

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 17, 2015

Volume 8 Issue 73

Market Overview



Signals Overview

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

Tonight's Research Points

- Weak SPY volume used to suggest a pullback would be due, but that has not been the case in recent years..

Short-term Outlook

The Bottom Line

Evidence is weakly bullish. SPX is very mildly overbought. This does not suggest a strong edge. It does suggest patience may be necessary until a stronger edge emerges.

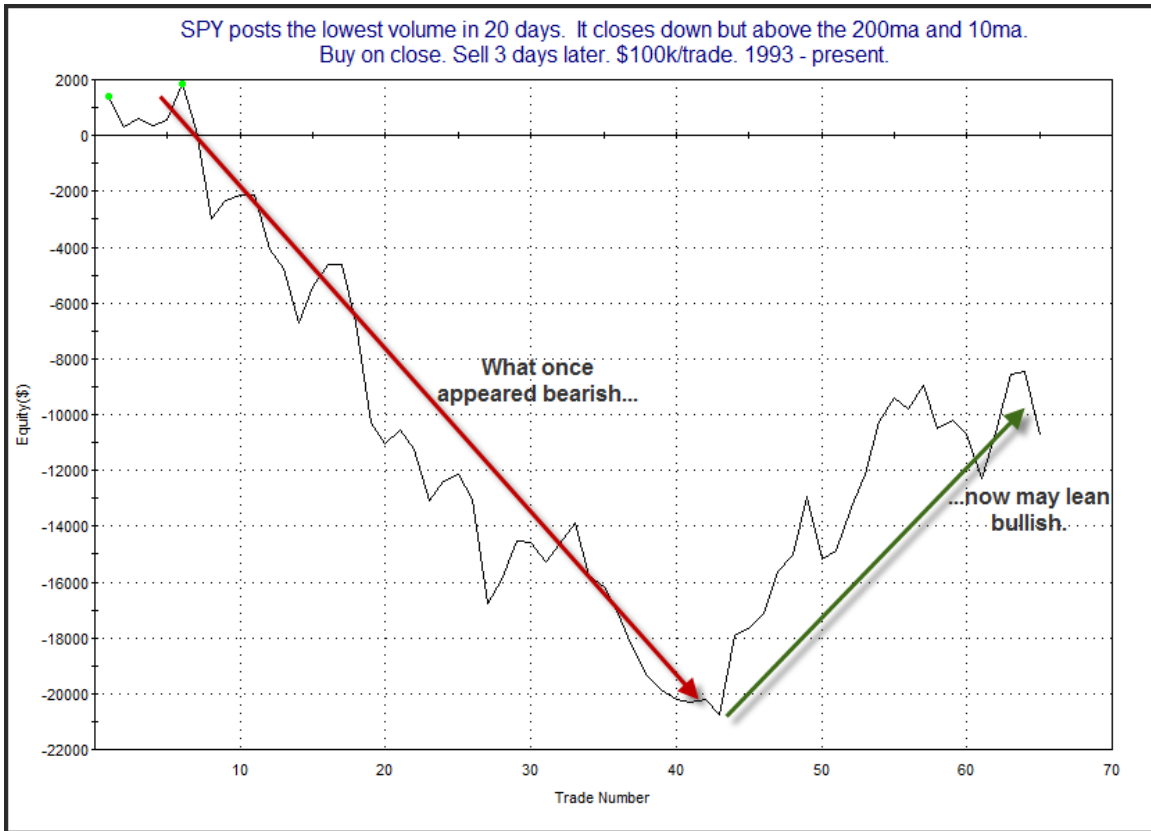
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 14, 2015	VIX up 10%. SPX no 1% drop	1-5 days	Bullish			
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						
April 15, 2015	Tax day and day after bullish	1-2 days	Bullish			

The Evidence

Thursday was a day of mild losses. The SPX and NASDAQ each declined less than 0.1%, while the Russell 2000 closed down 0.2%. Breadth was negative as the NYSE Up Issues % came in at 44% and the Up Volume % was 40%. Total NYSE volume dipped from Wednesday's level.

Thursday was really a nothing day. Nothing days generally do not provide terribly strong edges. That seems to be the case here as well. One notable I examined was the very low SPY volume. Such low SPY volume used to be indicative of a decline over the next few days. But this simply has not been the case in in the last several years. The profit curve below is typical of what I saw and it illustrates this.



This is not a study I would put any faith in at this point.

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



Once again the green Aggregator Line stayed well above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, despite the down close, the black Differential Line dipped a little below 0. The negative Differential Line reading means the SPX is overbought versus recent expectations. So expectations are positive but the SPX is now 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 tuned flat at the close.

Based on the current active studies, expectations are set to remain positive on Friday. That could easily change if new bearish evidence emerges. The Differential Pivot will be *inverted* at 2112.43 on Friday. That is 0.35% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case SPX is going to need to close up at least 0.35% in order to remain overbought. Otherwise it will be considered oversold versus expectations as of Friday's close.

Evidence is currently pretty weak. The market is neither strongly overbought nor strongly oversold. This can be seen in the Aggregator chart with both lines quite close to 0. This all suggests there is not a clear and strong directional edge. I prefer to wait until there is before putting new capital to work. So I will wait and see how things play out on Friday and then evaluate closely over the weekend to decide if a long or short position would be merited early next week.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/13– somewhat bullish

The intermediate-term outlook was last updated in the 4/13 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
XIV(1/2)	3/9/2015	\$32.25	\$40.77	26.42%	\$32.69	Aggressive VIX

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