

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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August 25, 2014 - We are now in the final week of "trading summer" as August winds down into Labor Day. Volumes usually tail off dramatically. However, with last week's big slowdown who knows if it will get even lower this week. This headline may have something to do with it:

Global stocks mostly up on stimulus outlook - Global stock markets were mostly higher Monday after top central bankers in Europe and Japan said support for their economies would continue and additional help is possible.

Yes, folks, more throwing good money after bad as the world's highly paid bartenders fill up the glasses of drunken nations. Spending more money to combat a spending problem. And the stock market will go up. We'll ask the usual question about why then are Treasury bonds rising this morning, too?

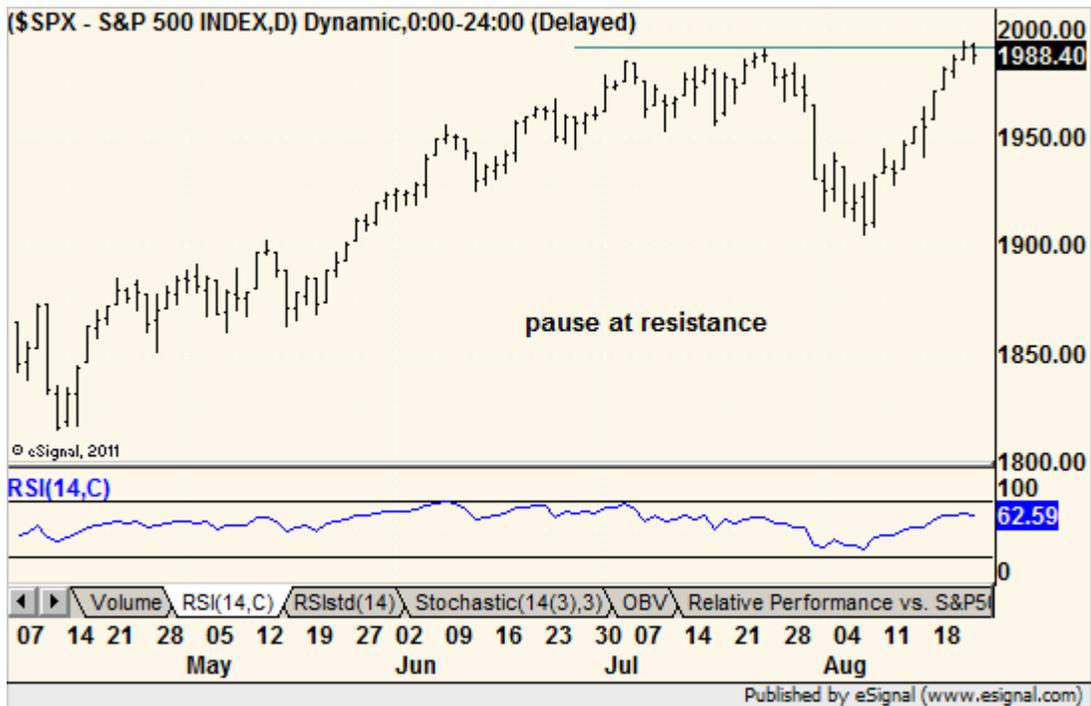
We may get that answer when we watch how Europe closes today. It is up nicely this morning but the majors are off their respective highs already.

There is not that much to add today so let's go to the hourly **SPY** chart.

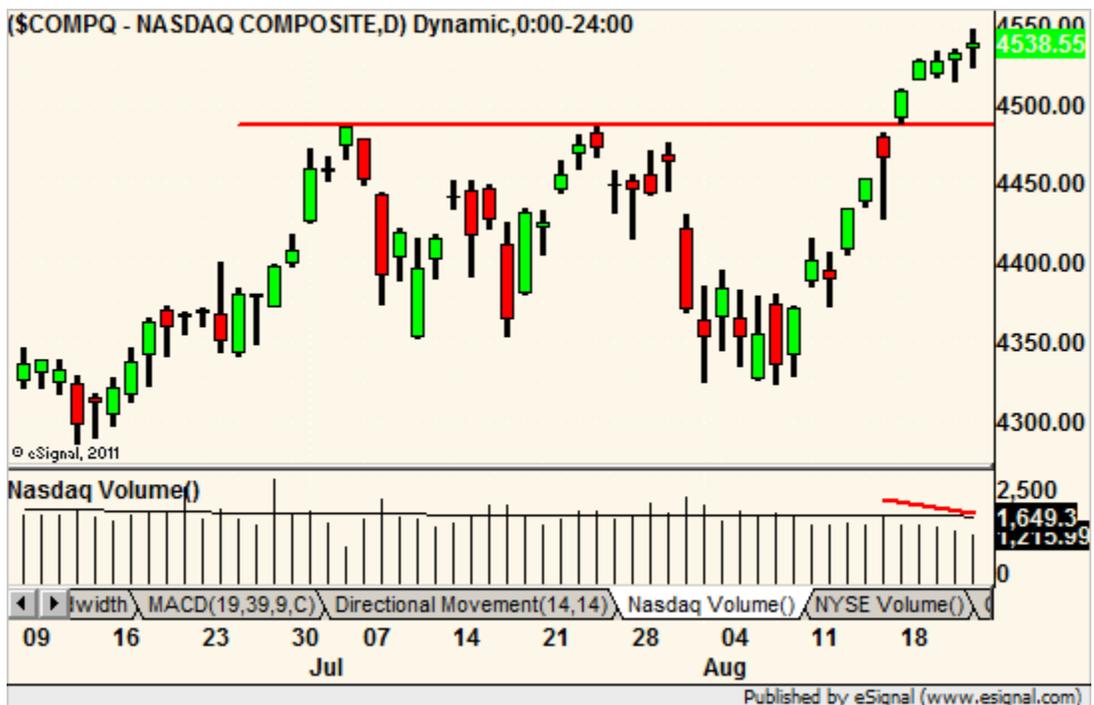


So far, it is rising trend meets resistance and the former wins, at least in the premarket. We will keep a close eye on the trendline and then on new support (former resistance). However, it does seem that the August rally is tiring. But we cannot sell it until there is a technical reason to say the trend is over.

Index Charts of the Day



The problem with this pause is that we do not know yet if it is just a rest or the start of a decline - even with the premarket pop up. Friday's very low volume is supposed to suggest it is the former but we are now in the final week of summer with its notoriously low volume until Labor Day.



Here is one of those "technical analysis does not work" charts. The Nasdaq scored a series of spinning top and doji candles after breaking out on falling volume. That is supposed to signal the end of the run but everything is higher in the premarket. When it finally works, it might really work (sharp break). For now, bulls win.



The Russell 2000 ETF has a decision to make. In the premarket, it is trying to break out. Not shown is its still-lagging performance chart.

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		
Crocs CROX - It still may work but since it has done nothing but fall during a market rally we are moving on.	Removed	8/12
Newmont Mining NEM - Still looks like a breakout test to us. Buy above 27.		8/19
Athena Health ATHN - tight rectangle pattern. Buy close over 135.80.		8/18
Kellogg K - This cereal maker just broke through at trendline and sports super rising on-balance volume. Buy a close over the 50-day average, recently 65.00. Possible evening star candle now in place so a breakout while less likely would now be more powerful. General Mills (GIS) is the same and already through its 50-day.		8/21
Cerner CERN - 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. Buy close over 56.80		8/21
GNC Holdings - We are a little late finding this one but it still has a way to go before hitting the May gap and then the 200-day average. It was on an insider buy list last week. Looks good here.	New	8/25
Marvell Technology MRVL - A semiconductor stock with an outside day rally Friday on big volume. Looks to be a "V" bottom overall. Shrugged off weak guidance after the bell last Thursday. Looks good here.	New	8/25
Bearish Implications		
Las Vegas Sands LVS - Bounce seems to be fading. Selling now.	Triggered	7/17
Caterpillar CAT - Nice looking bear flag with falling volume. Now in the gap and still losing volume. Sell below 106.50 (close but no trigger).		8/13
International Paper IP - 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.		8/21
Kraft KRFT - A rebound to close the gap and test the 50-day average creates a shortable setup waiting for the actual breakdown below short-term averages at 56.60. This level may change.		8/22
Unknown Implications		
Verizon VZ - 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.		8/21

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Holding Tank - red shade leans bearish, green shade leans bullish		
Mosaic MOS - We looked at peer AGU in the free chart of the day. Here, we see a stock with a bullish RSI divergence trying to get back above 47.40. If it does, that would be a shot at getting back to its previous high. Breakout		8/20
ExxonMobil XOM - Just when it looked as if energy stocks were getting killed, this one seems to be stabilized at its 200-day average. Small <u>rectangle</u> .		8/20
Sina SINA - A Chinese internet to watch in a nice bottoming pennant. Be aware of a very high P/E.		8/20
Dicks Sporting Goods DKS - I wrote this in Barron's Online last week as a stock that was showing signs of healing (reversal earlier this month). Last week it popped on heavy volume.		8/21
Hospira HSP - This is a drug delivery company (injectables) in a strong rally. Currently, it is in a triangle pattern, which normally leans bullish. However, it sports divergences in momentum and volume (not shown). We'll keep an eye on this one.	New	8/25
Jarden JAH - This is a consumer products company that makes everything from baseball gloves to household matches. It is approaching two similar trendlines with on-balance volume already at a new 52-week high. It is not quite ripe so we'll watch it for a while	New	8/25
Sector Watch (observations that may spark ideas)		
Nasdaq biotech ETF IBB - Looks like it will retake its old high.		8/15
Oil Refiners - very strong. HFC, TSO, VLO, PSX, MPC, WNR, ALJ		8/20
Solar Power - Some nice rising trends. TSL, SPWR, FSLR, CSIQ		8/20
Technology XLK - still leading but flattening relative to the market.		8/25
Healthcare XLV - Now one of the leaders		8/25
Financials XLF - Broke out but still merely pacing the market. Banks still lagging		8/25
Updates		
Freeport McMoran FCX - The breakout may have failed		

Market Highlights



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Today's Lesson

In this section, we take a look at a topic in technical analysis in real-time, not textbook time.

Following the Setup



Intercept Pharmaceuticals - This one is a bit rich for us and it has a negative P/E so let's use it as an academic exercise. It looks risky but we see a major support hold and a triangle consolidation after a jump up. That theoretically leans bullish so we would wait for the next breakout.

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>	PCLN	PRICELINE GRP INC	1277.50	1.7%	1250.00	1255.95	7/30	25
	MCD	MCDONALDS CORP	94.45	0.2%	92.50	94.25	8/18	6
	SFLY	SHUTTERFLY INC	50.82	0.7%	48.00	50.47	8/20	4
<u>Short</u>	USB	US BANCORP DEL	42.03	2.1%	42.50	42.90	7/11	44
	CMCSA	COMCAST CORP NEW	54.18	-0.8%	56.00	53.73	7/31	24
	TIF	TIFFANY & CO NEW	100.54	-2.5%	101.00	98.00	8/5	19
	CVS	CVS CAREMARK CORPORATION	79.24	-3.5%	80.00	76.50	8/5	19
	LVS	LAS VEGAS SANDS CORP	69.21	-0.4%	72.00	68.94	8/22	2

Notes: New short in **LVS** triggered at Friday's open.

After doing nothing during most of last week's rally, PCLN finally scored a bull reversal on high volume.

Subscriber Corner

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

Note to all - I have written over the years that August can often be a month of inflection - either a reversal or a change in the prevailing trend's slope. This was based on Peter Eliades' research.

Other Information

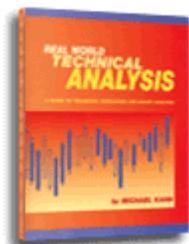
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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