

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 30, 2017

Volume 10 Issue 167

Market Overview



Signals Overview

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

Tonight's Research Points

- VIX up / SPX up for the 2nd day in a row is potentially short-term bearish.

Short-term Outlook

The Bottom Line

Evidence has turned bearish but the SPX is oversold. This leads to a neutral setup.

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 30, 2017	SPX up VIX up last 2 days	1-2 days	Bearish			
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	VIX 100-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			

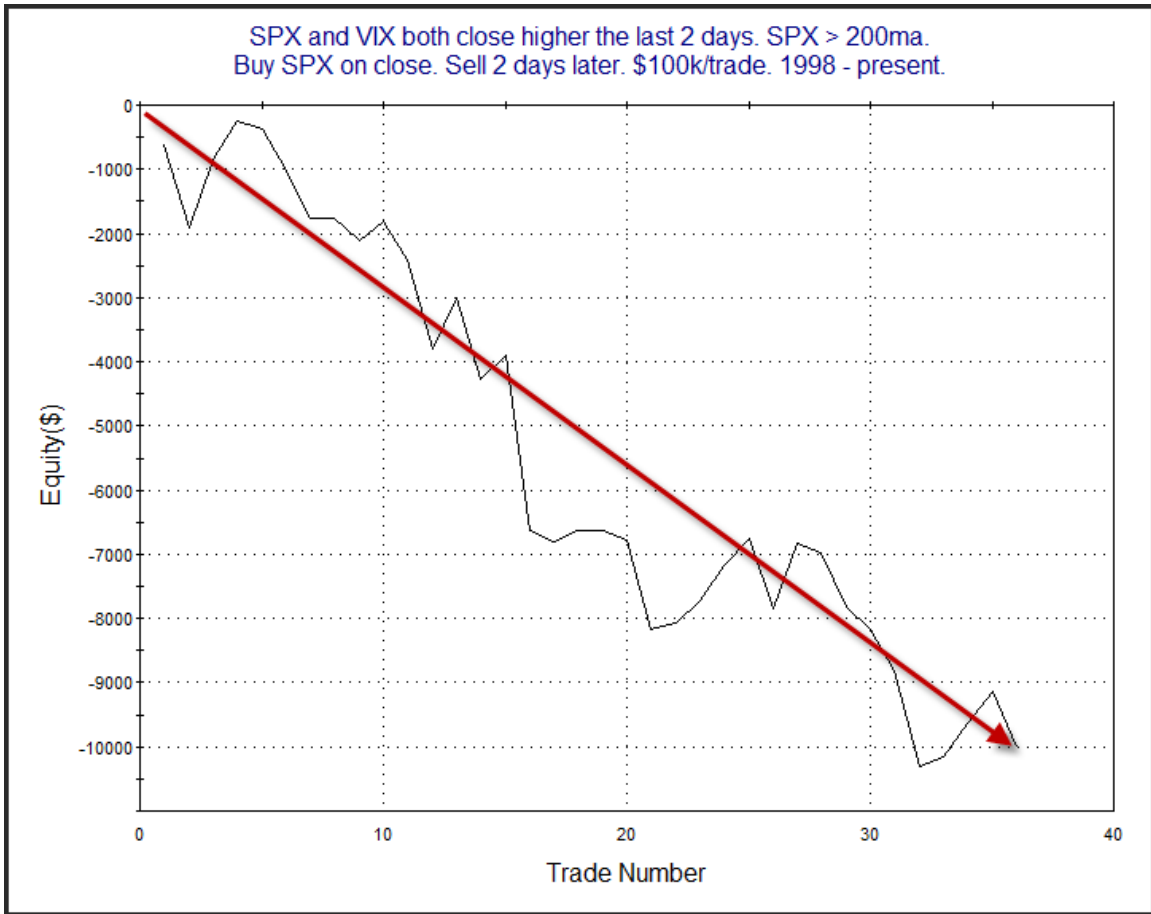
The Evidence

Tuesday started off with a big gap down, but the low was made in the first few minutes and the market clawed back during the day and finished higher. The SPX gained 0.1%, the NASDAQ rose 0.3%, and the Russell 2000 climbed 0.1%. Breadth was negative as the NYSE Up Issues % was 47% and the Up Volume % came in at 46%. NYSE volume declined some from Monday's level.

The Quantifinder showed a few studies tonight that considered Tuesday's very low volume. I expect we will see these studies all week. I likely won't be considering any of them. The low volume is not a sign of complacency, and it is not to be read into. It is simply a result of it being a vacation week for many traders and the last week of August. One study that did trigger and looked interesting was the one below, which was last seen in the 12/28/16 Letter. It looked at times both SPX and VIX closed up for the 2nd day in a row. I have updated all the results tonight.

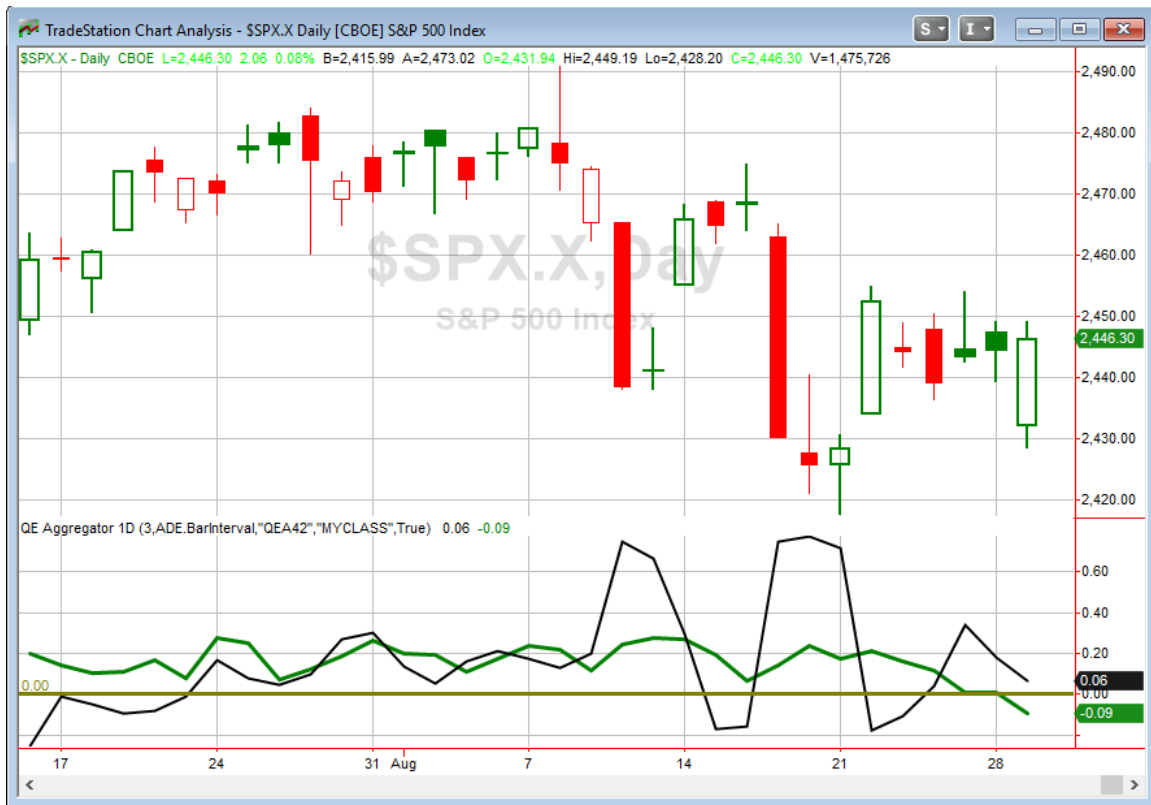
SPX and VIX both close higher the last 2 days. SPX > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-9,282.14	35	20	15	57.14	826.97	3,434.08	-1,721.44	-4,221.70	0.48	0.64	-265.20
4	-12,811.26	36	16	20	44.44	674.60	1,907.36	-1,180.24	-4,240.48	0.57	0.46	-355.87
3	-9,551.69	36	17	19	47.22	612.60	1,433.12	-1,050.83	-4,423.40	0.58	0.52	-265.32
2	-10,012.13	36	14	22	38.89	494.25	1,078.48	-769.62	-2,752.74	0.64	0.41	-278.11
1	-5,712.87	41	15	26	36.59	341.90	1,204.08	-416.97	-1,411.74	0.82	0.47	-139.34

The numbers here provide the bears some hope over the next 1-2 days. I also examined the 2-day profit curve and have included that below.



That is a fairly steady downslope, especially for a study that filters out instances below the 200ma. I find this study worth consideration and have included it on the Active List.

I have updated the Aggregator chart below.



With tonight's study being considered green Aggregator dropped below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile, the black Differential Line remained above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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 changed to flat at the close.

Based on the small amount of compelling studies we are seeing, evidence set to remain negative on Wednesday. The Differential Pivot will be 2450.06 on Wednesday. That is 0.2% above Tuesday's close. So SPX would need to close up at least 0.2% in order to move from oversold to overbought on Wednesday.

The Aggregator is now neutral. I was already fairly neutral on the market, so this does not change much for me. I do not view reward/risk potential as compelling for either direction. I will wait until the next favorable opportunity rises before taking on new index exposure.

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(bought @ \$61.46)

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	\$223.58	-7.86%		Catapult
AGN(1/3)	8/8/2017	\$241.22	\$223.58	-7.31%		Catapult
AGN(1/3)	8/9/2017	\$239.74	\$223.58	-6.74%		Catapult
AIG(1/3)	8/11/2017	\$63.00	\$60.21	-4.43%		Catapult
AIG(1/3)	8/18/2017	\$61.46	\$60.21	-2.03%		Catapult

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