

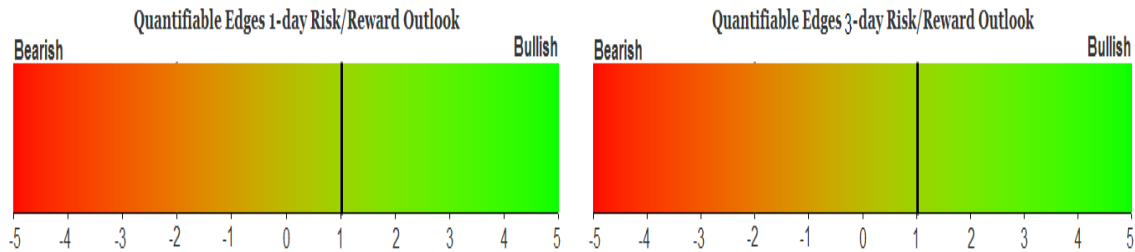
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 13, 2016

Volume 9 Issue 92

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Once again, mid-range chop is not helping to generate strong edges. No new compelling evidence emerged tonight.

## *Short-term Outlook*

### *The Bottom Line*

The market has slipped into oversold territory. Evidence is bullish, but it is very weak at this point. There appears to be a very slight upside edge.

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

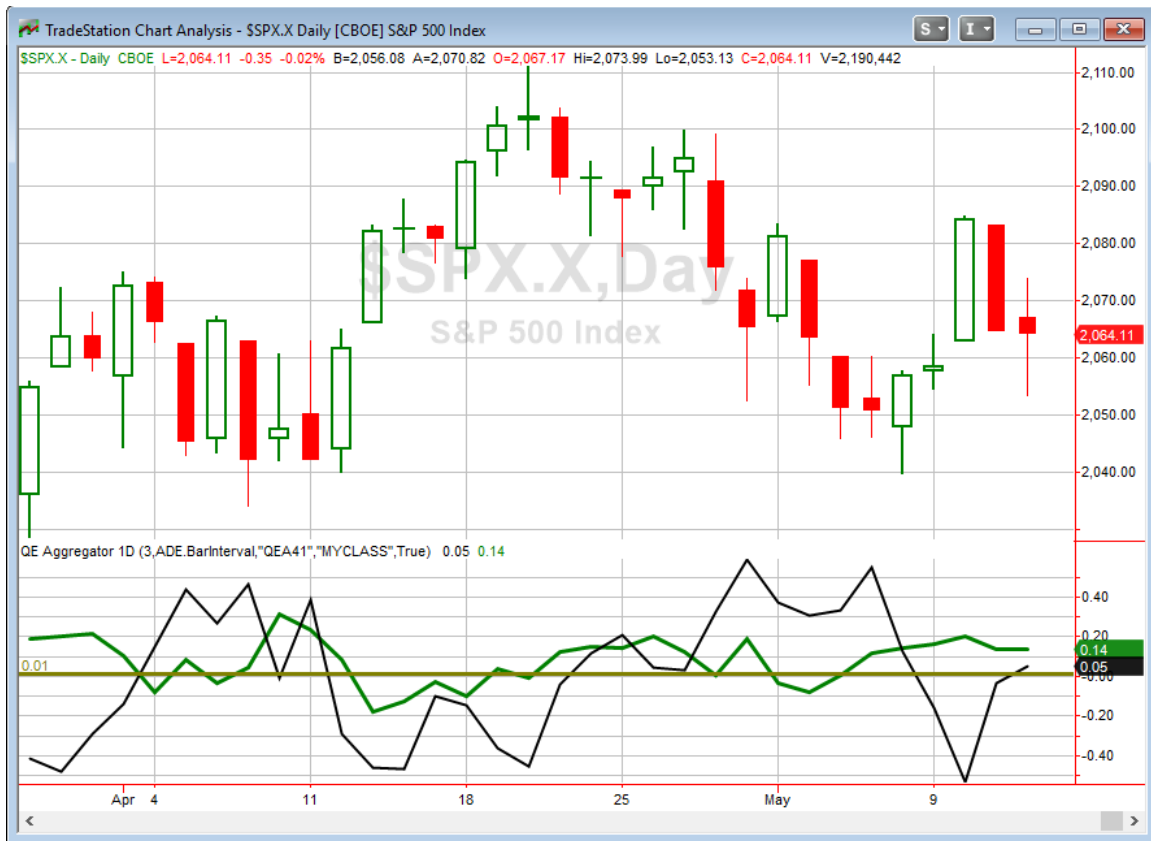
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
May 9, 2016	CBI >= 7 . SPX < 200.	1-5 days	Bullish			
<b>Active - Long Term</b>						
May 9, 2016	CBI >= 7 . SPX < 200.	1-15 days	Bullish			
May 5, 2016	Unfilled gap 2x. 5-low > 200ma	1-10 days	Bullish	2.50%	-1.70%	-3.35%
April 26, 2016	Golden Cross	int term	Bullish			
April 25, 2016	1st 5 low in 10 days. Close > 10ma	1-10 days	Bullish	2.20%	-1.30%	-2.70%
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 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
<b>Dropped Tonight</b>						
May 6, 2016	3 day pullback	1-5 days	Bullish			
May 5, 2016	Unfilled gap 2x. 5-low > 200ma	1-6 days	Bullish	1.90%	-1.30%	-2.40%

***The Evidence***

Thursday saw the market mostly lower. The SPX lost a very small 0.02%, the NASDAQ fell 0.49%, and the Russell 2000 dropped 0.55%. Breadth was negative as the NYSE Up Issues % was 47% and the Up Volume % came in at 39%. NYSE volume declined a little from Wednesday's level.

From an evidence standpoint Thursday was again pretty much a “nothing” day. Slight market dips and no new studies. Most indices are still near the middle of their 2-week range. The recent choppy range is the type of environment that is not conducive to generating strong edges. And that is what is currently occurring. Of course, the market won't persist in a choppy range forever. It never seem to take too long before it starts giving solid clues again.

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



Without anything new being added the green Aggregator Line again remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line inched 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.

With the last of the short-term studies set to expire on Friday, expectations will be highly dependent on any new studies that emerge. If nothing new emerges, the intermediate-term outlook would keep short-term expectations a little bullish. The Differential Pivot will be 2094.65 on Friday. That is 1.5% above Thursday's close. So SPX would need to close up a lot in order to move from oversold to overbought versus expectations on Friday.

So the Aggregator has turned bullish, but the evidence is about as weak as you can get. I already have long exposure via Catapults and an Aggressive VIX trade. I don't feel compelled to add any more exposure until I see more evidence of a substantial upside edge. So despite the Aggregator turning bullish, I am in a holding pattern.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 5/9 – slightly bullish***

The intermediate-term outlook was last updated in the 5/9 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***

ABT @ \$40.42 (bought 1/3)

ABT @ \$38.90 (bought @ limit) – 2<sup>nd</sup> lot

GILD @ \$88.21 (bought @ limit)

ABT @ \$38.85 (bought @ limit) – 3<sup>rd</sup> lot

AAPL @ \$93.64 (buy 1/3 @ limit)

***Broad Market Large Cap CBI – 5 (ABT-3, GILD, AAPL)***

**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
ABT(1/3)	4/29/2016	\$40.37	\$38.00	-5.87%		Catapult
ABT(1/3)	5/2/2016	\$38.85	\$38.00	-2.19%		Catapult
GILD(1/3)	5/2/2016	\$88.21	\$82.76	-6.18%		Catapult
ABT(1/3)	5/3/2016	\$38.80	\$38.00	-2.06%		Catapult
XIV(1/2)	5/5/2016	\$26.20	\$28.68	9.47%		Aggressive VIX
AAPL(1/3)	5/6/2016	\$93.21	\$90.34	-3.08%		Catapult

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