

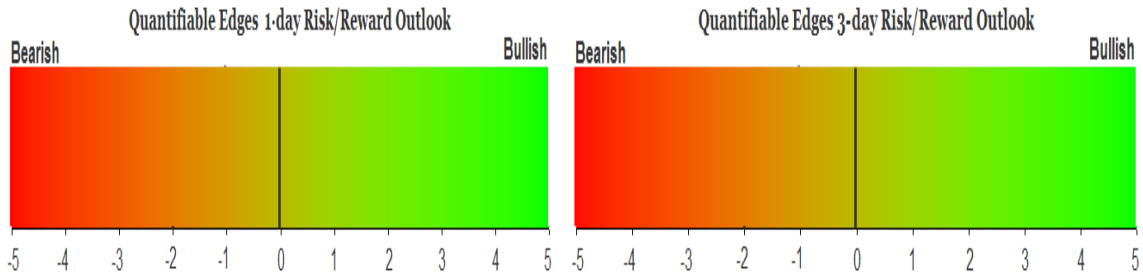
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 28, 2013

Volume 6 Issue 60

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Holy Thursday has been mostly positive over the last 32 years.

## *Short-term Outlook*

### *The Bottom Line*

Expectations turned to positive as the market moved to overbought, leaving the overall outlook neutral.

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

Study Date	Description	Time span	Bias	Avg Max Move
<b>Active</b>				
March 28, 2013	Holy Thursday	1 day	Bullish	
March 27, 2013	Low volume breakout	1-5 days	Bullish	
<b>Active - Long Term</b>				
March 13, 2013	5 days up to 50-high, then 1 down	1-10 days	Bullish	2.00%
January 14, 2013	Breadth Divergence (from Tops Study)	int term	<b>Bearish</b>	
September 17, 2012	QE3	int term	Bullish	
February 1, 2012	Golden Cross	int term	Bullish	

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

***The Evidence***

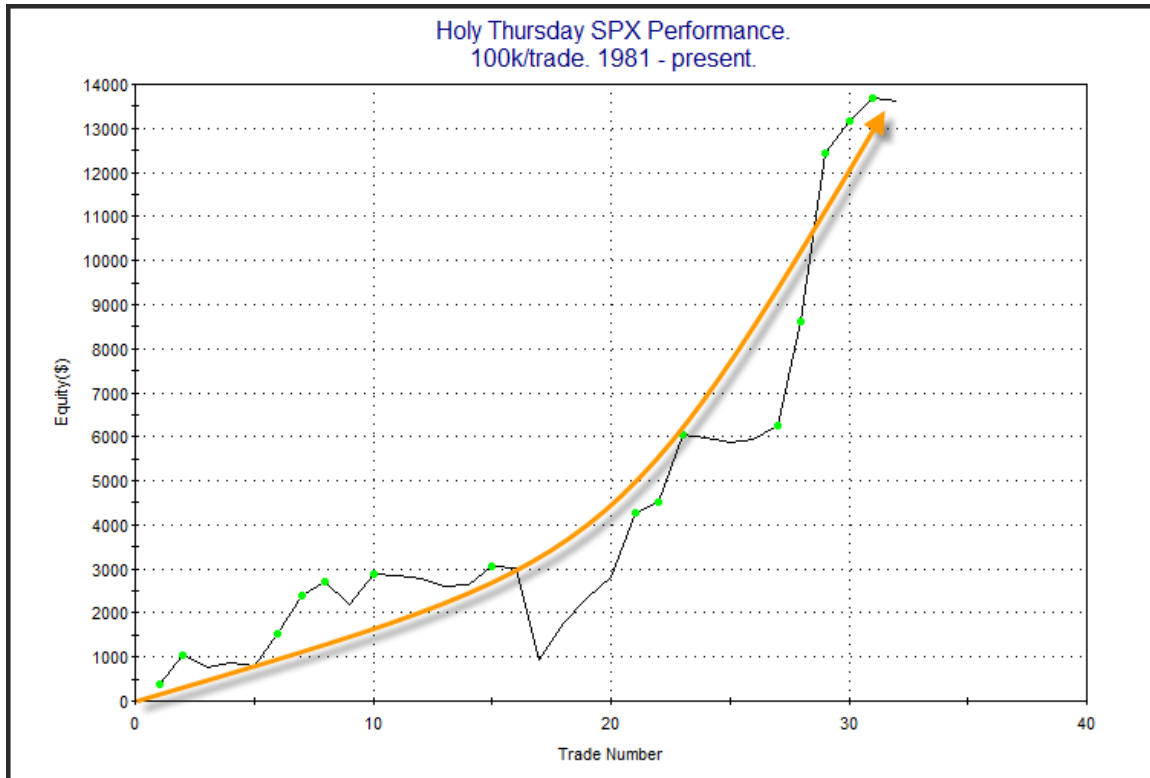
The market gapped down by a sizable amount to start the day, but by the end the indices were mixed. The SPX declined 0.1%, while the Nasdaq rose 0.1% and the Russell 2000 gained just 0.04%. Breadth was also mixed as the NYSE Up Issues % was 51% and the Up Volume % came in at 48%. Total NYSE volume rose a little from Tuesday's level.

I noted a couple of days ago in the 3/25/12 Letter that Holy Thursday has been a seasonally strong day for quite some time. Below is an excerpt from that letter.

*Friday the market is closed and it is not unusual for the market to exhibit a bullish bias heading in to a long weekend. (President's Day is the lone exception that comes to mind without a bullish bias ahead of it.) I've updated the study below which shows how the SPX has performed over the last 32 years on Holy Thursday.*

Holy Thursday SPX Performance. 100k/trade. 1981 - present.			
TradeStation Performance Summary			Collapse ^
All Trades			
Total Net Profit	\$13,630.35	Profit Factor	4.90
Gross Profit	\$17,125.46	Gross Loss	(\$3,495.11)
Total Number of Trades	32	Percent Profitable	65.63%
Winning Trades	21	Losing Trades	11
Even Trades	0		
Avg. Trade Net Profit	\$425.95	Ratio Avg. Win:Avg. Loss	2.57
Avg. Winning Trade	\$815.50	Avg. Losing Trade	(\$317.74)
Largest Winning Trade	\$3,799.40	Largest Losing Trade	(\$2,097.90)

*The numbers are compelling, and it is especially impressive to see how much the winners have outsized the losers. Below is the profit curve.*



*The upward bias has been in effect the whole period but the SPX has performed even better more recently. Last year did not manage to close higher, but SPX only declined less than 1 point.*

In my blogs Wednesday I broke down SPY performance a little further, separating overnight and intraday returns. The intraday returns I discussed in the Quantifiable Edges blog, and the overnight returns in the Overnight Edges blog. Links are below if you would like to explore it further.

<http://quantifiableedges.blogspot.com/2013/03/an-intraday-look-at-holy-thursday.html>

<http://overnightedges.com/1149/the-night-before-holy-thursday/>

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



The situation didn't change much tonight. The green Aggregator Line remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line stayed below 0. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are bullish but the SPX is already overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of 0. This caused the Aggregator system to remain flat at the close.

Expectations are slated to remain bullish on Thursday with the current Active List studies. Of course that could easily change if new bearish evidence emerges. The Differential Pivot will be 1,550.05 on Thursday. This is 0.8% below Wednesday's close. So SPX would need to close down at least this much to move from overbought to oversold versus expectations.

Holy Thursday has typically been strong. And we still have the bullish breakout study from last night. But SPX remains overbought so risk/reward is not great. I remain in "wait and see" mode. I have no intention of adding more exposure until a more favorable opportunity arises.

**Intermediate-term Outlook (2 weeks – 2 months)– updated 3/25 – bullish**

The intermediate-term outlook was last updated in the 3/25 letter. Link below:

[2013-03-25 QE Subscriber Letter.pdf](#)

**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**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
BRF	3/22/2013	\$40.38	\$40.32	-0.15%		sell @ \$40.71 limit on CLO

*BRF will trigger an exit on a close  $\geq$  \$40.71.*

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