

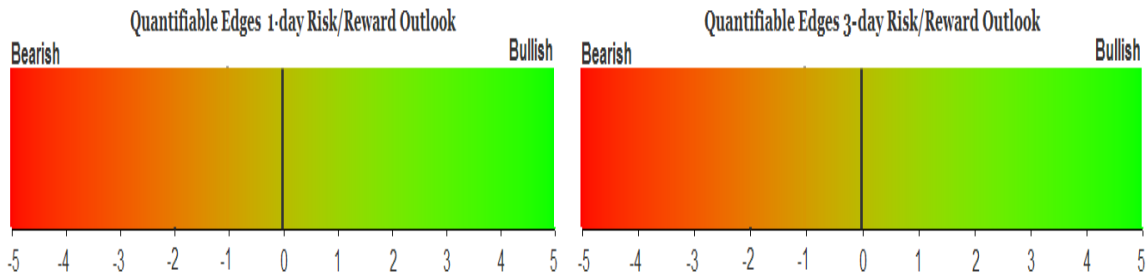
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 12, 2015

Volume 8 Issue 154

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No compelling evidence emerged on Tuesday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral, short-term evidence is somewhat lacking, and choppy conditions are messing with overbought/oversold measures. I do not see a compelling short-term 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
<b>Active - Short Term</b>						
August 10, 2015	HV low. SPX not high.	1-5 days	Bullish	-2.30%	1.20%	2.20%
<b>Active - Long Term</b>						
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***

The market gapped down a bunch on Tuesday and it was worse by the close. The SPX closed down 1.0%, the NASDAQ fell 1.3%, and the Russell 2000 declined 0.9%. Breadth was negative as the NYSE Up Issues % came in at 36% and the Up Volume % was 28%. Total NYSE volume rose some from Monday.

Despite the sharp selling on Tuesday nothing of substance emerged from the Quantifinder. The back and forth chop over the last several days has seen fairly large intraday moves but it has done little more than make the market swing back and forth through its short-term moving averages while remaining locked in a trading range. Action is fairly typical of what might lead to a low number of studies on the active list.

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



With no new studies making the Active List tonight the green Aggregator Line again remained below 0. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line is still above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but the SPX is still 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 stayed flat at the close.

Expectations are currently set to remain bearish on Wednesday. Of course this could change if new bullish evidence emerges. The Differential Pivot will again be *inverted at* 2077.83 on Wednesday. That is 0.3% *below* Tuesday'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 0.3% on Wednesday in order to remain oversold. Anything other than a 0.3%+ decline and it will be considered "overbought" versus recent expectations.

Tuesday's selloff really did nothing to change the short-term outlook. Like I said yesterday, *"The Aggregator remains in a neutral formation, expectations are lacking, and the Differential Pivot is inverted. Any one of these conditions could cause me to avoid taking on new index exposure. The combination means I have no interest in the current setup. I'll continue to wait for a more favorable reward/risk opportunity before putting new capital at risk."*

***Intermediate-term Outlook (2 weeks – 2 months) – updated 8/10 – slightly bullish***

The intermediate-term outlook was last updated in the 8/10 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 2<sup>nd</sup> 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	\$50.40	-8.53%		Catapult
COP(1/3)	7/24/2015	\$53.95	\$50.40	-6.58%		Catapult
COP(1/3)	7/27/2015	\$51.34	\$50.40	-1.83%		Catapult
DD(1/3)	7/27/2015	\$56.83	\$53.39	-6.05%		Catapult
DD(1/3)	7/28/2015	\$53.38	\$53.39	0.02%		Catapult
DD(1/3)	7/29/2015	\$55.90	\$53.39	-4.49%		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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