

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 15, 2017

Volume 10 Issue 156

Market Overview



Signals Overview

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

Tonight's Research Points

- The reversal pattern from the 20-day low suggests the bounce could last a few more days.

Short-term Outlook

The Bottom Line

Evidence is pointing higher and the market remains oversold. This suggests a short-term bullish edge.

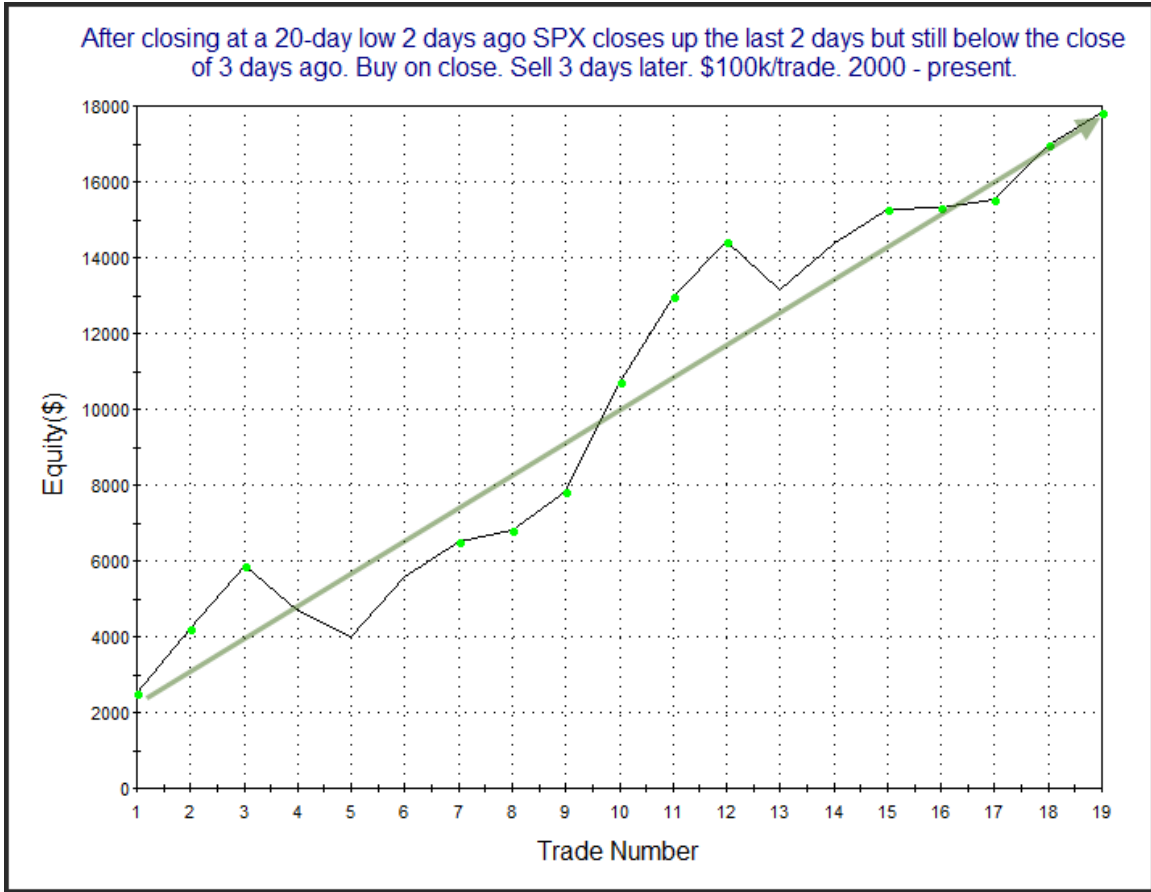
The Evidence

Monday was a big day for the bulls. The SPX gained 1.0%, the NASDAQ rallied 1.3%, and the Russell 2000 rose 1.5%. Breadth was positive as the NYSE Up Issues % was 76% and the Up Volume % also came in at 73%. NYSE volume declined some from Friday’s level.

There were a few studies that triggered from the Quantifinder, but really the only one I found especially compelling was the one below. It notes that SPX has closed up 2 days in a row now, but has not yet managed to recover the full loss from Thursday. The study was last seen in the 7/11/17 letter. The stats are all updated.

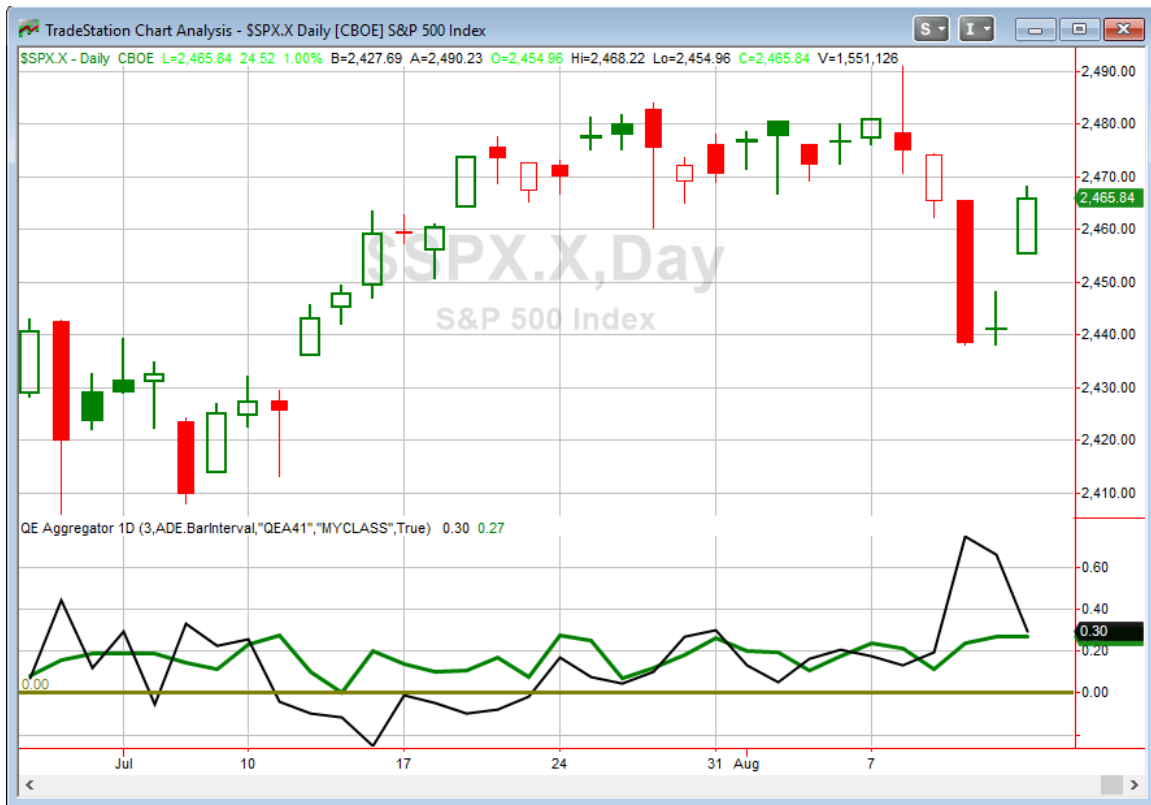
After closing at a 20-day low 2 days ago SPX closes up the last 2 days but still below the close of 3 days ago. Buy on close. Sell X days later. \$100k/trade. 2000 - present.													
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade	
5	19,345.83	18	13	5	72.22	2,072.76	4,522.00	-1,520.00	-3,088.50	1.36	3.55	1,074.77	
4	19,947.47	18	13	5	72.22	1,986.53	4,528.65	-1,175.47	-1,984.50	1.69	4.39	1,108.19	
3	17,831.23	19	16	3	84.21	1,310.80	2,891.90	-1,047.20	-1,260.49	1.25	6.68	938.49	
2	12,004.11	19	12	7	63.16	1,388.41	3,844.65	-665.26	-1,640.00	2.09	3.58	631.80	
1	1,930.22	19	9	10	47.37	947.54	2,699.42	-659.77	-2,621.71	1.44	1.29	101.59	

The stats above appear compelling. Below is the 3-day profit curve.



This is an impressive looking curve that supports the bullish inclinations suggested by the numbers.

I have updated the Aggregator chart below.



With tonight's study to consider 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, which are all bullish, expectations are set to remain bullish on Tuesday. Of course, this could change if compelling bearish evidence emerges. The Differential Pivot will be *strongly inverted* at 2452.10 on Tuesday. That is 0.6% below Monday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case SPX will need to close down at least 0.6% in order to remain oversold. Anything other than that and it will be considered "overbought" versus recent expectations as of Tuesday's close.

I often view inverted pivots as opportune times to take profits on open positions. This is because upside now appears limited. So I will look to take 1 of my 2 SPY lots off right at the open. The other I will take profits on if given a decent gap up or move higher during the day. I will note that none of the Catapults have closed out yet and the CBI remains at 5.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/14– bullish

The intermediate-term outlook was last updated in the 8/14 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

AGN– 1/3 @ \$239.74 (bought @ limit)

AGN– 1/3 @ \$242.65 (bought @ limit)

AGN– 1/3 @ \$241.22 (bought @ limit)

AIG– 1/3 @ \$63.00 (bought @ limit)

AIG– 1/3 @ \$62.65(buy @ limit) – not filled – cancel for now

Broad Market Large Cap CBI – 5(AGN-3, AIG-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	\$246.54	-0.09%		see note below
AGN(1/3)	8/7/2017	\$242.65	\$232.64	-4.13%		Catapult
AGN(1/3)	8/8/2017	\$241.22	\$232.64	-3.56%		Catapult
AGN(1/3)	8/9/2017	\$239.74	\$232.64	-2.96%		Catapult
SPY(1/4)	8/11/2017	\$243.76	\$246.54	1.14%		sell on open
AIG(1/3)	8/11/2017	\$63.00	\$62.88	-0.19%		Catapult

One lot of SPY will be sold at the open. With the other I will take the following approach:

Sell 2nd lot of SPY at \$247.00 LIMIT. If not filled by before 4pm I will sell at the 4pm close if SPX closes above the Differential Pivot of 2452.10. If it closes below there, I will continue to hold the 1 SPY lot.

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