

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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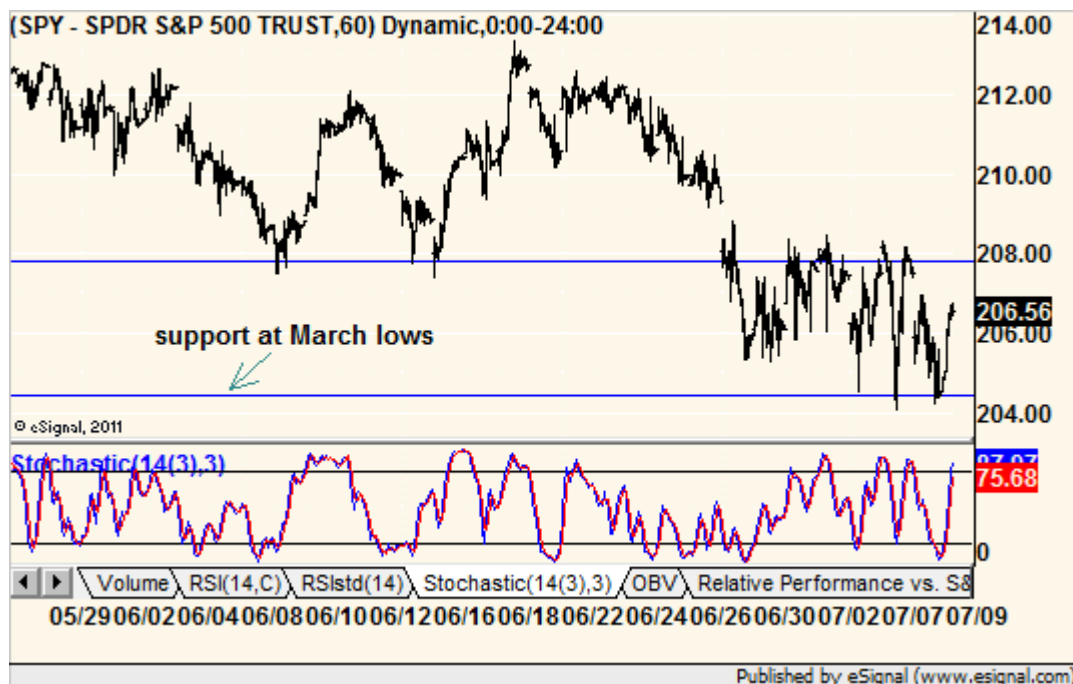
July 9, 2015 – The story yesterday got real when people started to think the NYSE suspension, crashes of the WSJ and United Airlines sites and crash of the Chinese-critical ZeroHedge site were linked to the rout in the Chinese stock market. Wow! There seems to be a real chance – except that the NYSE problem was of their own making. They uploaded software overnight Tuesday into Wednesday and traders started to complain right away Wednesday morning.

The positive is that the world – and the domestic stock market including NYSE listed stocks – kept moving. There was enough distributed trading power to satisfy the bulk of trading needs. Another centralized system is made moot by the power of crowds (Uber, Priceline, Twitter, Netflix, etc...).

Back to the markets, it is turnaround Thursday. Short-term conditions were deeply oversold, not in momentum but in intensity. The NYSE Arms index (TRIN) zoomed up above 3.2 yesterday to indicate a very powerful selloff in progress. It was "too panicky" to last in that form. That does not mean the trend is back up but it is time for some rethinking.

Our rethinking is really not new. The trend is down and the past week is still a hot mess. China was up 5.7% overnight so dead cats are flying over there. No Chinese restaurant jokes, please.

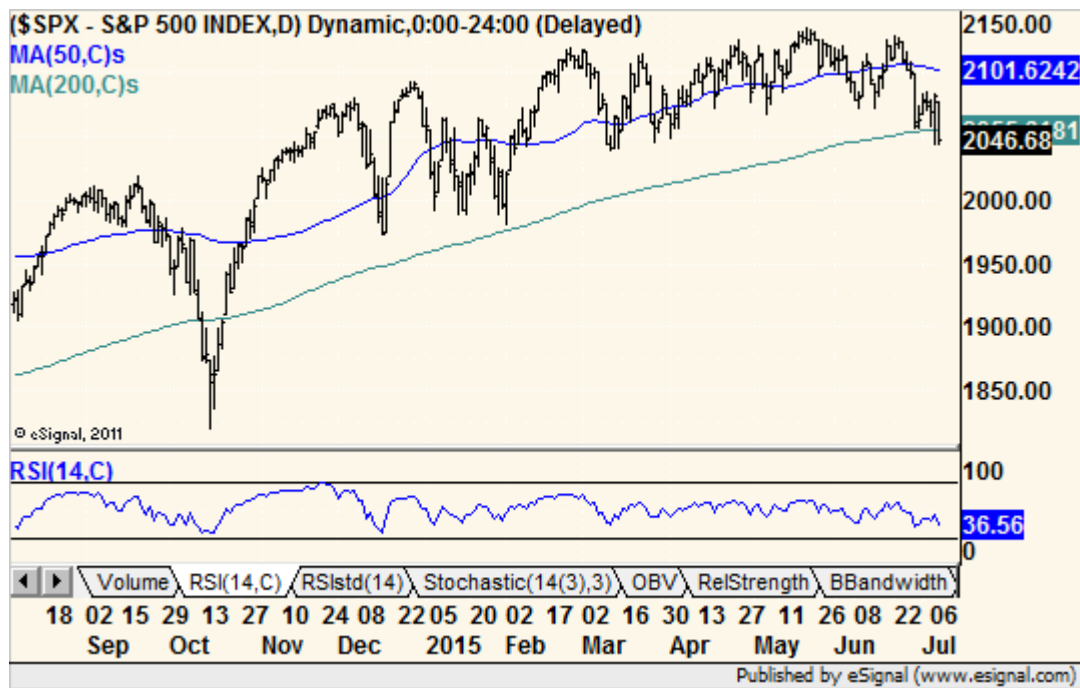
Europe seems to be buoyant this morning with some big moves in the remaining PIIGS. Greece, of course, is still closed for trading. And in a completely unrelated market, Saudi Arabia is up huge today, too. We usually follow this one as a tell on oil but oil itself is not doing quite that much. Sweet mystery of life.



The hourly chart is still all volatility and the overnight gain is just part of it. Support and resistance are getting very well defined now but on the daily charts things still look bearish. See Index Charts of the Day below.

You know the plan – cash – although if there is a good setup we'll take it. Volatility rules so the rebound today is not really buyable. Of course, it could also be day one of a new O'Neil follow-through day signal. That means a surge anytime from next Tuesday to Friday would be an actual buy signal.

Index Charts of the Day



This is not a bullish chart. While oversold short-term here is something to ponder. We are not sure it is a quote from a guru but.... "Some of history's largest stock market declines started only after the market became oversold and could not bounce." Remember, it failed to capitalize on Tuesday's bullish reversal.



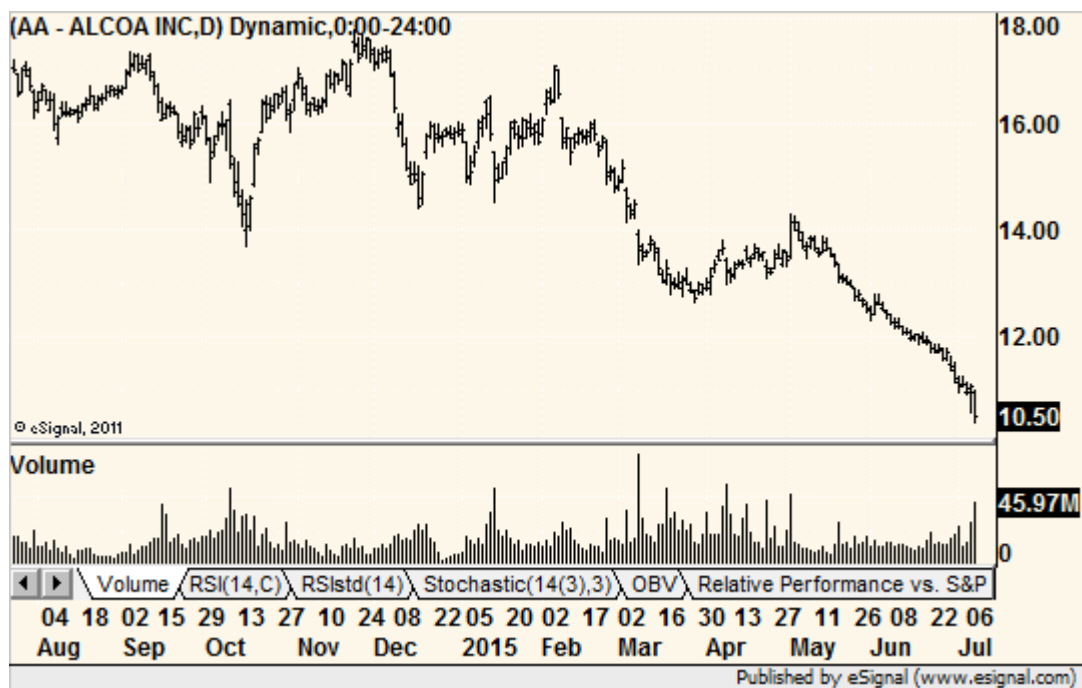
The March lows and equivalent for other indices are critical. See more in Today's Lesson.

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		
Hewlett Packard HPQ – Looking nasty long-term. Sell the bounce of head-and-shoulders neckline. We'll sell 31.50.	Moved	7/2
Holding Tank - red shade leans bearish, green shade leans bullish		
Stocks we watched pre-Greece – MAN, SCHW, CCL (these three still look to be easing down to test breakouts). SCHW has broken down with the financials.		6/29
Goodyear Tire GT – No bounce so now we look for support on the weekly	Changed	7/1
Ashland ASH – Specialty chemical stock getting crushed. Moving on.	Removed	7/1
Sanderson Farms SAFM – Falling on-balance volume suggest support will break. And it did. <u>Looking to sell a bounce.</u>		7/2
Dow Chemical DOW – Looks sellable on the test of the breakdown.		7/2
Sonoco Products SON – This is a packaging stock (unlike Sonoco the oil company). <u>Still looking to sell a bounce.</u>		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 but short-term may have a rally.		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).		7/6
Procter & Gamble PG –Big move higher. <u>Now we find they just sold a biz unit.</u>		7/7
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Up with bonds but still looking lousy		6/30
Consumer Staples ETF XLP – Recaptured its moving averages but still sideways	Changed	6/30
Consumer Discretionary ETF XLY – No breakdown but on-balance volume falling.		6/30
Financial ETF XLF – Trend 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 XLI – Serious breakdown of pennant and both averages. Transports are in here.		6/30
Healthcare ETF XLV – Still hanging on to a rising trend. <u>Health insurers weakening</u>	Changed	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
Heavy Construction – Bearish. FLR, PWR, KBR, JEC		7/7
Chemicals – Look terrible.	New	7/9
Updates		
Silver ETF SLV – Gap down bull hammer was not confirmed but news today is that the US Mint sold out of silver bullion coins.		
Apple AAPL – Broke sloping support level yesterday.		

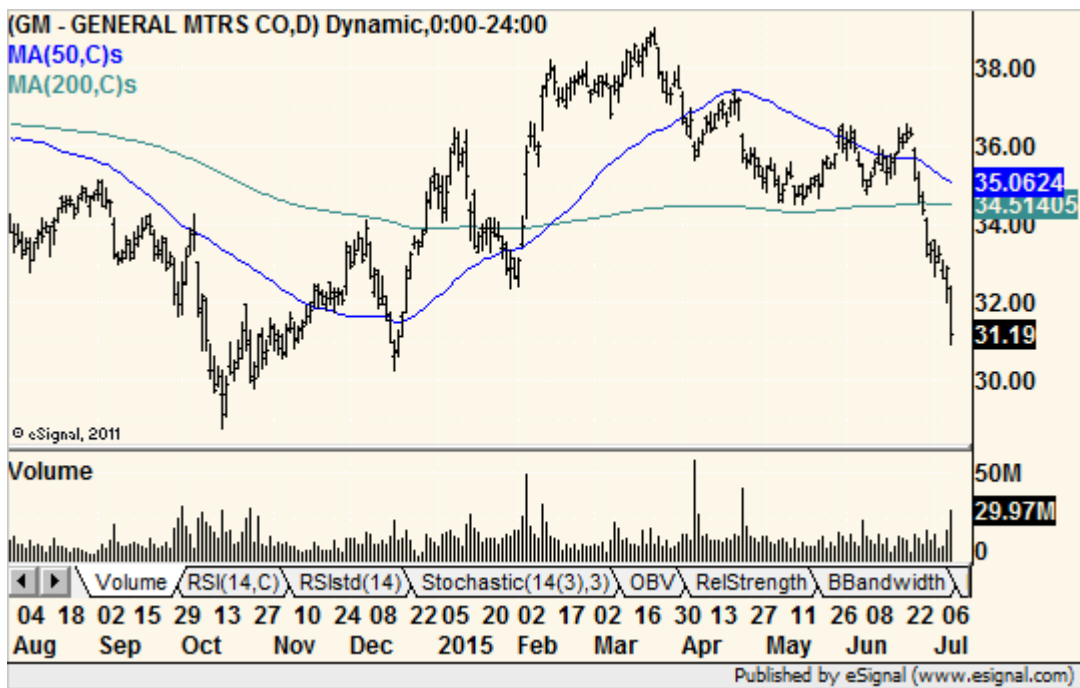
Market Highlights



Alcoa – Was up after earnings but has since faded. This chart looks to be a selling climax but after earnings it seems to be failing. We take that as meaning that industrial metals are still bearish, even as copper and others rally a bit this morning.



Chemicals index – Super lousy. Dead-cat always possible but all the sectors at the beginning of the economy are hurting – metals, steel, chemicals, paper, energy.



General Motors – Wow that’s bad. Oversold so it should not be shorted here but it can be on a nice bounce.

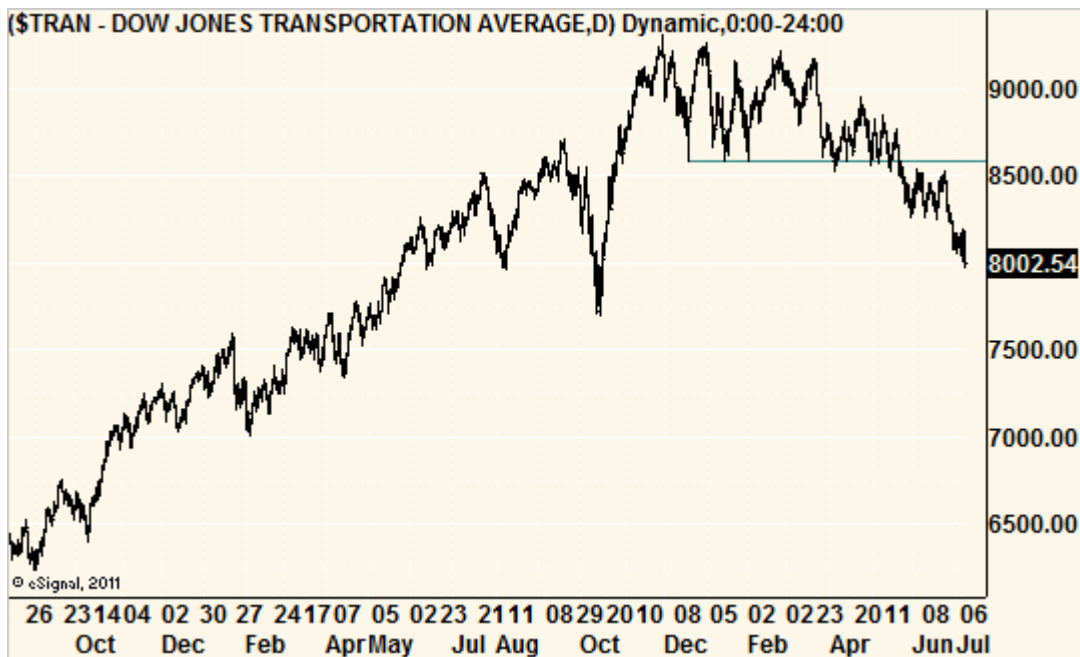


REITs ETF – Looking for something to confirm a rebound in bonds but this is still in decline. The RSI divergence is not that strong.

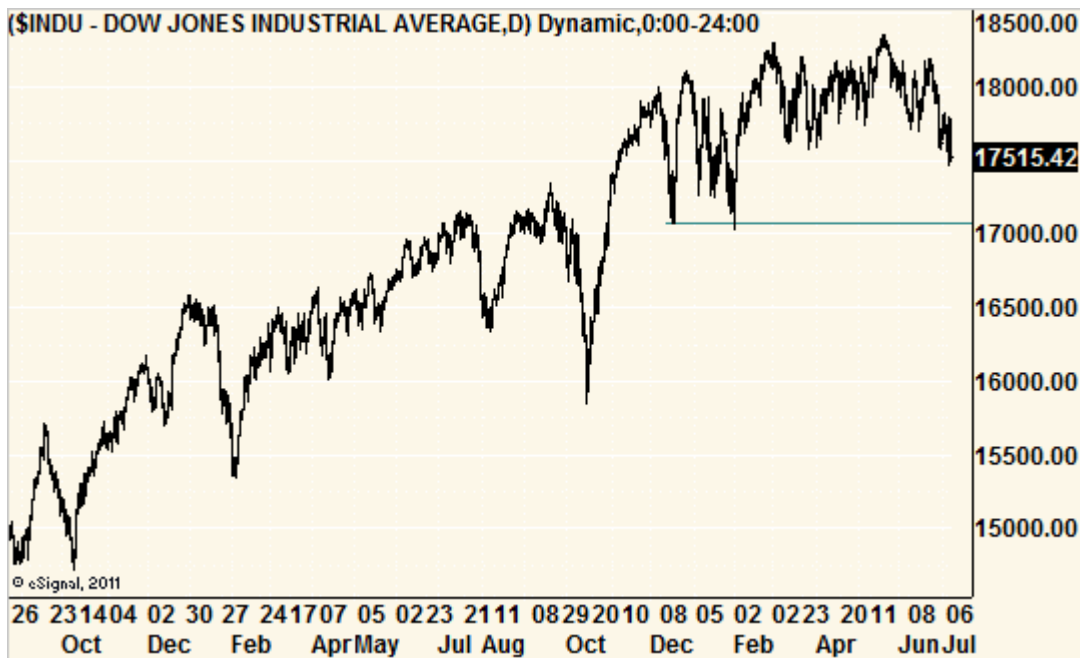
Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Dow Theory



The part of Dow Theory everyone knows is that the Transports and Industrials must confirm each other. Here, we see the Transports clearly setting a significant new low.



The Industrials are still above the equivalent low. The real question is whether a drop below it will trigger a bear market or will we have to wait for the October lows on both to break. We say the former.

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.

Notes: The Advice Tracker is completely empty right now as we are 100% in cash.

Subscriber Corner

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

This is a good time to bone up on your indicators. Ask away!

Or, how about this two-pager, Corrections in Perspective? [Click here](#).

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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