

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 8, 2016

Volume 9 Issue 131

Market Overview



Signals Overview

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

Tonight's Research Points

- Friday's employment report could trigger a strong reaction.

Short-term Outlook

The Bottom Line

The market remains slightly oversold short-term, but short-term expectations have turned slightly negative. This leaves me neutral and awaiting a more compelling setup.

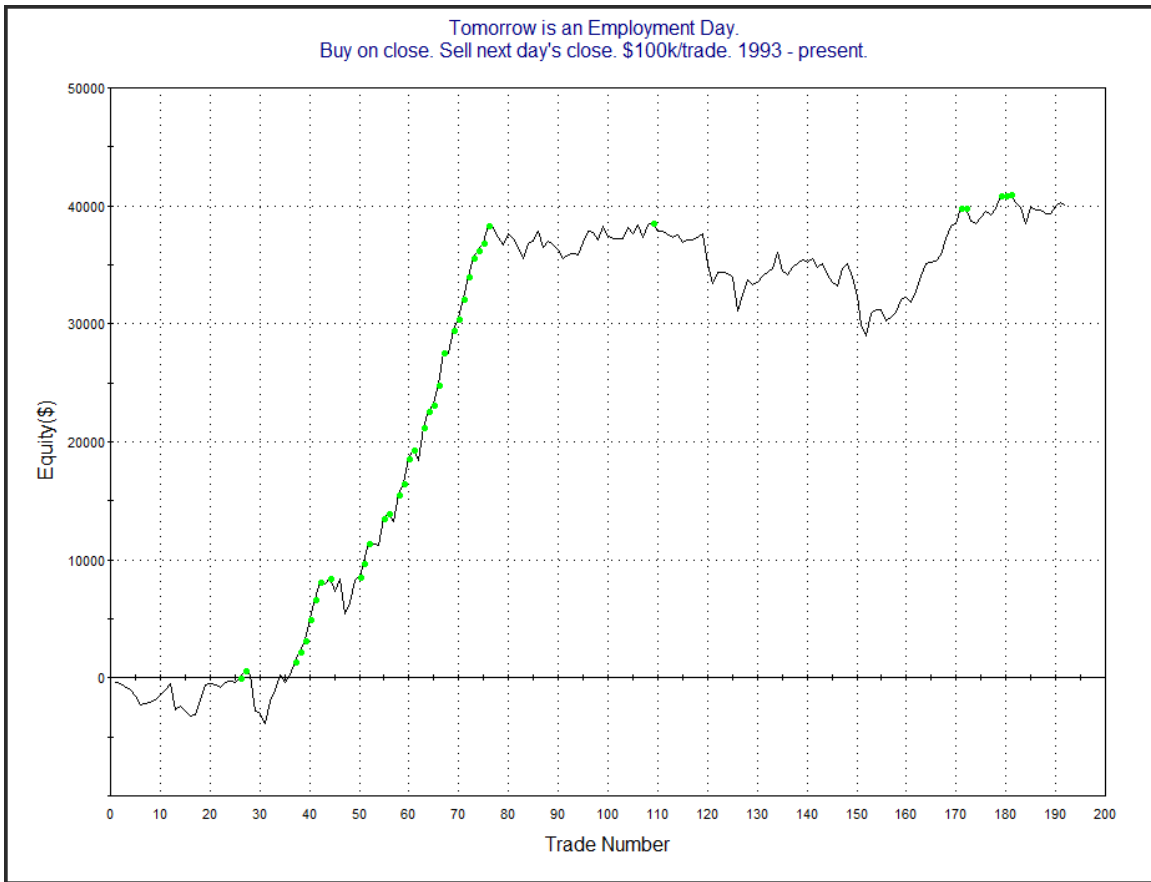
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 1, 2016	QE Buying Power Short	1-6 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	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			
Dropped Tonight						
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%

The Evidence

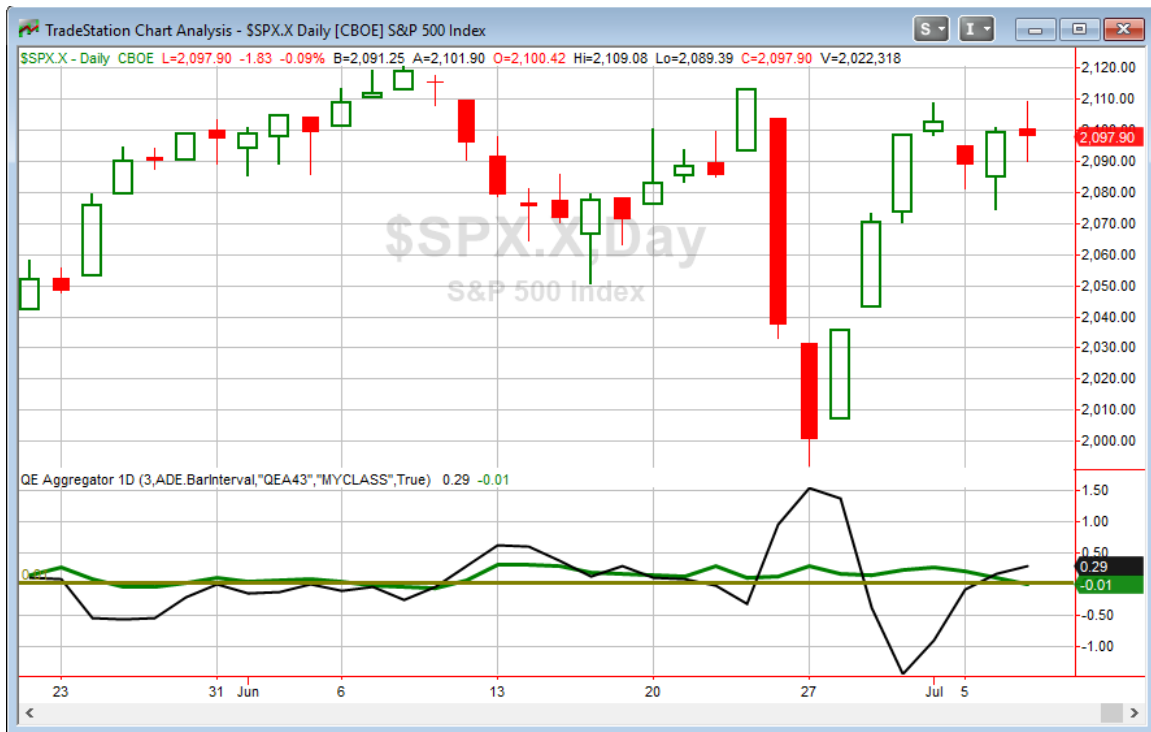
Thursday was a mixed day for the market. The SPX lost 0.1%, the NASDAQ rallied 0.4% and Russell 2000 climbed 0.2%. Breadth was also mixed as the NYSE Up Issues % was 54% and the Up Volume % came in at 49.6%. NYSE volume declined some from Wednesday's level.

The market has not gotten anywhere in the last few days. The chop continues those of us looking for a compelling edge. No new substantial evidence emerged tonight. It is notable that Friday morning we will see the BLS Employment Report released. This has typically led to strong market reactions. Unfortunately, while these reactions have been streaky over the years, they have not been consistent. Below is a profit curve showing employment day performance for SPX over the years.



Employment Days had an especially strong run between 1996 – 2003. Since then it has been a bunch of chop.

I have updated the Aggregator chart below.



With nothing new being added, but two bullish studies expiring the green Aggregator Line dipped below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line remained above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of 0. Therefore, the Aggregator signal turned flat at the close.

Based on the current active list, expectations are poised to flip back to slightly positive on Friday. Of course expectations could remain positive if new bullish evidence emerges. The Differential Pivot will be 2102.90 on Friday. That is 0.2% above Thursday's close. So for SPX to move from oversold to overbought it will only need to close up 0.2% on Friday.

The Aggregator is back to neutral, and I am too. The last 4 days have just been a consolidation after the very strong 3-day run-up that preceded them. Once this consolidation ends and the market breaks one way or the other we should start to see more compelling evidence emerge. For now, I will remain patiently awaiting the next strongly favorable reward/risk opportunity.

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	\$26.52	7.37%		Aggressive VIX

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