

QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

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July 1, 2015 – Well, turnaround Tuesday looks to be delayed into Wednesday. The prospect of a deal got global markets rocketing higher yet some now think the deal will end up being another bailout.

Let's do something novel and turn the news off so we can focus on the charts. True, when news drives things the charts can fail on us because we never know when some official somewhere says something akin to a frying pan in the face, cartoon style.

Right now, the market is in an excited state with high volatility and, save for Monday, elevated volume. Considering where that is inside a bull trend we have to consider it to be churning at a top. It is not a bell ringing at a top because, as mentioned in a previous report, tops are processes not events.

We can say "top" because breadth has weakened considerably and more sectors are now below 200-day averages than above. However, we cannot say "now" because bonds are retreating, gold is doing absolutely nothing and the dollar, thanks to its heavy weight in euro, is still in decline.

With that said, we are covering all shorts in the Advice Tracker leaving us virtually flat. We've got one long left in UnitedHealth and since today is shaping up for a morning rally if not more we'll let that one ride. The news is too powerful to put money at risk. Our view is that a correction is still in progress and we are not able to advise hourly on the gyrations that come at us in waves. What's that line about discretion being the better part of valor?



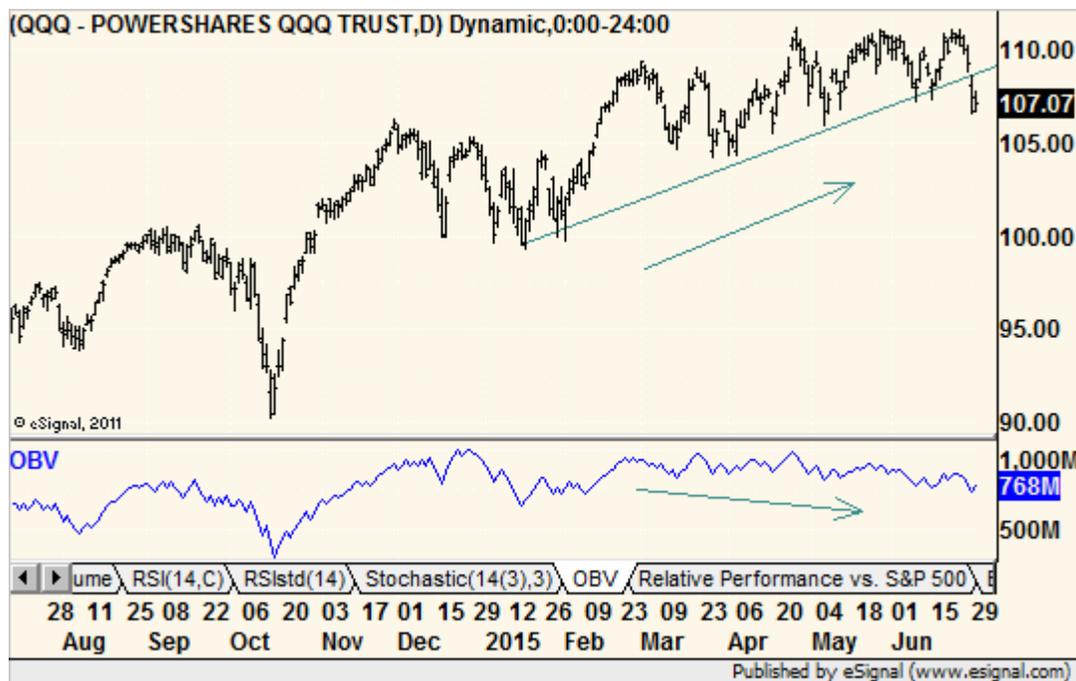
The **SPY** is no longer oversold and has now reached a serious resistance level. It goes back to April and arguably March so it is one to watch. Yet, as with support, resistance is just a suggestion when markets are this jumpy.

And China was down 5% overnight – still marching to its own drummer

Index Charts of the Day



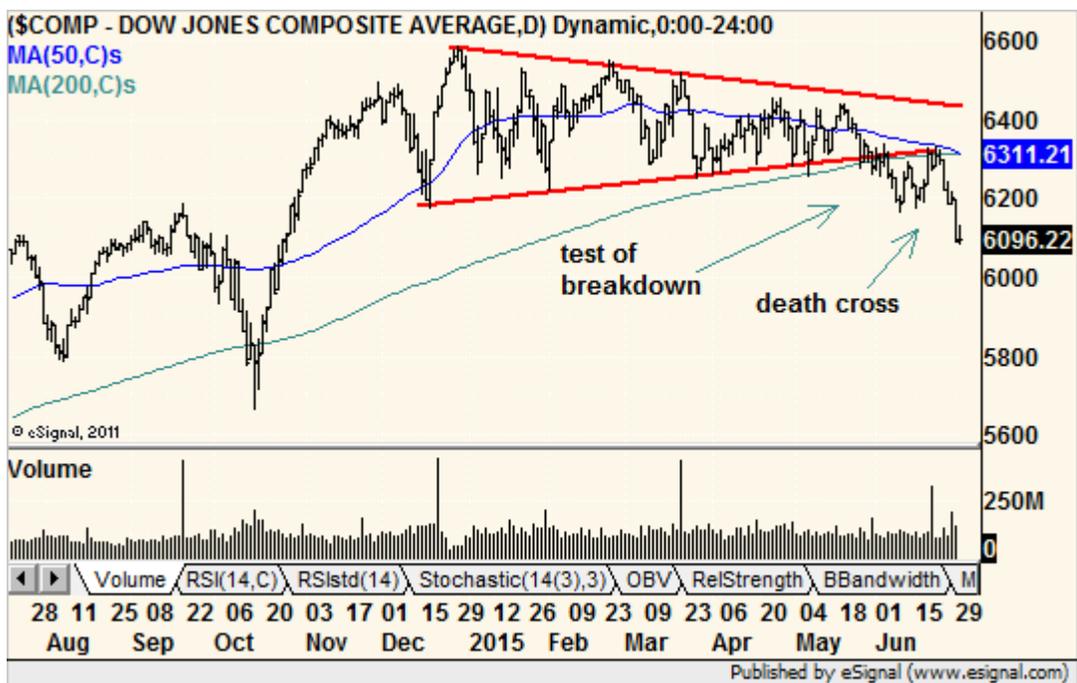
For the S&P 500, the green support was broken and now looks to be recaptured, at least this morning. The Red support line (bottom of a triangle of sorts) is clearly broken. The 200-day average held yesterday. The blue support line, which is not that strong in our opinion, is still below. All in all it looks like a churn at a top.



The Nasdaq 100 ETF sported weak on-balance volume for months before breaking its trendline. The big Nasdaq stocks are not the places to be right now.



Small stocks still holding up better than big stocks but this still a short-term break.



This is the Dow Jones Composite 65 for a different look. It contains the 30 industrials, 20 transports and 15 utilities as it does not look healthy at all. Of course, the trannies and utes are already in steep decline so this is just stating the obvious. But it helps to get a combined view.

The Radar Screen

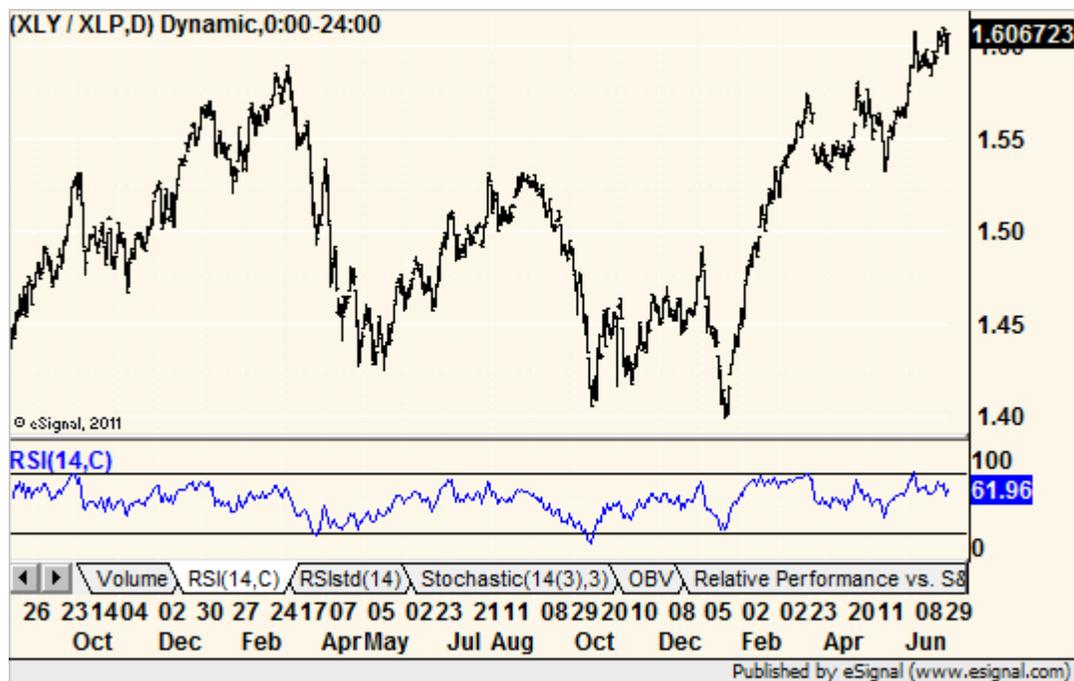
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances 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		
none –		
Bearish Implications		
none –		
Unknown Implications		
none –		
Holding Tank - red shade leans bearish, green shade leans bullish		
Long-term setups –SFUN (breakout), AGU, MOO		6/3
Stocks we watched pre-Greece – MAN, SCHW, CCL (these three still look to be easing down to test breakouts)	Changed	6/29
Sector Watch (observations that may spark ideas)		
Utilities ETF XLU – Up with bonds Monday but still looking lousy		6/30
Consumer Staples ETF XLP – Not even this defensive area could resist. 200-day average break unlike last month's.		6/30
Consumer Discretionary ETF XLY – No breakdown but on-balance volume falling.		6/30
Financial ETF XLF – Trend and 200-day average break. Not good, especially for the leading sector as of a week ago.		6/30
Tech ETF XLK –Tech broke again and slipped below the 200-day average.		6/30
Industrials ETF – Serious breakdown of pennant and both averages. Transports are in here.		6/30
Healthcare ETF XLV – Still hanging on to a rising trend.		6/30
Non-ferrous metals index – Big breakdown on a flat to higher day. This includes the likes of FCX, BHP, RIO, TCK and SCCO.	New	7/1
Updates		
none –		

Market Highlights



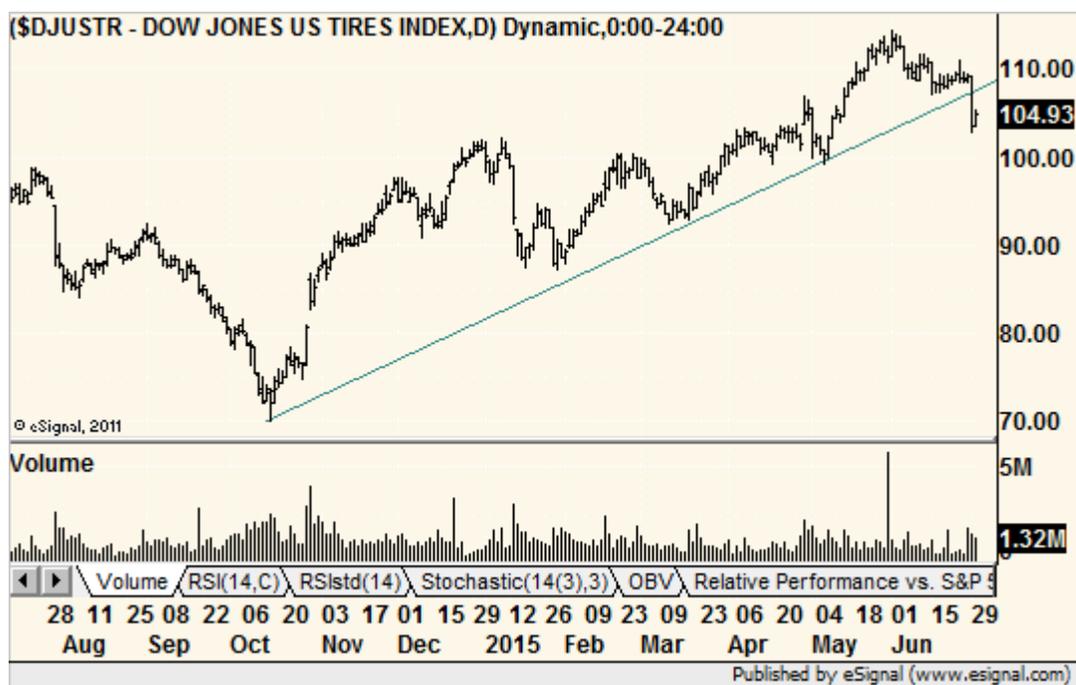
Stoxx 50 – The pan-Europe blue chip index is still in a short-term decline but there is a possibility that the current failure to reach the channel bottom is a bullish warning. Of course, we will not know that probably for two more bars as it could easily fall again tomorrow.



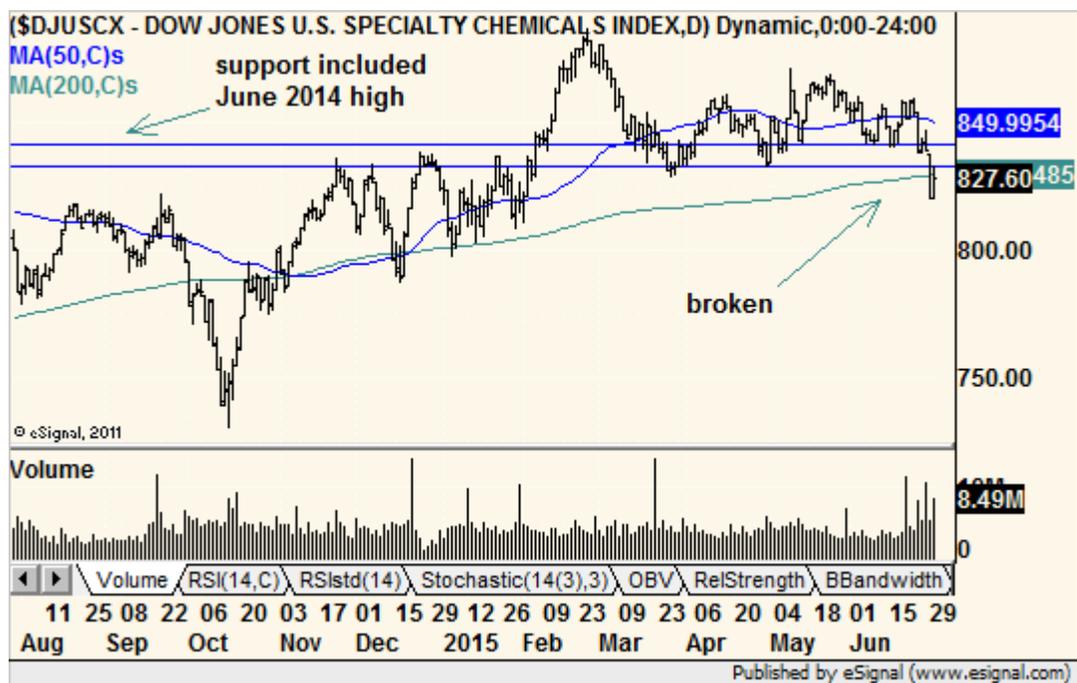
Discretionary/ Staples ratio – This is contrary evidence as the offense sector is still beating the defense sector.



Biotech ETF – Good rebound on a flat day. If this is still a strong sector, now is the time to prove it. .



Tires index – Tires are broken. This looks like a test of the break.



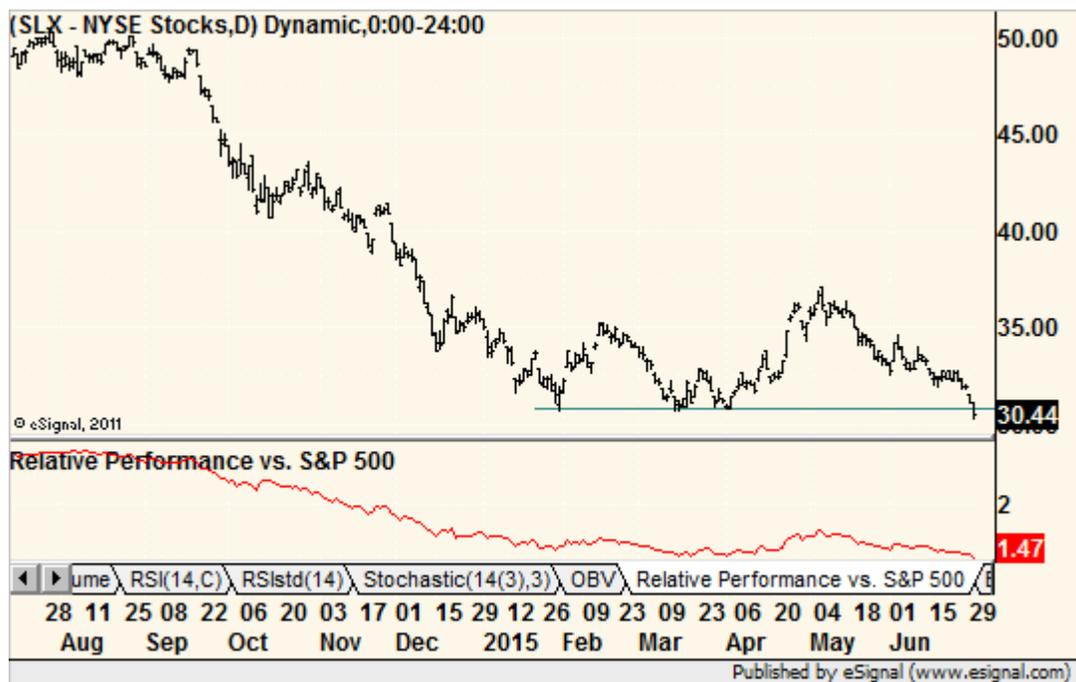
Specialty Chemicals – This is a breakdown for specialty chemicals such as **APD** and **ASH**. In the basic chemicals group **DOW** has a clean trendline breakdown.



Netflix – We are not shorting it today but the reversal and divergence suggest the party is over here. We won't include the 166 trailing P/E.



Non-ferrous metals index – Big breakdown on a flat to higher day. This includes the likes of **FCX, BHP, RIO, TCK** and **SCCO**.



Steel ETF – A new low under support.

Getting a theme? Basic materials stocks are in terrible shape.

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>
UNH	UNITEDHEALTH GROUP INC	122.00	-0.1%	118.00	122.15	6/23	8
FLS	FLOWSERVE CORP	52.66	5.2%	cover	55.40	5/12	50
MAR	MARRIOTT INTL INC NEW	74.39	2.9%	cover	76.55	6/12	19
HST	HOST HOTELS & RESORTS	19.83	0.4%	cover	19.75	6/15	16

Notes: Covering all shorts. This market is too volatile for us and while we think the signs point to lower prices ahead there can be a huge rally on news before that happens. Plus, the shorts all had some form of bull reversal yesterday.

Subscriber Corner

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

Note to Daniel – Glad you liked the laundry list. When the markets go nuts it is always good to set up an objective list of things to watch to get a handle on things. We may do it again Monday after the Greek referendum over the weekend.

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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