

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 30, 2015

Volume 8 Issue 145

Market Overview



Signals Overview

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

Tonight's Research Points

- The CBI dropped from 17 to 9 on Wednesday.

Short-term Outlook

The Bottom Line

Expectations remain bullish but the market is no longer oversold. I intend to try and milk a little more out of this bounce with the small remaining part of my index position.

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

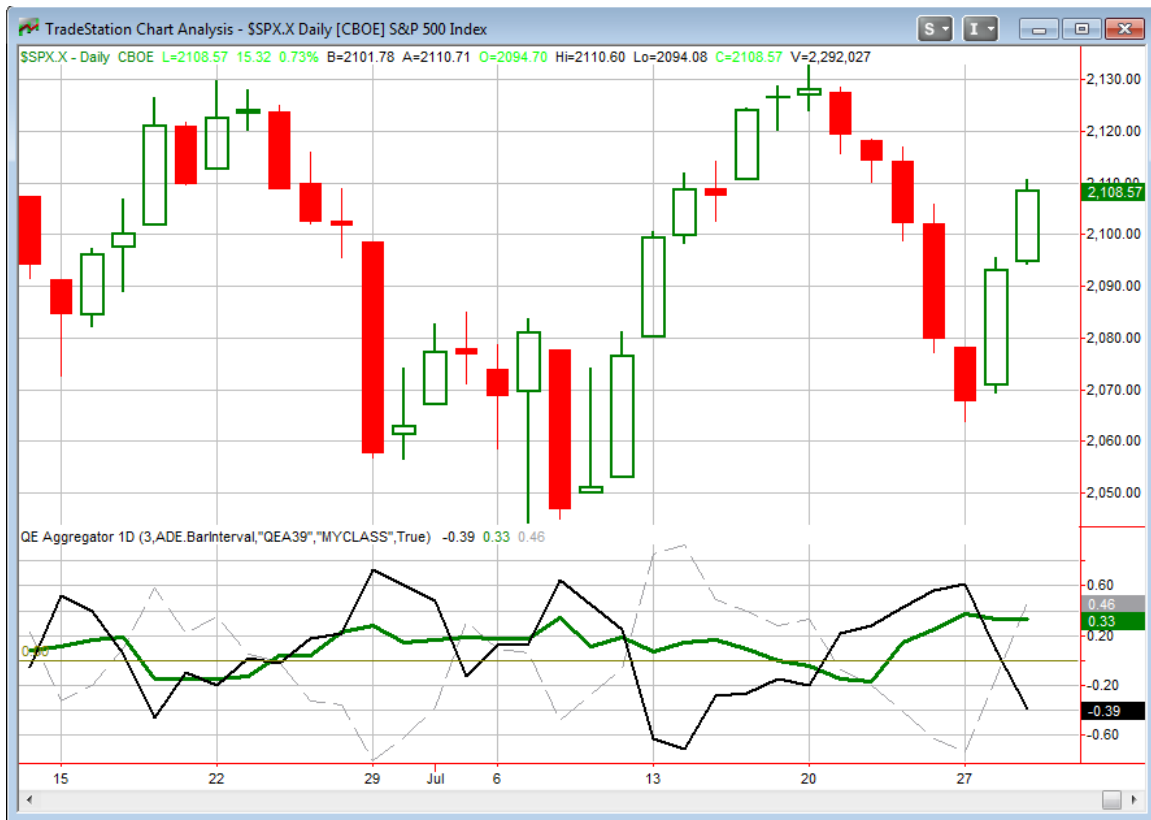
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 29, 2015	Unfillgap up from 10lo. C>O. C<10ma	1-4 days	Bullish	1.80%	-1.20%	-2.30%
July 27, 2015	1% drop 4th Fri.	1-6 days	Bullish			
July 27, 2015	CBI reaches 10+. SPX > 200ma.	1-4 days	Bullish			
Active - Long Term						
July 27, 2015	CBI reaches 11+	1-20 days	Bullish	6.60%	-3.70%	-7.60%
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			
Dropped Tonight						
July 28, 2015	Unfilled gap dn. 3 dn & 10-low	1-2 days	Bullish			
July 27, 2015	SPX dn 4. Big drop.	1-3 days	Bullish	2.10%	-0.85%	-1.50%
July 28, 2015	Dn 5. > 200 & > 20-low	1-2 days	Bullish			

The Evidence

Wednesday was a solid day for the bulls. The SPX gained 0.7%, the NASDAQ rose 0.4%, and the Russell 2000 also rallied 0.4%. Breadth was strongly positive as the NYSE Up Issues % came in at 71% and the Up Volume % was 79%. Total NYSE volume declined a little from Tuesday's level.

Two days of solid rallying have put the indices back into the mid-section of their recent ranges. Action on Wednesday did not lead to strong edges identified by the Quantifinder. But the current active short-term studies suggest we could still see a bit more of a bounce. This includes the CBI study. As you'll see below the CBI dropped from 17 all the way down to 9 today. But 9 is still a bullish number and we often see more than just a mini-bounce after readings as large as we saw a few days ago. So while there is nothing new to add to the Active List tonight, we still have 3 short-term studies from past days suggesting more upside.

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



Once again the green Aggregator line remained strongly 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 sharply and closed below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but the SPX is now 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 turned flat at the close.

Based on the current active studies, expectations are set to remain positive on Thursday. This could change if compelling bearish evidence emerges. The Differential Pivot will be 2083.04 on Thursday. That is 1.2% below Wednesday's close. This means that SPX would need to close down at least 1.2% in order to move back to an oversold condition on Thursday. That would be a sizable drop – and one that seems unlikely based on the current evidence.

The Aggregator formation is back to neutral. Personally, I still have a slight bullish lean. Evidence remains bullish and I am especially drawn to the formerly high CBI reading. I would like to try and ride the bounce a little further with my remaining lot of SPY. I did already take some profits, and I'll be reducing long exposure further on Thursday since several Catapults have reached their exit levels. More on that in the trade ideas section of the letter.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/27– slightly bullish

The intermediate-term outlook was last updated in the 7/27/15 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

COP – 1/3 @ \$55.83 (bought @ limit)

UTX – 1/3 @ \$101.55 (bought @ limit)

COP – 1/3 @ \$55.83 (bought 2nd lot @ limit)

UTX – 1/3 @ \$101.55 (bought 2nd lot @ limit)

COP – 1/3 @ \$52.09

UTX – 1/3 @ \$99.31

DD– 1/3 @ \$56.94

DD

DD– 1/3 @ \$55.90

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 9/3(COP-3, UTX-3, DD-3)

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
APA(1/3)	7/22/2015	\$47.32	\$46.79	-1.12%		sell on open
APA(1/3)	7/23/2015	\$47.32	\$46.79	-1.12%		sell on open
COP(1/3)	7/23/2015	\$55.10	\$52.90	-3.99%		Catapult
OXY(1/3)	7/23/2015	\$69.44	\$70.86	2.04%		sell on open
UTX(1/3)	7/23/2015	\$101.55	\$99.36	-2.16%		Catapult
COP(1/3)	7/24/2015	\$53.95	\$52.90	-1.95%		Catapult
ORCL(1/3)	7/24/2015	\$39.00	\$39.79	2.03%		sell on open
SPY(1/4)	7/24/2015	\$210.18	\$209.48	-0.33%		sold on open
UTX(1/3)	7/24/2015	\$101.00	\$99.36	-1.62%		Catapult
APA(1/3)	7/27/2015	\$44.28	\$46.79	5.67%		sell on open
COP(1/3)	7/27/2015	\$51.34	\$52.90	3.04%		Catapult
DD(1/3)	7/27/2015	\$56.83	\$55.46	-2.41%		Catapult
EMR(1/3)	7/27/2015	\$50.39	\$51.64	2.48%		sold on open
NSC(1/3)	7/27/2015	\$82.31	\$84.86	3.10%		sold on open
ORCL(1/3)	7/27/2015	\$38.72	\$39.79	2.76%		sell on open
SPY(1/4)	7/27/2015	\$206.94	\$210.00	1.48%		sold at limit
UTX(1/3)	7/27/2015	\$98.78	\$99.36	0.59%		Catapult
DD(1/3)	7/28/2015	\$53.38	\$55.46	3.90%		Catapult
DVN(1/3)	7/28/2015	\$48.83	\$51.18	4.81%		sell on open
ORCL(1/3)	7/28/2015	\$38.51	\$39.79	3.32%		sell on open
SPY(1/4)	7/28/2015	\$207.00	\$210.77	1.82%		Aggregator
DD(1/3)	7/29/2015	\$55.90	\$55.46	-0.79%		Catapult

APA, OXY, ORCL & DVN all met their exit criteria and will be exited at the open on Thursday.

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