

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

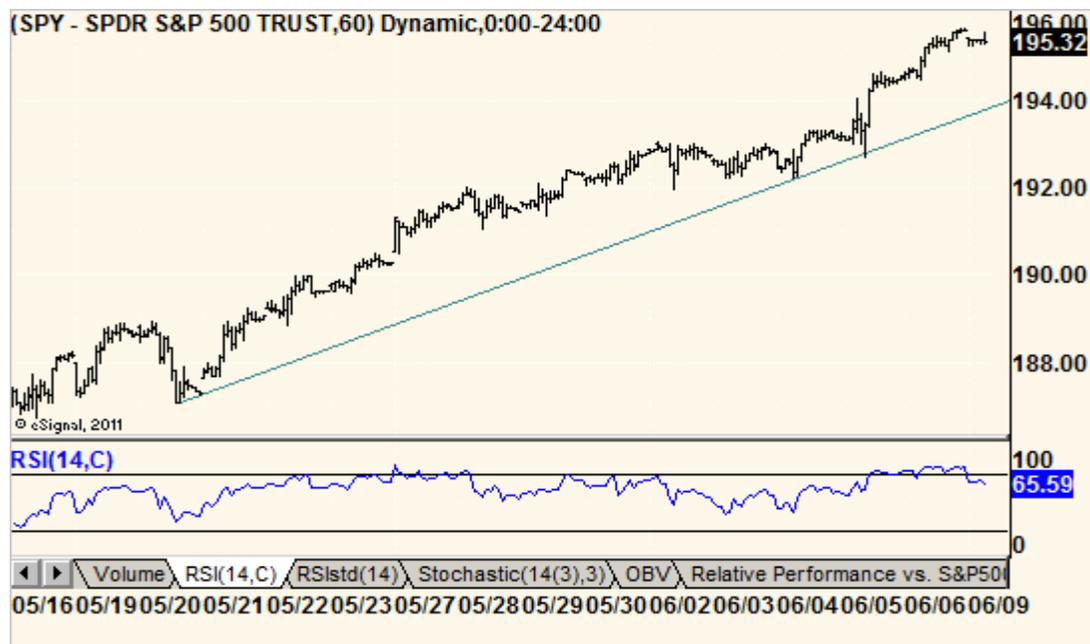
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June 9, 2014 - Other than today being the birthday of two of my kids (not twins), there is nothing remarkable to talk about that has not already been said. Sure, the **VIX** probing the 10-handle is getting a lot of press but it has been there before but it was weeks before the market started to fall in a big way. Rather than look at this as a sell signal, we look at it as part of a frothy sentiment condition, which, as we know, is also not a timing signal. It tells us to watch out but not to sell in the way an RSI at 99 with a reversal at resistance might. Sorry for the jargon.

We see almost every industry group climbing and 90% or more of S&P 500 stocks are over their 20-, 50- and 200-day exponential moving averages. That's a rather unified rally and usually means the market, or index, is way overbought. What stock is left to buy? Theoretically, they've all been bought.

The same is not true for the rest of the market as the small caps still have a lot of rallying to do to catch up. But if this is a big-cap driven market, which may not be true anymore, then this is a concern.

Let's repeat the thought - if everyone is bullish and every stock is already well above its averages then what is left to propel them even higher? That does not mean they won't go higher but sooner or later demand dries up leaving prices at the mercy of supply.

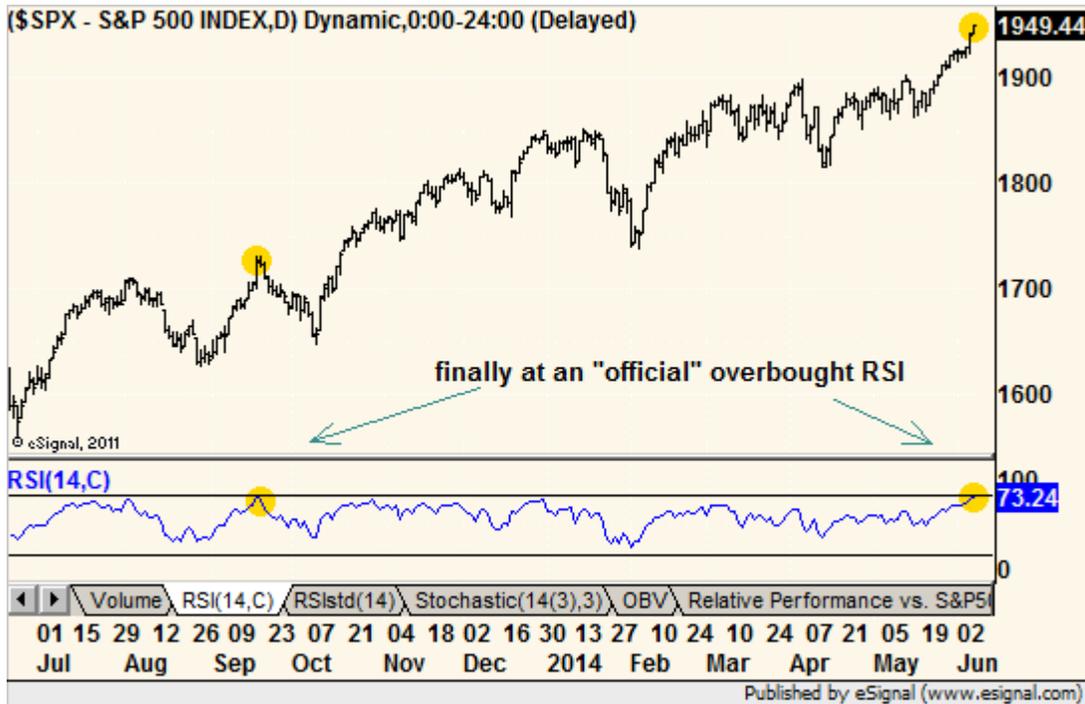


The hourly chart shows the **SPY** well above its trendline but pausing. RSI backed down to suggest it already worked off its overbought conditions but again, there is still plenty of room to the trendline. It can be closed with flat, "marking-time" trading or with a quick dip. So, while a pause or correction in this time frame (hourly) is likely, the trendline is intact and there is no full sell signal to be had.

The Russell ETF chart is not quite as placid. While there is no rally ending signal there, either, that ETF is extremely far off its trendline and still sports an RSI divergence. Small caps do look like they must rest now. Don't confuse "must" with "will."

Today's report is uncomfortably short for us because we want to always give you plenty of market intelligence. But we also won't drone on just to fill pages. There is nothing really new since Fri to report.

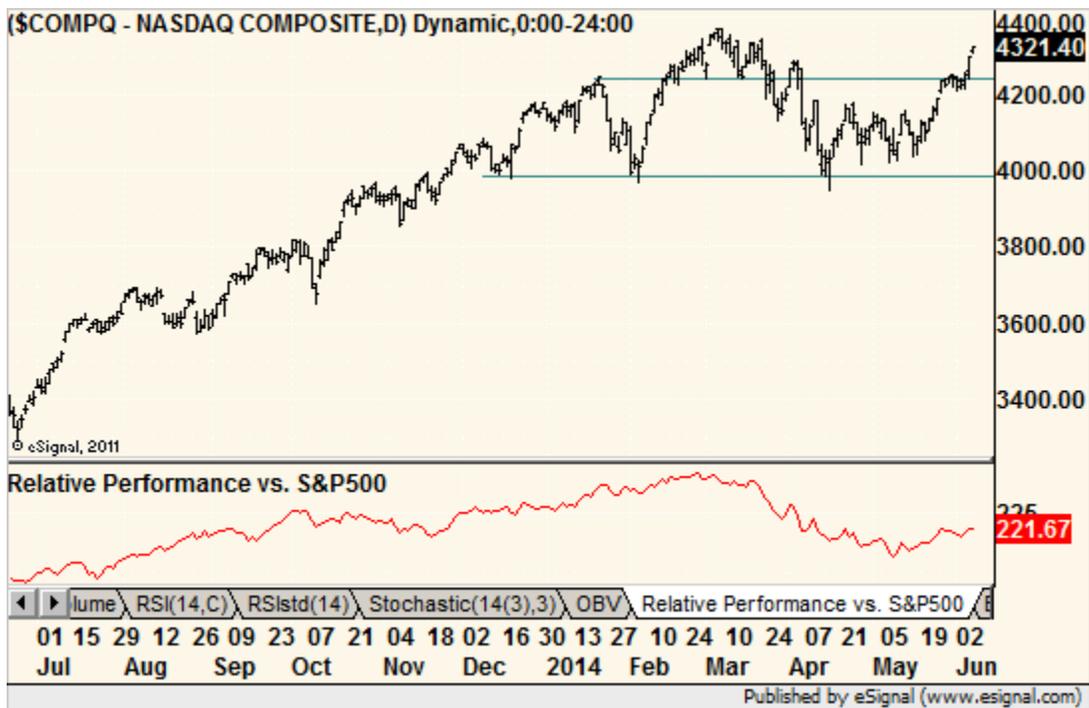
Index Charts of the Day



The "melt-up" theory seems to be the one everyone is playing but for the first time since September we have an RSI above the 70-level. That does indeed suggest caution although not a hard sell signal. Overbought can become more overbought.



Even with the big finish last week the Russell is still merely pacing the market. However, the chart does show a spring-like bounce off double moving average support. Will the death cross be averted?



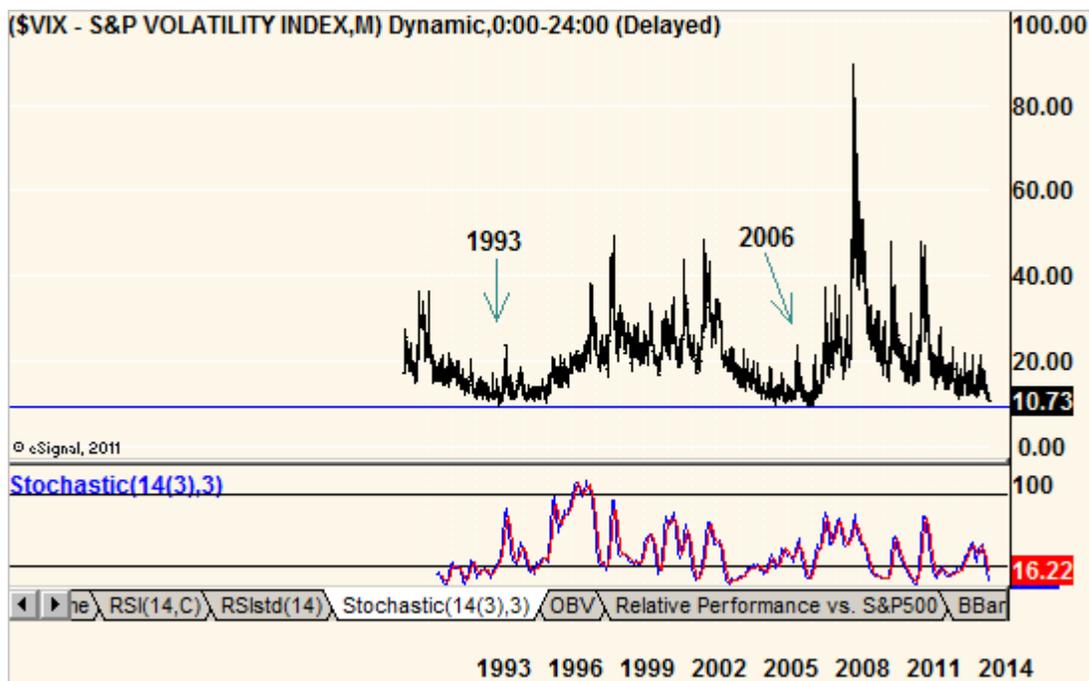
The Nasdaq is beating the market and now has a breakout through resistance after a pause - the way we like it. However, a test of that breakout would be even better.

The Radar Screen

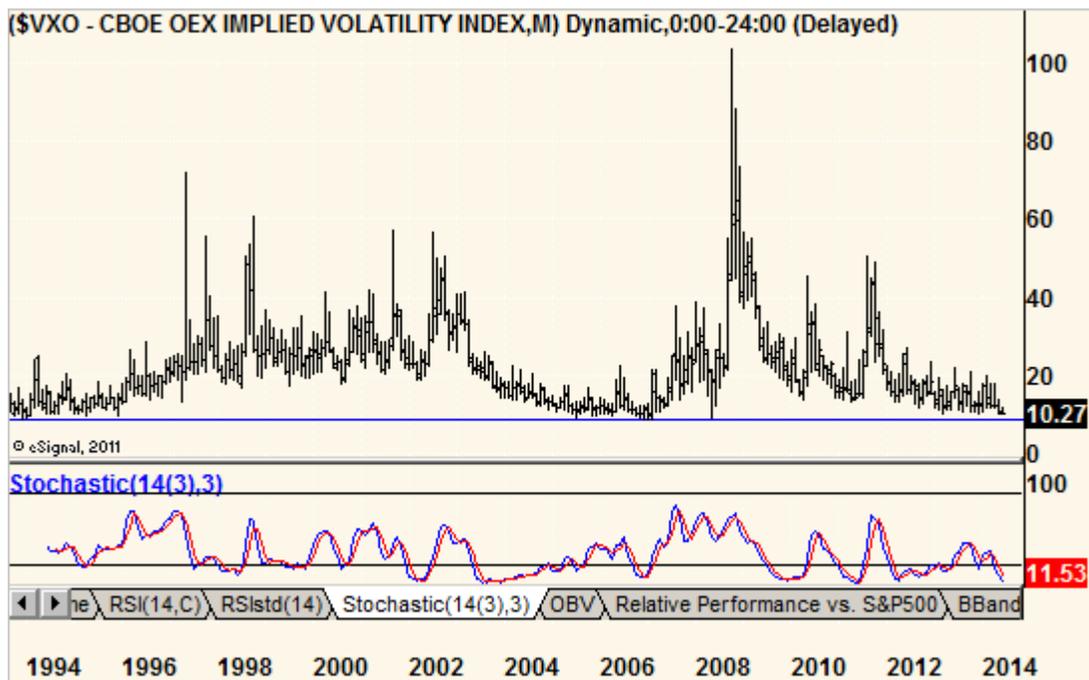
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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. <u>Just missed</u>		5/28
iRobot IRBT - I wrote this up for a website at a price of about 32. It soared and now pulled back on no volume at all. Looks ready to resume. Buy close over 35.	Triggered	6/5
Bearish Implications		
none -		5/28
Unknown Implications		
Hershey HSY - Another food stock with multiple supports and resistance levels. Just watching for now. Buy 98, sell 95.25	Triggered (long)	5/23
Coca Cola KO - Did not participate Tuesday and now in a tight range. Sell break of support at 40.45 on close. Buy close over 41.28.		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
Harmon Int'l HAR - This consumer electronics stock now sports a possible hammer from Monday. We still see a rounded top but if it rallies now we'll have to move on.	Removed	5/22
XLNX, PAYX worth watching in both directions.		5/28
Linear Tech LLTC - The setup got fuzzy but it looks like a range breakout above the 50-day average would do it. Failed to hold it.		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. Gapped up		6/3
Microsoft MSFT - Triangle pattern in progress. Arguable upside breakout.		6/3
Yamana Gold AUY - Bullish RSI divergence. If it does not set a lower low over the next week then we'll be more bullish for a trade.		6/3
Sector Watch (observations that may spark ideas)		
Restaurants - Looking better.		6/3
Updates		
none -		

Market Highlights



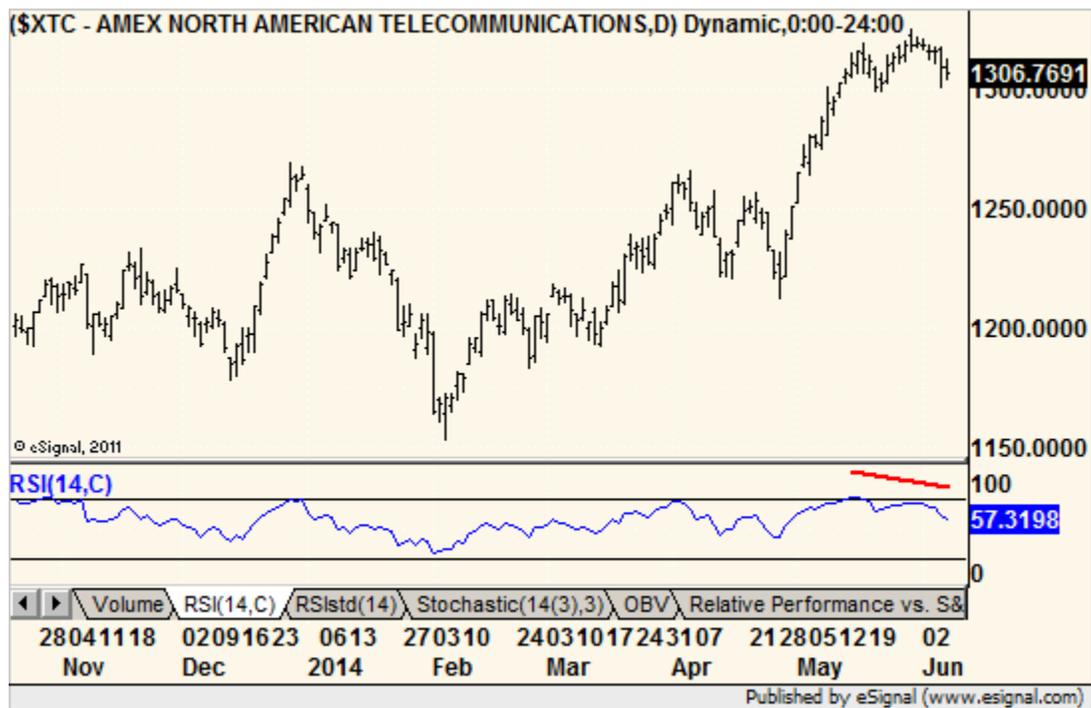
VIX - The hoopla! It seems that EVERYONE knows the **VIX** is at its lowest point since 2007 (actually, we show December 2006 as the low). As they say, what everyone knows is not worth knowing so we won't get too panicky over the indicator itself. But the sentiment out there is actually very frothy and that is what makes us nervous. Not a sell signal but an environment signal. If anything spooks the market then it could be curtains (sorry millennials, [look it up](#)).



Old VIX - The new VIX is based on the S&P 500. The old was on the S&P 100, where the most active index options used to be. As we can see, not quite at its old lows.



Copper - This economically sensitive metal broke down.



Telecoms index - There is a little issue here with a bearish RSI divergence and sudden change for the worse in relative performance. A lot has to do with T. Also, CTL has the same pattern seen above.

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 FOLD	34.93	-0.4%	33.75	35.08	5/19	19
	CAG	CONAGRA FOODS INC	32.70	1.6%	31.75	32.17	5/29	9
	DD	DU PONT E I DE NEMOURS & CO	69.67	1.0%	67.50	68.97	5/29	9
	WYN	WYNDHAM WORLDWIDE CORP	74.95	2.0%	71.50	73.50	5/30	8
	TAN	GUGGENHEIM SOLAR ETF	39.84	-5.1%	39.50	42.00	5/30	8
	FCG	1ST TRUST ISE-REVERE NAT GAS ETF	22.63	-0.3%	21.75	22.70	5/30	8
	APD	AIR PRODS & CHEMS INC	123.55	3.1%	119.00	119.85	5/30	8
	HTZ	HERTZ GLOBAL HOLDINGS INC	27.50	-7.6%		29.76	6/2	5
	PPG	PPG INDS INC	204.93	1.3%	198.00	202.33	6/2	5
	BDX	BECTON DICKINSON & CO	119.26	0.6%	113.00	118.50	6/3	4
	KMI	KINDER MORGAN INC DEL	35.08	3.0%	33.75	34.05	6/4	3
	MRO	MARATHON OIL CORP	37.31	0.6%	36.00	37.07	6/5	2
	GOOGL	GOOGLE INC	566.03	1.6%	545.00	557.11	6/5	2
	CBS	CBS CORP NEW	60.49	0.0%	59.00	60.48	6/5	2
	PAG	PENSKE AUTOMOTIVE GRP INC	48.53	0.4%	46.00	48.35	6/5	2
	ILMN	ILLUMINA INC	168.95	3.0%	158.00	164.09	6/5	2
	IRBT	IROBOT CORP	35.43	0.0%	33.75	35.43	6/6	1
	HSY	HERSHEY CO	98.12	0.1%	95.00	98.00	6/6	1
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	49.86	-3.2%	51.00	48.25	5/15	23
	CRM	SALESFORCE COM INC	51.80	-2.9%	54.00	50.29	5/22	16
	SCHW	SCHWAB CHARLES CORP NEW	25.97	-2.5%	26.50	25.33	6/2	5

Notes: Raised a lot of stops on the long side.

Added two more longs - **IRBT** and **HSY**

Trapped in gap down in **HTZ**. If you traded in the premarket you were able to get out at our stop. We have to record it at the open.

Other Information

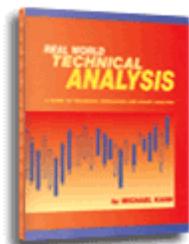
About - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently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



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