

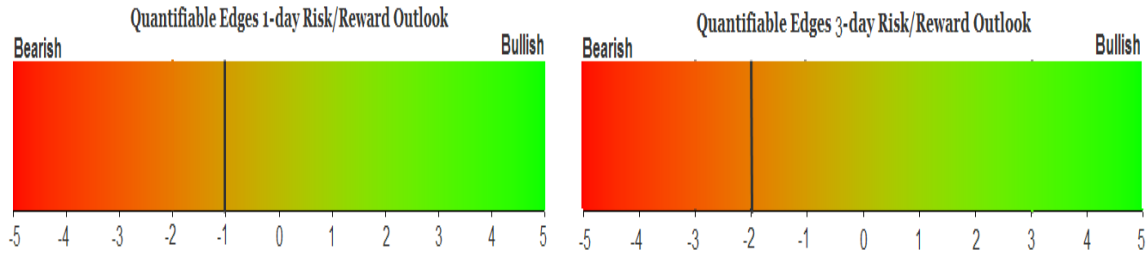
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 19, 2016

Volume 9 Issue 74

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr Swing
Short	100% Short SPY	Short

Tonight's Research Points

- The day after Tax Day has carried seasonal bullishness over the years.

Short-term Outlook

The Bottom Line

Short-term bullish evidence is set to expire on Tuesday, and the bears appear ready to take control. If the market gets more stretched and closes higher Tuesday, I will look to take advantage of the apparent downside edge.

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

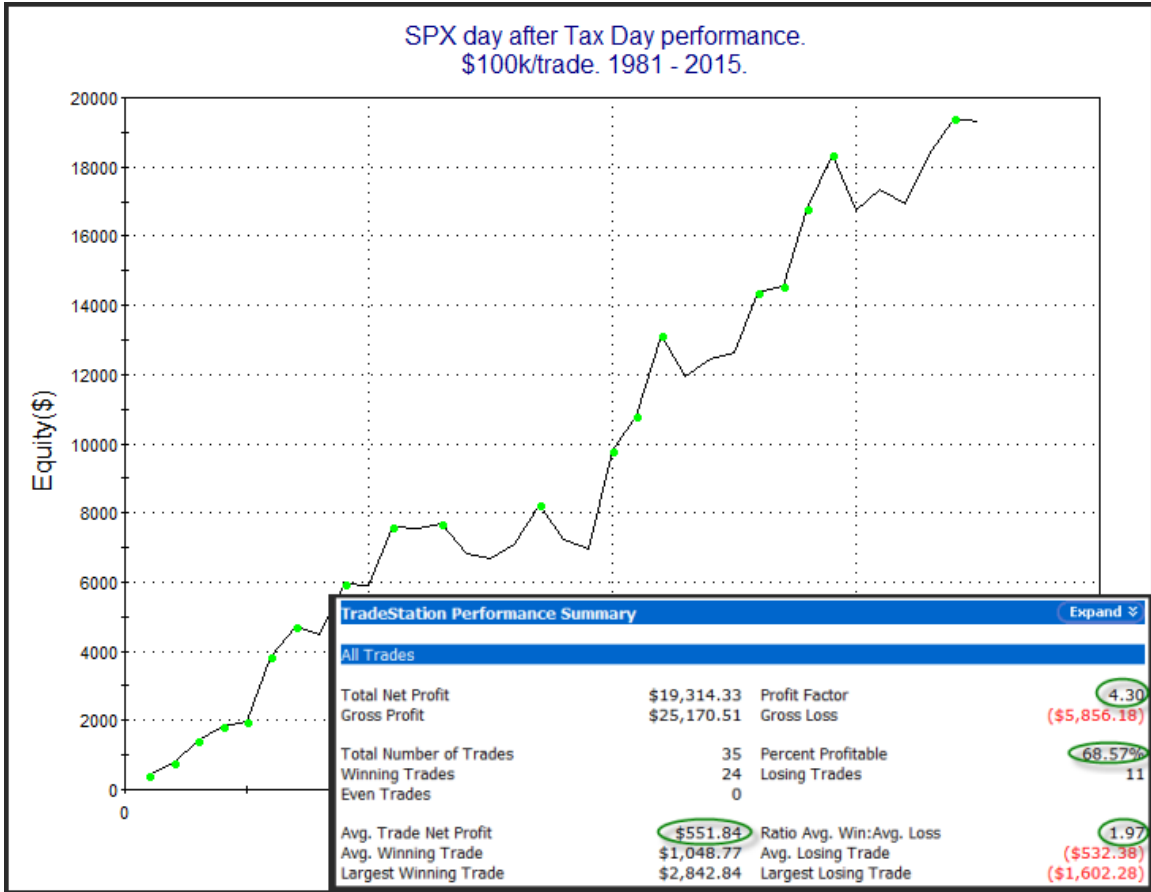
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 18, 2016	Tax Days Bullish	1-2 days	Bullish			
April 18, 2016	Opex Week up 1%-2%	1-5 days	Bearish			
April 15, 2016	Top of range prior to opex Fri	1-4 days	Bearish			
April 14, 2016	QE Buying Power Short	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 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

Tax Day was again a good day for the market – even with the rough start. The SPX finished up 0.65%, the NASDAQ rose 0.4% and the Russell 2000 gained 0.7%. Breadth was positive as the NYSE Up Issues % was 71% and the Up Volume % came in at 74%. NYSE volume declined some from Friday’s high opex-fueled level.

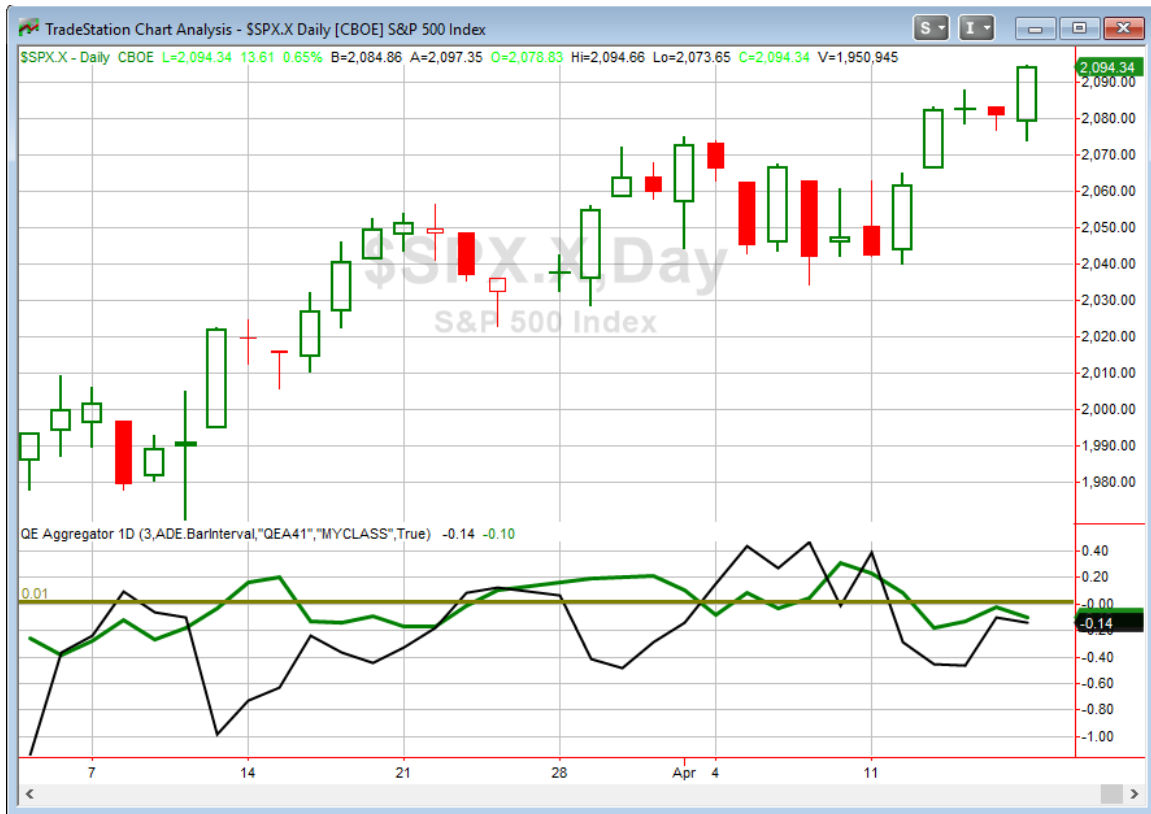
There were a few studies tonight that appeared in the Quantifinder that looked at the gap down and reversal to a new high. Those studies at one point appeared to have bearish implications. But I went through the group of them tonight and those bearish implications simply have not played out in recent years. So I have put a couple of the on “probation”, and eliminated another from the Quantifinder. None of them appear worth taking into consideration tonight.

In last night’s letter I showed that Tax Day and the day after carried a seasonal bullish edge. Tax Day certainly played out nicely on Monday. We’ll see if Tuesday day remains in line as well. Below is a copy of the “Day After Tax Day” results I showed in last night’s letter.



A 68.57% Win Rate, a Profit Factor over 4 and a strong upslope to the curve all suggest a bullish edge.

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



Without anything new being added tonight the green Aggregator Line held below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line also remained below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below 0. Therefore, the Aggregator signal stayed short at the close.

Based on the current active studies, expectations are slated to remain negative on Tuesday. This could change if more bullish evidence emerges. The Differential Pivot will 2078.01 on Tuesday. That is 0.8% below Monday's close. So for SPX to move from overbought to oversold versus expectations, it is going to need to close down at least 0.8% on Tuesday.

Bearish evidence is still outweighing bullish. And after Tuesday the bulls won't have tax seasonality to lean on. The bears will still be pointing at an overbought market and studies related to post opex-weakness and poor Fed support. I have put off acting on the Aggregator short signal over the last few days because I was wary of tax seasonality we also had an inverted pivot one night. At this point there is good room to the downside for profit potential and short-term bullish evidence is all expiring. So I will look to get short on Tuesday afternoon if SPY again closes higher.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/18 – slightly bullish

The intermediate-term outlook was last updated in the 4/18 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.

SPY – sell short ¼ index position @ \$209.25 LIMIT ON CLOSE. Based on the short-term section above, I will look to start scaling into a short position if SPY closes higher on Tuesday.

Current Open Trade Ideas

None.

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