

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**July 25, 2014** - Yesterday, Boeing and Caterpillar joined the list of Dow stocks breaking down. Yet, the Dow itself lost a whopping two points and remained above even the tightest 10-day moving average. The **VIX** remains under 12, nobody seems to be worried and bears have certainly been ridiculed.

And that is why we are now starting to lighten up on the long side.

Away from the Dow, there have been plenty of super post-earnings performance from the likes of Facebook (**FB**), apparel makers such as Under Armour (**UA**), a related group shoes with Nike (**NKE**) and biotechs such as Biogen (**BIIB**). But there have been just as many bombs such as Xilinx (**XLNX**) and Amazon (**AMZN** - after the bell Thursday). **GM** finally got what it should have gotten last week on its product safety woes.

Something is wrong that is not reflected in the major averages - well, major big-cap averages. The Russell 2000 is still sucking wind.

Did you catch the bearish reversals all over the hotels group yesterday? We are sure you did not miss the smack down in the homebuilders. Or airlines.

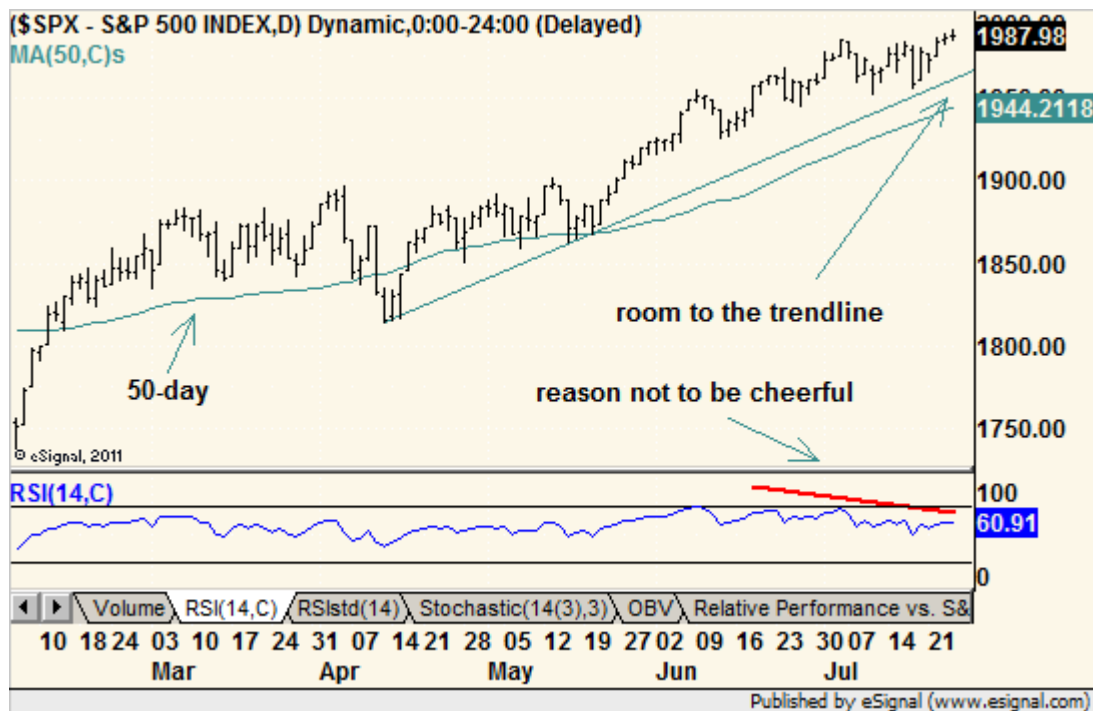
Gold had a rough day and is back on its now-flat moving averages. It has given back just about all of its mid-June rally and that is a big problem for our positive longer-term outlook. Gold stocks are holding up a bit better so we'll stick with it for now.

And while natural resource based groups were under pressure, coal was one of the best performers of the day. Someone is playing a cruel trick, apparently.

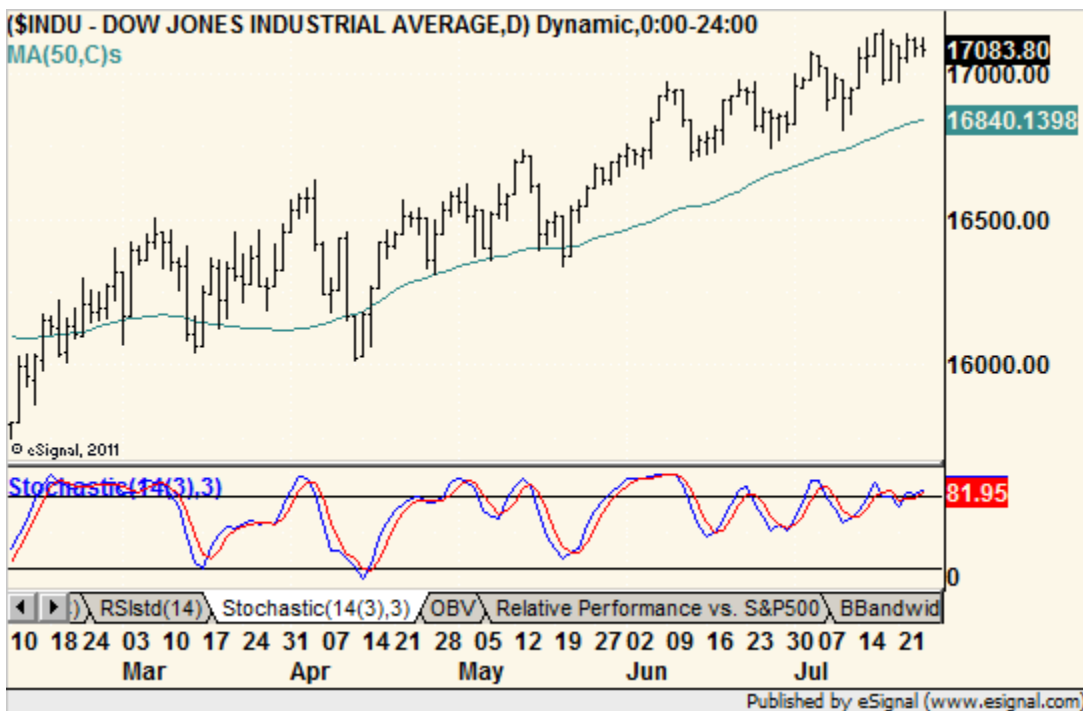


The hourly chart is back on support so it is now or never for the bulls. Note that this chart includes the premarket. On the daily chart (below) we'll see waning momentum to further bolster our view that it is time to pull back the horns. Flashing the claws is still not warranted.

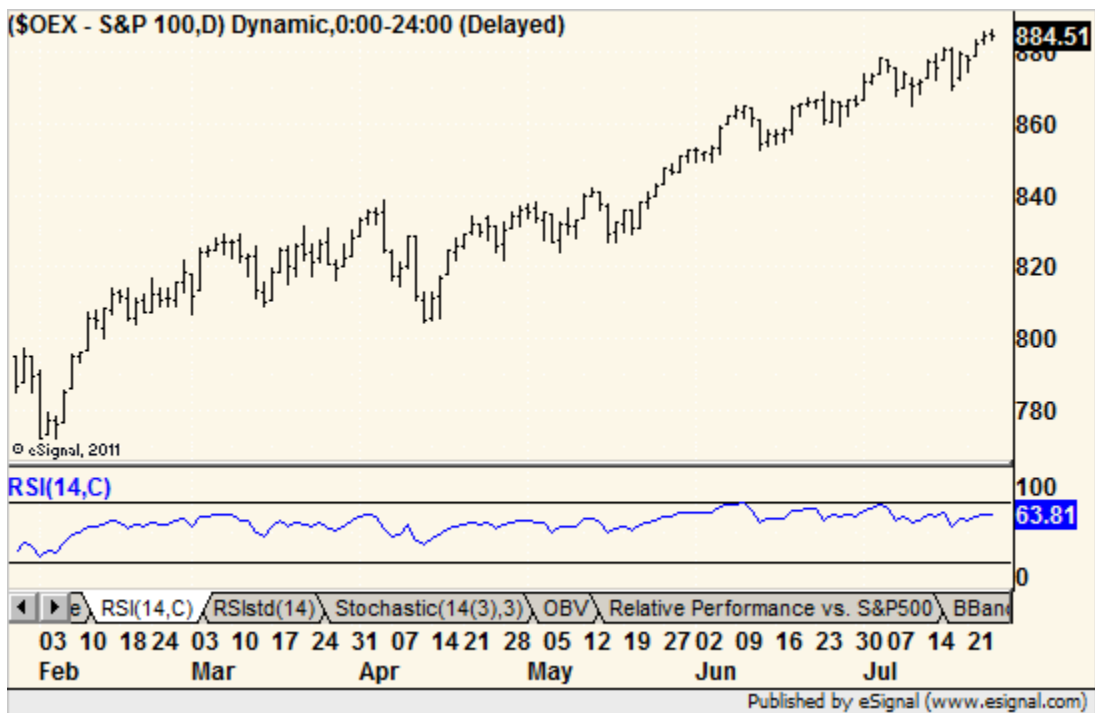
## Index Charts of the Day



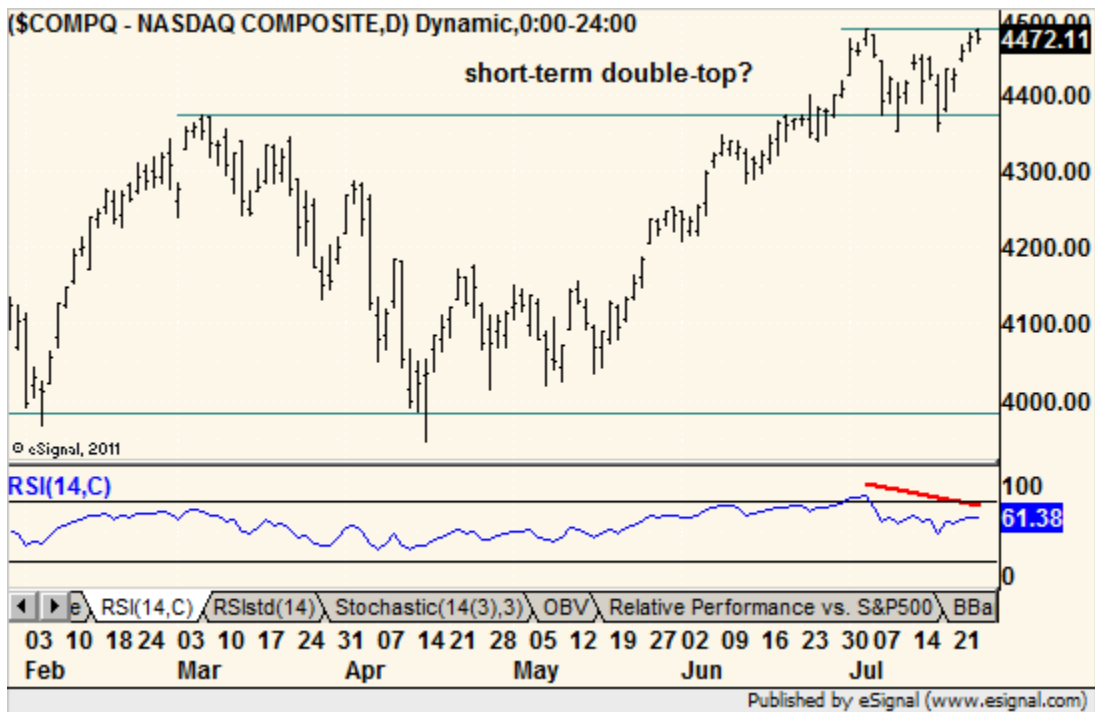
The S&P 500 has some room to fall to the trendline and 50-day average but below that we will have to seriously look for shorts.



The Dow has seen a few tight range days as its breadth deteriorates. Still in a rising trend but it is on half or less of its engines. Keep watching the high prices names such as **IBM** and **V**.



The S&P 100 giant cap index is back in the lead but it is also losing momentum.



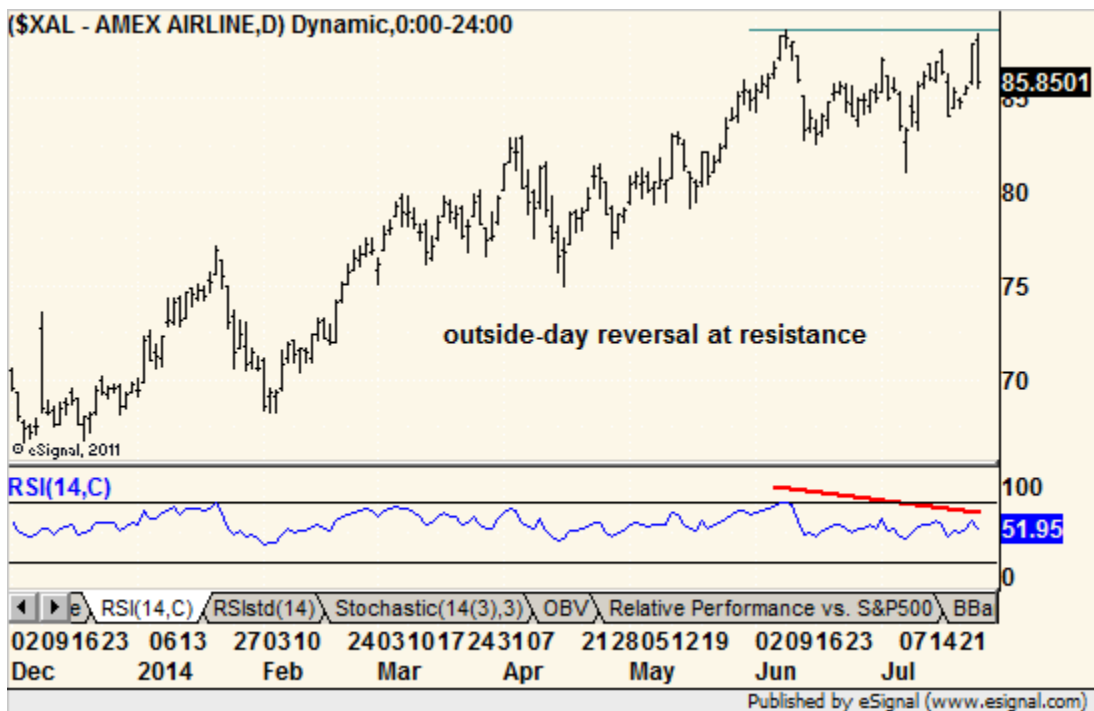
The Nasdaq sports a potential double top. Keep the time frame in mind - short-term

## The Radar Screen

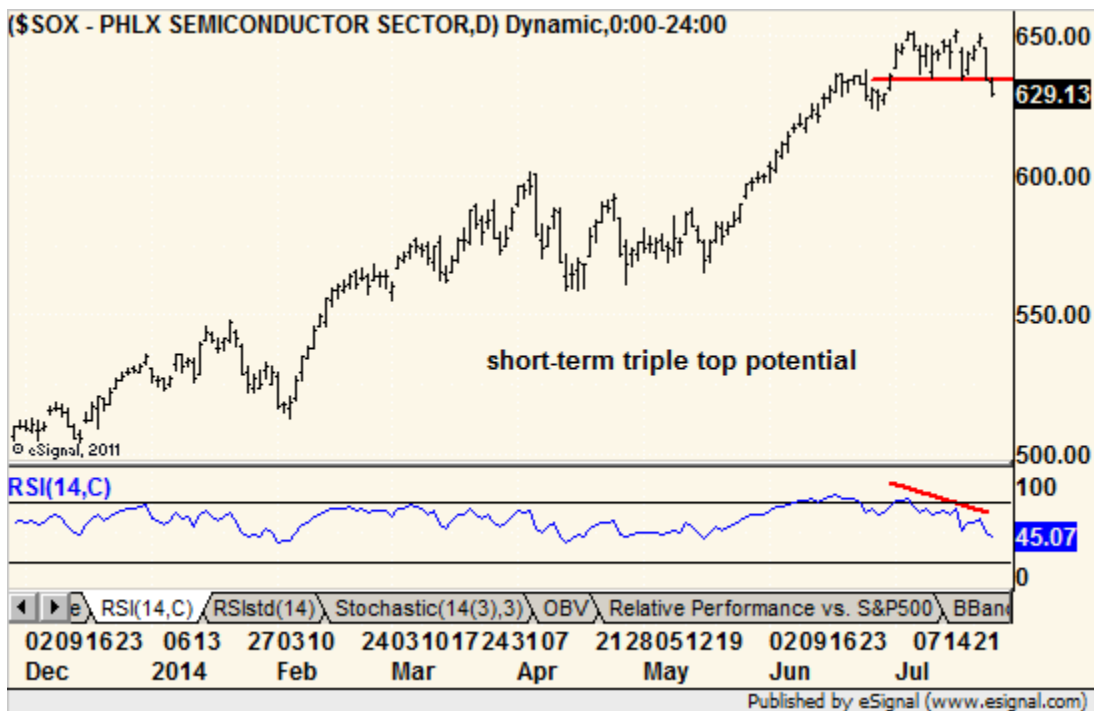
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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.

<b>Bullish Implications</b>		
none -		
<b>Bearish Implications</b>		
<b>Las Vegas Sands LVS</b> - This one gets a lot of exposure in this report and it is now sitting on support. Sell close under 71.35		7/17
<b>Unknown Implications</b>		
none -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Junk Bonds ETF JNK</b> - <b>This is a key item to watch</b>	<b>New</b>	
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - We are back in.		6/26
<b>Gold miners</b> - A bit better again		7/10
<b>Utilities</b> - Seems to be heading to rising January trendline. <u>May be moving sideways into the line now.</u>		7/14
<b>Latin America</b> - looks interesting <b>ILF, ECH, EPU</b>		
<b>Financial Exchanges</b> - <b>CME, ICE, NDAQ</b> all strong - breakouts confirmed		7/22
<b>Paper</b> -. <b>IP</b> breakdown, <b>KS, MWV</b> in a range. So much for weakness. some up huge.	<b>Removed</b>	7/22
<b>Homebuilders</b> - not much to cheer. <b>And bad news sent them tumbling.</b>		7/23
<b>Nasdaq Biotech ETF</b> - breakout		7/23
<b>Apparel</b> - Big rallies in <b>UA, UFI, CRI, VFC, PVH</b>	<b>New</b>	7/25
<b>Airlines</b> - Reversal	<b>New</b>	7/25
<b>Hotels</b> - Reversal	<b>New</b>	7/25
<b>Updates</b>		
<b>Boeing BA</b> - Support breakdown		
<b>Caterpillar CAT</b> - Another Dow stock bites the dust		
<b>Dunkin DNKN</b> broke down but <b>Starbucks SBUX</b> broke out.		
<b>China</b> - Continues to soar		

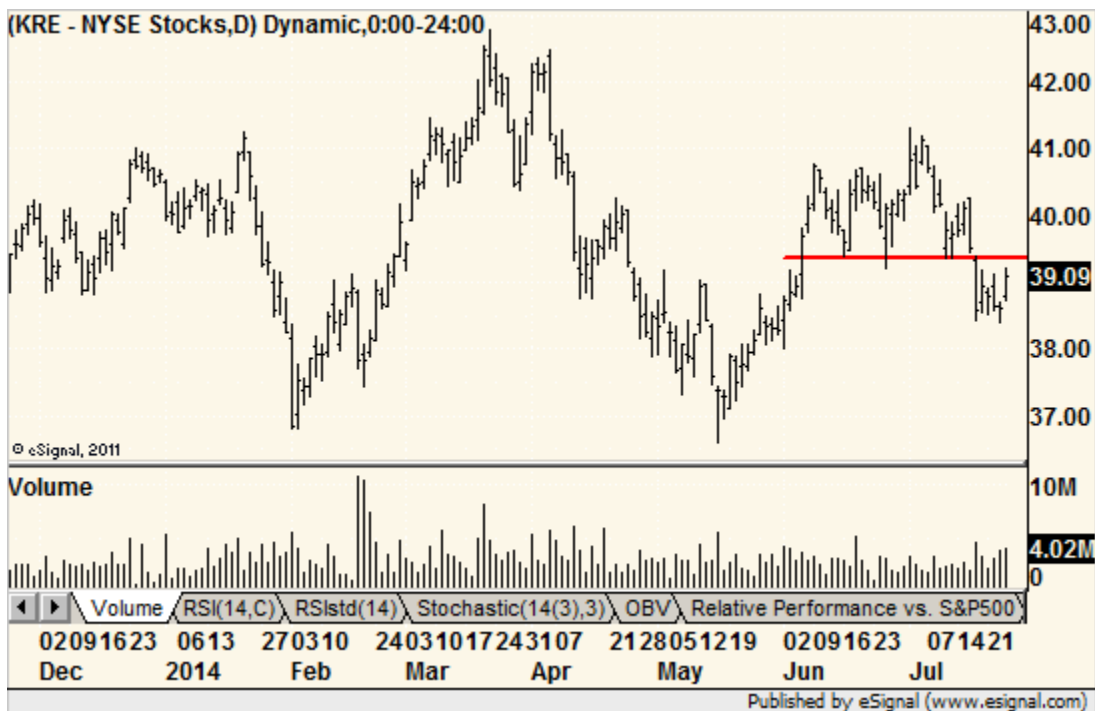
## Market Highlights



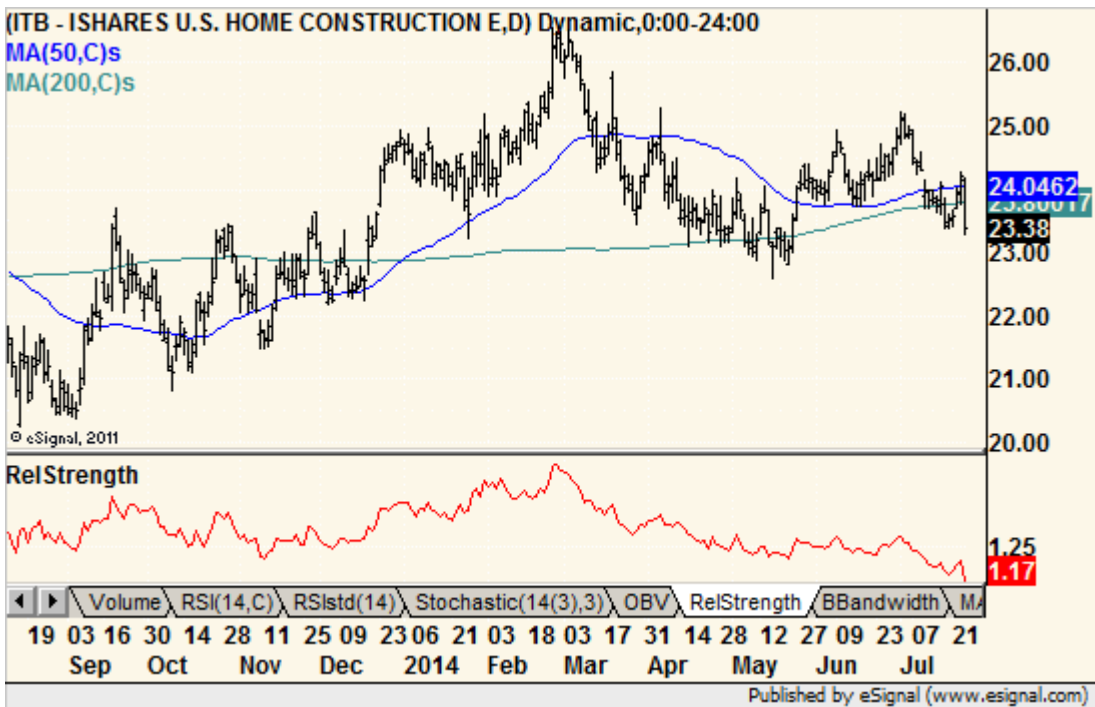
**Airlines Index** - Looks topy unless it does not go any lower (pauses) and then makes a breakout attempt. A cup-with-handle type of pattern. But that has not happened just yet.



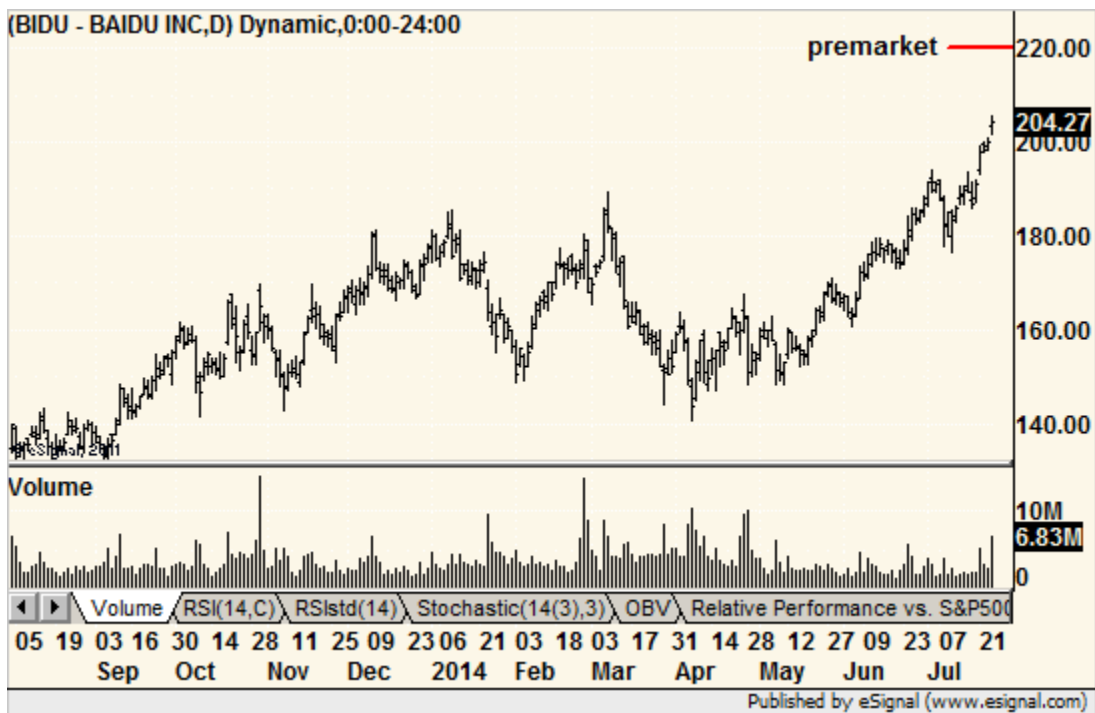
**Semiconductor Index** - Also short-term topy.



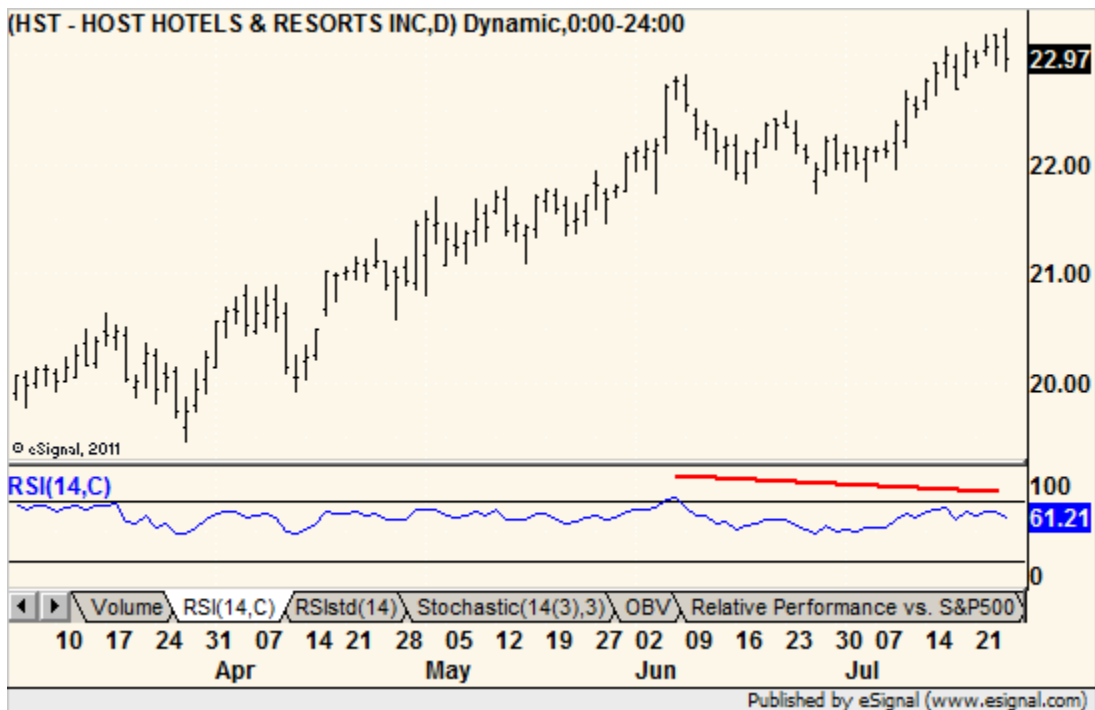
**Regional Banks ETF** - Officially a test of the breakdown but all sector indices are not quite as crisp. Definitely still lagging the market badly.



**Homebuilding ETF** - A new low in relative performance. Looks for shorts here.



**Baidu** - If you have this one, take the cash and run. This was overbought yesterday.



**Host Hotels** - The giant in the group, Marriott (**MAR**) is still strong but many others sport reversals. Host also has a bearish RSI divergence and bearish on-balance volume (not shown) divergence. Starwood (**HOT**) collapsed yesterday.

## 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>	<b>KMI</b>	KINDER MORGAN INC DEL	37.89	11.3%		34.05	6/4	50
	<b>MRO</b>	MARATHON OIL CORP	40.71	9.8%	39.00	37.07	6/5	49
	<b>GOOGL</b>	GOOGLE INC	603.01	8.2%	sell	557.11	6/5	49
	<b>RGLD</b>	ROYAL GOLD INC	76.50	14.6%	74.00	66.77	6/12	42
	<b>LLY</b>	LILLY ELI & CO	64.37	3.8%	61.50	62.03	6/20	34
	<b>BMY</b>	BRISTOL MYERS SQUIBB CO	49.46	2.4%	47.50	48.30	6/23	31
	<b>MTZ</b>	MASTEC INC	29.50	-1.4%		29.92	6/27	27
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	51.05	2.3%	50.00	49.90	7/3	21
	<b>LF</b>	LEAPFROG ENTERPRISES INC	7.52	-3.0%	7.35	7.75	7/9	15
	<b>INFY</b>	INFOSYS LTD	55.77	-0.7%	54.00	56.15	7/11	13
	<b>XOP</b>	SPDR S&P OIL & GAS EXPLORATION	79.81	1.1%	76.50	78.93	7/15	9
<u>Short</u>	<b>AFG</b>	AMERICAN FINL GROUP INC OHIO	58.61	-0.6%	60.00	58.27	7/10	14
	<b>USB</b>	US BANCORP DEL	42.73	0.4%	43.50	42.90	7/11	13
	<b>ALL</b>	ALLSTATE CORP	58.49	-0.1%	60.00	58.46	7/15	9
	<b>AMKR</b>	AMKOR TECHNOLOGY INC	10.20	1.5%	10.80	10.35	7/23	1

**Notes:** Lots of action in the Advice Tracker. We sold **KMI** at the open Thursday to lock in a nice gain.

Stopped out of **MTZ**. It fell over 7% but our stop was very close and the damage minimal. This one was a good trade early on and then just dies on the vine.

We are going to sell **GOOGL** at the open as it looks tired. Not a bad gain.

Raised the stop in **VZ** a lot as peer T broke down. Raised stop in **INFY** as it was just too wide.

Lowered the stop in the **AMKR** short as it is working nicely so far.

**BMY** looks nice (finally) with a bull reversal.

Short in **USB** has a rising flag on falling volume. We expect that this is a correction in a decline.



## 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.



**24/7 Website archive** – <http://www.quicktakespro.com/archive> (password needed)

**Customer Support** - <http://www.quicktakespro.com/support.html>

**Recommended reading** - <http://www.quicktakespro.com/education.html>



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>.

**Refer** a colleague to Quick Takes Pro and get a free month of service for each new paying subscriber. Just send an email (<mailto:mkahn@quicktakespro.com>) with names and email addresses and we'll track them and credit your account.

Connect with us:



<http://www.facebook.com/QuickTakesPro.biz>



<http://twitter.com/mnkahn>



<http://www.linkedin.com/in/QuickTakesPro>



<http://www.quicktakespro.com/blog>



<http://pinterest.com/mnkahn/>



<http://youtube.com/quicktakespro>



<http://stocktwits.com/mnkahn>

The information contained in this report is opinion, based on information that we deem to be reliable at the time of publication, but is not guaranteed in any form. This report does not constitute a recommendation to purchase or sell any security and the analysts are not registered investment advisors. Further analysis is recommended before undertaking any position in any security. Any risks are solely the responsibility of the buyer/seller. The authors, publishers and distributors of Quick Takes Pro and any associates thereof accept no liability for the content or actions taken by anyone or institution utilizing this report. The authors, publishers and distributors of Quick Takes Pro may have positions in securities mentioned in this report. All charts prepared with [eSignal](#) data and software unless otherwise indicated.

All contents © Michael Kahn Research LLC, 2014