

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 11, 2014

Volume 7 Issue 171

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new evidence emerged tonight.

## *Short-term Outlook*

### *The Bottom Line*

The bounce Wednesday looks fine so far. Nothing alarming emerged and it appears based on evidence from the last few nights that the market has a good chance to move higher in the coming days.

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

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
September 10, 2014	50-high to 8-low in 2 days	1-4 days	Bullish	1.50%	-1.00%	-1.80%
September 10, 2014	QE Buying Power System	1-6 days	Bullish			
September 10, 2014	1st 5-day low in over 10 days	1-4 days	Bullish	1.50%	-1.30%	-2.60%
September 9, 2014	Big drop from 50-day high	1-4 days	Bullish	1.20%	-0.80%	-1.60%
<b>Active - Long Term</b>						
September 4, 2014	SPX 20-day high. NDX biggest loss in 20	1-50 days	Bullish	6.50%	-2.70%	-5.10%
August 22, 2014	50-low to 50-high in 2 weeks	1-17 days	Bullish	5.40%	0.90%	-1.90%
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			
<b>Dropped Tonight</b>						
August 20, 2014	SPX RSI(2) crosses over 99	1-15 days	Bullish	2.40%	-1.50%	-2.90%

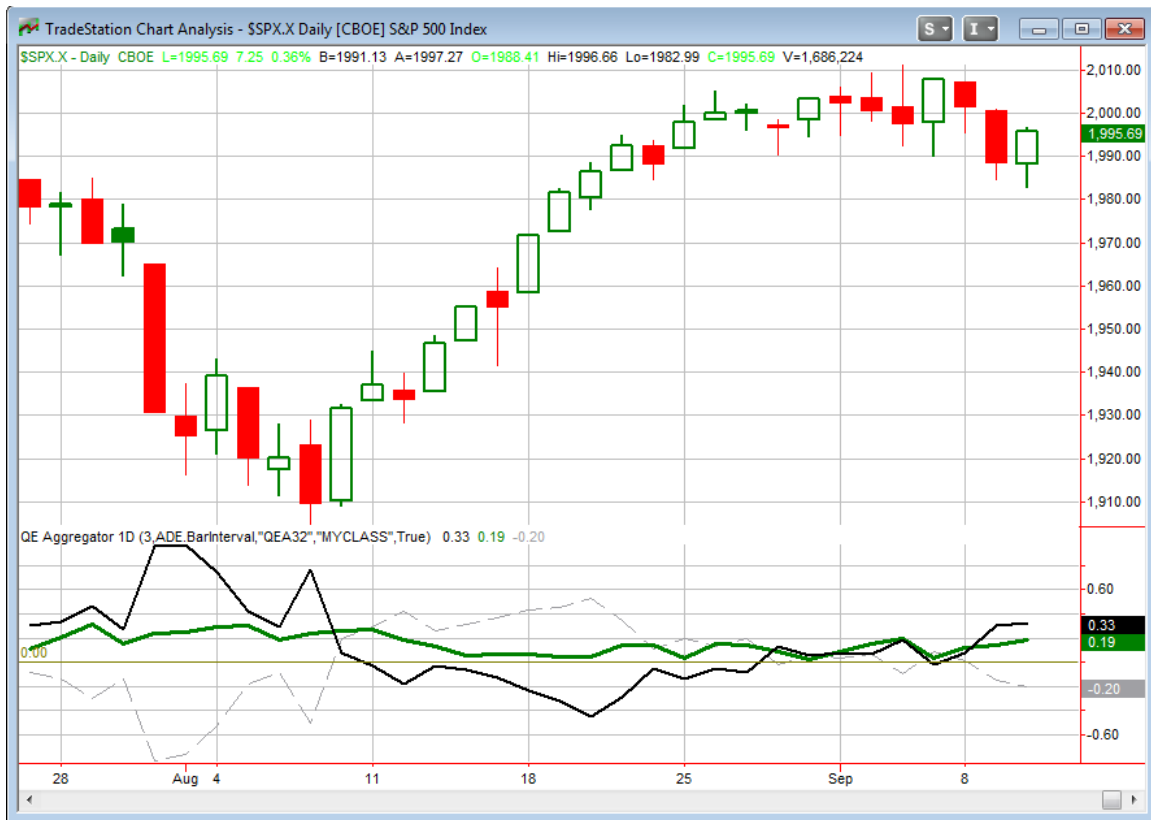
**The Evidence**

After a weak start to the day, Wednesday saw the market stage a strong comeback. The SPX closed up 0.4%, the NASDAQ gained 0.8% and the Russell 2000 rose 0.6%. Breadth was mildly positive as the NYSE Up Issues % came in at 52% and the Up Volume % was 56%. Total NYSE volume rose from Tuesday's level.

Choppy action will often mean a dearth of new studies, and it appears that is what we are faced with tonight. The Quantifinder failed to identify anything of significance, and my examinations of action also did not generate anything meaningful. So I am going to keep it short tonight.

The four bullish short-term studies from the last couple of nights are still active, and none of them have yet reached their price objectives. There is one study being retired from the Intermediate-Term Active List, which looked at the strongly overbought condition that occurred in mid-August. Over the last few weeks there has been a rise in the market – just not quite as much as we have seen in the past following similar setups.

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



The green Aggregator Line again posted a reading squarely 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 remained well 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 remained long at the close.

Based on the current Active Studies, expectations are set to remain positive on Thursday. This is unlikely to change unless strong bearish evidence emerges. The Differential Pivot will be 2008.35 on Thursday. That is 0.6% above Wednesday's close. So for SPX to move from overbought to oversold on Thursday it is going to need to close up at least 0.6%.

While there is no new confirming evidence tonight, there is also nothing suggesting the bounce has run its course. At this point it appears likely that SPX will extend Wednesday's up move at some point in the next few days. I was able to establish some long exposure Wednesday morning. I intend to stick with those positions for now – only taking profits on Thursday if they meet their objectives.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 9/8– slightly bullish***

The intermediate-term outlook was last updated in the 8/25/14 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
SPY(1/4)	9/10/2014	\$199.32	\$200.07	0.38%		<i>bought @ limit</i>
HPQ	9/10/2014	\$36.79	\$37.03	0.65%		<i>bought @ limit</i>

*SPY will be sold at the close if SPX closes  $\geq$  2008.35 (the Differential Pivot).*

*HPQ will be sold at the close if it meets the System 11111 exit criteria. ([Found here for subscribers.](#)) This should only take a moderate close higher.*

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