

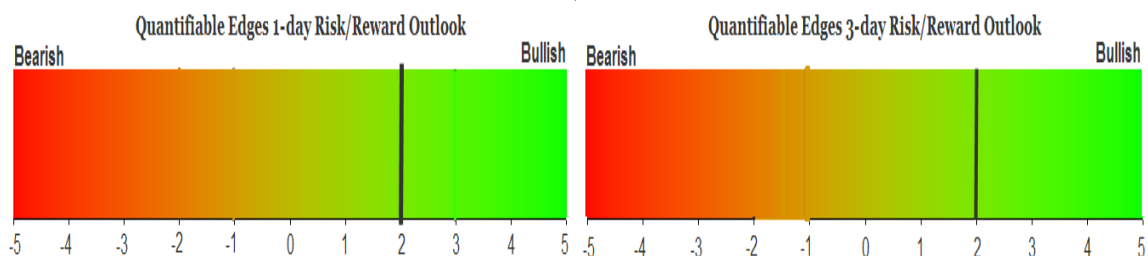
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 8, 2017

Volume 10 Issue 173

Market Overview



Signals Overview

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

Tonight's Research Points

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

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but SPX will turn overbought unless it closes down some on Friday. There appears to be a small bullish edge.

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						
September 8, 2017	Unfilled gap up. Up then dn close.	1 day	Bullish			
September 6, 2017	1 dn after 5+ up days	1-10 days	Bullish			
September 1, 2017	5 days up. Close < 50-high.	1-10 days	Bullish	2.30%	-1.30%	-2.70%
Active - Long Term						
September 1, 2017	5 days up. Close < 50-high.	1-15 days	Bullish	3.05%	-1.60%	-3.20%
August 22, 2017	20-lo close then 20-intraday lo & up cls.	1-10 days	Bullish	2.80%	-1.80%	-3.30%
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			
Dropped Tonight						
September 5, 2017	NASDAQ breadth strong 3 days	1 day	Bearish			

The Evidence

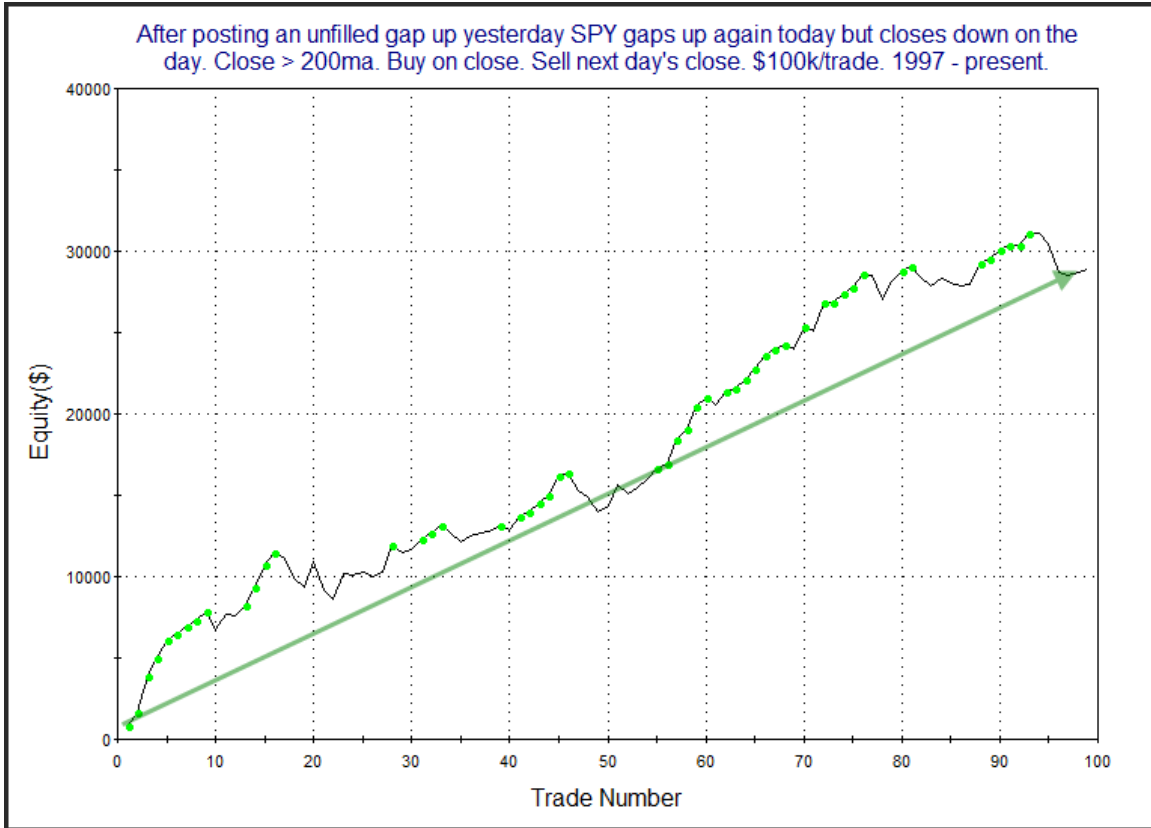
Thursday was mixed and mild. The SPX close down less than 1 point, the NASDAQ rose 0.1%, and the Russell 2000 fell 0.25%. Breadth was slightly negative as the NYSE Up Issues % was 49.9% and the Up Volume % came in at 49.4%. NYSE volume declined some from Wednesday's level.

SPY gapped up and closed lower Thursday after leaving an unfilled up gap on Wednesday. In the 8/16/17 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 up 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.

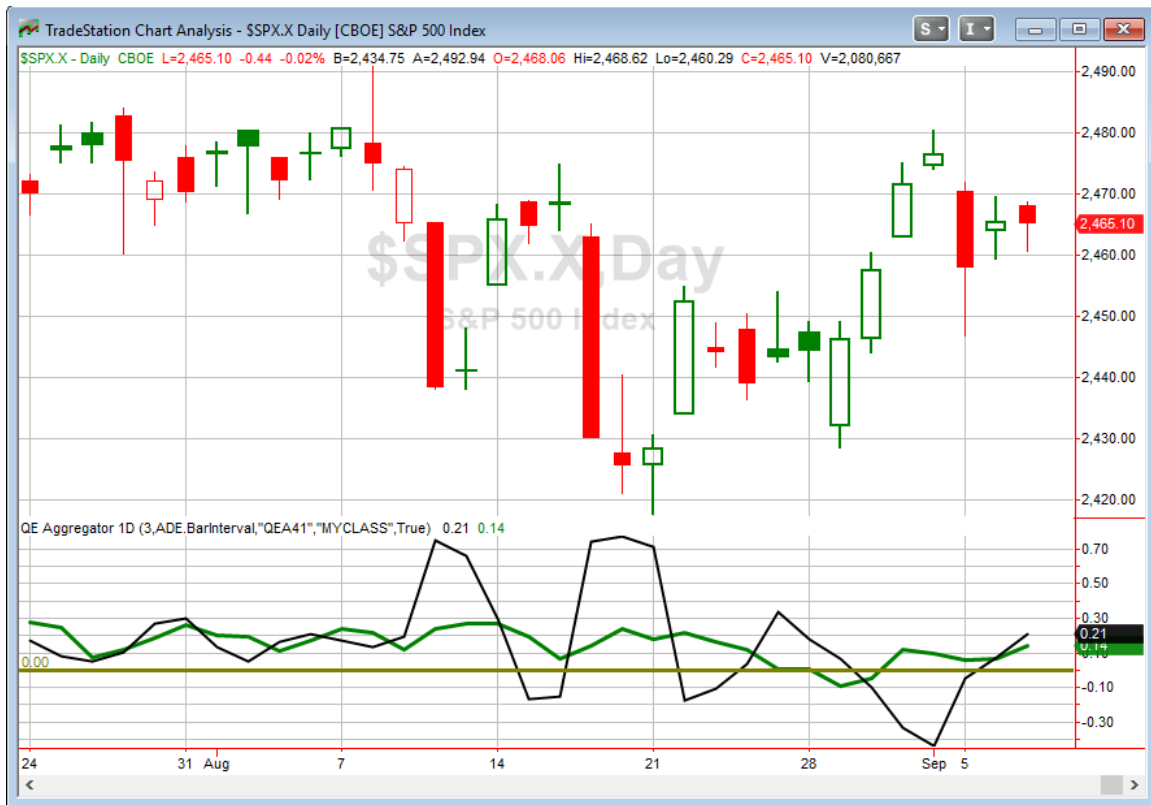
TradeStation Performance Summary				Expand
All Trades				
Total Net Profit	\$28,904.11	Profit Factor		2.67
Gross Profit	\$46,253.31	Gross Loss		(\$17,349.20)
Total Number of Trades	99	Percent Profitable		69.70%
Winning Trades	69	Losing Trades		30
Even Trades	0			
Avg. Trade Net Profit	\$291.96	Ratio Avg. Win:Avg. Loss		1.16
Avg. Winning Trade	\$670.34	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 Friday is fairly likely. I have included this study on the Active List tonight.

I have updated the Aggregator chart below.



With tonight's evidence considered, 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 positive on Friday. Of course, this could change if compelling new bearish evidence emerges. The Differential Pivot will be slightly *inverted* at 2464.77 on Thursday. That is less than 1 point *below* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down some in order to remain oversold. Any close above 2464.77 and it will turn overbought versus expectations.

So expectations are bullish, and the market is currently mildly oversold. But SPX is in the upper 30% of its 10-day range, and any further rise will mean the Aggregator signal will turn neutral on Friday. So while there appears to be a small upside edge, it is not strong enough to interest me at this point. I'll continue to exercise patience until the next strongly favorable reward/risk opportunity arises.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 9/5– bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

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

None

This report has been prepared by Hanna Capital Management, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Hanna Capital Management, LLC or clients of Hanna Capital Management, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Hanna Capital Management, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Hanna Capital Management, LLC nor any officer or employee of Hanna Capital Management, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Hanna Capital Management, LLC.

Copyright © 2017 Hanna Capital Management, LLC.