

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 6, 2017

Volume 10 Issue 4

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- Friday could be volatile thanks to the jobs report.

## *Short-term Outlook*

### *The Bottom Line*

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

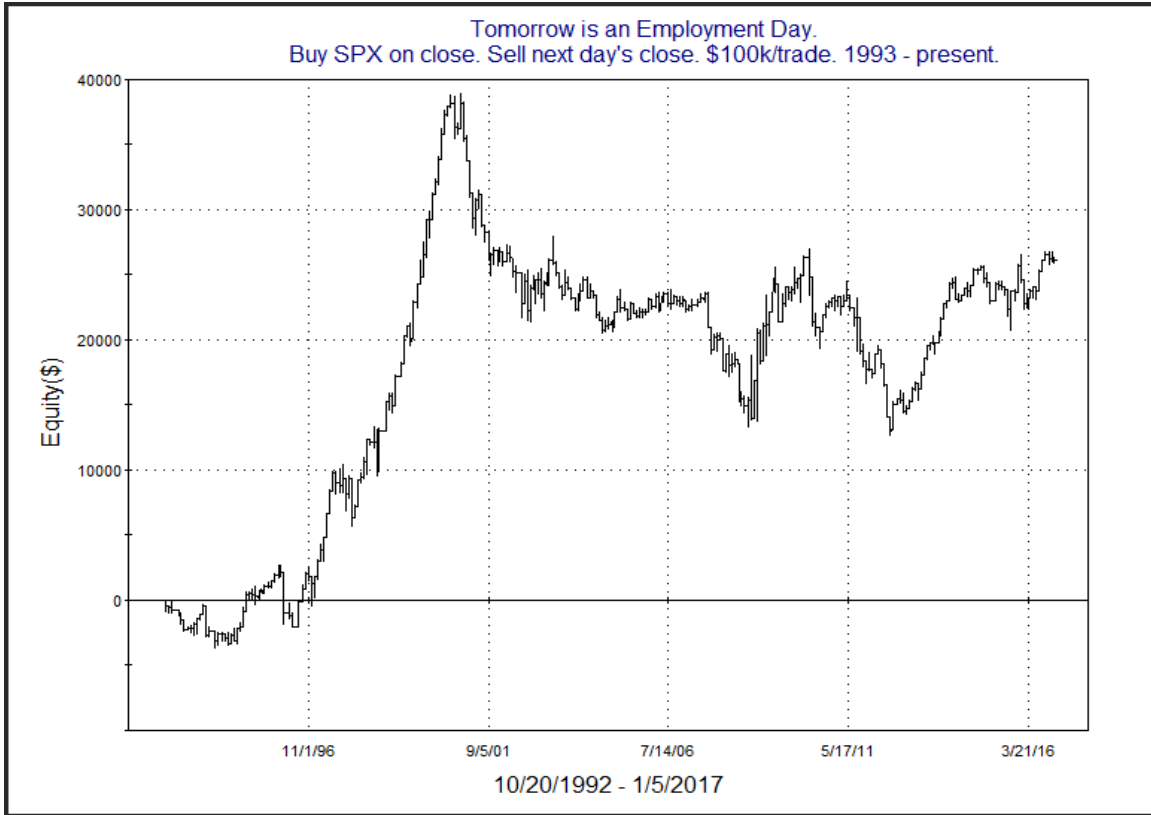
*Summary of Recent Active Studies (see Letters from listed dates for details)*

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

***The Evidence***

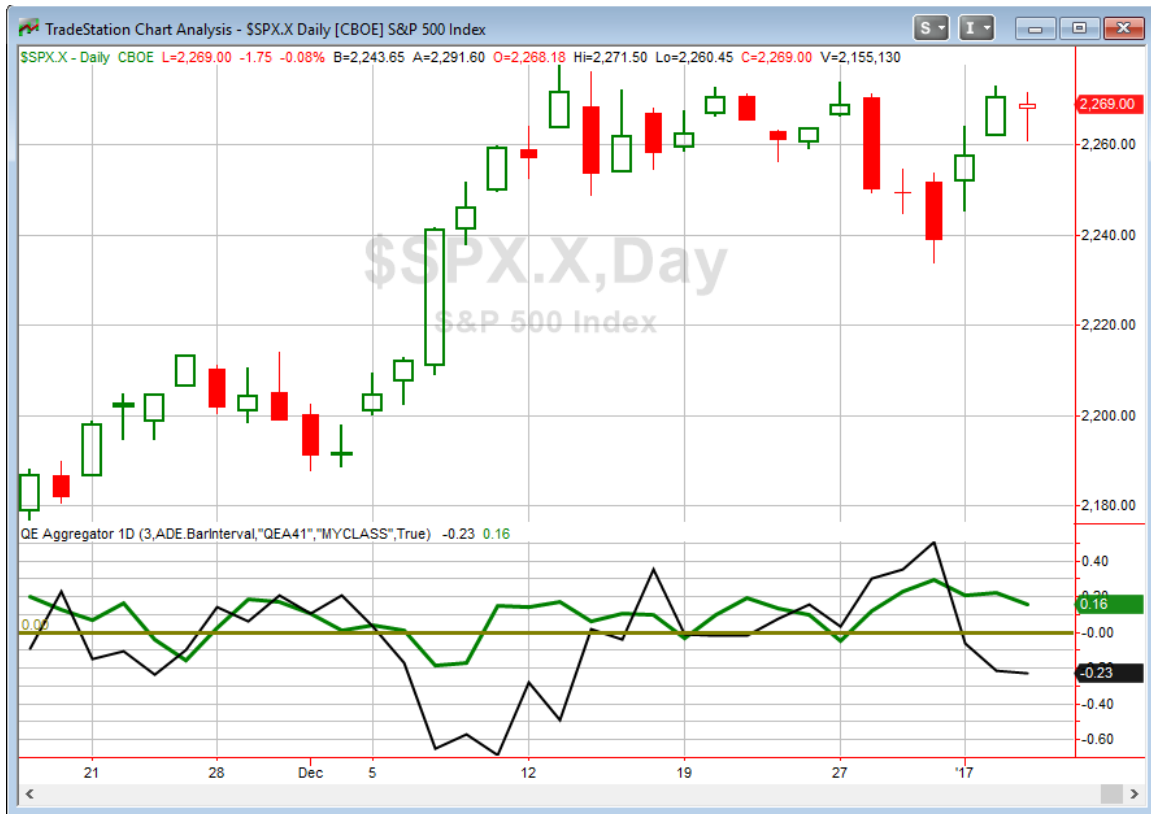
Thursday was a mixed day for the market. SPX declined 0.1%, the NASDAQ rose 0.2%, and the Russell 2000 sold off 1.15%. Breadth was negative as the NYSE Up Issues % was 44% and the Up Volume % came in at 43%. NYSE volume declined some from yesterday's level.

No new substantial evidence emerged tonight. It is notable that Friday morning we will see the BLS Employment Report released. This has typically led to strong market reactions. Unfortunately, while these reactions have been streaky over the years, they have not been consistent. Below is a profit curve showing employment day performance for SPX over the years.



Employment Days had an especially strong run between 1996 – 2000. Since then it has been a bunch of chop.

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 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 Friday. Of course this could change if new bearish evidence emerges. The Differential Pivot will be *inverted at 2274.55* on Friday. That is 0.2% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case SPX is going to need to close up at least 0.2% in order to remain overbought. Otherwise it will be considered oversold as of Friday's close.

So reward/risk again appears pretty neutral. I am not interested in taking on new positions right here. I will wait to see how things shake out on Friday and what new evidence emerges before adding any new exposure.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/3 – 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
<a href="#">GM(1/3)</a>	<a href="#">12/29/2016</a>	<a href="#">\$35.15</a>	<a href="#">\$37.01</a>	<a href="#">5.29%</a>		<a href="#">sold on open</a>
<a href="#">GM(1/3)</a>	<a href="#">12/30/2017</a>	<a href="#">\$35.14</a>	<a href="#">\$37.01</a>	<a href="#">5.32%</a>		<a href="#">sold on open</a>
<a href="#">GM(1/3)</a>	<a href="#">1/3/2017</a>	<a href="#">\$34.84</a>	<a href="#">\$37.01</a>	<a href="#">6.23%</a>		<a href="#">sold on open</a>

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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