

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 18, 2016

Volume 9 Issue 160

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new evidence emerged tonight

## *Short-term Outlook*

### *The Bottom Line*

Expectations are slightly positive and the market is a little oversold still. So there appears to be a mild upside edge for the short-term.

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

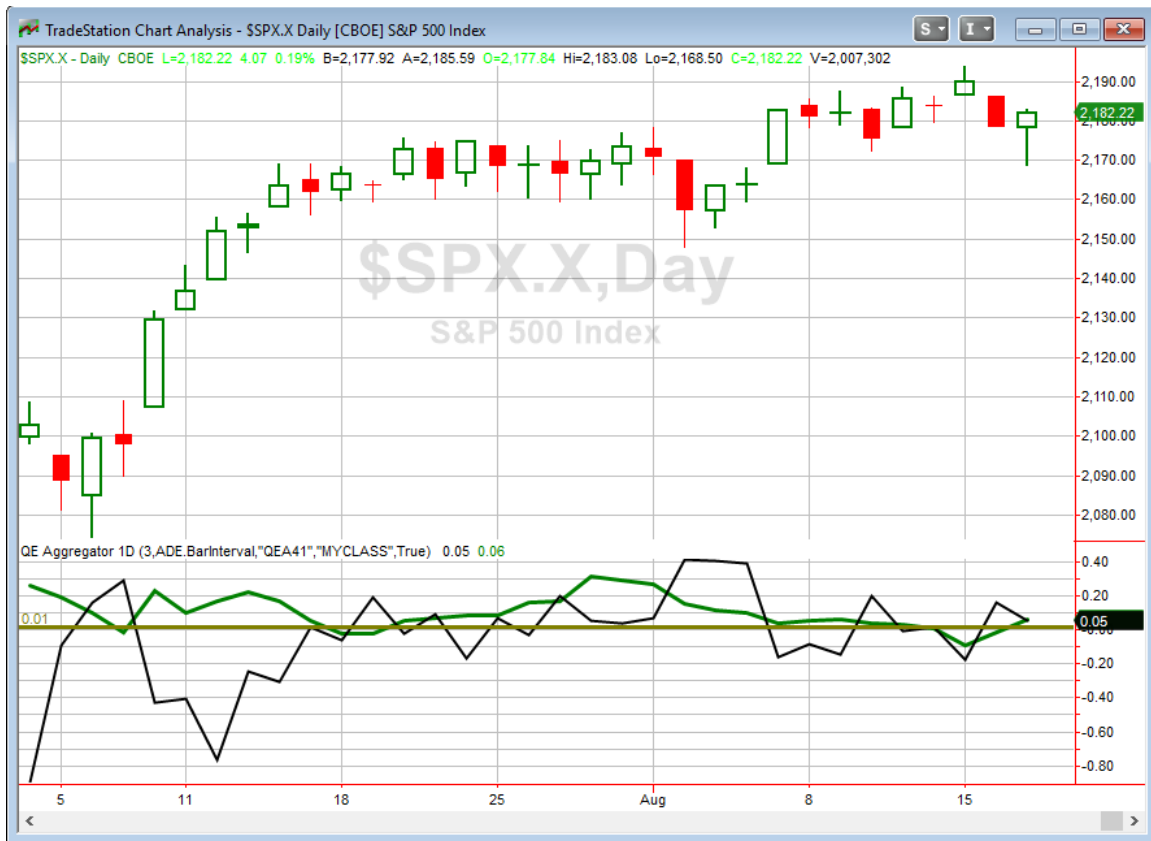
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 17, 2016	Big drop from 50-day high	1-4 days	Bullish			
August 17, 2016	Unfill gap up...unfilled gap dn < 2 ago.	1-2 days	Bearish			
<b>Active - Long Term</b>						
July 11, 2016	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***

The market put in a mixed day on Wednesday. The SPX rose 0.2%, the NASDAQ was near breakeven with a 0.03% gain, and the Russell 2000 declined 0.3%. Breadth was weak as the NYSE Up Issues % was 50% and the Up Volume % came in at 46%. NYSE volume rose a little from Monday's level.

With the back and forth over the last few days and the mild moves on Wednesday there was no new compelling evidence that emerged in the Quantifinder. Of course there are still some active studies from yesterday. The net of those are now suggesting a mild upside edge.

I have updated the Aggregator chart below.



With some bearish studies expiring tonight the green Aggregator Line moved above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line held above 0. The positive Differential Line reading means SPX is (slightly) 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 remain positive on Thursday. Of course this could change if new bearish evidence emerges. The Differential Pivot will be 2188.90 on Thursday. That is 0.3% above Wednesday's close. So for SPX to change from oversold to overbought versus expectations on Wednesday it will need to close up at least 0.3%.

Evidence is pointing higher but it is not all that compelling. The SPX is oversold but there is not much room to the upside before it would turn overbought. So I do think there is an upside edge, but I do not believe reward/risk is strong enough to compel me to take on new exposure at the moment. I will continue to hold my XIV position.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 8/15 – bullish**

The intermediate-term outlook was last updated in the 8/15 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	\$37.17	50.49%		Aggressive VIX

Contango is still strong, the SPX is oversold, and expectations are currently positive. So I will look to ride XIV a bit longer.

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