

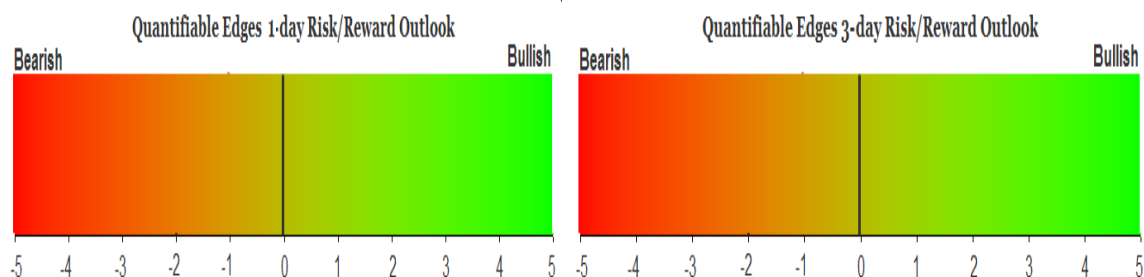
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 10, 2013

Volume 6 Issue 68

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- The back and forth SPX chop ended Tuesday with a 2<sup>nd</sup> up day, but no compelling studies emerged.

## Short-term Outlook

### The Bottom Line

There is very little to go on, and nothing that seems worthy of a big bet. I am now mostly sidelined and awaiting more favorable risk/reward to jump back in.

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

Study Date	Description	Time span	Bias	Avg Max Move
<b>Active</b>				
none				
<b>Active - Long Term</b>				
January 14, 2013	Breadth Divergence (from Tops Study)	int term	Bearish	
September 17, 2012	QE3	int term	Bullish	
February 1, 2012	Golden Cross	int term	Bullish	
<b>Dropped Tonight</b>				
<b>April 4, 2013</b>	<b>Big drop from 50-day high</b>	<b>1-4 days</b>	<b>Bullish</b>	<b>1.20%</b>

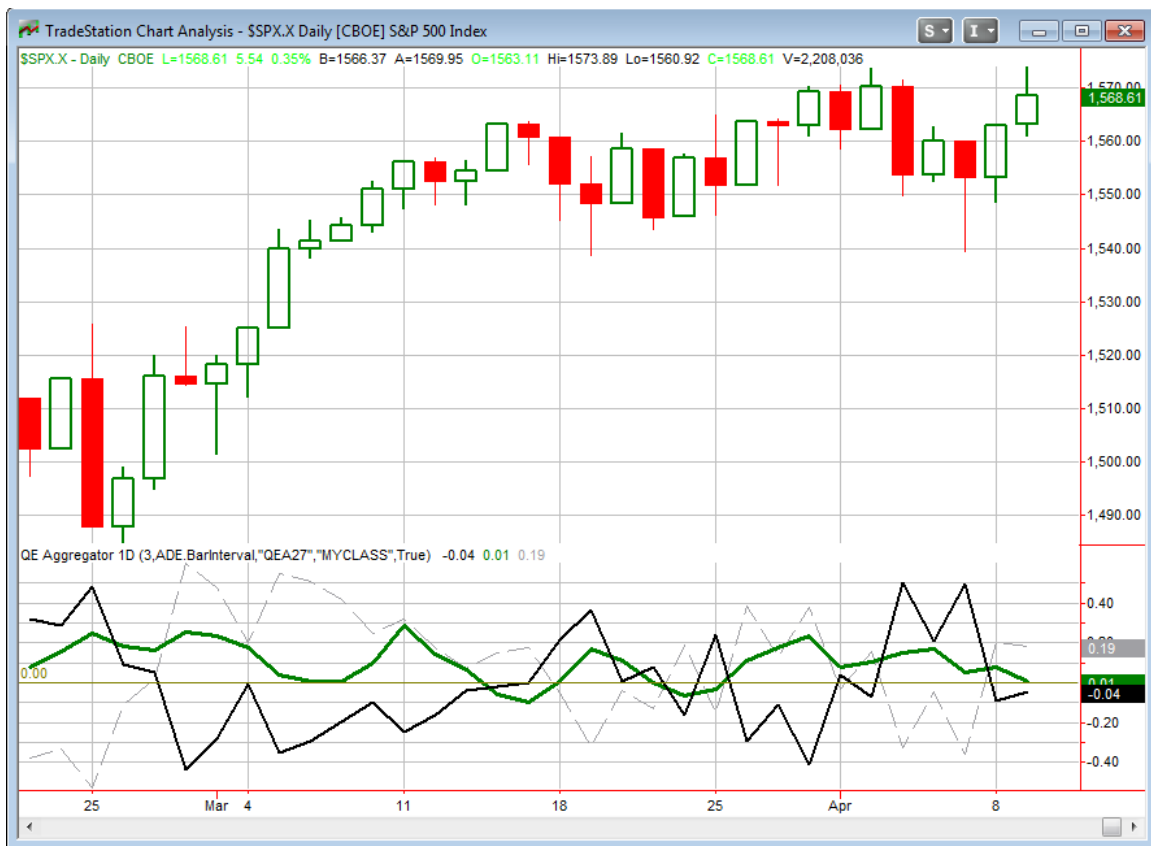
If the avg max move is achieved the study will appear in **bold italic blue** and no longer be active.

### ***The Evidence***

After looking strong for much of the afternoon, a late swoon left the indices mixed on Tuesday. The SPX gained 0.4%, and the Nasdaq rallied 0.5%, but the Russell 2000 fell 0.3%. Breadth was positive as the NYSE Up Issues % was 57% and the Up Volume % came in at 64%. Total NYSE volume rose a little from Monday's level.

Joe DiMaggio's record is safe. After reversing direction for 13 straight days, SPX closed higher for the 2<sup>nd</sup> day in a row today. I was hoping that would trigger some interesting studies, but the Quantifinder drew a complete blank. And though I searched high and low tonight, I found nothing that offered compelling directional evidence for the next few days. So tonight is one of those very rare instances that no short-term studies will be active. It is therefore entirely up to the intermediate-term studies to determine expectations.

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



With only intermediate-term studies in play, the green Aggregator Line is just above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line remains below 0. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are bullish but the SPX is 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 stay flat at the close.

Expectations over the next few days will be largely dependent on the new studies that will emerge. Should nothing compelling trigger on Wednesday, then expectations would be very slightly bullish based on the intermediate-term outlook. The Differential Pivot will be 1,558.98 on Wednesday. This is 0.6% below Tuesday's close. So for SPX to move from overbought to oversold will take a decline of at least this much on Wednesday.

There is very little for me to go on right now. QE is continually pushing prices higher, which is wonderful if you have an intermediate-term perspective, but such shallow pullbacks have made swing trading a little difficult. I was filled on the Catapult trigger shown in last night's letter, so I do still have a small amount of long exposure to track. I don't expect to take on any index exposure until more substantial edges emerge.

Also notable is that another Catapult triggered on Monday just as CAT was triggering an exit. So I will look to take on a little long exposure in FDX in the form of a Catapult trade.

***Intermediate-term Outlook (2 weeks – 2 months)– updated 4/8 – somewhat bullish***

The intermediate-term outlook was last updated in the 4/8 letter. Link below:

[2013-04-08 QE Subscriber Letter.pdf](#)

### **Catapult and Capitulative Breadth Statistics**

*Catapult & CBI Presentation Link*

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

*FDX – 1/3 @ \$95.25 (bought at limit)*

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

*None*

#### ***Broad Market Large Cap CBI – 1(FDX)***

### 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
SPY(1/4)	4/4/2013	\$155.23	\$156.56	0.86%		<i>sold at limit</i>
FDX(1/3)	4/9/2013	\$95.25	\$95.35	0.10%		<i>bought @ limit</i>

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