

# QUICK TAKES PRO

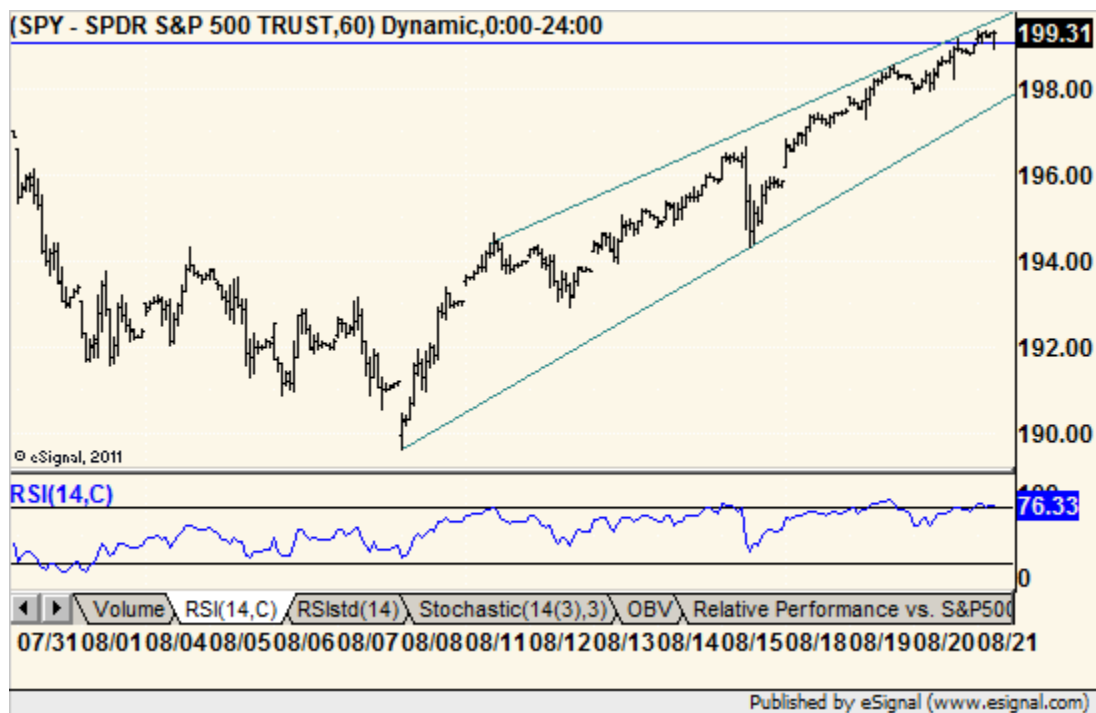
"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**August 21, 2014** - The hoopla over the S&P getting within a hair's breadth of its all-time high was a bit misplaced, in our view. So far, the index stopped at resistance, even counting this morning's premarket - pre jobless claims data. Big deal. What was really significant was the fact that small caps, micro-caps especially, had a real down day. We won't argue for an island gap reversal in the indices due to their gappy natures but check out the chart below.

The dollar was bigger story than the S&P 500 as the greenback continued to rally. Why? The euro is plunging. Sterling is falling. Yen just broke support. Basically, the dollar is rallying against the majors. It is flat vs. Brazil and Mexico while the Indian Rupee is rising. That's fairly similar to what is going on in global markets in general - weak Europe, OK USA and stronger Latin and Asian markets.

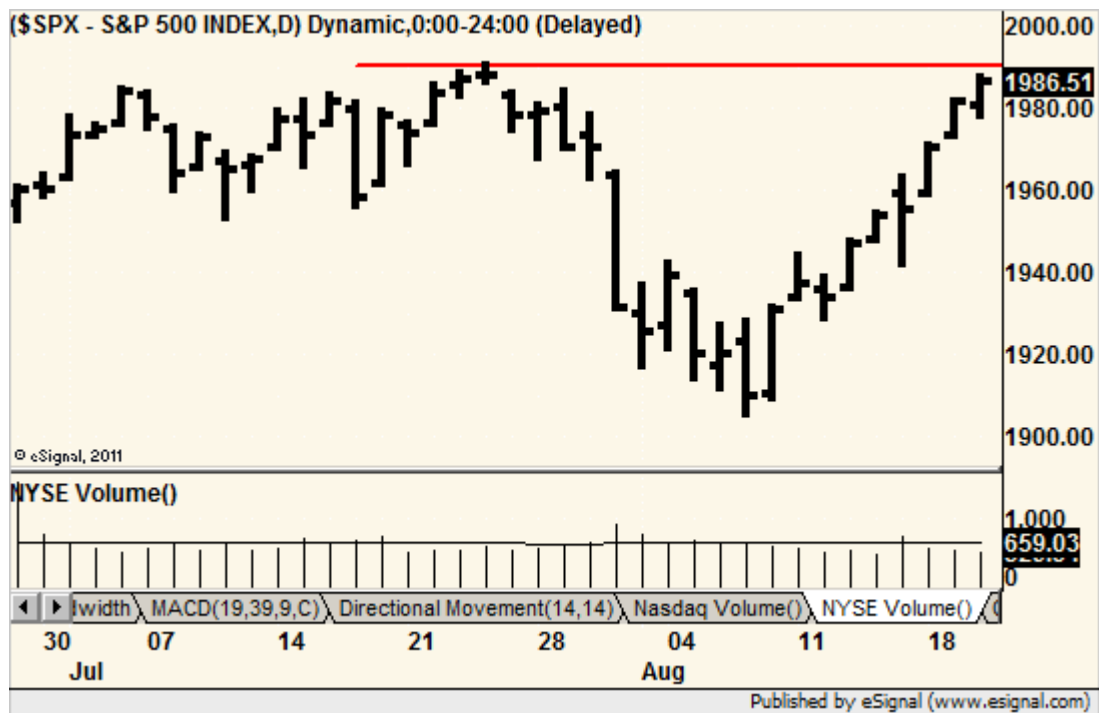
And speaking of bonds (were we?), yesterday the German bund dropped below 1% yield. And the Spanish bond traded at a lower yield than the US benchmark. Talk about bizarro world but it makes sense when we think that European markets are in shambles. Sanctions against Russia are not helping.



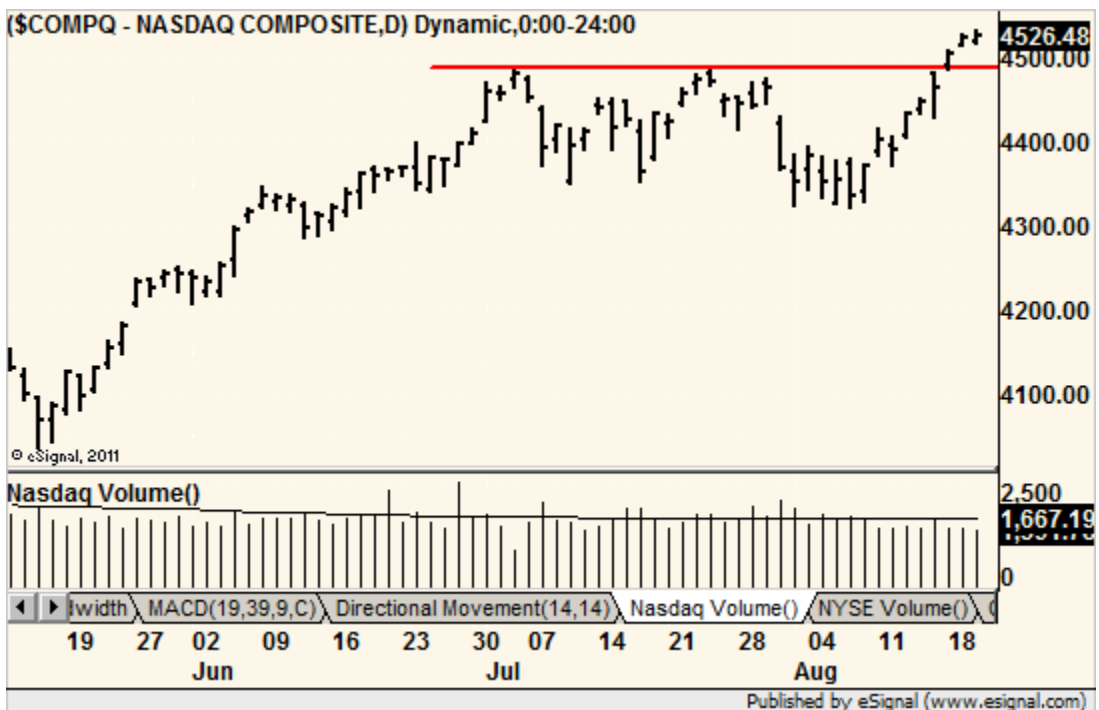
The hourly **SPY** is now above its previous high. The wedge pattern is there just to illustrate the shrinking volatility in terms of wiggles within the trend. No dips to buy for intraday traders. Still, it seems that the wedge has some meaning. There is no signal until it actually breaks down.

So far, the market is shrugging off the Fed minutes with their argument over the timing of rate increases. Let's see what the fallout is from this morning's weekly jobless claims (below 300K again). Perhaps nothing matters until we hear from Ms. Yellen Friday at Jackson Hole (and ECB's Draghi the same day).

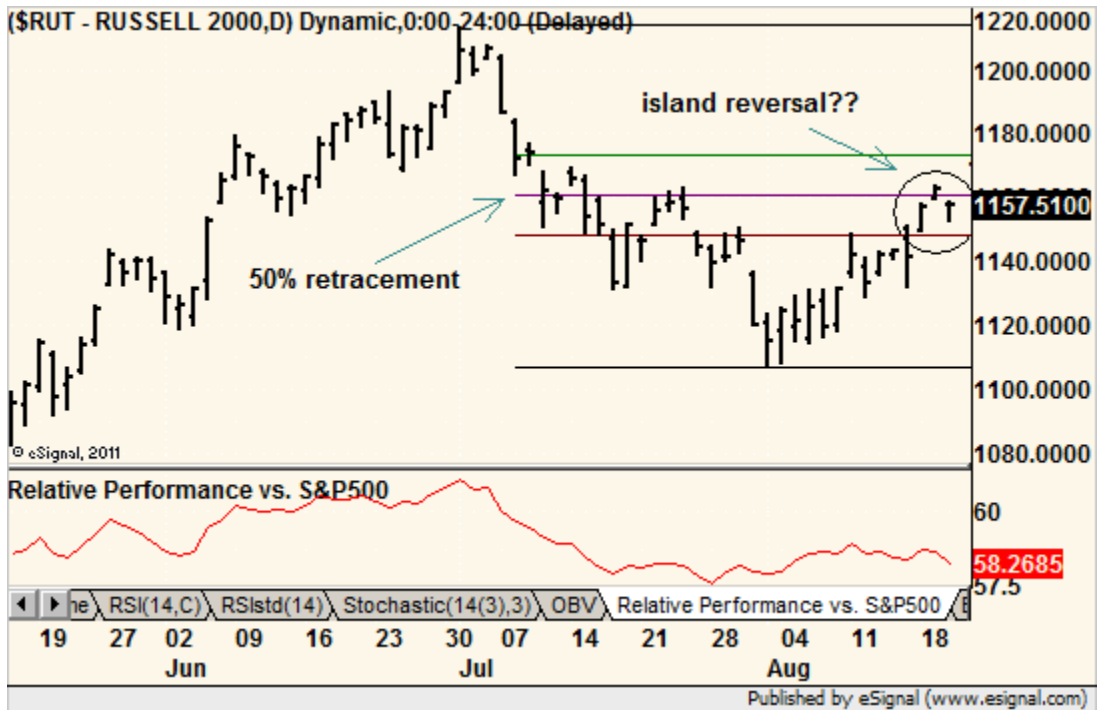
## Index Charts of the Day



One day volume will matter but the S&P 500 ran even higher yesterday on less of it. However, it has run into a ceiling at its old high. This was a correction-less run up from early August so even if it breaks through we cannot see it lasting without a real pause first.



The Nasdaq looks a bit like a ball does when it reaches the apex of its flight. A slowdown in momentum with diminished gains suggests a reversal. We'll only look for a test of the breakout at this time.



The Russell lost ground Wednesday and may have a reversal type pattern at the 50% retracement level. We'll repeat "may."

## 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>Crocs CROX</b> - It's bizarre but it is cup-with-handle-y. Buy close over 15.80.		8/12
<b>Newmont Mining NEM</b> - Still looks like a breakout to us. Buy above Monday high 26.87 - rounded up to 27.		8/19
<b>Shutterfly SFLY</b> - This one has a nice set of moving averages and a consolidation under a longer trendline. Waiting for a close over 50.	<b>Triggered</b>	8/15
<b>Athena Health ATHN</b> - tight rectangle pattern. Buy close over 135.80.		8/18
<b>Kellogg K</b> - This cereal maker just broke through at trendline and sports super rising on-balance volume. Buy a close over the 50-day average, currently 65.15. General Mills ( <b>GIS</b> ) is the same and already through its 50-day.	<b>New</b>	8/21
<b>Cerner CERN</b> - This healthcare software maker is in a choppy rising trend but with a nice tight triangle. On-balance volume is at new highs so a higher close today would be the buy signal. Tech and health - two leading sectors.	<b>New</b>	8/21
<b>Bearish Implications</b>		
<b>Las Vegas Sands LVS</b> - Broke down hard so we'll leave it here in case it bounces to 70.00 where we will sell.		7/17
<b>Caterpillar CAT</b> - Nice looking bear flag with falling volume. Now in the gap and still losing volume. Sell below 106. <b>25</b> (we are ratcheting in up).		8/13
<b>International Paper</b> - Paper was a superstar sector in June but things changed. Now on support within a larger trading range. On-balance volume is weak vs. Feb/Mar highs. Sell close under 47.00.	<b>New</b>	8/21
<b>Unknown Implications</b>		
<b>Verizon VZ</b> - This stock missed the August rally and has not been able to lift off support. A breakdown would be sellable but with a 4.3% div yield and trailing P/E of 10.4 we would prefer price action to get it together above 49.15 for a buy.	<b>New</b>	8/21
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Target TGT</b> - a drop to 56.50 would set up a nice long-term buy. Beefy div. Patience please		8/5
<b>Occidental Petroleum OXY</b> - We did this on the TradeKing call Tuesday. Nice breakout despite falling oil		8/11
<b>Freeport McMoran FCX</b> - This copper and gold stock breaks out at 36.80. Note support at rising March line. <b>Breakout!</b>		8/19
<b>Sunpower SPWR</b> - A solar stock. Needs a rest first but breaks out at 37.60. <b>Breakout!</b>		8/19
<b>Mosaic MOS</b> - We looked at peer <b>AGU</b> in the free chart of the day. Here, we see a stock with a bullish RSI divergence trying to get back above <b>47.40</b> . If it does, that would be a shot at getting back to its previous high.		8/20
<b>ExxonMobil XOM</b> - Just when it looked as if energy stocks were getting killed, this one seems to be stabilized at its 200-day average. Small triangle.		8/20
<b>Sina SINA</b> - A Chinese internet to watch in a nice bottoming pennant. Be aware of a very high P/E.		8/20

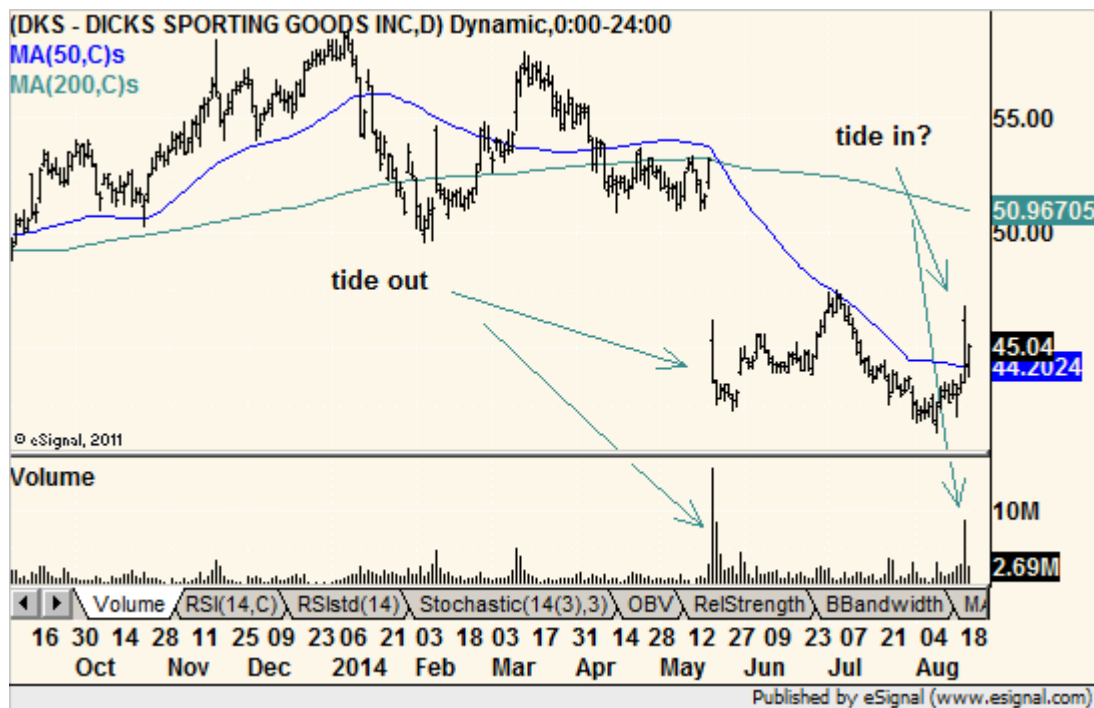
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<b>Sector Watch</b> (observations that may spark ideas)		
<b>Homebuilders</b> – Big few days kills the bear setup. But we are not buying.		7/23
<b>Aerospace/defense index DFX, DFI</b> - Now testing breakdown. <u>Looks like it wants to go through on momentum so be careful.</u>		7/31
<b>Insurance index KIX</b> - Now hitting resistance. Look for a reversal to sell.		7/31
<b>Semiconductors SOX</b> - Bounced off trendline and now heading <u>for old highs</u>		8/11
<b>Gold Miners</b> - Lots of breakouts in the sector despite gold's waffling		8/12
<b>Nasdaq biotech ETF IBB</b> - Looks like it will retake its old high.		8/15
<b>Oil Refiners</b> - very strong. <b>HFC, TSO, VLO, PSX, MPC, WNR, ALJ</b>		8/20
<b>Solar Power</b> - Some nice rising trends. <b>TSL, SPWR, FSLR, CSIQ</b>		8/20
<b>Updates</b>		
none -		

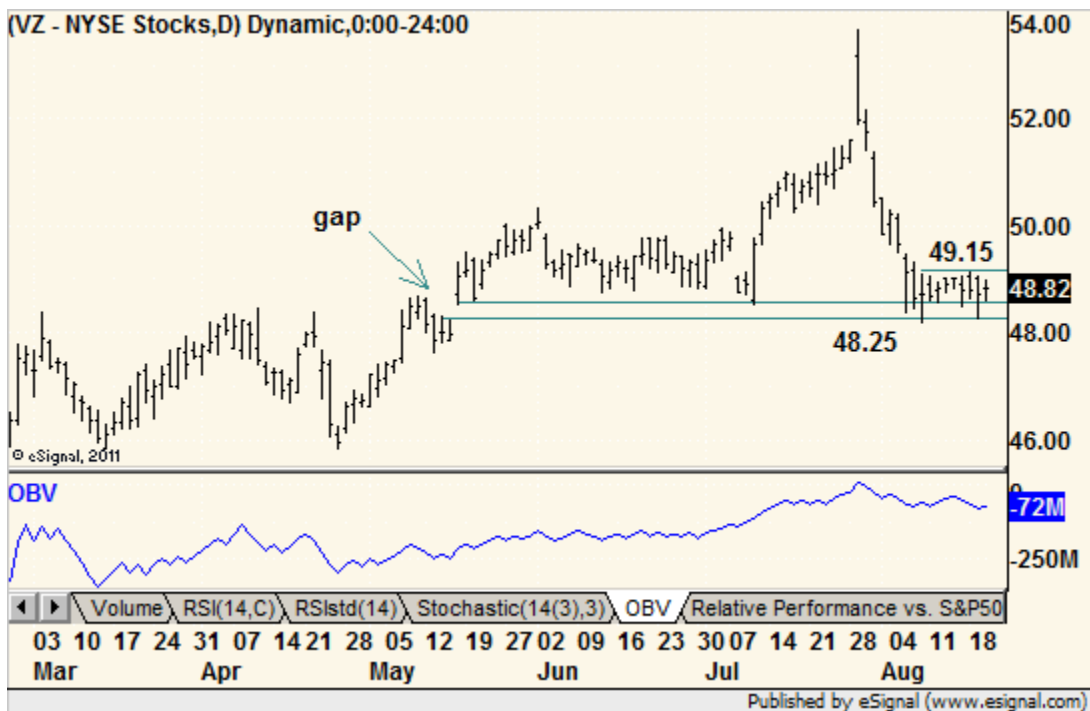
## Market Highlights



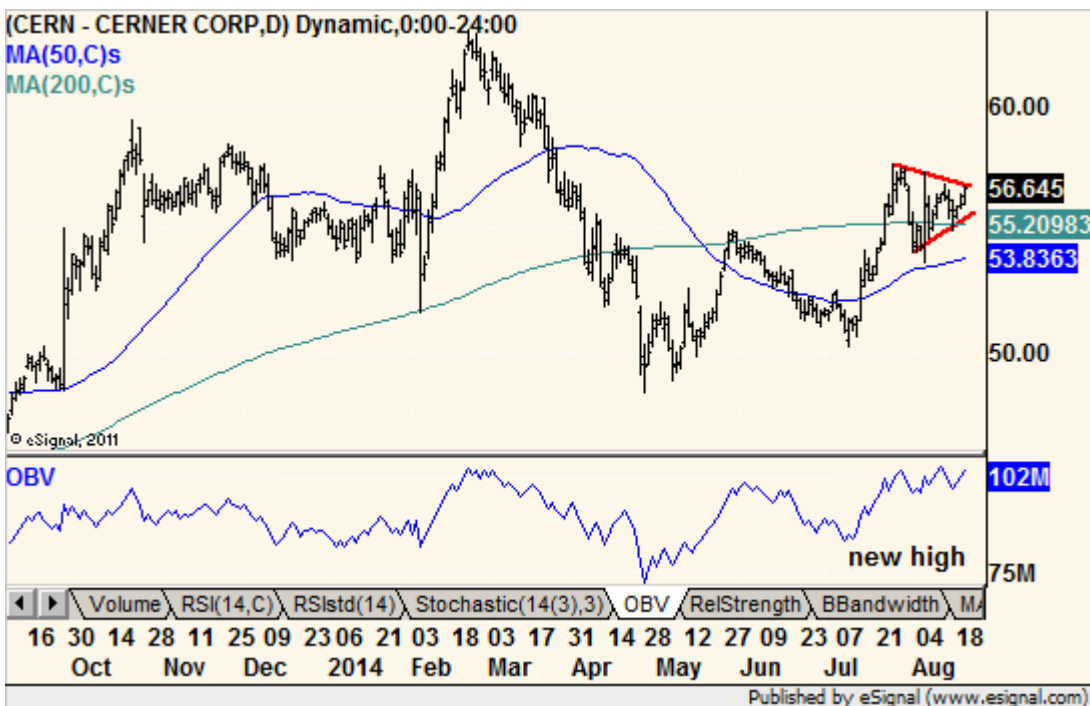
**Kellogg** - This cereal maker just broke through at trendline and sports super rising on-balance volume. Buy a close over the 50-day average, currently 65.15. General Mills (**GIS**) is the same and already through its 50-day.



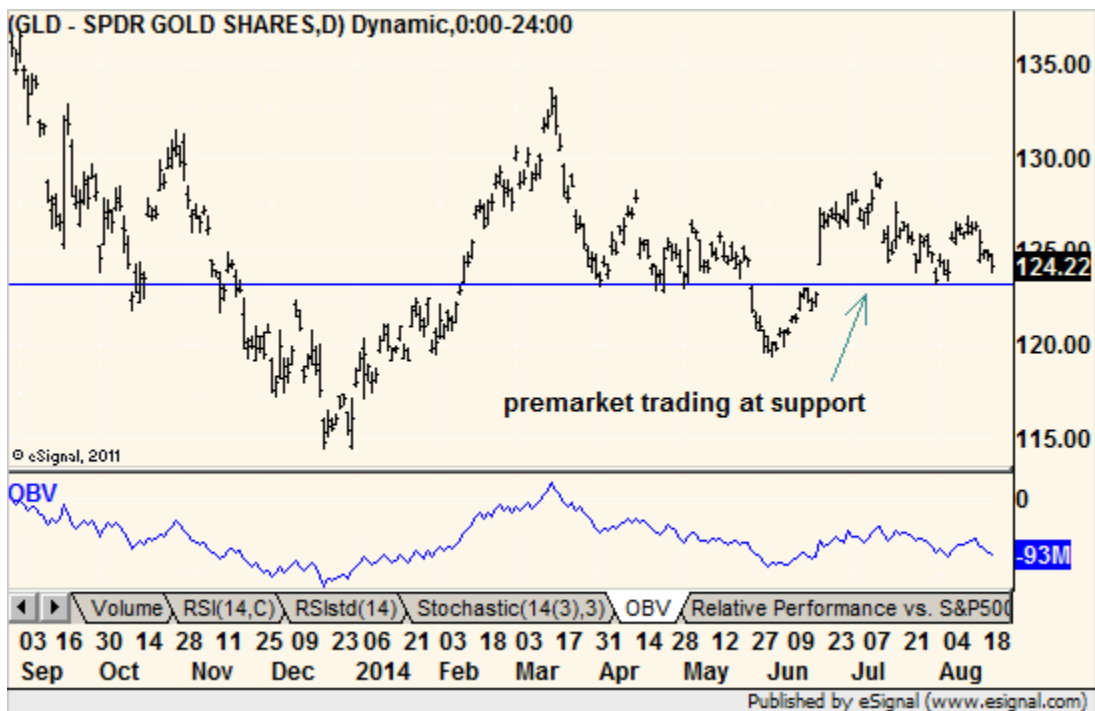
**Dicks Sporting Goods** - I wrote this in Barron's Online last week as a stock that was showing signs of healing (reversal earlier this month). This week it popped on heavy volume.



**Verizon** - This stock missed the August rally and has not been able to lift off support. A breakdown would be sellable but with a 4.3% dividend yield and trailing P/E of 10.4 we would prefer price action to get it together above 49.15 for a buy.



**Cerner** - This healthcare software maker is in a choppy rising trend but with a nice tight triangle. On-balance volume is at new highs so a higher close today would be the buy signal. Tech and health - two leading sectors.

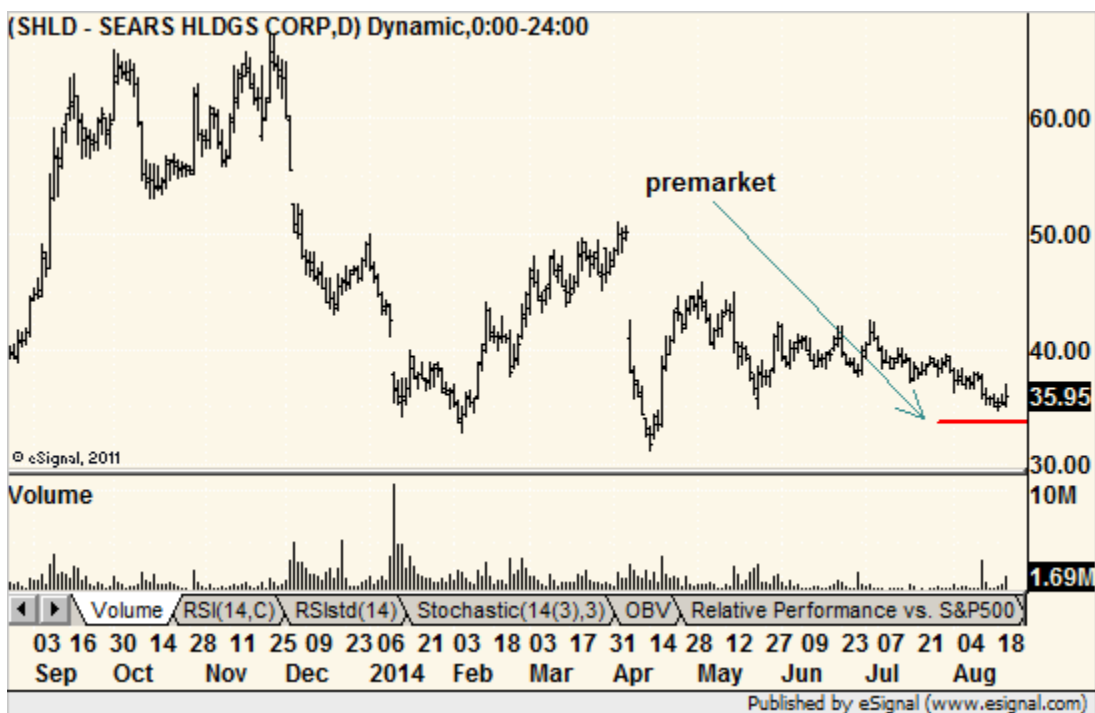


**Gold ETF** - Down again this morning but now at support. Overall, the weekly view is still one of coiling - a pennant formation.

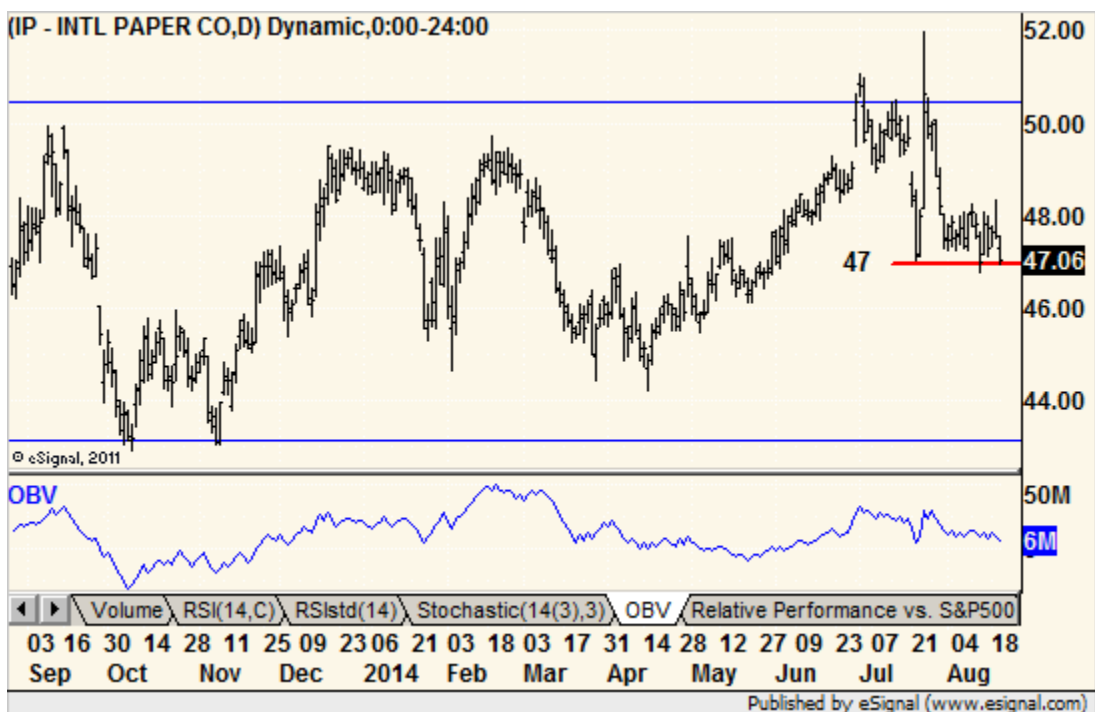


**US dollar index** - The trend is up but it is overbought.





**Sears** - We looked at other chart disasters such as **BBY** and wondered if their comebacks were due to an excessive love of risk. Watch Sears today to see if it comes back, sits there or tumbles. That should give us a nice read on the risk attitude in the market today.



**International Paper** - Paper was a superstar sector in June but things changed. Now on support within a larger trading range. On-balance volume is weak vs. Feb/Mar highs. Sell close under 47.00.

## 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. **Green** means we closed them. 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>RGLD</b>	ROYAL GOLD INC	79.72	19.4%	77.00	66.77	6/12	69
	<b>PCLN</b>	PRICELINE GRP INC	1273.37	1.4%	1250.00	1255.95	7/30	21
	<b>MCD</b>	MCDONALDS CORP	94.19	-0.1%	92.50	94.25	8/18	2
	<b>SFLY</b>	SHUTTERFLY INC	50.47	0.0%	48.00	50.47	8/20	0
<u>Short</u>	<b>USB</b>	US BANCORP DEL	41.71	2.9%	42.50	42.90	7/11	40
	<b>CMCSA</b>	COMCAST CORP NEW	54.64	-1.7%	56.00	53.73	7/31	20
	<b>TIF</b>	TIFFANY & CO NEW	99.47	-1.5%	101.00	98.00	8/5	15
	<b>CVS</b>	CVS CAREMARK CORPORATION	79.61	-3.9%	80.00	76.50	8/5	15

**Notes:** Not much movement at all from the Advice Tracker yesterday.

New long in **SFLY** triggered at the close. The early morning pop and drop is definitely of concern. However, it was due to takeover rumors so it's not that bad.

## 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

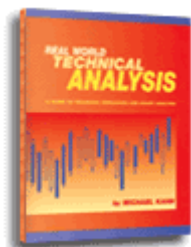
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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