

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 20, 2015

Volume 8 Issue 225

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Opex Friday has been bearish between the open and noon.

## *Short-term Outlook*

### *The Bottom Line*

No big changes tonight – I remain squarely neutral

**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>						
November 16, 2015	Unfilled gap down 2x. Close <200ma	1-5 days	Bullish			
<b>Active - Long Term</b>						
November 10, 2015	1st close < 10ma in 25 days	1-20 days	Bullish			
November 2, 2015	Best 6 months	Nov-Apr	Bullish			
October 26, 2015	NASDAQ leading SPX	int term	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			
<b>Dropped Tonight</b>						
November 13, 2015	Unfilled gap down. Low close in ranges	1-5 days	Bullish			
November 16, 2015	Dn 3. 1% drop. >20-low. < 200ma	1-4 days	Bullish			

**The Evidence**

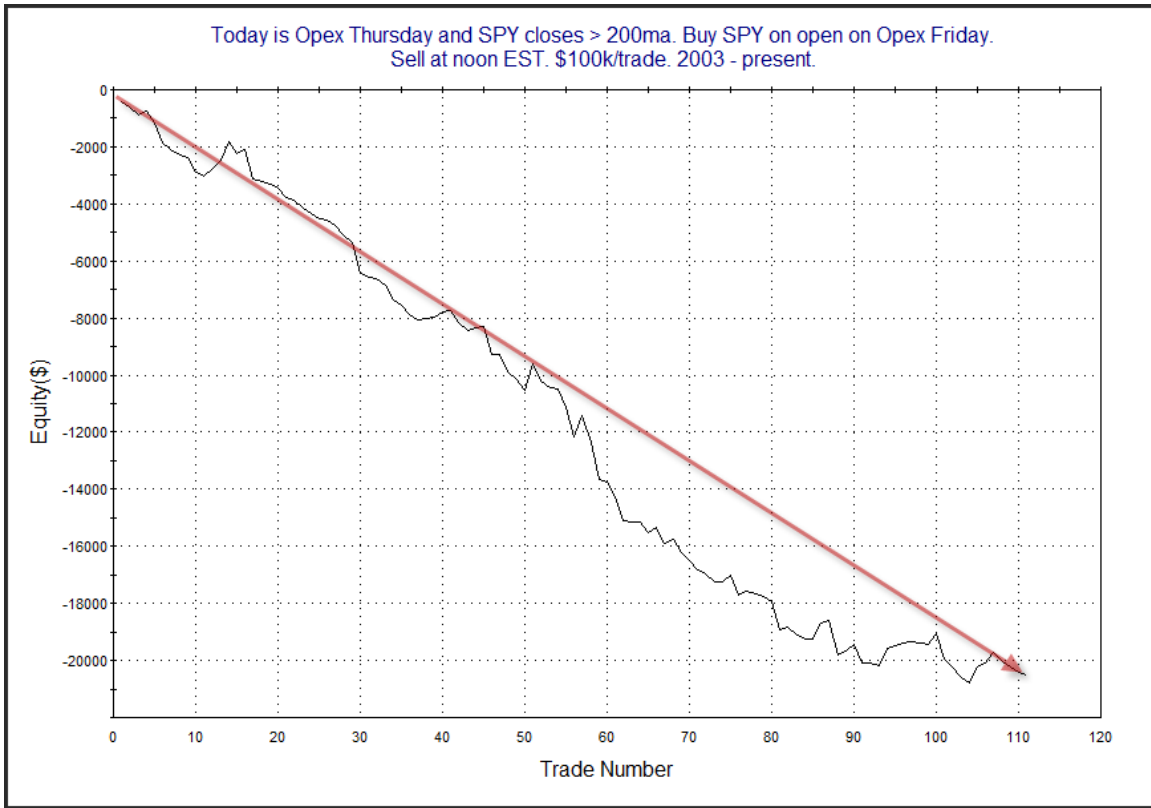
Thursday was a quiet day with the indices undergoing mild declines. The SPX closed down 0.1%, the NASDAQ fell 0.03% and the Russell 2000 dropped 0.4%. Breadth was neutral as the NYSE Up Issues % came in at 51% and the Up Volume % was 48%. Total NYSE volume declined for the 2<sup>nd</sup> day in a row.

The quiet action failed to generate any new and compelling studies from the Quantifinder. But opex Friday tendencies are worth keeping in mind on Friday. Historically, Opex Friday has struggled during the morning hours. The study below shows the results of buying SPY at the open and then sell at noon EST on Opex Friday.

Today is Opex Thursday and SPY closes > 200ma. Buy SPY on open on Opex Friday.  
Sell at noon EST. \$100k/trade. 2003 - present.

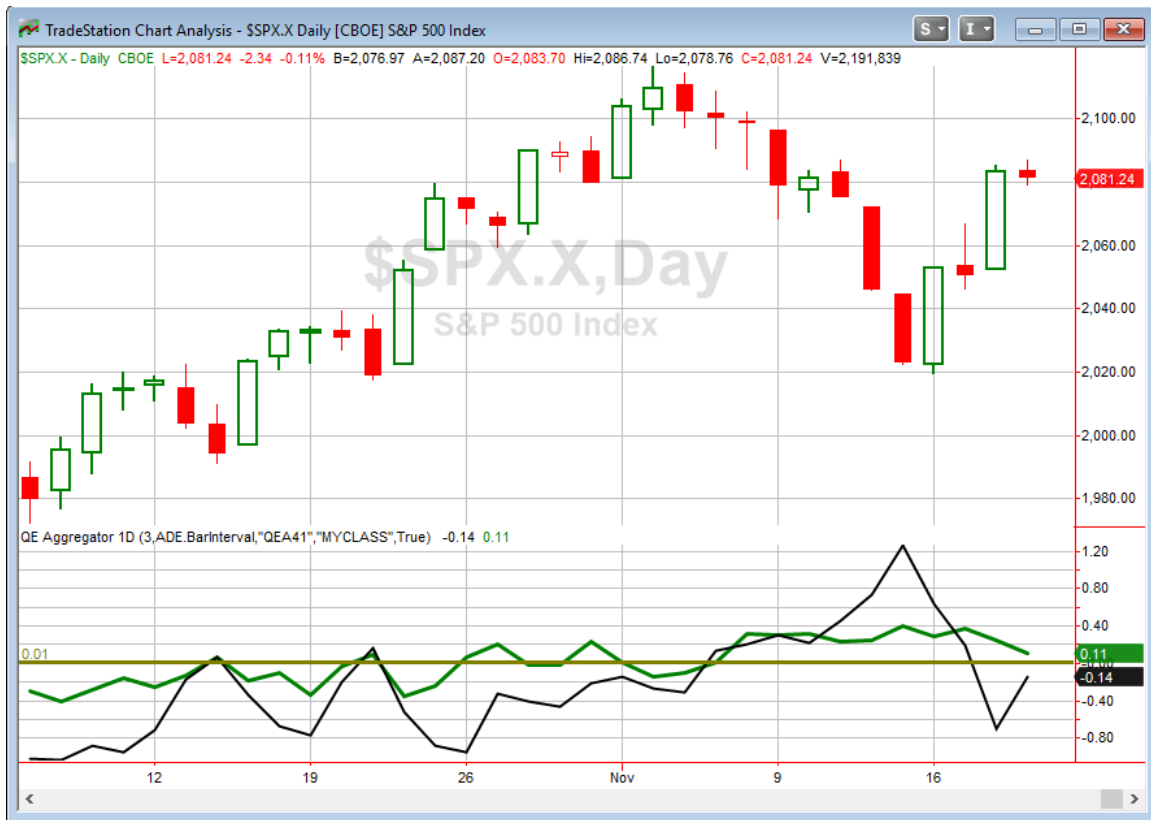
TradeStation Performance Summary				Expand ▾
All Trades				
Total Net Profit	(\$20,519.96)	Profit Factor	0.27	
Gross Profit	\$7,611.89	Gross Loss	(\$28,131.85)	
Total Number of Trades	111	Percent Profitable	28.83%	
Winning Trades	32	Losing Trades	79	
Even Trades	0			
Avg. Trade Net Profit	(\$184.86)	Ratio Avg. Win:Avg. Loss	0.67	
Avg. Winning Trade	\$237.87	Avg. Losing Trade	(\$356.10)	
Largest Winning Trade	\$949.44	Largest Losing Trade	(\$1,318.40)	
Max. Consecutive Winning Trades	4	Max. Consecutive Losing Trades	21	

As you can see, the numbers are quite bearish. Over 70% of instances saw the market lower at noon than at the 9:30am open. Below is a profit curve to see how the edge has played out over time.



The strong, steady downslope serves as confirmation of the bearish edge. Intraday traders may want to keep this in mind Friday morning.

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



With no new studies to add tonight the green Aggregator Line again held above 0. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line remained below zero. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is short-term 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.

Our last remaining short-term active study is set to expire on Friday, so expectations will be largely dependent on, and new evidence that emerges. We are about to enter Thanksgiving week, and that in itself will generate some bullish seasonal evidence. The Differential Pivot will be 2071.92 on Friday. That is 0.4% below Thursday's close. So SPX would need to close down at least 0.4% in order to move from overbought to oversold versus expectations on Thursday.

The Aggregator remains neutral and so do I. Evidence is light and the market is only moderately overbought. Reward/risk does not appear strongly favorable and I will wait until it does before putting new capital to work.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 11/16 –slightly bullish***

The intermediate-term outlook was last updated in the 11/16 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**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
<i>SPG(1/3)</i>	<i>11/16/2015</i>	<i>\$185.39</i>	<i>\$190.71</i>	<i>2.87%</i>		<i>sold on open</i>

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