

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 19, 2018

Volume 11 Issue 75

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- No new compelling evidence emerged.

Short-term Outlook

The Bottom Line

The market is quite overbought, but evidence is lacking. This leaves me neutral.

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						
None						
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%
April 2, 2018	SOMA reduction intensifies to \$30billion	int term	Bearish			
February 15, 2018	FTD with moderate breadth & volume	int term	Bearish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

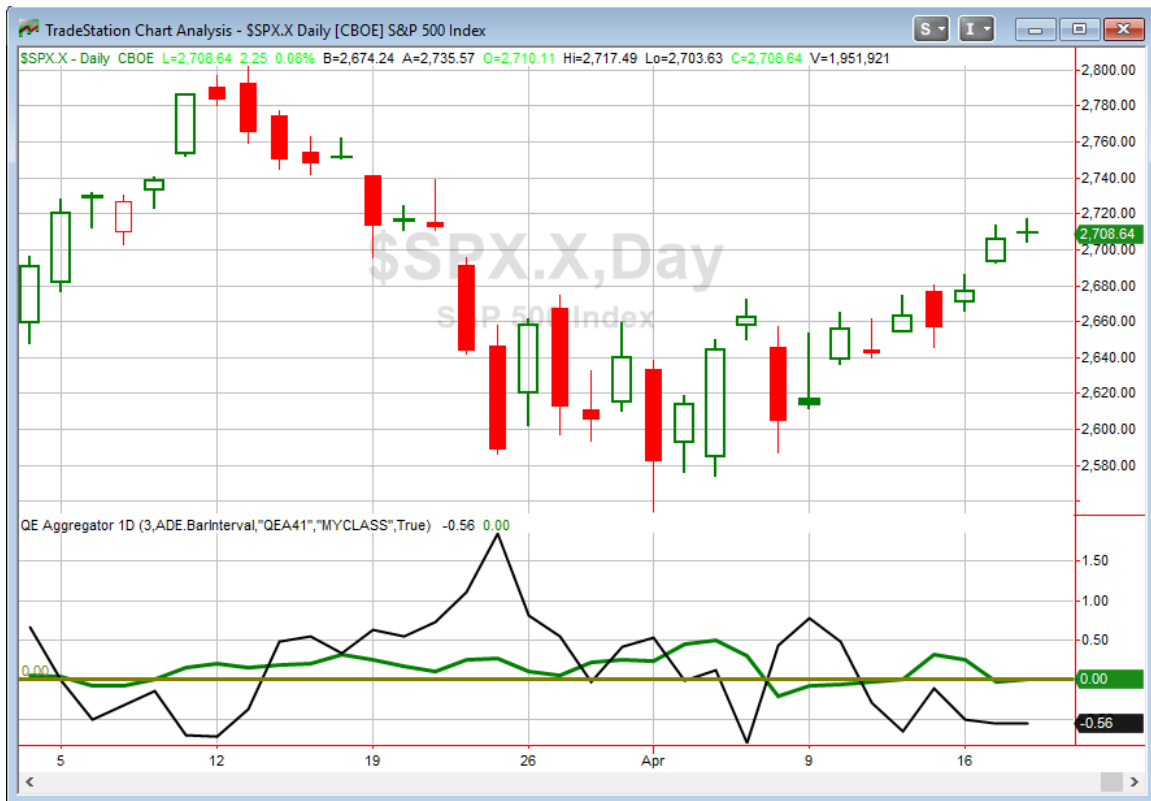
The Evidence

Wednesday traded in a tight range, with most indices posting mild gains. The SPX rose 0.1%, while the NASDAQ gained 0.2% and the Russell 2000 climbed 0.1%. Breadth was positive as the NYSE Up Issues % was 54% and the Up Volume % came in at 61%. NYSE volume rose a little from Tuesday's level.

The market has been in a bit of a slow grind higher lately. Slow grinds often fail to generate very compelling evidence, and this market seems to be no exception to that. There were some notables that I examined, such as the VIX moving higher along with the market, and the fact that SPY has now made 5 higher highs in a row. Under some circumstances, these things matter. But when the market has been set up similarly in the past to how it is now, they have not mattered.

Over the last few days the market has enjoyed some bullish seasonality. But that is now over. Bulls can no longer expect that seasonal wind at their back. Additionally, Wednesday marks the end of the "Fed SOMA reporting week". This past week we did not expect much movement, but we are now entering the latter section of April, and a big drop in the SOMA over the next few days does appear likely. So bulls will have to battle that. If a trigger/study emerges suggesting a short-side edge, I may be looking to take advantage of it. But no truly compelling studies emerged tonight, and so nothing will be added to the short-term active list.

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



The lack of short-term evidence combined with the neutral intermediate-term bias has the green Aggregator Line right at zero. A flat reading means net expectations from the Active List are breakeven 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 flat and SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of 0. Therefore, the Aggregator signal turned flat at the close.

Without any short-term studies currently active, expectations on Thursday will be largely dependent on any new evidence that emerges. The Differential Pivot will be 2693.03 on Thursday. That is 0.6% below Wednesday's close. So SPX will need to close down at least 0.6% in order to flip from overbought to oversold versus recent expectations.

The overbought market and the coming expected drop in the SOMA this week have me looking for a short-side opportunity. But evidence is lacking, and therefore so is a good entry trigger. Therefore, I will remain patient and on the lookout for the market to tip its hand in some way before I get involved with a sizable index position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/16– neutral

The intermediate-term outlook was last updated in the 4/16/18 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

BMV – 1/3 @ \$52.38 (bought @ limit)

New

BMV – 1/3 @ \$52.30 (buy @ limit)

Broad Market Large Cap CBI – 2(BMV-2)

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.

BMV – Buy 1/3 Catapult position @ \$52.30 limit. This is from the Catapult section above. It is the 2nd of up to 3 possible lots for BMV.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
BMV(1/3)	4/18/2018	\$52.35	\$52.30	-0.10%		Catapult

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.