

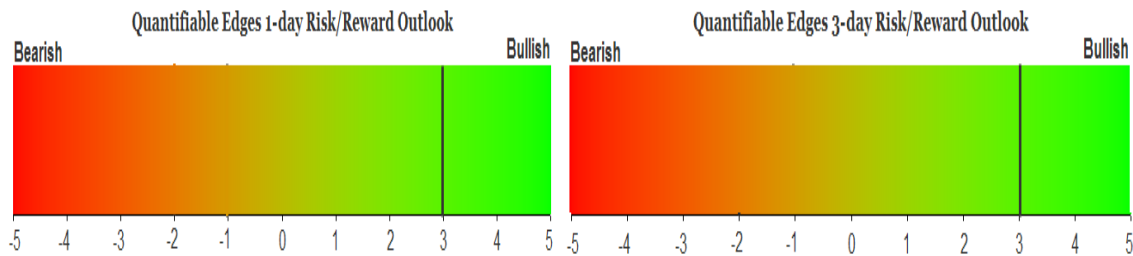
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 4, 2017

Volume 10 Issue 149

Market Overview



Signals Overview

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

Tonight's Research Points

- The employment report could bring some interesting action tomorrow but it has not provided a consistent edge over the years.

Short-term Outlook

The Bottom Line

The Aggregator remains bullish. I still believe a short-term move higher appears likely. I am partially long and looking to maintain my current position.

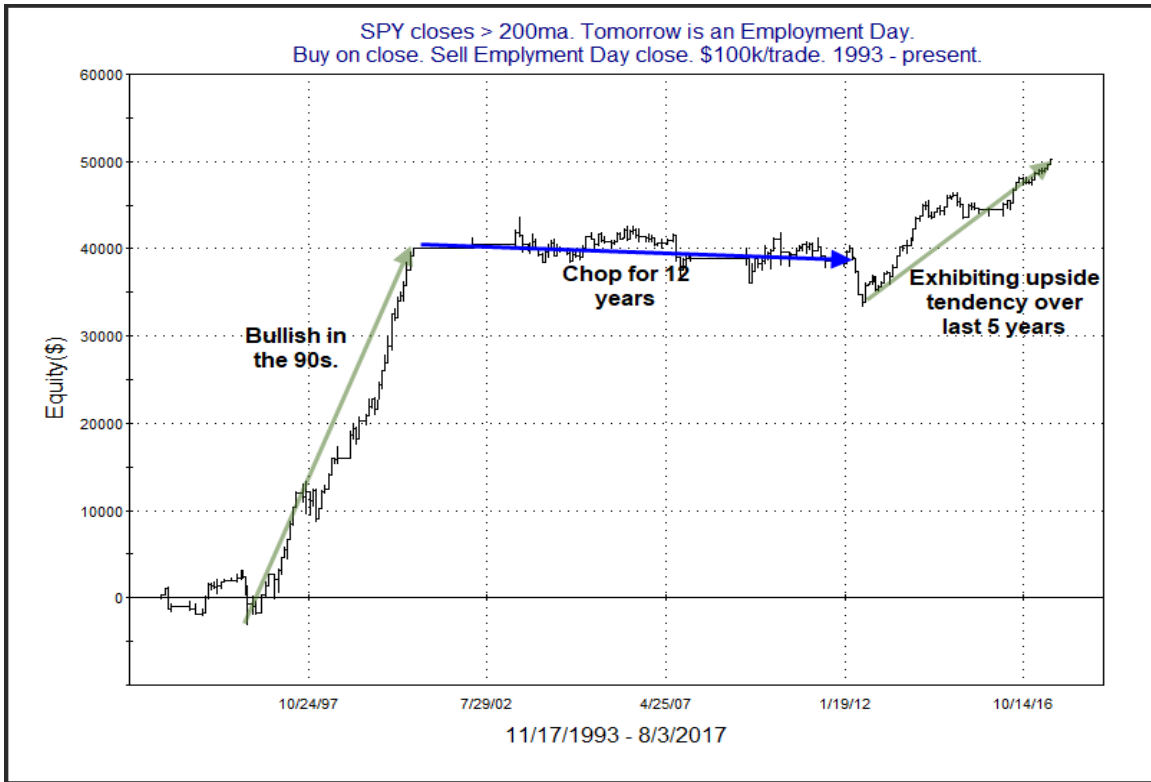
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 3, 2017	Partial gap up and reverse 2x	1-5 days	Bullish	1.80%	-0.75%	-1.30%
August 1, 2017	1st close < 10ma in > 15 days	1-5 days	Bullish			
Active - Long Term						
July 26, 2017	SPX rises. Highest volume in 20 days	1-10 days	Bullish			
July 20, 2017	RSI2 crosses over 99. SPX > 200ma.	1-15 days	Bullish	2.30%	-1.40%	-2.70%
July 17, 2017	NASDAQ Leading	int term	Bullish			
June 24, 2017	Hindenburg Omen cluster	1-35 days	Bearish	-7.00%		
June 2, 2017	SPX closes above 50-day Bollinger Band	1-50 days	Bullish	4.90%	-4.10%	-7.80%
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

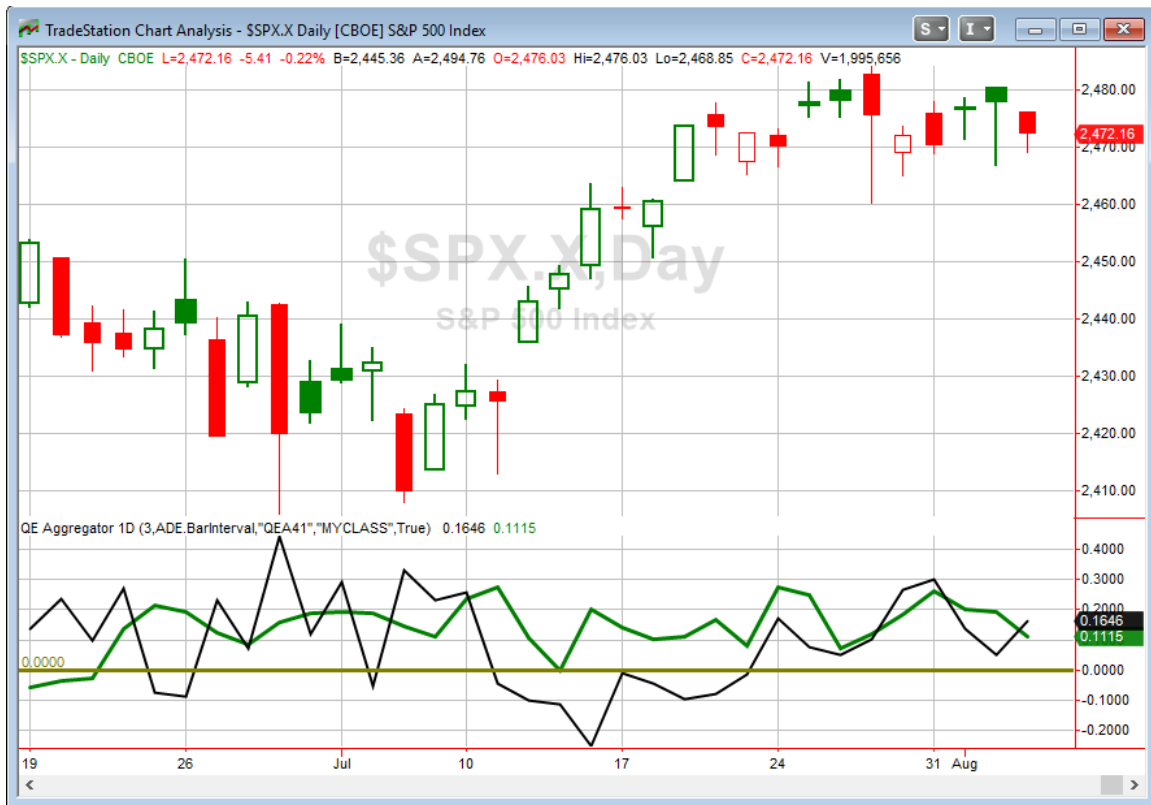
Thursday saw mostly modest declines in the indices. The SPX closed down 0.2%, the NASDAQ declined 0.4%, and the Russell 2000 lost 0.5%. Breadth was negative as the NYSE Up Issues % was 43% and the Up Volume % came in at 38%. NYSE volume rose just a little from Wednesday's level.

Employment days have an interesting history and they have contributed to some worthwhile studies over the years. Below is a chart of SPY performance on Employment Days. I posted this chart in the 10/5/12 subscriber letter. For this equity curve I filtered to only include days where SPY was > its 200ma. Each trade was a fictional \$100k.



What I find interesting about the chart is that Employment Days in uptrends have shown such streaky performance – and the streaks lasted a long time. While it’s a bit unusual to see such abrupt changes in market dynamics, it does serve as a nice reminder that such changes are always possible.

I have updated the Aggregator chart below.



Without any substantial new evidence tonight 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 also remained 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 stayed long at the close.

Based on the current active studies, expectations are set to remain bullish on Friday. It would take some compelling new bearish evidence to change this. The Differential Pivot will be 2492.42 on Friday. That is 0.8% above Thursday's close. So SPX would need to close up 0.8% on Friday in order to move from oversold to overbought versus expectations.

There still appears to be an upside edge. And there is room to the upside, so we could see some decent gains on the current positions. But I am not inclined to up my exposure any further just yet. While SPX is oversold versus expectations, it is continually floundering around the middle of its recent range. I don't love mid-range chop as an entry point. I prefer to keep some powder dry in case the move starts to go against me and the studies continue to point long. And of course the employment report is a bit of a wild card. So on Friday I will simply be holding on to my current positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/31 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ABT – 1/3 @ \$49.18 (bought @ limit)

ABT – 1/3 @ \$49.15 (buy @ limit)

Broad Market Large Cap CBI – 2(ABT-2)

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
SPY(1/4)	7/31/2017	\$246.77	\$246.96	0.08%		Aggregator
ABT(1/3)	8/1/2017	\$49.18	\$49.16	-0.04%		Catapult
ABT(1/3)	8/2/2017	\$49.14	\$49.16	0.04%		Catapult

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