QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 2, 2009 Volume 2 Issue 104

Market Overview

Summary of Recent Active Studies (see http://QuantifiableEdges.blogspot.com or Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Max Move	Avg MM + 1/2 Std Dev
Active					
June 2, 2009	2 strong breadth days & 10-day high	1-10 days	Bullish	2.10%	3.00%
June 2, 2009	SPX up 1%. BKX down 0.5%	1-2 days	Bearish	-1.30%	-1.80%
June 1, 2009	Two 0.75% days up in chop	1-4 days	Bearish		
May 28, 2009	1% Drop on Bad Breadth	1-9 days	Bullish	2.90%	3.90%
May 27, 2009	**5 day low to 10-day high**	**1-5 days**	**Bearish**	**-1.90%**	**-2.90%**
May 27, 2009	2.5% rise low volume	1-5 days	Bearish	-5.30%	-7.70%
Active - Long Term					
May 28, 2009	SOX up 1% while SPX down 1%	1-20 days	Bullish	13.10%	16.10%
June 1, 2009	Nasdaq Relative Strength Leading		Bullish		
April 20, 2009	Low Nasdaq Weekly Vol Spyx	1-10 weeks	Bearish		
Dropped Tonight					
May 18, 2009	5 Lower lows from 50-day high	1-10 days	Bearish	-2.40%	-3.30%
June 1, 2009	***Friday Follow Through***	***1 day***	***Bullish***		

If the avg max move is achieved it will appear in **bold and brown**. If the avg + 1/2 std deviation is achieved, the study will in ***bold italic blue***.

Short-term Outlook (1-5 days) – updated 6/2 – bearish

Monday saw the market gap up big and trend higher for most of the day. The SPX finished over 2.5% higher and the Nasdaq rose over 3%. Breadth was strong with the NYSE Up Issues % coming in at 82% and the Up Volume % at 83%. Overall volume declined from yesterday and closed under its 20ma.

Tons to talk about tonight so let's get right to it.

The breakout to new highs on the year has many traders excited. I decided to look at SPX performance after it breaks out of a base. There are many ways to construct such studies. Mine tonight is admittedly crude and I am open to suggestions for betterment. I will likely look at this a bit further over the next few days.

Below is the 1st simple iteration:

SPX has breakout to 50-day high. No new 50-day highs for at least 12 days prior. The 50ma is rising.										
Buy on close. Hold X days. $100k/trade. 1961 - present.										
X Days	Net Profit	Trades	Wins	Losses	% Wins	Avg Win	Avg Loss	W/L Ratio	Profit Fact	Avg Trade
30	($16,338.01)	115	52	58	45.22	$3,297.13	($3,237.73)	1.02	0.91	($142.07)
25	($3,207.35)	121	59	57	48.76	$2,981.70	($3,142.59)	0.95	0.98	($26.51)
20	($5,463.92)	125	61	59	48.80	$2,750.84	($2,936.69)	0.94	0.97	($43.71)
15	$22,967.26	128	66	57	51.56	$2,421.26	($2,400.63)	1.01	1.17	$179.43
10	$25,645.83	128	67	56	52.34	$1,941.83	($1,865.30)	1.04	1.25	$200.36
9	$37,913.16	128	70	52	54.69	$1,822.52	($1,724.29)	1.06	1.42	$296.20
8	$36,152.28	128	73	50	57.03	$1,595.92	($1,607.00)	0.99	1.45	$282.44
7	$48,560.89	128	71	52	55.47	$1,558.05	($1,193.47)	1.31	1.78	$379.38
6	$54,374.53	128	77	46	60.16	$1,420.85	($1,196.32)	1.19	1.99	$424.80
5	$51,422.22	128	74	49	57.81	$1,412.79	($1,084.16)	1.30	1.97	$401.74
4	$38,307.43	128	76	47	59.38	$1,099.66	($963.13)	1.14	1.85	$299.28
3	$45,319.28	128	79	44	61.72	$1,015.71	($793.67)	1.28	2.30	$354.06
2	$39,381.28	128	80	42	62.50	$833.18	($649.35)	1.28	2.44	$307.67
1	$24,384.93	128	79	43	61.72	$521.77	($391.50)	1.33	2.45	$190.51

I also decided to factor in the low volume to see if that had an effect.

Breakout to 50-day high. No new 50-day highs for at least 12 days prior. The 50ma is rising. Volume < 20ma.										
Buy on close. Hold X days. $100k/trade. 1961 - present.										
X Days	Net Profit	Trades	Wins	Losses	% Wins	Avg Win	Avg Loss	W/L Ratio	Profit Fact	Avg Trade
30	($2,591.58)	33	17	13	51.52	$2,265.53	($3,161.97)	0.72	0.94	($78.53)
25	$9,329.90	33	18	12	54.55	$2,436.82	($2,877.75)	0.85	1.27	$282.72
20	$5,101.01	33	18	12	54.55	$1,950.73	($2,501.02)	0.78	1.17	$154.58
15	$16,448.28	33	18	12	54.55	$1,740.92	($1,240.69)	1.40	2.10	$498.43
10	$20,949.62	33	19	11	57.58	$1,702.92	($1,036.90)	1.64	2.84	$634.84
9	$22,980.05	33	22	8	66.67	$1,439.27	($1,085.48)	1.33	3.65	$696.37
8	$27,701.78	33	23	7	69.70	$1,369.86	($543.58)	2.52	8.28	$839.45
7	$24,700.78	33	20	10	60.61	$1,446.62	($423.15)	3.42	6.84	$748.51
6	$26,528.54	33	22	8	66.67	$1,414.06	($572.59)	2.47	6.79	$803.90
5	$29,158.95	33	23	7	69.70	$1,419.19	($497.49)	2.85	9.37	$883.60
4	$23,461.00	33	22	8	66.67	$1,186.23	($329.50)	3.60	9.90	$710.94
3	$23,907.77	33	22	8	66.67	$1,228.75	($390.60)	3.15	8.65	$724.48
2	$20,391.12	33	25	5	75.76	$872.73	($285.41)	3.06	15.29	$617.91
1	$13,634.75	33	23	7	69.70	$674.33	($267.85)	2.52	8.27	$413.17

I was somewhat surprised to see the numbers actually looked better when the breakout was accompanied by low volume. Still it appears any positive influence only lasts about a week.

Another significant break today was the close above the 200-day moving average by the S&P. This is the 1st time since December of 2007 that the S&P has closed above its 200ma. That's a total of 358 trading days it spent below it. Below I looked at 1-month returns following extended periods below the 200ma.

SPX spends at least X days under the 200ma and then crosses above it.										
Buy on close. Hold 20 days. $100k/trade. 1961 - present.										
X Days	Net Profit	Trades	Wins	Losses	% Wins	Avg Win	Avg Loss	W/L Ratio	Profit Fact	Avg Trade
350	$0.00	0	0	0	0.00	$0.00	$0.00	100.00	100.00	$0.00
300	($1,092.20)	3	2	1	66.67	$2,771.88	($6,635.95)	0.42	0.84	($364.07)
250	$6,458.77	4	3	1	75.00	$4,364.91	($6,635.95)	0.66	1.97	$1,614.69
200	$6,026.98	5	3	2	60.00	$4,364.91	($3,533.87)	1.24	1.85	$1,205.40
150	$20,741.10	9	7	2	77.78	$3,972.69	($3,533.87)	1.12	3.93	$2,304.57
100	$26,077.46	13	9	4	69.23	$4,406.88	($3,396.12)	1.30	2.92	$2,005.96
50	$27,895.49	15	10	5	66.67	$4,446.51	($3,313.92)	1.34	2.68	$1,859.70

Generally there's been a pretty good success rate and the average occurrence tacked on another 1.5% - 2.0% over the next month. I then looked at the returns following at least 50 days below it more in depth.

SPX spends at least 50 days under the 200ma and then crosses above it.												
Buy on close. Hold X days. $100k/trade. 1961 - present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Avg Win	Avg Loss	W/L Ratio	Profit Fact	Avg Trade	Max Win	Max Loss
240	$168,513.36	14	11	3	78.57	$21,442.63	($22,451.85)	0.96	3.50	$12,036.67	$40,751.13	($38,338.30)
220	$132,096.49	14	11	3	78.57	$17,395.30	($19,750.61)	0.88	3.23	$9,435.46	$45,081.96	($31,759.00)
200	$142,159.86	14	11	3	78.57	$17,610.84	($17,186.48)	1.02	3.76	$10,154.28	$40,174.26	($23,187.15)
180	$120,308.44	15	12	3	80.00	$15,101.17	($20,301.86)	0.74	2.98	$8,020.56	$42,783.09	($28,798.85)
160	$99,658.23	15	12	3	80.00	$12,739.54	($17,738.74)	0.72	2.87	$6,643.88	$33,596.22	($19,690.25)
140	$97,487.12	15	11	4	73.33	$14,121.06	($14,461.15)	0.98	2.69	$6,499.14	$30,246.93	($27,171.95)
120	$106,109.21	15	11	4	73.33	$13,469.43	($10,513.62)	1.28	3.52	$7,073.95	$27,026.79	($15,458.95)
100	$105,095.82	15	12	3	80.00	$11,278.12	($10,080.54)	1.12	4.48	$7,006.39	$25,494.21	($12,403.30)
80	$77,902.83	15	11	4	73.33	$9,788.14	($7,441.68)	1.32	3.62	$5,193.52	$17,236.08	($11,638.90)
60	$68,927.57	15	11	4	73.33	$8,483.19	($6,096.88)	1.39	3.83	$4,595.17	$16,617.30	($11,074.70)
40	$44,309.05	15	10	5	66.67	$6,670.61	($4,479.41)	1.49	2.98	$2,953.94	$17,624.67	($14,514.50)
20	$27,895.49	15	10	5	66.67	$4,446.51	($3,313.92)	1.34	2.68	$1,859.70	$9,196.28	($6,635.95)

Overall there is an expectation for outperformance. Much of it seems to occur within the next 100 days. In any case, as break through the 200 seems to be a more significant event than a break through the 50-day moving average.

There was one study that didn't appear on the 5:15 run of the Quantifinder that did appear later. Apparently there was a data adjustment in Tradestation on the closing BKX price. The below study 1st appeared in the March 5th Subscriber Letter.

SPX rises at least 1% while the BKX drops at least 0.5%. Buy on close. Sell X days later. $100k/trade. 1994 – present.

QE Finder Tester: daysin	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
3	-7,169.10	15	6	9	40.00	1,890.96	-2,057.21	0.92	0.61	-477.94
2	-13,622.07	15	4	11	26.67	1,411.85	-1,751.77	0.81	0.29	-908.14
1	-12,238.84	15	2	13	13.33	2,185.39	-1,277.66	1.71	0.26	-815.92

The influence of this study was very short term. It does appear to be one worth paying attention to since the market has been led down and up by financials over the last year plus. Below are all the trades with their 1-day performance:

Date/Time	Signal	Price	Roll Over USD/Lot	Shares/Ctrts Profit	Net Profit Cum Net Profit	% Profit
10/14/93	Buy	$466.83	$0.00	214	$571.38	0.57%
10/15/93	Sell	$469.50		$571.38	$571.38	
07/19/94	Buy	$453.86	$0.00	220	($497.20)	(0.50%)
07/20/94	Sell	$451.60		($497.20)	$74.18	
03/11/96	Buy	$640.02	$0.00	156	($457.08)	(0.46%)
03/12/96	Sell	$637.09		($457.08)	($382.90)	
04/16/97	Buy	$763.53	$0.00	130	($228.80)	(0.23%)
04/17/97	Sell	$761.77		($228.80)	($611.70)	
08/25/99	Buy	$1,381.79	$0.00	72	($1,424.16)	(1.43%)
08/26/99	Sell	$1,362.01		($1,424.16)	($2,035.86)	
11/18/99	Buy	$1,424.94	$0.00	70	($205.80)	(0.21%)
11/19/99	Sell	$1,422.00		($205.80)	($2,241.66)	
01/10/00	Buy	$1,457.60	$0.00	68	($1,294.72)	(1.31%)
01/11/00	Sell	$1,438.56		($1,294.72)	($3,536.38)	
02/03/00	Buy	$1,424.97	$0.00	70	($42.00)	(0.04%)
02/04/00	Sell	$1,424.37		($42.00)	($3,578.38)	
04/07/00	Buy	$1,516.35	$0.00	65	($772.85)	(0.78%)
04/10/00	Sell	$1,504.46		($772.85)	($4,351.23)	
01/18/01	Buy	$1,347.97	$0.00	74	($400.34)	(0.40%)
01/19/01	Sell	$1,342.56		($400.34)	($4,751.57)	
10/23/08	Buy	$908.11	$0.00	110	($3,447.40)	(3.45%)
10/24/08	Sell	$876.77		($3,447.40)	($8,198.97)	
12/10/08	Buy	$899.24	$0.00	111	($2,847.15)	(2.85%)
12/11/08	Sell	$873.59		($2,847.15)	($11,046.12)	
02/03/09	Buy	$838.51	$0.00	119	($747.32)	(0.75%)
02/04/09	Sell	$832.23		($747.32)	($11,793.44)	
03/04/09	Buy	$712.87	$0.00	140	($4,244.80)	(4.25%)
03/05/09	Sell	$682.55		($4,244.80)	($16,038.24)	
04/08/09	Buy	$825.16	$0.00	121	$3,799.40	3.81%
04/09/09	Sell	$856.56		$3,799.40	($12,238.84)	
06/01/09	Buy	$942.87		106	n/a	n/a
open	n/a	$942.87		n/a	n/a	

Instances are a bit low, but I'm still going to factor this one in to my short-term thinking.

While the 1st day of the month is historically bullish, it's rare to see a month start out so strong. Last June I had to write about when months start poorly. Today I looked at the great 2.5%+ start.

SPX gains 2.5% or more on the 1st trading day of the month.										
Buy on close. Hold X days. $100k/trade. 1961 - present.										
X Days	Net Profit	Trades	Wins	Losses	% Wins	Avg Win	Avg Loss	W/L Ratio	Profit Fact	Avg Trade
10	($3,850.35)	11	6	5	54.55	$2,838.20	($4,175.91)	0.68	0.82	($350.03)
9	($16,062.29)	11	3	8	27.27	$3,277.08	($3,236.69)	1.01	0.38	($1,460.21)
8	($19,922.38)	11	3	8	27.27	$3,492.40	($3,799.95)	0.92	0.34	($1,811.13)
7	($20,327.20)	11	3	8	27.27	$2,584.45	($3,510.07)	0.74	0.28	($1,847.93)
6	($24,220.99)	11	2	9	18.18	$2,743.90	($3,300.98)	0.83	0.18	($2,201.91)
5	($12,127.90)	11	4	7	36.36	$1,638.22	($2,668.68)	0.61	0.35	($1,102.54)
4	($15,529.51)	11	5	6	45.45	$890.88	($3,330.65)	0.27	0.22	($1,411.77)
3	($7,615.57)	11	5	6	45.45	$1,035.24	($2,131.97)	0.49	0.40	($692.32)
2	($995.13)	11	6	5	54.55	$912.94	($1,294.55)	0.71	0.85	($90.47)
1	($3,175.12)	11	5	6	45.45	$304.27	($782.74)	0.39	0.32	($288.65)

At 1st glance there appears to be a strong bearish edge. To dig down a little more I looked at all the occurrences and their 6-day returns.

Date/Time	Signal	Price	Roll Over USD/Lot	Shares/Ctrts Profit	Net Profit Cum Net Profit	% Profit
04/01/68	Buy	$92.48	$0.00	1081	$3,448.39	3.45%
04/10/68	Sell	$95.67		$3,448.39	$3,448.39	
11/01/78	Buy	$96.85	$0.00	1032	($2,518.08)	(2.52%)
11/09/78	Sell	$94.41		($2,518.08)	$930.31	
01/04/88	Buy	$255.94	$0.00	390	($4,106.70)	(4.11%)
01/12/88	Sell	$245.41		($4,106.70)	($3,176.39)	
10/01/90	Buy	$314.93	$0.00	317	($3,116.11)	(3.12%)
10/09/90	Sell	$305.10		($3,116.11)	($6,292.50)	
09/02/97	Buy	$927.57	$0.00	107	($913.78)	(0.92%)
09/10/97	Sell	$919.03		($913.78)	($7,206.28)	
11/03/97	Buy	$938.99	$0.00	106	($1,612.26)	(1.62%)
11/11/97	Sell	$923.78		($1,612.26)	($8,818.54)	
09/01/98	Buy	$994.25	$0.00	100	($1,405.00)	(1.41%)
09/10/98	Sell	$980.20		($1,405.00)	($10,223.54)	
10/01/02	Buy	$847.91	$0.00	117	($8,324.55)	(8.39%)
10/09/02	Sell	$776.76		($8,324.55)	($18,548.09)	
01/02/03	Buy	$909.03	$0.00	110	$2,039.40	2.04%
01/10/03	Sell	$927.57		$2,039.40	($16,508.69)	
04/01/08	Buy	$1,370.15	$0.00	72	($1,127.52)	(1.14%)
04/09/08	Sell	$1,354.49		($1,127.52)	($17,636.21)	
01/02/09	Buy	$931.80	$0.00	107	($6,584.78)	(6.60%)
01/12/09	Sell	$870.26		($6,584.78)	($24,220.99)	
06/01/09	Buy	$942.87		106	n/a	n/a
open	n/a	$942.87		n/a	n/a	

If you look at the above dates you'll notice that they all occurred during challenging market conditions. Of the 11 instances, only 3 times did the S&P rise more than 2.5% on the 1st day of the month *and close above its 200-day average*. The 1st was 1978. That instance followed a steep decline and was trading below the 200ma the day before. The other 2 were the 1997 instances which also both followed steep declines. Sometimes when you run tests it tells you more about the kind of market a setup typically occurs in than it does help to predict the resolution to the setup. While the results look strongly bearish (though with a low number of instances), this just feels like one of those times. The fact that today was the 1st day of the Month doesn't seem like a good reason to sell.

Also unusual today was the fact that with the SPX rising strongly, the VIX also rose. I was only able to find 7 other times where the SPX rose as much as 2% and the VIX rose at all. Summary results of those instances are below:

SPX rises over 2% and the VIX finishes higher on the day. Buy on close. Sell X days later. $100k/trade. 1990-present.

QE VIX up index up: daysin	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	2,738.23	7	5	2	71.43	1,291.68	-1,860.09	0.69	1.74	391.18
4	5,315.66	7	4	3	57.14	2,094.19	-1,020.36	2.05	2.74	759.38
3	178.53	7	3	4	42.86	1,408.55	-1,011.78	1.39	1.04	25.50
2	-3,978.16	7	3	4	42.86	745.13	-1,553.39	0.48	0.36	-568.31
1	-857.27	7	2	5	28.57	445.65	-349.71	1.27	0.51	-122.47

I'm not seeing anything terribly significant here. To increase the sample size, I dropped the required % increase to 1.75%.

SPX rises over 1.75% and the VIX finishes higher on the day. Buy on close. Sell X days later. $100k/trade. 1990-present.

QE VIX up index up: daysin	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	7,844.84	16	10	6	62.50	1,494.84	-1,183.93	1.26	2.10	490.30
4	7,623.50	16	9	7	56.25	1,671.23	-1,059.65	1.58	2.03	476.47
3	1,312.72	16	8	8	50.00	1,165.01	-1,000.92	1.16	1.16	82.05
2	-3,161.27	16	7	9	43.75	563.77	-789.74	0.71	0.56	-197.58
1	-1,389.65	16	7	9	43.75	252.69	-350.94	0.72	0.56	-86.85

We got more instances but it really didn't change the results much. I'm not seeing a discernible edge here.

Several times I've looked at gap-n-go scenarios where the market gaps up, never fills, and then closes higher on the day. When the market is below it's 200ma it has often been bearish. Below is an excerpt from the 5/11/09 Letter that also looked at this ABOVE the 200ma. (There is a typo in the header saying "close<200ma

SPY gaps at least 1% above yesterday's close. It never trades <= yesterday's close, makes a 10-day intraday high and closes > the open. Close < 200ma. Buy on close. Sell X days later. $100k/trade. 1994-present.										
X days	**Net Profit**	**Trades**	**Wins**	**Losses**	**% Wins**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Profit Fact**	**Avg Trade**
5	$3,763.27	14	7	7	50.00	$2,106.38	($1,568.77)	1.34	1.34	$268.81
4	$2,309.35	14	7	7	50.00	$1,949.73	($1,619.82)	1.20	1.20	$164.95
3	($5,111.69)	14	7	7	50.00	$1,115.62	($1,845.86)	0.60	0.60	($365.12)
2	($5,464.16)	14	7	7	50.00	$364.63	($1,145.22)	0.32	0.32	($390.30)
1	($4,111.62)	14	5	9	35.71	$735.43	($865.42)	0.85	0.47	($293.69)

Not visible above is that 11 of 14 instances (79%) closed lower than the trigger day close at some point in the next 3 days.

While not as outright negative when above to 200ma, the market may still be expected to struggle even if it is in a long-term uptrend.

One study that showed up in the Quantifnder with potential bullish influence was the 2 strong breadth days leading to a 10-day high from the April 2, 2009 Letter. Below is a copy of that study (not updated).

NYSE Advancers exceed decliners by at least 7 to 3 for the 2nd day in a row. Today the market makes a 10-day high. Buy on close. Sell X days later. $100k/trade. 1970 - present.										
X days	**Net Profit**	**Trades**	**Wins**	**Losses**	**% Wins**	**Avg Win**	**Avg Loss**	**W/L Ratio**	**Profit Facto**	**Avg Trade**
10	$55,949.73	69	46	23	66.67	$2,517.21	($2,601.82)	0.97	1.93	$810.87
9	$39,835.34	69	40	29	57.97	$2,534.70	($2,122.50)	1.19	1.65	$577.32
8	$34,495.45	70	42	28	60.00	$2,304.93	($2,225.41)	1.04	1.55	$492.79
7	$33,111.15	70	43	27	61.43	$2,302.80	($2,441.08)	0.94	1.50	$473.02
6	$29,762.34	73	46	27	63.01	$1,985.84	($2,280.97)	0.87	1.48	$407.70
5	$28,953.27	73	43	30	58.90	$1,859.05	($1,699.53)	1.09	1.57	$396.62
4	$18,052.72	74	43	31	58.11	$1,632.38	($1,681.93)	0.97	1.35	$243.96
3	$16,109.84	77	44	33	57.14	$1,493.44	($1,503.07)	0.99	1.32	$209.22
2	$13,866.77	81	48	33	59.26	$1,040.47	($1,093.21)	0.95	1.38	$171.19
1	$7,554.89	90	45	45	50.00	$721.81	($553.92)	1.30	1.30	$83.94

Having ignored the possible bullish influence of the breakout studies, I elected to place this one in the Aggregator.

Speaking of which, the Aggregator chart has been updated below.

Both the green Aggregator and black Differential lines remain below zero. The Aggregator suggests continued negative expectations over the next few days. Three strong up days have the differential as stretched as it has been in months.

The situation is similar to last night. I'm expecting some pullback. The problem here is that we are dealing with a breakout and breakouts can gain momentum and buck traditional reverting tendencies for longer than usual.

A strong bearish edge that I discussed last night was the fact that the market was gapping up large after already being at a recent high. The fact that this strong bearish tendency was completely ignored on Monday could also be a real sign of strength.

At this point I'm not inclined to pull back on my holdings. I am still looking to capture some downside on a drop. Should the market follow through strongly upwards again tomorrow I will leg in some more. Details in the trade ideas section below.

Intermediate-term Outlook (2 weeks – 2 months)– updated 6/1 - neutral
I don't have a lot to discuss tonight with regards to the intermediate-term. There was some notable action this past week from a leadership standpoint. On Wednesday the

strong performance by the SOX in the face of a Nasdaq and S&P selloff suggested positive implications over the next several weeks.

Also notable is the fact that the Nasdaq/S&P Lead/Lag model triggered a buy on Friday as the Nasdaq has now taken a leadership position on the weekly chart.

At this point I feel perhaps the most important thing to monitor from an intermediate-term standpoint will be how the market acts following a break of the recent trading range. A strong breakout that doesn't quickly pull back would suggest unusual strength and would need to be respected. A failed upside breakout could quickly lead to a move back to the bottom of the range.

Catapult and Capitulative Breadth Statistics

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

Open Catapult Triggers

none

Catapult for ETF's Trades

none

Broad Market Large Cap CBI – 0

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	0.00		DJ US Financial	IYF	0.00
DJ US Regional Banks	IAT	0.00		DJ US Financial Services	IYG	0.00
DJ US Utilities	IDU	0.00		DJ US Healthcare	IYH	0.00
DJ US Oil&Gas Expl & Prod	IEO	0.00		DJ US Industrial Sector	IYJ	0.00
DJ US Oil Equip & Svcs	IEZ	0.00		DJ US Consumer Goods	IYK	0.00
DJ US Pharmaceuticals	IHE	0.00		DJ US Basic Materials	IYM	0.00
DJ US Healthcare Providers	IHF	0.00		DJ US Real Estate	IYR	0.00
DJ US Medical Devices	IHI	0.00		DJ US Transportation	IYT	0.00
DJ US Aerospace & Defense	ITA	0.00		DJ US Technology Sector	IYW	0.00
DJ US Home Construction	ITB	0.00		DJ US Telecommunications	IYZ	0.00
DJ US Consumer Svcs	IYC	0.00		Nasdaq 100	QQQQ	0.00

Additional New Trade Ideas

SPY – short ¼ index position ON OPEN @ $95.50 limit. If not filled on open, the order should be cancelled. I will then look to short the same ¼ index position @ $95.25 limit ON CLOSE. Based on the short-term market outlook. Should a large gap up happen, I'll look to take advantage of it. If not, I'll wait for the end of the day to add to the short position.

Active Trades Table

Symbol	**Entry Date**	**Entry Price**	**Current Pr**	**% Gain/Lo**	**Stop**	**Notes**
SPY(1/4)(s)	6/1/2009	$93.67	$94.77	-1.17%		shorted on open
SPY(1/4)(s)	6/1/2009	$94.77	$94.77	0.00%		shorted on close