

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

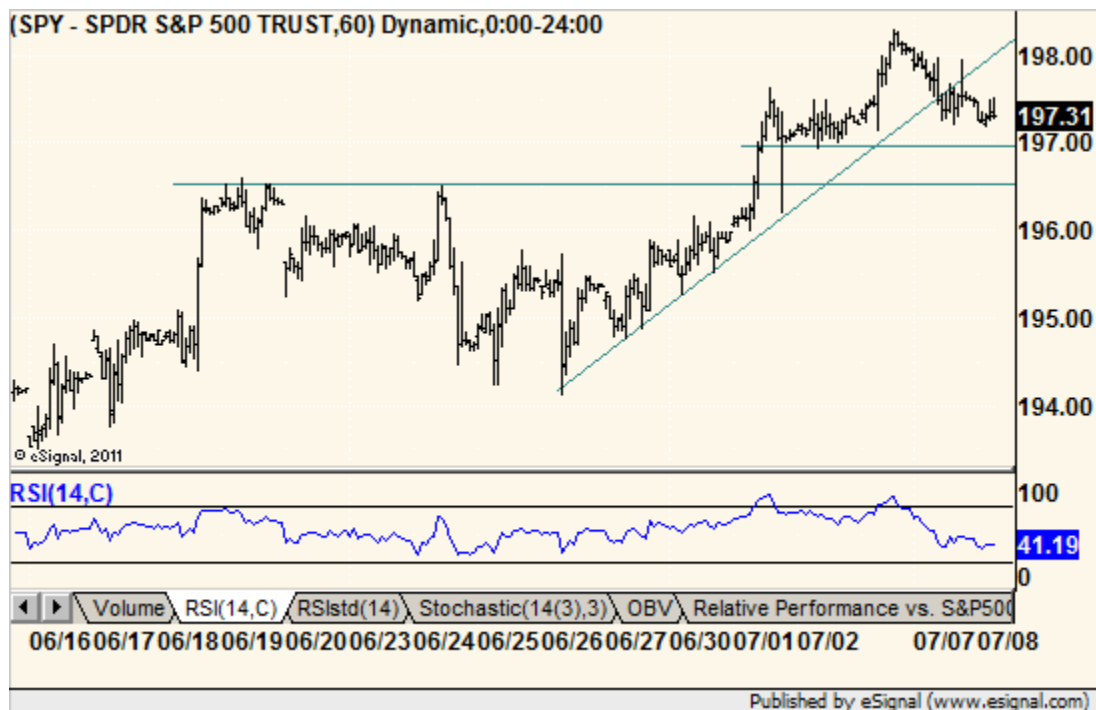
MICHAEL KAHN
RESEARCH LLC

July 8, 2014 - Don't look now but as we write these words the market may be setting up for another Dow 17K crossing, only in the wrong direction. Is that a big deal? Not yet. After all, the market had quite a run to get there and the Nasdaq is still backing down from overbought conditions.

However, with earnings season now getting underway (didn't the last one just end like yesterday?) things can change. We think the expectations are for lower earnings numbers but if results are below that view then things can get dicey. We cannot act on the "if" so for now we are in hold mode.

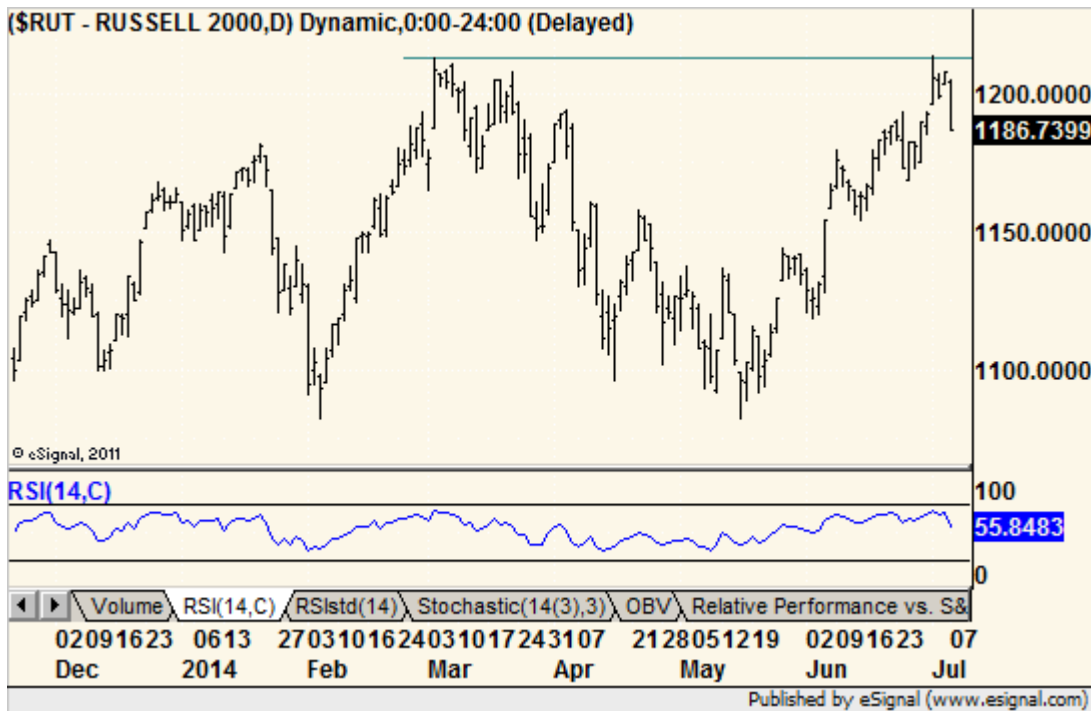
Oil fell again yesterday and while we thought the **USO** ETF was close enough to its trendline now it is exactly on it. Again, we say to wait for the sign that this support is holding and so far we do not have it. Perhaps oil stocks will indeed get that second leg down in a healthy correction to their own trendline. See **XLE** chart below.

Gold continued to hold its tight two-week range and again we expect it to move to the upside.

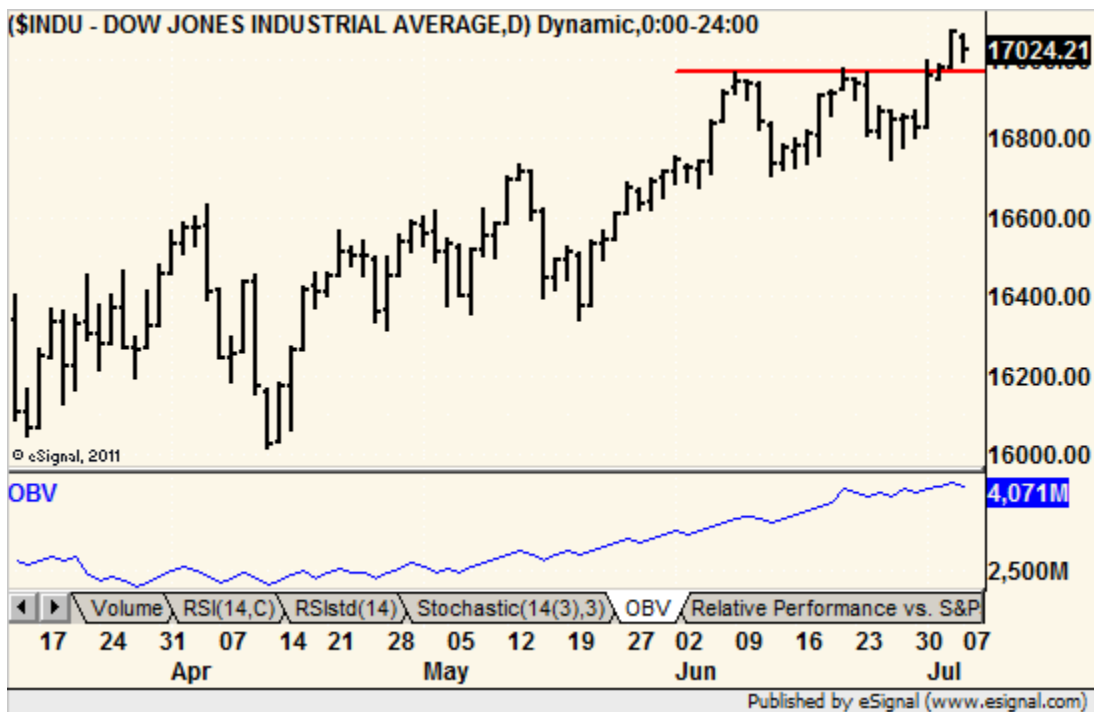


Today's hourly **SPY** chart shows support in the 197 area after the tight trendline broke yesterday. However, the break was due to the passage of time rather than sustained vertical motion. In other words, we take it with a grain of salt.

Index Charts of the Day



The Russell fell huge after failing at resistance. That is not a good thing. The S&P 500 fell only marginally so we now watch for a relative performance decline here in small caps as a sign the overall rally is ending. So far, no significant change beyond the one day.



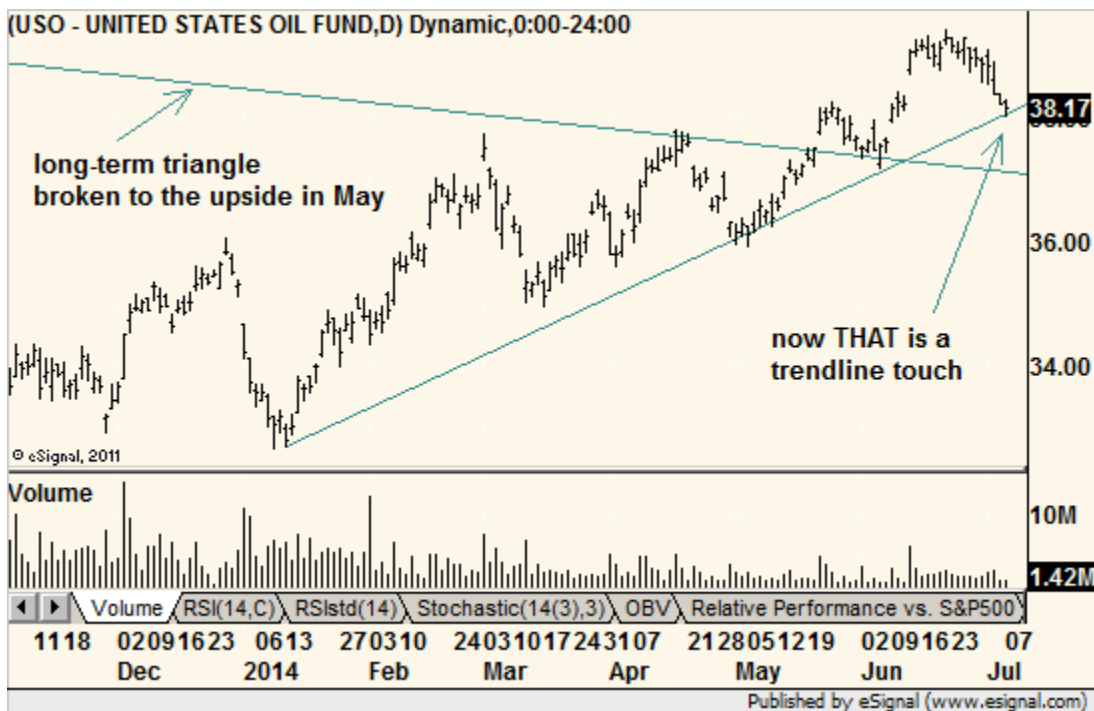
Will it or won't it? Will the Dow keep its hold on 17K? On-balance volume thinks it can although we'd say there is room for a dip back under to scare off weak bulls.

The Radar Screen

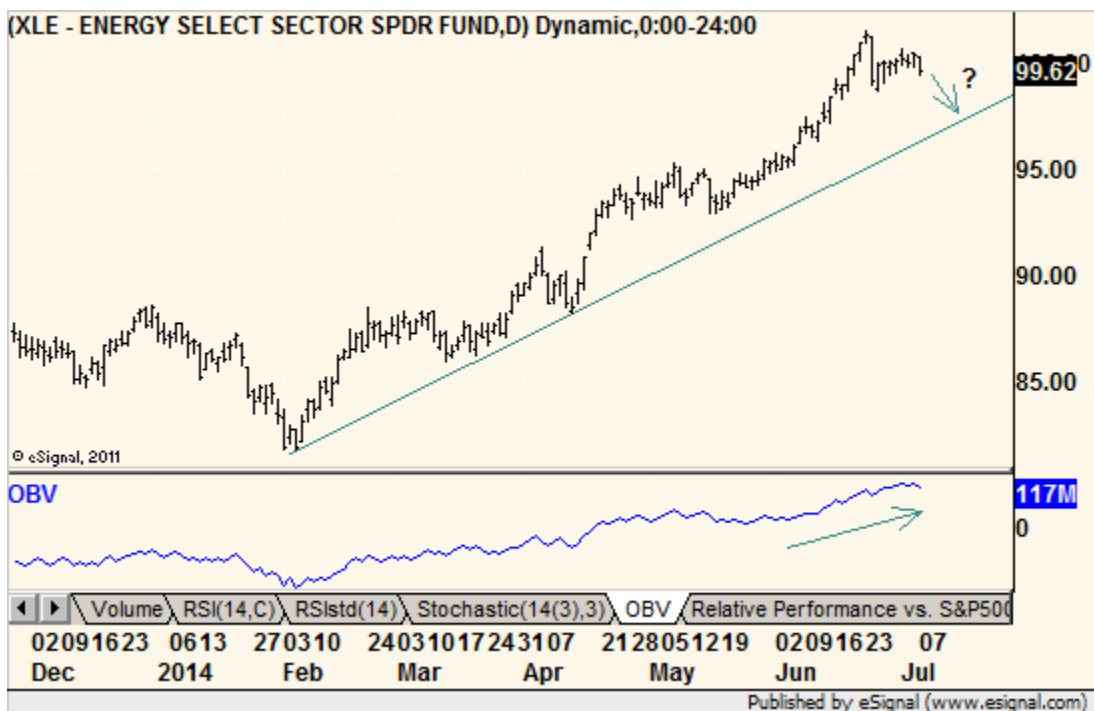
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Chubb CB - More problems in insurance. This one has a potential double top and already sports falling on-balance volume. <u>This one rallied Monday when the rest of the market fell. Too resilient.</u>	Removed	6/30
American Financial AFG - This property & casualty insurer is in a rising wedge with an on-balance volume breakdown. Sell 58.75		6/30
Unknown Implications		
none -		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
Australia ETF EWA - Nice rectangle.		6/24
US Bancorp USB - Not sure which way this goes. A cup-with-handle leans bullish but a failed breakout last week leans bearish.		6/30
Wal-Mart WMT - Falling wedge sets up a breakout but on-balance volume hints that nothing is coming. Wal-Mart suppliers index soaring (WMX). Moving higher	Changed	
Church & Dwight CHD - Consumer staples stock with a possible topping pattern		7/7
Computer Associates CA - Put this software stock on your watch list with a trend break and basing pattern.	New	7/8
Sector Watch (observations that may spark ideas)		
Energy - Still looking for a pullback to buy		6/26
Credit Cards - breakout		7/2
Railroads - Ascending triangle for the index		7/3
Mortgage REIT - Big dividends but chart breakdowns		7/7
Updates		
Tech ETF XLY - another new high		

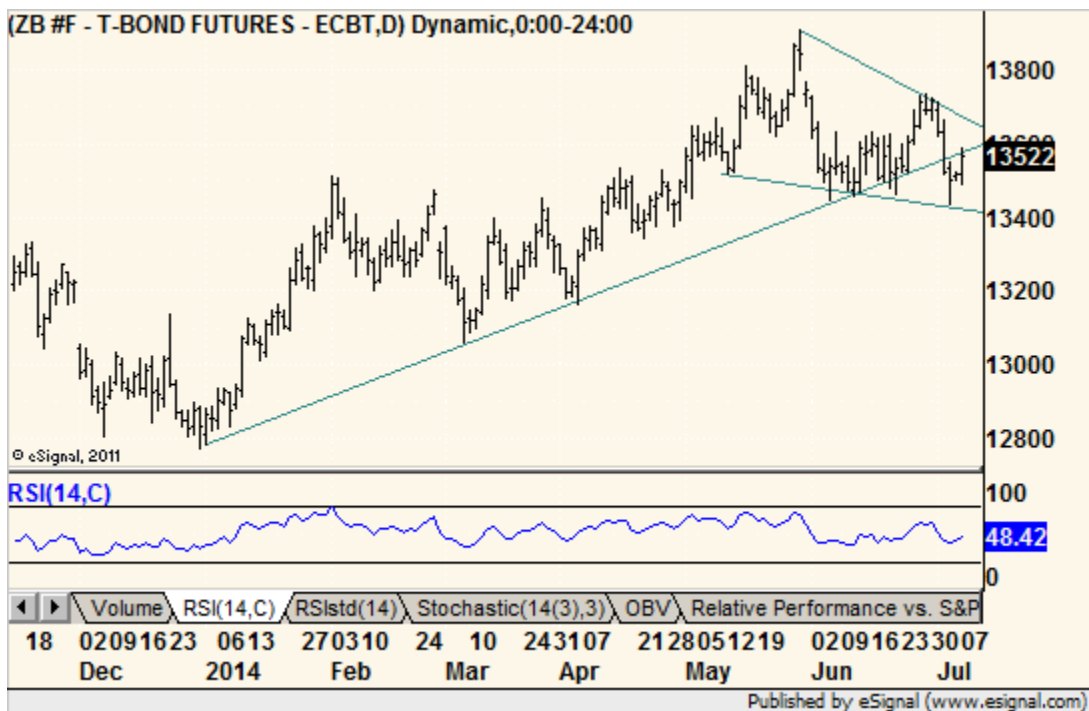
Market Highlights



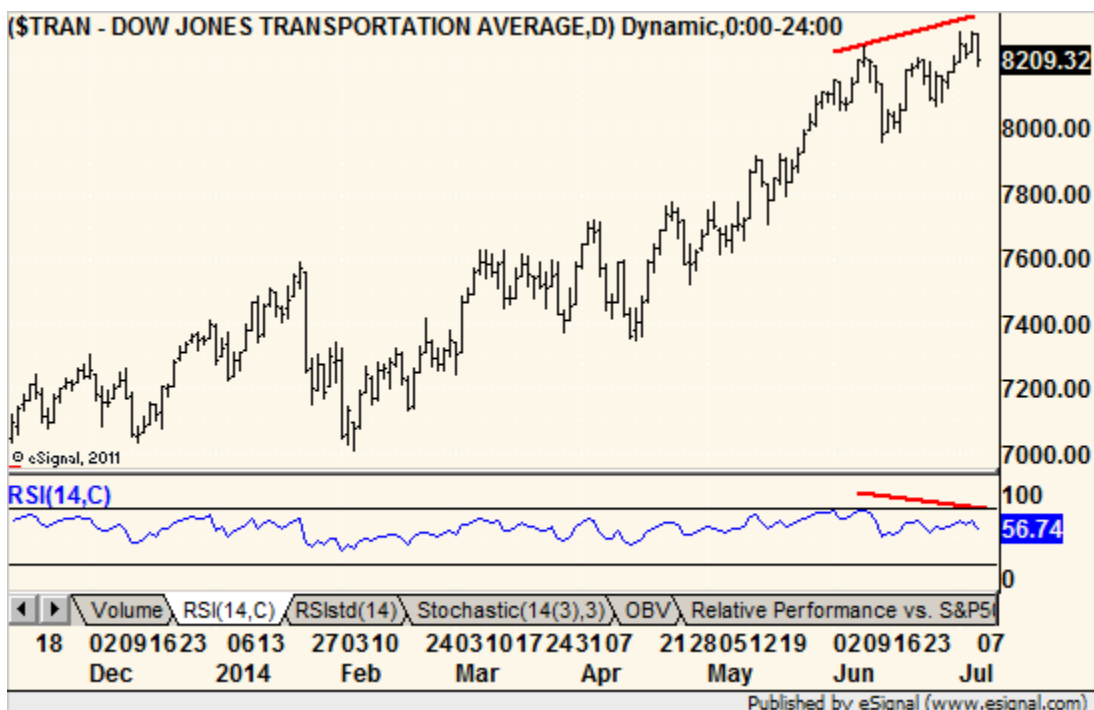
Oil ETF - OK, now it is a trendline touch. Note volume has been low during the price decline.



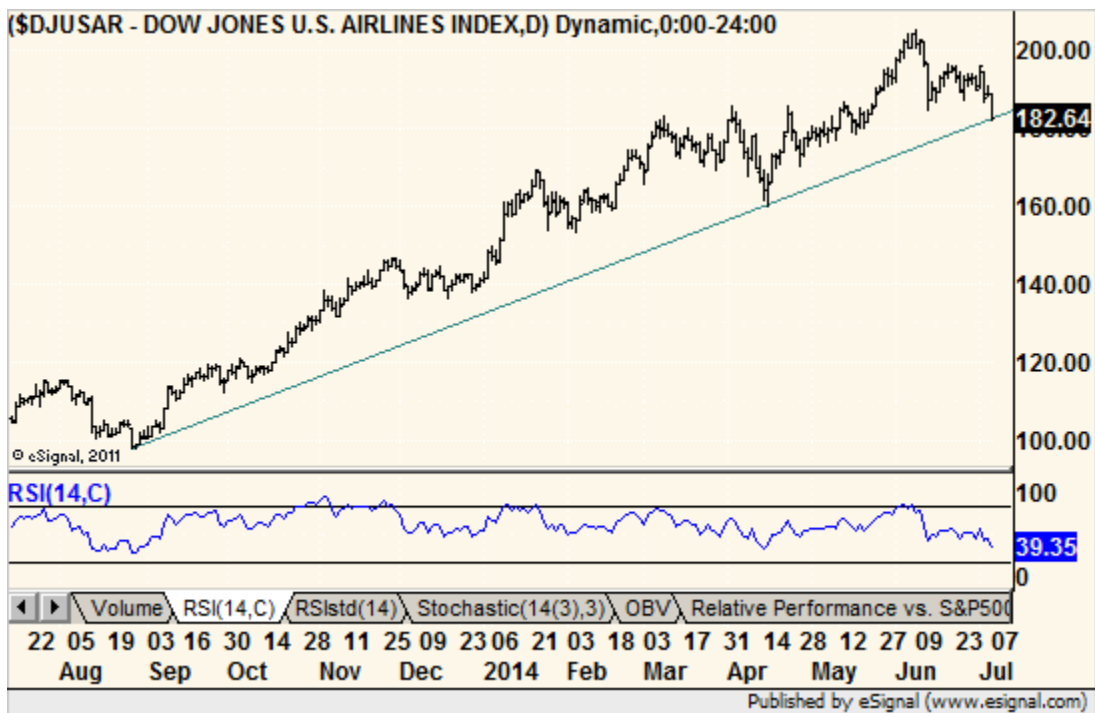
Energy ETF - Perhaps we'll see that second leg down in this correction. Note on-balance volume really has not fallen by much. That keeps us interesting in buying the next dip.



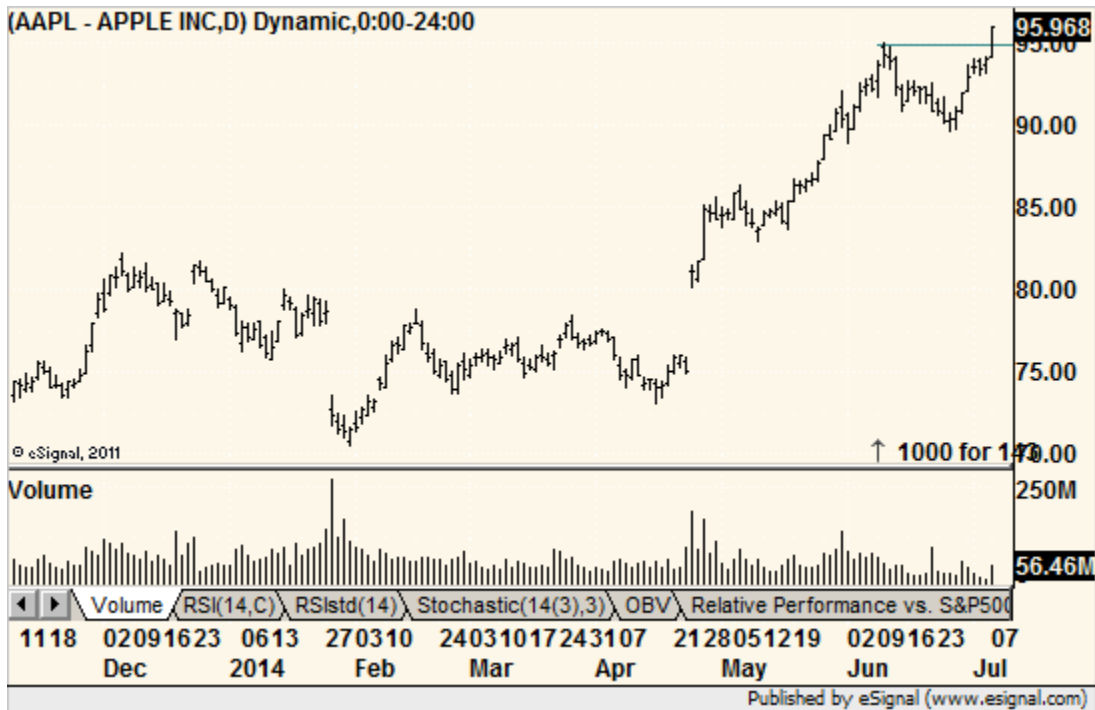
Long T-bond - This is the continuous futures contract and it shows the trendline being tested from below. It also shows a wedge-like pattern which may or may not be bullish. If anything it shows a lower high and lower low which is not a bullish trend.



Dow Transports - Rails look good but airlines got clogged. Here, we see a bearish RSI divergence.



Airlines index - A big fall down to the trendline.



Apple - A serious breakout.



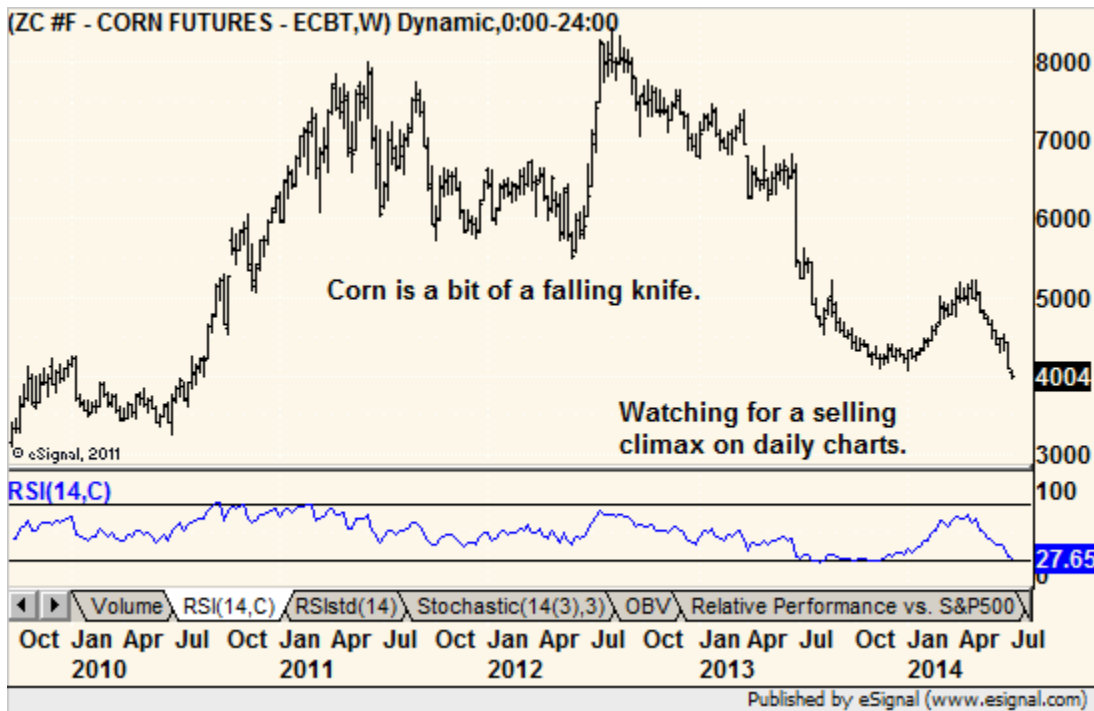
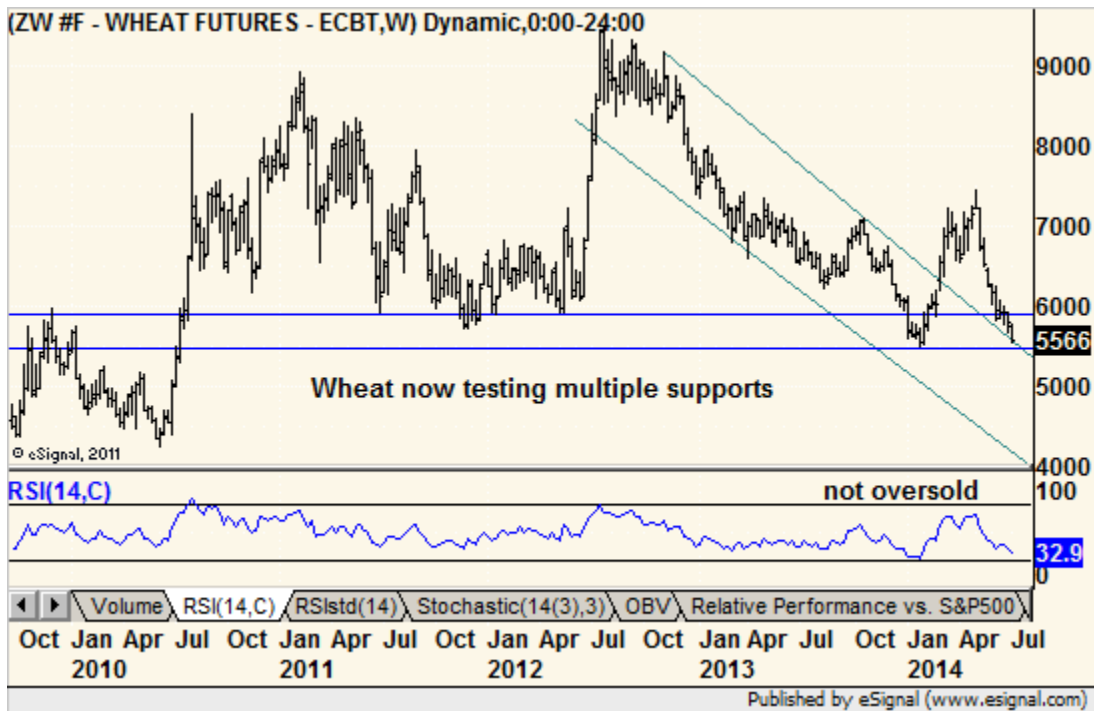
Computer Associates - Put this software stock on your watch list.

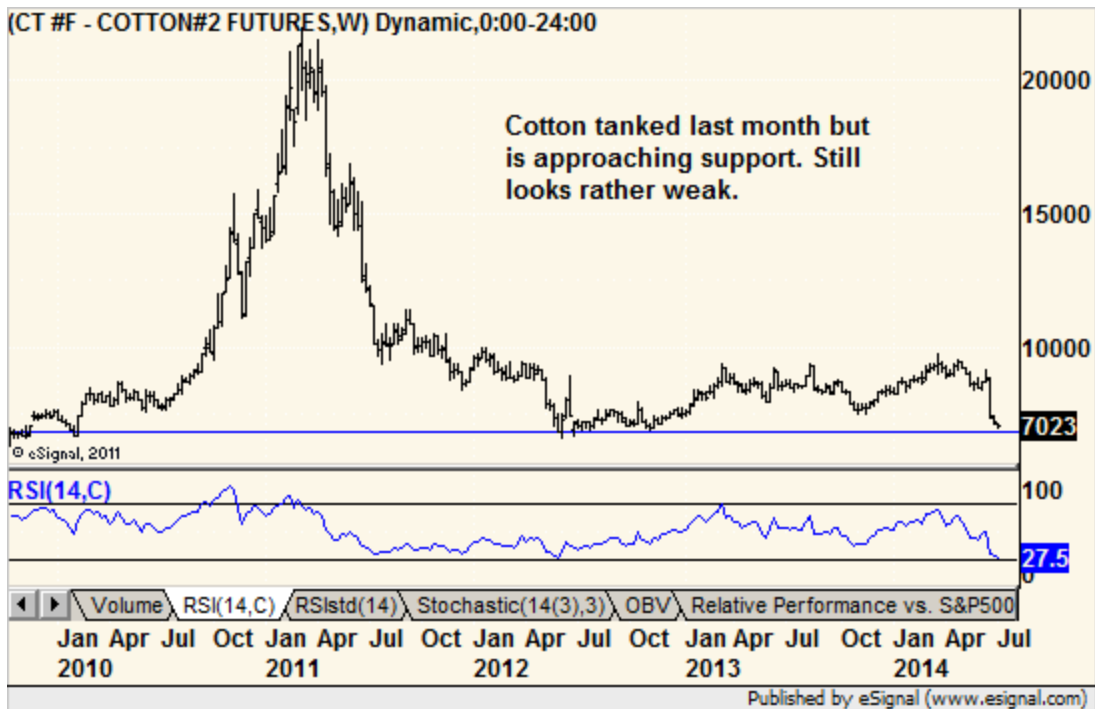
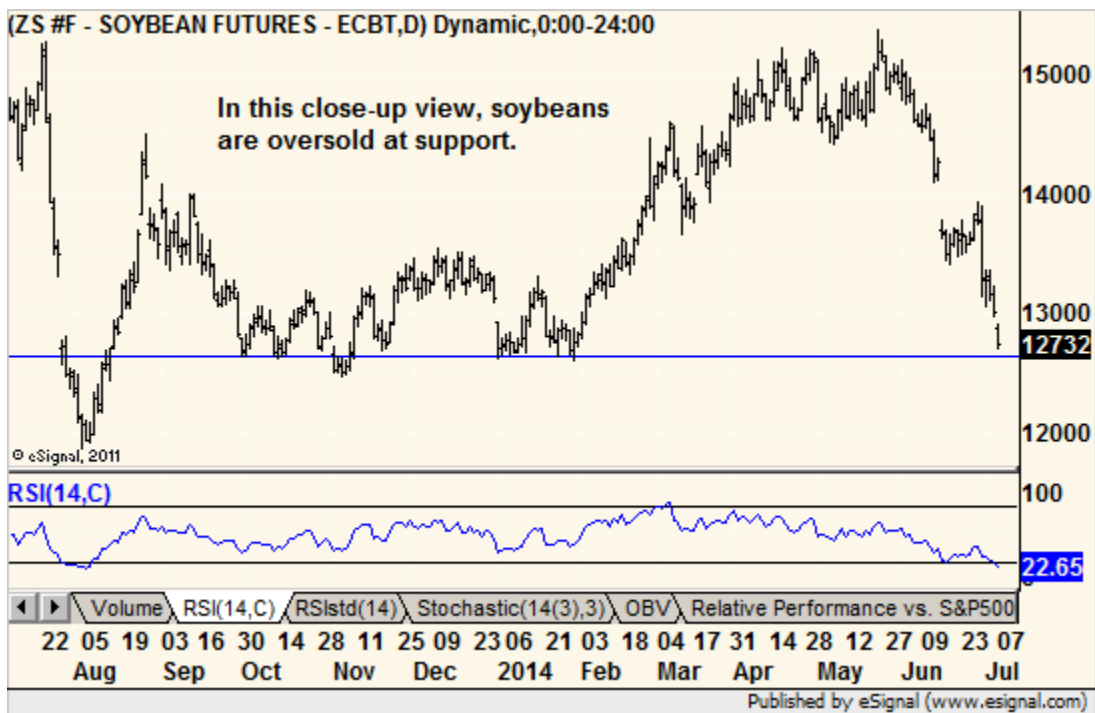


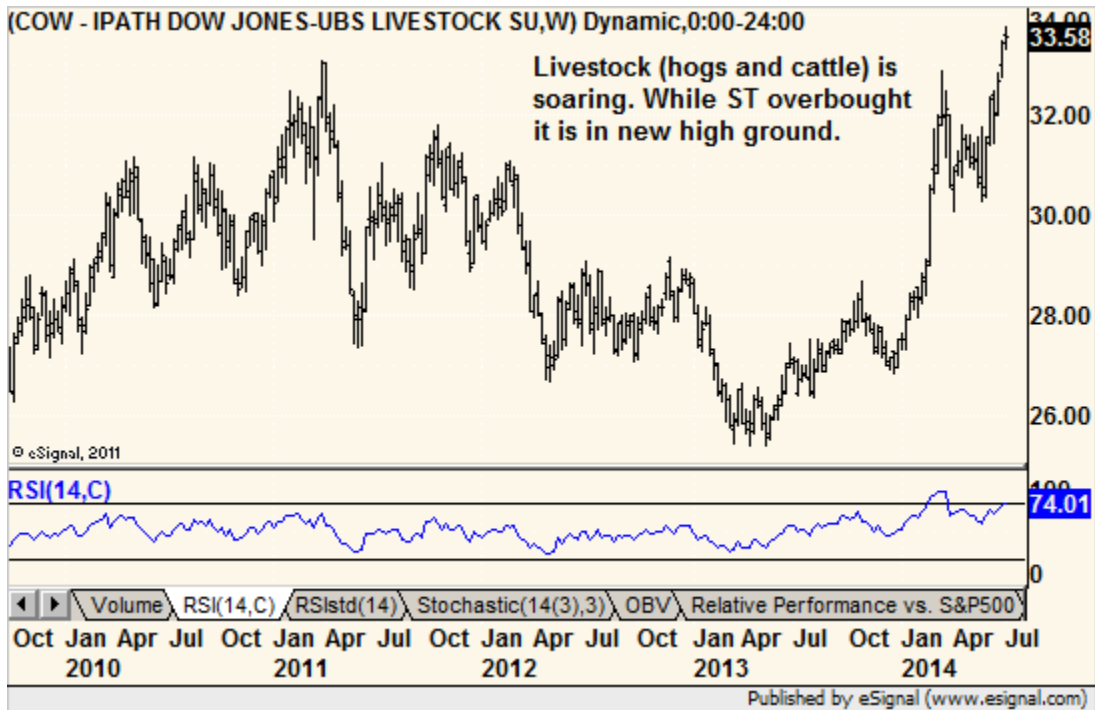
Wells Fargo - The strongest big bank has earnings later this week. Now sports a bearish RSI divergence. We'd avoid for now.

Quick Takes - Commodities

In this section, we take a fast look at charts with just captions.







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>	WYN	WYNDHAM WORLDWIDE CORP	76.31	3.8%	72.50	73.50	5/30	38
	KMI	KINDER MORGAN INC DEL	35.61	4.6%	34.50	34.05	6/4	33
	MRO	MARATHON OIL CORP	39.57	6.7%	39.00	37.07	6/5	32
	GOOGL	GOOGLE INC	590.76	6.0%	560.00	557.11	6/5	32
	RGLD	ROYAL GOLD INC	74.63	11.8%	72.00	66.77	6/12	25
	KEYW	KEYW HLDG CORP	12.60	8.4%		11.62	6/13	24
	MYL	MYLAN INC	50.56	0.9%	50.00	50.11	6/17	20
	LLY	LILLY ELI & CO	62.61	0.9%	60.00	62.03	6/20	17
	IBB	ISHARES NASDAQ BIOTECHNOLOGY	259.09	1.3%	255.00	255.64	6/20	17
	COL	ROCKWELL COLLINS INC	79.27	-1.3%	78.00	80.34	6/23	14
	BMY	BRISTOL MYERS SQUIBB CO	48.01	-0.6%	47.50	48.30	6/23	14
	DDD	3-D SYS CORP DEL	60.15	4.8%	59.00	57.42	6/26	11
	MTZ	MASTEC INC	30.41	1.6%	29.50	29.92	6/27	10
	VZ	VERIZON COMMUNICATIONS INC	49.75	-0.3%	48.00	49.90	7/3	4
<u>Short</u>	none							

Notes: Stopped out of **KEYW** as that stock tanked 6% on the day. We kept raising stops but apparently not tight enough to rescue the full profit. Still, not a bad gain.

Subscriber Corner

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



Blackberry - Clear breakout above the 10.90 area (rounded) but next resistance is very close just over 12.10. The trend is up but it is indeed quite overbought. However, that does not require a pullback. If the stock sits there for a day or three then it will relieve overbought conditions and be ready for its next rally attempt.

Bottom line - We are too nervous over this one right here right now. It may run without us but it could just as easily drop 10% (that's one point).

Other Information

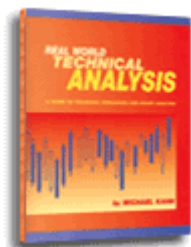
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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