

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 25, 2018

Volume 11 Issue 101

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Memorial week is next week. It has often been strong, but not as much in recent years..

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. I am too.

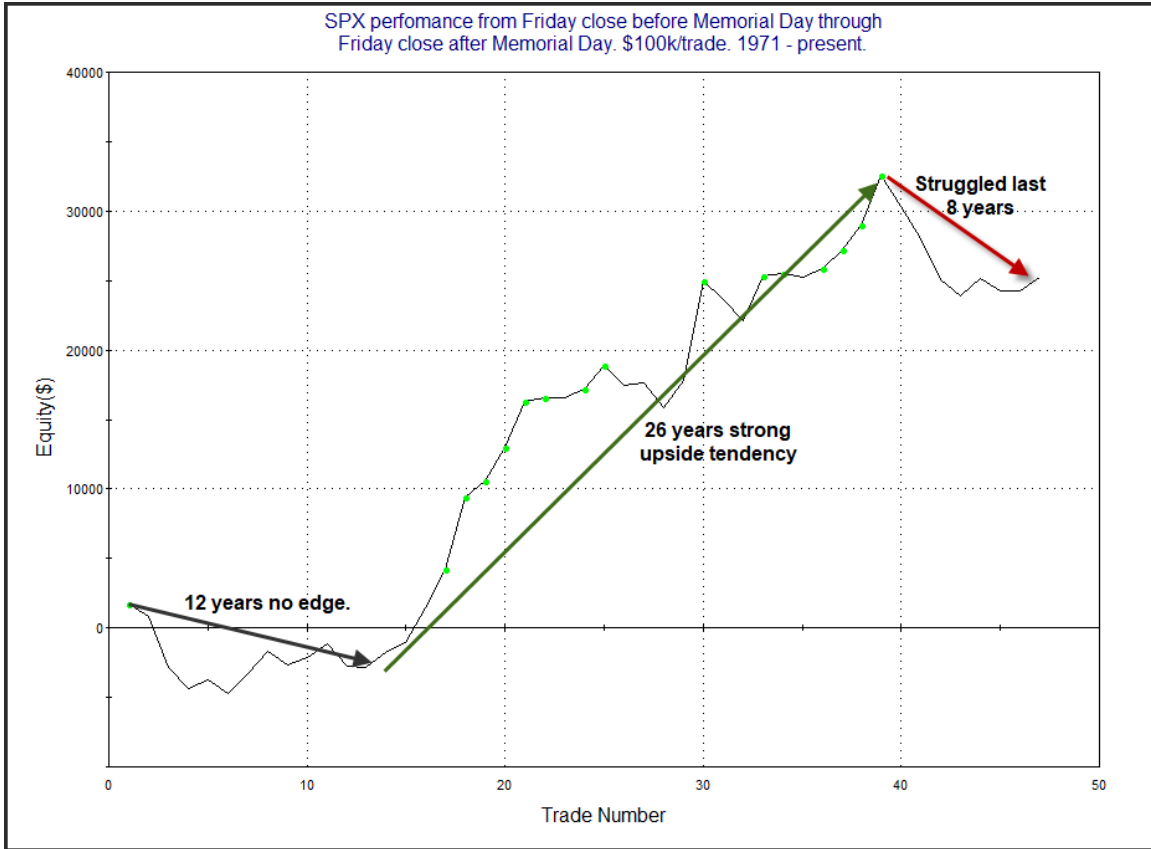
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
None						
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight</b>						
<b>May 24, 2018</b>	<b>Gap up close dn. Gap dn close up. &gt; 1 day</b>		<b>Bearish</b>			

***The Evidence***

Thursday was a mixed and mild day for the market. In the end, SPX lost 0.2%, the NASDAQ fell 0.02% and the Russell 2000 climbed 0.04%. Breadth was negative as the NYSE Up Issues % was 49% and the Up Volume % came in at 44%. NYSE volume declined a bit from Wednesday's level.

The mild action once again failed to trigger any new compelling evidence. But next week is Memorial Day week, which is something I'll be looking at in this weekend's letter. I thought I would give a little preview tonight. The week of Memorial Day has shown some interesting seasonal tendencies over the years. But it has faltered greatly the last few. The chart below is from the 5/30/17 subscriber letter and has been updated. It examines SPX performance from the Friday before Memorial Day to the Friday after it.



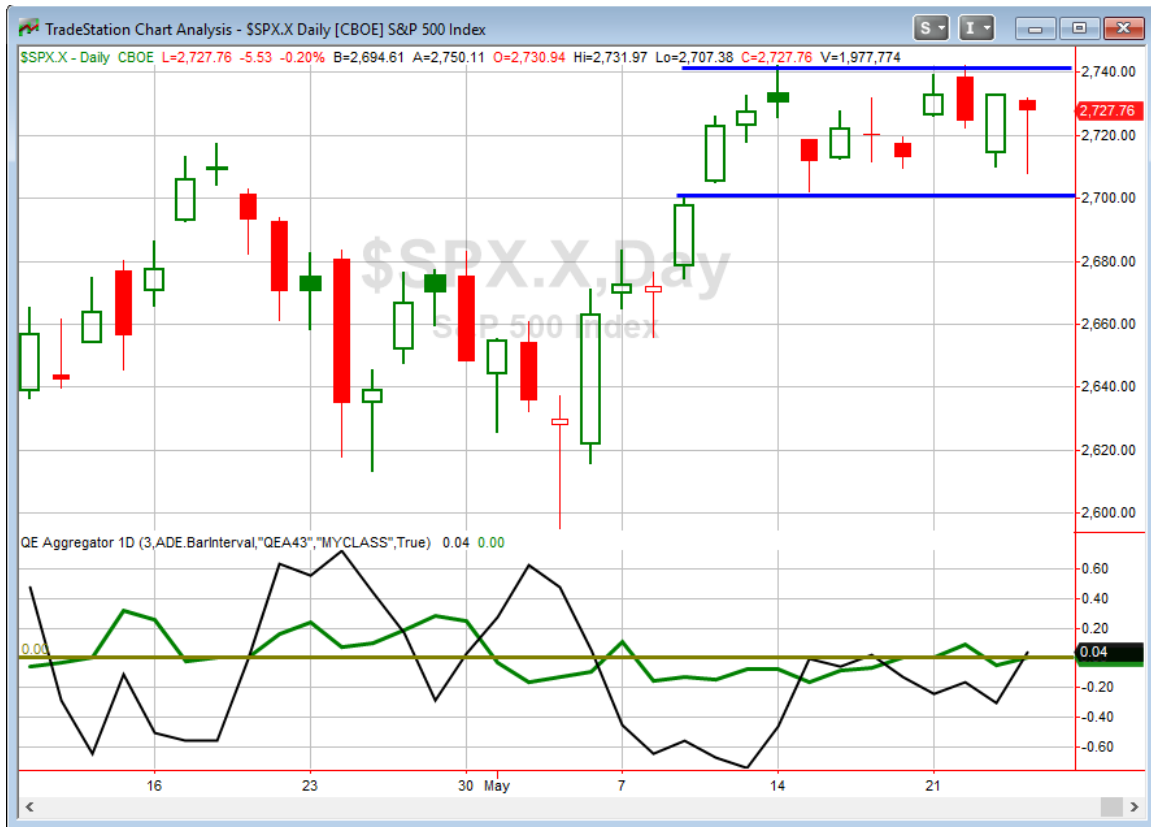
There was no substantial edge apparent throughout the 70s, but starting in 1983 through 2009 there was a bullish tendency. The last 8 years this week has mostly struggled. . Last year I took a day by day look. I decided to do that again to see where the market has struggled recently. Returns are broken down by the day of the week.

SPX performance on X day of Memorial Week.  
\$100k/trade. 1983 - 2017.

Day of Week	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
Fri	4,276.56	35	21	14	60.00	769.99	2,140.16	-849.52	-3,415.50	0.91	1.36	122.19
Thurs	11,340.24	35	25	9	71.43	575.07	1,970.50	-337.39	-735.68	1.70	4.73	324.01
Wed	2,827.93	35	22	13	62.86	581.27	2,573.31	-766.16	-2,268.10	0.76	1.28	80.80
Tues	9,433.06	35	17	18	48.57	1,361.16	3,443.56	-761.48	-1,701.70	1.79	1.69	269.52

The results table suggests Thursday is the most consistently bullish day. Wednesday has the weakest net numbers. In this weekend's letter I'll show the equity curves for each particular day.

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



Without any new evidence tonight, the green Aggregator Line closed right at zero. Negative readings mean net expectations from the Active List are flat over the next few days. Meanwhile the black Differential Line moved above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are flat and SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of 0. Therefore, the Aggregator signal stayed flat at the close.

With evidence still light, expectations depend largely upon new studies that emerge over the next few days. The Differential Pivot will be *inverted* at 2726.82 on Friday. That is about 1 point below Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down about 1 point in order to remain oversold versus expectations. Anything less than that and it will be considered overbought as of Friday's close.

So the Aggregator is neutral, expectations are flat and highly dependent on new evidence that emerges, and the Differential Pivot is inverted. Additionally, as can be seen in the chart above, the SPX has chopped sideways for the last couple of weeks. This is not a

compelling combination suggesting a strong edge. I will continue to wait until a more favorable reward/risk opportunity arises.

***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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