

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

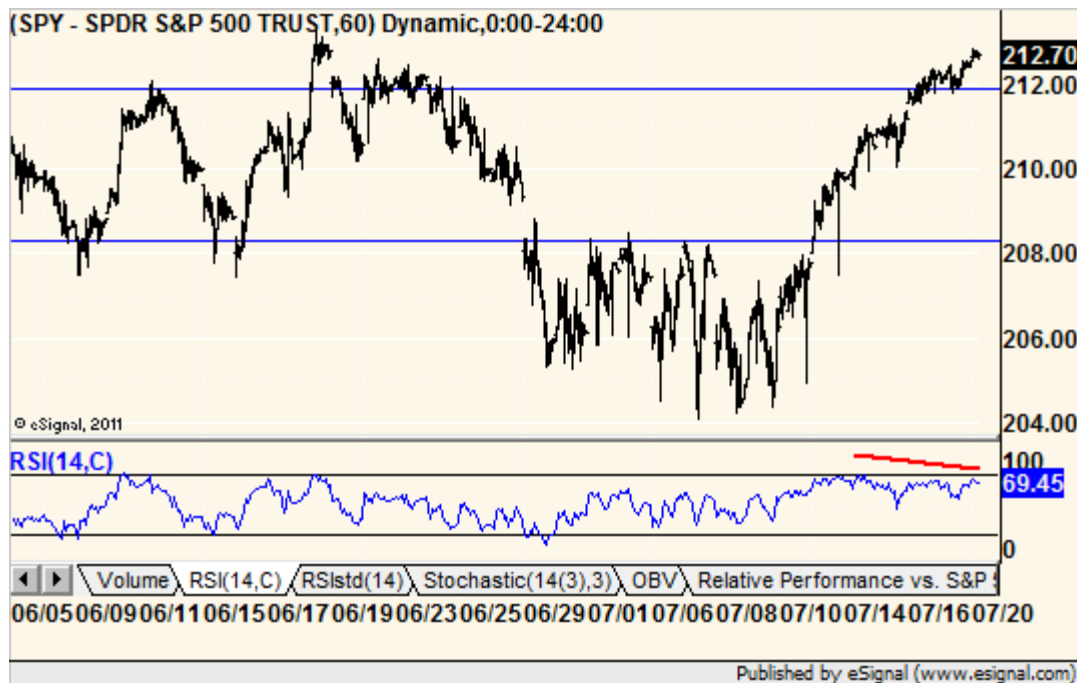
MICHAEL KAHN
RESEARCH LLC

July 20, 2015 – Greek banks reopen today although the stock market there is still closed. China didn't do much in their stock market overnight but did in the gold market as it seems their revelation on holdings smacked gold upside the head, neck and body. At one point, gold was down 51 bucks before bouncing but one thing is for sure and that is support has been crushed. We'll see some charts below but we wonder if this was the capitulation gold needed to bottom. No forecast on that in this paragraph.

Rather than re-re-re-invent the wheel, here is a nice summary by colleague Robert Colby on the bigger stock market picture sans noise and central bank bashing:

- Large-cap stocks are the strongest, while medium-caps and small-caps underperform significantly.
- Defensive stock sectors, especially Health Care and Consumer Discretionary, remain relatively strong. Stay with only these strongest two sectors.
- The cyclical sectors, Energy, Materials, and Industrial, remain relatively weak and should be avoided or sold.
- Foreign stocks (especially BRICs and emerging markets), commodities (especially oil and metals), and commodity-related stocks remain extremely vulnerable and should be avoided or sold.

We concur. Note that technology was not mentioned at all. Many are heralding it as the place to be but aside from Facebook, Google and Netflix what has it really done lately? Semiconductors look awful. Hardware looks awful, and Apple is not much of an exception. Software is just choppy.



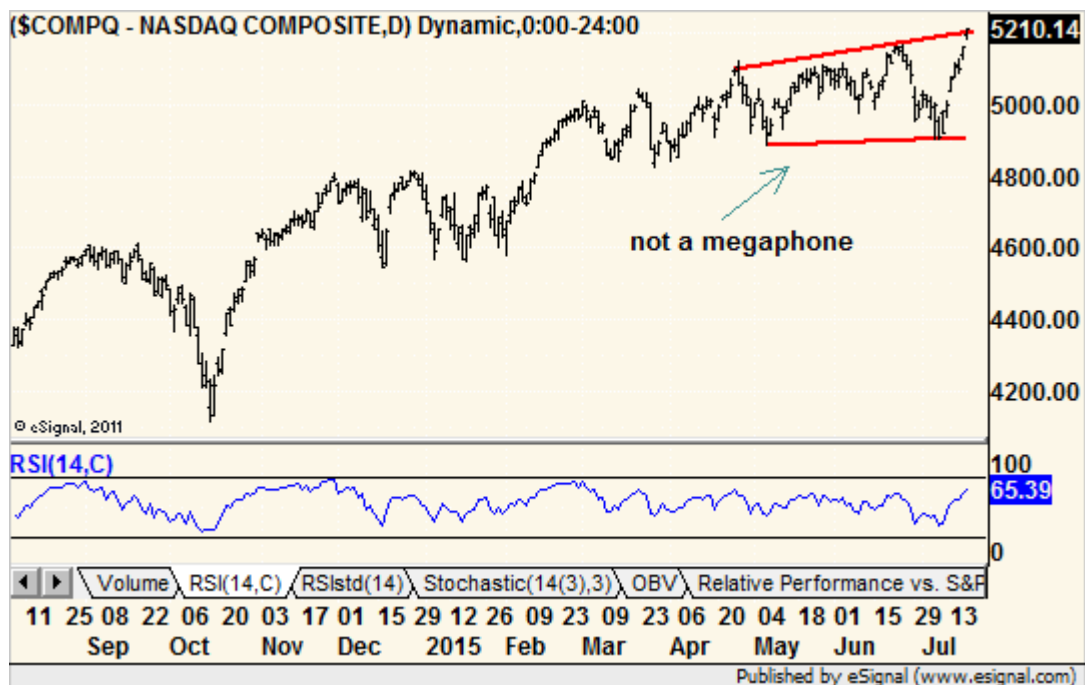
The hourly chart still has a bearish RSI divergence and while our resistance line was breached, many still view the June high as the real ceiling. This is not a chart we would want to buy, especially considering the daily volume chart, which we'll see below in Index Charts of the Day.

Tread lightly.

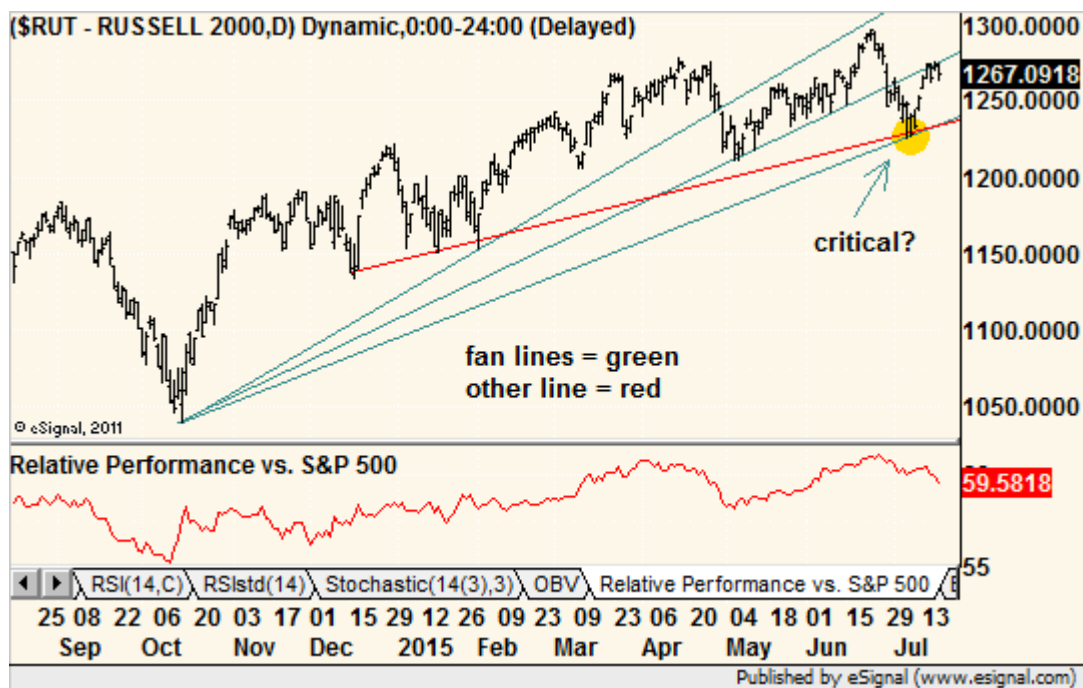
Index Charts of the Day



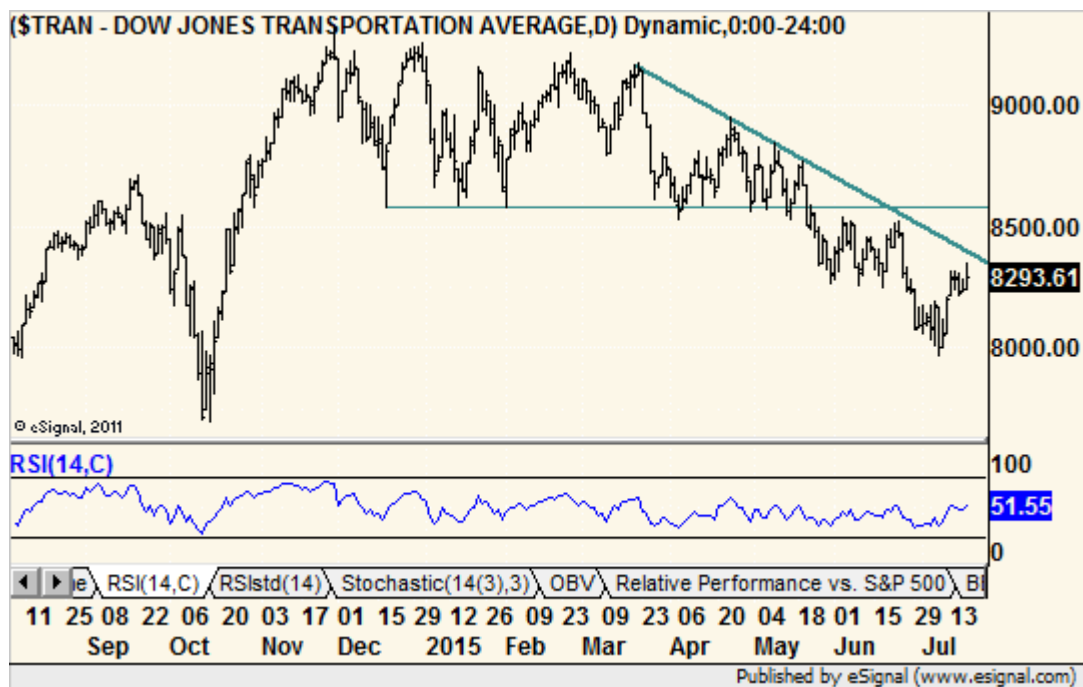
This is the **SPY** in daily format and there are two features to note. The first is the obvious falling volume during the recent rally. The second is the hanging man candle from Friday. Premarket trading is above that candle so it is far from a sell signal but should this day turn lower it would be. A reversal pattern would form and, of course, the worse the day the bigger the sell signal.



As much as bears would like this to be an expanding triangle or megaphone pattern it just does not fit the spirit. The July low was not even lower than May so this is still just volatility. Of course, markets can get volatile ahead of turns, too.



The Russell has a set of fan lines in progress and the critical level is the same as it is for the more sedate trendline from December. Note how there is a relative strength divergence in place with more or less flat RS and a higher price high.



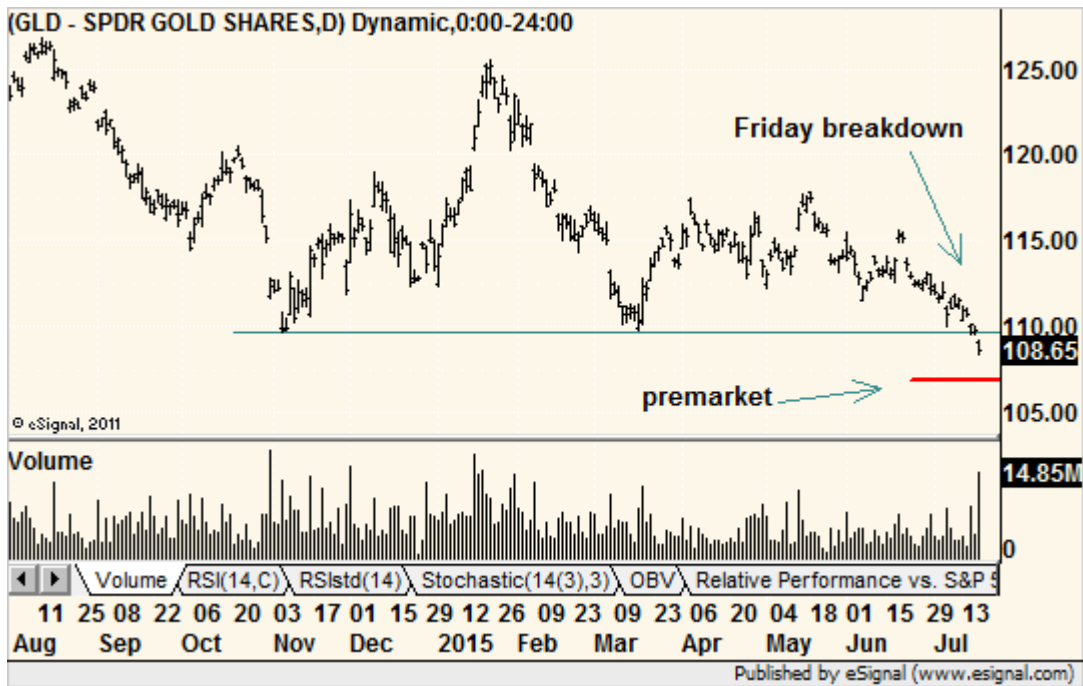
The transports are still in decline.

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. Buying 55.40 but changing to on close.		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
United Continental UAL – Everyone hates airlines but oil is so weak that this double bottom breakout looks buyable. Trigger 56.60.		7/14
Bearish Implications		
Hewlett Packard HPQ – Looking nasty long-term. Sell the bounce of head-and-shoulders neckline. No bounce at all as market rallied so we are going to sell now	Triggered	7/2
Unknown Implications		
none –		
Holding Tank – red shade leans bearish, green shade leans bullish		
Ag fund DBA – Industrial commodities look lousy but food commodities in this ETF have a base breakout. Not a good past three days, however.		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
REITs ETF IYR – However, if this is still weak then we wonder why it has reached resistance and <u>not</u> fallen away quickly. That is a sign of gathering strength before a breakout. PSA may have already broken out. Ditto LHO .		7/16
Consumer Discretionary ETF XLY – Broke out on really poor volume.		7/17
Updates		
none -		

Market Highlights



Gold ETF – This one broke down Friday on big volume. It was much worse overnight. See next...

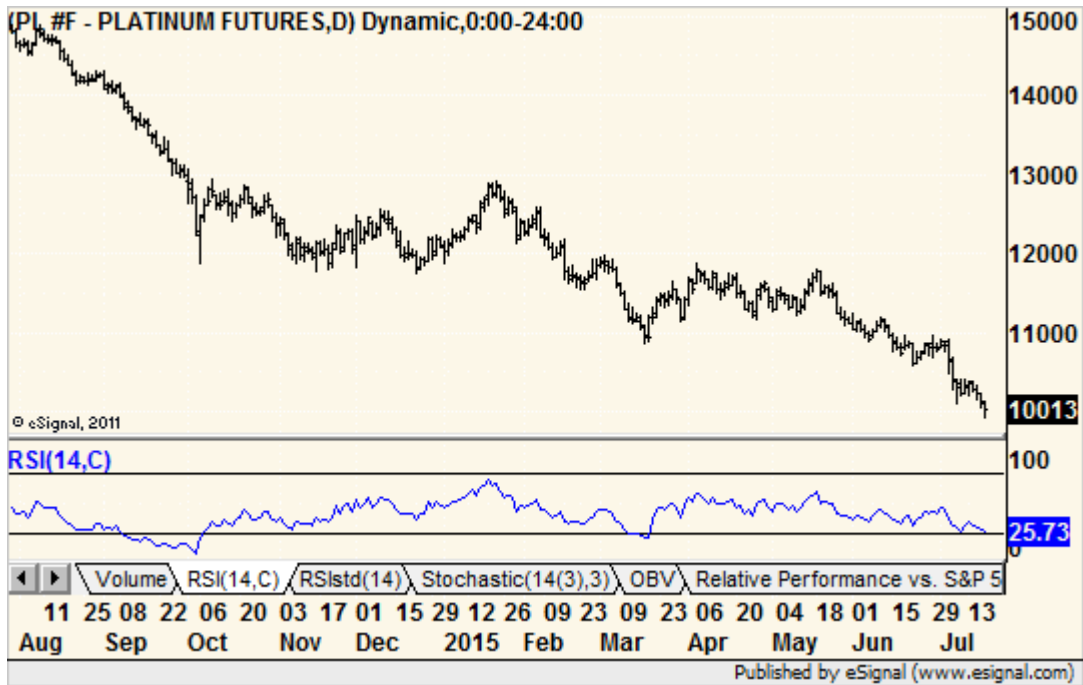
July 20, 2015

COMEX:GCQ2015 1109.7 ▼ -22.6 (-2%) O:1132.4 H:1132.5 L:1080.0 C:1109.7



CME Group
Powered by TradingView.com

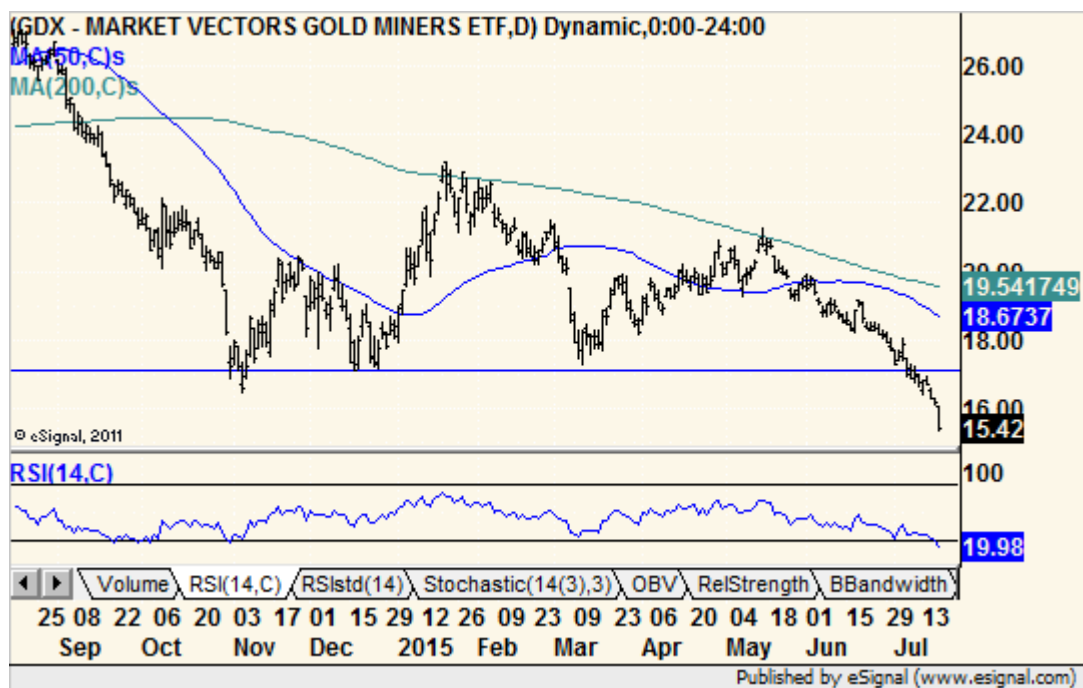
Gold – As we can see, August gold futures were way, way down overnight before rebounding. What we wonder is whether this will turn into real capitulation and a selling climax has everyone who was worried comes out of the woodwork to dump their gold.



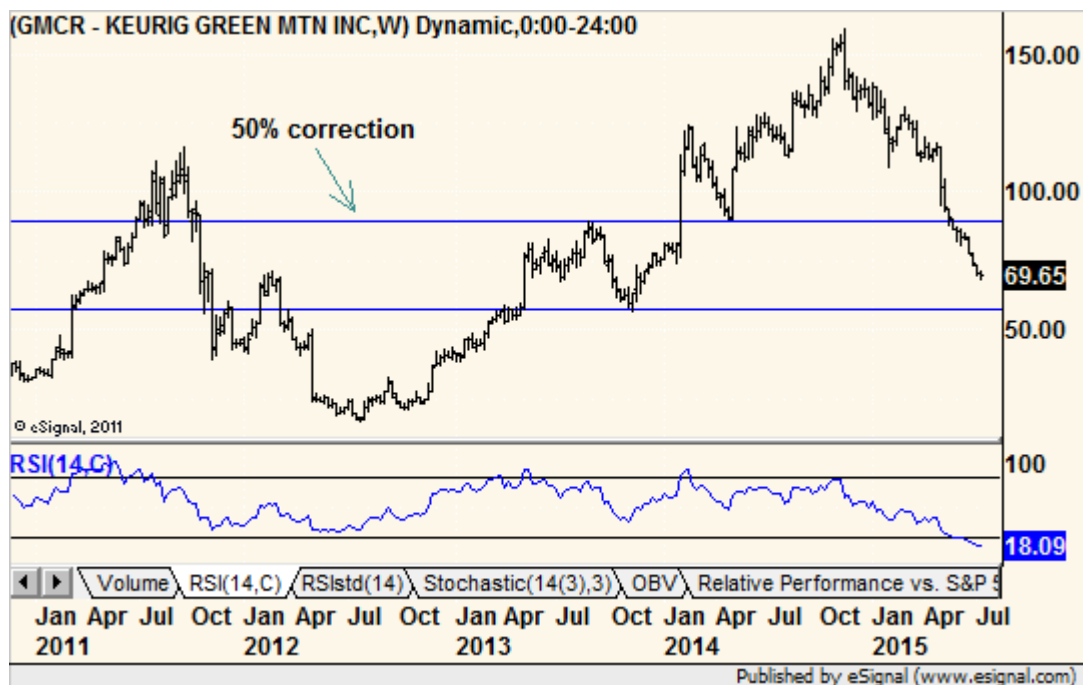
Platinum – This is Friday’s close and it is going to dip into official oversold territory today.



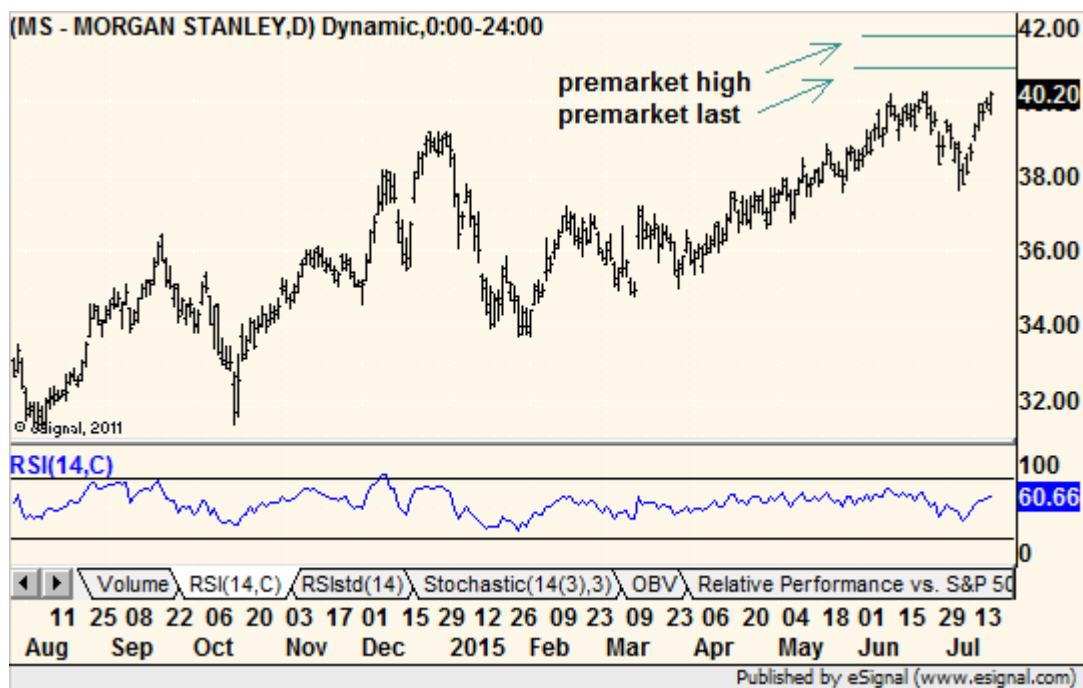
Palladium – This will set a new low today but what if RSI does not set a new low? Bullish divergence possibility?



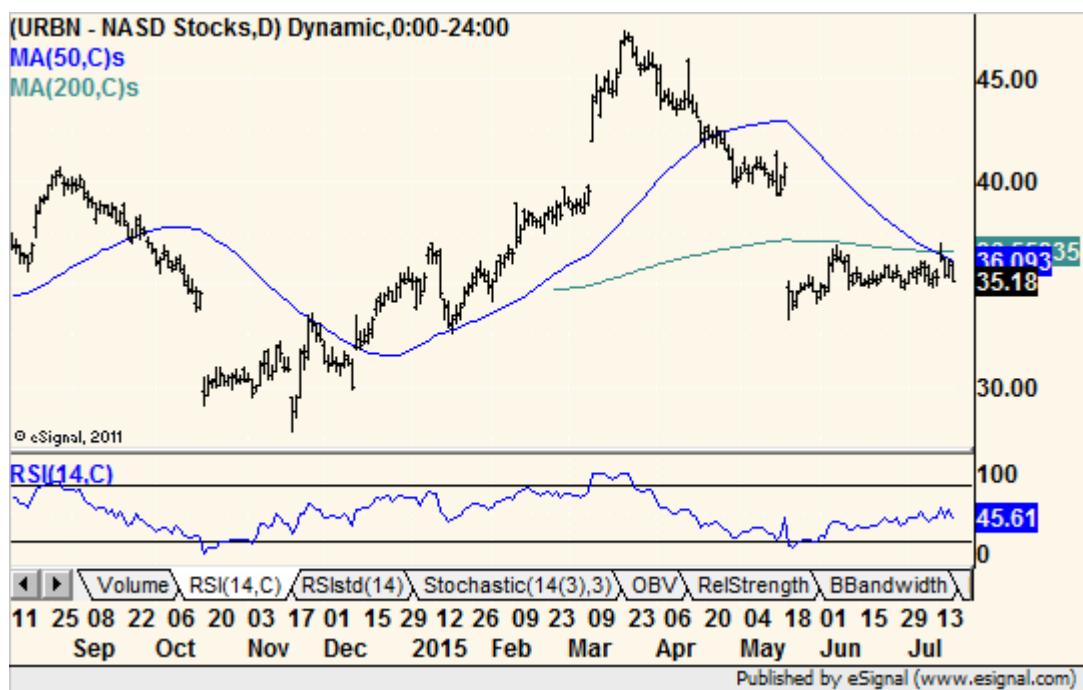
Gold Miners ETF – A candidate for a selling climax. Already oversold before today. Unless volume and price movement are huge today, this is still a falling knife.



Keurig – Lots of chatter on this one in social media. While I personally do my part to keep this stock afloat the trend is vicious to the downside. Still premature to buy.



Morgan Stanley – Post earnings in the premarket. A breakout pending but it has to stick into the close.



Urban Outfitters – Bucking the strong consumer discretionary theme, this clothing retailer looks lousy.

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	94.01	2.3%	90.00	91.89	7/10	9
	CCL	CARNIVAL CORP	52.10	3.0%	51.00	50.58	7/10	9
	GT	GOODYEAR TIRE & RUBR	30.50	4.1%	29.50	29.30	7/10	9
	MO	ALTRIA GROUP INC	53.22	2.5%	51.00	51.90	7/16	3
<u>Short</u>	DLPH	DELPHI AUTOMOTIVE PLC	77.94	2.5%	79.50	79.92	7/16	2
	HPQ	HEWLETT PACKARD CO	30.36	-0.1%	32.00	30.34	7/17	2

Notes: New short in **HPQ** at the open Friday.

Tweaked stop in **GT**.

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

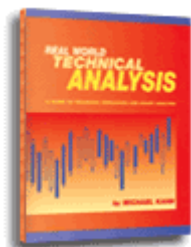
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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