

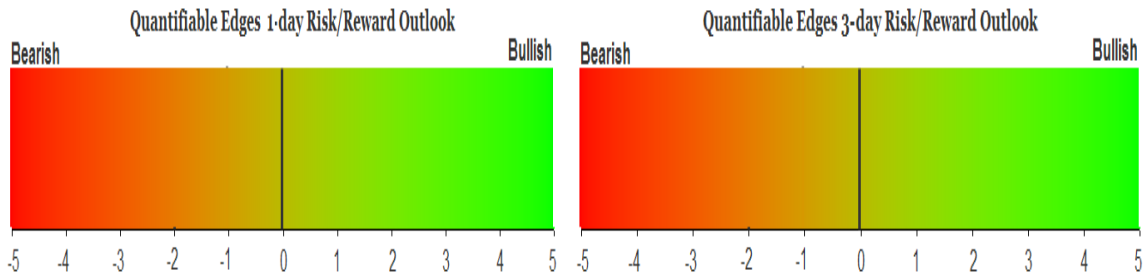
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 23, 2015

Volume 8 Issue 140

Market Overview



Signals Overview

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

Tonight's Research Points

- A 5th Hindenburg Omen signal triggered on Wednesday.
- The CBI has quickly jumped to 5.

Short-term Outlook

The Bottom Line

Expectations remain bearish, but the market is still oversold. I am index-neutral, but I am seeing some long opportunities in individual stocks.

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						
July 17, 2015	NDX up 1%. SOX dn.	1-6 days	Bearish	-3.10%	1.80%	4.00%
July 17, 2015	SPX top 1-% 10-day range opex Thurs	1-5 days	Bearish	-1.60%	0.90%	1.75%
July 14, 2015	VIX 10% to 10% below 10ma	1-8 days	Bullish			
Active - Long Term						
July 22, 2015	4th Hindenburg Signal	1-35 days	Bearish	-6.40%	2.70%	4.80%
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			

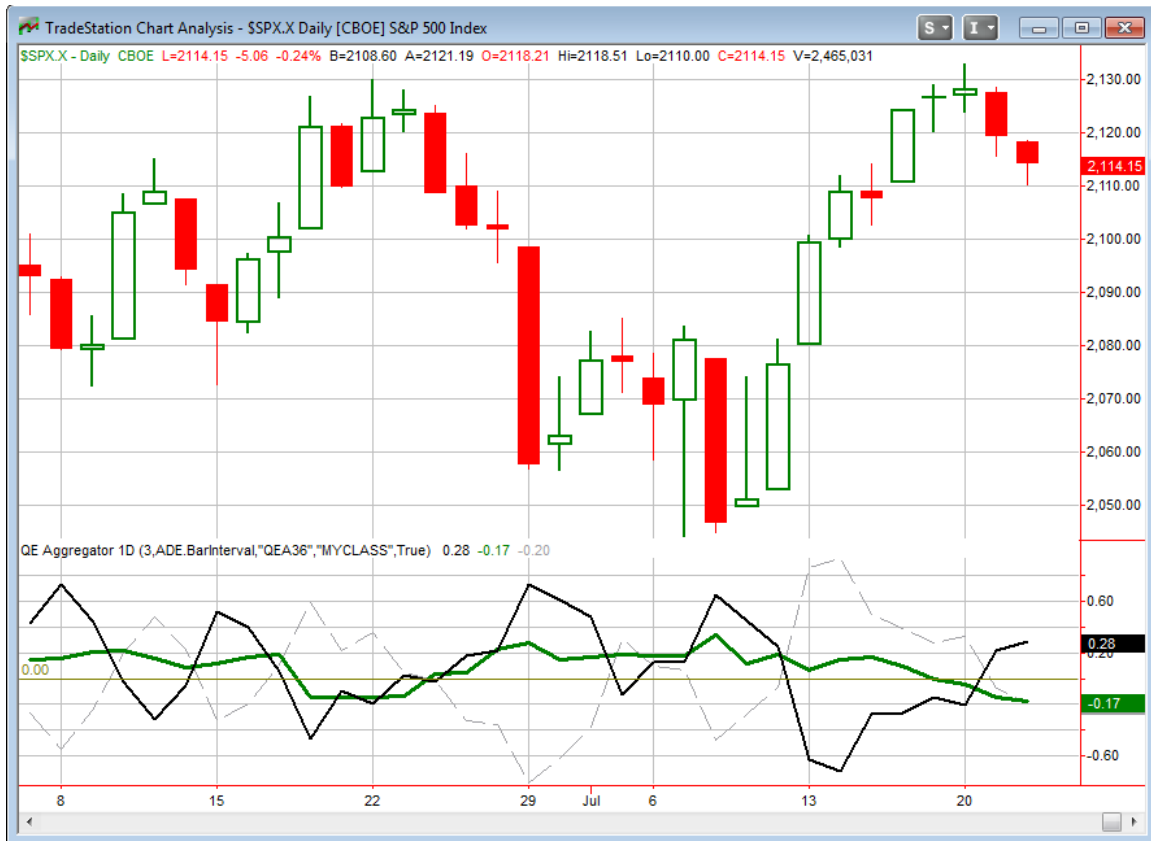
The Evidence

The market saw mixed results on Wednesday. The SPX lost 0.2%, the NASDAQ fell 0.7%, but the Russell 2000 rose 0.3%. Breadth was negative as the NYSE Up Issues % came in at 41% and the Up Volume % was 42.5%. Total NYSE volume rose some from Tuesday's level.

The mixed and moderate action did little to inspire compelling short-term evidence tonight. There was another Hindenburg Omen signal that triggered on Wednesday. I wrote about these in last night's letter. I did get a few questions in relation to the dates of the recent signals. So for clarification, according to the criteria I use and the data provided by Tradestation, Hindenburg Omen signals occurred on 6/10, 6/11, 6/17, 7/21, and now 7/22. For those that would like to review, last night's letter can be found on the [Archives Page](#).

One notable that I will show below is that the Quantifiable Edges Capitulative Breadth Index (CBI) jumped up to 5 on Wednesday. That is quite high for what at this point is a shallow pullback. It suggests there are a number of S&P 100 stocks reaching extremely oversold levels and readying for a bounce. This generally has been a short-term bullish sign for the market. Readings of 5 have been mildly bullish for the market. When it has reached the 7-10 level that has been where I traditionally have begun to get excited about a broad market bounce. So this is something I will be watching for closely in the coming days.

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



Tonight the green Aggregator line moved a little further below 0. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line remained above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but the SPX is oversold. 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 turned flat at the close.

Based on the current active studies, expectations are set to remain negative on Thursday. Of course this could change if additional bullish evidence emerges. The Differential Pivot will be 2129.06 on Thursday. That is 0.7% above Wednesday's close. In order to move to overbought versus expectations, SPX will need to close up at least 0.7% on Thursday.

While the market is getting more short-term oversold, bullish evidence just isn't there. So my market outlook remains neutral. But with 4 new Catapults triggering on Wednesday I will be looking to add some individual stock exposure on Thursday. Details are down below.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/20– slightly bullish

The intermediate-term outlook was last updated in the 7/20 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

APA – 1/3 @ \$47.53 (buy @ limit)

New

APA – 1/3 @ \$47.53 (buy 2nd lot @ limit)

OXY – 1/3 @ \$69.47 (buy @ limit)

COP – 1/3 @ \$55.83 (buy @ limit)

UTX – 1/3 @ \$101.55 (buy @ limit)

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 5(APA-2, OXY, COP, UTX)

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.

APA – buy 1/3 Catapult position @ \$47.32 LIMIT. This is a Catapult trade from above. It is the 2nd of 3 possible lots for APA. Though they have done well over time, Catapults tend to be quite volatile and are traded without initial stops. Those new to Catapults should examine the information on the [Catapult System page](#).

OXY – buy 1/3 Catapult position @ \$69.47 LIMIT. This is a Catapult trade from above. It is the 1st of 3 possible lots for OXY. Though they have done well over time, Catapults tend to be quite volatile and are traded without initial stops. Those new to Catapults should examine the information on the [Catapult System page](#).

COP – buy 1/3 Catapult position @ \$55.83 LIMIT. This is a Catapult trade from above. It is the 1st of 3 possible lots for COP. Though they have done well over time, Catapults tend to be quite volatile and are traded without initial stops. Those new to Catapults should examine the information on the [Catapult System page](#).

UTX – buy 1/3 Catapult position @ \$101.55 LIMIT. This is a Catapult trade from above. It is the 1st of 3 possible lots for UTX. Though they have done well over time, Catapults tend to be quite volatile and are traded without initial stops. Those new to Catapults should examine the information on the [Catapult System page](#).

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
APA(1/3)	7/22/2015	\$47.32	\$47.32	0.00%		bought on open

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