

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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July 18, 2014 - Geopolitics trumped technicals. Or did it? We were looking at a split market (small caps sinking) with three of the four horsemen (financial, retail, housing) lagging. The Malaysian airliner tragedy was a catalyst that got the market moving in the direction it already wanted to go.

But is that the start of the bear? We cannot agree with that at this time but it is bad that the first 1% move in the S&P 500 since April was to the downside. And junk bonds tumbled big time. And Treasury bonds broke out to the upside. And the banks rejected their early rally on some big name earnings as the **BKX** index took out support.

Even the media can latch on to the Dow falling below 17,000 (again). When will they realize that these round numbers are not technically significant? Although, we have to admit that 17K did turn into a short-term resistance last month.

Perhaps Google's earnings will soothe frayed nerves this morning (chart below). **IBM's** earnings were good but trading this morning is not.

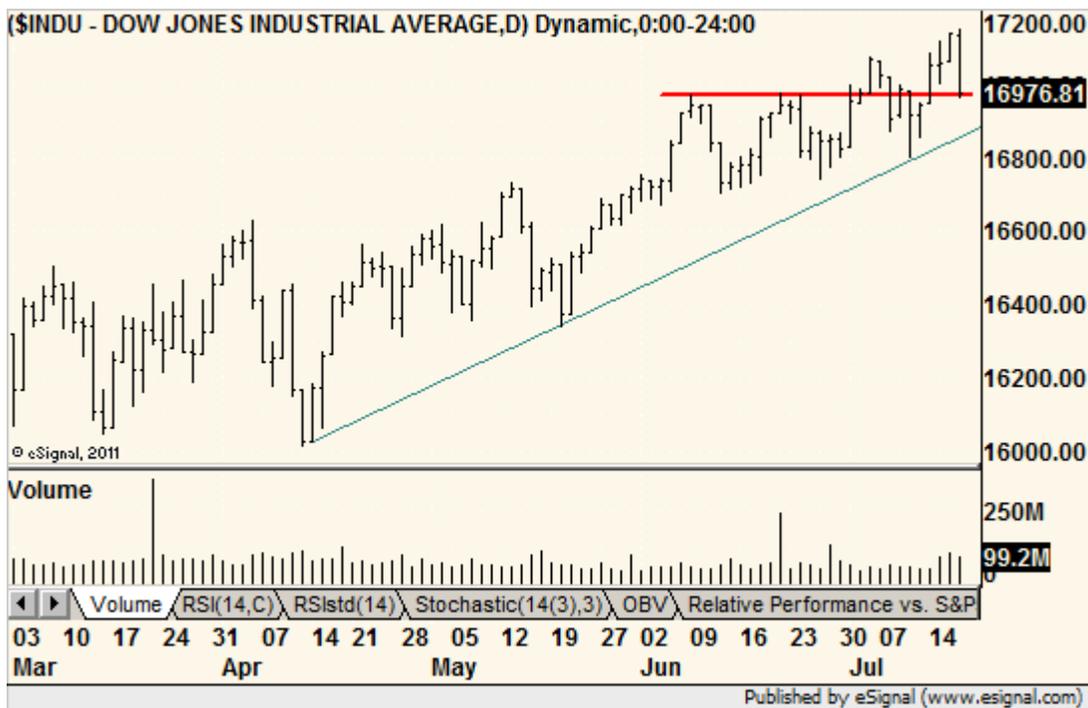
In sectors, despite the losses, there was only one technical event to note. The healthcare **XLV** ETF broke its April trendline to the downside although its long-term trend remains intact. Biotech was the biggest loser in the group and the **IBB** ETF did tank 3.6%



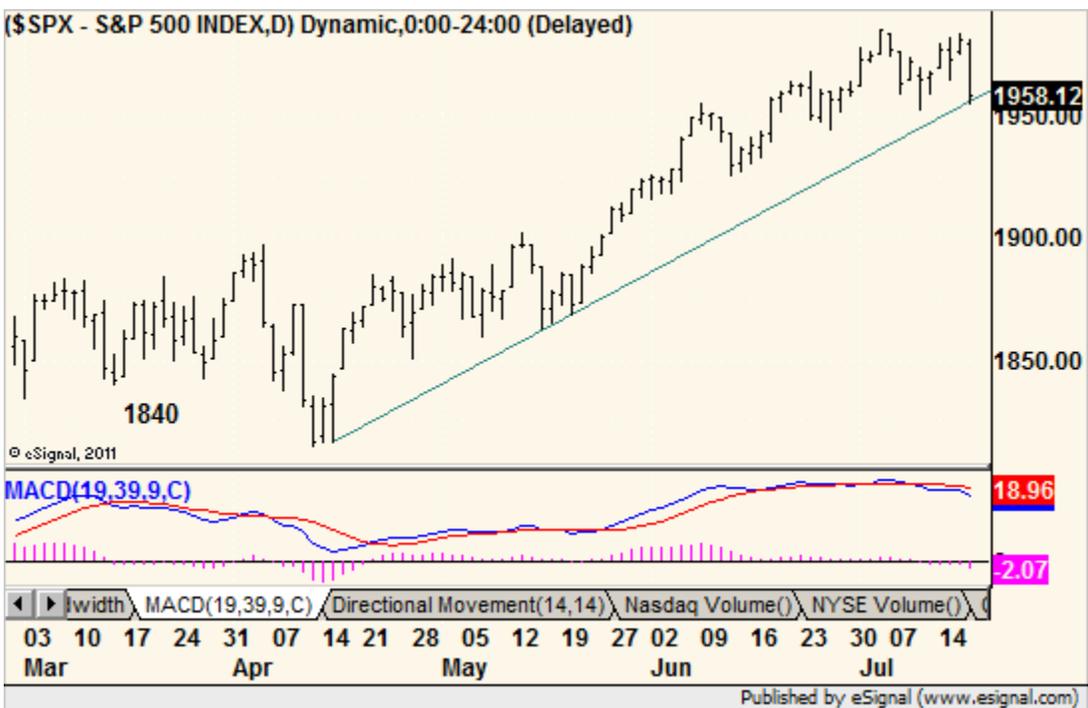
The hourly chart shows the **SPY** landing on the eyeballed support we drew before yesterday's open. A bounce was not a hard call overnight but the question is now what? We are moving from "long hold with sell rallies" to "sell rallies to flatten." We are not quite ready to short the market wholesale.

Oil continues to be the rebound market while gold is still too choppy to call in the short-term. And for those so inclined, grains seem to have stabilized. That does not mean they are cheap and ready to rebound but while stocks flounder, corn, wheat, beans and maybe cotton can provide some trading action.

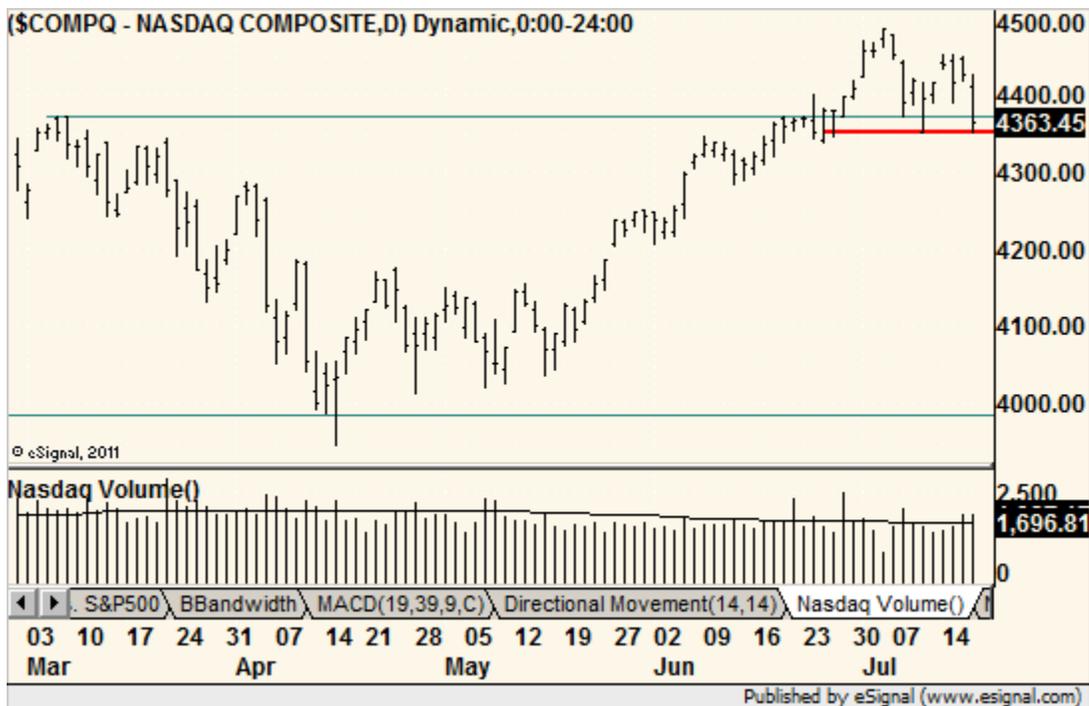
Index Charts of the Day



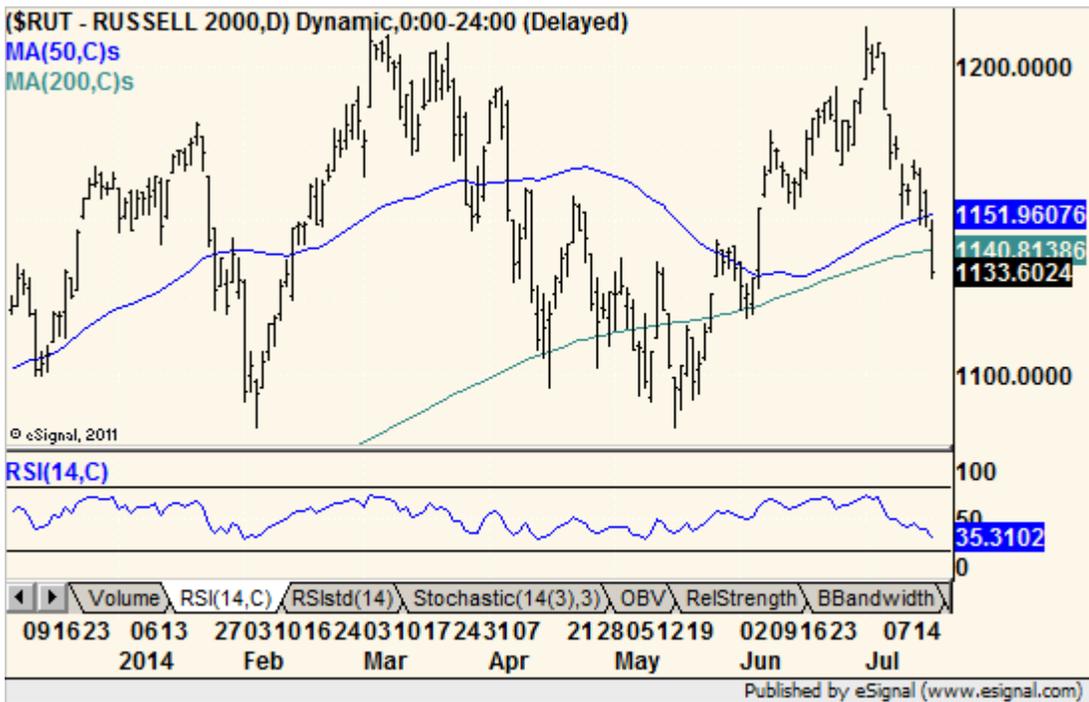
So far, the Dow just had a wiggle in a rising trend.



The S&P 500 also had just a wiggle but it was the first 1% move since April. Note MACD seems to be rolling over and that is a warning.



The Nasdaq is back below its March high but at support from last week's low. Note volume the past two days was above average so this does look to be distribution. Another warning.



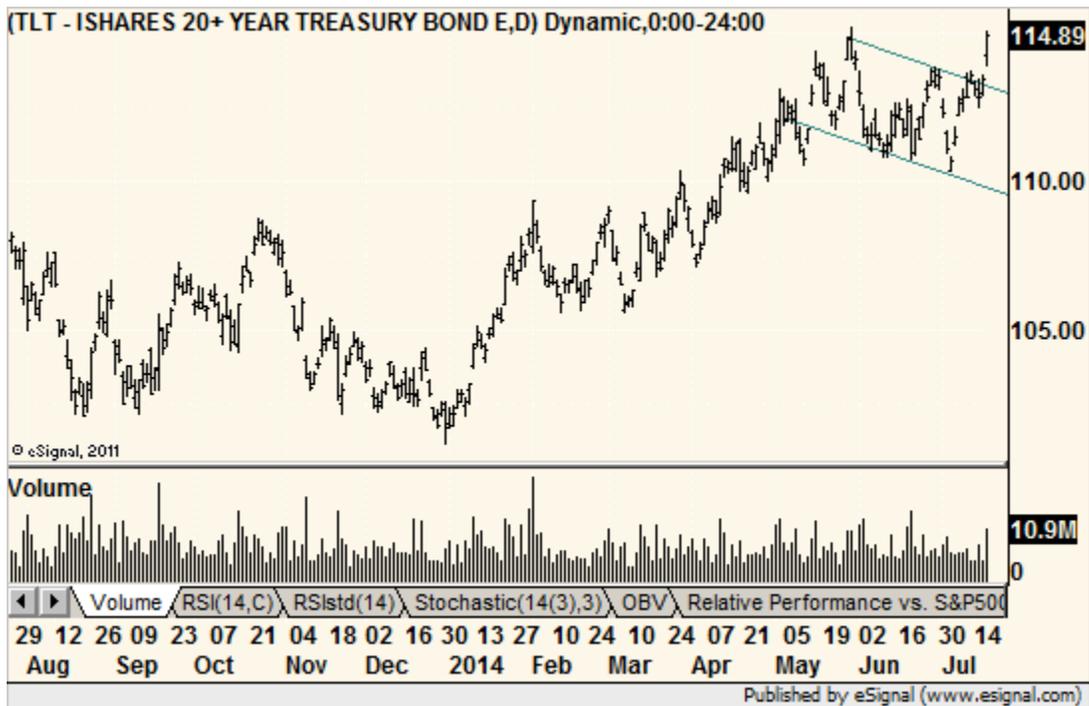
The Russell 2000 is now below its 200-day average. More bad news.

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		
Amkor Technology AMKR - While the big techs show good earnings with mixed chart results, here is a semiconductor stock (actually, they do testing and packaging) with a bearish setup. Sell close under 10.60.	New	7/18
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.		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.		7/17
Beazer Homes BZH - Homebuilders tumbled on housing start news yesterday. This one is below its averages and in a downtrend. We'll watch one day but it looks like it will go lower.	New	7/18
Sector Watch (observations that may spark ideas)		
Energy - We are back in.		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 for now.		7/10
Utilities - Bear flag breakdown		7/14
Latin America - looks interesting ILF, ECH, EPU		
Updates		
Brazil ETF EWZ - Premarket soaring		

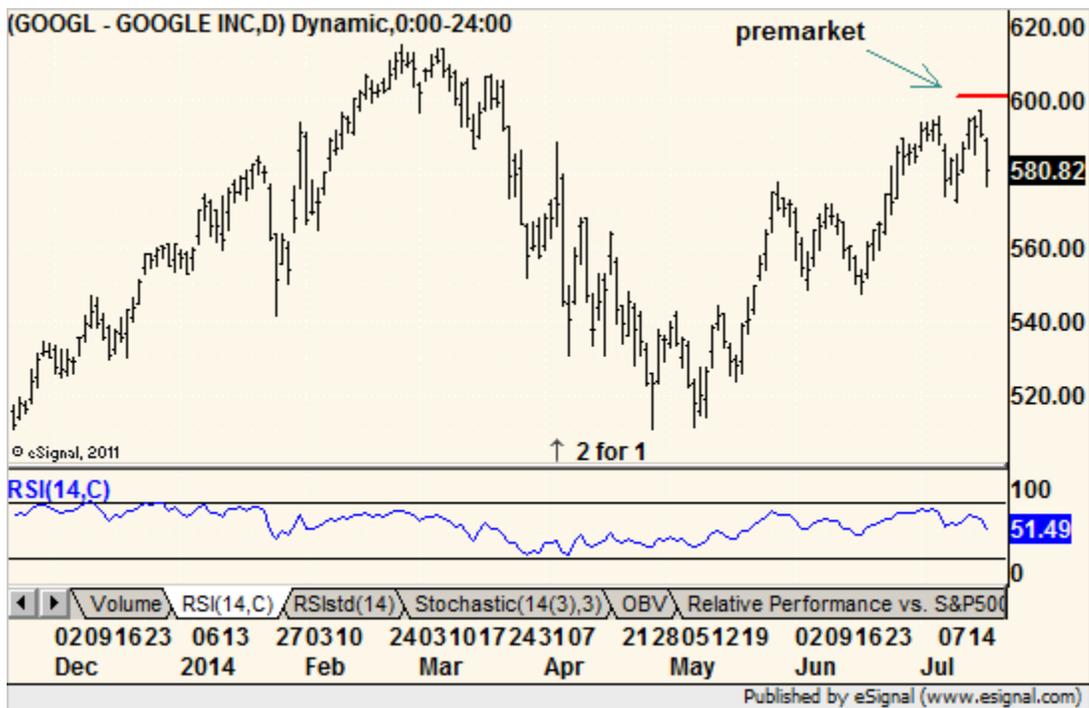
Market Highlights



Long T-bond ETF - There's the flight to safety breakout.



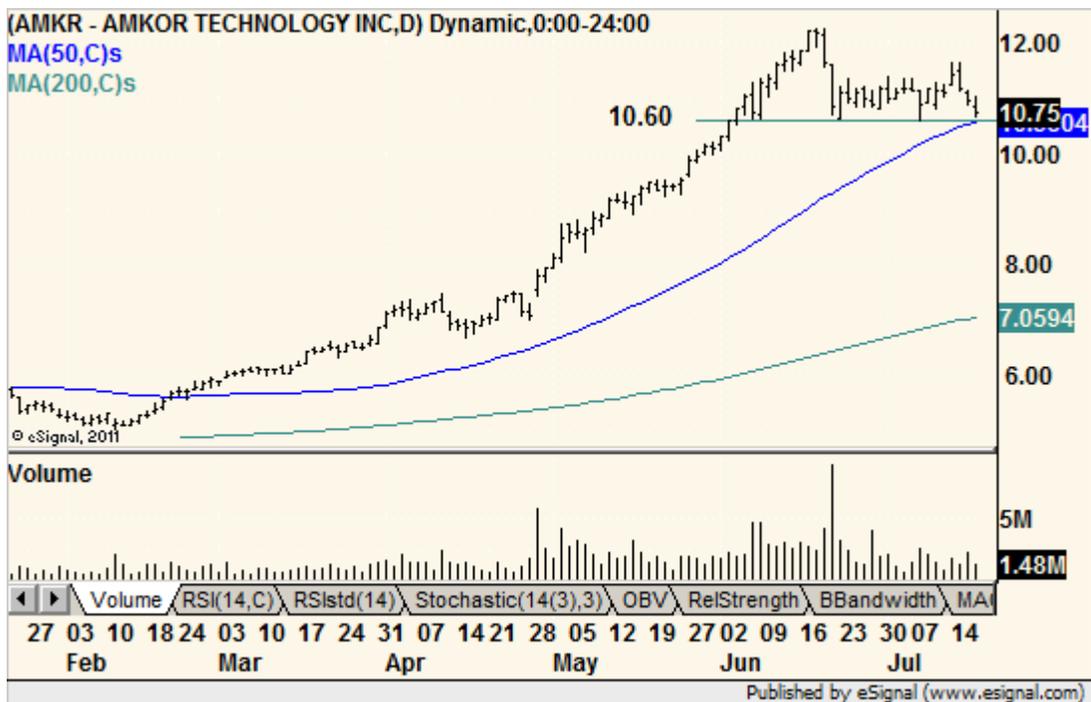
Banks Index - Support break after RSI divergence. Two-pager on divergence, [click here](#).



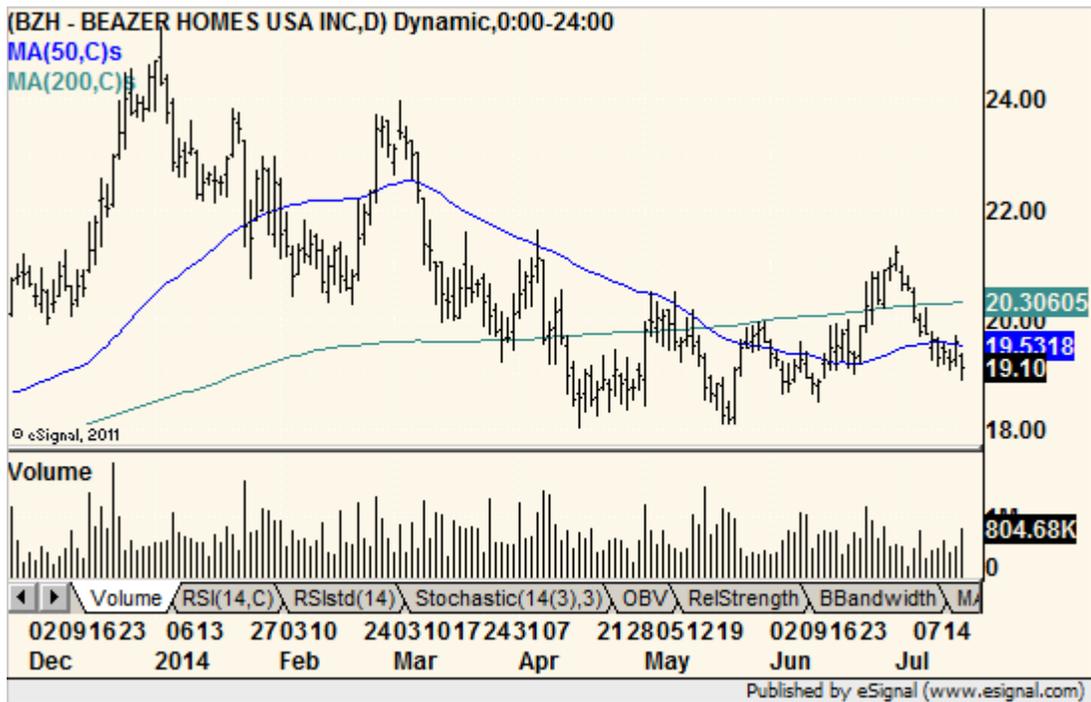
Google - Trading up in the premarket on earnings. This should help soothe frayed nerves as the market stabilizes a bit.



IBM - Good earnings after the bell but the day's trading left a gravestone doji (open and close near the low with a big intraday rally failure). It is as ominous as it sounds.



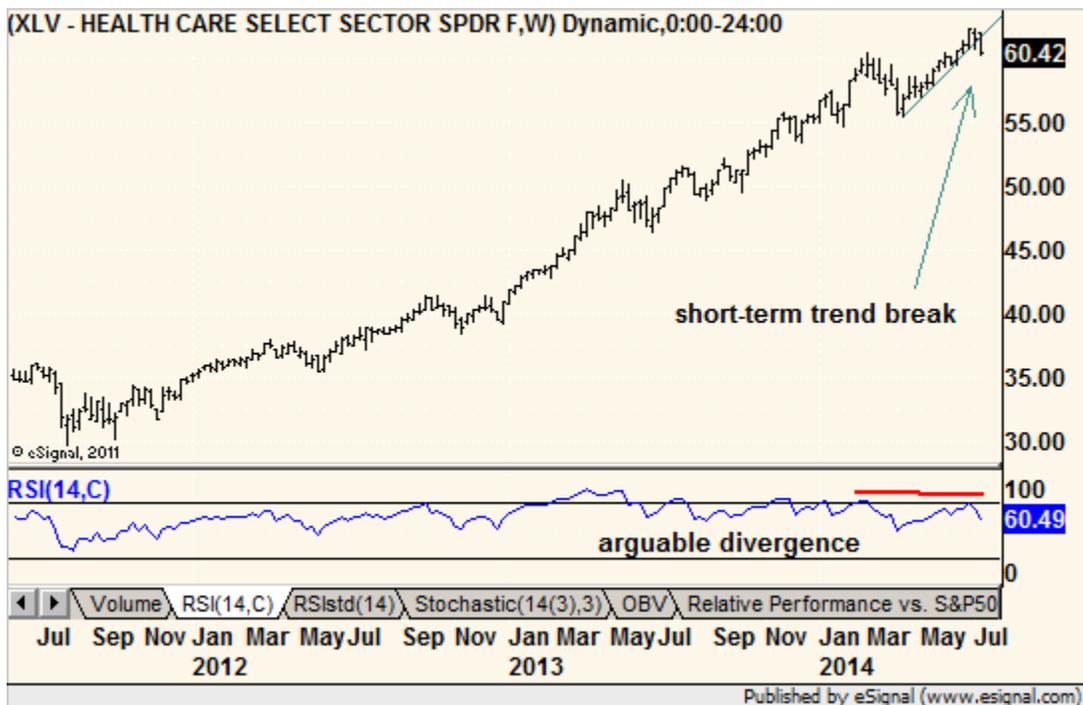
Amkor Technology - While the big techs show good earnings with mixed chart results, here is a semiconductor stock (actually, they do testing and packaging) with a bearish setup. Sell close under 10.60.



Beazer Homes - Homebuilders tumbled on housing start news yesterday. This one is below its averages and in a downtrend. We'll watch one day but it looks like it will go lower.



Junior Gold Miners ETF - We all know this sector had a good day but look at volume here. Most of the 18 million shares changed hands in the final 10 minutes of trading so somebody was very interested in taking this home overnight. That's bullish.



Healthcare ETF - A short-term break in a long-term bull. However, weekly charts show a possible RSI divergence so we cannot just buy any dip without real analysis.

Today's Lesson

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

Meeting Lines



Microsoft - After announcing big layoffs, the stock soared only to come tumbling back down. The last two candles from what is close to a meeting lines pattern - basically a rally day, super rally overnight and then a failure back to unchanged. The two candles "meet" at the previous close. It is bearish with any continuation to the downside.

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

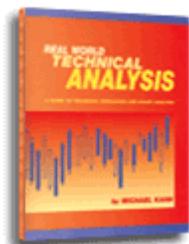
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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