

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 7, 2017

Volume 10 Issue 108

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged tonight.

Short-term Outlook

The Bottom Line

Evidence is still bullish and the SPX is now oversold. But the evidence is somewhat weak, and I would like to see a bit more of a pullback before I get excited about new positions.

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

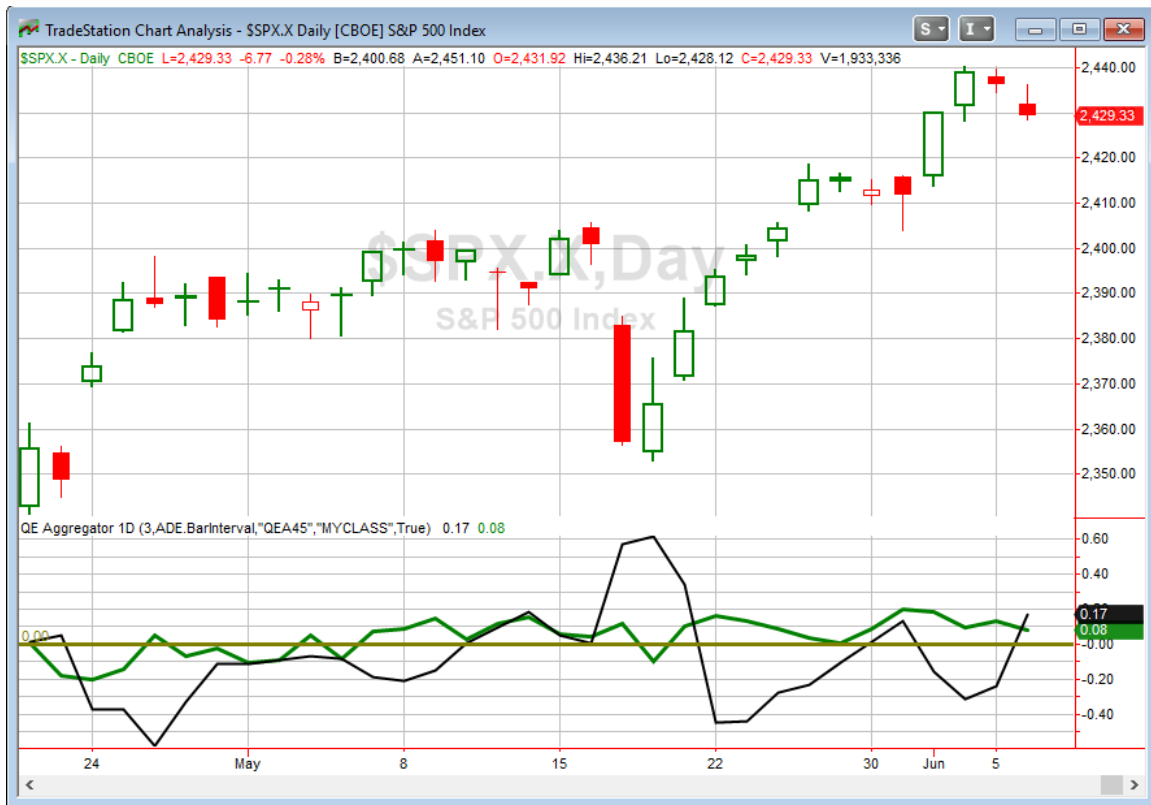
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 6, 2017	Relatively large drop from 50-day high	1-3 days	Bullish			
Active - Long Term						
June 2, 2017	SPX closes above 50-day Bollinger Band	1-50 days	Bullish	4.90%	-4.10%	-7.80%
May 31, 2017	5+ days up to 50-high. Then 1 down.	1-10 days	Bullish	1.90%	-1.05%	-2.20%
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						
June 1, 2017	Dn last 2 days of positive month	1-4 days	Bullish			

The Evidence

Tuesday was a 2nd down day. The SPX declined 0.1%, the NASDAQ lost 0.2%, and the Russell 2000 dropped 0.6%. Breadth was mixed as the NYSE Up Issues % was 45% and the Up Volume % came in at 51%. NYSE volume rose a little from Monday's level.

The very mild pullback over the last couple of days has done nothing to trigger old studies nor inspire new ones. The SPX remains well above its 10-day moving average despite the 2-day decline. A 3rd day down would almost certainly trigger some studies. Most of the time 3 days down in an uptrend will trigger some bullish studies. But we'll have to see how things unfold tomorrow before determining whether there is an edge, and how strong it might be. For tonight – no new evidence.

I have updated the Aggregator chart below.



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

Based on the current active studies, expectations are set to remain bullish on Wednesday. But with very few studies active, this could easily change if new bearish evidence emerges. The Differential Pivot will be 2450.70 on Wednesday. That is 0.9% above Tuesday's close. So for SPX to move from oversold to overbought versus expectations on Wednesday it will need to close up at least 0.9%

So the Aggregator has turned bullish with expectations positive and the SPX now relatively oversold. But upside evidence is fairly weak, and with the market having pulled back only slightly, I am not enthused about taking on new positions just yet. If the pullback deepens a little, I suspect we will see additional bullish studies emerge, and I will be ready to take on new long exposure at that point.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/30 –bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

KMI – 1/3 @ \$18.42 (bought at limit)

Broad Market Large Cap CBI – 1(KMI)

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
KMI(1/3)	5/31/2017	\$18.38	\$18.80	2.29%		Catapult

KMI still has not managed to trigger its exit, though it is very close. Any intraday move >= \$19.08 on Wednesday will see it reach its exit target. It would then be officially sold at the open on Thursday.

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