

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 6, 2015

Volume 8 Issue 44

Market Overview



Signals Overview

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

Tonight's Research Points

- The mild gains on Thursday did not inspire strong evidence.

Short-term Outlook

The Bottom Line

Expectations remain positive, and the market is no longer overbought. I am somewhat bullish and looking to get long if I can get a good fill.

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

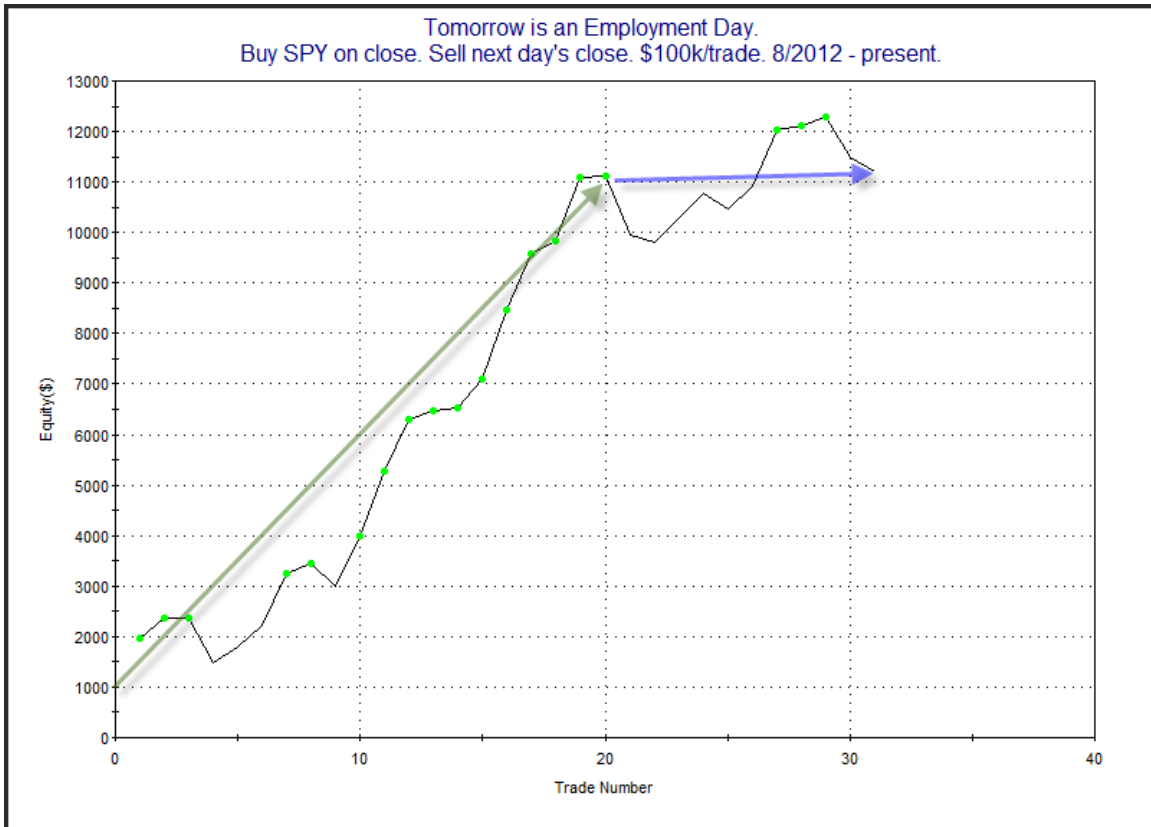
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 5, 2015	50-high to 8-low in 2 days	1-5 days	Bullish			
March 4, 2015	Big drop from 50-high	1-4 days	Bullish	1.15%	-0.80%	-1.60%
March 2, 2015	Dn2 > 200ma. Month end.	1-5 days	Bullish	1.50%	-1.10%	-3.30%
Active - Long Term						
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			
Dropped Tonight						
March 2, 2015	Dn 3 fr 50-hi < 10ma & > 10-low	1-4 daya	Bullish	1.40%	-1.20%	

The Evidence

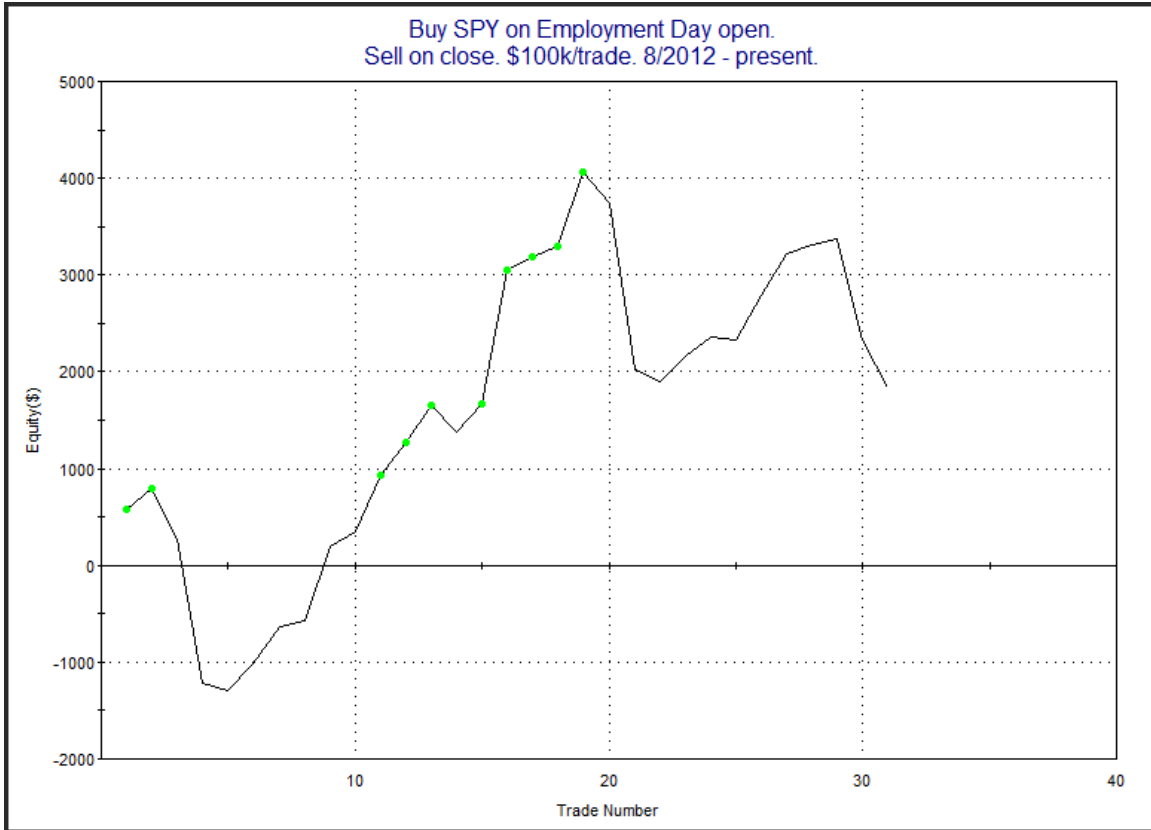
Thursday saw the market rise a moderate amount. The SPX closed up 0.1%, and the NASDAQ and Russell 2000 each gained 0.3%. Breadth was mixed as the NYSE Up Issues % came in at 54% and the Up Volume % was 48%. Total NYSE volume dipped a little from Wednesday's level.

The very mild action didn't do much to generate compelling evidence. There was one study that suggested the slight up close after 2 days of selling was moderately bearish. But in looking at recent results it instead appeared neutral and not worth a detailed discussion. But if the market had closed down slightly, that would have marked the 3rd day in a row, which would have generated several bullish studies. So the slight up close did keep that from happening.

Friday will see the release of this month's employment report at 8:30am EST. Starting in the summer of 2012, employment days went through a strong hot streak. But they have cooled off a bit lately. This can be seen in the profit curve below, which looks at SPY price changes from the close the day before the employment day to the close on the employment day.



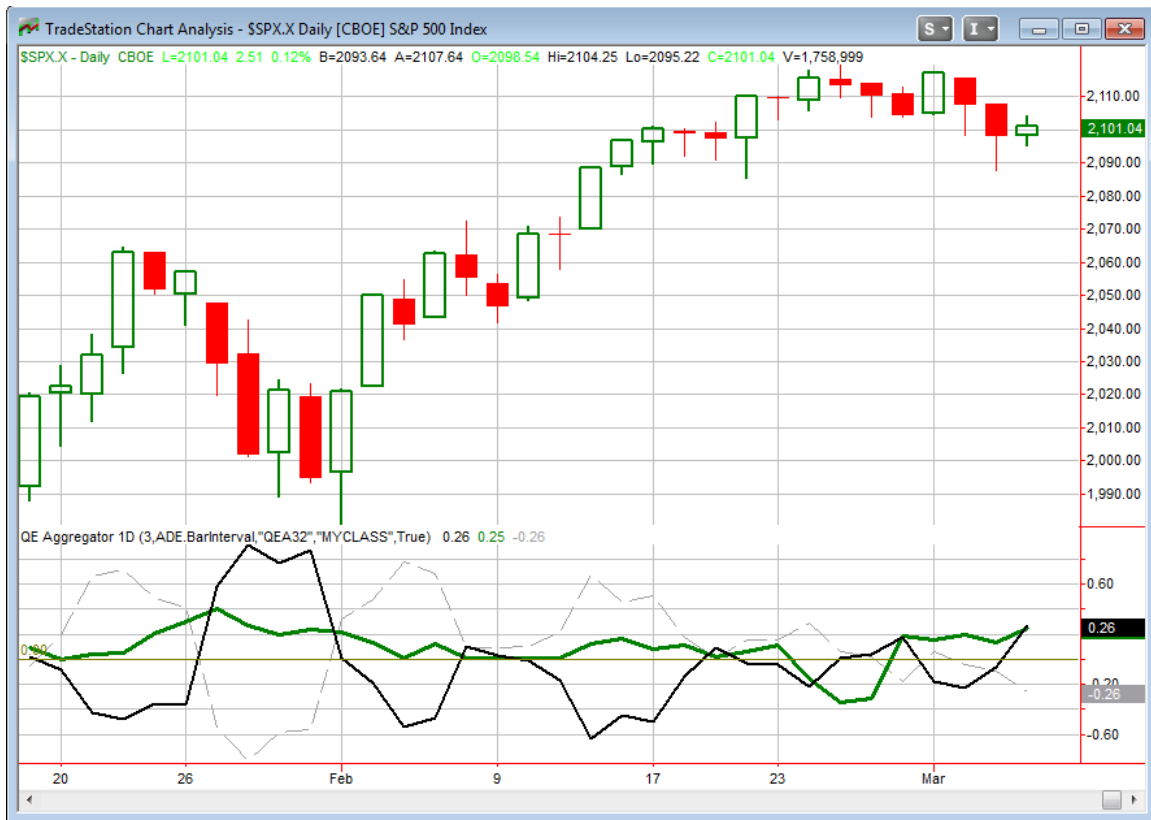
Interestingly, the night has not flattened out like in the chart above. It has been the intraday session from open to close on the employment day that has struggled recently. This can be seen in the profit curve below.



This curve topped out a while ago and again seems to be going in the wrong direction. The employment day does not seem to be offering compelling odds.

So I am not adding any new studies to the EdgeFinder tonight.

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



Without any new studies tonight the green Aggregator Line again 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 moved back 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 turned long at the close.

If nothing new triggers, then expectations are set to remain positive on Friday. It would take strong bearish evidence to change this. The Differential Pivot will be 2119.03 on Friday. That is 0.9% above Thursday's close. So for SPX to change from oversold to overbought versus recent expectations it is going to need to close up at least 0.9% on Friday.

The Aggregator is bullish and there is some room to the upside before the market will be considered "overbought". I generally like the setup and think the market has a decent chance to rise over the next few days. The employment report on Friday could cause a sizable gap (in either direction). I will not chase the price higher, but instead I will look for a favorable entry price either at the open or the close. Details in the Trade Ideas section down below.

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.

SPY – buy ¼ index position at \$209.75 LIMIT ON OPEN. If not filled then cancel the order and look to buy @ \$210.45 LIMIT ON CLOSE. I am looking to buy into a decent sized gap down. If that does not occur I will step aside until the end of the day, where I will be looking to buy any lower close.

Current Open Trade Ideas

None

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