

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 2, 2015

Volume 8 Issue 232

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling evidence emerged on Tuesday

Short-term Outlook

The Bottom Line

Evidence is still leaning bullish but the market is now overbought. This leaves me short-term neutral.

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

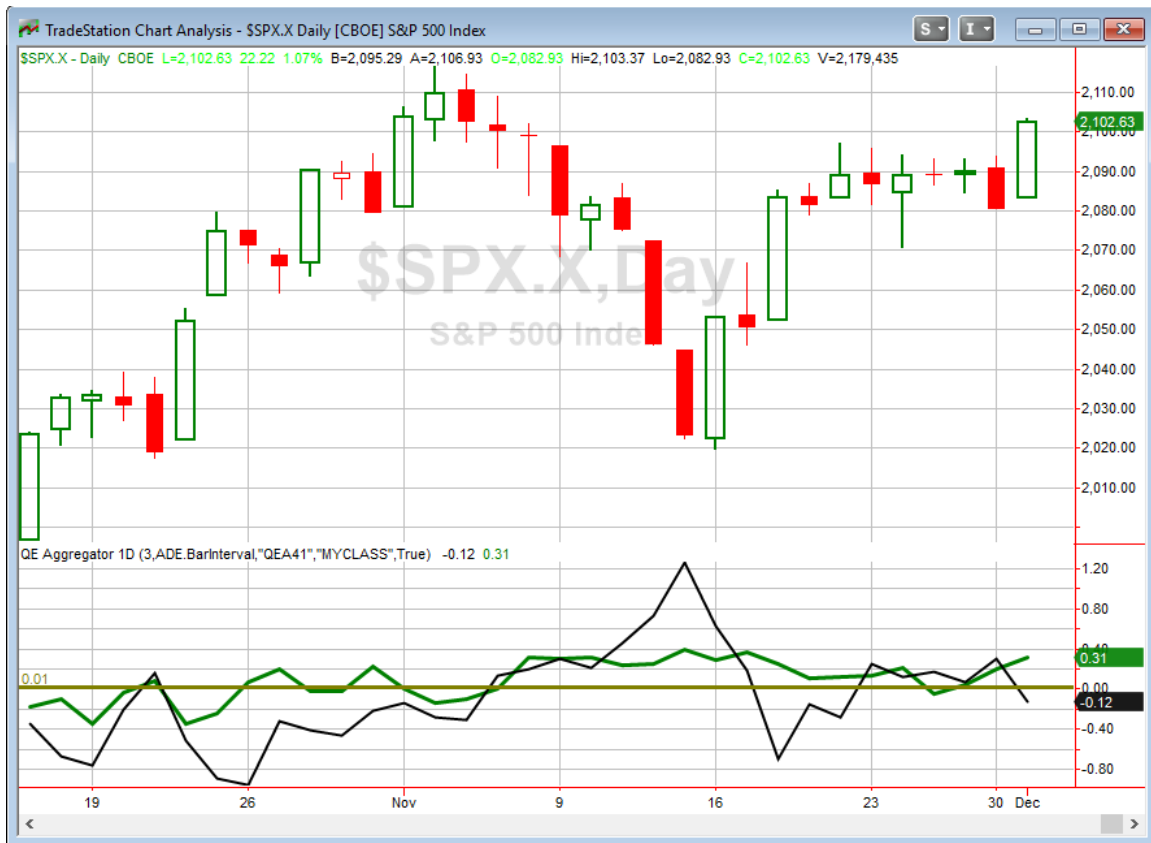
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 1, 2015	Outside last 2 days and lowest close 3	1-5 days	Bullish	2.10%	-1.30%	-2.70%
November 23, 2015	VIX 10% above 10ma to 10% below	1-8 days	Bullish	2.40%	-1.10%	-2.20%
Active - Long Term						
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			
Dropped Tonight						
December 1, 2015	Close in bottom 1/2 of range end of 1 day	1 day	Bullish			

The Evidence

Tuesday saw December get off to a strong start. The SPX rallied 1.1%, the NASDAQ gained 0.9%, and the Russell 2000 rose 0.5%. Breadth was negative as the NYSE Up Issues % came in at 70% and the Up Volume % was 77%. Total NYSE volume declined from Monday's high level.

The rally managed to move SPX to a new 10-day high. It is now very close to breaking out to a new all-time high as well. That will be something that will certainly trigger some studies. But Tuesday's move does not appear terribly significant. There was one study that appeared in the Quantifinder that look at 1-day moves from a 5-day low to a 10-day high. At one point this study appeared bearish. But over the last several years the bearish tendency has not exhibited itself. So I chose to ignore this study for tonight. And with nothing else triggering, and no action standing out that appeared significant, there is nothing new to added to the Active List tonight.

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



With no new studies to consider tonight the green Aggregator Line moved further above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line dropped 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 turned flat at the close.

Based on the current studies, evidence is set to remain positive on Wednesday. Of course this could change if compelling bearish evidence emerges. The Differential Pivot will be 2094.43 on Tuesday. That is 0.4% below Tuesday's close. So SPX would need to close down at least 0.4% in order to move from overbought to oversold.

Bullish evidence suggests more upside. But the overbought market condition damages the reward/risk outlook. So rather than push my luck, I will wait for a more compelling setup to emerge before taking on new exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/30 –slightly bullish

The intermediate-term outlook was last updated in the 11/30/14 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

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