

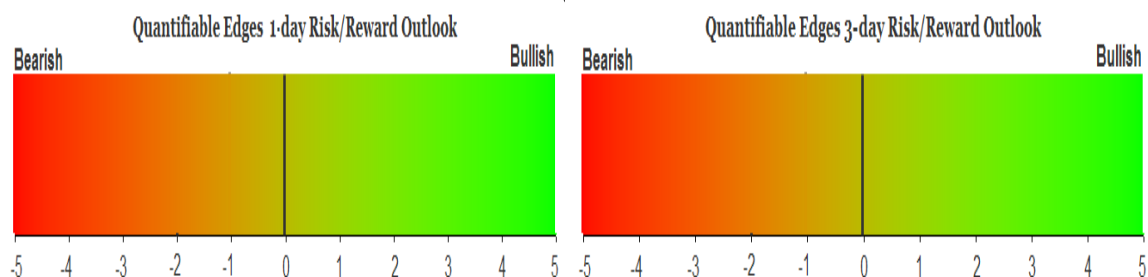
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 20, 2012

Volume 5 Issue 76

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr Swing	NDX Trend Timer
Flat	50% Long XIV	Flat	Long

Tonight's Research Points

- Thursday's drop failed to trigger any compelling studies.

Short-term Outlook

The Bottom Line

Amazingly the market again failed to produce a compelling edge. I'm waiting for it to do so before taking on new positions.

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

Study Date	Description	Time span	Bias	Avg Max Move
Active				
None				
Active - Long Term				
March 14, 2012	SPX & TNX hit 50-day highs	1-50 days	Bearish	
March 14, 2012	50-day high on strong breadth	1-50 days	Bullish	8.00%
March 5, 2012	Negative breadth divergences	int term	Bearish	
February 1, 2012	Golden Cross	int term	Bullish	
January 17, 2012	Nasdaq leading SPX	int term	Bullish	
December 5, 2011	POMO activity flat to negative	int term	Bearish	

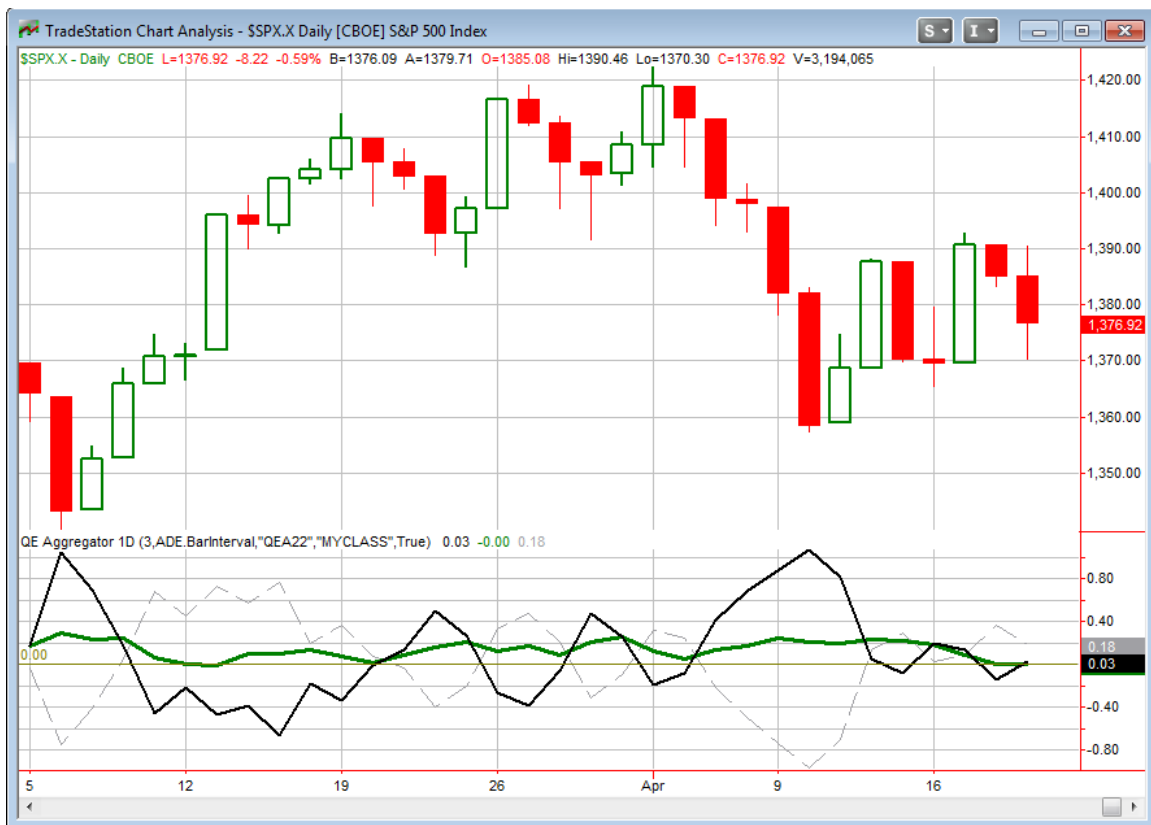
If the avg max move is achieved the study will appear in **bold italic blue** and no longer be active.

The Evidence

Afternoon selling on Thursday caused the major indices to all close lower. The SPX and Russell 2000 each lost 0.6% while the Nasdaq declined 0.8%. Breadth was negative as the NYSE Up Issues % came in at 42% and the Up Volume % was 34%. Total NYSE volume rose slightly despite the tight range.

With the market down the 2nd day in a row I was surprised to see no edges were identified by the Quantifinder. Being on a rare vacation, I was pleased not to have to sort through tons of data, though.

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



Without any short-term studies active the green Aggregator Line is flat. Meanwhile the black Differential Line closed just barely above zero. It doesn't get much more neutral than both lines hugging zero. The Aggregator system therefore remained flat at the close.

Based on the current studies, expectations will be essentially flat again on Friday. Of course new studies will determine expectations over the next few days. Meanwhile, the Differential Pivot will be 1,397.46 on Friday. This is 1.5% above Thursday's close. In other words it will take a rise of at least this much in order to trigger a short Aggregator signal. On the other hand, a down day tomorrow would mark the 3rd down day in a row. This will almost always trigger long-side studies and would very like lead to a long Aggregator signal.

Another number to keep in mind is 1,389.44. In last night's letter I detailed the downside edge that the QE Buying Power Index may be exerting over the next few days if Friday closes in the top 20% of its 10-day range. 1,389.44 is the lowest level it could close at to qualify.

I won't be in the office again on Friday and it is highly unlikely I will be able to update the Quantifinder or Systems pages. I also won't jump the gun on any trade ideas below without compelling edges already defined, but a down close would likely lead me to take a long position Monday morning, or a strong close up could compel me to take a stab at the short side.

Intermediate-term Outlook (2 weeks – 2 months)– updated 4/16 – neutral

The intermediate-term outlook was last updated in the 4/16/12 letter. A link to that letter is below.

[2012-04-16 QE Subscriber Letter.pdf](#)

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

BAX @ \$57.67 – not filled and not looking for fill at this point

AAPL @ \$580.13 (filled @ \$578.94)

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 2/2(BAX, AAPL)

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
AAPL(1/3)	4/17/2012	\$578.94	\$587.44	1.47%		Catapult

Though AAPL has pulled back close to its original entry, it is unlikely to trigger a 2nd signal in the next day or so.

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