

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 7, 2015

Volume 8 Issue 151

Market Overview



Signals Overview

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

Tonight's Research Points

- Employment days are often volatile.

Short-term Outlook

The Bottom Line

With the market still short-term oversold and some moderately bullish evidence there still appears to be an upside edge.

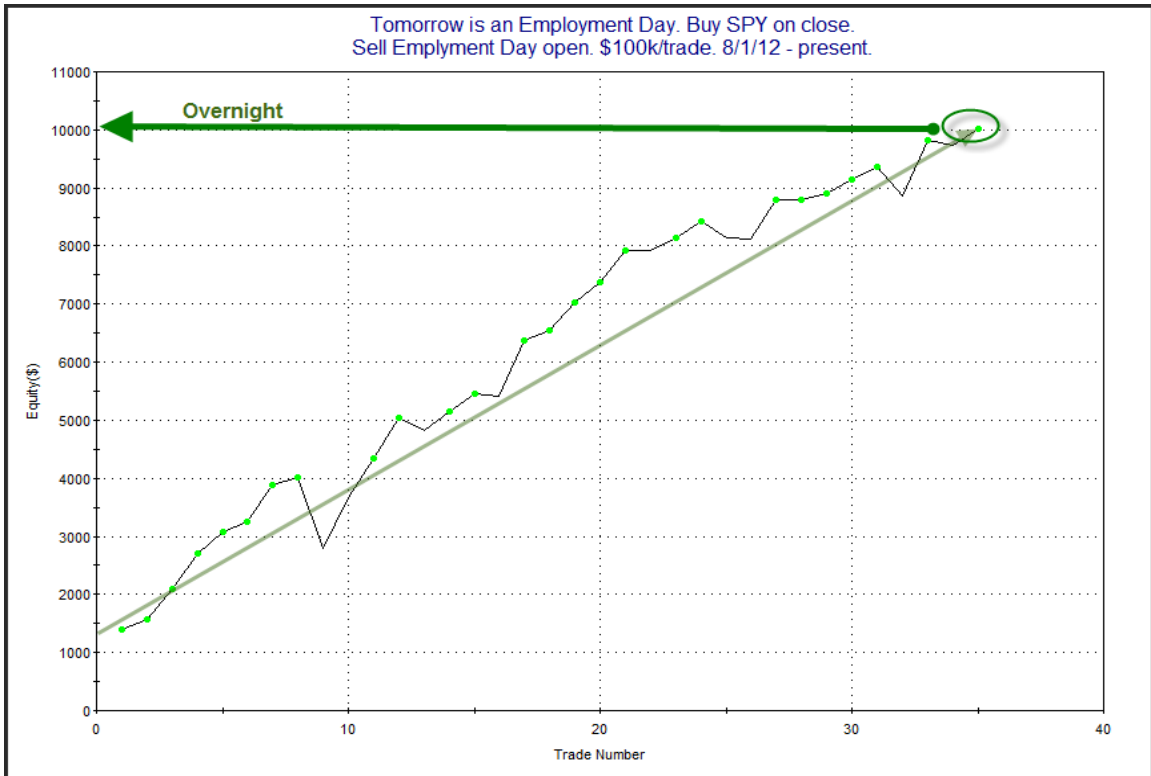
Summary of Recent Active Studies (see Letters from listed dates for details)

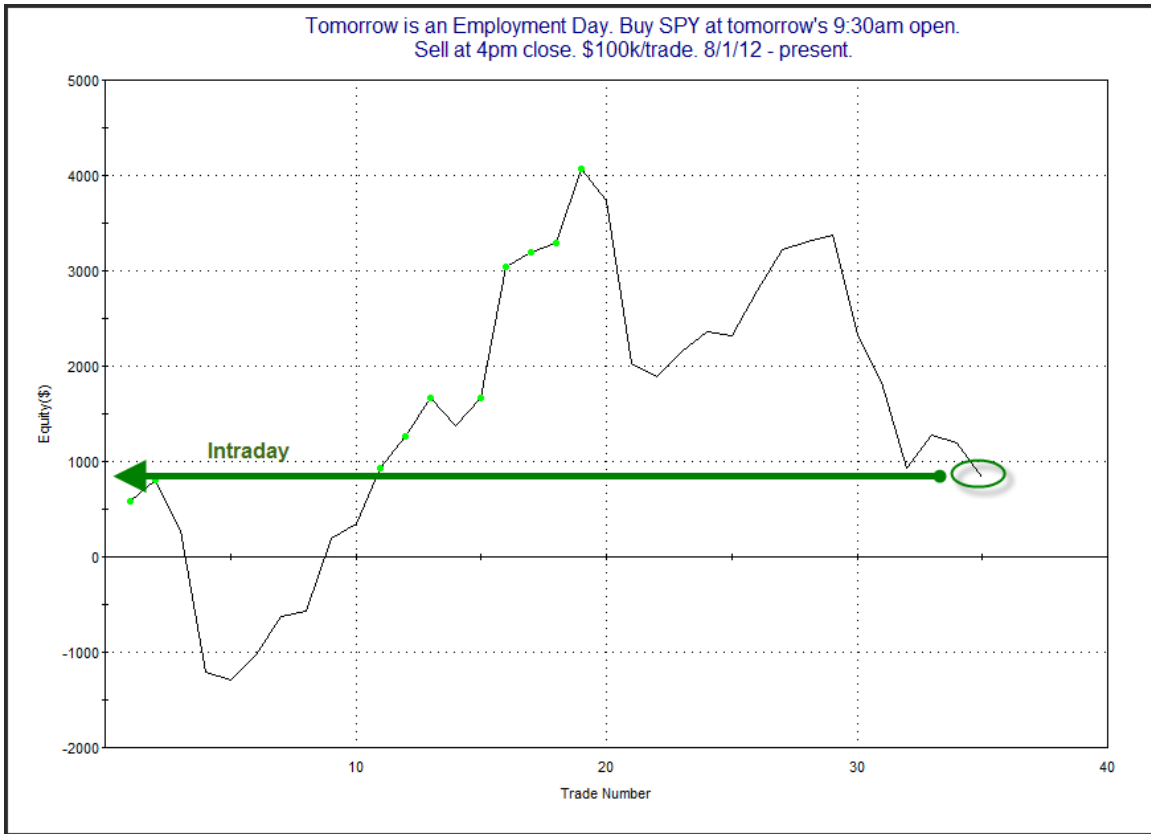
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn -1 Std Dev
Active - Short Term						
August 5, 2015	Down 3 days. 3/10 HV Offset < 0.25.	1-.3 days	Bullish	1.80%	-1.10%	-2.35%
Active - Long Term						
July 27, 2015	CBI reaches 11+	1-20 days	Bullish	6.60%	-3.70%	-7.60%
July 22, 2015	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			

The Evidence

Thursday was a tough day for the market. The SPX lost 0.8%, the NASDAQ declined 1.6%, and Russell 2000 fell 1.3%. Breadth was negative as the NYSE Up Issues % came in at 39% and the Up Volume % was 48%. Total NYSE volume rose for the 3rd day in a row.

The action Thursday did not generate anything in the way of strong edges from the Quantifinder. One factor that will likely have a substantial impact on market movement on Friday is the reaction to the Employment Report about an hour before the open. Employment days have done fairly well over the last few years but most of the gains are thanks to the overnight session. This can be seen in the 2 profit curves below.

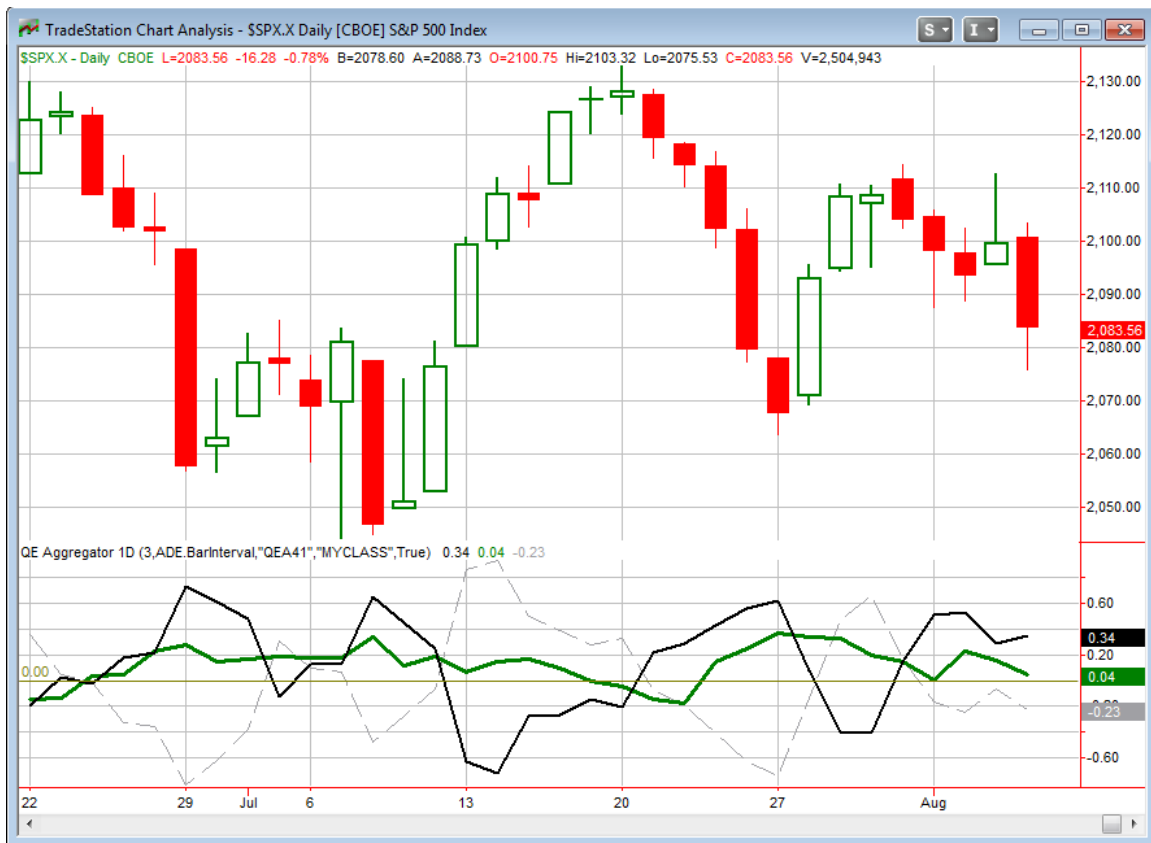




As you can see, the overnight has generated more than 10x the profits of the day. Daytime profits have been less reliable and more volatile. Of course the good nights have been largely due to positive initial reaction to the jobs report. And reactions to government numbers are not exactly dependable.

The down close Thursday kept the market chopping in a narrowing range. We likely won't see very strong edges emerge at least until we reach the outer edges of the short-term range. So traders need to decide whether they will exercise patience or whether they will play more moderate edges.

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



Without any new evidence emerging the green Aggregator Line held a little above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line is still well 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.

Expectations are set to remain bullish on Friday. But the last remaining short-term study is set to expire and expectations will be highly subject to new studies that emerge on Friday. The Differential Pivot will be 2101.14 on Friday. That is 0.8% above Thursday's close. So for SPX to turn back to overbought on Friday it will need to close up at least 0.8%.

The Aggregator is suggesting a mild upside edge. But we have not had any new, confirming evidence emerge in the last 2 days. And with Friday being an Employment Day, post-open volatility could be high. So I am not inclined to jump into anything right off the bat. A down close could be a favorable entry, but it is too soon to tell whether expectations will remain positive without seeing what new evidence emerges. So I am

now flat on my index positions, and I won't look to start rebuilding a long position at least until Monday morning.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/3 – slightly bullish

The intermediate-term outlook was last updated in the 8/3 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)

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

COP – 1/3 @ \$52.09

DD– 1/3 @ \$56.94

DD

DD– 1/3 @ \$55.90

Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 6/2(COP-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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
COP(1/3)	7/23/2015	\$55.10	\$50.28	-8.75%		Catapult
COP(1/3)	7/24/2015	\$53.95	\$50.28	-6.80%		Catapult
COP(1/3)	7/27/2015	\$51.34	\$50.28	-2.06%		Catapult
DD(1/3)	7/27/2015	\$56.83	\$54.47	-4.15%		Catapult
DD(1/3)	7/28/2015	\$53.38	\$54.47	2.04%		Catapult
SPY(1/4)	7/28/2015	\$207.00	\$208.49	0.72%		hit trailing stop
DD(1/3)	7/29/2015	\$55.90	\$54.47	-2.56%		Catapult

Note: A full history of closed out trade ideas published in the Subscriber Letter since inception in 2008 can be found on the [QE Trade Ideas Results Sheet](#). It can be downloaded from the website at any time.

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