

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

July 17, 2014 - Earlier this week, earnings came out and the stocks in question jumped up nicely. The end of the week seems very different with big drops in reporting stocks and **MAT** getting absolutely destroyed in the premarket today. We are not drawing conclusions from this but just wanted to point out that earnings season is not the hot ticket it appeared to be when **AA** kicked it off (FYI - AA is still soaring).

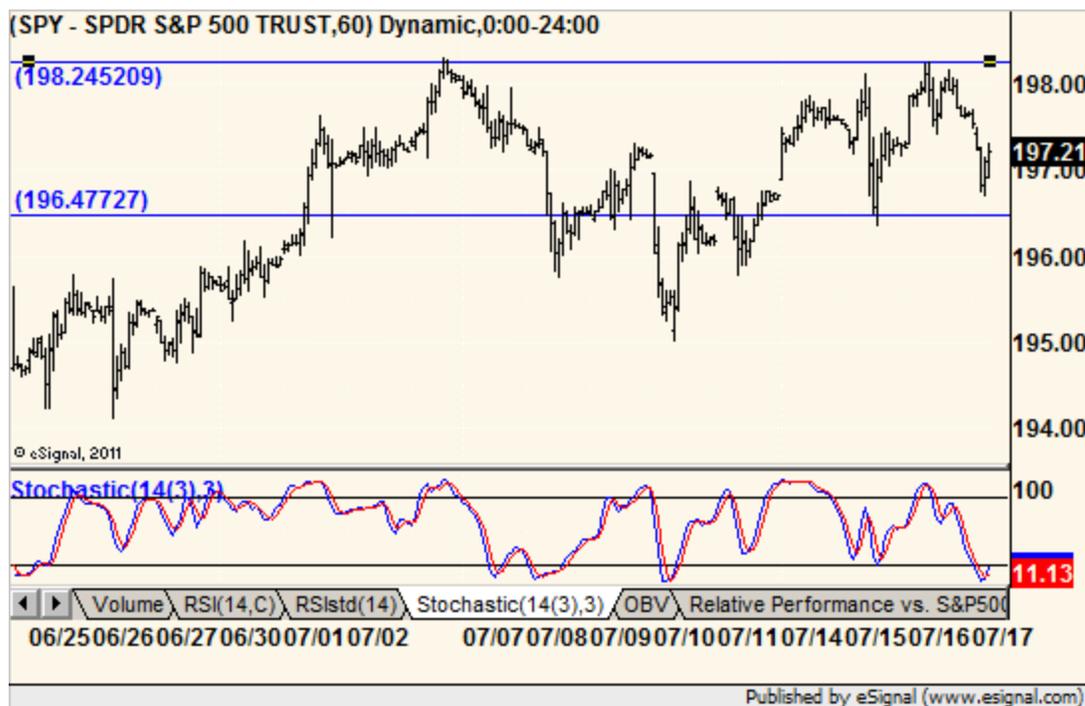
Here's a tidbit for you: the banking sector, depending on the index used, either gave back most, all or more than all if its Tuesday, post-**JPM/ GS** earnings gains. Could the hated indicator be right again? When I get "you are an idiot" mail from the public after a prediction I usually end up being right.

The big news from yesterday was the upside follow-through in oil after a hammer reversal pattern. Energy stocks also took off to the upside with a nice breakout in **KMI** (already in the Advice Tracker) and a full recovery in our new long in the **XOP** ETF. I also wrote up **CVX** for ProfitableTrading.com late yesterday afternoon.

Gold is getting some recovery although it still can be credited to oversold conditions. We still believe the long-term picture here is bright so we are waiting for a little short-term improvement to get back on the soapbox.

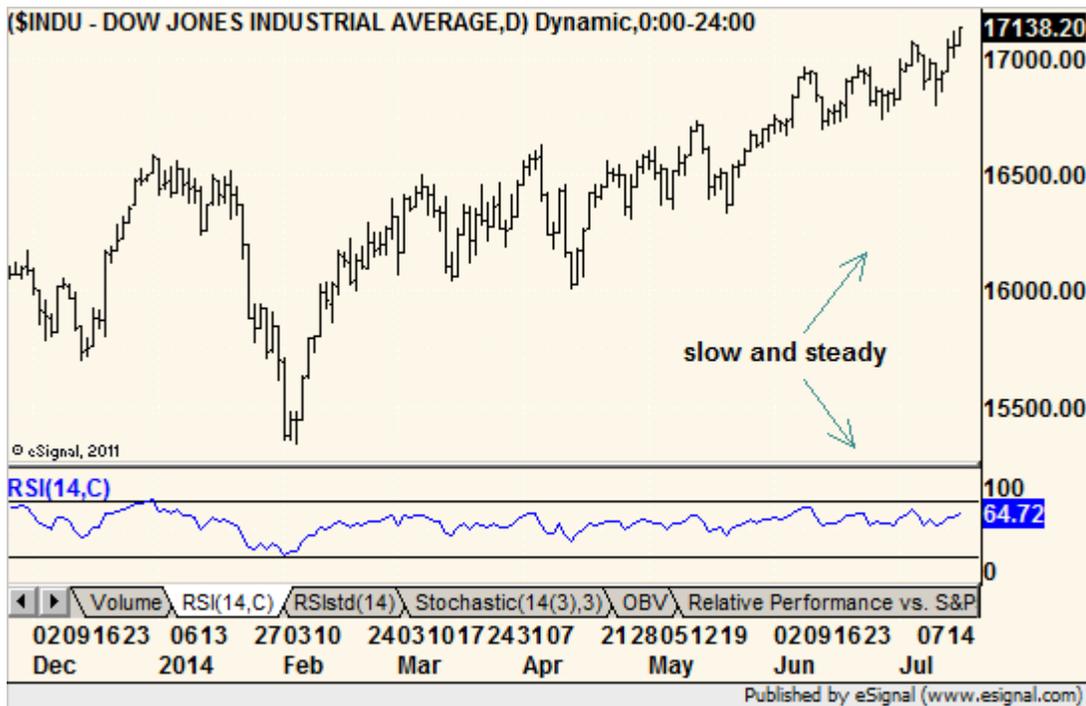
And that brings us to bonds. It looks as if the **TLT** ETF is about to make that upside breakout which could be a flight to safety event. Chart below.

Overseas, Asia was rather flat but Europe is seeing some real weakness. Some blame sanctions on Russia over Ukraine. Others say it was a realization that Janet Yellen is a bit more eager to finish the taper than first thought. Whatever the case, we see a few markets there with pauses sitting on trendlines and that is a warning for pending breakdowns. Charts below.

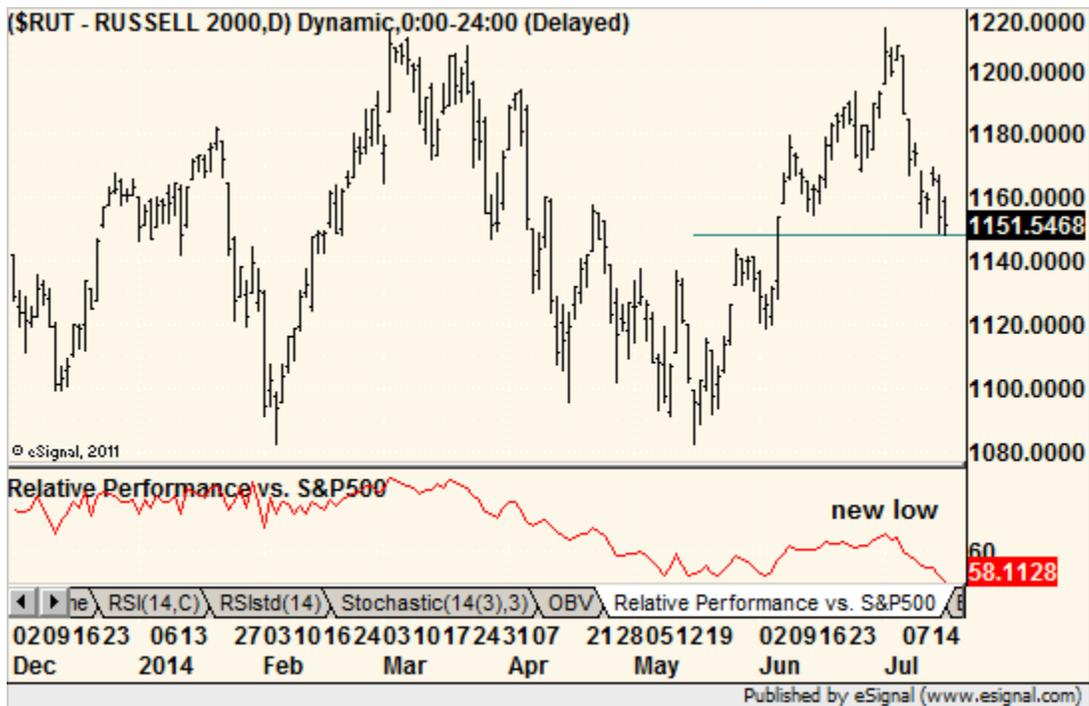


Just some eyeballed support and resistance levels for the hourly **SPY** chart today. Stochastics is low enough to think the next wiggle is to the upside but we are not going solely on that.

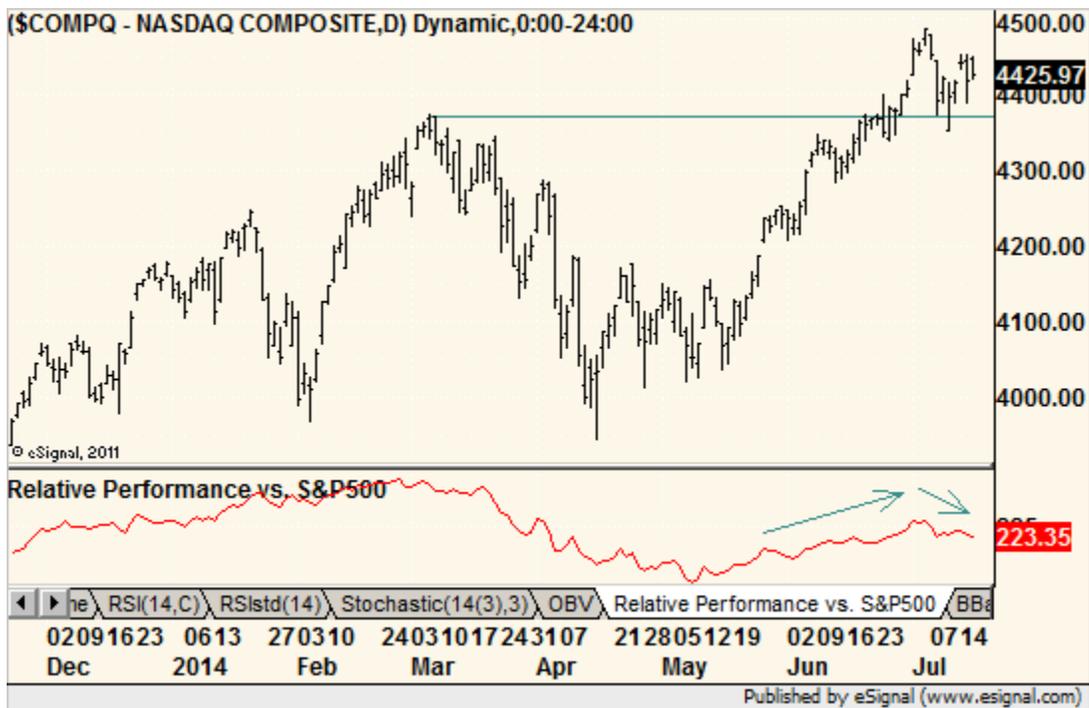
Index Charts of the Day



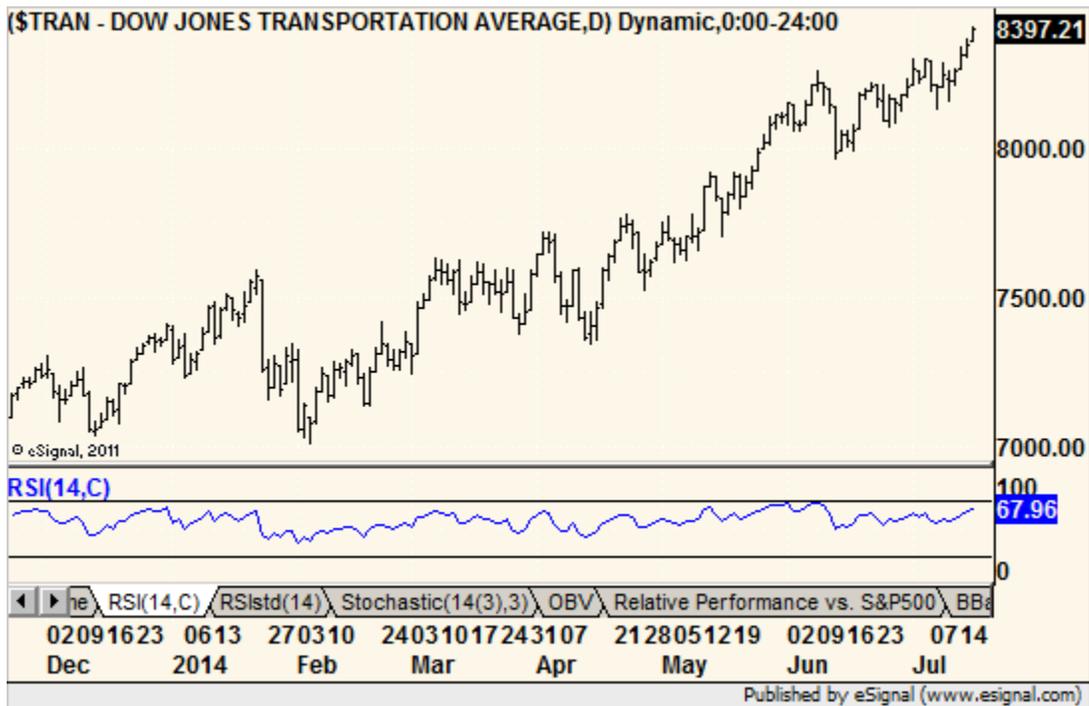
The Dow just keeps chugging away with modest momentum and little to rock the boat.



The Russell cannot lift off its 50% retracement level and just set a new low relative to the S&P 500.



The Nasdaq still has a successful test of its resistance breakout but over the past week or so started to lose ground to the S&P 500. This, with the smallcap decline, is not a good sign.



The transports are also in good shape but arguably rising a bit too fast. This is not showing up in momentum indicators but the trend is accelerating.

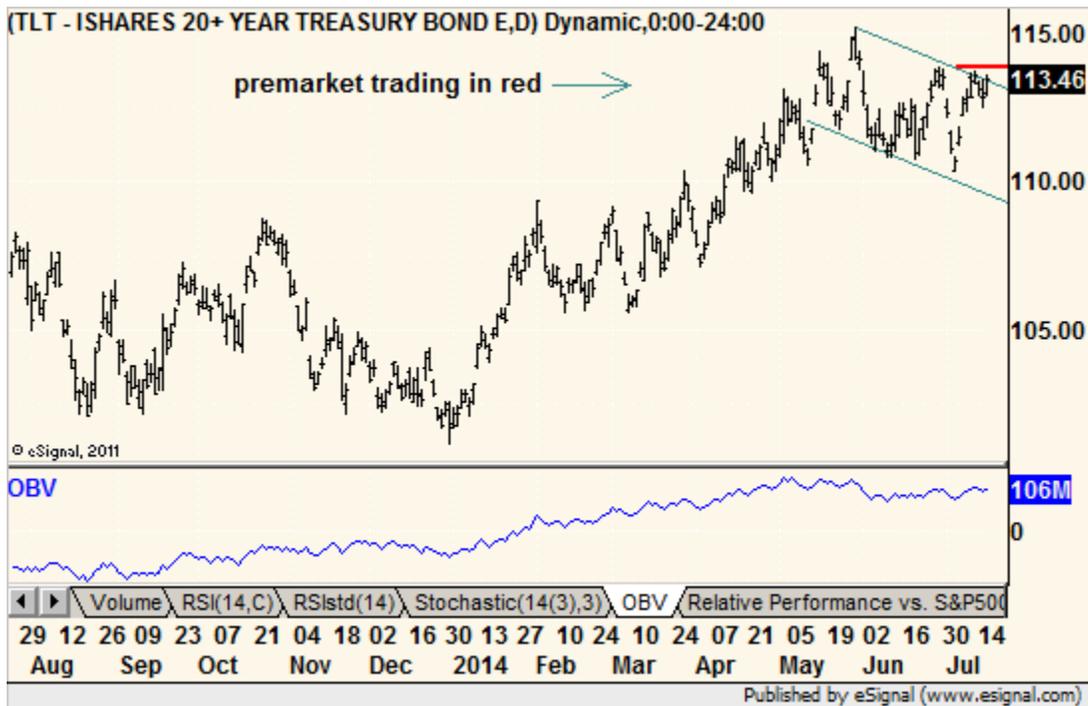
The Radar Screen

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.

>>> Nothing new with specific triggers. We think the market may be in a transition going into a pullback so we do not want to be loaded with longs.

Bullish Implications		
none -		
Bearish Implications		
none -		
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Franklin Resources BEN - I did not like asset managers in my Monday column but this one is holding near resistance in a flag-like pattern. On-balance volume is still rising.	New	7/17
Las Vegas Sands LVS - This one gets a lot of exposure in this report and it is now sitting on support. Peer WYNN also dropped and is threatening further losses.	New	7/17
Sector Watch (observations that may spark ideas)		
Energy - We are back in.	Changed	6/26
Mortgage REIT - Big dividends but chart breakdowns, Bear flag.		7/7
Gold miners - It has indeed changed and we have to back off.		7/10
Utilities - Bear flag breakdown		7/14
Latin America - looks interesting ILF, ECH, EPU		
Updates		
Nasdaq Biotech ETF IBB - Followed through on downside trend break		
Baltic Dry Rate - Yet another new low. This is not a repeat of yesterday but now four in a row.		
Microsoft MSFT - Soared yesterday and soared again this morning.		
Apple AAPL - key reversal bar to the downside.		

Market Highlights



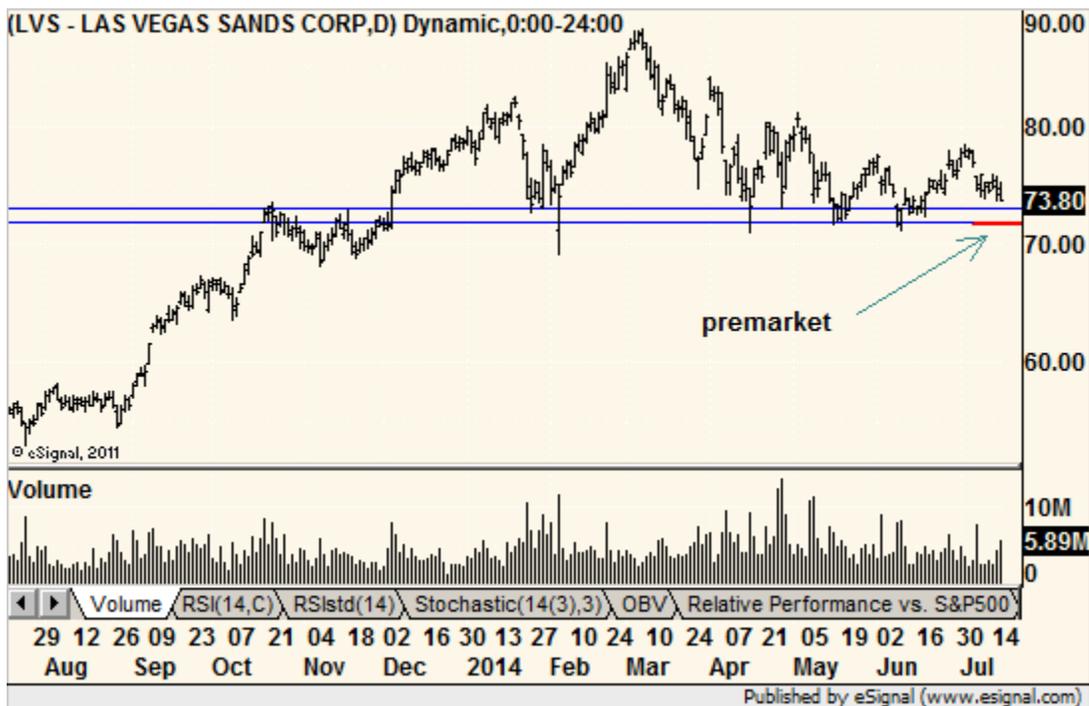
Long T-bond ETF - Possible breakout this morning. It was higher and pulled back so the jury is still out on this one.



Banks ETF - An outside-day reversal lower erased all of Tuesday's big gain. Same for the regional banks ETF **KRE**. However, to be fair, the **BKX** index did not erase it all. Neither did the Dow Jones banks index.



Franklin Resources - I did not like asset managers in my Monday column but this one is holding near resistance in a flag-like pattern. On-balance volume is still rising.



Las Vegas Sands - This one gets a lot of exposure in this report and it is now sitting on support. Peer WYNN also dropped and is threatening further losses.



Portugal - If the bank problem there last week was just a one-off event then why is this market still sitting at its lows - even when so oversold?



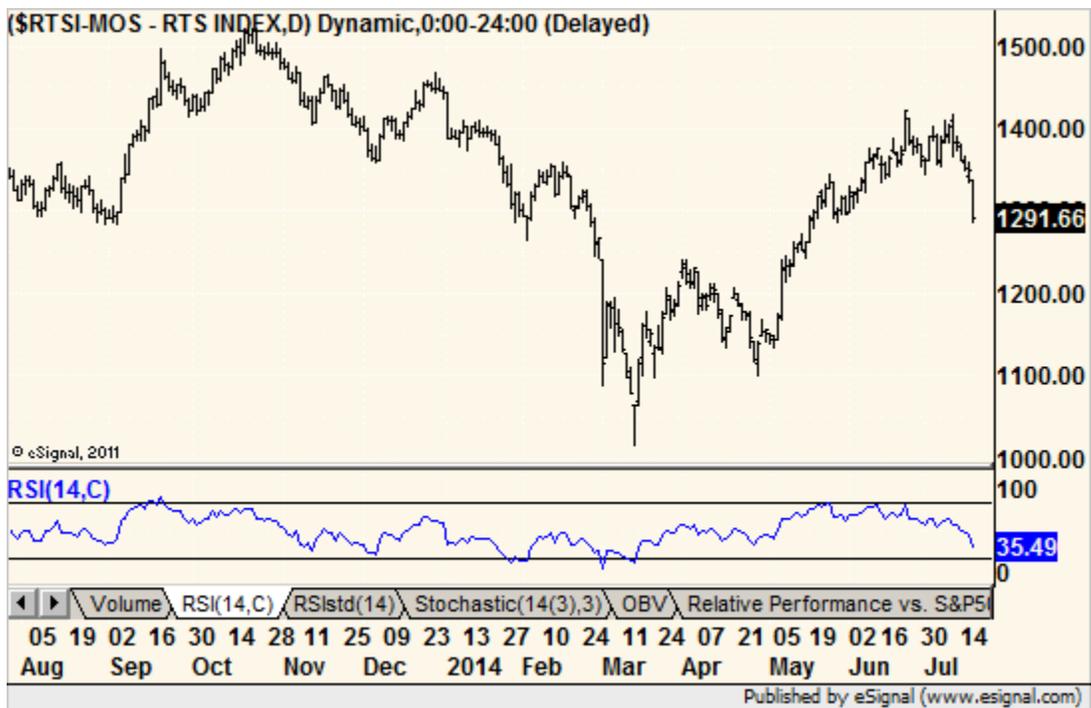
Spain - This is a breakout failure and drop below the 50-day average. A breakdown from the tight little range would be a very bad sign.



Germany - This also looks like a breakout failure now being tested.



France - A pause at the 200-day average so a breakdown now would be significant. We can also draw a two-year trendline with a breakdown but it is not as solid as we'd like in order to offer it to you.



Russia - Say goodbye to the rally.

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>	KMI	KINDER MORGAN INC DEL	36.91	8.4%	36.00	34.05	6/4	42
	MRO	MARATHON OIL CORP	40.27	8.6%	39.00	37.07	6/5	41
	GOOGL	GOOGLE INC	590.62	6.0%	575.00	557.11	6/5	41
	RGLD	ROYAL GOLD INC	74.84	12.1%	73.00	66.77	6/12	34
	LLY	LILLY ELI & CO	62.81	1.3%	61.00	62.03	6/20	26
	COL	ROCKWELL COLLINS INC	79.53	-1.0%	78.00	80.34	6/23	23
	BMY	BRISTOL MYERS SQUIBB CO	48.80	1.0%	47.50	48.30	6/23	23
	MTZ	MASTEC INC	29.85	-0.2%	29.50	29.92	6/27	19
	VZ	VERIZON COMMUNICATIONS INC	50.96	2.1%	49.00	49.90	7/3	13
	LF	LEAPFROG ENTERPRISES INC	7.44	-4.0%	7.25	7.75	7/9	7
	INFY	INFOSYS LTD	54.82	-2.4%	53.00	56.15	7/11	5
	XOP	SPDR S&P OIL & GAS EXPLORATION	78.94	0.0%	76.50	78.93	7/15	1
<u>Short</u>	AFG	AMERICAN FINL GROUP INC OHIO	58.97	-1.2%	60.00	58.27	7/10	47
	USB	US BANCORP DEL	42.53	0.9%	44.50	42.90	7/11	47
	ALL	ALLSTATE CORP	58.16	0.5%	60.00	58.46	7/15	47

Notes: **XOP** came roaring back and energy in general did well. We raised the stop on **KMI**.

We also raised the stop on **GOOGL** as it either works or fails right now. No sense in giving too much back on a reversal.

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

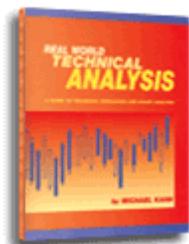
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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