

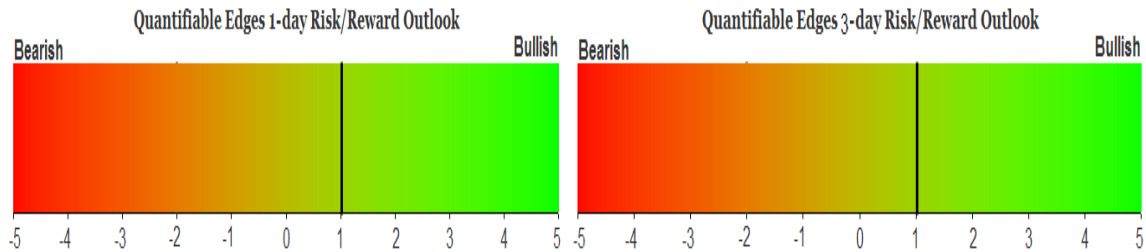
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 28, 2017

Volume 10 Issue 187

## 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*

The Aggregator remains bullish but the SPX is nearing overbought. This suggests a small upside edge.

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

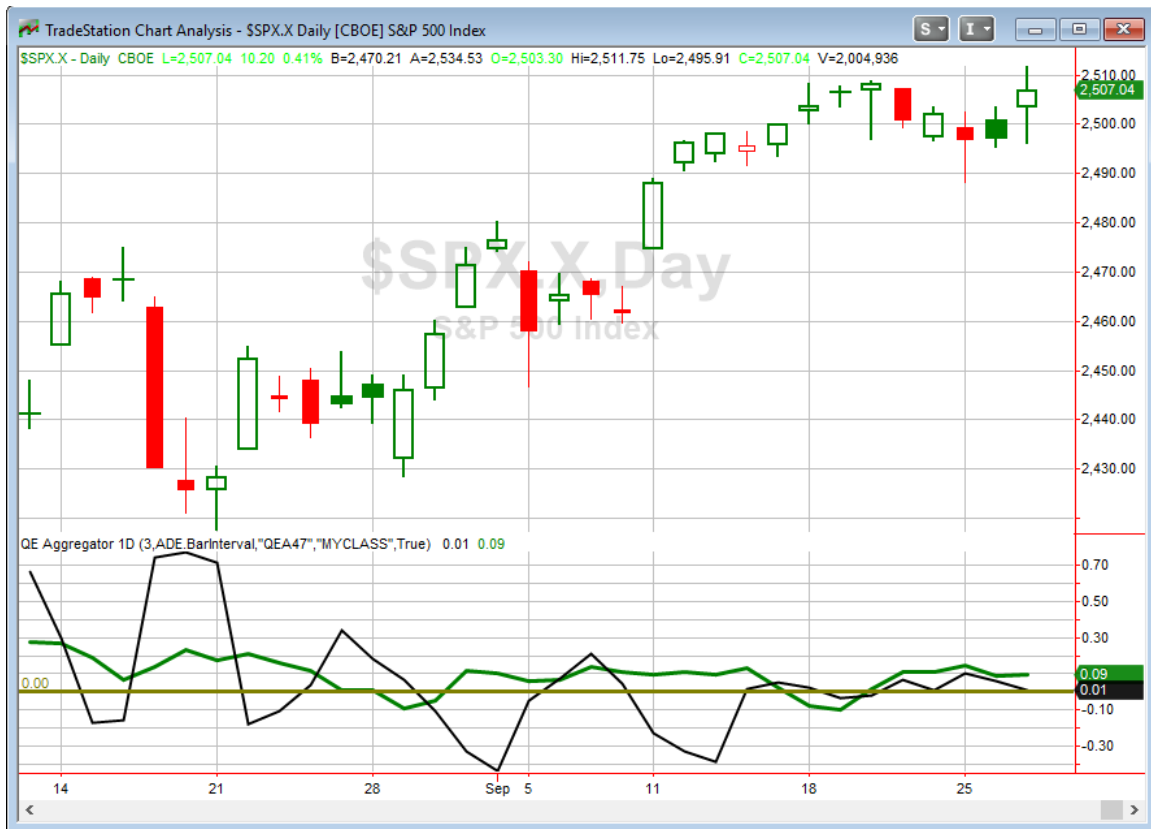
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
September 26, 2017	Gap to 5 low then close < open	1-4 days	Bullish	1.80%	-1.10%	-2.30%
September 26, 2017	1st close < 10ma in > 15 days	1-5 days	Bullish	1.40%	-0.95%	-1.95%
September 20, 2017	100-day high on Fed Day	1-8 days	Bullish	1.80%	-0.95%	-1.60%
<b>Active - Long Term</b>						
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			

***The Evidence***

Wednesday was a solid day for the bulls. The SPX rose 0.4%, the Nasdaq gained 1.15%, and the Russell 2000 rallied 1.9%. Breadth was positive as the NYSE Up Issues % was 56% and the Up Volume % came in at 61%. NYSE volume rose some from Tuesday's level.

SPX did poke out to new intraday highs, although a late selloff prevented it from posting new closing highs. The NASDAQ neared new intraday highs, but the NASDAQ 100 is lagging a bit, and did not. The Russell 2000's strong move provided both new intraday and closing highs. The new highs all suggest the uptrend remains intact. But it is important to note that these are not fresh breakouts from basing periods. SPX last posted a new intraday high just a week ago, and the Russell...yesterday. Fresh breakouts from bases will often generate momentum and create short-term trading edges. Further extensions of existing rallies, like we are seeing right now, do not generate the same kind of compelling edge. This is why we are seeing the Quantifinder come up blank for the 2<sup>nd</sup> day in a row. So there are no new studies to add 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 held just barely 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 Thursday. Of course, this could change if new bearish evidence emerges. The Differential Pivot will be *inverted* at 2505.76 on Thursday. That is 0.05% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case, SPX will need to close down about 2 points in order to remain oversold. Anything shy of that will leave SPX overbought.

So the Aggregator is still suggesting a bit of a bullish edge. But the inverted pivot does serve to limit potential reward, since the only way in which the bullish Aggregator formation will remain active is with a decline on Thursday. I do not view setups with inverted pivots as opportune time to enter trades. I will continue to exercise patience and wait for a more favorable reward/risk setup before looking to take on new index exposure.

**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.*

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
KHC(1/3)	9/25/2017	\$77.52	\$78.23	0.92%		Catapult

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.