

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 18, 2015

Volume 8 Issue 116

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

Bullish evidence is still winning out and the market is not yet overbought. But it will turn overbought on Thursday unless it sells off some. This appears to be an opportune time to take some profits.

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

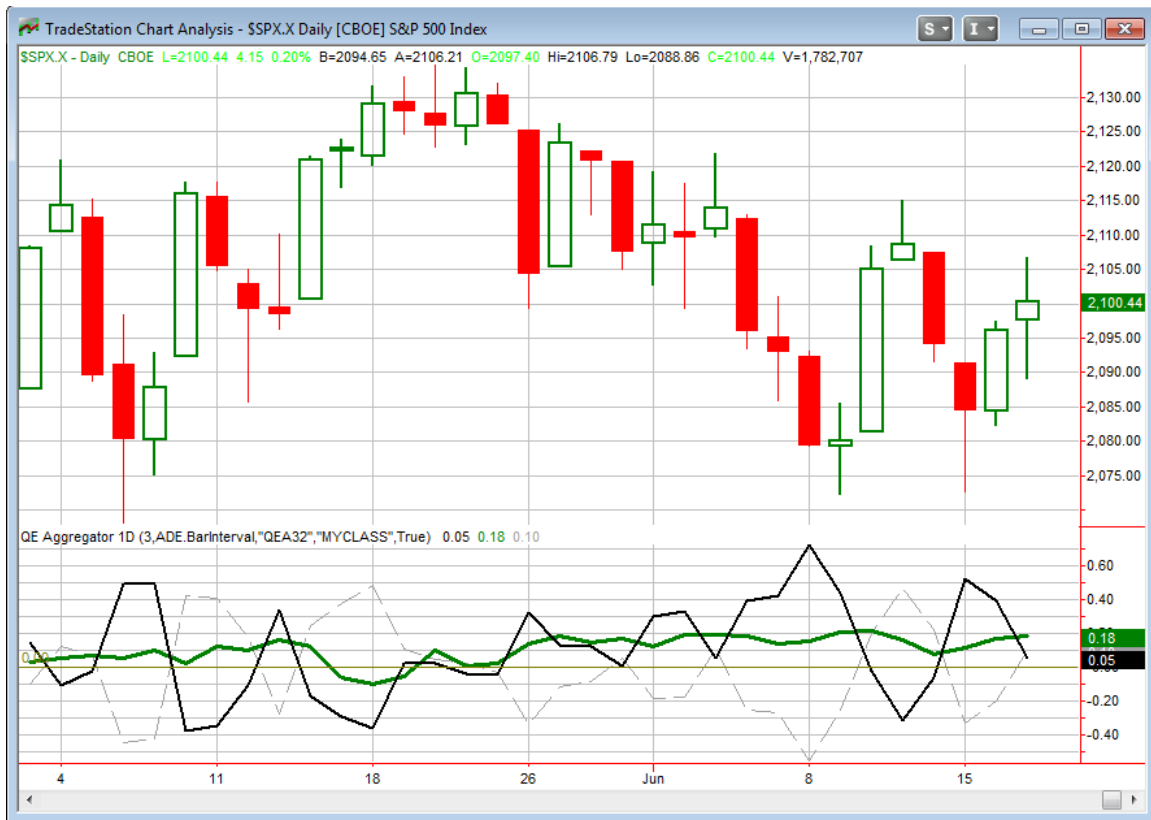
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 16, 2015	2x unfilled gap down > 200ma	1-6 days	Bullish			
June 10, 2015	4 lower lows. 20-day low > 200ma	1-8 days	Bullish	2.40%	-1.50%	-2.70%
Active - Long Term						
June 16, 2015	2x unfilled gap down > 200ma	1-10 days	Bullish	2.50%	-1.70%	-3.00%
May 18, 2015	NASDAQ leading SPX	int term	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						
June 16, 2015	VIX spike 50-high. SPX > 200ma	1-2 days	Bullish			

The Evidence

A back and forth trading session led to mixed results on Wednesday. The SPX and NASDAQ each rose 0.2%, while the Russell 2000 declined 0.1%. Breadth was mildly positive as the NYSE Up Issues % came in at 51% and the Up Volume % was 60%. Total NYSE volume rose some from Tuesday's level.

Fed news seemed interesting in that it caused the market to wiggle a lot after the 2pm announcement. But end of day numbers would make you think there was no news at all. While the Quantifinder did not identify anything compelling, I ran the current setup a number of ways. I examined performance after other "similar" Fed Days. While I defined "similar" a number of different ways (during long-term uptrends, during opex week, with the market rising for at least the 2nd day in a row, etc), I found nothing suggesting a consistent edge. So there are no new studies being added to the Active List tonight.

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



Without new evidence emerging 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 remained above 0. The positive Differential Line reading means 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 Thursday. This could change if strong bearish evidence emerges. The Differential Pivot will be *inverted* at 2091.88 on Thursday. That is 0.4% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case SPX will need to close down at least 0.4% in order to remain oversold on Thursday. Otherwise it will be considered overbought versus recent expectations as of Thursday's close.

While there still seems to be a mild upside edge for Thursday, it won't last beyond that unless the market sells off a decent amount. Inverted pivots limit potential reward, and I generally view them as opportune times to take profits. That is what I will be looking to do on Thursday if I can get a good fill.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 6/15– slightly bullish*

The intermediate-term outlook was last updated in the 6/15 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	\$45.66	41.58%	\$41.95	Aggressive VIX
SPY(1/4)	6/16/2015	\$208.93	\$210.59	0.79%		Aggregator

SPY - I will exit SPY @ \$210.90 LIMIT. If not filled by end of day, I will look to exit @ \$210.00 LIMIT ON CLOSE.

XIV – I moved up the stop a little closer to recent swing lows and the 50-day moving average.

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2015 Hanna Capital Management, LLC.