

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 26, 2015

Volume 8 Issue 38

## Market Overview



## Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr Swing
Flat	50% Long XIV	Short

## Tonight's Research Points

- A nearly flat close for the SPX, Russell and NASDAQ did nothing to generate predictive studies.

## *Short-term Outlook*

### *The Bottom Line*

Expectations remain negative. But SPX is no longer overbought, leaving the Aggregator neutral. I am not inclined to get involved in new positions until a more favorable setup emerges.

*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>						
February 24, 2015	WR10 up then NR10 low vol	1-5 days	Bearish			
February 24, 2015	5 gaps down	1-3 days	Bullish			
February 23, 2015	SPX up 1-2% opex week	1-5 days	Bearish	-1.40%	0.80%	1.60%
<b>Active - Long Term</b>						
January 26, 2015	NASDAQ leading SPX	int term	Bullish			
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			
<b>Dropped Tonight</b>						
February 25, 2015	50-high, inside day, 50-high	1 day	Bearish			
February 23, 2015	2 outside days	1-3 days	Bullish	1.40%	-0.70%	-1.30%
February 20, 2015	High close on Opex Thursday	1-4 days	Bearish			

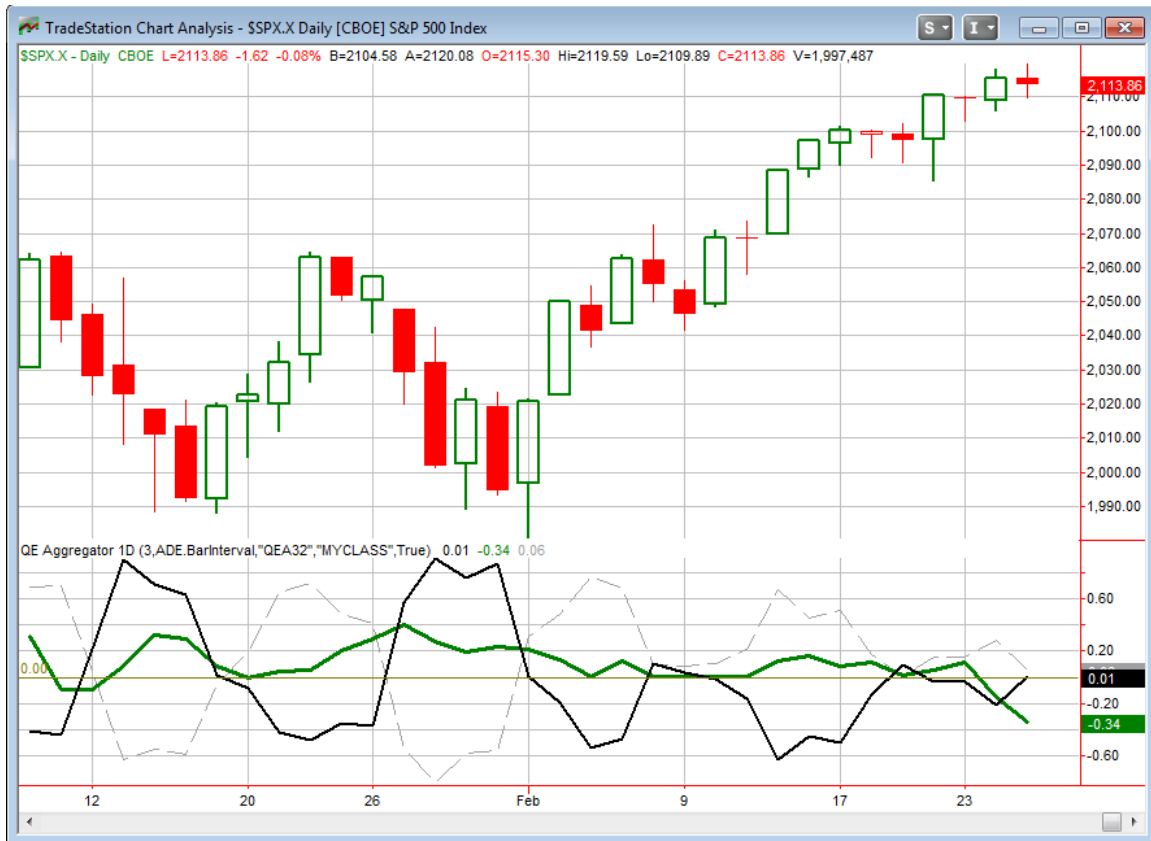
***The Evidence***

Not much was accomplished on Wednesday. The SPX and NASDAQ each closed down less than 0.1% while the Russell 2000 gained less than 0.1%. Breadth was moderately positive as the NYSE Up Issues % came in at 54% and the Up Volume % was 53%. Total NYSE volume rose just a little from Tuesday's level.

The Quantifinder came up pretty dry tonight after some fairly interesting action in the last several days. I looked at a few ideas like the reversal from the high today in SPY. But nothing looked very compelling. So rather than try and read too much into a day that closed almost perfectly flat in all 3 of the indices mentioned above, I think it is best to wait for some more pronounced action.

There were 3 studies that expired from the Short-Term Active List. This leaves us with 2 bearish and 1 bullish study still active.

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



With the changes on the Active List the green Aggregator Line dropped further below 0. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile, the black Differential Line inched just barely above 0. The positive Differential Line reading means the SPX is oversold versus recent expectations. So expectations are negative but the SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of 0. Therefore the Aggregator signal turned flat at the close.

If nothing new triggers, then expectations are set to stay negative on Thursday. Of course this could change if new bullish evidence emerges. The Differential Pivot will be 2113.57 on Thursday. That is just a fraction of a point above Wednesday's close. So SPX will only need to close up a slight bit in order to move from oversold to overbought versus expectations.

So evidence continues to point south but I have low confidence in those expectations at this point. With SPX already underperforming expectations and "oversold" as measured by the Differential Line, downside potential is limited. And shorting with bullish intermediate-term expectations requires a more favorable short-term reward/risk profile. So I am flat and will remain that way another day.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 2/23 – somewhat bullish**

The intermediate-term outlook was last updated in the 2/23 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
<i>XIV(1/2)</i>	<i>12/11/2014</i>	<i>\$34.03</i>	<i>\$32.42</i>	<i>-4.73%</i>		<i>sold @ limit</i>

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