

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 11, 2017

Volume 10 Issue 68

## Market Overview



## Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr / SOMA Swing
Flat	Flat	Flat

## Tonight's Research Points

- The VIX popped while the market also closed up. Following similar instances on Mondays there have been some bearish, but inconsistent, results.

## *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
<b>Active - Short Term</b>						
April 10, 2017	20-low HV 3x. No SPX 20-high	1-5 days	Bearish	-2.20%	1.20%	2.10%
April 6, 2017	Weak close. 5-day low.	1-5 days	Bullish	1.70%	-1.25%	-2.45%
<b>Active - Long Term</b>						
March 29, 2017	20-low to 4-day high	1-20 days	Bullish	3.40%	-2.70%	-5.40%
March 28, 2017	Turn Tues 3 dn & 20-low	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**

Monday again saw the market largely unchanged. The SPX finished up 0.07%, the NASDAQ rose 0.05%, and the Russell 2000 gained 0.18%. Breadth was positive as the NYSE Up Issues % was 67% and the Up Volume % came in at 63%. NYSE volume came in very light.

Not surprisingly, the nearly unchanged market did not trigger much in the way of compelling studies. There was one interesting study that appeared tonight in the Quantifinder. It looked at other times the VIX rose > 6% while SPY also closed higher. In the past I have found that occurrences on Tues-Fri suggested strong bullish implications but Mondays did not. The results below are updated from the 8/28/12 letter.

VIX closes up over 6% while SPY closes positive. Today is Monday. Buy SPY on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-3,835.00	14	6	8	42.86	2,160.60	4,426.37	-2,099.83	-3,488.00	1.03	0.77	-273.93
9	-7,307.97	14	6	8	42.86	1,873.54	3,020.16	-2,318.65	-7,292.68	0.81	0.61	-522.00
8	-11,705.12	14	6	8	42.86	1,988.07	3,348.02	-2,954.19	-9,023.88	0.67	0.50	-836.08
7	-4,262.22	14	8	6	57.14	1,504.65	3,029.65	-2,716.58	-8,244.84	0.55	0.74	-304.44
6	-15,565.10	14	7	7	50.00	1,158.26	2,371.20	-3,381.85	-13,405.98	0.34	0.34	-1,111.79
5	-15,112.26	14	5	9	35.71	1,334.22	2,143.20	-2,420.37	-10,971.48	0.55	0.31	-1,079.45
4	-13,348.16	14	6	8	42.86	1,025.81	2,252.64	-2,437.88	-8,255.66	0.42	0.32	-953.44
3	-9,286.94	14	6	8	42.86	891.62	2,362.10	-1,829.58	-4,912.28	0.49	0.37	-663.35
2	-6,753.35	14	5	9	35.71	924.00	1,858.87	-1,263.71	-3,302.96	0.73	0.41	-482.38
1	-4,272.22	14	5	9	35.71	296.67	538.75	-639.51	-1,955.70	0.46	0.26	-305.16

While there have been some big losers, they have not been consistent, and the profit curves are very choppy. Still, they do suggest there is a chance if a big move lower in the coming days. But considering the inconsistency combined with the small number of instances, I am not inclined to add this to the active list.

I have updated the Aggregator chart below.



With no studies to add tonight 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 0. Therefore, the Aggregator signal stayed flat at the close.

The current list of studies is set to leave expectations negative on Tuesday. Of course this could change if new bullish evidence emerges. The Differential Pivot will be 2369.19 on Tuesday. That is 0.5% above Monday's close. Therefore, SPX will need to close at least 0.5% higher in order to move from oversold to overbought versus expectations on Tuesday.

Monday's mild movement left my outlook largely unchanged. I am not seeing a strongly favorable reward/risk setup here and am not interested in taking on new positions until I see one.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/10 – 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
<i>SPY(1/4)</i>	<i>4/3/2017</i>	<i>\$235.33</i>	<i>\$235.36</i>	<i>0.01%</i>		<i>sold on open</i>

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