

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 16, 2017

Volume 10 Issue 157

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr / SOMA Swing
Flat	50% Long XIV	Flat

Tonight's Research Points

- The SPY gap and reversal on Tuesday after an unfilled gap up on Monday suggests an upside edge for Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is now neutral. I am too.

The Evidence

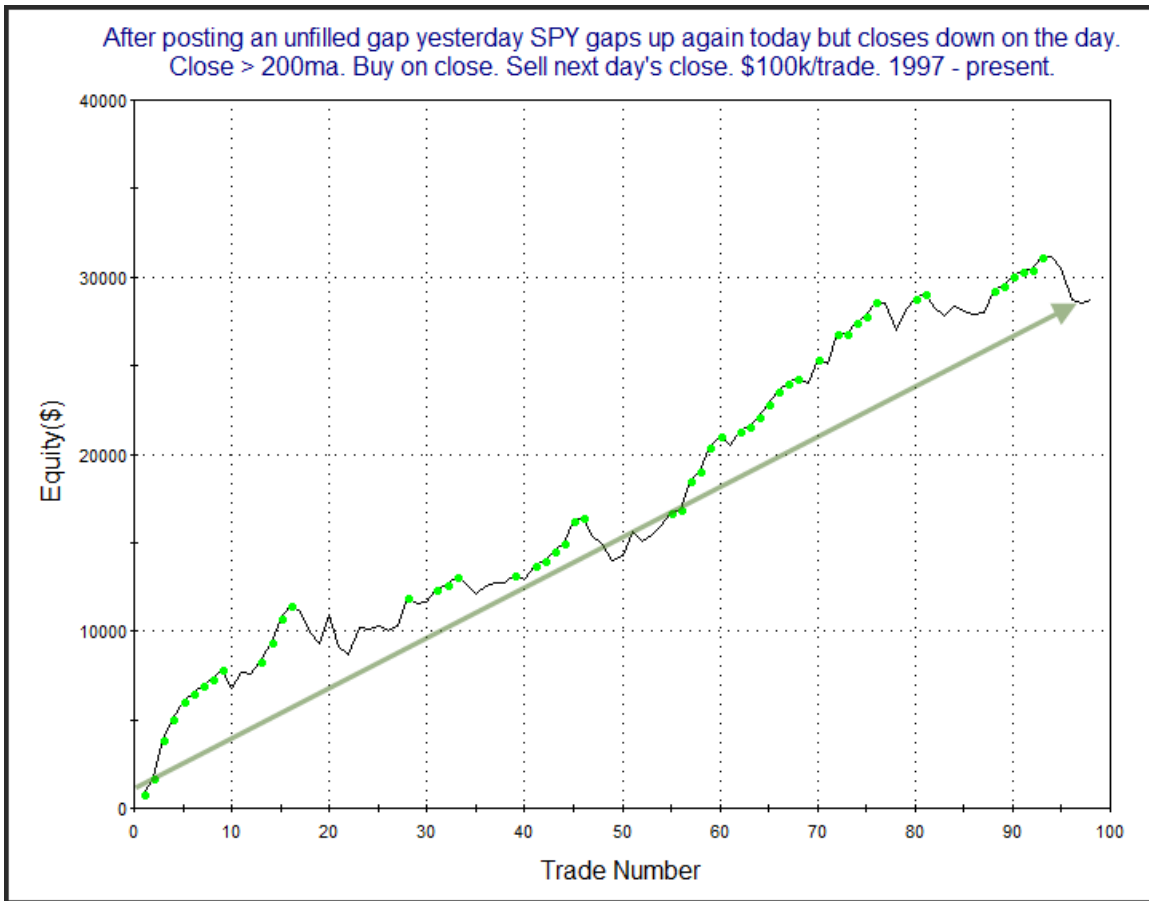
Monday was a consolidation day for the market. The SPX lost 0.05%, the NASDAQ fell 0.1%, and the Russell 2000 dropped 0.8%. Breadth was negative as the NYSE Up Issues % was 35% and the Up Volume % also came in at 40%. NYSE volume declined for the 3rd day in a row.

SPY gapped up and closed lower Tuesday after leaving an unfilled up gap on Monday. In the 5/17/17 letter I examined similar price action in SPY with regards to how it gapped and finished. I found that gains had been pretty consistent the next day after similar action. The study is updated below.

After posting an unfilled gap yesterday SPY gaps up again today but closes down on the day. Close > 200ma. Buy on close. Sell next day's close. \$100k/trade. 1997 - present.

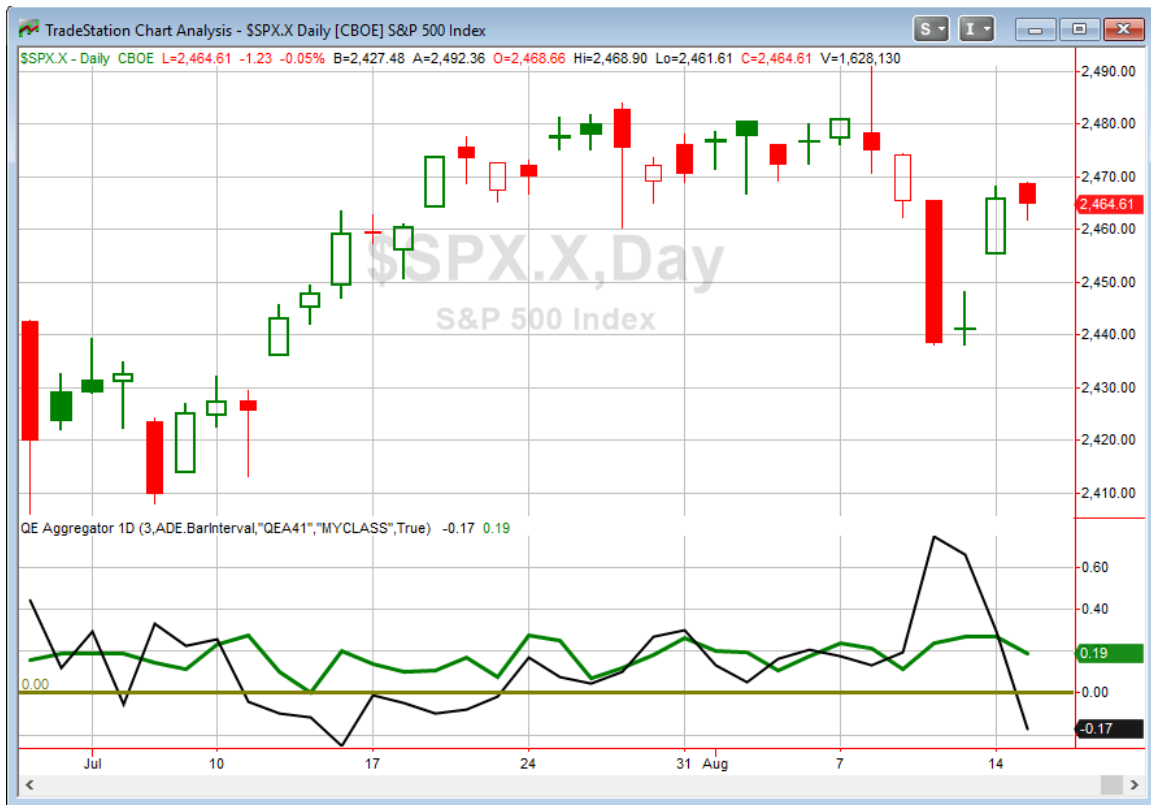
TradeStation Performance Summary Expand			
All Trades			
Total Net Profit	\$28,729.96	Profit Factor	2.66
Gross Profit	\$46,079.16	Gross Loss	(\$17,349.20)
Total Number of Trades	98	Percent Profitable	69.39%
Winning Trades	68	Losing Trades	30
Even Trades	0		
Avg. Trade Net Profit	\$293.16	Ratio Avg. Win:Avg. Loss	1.17
Avg. Winning Trade	\$677.63	Avg. Losing Trade	(\$578.31)
Largest Winning Trade	\$2,194.38	Largest Losing Trade	(\$1,772.16)

The numbers here all look solidly bullish. Below is the profit curve.



Despite the recent dip, the strong, long-term upslope is fairly encouraging. Based on the action of the last 2 days, it appears an up day on Wednesday is fairly likely. I have included this study on the Active List tonight.

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 dove down below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of 0. Therefore, the Aggregator signal turned flat at the close.

Based on the current active studies, which are all bullish, expectations are set to remain positive on Wednesday. Of course, this could change if compelling bearish evidence emerges. The Differential Pivot will be 2456.65 on Wednesday. That is 0.3% below Tuesday's close. So SPX would need to close down at least 0.3% on Wednesday in order to flip from overbought to oversold versus recent expectations.

The Aggregator is neutral for the 1st time in a while. And the SPY closed right on its 10-day moving average. Mid-range with a neutral Aggregator makes it difficult for me to get excited about either direction. So I am neutral also. My index position is currently flat, and that is where it will stay for now.

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	\$247.00	0.09%		<i>sold @ limit</i>
AGN(1/3)	8/7/2017	\$242.65	\$231.14	-4.74%		Catapult
AGN(1/3)	8/8/2017	\$241.22	\$231.14	-4.18%		Catapult
AGN(1/3)	8/9/2017	\$239.74	\$231.14	-3.59%		Catapult
SPY(1/4)	8/11/2017	\$243.76	\$246.98	1.32%		<i>sold on open</i>
AIG(1/3)	8/11/2017	\$63.00	\$63.03	0.05%		Catapult

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