

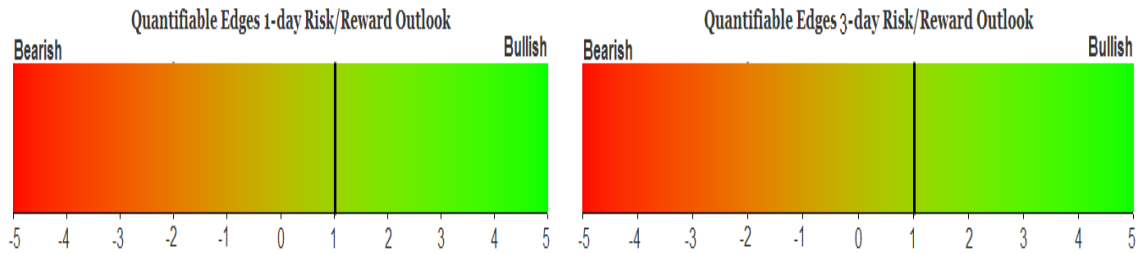
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 29, 2016

Volume 9 Issue 189

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 on Wednesday.

Short-term Outlook

The Bottom Line

Evidence is leaning higher and the SPX is still oversold. There still appears to be a mild upside edge. But it will not persist beyond Thursday unless there is a sizable selloff that occurs.

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

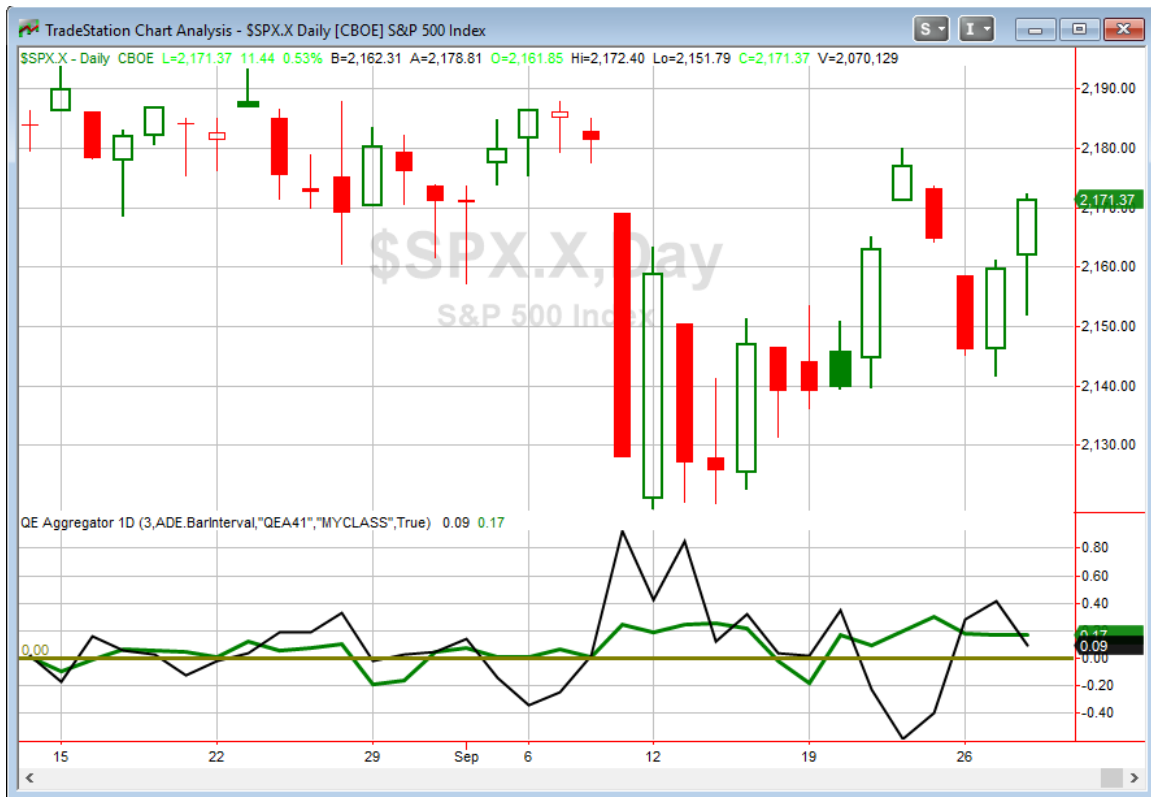
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 27, 2016	2 unfilled dan gaps > 200ma	1-6 days	Bullish			
September 22, 2016	VIX 10% above to 10% below 10ma	1-6 days	Bullish			
Active - Long Term						
September 14, 2016	"Failed" reversal 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	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

Wednesday was a 2nd day the of gains for the market. The SPX rose 0.5%, the NASDAQ rallied 0.2%, and the Russell 2000 climbed 0.75%. Breadth was positive as the NYSE Up Issues % was 72% and the Up Volume % came in at 80%. NYSE volume rose some from for the 2nd day in a row.

Tuesday's bounce continued on Wednesday. But the market remains mired in the middle of its recent range. And for the 2nd day in a row the Quantifinder failed to identify any of the 1300+ studies that we have in the Quantifiable Edges database. That is a rarity, but it does suggest that there are not very strong short-term edges currently apparent. So rather than trying to draw blood from a stone, it is normally best to simply exercise some patience until strong new edges do emerge. That is my plan. So there are no new studies to add to the active list tonight.

I have updated the Aggregator chart below.



With no new studies tonight the green Aggregator Line again 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 also held above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are bullish 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 stayed long at the close.

Based on the current list of active studies, expectations are poised to remain positive on Thursday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be *inverted* at 2160.64 on Thursday. That is 0.5% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case the SPX is going to need to close down at least 0.5% in order to remain oversold.

I generally view inverted pivots as opportune times to take profits. This is because upside is now very limited. Unless the market goes down on Thursday, then the long signal will expire as of Thursday's close. Combine this with the fact that there have not been any substantial studies emerge the last 2 days and the bullish edge appears quite weak. So I am inclined to look to take profits on my current index position if I can get a decent fill.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/26 – bullish

The intermediate-term outlook was last updated in the 9/26 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
SPY(1/4)	9/27/2016	\$214.05	\$216.64	1.21%		<i>sell @ \$216.50 limit</i>

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 [can be found here](#).

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