

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 22, 2016

Volume 9 Issue 119

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

Bullish evidence continues to dominate, but the market is nearing overbought. This looks like a good place to start thinking about taking profits on long positions.

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

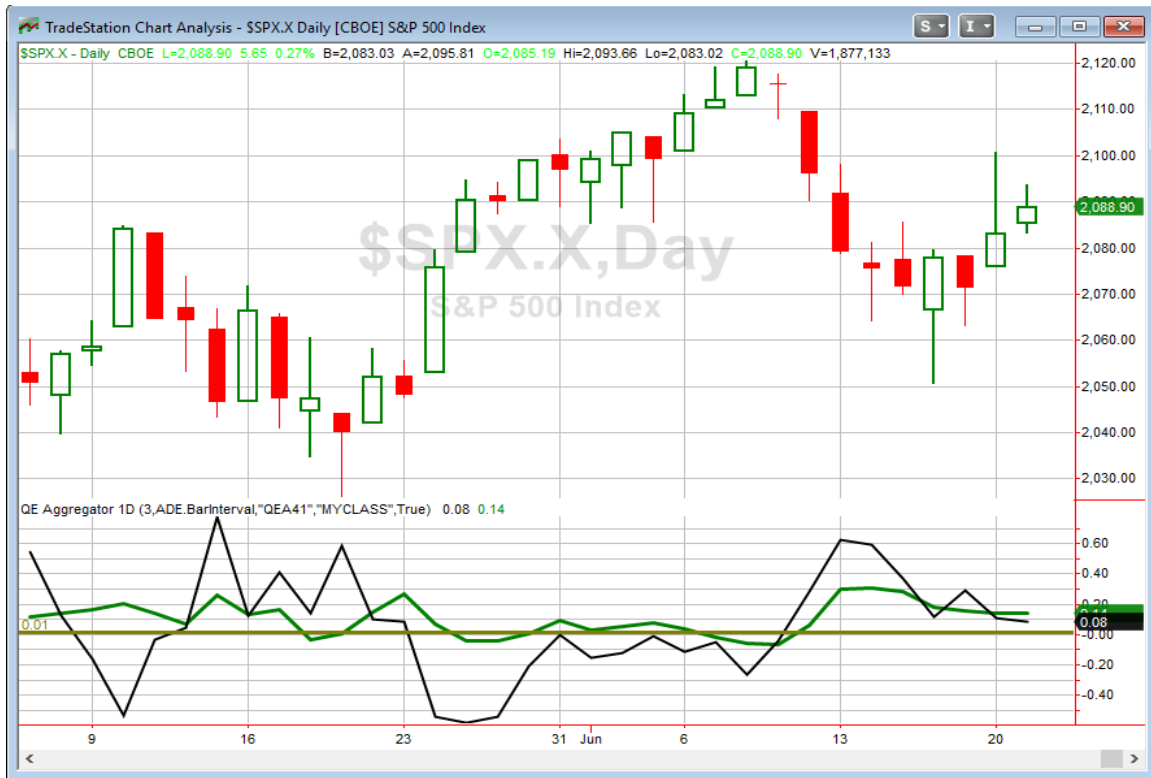
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 21, 2016	SPY closes bottom 10% of day but up	1-3 days	Bullish	1.30%	-0.45%	-0.80%
June 20, 2016	TICK TomOscillator < -250. 5-day low	1-8 days	Bullish	3.50%	-0.60%	-1.40%
June 20, 2016	Week afte June Opex weak	1-5 days	Bearish	-2.00%	1.00%	1.70%
June 17, 2016	Fed tomorrow. SPX down 3+ days	1-5 days	Bullish			
June 16, 2016	Fed Day. SPX down 2+ days	1-6 days	Bullish			
June 15, 2016	SPX down 4. Tuesday.	1-8 days	Bullish	3.00%	-1.25%	-2.35%
Active - Long Term						
June 13, 2016	Bounce from 20-low then inside day dn.	1-10 days	Bullish	5.00%	-2.85%	-6.75%
April 26, 2016	Golden Cross	int term	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 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

The Evidence

Tuesday was quiet, range-bound trading. The SPX finished up 0.3%, the NASDAQ rose 0.1%, and the Russell 2000 declined 0.3%. Breadth was positive as the NYSE Up Issues % was 55% and the Up Volume % came in at 62%. NYSE volume came in light.

Quiet, inside days are not great for generating strong evidence. And with the Brexit vote scheduled for Thursday, we could see another quiet trading day on Wednesday – unless rumors start flying. There remain several studies active from the last few days, but nothing new is being added tonight.

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



Without any new studies tonight the green Aggregator Line 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 also held 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 stayed long at the close.

Based on the current active list, expectations are poised to remain positive on Wednesday. It would take very strong bearish evidence to change this. The Differential Pivot will be *moderately inverted* at 2084.04 on Wednesday. That is 0.2% *below* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case SPX will need to close down at least 0.2% in order to remain oversold versus expectations. Anything less than that and SPX will be considered "overbought" as of Wednesday's close.

Often I view inverted pivots as opportune times to take profits. And this appears to be a good time to do that. I don't believe a strong wave of buying is likely before the Brexit vote occurs or the outcome is obvious. So I'll take profits on most of my positions on Wednesday if I can get a favorable fill. This will help to reduce the risk of a negative reaction to the news.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/20 – slightly bullish

The intermediate-term outlook was last updated in the 6/20 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
XIV(1/2)	5/5/2016	\$26.20	\$28.35	8.21%		<i>sell @ \$29.00 limit</i>
SPY(1/4)	6/13/2016	\$209.36	\$209.52	0.08%		<i>Div adj price - see below</i>
XIV(1/2)	6/14/2016	\$24.70	\$28.35	14.78%		Aggressive VIX
SPY(1/4)	6/15/2016	\$208.00	\$209.52	0.73%		<i>Div adj price - see below</i>

I will look to take profits in SPY using a limit price of \$208.50. That is the actual price I am looking for a fill at. It is not a dividend adjusted price like the one shown in the "Current Price" column.

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