

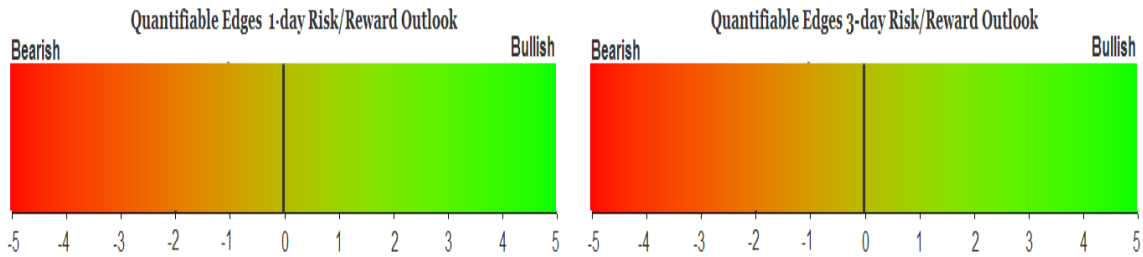
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 23, 2016

Volume 9 Issue 185

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling evidence emerged on Thursday.

Short-term Outlook

The Bottom Line

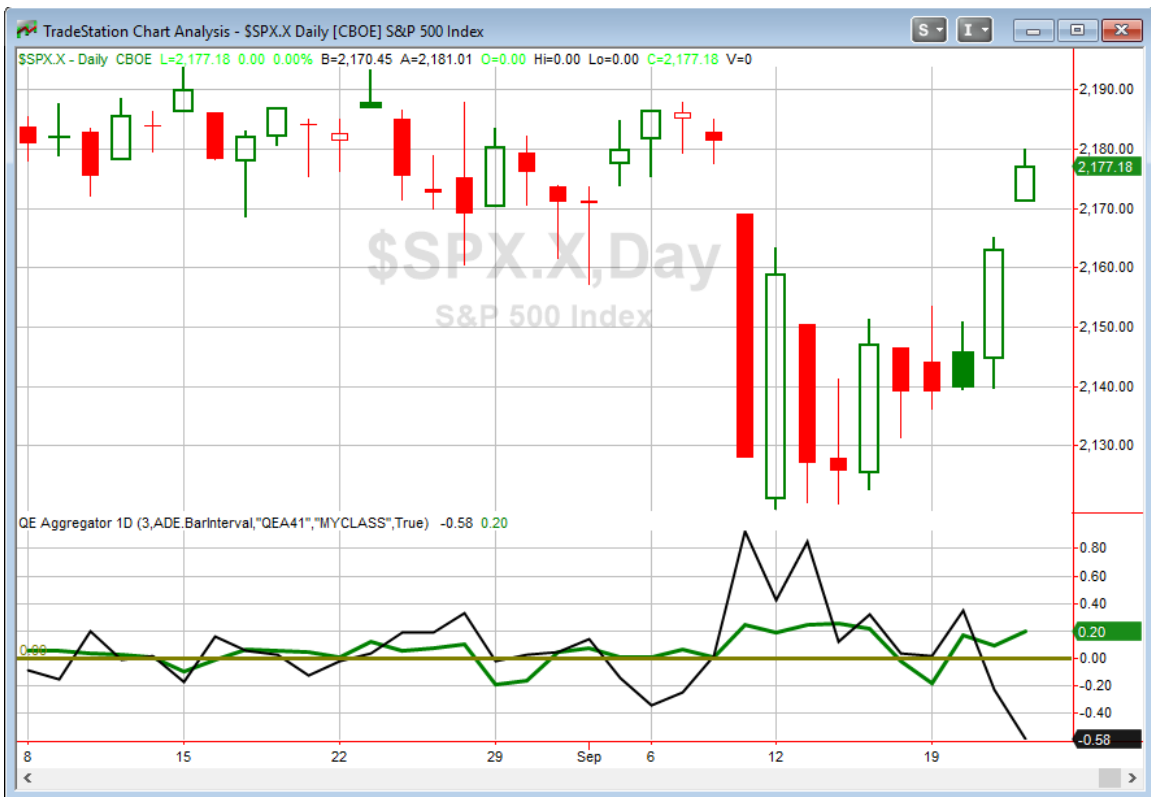
Evidence is still pointing higher but the move up has the market short-term overbought. This is leaving me short-term neutral.

The Evidence

Thursday was another nice day for the market. The SPX gained 0.65%, the NASDAQ rose 0.8%, and the Russell 2000 rallied 1.5%. Breadth was strongly positive as the NYSE Up Issues % was 82% and the Up Volume % came in at 75%. NYSE volume declined some from Wednesday’s level.

Thursday’s move up did put some indices, like the Russell 2000 and the NASDAQ composite at new 2016 highs. But it did not manage to trigger anything compelling in the Quantifinder. I did look at several old studies including ones that looked at the stretched VIX and another that looked at the recent unfilled gaps higher for SPY. Nothing compelling emerged from those examinations. So I will not be adding any new studies tonight.

I have updated the Aggregator chart below.



With nothing new being added tonight 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 remained below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are bullish

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 stayed flat at the close.

Based on the current list of active studies, expectations are poised to remain positive on Friday. This could easily change if compelling new bearish evidence emerges. The Differential Pivot will be 2138.69 on Friday. That is 1.8% below Thursday's close. So for SPX to move from overbought to oversold versus recent expectations it will need to close down at least 1.8% on Friday. That is quite unlikely. A more likely scenario for working off the overbought condition is a multi-day pullback or consolidation.

Nothing has really changed from last night. Expectations remain positive but the market is still overbought. This suggests a poor reward/risk scenario. I will remain patient and await the next favorable reward/risk setup before looking to take on new positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/19 – bullish

The intermediate-term outlook was last updated in the 7/25 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

None tonight.

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