

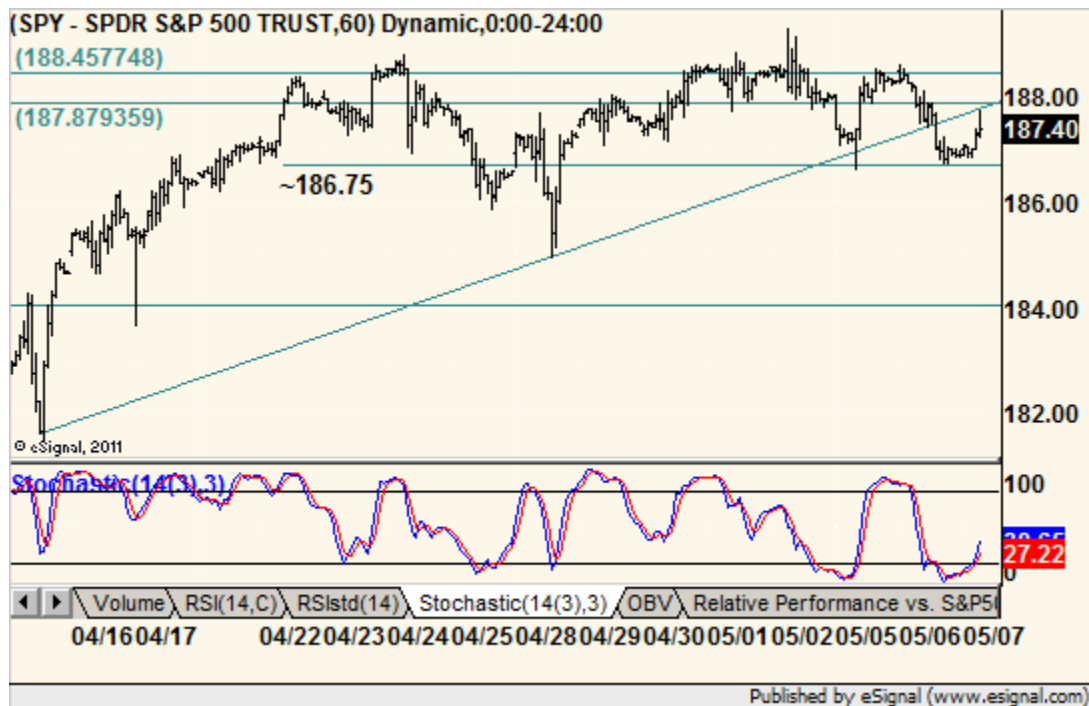
QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

MICHAEL KAHN
RESEARCH LLC

May 7, 2014 - Tuesday shocked the statisticians by not only being a down day but being down big. After all, over the past few months we've seen gains on Tuesdays just about every time. But if you listen to bonds and watch the divergences popping up all over the place you would have been ready. The news of the day was that the Russell 2000 closed below its 200-day average for the first time since the rally began in November 2012.

Earnings season is also different this time as companies that miss their numbers are not just falling but getting destroyed - **WFM, TRIP**. Sure there have been earnings winners so we cannot say the mood is totally bear. If it were, big earnings from **EA** might have passed with a yawn instead of a 15% after hours gain.

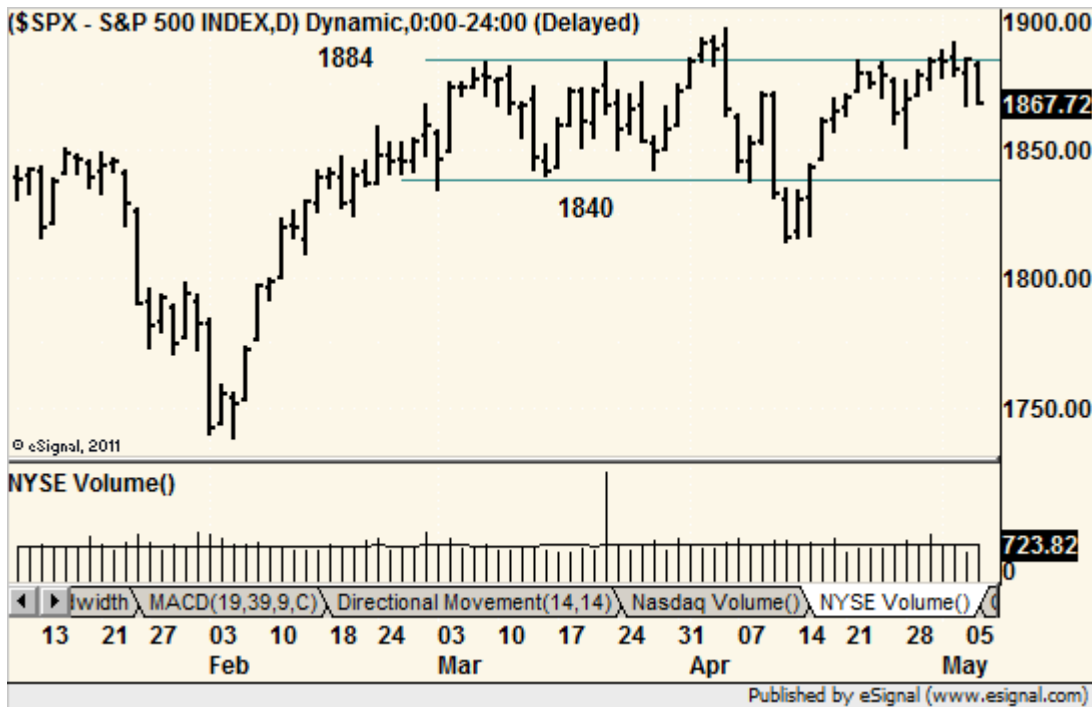


On the hourly chart, we can see a new tighter trading range clearly even though the trendline from last month is broken. Stochastics was low enough to explain the current little bounce although news that there might be progress in Ukraine broke at the same time. Oil prices, however, did not really move. If 186.75 breaks, we'll have to go short.

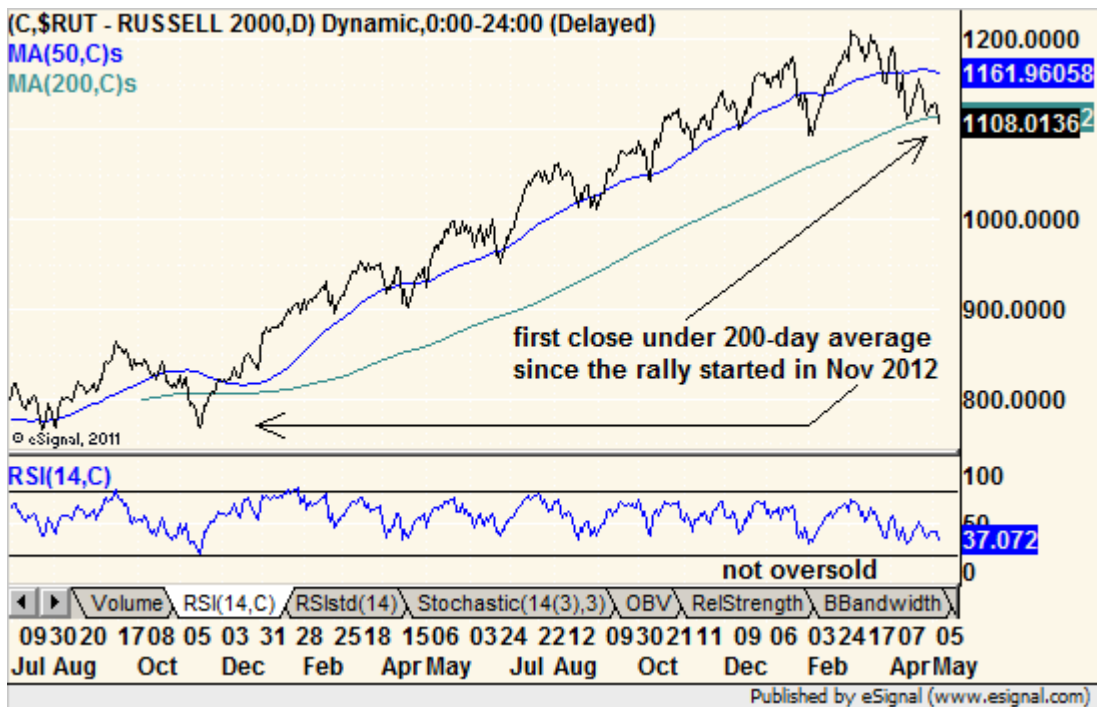
We've got Chairperson Yellen on tap for 10am NYT today so the market could be tentative ahead of that.

Otherwise, we continue to see the market ship turning. It's a big boat and it is taking some time but then again, major tops are usually processes, not events.

Index Charts of the Day



One last kiss goodbye at resistance? Could be.



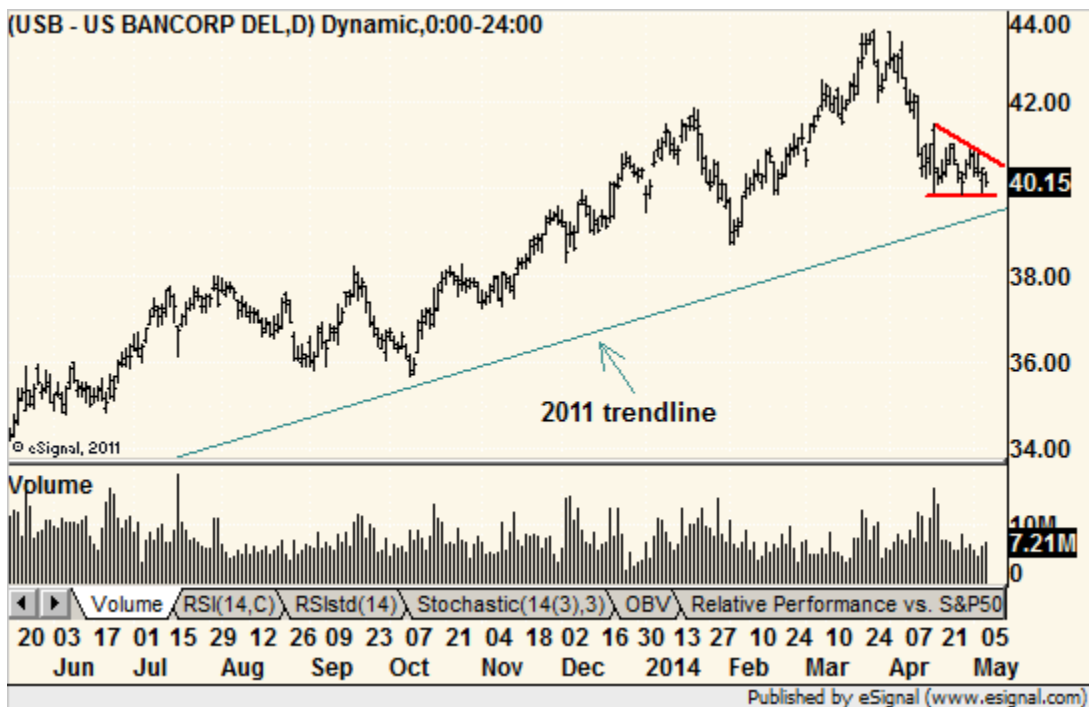
The first shoe has dropped.

The Radar Screen

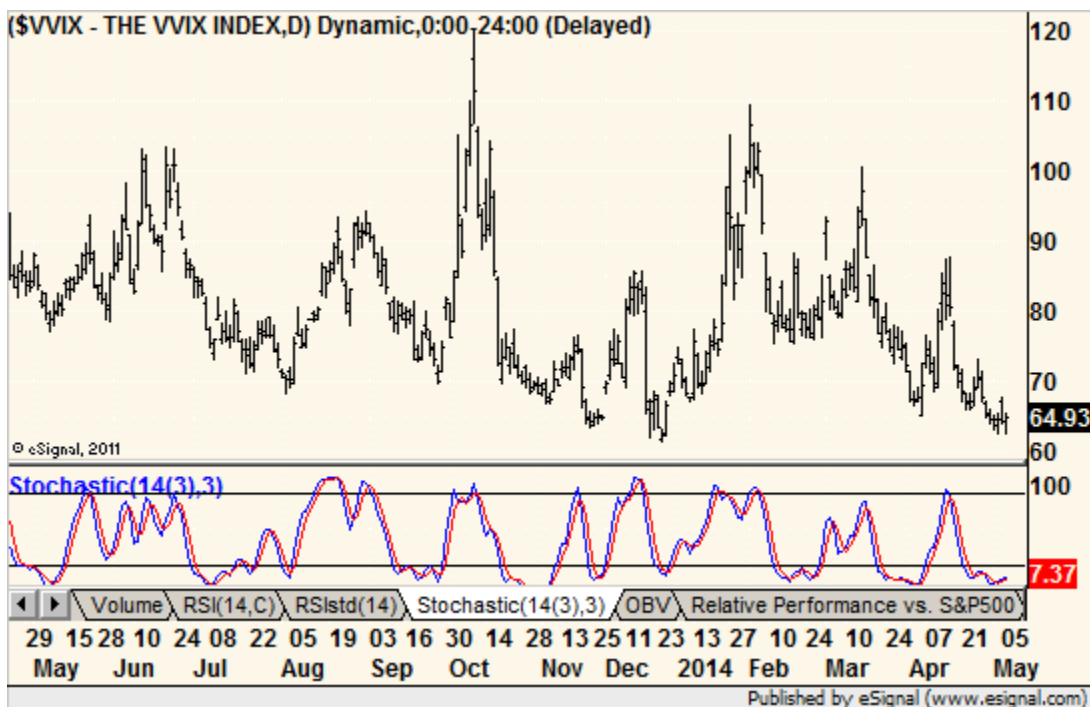
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
TransCanada TRP - A pipelines stock poised to break out. Looking for a close over 47.20. Peer WMB broke out last week.		5/2
Bearish Implications		
Nike NKE - Weekly double top in progress. If the bounce stalled so we look for the setup for a big short on the support break. Sell under 70.25 <u>ZZZzzz...</u>		4/9
Raymond James Financial RJF - Another weak financial (broker). This one is challenging support at the line shown plus the 200-day average. Sell break under 48.25.	New	5/7
Unknown Implications		
none -		
Holding Tank - red shade leans bearish, green shade leans bullish		
Gold ETF GLD - Back on the 200-day average and 50% retracement. Still not ripe at this time. Looking at May 5 at 121.85 - both .618 Fibonacci levels.		3/19
Dunking Brands DNKN - Broke down but with the market firmer we'll wait for a small bounce. Missed this one	Removed	4/25
Wetseal WTSL - Waiting for the bowtie buy signal. Speculative. <u>Heading the wrong way so we are moving on. No harm done.</u>	Removed	4/28
India - watching three drives to a top. Breakdown!		5/2
Mexico ETF EWW - While we remain skeptical in emerging markets, this one does sport a bull flag at the trendline and 200-day average. Must break out to actually become bullish so we watch. Breakout but will it hold?		5/6
Merck MRK - This one initially jumped yesterday on news it sold some divisions but ended much lower on the day. On-balance volume was already sagging (divergence) so this one is on watch for a trend break.	New	5/7
Sector Watch (observations that may spark ideas)		
Energy - Resilient and leading.		3/31
Utilities - Still looking strong but a bit concerned over a big decline on a day when bonds were way up. <u>Now watching a trendline in case it breaks.</u>		3/31
Natural Gas stocks \$FUM - Leading. Bull flag?		4/4
Financials - Our canaries in the coal mine are mostly dead now JPM, AXP, KBE . ETFC has a flag break	Changed	4/15
L3 Communications LLL - Another defense stock sitting on support (RTN , too).	New	5/7
Updates		
none -		

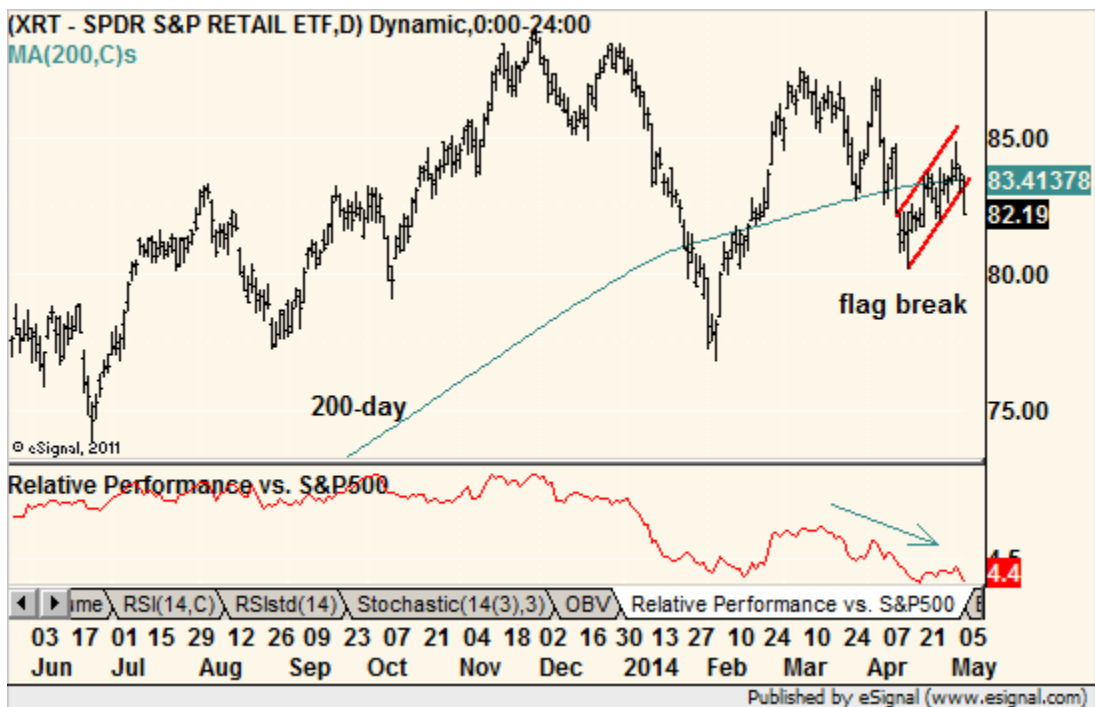
Market Highlights



US Bancorp - The next major bank to break? Watching the triangle and long-term trendline.



VIX of the VIX - This is a sentiment read and since it remains near its lows we have to conclude that "everyone" expects higher stock prices. There is no worry that that **VIX** will rise and we take that as a contrarian bearish sign.



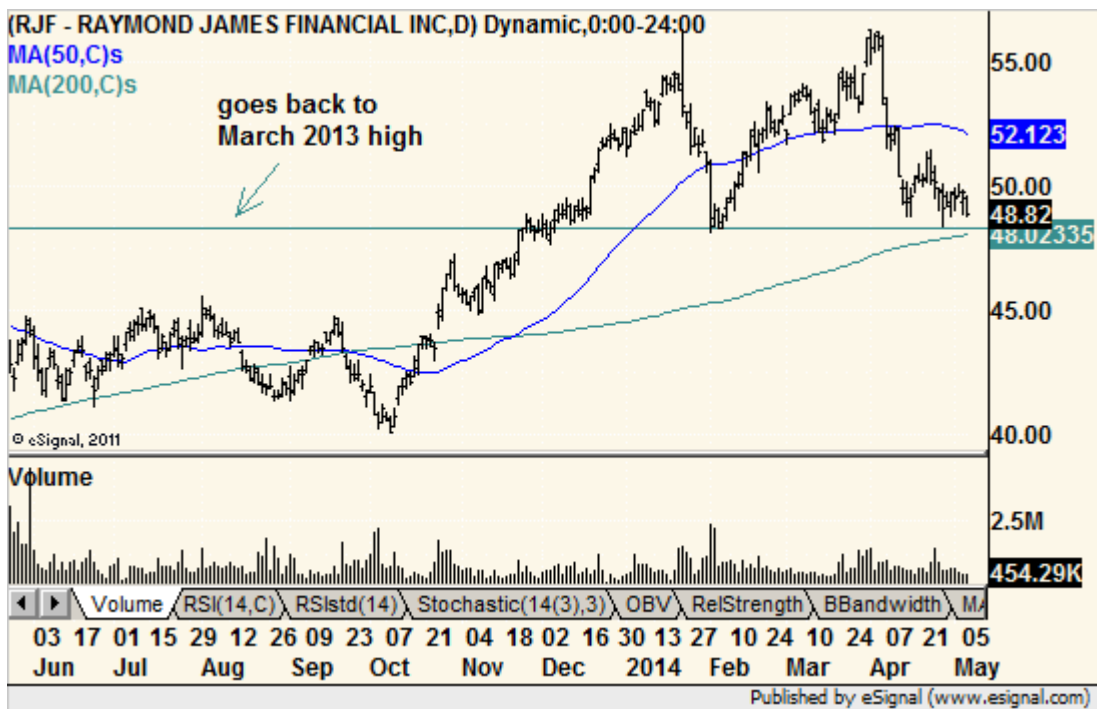
Retail ETF - Breakdown.



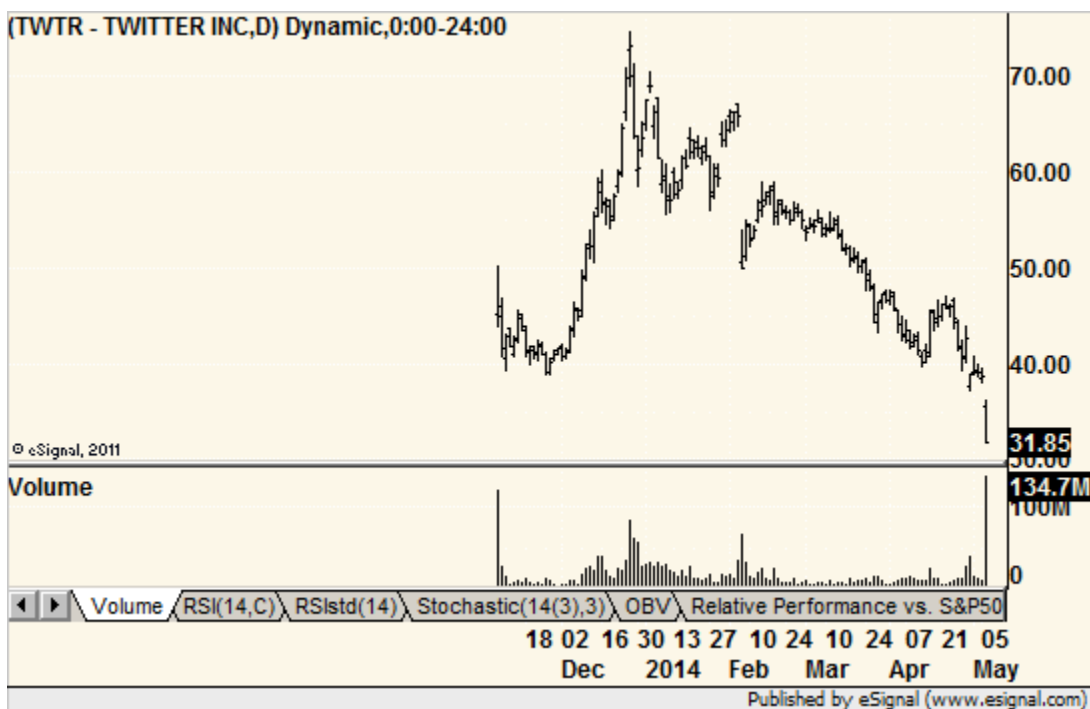
Merck - This one initially jumped yesterday on news it sold some divisions but ended much lower on the day. On-balance volume was already sagging (divergence) so this one is on watch for a trend break. See next chart...



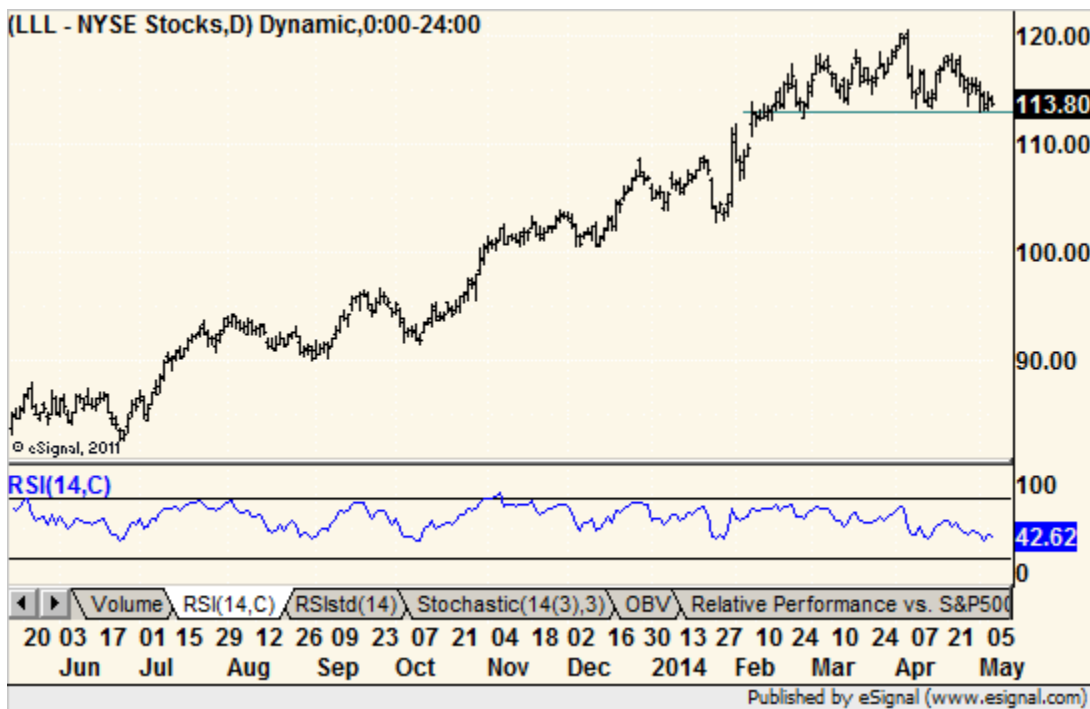
Pfizer - Meanwhile, this drug peer is in free fall below its 200-day average.



Raymond James Financial - Another weak financial (broker). This one is challenging support at the line shown plus the 200-day average. Sell break under 48.25.



Twitter - Falling knife or selling climax? For the latter we need some proof that it truly is washed out. It is not there yet.



L3 Communications - Another defense stock sitting on support (RTN, too).

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.

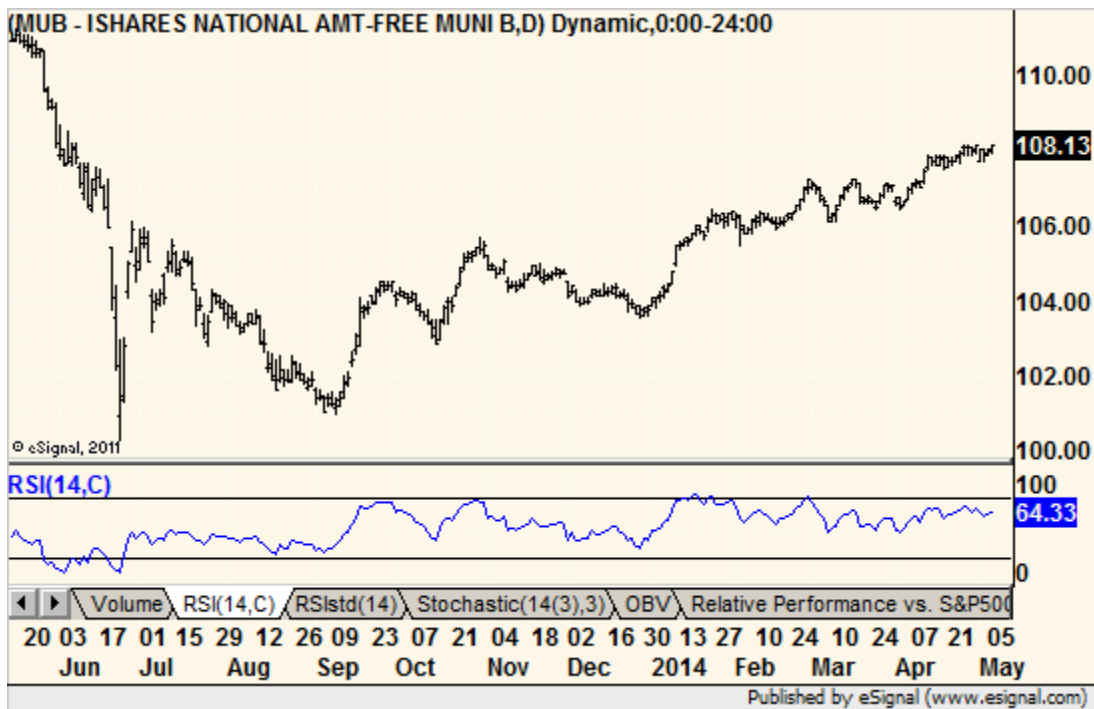
	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	HR	HEALTHCARE RLTY TR	25.02	0.4%	24.00	24.91	4/15	21
	ED	CONSOLIDATED EDISON INC	57.03	2.0%	55.50	55.89	4/15	21
	FE	FIRSTENERGY CORP	33.25	-3.6%		34.50	4/25	11
	DK	DELEK US HLDGS INC	32.32	-6.3%	31.50	34.50	5/2	4
<u>Short</u>	UPS	UNITED PARCEL SERVICE INC	97.38	-1.4%	100.00	96.00	3/21	46
	CVS	CVS CAREMARK CORPORATION	74.44	-0.8%	76.00	73.85	4/7	29
	CA	CA INC	29.48	3.3%	31.25	30.46	4/22	14
	GS	GOLDMAN SACHS GROUP INC	154.54	3.7%	162.00	160.26	4/22	14
	BRCM	BROADCOM CORP	29.76	2.8%	31.50	30.60	4/24	12
	UNH	UNITEDHEALTH GROUP INC	75.26	-0.8%	78.00	74.68	5/2	4

Notes: **FE** was stopped out, which is a surprise considering bonds are still so strong. The stock also made a takeover candidate list at MarketWatch. But a stop is a stop.

Hoping we did not give the long in **DK** too much room before the stop.

Subscriber Corner

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



Municipal Bond ETF - The subscriber is correct; munis are still a good place to be with a rising trend. However, we'd probably keep it on the shorter maturity side as momentum here is waning ever so slightly.

Other Information

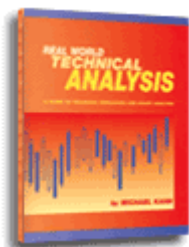
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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