

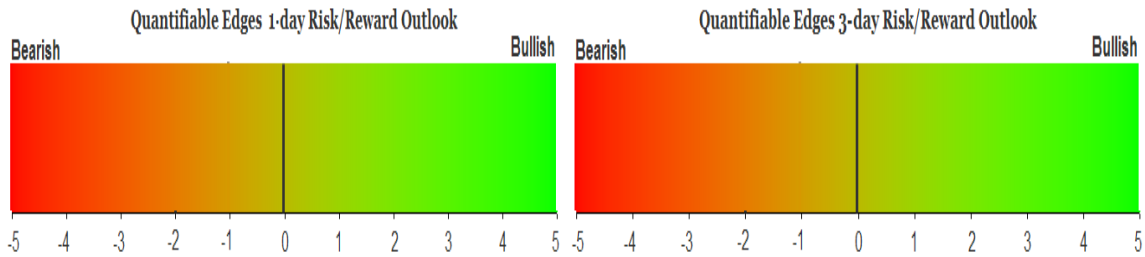
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 13, 2018

Volume 11 Issue 49

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

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

## *Short-term Outlook*

### *The Bottom Line*

Evidence is pointing higher, but the market is again quite overbought on a short-term basis. So I do not love reward/risk, and am still waiting for a more favorable opportunity to emerge before putting new capital at risk.

*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>						
March 13, 2018	Unfilled gap up. Gap up close dn > 200	1 day	Bullish			
March 12, 2018	NASDAQ up 1% 50-high. Jobs Day.	1-5 days	Bullish	2.00%	-1.00%	-2.00%
March 12, 2018	March Opex Bullish	1-4 days	Bullish	1.70%	-1.10%	-2.40%
<b>Active - Long Term</b>						
February 15, 2018	FTD with moderate breadth & volume	int term	Bearish			
January 16, 2018	NASDAQ Leading	int term	Bullish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
January 8, 2018	SOMA reduction intensifies to \$20 billion	int term	Bearish			
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

**The Evidence**

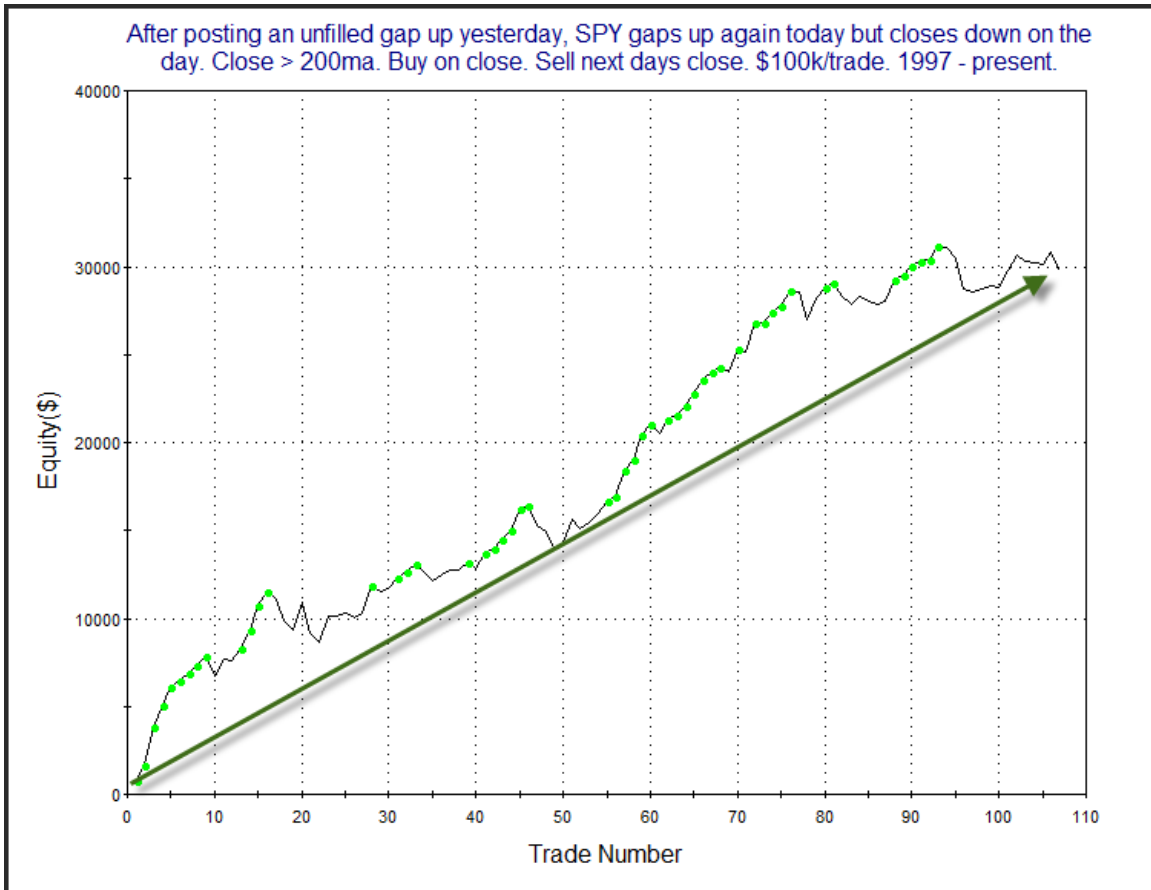
Monday was a mixed day for the market. Interestingly, the employment day NASDAQ breakout study from the weekend was dead on, as we saw nice follow-through by the NASDAQ, but SPX failed to keep pace and closed negative. The SPX finished down 0.1%, the NASDAQ rose 0.4%, and the Russell 2000 gained 0.25%. Breadth was positive as the NYSE Up Issues % was 55% and the Up Volume % came in at 58%. NYSE volume declined some from Friday's level.

The mixed and mild action did not do much to trigger new studies. Of those that were shown in the Quantifinder, I only found one to be compelling. SPY gapped up and closed lower Monday after leaving an unfilled up gap on Friday. In the 2/28/18 letter I examined similar price action in SPY with regards to how it gapped and finished. 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 days close. \$100k/trade. 1997 - present.

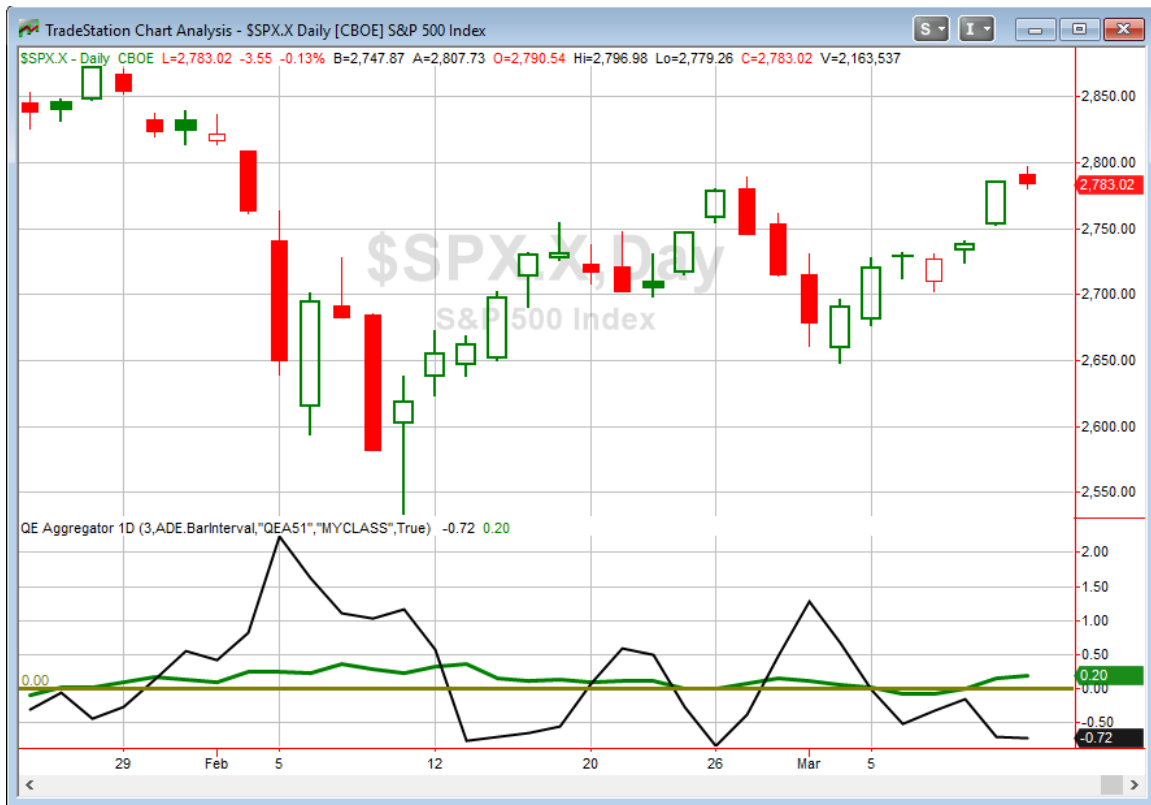
TradeStation Performance Summary				Expand ▾
All Trades				
Total Net Profit	\$29,797.46	Profit Factor		2.56
Gross Profit	\$48,855.41	Gross Loss		(\$19,057.95)
Total Number of Trades	107	Percent Profitable		67.29%
Winning Trades	72	Losing Trades		35
Even Trades	0			
Avg. Trade Net Profit	\$278.48	Ratio Avg. Win:Avg. Loss		1.25
Avg. Winning Trade	\$678.55	Avg. Losing Trade		(\$544.51)
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 choppiness, the strong, long-term upslope is fairly encouraging. The action of the last 2 days appears to be suggesting an upside edge for Tuesday. I have included this study on the Active List tonight.

I have updated [the Aggregator chart](#) below.



With today's study taken into consideration, 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 remained below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. 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 stayed flat at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Tuesday. Of course this could change if strong new bearish evidence emerges. The Differential Pivot will be 2734.52 on Tuesday. That is a 1.7% below Monday's close. So SPX would need to close down at least 1.7% on Tuesday in order to flip from overbought to oversold. That is unlikely to happen in just 1 day, especially with expectations being positive. A more likely scenario to work off the overbought condition would be a multi-day decline of consolidation.

Very little changed from last night. Up still appears to be the more likely direction. But with SPX so overbought already, I don't like the reward/risk potential. If we get a pullback in the next couple of days, that could be a nice buying opportunity. If we don't see a dip in the next couple of days, then I am content to pass on a move higher for the time being. I will remain patient and alert for the next strongly favorable setup.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 3/12– very slightly bullish***

The intermediate-term outlook was last updated in the 3/12/18 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*

***OpenCatapult 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**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
<i>LOW(1/3)</i>	<i>3/2/2018</i>	<i>\$86.88</i>	<i>\$87.25</i>	<i>0.43%</i>		<i>sold on open</i>
<i>LOW(1/3)</i>	<i>3/5/2018</i>	<i>\$85.06</i>	<i>\$87.25</i>	<i>2.57%</i>		<i>sold on open</i>

*A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 [can be found here](#).*

This report has been prepared by Quantifiable Edges, 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, Quantifiable Edges, LLC or clients of Quantifiable Edges, 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 Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, 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 Quantifiable Edges, LLC.

Copyright © 2018 Quantifiable Edges, LLC.