

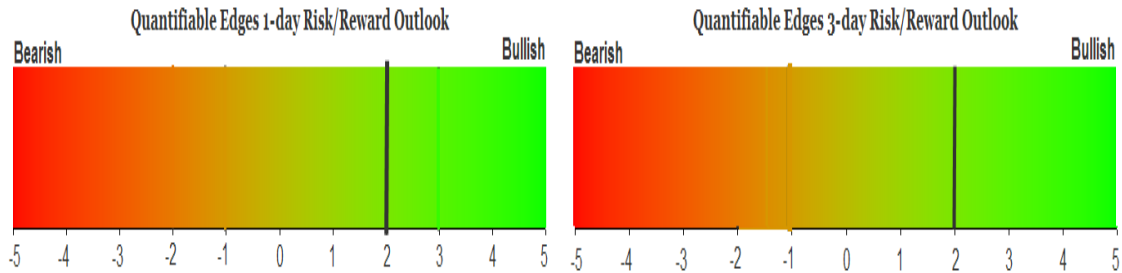
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 21, 2014

Volume 7 Issue 97

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Choppy action the last few days has not helped to generate new and compelling edges.

## *Short-term Outlook*

### *The Bottom Line*

Expectations remain positive and SPX is again oversold. So there still appears to be an upside edge. I still have a small SPY position and I will maintain it for the time being.

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

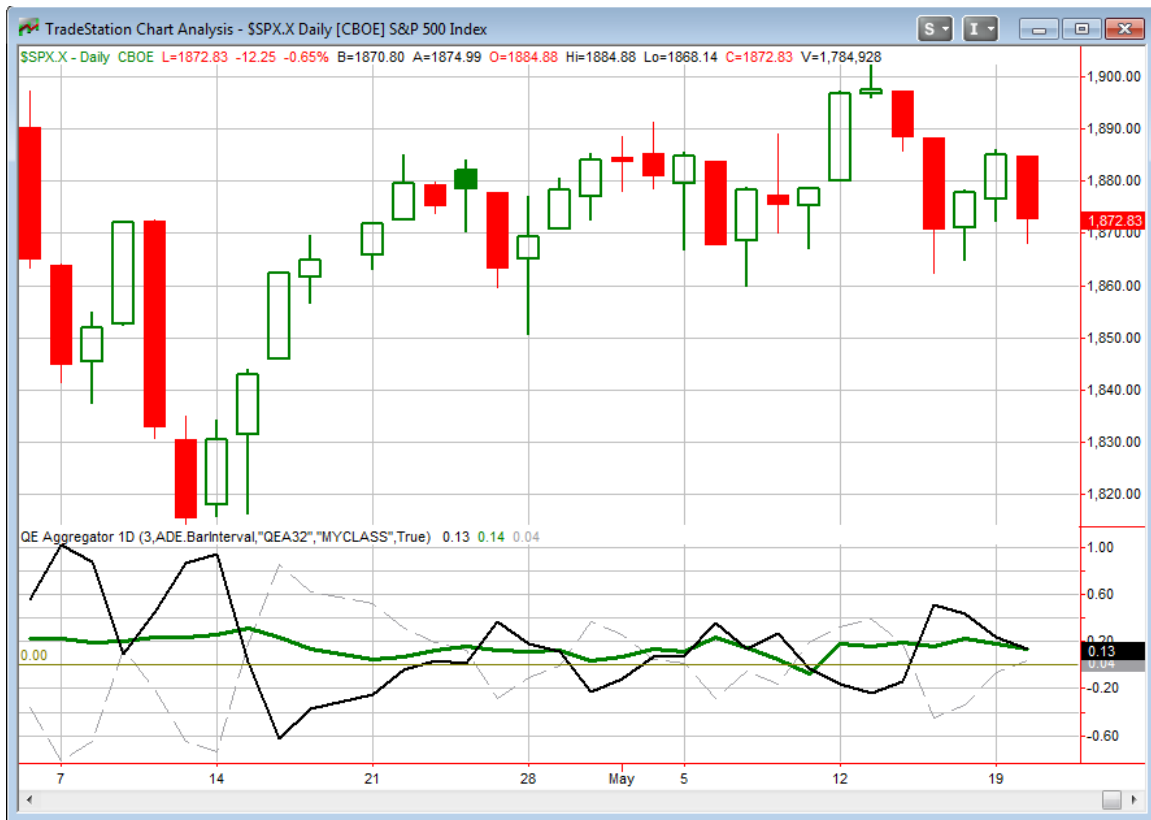
Study Date	Description	Time span	Bias	Avg Max Move
<b>Active - Short Term</b>				
May 19, 2014	2 days up < 3 ago	1-2 days	Bullish	
May 16, 2014	2 unfilled down gaps, 5-low > 200ma	1-5 days	Bullish	
<b>Active - Long Term</b>				
May 16, 2014	2 unfilled down gaps, 5-low > 200ma	1-10 days	Bullish	
May 1, 2014	3 of 4 Market Timing Indicators weak	int term	Bearish	
April 28, 2014	Sell in May	6 months	Bearish	
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***

The Friday-Monday bounce was pretty much wiped away on Tuesday. The SPX and NASDAQ each lost 0.7%, and the Russell 2000 fell 1.5%. Breadth was strongly negative as the NYSE Up Issues % came in at 29% and the Up Volume % was 17%. Total NYSE volume rose from Monday's low level.

Back and forth motion on the daily charts rarely generates strong edges. I looked at a number of different things tonight, including the unfilled gap down, and the relative market position in which it occurred. I was unable to find a solid edge. And the Quantifinder wasn't any more successful than I was. So I won't be adding anything new to the Short-Term Active List tonight.

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



Without anything new being added 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 is also still above 0. The positive Differential Line reading means the SPX is 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 stayed long at the close.

Without any bearish short-term studies, expectations are slated to remain positive again on Wednesday. Of course this could change if strong bearish evidence emerges. The Differential Pivot will be 1888.37 on Wednesday. That is 0.8% above Tuesday's close. So it will take a pretty strong move up on Wednesday in order to move the SPX from oversold to overbought versus expectations.

The unfilled gap down was unfortunate in that it did not allow for the SPY trade idea to receive a fill on its attempted exit. As of now the Aggregator is still somewhat bullish. I am also, so I will look to maintain my long exposure and let it ride another day. With no new compelling bullish evidence emerging I will hold off on adding any more exposure for now. It certainly won't be long until new edges emerge. And even if price action does nothing for the next few days, we'll have some interesting Memorial Day related studies to explore soon.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 5/19– slightly bearish***

The intermediate-term outlook was last updated in the 5/19 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
SPY(1/4)	5/15/2014	\$187.40	\$187.55	0.08%		Aggregator

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