

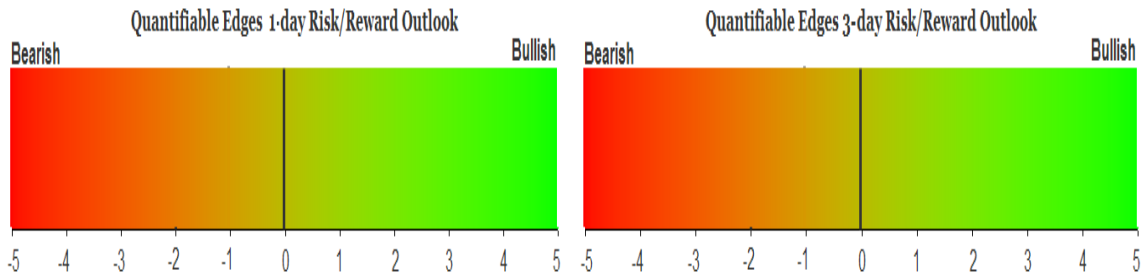
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 24, 2015

Volume 8 Issue 78

Market Overview



Signals Overview

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

Tonight's Research Points

- Thursday we saw a failed breakout. That does not appear to suggest a strong edge.

Short-term Outlook

The Bottom Line

Evidence is bullish, but the market is still a little overbought, leaving me neutral once again.

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	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 20, 2015	1st 5 low in 10 days	1-4 days	Bullish	1.50%	-1.25%	-2.60%

The Evidence

The Thursday hot streak continued and the market put in some gains. The SPX closed up 0.2%, the NASDAQ rose 0.4%, and the Russell 2000 rallied 0.5%. Breadth was positive as the NYSE Up Issues % came in at 67% and the Up Volume % was 63%. Total NYSE volume rose a little from Wednesday's level.

Interesting about Thursday is that SPX put in a decent effort to breakout, but ultimately failed. This can be seen in that SPX made a new intraday high, but could not manage to close at a new closing high. I looked back at other instances where this happened after SPX had based for a few weeks prior to the failed new high. Below are results going back to 1995.

After going at least 10 days without make a 50-day intraday high or 50-day closing high, SPX makes a 50-day intraday high today but not a 50-day closing high. Buy on close. Sell X days later. \$100k/trade. 1995 - present.													
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade	
5	-9,565.05	16	5	11	31.25	1,890.88	4,290.80	-1,729.04	-3,654.40	1.09	0.50	-597.82	
4	-9,980.46	16	4	12	25.00	1,759.90	4,275.84	-1,418.34	-4,306.02	1.24	0.41	-623.78	
3	-7,812.18	16	6	10	37.50	1,039.61	2,458.20	-1,404.98	-2,969.70	0.74	0.44	-488.26	
2	-3,992.80	16	6	10	37.50	966.22	1,995.80	-979.01	-2,225.28	0.99	0.59	-249.55	
1	-5,476.82	16	5	11	31.25	681.29	1,506.56	-807.57	-4,241.94	0.84	0.38	-342.30	

Numbers here look fairly bearish. But the number of instances is a bit low. So although SPY did not post a new intraday high, I ran the numbers for that to see if the pattern rang true there as well.

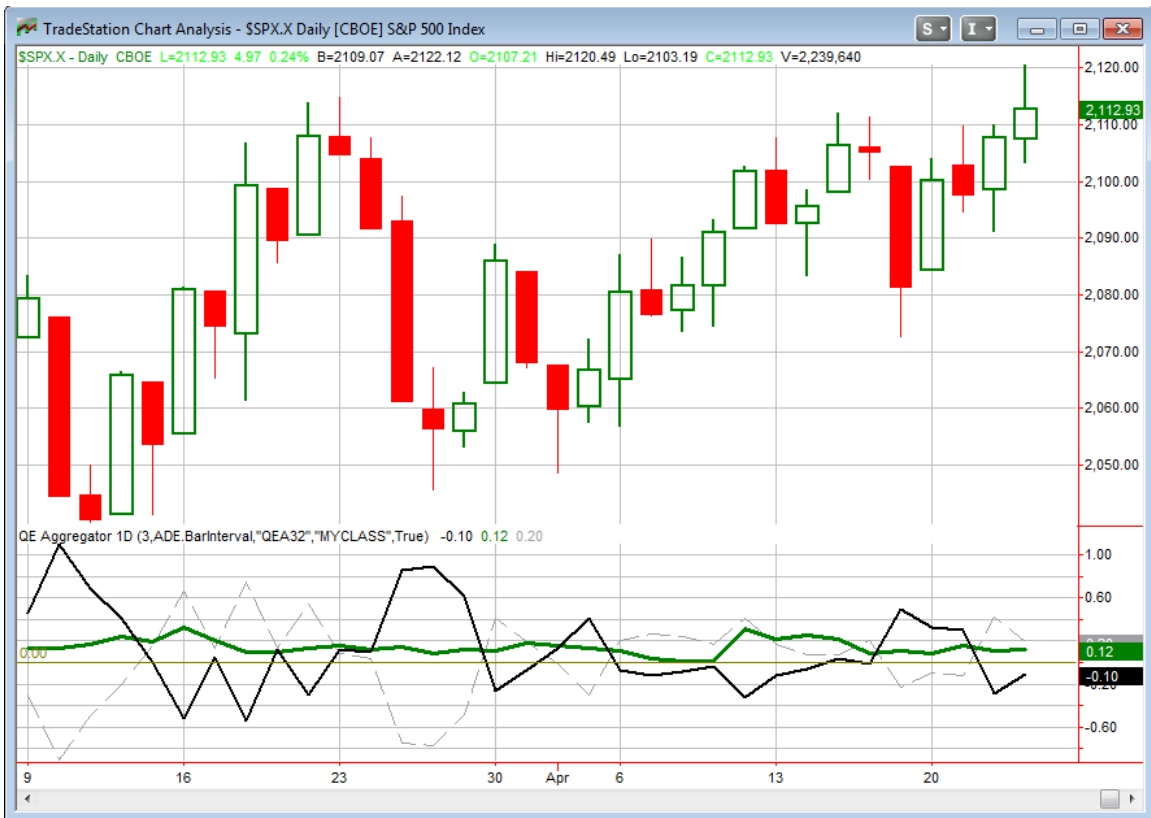
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SPY makes a 50-day intraday high today but not a 50-day closing high.
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X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	8,085.91	15	9	6	60.00	1,573.15	4,501.60	-1,012.07	-2,046.20	1.55	2.33	539.06
4	4,089.43	15	9	6	60.00	1,323.91	3,889.60	-1,304.30	-2,242.95	1.02	1.52	272.63
3	5,286.53	15	9	6	60.00	1,142.97	2,545.00	-833.36	-1,114.78	1.37	2.06	352.44
2	5,055.88	15	11	4	73.33	812.03	1,974.92	-969.10	-1,348.62	0.84	2.30	337.06
1	-661.12	15	7	8	46.67	341.89	589.68	-381.79	-949.62	0.90	0.78	-44.07

Numbers here were much different and did not confirm what the SPX study was suggesting. So I threw this study out and decided not to include it on the Active List.

This leaves the Active List relatively low on studies at the moment with very little triggering over the last few days. This means that expectations will become more dependent on new studies that emerge in the upcoming days.

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 remained 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 stayed flat at the close.

Based on the current active studies, expectations are set to remain positive on Friday. Of course that could change if new bearish evidence emerges. The Differential Pivot will be 2104.51 on Friday. That is 0.4% below Thursday's close. So to move to "oversold" versus recent expectations SPX would need to close down at least 0.4% on Friday.

My bias has not really changed since last night. Evidence is mildly bullish but the market is a bit overbought. So there does not appear to be a clear and compelling edge. Therefore, I will continue to avoid taking on new index exposure until a better opportunity arises.

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

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	\$41.53	28.78%	\$32.69	Aggressive VIX

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