

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 12, 2013

Volume 6 Issue 219

## Market Overview



## Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr Swing	NDX Trend Timer
Long	100% Long XIV	Flat	Flat

## Tonight's Research Points

- Quiet trading on Veteran's Day is not triggering substantial clues.

## *Short-term Outlook*

### *The Bottom Line*

Evidence is back to slightly favoring more upside. The Aggregator is in a bullish formation, but that is not expected to last beyond Tuesday. I am sidelined and not inclined to jump back in at this point.

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

Study Date	Description	Time span	Bias	Avg Max Move
<b>Active - Short Term</b>				
November 11, 2013	Gap dn reverse to 50-day high	1-3 days	Bearish	-2.50%
November 8, 2013	Outside reversal high to low	1-5 days	Bullish	2.10%
<b>Active - Long Term</b>				
October 25, 2013	SPX > 50,2 Bollinger Band	1-50 days	Bullish	
October 21, 2013	70% Advancing Issues 3 Days In Row	1-75 days	Bullish	10.60%
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish	
April 29, 2013	6 months higher in a row	1-10 months	Bullish	14.30%
September 17, 2012	QE3	int term	Bullish	
February 1, 2012	Golden Cross	int term	Bullish	
<b>Dropped Tonight</b>				
<b>November 8, 2013</b>	<b>TICK Tomoscillator &lt; -200.5-low</b>	<b>1-2 days</b>	<b>Bullish</b>	

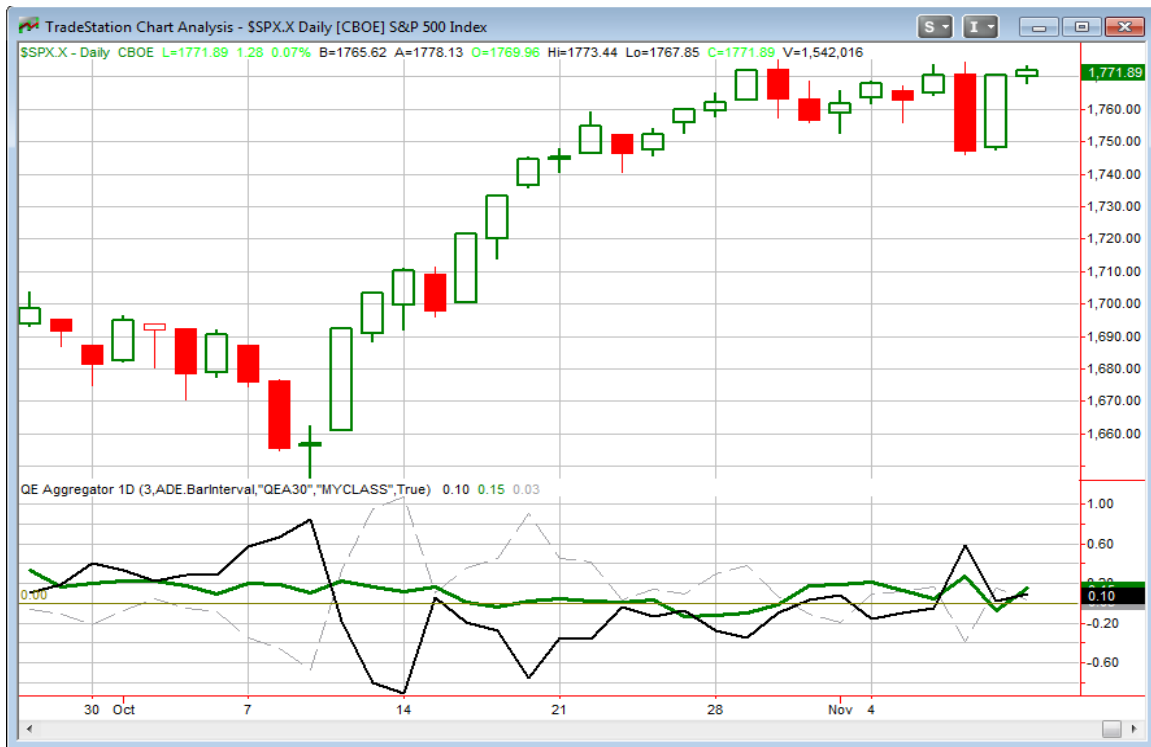
**The Evidence**

Monday's action was holiday-quiet and the major indices inched higher. The SPX and Russell 2000 each gained 0.1% while the Nasdaq rose a mere 0.01%. Breadth was also moderately positive as the NYSE Up Issues % was 52% and the Up Volume % was 56%. Total NYSE volume came in very light with the bond market closed and many traders taking the day off.

There were a good number of studies that triggered in the Quantifinder tonight, but they all referenced the very low volume. Low volume is typically a sign of complacency, but on holidays that is not the case. Traders are not complacent on days like Veteran's Day or Columbus Day. They just are not there. So to use volume as an indication of anything significant here would be a mistake.

Unfortunately this leaves us with little to discuss as far as edges. But when the market barely moves all day, then it really is no surprise that no substantial edges emerge. The TICK TomOscillator study from the other night expired, leaving the Short-Term Active List with just 1 bullish and 1 bearish study.

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



Tonight the green Aggregator Line managed to rise back above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line held firm above 0. The positive Differential Line reading means the SPX is mildly oversold versus recent expectations. So expectations are now positive and the SPX is still a little oversold (versus expectations). This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. This caused the Aggregator signal to change to long at the close.

With the current active studies, expectations are slated to remain bullish on Tuesday. Of course this could change if either 1) additional bearish evidence emerges, or 2) SPX rises another 0.7%, thus retiring the bullish reversal bar study from Thursday night. The Differential Pivot will be *highly inverted* at 1754.80 on Tuesday. That is *1.0% below* Monday's close. An inverted pivot means the Differential Line will cross 0 if SPX closes flat. In this case it is going to take a selloff of nearly 1% in order to keep SPX oversold versus expectations. Anything short of that and SPX will be considered overbought at the close on Tuesday.

So there may be a bit of an upside edge, but it will likely be very short-lived. This is not the kind of setup I find particularly appealing. I intend to stand aside and await a more solid opportunity.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 11/11 – somewhat bullish***

The intermediate-term outlook was last updated in the 11/11/13 letter. Link below:

[2013-11-11 QE Subscriber Letter.pdf](#)

**Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

**Open Catapult Triggers**

AMZN -1/3 @ \$343.56 (buy 1/3 @ limit) – not filled – cancel order for now

**Catapult for ETF's Trades**

None

**Broad Market Large Cap CBI – 1(AMZN)**

**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)	11/8/2013	\$174.87	\$177.12	1.29%		<i>sold on open</i>

SPY was sold on the open Monday as per the note in last night's letter.

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