

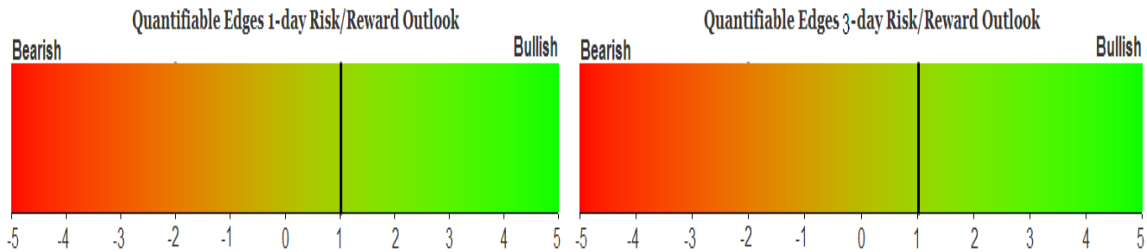
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 19, 2018

Volume 11 Issue 117

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Turnaround Tuesday has not shown its typical bullish edge under similar circumstances.

Short-term Outlook

The Bottom Line

The Aggregator is still suggesting an upside edge, but with expectations slated to turn negative on Tuesday afternoon, I am not inclined to get involved in a new long position.

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 18, 2018	Week after June Opex bearish	1-5 days	Bearish	-1.90%	1.10%	1.80%
June 14, 2018	SPX 20-high then clos bottom 10%	1-10 days	Bullish	2.10%	-1.30%	-2.60%
June 14, 2018	SPY 3-hi, 3-low, 3 low close	1-5 days	Bullish	1.80%	-1.20%	-2.40%
Active - Long Term						
June 7, 2018	SPX > 50-day Bollinger Band	1-50 days	Bullish	5.00%	-4.10%	-7.80%
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

Monday started with a gap down, but finished mixed. The SPX closed down 0.2%, the NASDAQ was near breakeven with a 0.01% gain, and the Russell 2000 rose 0.5%. Breadth was positive as the NYSE Up Issues % was 54% and the Up Volume % came in at 57%. NYSE sank substantially from the high opex Friday levels.

As I have documented numerous times, “Turnaround Tuesday” has generally been the best day of the week under many circumstances for the market to begin to mount a bounce. But in the 11/15/16 I showed that circumstances like the present have not shown the bullish tendency. In that letter I broke down 2-day pullbacks by whether they closed above or below the 200ma. Below I have updated the results. First let’s look at times when SPX has closed under its 200ma (unlike now).

SPX closes down for the 2nd day in a row but > 200ma. Today is Monday.
Buy on close. Sell next day's close. \$100k/trade. 2000 - present.

TradeStation Performance Summary				Expand ▾
All Trades				
Total Net Profit	\$28,393.19	Profit Factor	3.22	
Gross Profit	\$41,193.74	Gross Loss	(\$12,800.55)	
Total Number of Trades	37	Percent Profitable	64.86%	
Winning Trades	24	Losing Trades	13	
Even Trades	0			
Avg. Trade Net Profit	\$767.38	Ratio Avg. Win:Avg. Loss	1.74	
Avg. Winning Trade	\$1,716.41	Avg. Losing Trade	(\$984.66)	
Largest Winning Trade	\$10,716.03	Largest Losing Trade	(\$2,117.68)	

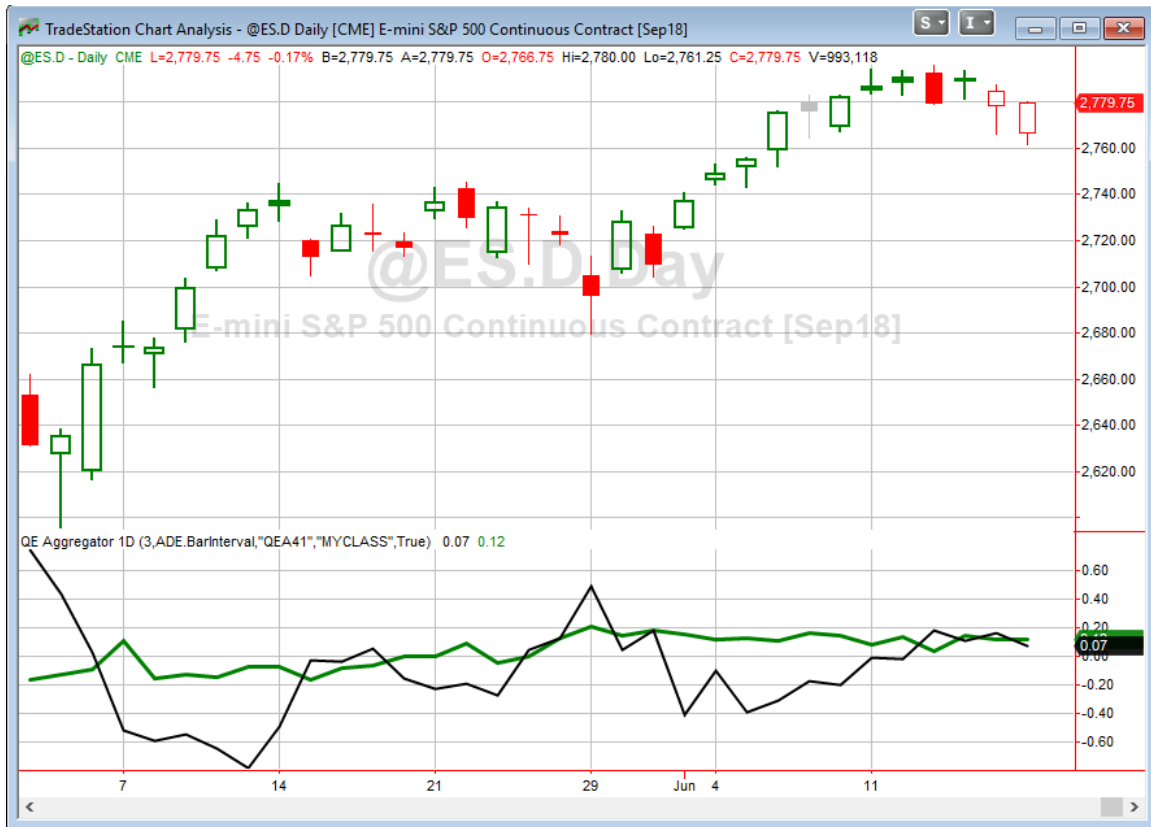
We see here very positive numbers, and almost 100% of the previous study's total gains. Of course what is good news for one segment is bad for the other. Here are the results under circumstances similar to the present where the SPX is above its 200ma.

SPX closes down for the 2nd day in a row but > 200ma. Today is Monday.
Buy on close. Sell next day's close later. \$100k/trade. 2000 - present.

TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$2,080.10	Profit Factor	1.12
Gross Profit	\$18,772.91	Gross Loss	(\$16,692.81)
Total Number of Trades	57	Percent Profitable	52.63%
Winning Trades	30	Losing Trades	27
Even Trades	0		
Avg. Trade Net Profit	\$36.49	Ratio Avg. Win:Avg. Loss	1.01
Avg. Winning Trade	\$625.76	Avg. Losing Trade	(\$618.25)
Largest Winning Trade	\$1,548.33	Largest Losing Trade	(\$2,190.26)

“Turnaround Tuesday” doesn’t seem to fit here. In fact, the tendency for a while appeared to slightly favor a continuation of the 2-day pullback. Recent instances have turned the stats slightly positive, so I am not really convinced of an edge in either direction at this point. But I am of the opinion that “Turnaround Tuesday” does not seem to provide a strong bullish edge under these circumstances.

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



Without any new studies to include tonight the green Aggregator Line remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line also remained above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. Therefore, the Aggregator signal stayed long at the close.

With the current studies on the Active List, expectations are slated to remain flip to bearish on Tuesday. This could easily change if new bullish evidence emerges. The Differential Pivot will be 2791.32 on Tuesday. That is 0.6% above Monday's close. Therefore, SPX would need to close up at least 0.6% on Tuesday to flip from oversold to overbought versus expectations.

The Aggregator is suggesting an upside edge, but expectations are only set to remain positive for 1 day. Then they will flip to negative. That is less than compelling in my view. It feels like it has been a long time coming, but I will continue to wait for a favorable reward/risk scenario before putting new money into index positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/18– 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
EWZ	5/30/2018	\$35.33	\$32.57	-7.81%		Sell on close > \$33.48

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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