

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 13, 2018

Volume 11 Issue 177

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

Evidence weak and the market is in the middle of its recent range. This does not appear to be an appealing short-term setup.

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 12, 2018	Up 2 from 10-low < 10ma > 200ma	1-2 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			

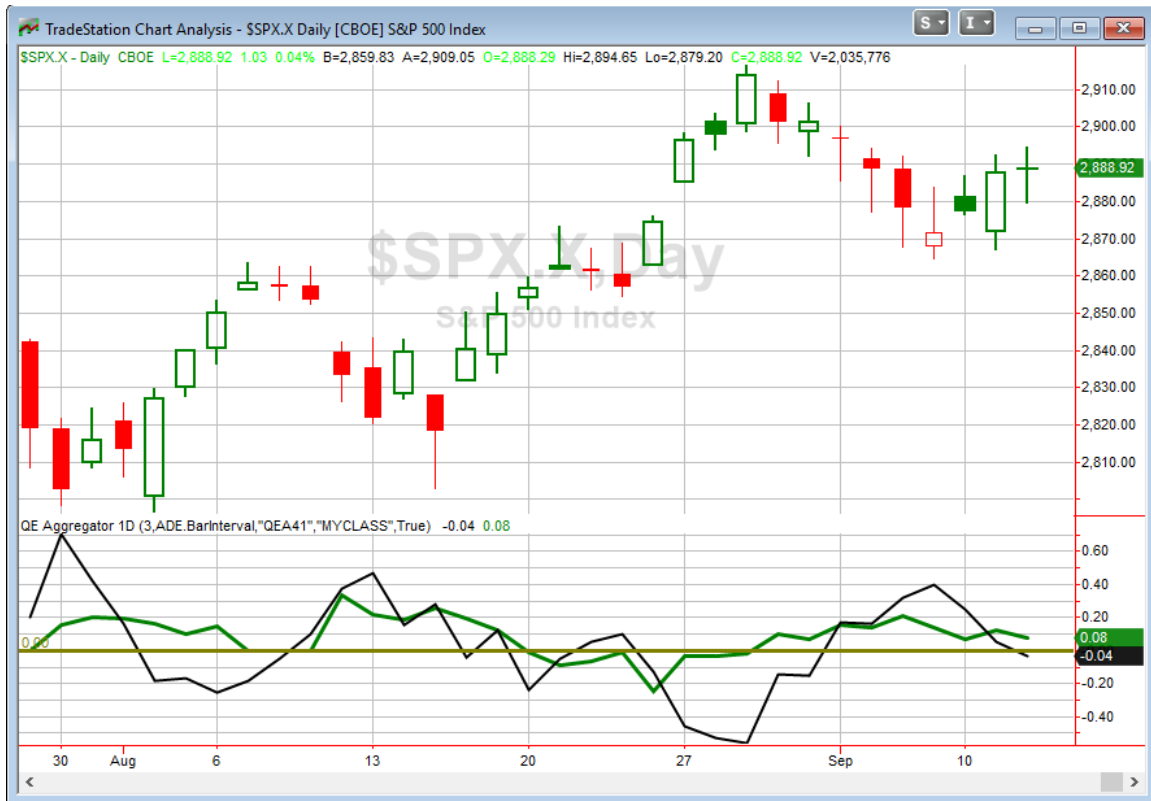
The Evidence

Wednesday was a back and forth day that finished mixed and mild. The SPX closed up 0.04%, the NASDAQ fell 0.23%, and the Russell 2000 declined 0.16%. Breadth was positive as the NYSE Up Issues % was 55% and the Up Volume % came in at 61%. NYSE volume rose some from Tuesday's level.

SPX is right near the middle of its 2-week range. And the mixed and mild action today among the indices does not appear very telling. There was one study in the Quantifinder that looked at 3-day bounces after 4-day pullbacks. But upon closer inspection, the edge suggested there did not seem to hold up well when the pullback did not occur directly off a short-term high. So I will not get into it tonight. I will note that Wednesday marked the 7th Hindenburg Omen signal day in a row (assuming the original 2.2% NH/NL criteria, rather than the updated 2.8% criteria). Looking back to 1980, the only other instance where there were 7 consecutive Hindenburg Omen signals occurred in December of 1999. There have never been 8. Split market conditions are extreme to say the least. To learn more about Hindenburg Omen signals, check out this past weekend's letter.

So the mild action has me without much to discuss, and nothing new to depend upon. There will be no new studies added to the Active List tonight.

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



Without any new studies triggering 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 dipped 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 turned flat at the close.

With the last short-term study expiring on Thursday, expectations are currently slated to turn neutral. Of course this could easily change if new evidence emerges on Thursday. The Differential Pivot will be *slightly inverted* at 2889.28 on Thursday. That is less than 0.5 points above Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up a small amount in order to remain overbought. Any flat or down close on Thursday would turn SPX oversold versus recent expectations.

Evidence is lacking, the market is in the middle of its recent range, and the Aggregator is neutral. Seems to me like a good time to be sidelined and waiting for the next compelling setup to emerge. I won't be looking to take on a new position on Thursday. I will stay alert and aware of any new evidence, so that I can pounce when the time is again right.

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

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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
<i>SPY(1/4)</i>	<i>9/6/2018</i>	<i>\$289.07</i>	<i>\$289.34</i>	<i>0.09%</i>		<i>sold @ \$289.34 LIMIT</i>
<i>HAL(1/3)</i>	<i>9/11/2018</i>	<i>\$36.69</i>	<i>\$38.14</i>	<i>3.95%</i>		<i>sell on open</i>

HAL reached its exit trigger on Wednesday. It will be sold at the open on Thursday.

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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