

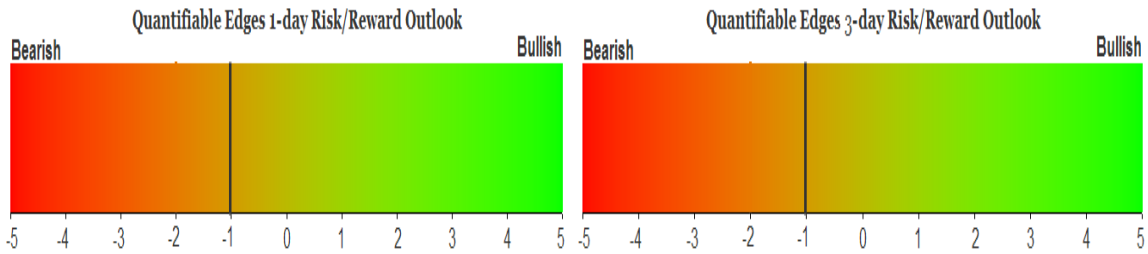
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 3, 2017

Volume 10 Issue 83

## Market Overview



## Signals Overview

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

## Tonight's Research Points

- While Wednesday is a Fed Day, the setup appears less bullish than most Fed Days.

### *Short-term Outlook*

#### *The Bottom Line*

There again appears to be a mild downside edge. It is not compelling enough, nor does it appear to have strong enough potential, to get me interested in a short position. I am again neutral to very slightly bearish.

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

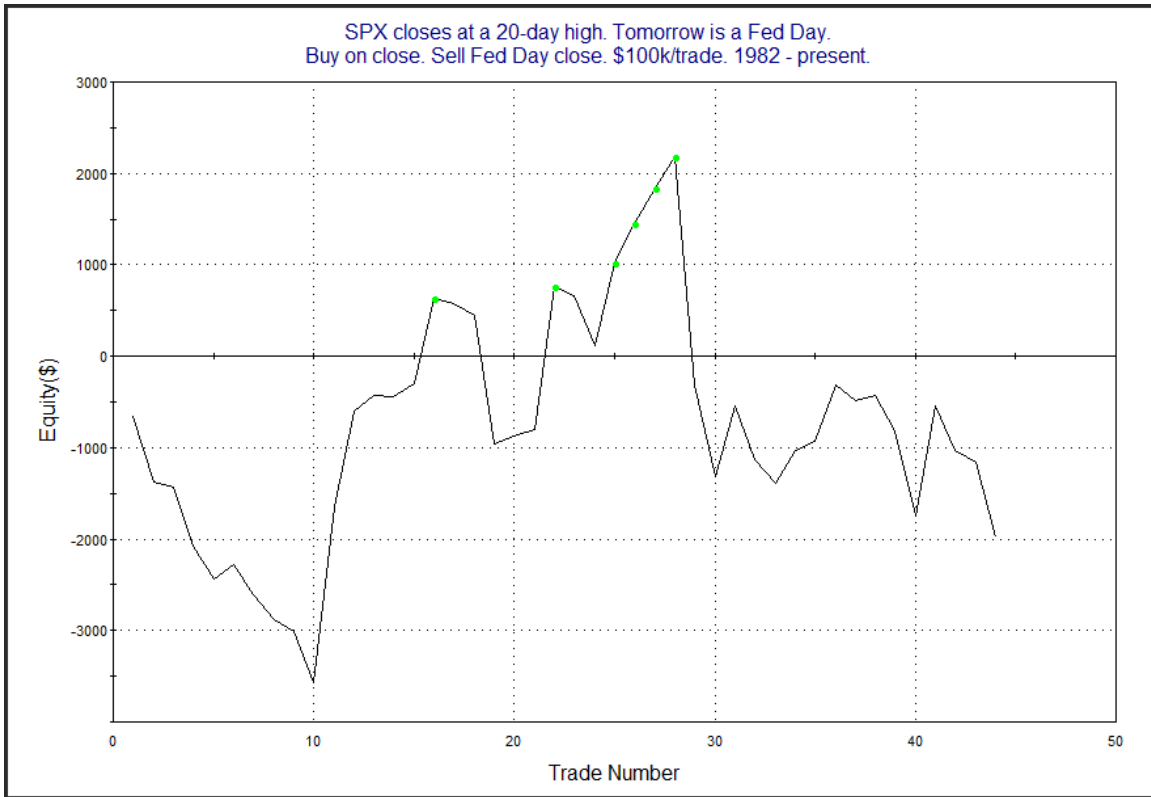
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
May 2, 2017	1st of May closes up	1-4 days	Bearish	-2.20%	0.90%	2.30%
April 28, 2017	SPY 10-high low vol, high, & low.	1-3 days	Bearish			
April 27, 2017	20-low. 1-day bounce, then inside down	1-8 days	Bullish	2.00%	-1.20%	-2.50%
<b>Active - Long Term</b>						
April 28, 2017	20-high. High volume.	1-16 days	Bullish	2.80%	-1.80%	-3.20%
April 19, 2017	20-low. 1-day bounce, then inside down	1-10 days	Bullish	4.80%	-2.50%	-6.30%
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			
<b>Dropped Tonight</b>						
May 1, 2017	Turn of Month / 1st of May	1 day	Bullish			

### *The Evidence*

Monday was a mixed day for the market. The SPX rose 0.12%, the NASDAQ gained 0.06%, and the Russell 2000 lost 0.57%. Breadth was mixed as the NYSE Up Issues % was 50.2% and the Up Volume % came in at 48.0%. NYSE volume rose some from Monday's level.

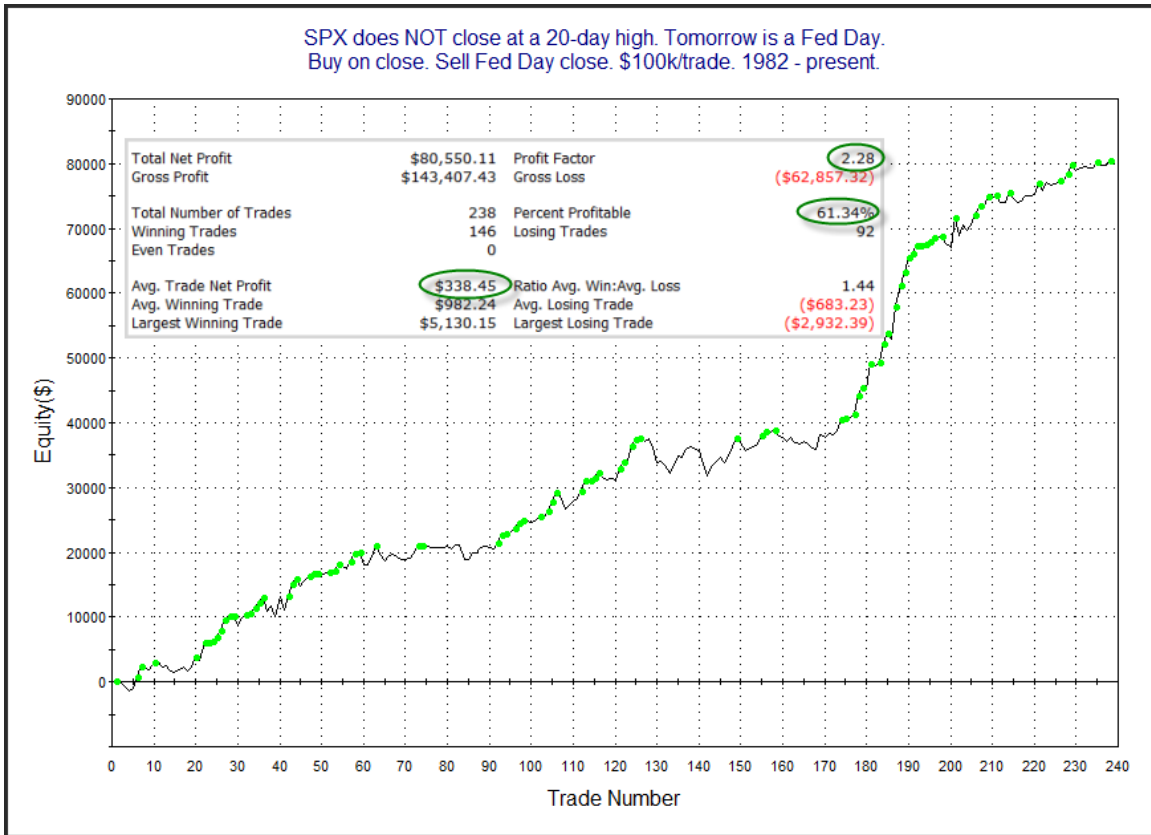
Wednesday is a Fed Day. Fed Days have historically shown an upside tendency. I have documented this tendency in great detail over the years, with the most complete documentation coming in The Quantifiable Edges Guide to Fed Days. Based on what the market did today, this does not seem to be the most favorable Fed Day setup. A big reason for this is that SPX closed at a 20-day high on Tuesday. Fed Day bullishness has often occurred when a Fed announcement has helped to alleviate market stress. When the market closes at a 20-day high, it typically means there isn't a lot of worry present. Under these circumstances, the upside inclination has also not been present. I last showed this in the 12/14/16 subscriber letter, and have updated the study below.

SPX closes at a 20-day high. Tomorrow is a Fed Day. Buy on close. Sell Fed Day close. \$100k/trade. 1982 - present.			
TradeStation Performance Summary			Expand ▾
All Trades			
Total Net Profit	(\$1,973.29)	Profit Factor	0.85
Gross Profit	\$11,247.63	Gross Loss	(\$13,220.92)
Total Number of Trades	44	Percent Profitable	43.18%
Winning Trades	19	Losing Trades	25
Even Trades	0		
Avg. Trade Net Profit	(\$44.85)	Ratio Avg. Win:Avg. Loss	1.12
Avg. Winning Trade	\$591.98	Avg. Losing Trade	(\$528.84)
Largest Winning Trade	\$1,934.04	Largest Losing Trade	(\$2,492.10)

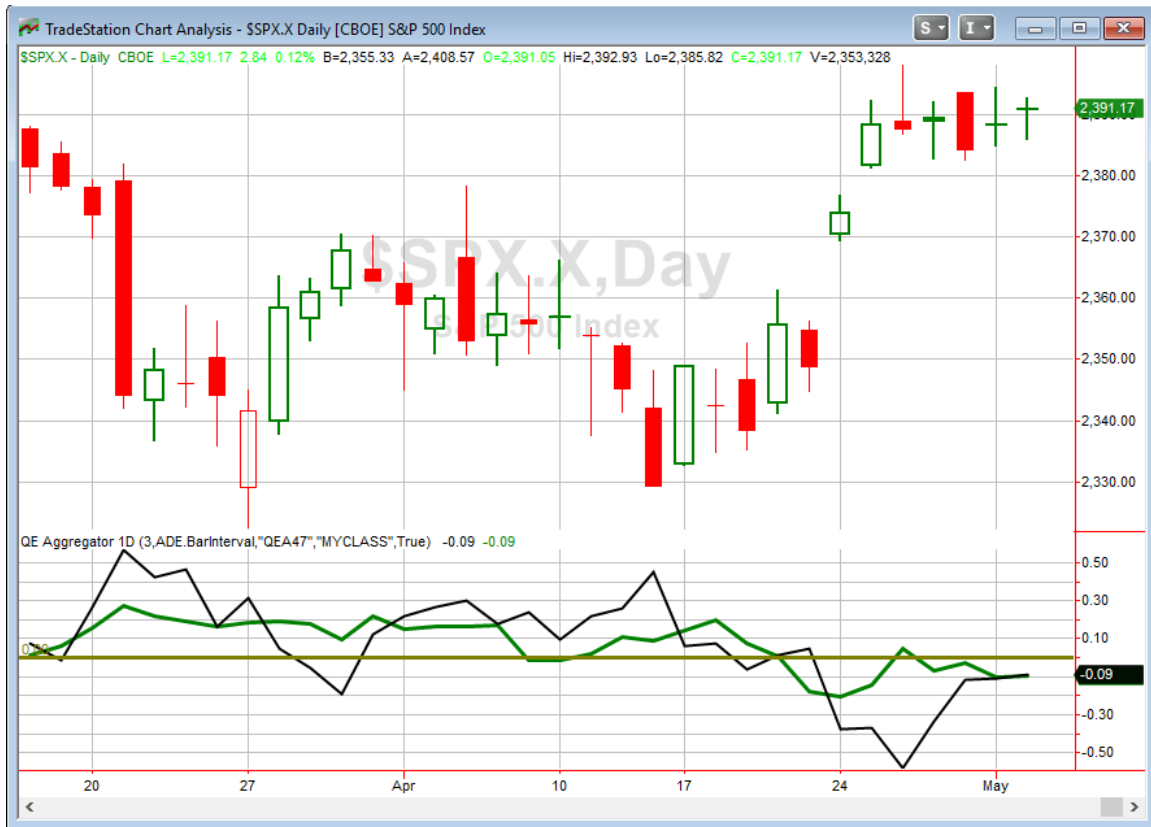


Neither the stats table nor the profit curve suggest any consistency or tradable edge.

As a comparison, here is a profit curve of all Fed Days when SPX did NOT close at a 20-day high the day before.



I have updated the Aggregator chart below.



With tonight's evidence to consider the green Aggregator Line stayed a little 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 remained 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.

Based on the current active studies, expectations are set to flip to bullish on Wednesday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be 2383.18 on Wednesday. That is 0.3% below Tuesday's close. So SPX would need to close down 0.3% in order to move from overbought to oversold as of Wednesday's close.

So there still appears to be a mild and tenuous bearish short-term edge. As has been the case the last couple of days, I am not interested in taking advantage of it. To take a trade counter to my intermediate-term outlook I want to see reward/risk strongly favorable. That has not been the case the last couple of days and again is not the case. So I will continue to stand aside and wait for the next compelling setup to emerge.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 5/1 –bullish***

The intermediate-term outlook was last updated in the 5/1 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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