

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 11, 2018

Volume 11 Issue 175

Market Overview



Signals Overview

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

Tonight's Research Points

- The mild move up on Tuesday did not generate compelling new evidence.
- Another Hindenburg Omen signal triggered as the market continues to trade in a very split manner.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but the edge appears tenuous. I am partially long but will be looking to exit on Tuesday afternoon if Tuesday is a strong day.

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 | | | | | | |
| September 7, 2018 | System 11111 | 1-3 days | Bullish | | | |
| Active - Long Term | | | | | | |
| September 10, 2018 | 4+ Hindenburg Omen signals | 1-35 days | Bearish | -6.50% | 2.50% | 4.50% |
| September 5, 2018 | 1st low in 2 weeks. C > 10ma. | 1-10 days | Bullish | | | |
| August 30, 2018 | SPX crosses over 50-day Bollinger Band | 1-50 days | Bullish | 4.90% | -4.10% | -7.80% |
| July 1, 2018 | SOMA reduction intensifies to \$40billion | 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 | | | |

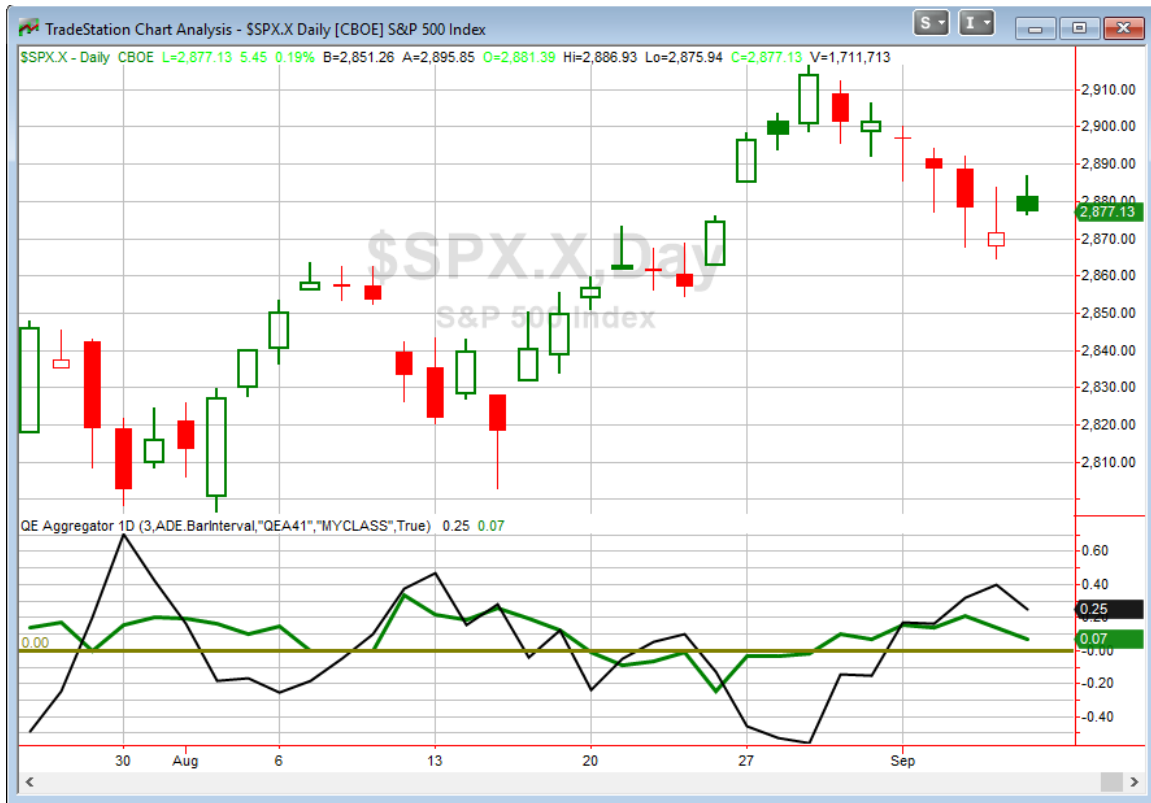
The Evidence

Monday was a day of mild gains. The SPX finished up 0.2%, the NASDAQ rose 0.3%, and the Russell 2000 climbed 0.25%. Breadth was positive as the NYSE Up Issues % was 61% and the Up Volume % came in at 53%. NYSE volume declined some from Friday's level.

The mild move up did little to trigger the kind of edges that would suggest the bounce is likely to continue. There was one Quantifinder study that suggested possible bullish inclinations. It looked at times that SPX rose on lower volume following an RSI(2) reading less than five. Upon closer inspection, that study simply has not played out well in recent years, as the profit curves have mostly chopped sideways. I also looked at unfilled up gaps from similar short-term oversold conditions during longer-term uptrends. Results there were no more inspiring. So nothing new will be added to the Short-Term Active List tonight.

I will note that we had yet another Hindenburg Omen signal on Monday. That makes 5 days in a row. Looking back to 1980, the only other time I see where there were 5 triggers in 5 days was December of 2014. We can't really read anything into the results following just one prior instance. But it does demonstrate just how unusual current market action is.

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



Without any new studies being added 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 also held 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 List, expectations are slated to turn neutral on Tuesday. Of course this could easily change if new evidence emerges. The Differential Pivot will be 2892.75 on Tuesday. That is 0.5% above Monday's close. Therefore, SPX would need to close up at least 0.5% on Tuesday in order to flip from oversold to overbought versus expectations.

So the Aggregator is suggesting a bullish edge, but that edge is tenuous. It is greatly dependent on what new evidence emerges on Tuesday and beyond. I have a small index position at the moment. If we get a decent move higher on Tuesday, then I will look to sell it. And I could be selling on Wednesday morning even if we don't get a further bounce. I have no intention of adding to my long index position at this time.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/10– neutral

The intermediate-term outlook was last updated in the 9/10/18 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

New

HAL @ \$36.69 (buy @ limit)

Broad Market Large Cap CBI – 1(HAL)

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.

HAL – Buy 1/3 Catapult position @ \$36.69 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible entries for HAL.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Stop | Notes |
|----------|------------|-------------|---------------|-------------|------|---------------------------|
| SPY(1/4) | 9/6/2018 | \$289.07 | \$288.10 | -0.34% | | sell on SPX close>2892.75 |
| | | | | | | |
| | | | | | | |

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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