

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 6, 2016

Volume 9 Issue 236

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling studies emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is still bullish, but the shelf-life on the signal is now 1 day unless the market goes against expectations and sells off. This is called an “inverted pivot”, and I view it as an opportune time to take profits.

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

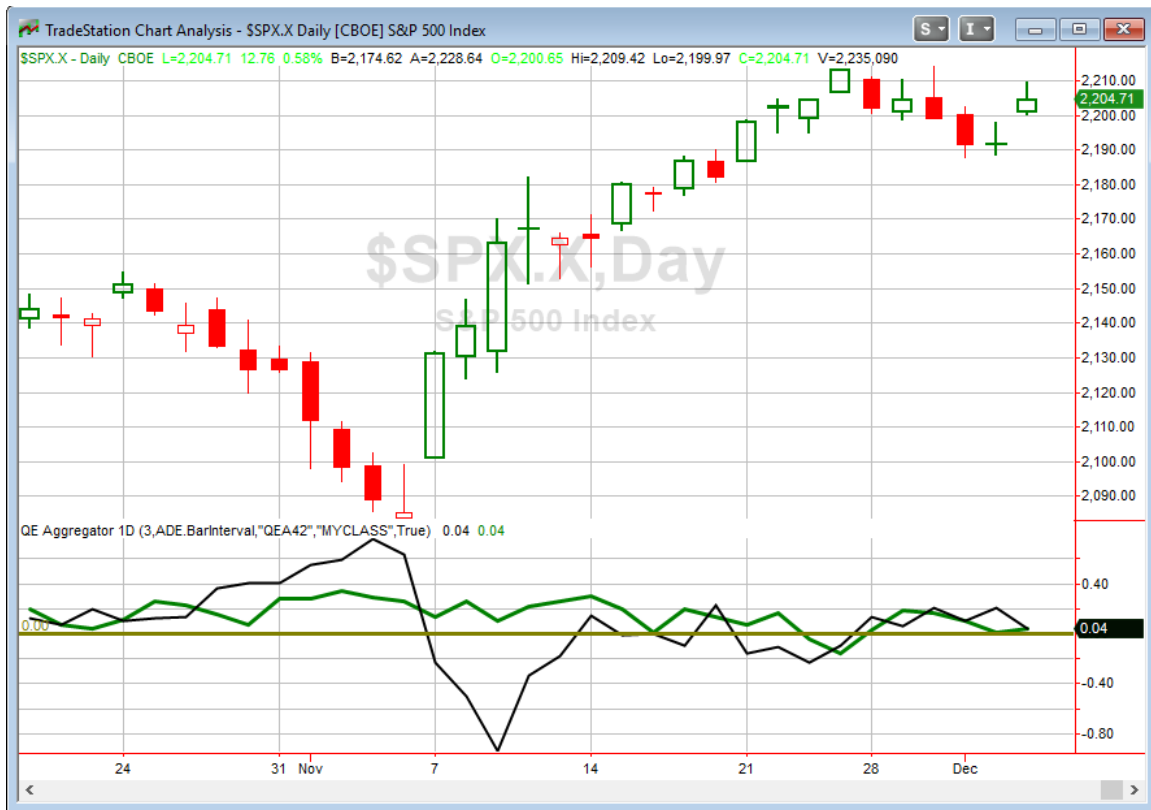
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 5, 2016	SPX up. VIX up on Friday.	1-3 days	Bearish			
December 2, 2016	1st close < 10ma in 15 days	1-3 days	Bullish			
December 1, 2016	Bottom 10% range, 5-day low	1-5 days	Bullish			
Active - Long Term						
December 1, 2016	20-high then poor close	1-10 days	Bullish			
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			

The Evidence

Monday was a solid day for the bulls. The SPX rose 0.6%, the NASDAQ gained 1.0%, and the Russell 2000 rallied 1.8%. Breadth was positive as the NYSE Up Issues % was 71% and the Up Volume % came in at 76%. NYSE volume rose a little from Friday's very light level.

The move up has most indices bouncing for the 2nd day after selling off for a few days. SPX is now about 2/3 up the range of the last 10 days. The choppy, sideways movement over the last several days has not led to any new & compelling evidence for tonight. So I am going to keep it short.

I have updated the Aggregator chart below.



Without any new studies tonight, the green Aggregator Line held just barely 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 just above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator signal stayed long at the close.

Based on the current active studies, expectations are primed to remain positive on Tuesday. Of course, this could change if compelling new bearish evidence emerges. The Differential Pivot will be *inverted* at 2201.09 on Tuesday. That 0.2% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case SPX is going to need to close down at least 0.2% in order to remain "oversold" versus expectations. Anything short of that and it will flip to being considered "overbought" at the close on Tuesday.

I often view inverted pivots as opportune times to take profits. While the Aggregator is currently bullish, potential gains are now limited to one day at most. So I will be looking to close out of my SPY position on Tuesday if I can get a favorable price.

Intermediate-term Outlook (2 weeks – 2 months) – updated 12/5– 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	12/2/2016	\$219.57	\$221.00	0.65%		sell at \$221.00 LIMIT

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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