

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 7, 2016

Volume 9 Issue 130

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling studies emerged today.

Short-term Outlook

The Bottom Line

Odds are leaning bullish, but the opportunity appears pretty weak. I am not inclined to try and take advantage of it right here.

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

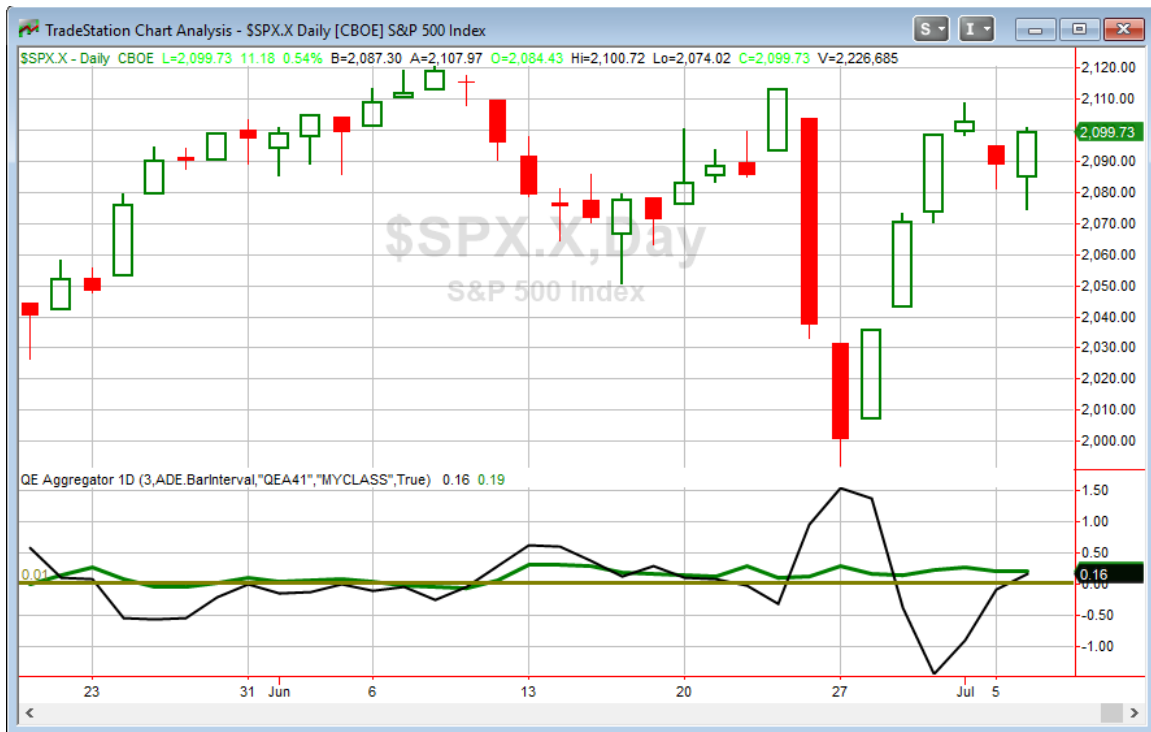
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 5, 2016	3+ up from 50-day. Today is NR7	1-3 days	Bullish	2.00%	-1.10%	-2.95%
July 5, 2016	SPX up >1% 3 of 4 consecutive up days	1-3 days	Bullish	2.00%	-0.90%	-1.80%
July 1, 2016	QE Buying 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%
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	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			
Dropped Tonight						
June 28, 2016	Up Iss < 33% 2x. Today is Monday	1-6 days	Bullish	5.60%	-2.70%	-5.90%

The Evidence

A tough start to the day was overcome and the market posted solid gains across the board. The SPX rose 0.5%, the NASDAQ rallied 0.75% and Russell 2000 climbed 0.7%. 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 pullback only lasted one day. Today's bounce erased all of yesterday's losses for some indices, and most of the losses for the others. But it is leaving the chart with some back and forth choppy action. That doesn't often inspire strong edges to emerge, and it did not this time. So we will not have any new studies being added to the Active List tonight.

I have updated the Aggregator chart below.



With nothing new being added 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 moved up 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.

Based on the current active list, expectations are poised to flip to negative on Thursday. This is thanks to some bullish studies expiring Thursday. Of course expectations could remain positive if new bullish evidence emerges. The Differential Pivot will be 2116.17 on Thursday. That is 0.8% above Wednesday's close. So for SPX to move from oversold to overbought it will need to close up at least 0.8% on Thursday.

Despite the Aggregator formation being bullish, I am not viewing reward/risk as very favorable. This is because 1) SPX is sitting near the top of its recent range, and 2) expectations are slated to turn negative on Thursday. So it only appears to be a small, and likely short-lived, opportunity for the bulls. I'll stand aside for now and see if the edge becomes more compelling based on Thursday's action.

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	\$26.11	5.71%		Aggressive VIX

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