

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 13, 2018

Volume 12 Issue 49

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- I am not seeing any new compelling edges based on Tuesday's action.

Short-term Outlook

The Bottom Line

The Aggregator is neutral and so am I.

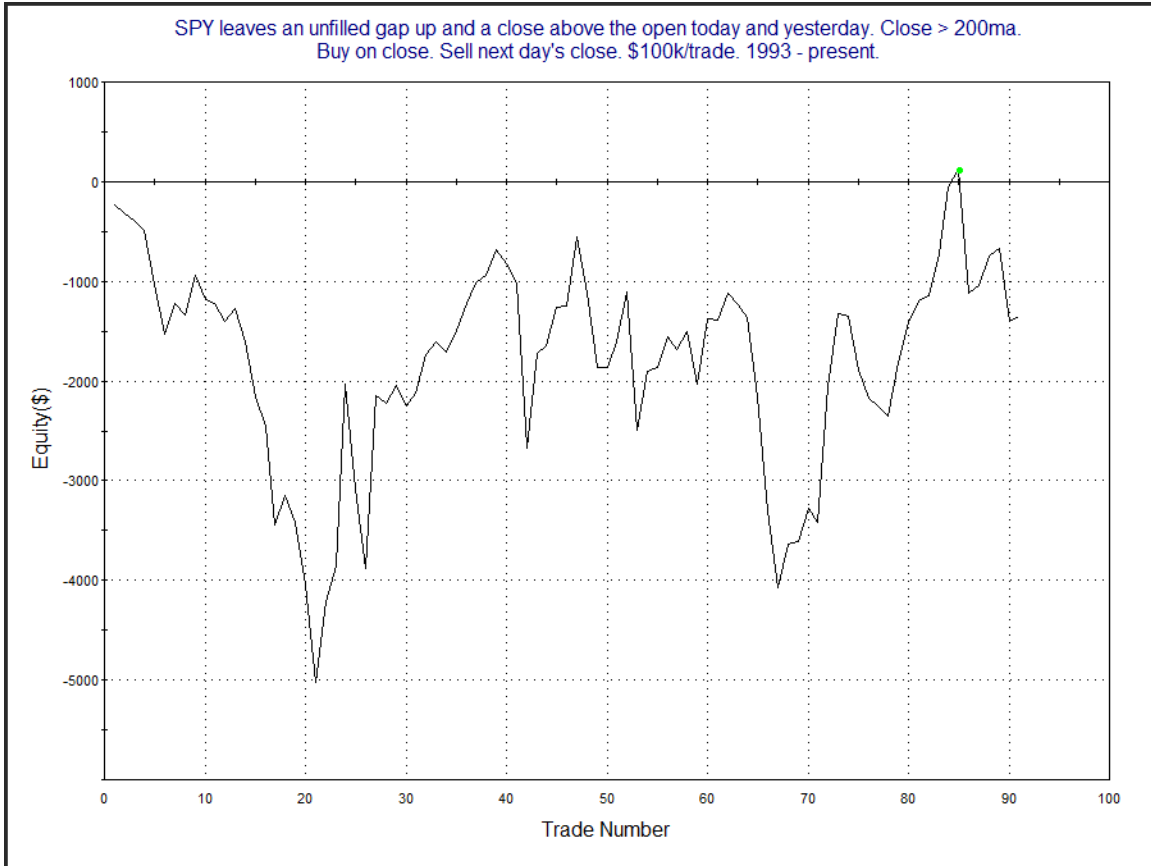
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 11, 2019	2 unfilled gaps down. Close < 200ma	1-5 days	Bullish	3.00%	-1.90%	-4.00%
Active - Long Term						
March 6, 2019	1st close under 10ma in > 25 days	1-19 days	Bullish	4.40%	-0.80%	-2.00%
March 4, 2019	NASDAQ up 10 weeks in a row	13 weeks	Bullish	11.70%	-2.10%	-4.40%
January 9, 2019	Up Issues > 70% for 3 days	1-85 days	Bullish			
January 2, 2019	NASDAQ leading	int term	Bullish			
November 1, 2018	Best 6 Month During Pres Yr 3	1-6 months	Bullish	17.70%	-3.10%	-7.20%
October 1, 2018	Quantitative Tightening \$50billion/mo	int term	Bearish			
Dropped Tonight						
March 12, 2019	Strong move up through 200ma	1 day	Bearish			
March 11, 2019	<i>March Opex bullish</i>	<i>1-4 days</i>	<i>Bullish</i>	<i>1.60%</i>	<i>-1.10%</i>	<i>-2.40%</i>
March 11, 2019	Down 4+ days going into Opex Week	1-2 days	Bullish			

The Evidence

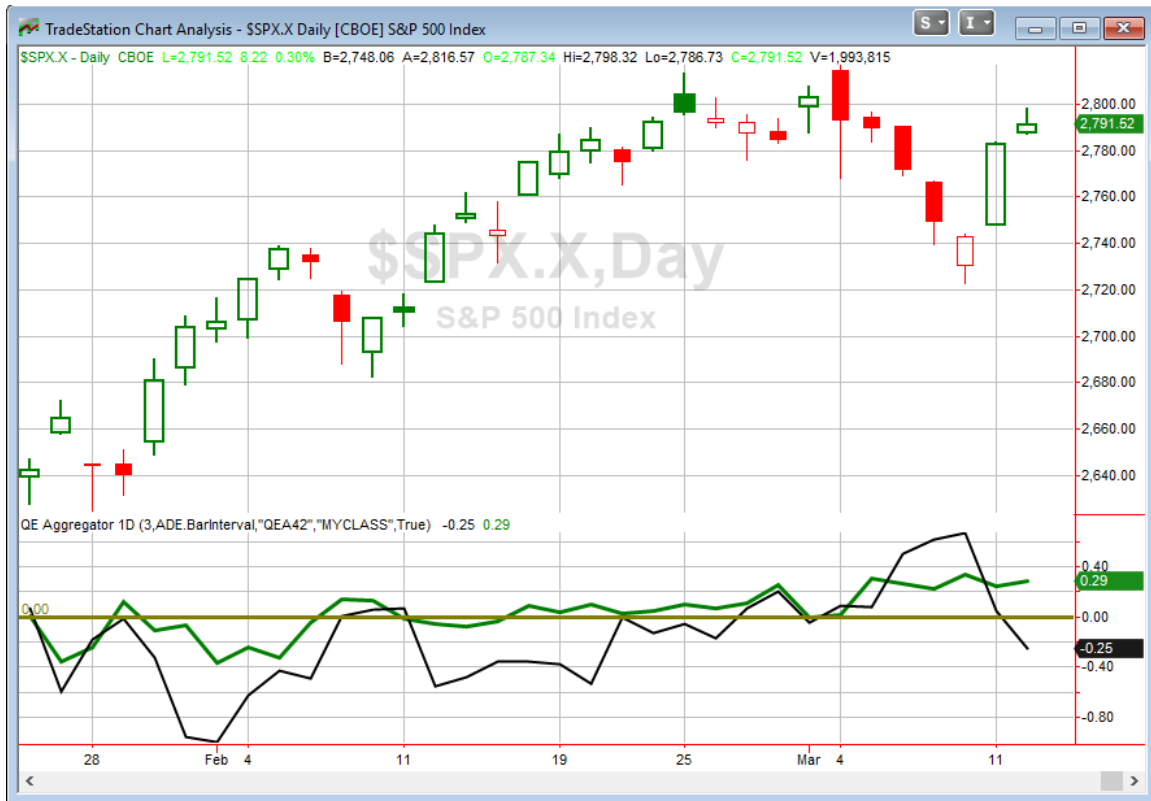
Tuesday saw SPY leave an unfilled gap up and a close above the open for the 2nd day in a row. And most other indices also pushed ahead, though the DJI struggled. The SPX finished up 0.3%, the NASDAQ rallied 0.4%, and the Russell 2000 rose 0.1%. Breadth was strong as the NYSE Up Issues % was 58% and the Up Volume % came in at 60%. NYSE volume declined some from Monday's level.

Tuesday's action really did not produce anything in the way of new and compelling evidence. The market has bounced strongly over the last 2 days. But it is not reaching short-term overbought by many traditional measures. SPX is above the 10-day moving average, but is still below its 10-day high, and even below the top 25% of the 10-day range. I did test a few observations, but nothing looked very appealing. For instance...



No consistent tendency there. Just a choppy mess. I have not added any new studies to the short-term Active List tonight. A few came off. This includes the March Opex bullish seasonality study, since it reached its 4-day upside potential within two days.

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



Without any new studies emerging tonight, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line fell 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 zero. Therefore, the Aggregator signal turned flat at the close.

Based on the current active studies, expectations are set to remain bullish on Wednesday. Of course, this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2765.65 on Wednesday. That is 0.9% below Tuesday's close. Therefore, SPX would need to close down at least 0.9% on Wednesday to flip from overbought to oversold versus recent expectations.

Evidence tonight is weak and the Aggregator is neutral. The market could have more to this bounce, but reward/risk is no longer compelling. I exited my long index positions on Tuesday. I am still managing the open Catapult positions. But I will not be looking to get back into an index trade until the next favorable opportunity comes along.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/11 – bullish

The intermediate-term outlook was last updated in the 3/11/19 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

RTN – 1/3 @ \$180.22 (bought @ limit)

BA – 1/3 @ \$400.01 (bought @ limit)

New

BA – 1/3 @ \$375.41 (buy @ limit)

Broad Market Large Cap CBI – 3(RTN, BA-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.

BA – buy 1/3 Catapult position @ \$375.41. From the Catapult section above, this is the 2nd of up to 3 lots for BA.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	3/6/2019	\$277.33	\$279.06	0.62%		<i>sold on open</i>
SPY(1/4)	3/7/2019	\$275.01	\$279.49	1.63%		<i>sold on close</i>
CVS(1/3)	3/7/2019	\$54.00	\$54.65	1.20%		sell on open
CVS(1/3)	3/8/2019	\$52.06	\$54.65	4.98%		sell on open
RTN(1/3)	3/8/2019	\$178.85	\$182.14	1.84%		Catapult
BA(1/3)	3/12/2019	\$384.70	\$375.41	-2.41%		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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