

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN  
RESEARCH LLC

**July 28, 2014** - A Dow stock (surprise! not) and a tech fave were the culprits Friday as the Dow shed 123. Visa and Amazon gapped down in big ways to suggest a coming lull in consumerism even though the latter was a company specific issue of showing very little profit. Amazon's P/E after the collapse is still a whopping 830!

The Dow itself is back under 17,000 but not enough to declare a breakdown. With so many component stocks having breakdowns of their own, we think it is a matter of time. To cope, you will notice we are shedding another pair of longs from the Advice Tracker. We cashed Google in Friday at the open.

Not much is happening in gold and oil this morning although Friday saw a nice gold rally. No technical changes for either at this time. And probably the same for stocks until the first economic report in what the media warns (lions and tigers and bears) will be a very active weak.

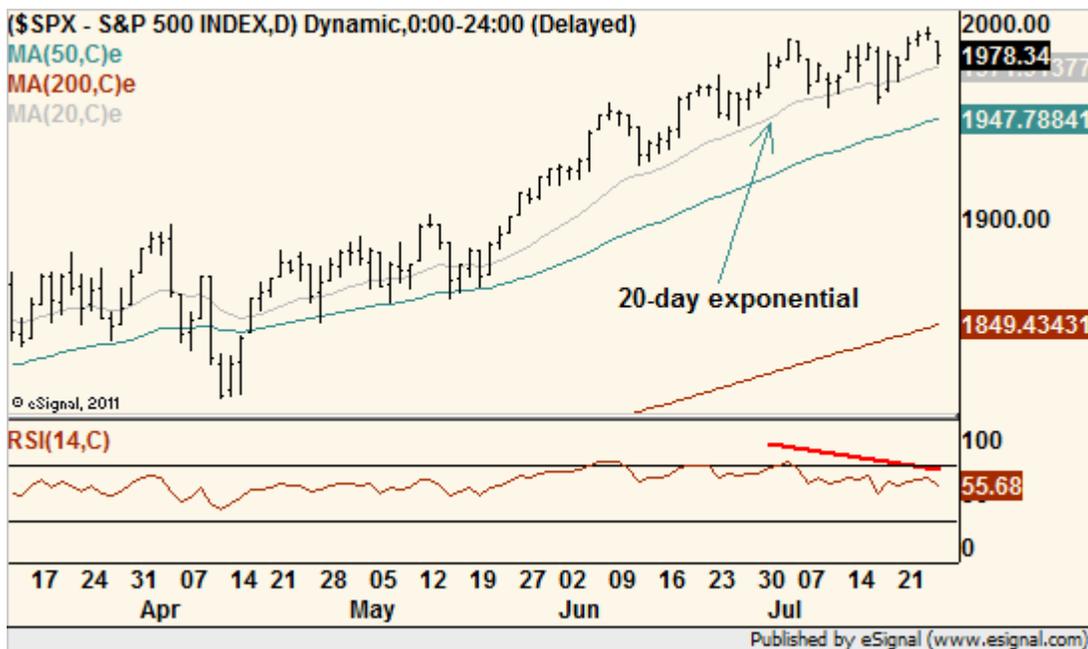


The hourly chart (current through this morning) shows the developing decline. While it does appear to be time for a corrective wiggle to the upside, the real story is that last week's upside breakout failed. The daily charts below will show, however, that the market is just one day removed from an all-time high. That is not a good place to think of shorting things. The S&P 500 did not even close below its 10-day average let alone more important averages.

With that said, we'll repeat that we are indeed lightening up on the long side. Just looking at the four horsemen (retail, tech, housing, financial) we see partial breakdowns. For example, tech may be strong but semiconductors are getting killed. Financials may be market performers but banks are lagging badly.

Today, we're looking at Asia, which is rather strong (same for Latin America). Also, we've got some of the top Nasdaq stocks (market cap) with bearish leanings in the Holding Tank.

## Index Charts of the Day



Here is the S&P 500 still above its 20-day expo average (and 10-day simple, not shown). However, the RSI divergence is bearish and tells us the rally is indeed slowing down. With so many big stocks breaking, that is no surprise.



So far, the Nasdaq sports a short-term double top potential, complete with RSI divergence. Only a break below the support zone as shown will be the real sell signal.



The S&P 400 midcaps now eyeing critical support.



The small cap Russell 2000 is back on its 200-day average after failing to lift off it.

## 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>		
<b>none -</b>		
<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>		
<b>none -</b>		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Junk Bonds ETF JNK</b> - This is a key item to watch		
<b>Oracle ORCL</b> - Descending triangle after downside breakaway gap. Waiting for a bit more clarity but it leans bearish.	<b>New</b>	7/28
<b>Comcast CMCSA</b> - Now between the trendline and resistance. Also sporting a Bollinger Band "divergence" of a high above the bands and a higher high back within. This is a momentum loss and a warning.	<b>New</b>	7/28
<b>Priceline PCLN</b> - Pennant formation with falling on-balance volume.	<b>New</b>	7/28
<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. May be moving sideways into the line now.		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>Homebuilders</b> - not much to cheer.		7/23
<b>Nasdaq Biotech ETF IBB</b> - breakout <b>but no follow through</b>		7/23
<b>Airlines</b> - topy		7/25
<b>Updates</b>		
<b>Starbucks SBUX</b> - breakout now failed		
<b>China</b> - Continues to soar - <b>OMG!</b>		

## Market Highlights



**China** - That is some rally but it is now overbought. Of course, that does not mean it will not get more overbought.



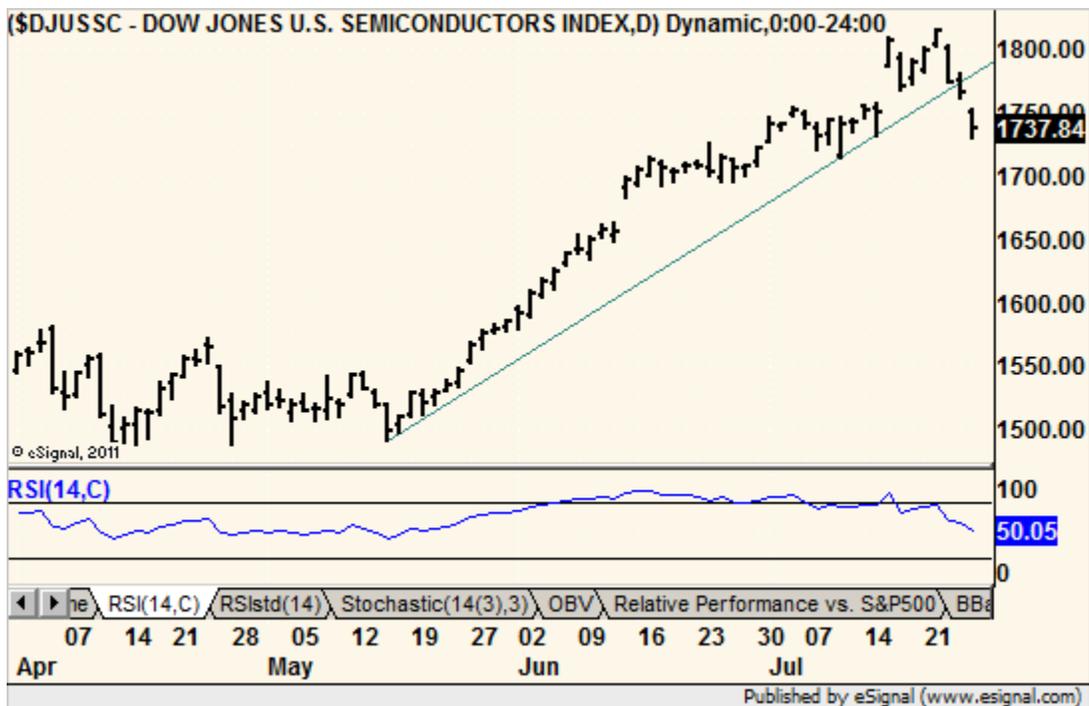
**Russia** - Not cheap.



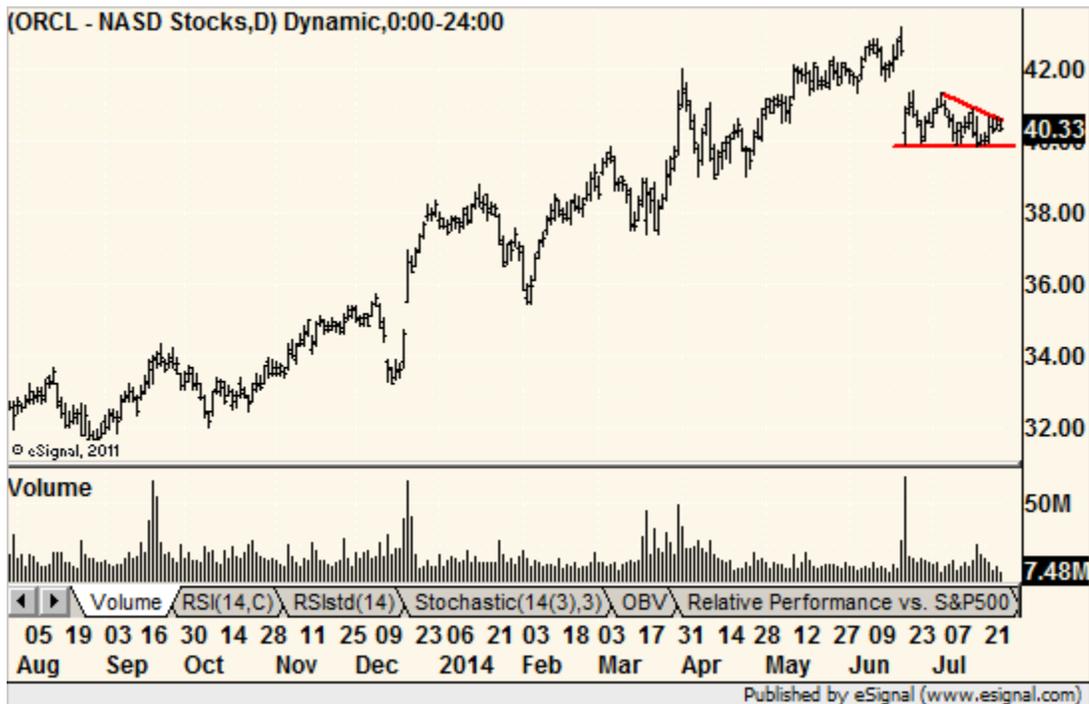
**Japan - Breakout**



**Korea - Strong**



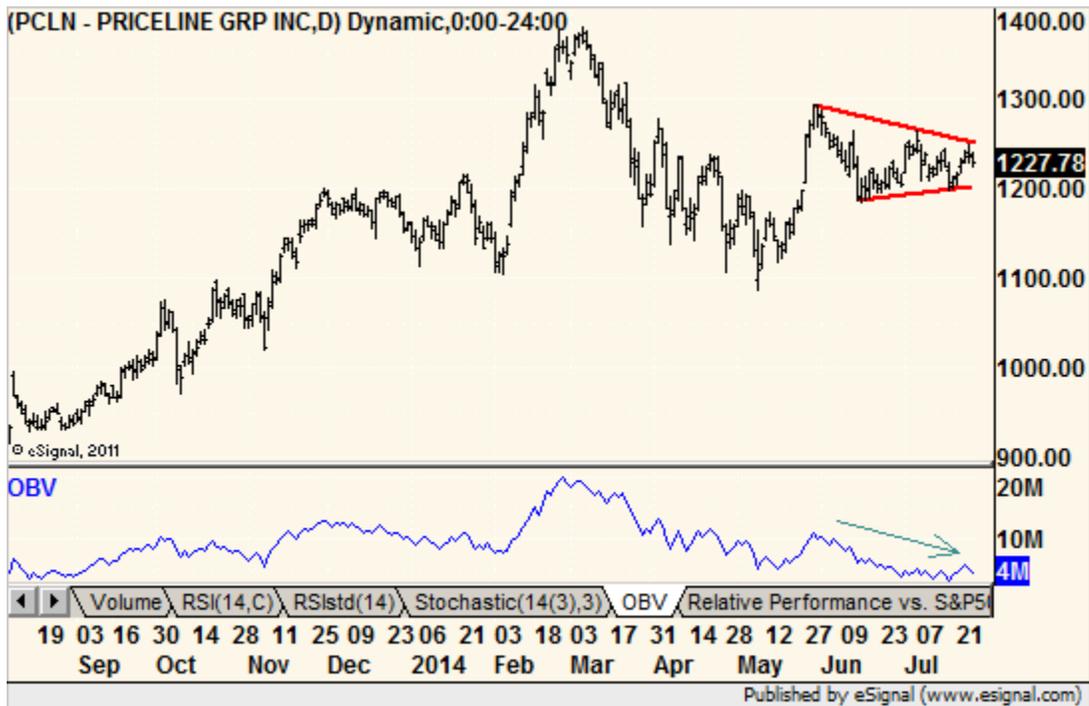
**DJ semiconductor index** - A little different view than the SOX index but just as short-term bearish. Note the twin highs. On weekly candle charts, they form a tweezer top, which, of course, suggests a top.



**Oracle** - Descending triangle after downside breakaway gap. Waiting for a bit more clarity but it leans bearish. Holding Tank.



**Comcast** - Now between the trendline and resistance. Also sporting a Bollinger Band "divergence" of a high above the bands and a higher high back within. This is a momentum loss and a warning. Holding Tank.



**Priceline** - Pennant formation with falling on-balance volume. Holding Tank.

## 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>MRO</b>	MARATHON OIL CORP	40.51	9.3%	39.00	37.07	6/5	52
	<b>GOOGL</b>	GOOGLE INC	599.25	7.6%		557.11	6/5	51
	<b>RGLD</b>	ROYAL GOLD INC	78.07	16.9%	74.00	66.77	6/12	45
	<b>LLY</b>	LILLY ELI & CO	63.78	2.8%	sell	62.03	6/20	37
	<b>BMJ</b>	BRISTOL MYERS SQUIBB CO	49.39	2.3%	47.50	48.30	6/23	34
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	51.28	2.8%	sell	49.90	7/3	24
	<b>LF</b>	LEAPFROG ENTERPRISES INC	7.38	-4.8%	7.35	7.75	7/9	18
	<b>INFY</b>	INFOSYS LTD	55.20	-1.7%	54.00	56.15	7/11	16
	<b>XOP</b>	SPDR S&P OIL & GAS EXPLORATION	78.65	-0.4%	76.50	78.93	7/15	12
<u>Short</u>	<b>AFG</b>	AMERICAN FINL GROUP INC OHIO	58.02	0.4%	60.00	58.27	7/10	17
	<b>USB</b>	US BANCORP DEL	42.75	0.4%	43.50	42.90	7/11	16
	<b>ALL</b>	ALLSTATE CORP	57.94	0.9%	60.00	58.46	7/15	12
	<b>AMKR</b>	AMKOR TECHNOLOGY INC	9.79	5.7%	10.55	10.35	7/23	4

**Notes:** Lowered stop in **AMKR** short. It is still wide but we don't want to risk a whipsaw.

Sold **GOOGL** at the open Friday for a nice little gain.

Selling **LLY** today as it seems to be stalling, if not rolling over.

Selling **VZ** at the open as it weakens running into resistance.

## 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.



**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