

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 10, 2014

Volume 7 Issue 69

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new studies emerged tonight.

## *Short-term Outlook*

### *The Bottom Line*

The market is quickly working off its oversold condition and the bounce the last 2 days has put it in a position where strong new edges are not emerging. I'm long from the last few days and will be looking to close out some or all of my long positions on Thursday if they move well enough in my favor.

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

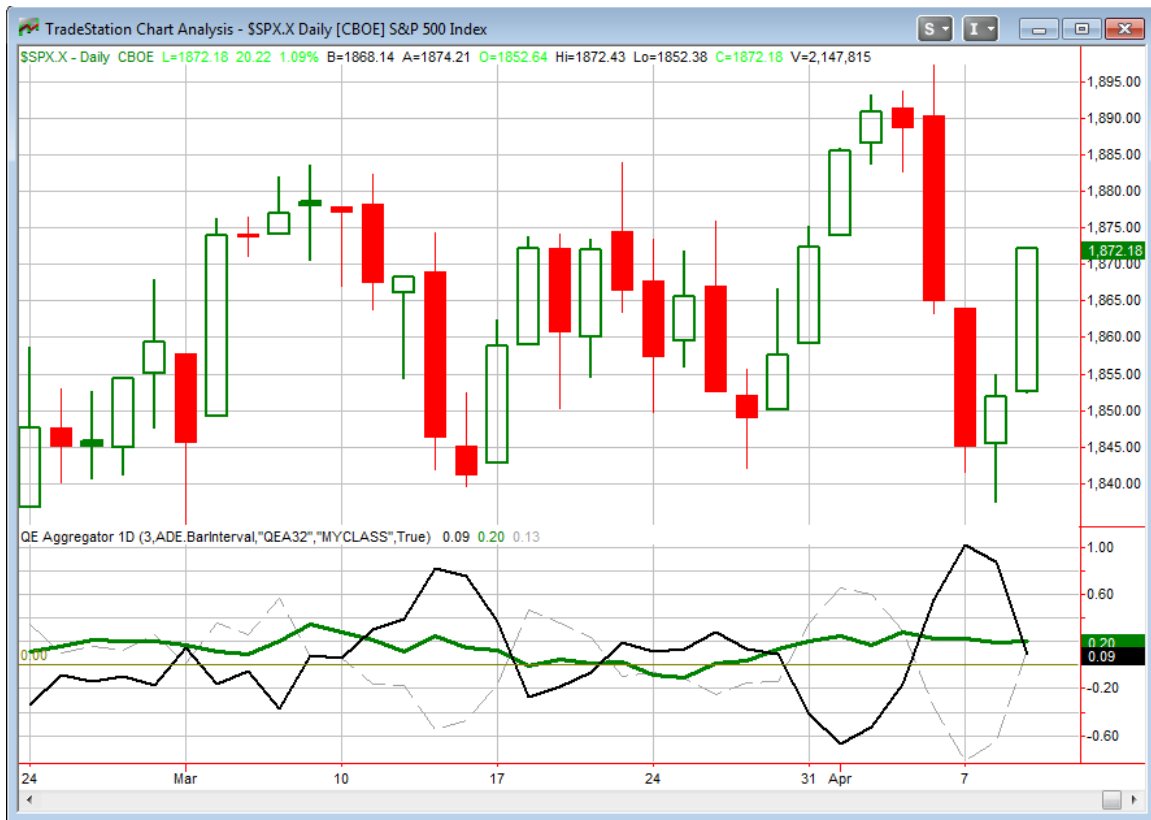
Study Date	Description	Time span	Bias	Avg Max Move
<b>Active - Short Term</b>				
April 9, 2014	4 Lower lows & 20-day Low > 200ma	1-8 days	Bullish	2.40%
April 8, 2014	Unfilled gap down & weak finish > 200	1-8 days	Bullish	
April 8, 2014	3 Down & Today is Monday	1-4 days	Bullish	2.10%
April 7, 2014	20-day high and close bottom 10% rng	1-8 days	Bullish	2.00%
April 7, 2014	Double Outside Days	1-5 days	Bullish	1.80%
<b>Active - Long Term</b>				
April 7, 2014	SPX new high while NDX huge drop	1-50 days	Bullish	
March 14, 2014	QQQ 5 lower lows. Big drop today.	1-20 days	Bullish	11.90%
December 23, 2013	QE Tapering	int term	Neutral	
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish	
February 1, 2012	Golden Cross	int term	Bullish	
<b>Dropped Tonight</b>				
<a href="#">April 8, 2014</a>	<a href="#">QE Buying Power System Long</a>	<a href="#">1-6 days</a>	<a href="#">Bullish</a>	

**The Evidence**

The bounce continued on Wednesday as the market moved up strongly. The SPX rose 1.1%, the NASDAQ gained 1.7% and the Russell 2000 rallied 1.4%. Breadth was positive as the NYSE Up Issues % came in at 72% and the Up Volume % was 73%. Total NYSE volume sank for the 2<sup>nd</sup> day in a row.

After hitting oversold levels a few days ago, the market has bounced nicely the last 2 days. It is now back above the midpoint of its recent range, but not yet near a short-term extreme. As will happen in cases like this, there is really no strong edge being suggested by our studies. The active ones from the last few days suggest there could be more room to the upside here, but from where the market stands right now, nothing new is emerging. So I will keep the analysis rather brief tonight.

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



Bearish studies have not emerged so the green Aggregator Line remained 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 now approaching 0. The positive Differential Line reading means the SPX is still a little oversold versus recent expectations. So expectations are positive and the SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. Therefore the Aggregator signal remained long at the close.

Based on the current active studies, expectations are slated to remain positive on Thursday. It would take extremely strong new bearish evidence to change that. The Differential Pivot will be *highly inverted* at 1858.21 on Thursday. That is 0.75% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case that means SPX will need to close down at least 0.75% if it is going to remain oversold.

Inverted pivots often make for good times to take profits. While evidence is still pointing up, the Aggregator can only maintain its bullish configuration on a big move down. So I plan to take profits into strength on Thursday. If the market does pull back and turn back to oversold, I can always get back in at that lower level. My trade management details are in the trade ideas section down below.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 4/7 – neutral***

The intermediate-term outlook was last updated in the 4/7/14 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
AMZN	3/27/2014	\$343.15	\$331.80	-3.31%		sell on close >= \$332.55
SPY(1/4)	4/7/2014	\$184.34	\$187.09	1.49%		sell @ \$187.10 limit
MS	4/8/2014	\$29.52	\$30.22	2.37%		sell on close >= \$30.60

*The exits for AMZN and MS are the standard ones for the numbered systems they were purchased with.*

*I considered looking for more with SPY and then trailing a stop higher throughout the day. While traders could certainly do that, I decided to keep it simple here. If SPY gaps up I will be out at the open. If not, I will be looking to exit at a limit just \$0.01 above Wednesday's close. If there is an unfilled gap down I will not be exiting, but may on Friday morning assuming the Aggregator configuration is no longer bullish.*

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