

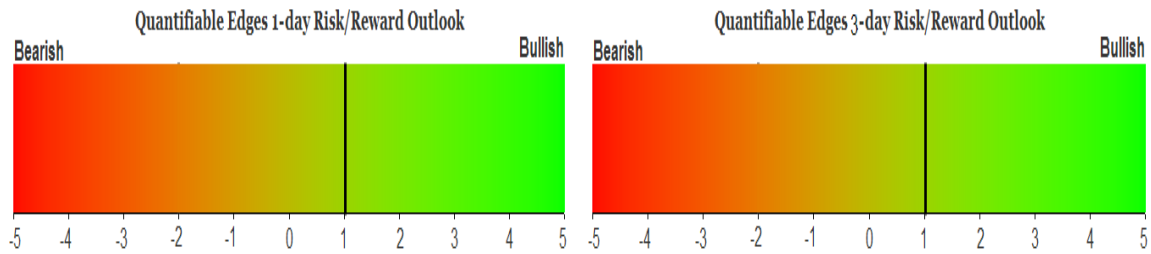
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 8, 2015

Volume 8 Issue 236

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new compelling studies emerged tonight.

## *Short-term Outlook*

### *The Bottom Line*

Evidence is again leaning bullish, and the market is still oversold as measured by the Differential Line. But the oversold reading is likely to change on Tuesday, and evidence is pretty weak. This does not appear to be a strongly favorable entry opportunity.

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

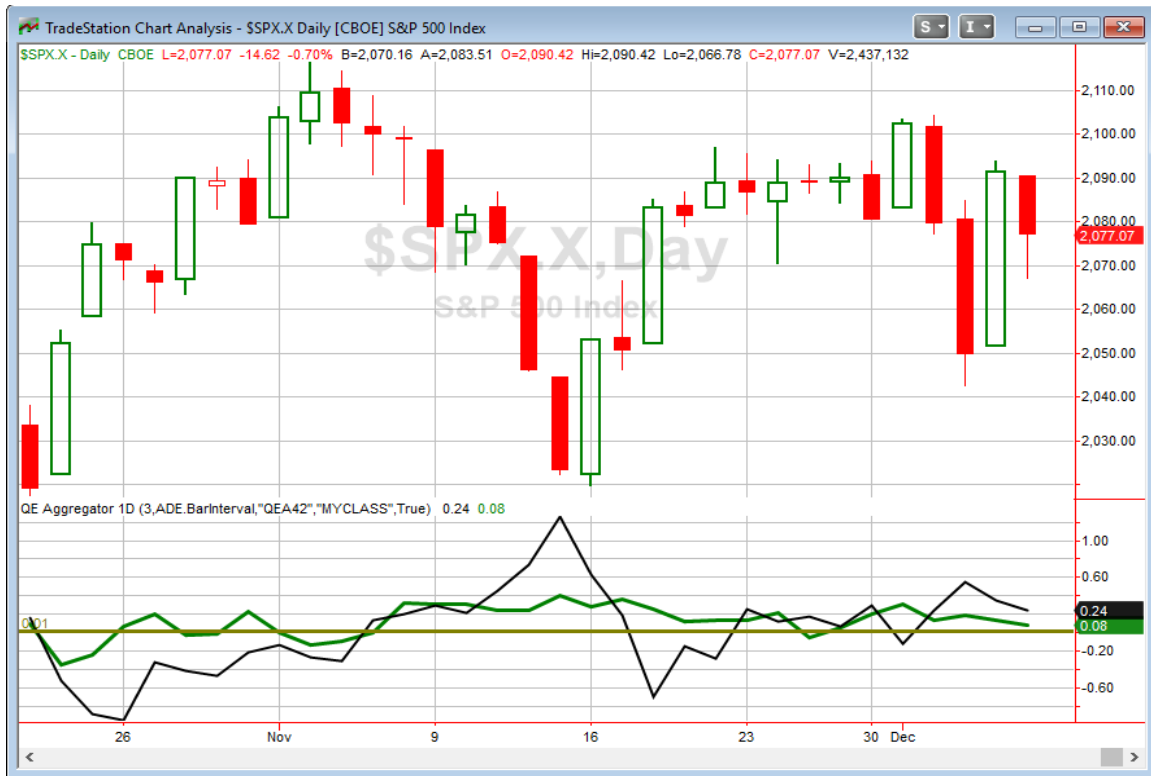
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
December 3, 2015	5-day low bottom 10% of range	1-5 days	Bullish			
<b>Active - Long Term</b>						
November 10, 2015	1st close < 10ma in 25 days	1-20 days	Bullish			
November 2, 2015	Best 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>						
December 4, 2015	Up Issue % < 33.3% 2 days in row	1-2 days	Bullish			
December 3, 2015	10-high to 10-low in 1 day	1-3 days	Bearish			
December 1, 2015	3 hi-3 low 3low close	1-5 days	Bullish	2.10%	-1.30%	-2.70%

***The Evidence***

Monday was a down day for the indices. The SPX declined 0.7%, the NASDAQ lost 0.8%, and the Russell 2000 fell 1.6%. Breadth was negative as the NYSE Up Issues % came in at 20% and the Up Volume % was 18%. Total NYSE volume declined from Friday's level.

The selling did little to inspire compelling studies in the Quantifinder. It is not surprising that we are not seeing much trigger lately. SPX has basically chopped sideways for nearly 3 weeks. More extreme action and compelling studies are often right around the corner. I'll remain patient until strong edges arrive.

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



Without anything new being added tonight the green Aggregator Line held above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line is also still 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 stayed long at the close.

Based on the current studies, evidence is set to remain positive on Tuesday. This could easily change if new bearish evidence emerges. The Differential Pivot will be *inverted at* 2061.97 on Tuesday. That 0.7% *below* Monday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case SPX is going to need to close down at least 0.7% on Tuesday in order to remain oversold versus expectations. Anything other than a decline of at least that much and SPX will change to being considered "overbought" versus recent expectations.

The Aggregator is still suggesting a small upside edge. But expectations are only mildly bullish and SPX is set up to flip from oversold to overbought as of the close on Tuesday. So even the small edge that may exist is not likely to last for long. This hurts potential reward. Between the reduced potential reward and the very mild bullish expectations the entry point does not appear greatly attractive. I'll be waiting until it does before taking on new index exposure.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 12/7 –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**

KMI – 1/3 @ \$16.82 (bought @ limit)

*New*

KMI – 1/3 @ \$16.42 (buy @ limit)

**Broad Market Large Cap CBI – 2(KMI)**

**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.*

**KMI – buy 1/3 Catapult position @ \$16.42 LIMIT.** From the Catapult section above, this would be the 2<sup>nd</sup> of 3 possible lots for KMI.

**Though they have done well over time, Catapults tend to be quite volatile and are traded without initial stops. Those new to Catapults should examine the information on the [Catapult System page](#).**

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
KMI(1/3)	12/7/2015	\$15.66	\$16.42	4.85%		<b>bought on open</b>

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