

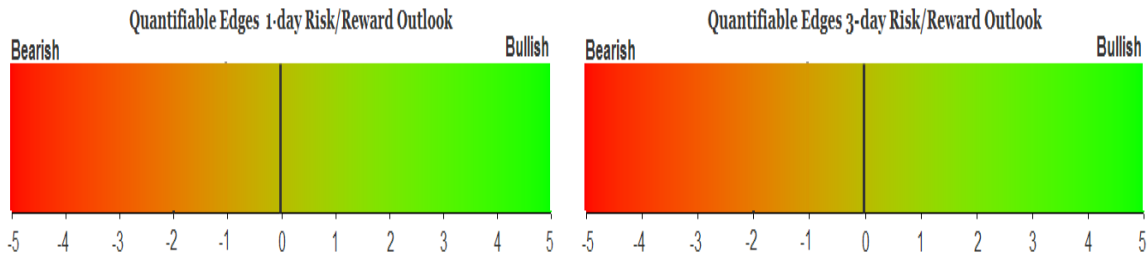
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 6, 2016

Volume 9 Issue 129

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling studies emerged today.

Short-term Outlook

The Bottom Line

While most evidence is still pointing higher the market remains overbought. This again leaves me short-term neutral.

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

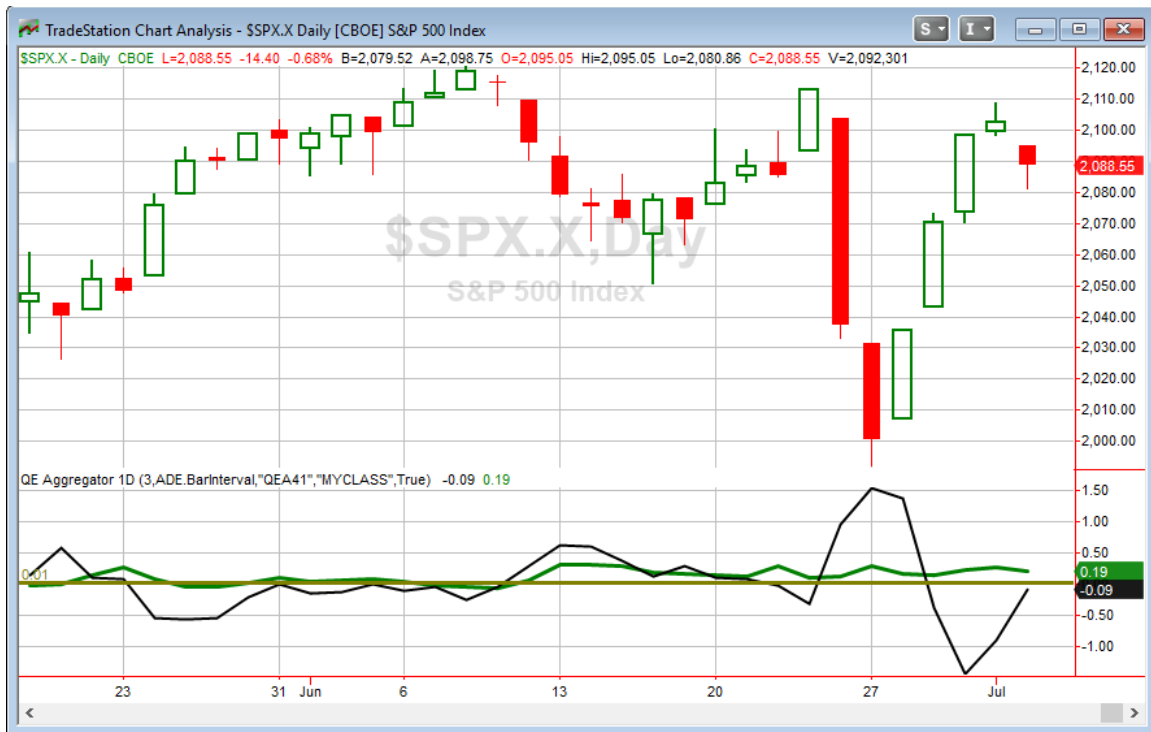
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 5, 2016	3+ up from 50-day. Today is NR7	1-3 days	Bullish	2.00%	-1.10%	-2.95%
July 5, 2016	SPX up >1% 3 of 4 consecutive up days	1-3 days	Bullish	2.00%	-0.90%	-1.80%
July 1, 2016	QE Buying Power Short	1-3 days	Bearish			
June 30, 2016	VIX 10% 10ma from 10% below	1-8 days	Bullish	1.90%	-1.10%	-2.20%
June 28, 2016	Up Iss < 33% 2x. Today is Monday	1-6 days	Bullish	5.60%	-2.70%	-5.90%
Active - Long Term						
July 1, 2016	Up Issue % > 70% 3x	1-85 days	Bullish	10.70%	-4.90%	-11.70%
April 26, 2016	Golden Cross	int term	Bullish			
March 2, 2016	FTD & 20-day high	int term	Bullish			
February 1, 2016	290% 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

After 4 days of rallying the market pulled back some on Tuesday. The SPX fell 0.7%, the NASDAQ dropped 0.8% and Russell 2000 lost 1.5%. Breadth was negative as the NYSE Up Issues % was 25% and the Up Volume % came in at 22%. NYSE volume rose some from Friday's level.

The one down day did not do anything to inspire new studies. With the market short-term overbought, a down day was not a surprise. We do still have a number of active short-term studies from the past few days suggesting more upside to come. I'll continue to view them as the prevailing evidence for the time being.

I have updated the Aggregator chart below.



With tonight's studies included 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 is also 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 side of 0. Therefore, the Aggregator remained flat at the close.

Based on the current active list, expectations are poised to remain positive on Wednesday. Of course this could change if new bearish evidence emerges. The Differential Pivot will be *inverted* at 2109.96 on Wednesday. That is 1.0% above Tuesday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case SPX is going to have to close up at least 1% in order to remain overbought versus expectations. Anything short of that and it will be considered oversold as of Wednesday's close.

The two "thrust" studies from the weekend are providing a good amount of the juice here for the positive expectations. And both of them looked iffy for Day 1 (which was Tuesday). So if things play out as they have historically, we should see a bounce in the next 2 days or so. In summary, expectations are still pointing higher, and while SPX is not oversold now, it could easily get there on Wednesday. I am not going to jump the gun and look to initiate any trades just yet. I'd like to see how things play out on Wednesday, and what

new evidence emerges before considering new trades. At this point I am still neutral, since I don't feel reward/risk is very favorable.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/5 – slightly bullish

The intermediate-term outlook was last updated in the 7/5/16 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)	6/14/2016	\$24.70	\$25.50	3.24%		Aggressive VIX

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