

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 25, 2014

Volume 7 Issue 79

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

There still appears to be a bit of an upside edge, but I'd rather wait for a bit more of a pullback. So I am not jumping in just yet.

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

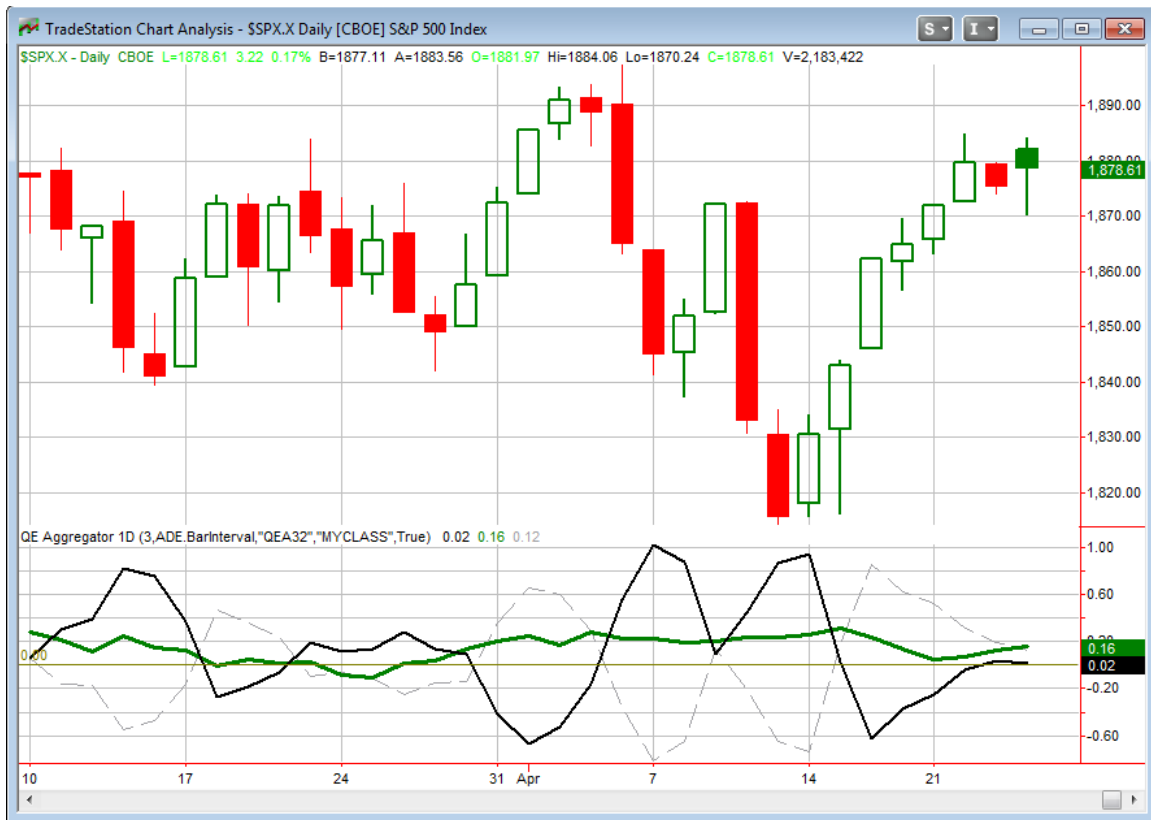
Study Date	Description	Time span	Bias	Avg Max Move
Active - Short Term				
April 24, 2014	5 Days up then 1 down. < 50-high > 200	1-9 days	Bullish	
April 22, 2014	5 Days Higher < 50 but > 200	1-10 days	Bullish	
April 21, 2014	VIX 10% below from 10% above 10ma	1-8 days	Bullish	2.80%
April 17, 2014	NDX up 1%. SOX down.	1-6 days	Bearish	-3.20%
April 17, 2014	3 days up gain 2%. 3/10 Offset HV < 0.25	1-6 days	Bullish	
Active - Long Term				
April 22, 2014	5 Days Higher < 50 but > 200	1-15 days	Bullish	
April 17, 2014	3 days up gain 2%. 3/10 Offset HV < 0.25	1-19 days	Bullish	
April 7, 2014	SPX new high while NDX huge drop	1-50 days	Bullish	
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	

The Evidence

Thursday saw wiggling and mixed results. The SPX rose 0.2%, the NASDAQ gained 0.5% and the Russell 2000 dropped 0.2%. Breadth was just also mixed as the NYSE Up Issues % came in at 51% and the Up Volume % was 49%. Total NYSE volume rose slightly from Wednesday's level.

I mentioned last night that tonight's letter would likely be brief because I am on the road. I was happy to see the market acquiesced and did nothing to suggest a strong edge. The Quantifinder only posted a couple of rather neutral studies relating to the mild up closes in both the SPX and the VIX. So I won't be adding anything new to the Active Studies List tonight.

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



Without any changes tonight 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 also held above 0. The positive Differential Line reading means the SPX is slightly oversold versus recent expectations. So expectations are positive and the SPX is relatively oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. Therefore the Aggregator signal stayed long at the close.

Based on the current active studies, expectations are slated to remain positive on Friday. Of course this could change if strong bearish evidence emerges. The Differential Pivot will be 1884.23 on Friday. That is 0.3% above Thursday's close. So it will only take a moderate close higher in order for SPX to move back to an overbought condition.

There still appears to be a small upside edge. But while SPX is "oversold" by our Differential calculation, it closed very near a 10-day high on Thursday, and is at the upper end of its short-term (10-day) range. Being at the upper end of the short-term range elevates risk a bit, because it means it could fall quite a ways before hitting solid technical support. I typically prefer to do my buying in the lower half of the range, and rarely right near the top. So while there still appears to be a bit of an upside edge, I don't view it as strong enough to put capital at risk. I'll wait and see if we get a pullback in the next few days that could provide a more favorable entry opportunity.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/21 – neutral

The intermediate-term outlook was last updated in the 4/21/14 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. Though for those traders with more bullish outlooks looking for some long exposure, there were some stocks with good historical numbers showing up on the triggers sheet tonight on the numbered systems page.

Current Open Trade Ideas

None

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