

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 24, 2017

Volume 10 Issue 37

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral and so am I.

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

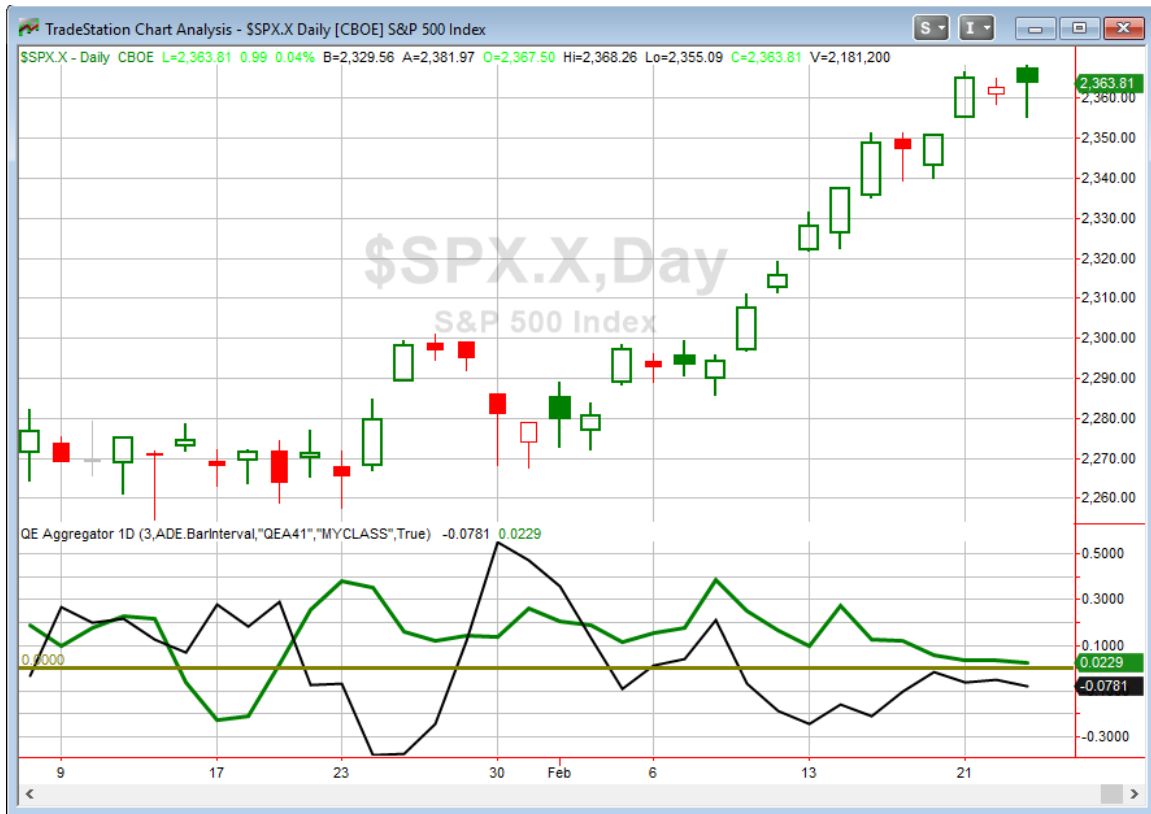
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 23, 2017	SOMA Swing Short	1-6 days	Bearish			
February 23, 2017	Relatively big drop from 50-day high	1-4 days	Bullish			
February 17, 2017	SPX up 1%-2% during opex weeks	1-4 days	Bearish			
February 16, 2017	SPX > Bollinger Band 4 days in a row	1-8 days	Bullish			
Active - Long Term						
February 17, 2017	SPX up 5 to 50 high then down 1	1-10 days	Bullish			
February 9, 2017	RUT down 3. SPX 3-day high.	1-10 days	Bullish			
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			

The Evidence

Choppy, mixed, and mild was Thursday's action. In the end the SPX gained 0.04%, the NASDAQ declined 0.4%, and the Russell 2000 fell 0.7%. Breadth was mixed as the NYSE Up Issues % was 53% and the Up Volume % came in at 43%. NYSE volume rose from Wednesday's level.

A few studies appeared in the Aggregator. They noted things like the fact that the VIX posted an up day along with the SPX. But there was nothing that appeared that suggested a compelling edge. I am not inclined to make much of this mild action, so I simply keep it short tonight.

I have updated the Aggregator chart below.



With tonight's study considered 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 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 turn very slightly bearish on Friday. Of course, this could change if new bullish evidence emerges. The Differential Pivot will be *inverted* at 2370.41 on Friday. That is 0.3% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.3% on Friday in order to remain "overbought" versus expectations. Anything less than that and it will be considered oversold as of Friday's close.

The inverted pivot and the fact that expectations are also set to flip from bullish to bearish has Friday set up to be another neutral configuration. Of course Friday's action and the studies that emerge due to it can easily change all that. But anticipating the next edge is somewhat difficult right now. I remained neutral and sidelined, patient and alert.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/21 – 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](#).

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