

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 16, 2014

Volume 7 Issue 132

Market Overview



Signals Overview

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

Tonight's Research Points

- Moderate action in the middle of the recent range is AGAIN failing to spark substantial new evidence.

Short-term Outlook

The Bottom Line

With the market pulling back the overall short-term outlook has improved to slightly bullish. But the edge appears so slight at this point that I do not consider it a strong trading opportunity. I remain largely sidelined.

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

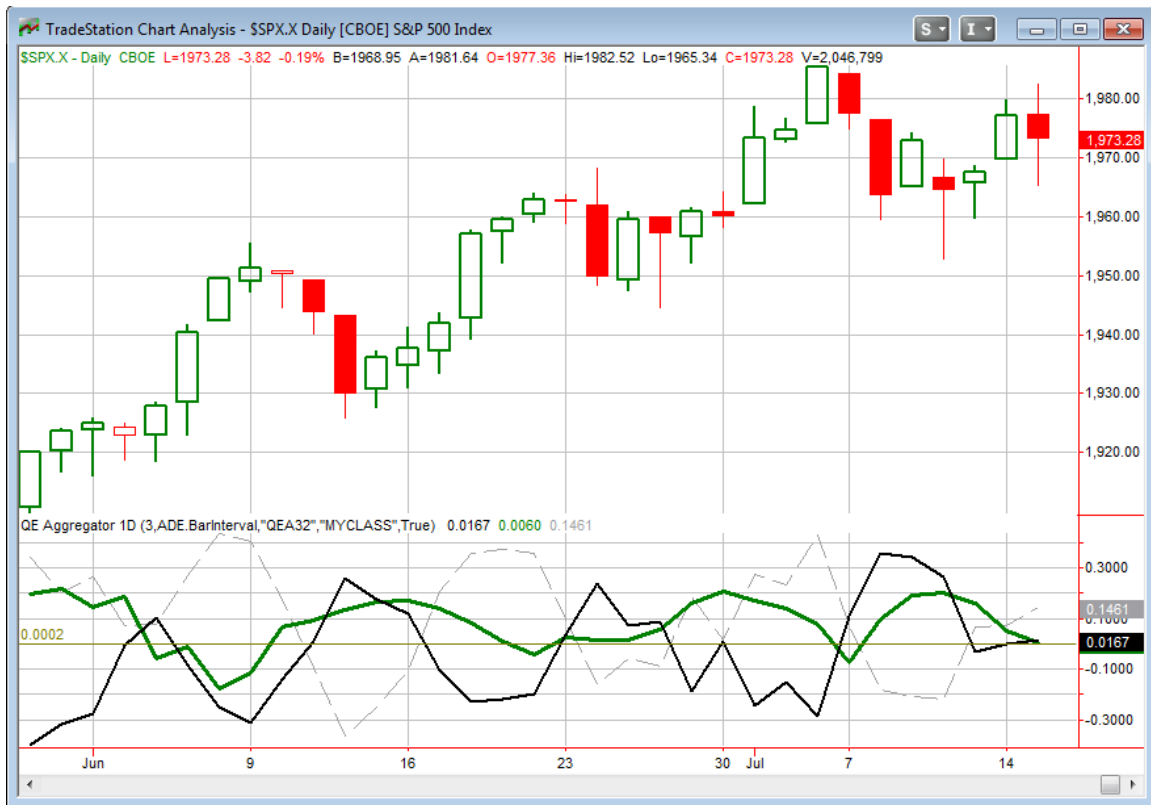
Study Date	Description	Time span	Bias	Avg Max Move
Active - Short Term				
<i>none</i>				
Active - Long Term				
July 9, 2014	2 unfilled gaps dn > 200ma	1-10 days	Bullish	2.50%
June 2, 2014	NASDAQ leading SPX	int term	Bullish	
April 28, 2014	Sell in May	6 months	Bearish	
December 23, 2013	QE Tapering	int term	Neutral	
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish	
February 1, 2012	Golden Cross	int term	Bullish	
Dropped Tonight				
July 9, 2014	2 unfilled gaps dn > 200ma	1-5 days	Bullish	1.70%

The Evidence

The market mostly opened up on Tuesday, but selling came in almost immediately and the major indices (except the Dow) finished with losses. The SPX fell 0.2%, the NASDAQ dropped 0.5% and the Russell 2000 declined 1.0%. Breadth was solidly negative as the NYSE Up Issues % came in at 34% and the Up Volume % was 37%. Total NYSE volume rose from the level of the last few days.

SPX closed almost exactly on its 10-day moving average. The last few days have really been symptomatic of summer blahs. Nothing extraordinary is happening and the market has generally meandered nowhere. The happens from time to time. It will more often happen during long-term uptrends, which we are in. It will also often happen during the summer. You can't get blood from a stone, and if you try too hard you'll probably just bloody yourself. When there is no real edge it is typically a good time to focus on other things. For me that means a few days off. For others, perhaps catching up on projects or research. Like last night, with little to talk about, I will keep it short.

Without anything new tonight, I have updated the [Aggregator](#) chart below.



With the last short-term study expiring, the green Aggregator Line held just barely above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line managed to also nudge just above 0. The positive Differential Line reading means the SPX is now marginally 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 turned long at the close.

Without any short-term studies active, and with the long-term outlook leaning bullish, expectations are slated to stay marginally positive on Wednesday. Of course this could change if more bearish evidence emerges. And new evidence will have a strong impact on the Aggregator readings in the next few days. The Differential Pivot will be 1978.46 on Wednesday. That is just 0.3% above Tuesday's close. So SPX will only need to close up a small amount in order to move from oversold to overbought versus expectations on Wednesday.

This is about as weak of a bullish signal as is possible. SPX really isn't very oversold. And the evidence really isn't very bullish. So I am not inclined to buy into it just yet. I will again wait for a more favorable trading opportunity to arise.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/14 – slightly bullish

The intermediate-term outlook was last updated in the 7/14/14 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
SLB	7/11/2014	\$115.40	\$114.46	-0.81%		System 11111

SLB should be sold at the close on Tuesday if it meets the exit criteria for System 11111.

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