

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 14, 2017

Volume 10 Issue 113

Market Overview



Signals Overview

Aggregator	Aggressive VIX	QE Buy Pwr / SOMA Swing
Flat	50% Long XIV	Flat

Tonight's Research Points

- Finishing near the top of the range on Tuesday was *not* a positive if you are hoping to play the bullish Fed Day edge.

Short-term Outlook

The Bottom Line

The Aggregator is back to neutral and so am I.

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

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 12, 2017	50-high then 5-days sideways	1-3 days	Bullish	1.10%	-0.70%	-1.40%
June 12, 2017	3-high, 3-low, 3-low close > 200	1-5 days	Bullish			
Active - Long Term						
June 12, 2017	50-high then 5-days sideways	1-10 days	Bullish	2.20%	-1.20%	-2.40%
June 2, 2017	SPX closes above 50-day Bollinger Band	1-50 days	Bullish	4.90%	-4.10%	-7.80%
May 31, 2017	5+ days up to 50-high. Then 1 down.	1-10 days	Bullish	1.90%	-1.05%	-2.20%
January 9, 2017	NASDAQ Leading	int term	Bullish			
April 26, 2016	Golden Cross	int term	Bullish			
November 3, 2014	Quantitative Easing Ends	int term	Bearish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
June 9, 2017	SPY up 2 < 3 ago.	1-2 days	Bullish			

The Evidence

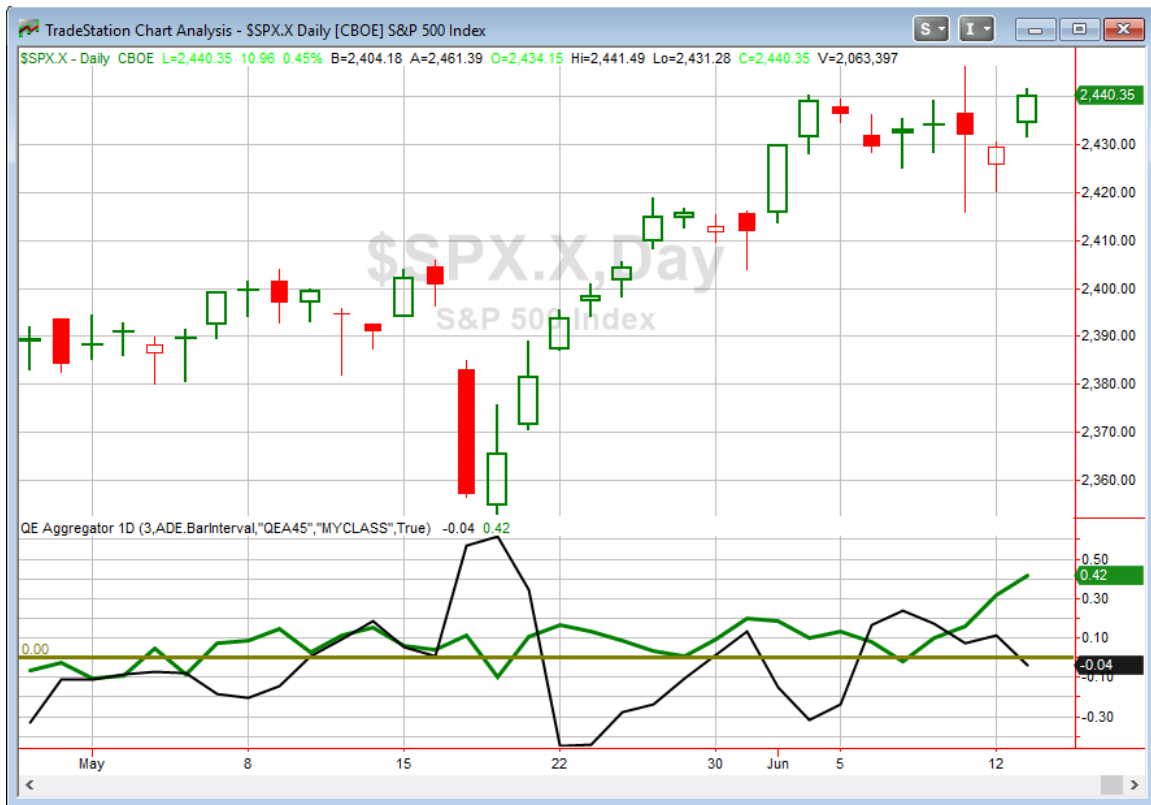
The market put in some gains on Tuesday. The SPX gained 0.5% and finished at a new all-time closing high, the NASDAQ rose 0.7%, and the Russell 2000 climbed 0.5%. Breadth was positive as the NYSE Up Issues % was 65% and the Up Volume % came in at 70%. NYSE volume sank some from Monday's level.

The back and forth over the last few days did not trigger any substantial new evidence. I did discuss last night that the Fed Day edge is greatly impacted by how strong the market closed on the day before the Fed Day. Unfortunately for bulls, the strong close is the worst scenario. The study below is copied from last night's letter. It shows that the typically strong Fed Day edge is basically neutralized when SPY closes near the top of its range.

Tomorrow is a Fed Day. SPY closes in top 25% of the daily range.
Buy on close. Sell next day's close. \$100k/trade. 1993 - present.

TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$7,649.28	Profit Factor	1.32
Gross Profit	\$31,671.93	Gross Loss	(\$24,022.65)
Total Number of Trades	78	Percent Profitable	48.72%
Winning Trades	38	Losing Trades	38
Even Trades	2		
Avg. Trade Net Profit	\$98.07	Ratio Avg. Win:Avg. Loss	1.32
Avg. Winning Trade	\$833.47	Avg. Losing Trade	(\$632.18)
Largest Winning Trade	\$2,238.25	Largest Losing Trade	(\$2,739.69)

I have updated the Aggregator chart below.



Without new studies to consider tonight the green Aggregator line moved further above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, with SPX closing at a new all-time high, the black Differential Line dipped down below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of 0. Therefore, the Aggregator signal turned flat at the close.

Based on the current active studies, expectations are set to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2437.57 on Wednesday. That is just 0.1% below Tuesday's close. So for SPX to move from overbought to oversold versus expectations on Wednesday it will need to close down just 0.1%

I was looking for multiple SPY entries and an entry into a Catapult trade on Tuesday. But unfilled gaps up prevented me from getting fills on those trade ideas. Now that the market is overbought and the Aggregator is back to neutral I am not interested in taking on new positions. At this point I will wait for the next favorable trading opportunity to emerge before putting my capital to work.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/12 –bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MA – 1/3 @ \$120.76 (buy @ limit) – not filled - cancel for now

Broad Market Large Cap CBI – 1 (MA)

Additional New Trade Ideas

A full listing of system triggers can be found at the [numbered systems page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.

None tonight

Current Open Trade Ideas

None

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