

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 24, 2017

Volume 10 Issue 15

Market Overview



Signals Overview

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

Tonight's Research Points

- No new short-term evidence emerged.

Short-term Outlook

The Bottom Line

Expectations are bullish but the SPX is overbought. This is leaving me short-term neutral.

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

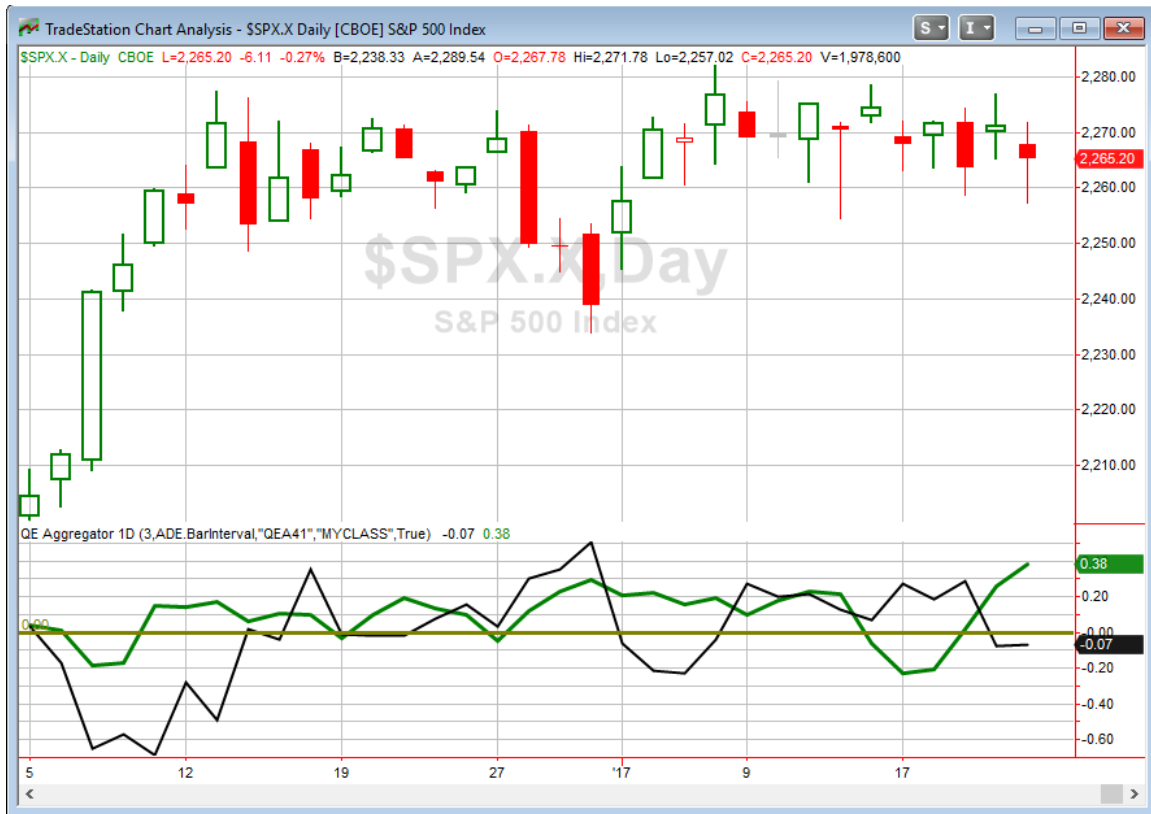
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 20, 2017	3-high, 3-low, 3 low close	1-5 days	Bullish			
Active - Long Term						
January 9, 2017	NASDAQ Leading	int term	Bullish			
April 26, 2016	Golden Cross	int term	Bullish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
January 17, 2017	MLK/Jan Opex Weakness	1-4 days	Bearish	0.80%	-2.40%	-4.60%

The Evidence

Monday saw the market mostly lower. The SPX dropped 0.3%, the NASDAQ fell 0.04%, and the Russell 2000 declined 0.3%. Breadth was mixed as the NYSE Up Issues % was 54% and the Up Volume % came in at 39%. NYSE volume declined from its high opex Friday level.

I again did not see anything of significance emerge from our Quantifinder. As I discussed last night, the market has been in an extremely tight range since early December. Tight ranges do lot lend to strong edges, and it is fairly common to see studies contract under these circumstances. It is generally a good time to exercise patience, and limit positions sizes on new trades until stronger edges emerge.

I have updated the Aggregator chart below.



Without any new studies to add tonight, the green Aggregator Line moved further above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line remained 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 Tuesday. Of course this could easily change if new bearish evidence emerges. The Differential Pivot will be 2254.28 on Tuesday. That is 0.5% below Monday's close. Therefore, SPX will need to close down 0.5% in order to flip from overbought to oversold versus expectations on Tuesday.

The neutral outlook and continued chop are doing nothing to get me excited about taking on new positions. And the chop is becoming notable on its own, as SPX has not closed in the same direction 2 days in a row since January 3rd & 4th. Still, I will not lose patience. I found long ago that trading marginal edges in sideways markets is generally a good way to shrink account size. This is not the desired outcome. So I will wait until a clearer edge emerges before looking to take on new positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 1/23 – bullish

The intermediate-term outlook was last updated in the 1/23 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

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](#).

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