

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**July 14, 2014** - Well, Portugal faded quickly from the headlines and the stock market continued to build on Thursday's reversal overnight. Gold did not like the calm and is down sharply this morning. However, as we'll see in the charts below is not so bad. Bonds are a bit more resilient as they remain at the top of a new declining channel. Should they move higher now it will be a breakout and our lower bond price thesis will be wrong.

In sectors, banks and financials are still lagging and energy broke down from a mid-correction pause. The latter will become clear in the charts below but the takeaway is that **XLE** is heading to its supporting trendline, where we will consider buying.

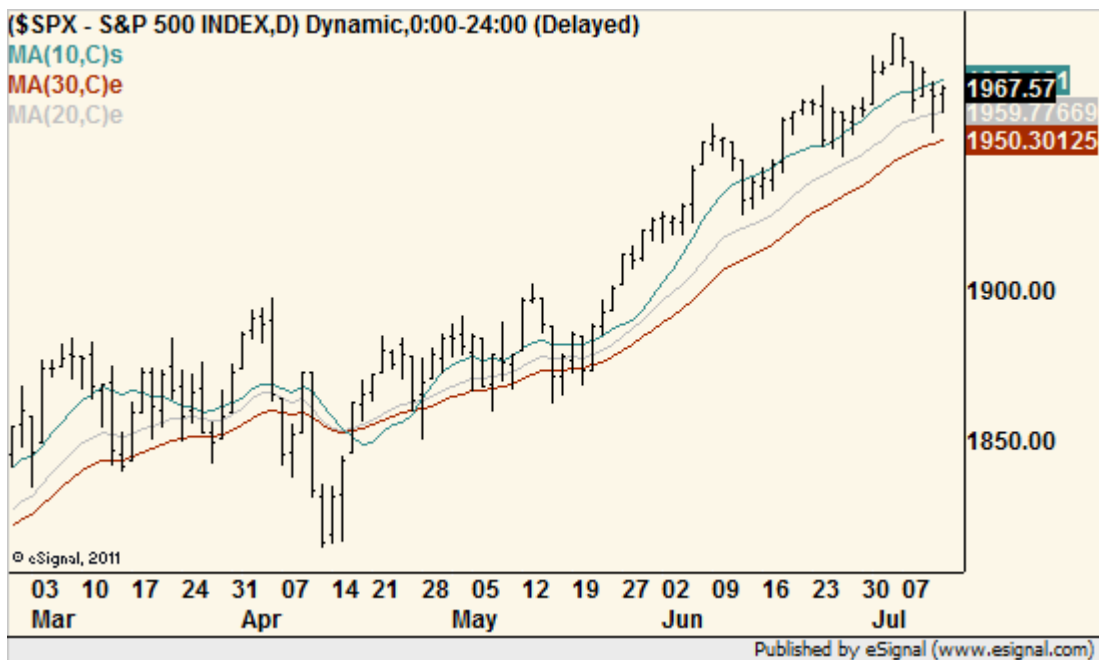


Not much new in the hourly **SPY** chart. We've changed the markings from support and resistance to rising channel lines. Prices are right in the middle for higher risk for both new longs and new shorts so we are not that interested in playing today.

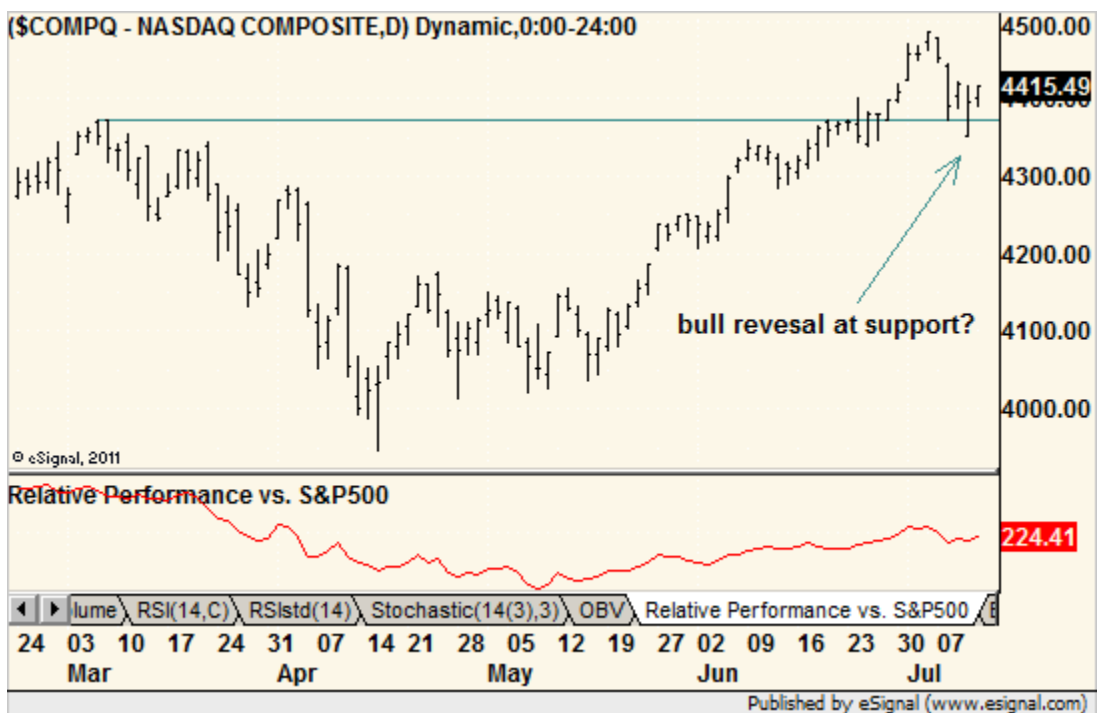
And that is reflected in the Market Highlight charts below. Only one stock - US Steel - is a possible buy. We really would like to see some market volume or volatility or consistency. Or a serious move in bonds one way or the other. Or something from the dollar - anything.

Right now, our position is long hold with little incentive to add or subtract from it. True, we've said we're looking to lighten up on the next market uptick and that still holds.

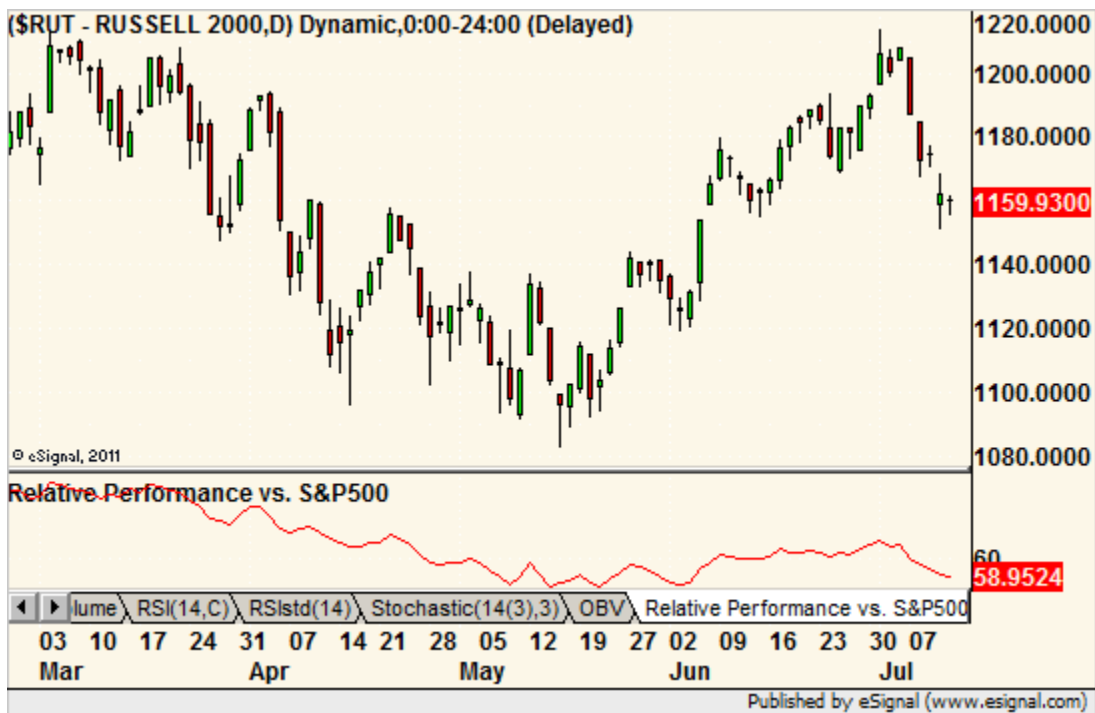
## Index Charts of the Day



The 10 simple, 20-expo, 30-expo moving average system shows a little damage but the averages themselves are far from crossing. The trend is still up although it will take only one or two bad days to change it for the worse.



The Nasdaq has a "so far so good" look after testing its breakout.



No doubt, the Russell is reeling but it scored two doji candles in a row. That could mean the decline is over but it needs confirmation with an actually rally day.



The utilities have a bear flag half way from peak to trendline to suggest more downside. However, on-balance volume is still rather strong so no guarantee here.

## 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.

<b>Bullish Implications</b>		
<b>Infosys INFY</b> - A handle-like pause at resistance. It looked good yesterday but earnings were overnight. They came in nice and the stock is up. It will gap up a bit at the open but we like it here.	<b>Triggered</b>	7/11
<b>Bearish Implications</b>		
<b>none</b> -		
<b>Unknown Implications</b>		
<b>US Bancorp USB</b> - Not sure which way this goes. A cup-with-handle leans bullish but a failed breakout last week leans bearish. Buy 44, sell 42.90	<b>Triggered</b> (short)	6/30
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Church &amp; Dwight CHD</b> - Consumer staples stock with a possible topping pattern. Looking to sell a bounce		7/7
<b>Allstate ALL</b> - Ahead of earnings, this one is on hold in a rectangle pattern with a negative bias in on-balance volume. Looks like a breakdown so we'll look to see how it bounces		7/9
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Still looking for a pullback to buy. <u>Patience</u>		6/26
<b>Mortgage REIT</b> - Big dividends but chart breakdowns, <u>Bear flag</u> .		7/7
<b>Gold miners</b> - fresh breakout		7/10
<b>Utilities</b> - <u>Bear flag</u>	<b>New</b>	7/14
<b>Updates</b>		
<b>none</b> -		

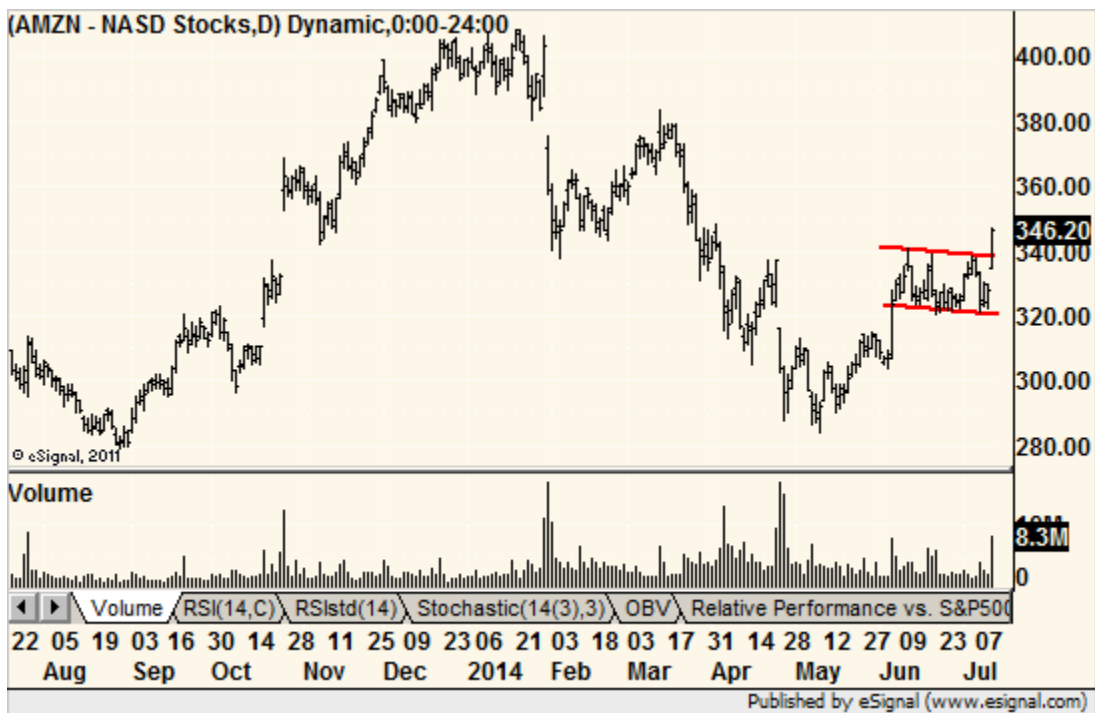
## Market Highlights



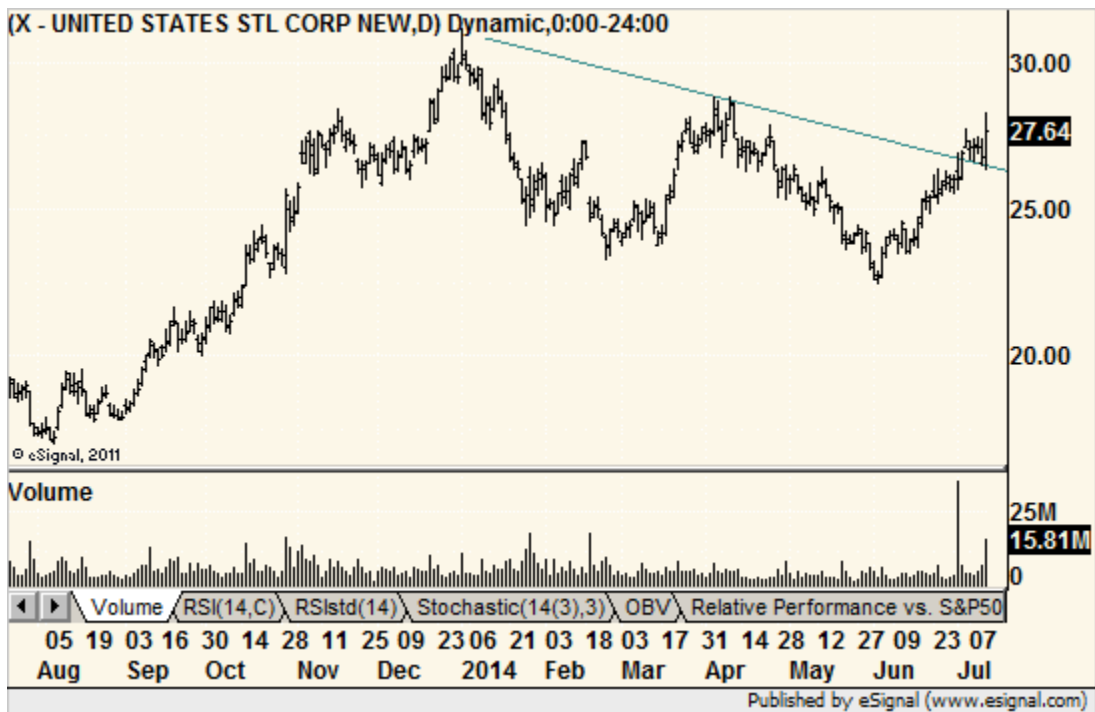
**Banks ETF** - Still underperforming and now at moving average support. It did save a short-term pattern break.



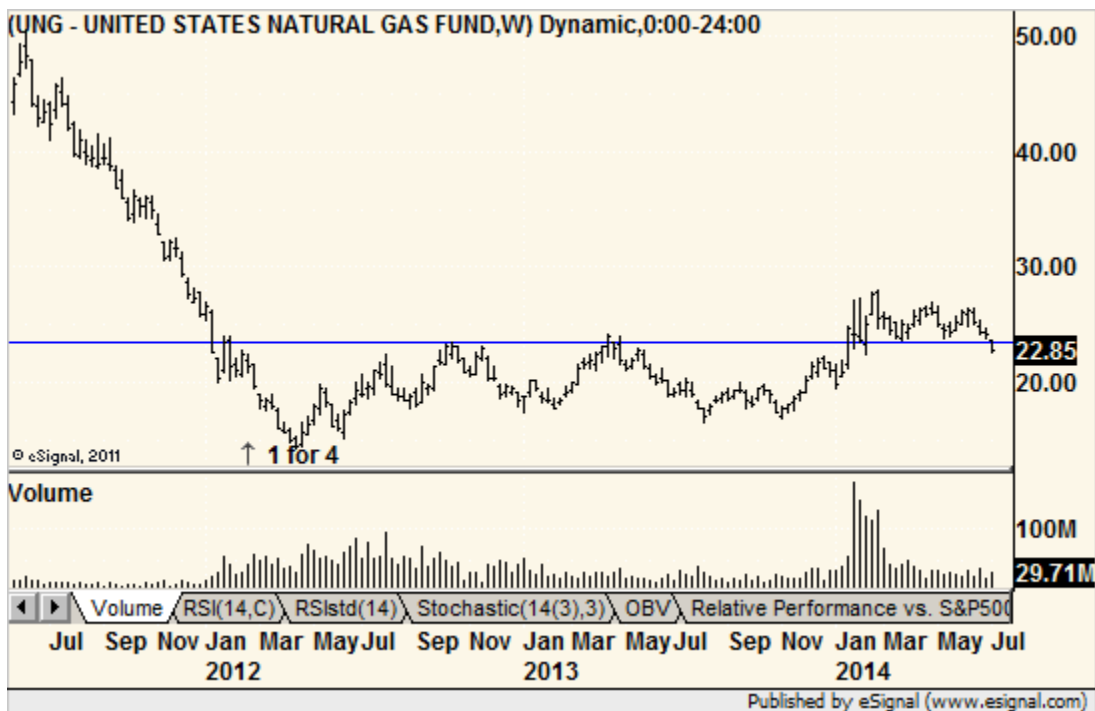
**Energy ETF** - Looking to buy at the trendline and 50-day average but we'll reserve judgment until it actually arrives there.



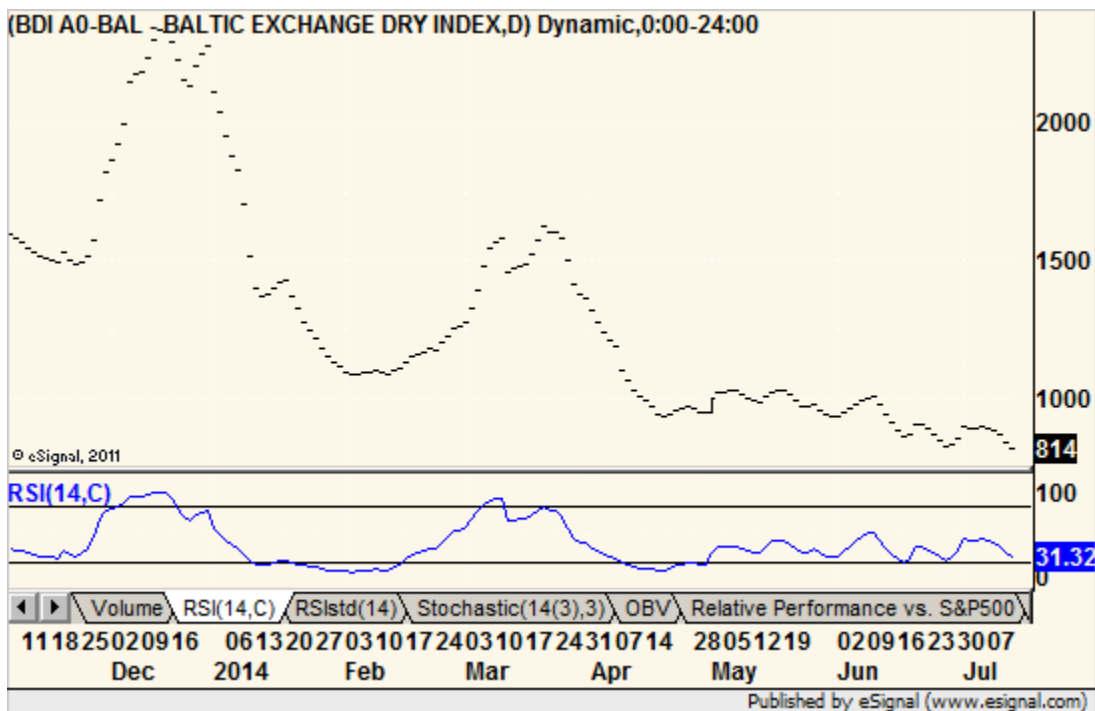
**Amazon** - This is the real reason retail ETFs jumped Friday. Actually the only reason.



**US Steel** - Great action with a trend break, pause and outside-day higher. Look at volume!



**Natural Gas ETF** - The heartbreak market did it again. It took all year but it finally gave up the ghost. The **FCG** natural gas stocks ETF also broke down.

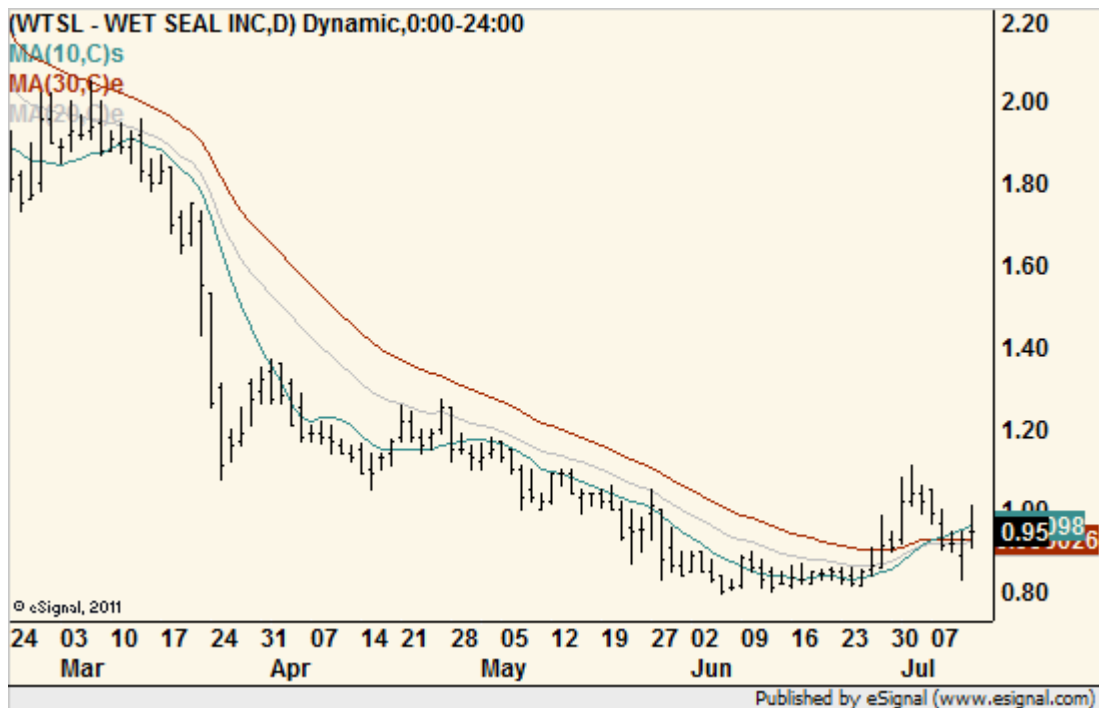


**Baltic Dry Rate** - We've been watching this shipping price indicator and it just set another low. The **SEA** shipping ETF finally cracked.

## Today's Lesson

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

### Bowtie



**Wetseal** - We looked at this one in June but it was not ripe. Fast forward, the Landry Bowtie formation happened last week and now with the pullback and rebound it is ripe for speculative accounts only.

A bowtie is a moving average crossover system that leaves the shape of a bowtie when the averages cross at about the same point. Landry uses the 10-simpl, 20-expo and 30-expo.



## 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>	<b>WYN</b>	WYNDHAM WORLDWIDE CORP	76.86	4.6%	75.00	73.50	5/30	44
	<b>KMI</b>	KINDER MORGAN INC DEL	35.63	4.6%	34.50	34.05	6/4	39
	<b>MRO</b>	MARATHON OIL CORP	39.14	5.6%	39.00	37.07	6/5	38
	<b>GOOGL</b>	GOOGLE INC	586.65	5.3%	560.00	557.11	6/5	38
	<b>RGLD</b>	ROYAL GOLD INC	78.35	17.3%	73.00	66.77	6/12	31
	<b>LLY</b>	LILLY ELI & CO	62.84	1.3%	61.00	62.03	6/20	23
	<b>COL</b>	ROCKWELL COLLINS INC	79.21	-1.4%	78.00	80.34	6/23	20
	<b>BMJ</b>	BRISTOL MYERS SQUIBB CO	48.62	0.7%	47.50	48.30	6/23	20
	<b>MTZ</b>	MASTEC INC	30.05	0.4%	29.50	29.92	6/27	16
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	50.32	0.8%	48.00	49.90	7/3	10
	<b>AAL</b>	AMERICAN AIRLINES GROUP INC	42.88	4.6%	40.00	41.00	7/9	4
	<b>LF</b>	LEAPFROG ENTERPRISES INC	7.44	-4.0%	7.25	7.75	7/9	4
	<b>INFY</b>	INFOSYS LTD	54.22	-3.4%	53.00	56.15	7/11	2
<u>Short</u>	<b>AFG</b>	AMERICAN FINL GROUP INC	59.12	-1.4%	60.00	58.27	7/10	47
	<b>USB</b>	US BANCORP DEL	43.18	-0.6%	44.50	42.90	7/11	47

**Notes:** Raised stop in **AAL** to trail it. Raised stop in **GOOGL** to keep it meaningful.

**AFG** put in two gaps down, net gain days to end last week. Seems bullish but wedge pattern remains arguably broken to the downside.

New long in **INFY** at the open following positive reaction to earnings overnight. We got skunked on the intraday reversal. Let' see what happens.

New short in **USB** intraday before it recovered. Not a great start/

## 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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