

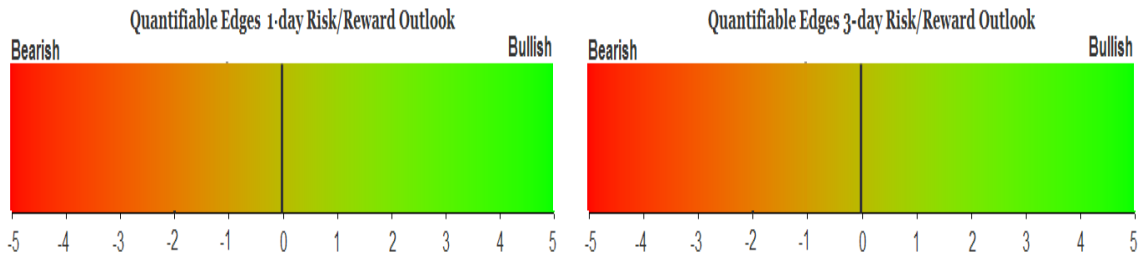
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 18, 2017

Volume 10 Issue 11

Market Overview



Signals Overview

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

Tonight's Research Points

- The unfilled gap pattern over the last couple of days used to appear bearish, but that is less certain in recent times.

Short-term Outlook

The Bottom Line

Expectations are negative, but SPX is oversold. This suggests reward/risk is not strongly favorable for either direction. I am again short-term neutral.

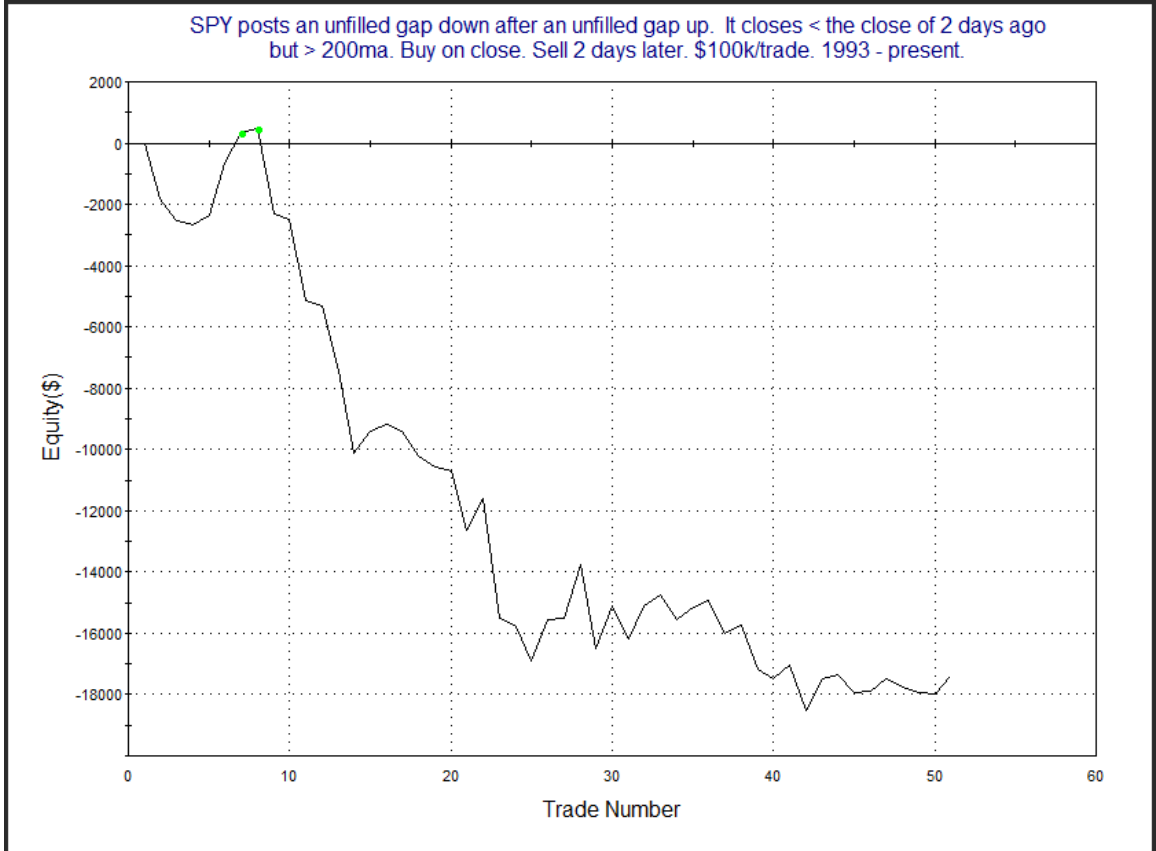
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 17, 2017	MLK/Jan Opex Weakness	1-4 days	Bearish	0.80%	-2.40%	-4.60%
Active - Long Term						
January 9, 2017	NASDAQ Leading	int term	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			
Dropped Tonight						
January 10, 2017	Breakout then inside day	1-5 days	Bullish			

The Evidence

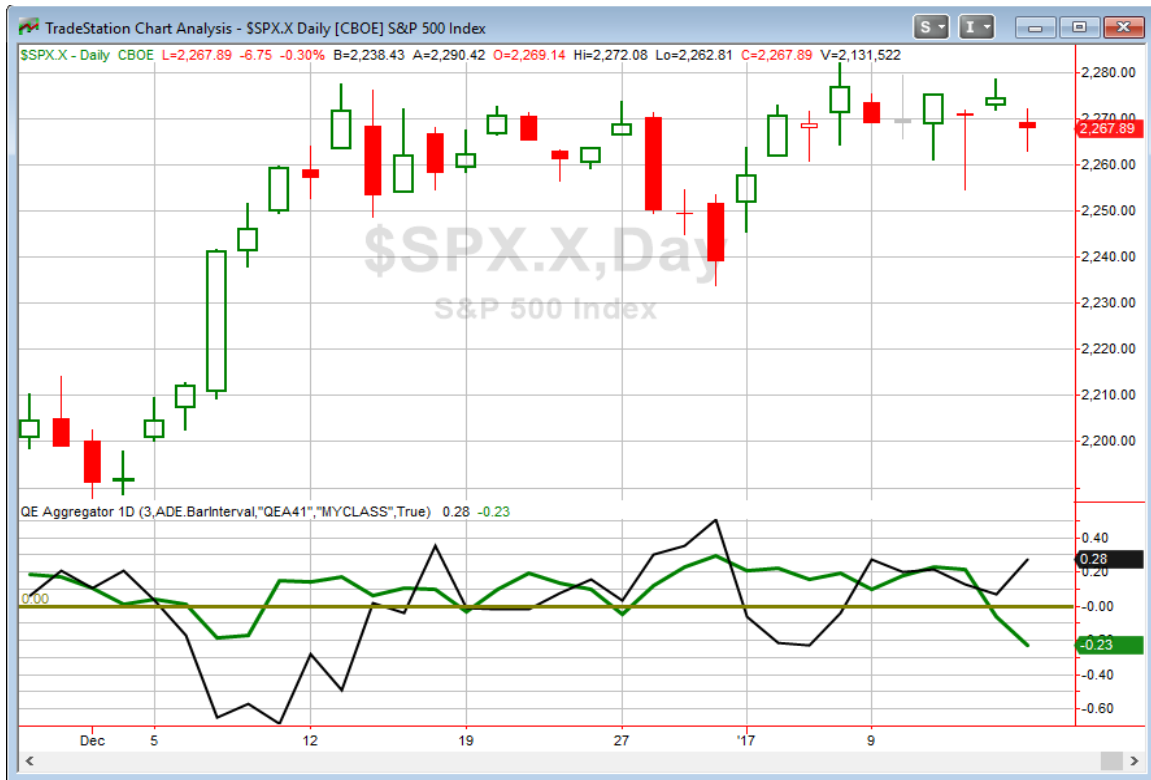
Tuesday was a down day. SPX lost 0.3%, the NASDAQ fell 0.6%, and the Russell 2000 dropped 1.4%. Breadth was negative as the NYSE Up Issues % was 45% and the Up Volume % came in at 46%. NYSE volume rose some from Friday’s level.

There was not a lot that triggered in the Quantifinder. There was one potentially bearish study that was last seen in the 10/12/16 letter. It examines 2-day moves like SPY has just encountered. Below is an updated version of the 2-day profit curve.



The curve has flattened out enough lately that I do not have great confidence in the current impact of the setup. I have decided to put this study on probation, and will not be including it on the Active List tonight.

I have updated the Aggregator chart below.



With the last of the short-term bullish studies expiring, the green Aggregator Line remained below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line held above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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 bearish on Wednesday. Of course this could change if new bullish evidence emerges. The Differential Pivot will be 2284.52 on Wednesday. That is 0.7% above Tuesday's close. So SPX will need to

close up at least 0.7% in order to flip from oversold to overbought versus expectations on Wednesday.

The outlook has not become any more appealing from last night. Reward/risk appears poor. The Aggregator is neutral, and I am also. I will wait until a more favorable opportunity arises before putting new capital to work.

Intermediate-term Outlook (2 weeks – 2 months) – updated 1/17 – 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

None.

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 [can be found here](#).

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2016 Hanna Capital Management, LLC.