

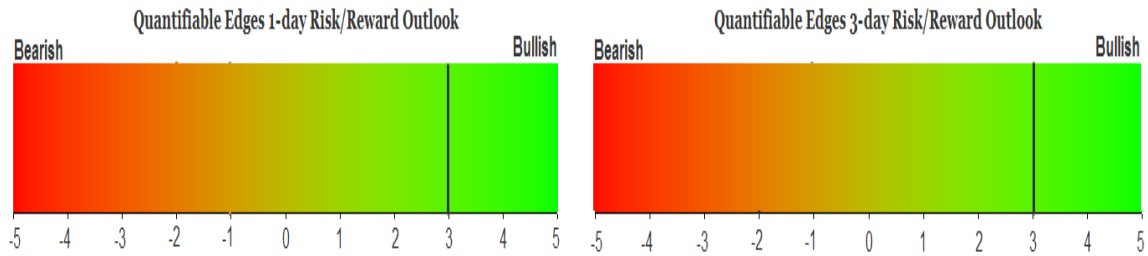
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 15, 2016

Volume 9 Issue 179

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

Evidence continues to point higher. I like the long side and may add to my long positions.

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

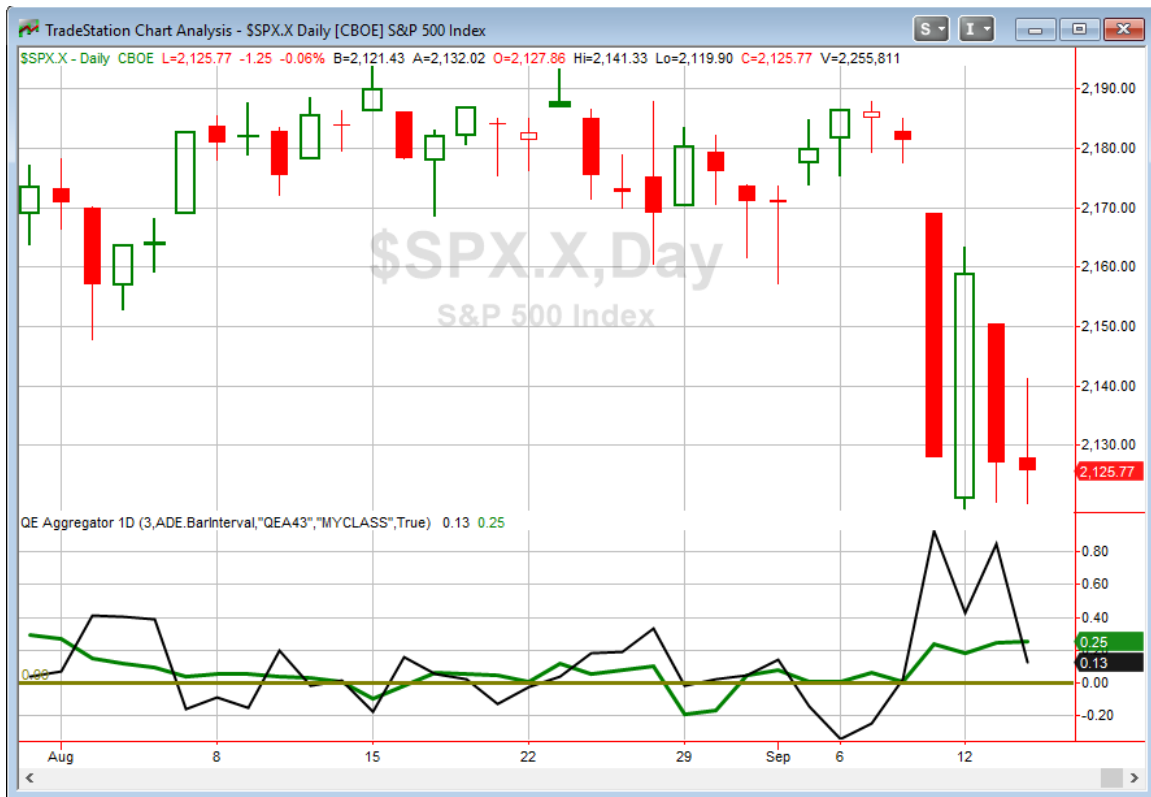
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 14, 2016	Failed reversal from 20-day low(3x)	1-5 days	Bullish			
September 14, 2016	VIX crosses 25% above 10ma	1-2 days	Bullish			
September 13, 2016	1.75% drop then Sweet Spot bounce	1-5 days	Bullish	3.00%	-0.95%	-1.90%
September 13, 2016	Reversal from 20-day low	1-4 days	Bullish	1.80%	-1.30%	-2.30%
September 12, 2016	System 110524	1-7 days	Bullish			
September 12, 2016	Drop 1.5x 20-day ATR on a Friday	1-6 days	Bullish			
September 12, 2016	2 unfilled dn gaps, 5-low > 200ma.	1-6 days	Bullish			
Active - Long Term						
September 14, 2016	"Failed" reversal from 20-day low	1-10 days	Bullish			
September 13, 2016	Reversal from 20-day low	1-10 days	Bullish	2.90%	-1.80%	-3.30%
September 12, 2016	2 unfilled dn gaps, 5-low > 200ma.	1-10 days	Bullish			
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			

The Evidence

Wednesday was choppy and finished mixed. The SPX and Russell 2000 each closed down 0.1% while the NASDAQ gained 0.4%. Breadth was negative as the NYSE Up Issues % was 47% and the Up Volume % came in at 35%. NYSE volume declined from Tuesday's level.

The moderate action did not register any extremes and did not trigger any compelling studies. Of course we have seen oodles of evidence the last few days suggesting a bounce is highly likely. And many of those studies remain active. And with opex coming on Friday and next week being strongly bearish from a seasonal standpoint, I have no doubt we will be seeing more directional hints emerge very shortly. For tonight, I will step back from new research while I wait for more compelling new edges to avail themselves.

I have updated the Aggregator chart below.



With nothing new to add tonight the green Aggregator Line held far above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line is also above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are very 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 stayed long at the close.

Based on the current list of active studies, expectations are poised to remain positive on Thursday. It is doubtful that enough short-term bearish evidence would emerge to change this. The Differential Pivot will be 2167.79 on Thursday. That is 2.0% above Wednesday's close. It is highly unlikely that SPX will post a gain of that size on Thursday. A more likely scenario for working off the oversold condition would be a multi-day rally or consolidation.

While nothing new emerged, evidence remains solidly bullish. And there is plenty of room before SPX would turn from oversold to overbought. This sets up a favorable reward/risk opportunity. I already have some long index exposure. Limit orders on Wednesday did not get filled. So on Thursday I will look again to add another lot of SPY.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/12 – bullish

The intermediate-term outlook was last updated in the 9/12 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

ABT – @ \$43.17 (bought 1/3 @ limit)

ABT – @ \$42.84 (bought 1/3 @ limit)

ABT – @ \$41.01 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 3 (ABT-3)

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.

SPY – buy ¼ index position @ \$213.00 LIMIT. Based on the short-term section above, I will look to add more long exposure if I can get a favorable entry price.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
ABT(1/3)	8/25/2016	\$43.17	\$40.81	-5.47%		Catapult
ABT(1/3)	8/26/2016	\$42.84	\$40.81	-4.74%		Catapult
ABT(1/3)	9/12/2016	\$40.85	\$40.81	-0.10%		Catapult
SPY(1/4)	9/12/2016	\$212.39	\$213.15	0.36%		Aggregator

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