

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 3, 2015

Volume 8 Issue 212

Market Overview



Signals Overview

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

Tonight's Research Points

- No strong evidence emerged tonight.

Short-term Outlook

The Bottom Line

Same story: expectations are somewhat positive but the market is currently overbought. This leaves me neutral and awaiting a better entry point.

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

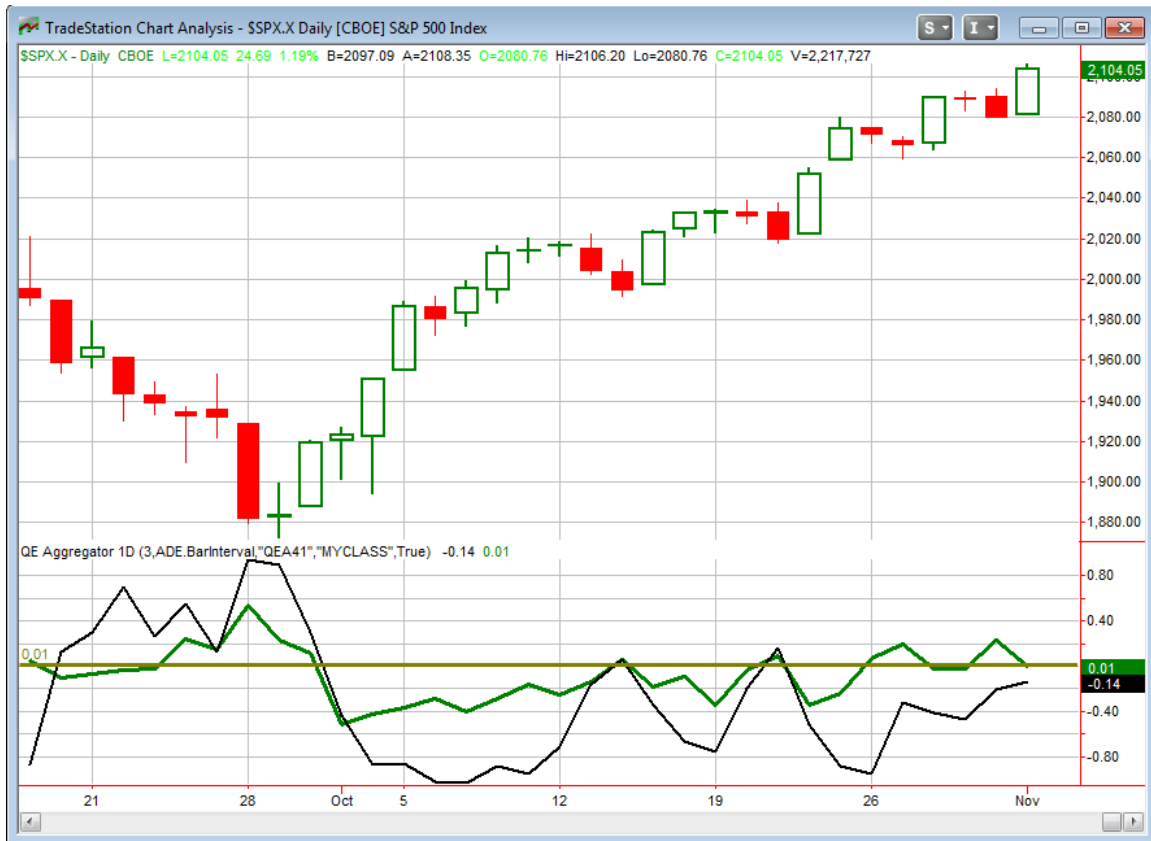
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
November 2, 2015	Best 6 months	Nov-Apr	Bullish			
October 26, 2015	NASDAQ leading SPX	int term	Bullish			
October 9, 2015	Zweig Breadth Thrust	1-20 days	Bullish			
September 9, 2015	FTD on mild breadth & volume	int term	Bearish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
November 2, 2015	Poor close to good month	1 day	Bullish			

The Evidence

The new-month bullish inclinations discussed last night played out in spades on Monday. The SPX rallied 1.2%, the NASDAQ rose 1.5%, and the Russell 2000 gained 2.1%. Breadth was positive as the NYSE Up Issues % came in at 79% and the Up Volume % was 83%. Total NYSE volume came in light.

The Quantifinder did not display anything with strong inclinations. I looked at a few concepts – like strong moves to 50-day highs on the 1st day of the month. Nothing compelling materialized. The persistent push higher is making it difficult to make any profits on the short side, or find any entries on the long side. This happens from time to time. I have found patience to be valuable at times like this. No need to force trades or worry that “buy and hold” is beating me for the last few weeks. Instead I’ll wait for substantial edges to emerge. And none did tonight, so there are no new studies being added to the Active List.

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



Without anything new triggering tonight the green Aggregator Line held just barely above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line stayed below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but the SPX is 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 stayed flat at the close.

In an unusual circumstance, there are no short-term studies on the Active List tonight – only intermediate-term studies. So expectations over the next few days will be strongly impacted by any new evidence that emerges. The Differential Pivot will be 2092.51 on Tuesday. That is 0.5% below Monday's close. So for SPX to move from overbought to oversold versus expectations it will need to close down at least 0.5% on Tuesday.

This is not the type of setup that ever gets me excited. The market is squarely overbought, and has been for a while. Strong short-term evidence is lacking. As long as this market remains locked up like this it is unlikely I will do anything. Unless I see some very compelling short-side evidence, my next move will likely be a long trade. But I won't get interested in the long side until we at least see a pullback below the 10ma. So for now...patient and alert.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/2 –slightly bullish

The intermediate-term outlook was last updated in the 10/515 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

None

Broad Market Large Cap CBI – 0

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

None

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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