

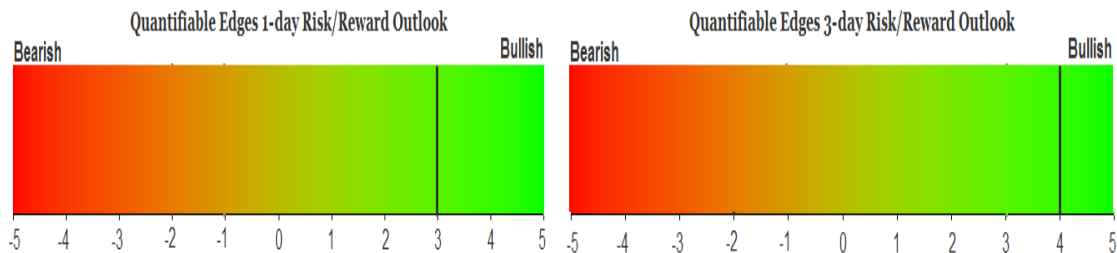
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 30, 2010

Volume 3 Issue 124

Market Overview



Tonight's Research Points

- The large gap down and move to a new closing low has been short-term bullish in the past.
- The very low Up Vol% wasn't as low as it might appear when viewed on a relative basis. So no strong edge there.
- The CBI spiked to 14 – suggesting a short-term upside edge.
- QQQQ's 5th lower low and biggest decline of the move has been extremely bullish for QQQQ in the past.
- QQQQ also triggered a “Catapult for ETF's” setup.
- The Aggregator System remained long.
- The NDX Aggressive Trend Timer remained long.

Short-term Outlook – updated 6/30

The Bottom Line

Historical probabilities have been run over the last few days and we are now in some rare territory with some studies. A bounce appears the most likely scenario. Of course it would now be occurring at a lower level than initially anticipated. Still, I'm adding to longs.

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 |
|---------------------------|--|-----------|---------|--------------|
| Active | | | | |
| June 30, 2010 | 1% Gap then down to 50-low close | 1-5 days | Bullish | 4.70% |
| June 28, 2010 | 5 Lower Lows | 1-3 days | Bullish | 2.00% |
| June 25, 2010 | 2 90% Down Days in 1 week | 1-5 days | Bullish | 4.70% |
| June 24, 2010 | Fed Day / slowing from 20-hi pullbacks | 1-6 days | Bullish | 2.00% |
| June 23, 2010 | 1% drop and bad breadth | 1-8 days | Bullish | 1.90% |
| Active - Long Term | | | | |
| June 21, 2010 | Nas/SPX Relative Strength favors Nas | int. term | Bullish | |
| Dropped Tonight | | | | |
| June 16, 2010 | 2nd 90% up day | 1-10 days | Bullish | 5.40% |

If the avg max move is achieved the study will appear in ***bold italic blue*** and no longer be active.

The Evidence

The market took an absolute drubbing on Tuesday. A huge gap down never attracted buyers and the selling persisted for most of the day. At the close the SPX was down 3.1%, the Nasdaq 3.9% and the Russell 2000 dropped 4%. Breadth was extremely negative as the NYSE Up Issues % came in at 9% and the Up Volume % was under 2%. Total volume rose strongly as investors headed for the exits.

There's a lot of research to cover tonight – both old and new. First I'll update a couple of price-based studies that triggered Tuesday. Then I'll examine breadth.

The big gap down, intraday selloff, and close at a new 50-day low is a combination that in the past has often led to a bounce. I last discussed this pattern in the 3/2/09 Subscriber Letter. I've updated those results below.

**SPY gaps down at least 1% and then closes under the open and at a 50-day low.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.**

| X Days | 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 |
|--------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 10 | 47,239.23 | 21 | 13 | 8 | 61.90 | 6,761.66 | -5,082.79 | 1.33 | 2.16 | 2,249.49 |
| 9 | 42,292.67 | 21 | 14 | 7 | 66.67 | 6,225.35 | -6,408.89 | 0.97 | 1.94 | 2,013.94 |
| 8 | 30,315.96 | 22 | 14 | 8 | 63.64 | 5,307.58 | -5,498.76 | 0.97 | 1.69 | 1,378.00 |
| 7 | 28,233.73 | 23 | 12 | 11 | 52.17 | 5,618.84 | -3,562.94 | 1.58 | 1.72 | 1,227.55 |
| 6 | 33,799.05 | 23 | 12 | 11 | 52.17 | 6,601.76 | -4,129.28 | 1.60 | 1.74 | 1,469.52 |
| 5 | 31,636.62 | 23 | 14 | 9 | 60.87 | 5,198.11 | -4,570.77 | 1.14 | 1.77 | 1,375.51 |
| 4 | 20,336.90 | 24 | 15 | 9 | 62.50 | 4,746.38 | -5,650.98 | 0.84 | 1.40 | 847.37 |
| 3 | 20,743.62 | 25 | 17 | 8 | 68.00 | 3,207.73 | -4,223.48 | 0.76 | 1.61 | 829.74 |
| 2 | -2,405.40 | 27 | 12 | 15 | 44.44 | 4,143.61 | -3,475.25 | 1.19 | 0.95 | -89.09 |
| 1 | 6,582.07 | 29 | 14 | 15 | 48.28 | 2,938.30 | -2,303.61 | 1.28 | 1.19 | 226.97 |

There appears to be a decent upside edge over the next 1-2 weeks following this setup. Also especially notable about the results is just how volatile the average win and the average loss were.

This wasn't the only price-based study suggesting high volatility over the next few weeks. Below is a pattern that was triggered in QQQQ on Tuesday. It was last discussed in the 1/15/2009 Letter.

QQQQ makes a lower low for at least 5 consecutive days. Today's performance is the worst of the decline. Buy on close. Sell X days later. \$100k/trade. 1999 - present.

| X Days | 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 |
|--------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 20 | 154,274.09 | 15 | 14 | 1 | 93.33 | 11,369.45 | -4,898.20 | 2.32 | 32.50 | 10,284.94 |
| 19 | 149,824.83 | 15 | 14 | 1 | 93.33 | 11,038.76 | -4,717.74 | 2.34 | 32.76 | 9,988.32 |
| 18 | 146,882.53 | 15 | 14 | 1 | 93.33 | 10,942.76 | -6,316.10 | 1.73 | 24.26 | 9,792.17 |
| 17 | 119,901.04 | 15 | 13 | 2 | 86.67 | 9,673.56 | -2,927.60 | 3.30 | 21.48 | 7,993.40 |
| 16 | 111,151.19 | 15 | 13 | 2 | 86.67 | 9,094.79 | -3,540.57 | 2.57 | 16.70 | 7,410.08 |
| 15 | 93,778.24 | 15 | 13 | 2 | 86.67 | 8,184.89 | -6,312.64 | 1.30 | 8.43 | 6,251.88 |
| 14 | 113,451.70 | 15 | 13 | 2 | 86.67 | 9,446.40 | -4,675.76 | 2.02 | 13.13 | 7,563.45 |
| 13 | 99,313.78 | 15 | 13 | 2 | 86.67 | 8,251.34 | -3,976.83 | 2.07 | 13.49 | 6,620.92 |
| 12 | 98,247.64 | 15 | 12 | 3 | 80.00 | 9,020.87 | -3,334.27 | 2.71 | 10.82 | 6,549.84 |
| 11 | 84,080.98 | 15 | 11 | 4 | 73.33 | 8,941.06 | -3,567.68 | 2.51 | 6.89 | 5,605.40 |
| 10 | 82,453.03 | 15 | 11 | 4 | 73.33 | 9,083.96 | -4,367.63 | 2.08 | 5.72 | 5,496.87 |
| 9 | 85,099.55 | 15 | 10 | 5 | 66.67 | 10,129.20 | -3,238.48 | 3.13 | 6.26 | 5,673.30 |
| 8 | 81,843.21 | 15 | 10 | 5 | 66.67 | 9,525.92 | -2,683.19 | 3.55 | 7.10 | 5,456.21 |
| 7 | 77,915.29 | 15 | 13 | 2 | 86.67 | 7,197.01 | -7,822.90 | 0.92 | 5.98 | 5,194.35 |
| 6 | 75,851.30 | 15 | 13 | 2 | 86.67 | 6,717.41 | -5,737.49 | 1.17 | 7.61 | 5,056.75 |
| 5 | 47,608.61 | 15 | 11 | 4 | 73.33 | 5,357.29 | -2,830.39 | 1.89 | 5.21 | 3,173.91 |
| 4 | 47,157.04 | 15 | 10 | 5 | 66.67 | 6,089.12 | -2,746.84 | 2.22 | 4.43 | 3,143.80 |
| 3 | 32,740.16 | 15 | 11 | 3 | 73.33 | 4,162.24 | -4,348.14 | 0.96 | 3.51 | 2,182.68 |
| 2 | 44,782.24 | 15 | 12 | 3 | 80.00 | 4,156.98 | -1,700.52 | 2.44 | 9.78 | 2,985.48 |
| 1 | 35,792.59 | 15 | 13 | 2 | 86.67 | 2,993.12 | -1,558.97 | 1.92 | 12.48 | 2,386.17 |

These are some phenomenal results. The next day has risen 13 of 15 times (87%) and the average next day (including losers) was a gain of nearly 2.4%. Looking out 4 weeks this simple pattern resulted in **14 of 15 winners for an average return of over 10%!**

So price patterns are suggesting an upside edge. This is no surprise as oversold as the market now is. Now let's take a closer look at breadth. The NYSE Up volume % today came in between 1.5% and 2% according to Tradestation data. That is an extremely low reading by historical standards. In the 2/5/10 Subscriber Letter I looked at instances where the Up Volume % came in under 3%. Since 1988 there had been only 8 occurrences and the results suggested an upside edge over the next 1-2 days. Amazingly, this is now the 3rd instance since February. Below are all the instances along with a 2-day exit.

| NYSE Up Vol % < 3%. | | | | |
|--|--------|------------|----------|--------------------|
| Buy SPX on close. Sell 2 days later. \$100k/trade. 1988 - present. | | | | |
| Date/Time | Signal | Price | % Profit | Run-up DrawDown |
| 10/13/89 | Buy | \$333.64 | 2.25% | \$2,759.77 |
| 10/17/89 | Sell | \$341.15 | | (\$1,949.48) |
| 10/27/97 | Buy | \$876.97 | 4.81% | \$6,642.78 |
| 10/29/97 | Sell | \$919.16 | | (\$2,473.80) |
| 02/27/07 | Buy | \$1,399.14 | 0.29% | \$1,189.25 |
| 03/01/07 | Sell | \$1,403.17 | | (\$1,297.17) |
| 09/29/08 | Buy | \$1,106.42 | 4.94% | \$5,544.90 |
| 10/01/08 | Sell | \$1,161.06 | | \$0.00 |
| 11/19/08 | Buy | \$806.58 | (0.81%) | \$1,714.62 |
| 11/21/08 | Sell | \$800.03 | | (\$8,013.45) |
| 12/01/08 | Buy | \$816.21 | 6.68% | \$6,943.02 |
| 12/03/08 | Sell | \$870.74 | | \$0.00 |
| 02/10/09 | Buy | \$827.16 | 0.97% | \$1,327.20 |
| 02/12/09 | Sell | \$835.19 | | (\$2,292.00) |
| 03/02/09 | Buy | \$700.82 | 1.72% | \$3,308.60 |
| 03/04/09 | Sell | \$712.87 | | (\$1,209.84) |
| 02/04/10 | Buy | \$1,063.11 | (0.60%) | \$760.46 |
| 02/08/10 | Sell | \$1,056.74 | | (\$1,749.34) |
| 05/20/10 | Buy | \$1,071.59 | 0.19% | \$1,727.01 |
| 05/24/10 | Sell | \$1,073.65 | | (\$1,459.17) |
| 06/04/10 | Buy | \$1,064.88 | (0.27%) | \$602.64 |
| 06/08/10 | Sell | \$1,062.00 | | (\$2,112.03) |

Over a period of 20 years it happened only 3 times. In the last 21 months we've now seen 9 instances including Tuesday. "Extreme" is becoming more common. Does that matter? Does it affect the edges?

This study was a bit too narrow for deeper digging, but in the 10/2/2009 Letter I looked at Up Volume % days < 5%. The sample size there was a bit more meaningful. I re-ran that study back to 1988 and got the following results:

| NYSE Up volume % closes under 5%. Buy SPX on close. Sell X days later. \$100k/trade. 1988 - present. | | | | | | | | | | |
|---|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| X Days | 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 | 61,949.96 | 28 | 20 | 8 | 71.43 | 4,163.85 | -2,665.87 | 1.56 | 3.90 | 2,212.50 |
| 4 | 46,236.97 | 31 | 21 | 10 | 67.74 | 3,567.08 | -2,867.16 | 1.24 | 2.61 | 1,491.52 |
| 3 | 31,352.71 | 32 | 20 | 12 | 62.50 | 3,044.07 | -2,460.73 | 1.24 | 2.06 | 979.77 |
| 2 | 44,850.96 | 32 | 24 | 8 | 75.00 | 2,507.71 | -1,916.75 | 1.31 | 3.92 | 1,401.59 |
| 1 | 44,309.49 | 32 | 24 | 8 | 75.00 | 2,352.87 | -1,519.91 | 1.55 | 4.64 | 1,384.67 |

So on the surface this appears to suggest a healthy upside edge, much of which is realized in the 1st day. But let's look at what has happened in the last year – a time which we have had 8 instances.

| NYSE Up volume % closes under 5%. Buy SPX on close. Sell next day. \$100k/trade. Last 8 instances. | | | | |
|---|--------|------------|----------|-----------------|
| Date/Time | Signal | Price | % Profit | Run-up DrawDown |
| 09/01/09 | Buy | \$998.04 | (0.33%) | \$230.00 |
| 09/02/09 | Sell | \$994.75 | | (\$607.00) |
| 10/01/09 | Buy | \$1,029.85 | (0.45%) | \$72.75 |
| 10/02/09 | Sell | \$1,025.21 | | (\$960.30) |
| 11/27/09 | Buy | \$1,091.50 | 0.38% | \$522.34 |
| 11/30/09 | Sell | \$1,095.63 | | (\$477.75) |
| 02/04/10 | Buy | \$1,063.11 | 0.29% | \$377.88 |
| 02/05/10 | Sell | \$1,066.19 | | (\$1,749.34) |
| 05/06/10 | Buy | \$1,128.15 | (1.53%) | \$614.24 |
| 05/07/10 | Sell | \$1,110.88 | | (\$2,992.00) |
| 05/14/10 | Buy | \$1,135.68 | 0.11% | \$545.60 |
| 05/17/10 | Sell | \$1,136.94 | | (\$1,823.36) |
| 05/20/10 | Buy | \$1,071.59 | 1.50% | \$1,727.01 |
| 05/21/10 | Sell | \$1,087.69 | | (\$1,459.17) |
| 06/04/10 | Buy | \$1,064.88 | (1.35%) | \$602.64 |
| 06/07/10 | Sell | \$1,050.47 | | (\$1,396.86) |

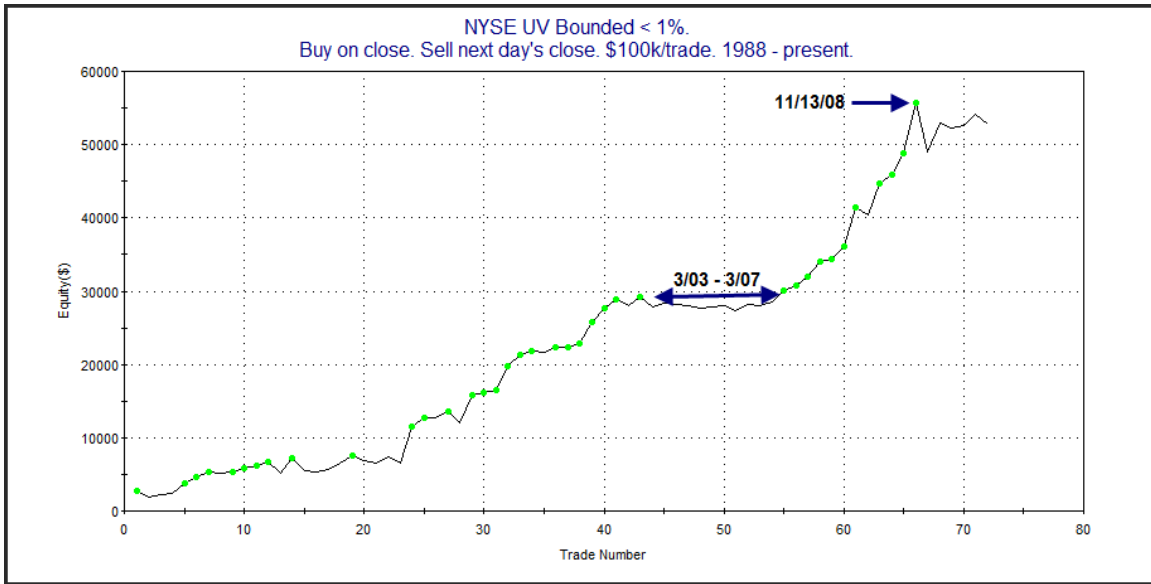
Last 5 instances (all in 2010) have posted an intraday drawdown over 1.3% the next day.

Over the last year the next day returns have not suggested a strong bullish edge as appeared prior to this. I find the downside volatility in 2010 especially notable.

So it appears that as these “extreme” days have become more common they have begun to lose their edge. It occurred to me that it might be worthwhile to redefine “extreme”. Rather than using a static number, we could use a relative measure. To do this I used one of [David Varadi’s](#) tricks and assigned a % Rank to every day over a running 1-year (252 day) period. Below I refer to this as “UV Bounded” – short for Up Volume % Bounded. Let’s look at what happened the day following times that breadth was so bad it was in the bottom 1% of all days over the last year. (This would mean one of the worst 2 days.)

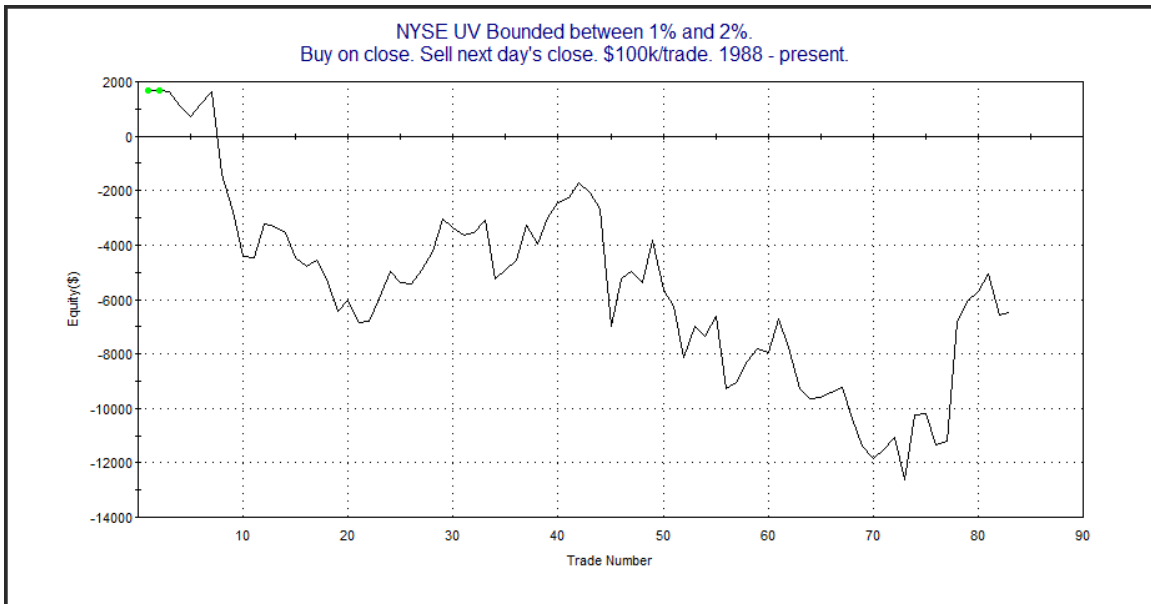
| NYSE UV Bounded < 1%. | | | |
|--|-------------|--------------------------|---------------|
| Buy on close. Sell next day's close. \$100k/trade. 1988 - present. | | | |
| TradeStation Performance Summary | | | Collapse ↕ |
| All Trades | | | |
| Total Net Profit | \$52,783.05 | Profit Factor | 3.41 |
| Gross Profit | \$74,648.39 | Gross Loss | (\$21,865.34) |
| Total Number of Trades | 72 | Percent Profitable | 69.44% |
| Winning Trades | 50 | Losing Trades | 22 |
| Even Trades | 0 | | |
| Avg. Trade Net Profit | \$733.10 | Ratio Avg. Win:Avg. Loss | 1.50 |
| Avg. Winning Trade | \$1,492.97 | Avg. Losing Trade | (\$993.88) |
| Largest Winning Trade | \$6,901.83 | Largest Losing Trade | (\$6,659.22) |

Over the last 22.5 years there have been 72 occurrences. Not shown is that there have been 3 in the last year – all in 2010. They were on 2/4, 5/20, and 6/4. You can see their results in the “5%” trades listed above. Below is a graphical depiction of this indicator.



As you can see it is in a bit of a drawdown now. That isn't as concerning to me though. The 11/13/08 instance lost nearly 7%. Since then 3 of 5 have been winners and it has made back over 4%. The flat period marked 2003 – 2007 was actually just due to some choppy results on '04 and '05. For the most part the edge has been fairly steady.

But where did today fall? It wasn't in the bottom 1%. It was actually in the 1% -2% range. I ran stats on this group as well and it didn't look nearly the same...



So while today's breadth appeared extreme on the surface, in a relative sense it wasn't. And that doesn't suggest an upside edge based on history.

I was planning on working with this indicator more before unveiling it, but I couldn't resist sharing a bit with you tonight. I hope to release some more research associated with it in the next few weeks. I may also make it a fixture on the charts page. So feel free to send along thoughts and questions for me to consider.

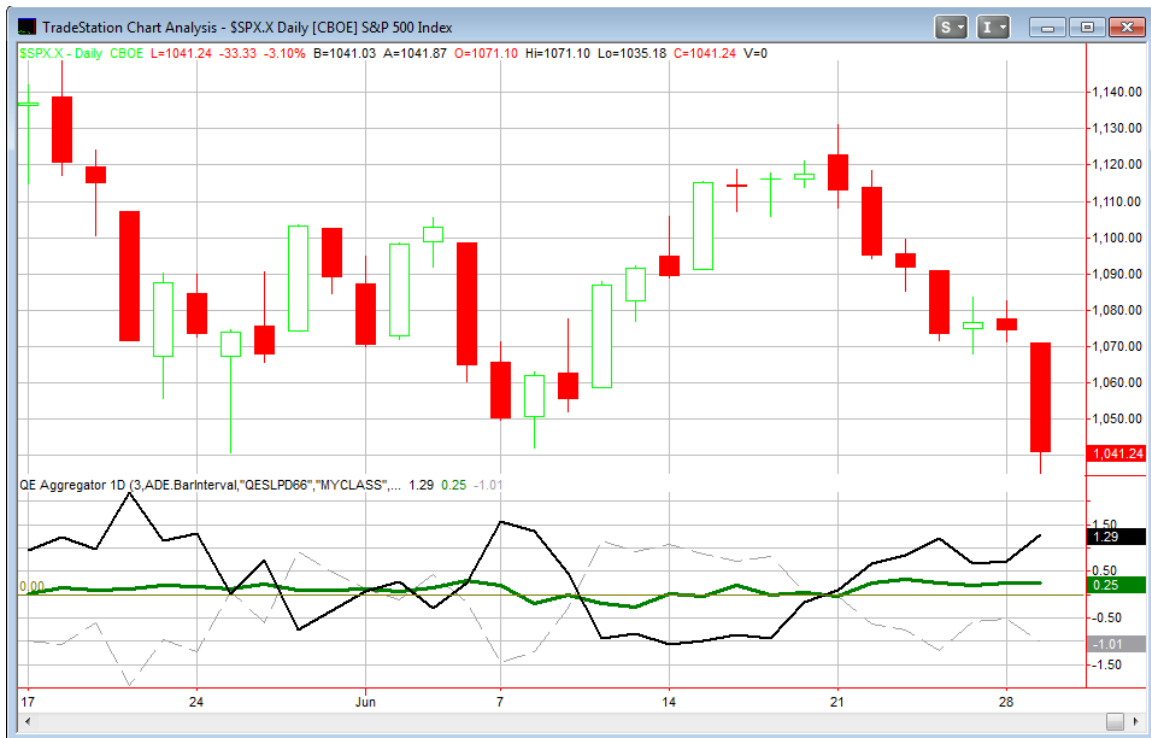
Of course the other notable breadth indication that hit an extreme tonight is the CBI, which jumped up to 14. As I've written about and discussed many times in the past, moves to 10 or above have typically been suggestive of a strong bounce within a few days. Below is a simple test that shows results of buying a move up to 10 or higher and then exiting X days later.

| Quantifiable Edges CBI moves up to 10 or higher. Buy SPX on close. Sell X days later. \$100k/trade. 1995 - present. | | | | | | | | | | |
|--|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| X Days | 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 |
| 10 | 56,230.01 | 24 | 18 | 6 | 75.00 | 4,038.62 | -2,744.18 | 1.47 | 4.42 | 2,342.92 |
| 9 | 59,556.33 | 25 | 18 | 6 | 72.00 | 4,214.98 | -2,718.88 | 1.55 | 4.65 | 2,382.25 |
| 8 | 45,633.18 | 25 | 18 | 7 | 72.00 | 3,753.57 | -3,133.02 | 1.20 | 3.08 | 1,825.33 |
| 7 | 40,675.33 | 25 | 16 | 9 | 64.00 | 3,703.82 | -2,065.08 | 1.79 | 3.19 | 1,627.01 |
| 6 | 29,183.35 | 25 | 15 | 10 | 60.00 | 3,541.65 | -2,394.14 | 1.48 | 2.22 | 1,167.33 |
| 5 | 41,405.74 | 25 | 17 | 8 | 68.00 | 3,585.46 | -2,443.39 | 1.47 | 3.12 | 1,656.23 |
| 4 | 46,939.30 | 25 | 18 | 7 | 72.00 | 3,452.42 | -2,172.04 | 1.59 | 4.09 | 1,877.57 |
| 3 | 11,244.91 | 26 | 15 | 10 | 57.69 | 3,172.23 | -3,633.85 | 0.87 | 1.31 | 432.50 |
| 2 | 12,081.99 | 26 | 14 | 12 | 53.85 | 3,274.32 | -2,813.21 | 1.16 | 1.36 | 464.69 |
| 1 | 11,951.30 | 26 | 14 | 12 | 53.85 | 2,389.71 | -1,792.06 | 1.33 | 1.56 | 459.67 |

7/1/2008 was the only instance that failed to produce a close higher than the entry at some point in the next 2 weeks.

If you would like more information, the blog has numerous studies and so does the Catapult and CBI presentation, which I link to below in the Catapult and CBI section below.

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



With nothing but bullish studies still, the green Aggregator line again remains well above 0. This represents higher net expectations from the Active Studies over the next few days. Meanwhile the black Differential line illustrates the SPX has substantially underperformed expectations over the last few days. So we have positive expectations and a market that is oversold versus recent expectations. This setup has historically provided a bullish edge. The Aggregator configuration is considered bullish whenever both lines are above 0. Based on this the Aggregator System is again long.

Looking ahead the green Aggregator line is set up to remain positive tomorrow. Of course strong bearish evidence could change that outlook. Meanwhile the Differential pivot will be 1,083.74 tomorrow. This means it would take an SPX close at or above this level in order for the black Differential line to turn negative. That would be a very big up day.

Intermediate-term Outlook (2 weeks – 2 months)– updated 6/28 - slightly bullish

After attempting to break out of a double bottom formation 2 weeks ago, the SPX got smacked right back down into the middle of that double bottom pattern this past week. On the week it lost over 3.5% and likely has put a quite a scare into traders that bought the breakout. We did see overall fear spike a bit this week with sentiment measures like the VIX and the CBOE Equity put/call ratios rising from complacent to mildly overdone levels.

I also got some notes about the fact that some intermediate and long term moving averages were starting to cross downward and that this was a potential bad sign. For instance on Friday the 40ma crossed and closed beneath the 200ma. Since 1960 when the 40ma has been below the 200ma the market has done slightly worse than breakeven. The performance has been pretty typical of what you see on the “short” side of a long-term moving average crossover system. For the 40/200 since 1961 there have been 25 down crosses. If you shorted every one and then covered or went long when the averages crossed again you would have made a profit 8 times and lost money 17 times. Obviously slightly better than breakeven short-side results were primarily due to a few sizable bear markets. During these times the winning short trades made up for all the instances where the market chopped lower and then rose again. The last signal which lasted from 12/13/07 to 6/18/09 was good for over a 38% gain on the short side. This actually accounts for nearly 30% of all short-side gains over the last 50 years.

I’m not a big fan of trading a moving average crossover system like this. I do think it could do a decent job of keeping someone out of the market if a massive bear market is about to begin. But bear markets create their own kind of opportunities – many of which occur in a short or swing-style time frame. So if a bear market does occur after this cross it should be viewed opportunistically rather than with great trepidation.

Personally, I still think the market is unlikely to fall into a protracted bear market at this point. We’ve seen fear and volatility levels hit areas that are capable of launching bull markets several times over the last month and a half. A number of breadth studies have also suggested the intermediate-term outlook favors the upside. I believe the market still has an attempt at new highs in it. And with the short-term outlook so full of bullish studies the move back up could begin at any moment.

Some upside confirmation would be helpful. A move higher in the next few days could mark a higher low on the SPX chart. Additional confirmation could come in the form of the SPX sticking above its 200ma and 50ma and making a few higher highs. So I don’t want to get carried away just yet, but I’m leaning slightly towards the long side.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LOW – 1/3 position @ \$21.76

AMZN – 1/3 position @\$118.33

RTN – 1/3 position @\$50.38 limit

MSFT – 1/3 position @ \$24.53 limit

MON – 1/3 position @ \$48.27 limit

F – 1/3 position @\$10.43 limit

MSFT – 1/3 position @ \$24.31 limit

MON – 1/3 position @ \$47.80 limit

NEW

F – 1/3 position @\$9.88 limit

MSFT – 1/3 position @ \$23.31 limit (all in)

MON – 1/3 position @ \$47.34 limit (all in)

WAG – 1/3 position @ \$26.49 limit

MDT – 1/3 position @ \$36.21 limit

GD – 1/3 position @ \$59.43 limit

Catapult for ETF's Trades

There are actually a fair number of ETF's triggering Catapults now. With so many S&P 100 stocks also doing it I'm ignoring most of the ETF's. One I won't ignore is QQQQ. I showed a very positive study in the short-term outlook above that involved QQQQ. It has also performed very well with the Catapult for ETF's trades. Below is a performance report.

| QQQQ Catapult for ETF's Performance. \$100k/trade. 2000 - present. | | | |
|---|-------------|--------------------------|------------|
| TradeStation Performance Summary | | | Collapse ^ |
| All Trades | | | |
| Total Net Profit | \$76,782.48 | Profit Factor | 79.26 |
| Gross Profit | \$77,763.64 | Gross Loss | (\$981.16) |
| Total Number of Trades | 16 | Percent Profitable | 75.00% |
| Winning Trades | 12 | Losing Trades | 4 |
| Even Trades | 0 | | |
| Avg. Trade Net Profit | \$4,798.91 | Ratio Avg. Win:Avg. Loss | 26.42 |
| Avg. Winning Trade | \$6,480.30 | Avg. Losing Trade | (\$245.29) |
| Largest Winning Trade | \$11,450.92 | Largest Losing Trade | (\$429.97) |

These are some gaudy risk/reward numbers.

QQQQ @ \$43.37 limit

Broad Market Large Cap CBI – 14 (LOW, AMZN, RTN, MSFT-3, MON-3, F-2, WAG, MDT, GD)

Additional New Trade Ideas

A full listing of system triggers can be found at the [system triggers 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.

F – 1/3 position @\$9.88 limit

MSFT – 1/3 position @ \$23.31 limit

MON – 1/3 position @ \$47.34 limit

WAG – 1/3 position @ \$26.49 limit

MDT – 1/3 position @ \$36.21 limit

GD – 1/3 position @ \$59.43 limit

QQQQ @ \$43.37 limit

All of these are based on the Catapult System. For a 30-minute presentation on the system, use the [Catapult & CBI Presentation Link](#). Note that Catapult system code is NOT fully revealed.

SPY – final ¼ index position @ \$104.21 limit I'm also looking to put on the last SPY lot with the CBI now above 10 and so much other evidence suggesting a bounce.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Stop | Notes |
|--------|------------|-------------|---------------|-------------|------|---------------------------|
| SPY | 6/23/2010 | \$109.57 | \$104.21 | -4.89% | | Aggregator |
| LOW | 6/23/2010 | \$21.71 | \$20.60 | -5.11% | | Catapult |
| SPY | 6/24/2010 | \$108.69 | \$104.21 | -4.12% | | Aggregator |
| SPY | 6/25/2010 | \$107.42 | \$104.21 | -2.99% | | Aggregator |
| AMZN | 6/25/2010 | \$118.14 | \$108.61 | -8.07% | | Catapult |
| RTN | 6/28/2010 | \$50.38 | \$49.89 | -0.97% | | Catapult |
| MSFT | 6/28/2010 | \$24.51 | \$23.31 | -4.90% | | Catapult |
| MON | 6/28/2010 | \$48.27 | \$47.34 | -1.93% | | Catapult |
| F | 6/29/2010 | \$10.12 | \$9.88 | -2.37% | | Catapult - bought on open |
| MSFT | 6/29/2010 | \$24.13 | \$23.31 | -3.40% | | Catapult - bought on open |
| MON | 6/29/2010 | \$46.84 | \$47.34 | 1.07% | | Catapult - bought on open |

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