

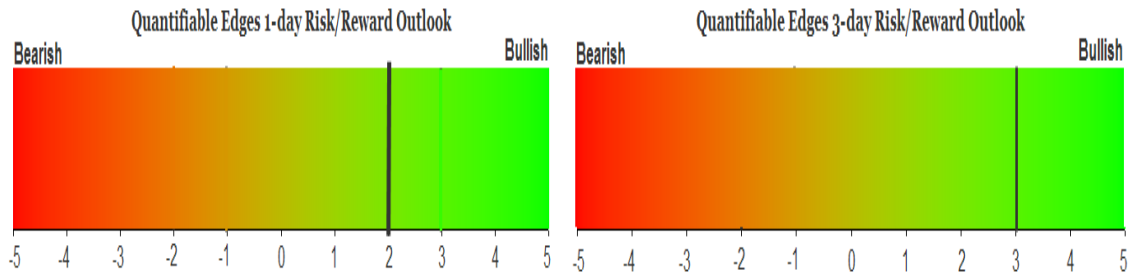
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 21, 2015

Volume 8 Issue 75

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new studies emerged tonight, but the already-active studies suggest further upside is likely.

## *Short-term Outlook*

### *The Bottom Line*

Evidence is still leaning bullish and SPX remains oversold versus recent expectations. That combination is leaving the outlook bullish, though a little less bullish than was suggested last night.

*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>						
April 20, 2015	1st 5 low in 10 days	1-4 days	Bullish	1.50%	-1.25%	-2.60%
April 20, 2015	1% drop on 2:1 negative breadth	1-9 days	Bullish	3.00%	-2.50%	-5.40%
<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>						
April 14, 2015	VIX up 10%. SPX no 1% drop	1-5 days	Bullish			

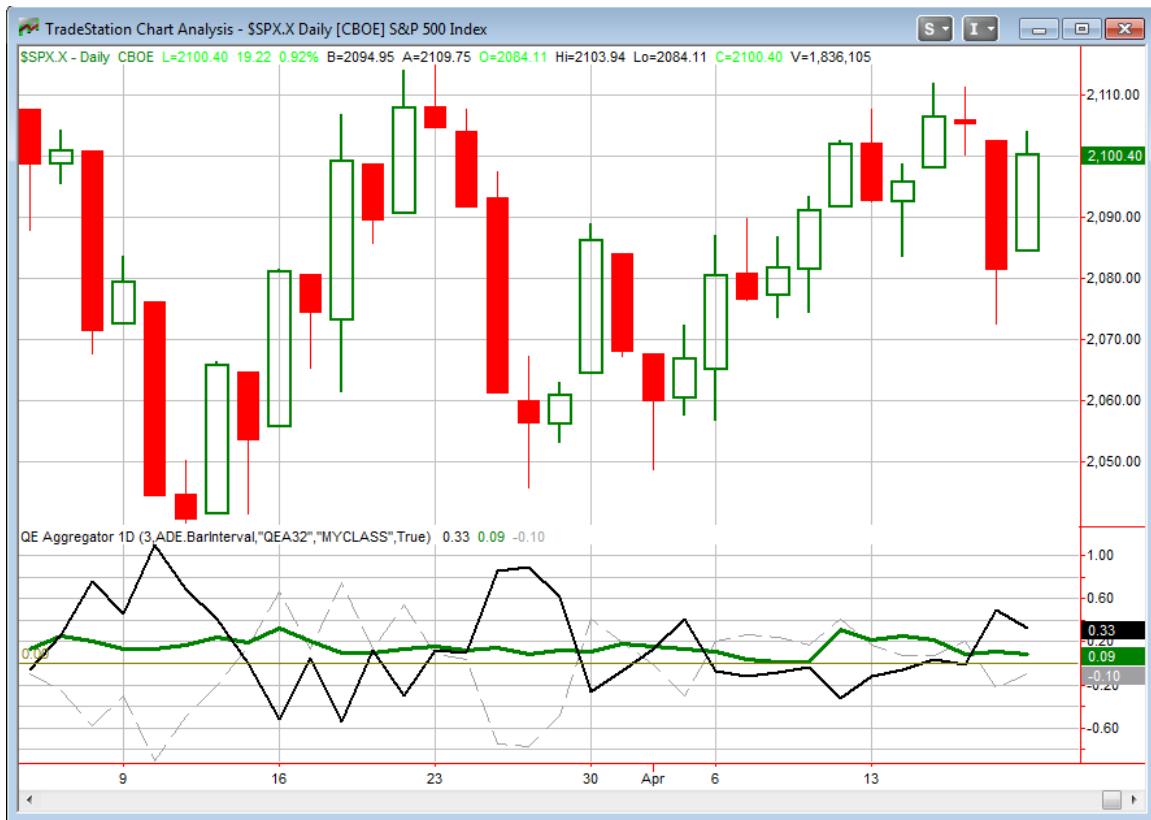
***The Evidence***

The market bounced back nicely on Monday. The SPX gained 0.9%, the NASDAQ rallied 1.3%, and the Russell 2000 rose 1.0%. Breadth was positive as the NYSE Up Issues % came in at 70% and the Up Volume % was 66%. Total NYSE volume declined quite a bit from Friday's level.

Nothing triggered in the Quantifinder, and nothing stood out to me when examining the action and the numbers. So I plan to keep it fairly short tonight since I am out of the office and not inclined to put lots of work into researching potential marginal edges in a very choppy environment.

The short-term studies from Sunday night did a nice job of anticipating a bounce. But both of them also anticipate that the bounce will likely have further to go. They remain in effect and on the Short-Term Active List tonight.

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



With nothing new being added tonight the green Aggregator Line stayed above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, the black Differential Line also held 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 stayed long at the close.

Based on the current active studies, expectations are set to remain positive on Tuesday. That could change if compelling bearish evidence emerges. The Differential Pivot will be 2116.56 on Tuesday. That is 0.8% above Monday's close. So for SPX to move from oversold to overbought it is going to need to close up at least 0.8% on Tuesday. That is a decent amount, and suggests the bounce still has some room to go before the SPX would turn overbought. So potential reward remains solid despite the big up day on Monday.

While the overall short-term outlook remains positive with a decent upside target, I am generally wary of buying after a big up day when the environment is as choppy as it currently is. Therefore, I will wait to see how things play out Tuesday. If Tuesday sees a decline there is a good chance I will again be looking to take on index exposure on Wednesday morning.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 4/20– somewhat bullish**

The intermediate-term outlook was last updated in the 4/20 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**

WMT – 1/3 @ \$77.88 (buy @ limit) (not filled)

**Catapult for ETF's Trades**

None

**Broad Market Large Cap CBI – 1 (WMT)**

**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.

**WMT – buy 1/3 Catapult position @ \$77.88 LIMIT ON CLOSE.** This Catapult trade idea did not receive a fill on Monday. I have changed it from a “limit” order to a more conservative “limit on close” order for Tuesday. Catapults do tend to be quite volatile. More about Catapults can be found on the [Catapult System page](#).

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
XIV(1/2)	3/9/2015	\$32.25	\$40.72	26.26%	\$32.69	Aggressive VIX

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