

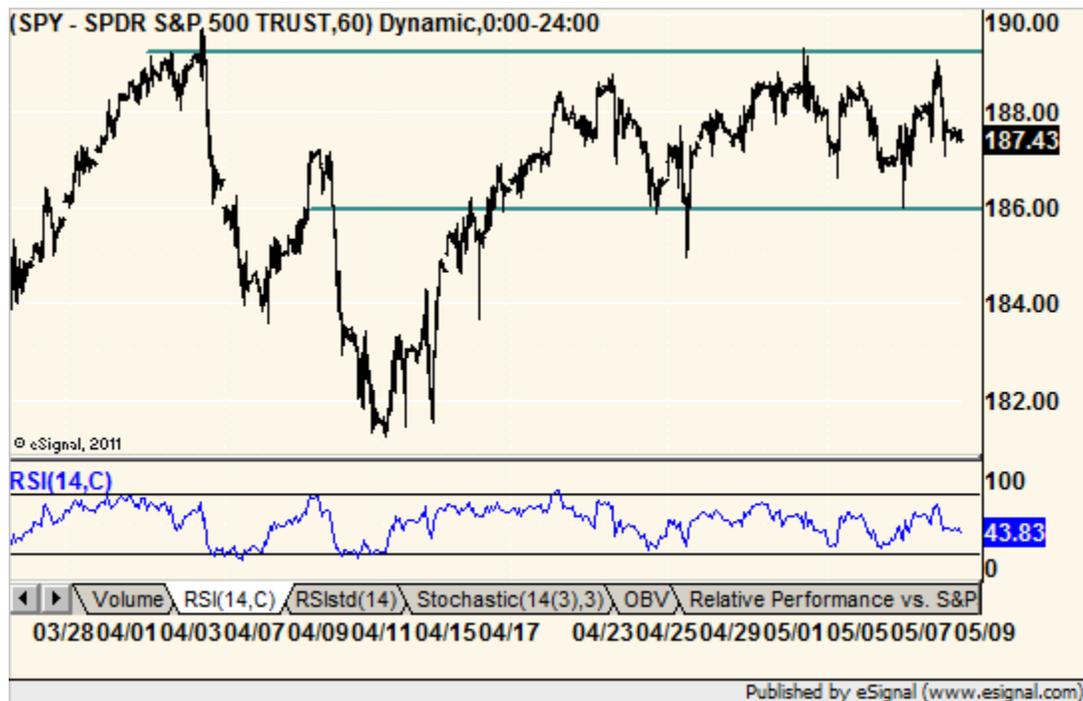
# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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RESEARCH LLC

**May 9, 2014** - The Dow traded at levels that - if it closed there - would have been another record high close. But it did not close there and that is the important part. Moving down on the performance scale, the S&P 500 stayed within its sloppy trading range. Next, the Russell 2000 failed at its falling trendline and bringing up the rear the microcaps made their lowest close of the year.

If you think this is nothing special, consider that the Dow closed up 0.20% while the Russell Microcaps index closed down 1.70%. That is quite a disparity. And what do "regular" investors hear about on the news? The Dow closed higher three of the past four days. That is criminal journalism. This market is in trouble.

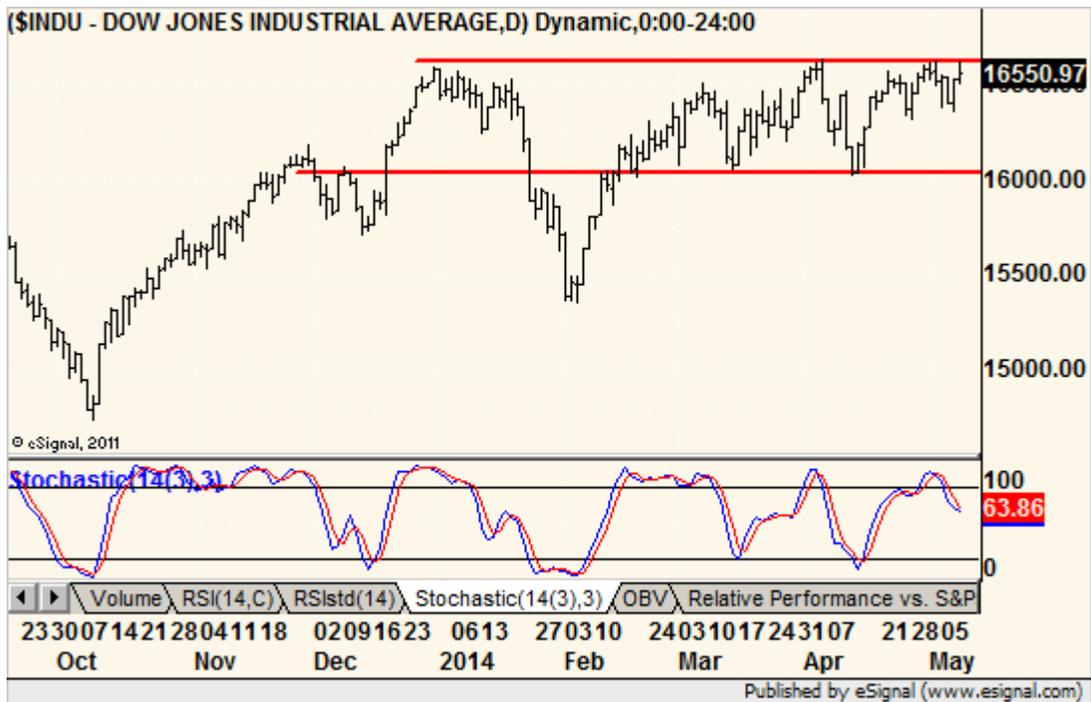


We are offering a different view of the trading range on the hourly **SPY** chart. In any case, this index is still moving sideways.

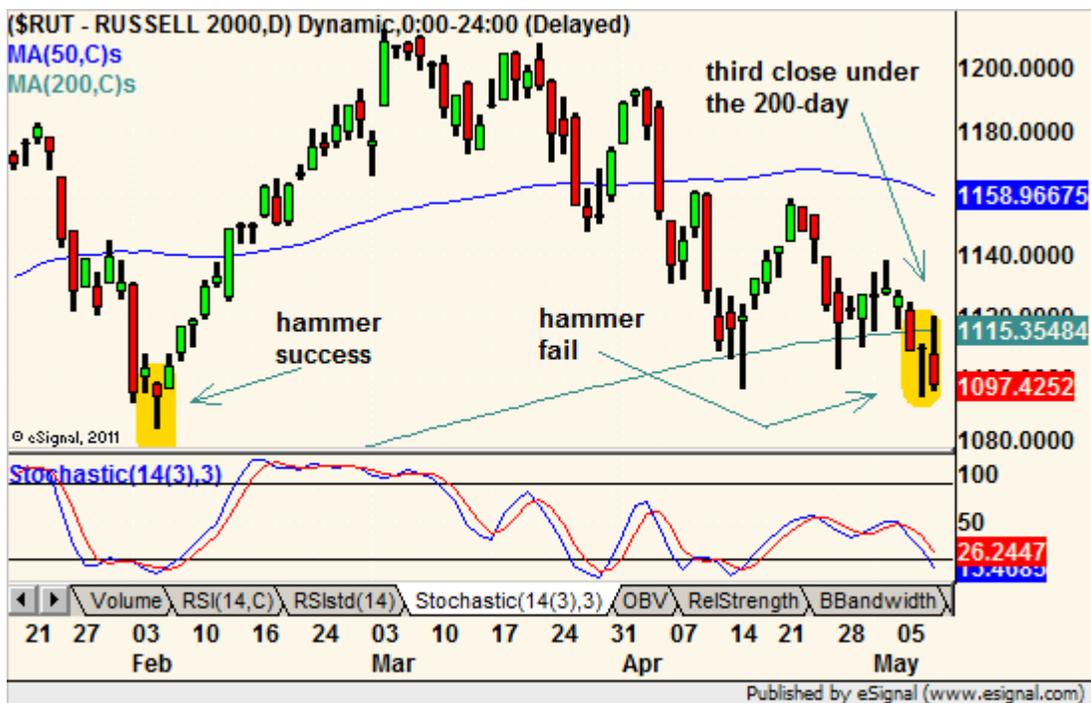
In sectors, big oil was trading in the red well before the Dow came down from its triple digit morning gains. We'll take a look at the energy ETF, as well as utilities, since these were the leaders before yesterday.

Elsewhere, the dollar was at levels not seen since Jan 2013 before reversing higher on Mario Draghi's comments. The trend is still down but we'll have to see if it holds (chart below).

## Index Charts of the Day



The Dow is still in its range. Normally, we'd say it was resting before a breakout attempt as it is holding near resistance. But it sold off hard yesterday and the small caps are getting crushed.



It sure looked as if the hammer candle was going to be confirmed yesterday to give the market some rally power. But it was not. The trend is still down now that it has three closes under the 200-day average.

## 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>TransCanada TRP</b> - A pipelines stock poised to break out. Looking for a close over 47.20. Peer WMB broke out last week.		5/2
<b>Nat Gas Stock ETF FCG</b> - Bull flag waiting for the breakout. Good on-balance volume and not overbought. Buy 22.70.		5/8
<b>Bearish Implications</b>		
<b>Nike NKE</b> - 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 <b>71 - changed to a triangle pattern</b>	<b>Changed</b>	4/9
<b>Raymond James Financial RJF</b> - Another weak financial (broker). This one is challenging support at the line shown plus the 200-day average. Sell break under 48.25.		5/7
<b>US Bancorp USB</b> - The next major bank to break? Watching the triangle and long-term trendline. Sell 39.75	<b>Moved</b>	5/7
<b>Adobe Systems ADBE</b> - This software maker was not on the list of momo cult stocks last year but it looks like them. And now it has a bounce off support and the 200-day average. Trailing P/E of 110! Selling 57.30 on close. <b>PCLN</b> is similar	<b>Moved</b>	5/8
<b>Unknown Implications</b>		
<b>none</b> -		
<b>Holding Tank</b> - red shade leans bearish, green shade leans bullish		
<b>Gold ETF GLD</b> - 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. <b>See chart below for a possible change in plan.</b>		3/19
<b>Microsoft MSFT</b> - Possible double top. Note trendline rising to meet support. Watching for now	<b>New</b>	5/9
<b>Western Digital WDC</b> - Another tech stock with a bounce off support. Waiting for a breakdown.	<b>New</b>	5/9
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Energy</b> - Resilient and leading. <b>See chart below</b>		3/31
<b>Utilities</b> - Still looking strong but a bit concerned over a big decline on a day when bonds were way up. <b>Now watching a trendline in case it breaks.</b>		3/31
<b>Natural Gas stocks \$FUM</b> - Leading. Bull flag?		4/4
<b>Financials</b> - Our canaries in the coal mine are mostly dead now <b>JPM, AXP, KBE</b> . <b>ETFC</b> has a flag break		4/15
<b>L3 Communications LLL</b> - Another defense stock sitting on support ( <b>RTN</b> , too).		5/7
<b>Updates</b>		
<b>none</b> -		

## Market Highlights



**US Dollar Index** - Bull reversal after a small support break. But the trend is still down for now.



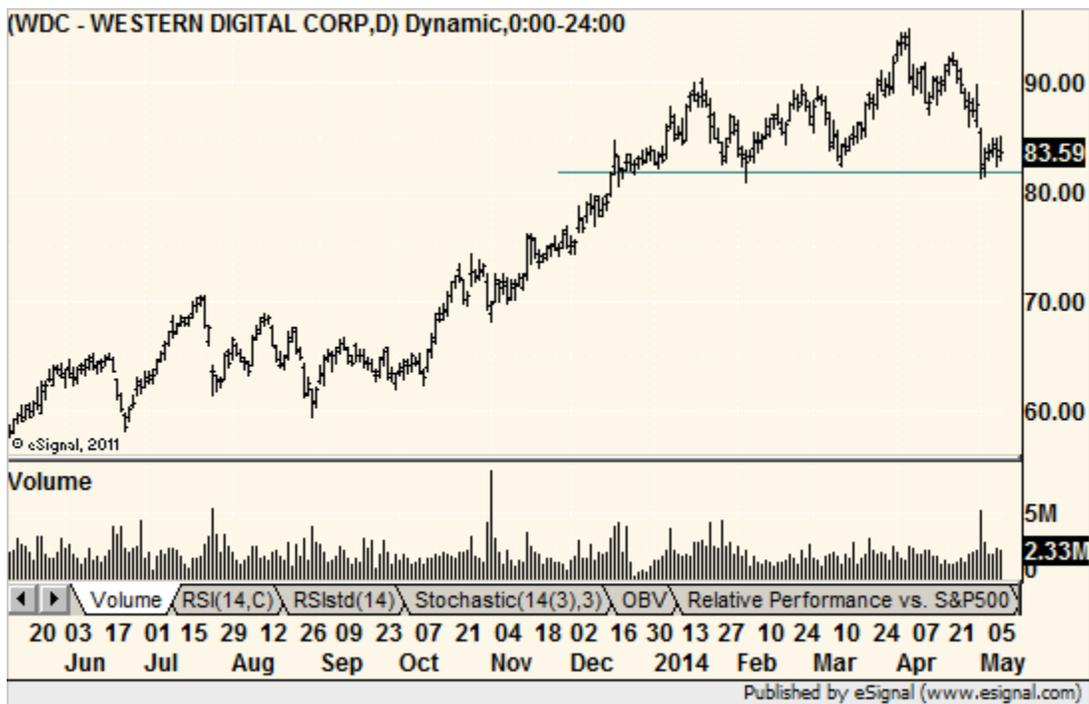
**Energy ETF** - Not quite a bearish reversal but it is quite far above its trendline (and averages, not shown). A colleague reports that energy stocks have a seasonal peak right about now so it might be time to back off the energy sector for now, even though the trend has not officially changed.



**Utilities ETF** - Not nearly as far above its trendline as the energy ETF above. Still in good shape although it does look like it can take a small dip here. Basically, hold on and wait for a dip to possibly buy.



**Microsoft** - Possible double top. Note trendline rising to meet support. Watching for now.



**Western Digital** - Another tech stock with a bounce off support. Waiting for a breakdown.



**Flir Systems** - A new pattern? The camel humps and shoulders?



**Gold ETF** - This weekly chart has the makings of an inverted head-and-shoulders. We are considering buying the breakout from the small trendline shown before the red neck line.



**Long T-bond ETF** - The inside trendline is back in play. Momentum has also tailed off a bit so we should ease off the gas pedal now.

## 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>	<b>HR</b>	HEALTHCARE RLTY TR	25.09	0.7%	24.00	24.91	4/15	23
	<b>ED</b>	CONSOLIDATED EDISON INC	57.41	2.7%	55.50	55.89	4/15	23
	<b>DK</b>	DELEK US HLDGS INC	31.50	-8.7%		34.50	5/2	6
<u>Short</u>	<b>UPS</b>	UNITED PARCEL SERVICE INC	98.99	-3.0%	100.00	96.00	3/21	48
	<b>CVS</b>	CVS CAREMARK CORPORATION	75.86	-2.6%	76.00	73.85	4/7	31
	<b>CA</b>	CA INC	29.74	2.4%	31.25	30.46	4/22	16
	<b>GS</b>	GOLDMAN SACHS GROUP INC	157.40	1.8%	162.00	160.26	4/22	16
	<b>BRCM</b>	BROADCOM CORP	29.89	2.4%	31.50	30.60	4/24	14
	<b>UNH</b>	UNITEDHEALTH GROUP INC	76.89	-2.9%	78.00	74.68	5/2	6

**Notes:** Big loss in **DK** as this one was doomed from the start with a gap up through our trigger. Looked good Thursday morning until it collapsed. The setup was good but the stop was too wide.

## 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

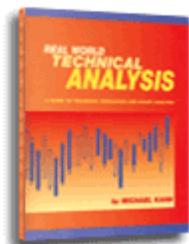
**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen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



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