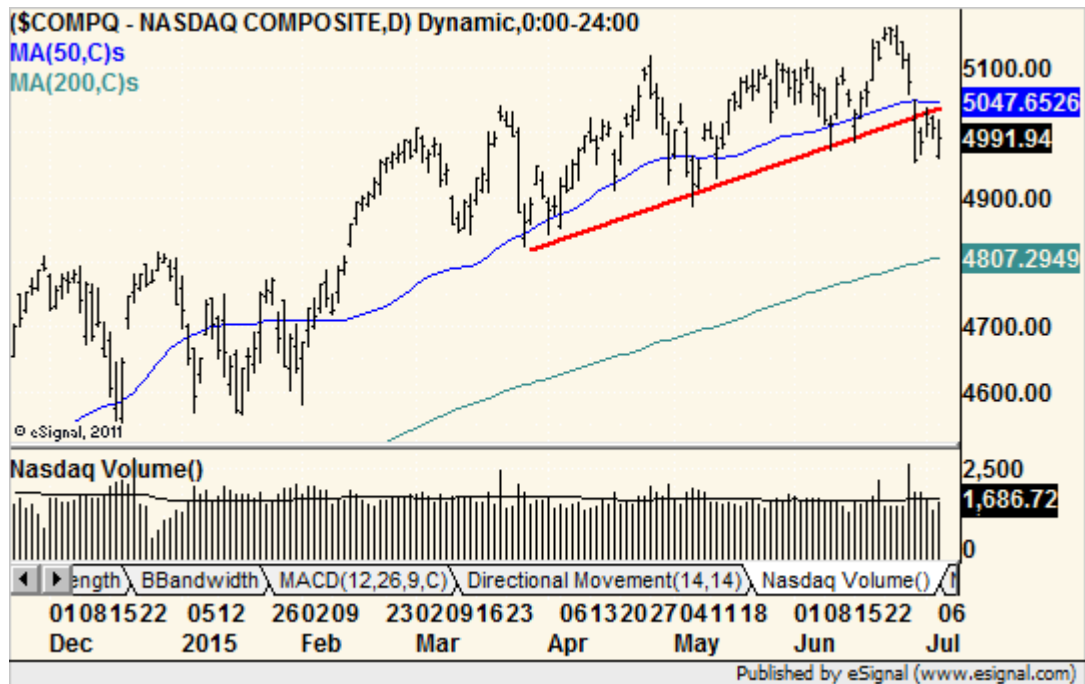


It was a good recovery after the trap door open but this is still more bearish leaning than bullish. Is it a test of the flag breakdown or just a morph into a rectangle with the same implications?

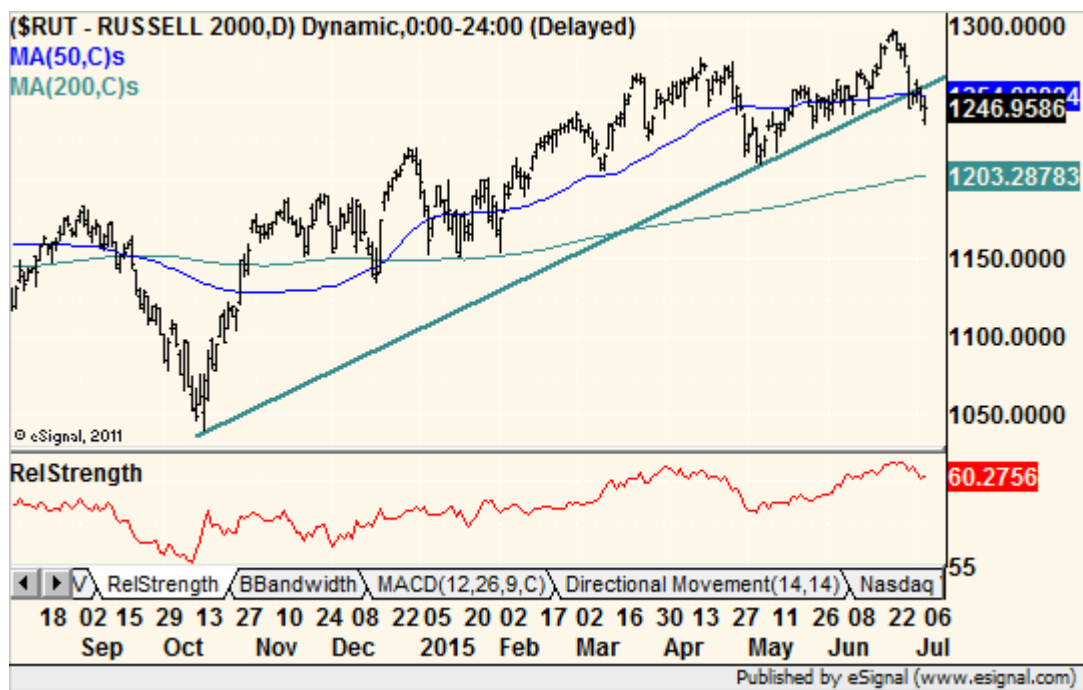
Index Charts of the Day



Still looks like a breakdown.



Ditto.



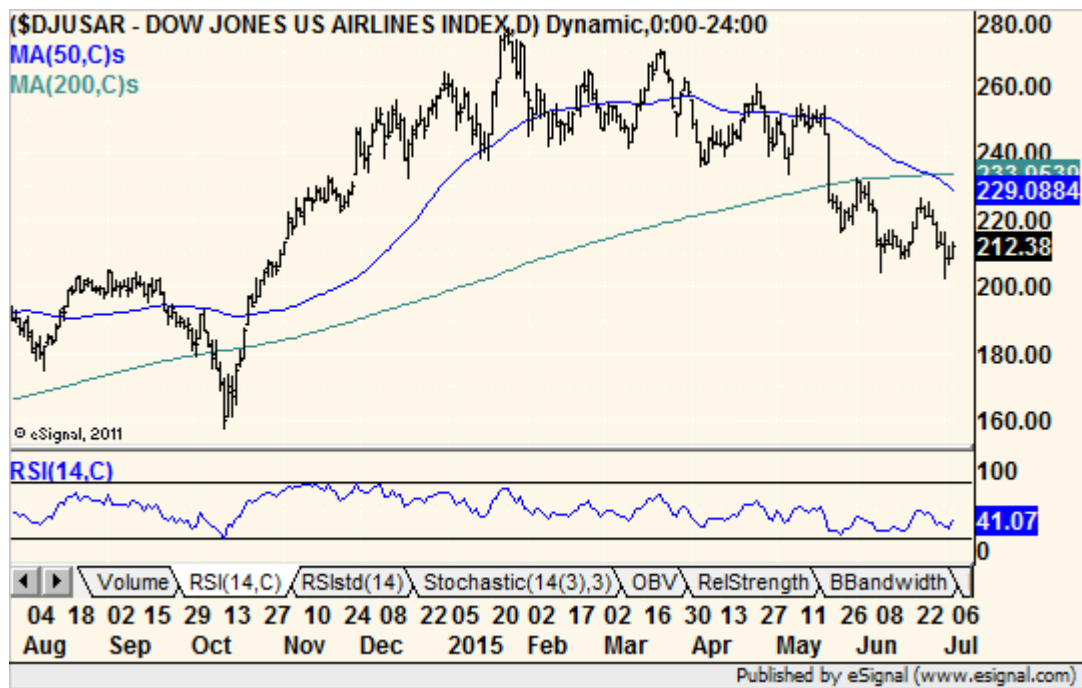
Uh oh, Russell 2000.

The Radar Screen

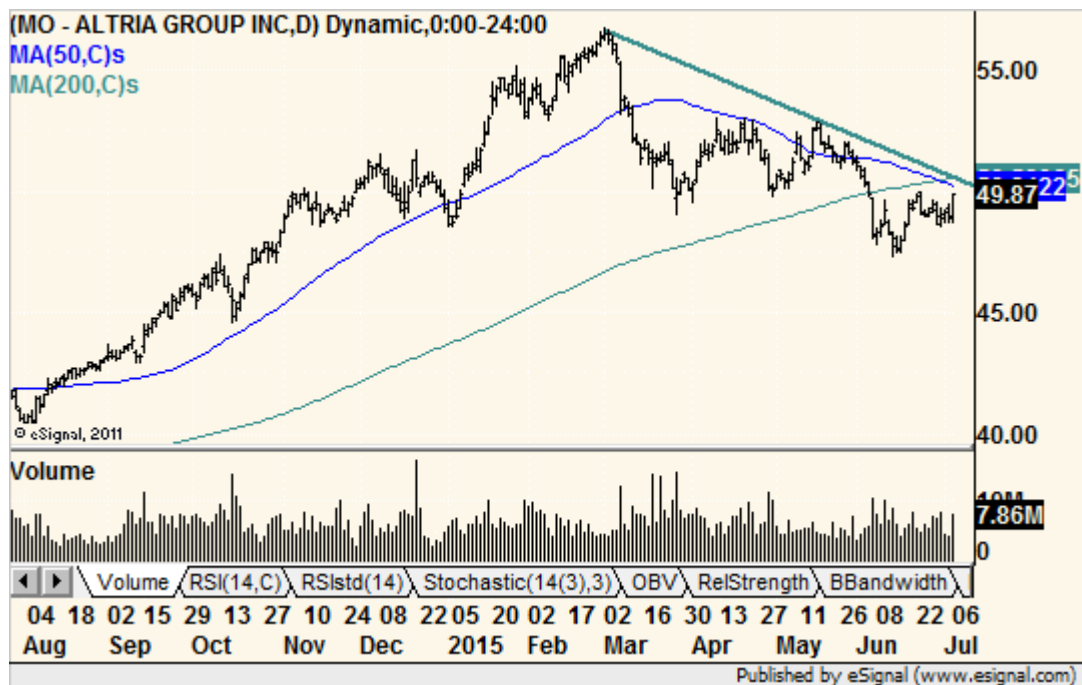
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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 –SFUN (breakout), AGU , MOO		6/3
Stocks we watched pre-Greece – MAN , SCHW , CCL (these three still look to be easing down to test breakouts). See charts below.		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, support break.		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 –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. May have seen the follow-through buy trigger.		7/6
Align Technology ALGN –medical supplies. Bumping strong resistance. With rising on-balance volume we'll wait for a breakout (rather than selling at resistance.		7/6
Altria MO – If consumer staples are coming back to the lead then this is a possible battle between resistance (trendline and averages) and positioning for a breakout. We certainly do like the 4% dividend yield.	New	7/7
Procter & Gamble PG – On bull watch. Still not ripe. (staples)	New	7/7
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 averages. Transports are 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 FCX , BHP , RIO , TCK and SCCO .		7/1
Banks ETF KBE – Gapped down to a test of trendline. Danger!		7/2
Updates		
Stoxx 50 – The pan-Europe blue chip index did <u>not</u> complete a hammer and remains in a falling trend channel.		

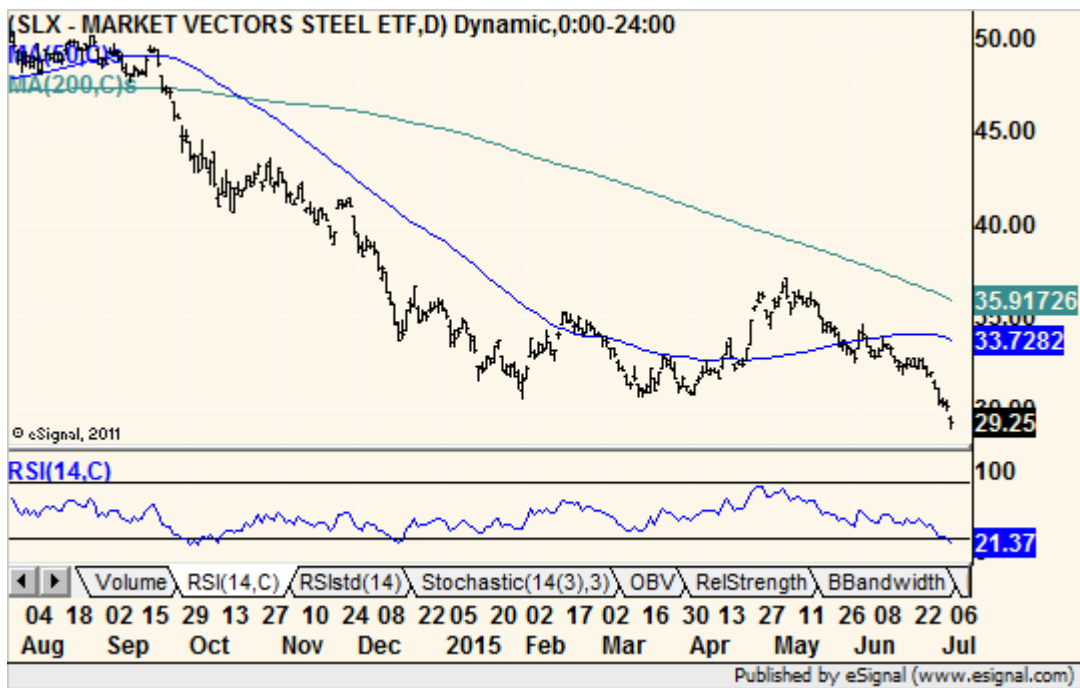
Market Highlights



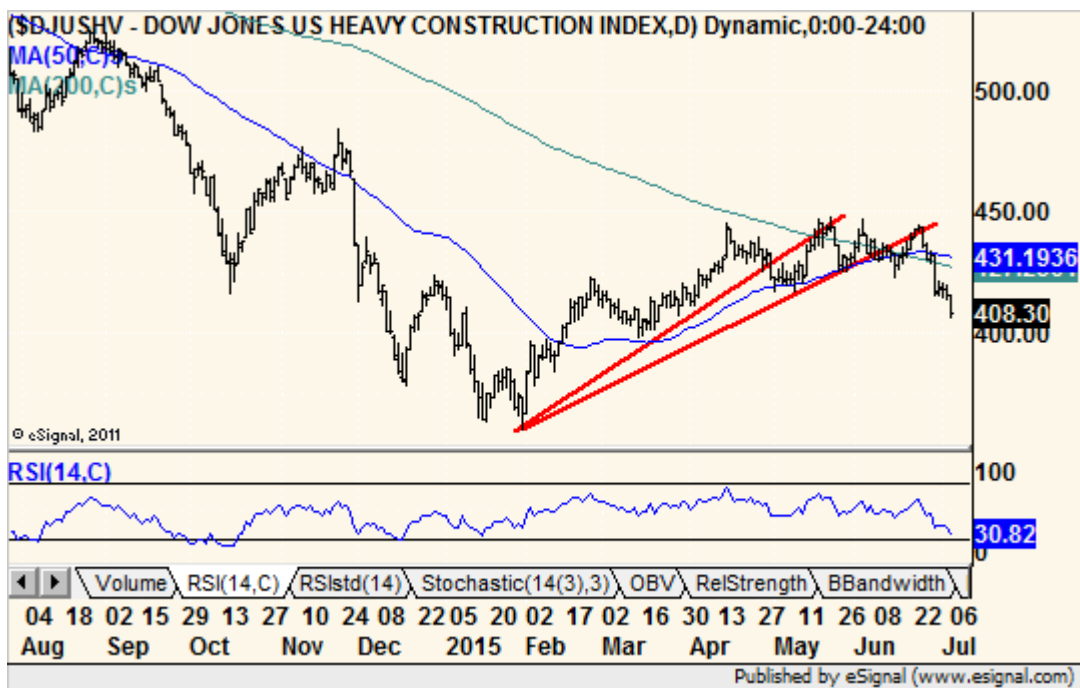
Airlines – Yes, this sector was up on the falling oil market but the chart still looks very bearish. Note the moving average cross.



Altria – If consumer staples are coming back to the lead then this is a possible battle between resistance (trendline and averages) and positioning for a breakout. We certainly do like the 4% dividend yield.



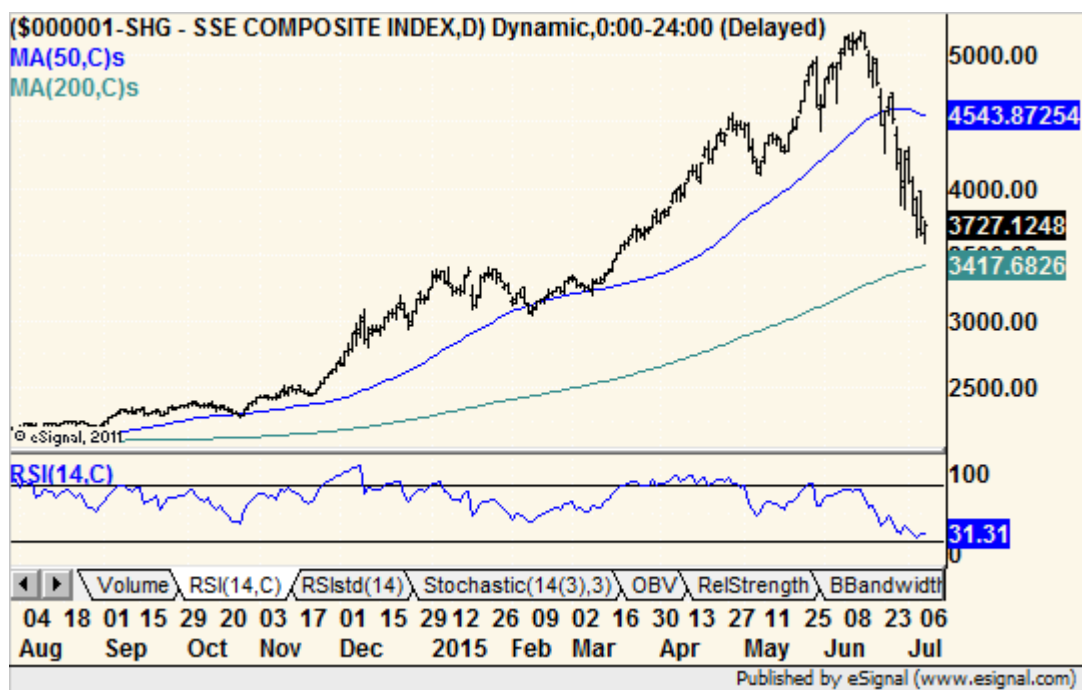
Steel ETF – This looks terrible. It is indeed oversold now but there is no indication to buy it at all.



Heavy Construction index – Bearish. **FLR, PWR, KBR, JEC**



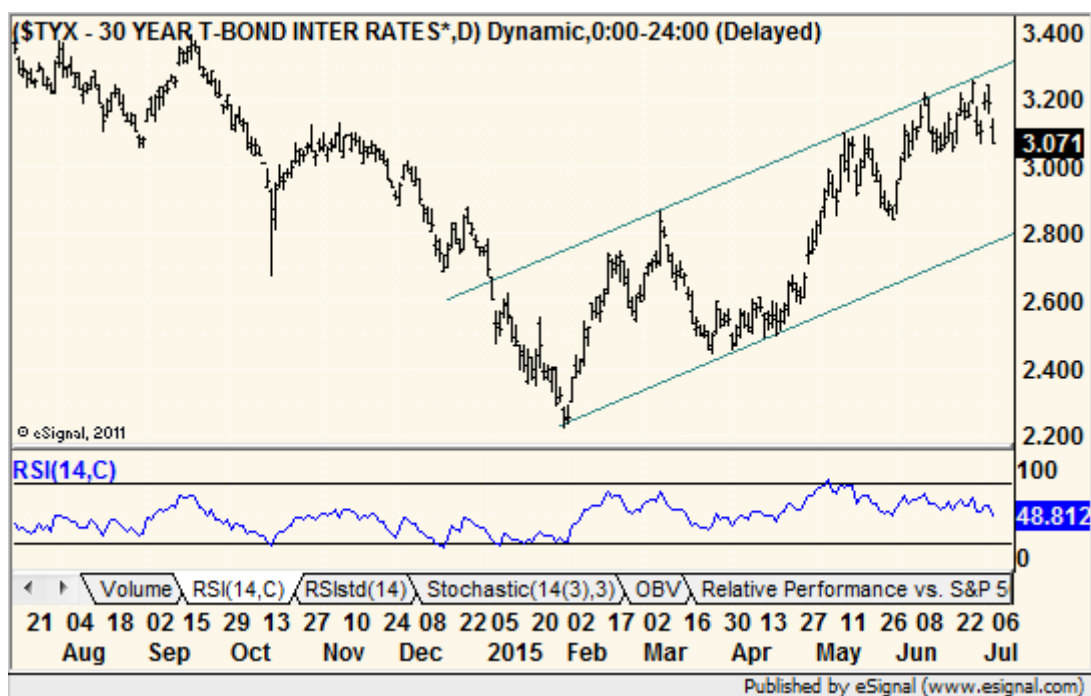
Semiconductors – Bearish.



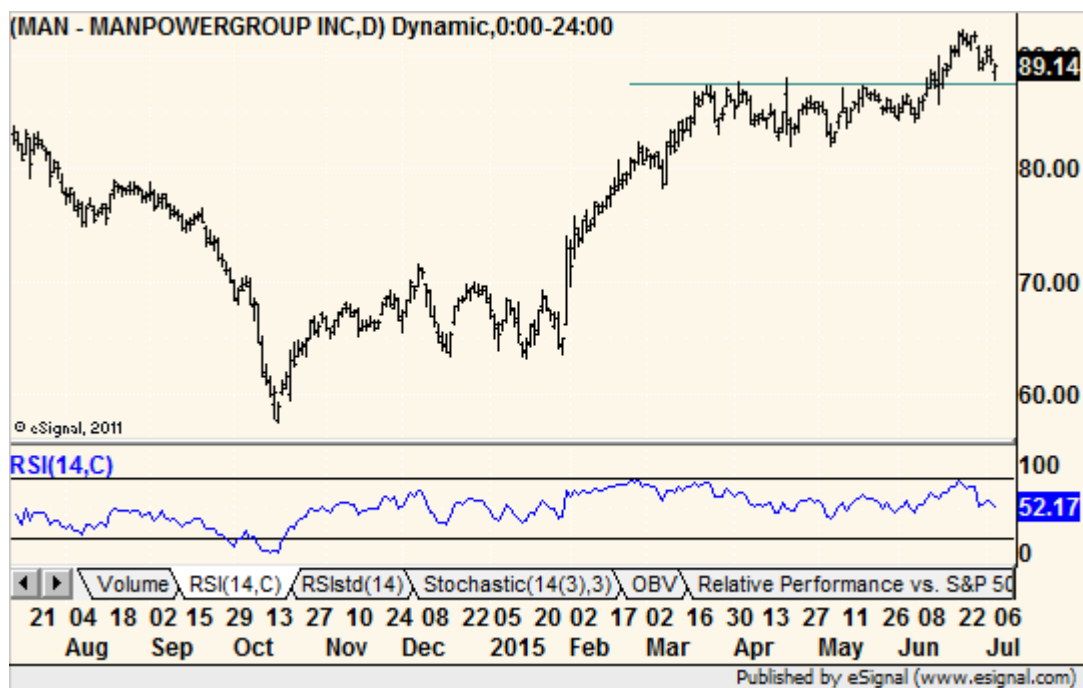
China – Just to show it's worse over there. Note the 200-day average is approaching fast.



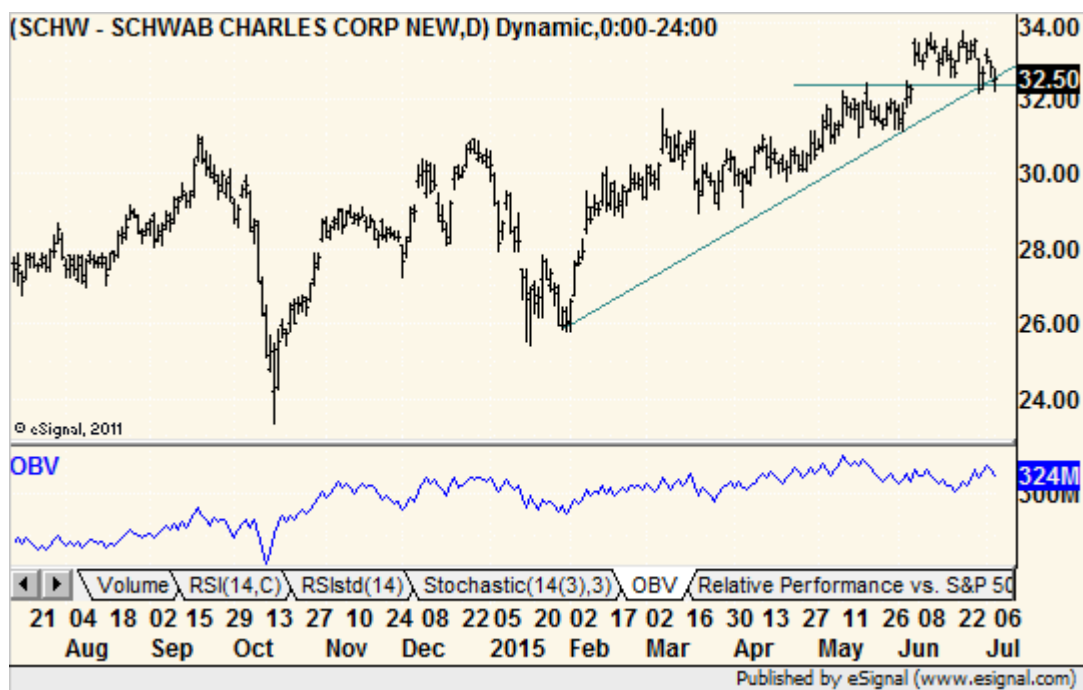
Dollar Index – Breakout. Kiss a commodities rally goodbye.



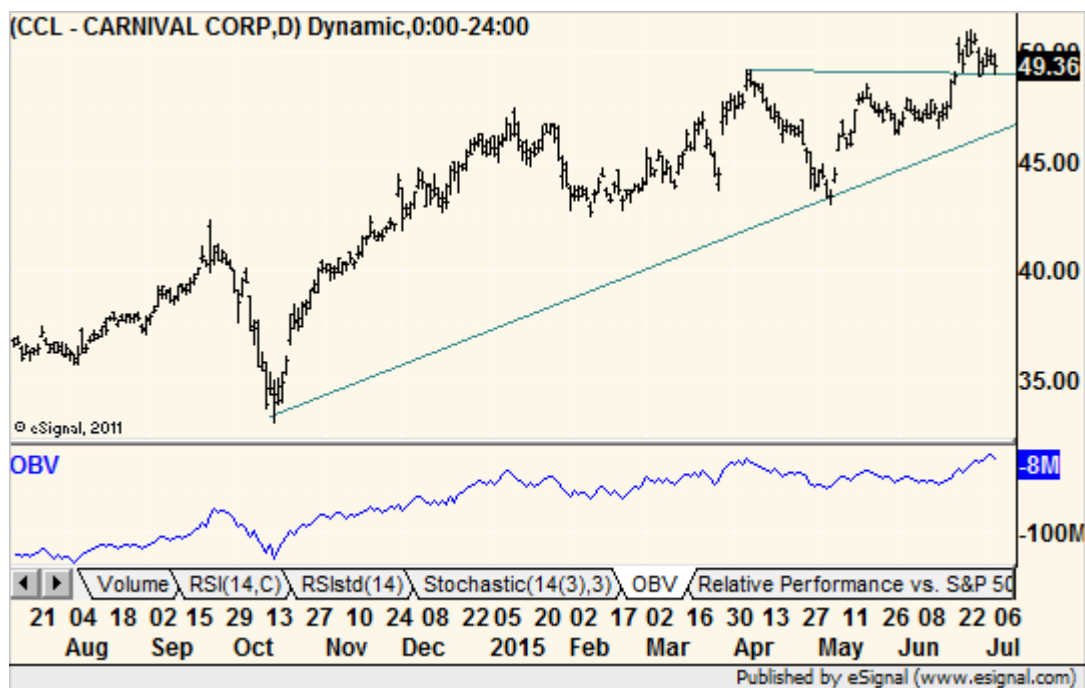
30-year interest rate – Pullback possible within the rising channel. This could signal a bounce in beleaguered REITs and Utes.



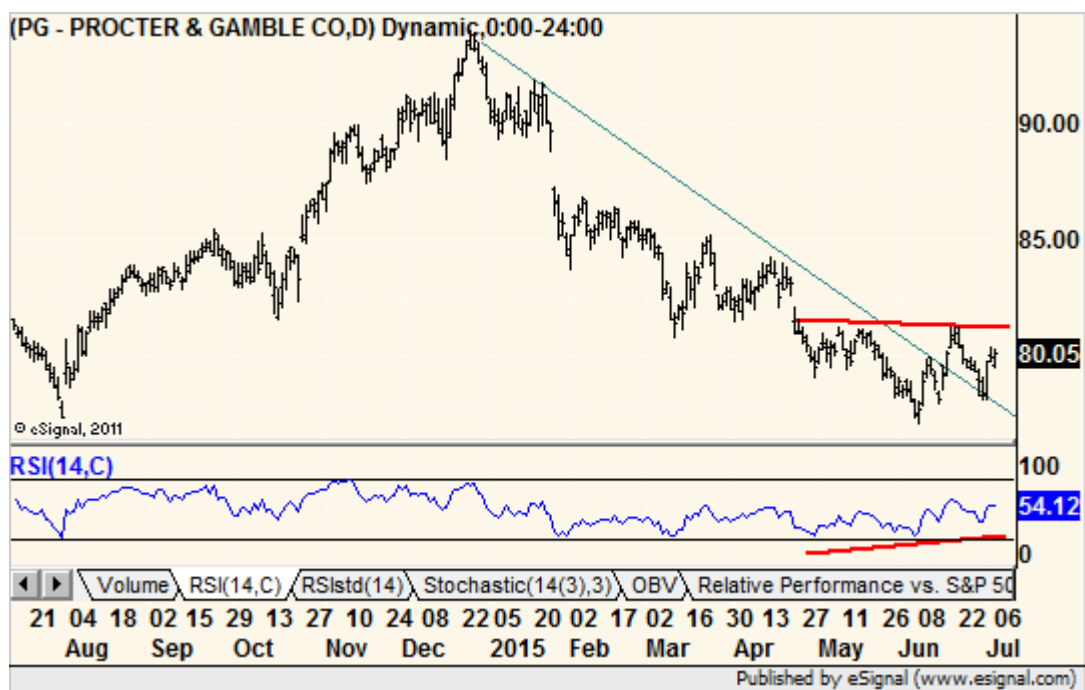
Manpower – Pullback complete? One more day.



Schwab - Pullback complete? One more day.



Carnival – This one has a pullback but strong on-balance volume.



Procter & Gamble – On bull watch. Still not ripe.

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>
<u>Long</u>	UNH	UNITEDHEALTH GROUP INC	122.16	0.0%	118.00	122.15	6/23	13
<u>Short</u>								

Notes: Dodged a bullet with **UNH**'s big trap door open. It did not trigger the stop and then closed in the green.

Subscriber Corner

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Other Information

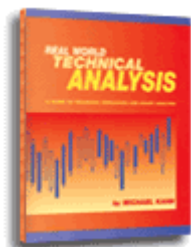
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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