

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

July 24, 2014 - Wednesday was actually an up-day even though the Dow was down. Why? Perhaps the breakdowns of component stocks is starting to matter. Boeing did not break but it certainly was down after earnings. And this morning Caterpillar is getting mauled. Another one bites the dust. (And another one gone, and another one gone - Queen, 1980).

We've got charts of both below. And a chart of S&P 500 new highs - which are falling even as the index rises. Houston, we've got a breadth problem.

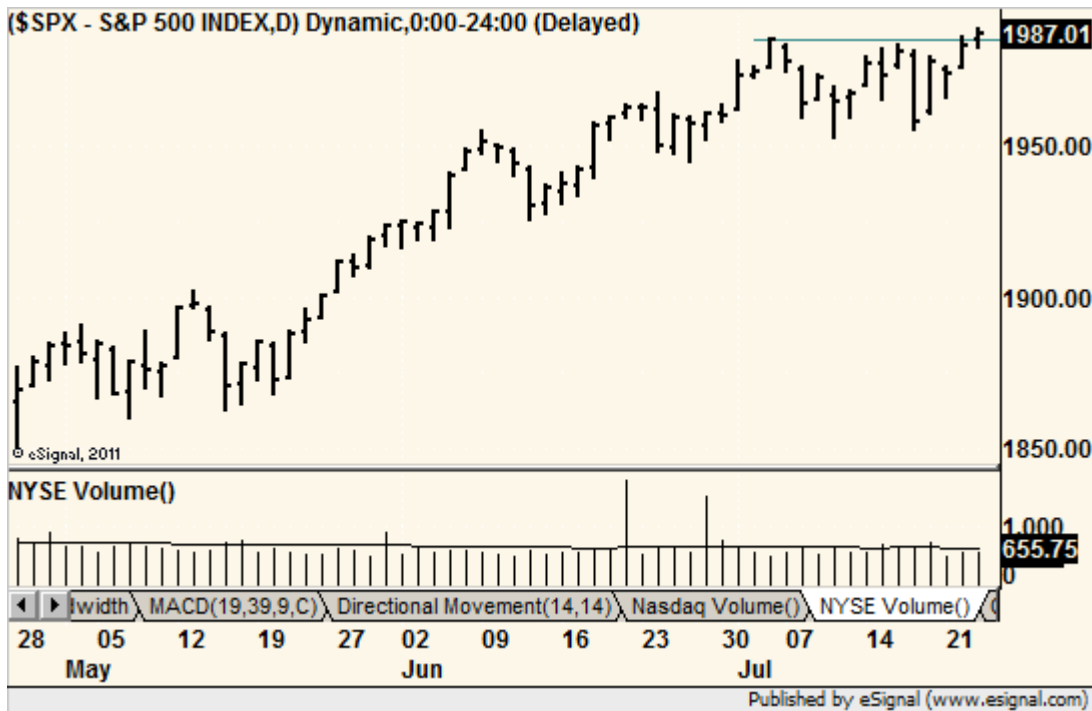


On the hourly chart, we cannot say this is a momentum divergence but it is not impressive, either. The line is the previous **SPY** high and it now is critical support. So far, no pullback.

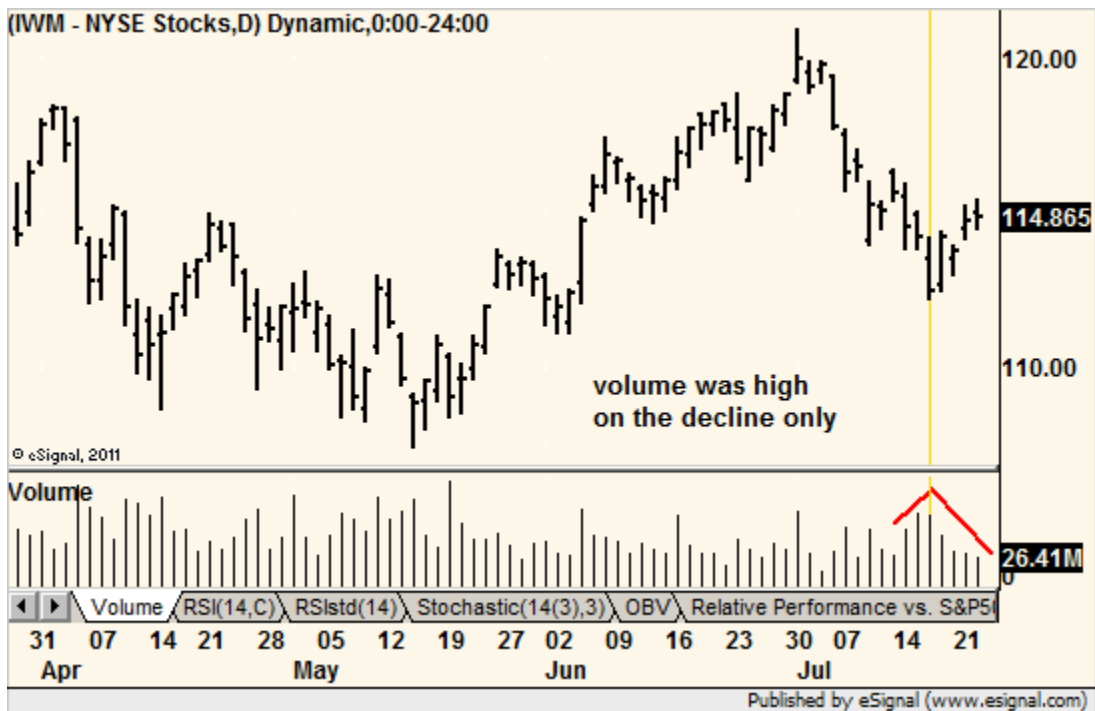
Nothing new in gold and oil. Possible breakout in coffee (**JO**). Definite breakout in cocoa (**NIB**).

As for stocks, we remain "long hold" but are now looking to lighten up just a bit. We're selling one winner today and adding one short.

Index Charts of the Day



The S&P 500 broke out but it was far from awe-inspiring.



Fairly weak bounce for the Russell 2000 ETF with falling volume and tight range bars (spinning tops or dojis in candle charts).

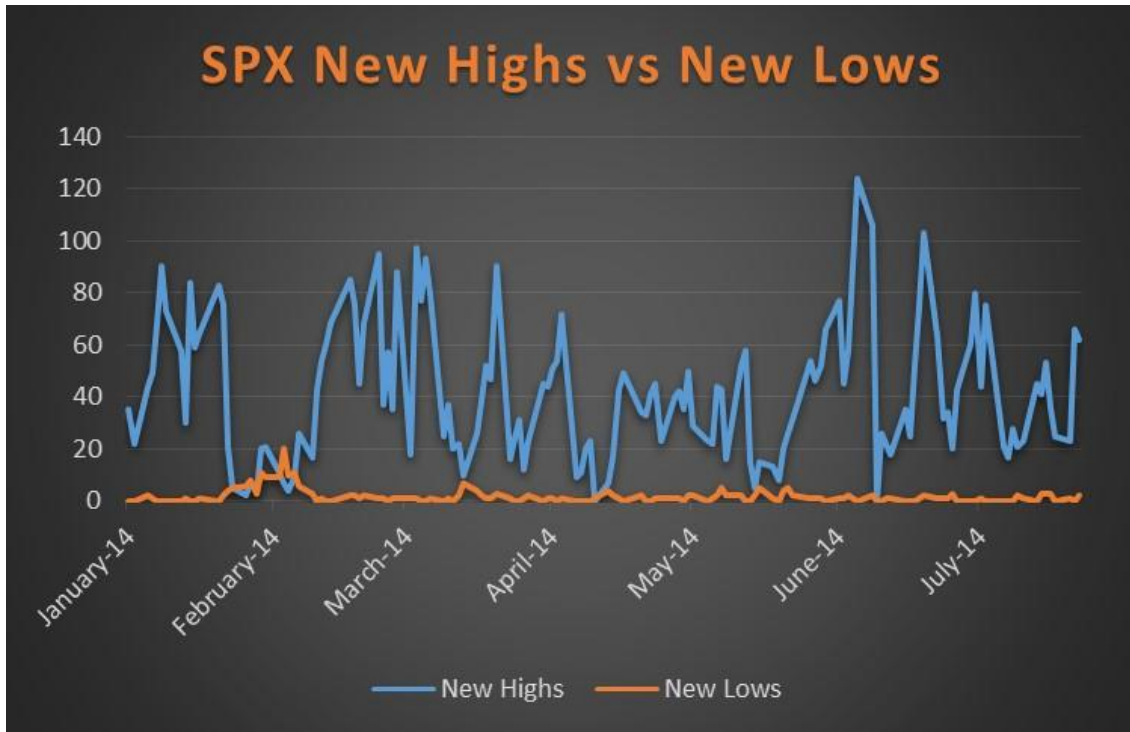
The Radar Screen

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 here. We think the market is in transition and shorts will start to appear.

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.	Triggered	7/18
Las Vegas Sands LVS - This one gets a lot of exposure in this report and it is now sitting on support. Sell close under 71.35		7/17
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
none -		
Sector Watch (observations that may spark ideas)		
Energy - We are back in.		6/26
Gold miners - A bit better again		7/10
Utilities - Seems to be heading to rising January trendline		7/14
Latin America - looks interesting ILF (new high), ECH (bull reversal at support), EPU		
Financial Exchanges - CME, ICE, NDAQ all strong - breakouts confirmed		7/22
Paper - Weak. IP breakdown, KS, MWV in a range		7/22
Homebuilders - not much to cheer		7/23
Nasdaq Biotech ETF - breakout		7/23
Updates		
none -		

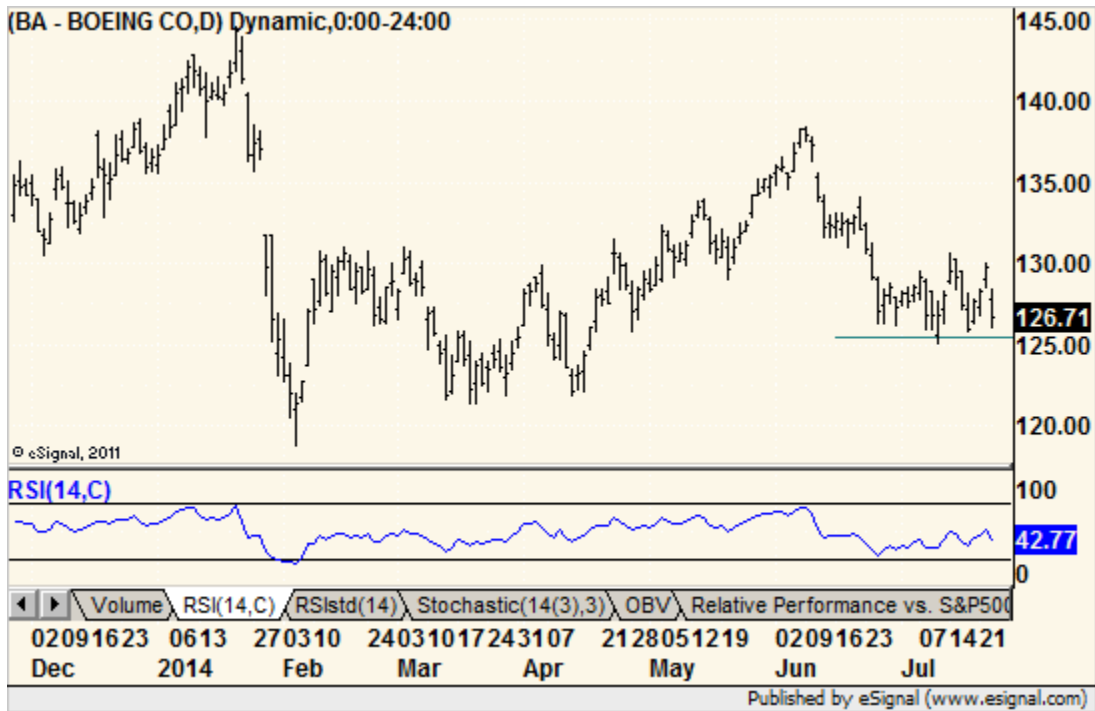
Market Highlights



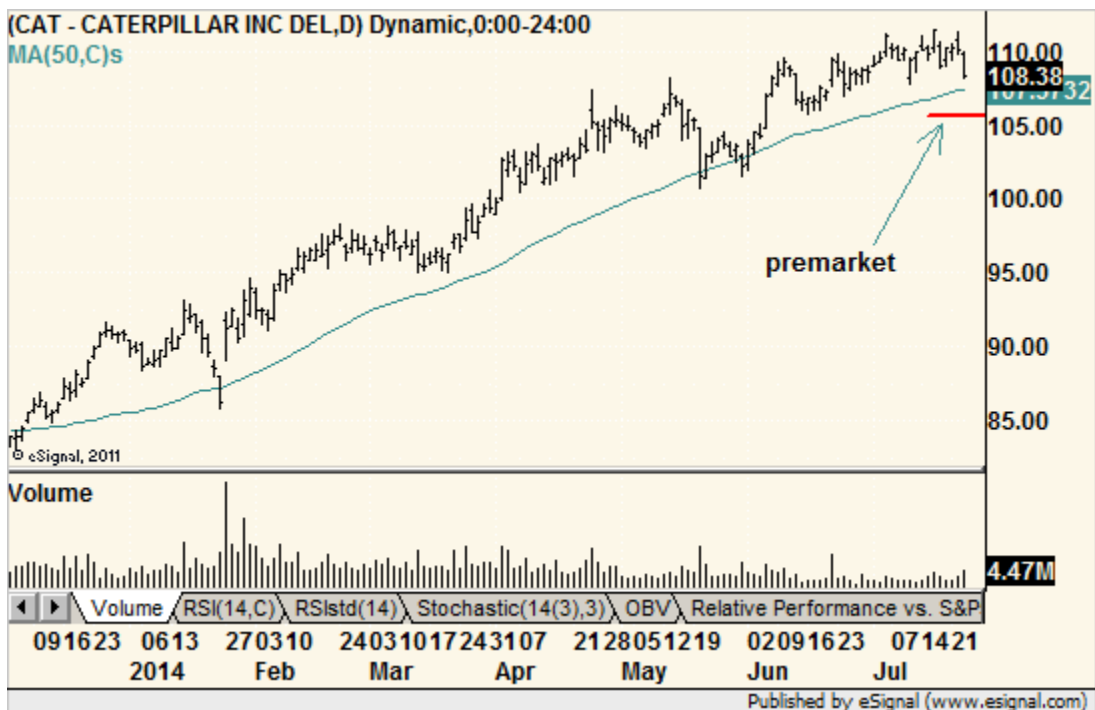
S&P 500 breadth - This chart was taken from Ryan Detrick's StockTwits feed and it shows the number of new highs in S&P 500 component stocks falling even as the index itself hits new highs. This is similar to our Dow analysis yesterday as it shows fewer stocks carrying the load. Sooner or later, they can't.



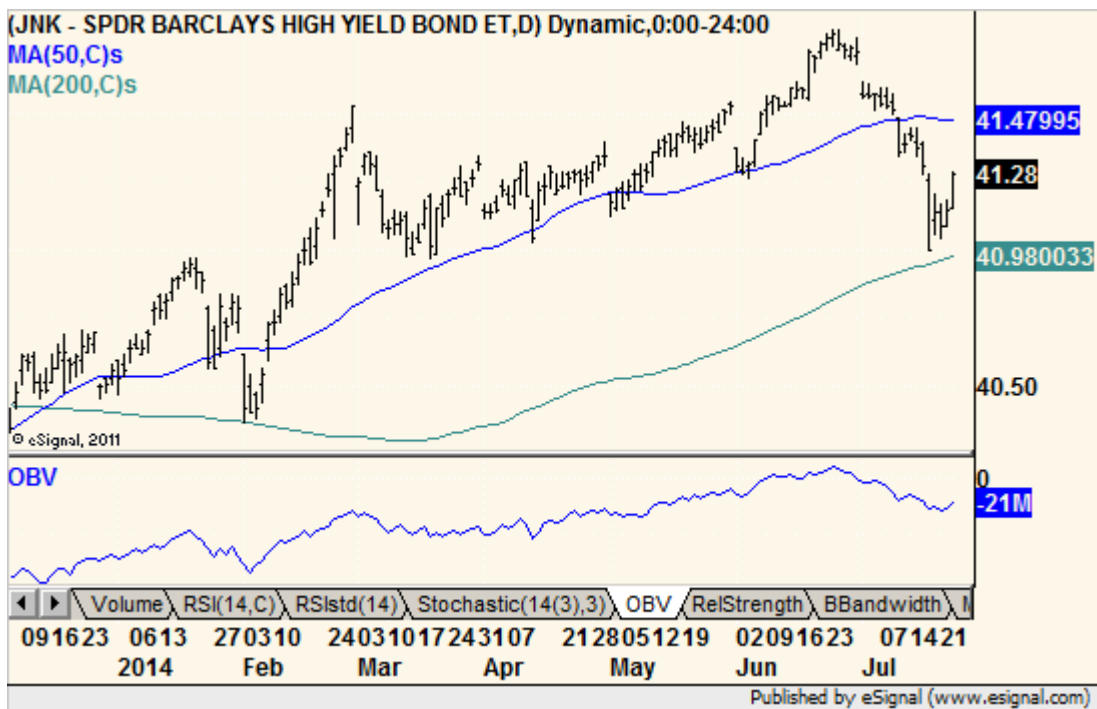
Facebook - Huge jump up on earnings after the bell and into this morning. Very overbought so we would not buy here. Taking the gift, perhaps.



Boeing - Another Dow stock with a rotten chart. This one is trading at support as drawn above in the premarket. No official breakdown at this time but why bother with this one when so many others are in rising trends?



Caterpillar - Another Dow stock with a breakdown. This one is still small but it is below the 50-day average in the premarket and momentum is negative (under 50).

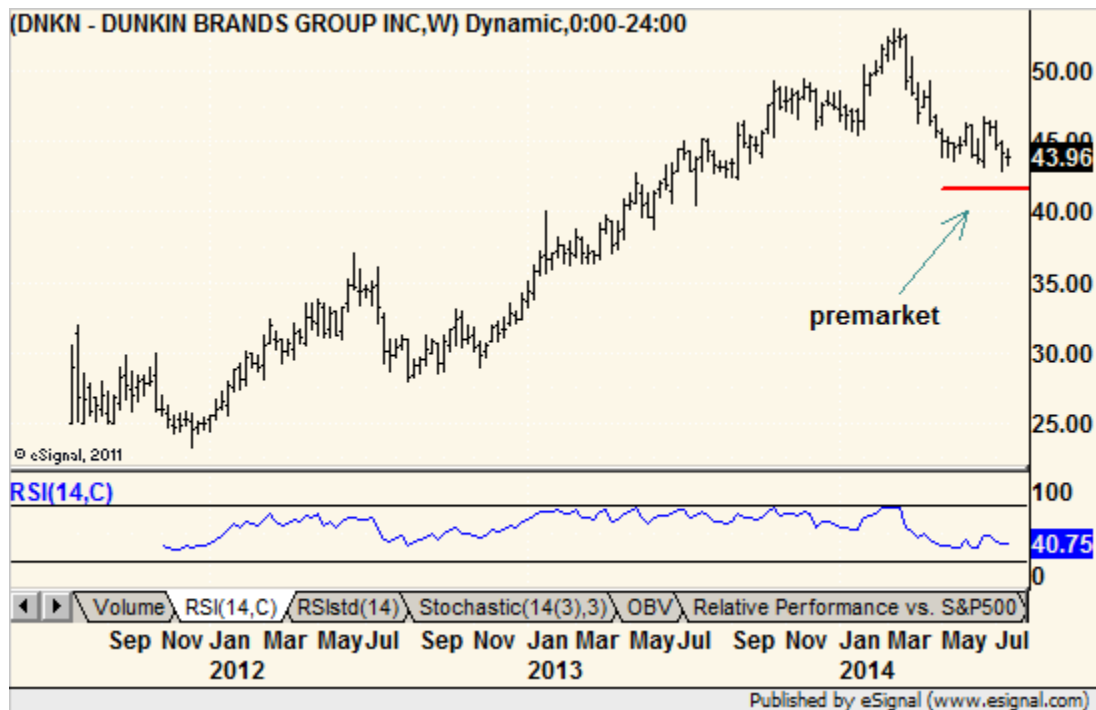


Junk Bonds ETF - Watch this one. It had a huge rebound yesterday but is still in a down trend and below its 50-day average. If it keeps going then the stock market fooled the bears yet again. If it stalls and reverses then get even more defensive on stocks.

Today's Lesson

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

Trend



Dunkin Brands - Down big in the premarket after a sales miss. Unless it rebounds immediately, this is a support break and proof that the trend matters. A year ago, trading at the price of the recent range was considered to be cheap. Now it is expensive.

Two-pager on trend, [click here](#). Actually, this is not in the two-pager series. It is a workshop called "What is a Chart, Anyway?" and it talks about the concept of "same price, different trend."

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	37.70	10.7%	sell	34.05	6/4	49
	MRO	MARATHON OIL CORP	40.48	9.2%	39.00	37.07	6/5	48
	GOOGL	GOOGLE INC	605.19	8.6%	580.00	557.11	6/5	48
	RGLD	ROYAL GOLD INC	76.98	15.3%	74.00	66.77	6/12	41
	LLY	LILLY ELI & CO	64.25	3.6%	61.50	62.03	6/20	33
	BMJ	BRISTOL MYERS SQUIBB CO	49.32	2.1%	47.50	48.30	6/23	30
	MTZ	MASTEC INC	30.69	2.6%	29.50	29.92	6/27	26
	VZ	VERIZON COMMUNICATIONS INC	50.91	2.0%	49.00	49.90	7/3	20
	LF	LEAPFROG ENTERPRISES INC	7.57	-2.3%	7.35	7.75	7/9	14
	INFY	INFOSYS LTD	55.49	-1.2%	53.00	56.15	7/11	12
	XOP	SPDR S&P OIL & GAS EXPLORATION	79.74	1.0%	76.50	78.93	7/15	8
	JNPR	JUNIPER NETWORKS INC	22.64	-7.6%		24.50	7/21	2
<u>Short</u>	AFG	AMERICAN FINL GROUP INC OHIO	58.67	-0.7%	60.00	58.27	7/10	13
	USB	US BANCORP DEL	42.46	1.0%	43.50	42.90	7/11	12
	ALL	ALLSTATE CORP	58.33	0.2%	60.00	58.46	7/15	8
	AMKR	AMKOR TECHNOLOGY INC	10.35	0.0%	11.00	10.35	7/23	0

Notes: New short in **AMKR** at the close.

Got killed on **JNPR** as it gapped down through our stop. This one hurt.

Nice surprise comeback in **INFY**. Still wish we never triggered it intraday.

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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What is a **two-pager**? These are short write-ups on various technical topics that are made available when further explanation of a topic is needed. There is no extra charge to subscribers. For those looking for a more complete reference and a bound version of these two-pagers, we offer the book *Real World Technical Analysis* at <http://www.quicktakespro.com/rwta.html>.

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