

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

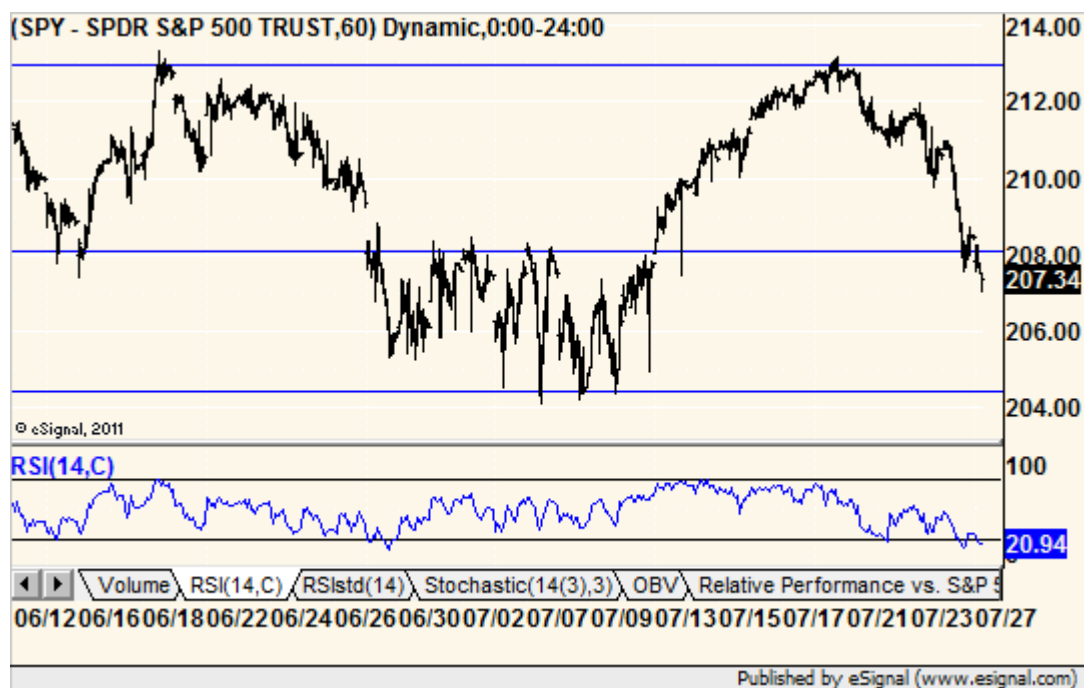
MICHAEL KAHN  
RESEARCH LLC

**July 27, 2015** – Last week was pretty bad in that it erased the entire rally from the week before to bring the Dow back to the bottom of its range. The S&P 500 held up better but mid-caps and microcaps broke down. And while the Russell 2000 did not set a lower low it did break the third fan line for a breakdown of a different kind (chart below).

And then there's China. Sitting quietly in the shadows with a slow and sedate bear wedge pattern, the Shanghai composite broke down to the tune of 8.5% overnight. Oops! That's what happens when stimulus is not forthcoming.

And remember that Greek bailout? The Athens market is still closed but the Greek ETF here is knocking on the door of support again after floundering around to the downside AFTER the bailout was announced. Something is very wrong here and we think it is going to spill over to everywhere else. It's not a direct route but look at Europe this morning. Remember that breakout two weeks ago? Well, it's gone.

We are now on the bearish side of neutral with the only thing keeping us there the fact that the S&P 500 – the benchmark – has not broken just yet.

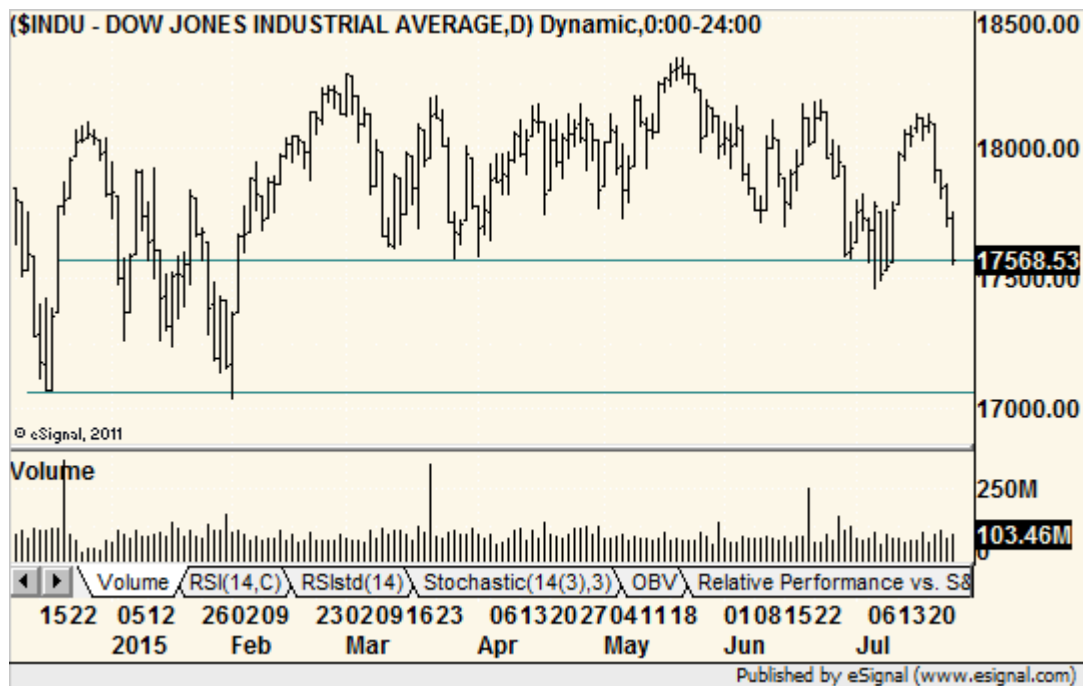


The hourly chart shows the **SPY** dipping to support, bouncing and then falling some more this morning. RSI is still oversold so we are not so sure the morning open is the time to sell short but we will on any bounce that does not have some serious volume and breadth behind it.

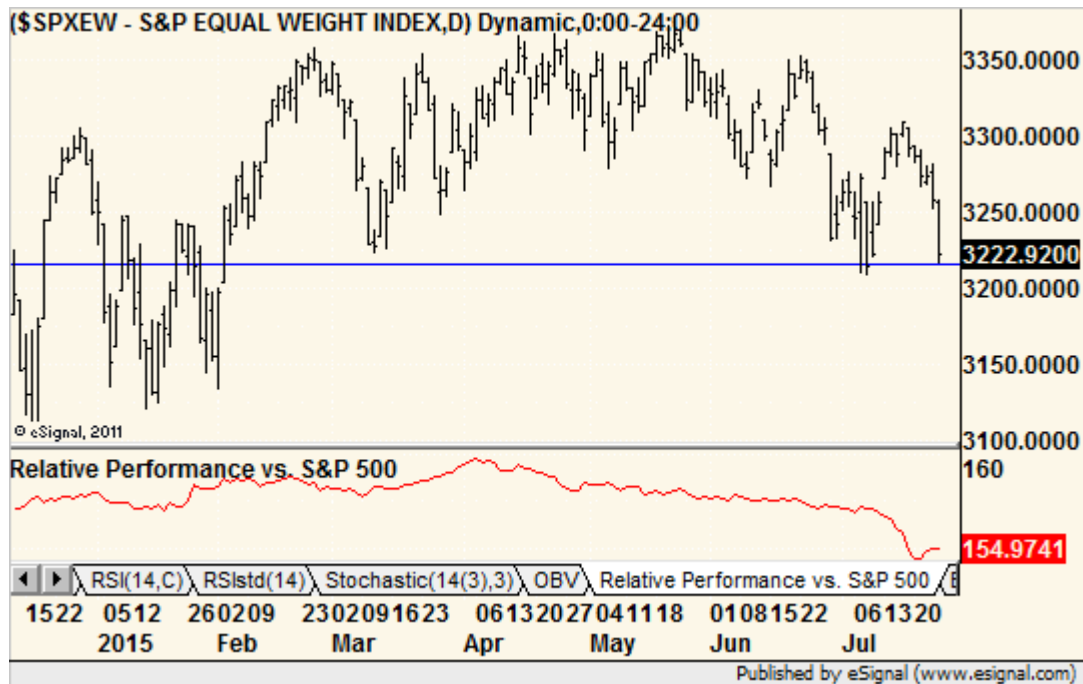
The fact that the S&P 500 is still in the middle of the range while most other indices are at the bottom is also telling. Your average stock is in trouble while some of the big ones still look OK. In other words, it is another indication of a narrow market. And with that in mind, we have charts of five of the Wall Street Journal's six stock that matter (missing FB). They look funky to us.

We've got dollar down this morning but commodities are not responding. That's the China effect. Basic materials sectors here are already weak so this will not help.

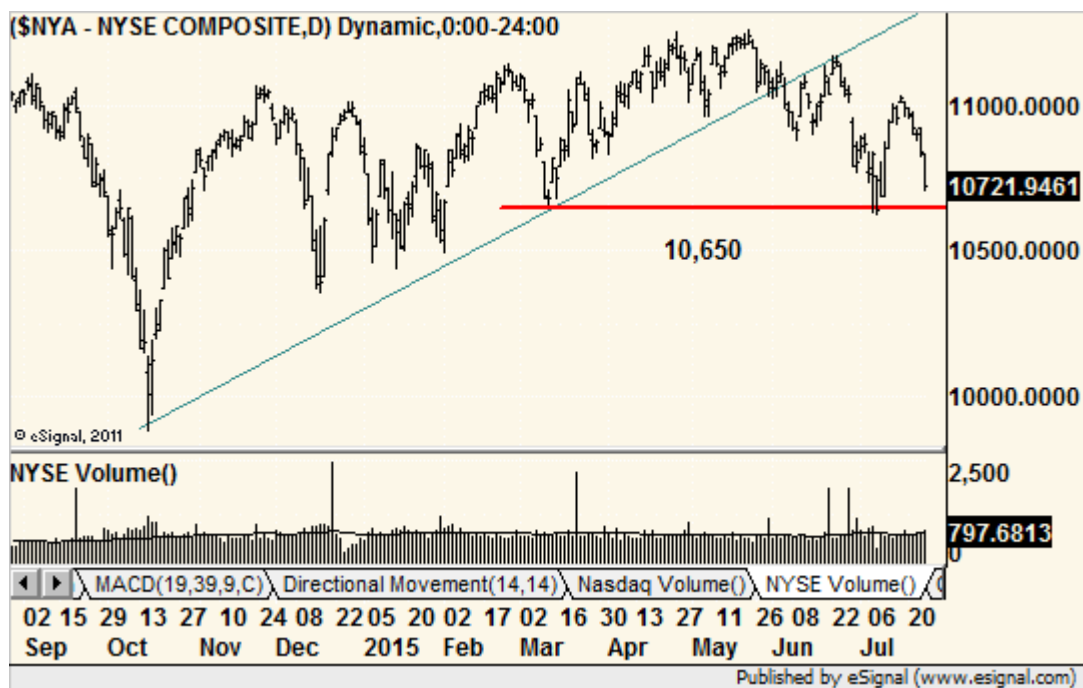
## Index Charts of the Day



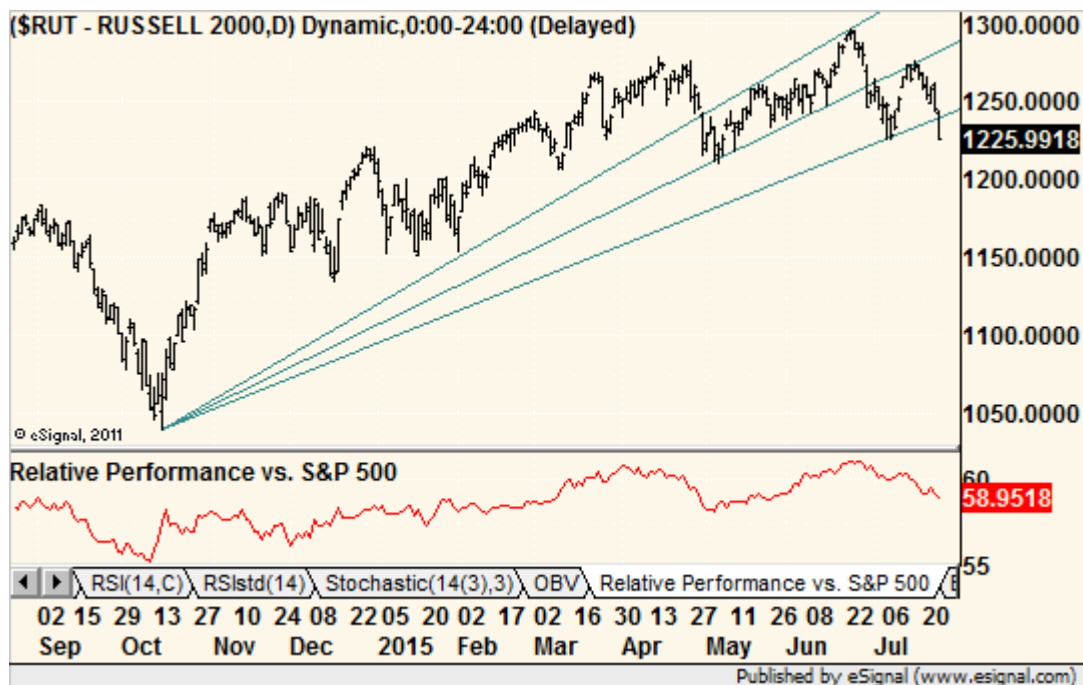
The Dow is down to last month's lows. 17.5 gets you 17.0 (A break below 17,500 targets 17,000)



This is the equal-weighted S&P 500 and it is also back down to support. Note the sharp drop off in relative performance vs. the regular S&P 500 index this month.



The NYSE composite representing the average stock is near its low. Volume has not swelled by much so that is good. But if support breaks.....



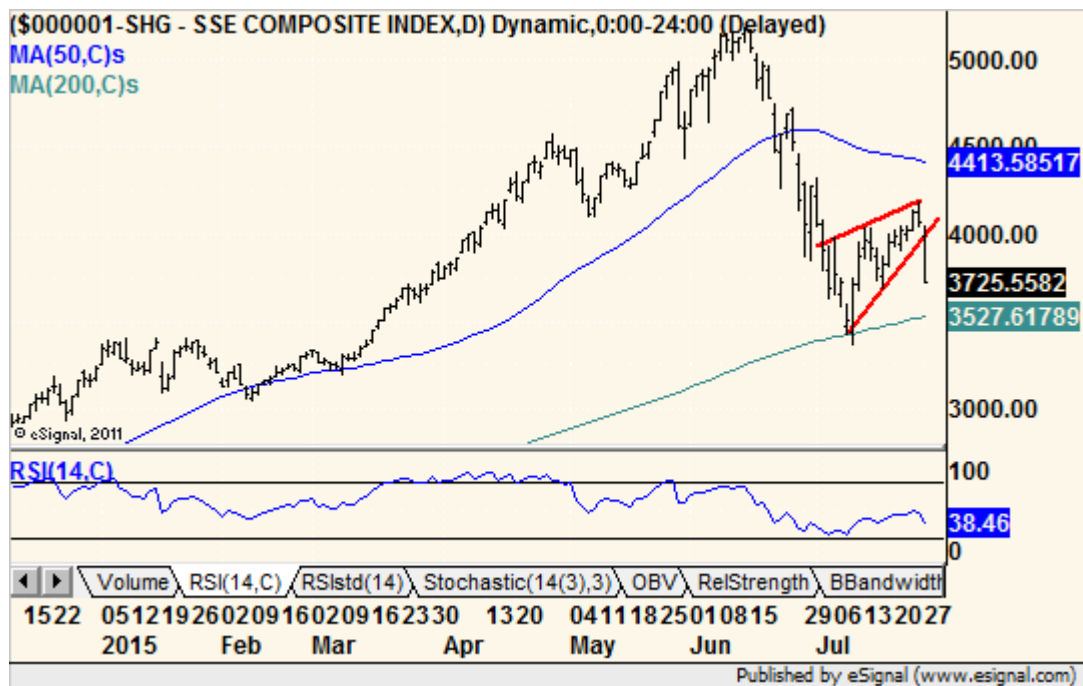
There's the fan lines breakdown for the Russell. Two-pager on fan lines, [click here](#). New subscribers, it's part of the service.

## The Radar Screen

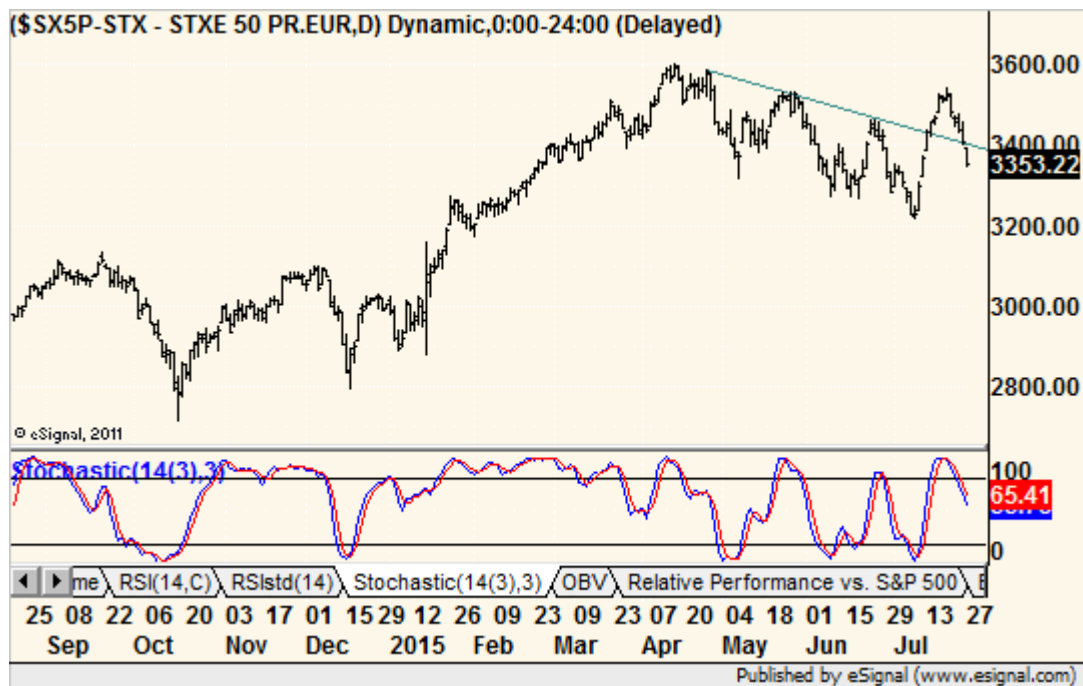
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>NY Times NYT</b> – Peer Gannet ( <b>GCI</b> ) was spanked yesterday and this chart looks ready to follow. A trend break and test in progress. Sell under 13.10.		7/22
<b>Aecom ACM</b> – A heavy construction stock looking to join its peers at new lows. Sell support and 200-day average break with a close under 31.	<b>Triggered</b>	7/24
<b>Unknown Implications</b>		
none –		
<b>Holding Tank</b> – red shade leans bearish, green shade leans bullish		
<b>Tiffany TIF</b> – And now for something completely different. This luxury retailer actually has an arguable breakout thorough resistance. Strongly rising on-balance volume. If only we were not so skeptical of the market right now. <b>Boom! Huge rejection of the small breakout.</b>	<b>Removed</b>	7/23
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Heavy Construction</b> – Bearish. <b>FLR, PWR, KBR, JEC</b>		7/7
<b>Consumer Discretionary ETF XLY</b> – Broke out on really poor volume. <b>Big gap-up failure on Friday makes this look ready to tumble.</b>		7/17
<b>Truckers</b> – Possible basing action. <b>CHRW, LSTR</b>		7/22
<b>Updates</b>		
none –		

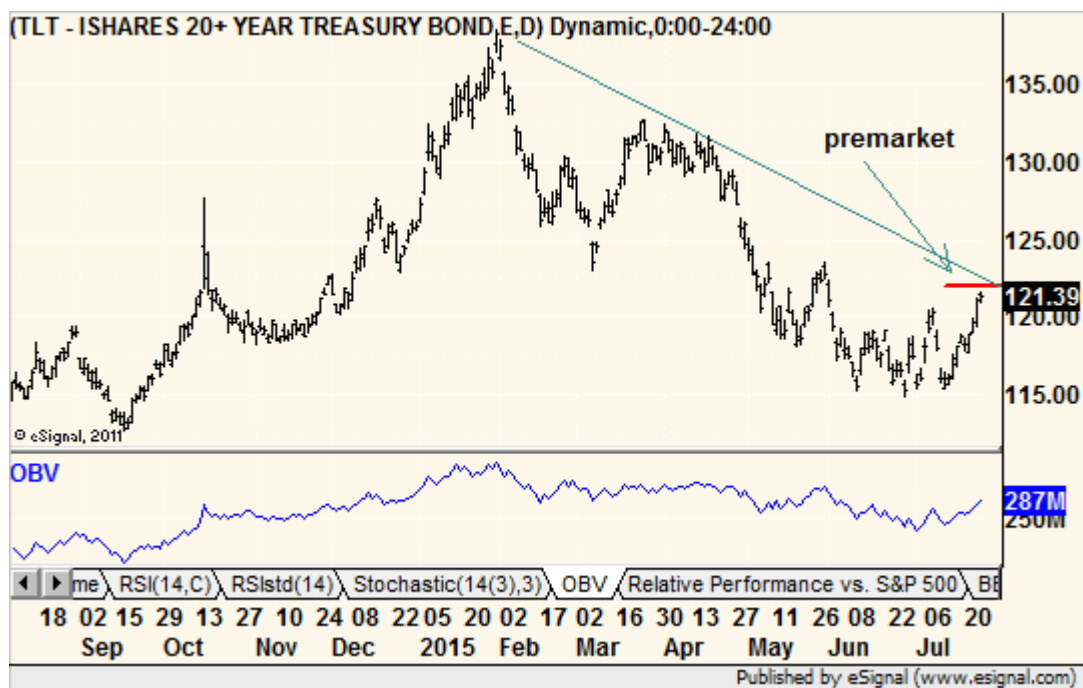
## Market Highlights



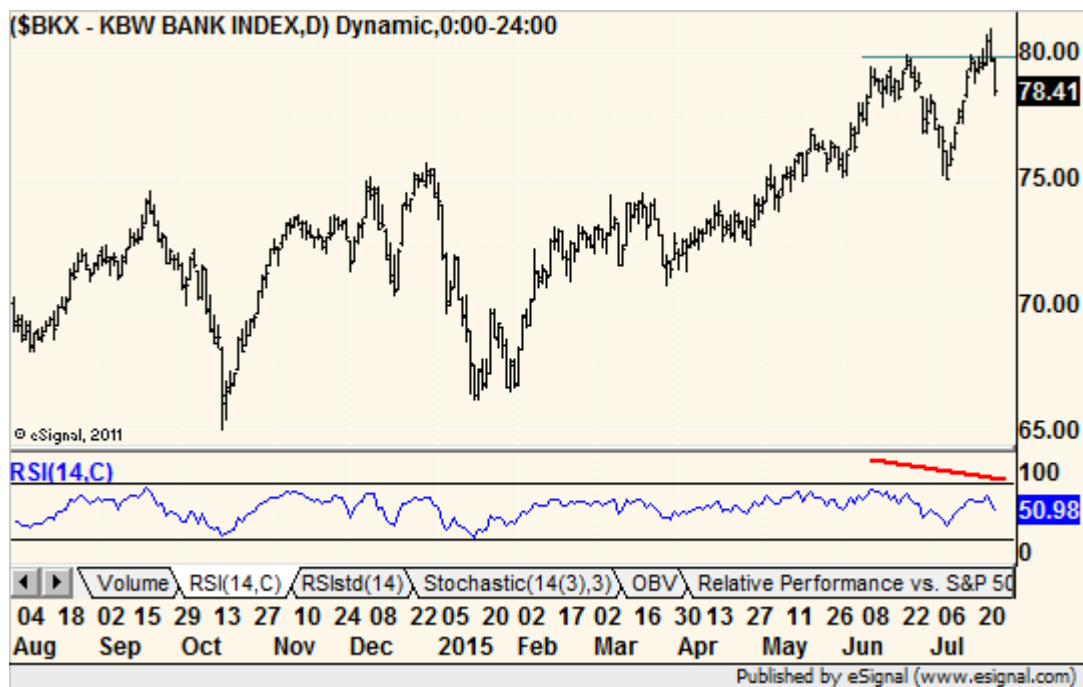
**China** – Monster breakdown from a bear wedge. The 200-day average is in sight already.



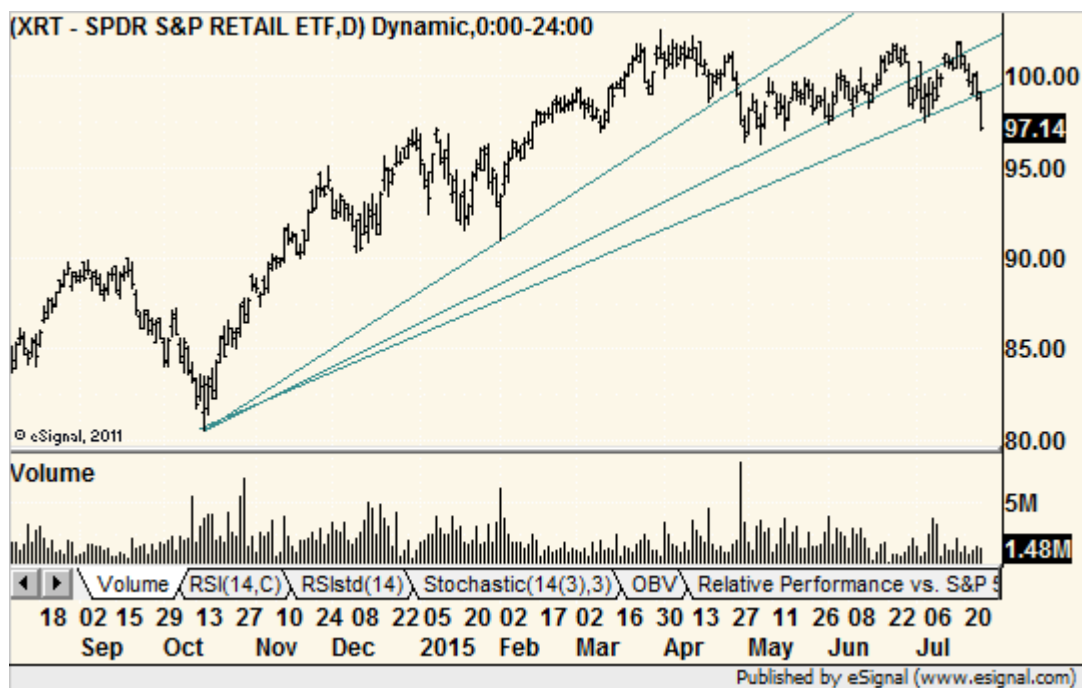
**Stoxx-50** – So much for the breakout in blue-chip Europe.



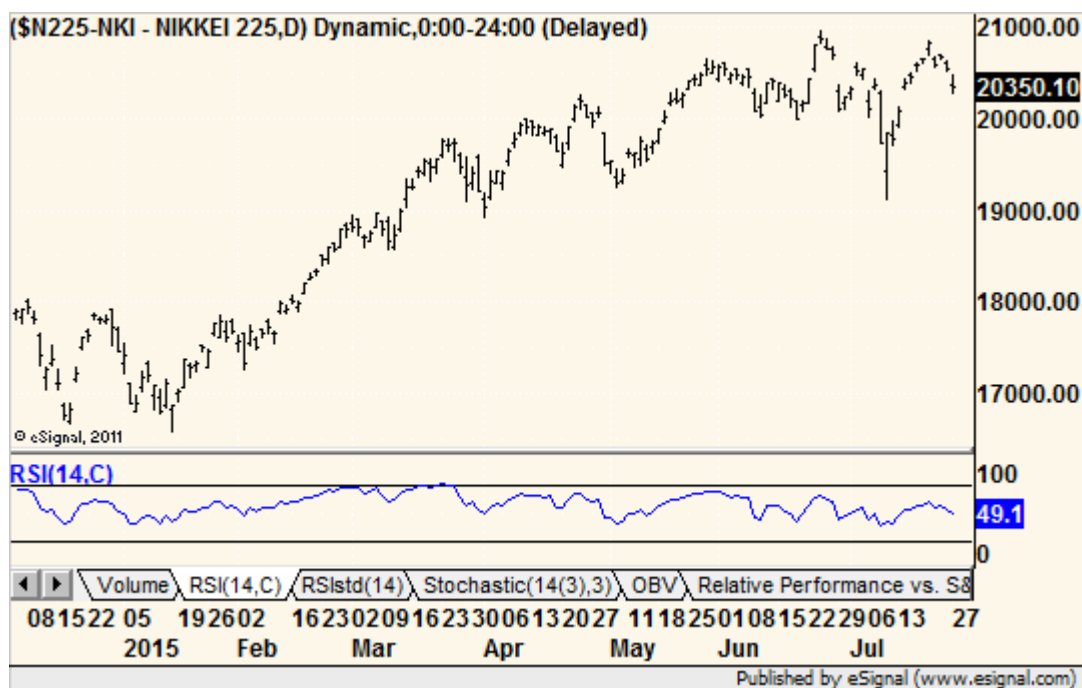
**T-Bonds ETF** – challenging the trendline after taking out short-term resistance. This is a fear trade, in our view. Although, the dollar is down today so that view is tempered.



**Banks Index** – We take back what we said last week. This is a breakout failure with bearish RSI divergence set in place.

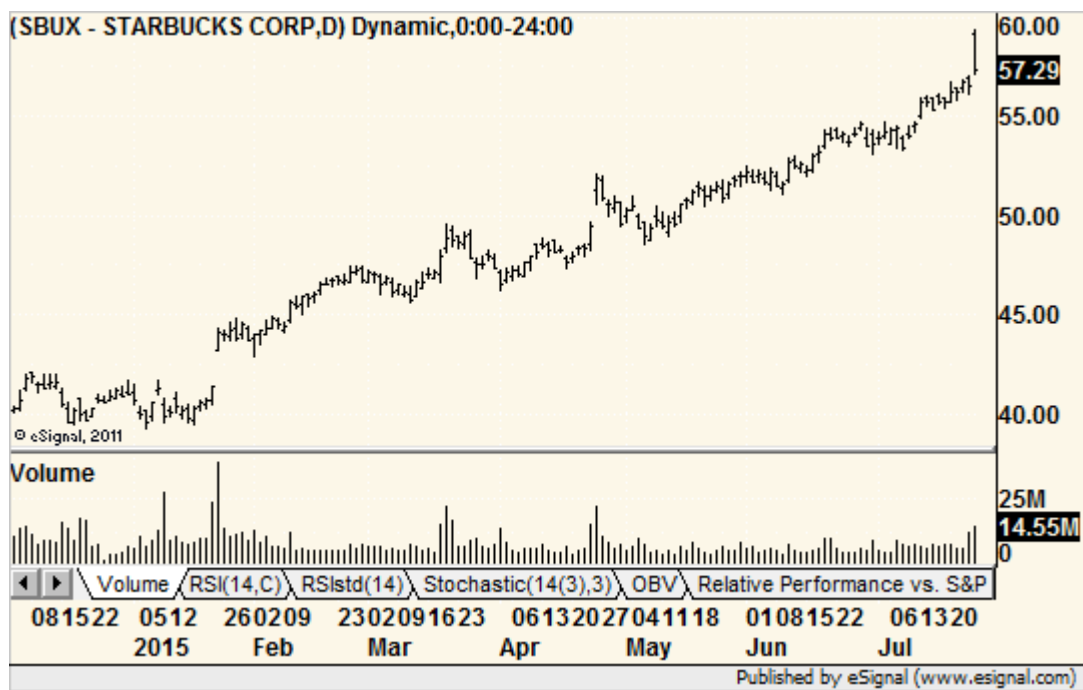


**Retail ETF** – Arguable fan lines pattern but nothing arguable about the breakdown.

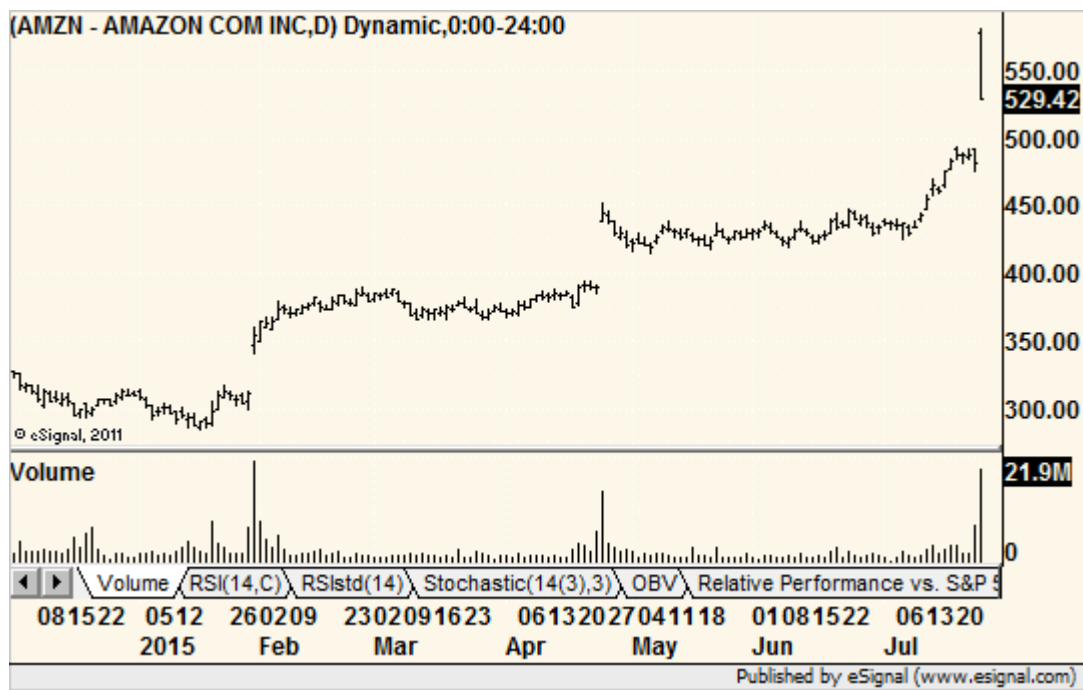


**Japan** – We have not looked into the background of what is going on over there but this pattern is very reminiscent of the US market around the time of the sub-prime crisis. The spike down was the announcement to the public that there was a problem. As for Japan, this is a possible double top in progress.



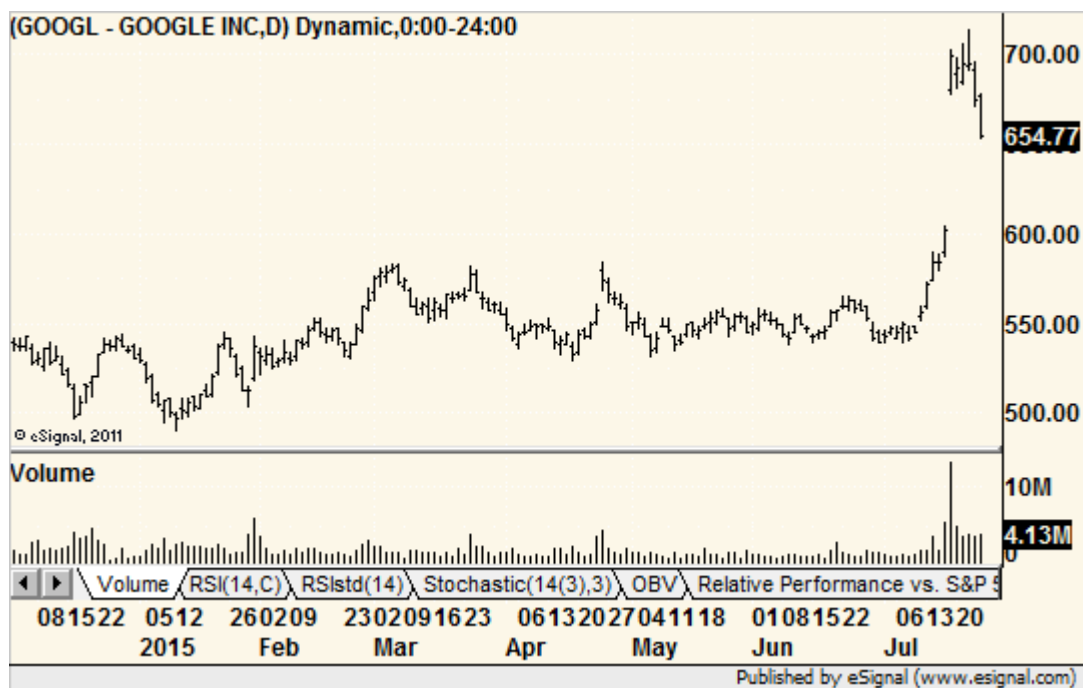


**Starbucks** – Just wondering if this gap up failure is a bigger negative sign for this leader.

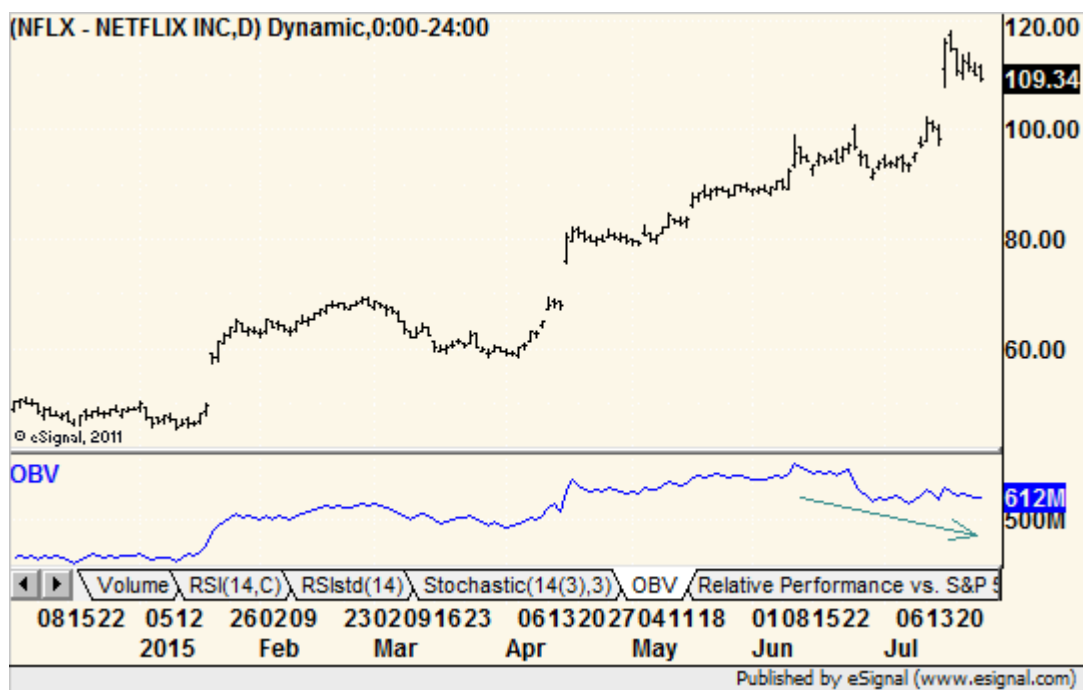


**Amazon** - ditto

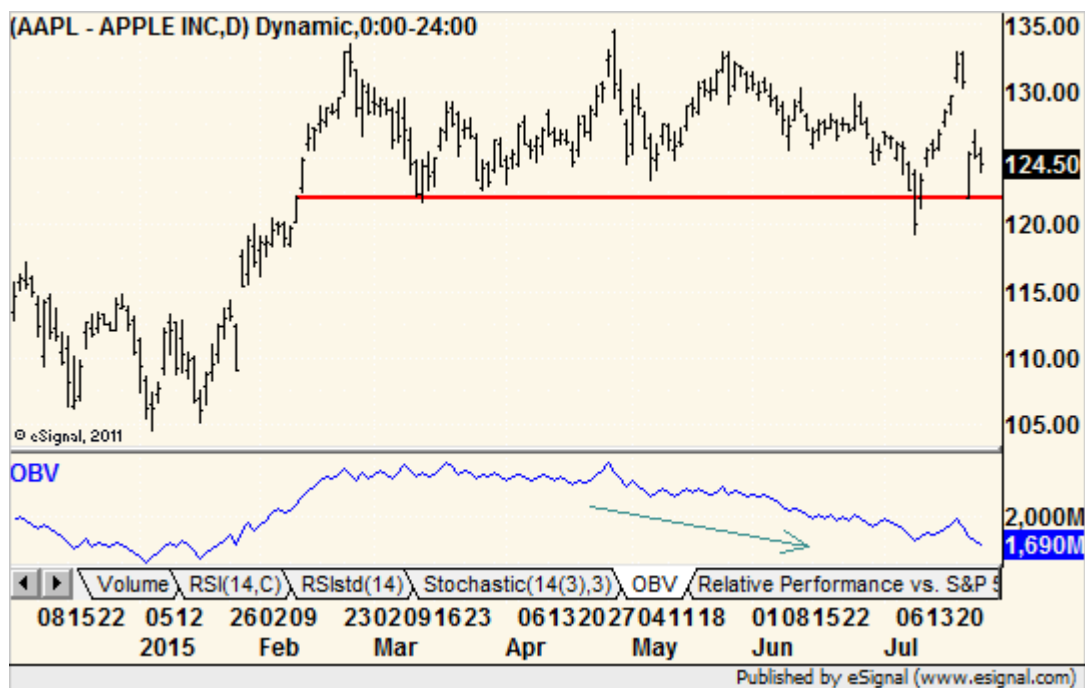




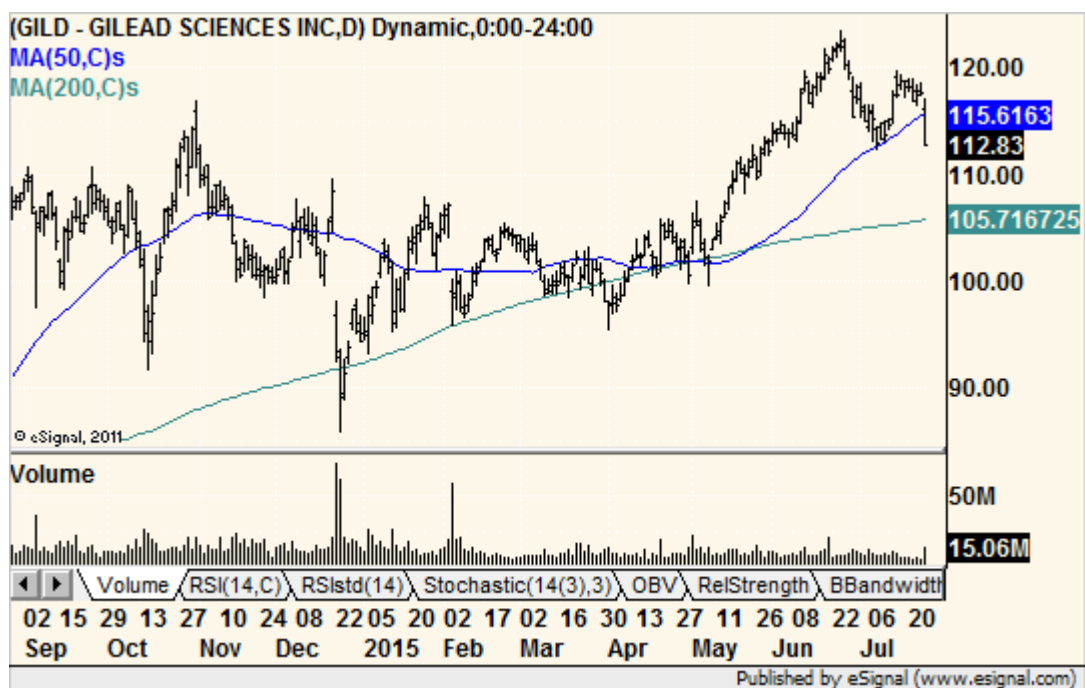
Google – ditto again



Netflix – Held its jump better but look at on-balance volume.



**Apple** – Not doing much with its bounce. And on-balance volume hit a new low.



**Gilead Sciences** – One the WSJ six stocks that matter. Big volume breakdown.

## 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>	<b>MO</b>	ALTRIA GROUP INC	53.79	3.6%	52.00	51.90	7/16	10
<u>Short</u>	<b>DLPH</b>	DELPHI AUTOMOTIVE PLC	77.36	3.3%	79.50	79.92	7/16	2
	<b>HPQ</b>	HEWLETT PACKARD CO	30.81	-1.5%	32.00	30.34	7/17	2
	<b>URBN</b>	URBAN OUTFITTERS INC	33.72	3.8%	35.25	35.00	7/21	2
	<b>ACM</b>	AECOM	30.19	0.0%	31.75	30.19	7/24	2

**Notes:** New short in ACM triggered at the close. Of course, we would have liked it intraday but that's the breaks.

Lowered stop in **URBN** short.

## Subscriber Corner

This section is dedicated to subscriber requests for stock, futures, index and foreign exchange analysis. Send requests to <mailto:mkahn@quicktakespro.com>.

Note to Cathy – Two-pagers are part of the service. Request all you like and even those you do not see. We may have one on that topic.

## Other Information

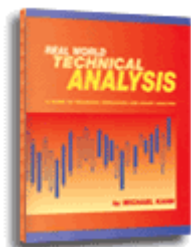
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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