

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 4, 2016

Volume 9 Issue 150

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

### *Short-term Outlook*

#### *The Bottom Line*

Evidence is suggesting a bullish edge. I have some long exposure and am looking to take advantage of the bullish outlook.

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

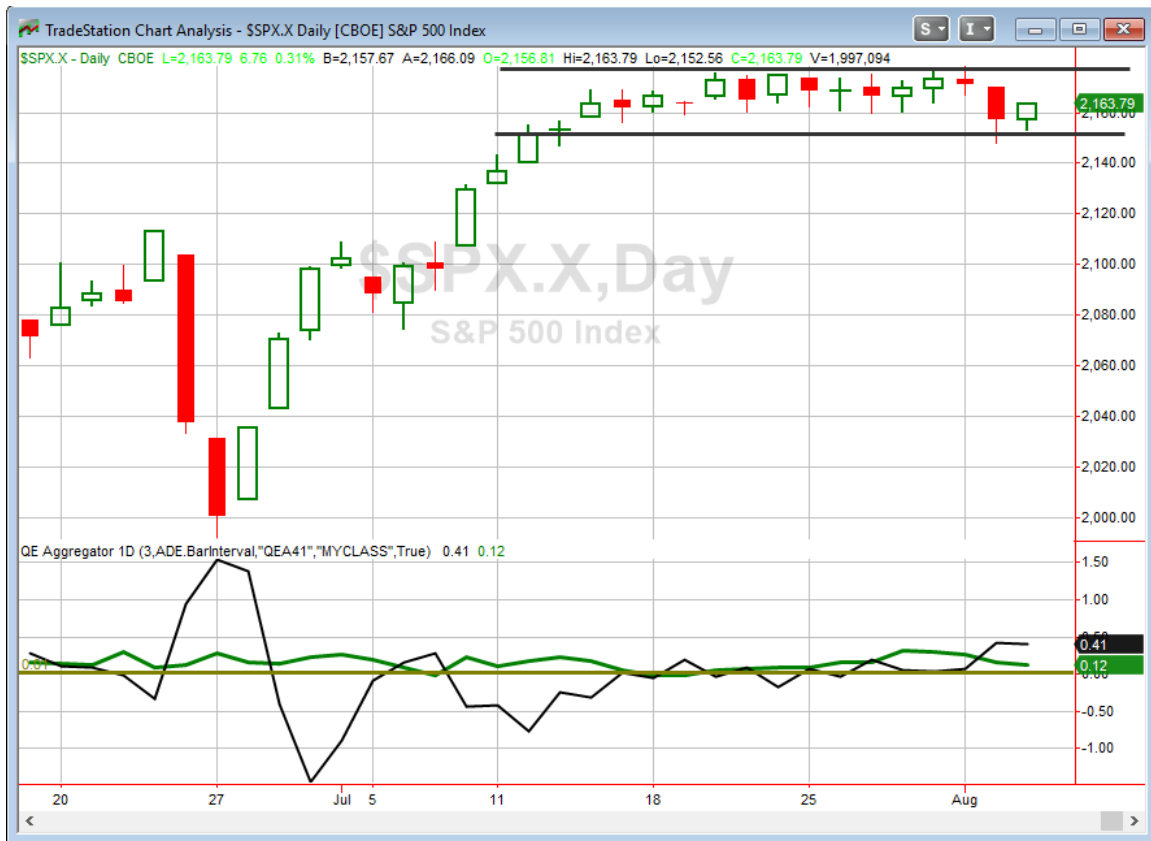
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 3, 2016	1st 5 low in over 10 days	1-4 days	Bullish	1.40%	-1.30%	-2.60%
July 28, 2016	3-High 3-Low Close 3-low	1-5 days	Bullish			
July 18, 2016	5 up to 50-high then 1 down day	1-10 days	Bullish	2.00%	-1.10%	-2.20%
<b>Active - Long Term</b>						
August 1, 2016	Highest volume 20 on up day. Not opex.	1-10 days	Bullish	2.40%	-1.60%	-3.10%
July 18, 2016	5 up to 50-high then 1 down day	1-10 days	Bullish	2.00%	-1.10%	-2.20%
July 11, 2016	NASDAQ leading	int term	Bullish			
July 11, 2016	SPX 50-low to 50-high in 2 weeks	1-17 days	Bullish			
July 11, 2016	SPX 50-high breakout 90% up volume	1-35 days	Bullish			
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			
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***

Wednesday the market put in decent gains. The SPX rose 0.3%, the NASDAQ gained 0.4% and the Russell 2000 rallied 0.9%. Breadth was positive as the NYSE Up Issues % was 66% and the Up Volume % came in at 72%. NYSE volume declined some from Tuesday's level.

There was no follow through on Tuesday's attempted selloff. And the partial bounce-back on Wednesday left the SPY in the middle of its recent range and failing to trigger any new, compelling evidence. Of course the studies we already see that are active are suggesting a bit more upside. But there is nothing new to add tonight.

I have updated the Aggregator chart below.



Still without any short-term bearish evidence to consider 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 also remained 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 Thursday. This could change if strong new bearish evidence emerges. The Differential Pivot will be 2189.66 on Thursday. That is 1.2% above Wednesday's close. So SPX would need to close up at least 1.2% on Thursday in order to move from oversold to overbought.

So past evidence is suggesting the move up should have more to go, but nothing new and compelling emerged tonight. While the Aggregator is bullish and there appears to be an upside edge, it is not hugely favorable. I have some long exposure already. I am inclined to see how that plays out and what new evidence emerges. I don't have interest in new exposure just yet.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/1 – bullish*

## **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	\$33.65	36.23%		Aggressive VIX
<b>MO(1/3)</b>	<b>7/28/2016</b>	<b>\$66.75</b>	<b>\$67.26</b>	<b>0.76%</b>		<b>sold on open</b>
SPY(1/4)	8/2/2016	\$215.55	\$216.18	0.29%		Aggregator

Market expectations are bullish and contango is again extremely high at over 17%. Those things continue to favor XIV. I'll look to ride it until the outlook worsens.

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