

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 25, 2017

Volume 10 Issue 164

Market Overview



Signals Overview

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

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but evidence is weak and primed to get weaker. I am not inclined to take on new positions right here, and will wait to see if new evidence emerges on Friday.

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

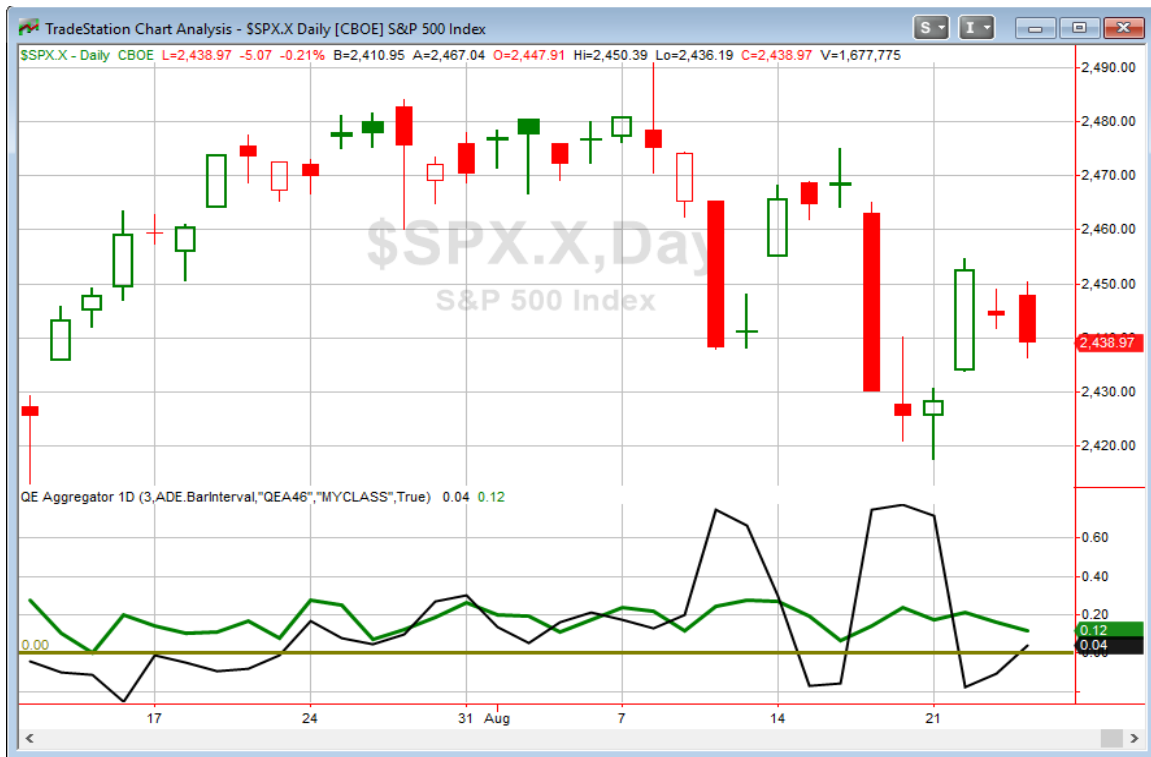
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 22, 2017	20-lo close then 20-intraday lo & up cls.	1-4 days	Bullish	1.70%	-1.30%	-2.30%
August 21, 2017	20-low yest. Gap dn & lower close>200	1-5 days	Bullish	2.80%	-0.90%	-2.00%
Active - Long Term						
August 22, 2017	20-lo close then 20-intraday lo & up cls.	1-10 days	Bullish	2.80%	-1.80%	-3.30%
August 11, 2017	VIX100-day high. SPX no 100-day low.	1-15 days	Bullish			
July 17, 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			

The Evidence

Thursday was a mixed day for the market. The SPX closed down 0.2%, the NASDAQ lost 0.1%, and the Russell 2000 gained 0.3%. Breadth was negative as the NYSE Up Issues % was 49.9% and the Up Volume % came in at 48.5%. NYSE volume rose some from Wednesday's level.

Like last night, I am not seeing any compelling new evidence tonight. That again is not terribly surprising with the mild moves within the recent range. SPY has not moved above Tuesday's high or below Tuesday's low in the last 2 days. The last two days have generally seen a mild pullback while price has wiggled around its 10-day moving average. So I will not be adding any new studies to the Active List tonight.

I have updated the Aggregator chart below.



The green Aggregator line held above zero tonight. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, the black Differential Line moved back 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.

Both of the current active short-term studies are set to expire on Friday. This means that any new evidence that emerges would have a substantial impact on expectations. And the intermediate-term outlook also has a say. The Differential Pivot will be 2467.76 on Friday. That is 1.2% above Thursday's close. So SPX would need to close up a very strong 1.2% in order to move from oversold to overbought versus expectations.

I do like that there is ample room to the upside before SPX would be considered overbought. And with evidence leaning bullish, I would often be looking to take a trade under these circumstances. But the lack of new evidence, combined with the fact that all existing short-term studies are about to expire, and the fact that the intermediate-term outlook could even change, has me wary of looking to get long right here. So I will give it another day, see if compelling new evidence emerges, and then make any trading decisions over the weekend.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/21– bullish

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

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
AGN(1/3)	8/7/2017	\$242.65	\$223.70	-7.81%		Catapult
AGN(1/3)	8/8/2017	\$241.22	\$223.70	-7.26%		Catapult
AGN(1/3)	8/9/2017	\$239.74	\$223.70	-6.69%		Catapult
AIG(1/3)	8/11/2017	\$63.00	\$60.23	-4.40%		Catapult
AIG(1/3)	8/18/2017	\$61.46	\$60.23	-2.00%		Catapult

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