

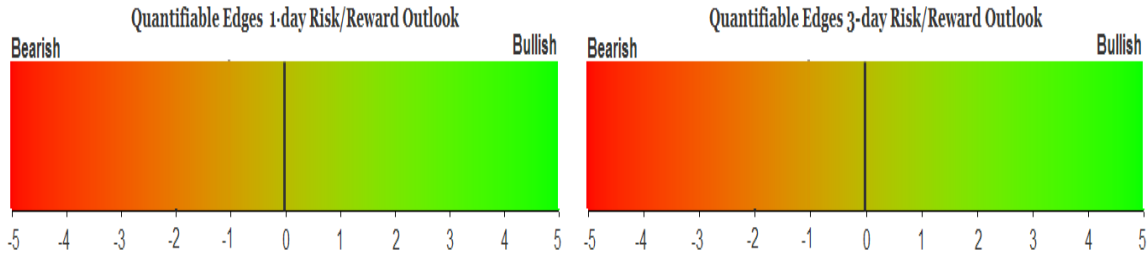
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 9, 2016

Volume 9 Issue 46

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- The 1<sup>st</sup> low in over 2 weeks is often followed by a bounce.

### *Short-term Outlook*

#### *The Bottom Line*

Evidence is now mixed, but leaning bearish. But the market has moved from overbought to oversold, leaving 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
<b>Active - Short Term</b>						
March 9, 2016	1st 5-low in 10 days	int term	Bullish			
March 8, 2016	SPX & VIX up on Monday < 200	1-2 days	Bearish			
March 7, 2016	NASDAQ up 4 days < 200ma	1-6 days	Bearish			
<b>Active - Long Term</b>						
March 2, 2016	FTD & 20-day high	int term	Bullish			
February 18, 2016	Up Issue % > 70% 3x	1-85 days	Bullish	10.70%	-5.10%	-12.10%
February 1, 2016	2 90% up days in 1 week	1-9 months	Bullish	23.10%	-6.60%	-15.10%
November 2, 2015	Best 6 months	Nov-Apr	Bullish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

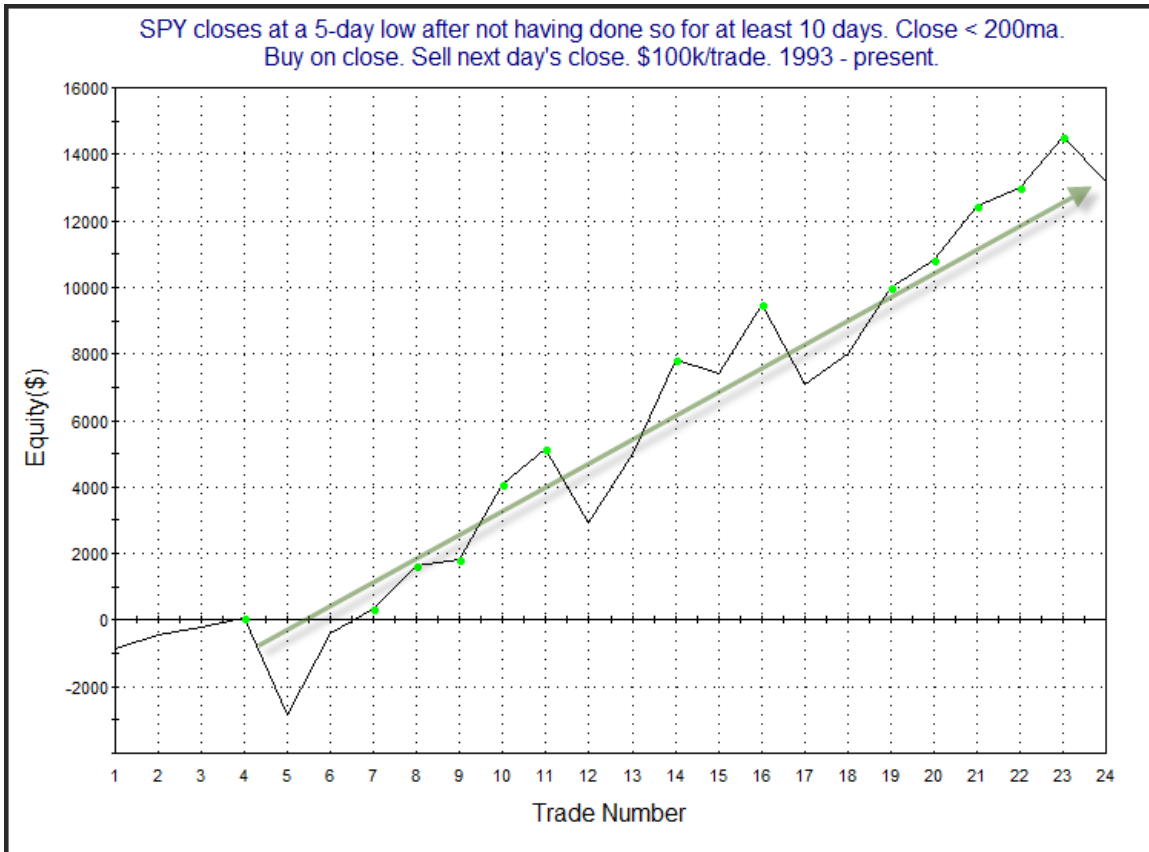
**The Evidence**

Tuesday the market finally pulled back a bit. The SPX declined 1.1%, the NASDAQ fell 1.3%, and the Russell 2000 dropped 2.4%. Breadth was negative as the NYSE Up Issues % was 25% and the Up Volume % came in at 15%. Total NYSE volume declined some from Friday's level.

There were a few studies that triggered tonight in the Quantifinder. I thought some were less than compelling under current circumstances. One that I did prefer was one from back in the 9/10/14 letter. It looked at times SPY closed at a 5-day for the 1<sup>st</sup> time in over 2 weeks. But tonight I filtered it a little further, since I was interested to see how this setup had performed when SPY was below its 200ma. I found results to suggest bounce, but the great majority of the edge occurred on Day 1. So below are the results assuming a 1-day hold.

TradeStation Performance Summary				Expand ▾
All Trades				
Total Net Profit	\$13,166.28	Profit Factor		2.31
Gross Profit	\$23,248.20	Gross Loss		(\$10,081.92)
Total Number of Trades	24	Percent Profitable		75.00%
Winning Trades	18	Losing Trades		6
Even Trades	0			
Avg. Trade Net Profit	\$548.59	Ratio Avg. Win:Avg. Loss		0.77
Avg. Winning Trade	\$1,291.57	Avg. Losing Trade		(\$1,680.32)
Largest Winning Trade	\$2,812.20	Largest Losing Trade		(\$2,887.08)

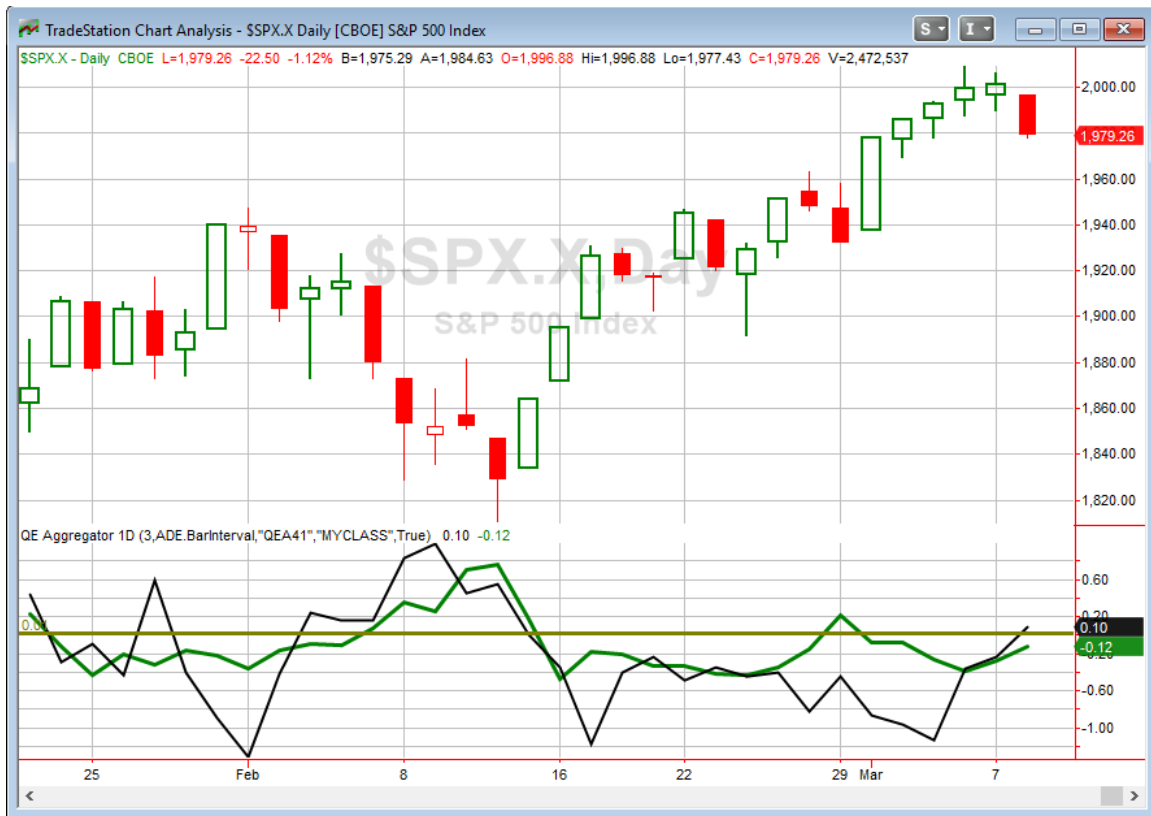
Numbers here are obviously strong. Below is a profit curve to see how the edge has played out over time.



The strong upslope serves as some confirmation of the upside edge. I have included this study on the Active List.

None of the other studies I examined appeared worthy of consideration tonight, so this is the only new one to factor into the Aggregator calculations.

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



With tonight's study being considered the green Aggregator Line still held below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line inched above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is now oversold. 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.

Expectations on Wednesday are slated to remain bearish. But this could change if strong new bullish evidence emerges. The Differential Pivot will be 1985.83 on Wednesday. That is 0.3% above Tuesday's close. So for SPX to move from oversold to overbought versus recent expectations it would need to close up at least 0.3% on Tuesday.

Tonight's study suggests a decent chance of a bounce on Wednesday but the overall evidence is still pointing lower for the next few days. With the market no longer overbought, downside reward/risk is not nearly as good as it appeared over the last few days. So I will be looking to close out my short positions and step to the sidelines for the time being until a more favorable reward/risk scenario emerges. Of course with overall evidence still pointing lower, I will demand a decent fill. I have no intention of buying into a strong gap higher.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 3/7 – neutral**

The intermediate-term outlook was last updated in the 3/7 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
SPY(1/4)(s)	2/17/2016	\$191.16	\$198.40	-3.79%		cover @ \$198.40 Limit
SPY(1/4)(s)	2/26/2016	\$196.57	\$198.40	-0.93%		cover @ \$198.40 Limit
SPY(1/4)(s)	3/7/2016	\$200.43	\$198.40	1.01%		cover @ \$198.40 Limit

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