

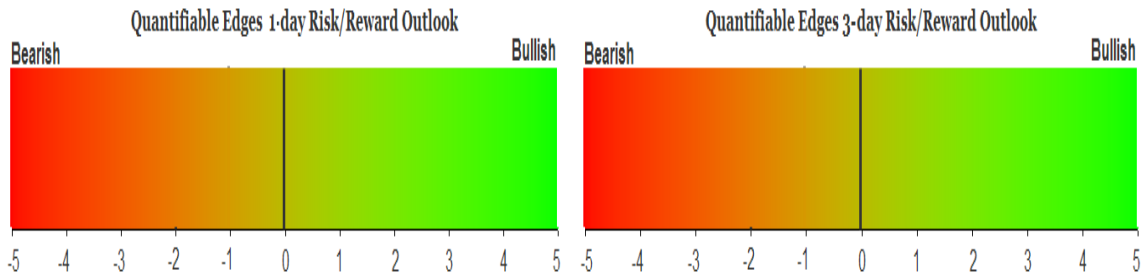
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 23, 2015

Volume 8 Issue 77

Market Overview



Signals Overview

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

Tonight's Research Points

- Thursdays have seen consistent intraday gains over the last 6 months.

Short-term Outlook

The Bottom Line

Evidence is mildly bullish, but the market is mildly overbought, leaving me solidly neutral.

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 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%
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 22, 2015	Unfilled gap up then gap up close	1 day	Bullish			

The Evidence

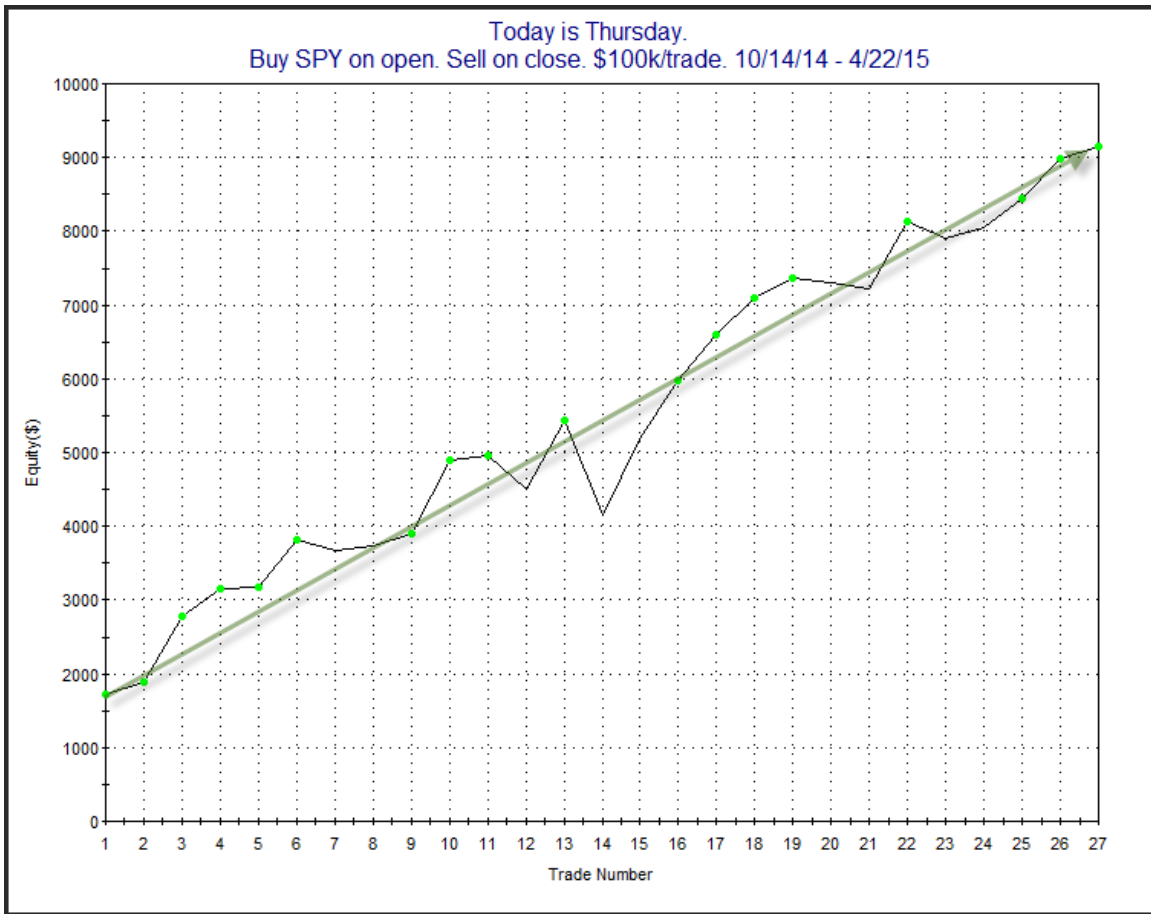
Wednesday was a moderate up day for the market. The SPX gained 0.5%, the NASDAQ rose 0.4%, and the Russell 2000 closed up 0.1%. Breadth was positive as the NYSE Up Issues % came in at 57% and the Up Volume % was 71%. Total NYSE volume rose a little from Tuesday’s level.

There were a couple of mostly neutral studies in the Quantifinder tonight that led me to test out some ideas. I examined the current setup a few different ways, accounting for such things as the fact SPX put in a reversal after making a lower-low and that it managed to close at a 20-day high. But the results were underwhelming and the 20-day high close wasn’t much more than that. Even looking back 25 days SPX did NOT close at a new high. The chart still looks choppy and is not providing strong short-term directional clues at the moment.

I will note that on an open to close basis, Thursdays have been on real hot streak over the last 6 months. This can be seen in the stats table below.

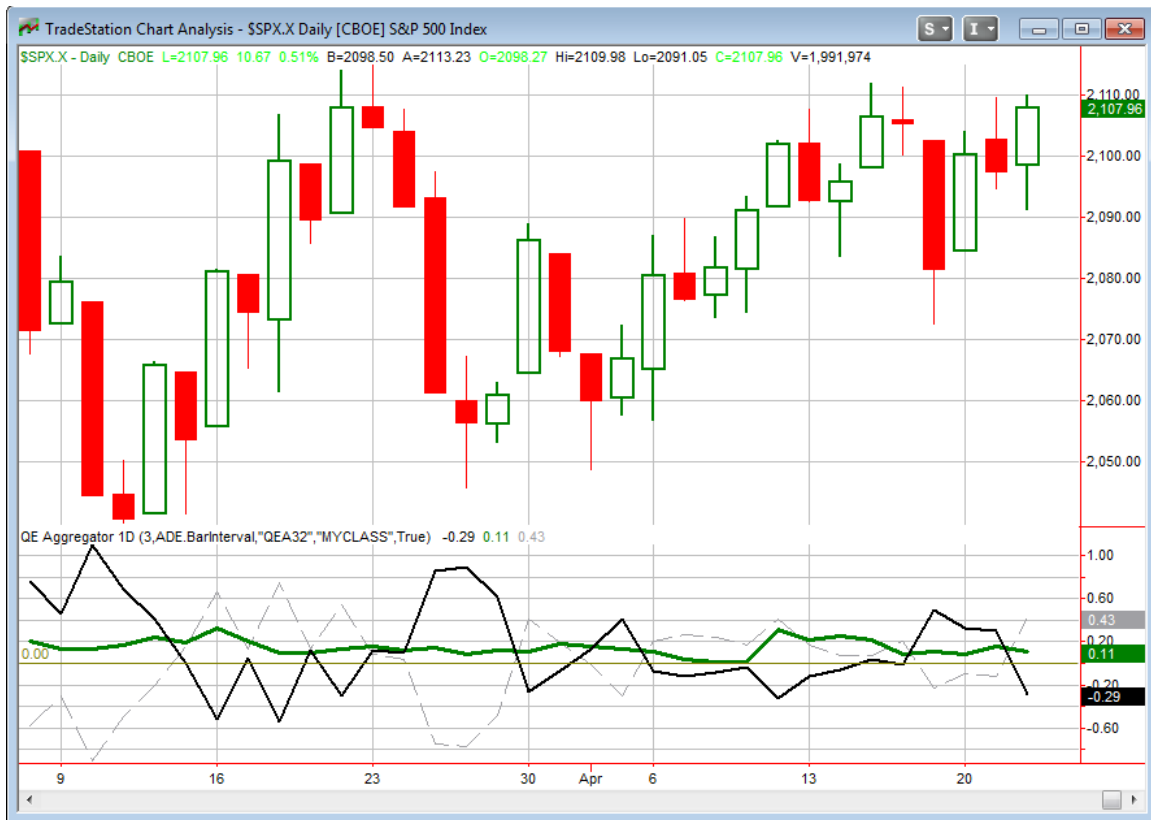
TradeStation Performance Summary			
All Trades			
Total Net Profit	\$9,151.79	Profit Factor	5.07
Gross Profit	\$11,401.17	Gross Loss	(\$2,249.38)
Total Number of Trades	27	Percent Profitable	77.78%
Winning Trades	21	Losing Trades	6
Even Trades	0		
Avg. Trade Net Profit	\$338.96	Ratio Avg. Win:Avg. Loss	1.45
Avg. Winning Trade	\$542.91	Avg. Losing Trade	(\$374.90)

The numbers here are all impressive. Below is a look at the profit curve.



This is also impressive. Traders could be looking at some intraday strength on Thursday based on this. Of course we are looking at a pretty narrow period of time here. (Looking back to 1993, SPY intraday performance on Thursday as been nearly breakeven.) So I am not inclined to include this on the Active List, or concern myself with it when determining my market bias, but some traders may find it more appealing. And results seem strong enough for now that it may be worth keeping an eye going forward.

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



The green Aggregator Line tonight again 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 dropped down below 0. The negative Differential Line reading means the SPX is now 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 Thursday. Of course that could change if new bearish evidence emerges. The Differential Pivot will be 2106.35 on Thursday. That is just 0.1% below Wednesday's close. So SPX will move back to "oversold" versus recent expectations on just about any down close on Thursday.

Along with the now neutral Aggregator, I am feeling neutral as well. The bullish evidence is fairly weak and the Differential Pivot is close by. So the outlook could shift in either direction depending on how things play out on Thursday. When the outlook is unclear as it is now, I prefer to stand aside and await a better opportunity. And that is my current plan.

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 – cancel for now)

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.

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	\$41.16	27.63%	\$32.69	Aggressive VIX

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