

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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**July 29, 2014** - The market had a rough start Monday but as it loves to do it reversed to the upside when amateur hour (9:30-10:00) ended. How many times to people have to get trapped in these types of market opens?

Yesterday, I covered semiconductors for Barron's Online and while there were plenty of ugly charts I could not conclude that we had a long-term breakdown. Short-term, yes, it was a top. But there are too many trendlines below waiting to provide support and the **SOX** index left a hammer candle on daily charts. Let's see if and how hard the sector bounces before revisiting it as a source for shorts.

This earnings season, there have been a lot of beats and big rallies but there have been more, in our subjective view, misses and big smack downs. The Russell is failing while big stocks have the lead yet one after another giant in the Dow is breaking. **UPS** is another giant getting hammered this morning.

Something is different in this market and a lot of stock charts show some short-term breaks. We are still interesting in paring back longs and taking the occasional short. Going full bore short, however, is still not warranted by objective analysis. We'll see why in the Index Charts of the Day section below.

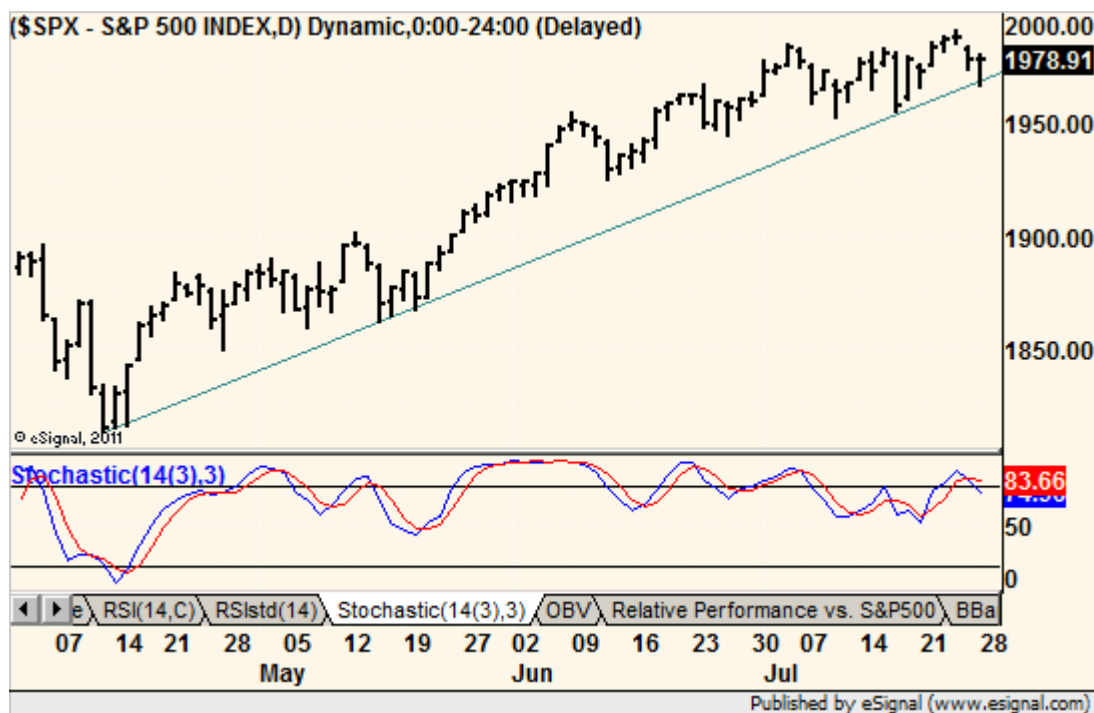


The hourly chart is back to old resistance which hits as shown July 16 and again before the chart on July 3. We think this is the end of the bounce but the market, of course, does not care what we think. If it keeps going, we'll be happy to sell into it.

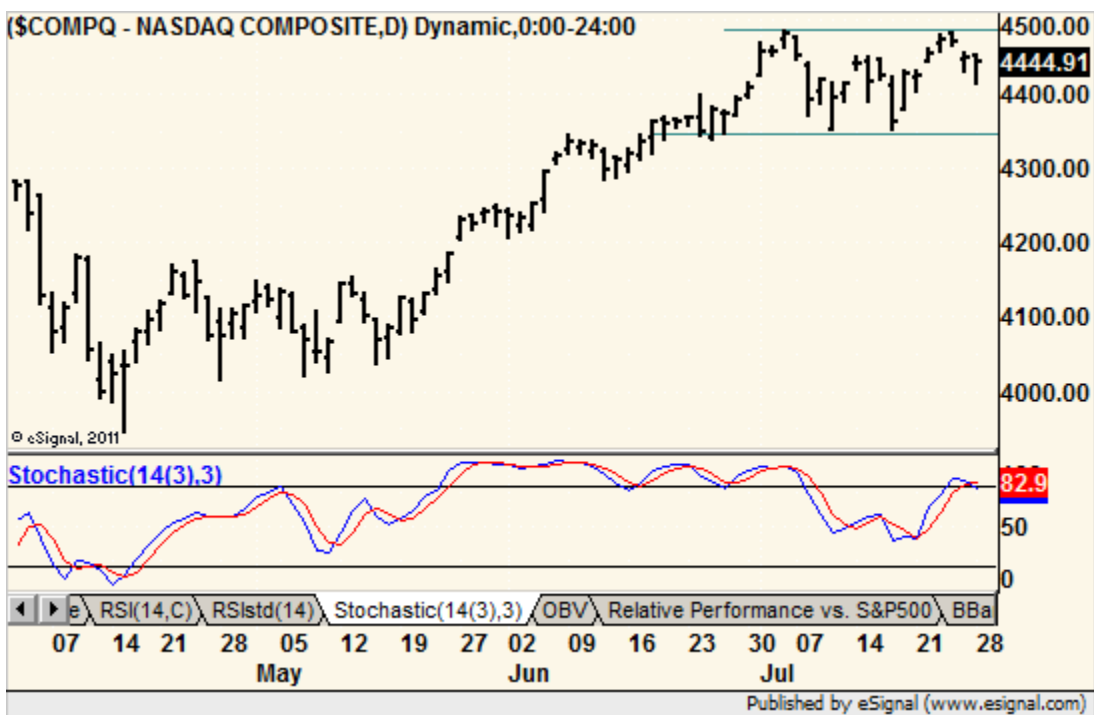
What will the spark be to ignite a true upside breakout? More QE? Not happening. Great earnings? Well, if things continue as is that is unlikely. Peace in the world? The wars did not take it lower so why would peace take it higher? Another **LOCO** IPO? Actually, the spate of IPOs is reminiscent of the year 2000.

Elsewhere, the dollar is rising courtesy of a weak euro. The greenback is flat against most others. And keep an eye on gold as everyone else seems to be looking the other way.

## Index Charts of the Day



The S&P 500 has a rising trend but stochastics is setting lower highs. We think this is indicative of a very tired market.



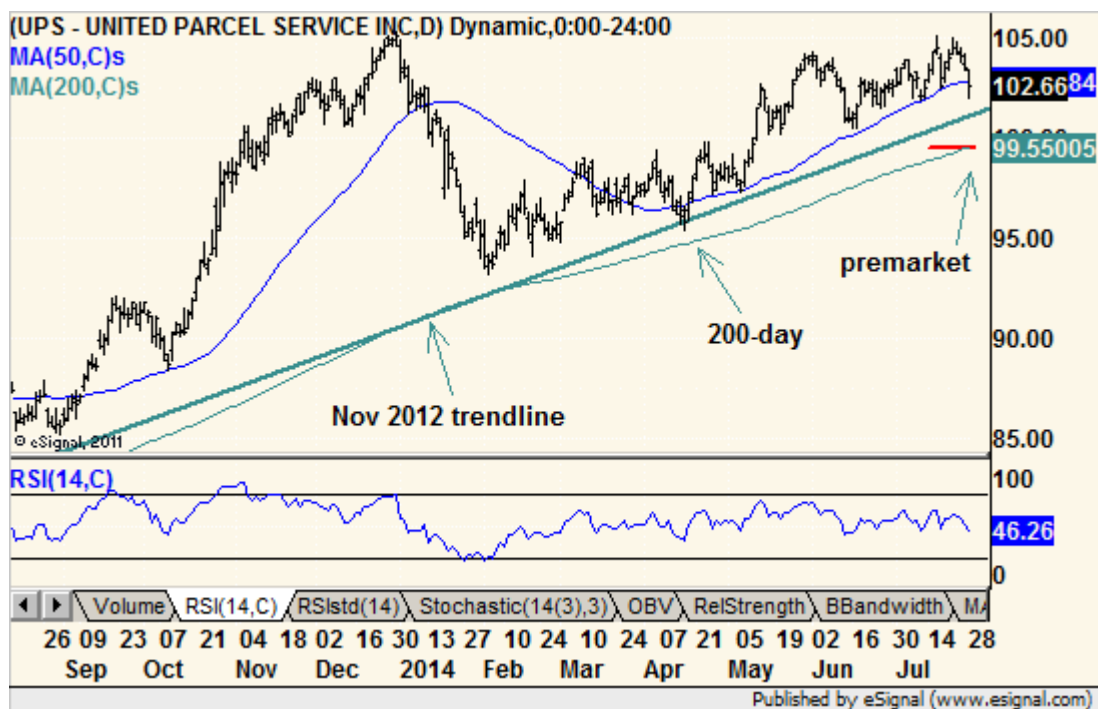
Same stochastics story for the Nasdaq. We cannot really get too bearish until support breaks.

## The Radar Screen

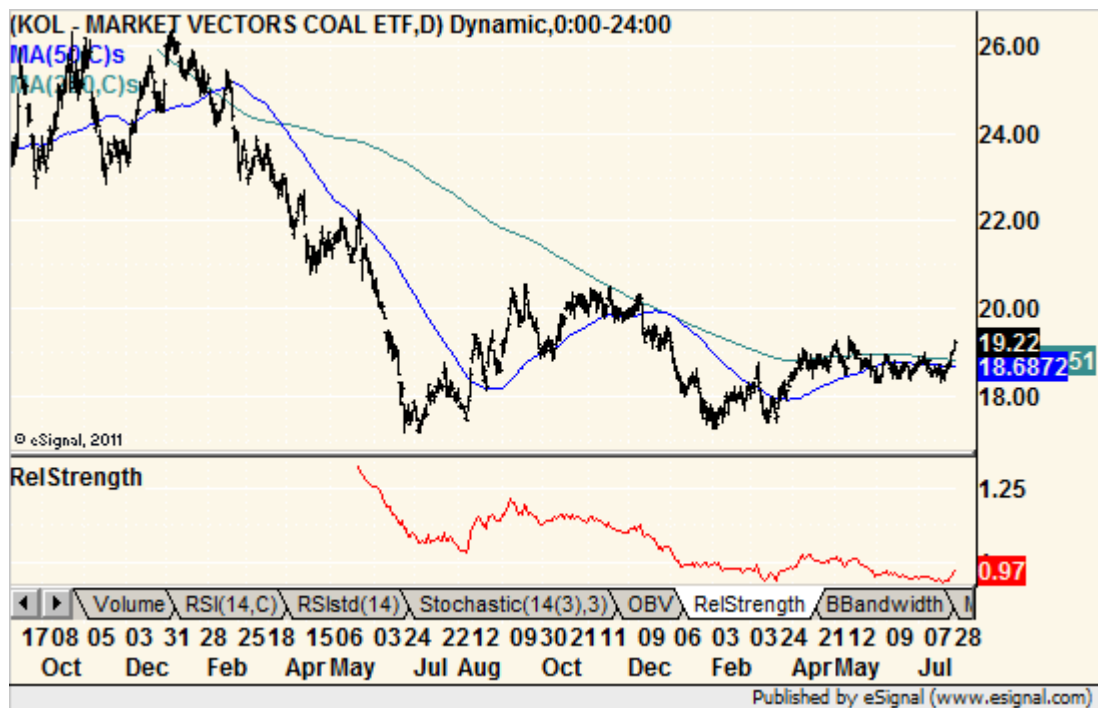
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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>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>Sell close under 54</b>	<b>Moved</b>	7/28
<b>Unknown Implications</b>		
<b>Priceline PCLN</b> - Pennant formation with falling on-balance volume <b>but above the 50-day average. Sell close under 1210. Buy close over 1250.</b>	<b>Moved</b>	7/28
<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.		7/28
<b>Royal Dutch Shell RDS.A</b> - Looking at big oil. This one is in a tight range sitting on the 50-day average. Big 3.9% dividend yield.	<b>New</b>	7/29
<b>Tiffany TIF</b> - With all the action in discount retail, this luxury stock looks to be rolling over. It is already below the 50-day average and lagging the market. We'll watch one more day.	<b>New</b>	7/29
<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 but no follow through	<b>Removed</b>	7/23
<b>Airlines</b> - toppy		7/25
<b>Updates</b>		
<b>none -</b>		

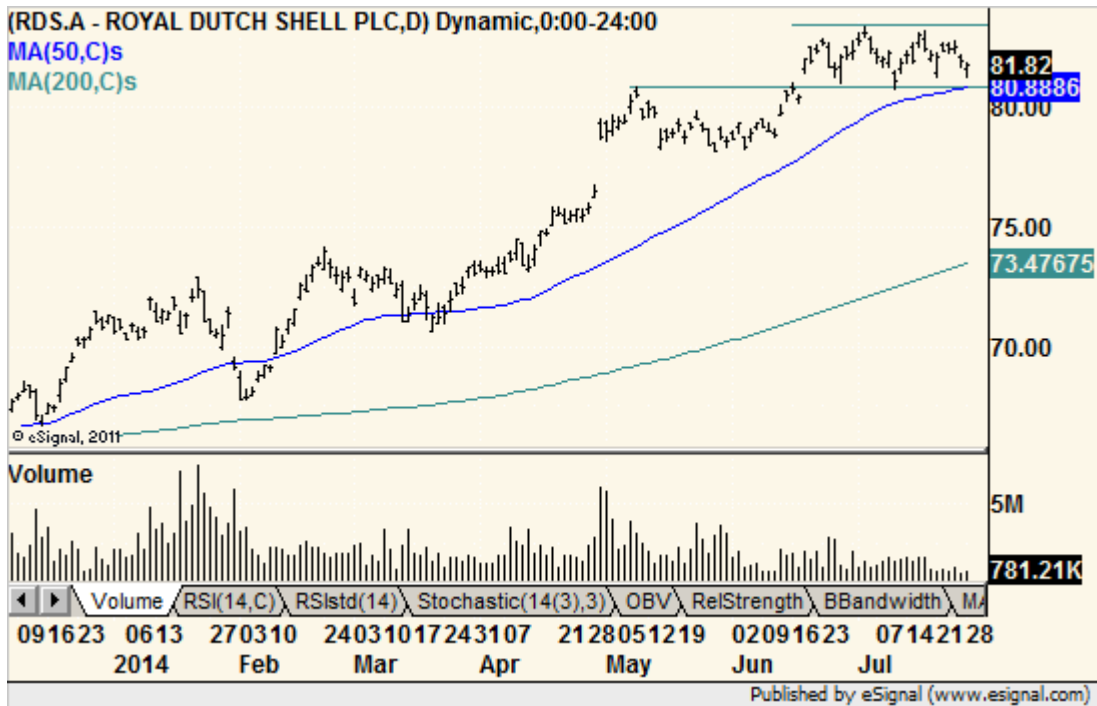
## Market Highlights



**UPS** - The company lowered its guidance this morning and the stock tanked. It is now on its 200-day average but below its rising Nov 2012 trendline. This is not good.



**Coal ETF** - As with natural gas before it, the coal sector has been a heartbreaker. It is now getting some play as a rebounded but this chart puts it into perspective. Its leading performance is basically six days old.



**Royal Dutch Shell** - Looking at big oil. This one is in a tight range sitting on the 50-day average. Big 3.9% dividend yield.



**Tiffany** - With all the action in discount retail, this luxury stock looks to be rolling over. It is already below the 50-day average and lagging the market. We'll watch one more day.

## 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	40.23	8.5%	39.00	37.07	6/5	53
	<b>RGLD</b>	ROYAL GOLD INC	78.58	17.7%	74.50	66.77	6/12	46
	<b>LLY</b>	LILLY ELI & CO	63.78	2.8%		62.03	6/20	38
	<b>BMY</b>	BRISTOL MYERS SQUIBB CO	49.80	3.1%	47.50	48.30	6/23	35
	<b>VZ</b>	VERIZON COMMUNICATIONS INC	51.26	2.7%		49.90	7/3	25
	<b>LF</b>	LEAPFROG ENTERPRISES INC	7.35	-5.2%		7.75	7/9	19
	<b>INFY</b>	INFOSYS LTD	55.88	-0.5%	54.00	56.15	7/11	17
	<b>XOP</b>	SPDR S&P OIL & GAS EXPLORATION	77.62	-1.7%	76.50	78.93	7/15	13
<u>Short</u>	<b>AFG</b>	AMERICAN FINL GROUP INC OHIO	58.28	0.0%	60.00	58.27	7/10	18
	<b>USB</b>	US BANCORP DEL	42.57	0.8%	43.50	42.90	7/11	17
	<b>ALL</b>	ALLSTATE CORP	57.94	0.9%	60.00	58.46	7/15	13
	<b>AMKR</b>	AMKOR TECHNOLOGY INC	9.80	5.6%	10.40	10.35	7/23	5

**Notes:** **LF** finally put us out of our misery in a trade that was doomed from the start.

Sold **VZ** at the open Monday as it was approaching resistance and seemed to be time to cash in. Of course, it is soaring in the premarket this morning.

Sold **LLY** at the open after last week's spike reversal - the famous Prussian helmet formation. Momentum divergence.

**XOP** is a disappointment but it still has one support left.

Raised stop on **RGLD** and even though gold is not doing much this one is strong. Finally, lowered stop on **AMKR** short. However, we are considering just taking the profit as the semiconductor sector is not really dead yet - see my [Barron's Online](#) column from Monday.

## 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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