

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 24, 2015

Volume 8 Issue 227

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Despite the QE 3/10 Offset HV indicator being very low I do not expect a big volatility expansion in the next few days, thanks to holiday-light trading.

## *Short-term Outlook*

### *The Bottom Line*

Evidence favors the long side, more bullish evidence is on the way, and SPX is no longer overbought. I will look to start building a long position if Tuesday closes lower.

***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 23, 2015	VIX 10% above 10ma to 10% below	1-8 days	Bullish	2.40%	-1.10%	-2.20%
<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			

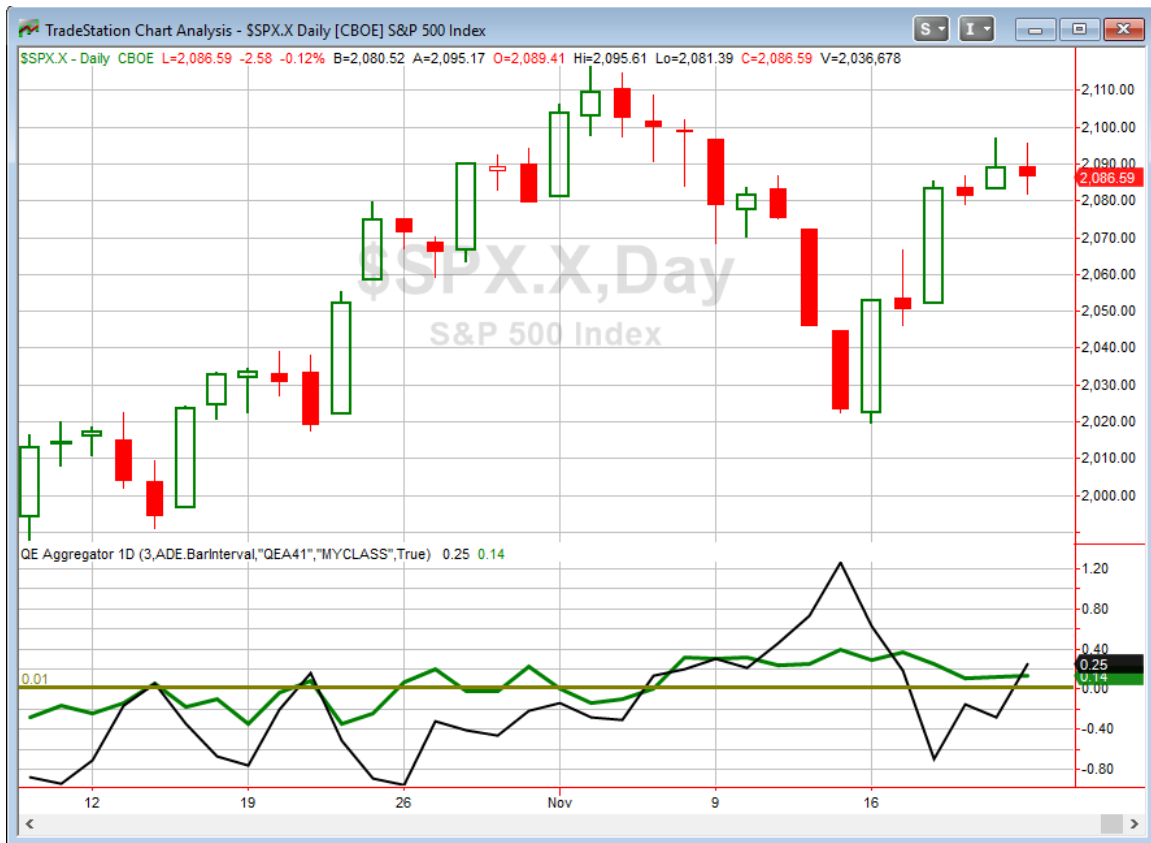
***The Evidence***

Monday was a mixed day for the major indices. The SPX and NASDAQ each lost 0.1% while the Russell 2000 rallied 0.4%. Breadth was mixed as the NYSE Up Issues % came in at 52% and the Up Volume % was 45%. Total NYSE volume declined from Friday's high level.

Directionally I did not see anything that suggests a strong short-term edge. The one study that triggered in the Quantifinder noted that the Quantifiable Edges 3/10 Offset HV closed at 0.25 on Monday. That is a very low level and one that typically suggests the market is primed for a volatility expansion in the next few days. The issue is that we are in a holiday week and both trading volume and volatility are likely to be low. So I am not going to concern myself with this study this time.

So there is nothing new to add to the Active List tonight.

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



With nothing new emerging 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 rose up above zero. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is short-term oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. Therefore, the Aggregator signal turned long at the close.

Based on the current studies evidence is set to remain positive on Tuesday. Of course this could change if compelling bearish evidence emerges. The Differential Pivot will be 2096.53 on Tuesday. That is 0.5% above Monday's close. So SPX would need to close up at least 0.5% in order to move from oversold to overbought.

Evidence remains moderately bullish and bullish seasonality is set to kick in on Tuesday's close. The market is oversold as measured by the Differential Line. By most other methods it would not be considered short-term oversold. For instance, it is solidly above 10ma. And personally I prefer to do my scaling in below that line. But with Wednesday and Friday so seasonally strong, I'll look to enter on Tuesday if SPY closes down at all – even if it is still above its 10ma.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 11/23 –slightly bullish***

The intermediate-term outlook was last updated in the 11/23 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.*

**SPY – buy ¼ index position at \$209.06 LIMIT ON CLOSE.** Based on the short-term outlook above, I will start scaling in to some long exposure if SPY closes down at all on Tuesday.

**Current Open Trade Ideas**

*None*

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