

QUICK TAKES PRO

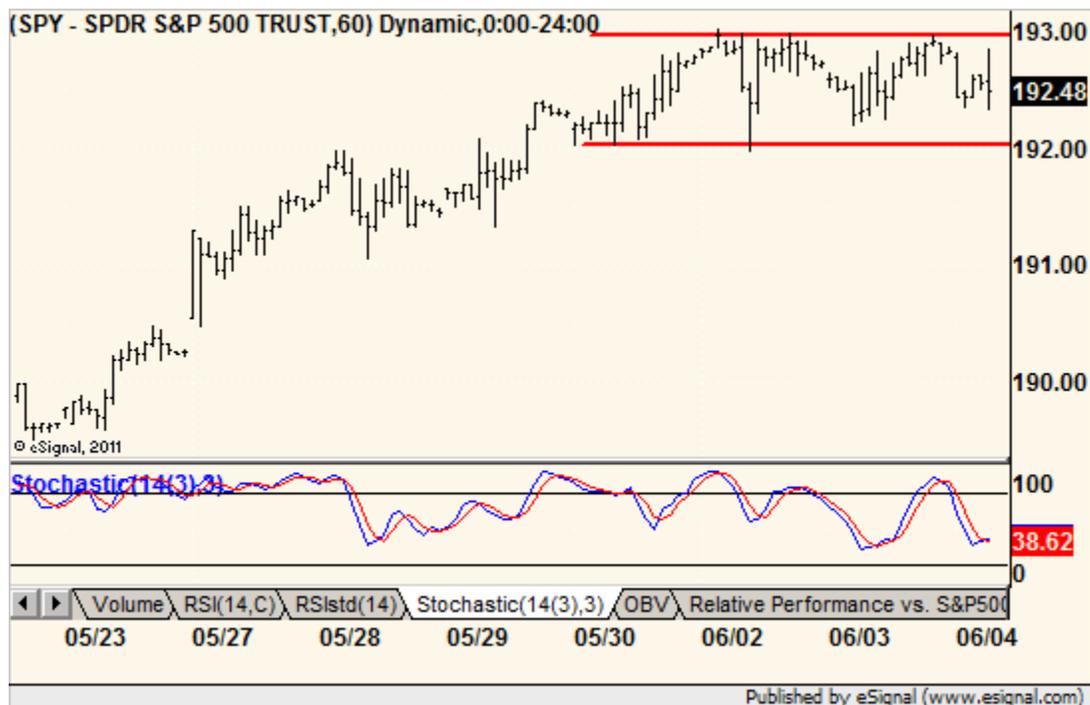
"TECHNICAL ANALYSIS FOR EVERYONE"

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June 4, 2014 - At one point yesterday, the ratio of the Russell to the S&P 500 dipped to a new low before rebounding slightly. Think about what that means - small caps are back to their lagging ways and even though their trendline breakout is still officially intact the market is just as split (bifurcated) as it was two weeks ago. And microcaps not only lag the market but the Russell microcap index now shows failure at both the 50- and 200-day averages. That cannot be good.

But the big stock indices are still in good shape and we saw that 38 S&P 500 members hit new highs. Yes, they are quite vulnerable now to a corrective dip and the S&P 500 can fall to 1900 from its Tuesday close of 1924 to test its breakout without changing its own technical picture.

In sectors, brokers look about ready to crack (we are already short one of them). Gambling had a really bad day and its trend remains down. Winners were life insurance and semiconductors. Paper looks like it wants to break out to the upside from its downtrend (charts below).



The potential double top on the hourly chart did not complete and now we have a trading range. Stochastics suggests internal weakness as it set a lower low as prices set a higher low. However, that is not reason to sell by itself and a break of support at 192 or so would be a better signal. The post-ADP jobs report wiggle shows up in the last bar above.

The bottom line remains as it was - the trend is up in big stocks, dividends matter and bonds are still strong. Gold looks to be close to a buy thanks to negative sentiment and better-acting mining stocks.

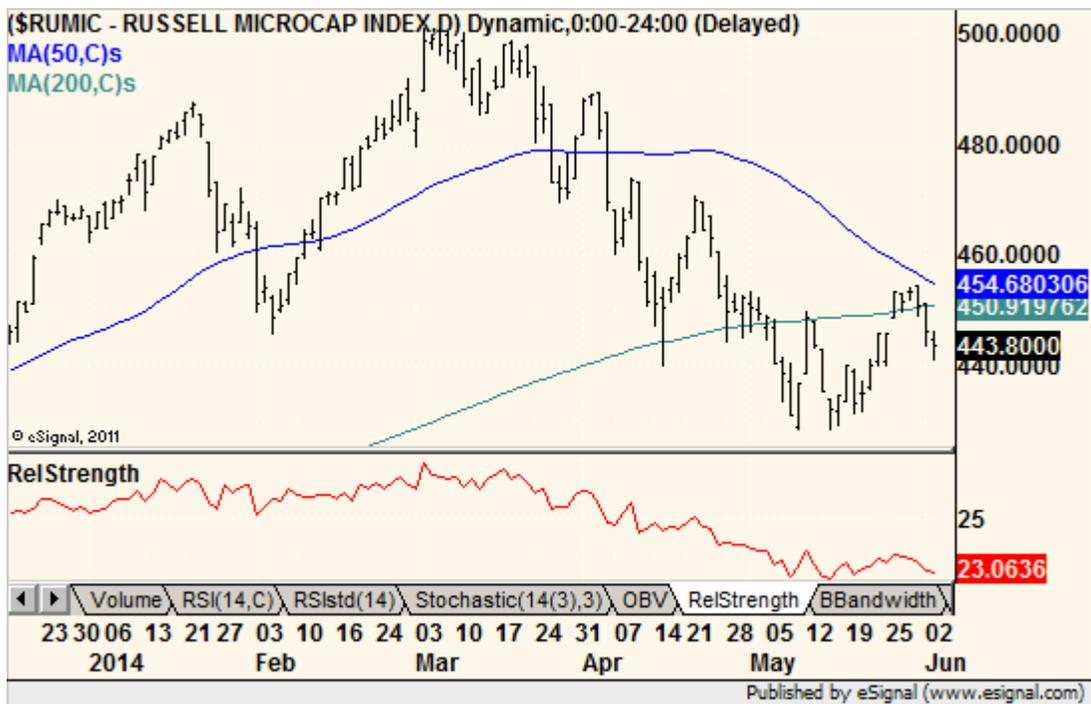
Index Charts of the Day



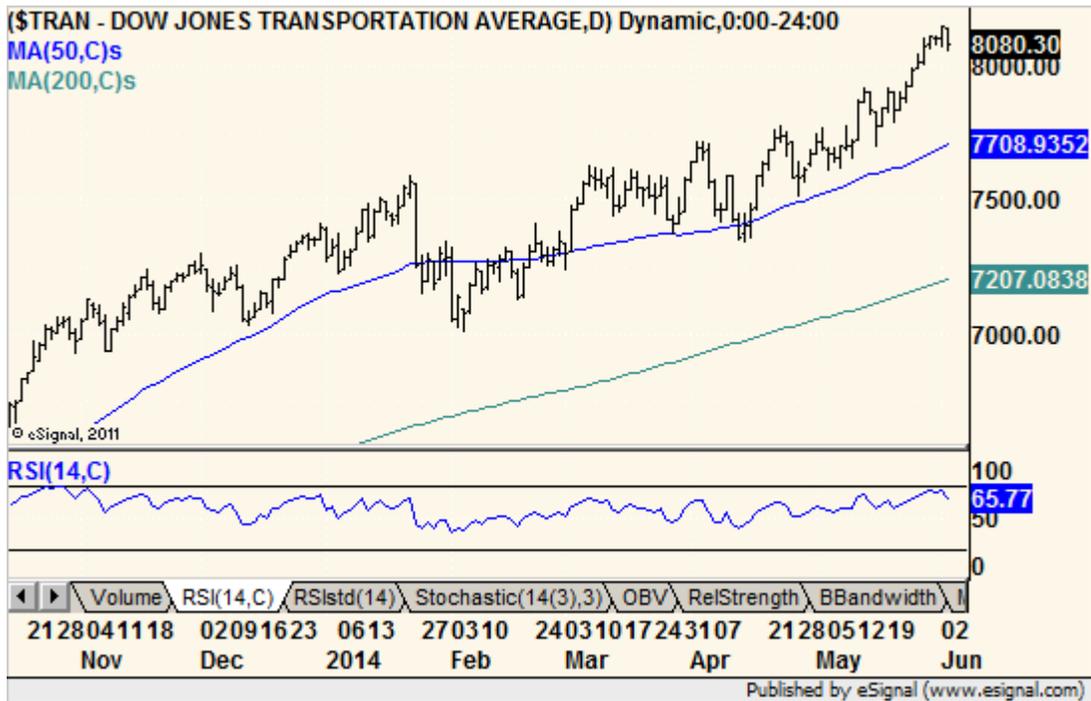
Either this is a terminal wedge or we are, as Dave Landry said, frogs sitting in slowly boiling water. The trend is still up and there is room within the wedge for a little correction without killing the rally. But if that breaks, then watch out below.



At one point today the relative strength chart hit a new low. And the Russell itself was temporarily below its 200-day average.



The microcaps now show failure at both major averages.



The transports are still going strong although a corrective dip would be welcome at this point.

The Radar Screen

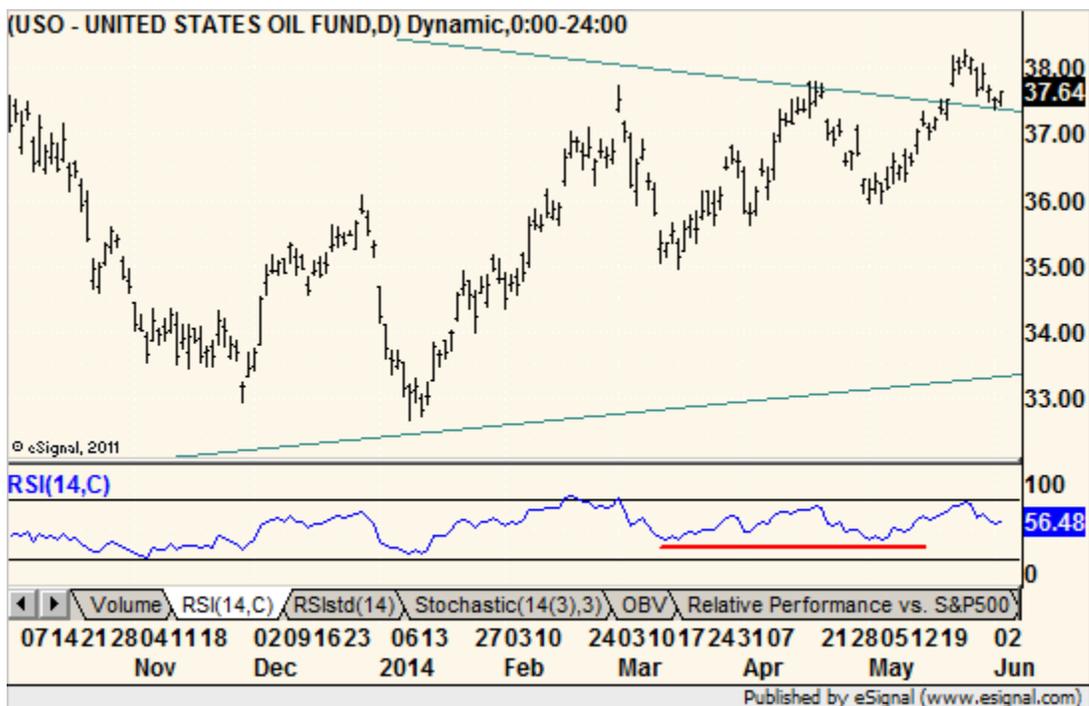
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
Corning GLW - Ascending triangle breaks out at 21.75		5/28
Chevron CVX - Arguable hammer candle on the trendline with big volume. A buy with a close over Thursday's high. Close Friday but no cigar		5/30
Marathon Oil MRO - Nearing a breakout. Note rising on-balance volume. Buy close over 36.75		5/30
Becton Dickinson BDX - A medical products stock with an inverse head-and-shoulders. Note rising on-balance volume. Buy the breakout above 118.50.	Triggered	6/2
Kinder Morgan KMI - A close over resistance and the trendline at 34 looks like a good buy.		6/3
Bearish Implications		
Procter & Gamble PG - Just watching a small double top with MACD divergence. Marginal trendline break. Moving sell trigger up to 81. Should have gone at market last week.	Removed	5/15
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close.		5/28
Unknown Implications		
Hershey HSY - Another food stock with multiple supports and resistance levels. Just watching for now. Buy 98, sell 95.25		5/23
Holding Tank - red shade leans bearish, green shade leans bullish		
Harmon Int'l HAR - This consumer electronics stock has a rounded top or even a diamond top in progress. Note on-balance volume has been falling throughout.		5/22
XLNX, PAYX, XRX worth watching in both directions.		5/28
Linear Tech LLTC - In a range between support and resistance & both major avrges		5/28
Panera Bread PNRA - A steep fall into support with an exhaustion gap and retest. Bollinger Band divergence with a low below the bands and similar low back within. Also an upside MACD crossover in place.		6/3
Brinker International EAT - Another restaurant stock. This one has a breakout. Note on-balance volume was flat during the entire sell-off and that suggest there is demand for this stock.		6/3
Microsoft MSFT - Triangle pattern in progress		6/3
Yamana Gold AUJ - Bullish RSI divergence.		6/3
Sector Watch (observations that may spark ideas)		
Financials - Upside breakouts across the board KBE, XLF but still lagging		4/15
Broker Dealer Index XBD - Weak		5/12
Nasdaq biotech ETF IBB - Upside breakout.		5/16
Retail ETF XRT - Still in a triangle but definitely lagging. Watching COST		5/21
Travel & Leisure group - Triangle pattern under a rolling-over 50-day average. Within - hotels and airlines strong, restaurants and gaming weak.		5/22
Energy - Oils Services and full sector ETFs breakouts		6/2
Restaurants - Looking better.		6/3
Updates		
Google GOOGL - Not looking too sharp right now		

Market Highlights



Long T-bond ETF - Bouncing off the trendline this morning. Utilities had a good day yesterday.



Oil ETF - Same markings as yesterday on a shorter chart. Looks like the test of the breakout was successful.



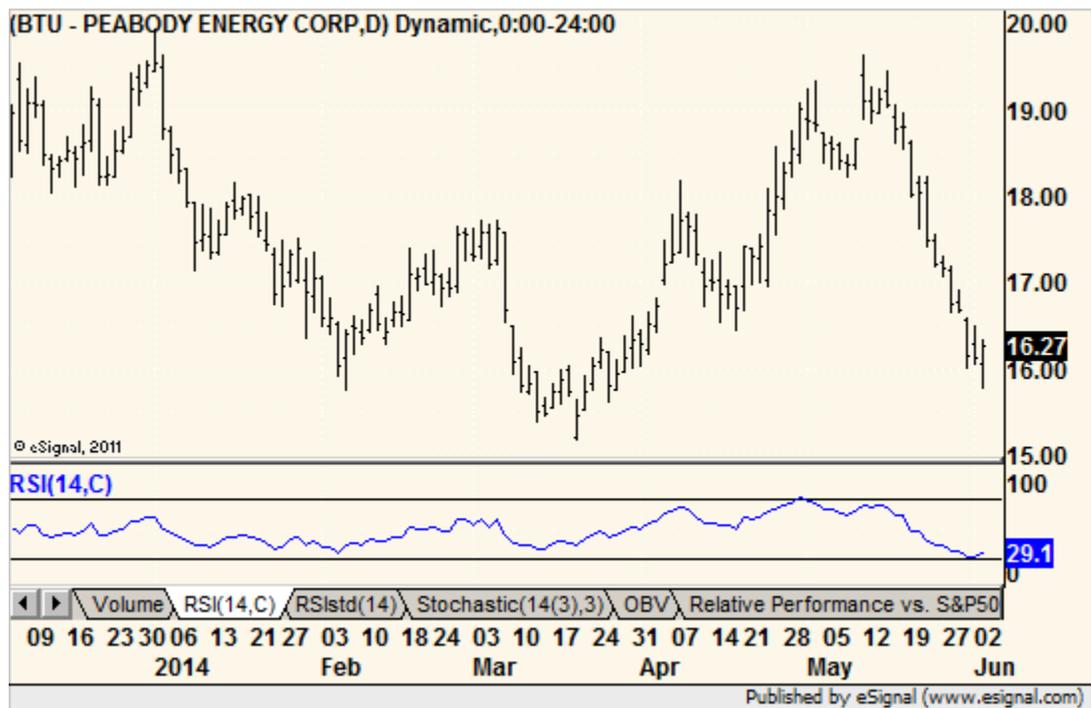
Forestry and Paper Group - This is dominated by **IP** but it does show some demand creeping in. Is it enough? Check out **KS, CLW, GLT, NP**



Life insurance group - Not yet a breakout but a good performance and break through its averages. Probably a good place to look if the market dips but does not break. Full line insurance hit a new high.



Gambling group - A poor performance and failure at the 50-day average. Probably best to avoid for now.



Peabody Energy - We are not going to jump into coal but it is interesting right now. New proposed EPA regulations killed the sector but it looks overdone and over feared. Peabody actually scored a bullish reversal with an oversold RSI.

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>	FCX	FREEMPORT-MCMORAN COPPER GOLD	34.07	-2.9%	33.75	35.08	5/19	15
	CAG	CONAGRA FOODS INC	32.19	0.1%	31.00	32.17	5/29	5
	DD	DU PONT E I DE NEMOURS & CO	68.87	-0.1%	66.00	68.97	5/29	5
	WYN	WYNDHAM WORLDWIDE CORP	74.76	1.7%	71.50	73.50	5/30	4
	TAN	GUGGENHEIM SOLAR ETF	39.93	-4.9%	39.50	42.00	5/30	4
	FCG	FIRST TR ISE-REVERE NATURAL GAS	22.41	-1.3%	21.75	22.70	5/30	4
	APD	AIR PRODS & CHEMS INC	121.54	1.4%	117.00	119.85	5/30	4
	HTZ	HERTZ GLOBAL HOLDINGS INC	29.99	0.8%	28.50	29.76	6/2	1
	PPG	PPG INDS INC	201.72	-0.3%	195.00	202.33	6/2	1
	BDX	BECTON DICKINSON & CO	118.27	-0.2%	113.00	118.50	6/3	0
<u>Short</u>	CA	CA INC	28.29	7.7%	30.00	30.46	4/22	42
	RJF	RAYMOND JAMES FINANCIAL INC	48.81	-1.1%	51.00	48.25	5/15	19
	NDAQ	NASDAQ OMX GROUP INC	38.00	-5.9%	38.00	35.75	5/20	14
	CRM	SALESFORCE COM INC	50.95	-1.3%	54.00	50.29	5/22	12
	GT	GOODYEAR TIRE & RUBR CO	26.25	-4.7%	26.50	25.00	5/23	11
	SCHW	SCHWAB CHARLES CORP NEW	25.17	0.6%	26.50	25.33	6/2	1

Notes: New long in **BDX**.

Short in **NDAQ** finally stopped out. The original setup was good but the stop was too wide.

Tweaked stops in shorts in **CA** and **CRM**

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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