

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 9, 2016

Volume 9 Issue 175

Market Overview



Signals Overview

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

Tonight's Research Points

- No new studies emerged on Thursday.

Short-term Outlook

The Bottom Line

Evidence is barely pointing higher and the SPX is barely oversold. The combination makes for a bullish Aggregator formation. But “barely” on both counts means I am not interested in this setup.

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

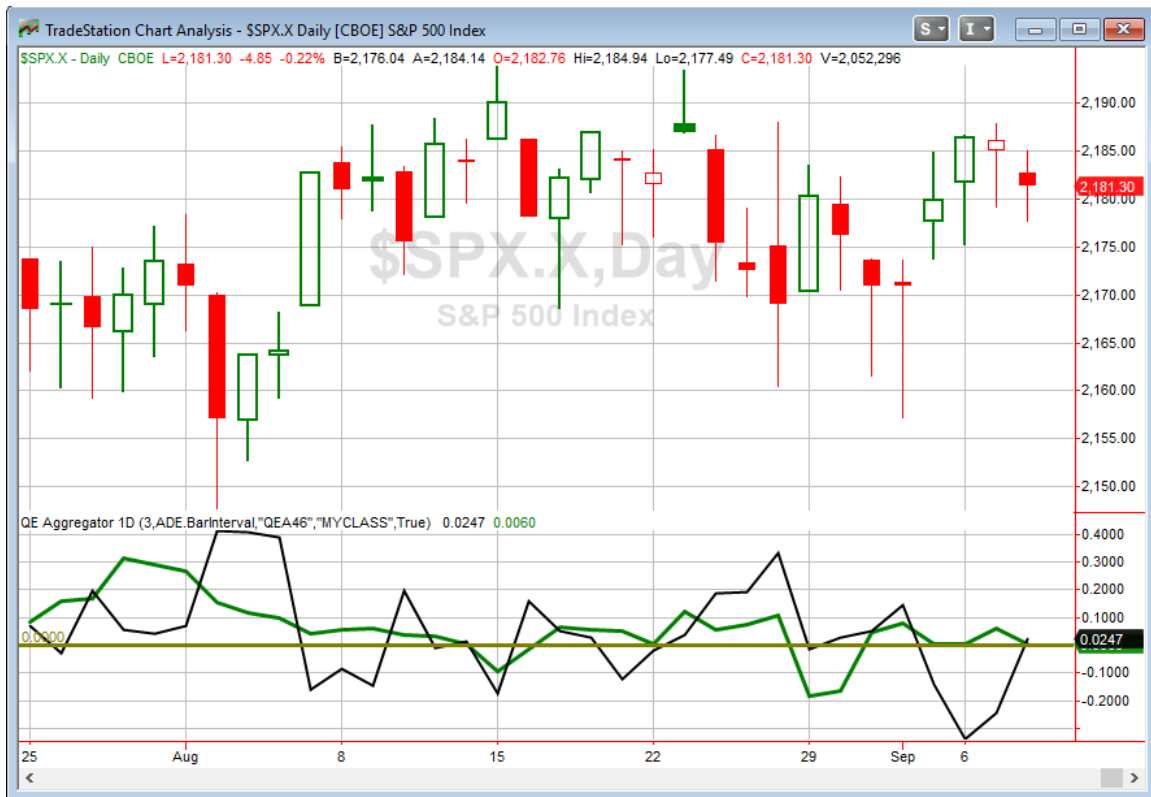
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
July 11, 2016	NASDAQ leading	int term	Bullish			
July 1, 2016	Up Issue % > 70% 3x	1-85 days	Bullish	10.70%	-4.90%	-11.70%
April 26, 2016	Golden Cross	int term	Bullish			
February 1, 2016	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						
September 8, 2016	Up Issue % > 55%. SPX down.	1 day	Bullish			

The Evidence

Wednesday was a day of modest declines. When the day was done the SPX lost 0.2%, the NASDAQ fell 0.5% and the Russell 200 dropped 0.2%. Breadth was mixed as the NYSE Up Issues % was 43% and the Up Volume % came in at 53%. NYSE volume rose a little from Wednesday's level.

The mild action failed to trigger any new and compelling evidence. That is not a big surprise, since sideways chop generally is not conducive to strong emerging edges. So I will keep commentary short tonight.

I have updated the Aggregator chart below.



With the last short-term study expiring the green Aggregator Line held just above zero. This is thanks to the current intermediate-term evidence. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line moved 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 above 0. Therefore, the Aggregator signal turned long at the close.

Based on the current list of active studies, expectations are poised to remain positive on Friday. Of course any new short-term studies that emerge will have a strong influence. The Differential Pivot will be 2188.51 Friday. That is 0.3% above Thursday's close. So SPX would need to close up 0.3% or more on Friday in order to move from oversold to overbought versus recent expectations.

While expectations are positive and SPX is oversold, both just barely qualify. And there is zero short-term evidence backing up the bullish bounce idea. So this is not a bullish setup that I am very excited about. I am not yet interested in looking to take on new exposure. Of course that could quickly change based on Friday's action. But I will wait and see what occurs and what new evidence emerges before entering a new index trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/6 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ABT – @ \$43.17 (bought 1/3 @ limit)

ABT – @ \$42.84 (bought 1/3 @ limit)

Broad Market Large Cap CBI – 2 (ABT-2)

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	\$40.38	63.48%	\$35.00	Aggressive VIX
ABT(1/3)	8/25/2016	\$43.17	\$41.85	-3.06%		Catapult
ABT(1/3)	8/26/2016	\$42.84	\$41.85	-2.31%		Catapult

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