

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 12, 2016

Volume 9 Issue 69

Market Overview



Signals Overview

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

Tonight's Research Points

- No new strong evidence emerged on Monday.

Short-term Outlook

The Bottom Line

The Aggregator is back to bullish, but evidence is weak and the SPX could easily turn overbought on Tuesday. So I am not inclined to jump in immediately, but I will if SPY closes down again on Tuesday.

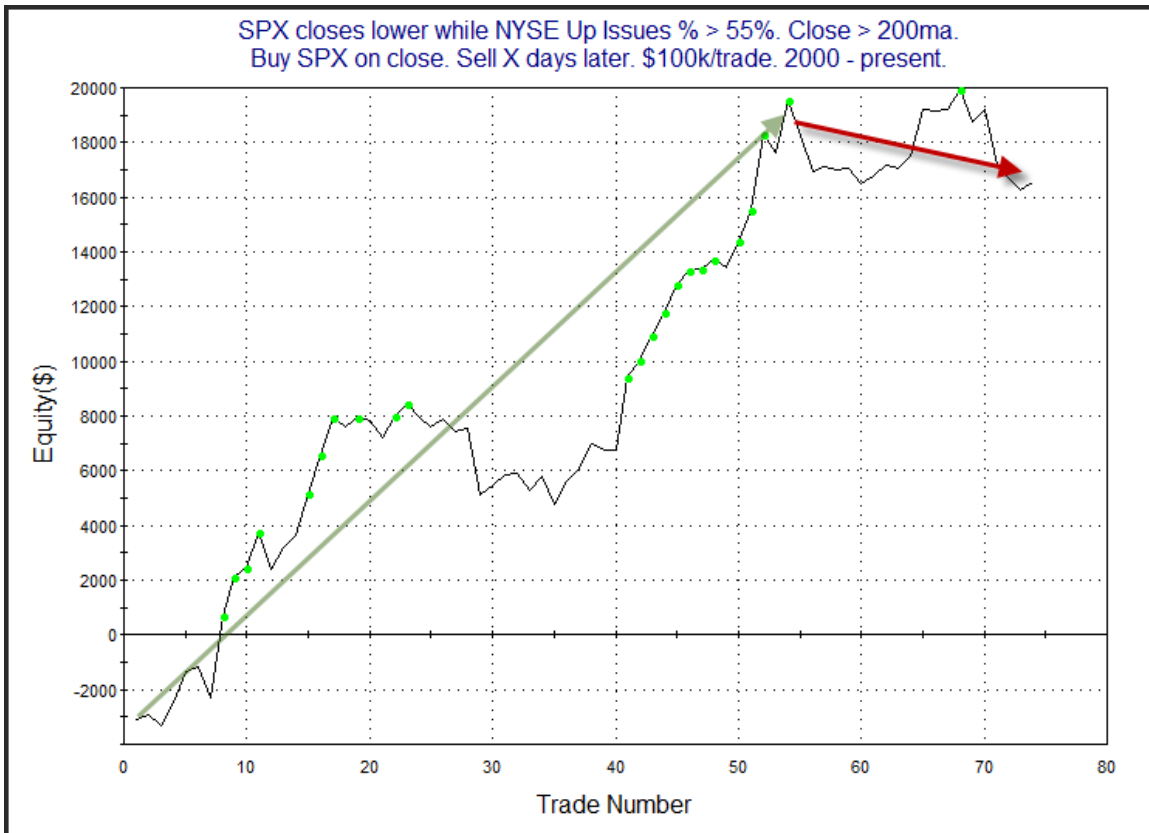
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 11, 2016	April Opex Week Bullish	1-3 days	Bullish	1.80%	-0.90%	-2.00%
Active - Long Term						
March 28, 2016	1st close < 10ma in 25 days	1-19 days	Bullish	4.10%	-0.90%	-2.25%
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

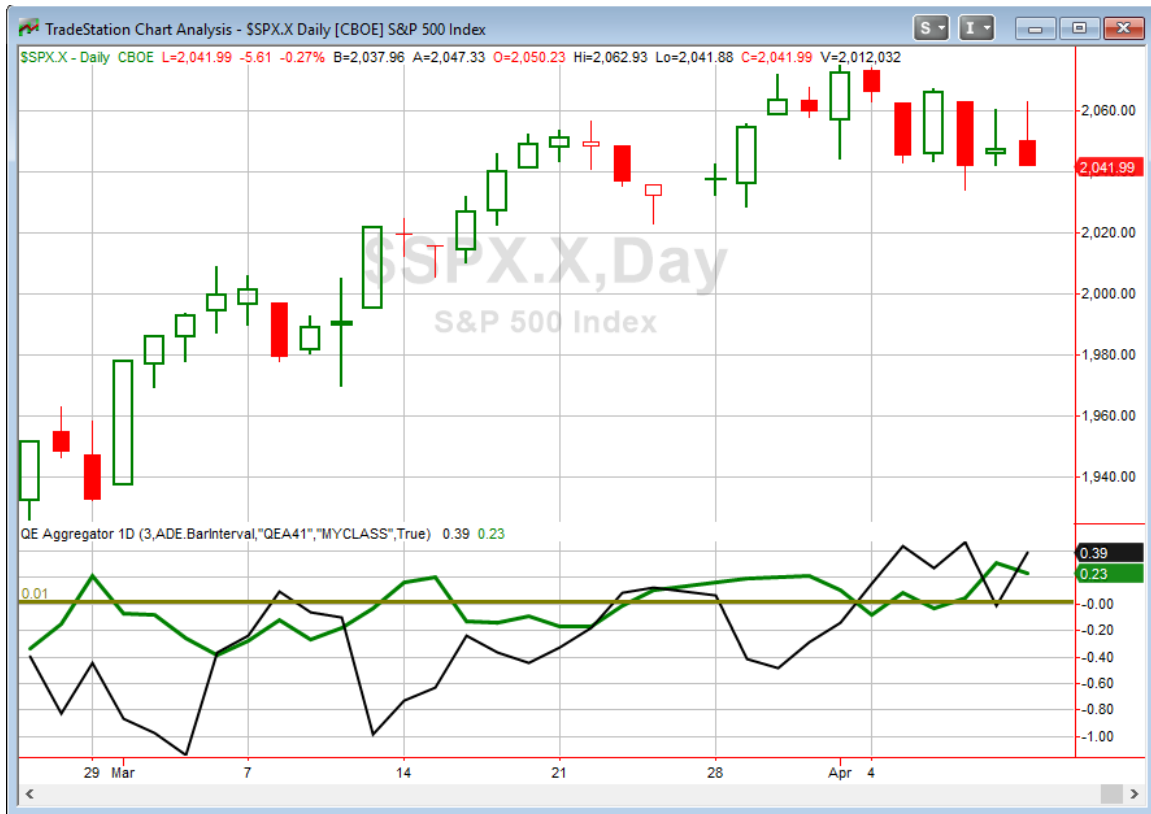
Afternoon selling left the major indices with losses on Monday. The SPX fell 0.3%, the NASDAQ closed down 0.4% and the Russell 2000 dropped 0.3%. Breadth was positive though as the NYSE Up Issues % was 60% and the Up Volume % came in at 62%. NYSE volume rose some from Friday's low level.

The SPX reversed direction for the 4th day in a row on Monday. This continued chop is not generating strong evidence. There was a study from the 12/10/14 letter that looked at SPX down days when breadth was squarely positive. But that study has not played out as well in recent years. Below is a look at the 2-day profit curve.



Results have been inconsistent in recent times. This study no longer seems worthy of inclusion on the Active List.

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



Without any new studies 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 moved back 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 above 0. Therefore, the Aggregator signal turned long at the close.

Based on the current active studies, expectations are slated to remain positive on Tuesday. This could easily change if new bearish evidence emerges. The Differential Pivot will be 2043.84 on Tuesday. That is just 0.1% above Monday's close. So for SPX to move from oversold to overbought versus recent expectations it will only need to close up 0.1% on Tuesday.

The Aggregator is suggesting a bullish edge. I am still not greatly enthused though. Upside evidence is light, and nothing new emerged on Monday. Additionally, there is very little room to the upside before the SPX will turn overbought. This reduces potential reward, because the long Aggregator signal will expire if SPX closes up much at all on Tuesday. So I am not inclined to jump in right here, but I will take on some long exposure if SPY closes down again on Tuesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/11 – bullish

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.

SPY – buy ¼ index position @ \$204.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to get long SPY if it closes at \$204.00 or lower.

Current Open Trade Ideas

None.

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