

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 27, 2011

Volume 4 Issue 122

Market Overview



Signals Overview

Aggregator	Aggressive VIX	Conservative VIX	NDX Trend Timer
Long	100% Long XIV	100% Long XIV	Flat

Tonight's Research Points

- Big drops on Fridays when the SPX is above its 200ma tend to bounce the next week.
- 3-day pullbacks will often suggest an upside edge. The current pullback appears a strong candidate for a bounce thanks to the volume pattern, the strong drop on Friday, and the fact it is coming just after a Follow-Through day.
- Short-term performance after a Follow-Through day is often indicative of the success or failure of the rally. This one appears to be in trouble so far.

Short-term Outlook

The Bottom Line

The pullback of the last few days is showing a number of characteristics suggesting a high probability of a bounce. The market is also strongly short-term oversold at this point. I am long and looking to get a bit longer.

Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Max Move
Active				
June 27, 2011	3 down. (vol rise/FTD)	1-3 days	Bullish	2.10%
June 27, 2011	Friday 1% drop > 200ma	1-3 days	Bullish	1.40%
June 24, 2011	SPY 1% Gap Down & Partial Reversal	1-3 days	Bullish	2.30%
June 23, 2011	Fed Day new high then reverse down	1-3 days	Bullish	2.05%
Active - Long Term				
June 22, 2011	FTD with Up Issues % 1-yr Rank > 95%	int term	Bullish	
May 31, 2011	4 Weeks Down. Close > 40ma.	1-10 weeks	Bullish	9.00%
March 22, 2011	3 Days Up Issues % > 70%	8 months	Bullish	19.00%
November 22, 2010	POMO	int term	weakening	
October 25, 2010	SPX Golden Cross	int term	Bullish	
Dropped Tonight				
June 22, 2011	FTD with Up Issues % 1-yr Rank > 95%	1-3 days	Bullish	2.10%

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

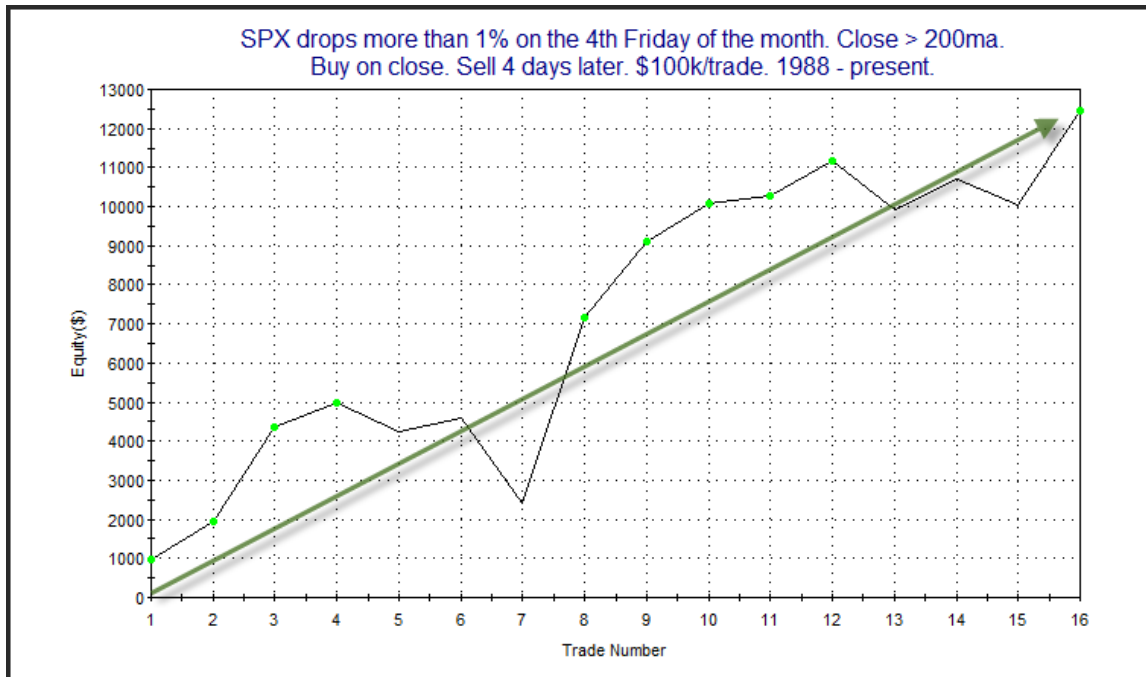
The Evidence

Friday was another tough day for the market as it opened near its highs and closed near its lows. There were losses across the board. The SPX finished down 1.2%, the Nasdaq lost 1.3% and the Russell 2000 fell 0.6%. Breadth was strongly negative as the NYSE Up Issues % came in at 35% and the Up Volume % was 17%. Total NYSE volume rose for the 4th day in a row.

In the 10/26/09 letter I discussed the inclinations of the market following strong declines on Fridays. When the market has been above the 200ma, then a reversal of that move has been more typical. When the market is below the 200ma, then there was often further downside follow through on Monday. Below is one study from that discussion that triggered on Friday.

SPX drops more than 1% on the 4th Friday of the month. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1988 - 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	16,679.34	16	12	4	75.00	2,045.21	-1,965.80	1.04	3.12	1,042.46
4	12,444.95	16	12	4	75.00	1,436.90	-1,199.46	1.20	3.59	777.81
3	6,686.86	16	10	6	62.50	1,302.01	-1,055.53	1.23	2.06	417.93
2	5,742.48	16	10	6	62.50	1,317.73	-1,239.14	1.06	1.77	358.90
1	3,160.72	16	10	6	62.50	935.70	-1,032.70	0.91	1.51	197.55
15 of 16 instances closed above the entry price at some point in the next week.										

The consistency is quite good, although the last few instances have not been as impressive and the numbers have come down some. Below is a look at the equity curve using a 4-day exit strategy.



There has been some sideways chop recently but on the whole the setup still appears to favor upside. I'm not wildly excited about this one since the SPX is so close to its 200ma at this point. The reason the 4th Friday of the month tends to bounce is it also benefits from the positive seasonal tendencies around the turn of the month. If the market was clearly in a long-term uptrend then I'd be more inclined give this study significant weight.

Fortunately, we have more to go on than just a weak Friday. I've discussed 3-day pullbacks many times before and several studies associated with them came up tonight. They tend to provide a nice upside edge under the right conditions. It's just a matter of determining whether the conditions are right. So let's take a look at 3-day pullbacks a few different ways to determine the possible upside edge in this case.

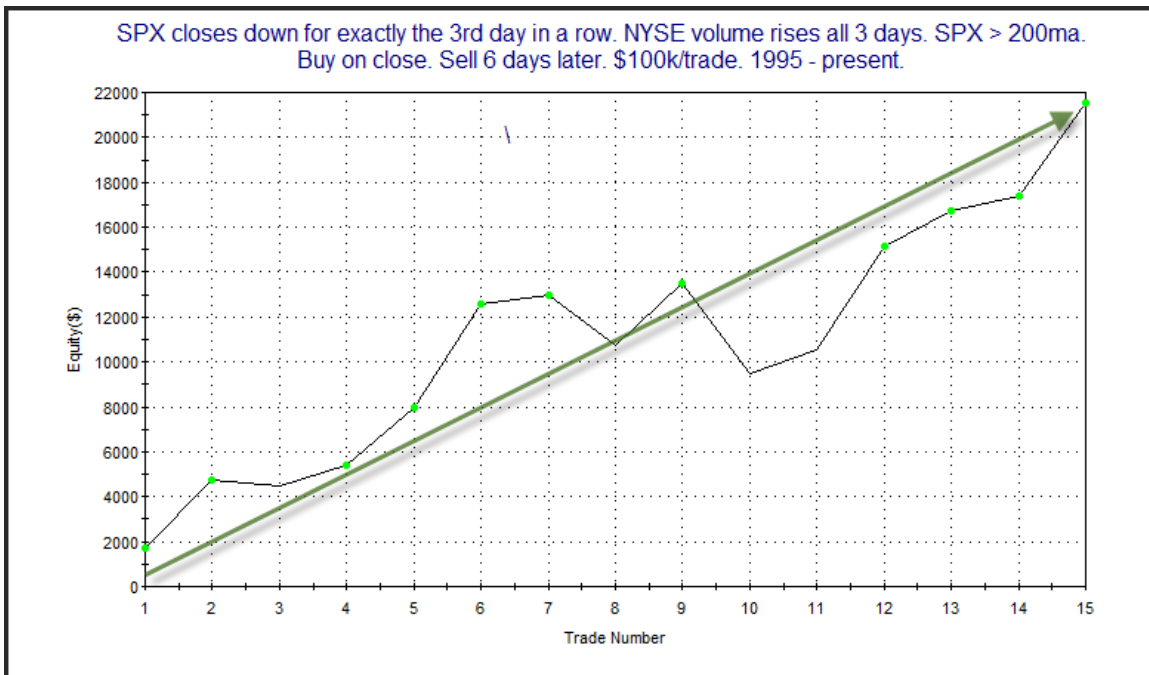
One aspect of the pullback the last three days that especially sticks out is that volume has increased each day. I decided to look at other times since 1995 in which this was the case. Those results are below.

SPX closes down for exactly the 3rd day in a row. NYSE volume rises all 3 days. SPX > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - 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	18,396.69	15	11	4	73.33	2,803.58	-3,110.66	0.90	2.48	1,226.45
9	19,523.57	15	11	4	73.33	2,569.25	-2,184.54	1.18	3.23	1,301.57
8	18,969.20	15	11	4	73.33	2,549.54	-2,268.94	1.12	3.09	1,264.61
7	21,048.71	15	12	3	80.00	2,447.02	-2,771.85	0.88	3.53	1,403.25
6	21,539.94	15	12	3	80.00	2,341.91	-2,187.67	1.07	4.28	1,436.00
5	18,258.68	15	10	5	66.67	2,609.70	-1,567.67	1.66	3.33	1,217.25
4	14,234.59	15	11	4	73.33	2,222.24	-2,552.50	0.87	2.39	948.97
3	13,583.57	15	10	5	66.67	2,102.01	-1,487.31	1.41	2.83	905.57
2	13,700.45	15	12	3	80.00	1,586.98	-1,781.10	0.89	3.56	913.36
1	2,562.87	15	11	4	73.33	1,047.89	-2,240.98	0.47	1.29	170.86

14 of 15 instances closed above the entry price at some point in the next 4 days. The one that didn't was on 10/24/97.

It appears the continually rising volume may suggest the selloff is becoming washed out and overdone. All but one instance managed a short-term rebound, and stats across the board appear to suggest a substantial bullish edge. Below is an equity curve assuming a 6-day exit strategy that shows how this edge has played out over time.



There's certainly some choppiness in the curve, but it never deviates too far from the uptrend arrow. This seems to confirm the upside edge.

The Quantifinder also identified a number of 3-day pullback studies. The one below was last seen in the 5/18/11 Subscriber Letter. Rather than volume, it considers the fact that today's drop was especially large when examining the possibility that the pullback is getting overdone.

SPX closes lower for exactly the 3rd day in a row. Today is the largest drop of the decline.
 The pullback did not immediately follow a 20-day high. Close > 200ma.
 Buy on close. Sell X days later. \$100k/trade. 1988 - 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	59,232.43	49	35	14	71.43	2,682.07	-2,474.29	1.08	2.71	1,208.83
9	67,583.83	49	38	11	77.55	2,443.57	-2,297.43	1.06	3.67	1,379.26
8	64,153.41	50	39	11	78.00	2,270.31	-2,217.16	1.02	3.63	1,283.07
7	48,685.21	50	36	14	72.00	2,112.27	-1,954.03	1.08	2.78	973.70
6	40,620.42	51	37	14	72.55	2,000.88	-2,386.59	0.84	2.22	796.48
5	50,953.66	52	34	18	65.38	2,018.72	-982.38	2.05	3.88	979.88
4	42,071.42	53	37	16	69.81	1,636.29	-1,154.46	1.42	3.28	793.80
3	45,063.46	53	37	16	69.81	1,632.29	-958.19	1.70	3.94	850.25
2	32,070.50	53	36	17	67.92	1,343.01	-957.53	1.40	2.97	605.10
1	15,700.83	53	36	17	67.92	745.37	-654.85	1.14	2.41	296.24

Results here are also quite impressive. As I mentioned earlier, though the SPX is above its 200ma, it is just barely so. Therefore I thought it would be interesting to see if this 3-day pullback setup also suggests an upside edge while under the 200ma.

SPX closes lower for exactly the 3rd day in a row. Today is the largest drop of the decline.
 The pullback did not immediately follow a 20-day high. Close < 200ma.
 Buy on close. Sell X days later. \$100k/trade. 1988 - 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	33,788.44	24	16	8	66.67	3,398.87	-2,574.19	1.32	2.64	1,407.85
9	27,875.43	24	15	9	62.50	3,415.18	-2,594.69	1.32	2.19	1,161.48
8	23,183.63	24	15	9	62.50	3,210.41	-2,774.72	1.16	1.93	965.98
7	16,205.56	24	13	11	54.17	3,266.72	-2,387.43	1.37	1.62	675.23
6	3,522.04	24	13	11	54.17	3,265.63	-3,539.20	0.92	1.09	146.75
5	10,874.68	24	15	9	62.50	2,343.16	-2,696.97	0.87	1.45	453.11
4	13,154.03	24	13	11	54.17	2,425.53	-1,670.71	1.45	1.72	548.08
3	12,485.20	24	11	13	45.83	2,275.72	-965.21	2.36	2.00	520.22
2	41.91	24	13	11	54.17	1,360.60	-1,604.18	0.85	1.00	1.75
1	3,870.11	24	15	9	62.50	1,031.77	-1,289.61	0.80	1.33	161.25

It appears here that a bounce is still favored, though the edge isn't as strong.

With both the increasing volume and the increasing size of the drop suggesting the pullback is ready to reverse, I decided to see how results might look at times like now when the combination was in force.

SPX closes down for at least the 3rd day in a row. Today is the largest decline of the last 3 days. NYSE volume rises all 3 days. SPX > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - 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	24,152.28	11	10	1	90.91	2,594.94	-1,797.12	1.44	14.44	2,195.66
4	19,808.67	11	9	2	81.82	2,591.33	-1,756.65	1.48	6.64	1,800.79
3	16,545.58	11	9	2	81.82	1,962.94	-560.45	3.50	15.76	1,504.14
2	16,067.55	11	9	2	81.82	1,894.71	-492.44	3.85	17.31	1,460.69
1	10,232.17	11	8	3	72.73	1,530.27	-669.99	2.28	6.09	930.20

All 11 instances closed above the entry price on either day 1 or day 2.

Instances are fairly light, but the statistics are overwhelmingly bullish. This would seem to suggest an upside edge. For those who might want to take a closer look, I have listed below all 11 instances assuming a 5-day exit strategy.

SPX closes down for at least the 3rd day in a row. Today is the largest decline of the last 3 days. NYSE volume rises all 3 days. SPX > 200ma.
Buy on close. Sell 5 days later. \$100k/trade. 1995 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
10/27/97	Buy	\$876.97	7.07%	\$7,073.70
11/03/97	Sell	\$938.99		(\$2,473.80)
12/11/97	Buy	\$954.94	0.04%	\$2,013.44
12/18/97	Sell	\$955.30		(\$825.76)
07/23/98	Buy	\$1,139.74	0.27%	\$904.80
07/30/98	Sell	\$1,142.86		(\$1,766.10)
01/28/00	Buy	\$1,360.16	4.72%	\$5,412.22
02/04/00	Sell	\$1,424.37		(\$738.03)
03/11/04	Buy	\$1,106.79	1.40%	\$1,707.30
03/18/04	Sell	\$1,122.31		(\$376.20)
06/07/07	Buy	\$1,490.72	2.16%	\$2,393.91
06/14/07	Sell	\$1,522.97		(\$221.77)
07/18/07	Buy	\$1,546.17	(1.82%)	\$577.92
07/25/07	Sell	\$1,518.09		(\$2,716.16)
09/01/09	Buy	\$998.04	3.54%	\$3,830.00
09/09/09	Sell	\$1,033.37		(\$607.00)
05/06/10	Buy	\$1,128.15	2.60%	\$3,996.96
05/13/10	Sell	\$1,157.44		(\$2,992.00)
03/16/11	Buy	\$1,256.88	3.23%	\$3,452.30
03/23/11	Sell	\$1,297.54		\$0.00
05/05/11	Buy	\$1,335.10	1.01%	\$1,801.16
05/12/11	Sell	\$1,348.65		(\$227.18)

The AVERAGE run-up (\$3,014) is slightly larger than the MAX drawdown (\$2,992).

In addition to the stats shown in the stats table earlier, the trade breakdown above suggests a very positive risk/reward setup. Out of curiosity I also decided to run the setup below the 200ma.

SPX closes down for at least the 3rd day in a row. Today is the largest decline of the last 3 days. NYSE volume rises all 3 days. SPX < 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - 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	4,476.48	10	6	4	60.00	2,250.47	-2,256.59	1.00	1.50	447.65
4	-2,815.99	10	4	6	40.00	1,355.00	-1,372.66	0.99	0.66	-281.60
3	-2,158.49	10	3	7	30.00	1,704.42	-1,038.82	1.64	0.70	-215.85
2	5,372.30	10	7	3	70.00	1,164.30	-925.94	1.26	2.93	537.23
1	5,476.08	10	8	2	80.00	927.74	-972.93	0.95	3.81	547.61

Results here are also limited, but there seems to be a strong inclination for an almost immediate bounce. It just doesn't carry through as well over days 2-5.

The market is in a bit of an odd place now for some of the studies. Being just above the 200ma, but also being in a multi-week downtrend of such depth and length as we've seen, the simple 200ma filter I often use doesn't seem quite as appropriate as usual. One thing we can safely say about the market is that it has undergone a correction from the May high, and that it put in a follow-through day (FTD) last Tuesday. So perhaps a more accurate way of describing the market's current position is that it has now pulled back 3 days in a row after experiencing an FTD. [Using the database of Follow-Through days from the original FTD study](#), I took a close look at short-term performance after other such post-FTD pullbacks. Of the 74 previous FTDs identified using the standard parameters from the original FTD study, 11 were immediately followed by three down days. Results following those instances can be found below.

After posting a Follow-Through Day 3 days ago the SPX closes down 3 days in a row. Buy on close. Sell X days later. \$100k/trade. 1971 - 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	25,688.77	11	9	2	81.82	4,348.31	-6,722.99	0.65	2.91	2,335.34
9	23,139.55	11	8	3	72.73	4,528.24	-4,362.12	1.04	2.77	2,103.60
8	19,482.87	11	8	3	72.73	3,853.30	-3,781.19	1.02	2.72	1,771.17
7	22,876.07	11	8	3	72.73	4,040.99	-3,150.61	1.28	3.42	2,079.64
6	15,840.12	11	8	3	72.73	3,499.85	-4,052.90	0.86	2.30	1,440.01
5	15,986.85	11	9	2	81.82	2,383.67	-2,733.09	0.87	3.92	1,453.35
4	14,197.05	11	9	2	81.82	2,093.54	-2,322.41	0.90	4.06	1,290.64
3	15,721.47	11	10	1	90.91	1,709.08	-1,369.31	1.25	12.48	1,429.22
2	9,397.68	11	8	3	72.73	1,439.10	-705.03	2.04	5.44	854.33
1	6,955.99	11	9	2	81.82	929.93	-706.69	1.32	5.92	632.36

The only instance that wasn't higher 3 days later was 7/1/82. It took 5 days to post its 1st profitable close.

We see here some extremely positive stats and what appears to be a strong inclination for an immediate move higher. Below I have listed all 11 instances, assuming a 3-day holding period.

After posting a Follow-Through Day 3 days ago the SPX closes down 3 days in a row. Buy on close. Sell 3 days later. \$100k/trade. 1971 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
04/03/73	Buy	\$109.24	0.04%	\$36.60
04/06/73	Sell	\$109.28		(\$658.80)
05/06/74	Buy	\$91.12	2.02%	\$2,018.48
05/09/74	Sell	\$92.96		\$0.00
07/01/82	Buy	\$108.71	(1.37%)	\$137.85
07/07/82	Sell	\$107.22		(\$2,334.26)
03/07/84	Buy	\$154.57	1.14%	\$1,149.88
03/12/84	Sell	\$156.33		(\$516.80)
07/12/84	Buy	\$150.02	1.57%	\$1,718.28
07/17/84	Sell	\$152.38		(\$13.32)
10/21/85	Buy	\$186.96	0.82%	\$1,324.32
10/24/85	Sell	\$188.50		\$0.00
04/24/87	Buy	\$281.52	1.08%	\$1,735.95
04/29/87	Sell	\$284.57		(\$1,885.05)
04/25/97	Buy	\$765.37	4.70%	\$5,038.80
04/30/97	Sell	\$801.34		(\$269.10)
08/21/98	Buy	\$1,081.18	0.28%	\$2,342.32
08/26/98	Sell	\$1,084.18		(\$485.76)
01/08/01	Buy	\$1,295.90	2.39%	\$2,794.33
01/11/01	Sell	\$1,326.81		(\$663.74)
04/04/01	Buy	\$1,103.25	3.11%	\$4,338.90
04/09/01	Sell	\$1,137.58		\$0.00

Average Run-up: 2.1%. Average Drawdown: 0.6%

The individual trades appear as bullish as the summary table did above. One note that traders may want to keep in mind is that while the short-term period appears extremely bullish, this didn't necessarily carry through to the intermediate-term. I've highlighted above the only three instances in which the FTD went on to become a success. All of the rest had either already failed, or would eventually fail and drop to new lows before embarking on a substantial rally.

So I sliced and diced this 3-day pullback a number of ways, and no matter how I look at it, it appears to suggest a nice upside edge. The continually increasing volume, the oversized drop on Friday, and the fact that it is coming off an FTD all appear to provide additional fuel for the bull case.

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



With the strongly bullish studies tonight green Aggregator Line remained high. Readings above 0 means net expectations from the active list are for upside over the next few days. Meanwhile, the black Differential Line is now also well above 0. A close above 0 means the SPX has underperformed expectations over the last few days. So net expectations are positive and the SPX is substantially oversold versus recent expectations. Historically this combination has suggested an upside edge. The configuration can be seen on the chart whenever both lines close above 0. Due to this the Aggregator System remained long at the close.

The green Aggregator line is again set to close above 0 on Monday. This could change if bearish evidence emerges. Meanwhile, the Differential Pivot will be 1,295.64. This is over 2.1% above Friday's close. So it would take a very strong move higher on Monday to move the SPX into "overbought" territory. It seems the more likely scenario being suggested by the Aggregator is a multi-day rally.

I already have a small amount allocated to the long side and with the additional upside evidence and now strongly short-term oversold market, I will look to increase my exposure on Monday. If the intermediate-term was more bullish at this point, then I'd likely allocate aggressively. With the intermediate-term uncertain and the market having

shown substantial weakness in the last several weeks I am inclined to take a more conservative approach with my scale-in.

Intermediate-term Outlook (2 weeks – 2 months)– updated 6/27 – neutral

The SPX posted a higher high than last week, a higher low than last week, and a Follow-Through Day in the middle of the week – and still it closed down on the week. In the 2/1/08 blog I looked at possible implications of action immediately after an FTD. I have updated those tests below.

Short-term performance after FTDs that failed to complete successful rallies. \$100k/trade. 1971-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	-32,145.83	35	15	20	42.86	1,852.06	-2,996.34	0.62	0.46	-918.45
4	-27,660.43	35	14	21	40.00	1,870.00	-2,563.83	0.73	0.49	-790.30
3	-26,864.21	35	15	20	42.86	1,450.39	-2,431.00	0.60	0.45	-767.55
2	-31,610.28	35	13	22	37.14	975.59	-2,013.31	0.48	0.29	-903.15
1	-3,521.06	35	17	18	48.57	591.36	-754.12	0.78	0.74	-100.60

Short-term performance after FTDs that went on to complete successful rallies. \$100k/trade. 1971-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	71,249.18	39	30	9	76.92	2,833.70	-1,529.10	1.85	6.18	1,826.90
4	61,869.64	39	27	12	69.23	2,846.70	-1,249.28	2.28	5.13	1,586.40
3	57,445.82	39	26	13	66.67	2,744.05	-1,069.20	2.57	5.13	1,472.97
2	55,597.73	39	29	10	74.36	2,260.79	-996.53	2.27	6.58	1,425.58
1	26,842.15	39	22	17	56.41	1,611.25	-506.20	3.18	4.12	688.26

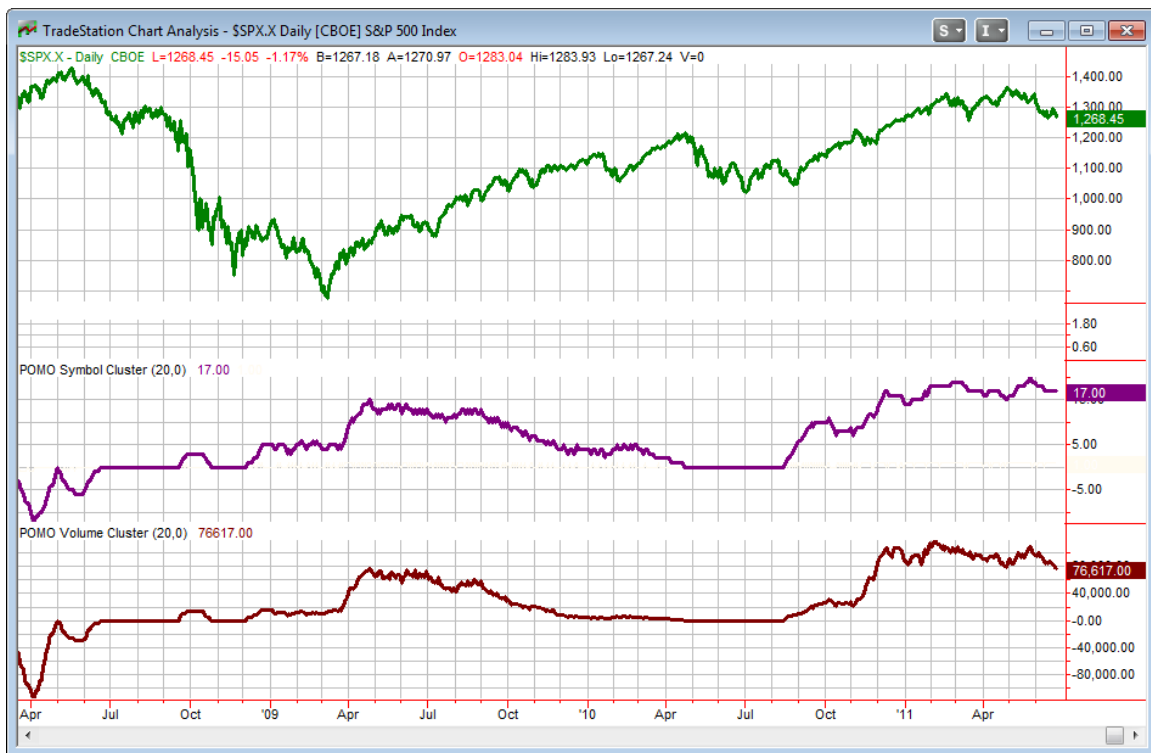
A couple of points here. First, FTDs that went on to successful rallies generally saw additional gains within the 1st week after the FTD. Likewise, FTDs that eventually failed tended to suffer losses quickly after the FTD. Another point to consider is that that the success or failure was determined with about 67% reliability within the first week after a FTD. For instance, note there were a combined 45 total trades that were in the black after 5 days. Thirty of them (or 2/3) went on to complete successful rallies. The same ratio applies for the losers. There were 29 losers after 5 days. Twenty of them ended up with failed rallies and the other 9 were successful.

For the current setup to show a winner over the 5-day period, Monday and Tuesday will need to produce strong upside results.

I've been updating the POMO chart most weekends in the letter. For those who may not recall below is a brief refresher on POMO. Beneath that I have updated our POMO indicator chart.

POMO stands for Permanent Open Market Operations and it is how the Fed goes into the open market to buy securities. The net effect of this buying is an influx of cash into the system. It appears a portion of that cash makes its way to the stock market and works as a bullish influence. A "POMO Day" is simply a day where these operations take place... The chart below (shows a couple of POMO indicators). The top pane is the S&P 500. The middle pane is the rolling number of days in the last 20 that have been POMO days. The bottom pane is the total amount of money infused into the system over the previous 20 days. Information on acquiring the data and constructing the chart can be found in the January 3rd POMO presentation linked below. (Not available for trial users.)

<http://www.quantifiableedges.com/members/pomo.php>



My POMO interpretation remains similar to the last 2 weeks.

Both the POMO Days and POMO Volume indicators remain at fairly high levels. Still, they are beginning to trend lower. The current schedule calls for steady but decreased buying until the end of the month, but after that there will be little in the way of Fed

stimulus. Starting July 1 we will see these indicators begin to head back towards the 0 line. There are 2 small days of buying currently scheduled in July which is associated with the reinvestment of principal payments rather than the \$600billion of QE2 money. The past few times POMO stimulus was halted, it took the market about a month after the halt until prices began to decline.

For those that would like to view the current schedule I have provided a link below.

http://www.newyorkfed.org/markets/tot_operation_schedule.html

Intermediate-term studies are moderately bullish but we remain in the midst of a correction. Tuesday's FTD appears in jeopardy. It will need to right itself quickly if a rally is to emerge. A short-term bounce does appear likely, but unless it comes quickly and with substantial force the market will be looking for a lower bottom than the 6/16 low. My outlook remains neutral for now. This means I will approach both longs and shorts with some caution but am willing to bet either way should short-term evidence suggest an edge.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 0

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.

[SPY – buy ¼ index position at \\$126.81 LIMIT](#). Based on short-term outlook above. Using Friday's close as my limit price I will continue to scale in to a long position.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
XIV	6/13/2011	\$170.38	\$158.54	-6.95%		
SPY(1/4)	6/24/2011	\$128.27	\$126.81	-1.14%		

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