

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 30, 2015

Volume 8 Issue 20

Market Overview



Signals Overview

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

Tonight's Research Points

- Turn of the month has not been as strong in recent years.

Short-term Outlook

The Bottom Line

Evidence is still leaning bullish and the bounce appears to have more room to the upside. I am partially long and looking to hold a little longer.

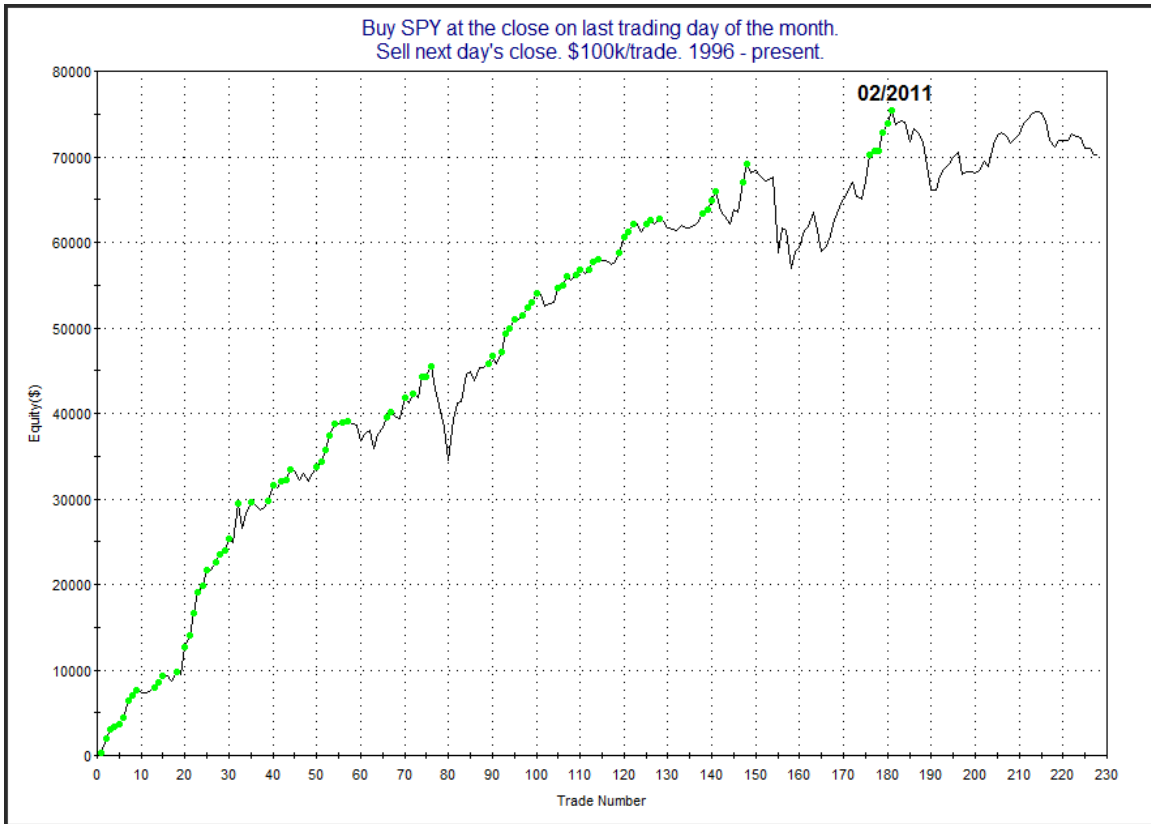
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 29, 2015	Fed Day. SPY dwn 2 in row.	1-6 days	Bullish			
January 29, 2015	Dn 2% from high on Fed Day	1-4 days	Bullish			
January 23, 2015	VIX 10% up to 10% dn blow ma	1-8 days	Bullish	2.50%	-1.00%	-1.95%
Active - Long Term						
January 26, 2015	NASDAQ leading SPX	int term	Bullish			
December 9, 2014	Hindenburg Omens	1-35 days	Bearish			
November 3, 2014	Best 6 Months	6 months	Bullish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
February 1, 2012	Golden Cross	int term	Bullish			

The Evidence

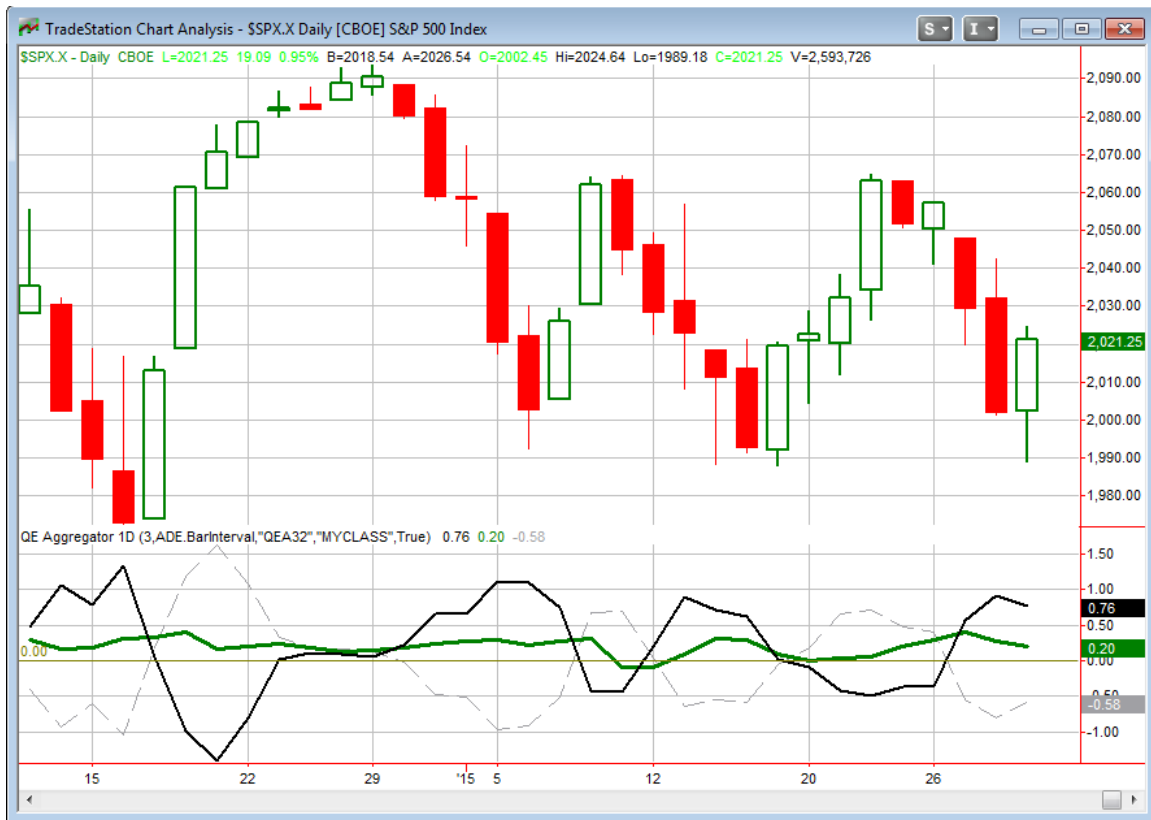
Thursday started out with a morning selloff but it reversed and the major indices all finished green. The SPX and the NASDAQ gained 1.0%, and the Russell 2000 rallied 1.3%. Breadth was positive as the NYSE Up Issues % came in at 66% and the Up Volume % was 59%. Total NYSE volume rose for the 2nd day in a row.

The reversal did nothing to generate compelling studies from the Quantifinder. And my look at a few things did not uncover any substantial edge, either. But Friday is the last trading day of January. And in Friday's Quantifinder we are sure to see a number of bullish studies related to the 1st trading day of the month. I'll examine whatever ones arise, but I thought I would note that on a broad basis, the first day of the month has not carried the same bullishness in recent years as it had previously. This can be seen in the equity curve below.



As you can see, 1st day of month profits peaked nearly 4 years ago. Leading up to that, the 1st day of the month had spent years as bullish. It is curious to see that this edge has not persisted during such a strong bull market.

So without any new studies tonight, I have updated the [Aggregator](#) chart below.



Once again tonight the green Aggregator Line held strongly 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 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.

Based on the current active studies, expectations are set to remain bullish on Friday. That could change if compelling bearish evidence emerges. The Differential Pivot will be 2047.56 on Friday. That is 1.3% above Thursday's close. This means that in order for the Differential Line to cross below 0 (signaling SPX moving from "oversold" to "overbought") it would need to close up at least 1.3% on Friday. That would be a pretty strong 1-day move.

I am partially long and am not seeing anything yet suggesting it is time to sell. The market still has a ways to go before it will be considered overbought. And while recent years have been a little dicey, turn-of-the-month could help to provide a little more fuel. So I will hold my position for now and see what Friday brings before making any further moves.

Intermediate-term Outlook (2 weeks – 2 months) – updated 1/26 – somewhat bullish

The intermediate-term outlook was last updated in the 1/26 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
XIV(1/2)	12/11/2014	\$34.03	\$27.13	-20.28%		Aggressive VIX
SPY(1/4)	1/29/2015	\$200.14	\$201.99	0.92%		bought @ limit

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2015 Hanna Capital Management, LLC.