

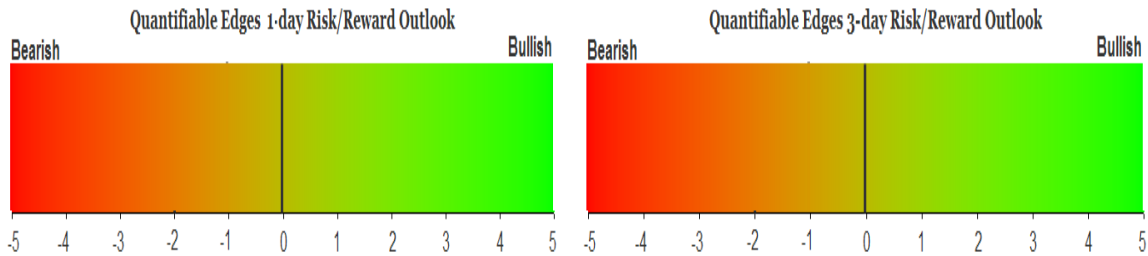
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 12, 2016

Volume 9 Issue 156

## Market Overview



## Signals Overview

<b>Aggregator</b>	<b>Aggressive VIX</b>	<b>QE Buy Pwr / SOMA Swing</b>
<b>Flat</b>	<b>50% Long XIV</b>	<b>Flat</b>

## Tonight's Research Points

- No new compelling evidence emerged today.

### *Short-term Outlook*

#### *The Bottom Line*

Evidence is suggesting a bullish edge but the market is still short-term overbought. This leaves me neutral.

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

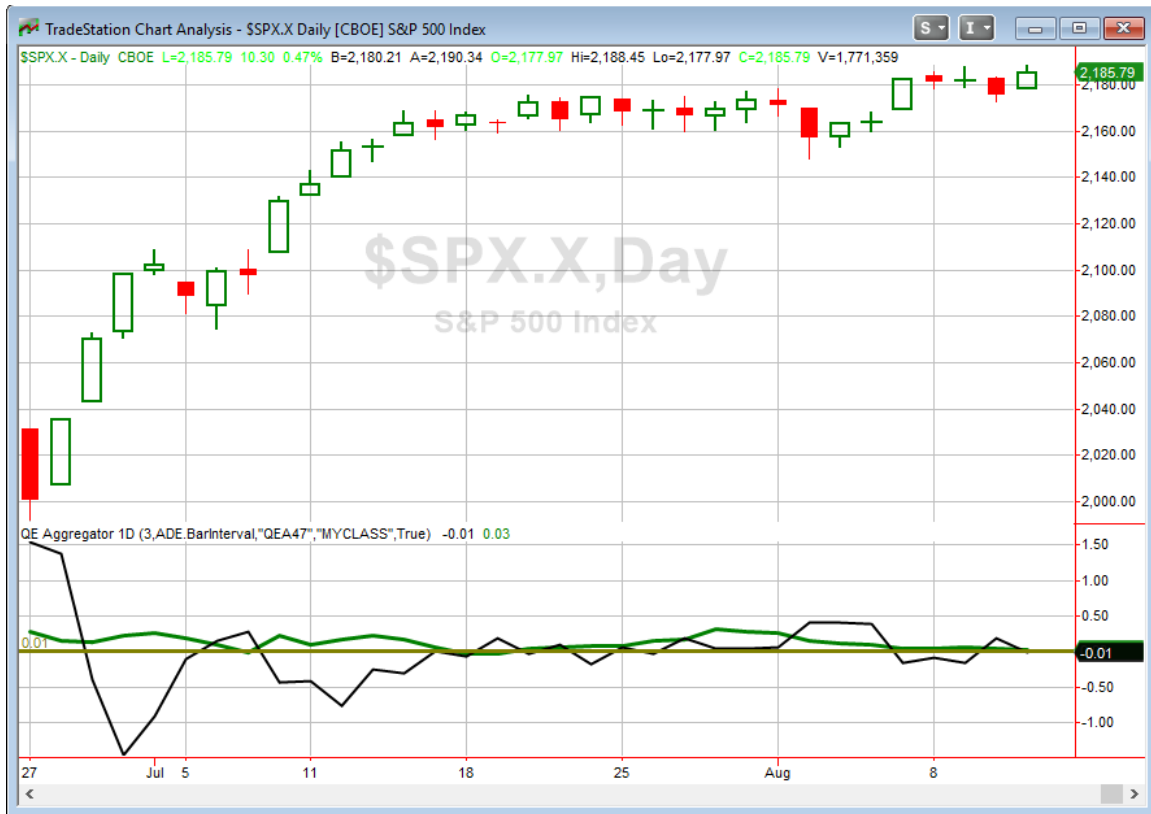
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
None						
<b>Active - Long Term</b>						
August 1, 2016	Highest volume 20 on up day. Not opex.	1-10 days	Bullish	2.40%	-1.60%	-3.10%
July 18, 2016	5 up to 50-high then 1 down day	1-10 days	Bullish	2.00%	-1.10%	-2.20%
July 11, 2016	NASDAQ leading	int term	Bullish			
July 11, 2016	SPX 50-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***

Thursday was a rally day for the market and most indices closed at new all-time highs. The SPX, NASDAQ and the Russell 2000 all gained about 0.5%. Breadth was weak as the NYSE Up Issues % was 61% and the Up Volume % came in at 74%. NYSE rose some from Wednesday's level.

The NASDAQ 100, SPX, and Dow 30 all closed at new highs on Thursday. So there is no doubt the uptrend remains intact. But despite being at new highs I am not seeing anything suggesting a strong short-term edge. That is probably a good sign. Fresh breakouts will often produce bullish evidence, but Thursday was not a breakout, since we have been hitting new highs as recently as a couple of days ago. When highs are hit without breakouts, we sometimes see bearish evidence emerge. The lack of bearish evidence is a positive. And I am not just referring to Quantifinder studies. I have also been looking at new studies related to tight ranges, August seasonality, and VIX action. Nothing is showing a strong consistent short-term edge, especially in the last several years during this bull market. So there is again nothing new to add to the short-term list tonight. But I am sure it won't be long before we have oodles of evidence to consider once again.

I have updated the Aggregator chart below.



With no new studies tonight the green Aggregator Line held a little above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line dipped slightly below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are a little positive but SPX is overbought. 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 remain positive on Friday. But with nothing left on the Short-Term Active List, actual expectations in the coming days will be largely dependent on any new evidence that emerges. The Differential Pivot will be 2185.08 on Friday. That is less than 1 point below Thursday's close. So SPX will only need to close down a small amount on Friday in order to move from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Short-term evidence is lacking. And the SPX is neither strongly overbought nor oversold. This is leaving me without a short-term directional bias. I will wait until the next favorable reward/risk opportunity emerges before putting new capital to work.

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

The intermediate-term outlook was last updated in the 8/8 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	\$36.52	47.85%		Aggressive VIX

Market expectations are still a little bullish and contango is still very high at over 19%. Those things continue to favor XIV. I'll look to ride it until the outlook worsens.

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