TACTICAL PLAYBOOK

Market context and trade ideas for the active trader

Week of 11 July 2016

▸ Global stocks were mixed last week, but technical structures suggest that these moves are more positive than they might appear at first glance.

▸ Moderate gains in the US hide extremely important technical structures: these are breakouts that target important new highs just overhead and are clear confirmation of our bullish bias in US stocks.

▸ Do not buy breakouts to new highs as markets are likely to reverse from those highs and spend some time consolidating before heading higher. Timing matters, and it especially matters around these critical points.

▸ We see Asian stocks broadly poised for strength (with the important exception of China), and Europe/UK set for sideways action with no clear bias.

▸ We have moved to an overweight on Industrial stocks this week.

▸ The US Dollar appears to be setting up another rally leg. Expect that strength in the Dollar could persist for several quarters.

▸ In commodities, two markets are of particular interest: crude oil could be nearing a "tipping point" where a little selling could lead to a lot more selling and, perhaps, a major collapse. Precious metals continue to point to the upside.

▸ Conflicted and volatile trading in grains, with soybeans showing the clearest setup for long swings later in the summer.

Major Market Direction and Bias

Market	Short term (< 1 month)	Int. Term (2-12 months)
USA	Up	Up
Europe		Up
Asia		Up
Equity Vol (VIX)		
10 Yr Tr		Up
Pound	Down	
Euro	Down	
Yen	Up	Up
Gold	Up	Up
Crude	Down	Down

Last Week's Performance

Market	Return	σSpike	Kpos	Trend	Volatility
USA	1.28%	0.9σ	77	Bull	Normal
Europe	(2.33%)	(1.1σ)	33	Bear/Neutral	Volatile
Asia	(1.08%)	(0.5σ)	53	Bull/Neutral	Normal
Developed	0.35%	0.2σ	55	Bull	Normal
Emerging	(0.55%)	(0.2σ)	67	Bull	Normal
30 Yr Tr	1.87%	1.7σ	113	Bull	Volatile
Euro	(0.78%)	(0.6σ)	37	Bull/Neutral	Normal
Yen	(1.86%)	(1.0σ)	-3	Bear	Volatile
Gold	1.45%	0.7σ	93	Bull	Volatile
Crude	(7.31%)	(1.9σ)	44	Bull/Neutral	Normal

Contents

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MARKET INSIGHT

This week, as major US indexes press into new highs, it is worth our time to consider a few critical technical factors: breakout trades in general and the typical action of stocks at critical breakout points. Let's begin with the latter.

ACTION AT CRITICAL HIGHS

One of the easiest ways to start looking for quantitative tendencies is simply to ask something like "what happens when a market makes a new X day high/low?" We can choose a value for X anywhere from a few days to a few years, and then easily look at a lot of price data to see if something significant happens after markets cross these levels. What we are looking for, in all cases, is some evidence that the "conditional returns" (i.e., action after the condition is fulfilled) are different than the "normal", unconditional action of the market.

In the case of breakouts to new highs and breakdowns to new lows, we find that equity markets have a high probability of reversal once those levels are broken. In other words, stocks tend to sell off after making new highs, and tend to rally after making new lows. This is true of both individual stocks and of stock indexes, and is an expression of the powerful force of mean reversion in stocks. The chart shows quantitative testing for a large sample of individual stocks. Focus on the "diff. of

	Signal							Significance Test		
Day	% Up	% Unch	% Down	Average Return	Standard Deviation	Median Return	IQR	Diff. of Means	Diff. of Medians	p-val
1	47.0%	2.1%	50.9%	(0.05%)	1.84%	(0.04%)	2.22%	(0.11%)	(0.06%)	0.00
2	47.4%	1.8%	50.8%	(0.11%)	2.49%	(0.05%)	3.09%	(0.23%)	(0.10%)	0.00
3	48.1%	1.6%	50.3%	(0.16%)	3.03%	(0.03%)	3.79%	(0.33%)	(0.10%)	0.00
4	47.8%	1.3%	50.9%	(0.19%)	3.45%	(0.08%)	4.39%	(0.42%)	(0.17%)	0.00
5	48.3%	1.3%	50.4%	(0.22%)	3.79%	(0.05%)	4.86%	(0.50%)	(0.16%)	0.00
10	49.3%	1.1%	49.6%	(0.23%)	5.35%	0.00%	6.88%	(0.80%)	(0.23%)	0.00
15	51.0%	1.1%	47.9%	(0.06%)	6.62%	0.14%	8.47%	(0.91%)	(0.20%)	0.00
20	51.7%	1.1%	47.2%	0.10%	7.67%	0.28%	9.95%	(1.02%)	(0.17%)	0.00

Raw Returns by Trading Day Following Signal

means" column which gives the underperformance for 1-20 days following stocks making a 260 trading day (approximately a year) high, and these are statistically significant returns that are consistent across many different samples and timeframes.

The previous paragraph was a bit thick, but we can summarize a few important points: first, keep in mind that these are average returns. Yes, averages matter, but they also simplify and hide a lot of detail, since many events are condensed into a single number. Second, the key takeaway is that markets usually reverse from making new highs, at least for a few weeks. We certainly want to avoid buying breakouts to new highs, preferring to either be long before those highs or made or to buy in the ensuing pullbacks/consolidations.
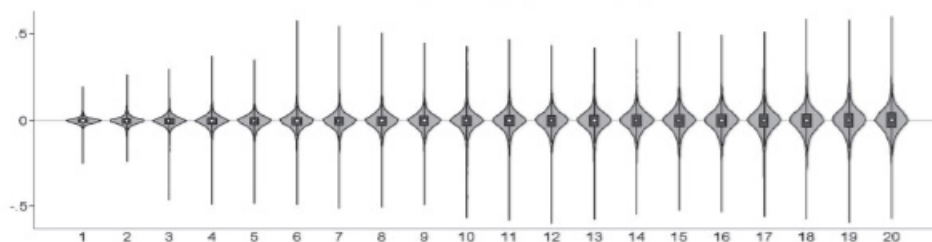
BREAKOUT TRADES IN GENERAL

A few words are also in order on breakout trades in general. These are trades that seek to establish a position when the market exceeds some level, either going long as the market goes up or short as the market goes down. Breakout trades can be stand-alone trade entries, or we can use breakouts to trigger entries into higher timeframe trades and structures, depending on the trading style and objectives of each trader.

While these types of trades can be profitable, it does take work to manage the tendency for mean reversion at these points. We want to avoid buying breakouts when markets might be extended to the upside, and need to be prepared for exceptional volatility to follow the breakout. Naïve interpretation of breakout points (e.g., exiting if the market comes back to the breakout point) are illogical—markets simply do not work like this, despite the many examples in technical analysis books that suggest otherwise.

Watch for critical breakouts in major indexes, but, even more importantly, watch what happens after. Moderate weakness is to be expected, but sharp downside momentum could be a significant warning to the bulls.
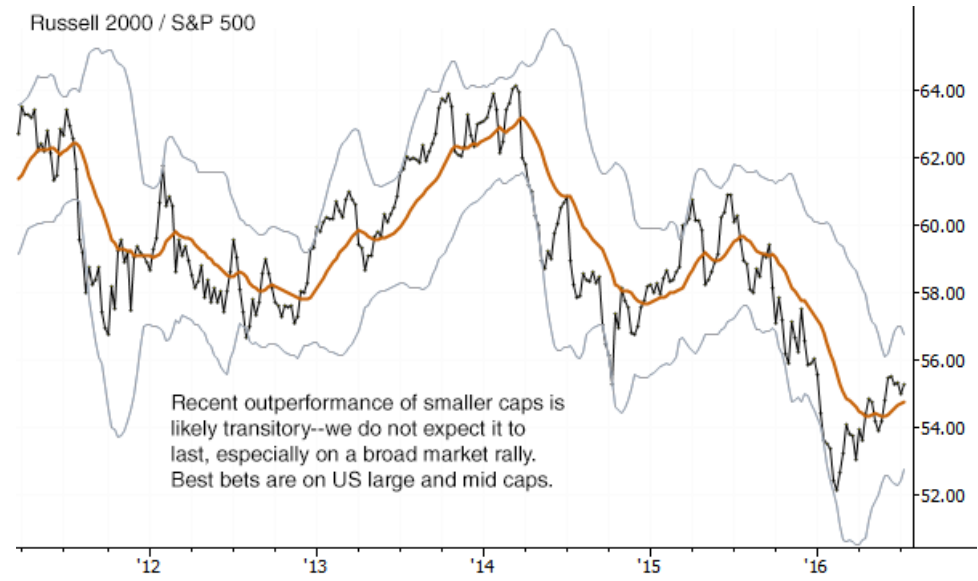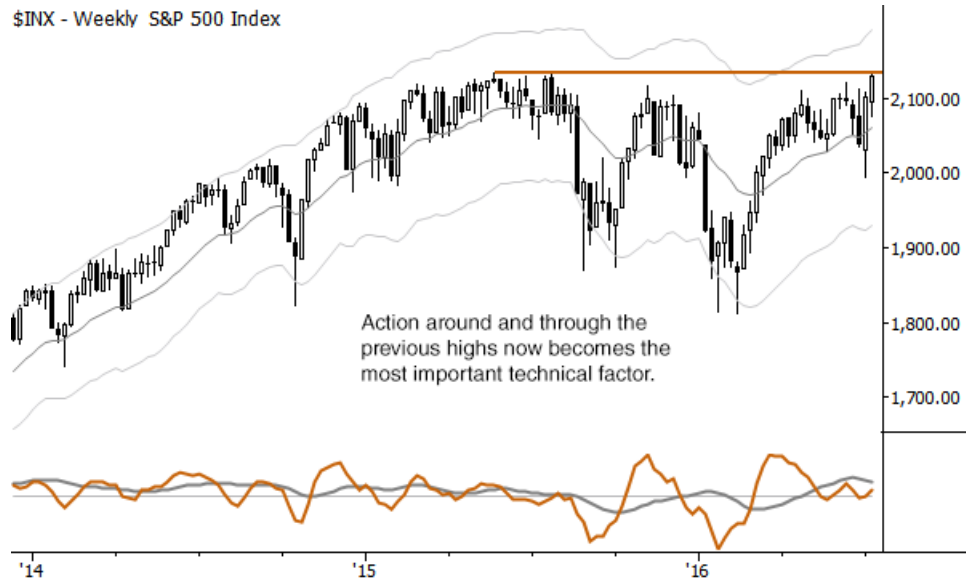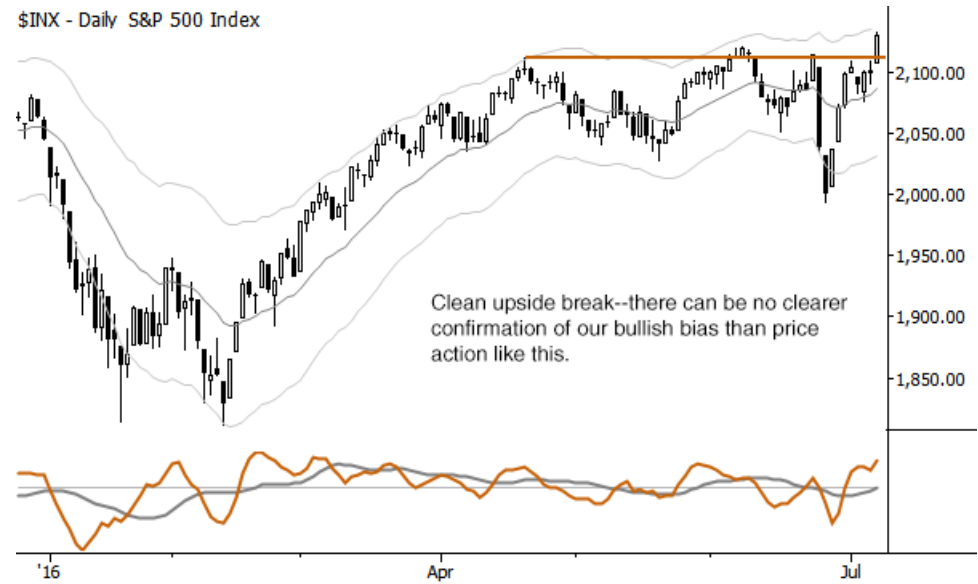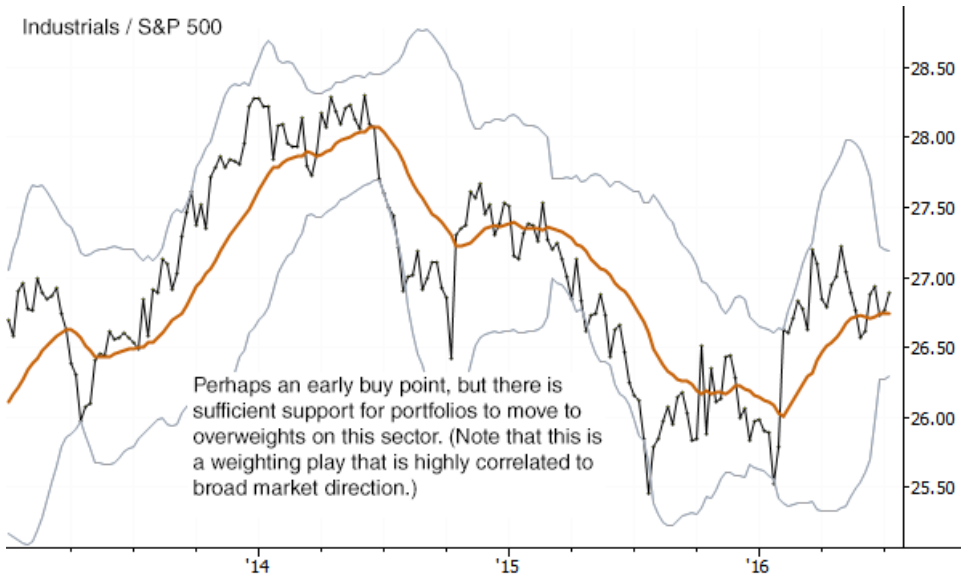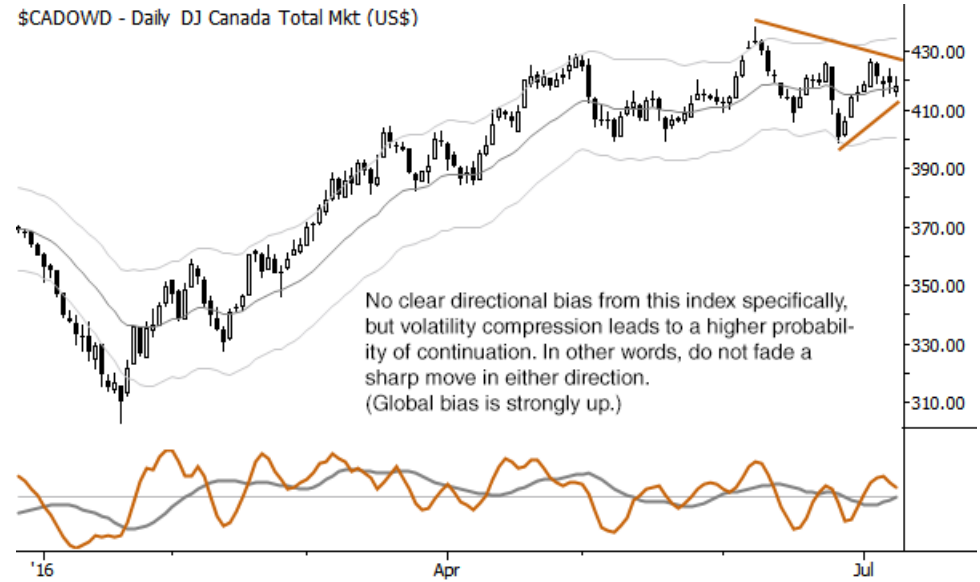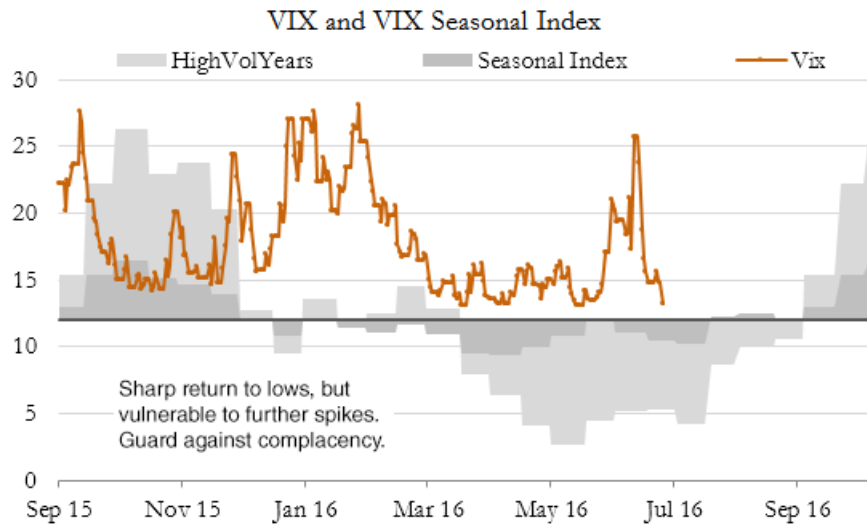
U.S. Equities

▸ US Indexes posted moderate gains (most a little less than 1.0σ), but do not be misled: other technical considerations make these *very* significant gains.

▸ The Brexit losses have now been completely recouped. Last week, we considered a timing strategy that involved buying indexes when losses from major headline events were erased. For longer-term investors, this is a reasonable trigger for increasing long exposure to stocks.

▸ Recent price action is strong confirmation of our long-standing bullish bias. Expect that this bias will become consensus (if not now, then soon), and then markets will be due for a minor pullback.

▸ Do not buy breakouts to new highs—these are price points from which indexes reliably reverse.

▸ We have moved to an overweight on Industrial sector stocks this week.

$INX - Daily S&P 500 Index

Clean upside break--there can be no clearer confirmation of our bullish bias than price action like this.

$INX - Weekly S&P 500 Index

Action around and through the previous highs now becomes the most important technical factor.

Russell 2000 / S&P 500

Recent outperformance of smaller caps is likely transitory--we do not expect it to last, especially on a broad market rally. Best bets are on US large and mid caps.

U.S. Equities (continued)

VIX and VIX Seasonal Index

HighVolYears — Seasonal Index — Vix

Sharp return to lows, but vulnerable to further spikes. Guard against complacency.

$CADOWD - Daily DJ Canada Total Mkt (US$)

No clear directional bias from this index specifically, but volatility compression leads to a higher probability of continuation. In other words, do not fade a sharp move in either direction.
(Global bias is strongly up.)

Industrials / S&P 500

Perhaps an early buy point, but there is sufficient support for portfolios to move to overweights on this sector. (Note that this is a weighting play that is highly correlated to broad market direction.)

U.S. Large Cap Sector Weighting

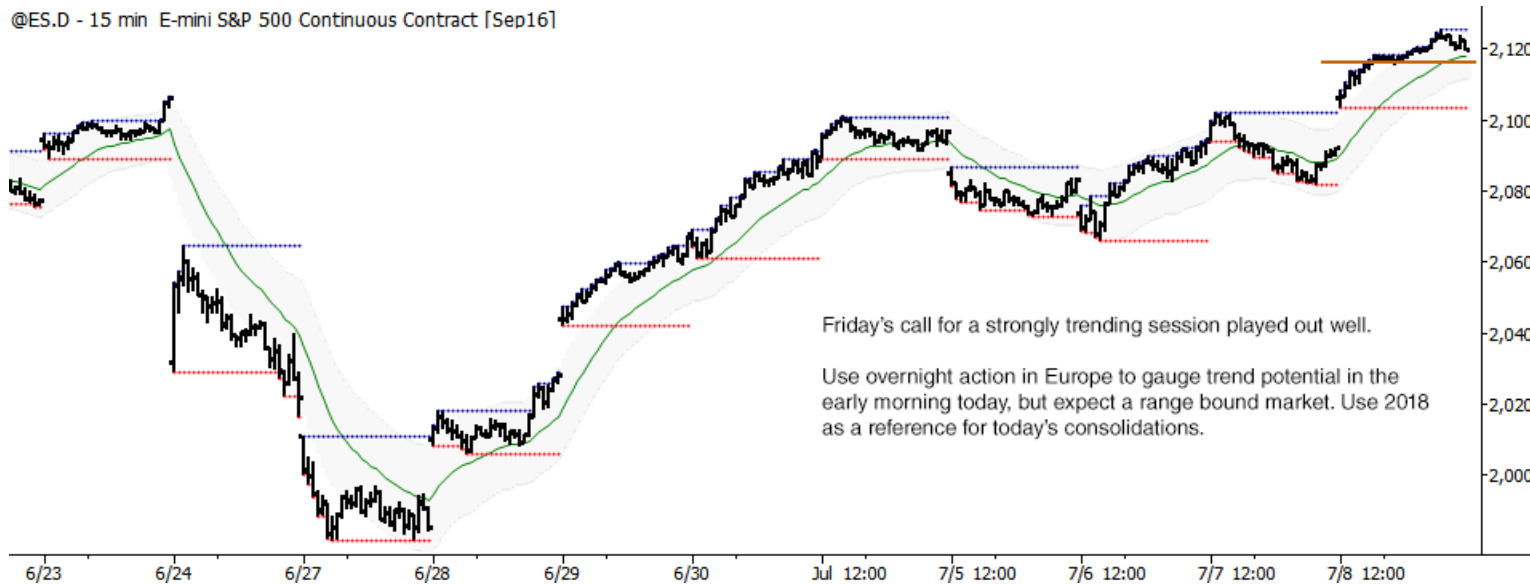| Sector	Assessment	Weight	LastChg	RelPerf
Technology		Market	9/25/15	-
Discret'nary		Over	1/2/15	9.1%
Industrials	Buy	Over	7/8/16	0.0%
Hcare		Market	7/1/16	-
Financials		Under	5/13/16	-9.3%
Staples		Market	10/10/14	-
Energy		Market	9/12/14	-
Utilities		Market	10/10/14	-
Materials		Market	10/9/15	-

EQUITY INDEXES: SHORT-TERM

▸ Bigger picture market structure and momentum both pain a strongly bullish picture.

▸ Intraday traders will likely find good trades in both directions; do not allow higher timeframe bias to blind you to other possibilities.

▸ As expected, Friday's action above the then week-to-date highs led to a strongly trending session. Bias early this week is for consolidation, but be mindful of the pull of key highs just overhead.

▸ No strong setup for trend day today. Treat market in mean reversion/back and fill mode.

@ES - Daily E-mini S&P 500 Continuous Contract [Sep16]

Though an undeniably bullish environment on this timeframe, plenty of room for intraday swings in both directions.
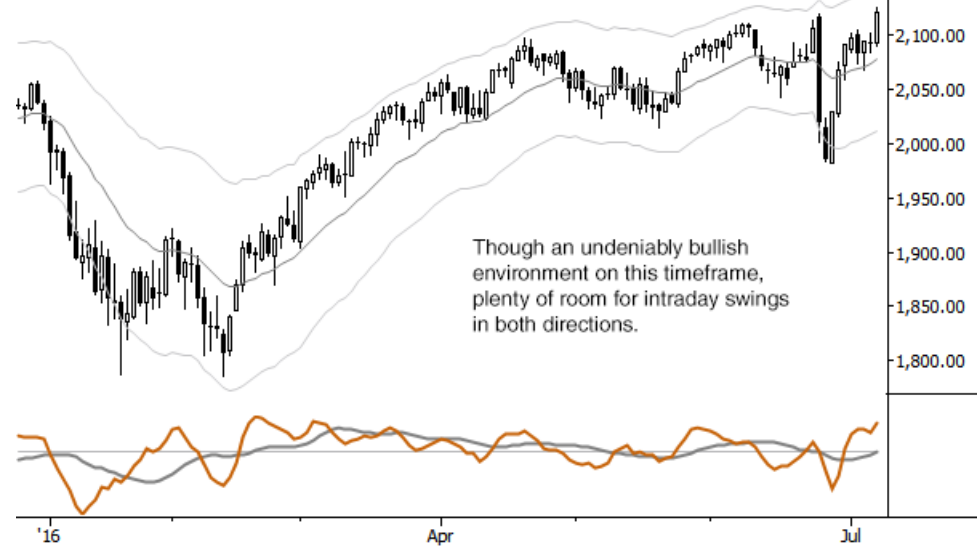
@ES.D - 15 min E-mini S&P 500 Continuous Contract [Sep16]

Friday's call for a strongly trending session played out well.

Use overnight action in Europe to gauge trend potential in the early morning today, but expect a range bound market. Use 2018 as a reference for today's consolidations.

Gap & Risk Analysis

Market	ATR 20	Avg Gap	% Gaps
S&P 500	27.88	9.07	16.1%
R2K	21.33	5.19	12.8%
MiniDow	220	75	16.7%
Nasdaq	66.29	22.16	13.3%

U.S. Equity Sectors

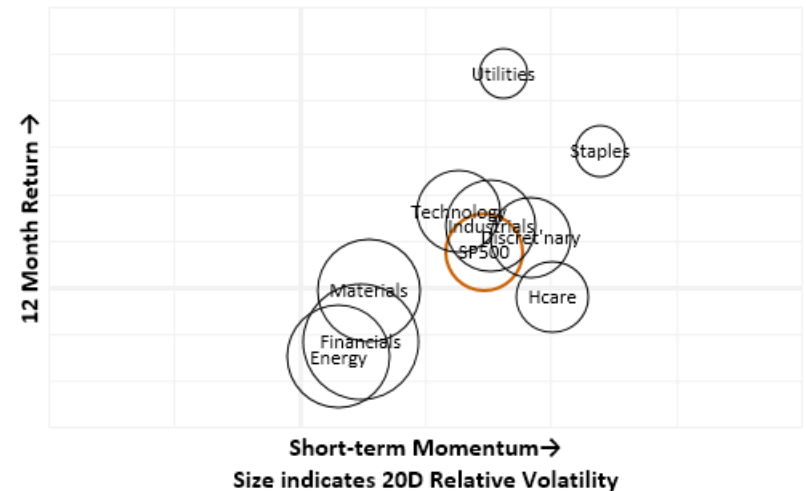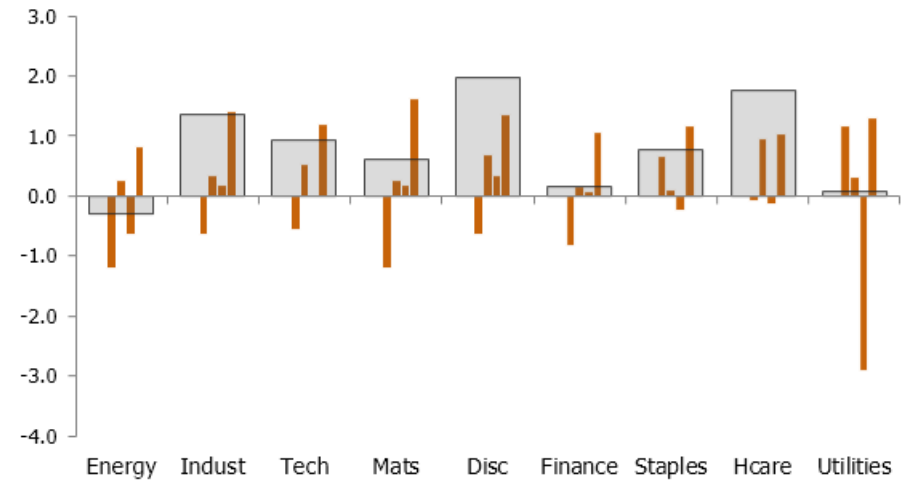- We have moved to an overweight on Industrial stocks this week.

- This move may seem to be early (and, indeed, it may be), but there is excellent quantitative support for the overweight. In addition, being "ahead" of cyclical shifts in exports and production may give excellent early entries for some industries within the sector.

- We still hold an overweight in Consumer Discretionary, and an underweight in Financials.

- We expect defensive sectors to quickly give back 2016 gains on any broad market strength, so we have no interest in exposure to Staples or Utilities.

- We are looking at adding an overweight Materials in coming weeks, but no action at this time.

SigmaSpikes™ by Trading Day, Previous Week
(Orange bars = individual days, large outline = weekly return)

Sector Leaders & Laggards

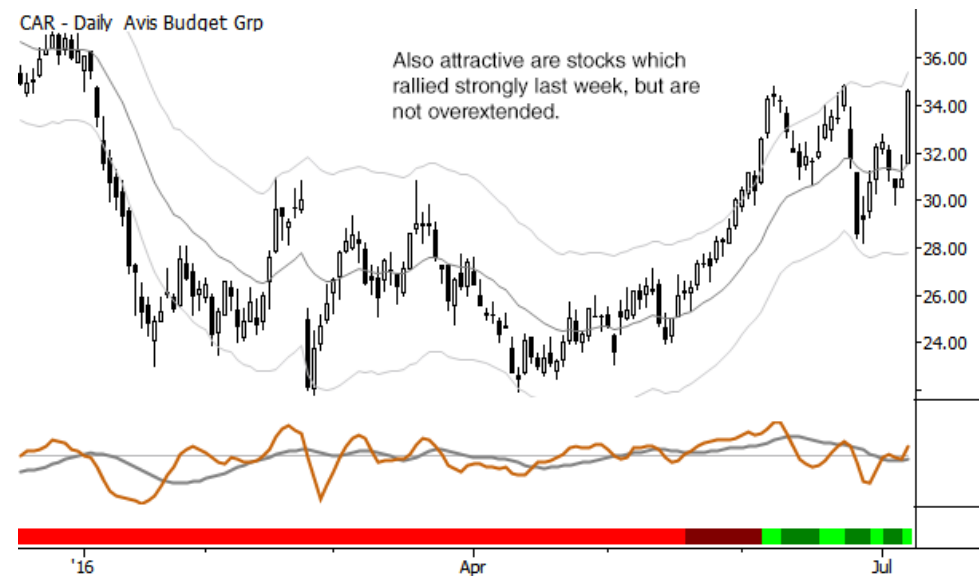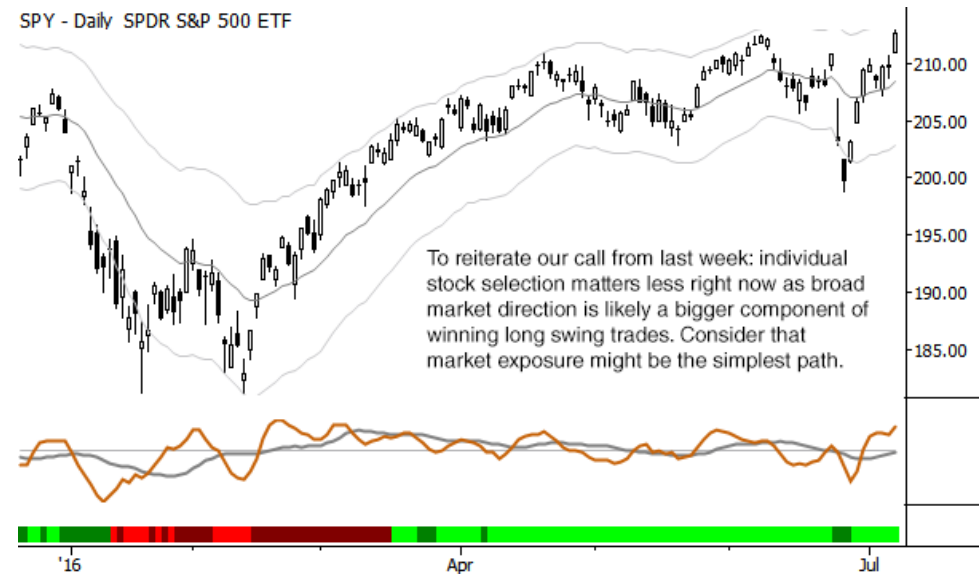| Energy | Leaders | OKE, CNX, SWN, RIG, DVN, MRO |
	Laggards	VLO!, PSX, TSO, FTI, BHI, COP
Industrials	Leaders	JOY, LLL!, PNR, WM!*, EFX!*, JEC
	Laggards	DHR!*, DAL, AAL, PBI, RHI, COL
Technology	Leaders	NVDA!*, SYMC!, PAYX!*, EA!, FIS!, INTU!*
	Laggards	CSC, FSLR, STX, MSI, AAPL, MA
Materials	Leaders	NEM!*, MLM, NUE!*, VMC!, FCX, FMC
	Laggards	WRK, CF, LYB, DOW, MOS, OI
Discretionary	Leaders	AMZN!, VIAB, DHI!*, PHM!*, DLTR, HOG
	Laggards	SIG, RCL, CCL, BWA, FOSL, JWN
Financials	Leaders	IRM, CCI!*, MAC!*, CINF!*, EQIX, GGP!*
	Laggards	AMG, GNW, IVZ, HBAN, CBG, STT
Staples	Leaders	HSY!*, SJM!*, GIS!*, MNST, ADM, KHC!
	Laggards	CCE, HRL, CVS, KO, BF.B, WBA
Healthcare	Leaders	STJ!*, BSX!, MCK!, ZBH!*, BCR!*, SYK!*
	Laggards	HUM!*, ENDP, PRGO, ALXN, ANTM, MYL
Utilities	Leaders	EIX, AES, CNP, DTE, NRG, NEE
	Laggards	PPL, PEG, ETR, EXC, ES, AEE

Key: ! = overextension, !* = extreme overextension

U.S. Individual Stocks

▸ Last week, we laid out this roadmap for swing traders:

– Lean long. Any selloffs are likely to be followed by quick recoveries.

– Important highs are clear targets for many major indexes. Expect that this will provide a strong bullish backdrop.

– Add to this: Be mindful that breaks to new highs will usually lead to 2-3 weeks of reversal/pullback. Do not buy major index breakouts to new highs.

▸ Once again, we find ourselves in an environment in which the market will drive any long trades and individual stock selection may matter less (over the next few weeks.) Consider simple market or sector exposures.

▸ Best bullish patterns are stocks pressing into clear long-term resistance. Ideally, we want to trade stocks that have rallied with or led the market, so stocks holding tight in consolidations are suspect. Best bearish patterns are bear flags that have not bounce much with recent strength. These stocks could sell off sharply if the market makes even a minor downturn.

▸ Examples in this section are exactly that: examples of the types of patterns we believe will perform best in this environment.
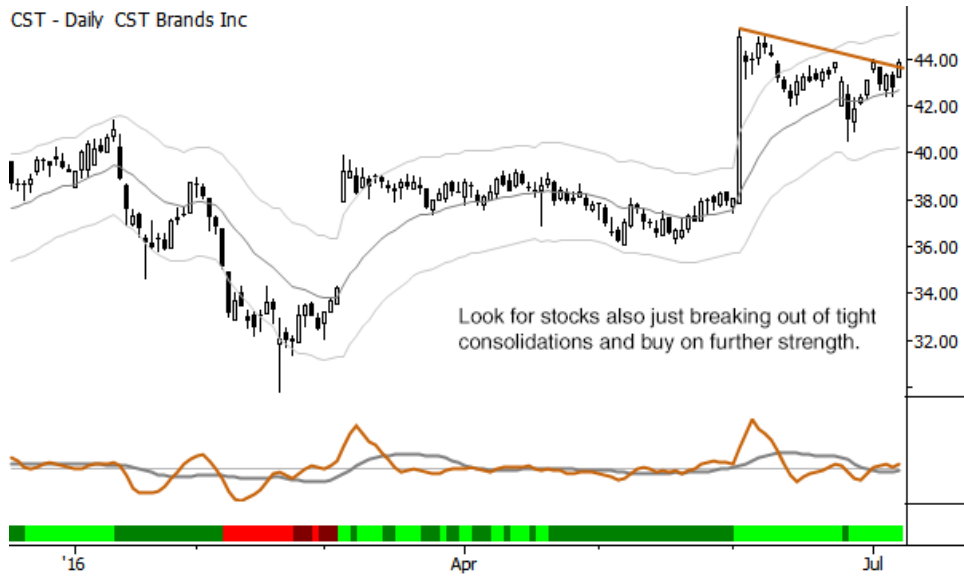
Example Trade Entries

▸ Buy CAR on a breakout above 35.15 against an initial stop around 31.64.

▸ Buy CST on a breakout above 44.46 against an initial stop around 41.26.

▸ Buy PTEN on a breakout above 21.87 against an initial stop around 19.77.

▸ Sell (short) RCL on a breakdown below 65.59 against an initial stop around 70.91.

▸ Sell (short) WAB on a breakdown below 67.74 against an initial stop around 71.88.

To reiterate our call from last week: individual stock selection matters less right now as broad market direction is likely a bigger component of winning long swing trades. Consider that market exposure might be the simplest path.

Also attractive are stocks which rallied strongly last week, but are not overextended.
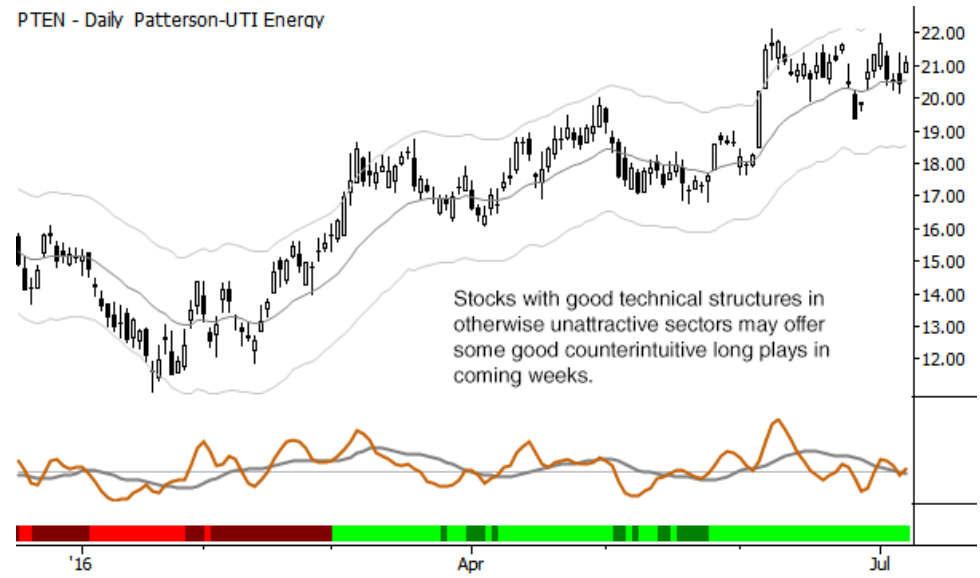
Key: Near (yellow) and Far (red) stops for daily bars. Colored band beneath the chart indicates trend condition (bright green to bright red = strong bull to strong bear trend.)
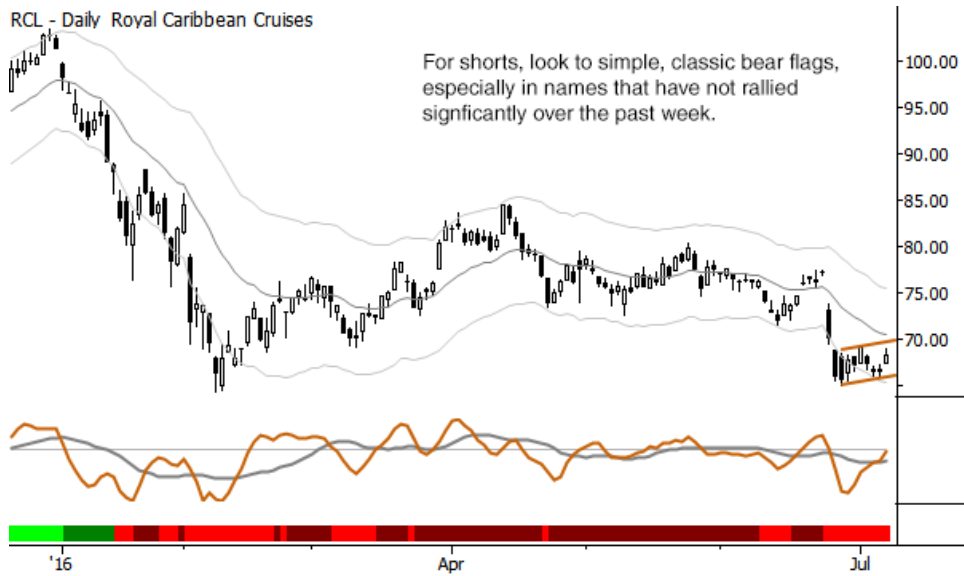
U.S. Individual Stocks (continued)

CST - Daily CST Brands Inc

Look for stocks also just breaking out of tight consolidations and buy on further strength.

PTEN - Daily Patterson-UTI Energy

Stocks with good technical structures in otherwise unattractive sectors may offer some good counterintuitive long plays in coming weeks.

RCL - Daily Royal Caribbean Cruises

For shorts, look to simple, classic bear flags, especially in names that have not rallied signficantly over the past week.

WAB - Daily Wabtec Corp

Another good example of a bear flag--look to enter shorts on a breakdown below support.
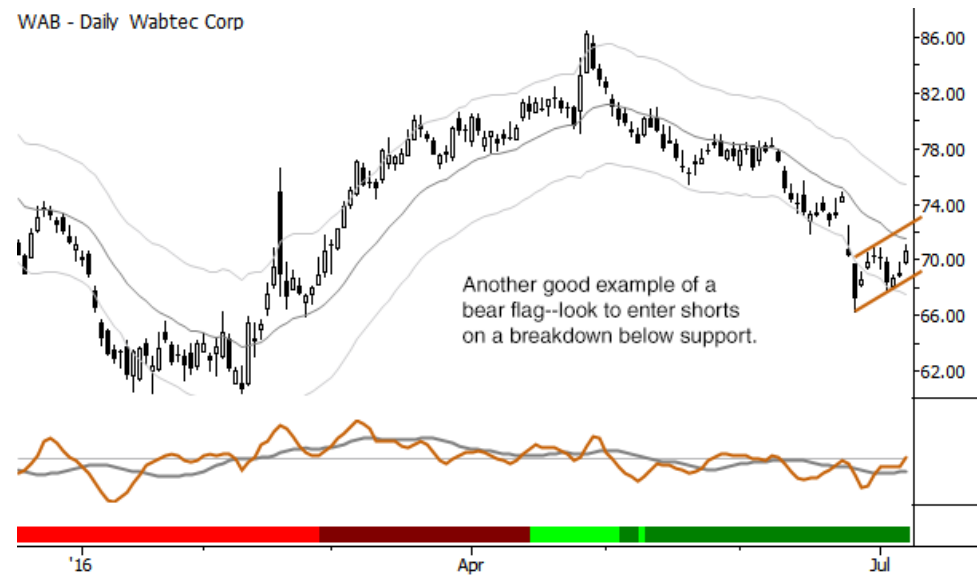
GLOBAL STOCKS

▸ Global stocks are showing some short-term confusion and are not trading as tightly as they often do. Specifically:
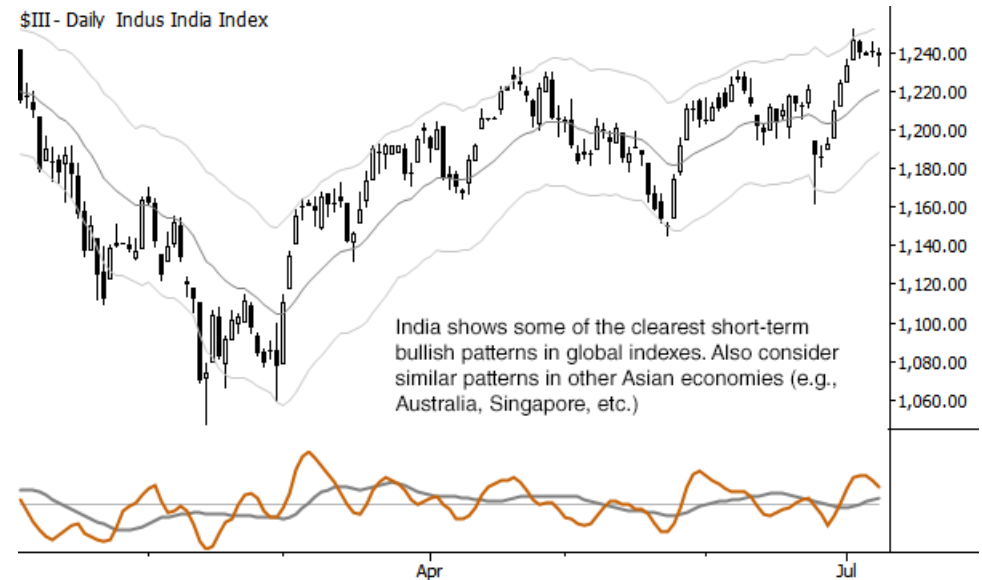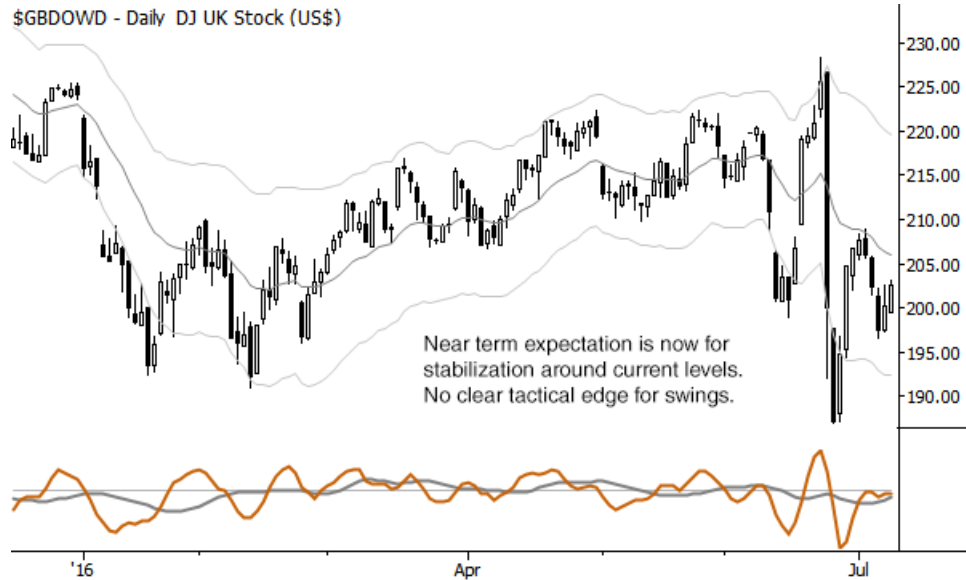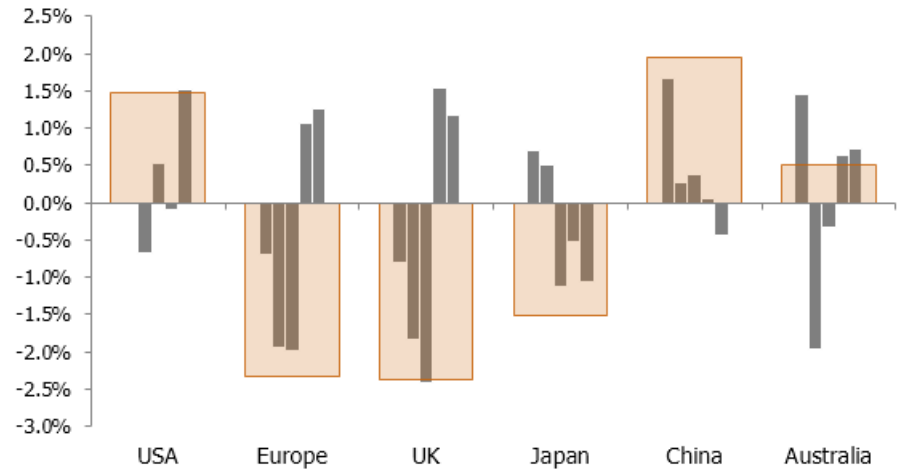
  – The US has emerged as the clear short-term leader. Note that this lines up well with our call for much longer-term US leadership. Asia is showing constructive patterns. China remains a point of concern and we would avoid long exposure here.

  – EU and UK stocks showed minor weakness last week. We see no clear technical edge at this time.

▸ Several EM economies are showing broadly constructive patterns. We still harbor grave concerns about EM indexes in general and think it is too early to seek long exposure here.

▸ To summarize: we are, have been, and continue to be strongly bullish on global stocks, looking for the US to lead any large scale rally.

Returns by Trading Day, Previous Week
(Gray bars = individual days, large outline = weekly return)

$GBDOWD - Daily DJ UK Stock (US$)

Near term expectation is now for stabilization around current levels. No clear tactical edge for swings.

$III - Daily Indus India Index

India shows some of the clearest short-term bullish patterns in global indexes. Also consider similar patterns in other Asian economies (e.g., Australia, Singapore, etc.)

RATES & FX

▸ Ripples in the currency markets will likely persist for some time, even as stocks move to recover Brexit-related losses relatively quickly.

▸ Recent action likely sets the US Dollar in a bullish environment against most major currencies for the next several quarters.

▸ Look to the EUR for good trades in crosses which have excellent trending potential.

▸ Not a lot to do with Treasury futures, as the long-standing uptrend simply continues.

▸ We are hearing many concerns about yield curve flattening. While this is happening, it is nowhere near levels that deserve time or attention. Treat this as simply a noisy datapoint from commentators needing to create commentary.
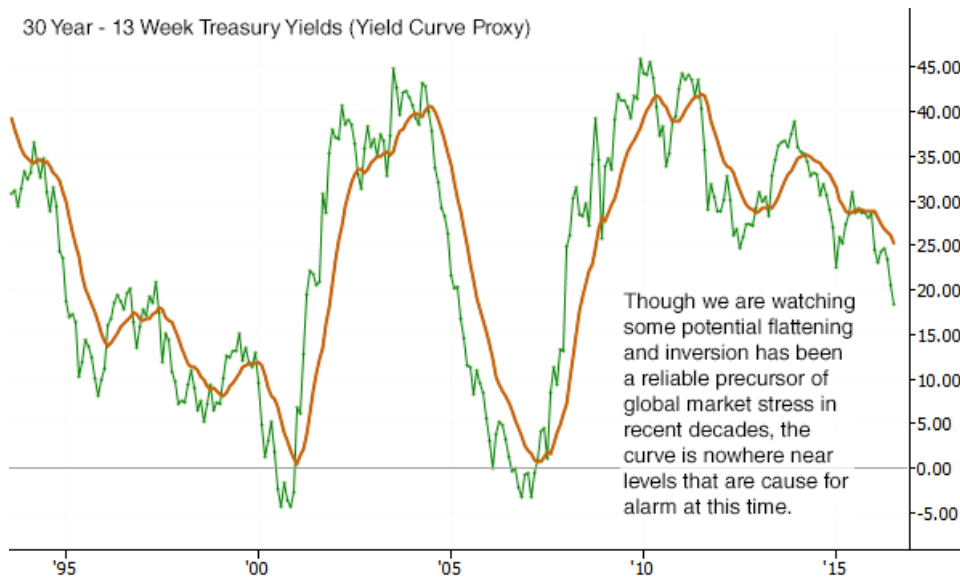
Returns by Trading Day, Previous Week
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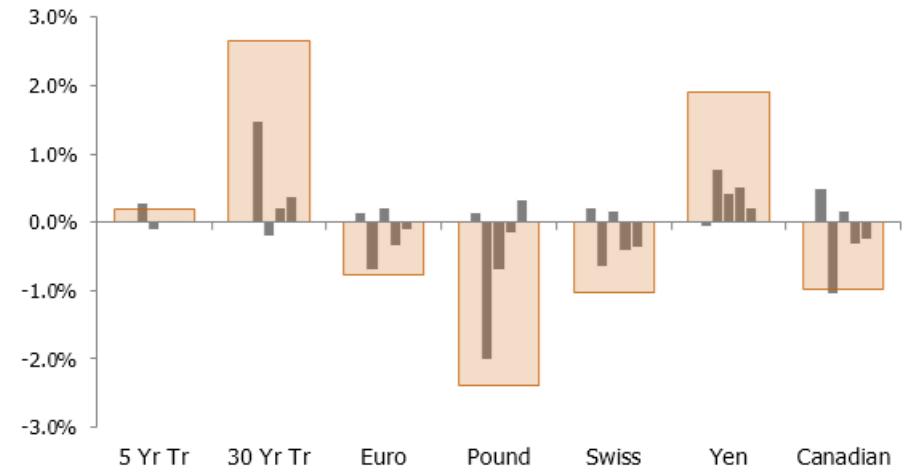
30 Year - 13 Week Treasury Yields (Yield Curve Proxy)

Though we are watching some potential flattening and inversion has been a reliable precursor of global market stress in recent decades, the curve is nowhere near levels that are cause for alarm at this time.

@US - Daily 30 Yr U.S. Treasury Bonds Continuous Contract [Se...

Treasury futures continue in their unabated uptrend. No reason to fade at this time.
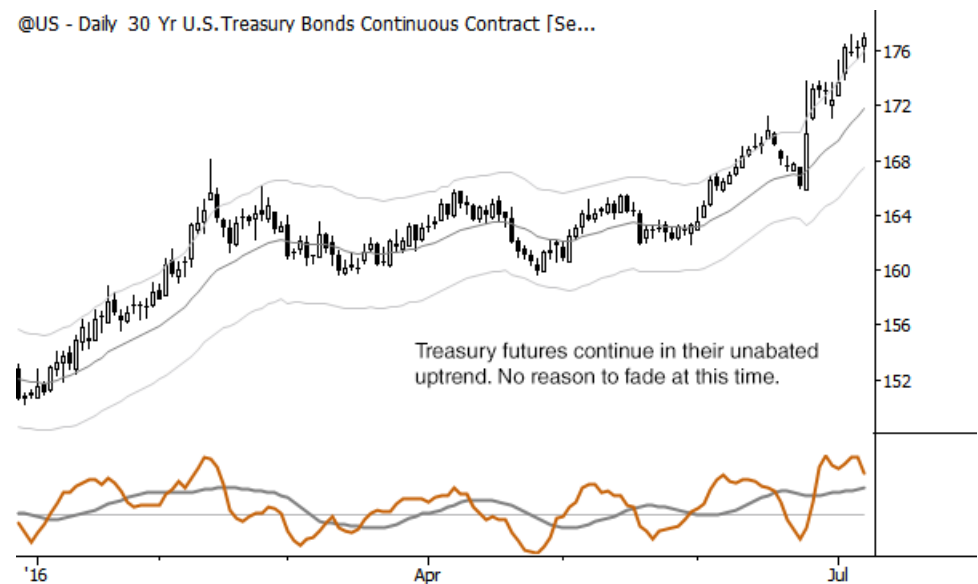
Rates & FX (continued)

$DXY - Daily U.S Dollar Index

The Brexit event has provided the upward momentum to cement lon-ger-term support on the USD. Look for continued strength in coming months.
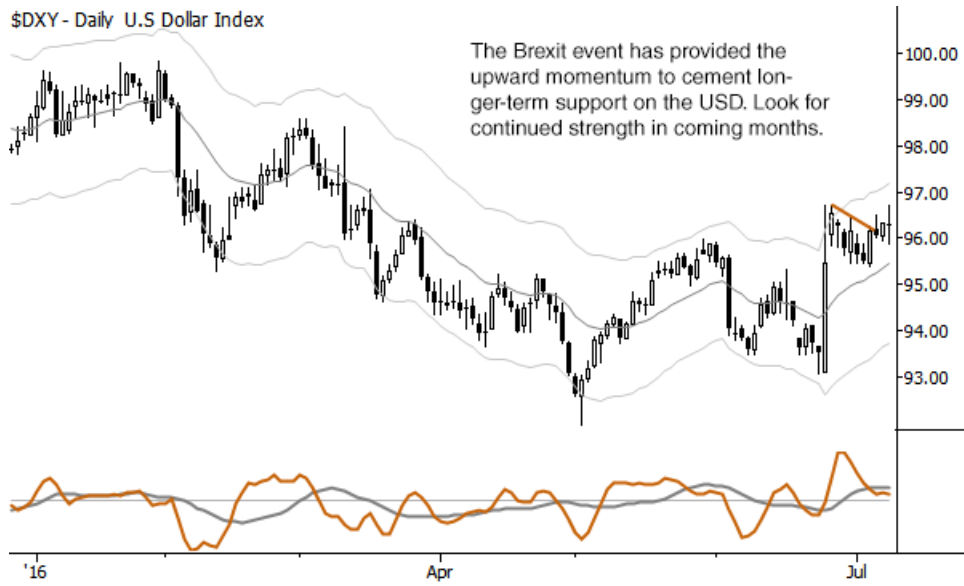
EURUSD - Daily Euro / US Dollar

Good downside potential in the EURUSD. Enter shorts on weakness.
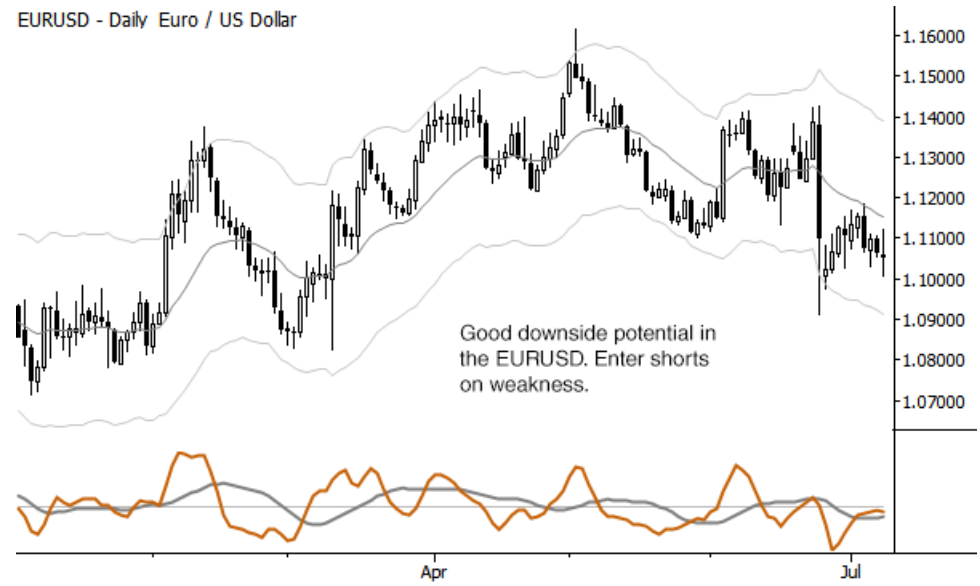
EURGBP - Daily Euro / British Pound

Though this appears to be an overextended move, we see excellent continued potential for this trend. Do not fade.
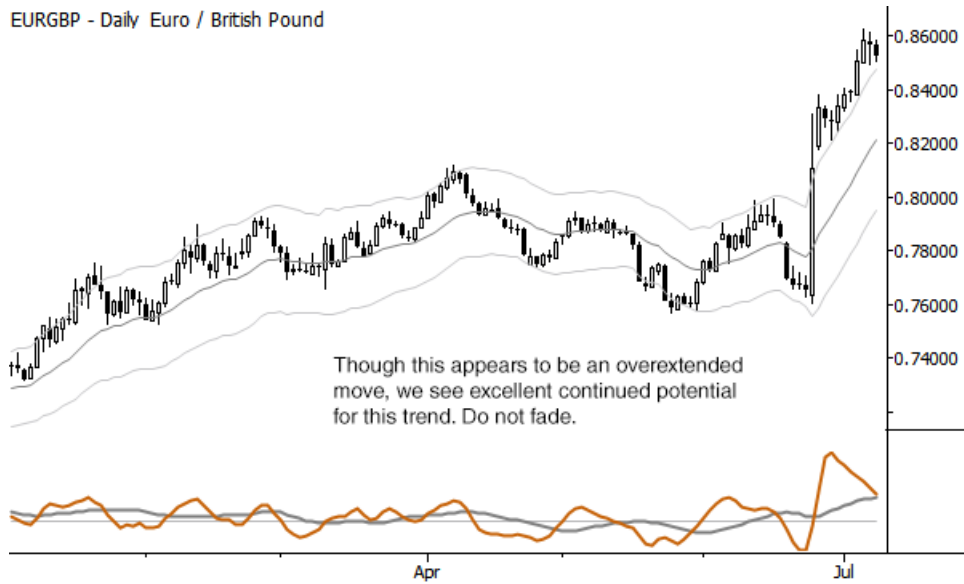
EURJPY - Daily Euro / Japanese Yen

Another trend with excellent longer-term potential.
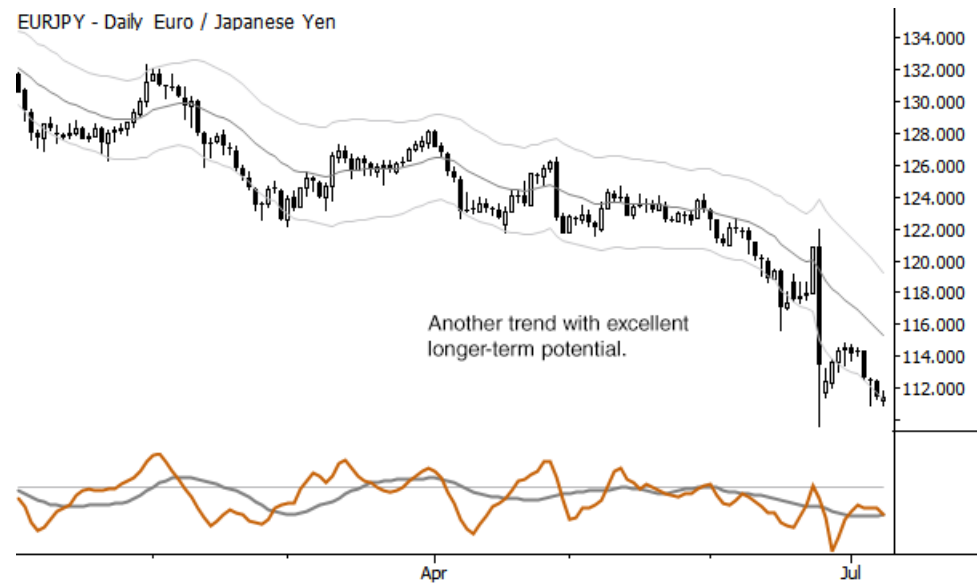
COMMODITIES

Metals:

▸ Precious metals continue to grind toward longer-term trend changes. We advocate using reasonably tight stops on trades at this time rather than large-scale exposures.

Energy:

▸ Any further downside in crude this week could lead to sharp selling. We have been watching bearish patterns here for many months, and are close to a trigger level.

Foods & Softs:

▸ Soybeans continue to show good trending potential, but not so for the rest of the grains.

Returns by Trading Day, Previous Week
(Gray bars = individual days, large outline = weekly return)

@CL – Daily Crude Oil Continuous Contract [Aug16]

Note subtle accumulation of large sigma down days. Coupled with bearish higher timeframe structure, this is potentially strongly bearish.

@CL – Weekly Crude Oil Continuous Contract [Aug16]

Momentum on higher timeframes is also rolling over. Shorts are fully justified, but use correct stops.
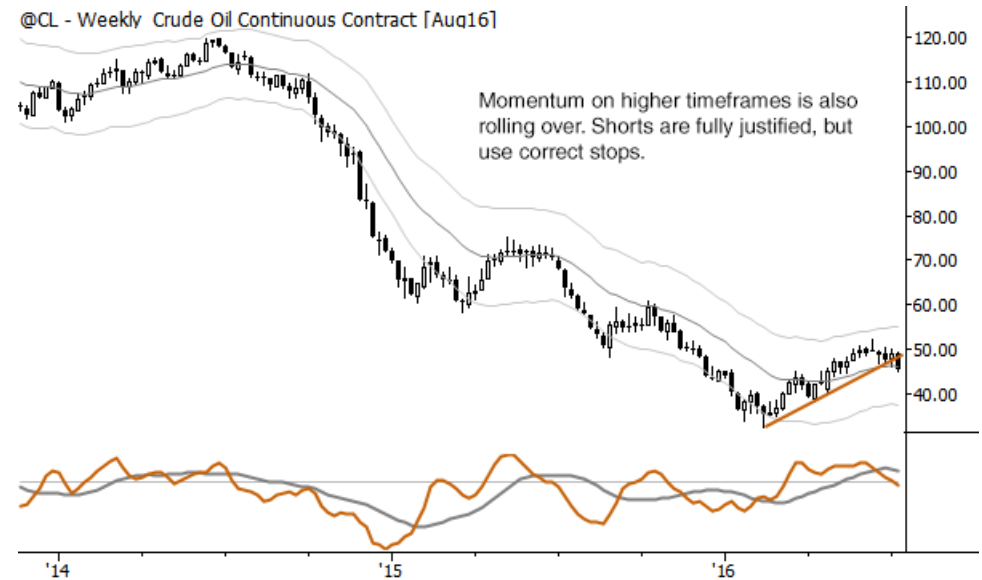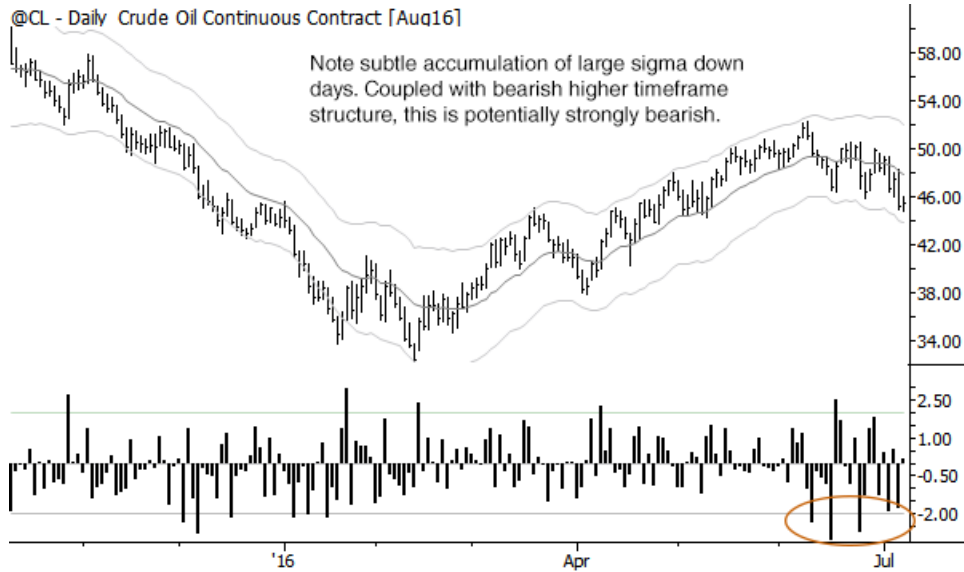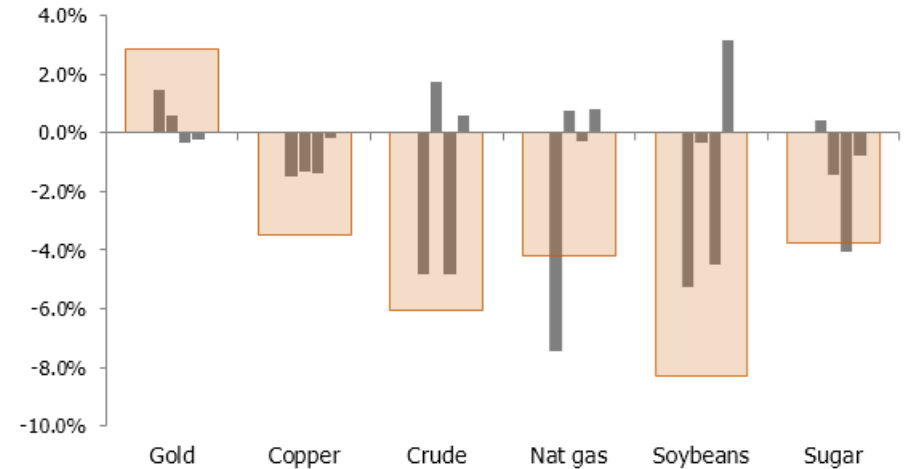
COMMODITIES (continued)

@GC - Daily Gold Continuous Contract [Aug16]

One of the clearest trends in commodities is the precious metals shift to longer-term uptrends. We continue to think best strategy is targeted long trades with tight stops rather than a "buy and hold" approach.
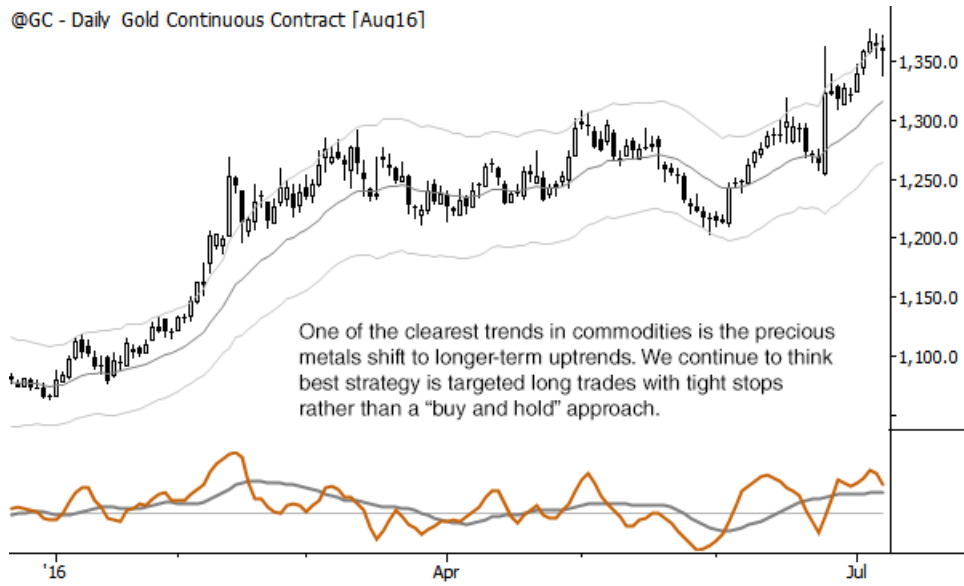
@SI - Daily Silver Continuous Contract [Sep16]

Silver shows evidence of a buying climax. Expect a multi-week pullback, eventually resolving into another trend leg up.

Markets usually take some time to reset after events like this.
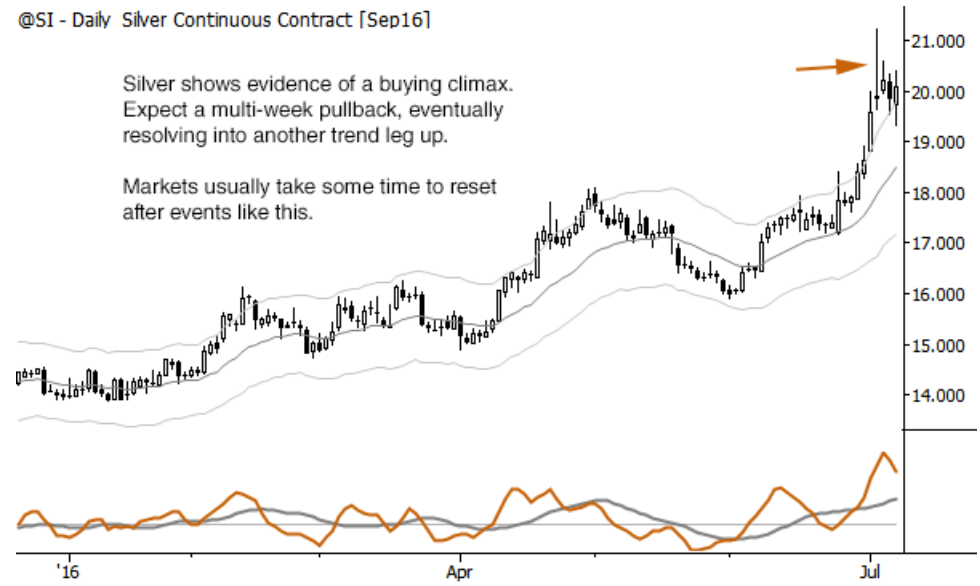
@S - Daily Soybeans Continuous Contract [Nov16]

Summer bull markets in grains often see incredible volatility that violates reasonable risk parameters--it can be hard to stay long a market like this.
We advise not trying to do so, but, rather, taking smaller trades with reasonable stops.
The trend in this market is probably not over.
Watching for additional spots to buy.
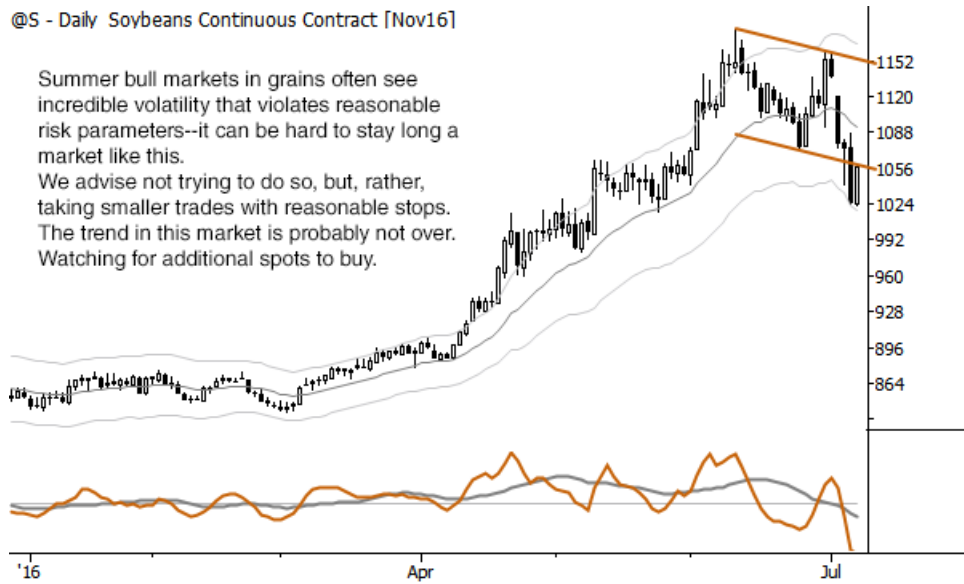
@W - Daily Wheat Continuous Contract [Sep16]

Next swing in wheat is likely to the downside.
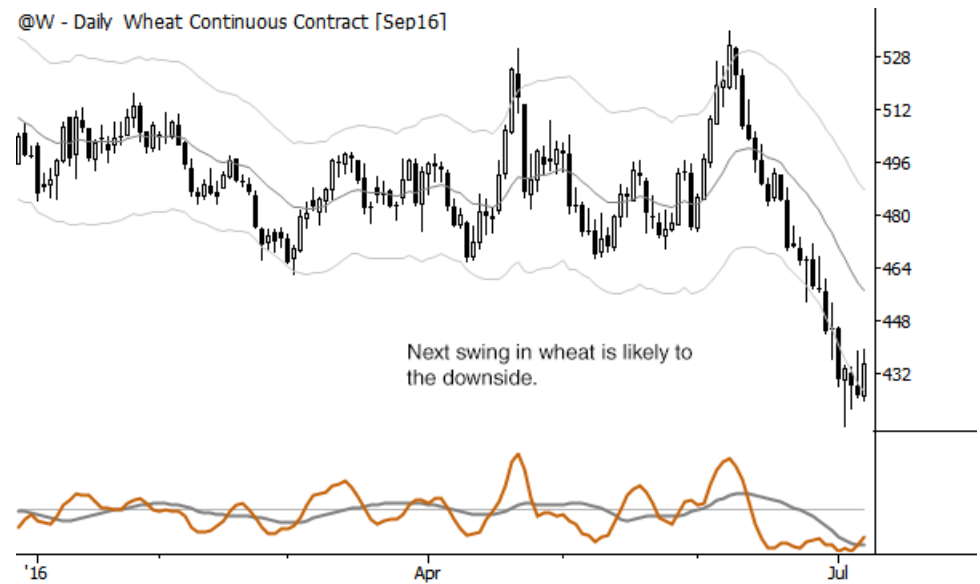
DISCRETIONARY TRADE IDEAS

Date In	L/S	Size	Contract	Proxy	Type	Price In	InitStop	Last	Target	Stop	StopATR	CurrentRisk	Open%	Open%R	Total P&L
7/1/16	L	Flat	Gold (Aug)	GLD	PB	1,343.00	1,281.00	1,367.40	1,405.00	*1,343.00*	1.0	0%	-	-	0.0x
7/5/16	S	Full	Crude oil (Sept)	USO	I/PB	47.44	51.71	45.84	43.17	*48.12*	1.2	16%	3.4%	0.4x	0.4x
7/8/16	L	Full	SP 500 (Sept)	SPY	PB	2098.25	2064.00	2120.75	2132.50	*2079.00*	1.3	56%	1.1%	0.7x	0.7x

Key: I = Intermediate-term (otherwise it is short-term), PB = Pullback, A = Anti, FT = Failure Test, BO = Breakout

COMMENTARY

► Though we have fewer positions than at times in the past, several of these have excellent longer-term potential and possible importance.

► A trade is simply a trade—manage with correct risk and tighten stops appropriately.

► (We have removed the USDCAD trade from our potential entries, even though it touched the entry level and closed slightly profitably Friday.)

POTENTIAL ENTRIES

► Sell EURUSD 1.10300, against an initial stop around 1.12500.

► Sell Natural Gas (Sept) 2.731, against an initial stop around 2.890.

*All breakout entries should only be held if confirmed by a strong/weak close (for a buy/sell) on the day of trade entry.

Note: These are a distillation of our quantitative and discretionary work. In a sense, they are specific trade examples of our bigger picture tactical themes. Please contact us for further information on our discretionary and systematic trading approaches.

International	Now	Chg	VRat
Brazil	1	0	1.0
Indonesia	2	0	0.0
Canada	3	4	1.0
Russia (NDQ OMX 15)	4	0	0.9
Phlippnes	5	0	0.5
Thailand	6	0	0.9
S Africa	7	-4	1.0
S&P 500 Index	8	5	1.0
Taiwan	9	0	1.2
Singapore	10	0	0.6
Australia	11	0	0.9
S Korea	12	-4	1.4
Arabia Titans 50	13	5	1.0
Mexico	14	-2	1.1
Hong Kong	15	0	1.1
Japan	16	-2	0.7
Switzerland	17	0	0.8
Finland	18	-2	0.9
Nthrlands	19	2	0.9
Israel	20	4	0.9
UK	21	-1	0.7
France	22	-3	0.8
Germany	23	-1	0.9
Sweden	24	-1	0.9
India (SP India 10)	25	0	0.9
Greece	26	0	0.7

US Mkt Cap Indexes	Now	Chg	VRat
S&P SmallCap 600 Index	1	1	1.2
US Value	2	-1	1.0
S&P 500 Index	3	0	1.0
S&P 100 Index	4	0	0.9
DJ Wilshire 5000 Comp	5	-1	1.0
Russell 2000 Index	6	0	1.2
Russell MicroCap Index	7	0	1.2
US Growth	8	0	0.9

US Sectors (SP1500)	Now	Chg	VRat
Telcom Svcs	1	1	1.2
Utilities	2	-1	1.3
Consumer Staples	3	0	0.7
Industrials	4	1	1.0
Materials	5	1	1.3
Energy	6	-2	1.1
Consumer Discretionary	7	1	1.0
Health Care	8	-1	0.7
Information Tech	9	0	0.9
Financials	10	0	1.0

US Industry Groups	Now	Chg	VRat
Telcom Svcs	1	1	1.2
Utilities	2	-1	1.3
Food Beverage & Tobacco	3	0	0.6
Real Estate	4	0	1.2
Commercial & Prof Svcs	5	1	0.9
Retailing	6	7	0.9
Semis & Semis Equip	7	3	1.1
Capital Goods	8	1	1.0
Health Care Equip & Svcs	9	-1	0.8
Household & Prsnl Prod	10	-3	0.9
Materials	11	1	1.3
Energy	12	-7	1.1
Media	13	2	1.0
Software & Svcs	14	2	0.7
Food & Staples Retailing	15	-4	0.7
Cons Durables & Apparel	16	1	1.0
Pharma, Biotech & Life Sci	17	2	0.7
Insurance	18	-4	0.9
Transportation	19	1	1.0
Consumer Svcs	20	-2	0.5
Automobiles & Compnts	21	3	1.6
Diversified Financials	22	-1	1.0
Tech Hardware & Equip	23	-1	0.8
Banks	24	-1	1.0

US Industries (Top)	Now	Chg	VRat
Metals & Mining	1	2	1.0
Construction Materials	2	0	1.1
Water Utilities	3	-2	1.2
Internet & Catalog Ret	4	13	0.5
Food Products	5	5	0.6
Distributors	6	10	1.1
Div Telcom Svcs	7	0	1.2
Building Products	8	7	1.0
Multi-Utilities	9	-4	1.3
HCare Equip & Supply	10	3	0.6
Gas Utilities	11	-7	1.3
Tobacco	12	-3	0.9
Electric Utilities	13	-7	1.2
Comm Svcs & Supplies	14	-2	1.0
Ind Pwr Prod & Trdrs	15	-7	0.8
REITs	16	-5	1.2
Industrial Conglomerates	17	3	0.5
Construction & Eng	18	9	1.0
Wireless Telcom Svcs	19	-1	0.7
Semis & Semi Equip	20	8	1.1
Household Products	21	-2	0.9
Beverages	22	0	0.6
Road & Rail	23	6	1.0
Air Freight & Logistics	24	2	1.1
Household Durables	25	14	1.0
Pharmaceuticals	26	-1	0.5
Aerospace & Defence	27	-4	1.2
Oil, Gas&Consmble Fuels	28	-14	1.0
Machinery	29	5	1.2
Communications Equip	30	11	1.1
Health Care Tech	31	2	0.9
Trading Cos & Dists	32	4	1.2
Leisure Equip & Prds	33	10	1.0
Media	34	4	1.0

US Industries (Bottom)	Now	Chg	VRat
Life Scis Tools & Svcs	35	12	0.9
Specialty Retail	36	13	1.3
Software	37	0	0.6
Internet Soft &Svcs	38	4	0.8
Div Financial Svcs	39	-15	0.8
Professional Svcs	40	0	0.8
Electrical Equip	41	3	1.2
Personal Products	42	10	1.0
Food & Staples Ret	43	-13	0.7
Containers & Packaging	44	-13	1.1
Energy Equip & Svcs	45	-24	1.1
IT Svcs	46	0	0.8
HCare Prov & Svcs	47	-15	1.0
Elec Equip & Cmpnnts	48	2	1.1
Chemicals	49	-1	1.3
Insurance	50	-15	0.9
Automobiles	51	8	1.6
Txtils, Apprl & Lux Gds	52	1	1.0
Multiline Retail	53	-8	0.6
Htls Rests & Leisure	54	-3	0.5
Paper & Forest Products	55	0	1.2
Div Consumer Svcs	56	0	1.0
BioTech	57	6	0.9
Marine	58	-1	0.8
Thrifts & Mrtg Finace	59	-5	0.8
Auto Components	60	1	1.5
Consumer Finance	61	1	1.3
Comps & Peripherals	62	-2	0.6
Commercial Banks	63	-5	1.0
Capital Markets	64	0	1.0
Airlines	65	0	0.9
Real Estate Mgmt&Dev	66	0	1.7

EQUITY SCREENS & MODELS

Equity Screens, Trading Models, and Systems are available in the Excel attachment to this email.

Summary of Equity Screens:

▸ Big Movers: highlights stocks that have had large volatility-adjusted moves the previous trading day.

▸ Historical Movers: A look at the big movers screen, highlighting the largest moves over the past 10 trading days. This is a tool for finding pullbacks and for measuring market reaction to these large moves.

▸ In Play: Highlights stocks that are trading with exceptional volume and activity, relative to their own longer-term trading history.

▸ Consecutive Closes: an overbough/oversold screen based on consecutive closes in one direction.

▸ Extension: a long/short model for stocks, with a focused edge for short-term trades.

▸ Pullback Buy & Pullback Sell: Long/short screens highlighting stocks that are potential candidates for pullback trades. Typical use of this screen would then involve a look at the names on this list, choosing the best patterns and examples.

▸ RS Strong: highlights the strongest relative strength stocks in the market, based on a relatively short-term, volatility-adjusted measure of relative strength.

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