QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 23, 2008 Issue 88

Market Overview

Summary of Recent Active Studies (see http://QuantifiableEdges.blogspot.com for details)

Study Date	Description	Time span	Bias
June 23, 2008	SPC under BB VIX not stretched	1-12 days	Bearish
June 23, 2008	CBI = 5	1-6 days	Bullish
June 23, 2008	Friday-Monday Negative Momo	1-4 days	Bearish
June 23, 2008	Put/Call Spike	1-10 days	Bullish
June 17, 2008	3 up days - momentum slowing	1-10 days	Bearish
June 10, 2008	Bad Breadth - S&P 500 Rises	1-10 days	Bearish
March 17, 2008	Consumer Sentiment Stretch	1-12 months	Bullish

Short-term Outlook (1-5 days) – neutral – updated 6/23/08

The market underwent some heavy selling on Friday. All the majors close down substantially, with the S&P down slow to 1.9% and the Nasdaq Composite down 2.3%. Breadth was strongly negative as down volume made up 87% of all volume on the NYSE. It was also the highest volume day since March 20th.

In last Monday's (6/16/08) Subscriber Letter I went over in detail the propensity for the market to carry positive Friday momentum over through Monday. (Email me if you'd like a copy of this Letter.) With Friday the 20th being such a bad day, I thought I would examine the other side of that coin. Does negative Friday momentum have a propensity to carry over through Monday?

For these tests I elected to only look back until 1990. The reason is that from the 1960's through the 1980's Monday's had a negative expectation. This was illustrated in the June 15th blog. Therefore, rather than skewing results with data that already had a negative expectation, I simply looked 1990 – present. The average Monday over this time period returned 0.00785%, or $75.51 on a $100,000 trade. The first test shows Monday's returns based on Friday's drop:

SPX drops on Friday by X percent. Buy at close. Sell Monday at close. $100,000 per trade. 1990 - present											
Days Held	Net Profit	Trades	Winners	% Profitable	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Avg Trade	Profit Factor
2	($864.70)	35	22	62.86	$3,322.23	($4,302.72)	$891.96	($1,575.98)	0.57	($24.71)	0.96
1.75	$1,007.76	48	30	62.50	$3,877.95	($4,302.72)	$945.68	($1,520.15)	0.62	$21.00	1.04
1.5	$8,568.23	60	40	66.67	$3,877.95	($4,302.72)	$907.74	($1,387.07)	0.65	$142.80	1.31
1.25	$4,581.27	81	50	61.73	$3,877.95	($6,760.90)	$945.29	($1,376.87)	0.69	$56.56	1.11
1	($5,214.57)	118	67	56.78	$3,877.95	($6,760.90)	$874.30	($1,275.86)	0.69	($44.19)	0.92
0.75	($10,568.14)	175	95	54.29	$5,054.10	($6,826.40)	$843.58	($1,148.21)	0.73	($60.39)	0.88
0.5	$954.94	242	139	57.44	$5,054.10	($6,826.40)	$793.05	($1,071.37)	0.74	$3.95	1.01
0.25	$3,284.41	336	187	55.65	$5,054.10	($6,826.40)	$789.92	($975.88)	0.81	$9.78	1.02

Generally, negative Fridays led to Mondays that underperformed typical Mondays. Next I looked at what occurred if Friday's close was below the 200-day moving average:

SPX drops on Friday by X percent and closes < 200ma. Buy at close. Sell Monday at close. $100,000 per trade. 1990 - present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
2	($7,478.85)	22	12	54.55	$3,322.23	($4,302.72)	$913.36	($1,843.91)	0.50	($339.95)	0.59
1.75	($7,377.40)	29	15	51.72	$3,877.95	($4,302.72)	$1,147.01	($1,755.89)	0.65	($254.39)	0.70
1.5	($581.33)	39	24	61.54	$3,877.95	($4,302.72)	$1,005.29	($1,647.22)	0.61	($14.91)	0.98
1.25	($4,351.84)	54	32	59.26	$3,877.95	($6,760.90)	$1,027.50	($1,692.35)	0.61	($80.59)	0.88
1	($11,523.77)	63	34	53.97	$3,877.95	($6,760.90)	$1,004.28	($1,631.05)	0.62	($182.92)	0.75
0.75	($18,166.16)	82	38	46.34	$5,054.10	($6,760.90)	$1,069.65	($1,367.74)	0.78	($221.54)	0.69
0.5	($19,343.78)	98	47	47.96	$5,054.10	($6,760.90)	$1,018.83	($1,344.58)	0.76	($197.39)	0.71
0.25	($14,703.31)	126	64	50.79	$5,054.10	($6,760.90)	$960.25	($1,248.51)	0.77	($116.69)	0.81

Here we see that returns are not only substantially sub-par, but also negative. The next table focuses on Friday drops of at least 1% and shows expectations for the entire next week.

SPX drops on Friday by at least 1%. Buy at close. Sell X Days later. $100,000 per trade. 1990 - present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
5	$23,005.03	115	65	56.52	$7,739.42	($9,314.08)	$2,085.69	($2,251.30)	0.93	$200.04	1.20
4	$5,733.41	118	60	50.85	$5,731.96	($6,410.56)	$1,752.37	($1,713.94)	1.02	$48.59	1.06
3	$10,972.30	118	64	54.24	$5,215.85	($5,403.51)	$1,521.25	($1,599.77)	0.95	$92.99	1.13
2	$11,499.96	118	58	49.15	$6,245.15	($5,855.85)	$1,530.60	($1,287.92)	1.19	$97.46	1.15
1	($5,214.57)	118	67	56.78	$3,877.95	($6,760.90)	$874.30	($1,275.86)	0.69	($44.19)	0.92

Sub-par returns look like they last about 4 days even though they are not strongly negative. But how does the next week look if Friday happens to be options expiration? See below:

SPX drops on Option Expiration Friday by at least 1%. Buy at close. Sell X Days later. $100,000 per trade. 1990 - present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
5	($4,219.22)	33	17	51.52	$7,739.42	($5,973.00)	$1,815.33	($2,192.49)	0.83	($127.86)	0.88
4	($14,485.05)	33	15	45.45	$5,439.43	($6,334.85)	$1,514.14	($2,066.51)	0.73	($438.94)	0.61
3	($8,217.81)	33	13	39.39	$4,277.94	($3,701.20)	$1,796.40	($1,578.55)	1.14	($249.02)	0.74
2	($9,225.79)	33	14	42.42	$4,786.41	($5,855.85)	$1,443.72	($1,549.36)	0.93	($279.57)	0.69
1	$158.03	33	20	60.61	$3,877.95	($3,264.30)	$790.59	($1,304.49)	0.61	$4.79	1.01

Overall it appears that negative momentum on Fridays is not a good harbinger for the days to come.

Not only did Friday see a big decline, but it happened after gapping down substantially. I separately decided to look at performance following days when large gaps down led to additional selling:

SPY gaps lower by 0.75% and drops additional 0.75% during day. Buy at Close. Sell X Days Later. $100,000 per trade. 1989- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
5	$413.49	33	15	45.45	$6,979.50	($7,982.10)	$3,382.49	($2,795.77)	1.21	$12.53	1.01
4	($8,618.58)	33	12	36.36	$7,990.25	($6,081.60)	$3,432.58	($2,371.88)	1.45	($261.17)	0.83
3	($9,722.50)	37	19	51.35	$7,021.11	($5,855.35)	$2,293.92	($2,961.50)	0.77	($262.77)	0.82
2	($1,711.74)	38	14	36.84	$7,793.16	($7,794.02)	$2,961.23	($1,798.71)	1.65	($45.05)	0.96
1	$3,229.01	40	19	47.50	$4,577.64	($4,287.36)	$1,618.42	($1,310.52)	1.23	$80.73	1.12

These results don't look too promising either. I did decide to look at it when the SPX also made a 50-day low, though:

SPY gaps lower by 0.75%, drops 0.75% during day & closes @ 50-day low. Buy at Close. Sell X Days Later. $100,000 per trade. 1989- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
20	$55,077.97	16	11	68.75	$15,228.00	($16,724.73)	$7,824.34	($6,197.95)	1.26	$3,442.37	2.78
15	$65,396.53	18	12	66.67	$13,299.12	($5,755.30)	$7,227.94	($3,556.46)	2.03	$3,633.14	4.06
10	$29,752.26	18	9	50.00	$14,009.76	($8,488.90)	$6,279.81	($2,974.00)	2.11	$1,652.90	2.11
9	$35,718.69	18	13	72.22	$12,068.19	($9,938.88)	$4,975.89	($5,793.57)	0.86	$1,984.37	2.23
8	$39,762.05	18	12	66.67	$11,598.66	($9,113.35)	$5,347.85	($4,068.68)	1.31	$2,209.00	2.63
7	$31,804.26	18	12	66.67	$9,415.98	($12,208.45)	$4,771.05	($4,241.40)	1.12	$1,766.90	2.25
6	$33,226.06	19	14	73.68	$12,144.33	($10,914.30)	$4,283.58	($5,348.81)	0.80	$1,748.74	2.24
5	$18,898.19	19	12	63.16	$8,275.69	($7,982.10)	$3,647.94	($3,553.88)	1.03	$994.64	1.76
4	$4,205.34	19	9	47.37	$6,383.07	($6,081.60)	$3,597.43	($2,817.16)	1.28	$221.33	1.15
3	$6,058.73	20	13	65.00	$4,835.46	($5,855.35)	$2,330.30	($3,462.17)	0.67	$302.94	1.25
2	$7,106.63	21	10	47.62	$7,793.16	($7,794.02)	$3,142.47	($2,210.74)	1.42	$338.41	1.29
1	$6,175.65	22	13	59.09	$5,789.53	($4,287.36)	$1,801.45	($1,915.91)	0.94	$280.71	1.36

Here we see some nicely positive results. What I believe is happening here is that you are dealing with a market already in a downtrend. The 50-day low provides a clue that the strong selloff may have been exhaustive. If the selling was exhaustive, and people were throwing in the towel, then a spike in fear should have been evident. There are many ways to measure sentiment. I looked at a few on them for clues. First I examined the CBOE Total Put/Call Ratio, which spiked up to 1.33 on Friday, which was about 31% above its 200-day moving average. (For an explanation of why I compared the Put/Call to a long-term moving average, click here.)

CBOE Total Put/Call Ratio Spike at least 30% above 200ma. Buy at Close. Sell X Days Later. $100,000 per trade. 1996- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
20	$81,652.75	68	38	55.88	$13,346.00	($16,558.08)	$4,845.85	($3,416.32)	1.42	$1,200.78	1.80
15	$72,556.61	76	44	57.89	$11,586.98	($9,208.92)	$4,258.79	($3,588.44)	1.19	$954.69	1.63
10	$35,866.36	90	54	60.00	$8,593.08	($12,715.12)	$2,527.95	($2,795.63)	0.90	$398.52	1.36
9	$38,623.43	98	57	58.16	$8,861.74	($9,937.84)	$2,706.88	($2,821.19)	0.96	$394.12	1.33
8	$29,061.71	106	61	57.55	$9,165.45	($9,732.84)	$2,480.52	($2,716.66)	0.91	$274.17	1.24
7	$38,043.18	109	63	57.80	$6,939.90	($7,942.88)	$2,406.82	($2,469.27)	0.97	$349.02	1.33
6	$52,469.68	119	73	61.34	$8,753.07	($8,107.19)	$2,226.51	($2,392.73)	0.93	$440.92	1.48
5	$36,267.16	132	77	58.33	$7,739.42	($11,533.34)	$2,082.42	($2,255.98)	0.92	$274.75	1.29
4	$41,686.88	146	79	54.11	$6,760.00	($6,629.40)	$2,050.35	($1,795.39)	1.14	$285.53	1.35
3	$45,708.65	166	98	59.04	$6,160.00	($6,956.04)	$1,705.48	($1,785.71)	0.96	$275.35	1.38
2	$57,149.84	189	109	57.67	$5,270.00	($5,855.85)	$1,770.40	($1,697.79)	1.04	$302.38	1.42
1	$31,168.97	245	136	55.51	$5,117.46	($6,760.90)	$1,195.66	($1,205.88)	0.99	$127.22	1.24

Overall the spike appears to be a positive, especially when looking out a few weeks. Let's zoom in a little though and see short-term implications when the ratio is between 25% and 35% above the 200ma:

CBOE Total Put/Call Ratio Spikes between 25% & 35% above 200ma. Buy at Close. Sell X Days Later. $100,000 per trade. 1996- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
5	$28,094.82	110	64	58.18	$5,552.58	($8,618.56)	$1,854.30	($1,969.13)	0.94	$255.41	1.31
4	$12,645.33	118	65	55.08	$5,072.00	($8,273.56)	$1,642.21	($1,775.44)	0.92	$107.16	1.13
3	$12,751.90	124	67	54.03	$4,682.36	($11,649.96)	$1,494.77	($1,533.30)	0.97	$102.84	1.15
2	$6,149.68	131	72	54.96	$5,136.87	($5,764.02)	$1,378.66	($1,578.20)	0.87	$46.94	1.07
1	($9,582.39)	143	75	52.45	$3,850.37	($5,829.81)	$893.42	($1,126.31)	0.79	($67.01)	0.87

This would suggest once again sub-par returns over the next 1-4 days.

One gauge sometimes used to measure fear is the VIX. While the S&P 500 dropped sharply on Friday and closed below its lower Bollinger Band, the VIX barely nudged higher, closing less than 5% above its 10-day moving average. Below I examine other times this has happened:

SPX closes under lower Bollinger Band. VIX closes < 5% above 10ma. Buy at Close. Sell X Days Later. $100,000 per trade. 1989- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
30	($11,130.46)	14	7	50.00	$6,567.39	($11,827.12)	$2,507.31	($4,097.37)	0.61	($795.03)	0.61
20	($2,976.16)	15	8	53.33	$7,580.16	($9,927.12)	$2,983.43	($3,834.80)	0.78	($198.41)	0.89
10	$7,371.40	16	9	56.25	$7,020.72	($4,673.67)	$3,070.56	($2,894.81)	1.06	$460.71	1.36
5	$1,729.03	16	10	62.50	$5,396.71	($4,700.22)	$1,449.70	($2,127.99)	0.68	$108.06	1.14
4	($395.95)	16	9	56.25	$3,291.12	($4,256.00)	$1,468.24	($1,944.30)	0.76	($24.75)	0.97
3	($4,271.84)	17	9	52.94	$2,343.71	($3,701.20)	$1,007.07	($1,666.93)	0.60	($251.28)	0.68
2	($493.44)	18	9	50.00	$1,841.74	($3,510.44)	$1,039.40	($1,094.22)	0.95	($27.41)	0.95
1	($358.09)	20	11	55.00	$2,842.84	($2,162.04)	$725.37	($926.35)	0.78	($17.90)	0.96

Once again some negative implications, especially over the next 1-4 days. Interesting was the fact that most of the winners occurred in the early ‘90’s. The table below shows the results of the above test from 1993 – present.

SPX closes under lower Bollinger Band. VIX closes < 5% above 10ma. Buy at Close. Sell X Days Later. $100,000 per trade. 1993- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
12	($12,255.35)	10	2	20.00	$5,983.20	($3,483.46)	$3,273.47	($2,350.29)	1.39	($1,225.54)	0.35
11	($9,926.83)	10	3	30.00	$6,323.76	($3,889.35)	$2,949.52	($2,682.20)	1.10	($992.68)	0.47
10	($8,323.13)	10	3	30.00	$7,020.72	($4,673.67)	$3,980.17	($2,894.81)	1.37	($832.31)	0.59
9	($2,433.13)	10	3	30.00	$6,047.28	($5,112.52)	$4,289.90	($2,186.12)	1.96	($243.31)	0.84
8	($596.71)	10	5	50.00	$6,752.16	($4,588.88)	$2,405.37	($2,524.71)	0.95	($59.67)	0.95
7	$1,466.83	10	5	50.00	$7,445.52	($4,676.28)	$2,799.08	($2,505.72)	1.12	$146.68	1.12
6	($749.94)	10	4	40.00	$5,396.40	($3,308.28)	$2,527.03	($1,809.68)	1.40	($74.99)	0.93
5	($2,824.84)	10	4	40.00	$5,396.71	($4,700.22)	$2,485.77	($2,127.99)	1.17	($282.48)	0.78
4	($3,612.95)	10	5	50.00	$3,291.12	($4,256.00)	$1,663.96	($2,386.55)	0.70	($361.30)	0.70
3	($4,991.82)	11	6	54.55	$2,343.71	($3,701.20)	$1,062.23	($2,273.04)	0.47	($453.80)	0.56
2	($5,774.58)	11	4	36.36	$1,841.74	($3,510.44)	$884.94	($1,330.62)	0.67	($524.96)	0.38
1	($2,070.14)	13	5	38.46	$2,842.84	($2,162.04)	$1,161.70	($984.83)	1.18	($159.24)	0.74

The number of trades here is quite low, so it’s dangerous to read too much into it, but the implication appears to be negative. Interestingly, this has only happened 4 times when the market was trading below its 200-day moving average. Results of those 4 instances are below, although with only 4 instances I’m wary of reading *anything* into it.

SPX close < 200ma & lower Bollinger Band. VIX closes < 5% above 10ma. Buy at Close. Sell X Days Later. $100,000 per trade. 1989- present											
Days Held	**Net Profit**	**Trades**	**Winners**	**% Profitable**	**Max Win**	**Max Loss**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Avg Trade**	**Profit Factor**
30	($5,157.83)	4	2	50.00	$5,963.04	($11,827.12)	$4,915.49	($7,494.41)	0.66	($1,289.46)	0.66
20	($5,953.12)	4	1	25.00	$7,580.16	($9,927.12)	$7,580.16	($4,511.09)	1.68	($1,488.28)	0.56
10	($2,476.24)	4	1	25.00	$7,020.72	($4,566.08)	$7,020.72	($3,165.65)	2.22	($619.06)	0.74
5	($5,565.61)	4	1	25.00	$3,369.60	($4,700.22)	$3,369.60	($2,978.40)	1.13	($1,391.40)	0.38
4	($2,957.07)	4	2	50.00	$3,291.12	($4,256.00)	$2,257.44	($3,735.97)	0.60	($739.27)	0.60
3	($5,419.14)	4	2	50.00	$1,243.33	($3,701.20)	$771.79	($3,481.36)	0.22	($1,354.79)	0.22
2	($3,573.14)	4	2	50.00	$1,142.76	($3,510.44)	$847.50	($2,634.07)	0.32	($893.29)	0.32
1	$767.21	4	2	50.00	$1,814.40	($1,710.76)	$1,301.92	($918.31)	1.42	$191.80	1.42

So while the selling Friday was steep, and the market is certainly oversold by some measures, the studies are suggesting that risk may still outweigh reward for the short-term. I certainly do not a see a clear upside edge above, and therefore am not looking to go long yet.

A possible positive for the market not shown above is the fact that the CBI hit 5 on Friday. To review, a “5” is generally a warning to me that I do not want to take on additional short-exposure and some times will even tighten stops or take profits on existing shorts. My most recent review of entering long the market when the CBI hits 5 and exiting on a return to 3 can be found here. I am finding a bit less confidence in the current CBI reading since all the triggers are financial-related. I strongly prefer to see a wider sampling, and normally it is wider.

Based on the position of a good number of stocks, further sharp selling in the market could lead to a rapid increase in the CBI over the next couple of days. I will keep Subscribers informed of happenings on that front both intraday and each night.

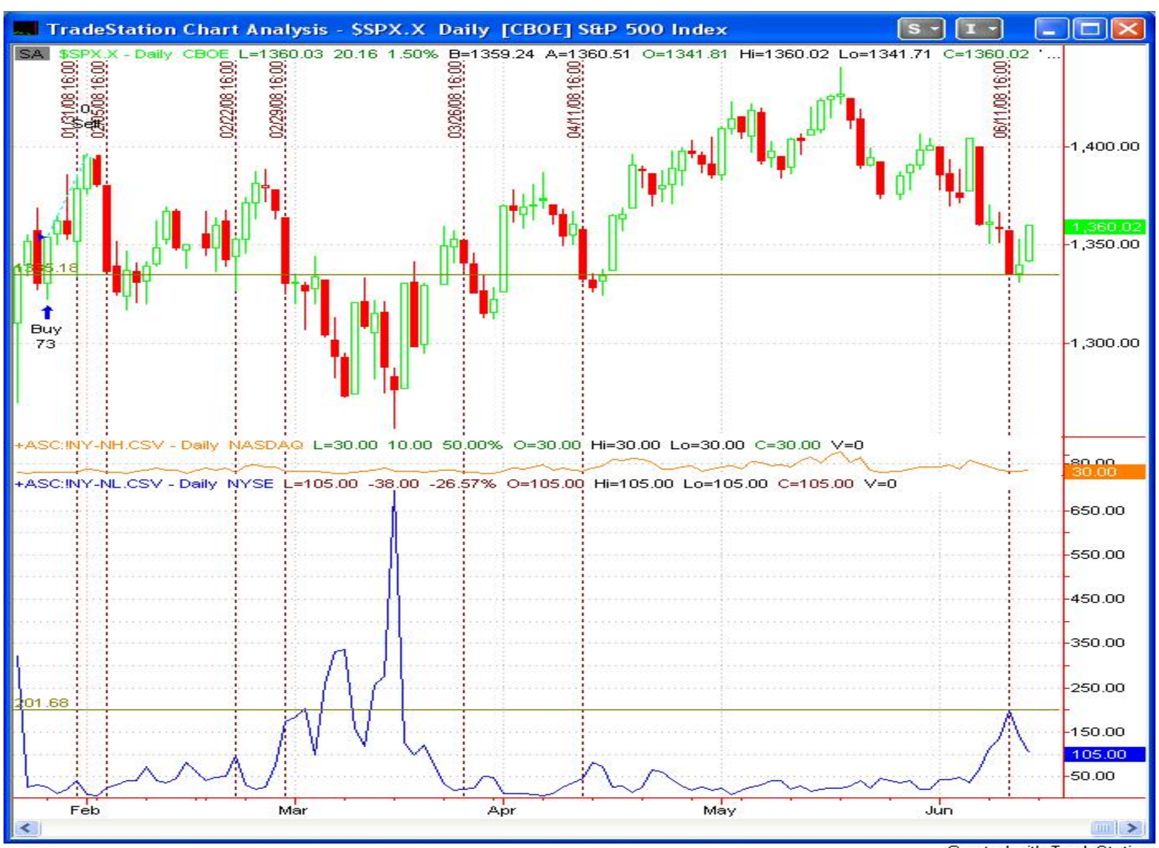
All this analysis keeps me on the sidelines with regards to index trades for at least another day. Further selling could generate some reading that may get me interested on the long side. Risk/reward isn’t quite there yet. While I may miss a bounce here, I’d rather keep my powder dry for a better setup.

Intermediate-term Outlook (1 week – 2 months) – neutral – ***updated 6/16/2008 – NO UPDATE TONIGHT***

From an intermediate-term perspective, direction remains unclear. The last few weeks the S&P retraced a little more than 50% of its move up from the March lows to the May highs. It has now bounced for a couple of days. On a positive note we've seen indicators become extreme at a higher level than before. This includes the CBI, the McClellan Oscillator and several other indicators I've shown in the studies over the last couple of weeks.

The studies based on these indicators have been mostly bullish lately, but they are also short-term in nature. I other words, the last few days were expected and we may see more of a bounce this week. It's what happens when this bounce fizzles out that is unclear. Will the market be able to put together some higher lows and rally to new highs? Or will it continue the short-term downtrend and test the March bottom? At this point I remain somewhat neutral from an intermediate-term standpoint.

Below is a chart that I found to be interesting which shows an example of how breadth has weakened, which I consider to be a bad sign. The top portion of the chart is the S&P 500 since shortly after the January low was made. The blue indicator on the bottom of the chart is the number of NYSE new lows. The vertical maroon lines found throughout the chart show each day that the price dropped down through 1335 as it did on last Wednesday. As you can see, since the January bottom no drop through 1335 was accompanied by more new lows that were found last Wednesday.



Created with TradeStation

As I mentioned, I've yet to find anything too compelling which would suggest to me that the market is highly more likely to test new highs before testing new lows, or visa-versa. Therefore I'll look to the short-term outlook to determine the trading bias, with an open mind to both long and short.

Catapult and Capitulative Breadth Statistics

(Catapult Presentation Part 1) *(Catapult Presentation Part 2)*

Open Catapult Trades

RF – bought 1/3 position @ $14.06
WB – bought 1/3 position @ $18.63
RF – bought 1/3 position @ $13.22
GE – bought 1/3 position @ $27.86

New Triggers

GE – buy 1/3 position @ $27.38.

Open Big 50 Trades

None

Open Catapult for ETF's Trades

None

Broad Market Large Cap CBI – 5/3 (RF-2, WB, GE-2)

Sector CBI Breakdown (% of stocks with active catapult triggers within each sector.)

Index	ETF	CBI %		Index	ETF	CBI %
DJ US Broker Dealers	IAI	0.00		DJ US Energy	IYE	0.00
DJ US Insurance Index	IAK	2.70		DJ US Financial	IYF	5.48
DJ US Regional Banks	IAT	13.75		DJ US Financial Services	IYG	8.39
DJ US Utilities	IDU	0.00		DJ US Healthcare	IYH	1.41
DJ US Oil&Gas Expl & Prod	IEO	0.00		DJ US Industrial Sector	IYJ	1.92
DJ US Oil Equip & Svcs	IEZ	0.00		DJ US Consumer Goods	IYK	5.44
DJ US Pharmaceuticals	IHE	2.70		DJ US Basic Materials	IYM	0.00
DJ US Healthcare Providers	IHF	6.12		DJ US Real Estate	IYR	1.22
DJ US Medical Devices	IHI	2.44		DJ US Transportation	IYT	0.00
DJ US Aerospace & Defense	ITA	11.11		DJ US Technology Sector	IYW	0.50
DJ US Home Construction	ITB	0.00		DJ US Telecommunications	IYZ	5.26
DJ US Consumer Svcs	IYC	1.75		Nasdaq 100	QQQQ	0.00

Additional New Trade Ideas

None – The GE Catapult will stand alone tonight. I anticipate many setups should the selloff continue.

Active Trades Table

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
WB	6/10/2008	$18.63	$17.43	-6.44%		Catapult
RF	6/10/2008	$14.06	$11.22	-20.20%		Catapult
RF	6/16/2008	$13.22	$11.22	-15.13%		Catapult
GE	6/20/2008	$27.86	$27.38	-1.72%		Catapult
FXY	6/17/2008	$92.20	$93.05	0.92%		sold on close

FXY met its objective on Friday and was closed.

The Catapult trades have had some horrendous results this month. The persistent selling in financials has been largely responsible for this. I have never before seen a concentration of Catapult trades that have been beaten down so much. I had hoped to discuss this in detail tonight, but the research took an extended amount of time. Therefore I will look to expand on my thoughts on the Catapults in tomorrow’s Letter.

Stocks and ETF’s on my Radar

None

Notable S&P 500 stocks outside my “tradable” radar

None