

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 15, 2018

Volume 11 Issue 157

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 1 |

Tonight's Research Points

- No compelling new evidence emerged tonight.

Short-term Outlook

The Bottom Line

There still appears to be a decent short-term bullish edge. I have a small long index position and am looking to benefit from a market 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 | | | | | | |
| August 14, 2018 | SPX bottom 10% rng. 5-low. Monday. | 1-5 days | Bullish | 2.10% | -1.00% | -2.20% |
| August 13, 2018 | Dn 3 from 50-hi. Cls < 10ma & > 10-low | 1-4 days | Bullish | 1.60% | -0.90% | -1.80% |
| Active - Long Term | | | | | | |
| July 1, 2018 | SOMA reduction intensifies to \$40billion | int term | Bearish | | | |
| June 7, 2018 | SPX > 50-day Bollinger Band | 1-50 days | Bullish | 5.00% | -4.10% | -7.80% |
| 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 | | | |

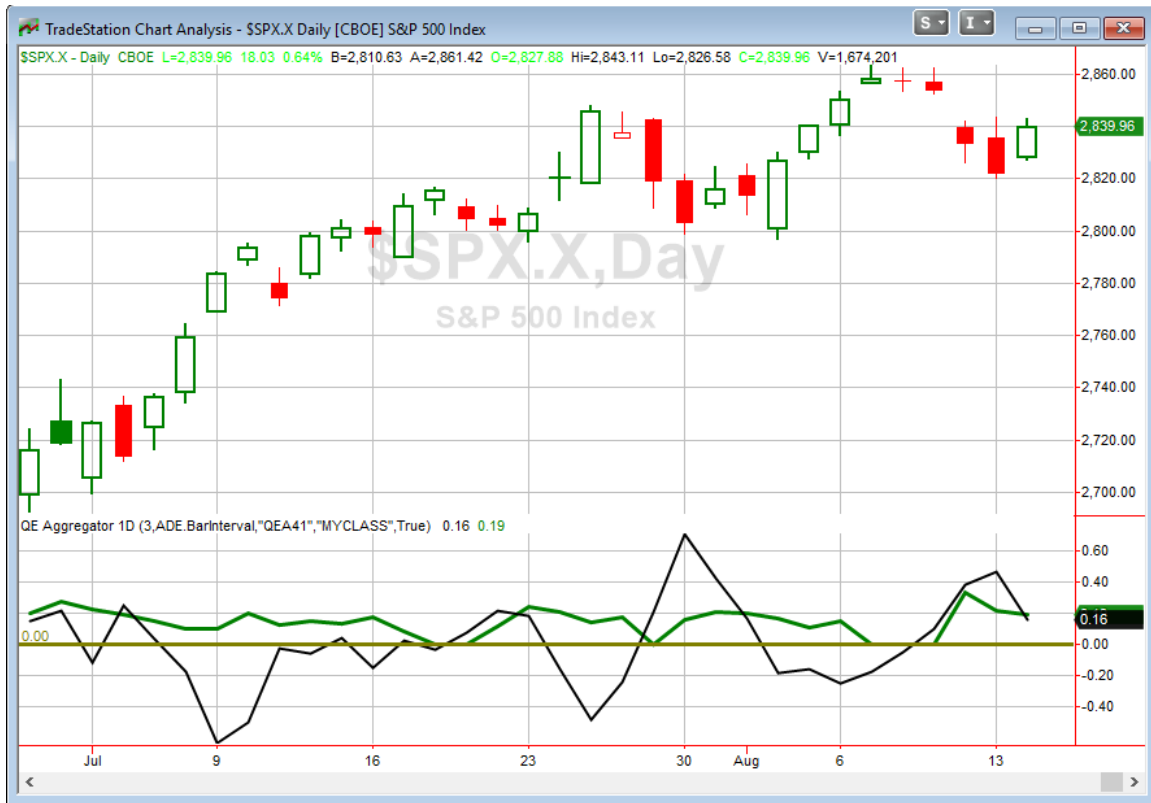
The Evidence

Tuesday saw the market bounce back a good amount from the selling of the last few days. The SPX gained 0.64%, the NASDAQ climbed 0.65%, and the Russell 2000 rose 1.03%. Breadth was positive as the NYSE Up Issues % was 68% and the Up Volume % came in at 72%. NYSE volume declined for the 2nd day in a row.

The gains did nothing to generate any compelling new short-term studies. There was a bullish one from several years ago that looked at low-volume bounces following strong short-term oversold readings. But recent years have not seen the edge carry through. So I do not believe that study is currently worth consideration.

The Quantifinder also noted that Tuesday was a Hinderburg Omen signal. Hindenburg Omen's identify times when there are split market conditions, and they have been decent predictors of market selloffs. But they have only been impactful when multiple signals occur. If we get 3 or 4 within close proximity of each other, then I will update the Hindenburg research. For now, it is not worth any deep consideration. So there won't be any new studies added to the Active List tonight.

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



Without any new studies to consider 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 is also 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 Wednesday. Of course, this could change if strong new bearish evidence emerges. The Differential Pivot will be 2842.66 on Wednesday. That is just 0.1% above Tuesday's close. Therefore, SPX will only need to close up a small amount on Wednesday in order to change from oversold to overbought versus expectations.

There still appears to be a bit of an upside edge. But reward from here is a bit limited since the market will flip to overbought with just about any up close on Wednesday. I have a small long position looking to take advantage of a further bounce. I am not looking to add any more to that position. In fact, I will be looking to take profits on my current SPY trade if SPX closes above the Differential Pivot on Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/13– neutral, but approaching mildly bearish

The intermediate-term outlook was last updated in the 8/13 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

New

F – 1/3 @ \$9.46 (buy @ limit)

Broad Market Large Cap CBI – 1(F)

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 |
|----------|------------|-------------|---------------|-------------|------|------------|
| SPY(1/4) | 8/13/2018 | \$282.10 | \$283.90 | 0.64% | | Aggregator |
| F(1/3) | 8/14/2018 | \$9.46 | \$9.50 | 0.42% | | Catapult |
| | | | | | | |

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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