

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 13, 2016

Volume 9 Issue 70

Market Overview



Signals Overview

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

Tonight's Research Points

- No new strong evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The market is choppy and there is only a small amount of evidence right now. It is pointing higher, but the market is overbought, leaving me overall neutral.

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

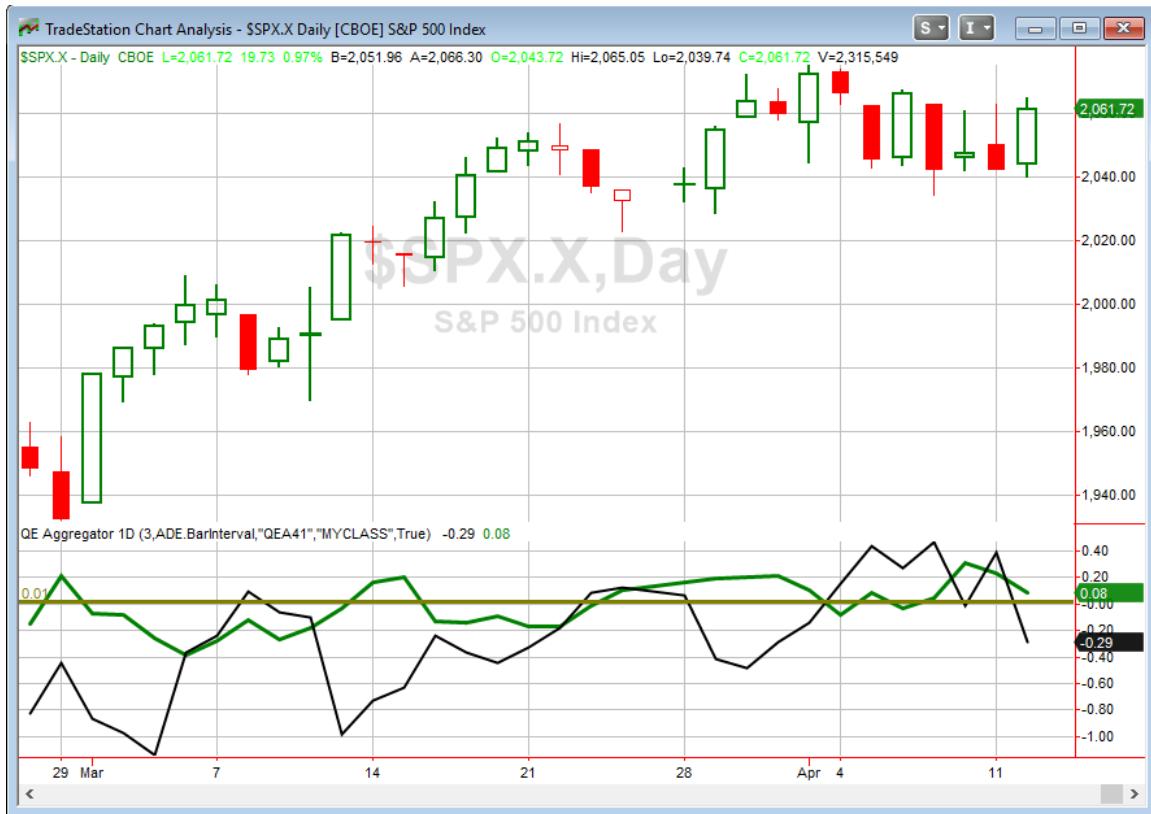
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 11, 2016	April Opex Week Bullish	1-3 days	Bullish	1.80%	-0.90%	-2.00%
Active - Long Term						
March 28, 2016	1st close < 10ma in 25 days	1-19 days	Bullish	4.10%	-0.90%	-2.25%
March 2, 2016	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

SPX reversed course for the 5th day in a row – this time closing up 1.0%. Meanwhile, the NASDAQ rose 0.8% and the Russell 2000 gained 1.0%. Breadth was positive as the NYSE Up Issues % was 79% and the Up Volume % came in at 87%. NYSE volume rose for the 2nd day in a row.

Chop chop chop chop chop. Unfortunately, this is exactly the kind of pattern that is rarely accompanied by compelling evidence. And I am not seeing anything new and compelling tonight. The chop will stop at some point. When it does we should see some better directional clues. For now, we are in a [Hong Kong Phooey](#) market.

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 dropped back 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 active studies (or lack thereof), expectations are slated to remain positive on Wednesday. This could easily change if new bearish evidence emerges. The Differential Pivot will be 2054.11 on Wednesday. That is 0.4% below Tuesday's close. So for SPX to move from overbought to oversold versus recent expectations it will need to close down 0.4% on Wednesday.

I guess I should have been more aggressive in looking to take on long exposure on Tuesday. Of course I would looking to exit that trade already, because with the market back to overbought and the evidence weakly pointing higher, there really does not appear much of an edge right now. So I am flat and intend to stay there until the next favorable opportunity arises.

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.

None tonight. Last night's trade idea was not filled.

Current Open Trade Ideas

None.

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