QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN RESEARCH LLC

July 31, 2014 - The end of the month and there are still more economic reports to come. Yesterday, the market sank at the open but stabilized at lower levels in short order. Was it worry about the Fed raising rates sooner rather than later? No, otherwise it would have rallied in the afternoon. Or worry about the likely Argentina default (we are writing Wednesday evening ahead of travel)? The decline should not have happened at the open.

So what was it? Fortunately, we do not have to worry about the specifics. We saw a premarket rally into resistance and then the drop. Where did it stop? Support as seen on the hourly chart just below.



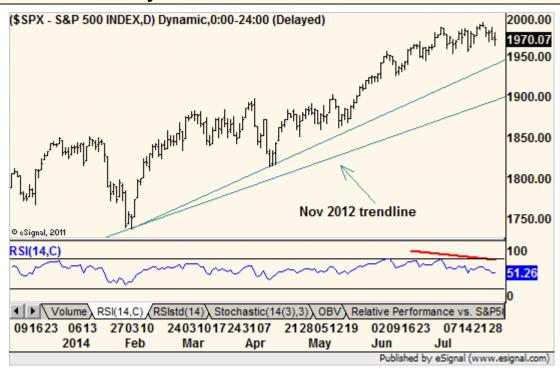
Again, this chart was printed after hours Wednesday instead of the usual premarket. We do not see anything outstanding other than the hold of support and then resistance. In other words, not much different than before bears taking control.

In sectors, semiconductors were up and the Monday hammer is almost confirmed. Considering that we still think the sector and the market are due for a correction this is odd. Perhaps this is telling us that any correction in semis will be quite buyable.

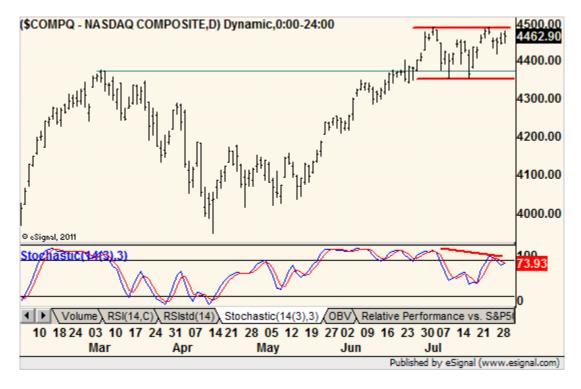
Yesterday's Barron's Online column basically said the market would correct in August and nothing more based on the evidence in place at this time. We think taking a bit of time off might not be a bad idea if you can do it. Alas, we cannot \odot .

<u>Travel Schedule</u> - We'll be on the road today and Friday so emails will take a bit longer to answer. No change in publishing schedule.

Index Charts of the Day



Same chart, different day. Still looks like it wants/needs to correct to the upper line. The lower is wait and see.



We've seen this chart before, too. The Nasdaq is in a range although its last dip did not go very low. That should be bullish but stochastics - a good range indicator - sports a lower high.

The Radar Screen

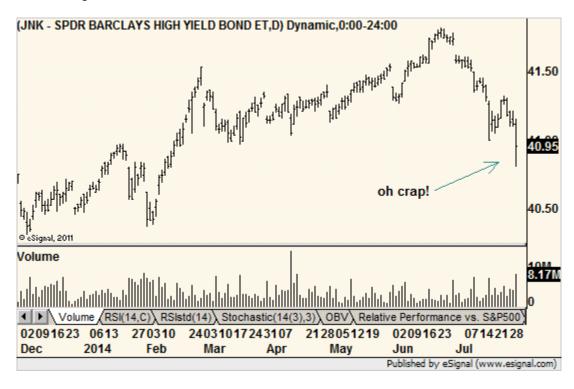
This is a list of potential opportunities, <u>not a recommended portfolio</u>. <u>Underlined</u> text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed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

Bullish Implications		
none -		
Bearish Implications		
Las Vegas Sands LVS - This one gets a lot of exposure in this report and it is now		7/17
sitting on support. Sell close under 71.35. This might take a while		
Comcast CMCSA - Now between the trendline and resistance. Also sporting a		7/28
Bollinger Band "divergence" of a high above the bands and a higher high back within.		
This is a momentum loss and a warning. Sell close under 54. <u>Still keeping it here.</u>		
Unknown Implications		
Priceline PCLN - Pennant formation with falling on-balance volume but above the	Triggered	7/28
50-day average. Sell close under 1210. Buy close over 1250.	(long)	
Holding Tank - red shade leans bearish, green shade leans bullish		
Junk Bonds ETF JNK - This is a key item to watch. Ouch!		
Oracle ORCL - Descending triangle after downside breakaway gap. Waiting for a bit	Removed	7/28
more clarity but it leans bearish.		
Royal Dutch Shell RDS.A - Looking at big oil. This one is in a tight range sitting on	Removed	7/29
the 50-day average. Big 3.9% dividend yield. Oh snap! So much for a bull pattern.		
Tiffany TIF - With all the action in discount retail, this luxury stock looks to be		7/29
rolling over. It is already below the 50-day average and lagging the market. Now		
looking to sell a bounce.		
Capital One COF - This bank/credit card stocks fell on good earnings and then		7/30
scored an outside-day lower on Monday. Not good. Now sitting on the 50-day		
average. Lean bearish.		
Sector Watch (observations that may spark ideas)		
Energy - Majors only. Others seem to be weak.	Changed	6/26
Gold miners - A bit better again		7/10
Utilities - Seems to be heading to rising January trendline. Mission accomplished. But	Changed	7/14
is it time to buy? We do not think so.		
Financial Exchanges - CME, ICE, NDAQ all strong - breakouts confirmed		7/22
Homebuilders - not much to cheer.		7/23
Airlines - toppy		7/25
Aerospace/defense index - Not looking very healthy.	New	7/31
Insurance index - Uh oh. This looks bad.	New	7/31
Updates		
Sequenom SQNM - Did break out but failed by the close.		

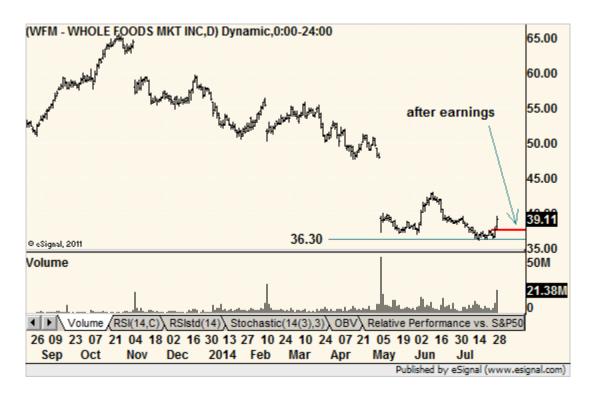
Market Highlights



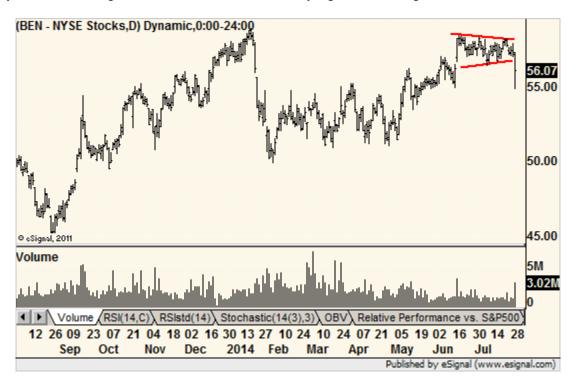
Long T-bond ETF - Here is our chart with projected and limited upside. Wednesday, however, it dumped. This may not make the target after all. See next chart.



Junk Bond ETF - This is totally <u>not</u> bullish for stocks.



Whole Foods - Was looking strong before earnings and weak after the bell on the result. Is it cheap? May be. Everyone hates it. We think that if it takes out support people will panic and that will create the sentiment necessary for a bottom. Again, that's breakdown leads to buy signal. Weird, right?



Franklin Resources - We looked at peer **BLK** yesterday and asked how long **BEN** can hold up as the other fade. Here is our answer - no more. That is a serious break for this <u>asset manager</u>.



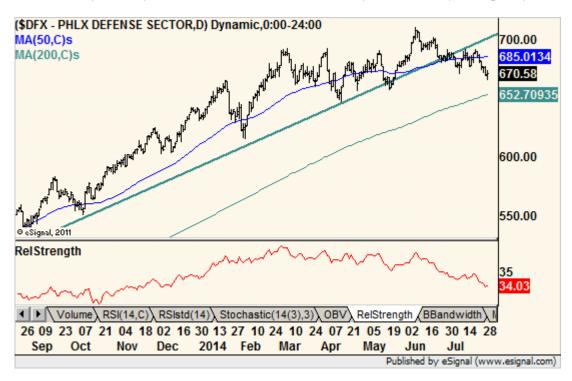
Wabtec - Another rail stock in trouble. Now or never, basically. Note on-balance volume barely budged on the big rally last week.



LinkedIn - This social media stock is actually in a short-term rising trend.



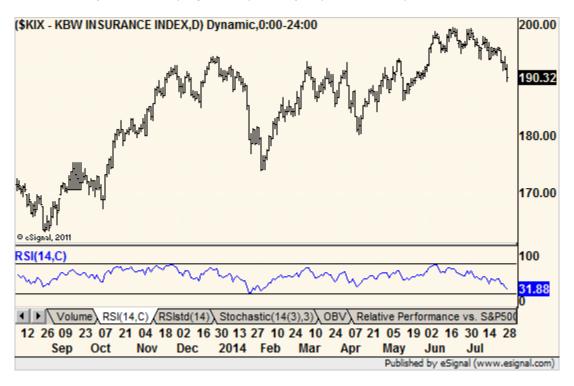
Yelp - another social media stock that jumped huge after earnings but this one gave it all back. Was that enough of a resistance hit to say the rally is over? Could be. Social media may have had only a temporary <u>awakening</u>.



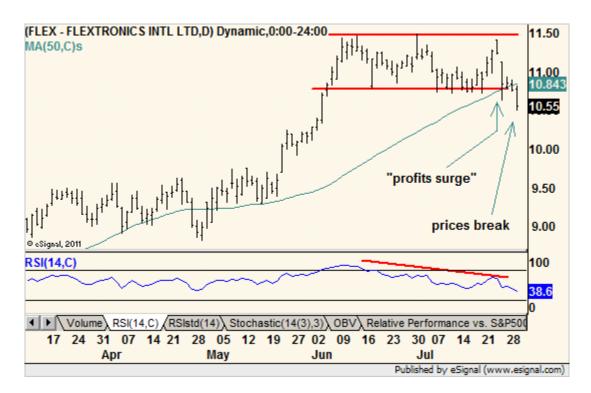
Defense index - Not looking very healthy. This is aerospace, too.



Coal ETF - We are not justified in saying "I told you so" just yet but this key reversal at resistance is not good.



Insurance index - Uh oh. This looks bad. Can the **XLF** financial ETF hold up any longer? Check out **RE**, **ALL** and our current short **AFG**.



Flextronics - This electrical components maker broke down just days after its earnings report said profits surged. That is not good news. And bearish.



Altria - Is that a double top breakdown for this tobacco stock? The 50-day is already broken.

Advice Tracker

This is a list of stocks that have triggered buys or sells and <u>not a recommended portfolio</u>. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in <u>red</u> mean that the position was stopped out. Stops in <u>red</u> 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.

	Symbol	<u>Name</u>	<u>Last</u>	P/L	Stop	Price in	Date in	<u>#Days</u>
Long	MRO	MARATHON OIL CORP	39.66	7.0%	sell	37.07	6/5	55
	RGLD	ROYAL GOLD INC	78.03	16.9%	74.50	66.77	6/12	48
	BMY	BRISTOL MYERS SQUIBB CO	51.12	5.8%	49.00	48.30	6/23	37
	INFY	INFOSYS LTD	55.64	-0.9%	54.50	56.15	7/11	19
	XOP	SPDR S&P OIL & GAS EXPLORATION	77.20	-2.2%	76.50	78.93	7/15	15
	PCLN	PRICELINE GRP INC	1255.95	0.0%	1220.00	1255.95	7/30	0
Short	AFG	AMERICAN FINL GROUP INC OHIO	57.09	2.1%	60.00	58.27	7/10	20
	USB	US BANCORP DEL	42.92	0.0%	43.50	42.90	7/11	19
	ALL	ALLSTATE CORP	56.89	2.8%	60.00	58.46	7/15	15
	AMKR	AMKOR TECHNOLOGY INC	9.56	8.3%	10.10	10.35	7/23	7

Notes: Well, we were not really interested in new longs but **PCLN** broke out. Stop is tight.

We are selling **MRO** as we may have worn out our welcome. It looks toppy.

We are close to pulling the plug on **XOP**, too.

Subscriber Corner

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

Don't be shy. Never stop learning.

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