

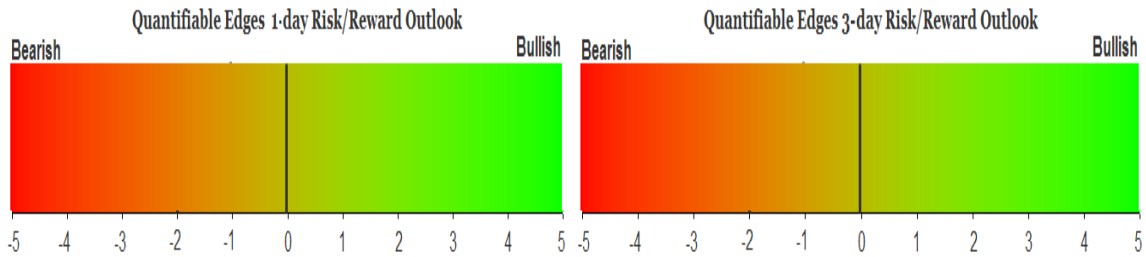
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 25, 2018

Volume 11 Issue 185

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Turnaround Tuesday has not shown its typical bullish edge under similar circumstances.

Short-term Outlook

The Bottom Line

Evidence is mixed and the Aggregator is neutral. I am too.

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 24, 2018	Weakest Week	1-4 days	Bearish	-2.20%	0.80%	2.20%
September 21, 2018	Breakaway Gap Breakout	1-5 days	Bullish	1.45%	-0.90%	-1.90%
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-7 days	Bullish	1.85%	-1.20%	-2.30%
Active - Long Term						
September 20, 2018	RUT btm 25% 20-day rng SPX top 25%	1-40 days	Bullish	5.60%	-2.70%	-5.30%
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-15 days	Bullish	3.10%	-1.75%	-3.30%
September 14, 2018	8 days of split New Highs and Lows	1-25 days	Bearish			
September 10, 2018	4+ Hindenburg Omen signals	1-35 days	Bearish	-6.50%	2.50%	4.50%
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			
Dropped Tonight						
September 18, 2018	5 Up closes < 50 Then down.	1-5 days	Bullish	1.70%	-1.10%	-2.10%
September 21, 2018	High Volume SPX Breakout	1-2 days	Bullish			

The Evidence

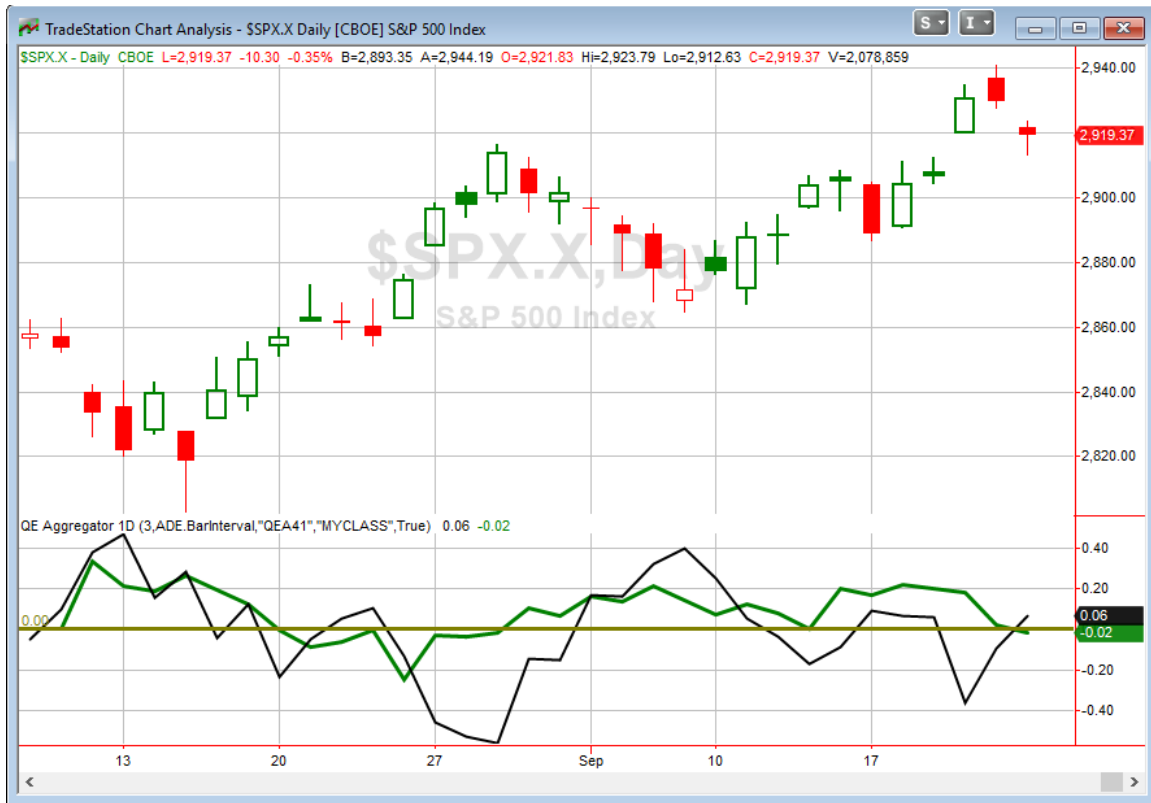
Monday saw mixed results. The SPX declined 0.35%, the NASDAQ rose 0.1%, and the Russell 2000 dipped 0.4%. Breadth was negative as the NYSE Up Issues % was 32% and the Up Volume % came in at 29%. NYSE volume declined from the high opex Friday levels.

I have written a substantial number of times about “Turnaround Tuesday”. Over the years Tuesday has exhibited the strongest proficiency for the market to reverse a pullback of any day of the week. But in the 11/15/16 letter I looked at 2-day pullbacks specifically. I found that those above the 200ma had not shown the same bullish tendency as those below the 200ma, or even most other Turnaround Tuesday pullback opportunities. At one point it actually looked like a setup with a downside continuation edge. Below I updated the profit curve from this study so you could see how it has evolved over time.



We see here a complete reversal. Maybe the former downside edge is now an upside edge. Or maybe there is no real edge at all under these circumstances. In any case, this is certainly not a setup that seems to be providing compelling evidence. There are no new studies being added to the Active List tonight.

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



Without any new studies being added tonight, the green Aggregator Line dipped below zero. Negative readings mean net expectations from the Active List for downside over the next few days. Meanwhile the black Differential Line inched above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite side of 0. Therefore, the Aggregator signal stayed flat at the close.

Based on the current list of active studies, expectations are slated to remain slightly negative on Tuesday. Of course this could change if additional bullish evidence emerges. The Differential Pivot will be 2948.22 on Tuesday. That is 1.0% above Monday's close. So SPX will need to close up a sizable 1.0% on Tuesday in order to flip back to "overbought" in relation to recent expectations.

The Aggregator remains neutral. I still believe we are in a potentially dangerous period here, with QT large, the "Weakest Week" upon us, and the split market conditions. So I have no desire to take on new trades until I see a substantial edge. And I do not see one tonight. So I will give it another day and see what tomorrow brings.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/24– neutral

The intermediate-term outlook was last updated in the 9/24/18 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.

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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