

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 27, 2015

Volume 8 Issue 39

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- [Like the old grey mare](#), the first of the month just ain't what she used to be.

### *Short-term Outlook*

#### *The Bottom Line*

Same as last night. Expectations remain negative but SPX is already oversold. So I will wait for a more compelling opportunity.

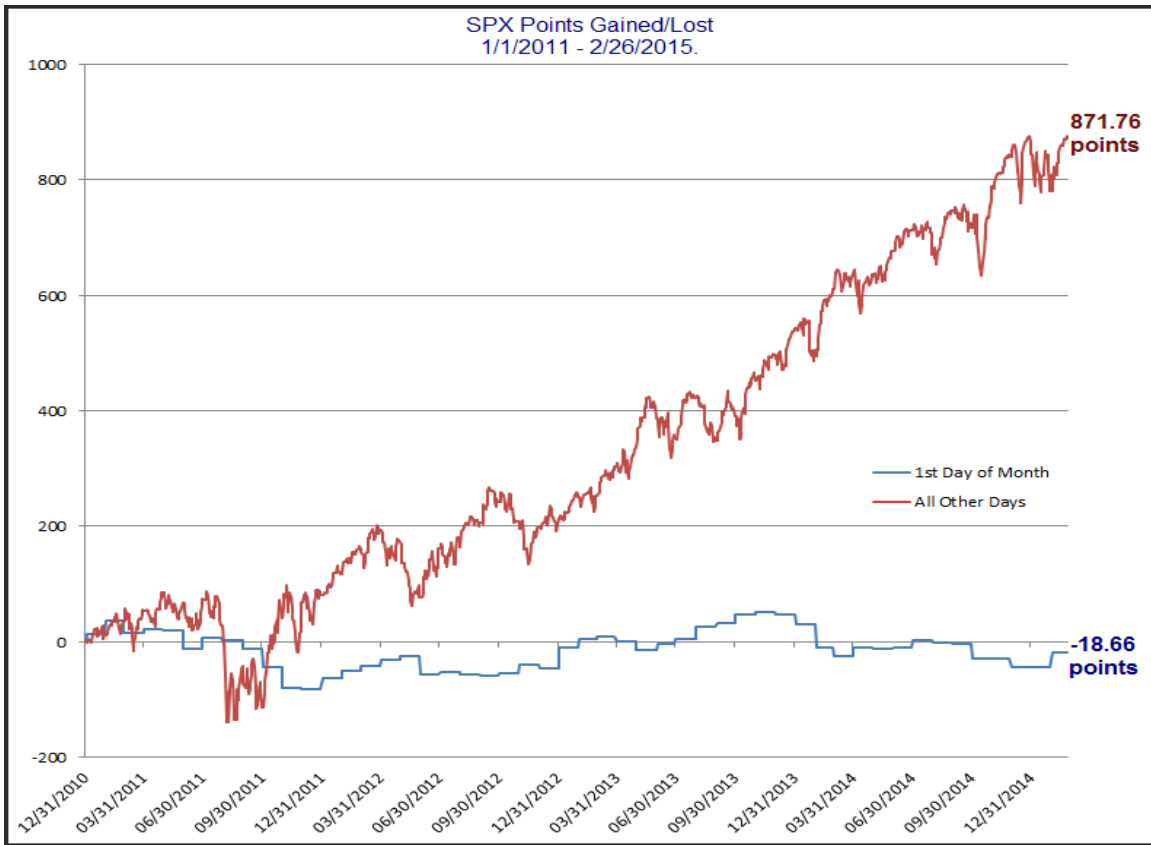
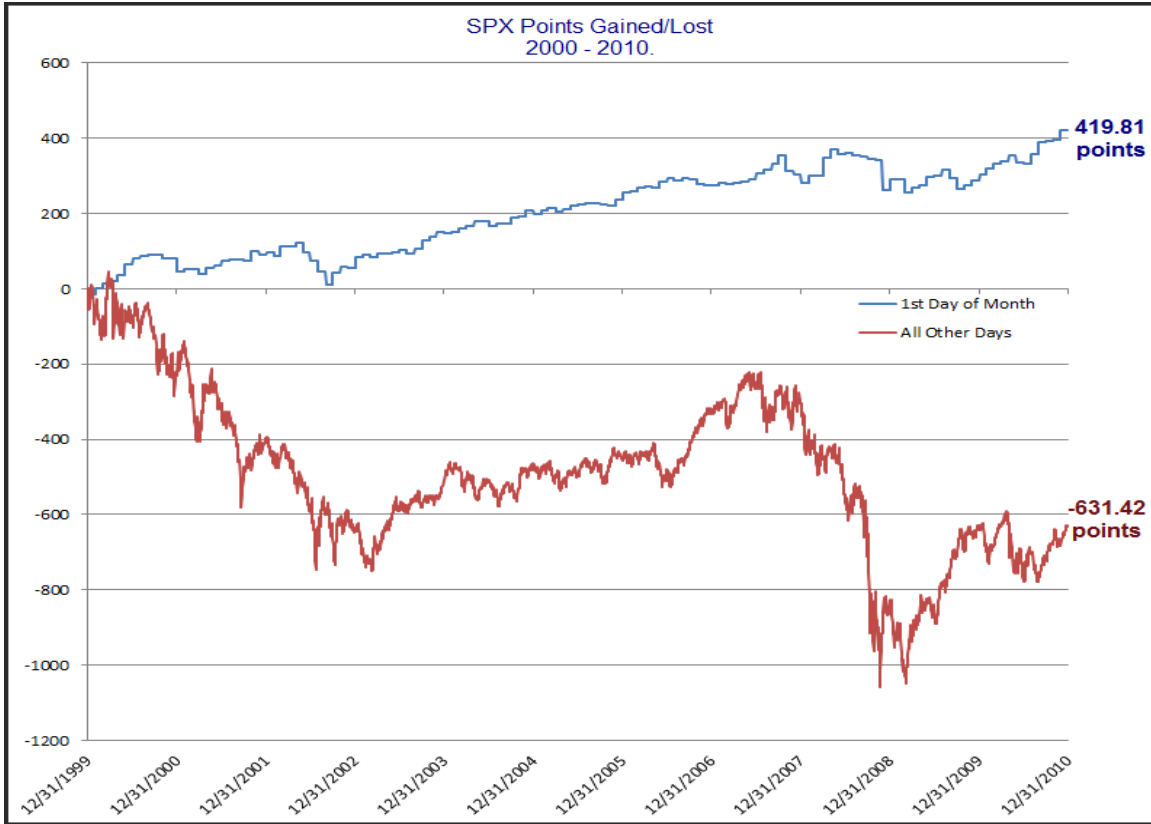
**Summary of Recent Active Studies (see Letters from listed dates for details)**

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 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 24, 2015	5 gaps down	1-3 days	Bullish			

**The Evidence**

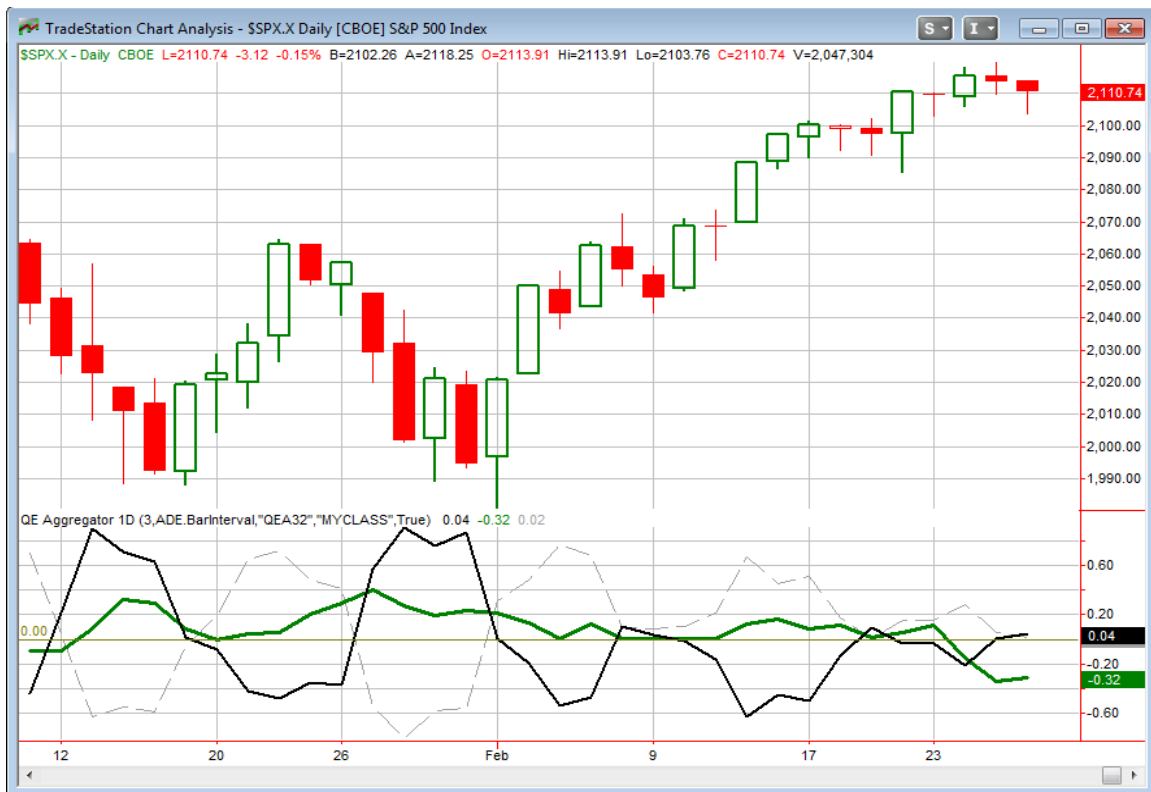
Thursday saw the market put in mixed results. The SPX declined 0.15%, the NASDAQ rose 0.4% while the Russell 2000 gained 0.3%. Breadth turned out negative as the NYSE Up Issues % came in at 45% and the Up Volume % was 33%. Total NYSE volume rose some from Wednesday's level.

The mixed and moderate performance did nothing to generate compelling studies from the Quantifinder. But Friday is the last trading day of February. And in Friday's Quantifinder we are sure to see a number of bullish studies related to the 1<sup>st</sup> 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 weakened substantially in recent years. I discussed this [in the blog last month](#). Tonight I created a couple of other charts that demonstrate just how drastic the change in the "1<sup>st</sup> of the Month versus All Other Days" has been. The charts below show SPX points gained (or lost) for 2 time periods. The first one looks at 2000-2010. The 2<sup>nd</sup> one shows 2011 – present.



Quite the contrast.

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



With no new studies emerging tonight the green Aggregator Line held below 0. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile, the black Differential Line remained slightly 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 stayed flat at the close.

If nothing new triggers, then expectations are set to remain negative on Friday. Of course this could change if new bullish evidence emerges. The Differential Pivot will be 2115.84 on Friday. That is 0.2% above Thursday's close. So SPX will need to close up at least 0.2% in order to move from oversold to overbought versus expectations.

Nothing really has changed from last night. Evidence continues to point south but I still have low confidence in those expectations. 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 still 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**

*None*

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