

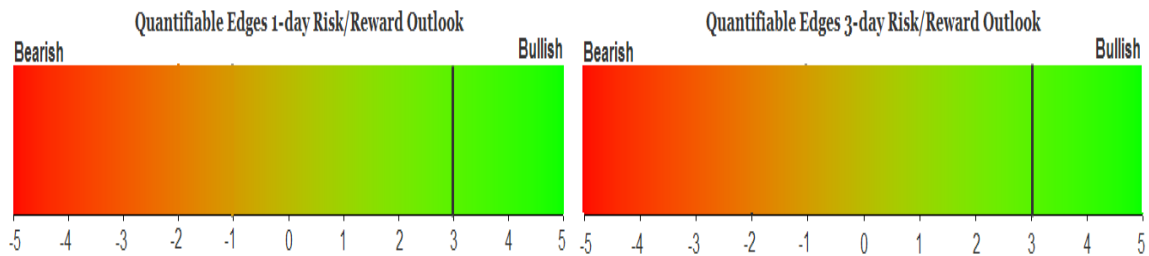
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 15, 2017

Volume 10 Issue 221

Market Overview



Signals Overview

Aggregator	Aggressive VIX
Long	100% Long XIV

Tonight's Research Points

- The 1st 10-day low in a while is often buyable.

Short-term Outlook

The Bottom Line

The Aggregator is again bullish. I am partially long and looking to take advantage of a bounce.

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						
November 15, 2017	1st 10-low in 30 days	1-6 days	Bullish	2.30%	-1.40%	-3.10%
November 13, 2017	CBI >= 7 . SPX < 10ma and > 200ma	1-6 days	Bullish			
Active - Long Term						
November 15, 2017	1st 10-low in 30 days	1-10 days	Bullish	3.10%	-1.90%	-4.30%
November 14, 2017	SPX top 25% 20day rng. RUT bottom 25	1-40 days	Bullish	5.60%	-2.80%	-5.50%
November 13, 2017	Hindenburg Omen Cluster	1-35 days	Bearish			
November 10, 2017	1st 5-low in 10 days. 20-high yesterday	1-11 days	Bullish			
November 8, 2017	5 higher 50-day, 1 day down	1-10 days	Bullish			
October 24, 2017	SPX 20-high. NDX big drop	1-50 days	Bullish	6.30%	-2.80%	-5.50%
October 2, 2017	SOMA reduction begins	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

Tuesday saw the market gap down and then partially recover those losses. The SPX finished down 0.2%, while the NASDAQ and Russell 2000 lost 0.3%. Breadth was negative as the NYSE Up Issues % was 37% and the Up Volume % came in at 30%. NYSE volume rose a little from Monday's level.

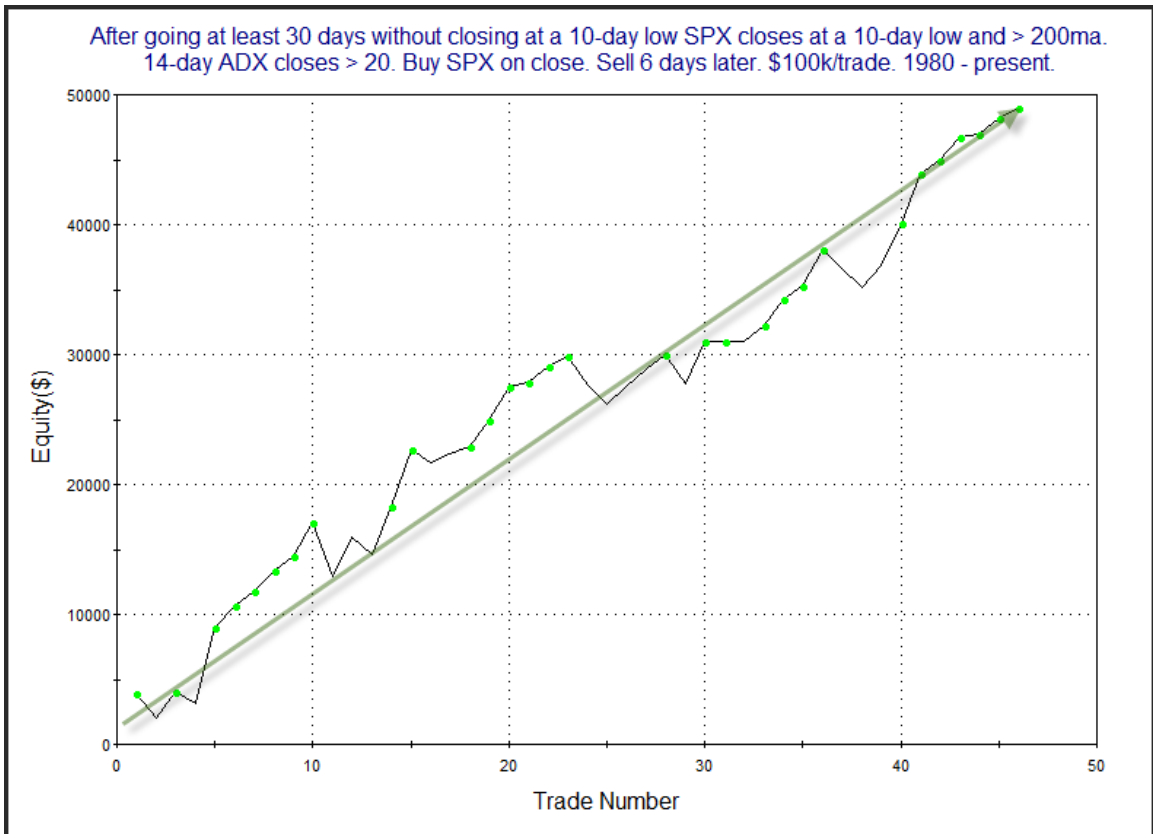
Notable about the low close on Tuesday is that it was the 1st 10-day low close since 8/18/17. Before today SPX had gone a whopping 60 trading days without posting a 10-day low. That is a long time. Historically the 1st pullback to a 10-day low after a long time without one has provided a solid upside edge. In the 3/9/17 letter I also found that the edge is more prevalent when SPX has been trending than when it has been chopping sideways for an extended period. In that letter I used ADX to determine trend strength. I found that a reading of 20 or higher seemed to be a decent filter. Updated results are below with that filter included.

After going at least 30 days without closing at a 10-day low SPX closes at a 10-day low and > 200ma.
 14-day ADX closes > 20. Buy SPX on close. Sell X days later. \$100k/trade. 1980 - present.

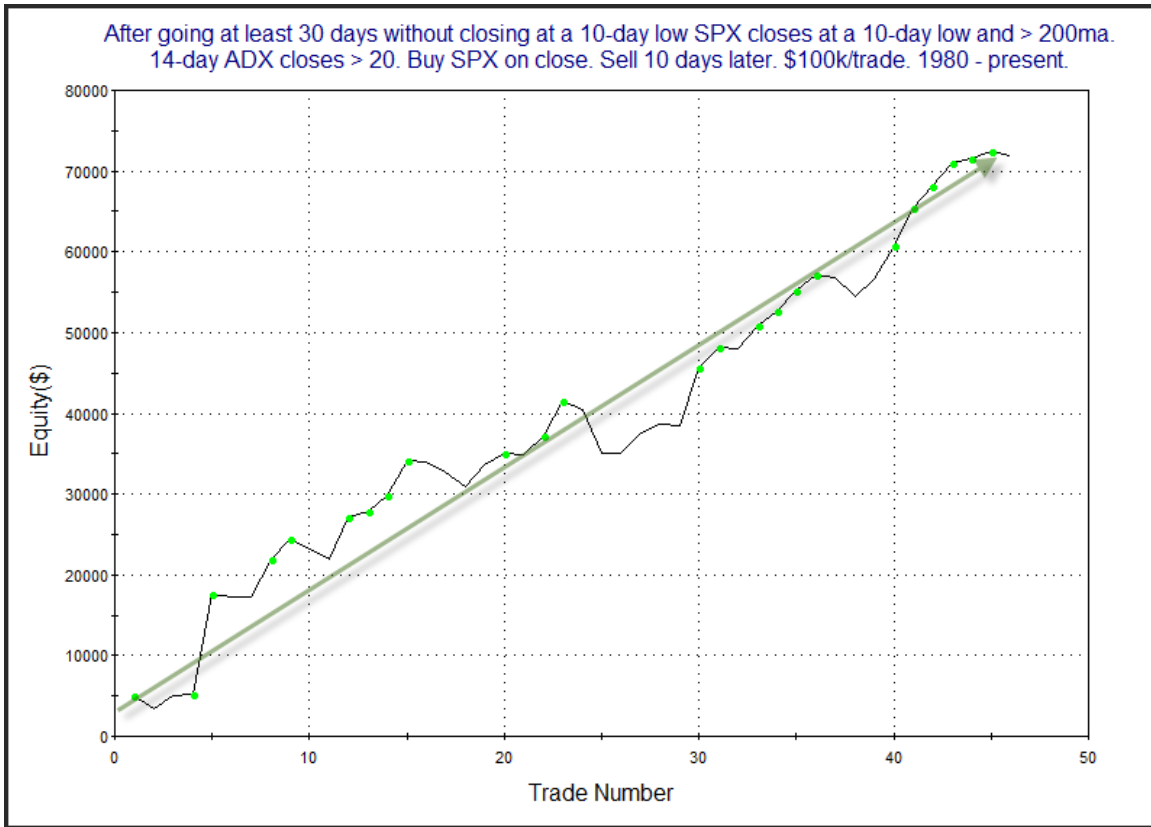
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	71,886.62	46	31	15	67.39	2,902.08	12,395.76	-1,205.20	-5,362.24	2.41	4.98	1,562.75
9	69,974.77	46	34	12	73.91	2,533.20	10,529.82	-1,346.17	-3,753.36	1.88	5.33	1,521.19
8	67,013.00	46	36	10	78.26	2,344.05	10,554.48	-1,737.27	-6,117.72	1.35	4.86	1,456.80
7	48,137.55	46	33	13	71.74	2,292.98	7,743.24	-2,117.75	-8,141.12	1.08	2.75	1,046.47
6	48,959.65	46	35	11	76.09	1,919.16	5,893.74	-1,655.54	-4,111.40	1.16	3.69	1,064.34
5	42,214.38	46	32	14	69.57	1,849.02	4,608.35	-1,211.02	-3,502.11	1.53	3.49	917.70
4	40,114.87	46	36	10	78.26	1,552.86	4,690.50	-1,578.80	-2,616.60	0.98	3.54	872.06
3	19,281.89	46	32	14	69.57	1,186.90	3,940.55	-1,335.64	-4,464.88	0.89	2.03	419.17
2	9,522.91	46	29	17	63.04	1,008.44	3,744.45	-1,160.10	-7,559.56	0.87	1.48	207.02
1	6,607.29	46	28	18	60.87	679.76	2,287.60	-690.34	-1,922.40	0.98	1.53	143.64

44 of 46 instances (96%) closed above the entry price at some point in the next week.

The numbers here are quite good, suggesting a short-term upside edge. Below is a 6-day profit curve.



This profit curve also shows a strong steady upslope. And here is the 10-day.



This curve is just as impressive. I have added this study to both the short and intermediate-term active lists.

I have updated the Aggregator chart below.



With tonight's study 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 list of active studies, expectations are slated to remain positive on Wednesday. Of course, this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2589.17 on Wednesday. That is 0.4% above Tuesday's close. Therefore, SPX will need to close up at least 0.4% in order to move from oversold to overbought vs expectations on Wednesday.

So the bullish edge still appears to be in place. And there is a bit of room to the upside before SPX would turn overbought. I already have a small long position. I will hold onto it for the time being in the hope of taking advantage of a short-term rally. I will also note there was one Catapult that is being closed out on Thursday, and 2 more that are now active. Details on those can be found in the Trade Ideas section down below.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/13– somewhat bullish

The intermediate-term outlook was last updated in the 11/6 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

MON @ \$119.87 (bought 1/3 @ limit)

MON @ \$117.34 (bought 1/3 @ limit)

AXP @ \$93.52 (bought 1/3 @ limit)

UTX @ \$117.07 (bought 1/3 @ limit)

NEW

COP @ \$51.23(buy 1/3 @ limit)

MET @ \$52.00 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 6(MON-2, AXP, UTX, COP, MET)

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.

COP – Buy 1/3 Catapult position @ \$51.23 LIMIT. This is from the Catapult section above. It is the 1st of up to 3 possible lots for COP.

MET – Buy 1/3 Catapult position @ \$52.00 LIMIT. This is from the Catapult section above. It is the 1st of up to 3 possible lots for MET.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
PM(1/3)	11/2/2017	\$103.71	\$103.39	-0.31%		<i>sold on open</i>
PM(1/3)	11/3/2017	\$103.00	\$103.39	0.38%		<i>sold on open</i>
PM(1/3)	11/6/2017	\$102.62	\$103.39	0.75%		<i>sold on open</i>
MON(1/3)	11/6/2017	\$119.87	\$118.05	-1.52%		Catapult
MON(1/3)	11/10/2017	\$117.02	\$118.05	0.88%		Catapult
AXP(1/3)	11/13/2017	\$93.00	\$93.76	0.82%		Catapult
MMM(1/3)	11/13/2017	\$226.73	\$229.33	1.15%		<i>sell on open</i>
SPY(1/4)	11/13/2017	\$257.31	\$257.37	0.02%		Aggregator
UTX(1/3)	11/14/2017	\$117.07	\$118.80	1.48%		Catapult

MMM reached its exit trigger and will be sold at the open.

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