

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 30, 2016

Volume 9 Issue 60

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 tonight.

Short-term Outlook

The Bottom Line

Evidence is still pointing up but the market is now overbought. This leaves me neutral on the short-term.

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

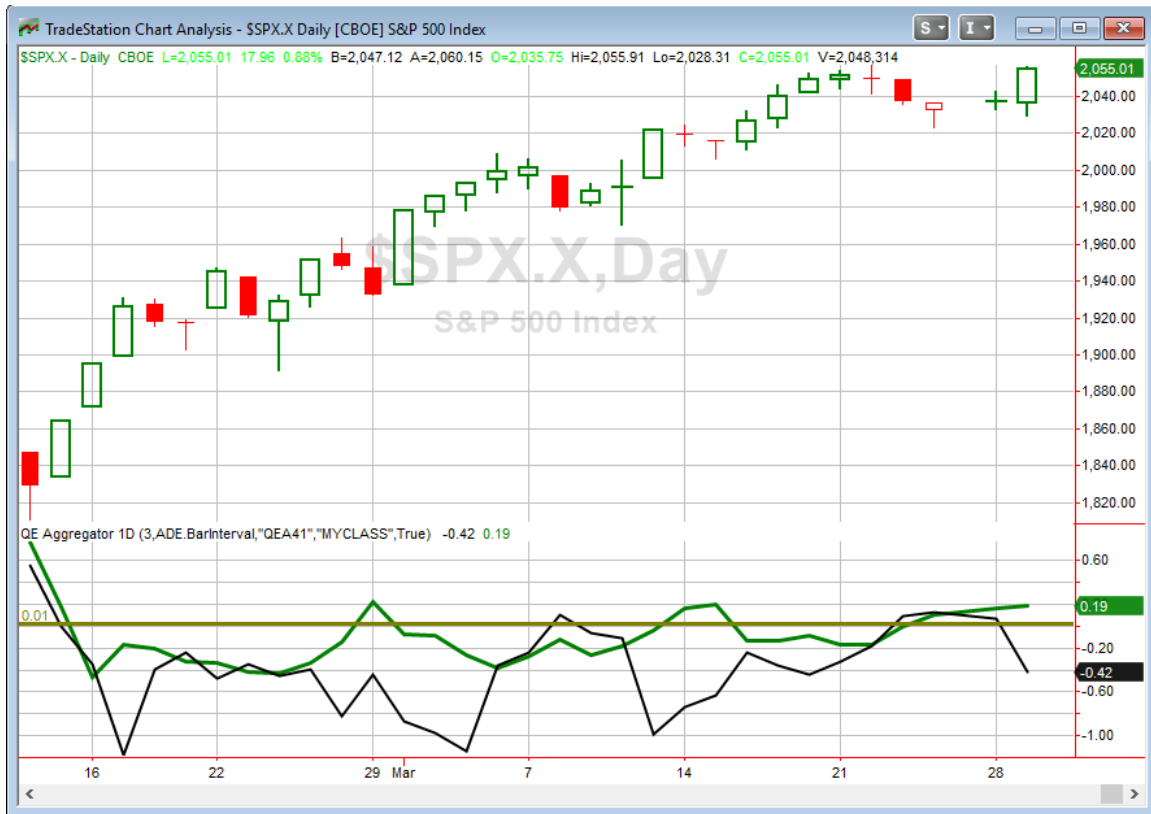
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 28, 2016	1st close < 10ma in 25 days	1-4 days	Bullish	1.70%	-0.50%	-1.30%
March 28, 2016	Dn 3 days from 20-high.	1-3 days	Bullish	1.70%	-0.80%	-1.80%
March 28, 2016	2 unfilled gaps dn. 5 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			

The Evidence

Tuesday was a day of strong gains for the market. The SPX rose 0.9%, the NASDAQ rallied 1.7%, and the Russell 2000 climbed 2.7%. Breadth was also strong as the NYSE Up Issues % was 77% and the Up Volume % came in at 69%. NYSE volume came in at the highest level of the last several days.

There was some notable action. This included new 50-day highs for many major indices and the NDX crossing above its 200ma. But from a studies standpoint I did not find anything terribly compelling. There was a bearish study that looked at outside days that made 50-day highs, but recent results have been very inconsistent and the edge is no longer clear. So after some consideration I will not be adding anything new to the Active Studies List tonight.

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



With no new 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 rally helped the black Differential Line dive down below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is 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 list of studies, expectations on Wednesday are set to remain positive. But this could change if strong bearish evidence emerges. The Differential Pivot will be 2034.15 on Wednesday. That is 1.0% below Tuesday's close. So for SPX to move from overbought to oversold versus expectations on Wednesday it will need to close down at least 1.0%.

So evidence still points to a continuation of the rally, but with the SPX now overbought reward/risk is not very good. This has the Aggregator neutral, and me too. I took profits on my long SPY position on Tuesday, and I intend to wait for the next favorable setup before putting money back to work.

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	\$203.75	0.31%		<i>sold at limit</i>

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