

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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August 7, 2014 - The premarket yesterday was pretty bad but the bulls decided it was finally time to do some bottom fishing. However, we still think the quality of the bounce after last week's decline is poor and indicative of an upside correction, not a reversal.

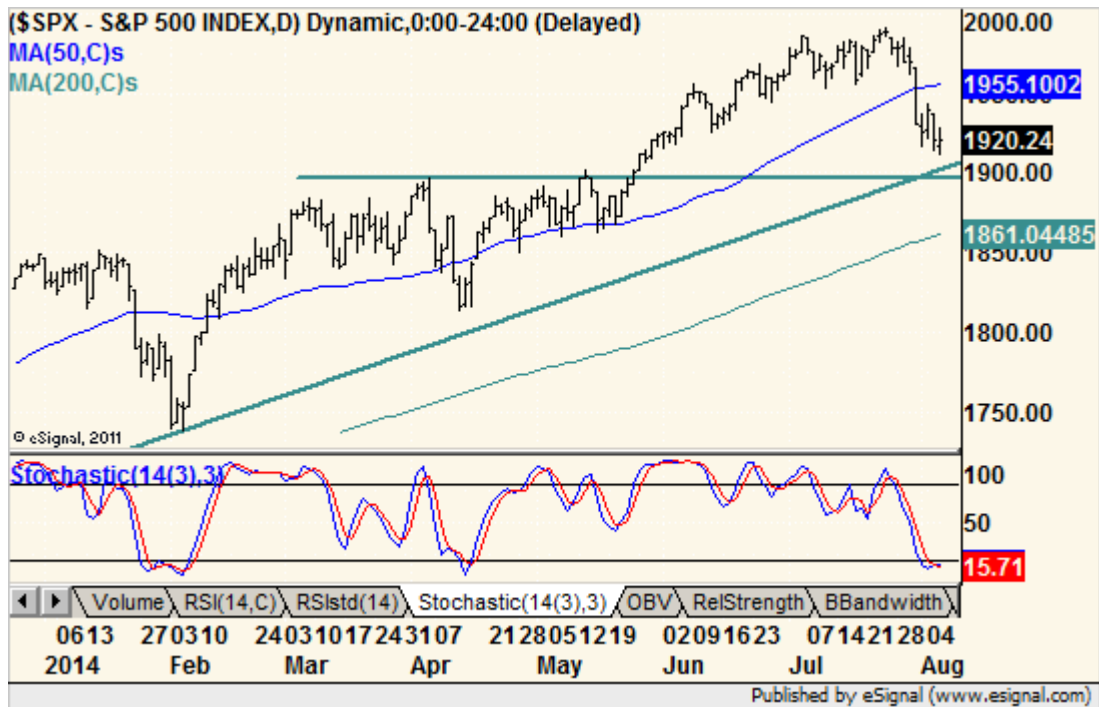
Losing sectors were dominated by single stock events such as Walgreens, Pitney Bowes and Sprint. On the upside, winners were also dominated by single stock moves but not even close to the same degree as the losers. We take that as evidence that the market is really not doing anything but chopping about right now. More upside correction evidence? Could be.

Junk bonds look to be in a bear flag, too. We just do not see any reason to buy stocks save for special situations.

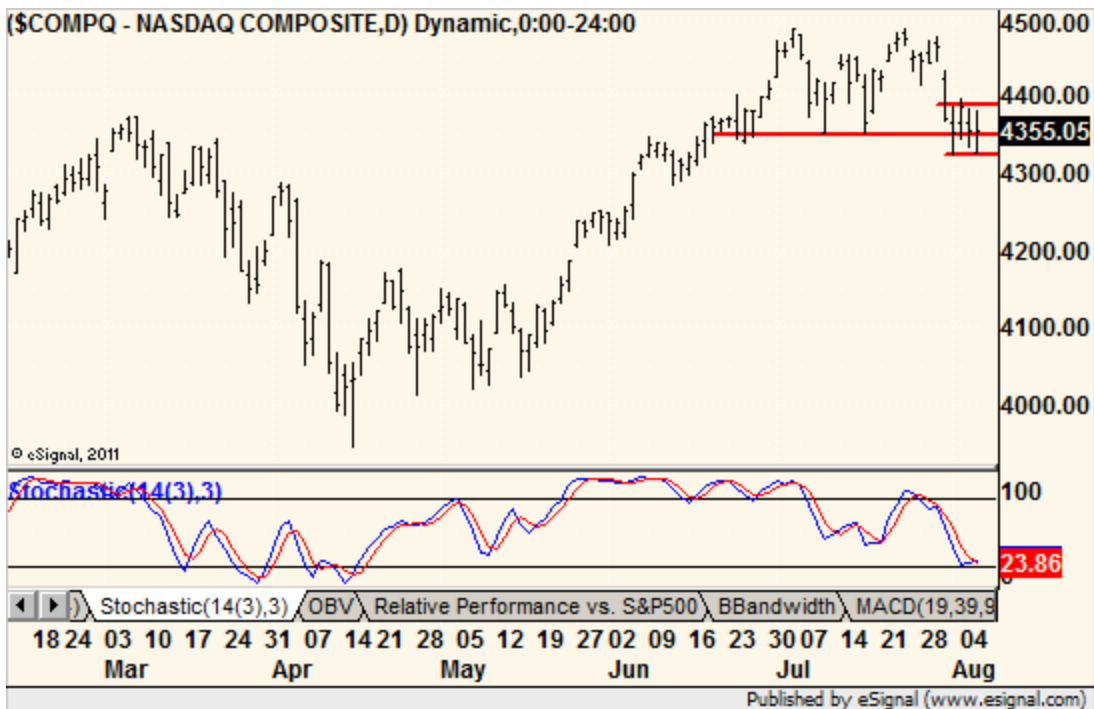


The trading range on the hourly chart looks like a ball of confusion to us. While there is a bullish RSI still "sort of" in play it looks like resistance is getting stronger. It's fuzzy resistance (not well a defined level) but still seems capable of turning back rally attempts.

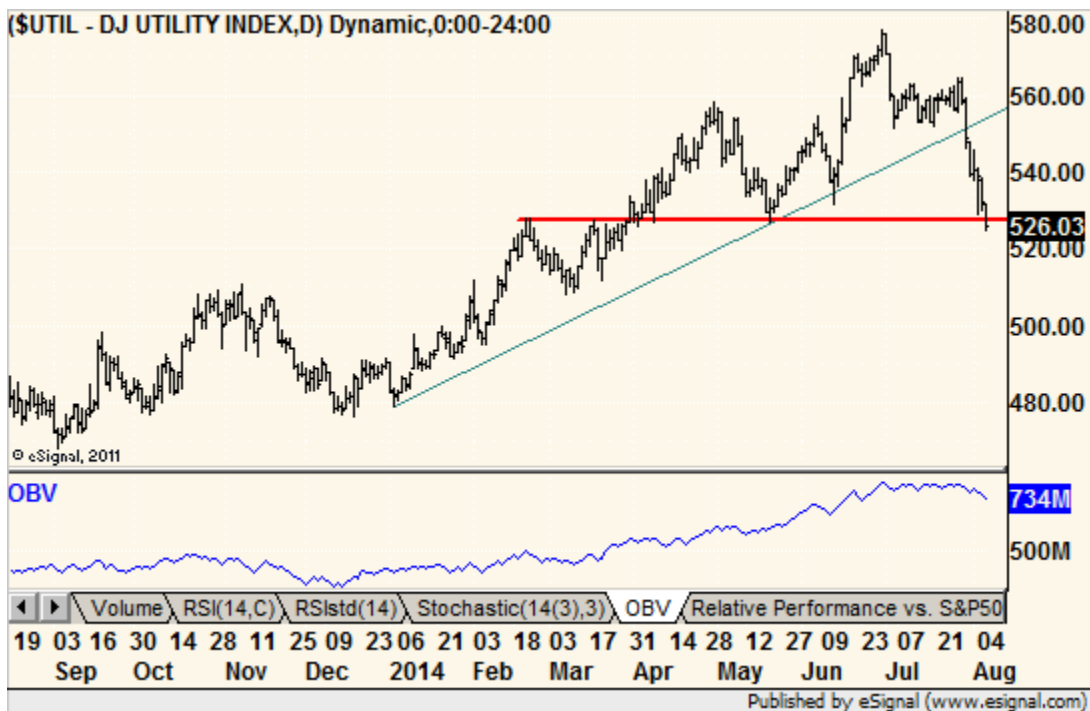
Index Charts of the Day



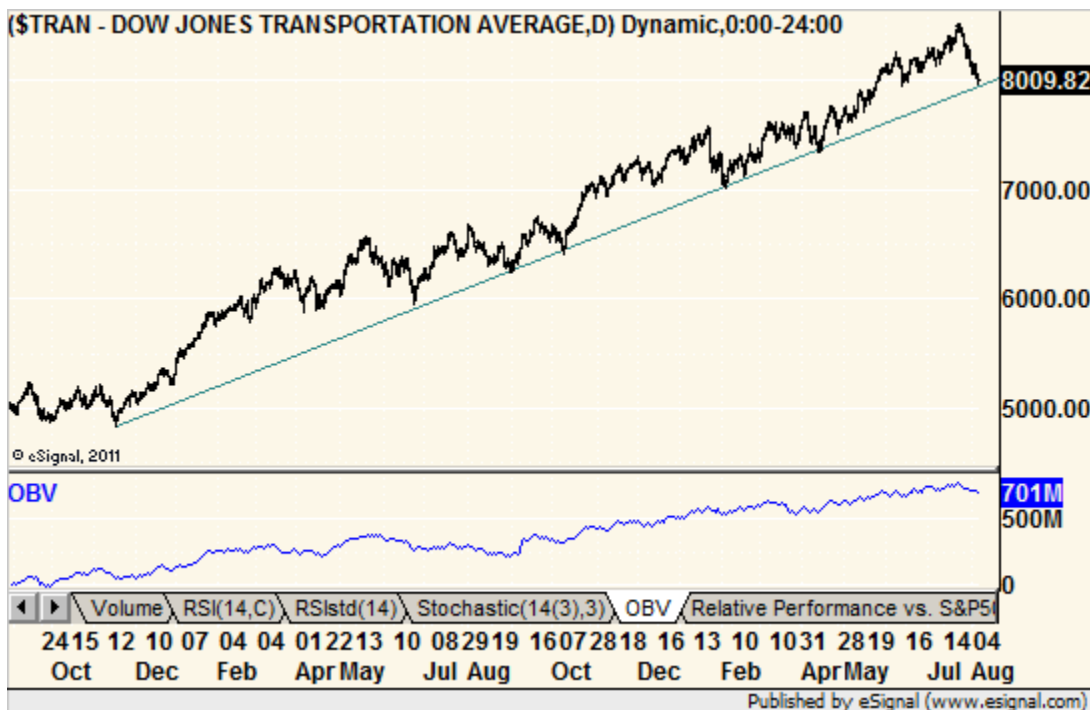
The waterfall decline may not be precise but the index did get close to a multiple support. The trendline is from Nov 2102. It is still too close to support to sell but not close enough for a low-risk buy, save for very short-term traders.



The Nasdaq is still chopping around in a small range on an important support.



The Dow Utilities are on support after a steep sell-off. But check out on-balance volume - barely a blip to the downside. That suggests that this is not going to implode. The **XLU** ETF looks very different with a plunging OBV yet none of its component stocks show the same. Conclusion - not terrible.



And the Transports? No trendbreak and little lost OBV? Where is the Dow Theory sell signal stuff coming from? We do not see it.

The Radar Screen

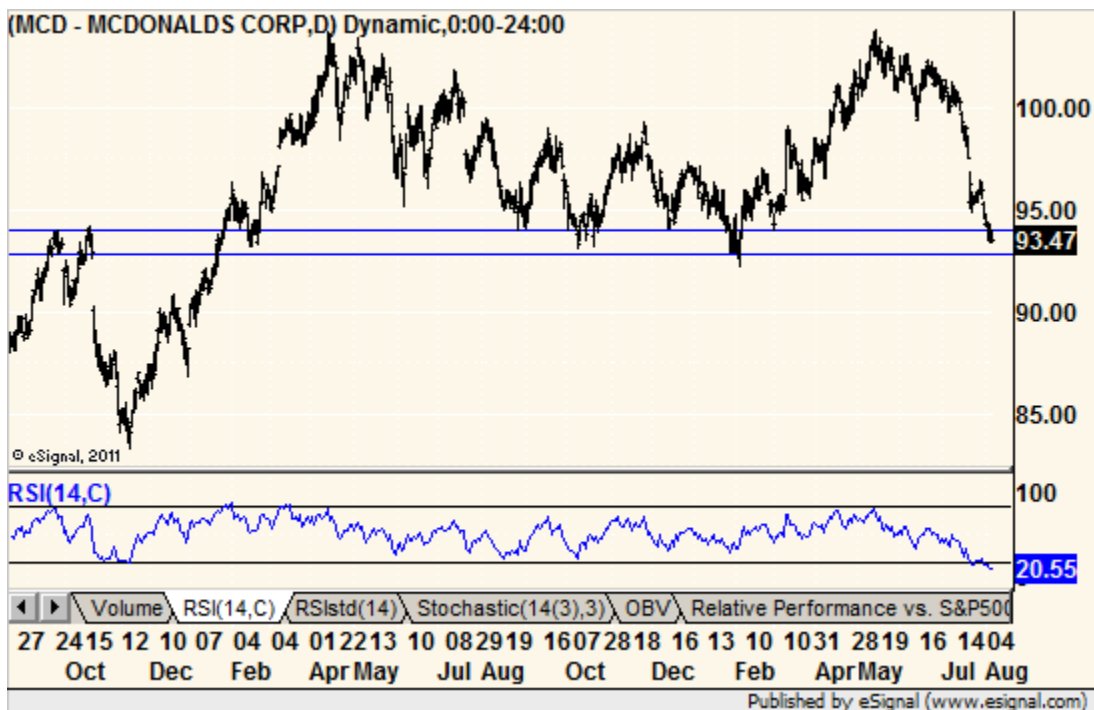
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances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

Bullish Implications		
McDonalds MCD - Now oversold at support. The trend is clearly down but this is a rather good place to think about buying. We'll wait for it to close above yesterday's high at 94.	New	8/7
Bearish Implications		
Las Vegas Sands LVS - This one gets a lot of exposure in this report and it is now sitting on support. Sell close under 71.35. Not triggered because it was more than a 5% move by the close. See rules above.	Not Triggered	7/17
Monolithic Power Systems MPWR - This small-cap semiconductor stock hanging on after a big reversal. We sometimes call the pattern a Prussian Helmet with its spike on top. A drop now also breaks the 50-day average so we'll sell close under 40.50. <u>Wow, this one is not cooperating but so far no harm done.</u>		8/5
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Target TGT - Bad earnings sent it packing this morning. We are not buying here but check out the rising bottoms this year. Perhaps a drop to 56.50 would set up a nice long-term buy point. Don't forget, this offers a beefy dividend to help us wait for a better trend.		8/5
Bloomin Brands BLMN - Collapsed restaurant stock. Good for traders but we are waiting for some healing before looking to buy.		8/5
Nike NKE - This was one of the last remaining strong Dow stocks and it jumped on earnings last month. The next day, it gave up the ghost for a failure at resistance. Note the falling trend in stochastics highs and lows - indicative of a weak stock. We'll watch to see if it breaks the lower line.	New	8/7
Regis RGS - This specialty consumer services stock operates hair salons. After a long flat period it is now above its major averages. We are not in a buying mood save for special situations like MCD but this one has already had two strong days. Let's watch.	New	8/7
Biomarin Pharma BMRN - A bunch of small drug makers looking better. Check out the new high in on-balance volume even as prices were down.	New	8/7
Sector Watch (observations that may spark ideas)		
Homebuilders – serious trouble		7/23
Airlines - toppy. <u>Arguable sector breakdown</u>		7/25
Aerospace/defense index DFX, DFA - Not looking very healthy.		7/31
Insurance index KIX - This looks bad.		7/31
Silver SLV - Exhaustion gap		8/6
Updates		
none -		

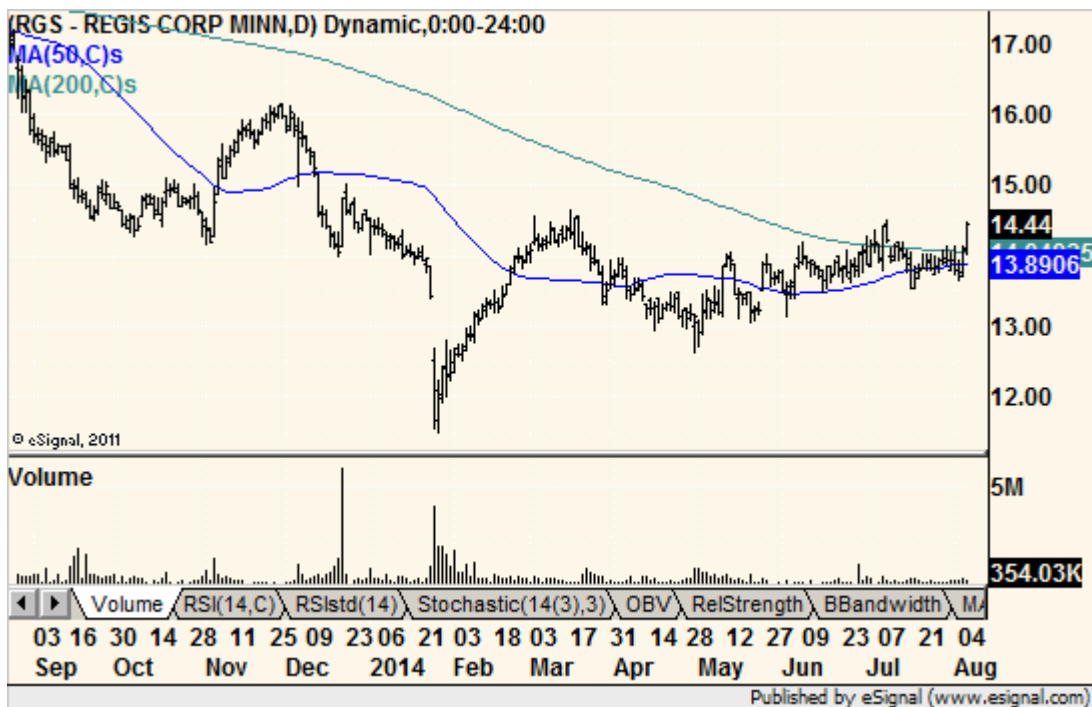
Market Highlights



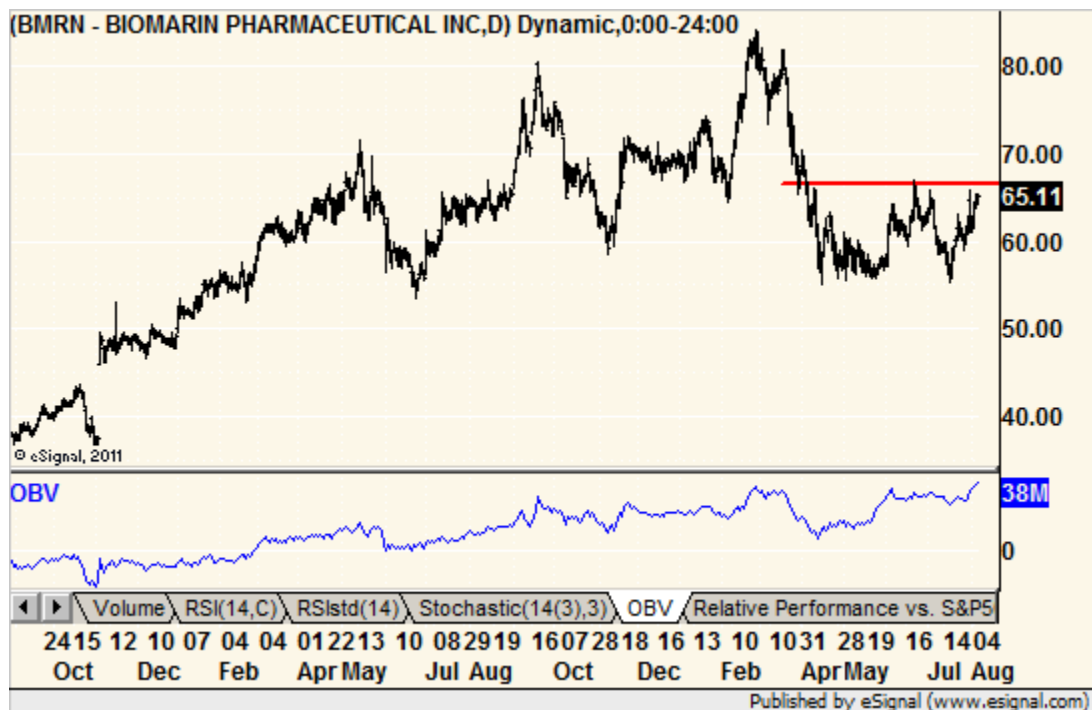
Nike - This was one of the last remaining strong Dow stocks and it jumped on earnings last month. The next day, it gave up the ghost for a failure at resistance. Note the falling trend in stochastic highs and lows - indicative of a weak stock. We'll watch to see if it breaks the lower line.



McDonalds - And on the opposite side of the strength meter, McDonalds is now oversold at support. The trend is clearly down but this is a rather good place to think about buying. We'll wait for it to close above yesterday's high at 94. This is one of those special situations (from the comments section).



Regis - This specialty consumer services stock operates hair salons. After a long flat period it is now above its major averages. We are not in a buying mood save for special situations like **MCD** above but this one has already had two strong days. Let's watch.



Biomarin Pharma - A bunch of small drug makers looking better. Check out the new high in on-balance volume even as prices were down. 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>	RGLD	ROYAL GOLD INC	77.10	15.5%	74.50	66.77	6/12	55
	BMY	BRISTOL MYERS SQUIBB CO	49.48	2.4%	49.00	48.30	6/23	44
	PCLN	PRICELINE GRP INC	1280.57	2.0%	1240.00	1255.95	7/30	7
<u>Short</u>	AFG	AMERICAN FINL GROUP INC OHIO	56.61	2.9%	58.00	58.27	7/10	27
	USB	US BANCORP DEL	41.08	4.4%	43.00	42.90	7/11	26
	ALL	ALLSTATE CORP	59.58	-1.9%	60.00	58.46	7/15	22
	AMKR	AMKOR TECHNOLOGY INC	9.10	13.7%	9.50	10.35	7/23	14
	CMCSA	COMCAST CORP NEW	52.90	1.6%	56.00	53.73	7/31	6
	TIF	TIFFANY & CO NEW	97.79	0.2%	101.00	98.00	8/5	1
	CVS	CVS CAREMARK CORPORATION	77.03	-0.7%	80.00	76.50	8/5	1

Notes: No changes.

Looking to sell **BMY** on a bounce just to cash in any profits. A big move is not expected.

If you sold **LVS** on the intraday breakdown, good! We had an "on-close" trigger and it fell by more than 5%. That is too much risk for us.

Subscriber Corner

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

We mentioned on-balance volume a lot today. Two-pager, [click here](#).

Please send request from your subscribed email address or let us know who you are.

Other Information

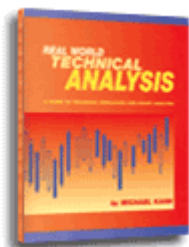
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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