

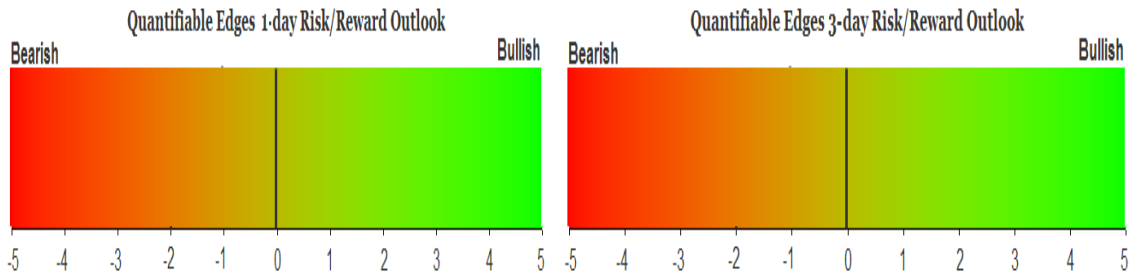
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 6, 2014

Volume 7 Issue 44

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- The very light volume on the pullback Monday could suggest more selling soon.

### *Short-term Outlook*

#### *The Bottom Line*

I couldn't be more neutral on the short-term

**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>				
February 28, 2014	SPX low vol breakout	1-5 days	Bullish	1.70%
<b>Active - Long Term</b>				
February 20, 2014	SPX key reversal after 10-high	1-11 days	Bullish	2.30%
December 23, 2013	QE Tapering	int term	Neutral	
December 2, 2013	Nasdaq leading SPX	int term	Bullish	
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish	
February 1, 2012	Golden Cross	int term	Bullish	
<b>Dropped Tonight</b>				
March 4, 2014	Big drop from 50-high	1-4 days	Bullish	1.20%

**The Evidence**

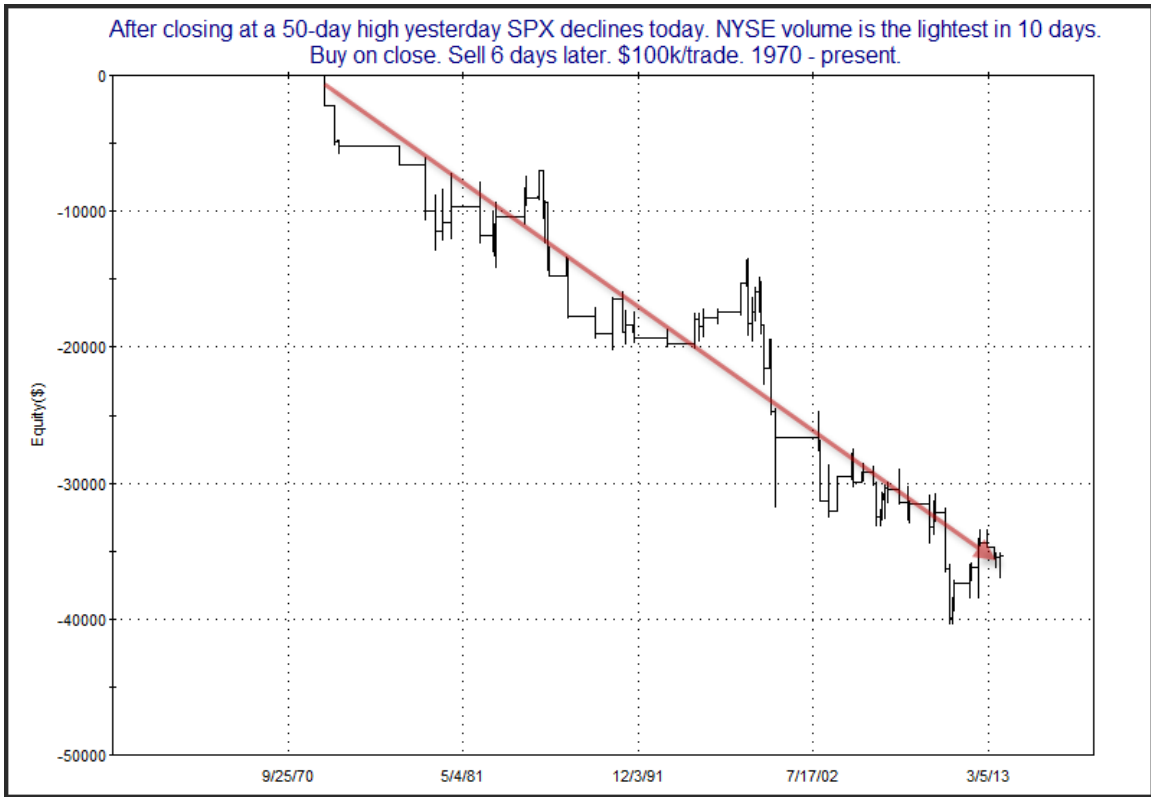
The market should have just stayed closed on Wednesday, because nothing really happened. The SPX lost a mere 0.10 points, the Nasdaq rose 0.1% and the Russell 2000 declined 0.2%. Breadth was also mixed as the NYSE Up Issues % came in at 48% and the Up Volume % was 54%. Total NYSE volume came in at the lightest level in a few weeks.

The study below was the only one of much substance that triggered in the Quantifinder. It was last seen in the 8/6/13 Letter and has been updated.

After closing at a 50-day high yesterday SPX declines today. NYSE volume is the lightest in 10 days  
Buy on close. Sell X days later. \$100k/trade. 1970 - present.

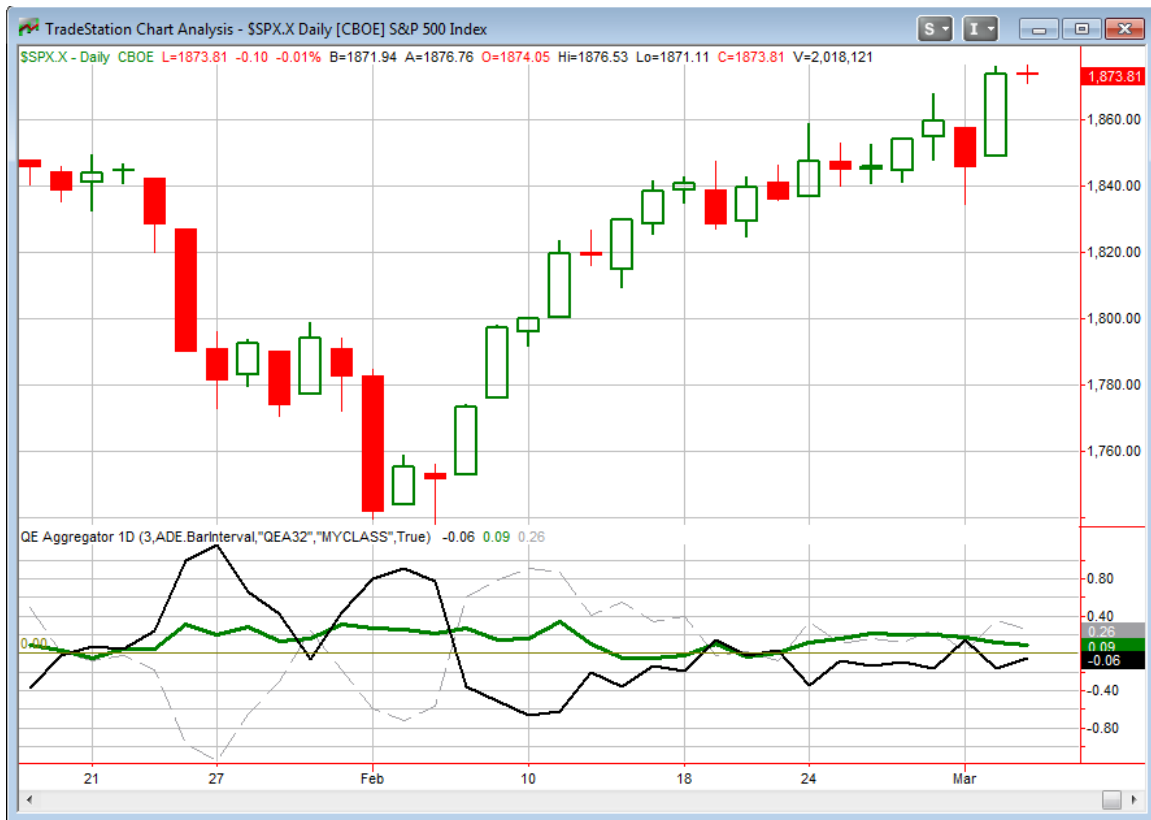
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-23,344.99	64	34	30	53.13	1,731.07	5,104.00	-2,740.04	-6,121.74	0.63	0.72	-364.77
9	-19,624.35	65	34	31	52.31	1,725.02	3,955.23	-2,525.00	-6,236.87	0.68	0.75	-301.91
8	-28,456.77	65	31	34	47.69	1,515.34	3,521.07	-2,218.60	-6,661.66	0.68	0.62	-437.80
7	-36,290.77	65	30	35	46.15	1,317.29	3,732.48	-2,165.98	-7,193.64	0.61	0.52	-558.32
6	-35,336.70	66	31	35	46.97	1,083.91	2,563.47	-1,969.66	-5,426.99	0.55	0.49	-535.40
5	-23,748.05	67	32	35	47.76	953.13	2,273.04	-1,549.94	-4,288.68	0.61	0.56	-354.45
4	-20,811.99	69	34	35	49.28	868.93	2,457.84	-1,438.74	-4,263.60	0.60	0.59	-301.62
3	-4,969.94	70	38	32	54.29	860.65	2,169.48	-1,177.33	-3,726.24	0.73	0.87	-71.00
2	-2,767.14	70	36	34	51.43	732.95	2,328.05	-857.45	-4,049.40	0.85	0.91	-39.53
1	-4,683.49	70	35	35	50.00	524.89	2,235.13	-658.70	-3,068.81	0.80	0.80	-66.91

The first few days don't show much of an edge, but once you get out 6-7 days there appears to be a possible downside inclination. To confirm this I took a look at the equity curve. In this case I decided to show time on the x-axis rather than instances to demonstrate how consistent the edge has been over the years.



For a study without strongly lopsided statistics, the steadiness is impressive. But with no real edge appearing for the first several days, I decided not to include this study on the active list. Still, it may be worth keeping in mind.

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



The green Aggregator Line dipped just slightly but again held above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line edged up slightly but is still below 0. 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. And with both lines so close to zero, it does not get much more neutral than this. Therefore the Aggregator signal stayed flat.

Without any new studies emerging, expectations are set to remain slightly positive on Thursday. But with short-term studies lacking, expectations will be largely dependent on what new studies emerge over the next few days. The Differential Pivot will be 1856.01 on Thursday. That is 0.95% below Wednesday's close. So it will take a fairly sizable decline on Thursday for SPX to be considered "oversold" versus recent expectations.

I wish I had something more exciting to suggest, but for the short-term there simply does not appear to be a substantial edge. So I will simply wait until one emerges. They always do before too long. For those that don't care to wait, you can always find possible setups on the [Daily Triggers Spreadsheet](#).

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

The intermediate-term outlook was last updated in the 3/3 Letter. It can be found in the most recent weekly letter on the website.

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

**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 [numbered systems 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*

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2014 Hanna Capital Management, LLC.