

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 8, 2018

Volume 11 Issue 88

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 2 up days with similar market condition has been followed by a 3rd up day about 2/3 of the time.

Short-term Outlook

The Bottom Line

Like the last few nights, the Aggregator is neutral and so am I.

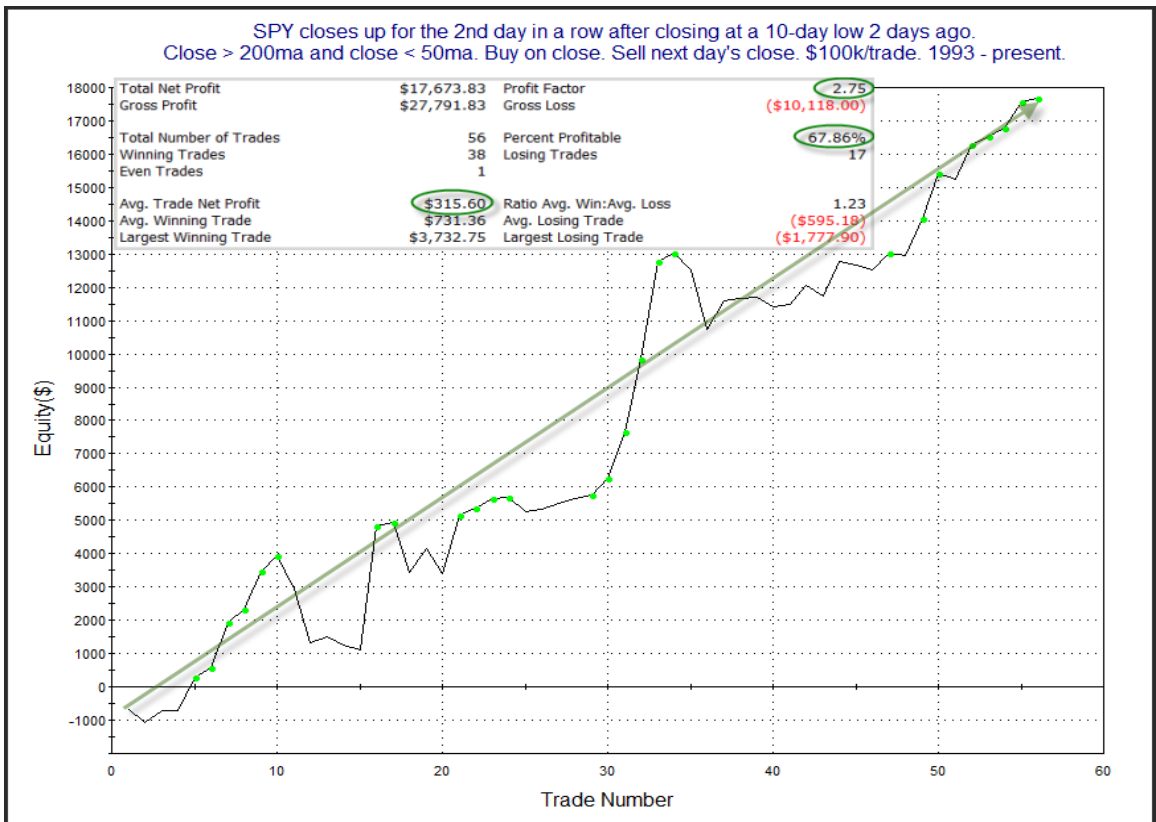
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 8, 2018	SPY up 2 from 10-low. C>200. C<50ma.	1 day	Bullish			
Active - Long Term						
May 7, 2018	NASDAQ leading	int term	Bullish			
April 2, 2018	SOMA reduction intensifies to \$30billion	int term	Bearish			
February 15, 2018	FTD with moderate breadth & volume	int term	Bearish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

The Evidence

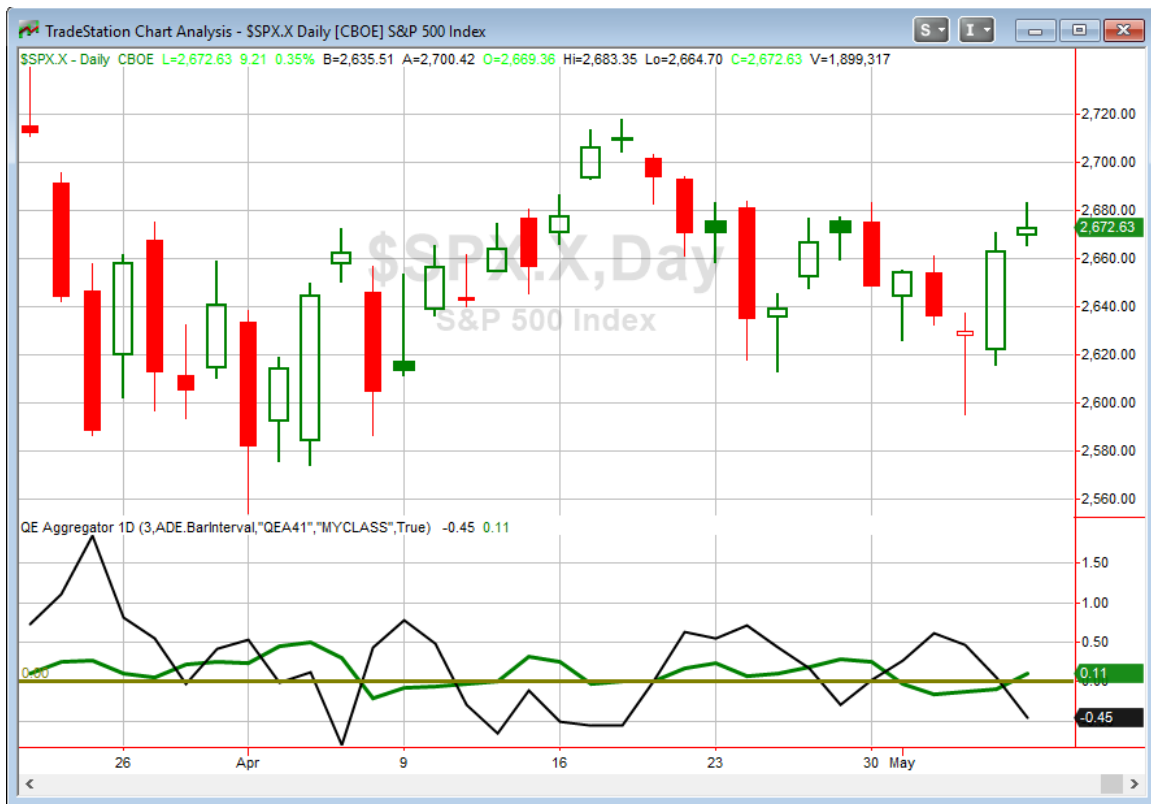
The market gapped up to start the day, and then after moves in both directions it finished the day near where it opened. SPX closed up 0.35%, the NASDAQ rose 0.8% and the Russell 2000 rallied 0.85%. Breadth was positive as the NYSE Up Issues % was 63% and the Up Volume % came in at 60%. NYSE volume declined some from Friday's level and finished quite light.

No studies from the Quantifinder triggered tonight based on Monday's action. That is fairly unusual since we have over 1200 studies in the Quantifinder. But in exploring a few ideas, the study below showed interesting 1-day results.



The SPY action under similar market conditions suggests we could have further gains on Tuesday. The numbers appear solid and so does the equity curve. And while it did not trigger today, the same setup applied to QQQ has shown very favorable 1-day results looking back to 2005. So the study seems worth some consideration and I have included it on the Active List tonight.

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



With tonight's evidence considered the green Aggregator Line inched above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line dipped 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 stayed flat at the close.

The last short-term study is set to expire on Tuesday. With the intermediate-term neutral, that would also leave expectations flat. Of course, any new evidence that emerges based on Tuesday's action would change this. The Differential Pivot will be 2620.44 on Tuesday. That is 2.0% below Monday's close. Therefore, SPX would need to close down 2% on Tuesday in order to flip from overbought to oversold versus expectations. A drop that large is unlikely. A more likely scenario for working off the overbought condition would be a multi-day loss or consolidation.

Overall evidence is fairly weak. And with the market overbought and the intermediate-term neutral, this does not appear to be a favorable setup for taking on new index positions. My patience is not waning. I will wait until a more compelling reward/risk scenario emerges. And I'll be examining evidence closely Tuesday night as I do every night.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/7– neutral

The intermediate-term outlook was last updated in the 5/7/18 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

None

Broad Market Large Cap CBI – 0

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
MMM(1/3)	5/1/2018	\$194.03	\$200.06	3.11%		<i>sold on open</i>
MDLZ(1/3)	5/4/2018	\$37.50	\$38.69	3.17%		<i>sell on open</i>

MDLZ reached its exit trigger and will be sold at the open on Tuesday.

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 can be found [here](#).

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