

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 22, 2013

Volume 6 Issue 227

Market Overview



Signals Overview

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

Tonight's Research Points

- Nothing new emerged tonight.

Short-term Outlook

The Bottom Line

Evidence suggests we could see more upside in the coming days. But the market has quickly become overbought. No strong directional edge right now.

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

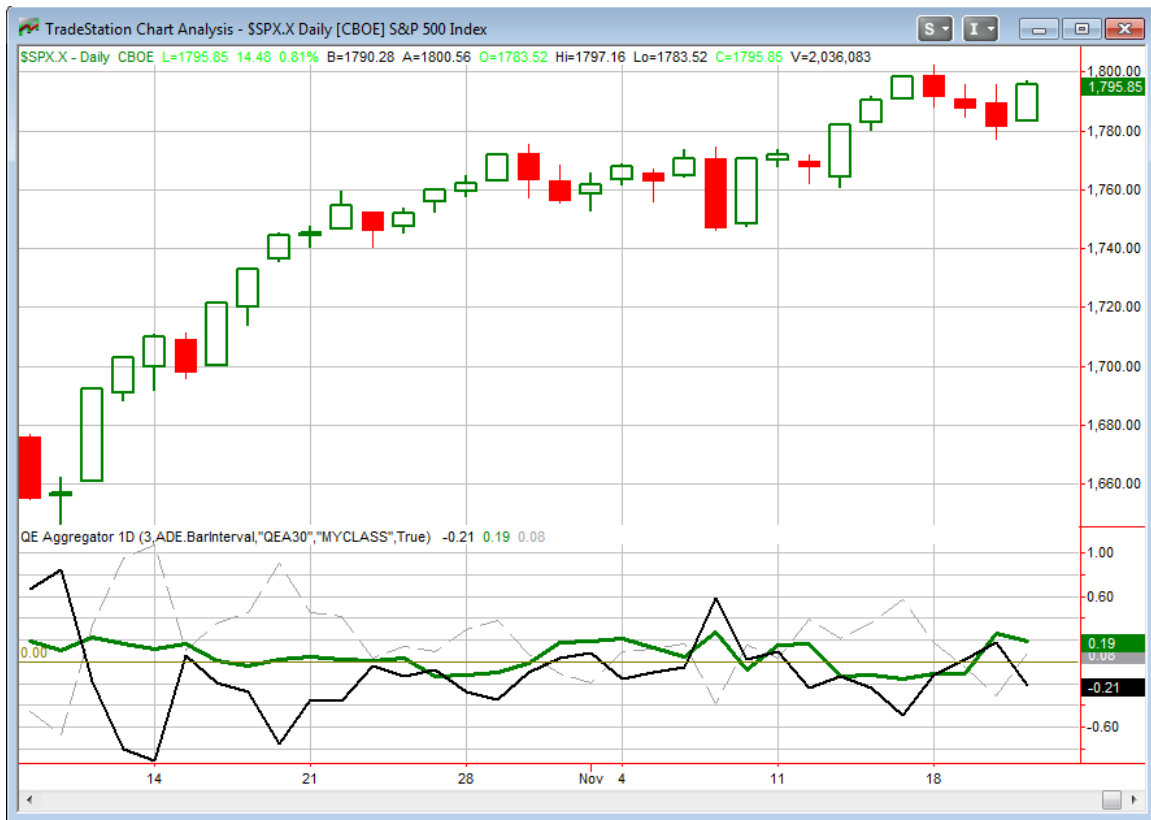
Study Date	Description	Time span	Bias	Avg Max Move
Active - Short Term				
November 21, 2013	3-day pullback. Low vol. Low 3/10 HV	1-3 days	Bullish	
Active - Long Term				
November 21, 2013	3-day pullback. Low 3/10 Offset HV	1-10 days	Bullish	
October 25, 2013	SPX > 50,2 Bollinger Band	1-50 days	Bullish	
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	
Dropped Tonight				
November 15, 2013	Top 10% 10-day range opex Thurs.	1-5 days	Bearish	-1.70%

The Evidence

The market bounced strongly on Thursday. The SPX gained 0.8%, the Nasdaq rose 1.2%, and the Russell 2000 rallied 1.8%. Breadth was positive as the NYSE Up Issues % was 73% and the Up Volume % was also 73%. Total NYSE volume rose some from Wednesday's level.

Between travel difficulties and some other issues that have arisen, this is going to have to be a very short letter. The market bounced as the studies last night indicated was likely. The bounce failed to trigger any new studies in the Quantifinder. The unfortunate part of the bounce was that it occurred with a gap up that never filled, so the SPY trade idea from last night never got a fill. There are no new studies to add or discuss.

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



The green Aggregator Line remains above 0 tonight. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the sizable rally on Thursday caused the black Differential Line to drop back below 0. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are positive but the SPX is short-term 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 signal to turn from long to flat.

With the current active studies, expectations are slated to remain bullish on Friday. Of course this could change if new bearish evidence emerges. The Differential Pivot will be 1781.09 on Friday. That is 0.8% below Thursday's close. So it would take a fairly sizable drop on Friday to put the market back in an oversold state.

The key reversal studies from a few days ago suggested the pullback could last a few days, but a bounce would likely ensue and that new highs probably would not be too far behind. We are already within 2.5 points of a new closing high. Evidence is not overwhelming here, but I'm not looking to go short anytime soon. The letter missed this little bounce due to the overnight gap, but it is never too long before the next opportunity arrives.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 11/18 – somewhat bullish*

The intermediate-term outlook was last updated in the 11/18 letter. Link below:

[2013-11-18 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

None.

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