

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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July 16, 2015 – In the words of the late Jackie Gleason, “and away we go!” The European markets are up this morning after Greece approved the latest bailout plan and we’ve got the European blue chip chart below with a nice breakout. Curiously, or maybe not, the US markets are more muted.

We are actually glad to see the domestic markets taking it in stride because they have already rallied on the hope. Selling on the news was always an option so the firm nature this morning is a positive. But the question, as always, is will it last? For that we will indeed rely on Mr. O’Neil’s signal.

For those who missed out daily mention, the follow-through day window is now open through Monday where a surge in price (1.5%) and volume would let us know the market is really back in rally mode. What is unfortunate is that the S&P 500 is already up about 3% since the start of the current rally attempt so waiting for the signal risks missing a good chunk of the rally. But wait we will. The good news is that we do have some longs in place to at least earn a payday until the signal arrives.

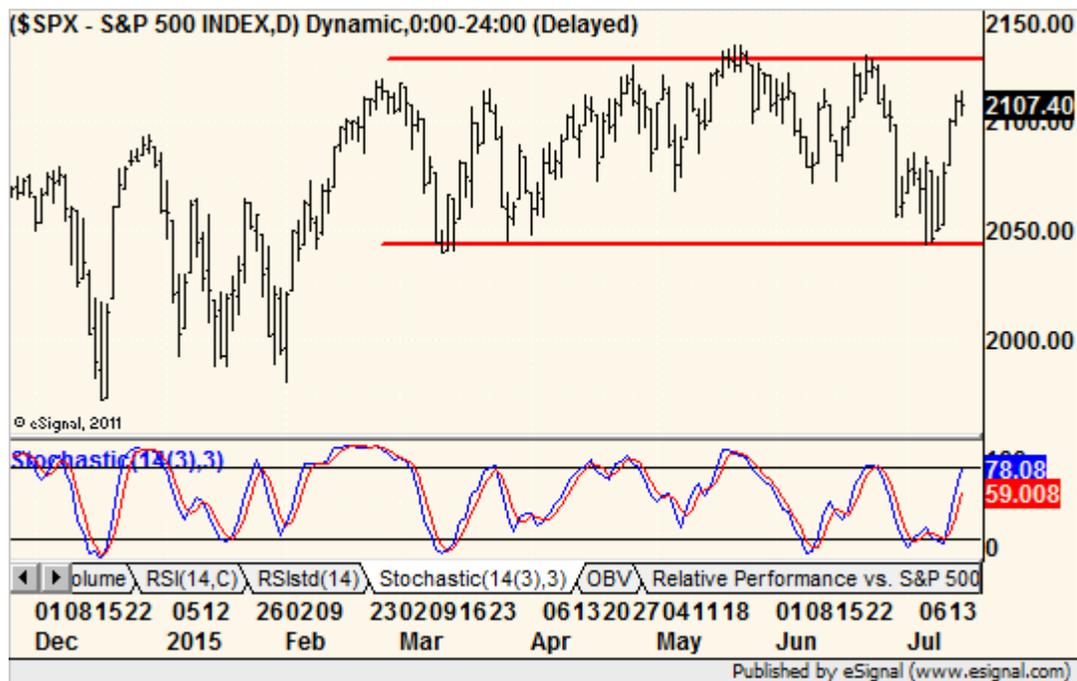


With premarket trading, we can see the hourly chart now up at resistance. Momentum is still flat but it is too soon to call this a bearish divergence. The reason is that if the market keeps rising RSI should also move higher to erase the look of divergence. Now, if prices dip in the morning (after the presumed pop higher in the regular session) then we can call it a divergence and a warning. Remember, the market ran up on hope for a deal. Buy the rumor and sell the news is still possible.

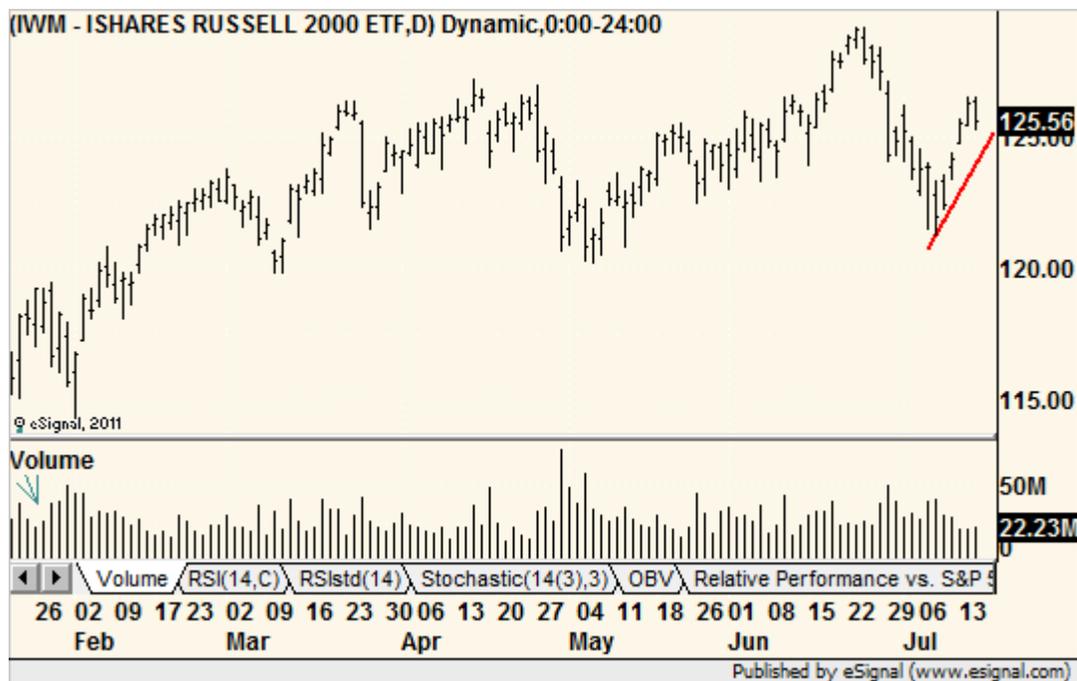
Elsewhere, other markets are not doing too much although the dollar now seems to have confirmed an upside breakout. Greek stocks trading domestically are up nicely but still within the recent trading range. And China was rather sedate overnight.

More restraint needed until the market really tips its hand.

Index Charts of the Day



Because the trading range is still in effect we will follow stochastics. If the market fails to hold on to premarket gains and the indicator turns lower then it will have another lower high – as it would in a down trend. **Believe it or not, the trend is still down** with lower price lows and lower price highs.



This is not an immediate concern but we do see it in many places in the market. The Russell 2000 ETF has clearly falling volume during the rebound of the past week and that should be monitored.

The Radar Screen

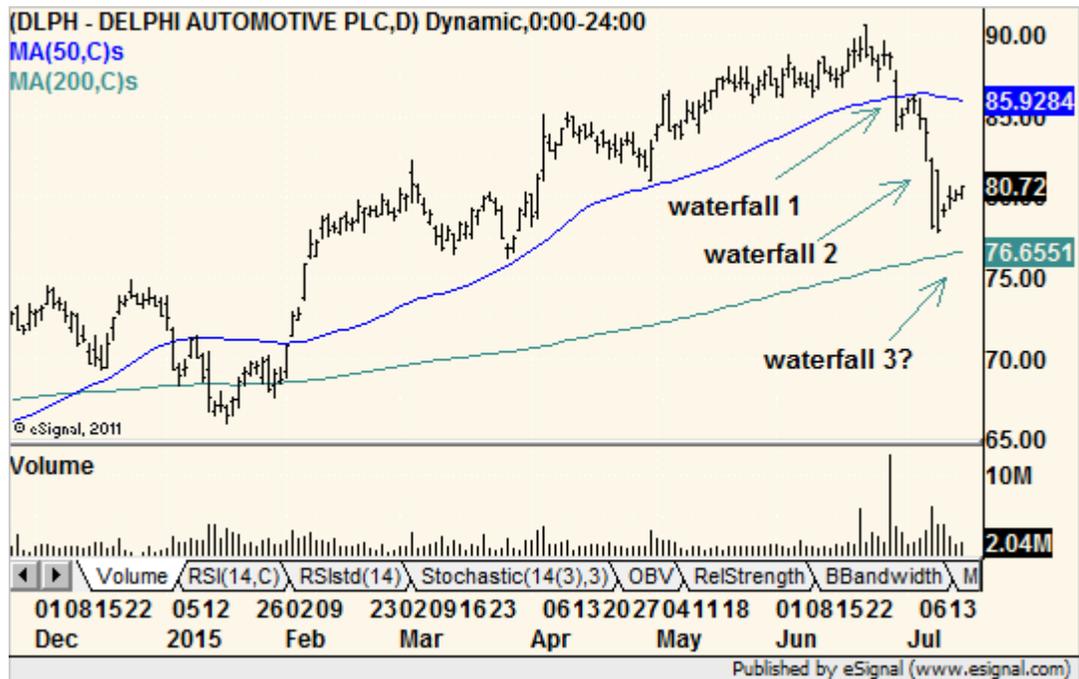
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Agribusiness ETF MOO – Stronger food commodities and rising on-balance volume suggest this ETF will break out from a down channel. <u>Buying 55.40.</u>		7/15
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. I wrote this up in Barron’s as the crossover is pending. Buy close over 109.00.		7/2
Altria MO – We are still suckers for dividend stocks. This tobacco maker is pausing after a breakout. Buy next break at 51.90		7/14
United Continental UAL – Everyone hates airlines but oil is so weak that this double-bottom breakout looks buyable. Trigger 56.60.	Moved	7/14
Bearish Implications		
Hewlett Packard HPQ – Looking nasty long-term. Sell the bounce of head-and-shoulders neckline. We’ll sell 31.00.		7/2
Delphi Automotive DLPH – This is an auto parts stock and the whole sector looks terrible. Looking for the third drop on a waterfall series. Sell this one under yesterday’s low 79.92	New	7/16
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Align Technology ALGN – This is a medical supplies stock and it is bumping up against a strong resistance with rising on-balance volume. <u>A tough call as it does not have a crisp pattern to play. Looks strong, however</u>		7/6
Ag fund DBA – Industrial commodities look lousy but food commodities in this ETF have a base breakout.		7/14
Boeing BA – Looks like a breakout but it will probably be better on a pullback with that falling volume.		7/14
Sector Watch (observations that may spark ideas)		
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
Heavy Construction – Bearish. FLR, PWR, KBR, JEC		7/7
Updates		
none –		

Market Highlights



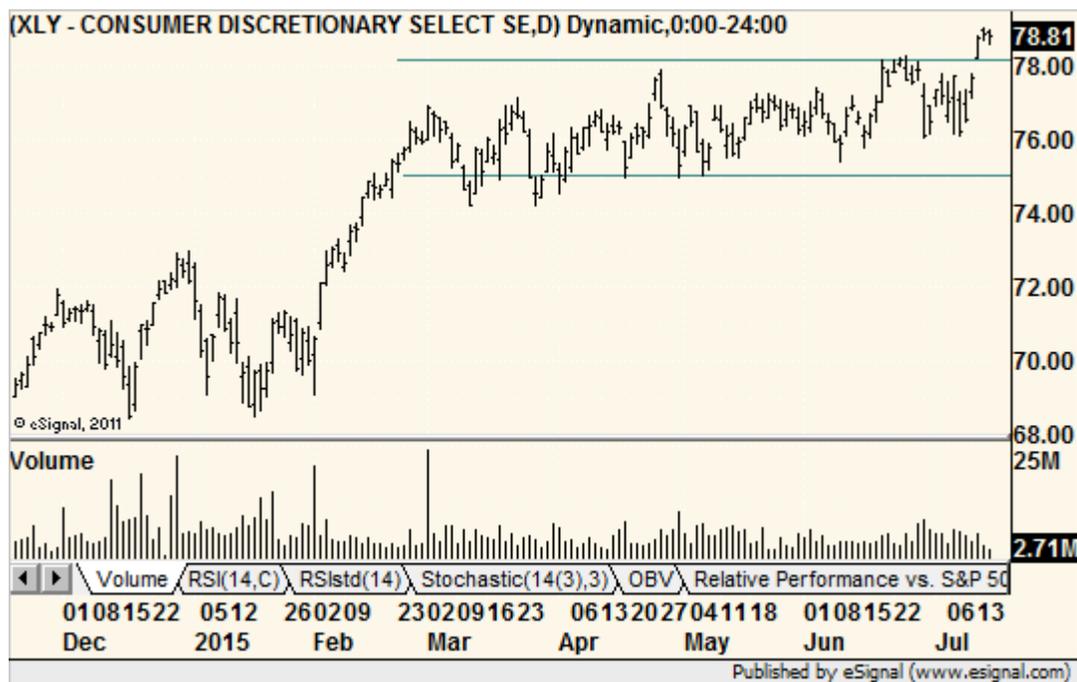
Stoxx-50 – The European blue chip index has a breakout. Definitely short-term overbought, however.



Delphi Automotive – This is an auto parts stock and the whole sector looks terrible. Looking for the third drop on a waterfall series. Sell this one under yesterday's low 79.92



REITs ETF – Just watching. However, if this is still weak then we wonder why it has reached resistance and not fallen away quickly. That is a sign of gathering strength before a breakout. PSA may have already broken out. Ditto **LHO**.



Consumer Discretionary ETF – Does this breakout look a bit weak to you? It does to us.

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>	MAN	MANPOWERGROUP INC	93.93	2.2%	90.00	91.89	7/10	5
	CCL	CARNIVAL CORP	51.84	2.5%	51.00	50.58	7/10	5
	GT	GOODYEAR TIRE & RUBR	29.77	1.6%	29.00	29.30	7/10	5
<u>Short</u>	SON	SONOCO PRODS CO	43.79	0.5%	45.00	44.00	7/14	1

Notes: none

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

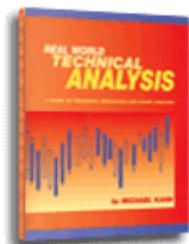
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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