

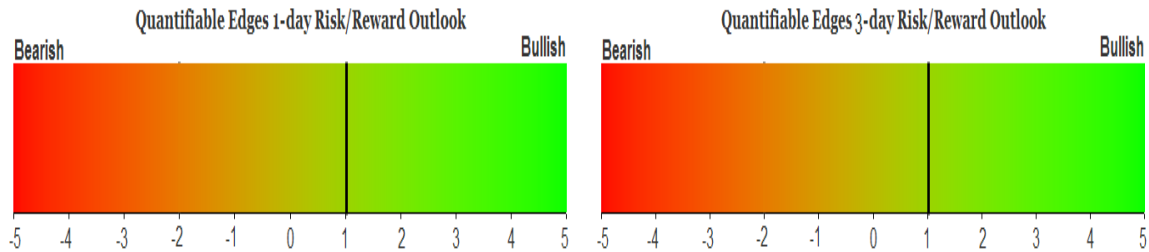
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 8, 2016

Volume 9 Issue 67

Market Overview



Signals Overview

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

Tonight's Research Points

- Nothing new emerged tonight, but the QE Buying Power short signal from last night has quickly met its target.

Short-term Outlook

The Bottom Line

Evidence is back to bullish and the SPX is still oversold. This suggests a mild bullish edge. But without new and compelling bullish evidence emerging I am not inclined to get long again just yet.

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						
April 6, 2016	1st SPX close < 10ma in 15 days	1-3 days	Bullish	1.70%	-0.50%	-1.30%
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						
April 7, 2016	QE Buying Power Short Signal	1-6 days	Bearish			

The Evidence

Thursday was a rough day for the bulls. The market gapped down and then sold off further. The SPX declined 1.2%, and the NASDAQ and the Russell 2000 each lost 1.5%. Breadth was also negative as the NYSE Up Issues % was 23% and the Up Volume % came in at 19%. NYSE volume rose some from Wednesday’s level.

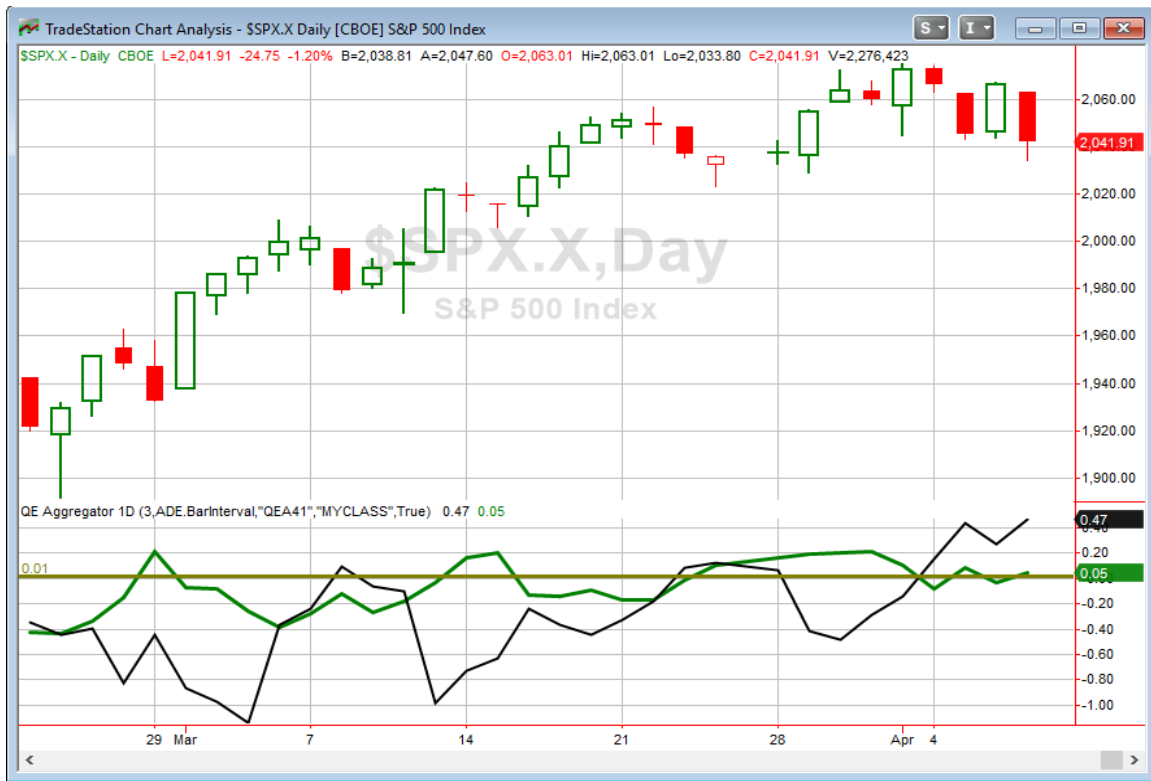
Nothing terribly compelling emerged from an evidence standpoint. One study I created looked at times when SPX gained > 1% one day and then the next day it lost all those gains and more. (I also used a long-term trend filter.) Results are below.

After closing up > 1% yesterday SPX closes below the close of 2 days ago today. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1991 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-8,013.69	29	14	15	48.28	2,068.01	3,614.52	-2,464.39	-6,368.04	0.84	0.78	-276.33
4	-4,548.10	29	14	15	48.28	1,775.49	3,819.15	-1,960.33	-4,917.36	0.91	0.85	-156.83
3	-11,379.23	29	14	15	48.28	1,298.91	3,896.91	-1,970.93	-3,492.36	0.66	0.62	-392.39
2	-14,668.54	30	14	16	46.67	934.04	2,296.32	-1,734.07	-4,320.06	0.54	0.47	-488.95
1	-2,729.55	30	15	15	50.00	665.41	1,591.98	-847.38	-2,151.42	0.79	0.79	-90.98

We see here that the average declines in the following days outsized the average rallies by quite a bit. But odds of a rally vs a decline were basically 50/50 over the next 5 days. I did not find these results compelling enough to include this study on the Active List.

I will note that the QE Buying Power short signal that triggered last night has already expired, since SPX closed in the lower half of its 10-day range. So that has been taken off the Active List.

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



With nothing new to add tonight the green Aggregator Line climbed a little above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line remained above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close on opposite sides of 0. Therefore, the Aggregator signal turned long at the close.

With the last short-term study set to expire on Friday, expectations would remain positive thanks to the intermediate-term evidence. But this could change if new evidence emerges. The Differential Pivot will be 2047.07 on Friday. That is 0.25% above Thursday's close. So for SPX to turn from oversold to overbought versus expectations it will need to close up 0.25% on Friday.

Evidence is meekly bullish. And with no new bullish evidence tonight, and the study above suggesting downside risk, the case for the bulls seems a bit weak. Additionally, with the Differential Pivot so close by, there is not a lot of room to the upside before the market would turn overbought. This limits potential opportunity. So while there may be a small upside edge, it is not compelling enough that I am interested in pursuing a long position

just yet. Instead I will see how Friday plays out and what new evidence emerges. Then I will decide over the weekend my plan of attack for Monday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/4 – bullish

The intermediate-term outlook was last updated in the 4/4 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
<i>SPY(1/4)</i>	<i>4/6/2016</i>	<i>\$204.19</i>	<i>\$205.00</i>	<i>0.40%</i>		<i>stopped out intraday</i>

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2016 Hanna Capital Management, LLC.