

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

August 11, 2014 - It was a nice rally Friday and it is continuing in the premarket this morning but technically it was closer to a dead-cat than a reversal. Why? They credited the Russian stand-down at the Ukrainian border. We prefer to credit the technically oversold and over-fearful market. Even today, the CNN fear/greed meter reads 13 (of 100), which is still rather fearful. Let's call it a short-covering rally.

So today with the world awash in peace (sarcasm, although there is another MidEast cease-fire in place) the appetite for risk has improved. Don't worry that Germany was down 10% from its peak last week. Or that gold was up rather nicely last week. We'll take the new high in Treasury bonds off the table as that market closed with a loss Friday after the event.

All things home had a good day with homebuilders, home retailers and home furnishings among the top sectors. Even non-durables did well. Utilities also were up sharply.

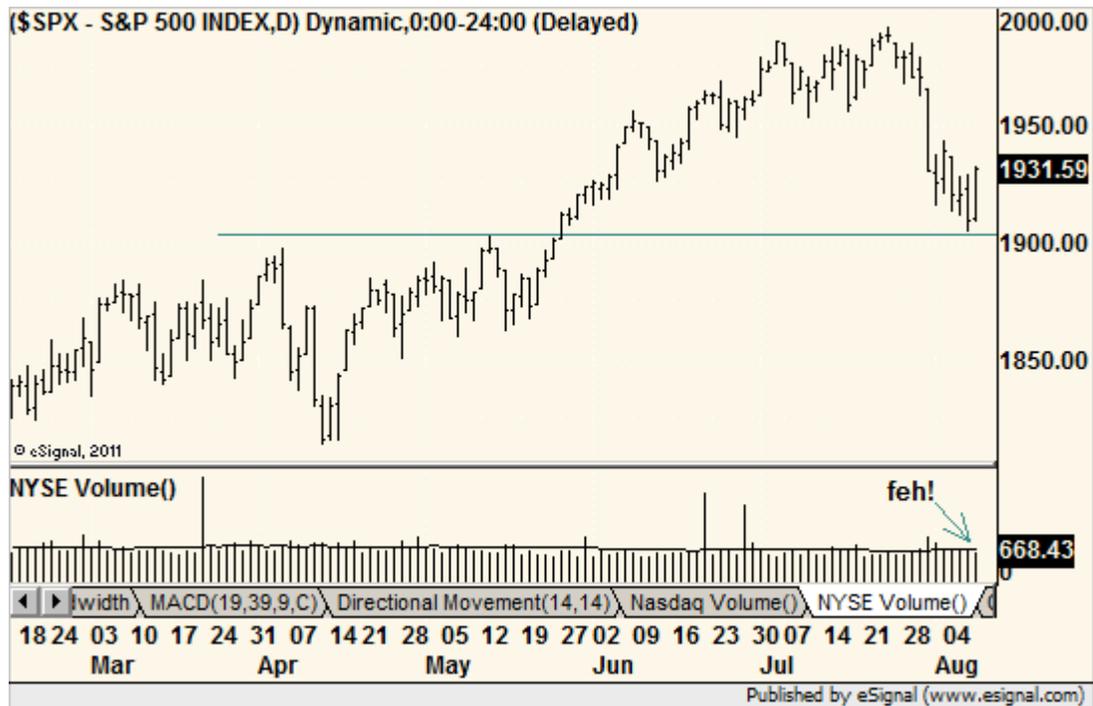
Indeed just about every group was in the green so it was a broad-based advance. But we still have to get back to pitiful volume. From exchanges to ETFs, it was low and that is just not how bottoms are made. Tops, maybe, but not bottoms.

Overseas, the rally was rather broad, too. Japan rocketed higher but it seems to be a worst-to-first sort of thing. The most oversold gets the biggest pop. We also find it interesting that emerging markets did not do that well. The **ILF** Latin America ETF was actually in the red.

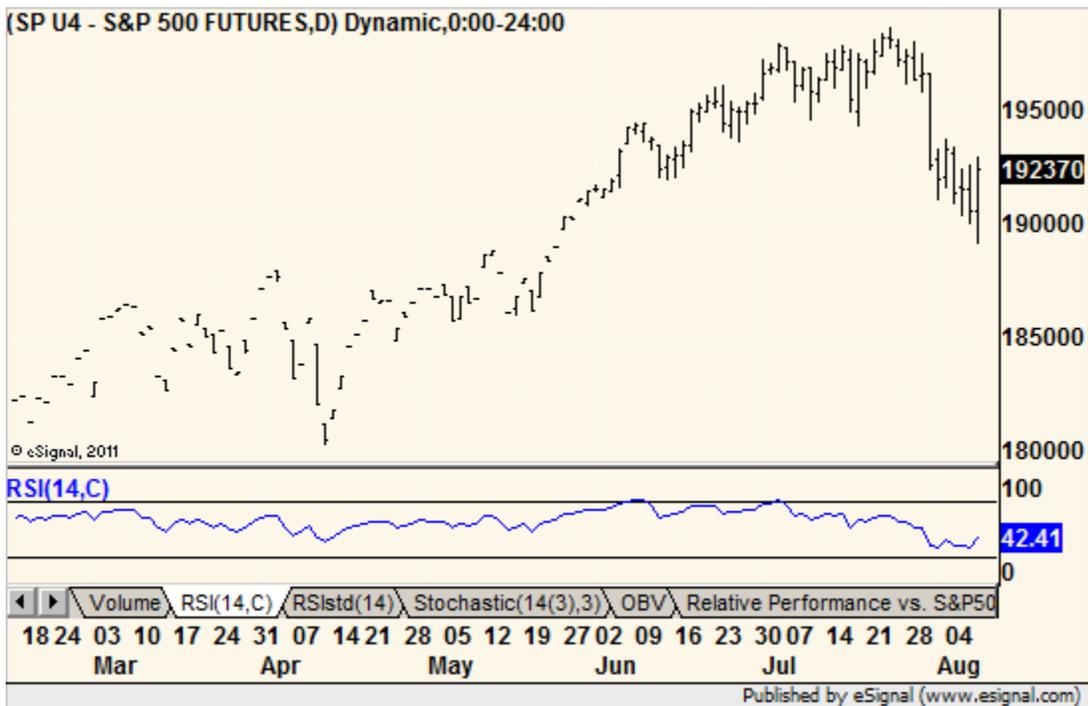


The hourly **SPY** stopped at resistance Friday but it through it this morning. RSI is not yet overbought so we can see another up-day today (no promises). But after that, we'd need more proof this market is back.

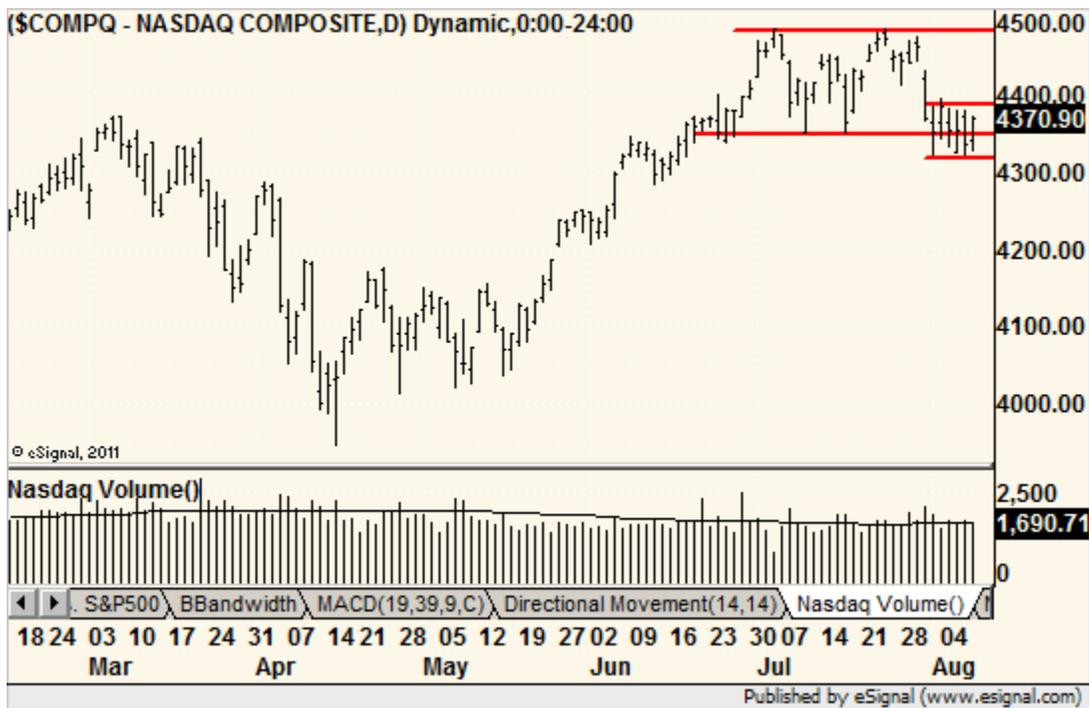
Index Charts of the Day



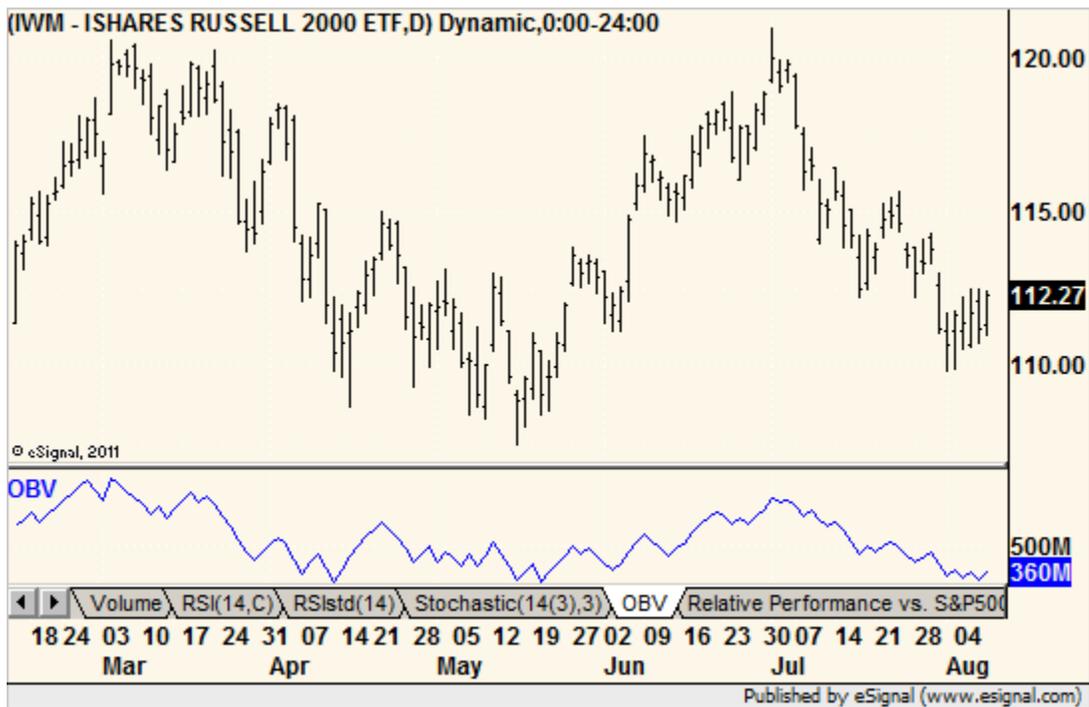
Bounce off support and the 2012 trendline but really not much more. Volume was pitiful. See next chart..



Futures (both the big contract and the more active e-mini) can make an argument for a bullish outside-day reversal but also not much else. It was not oversold. It did not show a divergence. Volume was average. There is upside follow-through in the premarket this morning so we won't completely dismiss the possibility for a bottom but we think it is a weak argument. August is still a traditionally weak month.



The Nasdaq is still in its mini-range sitting on support from a bigger range.



The Russell ETF (and other major ETFs) shows sub-average volume. Here, we see on-balance volume is still in a down-trend.

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 <u>Thursday's</u> high at 94. <u>Speculators may have bought the open Friday</u>		8/7
Bearish Implications		
Las Vegas Sands LVS - Broke down hard so we'll leave it here in case it bounce to 71.00 where we will sell.		7/17
Monolithic Power Systems MPWR - this one is not cooperating, no harm done.	Removed	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. <u>Looking for a break of support at 76.00 although it reversed higher Friday.</u>		8/7
Regis RGS - This specialty consumer services stock operates hair salons. After a long flat period it is now above its major averages. <u>Just watching for now.</u>		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.		8/7
Sector Watch (observations that may spark ideas)		
Homebuilders – serious trouble - <u>even with Friday's dead-cat bounce</u>		7/23
Airlines - toppy. Arguable sector breakdown		7/25
Aerospace/defense index DFX, DFA - Not looking very healthy.		7/31
Insurance index KIX - This looks bad.		7/31
Updates		
none -		

Market Highlights



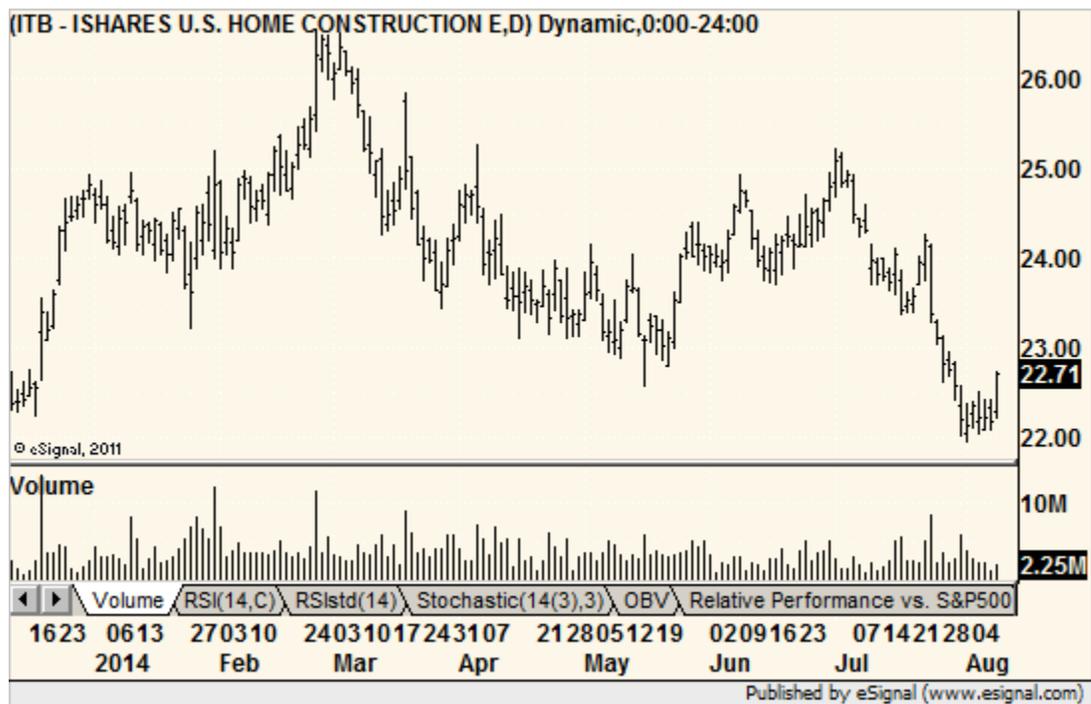
Walter Energy - From the frustrating coal sector, this one has a cup-with-handle-like shape. We won't talk anyone out of it but we are not playing. Two-pager on cup/handle, [click here](#).



Semiconductor Index - Just found support at its Oct 2012 trendline. Looking for a bounce back to the 50-day average and price gap. Above that and it's a bull again. More likely, we'll look for shorts at the 50-day.



Banks ETF - Perhaps a little mean reversion rally but this is not the most bullish sector.



Homebuilder ETF - In the words of Zazu, King Mufasa's majordomo, Thus far, a most uninspiring thing."



Occidental Petroleum - An interesting long setup for this energy stock. The sector fared poorly recently but this seems to be a place where many of these stocks can reverse. Yes, despite the market.



Apple - Just pointing out the RSI divergence.

The Big Picture

In this section, we take a macro look at things.



S&P 100 - The mega-cap index is barely above its 2000 peak (found on StockTwits by Aheadofthenews). It is hard to see but July formed an inverted hammer candle and a monthly loss. If the index closes below the breakout line at August's close then we might have a reversal signal here.

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	79.31	18.8%	74.50	66.77	6/12	58
	PCLN	PRICELINE GRP INC	1281.56	2.0%	1240.00	1255.95	7/30	10
<u>Short</u>	AFG	AMERICAN FINL GROUP INC	56.86	2.5%	58.00	58.27	7/10	30
	USB	US BANCORP DEL	41.18	4.2%	42.50	42.90	7/11	29
	ALL	ALLSTATE CORP	59.67	-2.0%	60.00	58.46	7/15	25
	AMKR	AMKOR TECHNOLOGY INC	8.94	15.8%	9.40	10.35	7/23	17
	CMCSA	COMCAST CORP NEW	53.50	0.4%	56.00	53.73	7/31	9
	TIF	TIFFANY & CO NEW	99.00	-1.0%	101.00	98.00	8/5	4
	CVS	CVS CAREMARK CORPORATION	77.81	-1.7%	80.00	76.50	8/5	4

Notes: Range breakout for **RGLD**.

We may cover **TIF** short soon as retail is perkier.

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

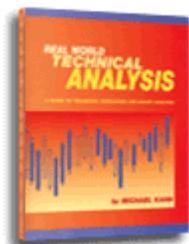
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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