

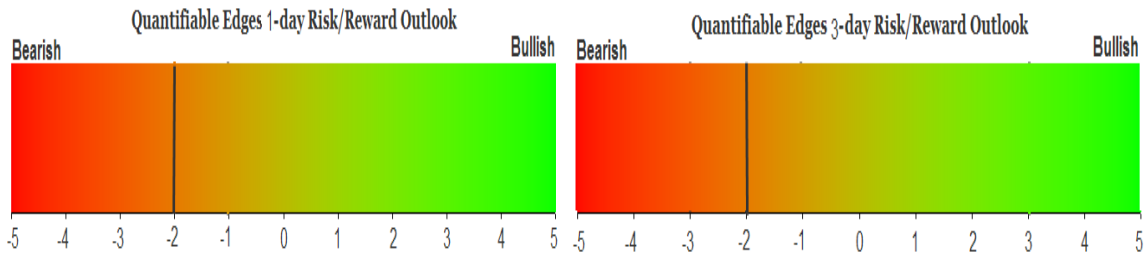
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 26, 2017

Volume 10 Issue 78

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- No new compelling evidence emerged tonight.

### *Short-term Outlook*

#### *The Bottom Line*

There appears to be a bit of a downside edge. Again I don't find it compelling enough to try a counter-trend trade.

*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 20, 2017	HV 3x 20-day lows. No SPX 20-high	1-5 days	Bearish	-2.20%	1.15%	2.05%
<b>Active - Long Term</b>						
April 19, 2017	20-low. 1-day bounce, then inside down	1-10 days	Bullish	4.80%	-2.50%	-6.30%
March 29, 2017	20-low to 4-day high	1-20 days	Bullish	3.40%	-2.70%	-5.40%
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***

Tuesday was another day of buying. The SPX rose 0.6% and closed at a 20-day high, the NASDAQ gained 0.7% and finished at an all-time high, and the Russell 2000 also made a 20-day high and climbed 0.9%. Breadth was positive as the NYSE Up Issues % was 67% and the Up Volume % came in at 69%. NYSE volume came in higher than it has in several days. It did not reach a 20-day high, falling shy of the 4/3/17 volume spike.

Had volume exceeded the 4/3/17 level we would have seen some 20-day “breakout on high volume” studies emerge that would have looked compelling. But without it, there was nothing that emerged suggesting a strong short-term edge. SPX and RUT are both just a little shy of exceeding their 3/1/17 all-time highs. Should they manage to accomplish that more-significant breakout in the upcoming days (or weeks) we’ll look to see how evidence unfolds and whether the breakout is more likely to be genuine or simply a fakeout. For tonight, I have nothing new to add to the Active List.

I have updated the Aggregator chart below.



With new evidence lacking tonight the green Aggregator Line held below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile the black Differential Line also held below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below 0. Therefore, the Aggregator signal remained short at the close.

With the last bearish study expiring on Wednesday, expectations are primed to turn positive as of Wednesday's close. Of course, any new studies that emerge will have a substantial impact on these expectations. The Differential Pivot will be 2347.22 on Wednesday. That is a whopping 1.7% below Tuesday's close. So SPX would need to close down at least 1.7% in order to move from overbought to oversold as of Wednesday's close. That appears highly unlikely. A more likely scenario for working off the overbought condition would be a multi-day decline or consolidation.

There does appear to be a short-term downside edge. But again it is not a strong edge, it is primed to expire on Wednesday afternoon, and it is counter to my intermediate-term outlook. So I am not compelled to take action. Instead I will exercise patience and wait for the next compelling reward/risk setup to emerge.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 4/24 – bullish***

The intermediate-term outlook was last updated in the 4/24 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.

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