

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 29, 2016

Volume 9 Issue 59

Market Overview



Signals Overview

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

Tonight's Research Points

- The low volume does not appear to be the bearish harbinger it once was.

Short-term Outlook

The Bottom Line

There appears to be a bullish edge, but the market is nearing short-term overbought and that increases risk. I am mildly bullish and hoping to take profits soon.

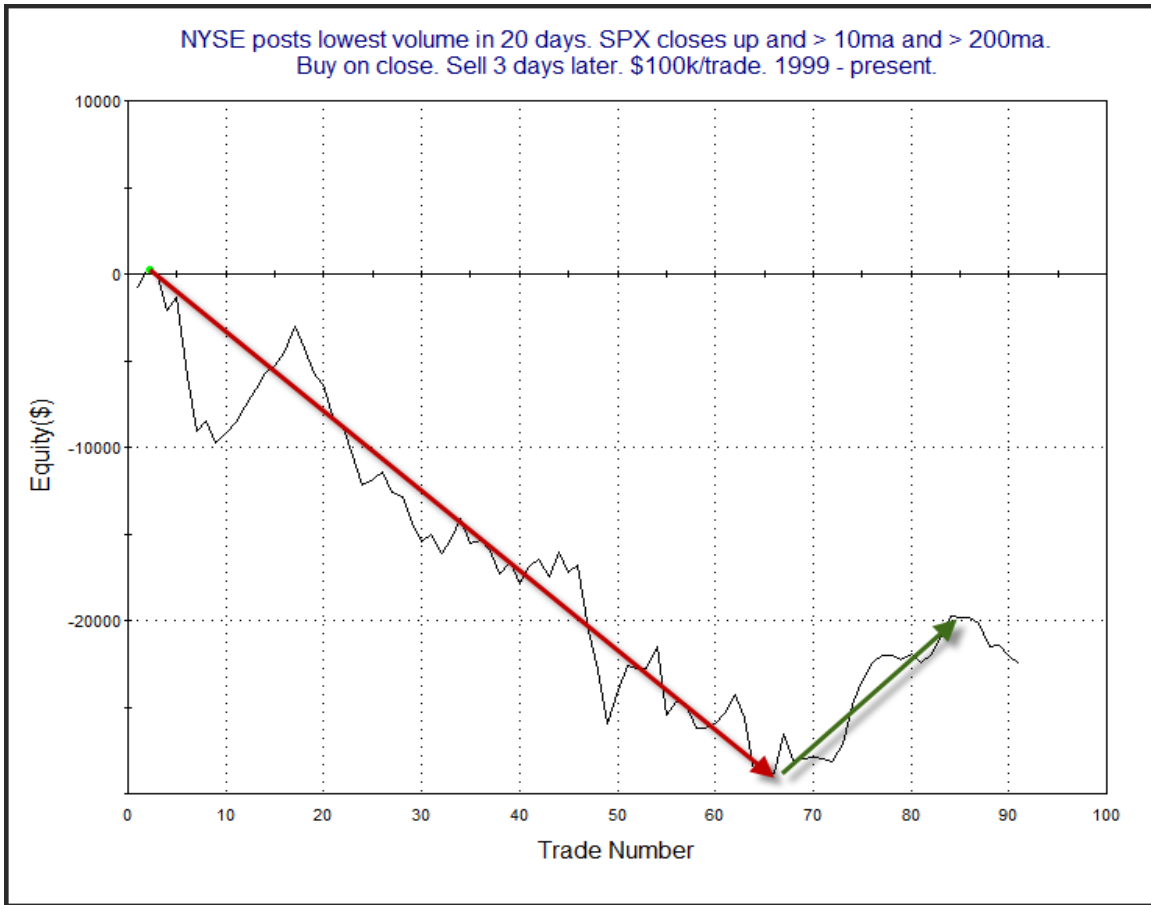
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 28, 2016	1st close < 10ma in 25 days	1-4 days	Bullish	1.70%	-0.50%	-1.30%
March 28, 2016	Dn 3 days from 20-high.	1-3 days	Bullish	1.70%	-0.80%	-1.80%
March 28, 2016	2 unfilled gaps dn. 5 low. Close > 200ma	1-6 days	Bullish	1.90%	-1.30%	-2.40%
March 24, 2016	1st 5-low in 10 days, but > 10ma	1-4 days	Bullish			
March 22, 2016	NASDAQ up 4 < 200ma	1-6 days	Bearish			
Active - Long Term						
March 28, 2016	1st close < 10ma in 25 days	1-19 days	Bullish	4.10%	-0.90%	-2.25%
March 28, 2016	2 unfilled gaps dn. 5 low. Close > 200ma	1-10 days	Bullish	2.50%	-1.70%	-3.40%
March 24, 2016	1st 5-low in 10 days, but > 10ma	1-10 days	Bullish			
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			
Dropped Tonight						
March 21, 2016	Opex week 1%-2% gain	1-5 days	Bearish			

The Evidence

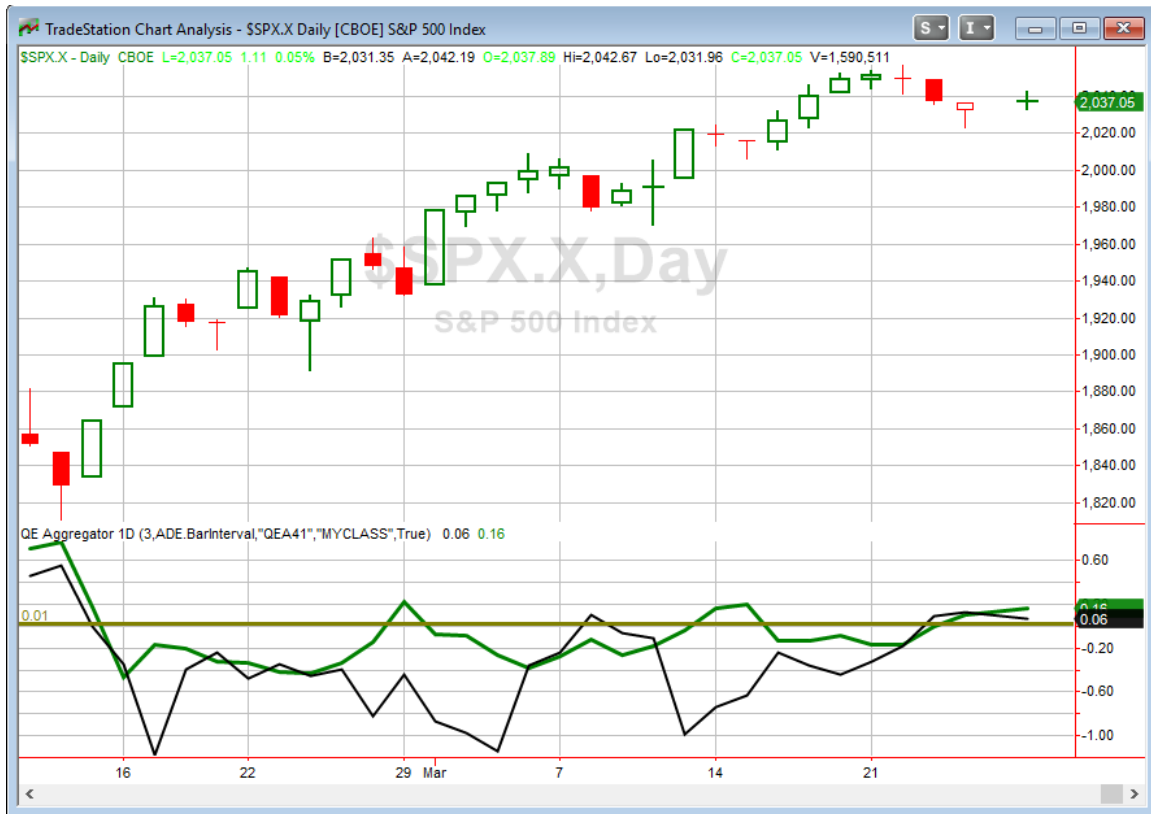
The market did not accomplish much on Monday. The SPX gained a mere 0.05%, the NASDAQ fell 0.14%, and the Russell 2000 rose 0.06%. In other words, none of them got very far. Breadth was mildly positive as the NYSE Up Issues % was 57% and the Up Volume % came in at 53%. NYSE volume came in at the lightest level so far this year.

For a long time, a light volume day when the SPX rose generated a red flag. But in the 5/22/14 letter I reviewed a study that examined these days. The results suggested they seemed to have lost their bearishness. I thought I would review that study again tonight.



This curve bottomed back in 2012. After exhibiting a consistent downside tendency for several years, dynamics appear to have changed. I have continued to keep an eye on it to see whether these dynamics change back. Perhaps they are starting too, but it is too early to really tell. I'll continue to keep an eye on this setup in the future. But for the time being, the low volume is not overly concerning.

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



With no new strong evidence tonight the green Aggregator Line remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line also held above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are a little positive and SPX is mildly 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 list of studies, expectations on Tuesday are set to remain positive. But this could change if strong bearish evidence emerges. The Differential Pivot will be *inverted at 2029.53* on Tuesday. That is 0.4% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case for SPX to remain oversold it is going to need to close down at least 0.4%. Anything less than that and it will be considered overbought versus recent expectations.

So a rise over the next few days still appears likely, but the mild bullish readings and the inverted pivot suggest the edge is not terribly strong. I have a small long position. I often use inverted pivots as places to take profits. If SPX shows strength on Tuesday I will look to do exactly that.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/28 – slightly bullish

The intermediate-term outlook was last updated in the 3/28 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)	3/28/2016	\$203.12	\$203.24	0.06%		sell @ \$203.75 limit

I have placed a sell order a little below Monday’s high. I will take profits on a strong gap up or a move to this level intraday.

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