

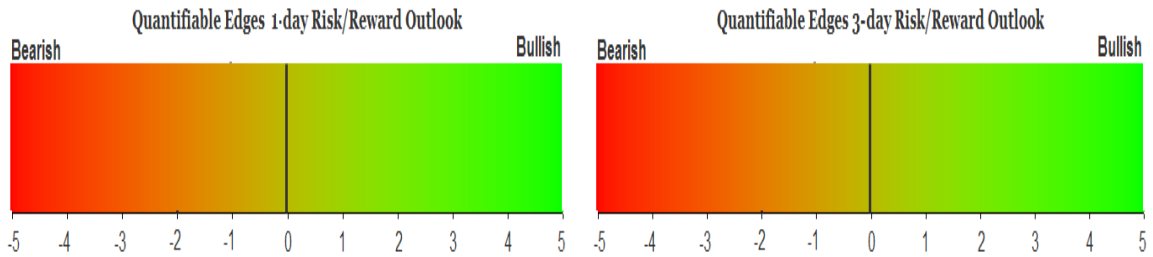
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 7, 2016

Volume 9 Issue 237

## 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*

Evidence is weak and the Aggregator is neutral. I am sidelined awaiting a more favorable reward/risk opportunity.

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

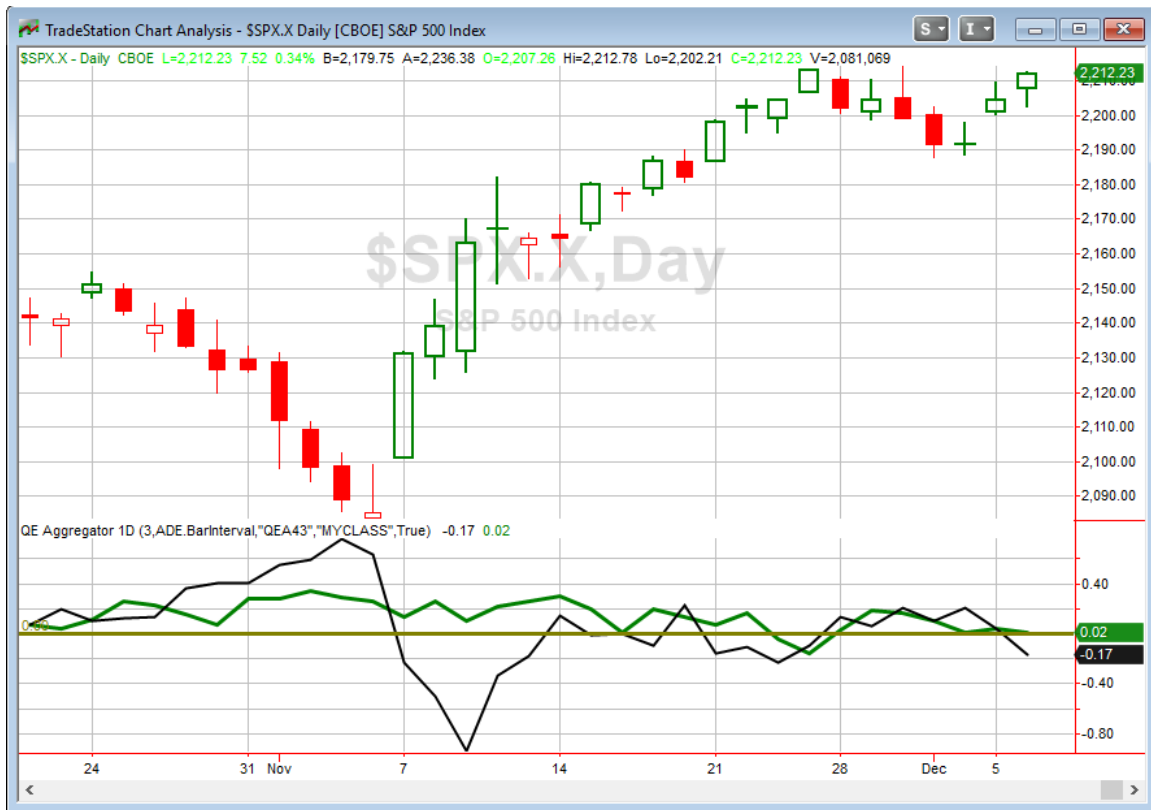
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
December 5, 2016	SPX up. VIX up on Friday.	1-3 days	Bearish			
December 1, 2016	Bottom 10% range, 5-day low	1-5 days	Bullish			
<b>Active - Long Term</b>						
December 1, 2016	20-high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

***The Evidence***

Tuesday was a solid day for the bulls. The SPX rose 0.3%, the NASDAQ gained 0.45%, and the Russell 2000 rallied 1.1%. Breadth was positive as the NYSE Up Issues % was 69% and the Up Volume % came in at 72%. NYSE volume declined some from Monday's level.

Tuesday was another day where the Quantifinder was a bit lacking in new evidence. There were a couple of studies that noticed the 3-day rally in SPX. But neither of them has shown a substantial edge in recent years. The rally is a bit unusual in that the indices are so split. For instance, the Russell 2000 posted a new closing high on Tuesday. The SPX 3-day rally brought it near the top of its current range, but it did not reach a new 10-day high. And the NDX closed up for the 3<sup>rd</sup> day in a row, but below its 10-day moving average. But the bottom line is that action was not substantial enough to trigger any new compelling studies.

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 dipped 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.

We only have two short-term studies left, and they are both set to expire on Wednesday. If nothing new emerges, expectations would remain positive based on the influence of the active intermediate-term studies. Of course, any new short-term evidence that emerges would have a substantial influence on expectations. The Differential Pivot will be 2198.09 on Wednesday. That 0.6% below Tuesday's close. So SPX would need to close down at least 0.6% on Wednesday in order to move from overbought to oversold versus expectations.

The lack of new short-term evidence and the neutral Aggregator has me unenthused about either direction right now. I closed out the long trade idea at the open on Tuesday. I am not inclined to take on any new trade ideas until reward/risk is more favorable.

*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
<i>SPY(1/4)</i>	<i>12/2/2016</i>	<i>\$219.57</i>	<i>\$221.22</i>	<i>0.75%</i>		<i>sold on open</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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