

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 3, 2015

Volume 8 Issue 41

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Nothing compelling emerged with Monday's rally.

## *Short-term Outlook*

### *The Bottom Line*

Expectations remain positive but the market is now overbought. This puts the Aggregator in a neutral state, and I am neutral as well.

## *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>						
March 2, 2015	Dn2 > 200ma. Month end.	1-5 days	Bullish	1.50%	-1.10%	-3.30%
March 2, 2015	15 days > 10ma then below. Close > 200	1-3 days	Bullish	1.20%	-0.80%	-1.60%
March 2, 2015	Dn 3 fr 50-hi < 10ma & > 10-low	1-4 days	Bullish	1.40%	-1.20%	
<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			

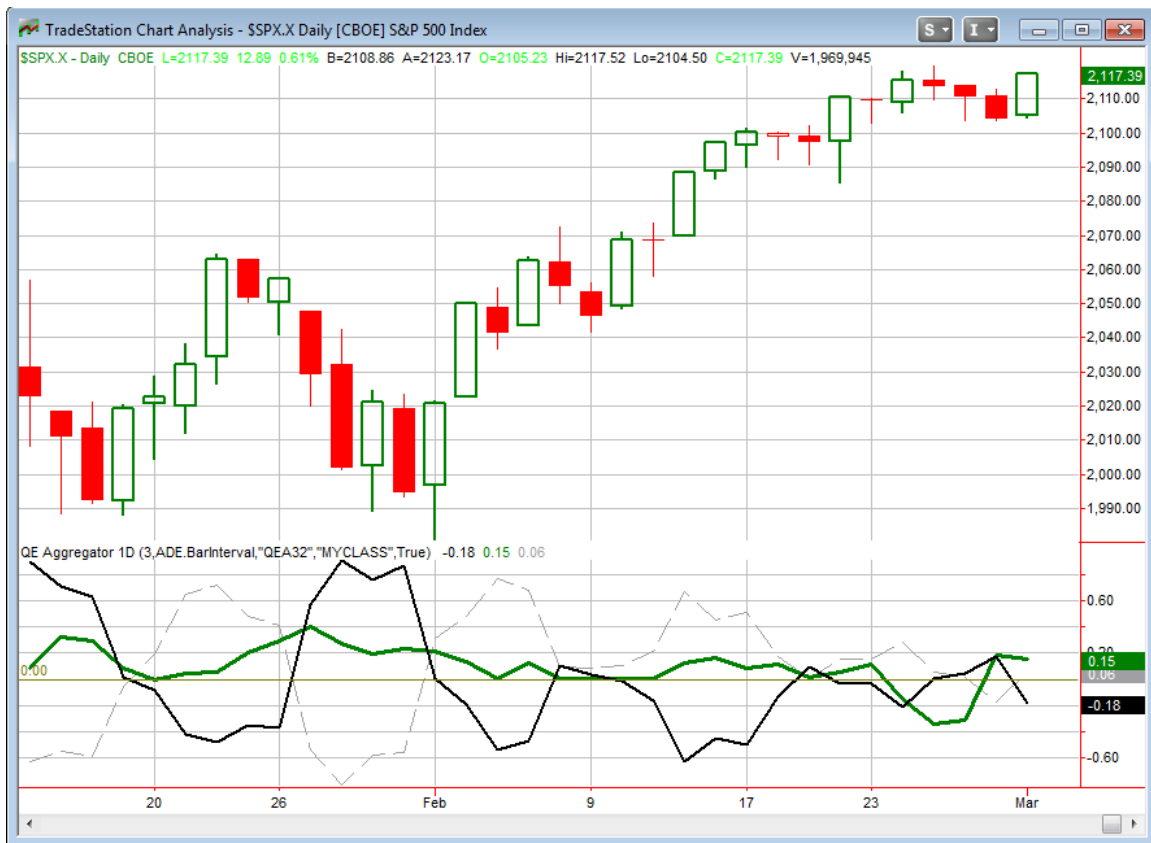
### ***The Evidence***

The market put in a strong bounce on Monday. The SPX rose 0.6%, the NASDAQ rallied 0.9% and Russell 2000 gained 0.75%. Breadth was moderately positive as the NYSE Up Issues % came in at 59% and the Up Volume % was 54%. Total NYSE volume declined some from Friday's level.

There was one study that appeared in the Quantifinder. It looked at moves from a 5-day low to a 10-day high. In looking at the stats and the equity curves, the results were simply too inconsistent to put any faith in. I also looked at moves from short-term lows to long-term highs. That painted a similar picture. Overall returns showed a net loss but the profit curves were extremely choppy. So I determined it was not an edge worth pursuing at this time. Other attempts to break down Monday's action also showed inconsistent results.

The last remaining short-term bearish study expired on Monday, so we are left with just 3 bullish studies. They all played out nicely on Monday, but they all typically see greater follow through. So the suggestion is that the bounce could have further to go.

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



With just bullish studies left for the short-term the green Aggregator Line remained above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, the black Differential Line dropped below 0. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are positive but the SPX is overbought. 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 remain positive on Tuesday. Of course this could change if strong bearish evidence emerges. The Differential Pivot will be 2093.50 on Tuesday. That is over 1.1% below Monday's close. So it would take a close down of at least that much in order for SPX to move from overbought back to oversold versus expectations.

So the Aggregator is back to neutral. And though the studies suggest we could see a continued rise over the next few days, the fact that the market is already overbought increases the risk in entering new long positions. Unfortunately my SPY trade idea from last night went unfilled as it missed my limit by 6 cents. At this point I intend to simply wait for the next favorable entry opportunity to emerge.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 3/2 – somewhat bullish***

The intermediate-term outlook was last updated in the 3/2 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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