

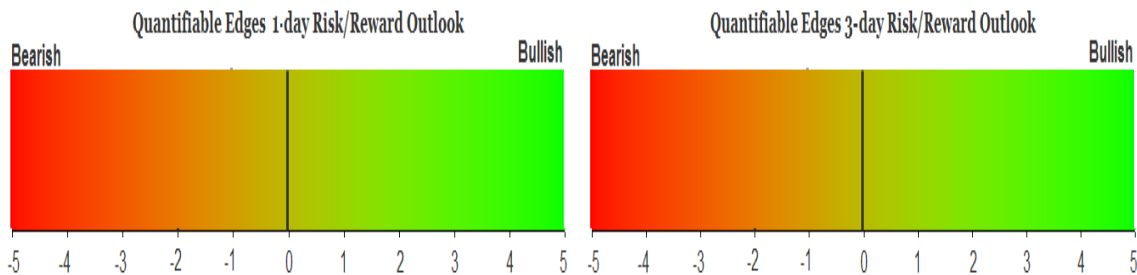
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 17, 2015

Volume 8 Issue 51

Market Overview



Signals Overview

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

Tonight's Research Points

- Recent chop and mid-range action are leaving us lacking new, compelling studies.

Short-term Outlook

The Bottom Line

Monday's strong rally left the market overbought. With evidence suggesting more upside, there does not appear to be a strong short-term edge.

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 16, 2015	March op-ex week bullish	1-4 days	Bullish	1.70%	-1.10%	-2.50%
March 12, 2015	5 low & bottom of daily range 2x	1-5 days	Bullish	2.10%	-0.70%	-1.70%
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 9, 2015	Big Friday drop	1-6 days	Bullish	2.60%	-1.70%	-3.70%
March 11, 2015	<i>System 110524</i>	<i>1-7 days</i>	<i>Bullish</i>			

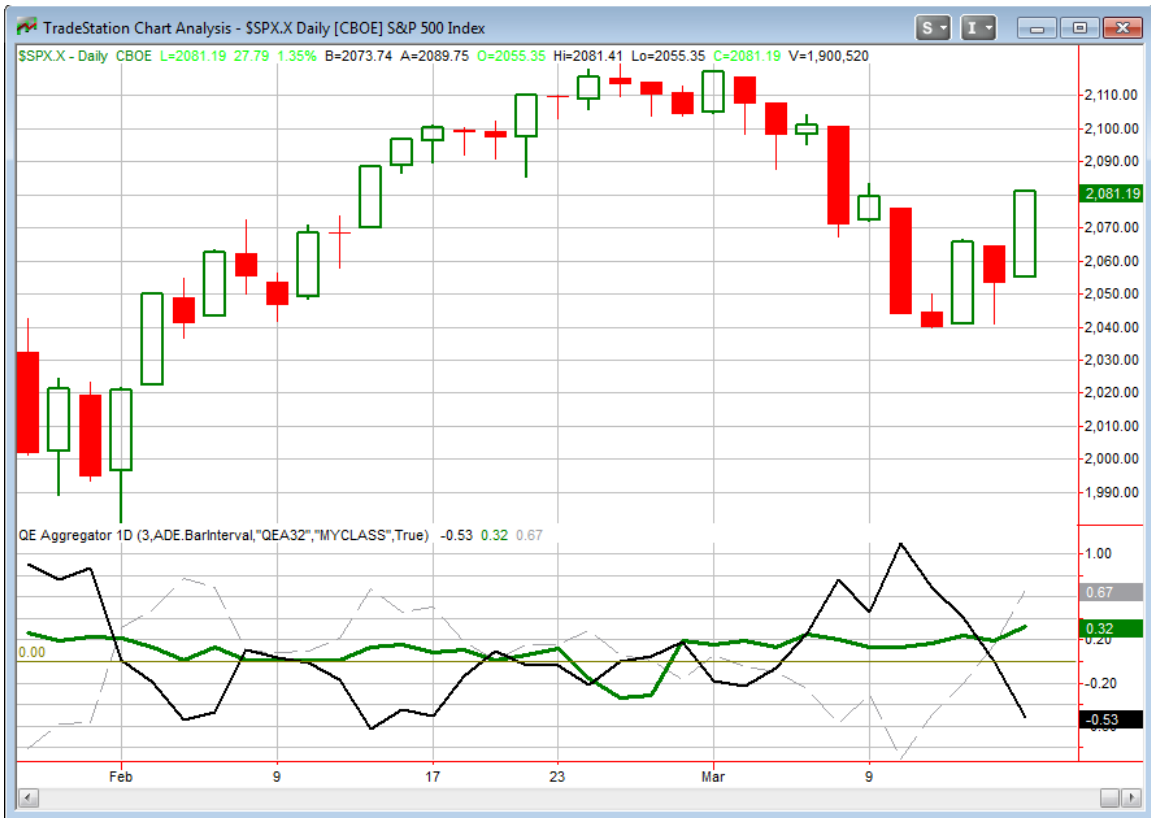
The Evidence

The market put in strong gains on Monday. The SPX rallied 1.4%, the NASDAQ closed up 1.2% and Russell 2000 rose 0.6%. Breadth was positive as the NYSE Up Issues % came in at 64% and the Up Volume % was 77%. Total NYSE volume declined from Friday’s level and came in quite light.

This is the 3rd day in a row that SPX has changed direction. And today’s rally simply brought it back a little above the midpoint of the 2-week range. Choppy, mid-range action rarely triggers strong edges, and I did not see any emerge tonight.

There were a couple of studies that came off the Active List tonight. One expired. The other, which was a System 110524 trigger for SPY, saw its exit trigger as SPY closed above the 10ma. This left us with just 2 remaining studies on the Short-Term Active List, both of which are bullish.

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



With 2 studies coming off the Active List tonight the green Aggregator Line still held firmly above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, the black Differential Line took a dive down 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 changed from long to flat at the close.

Based on the current active studies, expectations are set to remain positive on Tuesday. That could possibly change if strong bearish evidence emerges. The Differential Pivot will be 2077.06 on Tuesday. That is 0.2% below Monday's close. So for SPX to move from overbought to oversold versus recent expectations, it will only need to close down a moderate amount on Tuesday.

So the Aggregator is neutral and I basically am as well. I exited part of my SPY position at the close on Monday. I will look to exit the rest on Tuesday as long as it does not gap down very much and continue lower. With the Differential Pivot at 2077.06, there is no point in selling into a gap down below that level, because a close below there would leave SPX oversold and likely bring the Aggregator back to a bullish formation. So while I would like to get flat my index position, I will not do so if a decent fill price is not available.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/16 – somewhat bullish

The intermediate-term outlook was last updated in the 3/16 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

MO – 1/3 at \$53.37 (filled @ \$53.20)

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 1(MO)

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
SPY(1/4)	3/6/2015	\$209.42	\$208.58	-0.40%		<i>sell @ \$208.40 limit</i>
XIV(1/2)	3/9/2015	\$32.25	\$32.51	0.81%		Aggressive VIX
SPY(1/4)	3/11/2015	\$204.98	\$208.58	1.76%		<i>sold on close</i>
MO(1/3)	3/11/2015	\$53.20	\$52.09	-2.09%		Catapult

If the SPY sell order is not filled during the day, it should change to a SELL @ \$208.18 LIMIT ON CLOSE order. Below there and SPX will be around or below its Differential Pivot and the Aggregator will likely still have a long signal on, so I'll just hold it another day.

VIX futures expire on Wednesday. As of now there is strong contango in the front and 2nd months. But the 2nd and 3rd months will move forward on Wednesday and the contango there only stands at 2.9% (versus the current 8.6%). The Aggressive VIX system is still long, and I will hold as long as expectations remain positive and the contango remains steep. But contango could be sharply reduced in a couple of days, so I may elect to exit at that point.

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