

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 5, 2017

Volume 10 Issue 3

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 tonight.

Short-term Outlook

The Bottom Line

The Aggregator is again neutral. I see no edge strong enough to pursue at this time.

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

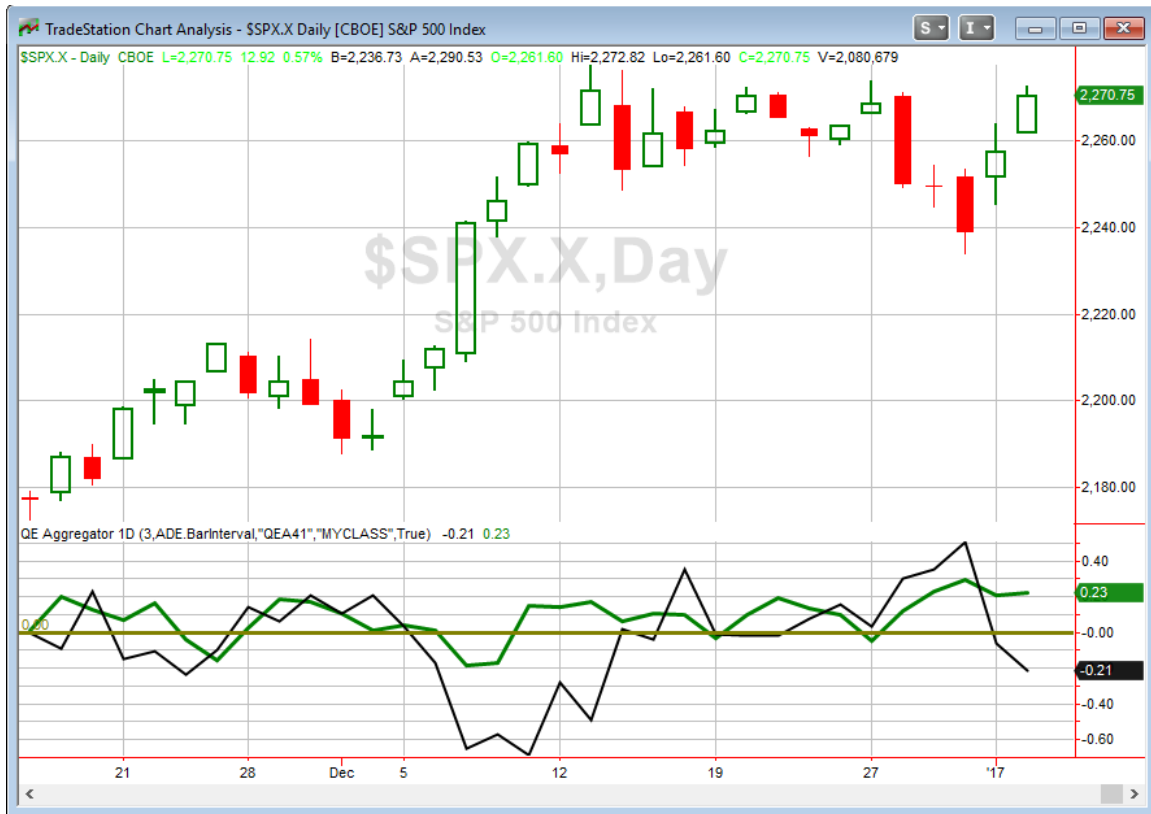
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 4, 2017	Unfilled up gap < 10ma > 200ma	1-4 days	Bullish			
January 3, 2017	2 days down & poor close at end of mth	1-3 days	Bullish			
December 29, 2017	1st 10-low in 30+ days	1-6 days	Bullish			
Active - Long Term						
December 29, 2017	1st 10-low in 30+ days	1-10 days	Bullish			
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%
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

2017 might never have a down day. On Wednesday the SPX rose 0.6%, the NASDAQ each gained 0.9%, and the Russell 2000 rallied 1.6%. Breadth was positive as the NYSE Up Issues % was 84% and the Up Volume % came in at 86%. NYSE volume declined some from yesterday's level.

The two up days has largely reversed the pullback of the previous few days. But it is not putting the market at extreme levels nor is it triggering any compelling studies. So I am going to keep things short and sweet tonight.

I have updated the Aggregator chart below.



Without any new compelling studies 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 held below 0. The negative Differential Line reading means SPX is now 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 stayed flat at the close.

Based on the current active studies, expectations are set to remain bullish on Thursday. It would require strong bearish evidence to change this. The Differential Pivot will be 2253.40 on Thursday. That is just 0.8% below Wednesday's close. So SPX will need to close down at least 0.8% in order to move from overbought to oversold versus expectations.

With expectations squarely positive but the SPX squarely overbought, the neutral Aggregator formation seems quite appropriate. I took some profits on Wednesday, and with GM reaching its Catapult exit trigger, I will look to close out the rest of my current positions on Thursday. Then it will be a matter of waiting for the next favorable reward/risk scenario to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 1/3 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MDT @ \$70.61 – buy 1/3 @ limit (*not filled – cancel for now*)

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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
GM(1/3)	12/29/2016	\$35.15	\$37.09	5.52%		<i>sell on open</i>
SPY(1/4)	12/29/2016	\$224.40	\$225.62	0.54%		sold on open
GM(1/3)	12/30/2017	\$35.14	\$37.09	5.55%		<i>sell on open</i>
GM(1/3)	1/3/2017	\$34.84	\$37.09	6.46%		<i>sell on open</i>
BRK.B(1/3)	1/3/2017	\$162.98	\$164.29	0.80%		sold on open

GM reached its exit trigger and will be sold at the open on Thursday.

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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