

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 7, 2011

Volume 4 Issue 236

## Market Overview



## Signals Overview

Aggregator	Aggressive VIX	Conservative VIX	NDX Trend Timer
Short	100% short SPY	Flat	Flat

## Tonight's Research Points

- The VIX is again suggesting a possible downside edge.
- The 3/10 Offset HV is very low. A big move is now likely. Indications are that it will probably be lower.

## *Short-term Outlook*

### *The Bottom Line*

There still appears to be a short-term downside edge. I'm holding on to a small short position. If the market moves lower tomorrow I will likely cover my position.

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

Study Date	Description	Time span	Bias	Avg Max Move
<b>Active</b>				
December 6, 2011	Nasdaq up 4 days < 200ma	1-2 days	Bearish	-1.80%
December 5, 2011	10-high 1% up from yest. Down close.	1-7 days	Bullish	3.10%
December 5, 2011	3 20-day VIX lows. No SPY 20-high	1-4 days	Bearish	-3.45%
December 2, 2011	Down close. RSI(2) > 85.	1-3 days	Bearish	-3.00%
December 1, 2011	3% rise on highest vol in 20	1-6 days	Bullish	
<b>Active - Long Term</b>				
December 5, 2011	POMO scheduled to turn negative	int term	Bearish	
December 5, 2011	3 20-day VIX lows. No SPY 20-high	1-20 days	Bearish	-7.30%
December 1, 2011	90% up day on at least 3rd day higher	1-14 days	Bullish	
November 18, 2011	Triangle breakdown	int term	Bullish	
October 30, 2011	SPX & bond yields hit 50-day highs	1-50 days	Bearish	
October 19, 2011	50-day high on 90% up vol	1-50 days	Bullish	
October 19, 2011	FTD on strong breadth/20day high	int term	Bullish	
<b>Dropped Tonight</b>				
<b>December 2, 2011</b>	<b>Close only pullback after rally</b>	<b>1-4 days</b>	<b>Bullish</b>	<b>1.60%</b>
December 1, 2011	VXO 15%-20% below 10ma	1-3 days	Bearish	

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

***The Evidence***

It rained here most of the day. And it gets dark so early this time of year that I think it put most market participants to sleep. Price changes were mixed and nominal. The SPX closed up 0.1% while the Nasdaq declined 0.2% and the Russell 2000 lost a mere 0.03%. Breadth was neutral as the NYSE Up Issues % and the Up Volume % were both fractionally above 50%. Total NYSE volume came in at the lightest level since the half-day after Thanksgiving.

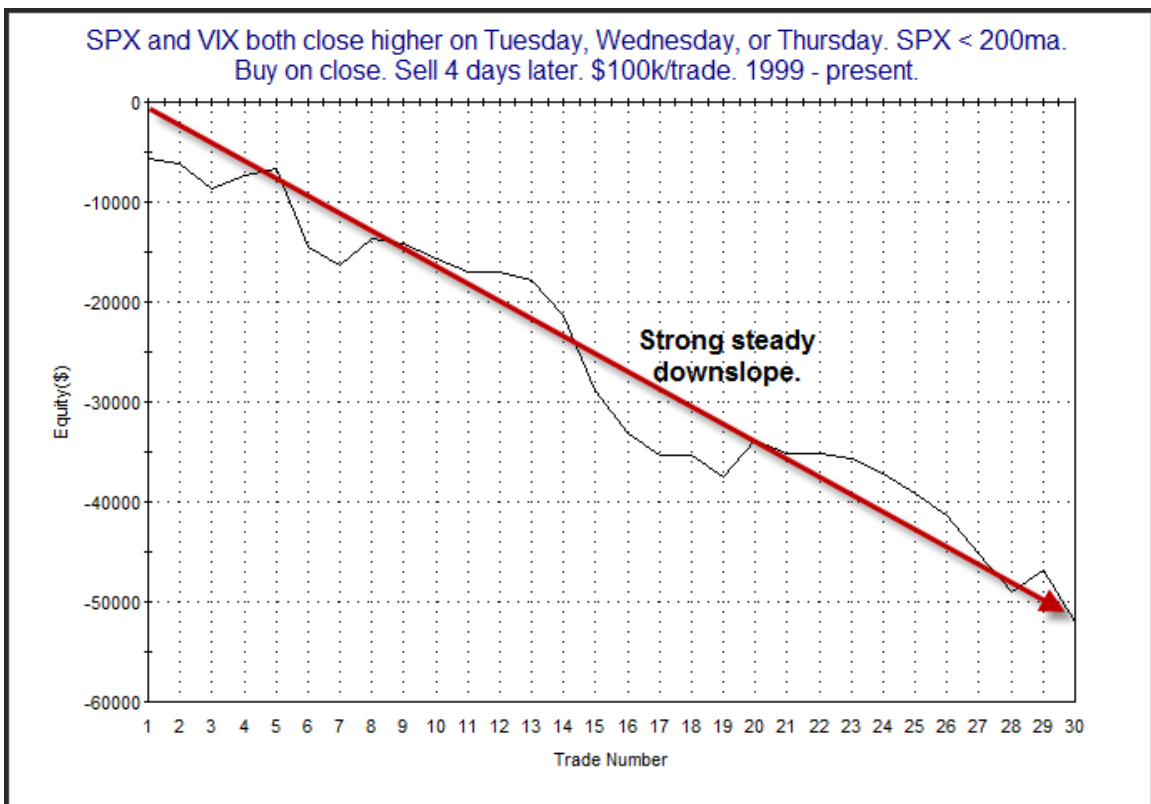
The VIX rose again on Tuesday along with the SPX. This brought about more VIX-related studies to consider. Because the VIX has a natural tendency to decline on Fridays and rise on Mondays I normally separate out those days vs. mid-week when conducting VIX related studies. The study below therefore looks at all occurrences since 1998 where the VIX and SPX both rose on a Tuesday, Wednesday, or Thursday. I last showed this study in the 11/16/11 subscriber letter. I have updated the results below.

SPX and VIX both close higher on Tuesday, Wednesday, or Thursday. SPX < 200ma.  
Buy on close. Sell X days later. \$100k/trade. 1999 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-29,847.42	29	10	19	34.48	1,809.48	5,674.40	-2,523.27	-7,204.80	0.72	0.38	-1,029.22
4	-51,987.84	30	8	22	26.67	1,335.16	3,696.70	-2,848.60	-7,745.95	0.47	0.17	-1,732.93
3	-37,838.61	30	9	21	30.00	1,236.71	2,587.14	-2,331.86	-5,299.32	0.53	0.23	-1,261.29
2	-27,366.68	31	10	21	32.26	1,582.34	3,181.60	-2,056.67	-6,672.34	0.77	0.37	-882.80
1	-9,355.45	32	15	17	46.88	1,080.38	3,644.16	-1,503.60	-3,035.25	0.72	0.63	-292.36

**28 of 32 instances (88%) closed below the entry price at some point in the next week.**

The numbers all strongly suggest a bearish edge over the next 1-4 days. Let's take a look at the equity curve.



The curve seems to confirm what the numbers were suggesting.

In the 8/31/11 subscriber letter I noted that the 8/30 SPX move was very small, and wondered whether this mattered in relation to the above study. So I filtered it to only included instances with an SPX rise < 0.25%. I have updated those results below.

SPX rises between 0% and 0.25% and close < 200ma. VIX closes up. Today is Tuesday, Wednesday, or Thursday. Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-23,716.77	10	0	10	0.00	0.00	0.00	-2,371.68	-7,204.80	0.00	0.00	-2,371.68
4	-29,133.92	10	1	9	10.00	126.15	126.15	-3,251.12	-7,745.95	0.04	0.00	-2,913.39
3	-20,354.71	10	1	9	10.00	856.95	856.95	-2,356.85	-5,299.32	0.36	0.04	-2,035.47
2	-25,297.00	10	0	10	0.00	0.00	0.00	-2,529.70	-6,672.34	0.00	0.00	-2,529.70
1	-9,771.08	10	4	6	40.00	554.04	884.16	-1,997.87	-3,035.25	0.28	0.18	-977.11

Instances are a little lower than I normally like, but with every one lower on day 2, they demand a closer look. All instances are listed below.

SPX rises between 0% and 0.25% and close < 200ma. VIX closes up. Today is Tuesday, Wednesday, or Thursday. Buy SPX on close. Sell 2 days later. \$100k/trade. 1998 - present.				
Date/Time	Signal	Price	% Profit	Run-up Drawdown
09/29/98	Buy	\$1,049.00	(5.97%)	\$0.00
10/01/98	Sell	\$986.40		(\$6,431.50)
03/08/01	Buy	\$1,264.76	(6.68%)	\$0.00
03/12/01	Sell	\$1,180.30		(\$6,950.42)
05/02/01	Buy	\$1,267.42	(0.06%)	\$7.02
05/04/01	Sell	\$1,266.60		(\$2,762.76)
11/14/01	Buy	\$1,141.21	(0.22%)	\$456.75
11/16/01	Sell	\$1,138.65		(\$982.23)
06/04/02	Buy	\$1,040.69	(1.11%)	\$904.32
06/06/02	Sell	\$1,029.15		(\$1,322.88)
06/08/06	Buy	\$1,257.93	(1.71%)	\$367.35
06/12/06	Sell	\$1,236.41		(\$1,716.67)
01/15/09	Buy	\$843.74	(4.57%)	\$1,698.02
01/20/09	Sell	\$805.22		(\$4,633.86)
07/15/10	Buy	\$1,096.48	(2.30%)	\$0.00
07/19/10	Sell	\$1,071.25		(\$3,218.67)
08/18/10	Buy	\$1,094.16	(2.05%)	\$0.00
08/20/10	Sell	\$1,071.69		(\$2,752.75)
08/30/11	Buy	\$1,212.92	(0.70%)	\$1,458.78
09/01/11	Sell	\$1,204.42		(\$743.74)
<b>Avg Run-up: 0.49% Max Run-up: 1.70%</b> <b>Avg Drawdown: -3.15%</b>				

These results certainly appear worth taking into account.

Also perhaps worth considering is that Tuesday was the 2nd day in a row where the SPX and VIX both closed higher. The study below is from the 4/26/10 subscriber letter. It looks at instances below the 200ma. (Results are unchanged.)

SPX and VIX both close higher 2 days in a row. SPX closes < 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-16,342.21	4	0	4	0.00	0.00	0.00	-4,085.55	-6,118.00	0.00	0.00	-4,085.55
4	-19,238.00	4	0	4	0.00	0.00	0.00	-4,809.50	-5,742.75	0.00	0.00	-4,809.50
3	-17,313.63	4	0	4	0.00	0.00	0.00	-4,328.41	-8,395.18	0.00	0.00	-4,328.41
2	-15,014.48	4	0	4	0.00	0.00	0.00	-3,753.62	-5,947.00	0.00	0.00	-3,753.62
1	-5,986.26	4	1	3	25.00	912.33	912.33	-2,299.53	-3,035.25	0.40	0.13	-1,496.57

Too few instances to generate expectations or gain any confidence from, but it is interesting that they were all strongly lower. Below I have listed them assuming a 4-day holding period.

SPX and VIX both close higher 2 days in a row. SPX closes < 200ma. Buy SPX on close. Sell 4 days later. \$100k/trade. 1998 - present.				
Date/Time	Signal	Price	% Profit	Run-up Drawdown
09/29/98	Buy	\$1,049.00	(5.76%)	\$0.00
10/05/98	Sell	\$988.55		(\$8,008.50)
07/31/02	Buy	\$911.62	(5.71%)	\$0.00
08/06/02	Sell	\$859.57		(\$8,521.62)
11/05/02	Buy	\$915.39	(4.28%)	\$1,120.52
11/11/02	Sell	\$876.19		(\$4,439.57)
05/19/08	Buy	\$1,426.63	(3.55%)	\$0.00
05/23/08	Sell	\$1,375.93		(\$3,703.70)

So to increase the possible instances I also looked at performance during uptrends.

SPX and VIX both close higher 2 days in a row. SPX closes > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-417.71	18	12	6	66.67	1,052.42	3,434.08	-2,174.47	-4,149.36	0.48	0.97	-23.21
4	-4,959.75	18	9	9	50.00	883.06	1,907.36	-1,434.14	-4,240.48	0.62	0.62	-275.54
3	-6,863.62	18	8	10	44.44	672.22	1,433.12	-1,224.14	-4,423.40	0.55	0.44	-381.31
2	-6,624.92	18	6	12	33.33	550.83	1,078.48	-827.49	-2,752.74	0.67	0.33	-368.05
1	-3,503.26	21	8	13	38.10	257.69	415.16	-428.06	-1,411.74	0.60	0.37	-166.82

There still appears to be a decent downside tendency here, though results are not nearly as powerful. Perhaps the best estimates might be made by showing all instances, regardless of trend. I have done this below.

SPX and VIX both close higher 2 days in a row. Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-16,759.92	22	12	10	54.55	1,052.42	3,434.08	-2,938.90	-6,118.00	0.36	0.43	-761.81
4	-24,197.75	22	9	13	40.91	883.06	1,907.36	-2,472.71	-5,742.75	0.36	0.25	-1,099.90
3	-24,177.25	22	8	14	36.36	672.22	1,433.12	-2,111.07	-8,395.18	0.32	0.18	-1,098.97
2	-21,639.40	22	6	16	27.27	550.83	1,078.48	-1,559.02	-5,947.00	0.35	0.13	-983.61
1	-9,489.52	25	9	16	36.00	330.42	912.33	-778.96	-3,035.25	0.42	0.24	-379.58

**23 of 25 instances (92%) posted a close below the entry price at some point in the next 3 days.**

Numbers here are definitively compelling.

Bottom line is that between the mid-week studies and the back to back VIX/SPX rise studies the VIX is clearly suggesting a short-term pullback.

Another indicator that is providing a notable reading is the 3/10 Offset HV for the SPX. I first introduced this indicator in [the 7/13/2009 blog](#). It looks for periods where short-term historical volatility is contracting sharply. When that happens it is often soon followed by a volatility expansion. This volatility expansion can occur in either direction. The indicator does not predict direction. But when combined with other indicators it can provide some powerful signals. The study below looks at the combination of low a 3/10

Offset HV, a short-term overbought market, and a long-term downtrend. It was last seen in the 9/16/11 subscriber letter. I have updated all results.

SPX 3/10 Offset HV < 0.25. SPX 2-day RSI > 90. Close < 200ma. Buy on close. Sell X days later. \$100k/trade. 1999 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-34,862.43	16	4	12	25.00	706.79	1,138.84	-3,140.80	-7,519.22	0.23	0.08	-2,178.90
4	-28,098.23	16	3	13	18.75	1,004.61	1,209.90	-2,393.24	-5,663.22	0.42	0.10	-1,756.14
3	-20,281.01	16	4	12	25.00	975.91	1,631.16	-2,015.39	-6,445.61	0.48	0.16	-1,267.56
2	-21,767.73	16	1	15	6.25	1,510.64	1,510.64	-1,551.89	-5,264.73	0.97	0.06	-1,360.48
1	-14,062.42	16	4	12	25.00	1,151.41	2,286.84	-1,555.67	-8,883.33	0.74	0.25	-878.90

As you can see, the results are overwhelmingly bearish over the next couple of days. Below I have listed all 15 instances.

SPX 3/10 Offset HV < 0.25. SPX 2-day RSI > 90. Close < 200ma.  
Buy on close. Sell 2 days later. \$100k/trade. 1999 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
12/28/00	Buy	\$1,334.19	(3.82%)	\$437.34
01/02/01	Sell	\$1,283.27		(\$4,302.36)
01/18/01	Buy	\$1,347.97	(0.38%)	\$486.92
01/22/01	Sell	\$1,342.90		(\$1,045.62)
03/07/01	Buy	\$1,261.89	(2.26%)	\$364.19
03/09/01	Sell	\$1,233.42		(\$2,644.13)
08/02/01	Buy	\$1,220.75	(1.66%)	\$0.00
08/06/01	Sell	\$1,200.48		(\$1,895.40)
12/19/01	Buy	\$1,149.56	(0.41%)	\$159.96
12/21/01	Sell	\$1,144.89		(\$828.18)
12/28/01	Buy	\$1,161.02	(0.55%)	\$12.04
01/02/02	Sell	\$1,154.67		(\$2,131.94)
10/21/02	Buy	\$899.72	(0.40%)	\$0.00
10/23/02	Sell	\$896.14		(\$2,867.13)
11/06/02	Buy	\$923.76	(3.14%)	\$3.24
11/08/02	Sell	\$894.74		(\$3,466.80)
03/20/03	Buy	\$875.84	(1.33%)	\$2,286.84
03/24/03	Sell	\$864.23		(\$1,575.48)
08/02/04	Buy	\$1,106.62	(0.72%)	\$0.00
08/04/04	Sell	\$1,098.63		(\$1,279.80)
02/13/08	Buy	\$1,367.20	(1.26%)	\$70.08
02/15/08	Sell	\$1,349.98		(\$2,122.11)
04/07/08	Buy	\$1,372.53	(1.31%)	\$0.00
04/09/08	Sell	\$1,354.49		(\$1,624.32)
04/25/08	Buy	\$1,397.85	(0.49%)	\$358.55
04/29/08	Sell	\$1,390.95		(\$791.65)
11/28/08	Buy	\$896.24	(5.29%)	\$0.00
12/02/08	Sell	\$848.81		(\$8,941.05)
07/12/10	Buy	\$1,078.75	1.52%	\$1,905.32
07/14/10	Sell	\$1,095.17		\$0.00
09/15/11	Buy	\$1,209.11	(0.42%)	\$897.90
09/19/11	Sell	\$1,204.09		(\$1,701.50)

**The 7/12/10 instance sold off hard on day 4 to close below the entry price.  
The average drawdown (-2.33%) was larger than the largest run-up (2.29%)  
and about 5.5x the size of the average run-up (0.44%).**

Results are strongly negative and consistent.

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



With tonight's studies taken into account the green Aggregator Line again remained solidly negative. Readings below 0 mean net expectations from the Active List are for downside over the next few days. Meanwhile, the black Differential Line is also well below 0. A negative Differential reading means the SPX has outperformed expectations over the last few days. So net expectations are bearish and the SPX is overbought versus recent expectations. Historically this configuration has provided a downside edge. Bearish configurations can be seen on the chart whenever both lines close below 0. This caused the Aggregator System to remain short at the close. This was posted to the Systems page shortly before the bell.

The short-term active studies are currently set up to flip to positive on Wednesday. This is largely due to the expiration of some bearish studies along with the bullish 10-high / down close study from the December 5<sup>th</sup> letter. Of course this could change if more bearish evidence emerges. The Differential Pivot will be 1,239.03 on Wednesday. This is 1.5% below Tuesday's close. So the SPX will need to close down at least this much in order for the Differential Line to close above 0.

My short-term outlook remains negative, but it may not much longer based on the active studies. The market is in a tough spot again here. Odds seems to strongly favor a move lower over the next few days. But the market has been very news-driven and the risk of

being wrong is great. Between the very low 3/10 Offset HV and the fact that a move higher could signal a breakout there appears to be some potential for a strong move higher. I am short a small amount of SPY currently (with my XIV acting as a hedge). If the SPX closes down on Wednesday I will look to cover that short position, as long as the move down does not come with compelling bearish evidence.

**Intermediate-term Outlook (2 weeks – 2 months)– updated 12/5 – neutral**

There were some pretty incredible gains this past week thanks to huge up days on Monday and Wednesday. The net impact was a rally of over 7%. This put an end to the Thanksgiving collapse and moved some of our long positions into strongly positive territory. The strong rally this week seems to have faltered the last two days a little below both the October highs and the 200ma. It may be a battle to get through these levels, but if the market can manage to do so I would view that as a very positive sign.

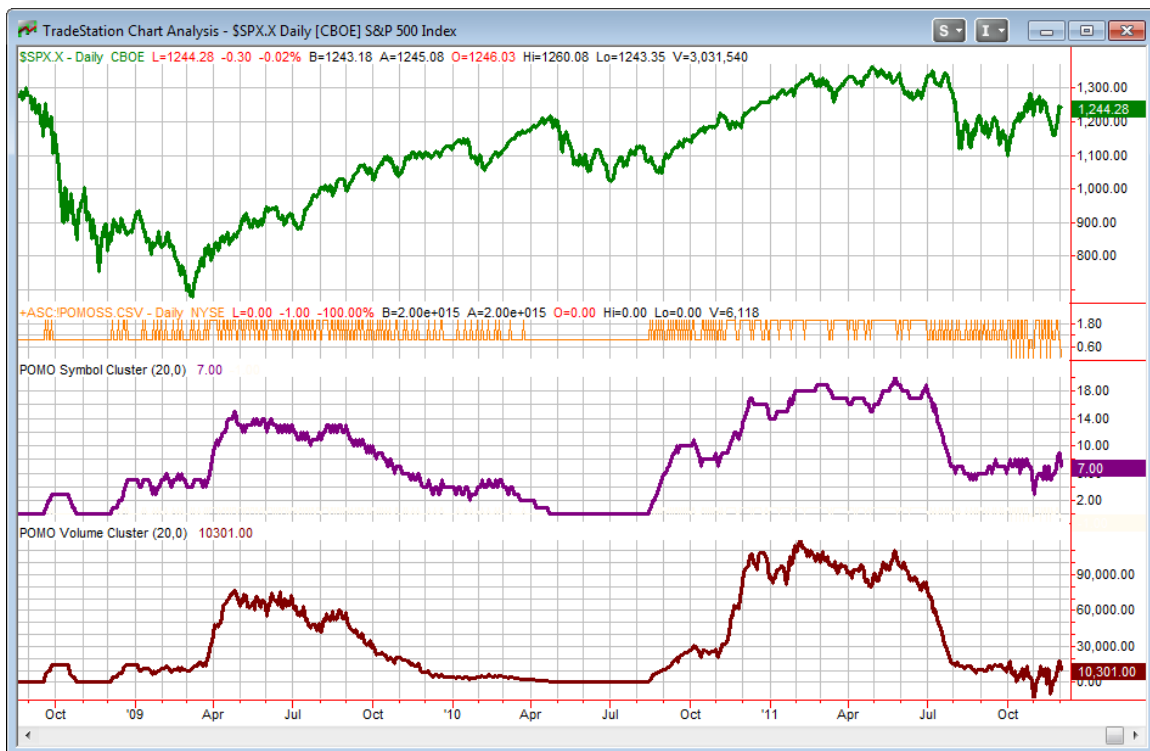
There were two studies that triggered this week with possible intermediate-term implications. One of them is the VIX-based study that I reviewed in the short-term section above. The other one is from the 12/1/11 subscriber letter. It looked at strong upside breadth days that occurred on at least the third day in a row. I've copied the results table below.

SPX closes higher for at least the 3rd day in a row. The NYSE Up Volume % > 90%. Buy SPX on close. Sell X days later. \$100k/trade. 10/20/87 - 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: Max Winning Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
15	43,333.80	18	13	5	72.22	4,168.55	-2,171.47	11,124.12	-5,239.30	1.92	4.99	2,407.43
14	42,075.37	18	16	2	88.89	2,937.15	-2,459.53	8,025.22	-2,533.16	1.19	9.55	2,337.52
13	34,051.50	19	15	4	78.95	2,552.31	-1,058.30	7,484.65	-3,373.70	2.41	9.04	1,792.18
12	32,093.31	19	15	4	78.95	2,548.20	-1,532.42	7,583.70	-2,355.10	1.66	6.24	1,689.12
11	29,374.57	19	12	7	63.16	2,842.28	-676.11	8,671.60	-1,283.04	4.20	7.21	1,546.03
10	29,216.99	19	14	5	73.68	2,729.94	-1,800.43	10,921.96	-2,533.02	1.52	4.25	1,537.74
9	25,604.49	19	14	5	73.68	2,371.00	-1,517.91	8,397.62	-2,298.27	1.56	4.37	1,347.60
8	20,826.00	19	14	5	73.68	2,355.73	-2,430.86	7,394.80	-3,753.26	0.97	2.71	1,096.11
7	24,039.48	19	13	6	68.42	2,492.90	-1,394.69	9,599.94	-2,724.73	1.79	3.87	1,265.24
6	17,806.90	19	12	7	63.16	2,424.31	-1,612.11	5,066.85	-3,497.62	1.50	2.58	937.21
5	11,390.12	19	14	5	73.68	1,903.05	-3,050.52	4,428.90	-6,695.61	0.62	1.75	599.48
4	10,059.40	19	14	5	73.68	1,600.67	-2,470.00	5,800.13	-6,719.68	0.65	1.81	529.44
3	1,625.89	19	12	7	63.16	1,450.11	-2,253.63	3,641.54	-5,298.72	0.64	1.10	85.57
2	4,579.56	19	15	4	78.95	933.72	-2,356.54	4,479.84	-8,004.64	0.40	1.49	241.03
1	5,424.53	19	9	10	47.37	961.74	-323.12	2,860.08	-1,140.30	2.98	2.68	285.50

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 (purple) pane is the net rolling number of days in the last 20 that have been POMO days. In other words, a day the Fed buys on the market will add +1 while a day of selling will count as -1. The bottom pane is the total amount of money infused into (or taken out of) the system over the previous 20 days. Information on acquiring the data and constructing the chart can be found in the January 3<sup>rd</sup> POMO presentation linked below. (Not available for trial users.)*

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



This week the Fed added a net \$1.1 billion to the system with purchases edging out sales. The net volume over the last 20 days is now \$10.3 billion injected, which is near the upper end of its recent range.

The bad news is that the Fed released its December POMO schedule and while there are \$45 billion in scheduled purchases there are \$52 billion in scheduled sales. This means we will likely see a contraction in liquidity over the next month. (Though the news out of Europe suggests global liquidity may increase, perhaps aiding the global markets and helping to lift the US as well.)

There was a strong thrust in the market that began at basically the same time as Operation Twist. Perhaps that was initial excitement over the Fed's new plan. As it became clear that Operation Twist would not provide the kind of liquidity support that QE1 and QE2 did the market seems to have floundered.

The intermediate-term is somewhat mixed. The intermediate-term active studies list is showing a fair amount of both bullish and bearish indications. Most concerning from this week are the VIX-based study which has shown large declines over the intermediate-term and the POMO activity both now and over the next month. With the market bumping up against resistance and I am inclined to change my stance to neutral. Should we continue to rally and breakout above the October highs then I will probably turn back to bullish.

## **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.*

*None tonight.*

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Stop</b>	<b>Notes</b>
XIV(1/2)	11/21/2011	\$4.91	\$5.88	19.76%		looking to hold a while
SPY(s)(1/4)	12/5/2011	\$126.84	\$126.26	0.46%		Aggregator

*The consolidation the last couple of days has me less inclined to exit my XIV position. It is serving as a nice hedge to my SPY trade at the moment, and when the short-side edge is no longer apparent I will look for it to continue its strong ascent.*

*I will cover the SPY position at the close if the SPX closes down, unless I note strongly bearish studies in the intraday Quantifinder and keep the Aggregator signal on the systems page “short” when I update it around 3:50.*

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2011 Hanna Capital Management, LLC.