

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 16, 2016

Volume 9 Issue 223

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral and so am I.

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 14, 2016	SPX down. RUT up > 1%.	1 day	Bullish			
November 10, 2016	20-high breakout on 20-high volume	1-5 days	Bullish			
November 8, 2016	20 low yesterday. 4 high today.	1-8 days	Bullish			
Active - Long Term						
November 11, 2016	SPX 20-high. NDX biggest drop in 20.	1-50 days	Bullish			
November 8, 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 11, 2016	Back to back outside days for QQQ	1 day	Bullish			
November 7, 2016	SPX bottom 10% range. 5-low & > 200	1-5 days	Bullish			

The Evidence

Tuesday saw the market rally. The SPX gained 0.75%, the NASDAQ rose 1.1%, and the Russell 2000 climbed 0.3%. Breadth was positive as the NYSE Up Issues % was 71% and the Up Volume % also came in at 71%. NYSE volume declined from Monday's level.

Some of the indices are already quite extended. The Russell 2000 and the Dow are both at 2016 highs, and the SPX is very close. From a studies standpoint the action did not trigger anything substantial in the Quantifinder. And since I am traveling this week, I am not terribly disappointed that there is not a lot of research to conduct tonight. So I will keep it short and sweet.

I have updated the Aggregator chart below.



Without anything new emerging 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 dipped down just 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 turned flat at the close.

Based on the current active studies, expectations are primed to remain positive on Wednesday. Of course this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2176.98 on Wednesday. That is 0.2 % below Tuesday's close. So SPX would need to close down at least 0.2% on Wednesday to be considered "oversold" vs recent expectations.

So expectations are bullish, but the market is overbought by a number of measures. I am not excited about jumping in right here. Overbought suggests increased risk and potentially less reward. So I will wait until the market is no longer overbought before considering new long positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/13 – somewhat bullish

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](#).

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2016 Hanna Capital Management, LLC.