

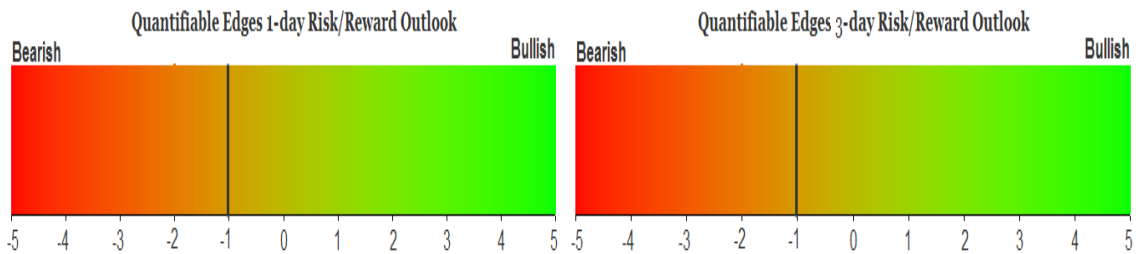
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 12, 2018

Volume 11 Issue 70

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

Evidence is mixed, but leaning bearish. With the market overbought, this suggests a downside edge. But without new bearish evidence emerging on Thursday, the bearish expectations will not persist. So short-side opportunity appears quite limited.

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

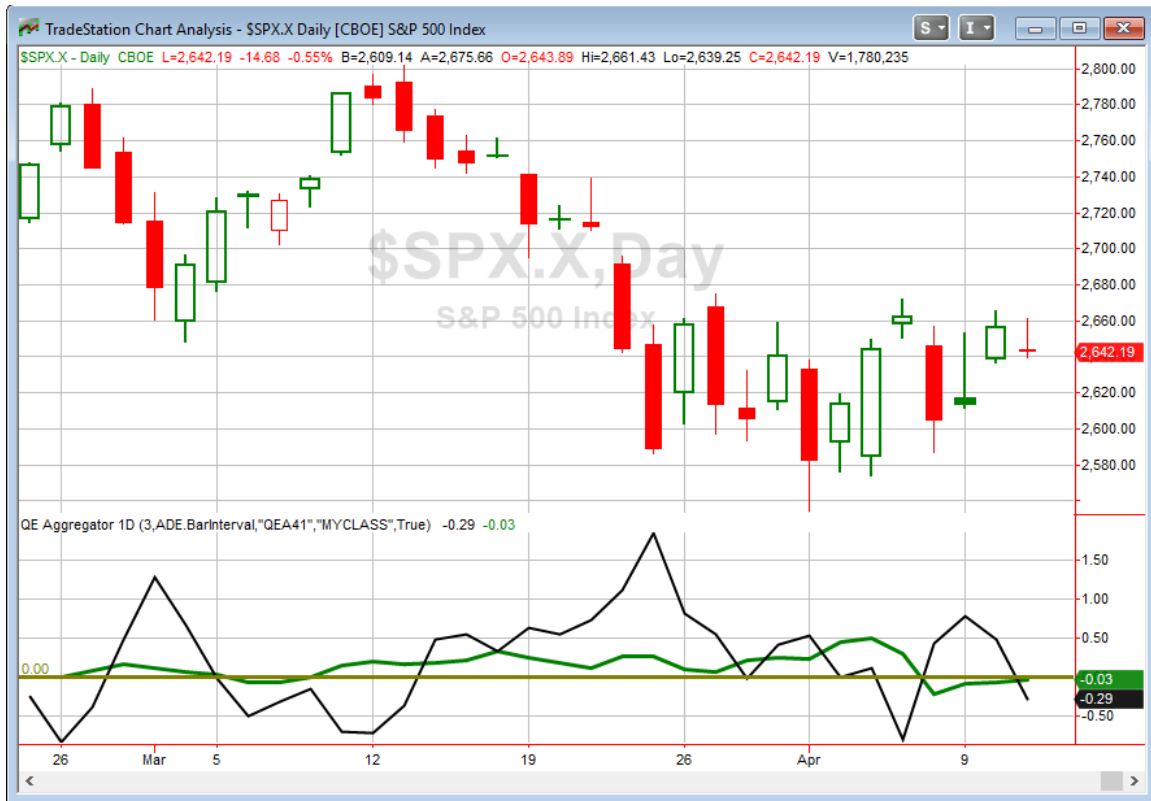
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 11, 2018	SPY up s < 3 days ago	1-2 days	Bullish	0.90%	-0.75%	-1.50%
April 9, 2018	2% drop from 5-day high	1-4 days	Bearish	-3.10%	2.20%	3.90%
April 9, 2018	1% drop on employment day	1-4 days	Bearish	-2.90%	1.60%	3.20%
Active - Long Term						
April 6, 2018	2%+ gain over 3 days. Offset HV < 0.25	1-19 days	Bullish	4.30%	-2.20%	-4.80%
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 \$20billion	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

Wednesday was mixed for the major indices. The SPX lost 0.6%, the NASDAQ fell 0.4%, and the Russell 2000 rose 0.2%. Breadth was also mixed as the NYSE Up Issues % was 50% and the Up Volume % came in at 47%. NYSE volume came in at the lightest level of 2018.

The move down today has the SPX still in its recent range. It was testing an upward break on Tuesday, but dreams of that have been put off at least another day now. Light volume range-bound markets are typically not the kind you look for to suggest a substantial short-term directional edge. The lack of studies, as well as the low number of triggers on the Numbered Systems Triggers Spreadsheet, is therefore not terribly surprising. With edges dull tonight, I will keep the discussion to a minimum.

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



Without any compelling new evidence emerging tonight the green Aggregator line remained below zero. Negative readings mean net expectations from the Active List are for downside over the next few days. Meanwhile, the black Differential Line dipped below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below 0. Therefore, the Aggregator signal turned short at the close.

All 3 of the current short-term active studies are set to expire on Thursday. And with the intermediate-term outlook neutral, expectations are set to be flat. This will change if new short-term evidence emerges. The Differential Pivot will be 2612.89 on Thursday. That is 1.1% below Wednesday's close. Therefore, SPX will need to close down at least 1.1% on Thursday to flip from overbought to oversold versus expectations.

So the Aggregator is bearish. But as far as signals go, this one is pretty weak. It will only remain intact on Thursday if new bearish evidence emerges. I am not inclined to take a bet in a market that is quiet, range-bound, and showing mixed and moderate indications. I will continue to wait until a more favorable reward/risk setup emerges before taking on new index exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/9– neutral

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

None

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

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