

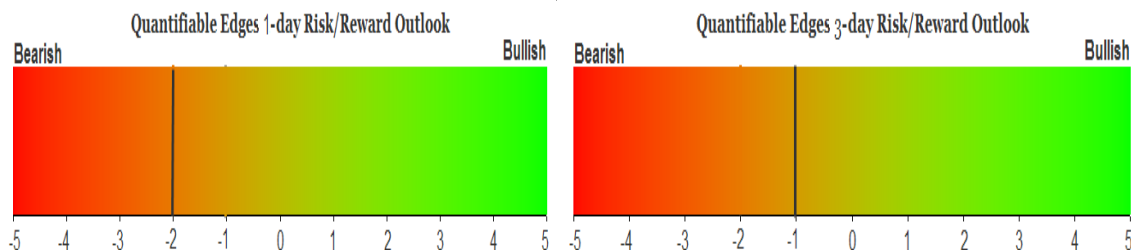
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 26, 2010

Volume 3 Issue 38

## Market Overview



### Tonight's Research Points

- Partial comebacks from large gaps down often lead to more upside. But it is so rare when the market is trading above its 10ma that it is dangerous to read into.
- The Aggregator System switched back to a flat signal.
- The NDX Aggressive Trend Timer remains flat.

### *Short-term Outlook – updated 2/26*

#### *The Bottom Line*

After a mild bearish bias yesterday I'm back to neutral today. We're a bit light on studies so the action of the next few days should be highly influential.

*Summary of Recent Active Studies (see <http://QuantifiableEdges.blogspot.com> or Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Max Move
<b>Active</b>				
February 24, 2010	1% drop and up issue % < 33.33%	1-9 days	Bullish	3.00%
February 23, 2010	SPY Lowest Vol 20 & Close > 10ma	1-5 days	Bearish	-2.10%
<b>Active - Long Term</b>				
February 22, 2010	VIX:VXV Ratio falls below 0.9	int. term	Bearish	
February 22, 2010	Good 5 days after FTD	int. term	Bullish	
February 16, 2010	Nasdaq/S&P RS Indicator Positive	int. term	Bullish	
February 12, 2010	IBD Follow Through Day	int. term	Bullish	
February 8, 2010	Worden %>200ma - %>40ma > 40	3 - 7 weeks	Bullish	
February 1, 2010	McClellan -60 for 6 days in a row	1-20 days	Bearish	
January 13, 2010	No bearish divergence at high	int. term	Bullish	
<b>Dropped Tonight</b>				
<b>February 25, 2010</b>	<b>SPY Unfilled Gap Up Lower High &gt; 200</b>	<b>1-2 days</b>	<b>Bearish</b>	<b>-1.00%</b>
February 19, 2010	VXO 15% under 10ma. SPX > 200ma	1-5 days	Bearish	-1.80%
February 12, 2010	2 of 3 75% Up Issues % No 10-day high	1-9 days	Bearish	-4.40%

If the avg max move is achieved the study will appear in **bold italic blue** and no longer be active.

### The Evidence

A big gap down to start the day never gained downside traction. The market hit bottom in the first 20 minutes of trading, retested those lows around noon and then spent the afternoon making a valiant effort at a comeback. In the end it fell just shy. The SPX finished down 0.2%, the Nasdaq was down 0.1% and the Russell 2000 actually gained 0.03 points. Breadth was just slightly negative with the NYSE Up Issues % coming in at 48% and the Up Volume % at 46%. Volume rose a bit to the highest level so far this week.

The Quantifinder showed some bullish studies that looked at big gaps down which were partially recovered by the close. I've updated the stronger of the two below.

SPY rises over 1% from open to close but still finishes down on the day. Buy on close. Sell X days later. \$100k/trade. 1993 - present.										
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	36,641.25	19	11	8	57.89	5,243.03	-2,629.01	1.99	2.74	1,928.49
4	33,321.34	21	13	8	61.90	4,360.71	-2,920.99	1.49	2.43	1,586.73
3	26,336.94	21	14	7	66.67	2,920.95	-2,079.49	1.40	2.81	1,254.14
2	50,857.18	21	18	3	85.71	3,126.61	-1,807.25	1.73	10.38	2,421.77
1	39,187.27	21	15	6	71.43	3,141.77	-1,323.20	2.37	5.94	1,866.06

As you can see big gaps down that fight back at least 1% but still don't manage a positive close have often been followed by short-term upside. The edge based on these stats appears to be very substantial. What's unusual about the current situation though is that the reversal bar happened near the upper end of its recent range. Large gaps down and reversals almost always occur when the market is extended down – not when it is near the upper end of its range. To illustrate this I took the above study and added one more filter – the SPY must close above its 10ma. Below are those results.

SPY rises over 1% from open to close but still finishes down on the day. Close > 10ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.										
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-8,605.63	3	0	3	0.00	0.00	-2,868.54	0.00	0.00	-2,868.54
4	-11,507.96	3	0	3	0.00	0.00	-3,835.99	0.00	0.00	-3,835.99
3	-4,788.98	3	0	3	0.00	0.00	-1,596.33	0.00	0.00	-1,596.33
2	-449.25	3	2	1	66.67	693.38	-1,836.00	0.38	0.76	-149.75
1	151.57	3	1	2	33.33	1,141.21	-494.82	2.31	1.15	50.52

As bad as the results look you really don't want to read anything into them because you're only talking about 3 instances. But the fact that there are only three previous instances is really the point. The current situation is much different from the situation that created the strongly bullish results in the 1<sup>st</sup> test. Therefore I don't think it's appropriate to apply those results here.

I noted in the Intraday Quantifinder's comments section today that I was seeing conflict similar to those I discussed in the Feb 16<sup>th</sup> Subscriber Letter less than 2 weeks ago. Below is an excerpt from that letter.

*Friday's action was certainly interesting, but I'm not sure it was terribly predictive. The large gap and partial rebound brought about an interesting study from the 2/23/09 Subscriber Letter. I've updated those results below:*

**SPY gaps down over 1%, closes below yesterday's close but more than 0.5% above the open. But on close. Sell X days later. \$100k/trade. 1993 - present.**

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	36,252.62	30	20	10	66.67	4,069.86	-4,514.46	0.90	1.80	1,208.42
9	47,416.89	30	23	7	76.67	3,339.25	-4,197.99	0.80	2.61	1,580.56
8	53,085.67	31	19	12	61.29	4,307.82	-2,396.92	1.80	2.85	1,712.44
7	45,889.43	31	20	11	64.52	4,088.31	-3,261.53	1.25	2.28	1,480.30
6	52,981.42	32	23	9	71.88	3,854.32	-3,963.12	0.97	2.49	1,655.67
5	42,573.71	34	20	14	58.82	4,093.26	-2,806.53	1.46	2.08	1,252.17
4	35,470.09	36	21	15	58.33	3,552.01	-2,608.14	1.36	1.91	985.28
3	21,813.37	38	23	15	60.53	2,631.19	-2,580.27	1.02	1.56	574.04
2	53,911.41	38	27	11	71.05	2,768.88	-1,895.29	1.46	3.59	1,418.72
1	34,227.74	38	23	15	60.53	2,528.17	-1,594.68	1.59	2.43	900.73

**79% of instances closed above the trigger price on one of the next 2 days.**

*This test would suggest an upside edge over the next few days. Unfortunately when I did some slicing and dicing of this test with regards to the current market setup I found substantial inconsistencies.*

*I ran these tests about 15 different ways, but let me show you two of the more extreme examples so that you may understand why I don't feel there is a clear edge at the present. This next test takes into account the fact that the price never got back to the previous day's close and that the close is above the 10ma.*

SPY gaps down over 1%, never trades as high as yesterday's close but closes more than 0.5% above the open and > 10ma. But on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	14,849.08	4	4	0	100.00	3,712.27	0.00	100.00	100.00	3,712.27
9	13,053.36	4	4	0	100.00	3,263.34	0.00	100.00	100.00	3,263.34
8	12,626.73	4	4	0	100.00	3,156.68	0.00	100.00	100.00	3,156.68
7	7,678.06	4	3	1	75.00	2,931.69	-1,117.00	2.62	7.87	1,919.52
6	8,506.62	4	3	1	75.00	2,869.05	-100.53	28.54	85.62	2,126.66
5	7,676.27	4	3	1	75.00	2,912.47	-1,061.15	2.74	8.23	1,919.07
4	3,971.69	4	3	1	75.00	1,682.23	-1,075.00	1.56	4.69	992.92
3	3,846.48	4	3	1	75.00	2,156.49	-2,623.00	0.82	2.47	961.62
2	2,245.29	4	2	2	50.00	2,055.38	-932.74	2.20	2.20	561.32
1	585.45	4	2	2	50.00	1,503.70	-1,210.98	1.24	1.24	146.36

A positive but less powerful start is followed by all winners. Of course the instances are VERY low here.

Let's now look at one other way I filtered it.

SPY gaps down at least 1%. It closes below yesterday's close but above the open, above the 200ma and above the 10ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-17,888.45	6	2	4	33.33	2,582.48	-5,763.35	0.45	0.22	-2,981.41
9	-19,926.32	6	2	4	33.33	2,006.33	-5,984.74	0.34	0.17	-3,321.05
8	-20,979.03	6	2	4	33.33	1,421.30	-5,955.41	0.24	0.12	-3,496.51
7	-16,452.19	6	2	4	33.33	806.88	-4,516.49	0.18	0.09	-2,742.03
6	-16,211.19	6	2	4	33.33	1,421.00	-4,763.30	0.30	0.15	-2,701.87
5	-14,704.93	6	1	5	16.67	129.00	-2,966.79	0.04	0.01	-2,450.82
4	-16,819.76	6	0	6	0.00	0.00	-2,803.29	0.00	0.00	-2,803.29
3	-17,851.75	7	1	6	14.29	294.72	-3,024.41	0.10	0.02	-2,550.25
2	-6,611.35	7	2	5	28.57	795.39	-1,640.43	0.48	0.19	-944.48
1	-5,126.98	7	2	5	28.57	725.32	-1,315.52	0.55	0.22	-732.43

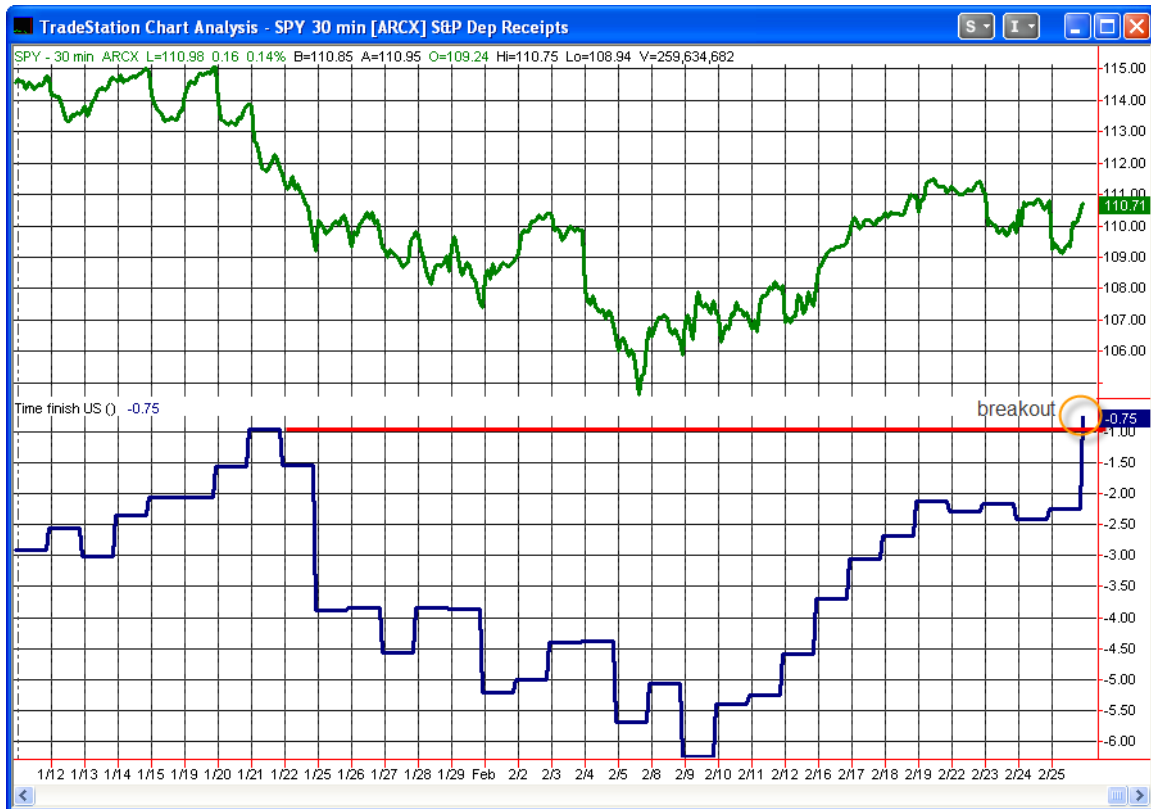
So while the previous one was 100% bullish (on a very small sample size), this one is 100% bearish – again on a small sample size.

It seems we have more of the same today. The action could be shown to be bullish or bearish depending on your agenda. But at the end of the day the indices were largely unchanged and perhaps that's the most important thing and suggestive of really nothing.

Below is a chart I constructed today that I found interesting which I'll probably be posting to the blog in the morning. I'm not sure it provides an edge but it may spark some ideas for subscribers and I thought it was worth showing.

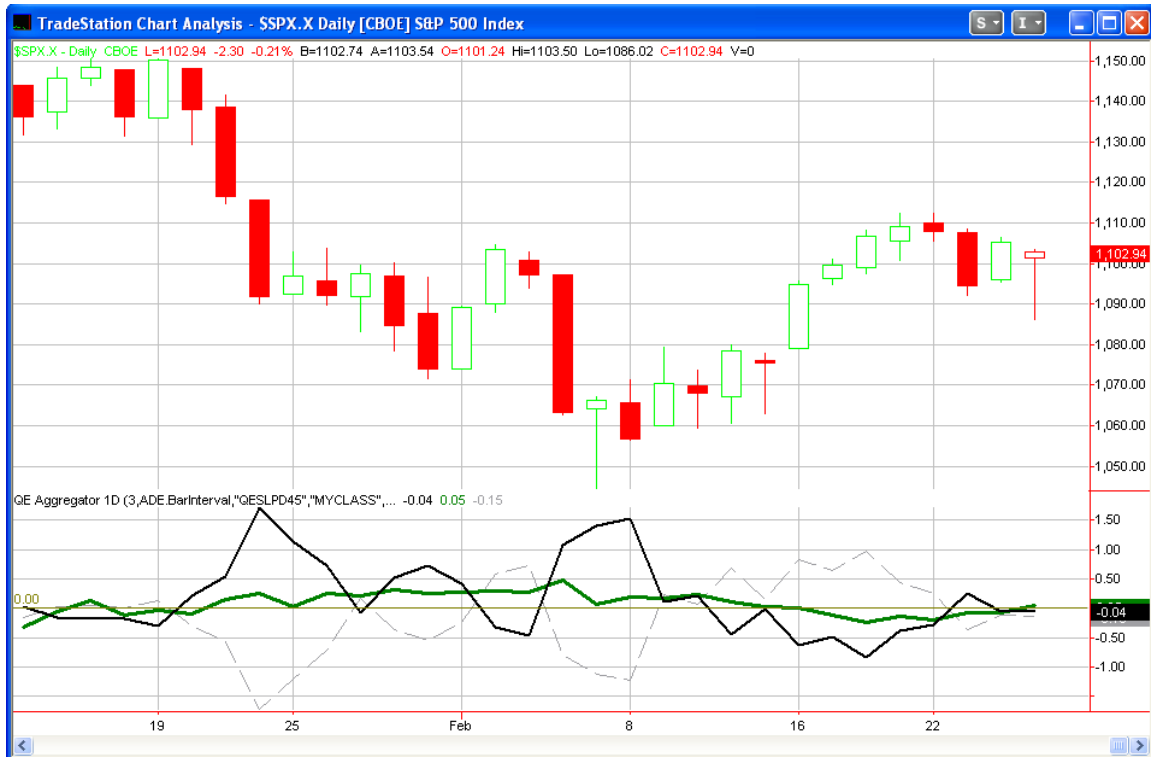
The top pane of the chart shows closing half-hour readings for the SPY from the market top in the middle of January through Thursday's close. Much of the time when the

market has done poorly as of late people have pointed to troubles in Greece and Europe as the reason. I decided to isolate the US market a bit to see how much of the selling really could be attributed to Europe's woes. To do this I created a simple indicator that measures the movement of the US market from the time Europe is all closed at 11:30 EST until the NYSE closes at 4pm EST. That indicator is in the bottom pane below.



As you can see, while SPY is still down around 4% from its January highs, the 11:30 – 4:00 SPY broke out today above the January highs.

I've updated the [Aggregator](#) chart below.



It certainly appeared early on that the Aggregator was going to finish with a bullish configuration today. All it needed was the SPX to close beneath 1,101.53. But the late strength pushed the SPX above that level and the above chart could hardly look more neutral. The green Aggregator line is barely positive as the net expectation is for mild upside over the next few days. Meanwhile the black Differential line shows very mild outperformance over the last few days versus expectations and has a slight negative value. This neutral configuration has the Aggregator System back to flat after racking up a small win on last night's short signal.

Looking ahead the green Aggregator line is really going to be at the mercy of whatever studies emerge in the next few days. The only short-term study active beyond Monday is bullish, so we're going into the upcoming few days with a bit of a bullish tilt at this point. The Differential value is going to get whipped around a bit over the next few days as Tuesday's big drop and then Wednesday's big rise fall out of the calculation. For Friday the pivot level is going to be 1089.94. In other words it would take a close at that level or lower in order for the Differential line to move back above zero. So without a big selloff tomorrow, a long signal won't be forthcoming. On Monday though, the Differential pivot is expected to move up just above 1101, which will be much more easily achievable.

***Intermediate-term Outlook (2 weeks – 2 months)– updated 2/22 – bullish***

It has now been 5 trading days since the 2/11 classic Follow Through Day (a gain of 1% or more on higher volume). In the February 1, 2008 blog post I examined implications of market action directly after FTD's. In that post I found this early action to be a strong indication of whether a FTD was likely to succeed or not. I've pasted the pertinent information from that post below:

***Is short-term success or failure indicative of long-term success or failure?***

One interesting claim that IBD sometimes makes about Follow Through Days is that those that fail normally do so shortly after the Follow Through Day. I decided to also look at this concept tonight.

I broke the 64 Follow Through Days in my study up into two groups – the successful ones and the unsuccessful ones – to see if their early performance hinted at their chance of longer-term success. Below are the breakdowns – same as above - \$100,000/trade, long at the close of the Follow Through Day, and exit X days later.

Early action after Follow Through Days that eventually “succeeded”:

Successful FTD's										
Days Held	Net Profit	Trades	% Profitable	Wins	Losses	Avg Win	Avg Loss	Win/Loss Ratio	Avg Trade	ProfitFactor
10	\$78,896.61	35	71.43	25	10	\$3,547.95	(\$980.23)	3.62	\$2,254.19	9.05
5	\$62,786.42	35	77.14	27	8	\$2,795.15	(\$1,585.33)	1.76	\$1,793.90	5.95
4	\$53,316.64	35	68.57	24	11	\$2,754.82	(\$1,163.56)	2.37	\$1,523.33	5.17
3	\$52,666.31	35	65.71	23	12	\$2,773.65	(\$927.31)	2.99	\$1,504.75	5.73
2	\$52,742.34	35	71.43	25	10	\$2,508.30	(\$996.53)	2.52	\$1,506.92	6.29
1	\$25,494.79	35	57.14	20	15	\$1,690.62	(\$554.51)	3.05	\$728.42	4.07

Right off the bat most of these posted nice gains. The short-term winners among the group averaged another 2-3% upside in the first week. The short-term losers suffered 1-1.5% drops on average. Net profits were substantial.

Early action after Follow Through Days that eventually “failed”:

Unsuccessful FTD's										
Days Held	Net Profit	Trades	% Profitable	Wins	Losses	Avg Win	Avg Loss	Win/Loss Ratio	Avg Trade	ProfitFactor
10	(\$46,481.75)	29	34.48	10	19	\$1,818.19	(\$3,403.35)	0.53	(\$1,602.82)	0.28
5	(\$17,048.80)	29	48.28	14	15	\$1,651.24	(\$2,677.74)	0.62	(\$587.89)	0.58
4	(\$15,244.85)	29	44.83	13	16	\$1,465.84	(\$2,143.80)	0.68	(\$525.68)	0.56
3	(\$18,577.18)	29	44.83	13	16	\$1,358.57	(\$2,264.91)	0.60	(\$640.59)	0.49
2	(\$22,069.98)	29	37.93	11	18	\$764.94	(\$1,693.58)	0.45	(\$761.03)	0.28
1	(\$7,847.64)	29	41.38	12	17	\$425.76	(\$762.16)	0.56	(\$270.61)	0.39

Those that eventually failed tended to show signs of failure right away. Notable here is the average loss was appreciably higher than the average gain.

A basic rule of thumb is that the success or failure was determined with about 67% reliability within the first week after a Follow Through Day. For instance, note there were 41 total trades that were in the black after 5 days. About 2/3 of them went on to “successful” rallies. The same ratio applies for the losers. There were 23 losers after 5 days. 15 of them ended up with “failed” rallies and the other 8 were “successful”. The 2/3 rule holds fairly accurate whether you are looking at winners or losers over any period from 1-5 days after the Follow Through Day.

In the current situation “success” would be a move to 1,147.41 or higher. This is just barely under the recent high of 1,150.45. In other words, based on this study, there appears to be a good chance the market will at least test its January highs before it breaks its February lows. This is consistent with what some breadth-based studies have been suggesting as well. One thing to note is that there still has not been a FTD under the current IBD definition, so it will be interesting to see what happens here.

In the 8/25/08 Letter I took a look at the VIX:VXV Ratio. The VIX measures option volatility out 30 days. The VXV uses the same calculation but measures out 90 days. Their values and movement are frequently quite close. When the VIX moves significantly above or below the VXV then that can provide us clues about volatility expectations for the short and intermediate-term. It can also serve as a directional indicator.

Below is a study which shows how the market has performed in the past when the ratio has closed below 0.90. The VXV has only been around since December of 2006. The CBOE did calculate it back several more years though. I have been able to acquire their data back to 2002 and have included that in the below test. (This test is updated this evening.)

VIX:VXV Ratio closes below 0.9. Buy SPX on close. Sell X days later. \$100k/trade. 2002 - present.										
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
20	-4,442.58	43	22	21	51.16	2,186.37	-2,502.04	0.87	0.92	-103.32
19	-10,329.29	43	21	22	48.84	2,220.84	-2,589.40	0.86	0.82	-240.22
18	-10,876.03	44	24	20	54.55	1,905.02	-2,829.82	0.67	0.81	-247.18
17	-14,987.62	47	21	26	44.68	2,028.94	-2,215.21	0.92	0.74	-318.89
16	-16,199.26	48	23	25	47.92	1,912.11	-2,407.11	0.79	0.73	-337.48
15	-21,761.97	50	21	29	42.00	1,949.85	-2,162.37	0.90	0.65	-435.24
14	-10,729.05	51	27	24	52.94	1,448.82	-2,076.96	0.70	0.78	-210.37
13	-13,941.59	53	27	26	50.94	1,456.47	-2,048.71	0.71	0.74	-263.05
12	-15,839.97	58	28	30	48.28	1,658.39	-2,075.83	0.80	0.75	-273.10
11	-17,699.50	64	29	35	45.31	1,562.96	-1,800.73	0.87	0.72	-276.55
10	-12,567.24	66	32	34	48.48	1,488.73	-1,770.78	0.84	0.79	-190.41
9	-14,368.33	69	34	35	49.28	1,367.34	-1,738.79	0.79	0.76	-208.24
8	-13,688.32	79	39	40	49.37	1,388.88	-1,696.36	0.82	0.80	-173.27
7	-9,774.28	85	41	44	48.24	1,391.65	-1,518.90	0.92	0.85	-114.99
6	2,022.44	94	54	40	57.45	1,072.94	-1,397.90	0.77	1.04	21.52
5	-3,073.73	112	59	53	52.68	1,077.12	-1,257.06	0.86	0.95	-27.44
4	-13,685.22	132	64	68	48.48	975.78	-1,119.64	0.87	0.82	-103.68
3	-3,066.23	165	82	83	49.70	907.91	-933.92	0.97	0.96	-18.58
2	-461.82	224	117	107	52.23	692.06	-761.05	0.91	0.99	-2.06
1	-2,914.87	408	223	185	54.66	452.16	-560.79	0.81	0.97	-7.14

In the 8/25/08 Letter the results appeared substantially more bearish. What we see here is a market that is more likely to struggle rather than a suggestion of a strong selloff. In that Letter I also looked at a strategy that would sell short the SPX on a cross below 0.9 and would cover the position only when the ratio moved back above 1. I have updated those results below:

VIX:VXV Ratio closes below 0.9. Buy SPX on close.  
 Sell when VIX:VXV ratio closes > 1. \$100k/trade. 2002 - present.

TradeStation Performance Summary <span style="float: right;">Collapse ↕</span>			
All Trades			
Total Net Profit	\$15,335.22	Profit Factor	1.48
Gross Profit	\$47,017.77	Gross Loss	(\$31,682.55)
Total Number of Trades	18	Percent Profitable	72.22%
Winning Trades	13	Losing Trades	5
Even Trades	0		
Avg. Trade Net Profit	\$851.96	Ratio Avg. Win:Avg. Loss	0.57
Avg. Winning Trade	\$3,616.75	Avg. Losing Trade	(\$6,336.51)
Largest Winning Trade	\$8,774.18	Largest Losing Trade	(\$13,215.96)

While these appear to suggest a mild downside edge the stats are not nearly as convincing as they were a year and a half ago. If we look at the individual trade breakdown we can easily see why the stats have changed so dramatically.

VIX:VXV Ratio closes below 0.9. Buy SPX on close.  
 Sell when VIX:VXV ratio closes > 1. \$100k/trade. 2002 - present.

Date/Time	Signal	Price	% Profit	Run-up DrawDown
01/02/03	Short	\$909.03	5.24%	\$5,425.20
01/24/03	Cover	\$861.40		(\$2,862.20)
08/12/03	Short	\$990.35	(5.38%)	\$999.00
11/17/03	Cover	\$1,043.63		(\$7,330.00)
01/16/04	Short	\$1,139.82	2.90%	\$2,953.65
03/11/04	Cover	\$1,106.79		(\$2,036.67)
03/25/04	Short	\$1,109.28	4.15%	\$4,234.50
08/12/04	Cover	\$1,063.23		(\$3,716.10)
08/25/04	Short	\$1,104.96	(2.28%)	\$1,329.30
10/29/04	Cover	\$1,130.20		(\$3,338.10)
12/09/04	Short	\$1,189.24	3.85%	\$3,974.88
04/15/05	Cover	\$1,143.43		(\$3,349.08)
06/02/05	Short	\$1,204.29	2.28%	\$2,995.47
10/13/05	Cover	\$1,176.84		(\$3,450.31)
11/25/05	Short	\$1,268.25	(2.91%)	\$1,755.78
05/01/06	Cover	\$1,305.19		(\$3,892.98)
07/03/06	Short	\$1,280.19	2.96%	\$3,023.28
07/13/06	Cover	\$1,242.28		\$0.00
08/16/06	Short	\$1,295.43	(8.01%)	\$457.38
02/27/07	Cover	\$1,399.14		(\$12,792.78)
06/19/07	Short	\$1,533.70	2.66%	\$2,805.40
06/26/07	Cover	\$1,492.89		(\$235.30)
10/09/07	Short	\$1,565.15	3.62%	\$4,762.17
11/01/07	Cover	\$1,508.45		(\$689.22)
12/20/07	Short	\$1,460.12	3.32%	\$3,327.24
01/04/08	Cover	\$1,411.62		(\$2,633.64)
05/12/08	Short	\$1,403.58	8.80%	\$9,342.18
06/30/08	Cover	\$1,280.00		(\$2,602.86)
08/21/08	Short	\$1,277.71	4.16%	\$4,717.44
09/09/08	Cover	\$1,224.54		(\$1,975.74)
06/25/09	Short	\$920.26	(13.30%)	\$5,501.52
10/28/09	Cover	\$1,042.63		(\$19,558.80)
11/17/09	Short	\$1,110.32	1.70%	\$2,392.20
11/27/09	Cover	\$1,091.50		(\$185.40)
12/01/09	Short	\$1,108.86	1.54%	\$2,034.00
01/22/10	Cover	\$1,091.76		(\$3,743.10)
02/19/10	Short	\$1,109.17	n/a	\$0.00
open	n/a	\$1,109.17		\$0.00

From the end of June to the end of October there was a strong rally in the face of a low VIX:VXV ratio. Was this rally an anomaly or has the indicator lost its edge? It's tough to tell. My inclination is that the rally over this time period was unusually strong in many ways and just because this indicator got run over then doesn't mean it's entirely useless. So I'll add it to the intermediate-term active studies as something to keep in mind but it won't be factoring in to the Aggregator calculation at this point.

So while we are short-term overbought and a pullback appears imminent, my intermediate-term bias is to the long side. I'm of the opinion that the market will at least test the January highs. If I'm right then I'll be looking for more clues as we approach that level that may hint whether the recent selloff was a warning shot and we're likely in a topping pattern, or whether the rally can gain enough momentum to put in another leg higher beyond the January highs.

## **Catapult and Capitulative Breadth Statistics**

*(Catapult Presentation Part 1) (Catapult Presentation Part 2)*

### ***Open Catapult Triggers***

New

QCOM @ buy 1/3 position @ \$37.18

### ***Catapult for ETF's Trades***

none

***Broad Market Large Cap CBI – 1(QCOM)***

## **Additional New Trade Ideas**

*A full listing of system triggers can be found at the [system triggers page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.*

*QCOM – buy 1/3 position @ \$37.18 limit. Based on the Catapult system. A reminder to anyone considering trading these signals: they have a tendency to be very volatile and stops are not used. Also the position will continued to be scaled into up to twice more on any repeat triggers. With all this in mind position sizing becomes very important from a risk management standpoint. Traders could also consider using options to control their risk and downside exposure.*

## **Active Trades Table**

None.

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