

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 4, 2016

Volume 9 Issue 192

Market Overview



Signals Overview

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

Tonight's Research Points

- No compelling new evidence emerged tonight.

Short-term Outlook

The Bottom Line

Evidence is leaning higher and the SPX is still relatively oversold. So the Aggregator is suggesting an upside edge. But I do not think it is a strong one and will not be looking to take advantage of it at this point.

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

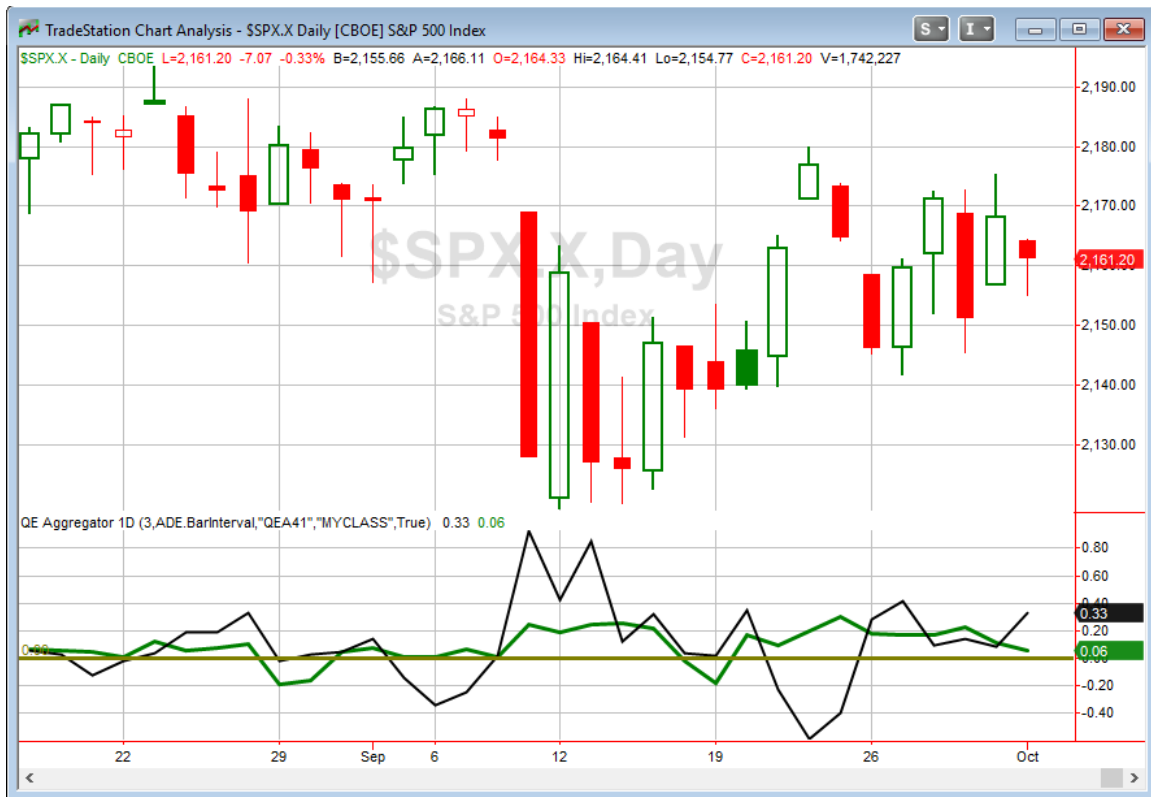
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 27, 2016	2 unfilled dan gaps > 200ma	1-6 days	Bullish			
Active - Long Term						
July 11, 2016	NASDAQ leading	int term	Bullish			
July 1, 2016	Up Issue % > 70% 3x	1-85 days	Bullish	10.70%	-4.90%	-11.70%
April 26, 2016	Golden Cross	int term	Bullish			
February 1, 2016	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

October got off to a weak start. The SPX lost 0.3%, the NASDAQ fell 0.2%, and the Russell 2000 dropped 0.5%. Breadth was negative as the NYSE Up Issues % was 42% and the Up Volume % came in at 40%. NYSE volume declined from Friday's level.

Nothing substantial appeared in the Quantifinder. I did find it interesting that SPY left an unfilled gap down on the 1st trading day of the month. Since the first trading day of the month has often been bullish, I wondered if this provided any edge. Looking back to 1993 it has only happened 16 other times when SPY closed above its 200-day moving average. Unfortunately, those 16 instances did not show any kind of consistent results. So there is nothing new to add to the Short-Term Active List tonight, and only 1 bullish study yet remaining.

I have updated the Aggregator chart below.



Without any new edges emerging on Monday 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 Tuesday. This could very easily change if new bearish evidence emerges. The Differential Pivot will be 2163.33 on Tuesday. That is just 0.1% above Monday's close. So SPX would only need to close up 0.1% or more to flip from oversold to overbought.

My outlook has not really changed from last night. While the Aggregator formation is bullish, evidence is weak and the reward potential appears limited. So I am not inclined to get involved with new positions just yet.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/3 – bullish

The intermediate-term outlook was last updated in the 10/3 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.

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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