

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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June 26, 2014 - There are a lot of cranky bears out there today after yesterday's session gave Tuesday's reversal no chance. We, too, were admittedly worried but with breadth staying strong the little burp was just what the doctor ordered to relieve the pressure.

To be sure, just as one day does not make a bear market neither does one day erase all possibility of having one. We still need to see a new high to regain confidence or at a minimum we need to have the market finish the week with at least a little net upside progress. After all, the weekly chart shows a possible doji candle at this point and that should not be ignored.



Today's hourly chart adds resistance in the 196 area and that leaves the SPY in no-man's land this morning. A move above or below the range (194.50 or so on the bottom) will go a long way towards giving us the directional clue and also fulfill the need mentioned above for a strong or weak close for the week.

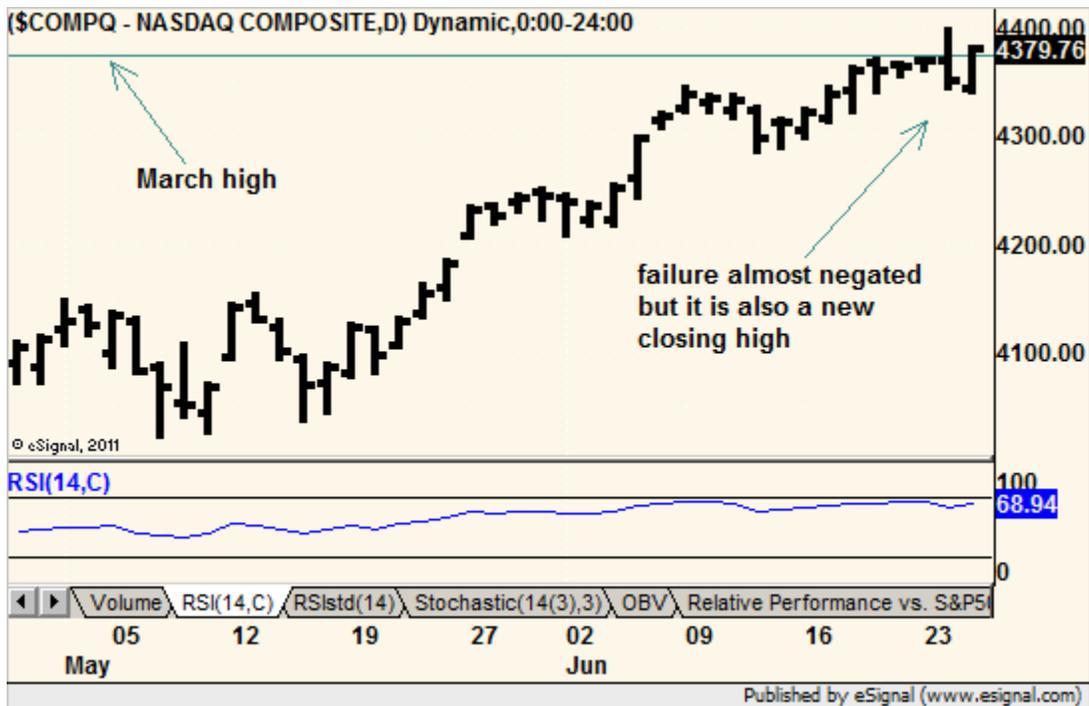
In sectors, oil refiners were smashed on oil export news, which made the welcome pullback across energy look even worse. Tobacco was also quite weak all week to date and looks to be even weaker this morning.

Both energy and tobacco look great to us after the pullback. The trick is knowing how low to let it go before pouncing and we'll be watching very carefully. With no further decline we may miss it but that is a risk we'll take (or avoid). These two sectors have huge dividend yields and a rising bond market will likely drag them along higher.

Index Charts of the Day



The Dow is going to keep us on our toes. No new high and a rectangle running into a trendline with bearish RSI divergence. Waiting for the rectangle to break one way or the other.



The Nasdaq made a new closing high but did not take out Tuesday's reversal high. That is a bit of a conflict but the real story is that there was no downside follow through to the reversal.

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		
3-D Systems DDD - This is the in-vogue 3D printing stock from last year. Look fairly similar to Solar City before its rebound breakout and its business is certainly in the eyes of futurists. Small handle-like pattern at gap resistance from last month. Another breakout now draws us in to buy.	Moved	6/23
Mastec MTZ - This is a heavy construction stock (infrastructure) and it scored a big hammer at support. A higher close today would confirm the reversal and that is where we'll buy.	New	6/26
Bearish Implications		
none -		5/28
Unknown Implications		
none -		5/28
Holding Tank - red shade leans bearish, green shade leans bullish		
Hartford Financial HIG - Ascending triangle. Waiting to see how it breaks.		6/24
Australia ETF EWA - Nice rectangle. <u>False breakdown?</u>		6/24
CH Robinson CHRW - This trucker looks overbought to us. We'd like to see a pullback and then check out the weekly chart for the right setup to buy.		6/24
Sector Watch (observations that may spark ideas)		
Energy - Way overbought so we would love a pullback to buy	New	6/26
Tobacco - Also overbought and we'd like to buy a pullback	New	6/26
Updates		
none -		

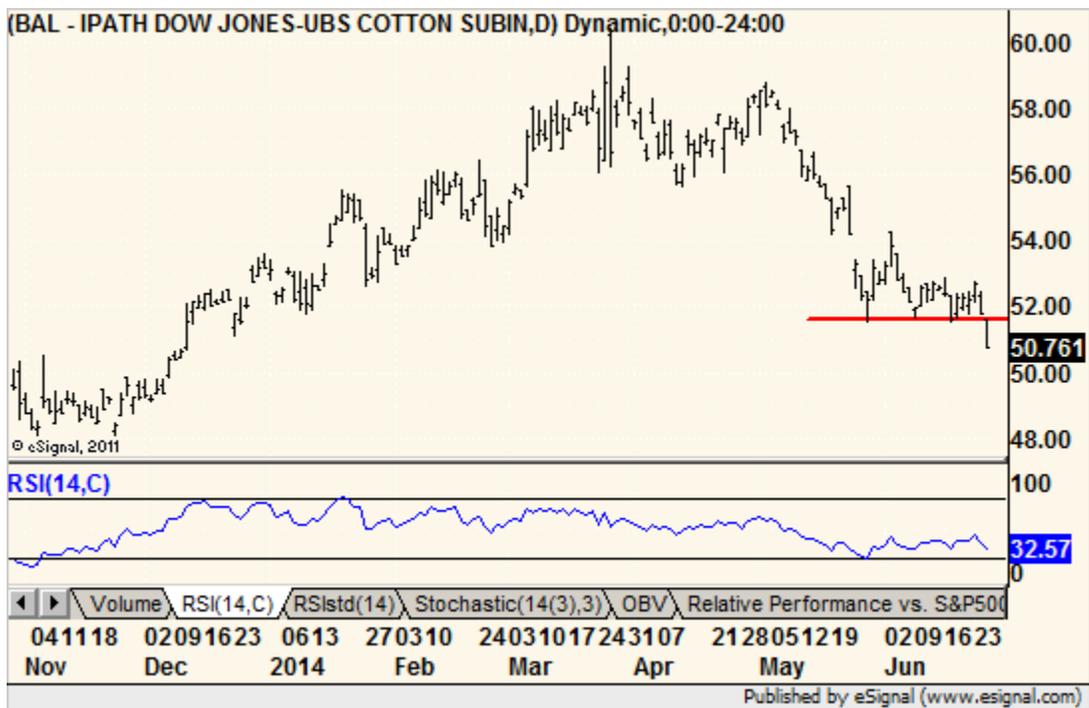
Market Highlights



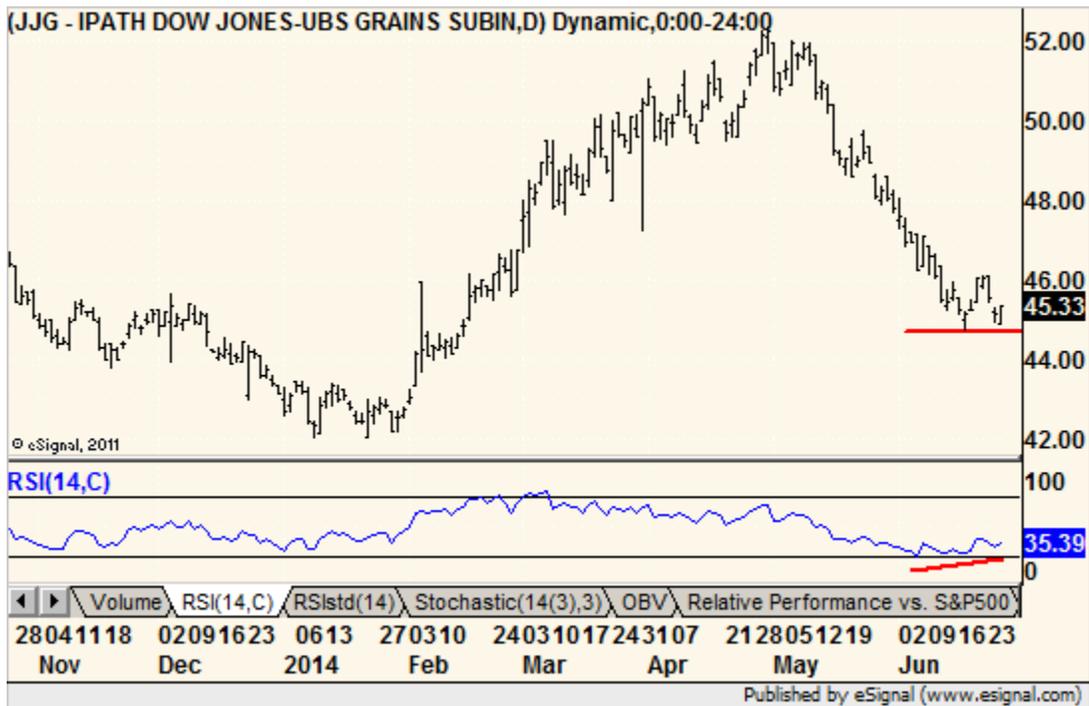
GE - While we are all happy about the market, this bellwether broke down. The defense portion may be to blame as **BA** and the rest of the defense sector has been in decline for a month.



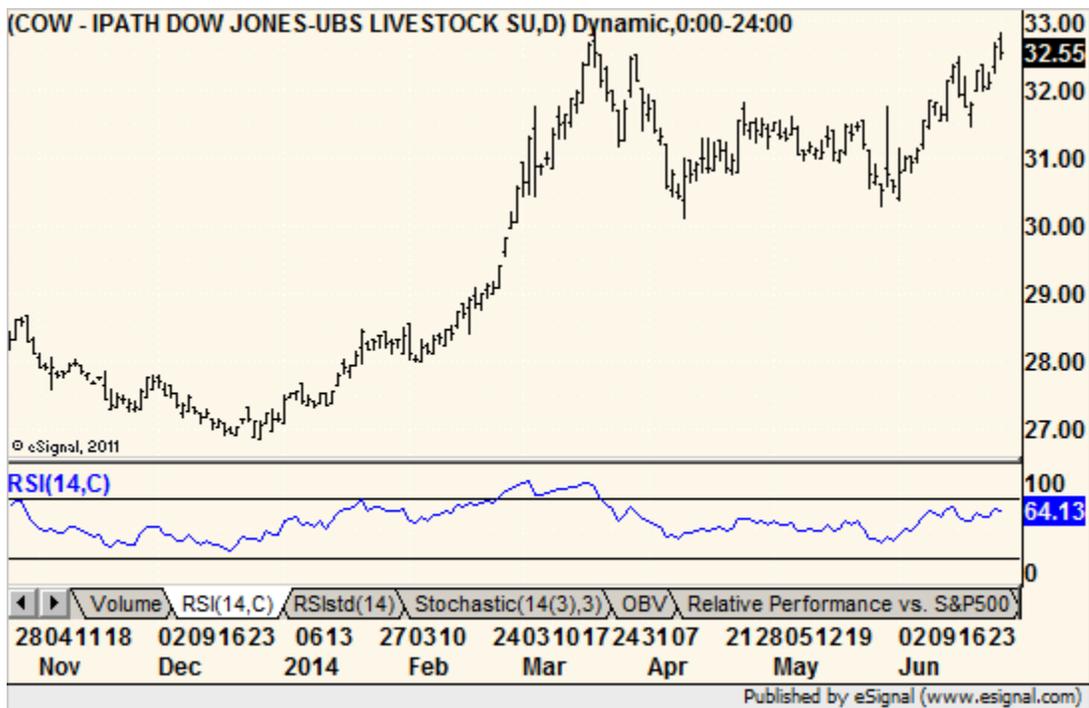
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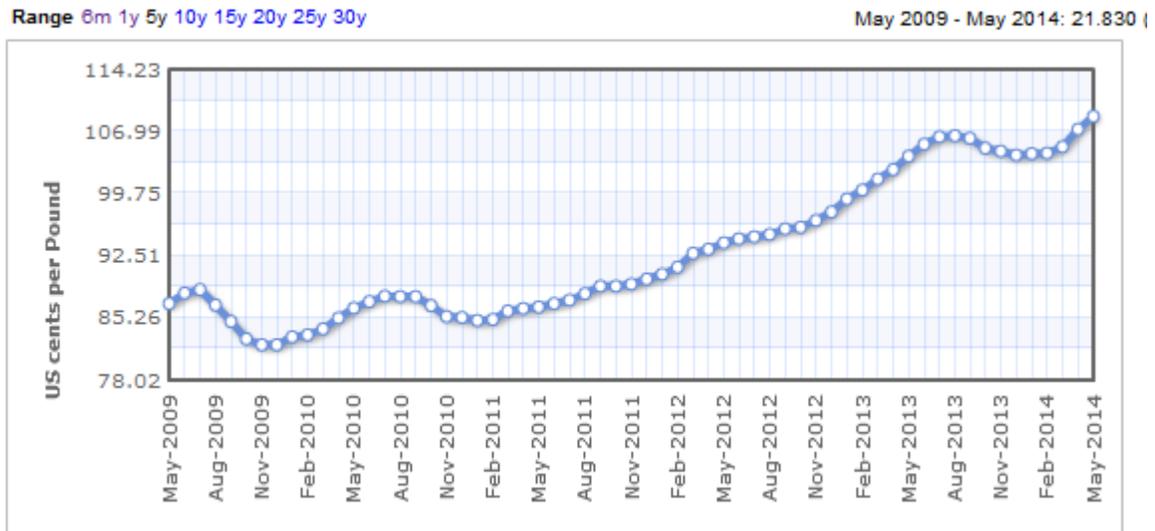
Cotton ETN - We are not advocating trading cotton but it looks very weak. How would that affect companies that use it as an input? Apparel, textiles, etc...



Grains ETN - Grains are also weak (corn, wheat, oats, soy). How might that affect cereal, bread and animal feed stocks?



Livestock ETN - cattle and hog prices, on the other hand are rising.



Spot poultry prices - This is a five-year chart ending in May. We thought the long-term trend was interesting - and to the upside. Milk is also to the upside making just about all animal-based commodities in bull mode (no pun intended). Source - Indexmundi.com

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>	WYN	WYNDHAM WORLDWIDE CORP	75.16	2.3%	72.50	73.50	5/30	26
	KMI	KINDER MORGAN INC DEL	35.97	5.6%	34.50	34.05	6/4	21
	MRO	MARATHON OIL CORP	39.71	7.1%	39.00	37.07	6/5	20
	GOOGL	GOOGLE INC	585.93	5.2%	555.00	557.11	6/5	20
	ILMN	ILLUMINA INC	170.86	4.1%	167.00	164.09	6/5	20
	HSY	HERSHEY CO	97.19	-0.8%	96.00	98.00	6/6	19
	RGLD	ROYAL GOLD INC	73.92	10.7%	70.00	66.77	6/12	13
	KEYW	KEYW HLDG CORP	11.81	1.6%	11.10	11.62	6/13	12
	MYL	MYLAN INC	51.63	3.0%	49.00	50.11	6/17	8
	LLY	LILLY ELI & CO	63.00	1.6%	59.00	62.03	6/20	5
	IBB	ISHARES NASDAQ BIOTECHNOLOGY	255.88	0.1%	245.00	255.64	6/20	5
	UTX	UNITED TECHNOLOGIES CORP	116.12	-1.7%	115.00	118.11	6/20	5
	COL	ROCKWELL COLLINS INC	78.41	-2.4%	78.00	80.34	6/23	2
	PAYX	PAYCHEX INC	41.39	-0.6%	40.00	41.65	6/23	2
	BMY	BRISTOL MYERS SQUIBB CO	49.73	3.0%	47.50	48.30	6/23	2
<u>Short</u>	RJF	RAYMOND JAMES FINANCIAL INC	50.61	-4.7%	51.00	48.25	5/15	41

Notes: Our apologies for failing to set stops in **PAYX** and **BMY**. No harm done, however.

Sold **SCTY** at the open for a 23.5% profit in 8 days. That is good stuff and of course not typical.

HSY is very disappointing with the only consolation being lower volume on the decline. The stop is close now but we will likely sell any bounce to cut losses. **Today's Lesson - mini-edition** - that is the psychology behind resistance.

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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