

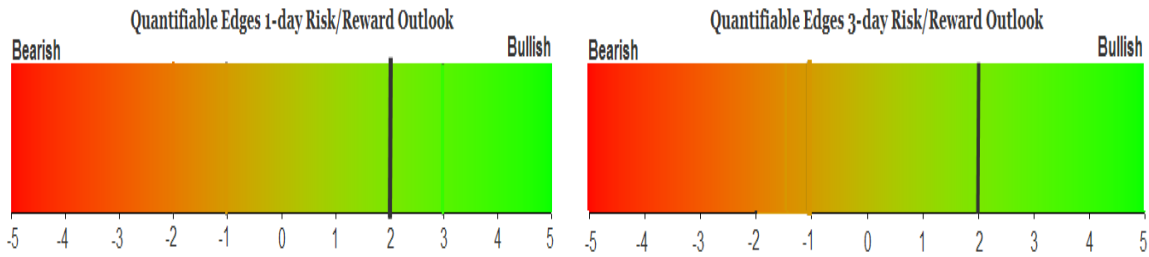
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 7, 2017

Volume 10 Issue 25

Market Overview



Signals Overview

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

Tonight's Research Points

- It has been a long time since the SPX posted a strong 1-day move.

Short-term Outlook

The Bottom Line

The Aggregator is bullish but the SPX is only slightly oversold. I don't view reward/risk as solid here and am sidelined for the time being.

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

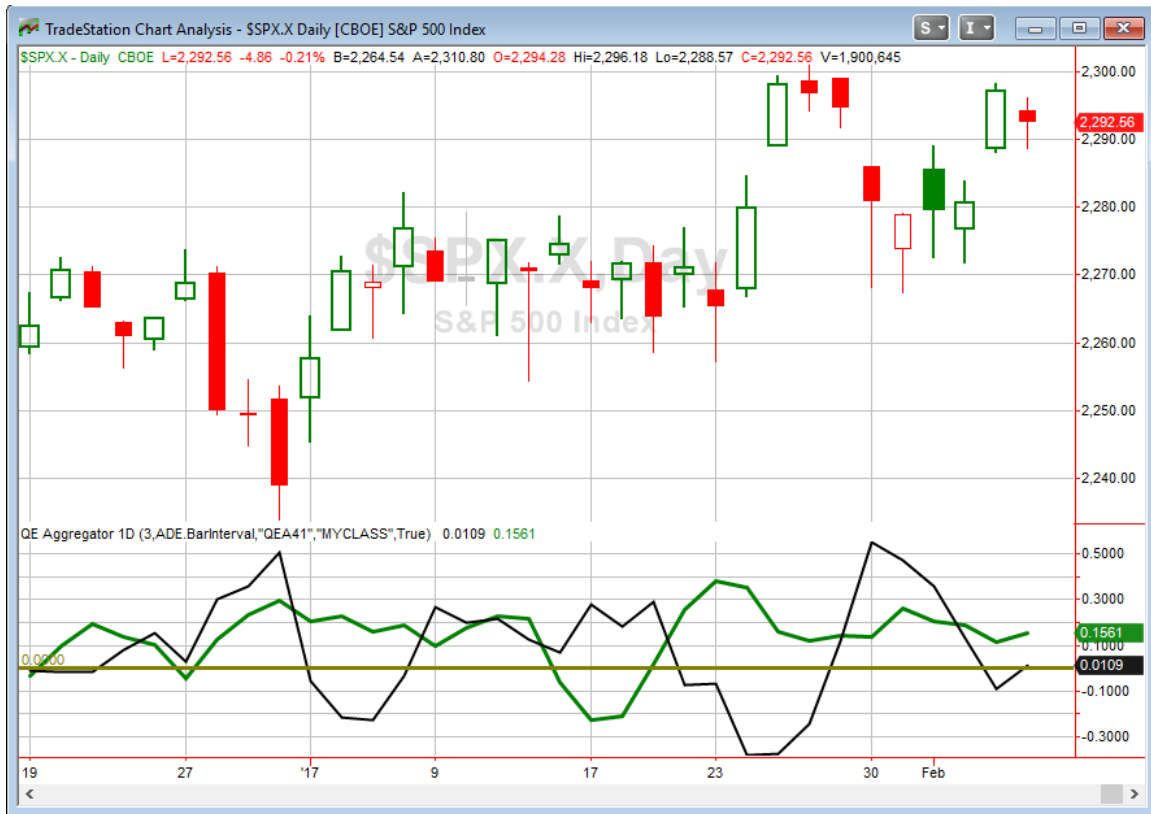
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 6, 2017	4 down then 3 up days	1-7 days	Bullish	2.35%	-1.10%	-2.15%
February 6, 2017	New High Divergence (Study of Tops)	1-3 days	Bearish			
February 1, 2017	4 days down. Tuesday	1-6 days	Bullish	2.50%	-1.20%	-2.50%
January 31, 2017	3 down days > 20 oma. Turn Tues	1-8 days	Bullish	2.20%	-1.30%	-2.40%
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 31, 2017	VIX up 10%. SPX dn small.	1-5 days	Bullish	1.60%	-1.40%	-3.00%
February 1, 2017	3+ days down. Fed tomorrow.	1-4 days	Bullish	2.30%	-0.50%	-1.05%

The Evidence

Monday saw most of the major indices pull back a little. The SPX closed down 0.2%, the NASDAQ fell 0.1%, and the Russell 2000 declined 0.8%. Breadth was negative as the NYSE Up Issues % was 38% and the Up Volume % came in at 33%. NYSE volume declined for the 4th day in a row.

Nothing compelling emerged from s studies standpoint. It is notable though that the market has been trading in such small ranges recently. Monday marked the 40th day in a row in which the SPX did not close up or down as much as 1%. And it has now been 80 days since it closed down 1%, dating back to October 11th. These are fairly sizable streaks. 80 days without a 1% down day has only happened 14 other times since 1960. And it has only happened one other time in the last 21 years. That was in 1996. So volatility has been very low. Often the 1st 1% down after an extended period without one has NOT led to an immediate selloff. But I will discuss that more when we actually get one. Tonight there are no new studies to add to the Active List.

I have updated the Aggregator chart below.



Without any new evidence to consider, the green Aggregator Line held above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line inched back above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is now oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator signal changed to long at the close.

Based on the current active studies, expectations are set to remain bullish on Tuesday. Strongly bearish evidence would need to emerge in order to change this. The Differential Pivot will be 2295.81 on Tuesday. That is 0.1% above Monday's close. Therefore, SPX will only need to close up a small amount in order to move back to "overbought" versus recent expectations.

So the Aggregator is bullish, but I do not see this as a great buying opportunity. We did not see any new studies tonight. The SPX is only slightly oversold, and that is only on a relative basis versus recent expectations. On an absolute basis, it closed in the top 25% of its 10-day range. So "oversold" is a bit of a stretch here. With all this in mind, I am not enthused about taking on new positions just yet. I will wait another day to see what might unfold.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/6 – bullish

The intermediate-term outlook was last updated in the 2/6 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
<i>SPY(1/4)</i>	<i>1/30/2017</i>	<i>\$227.55</i>	<i>\$228.88</i>	<i>0.58%</i>		<i>sold at limit after open</i>

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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