

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 15, 2015

Volume 8 Issue 177

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr Swing
Short	75% Long VXX	Short

Tonight's Research Points

- Mild action Monday did not generate strong evidence.

Short-term Outlook

The Bottom Line

Very much like last night, the market appears overbought and expectations are lower. There appears to be a moderate downside edge, and I may look to take advantage of it with some short exposure if I can get filled at the right price..

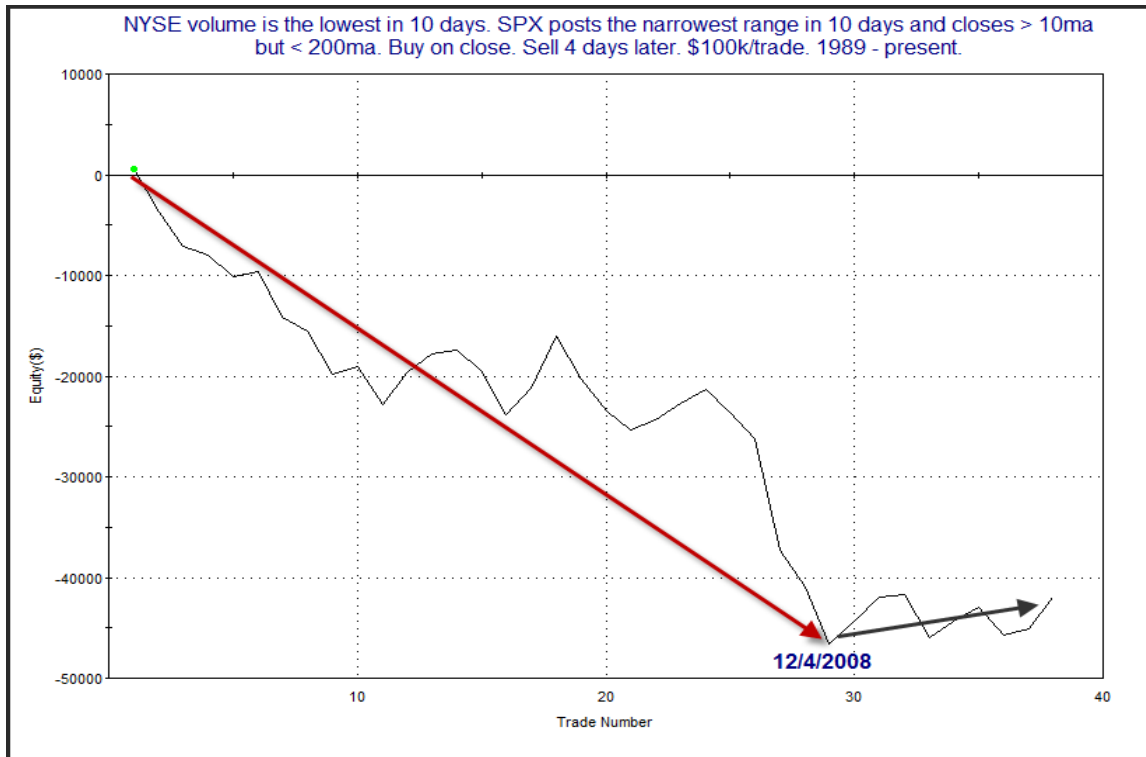
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 14, 2015	Lowest volume in 10. SPX >10ma < 200	1-5 days	Bearish			
September 9, 2015	QE Buying Power System short signal	1-6 days	Bearish			
Active - Long Term						
September 9, 2015	FTD on mild breadth & volume	int term	Bearish			
August 31, 2015	NASDAQ leading SPX	int term	Bullish			
August 21, 2015	CBI reaches 11+	1-20 days	Bullish	6.60%	-3.70%	-7.60%
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

The Evidence

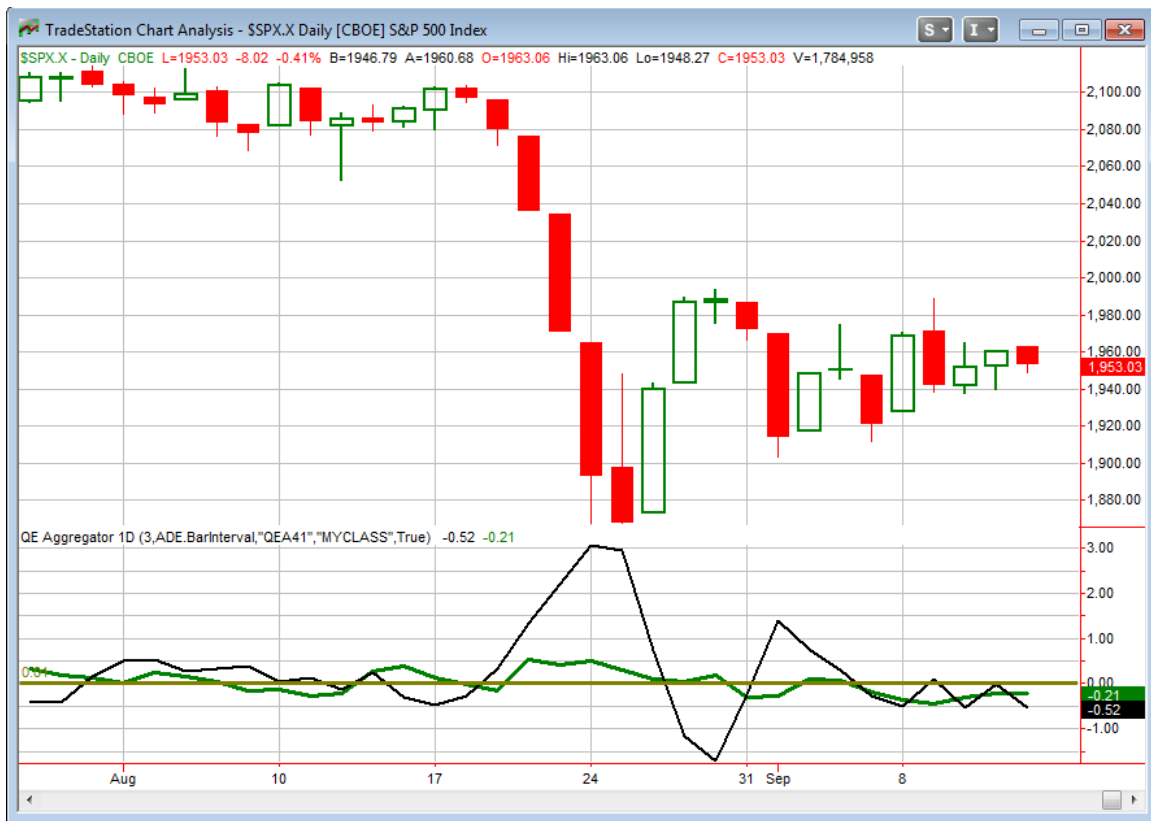
The market suffered some selling on Monday. The SPX, NASDAQ and Russell 2000 each lost between 0.34% and 0.41%. Breadth was weak as the NYSE Up Issues % came in at 33% and the Up Volume % was 33%. Total NYSE volume came in at the lowest level in a few weeks for the 2nd day in a row.

The moderate decline within the recent chop did nothing to generate strongly compelling studies. There were a few that appeared that I examined. They looked at low volume days above the 10ma and below the 200ma. While the numbers for these studies were still somewhat suggestive of a downside edge, the equity curves were flattening out. The example below is a 4-day equity curve which is updated from the 10/21/1 letter. It was previously the most appealing curve and the showed the strongest bearish edge in the 1-5 day period.



This curve has not made new lows in a while. I have decided to put this study on probation. I will keep an eye on it moving forward but will not include it on the Active List tonight. There is nothing new being added to the Active List tonight.

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



Once again tonight the green Aggregator Line held below 0. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line also held below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below 0. Therefore the Aggregator signal stayed short at the close.

Expectations are currently set to remain bearish on Tuesday. Of course this could change if strong new bullish evidence emerges. The Differential Pivot will be 1930.55 on

Tuesday. That is 1.2% below Monday's close. So for SPX to move from overbought to oversold on Tuesday it would need to close down at least 1.2%.

The lower close on Monday did very little to change my outlook. I was hoping for a higher close to initiate a short position. I still believe there is a bit of a downside edge. And there is still good room to the downside in which to realize profits. So I will again look for a short entry. I will leave my level in place from last night and again I'll only be looking to get short if we close there.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/14– neutral

The intermediate-term outlook was last updated in the 9/8/15 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

PG – 1/3 @ \$73.91 (bought @ 73.55)

PG – 1/3 @ \$71.84 – 2nd lot

PG 1/3 @ \$69.14 limit – 3rd lot

MON 1/3 @ \$89.42 limit

QCOM 1/3 @ \$53.88 limit

Broad Market Large Cap CBI – 5

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.

SPY – sell short ¼ index position @ \$196.75 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to take on some short exposure if SPY up at least to this level on Tuesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
PG(1/3)	8/21/2015	\$73.55	\$68.06	-7.46%		Catapult
PG(1/3)	8/24/2015	\$68.57	\$68.06	-0.74%		Catapult
PG(1/3)	8/25/2015	\$69.14	\$68.06	-1.56%		Catapult
SPG(1/3)	8/25/2015	\$182.07	\$179.53	-1.40%		<i>sold on open</i>

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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