

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 24, 2013

Volume 6 Issue 248

Market Overview



Signals Overview

| Aggregator | Aggressive VIX | QE Buy Pwr Swing |
|------------|----------------|------------------|
| Flat | 50% Long XIV | Flat |

Tonight's Research Points

- Volume was very low, but that is expected (and not predictive) during holiday periods.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, and so am I.

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

| Study Date | Description | Time span | Bias | Avg Max Move |
|----------------------------|-------------------------------------|-------------|---------|--------------|
| Active - Short Term | | | | |
| December 23, 2013 | Twas 3 Nights Before Christmas | 1-8 days | Bullish | |
| December 19, 2013 | Fed Day closes at 100-day high | 1-8 days | Bullish | |
| Active - Long Term | | | | |
| December 23, 2014 | QE Tapering | int term | Neutral | |
| December 19, 2013 | 20-high on high vol | 1-20 days | Bullish | |
| December 18, 2013 | 4 Hindenburg Trigger | 1 - 35 days | Bearish | -7.00% |
| December 16, 2013 | 2nd half December seasonally strong | 1-15 days | Bullish | 3.60% |
| December 2, 2013 | Nasdaq leading SPX | int term | 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% |
| February 1, 2012 | Golden Cross | int term | Bullish | |

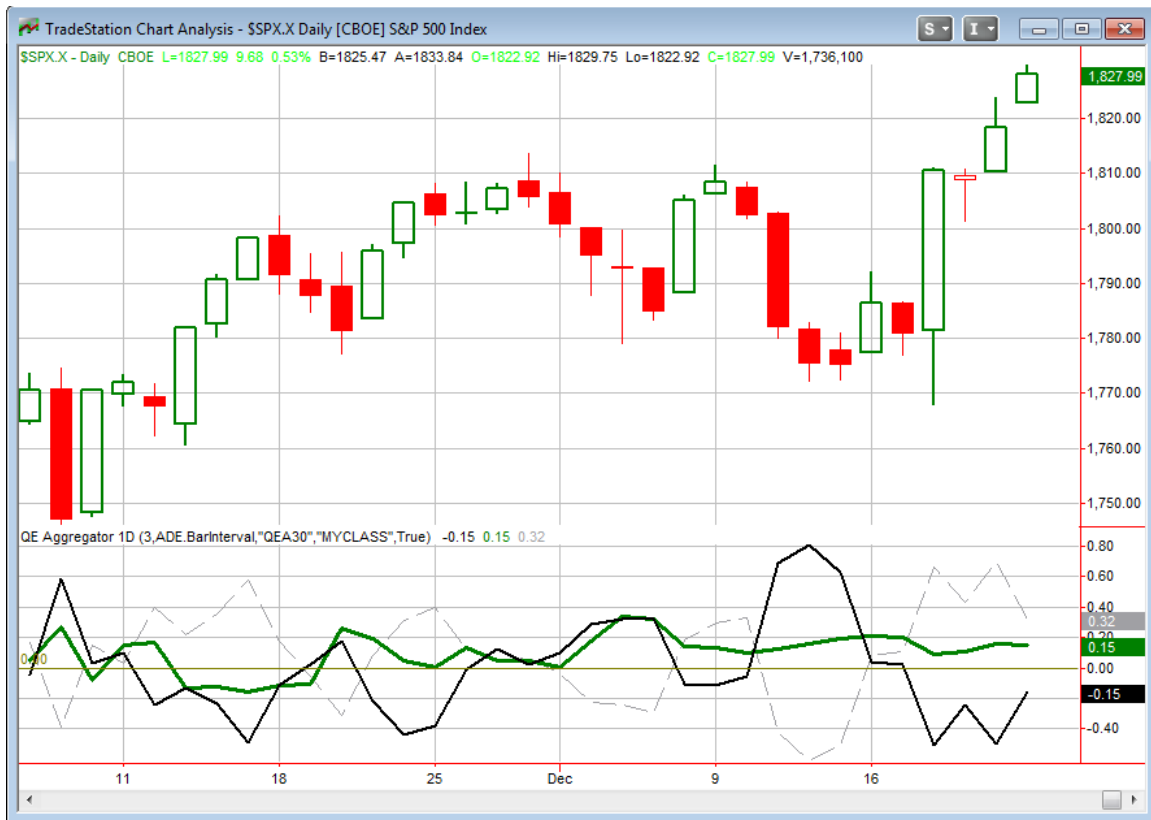
The Evidence

More gains on Monday for the market. The SPX rallied 0.5%, the NASDAQ finished up 1.1% and the Russell 2000 rose 1.0%. Breadth was strong as the NYSE Up Issues % was 71% and the Up Volume % was 75%. Volume was very light, and it will likely continue to be so for the rest of this week and next.

Nothing substantial appeared in the Quantifinder. There were a couple of somewhat bearish studies related to volume, but since we are into the holidays, low volume is not a concern. Low volume can sometimes be a sign of complacency. But this is not something that should be interpreted when many traders are on vacation around holiday periods. We will likely continue to see several low-volume studies between now and New Years. I will be ignoring them all.

So there is nothing new to add to the Active List tonight.

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



The green Aggregator Line tonight held firm above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line is still negative. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are positive 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 signal to remain flat.

With the current active studies, expectations are set to remain bullish on Tuesday. This could change if strong bearish evidence emerges. The Differential Pivot will be 1816.77 on Tuesday. That is about 0.6% below Monday's close. So SPX would need to close down at least this much in order for it to move from overbought to oversold on Tuesday.

Typical of 2013, the market refused to pull back and allow us entry into a long position on Monday. It is a bit too stretched now. I will give it another day or two before looking to take on new exposure again.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 12/23 – somewhat bullish*

The intermediate-term outlook can be seen in the Current Weekly Letter.

<http://quantifiableedges.com/current-weekly-letter/>

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

APC – @ \$85.26 (bought 1/3 size position)

APC – @ \$83.59 (bought 1/3 size position)

APC – @ \$78.30 (bought 1/3 size position)

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 3(APC-3)

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 |
|----------|------------|-------------|---------------|-------------|------|----------|
| APC(1/3) | 12/11/2013 | \$85.26 | \$78.49 | -7.94% | | Catapult |
| APC(1/3) | 12/12/2013 | \$83.74 | \$78.49 | -6.27% | | Catapult |
| APC(1/3) | 12/16/2013 | \$78.30 | \$78.49 | 0.24% | | Catapult |
| | | | | | | |
| | | | | | | |

APC would reach its exit target on Tuesday with a close of \$79.43 or higher.

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