

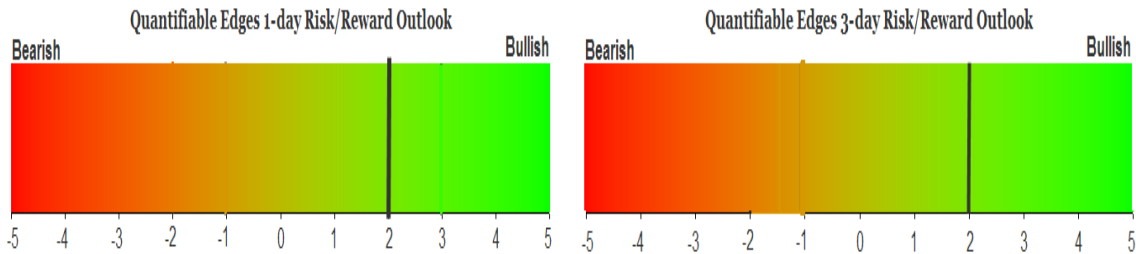
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 23, 2016

Volume 9 Issue 249

Market Overview



Signals Overview

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

Tonight's Research Points

- No new studies emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Another down day on Friday and I'll start building a long index position

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

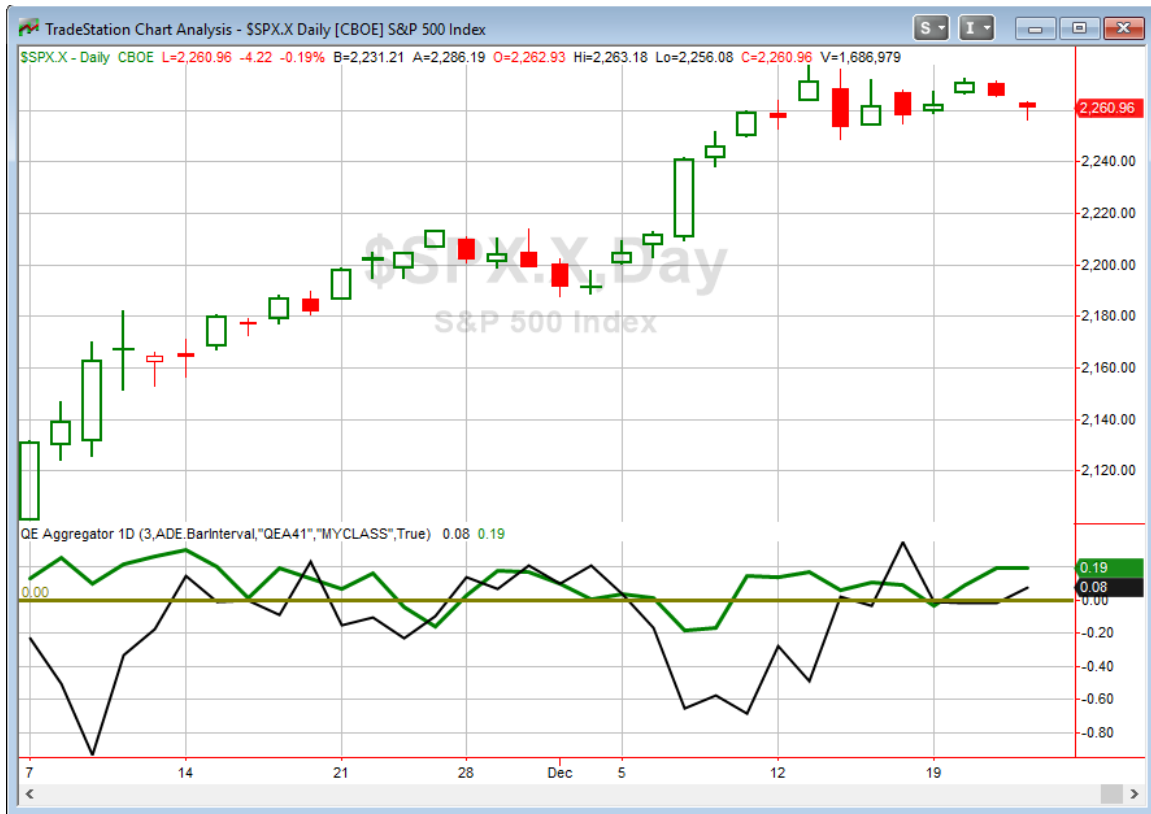
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 22, 2016	Twas 3 Nights Before Christmas	1-8 days	Bullish			
Active - Long Term						
December 16, 2016	Russell strong after Dec opex Thurs	1-10 days	Bullish			
December 12, 2016	Dec opex	1-15 days	Bullish	3.60%	-1.70%	-3.50%
December 12, 2016	RSI(2) crosses over 99. Close > 200ma	1-15 days	Bullish	2.30%	-1.40%	-2.70%
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			
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

Thursday saw the market decline. SPX posted a loss of 0.2%, the NASDAQ fell 0.4%, and the Russell 2000 dropped 0.9%. Breadth was negative as the NYSE Up Issues % was 42% and the Up Volume % came in at 36%. NYSE volume rose just a small amount from Wednesday.

Thursday's mild move did nothing to generate any new compelling evidence. Things seem to be in a sideways drift for the time being. That may not change until after the New Year. With no new studies emerging I have no interest in trying to analyze slow, holiday trading. So I will keep things short tonight.

I have updated the Aggregator chart below.



With nothing new to consider tonight the green Aggregator Line remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line move 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 turned long at the close.

Based on the current active studies, expectations are set to remain bullish on Friday. Of course this could easily change if new bearish evidence emerges. The Differential Pivot will be 2274.34 on Friday. That is 0.6% above Thursday's close. So SPX would need to close up at least 0.6% to move from oversold to overbought versus expectations.

Evidence is not terribly strong, but we do have a bullish Aggregator. And oversold in a strong seasonal environment is often a good long play. A third day down would certainly qualify SPX as short-term oversold and it would also likely trigger some short-term bullish studies. So I will look to take on some SPY if it closes down on Friday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 12/19 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MDT @ \$71.58 – bought 1/3 @ limit

Broad Market Large Cap CBI – 1(MDT)

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.

SPY – buy ¼ index positions @ \$225.37 LIMIT ON CLOSE. From the short-term section above, a third down day would get me interested in starting to build a long position.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
MDT(1/3)	12/22/2016	\$71.50	\$71.74	0.34%		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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