

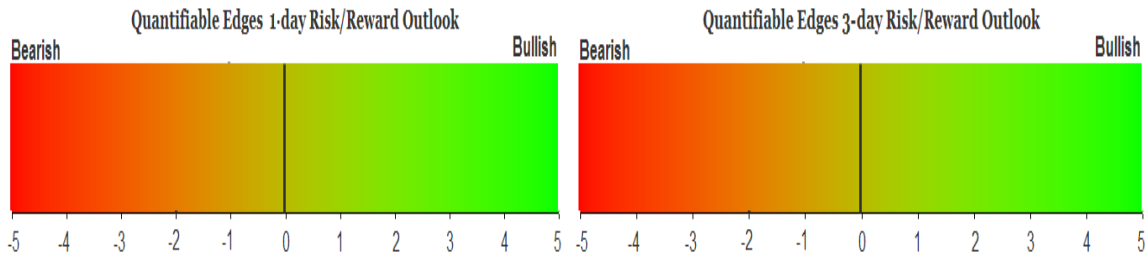
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 23, 2018

Volume 11 Issue 99

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The SPY gap and reversal on Tuesday after an unfilled gap up on Monday suggests an upside edge for Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is again neutral and I continue to wait for a more favorable setup.

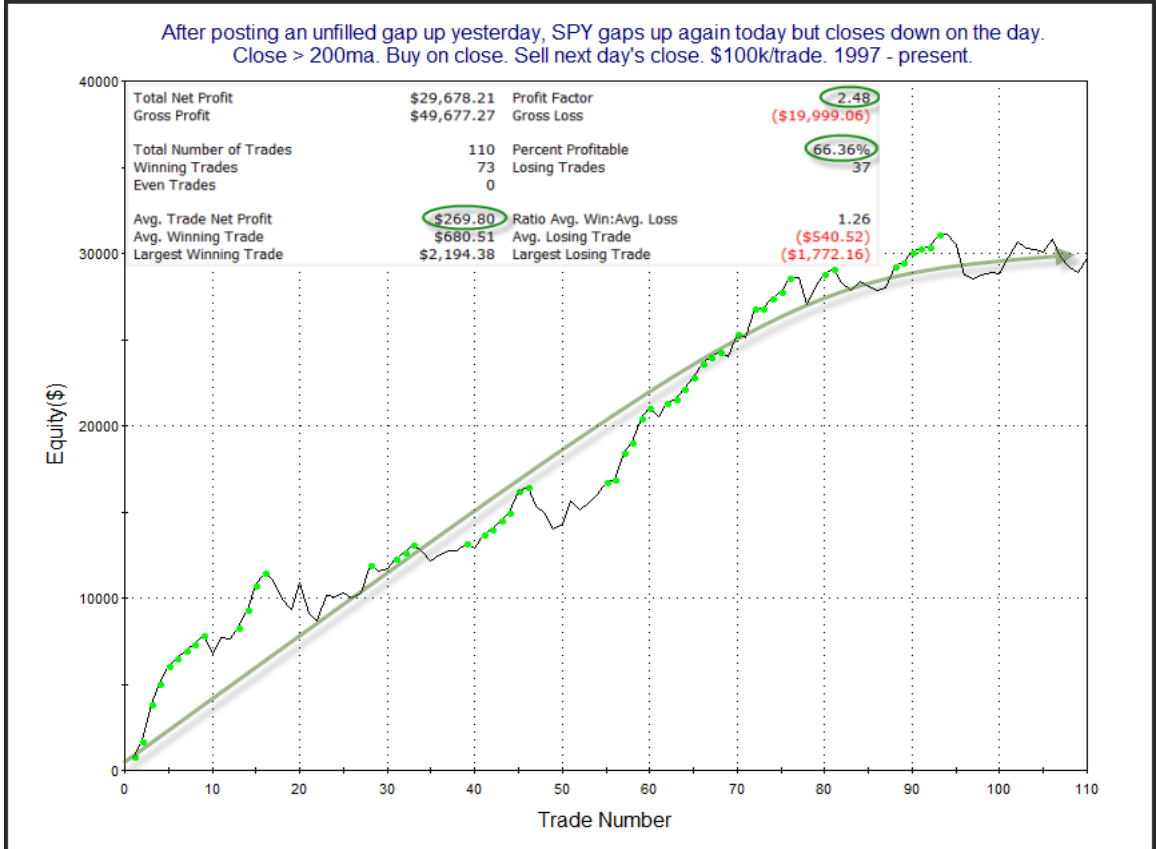
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 23, 2018	Unfilled gap up, then gap up close down	1 day	Bullish			
Active - Long Term						
May 14, 2018	SPX 20-high. VIX 20-low. Volm 10-low	1-10 days	Bullish	1.80%	-1.40%	-2.75%
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

Tuesday saw the market pull back. SPX lost 0.3%, the NASDAQ fell 0.2% and the Russell 2000 dropped 0.75%. Breadth was positive as the NYSE Up Issues % was 39% and the Up Volume % came in at 40%. NYSE volume rose a little from Monday’s level.

SPY gapped up and closed lower Tuesday after leaving an unfilled up gap on Monday. In the 4/16/18 letter I examined similar price action in SPY with regards to how it gapped and finished. The study is updated below.



The numbers here all look solidly bullish. The profit curve is a little less encouraging, since it has endured some recent choppiness. I will allow this on the Active List tonight, but I am keeping a watchful eye on this study, and will soon put it on hold if it continues to struggle.

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



With tonight's study 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 remained 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.

With the lone active short-term study set to expire after Wednesday, expectations going forward on new evidence that emerges. The Differential Pivot will be 2708.72 on Wednesday. That is 0.6% below Tuesday's close. So SPX will need to close down at least 0.6% on Wednesday in order to flip from overbought to oversold versus expectations.

Tonight's evidence is interesting. But it does not get me any more excited about taking on new index exposure. The Aggregator is still neutral, expectations beyond Wednesday are unclear, and the market remains overbought. So reward/risk still does not appear terribly favorable. I'll continue to exercise patience and wait for a more favorable reward/risk setup to emerge.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 5/21– neutral***

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

None.

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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