

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 27, 2017

Volume 10 Issue 186

Market Overview



Signals Overview

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

Tonight's Research Points

- No new evidence emerged tonight.

Short-term Outlook

The Bottom Line

Bullish evidence is building and the SPX is a little oversold. This is leaving the Aggregator in a bullish formation. I am looking for a bounce in the next few days.

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

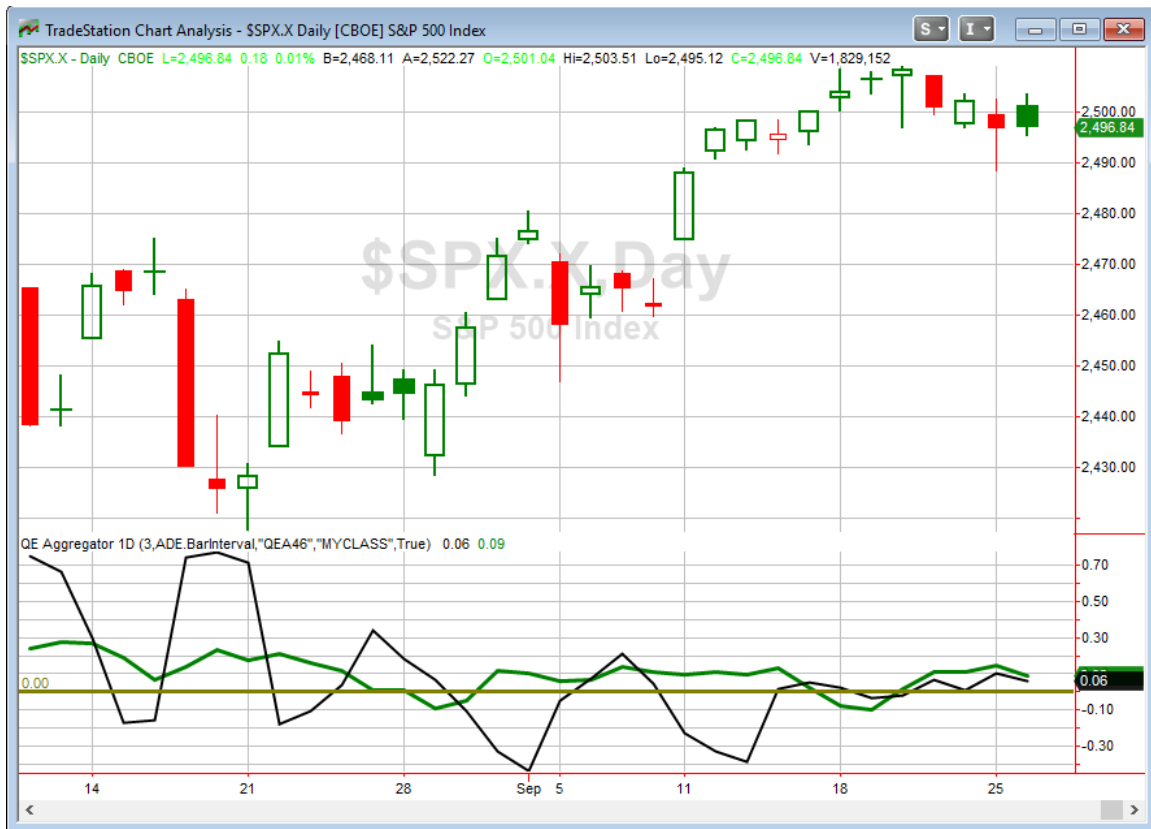
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 26, 2017	Gap to 5 low then close < open	1-4 days	Bullish	1.80%	-1.10%	-2.30%
September 26, 2017	1st close < 10ma in > 15 days	1-5 days	Bullish	1.40%	-0.95%	-1.95%
September 20, 2017	100-day high on Fed Day	1-8 days	Bullish	1.80%	-0.95%	-1.60%
Active - Long Term						
September 25, 2017	SOMA reduction about to begin	int term	Bearish			
September 19, 2017	SPX breaks 50-day Upper Bollinger Band	1-50 days	Bullish	4.85%	-4.10%	-7.80%
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
September 22, 2017	Relatively big drop from 50-high	1-3 days	Bullish			

The Evidence

Tuesday was another mild day for the market. The SPX was about breakeven with a 0.01% gain, the Nasdaq rose 0.15%, and the Russell 2000 closed up 0.34%. Breadth was positive as the NYSE Up Issues % was 57% and the Up Volume % came in at 51%. NYSE volume declined some from Monday's level.

This was the 4th day in a row that SPX changed direction. Meanwhile the Dow is down 4 days in a row, and the Russell 2000 is posting all-time highs. So things seem all over the place. And amidst all the chop, the Quantifinder did not identify any notable studies today. My look at action did not uncover anything either. So I will not be adding any new studies to the Active List tonight.

I have updated the Aggregator chart below.



Without any compelling new evidence emerging tonight, the green Aggregator Line remained 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 held 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 Wednesday. Of course, this could change if new bearish evidence emerges. The Differential Pivot will be 2508.00 on Wednesday. That is 0.45% above Tuesday's close. Therefore, SPX will need to close up at least 0.45% on Wednesday in order to be move from "oversold" to "overbought" versus recent expectations.

There still appears to be a bit of an upside edge. I did not get filled on my SPY trade on Tuesday. Without any new evidence emerging tonight, I am inclined to back away for the moment. If we get a down close on Wednesday and finish near the bottom of the recent range, then I will likely be interested for Thursday. But I will want to see if any new studies emerge before committing to new positions at this point.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/25– neutral

The intermediate-term outlook was last updated in the 9/25 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

KHC @ \$77.52 (bought @ limit)

Broad Market Large Cap CBI – 1(KHC)

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. No fill from SPY on Tuesday. That order is now cancelled.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
KHC(1/3)	9/25/2017	\$77.52	\$78.59	1.38%		Catapult

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