

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 9, 2016

Volume 9 Issue 218

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr / SOMA Swing
Flat	Flat	Flat

Tonight's Research Points

- Recent technical action is mattering less than election results.

Short-term Outlook

The Bottom Line

A big reaction to a surprising election is about to happen. I'll be looking at whatever evidence emerges to help guide me in the next few days and weeks.

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

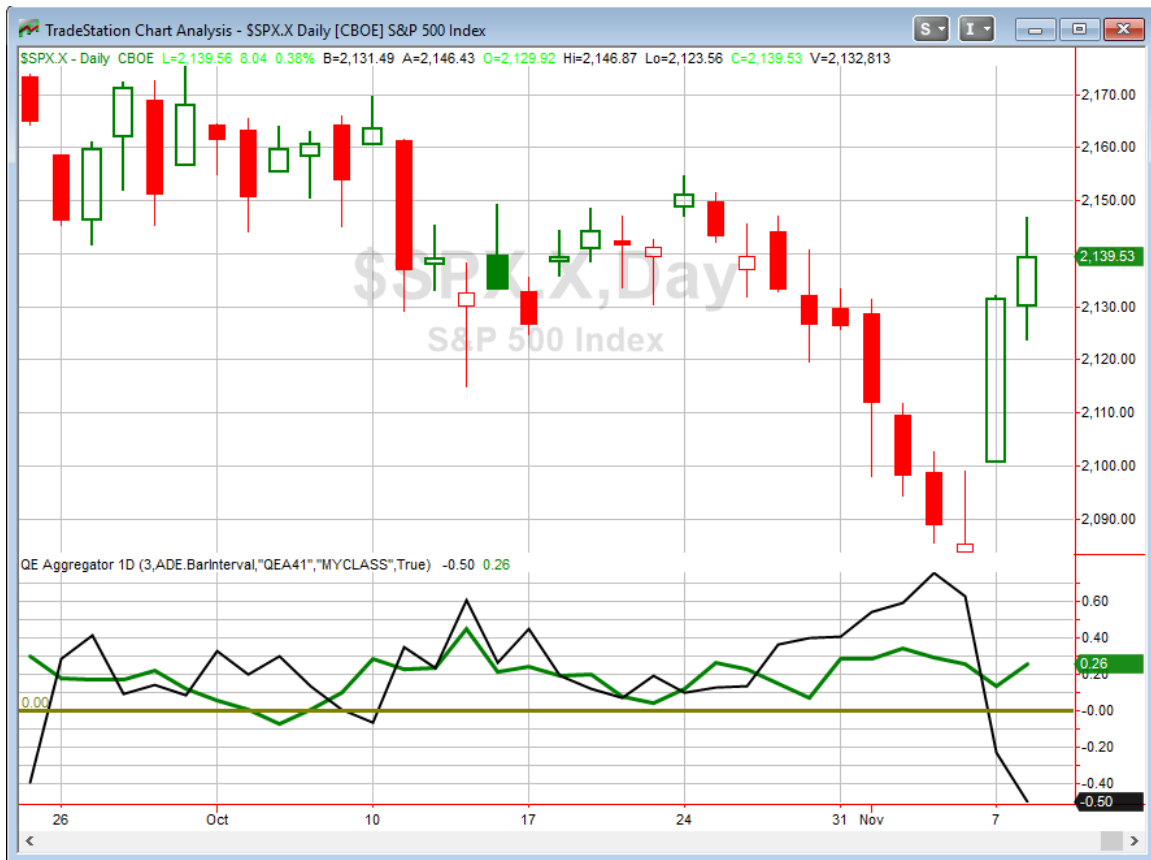
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
November 8, 2016	20 low yesterday. 4 high today.	1-8 days	Bullish			
November 8, 2016	90% Up Volume after 50-day low	1 day	Bearish			
November 8, 2016	VXO 20% drop	1 day	Bearish			
November 7, 2016	Fed Day down and next 2 days	1-3 days	Bullish			
November 7, 2016	SPX bottom 10% range. 5-low & > 200	1-5 days	Bullish			
November 4, 2016	VIX spike to 50-day high	1-4 days	Bullish			
November 3, 2016	20-day low on a Fed Day	1-5 days	Bullish			
November 2, 2016	System 110524	1-7 days	Bullish			
Active - Long Term						
October 19, 2016	20 low yesterday. 4 high today.	1-20 days	Bullish	3.80%	-2.10%	-4.50%
April 26, 2016	Golden Cross	int term	Bullish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
November 3, 2016	RSI 2 < 2, 50-low 2x	1-3 days	Bullish			
November 3, 2016	VIX up 7 days in a row	1-3 days	Bullish			

The Evidence

Tuesday saw some follow through to Monday's gains. The SPX rose 0.4%, the NASDAQ climbed 0.5%, and the Russell 2000 rallied 0.2%. Breadth was positive as the NYSE Up Issues % was 56% and the Up Volume % came in at 55%. NYSE volume rose some from Monday's level.

There was nothing overly compelling that emerged in the Quantifinder on Tuesday. One study did note that the SPX closed at a 10-day high while the VIX also rose. That is not a big surprise since traders were looking to hedge positions to protect against a big reaction to the election. And really, the election is the only thing that appears to matter tonight. So I am not going to fret too much about Tuesday price action. Tomorrow will certainly generate some interesting evidence.

I have updated the Aggregator chart below.



Without any new studies 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 dropped below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive 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 zero. Therefore, the Aggregator signal remained flat at the close.

Based on the current active studies, expectations are primed to remain positive on Wednesday. Of course this could change if strong new bearish evidence emerges. The Differential Pivot will be 2103.08 on Wednesday. That is 1.7% below Tuesday's close. So SPX would need to close down at least 1.7% on Wednesday to flip from overbought to oversold versus expectations. That sounds like a lot, but S&P futures are down far more than that during the night.

So the Aggregator is neutral. And the chart is going to change greatly on Wednesday. We will almost certainly see some strong reactions in the next few days. And we will do our best to determine whether they are overreactions and where the next edge lies.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 11/7 – slightly bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

PFE @ \$30.63 (bought 1/3 @ limit)

PFE @ \$29.89 (buy 1/3 @ limit) – not yet filled – cancel for now

AGN @ \$188.82 (buy 1/3 @ limit) – not filled – cancel for now

AMGN @ \$135.22 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 4 (PFE-2, AGN, AMGN)

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
<i>SPG(1/3)</i>	<i>10/28/2016</i>	<i>\$183.23</i>	<i>\$182.31</i>	<i>-0.50%</i>		<i>sold on open</i>
<i>SPY(1/4)</i>	<i>10/28/2016</i>	<i>\$213.14</i>	<i>\$212.69</i>	<i>-0.21%</i>		<i>sold on open</i>
<i>SPG(1/3)</i>	<i>10/31/2016</i>	<i>\$182.88</i>	<i>\$182.31</i>	<i>-0.31%</i>		<i>sold on open</i>
<i>SPY(1/4)</i>	<i>11/1/2016</i>	<i>\$212.55</i>	<i>\$212.69</i>	<i>0.07%</i>		<i>sold on open</i>
<i>SPY(1/4)</i>	<i>11/2/2016</i>	<i>\$209.74</i>	<i>\$212.69</i>	<i>1.41%</i>		<i>sold on open</i>
PFE(1/3)	11/3/2016	\$30.63	\$30.38	-0.82%		Catapult
<i>LLY(1/3)</i>	<i>11/3/2016</i>	<i>\$72.65</i>	<i>\$73.57</i>	<i>1.27%</i>		<i>sold on open</i>
<i>LLY(1/3)</i>	<i>11/4/2016</i>	<i>\$72.11</i>	<i>\$73.57</i>	<i>2.02%</i>		<i>sold on open</i>
AMGN(1/3)	11/4/2016	\$133.71	\$139.21	4.11%		Catapult

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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