

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 21, 2018

Volume 11 Issue 119

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Action the last couple of days has been unusual, but not necessarily predictive.

## *Short-term Outlook*

### *The Bottom Line*

There still appears to be a moderate upside edge.

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

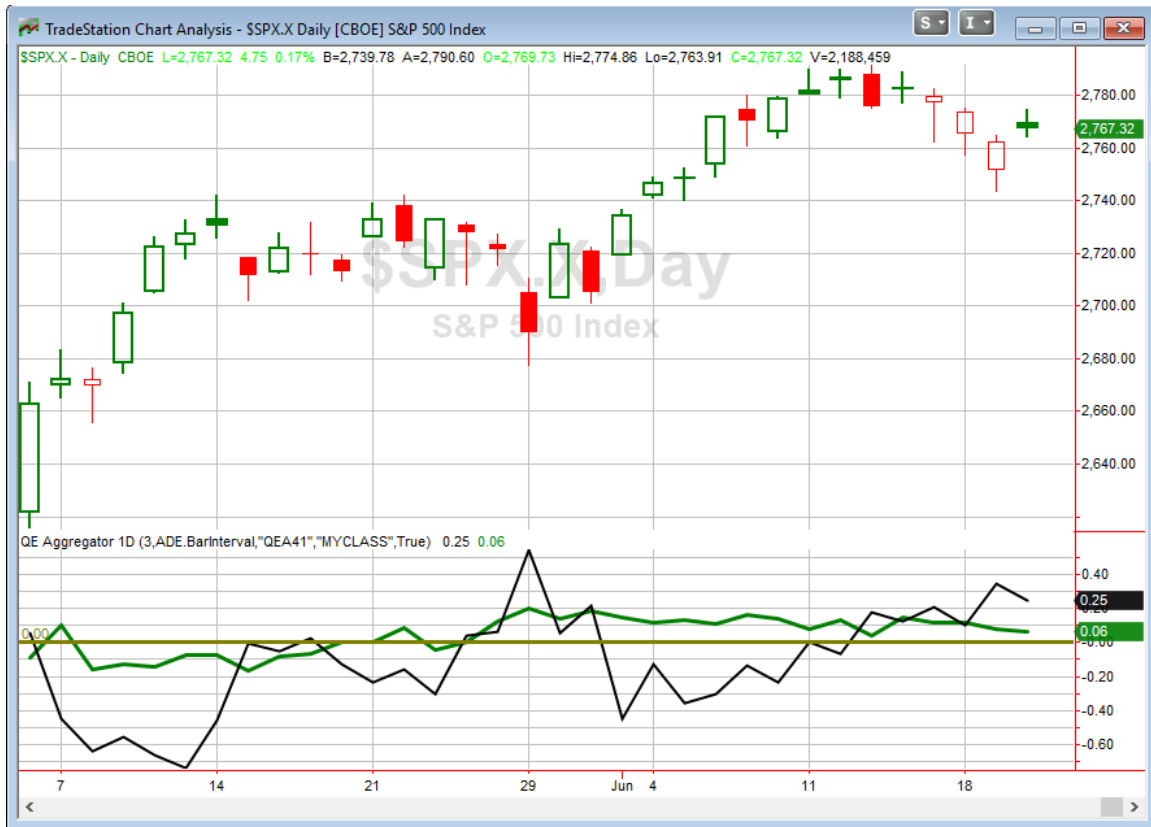
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
June 20, 2018	Gap down, 10-day low, 3 days dn > 200	1-2 days	Bullish			
June 20, 2018	2 unfilled gaps dn 5-low > 200	1-6 days	Bullish			
June 18, 2018	Week after June Opex bearish	1-5 days	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%
<b>Active - Long Term</b>						
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***

Wednesday started with a sizable gap up. After that – not much happened. The SPX closed up 0.2%, the NASDAQ gained 0.7%, and the Russell 2000 rose 0.8%. The NASDAQ and Russell both closed at all-time highs. Breadth was positive as the NYSE Up Issues % was 60% and the Up Volume % came in at 56%. NYSE volume fell a little from Tuesday’s level.

Interesting about the last two days is that Tuesday we saw an unfilled gap down on the widest range bar of the last 7 days. Wednesday was the opposite with an unfilled gap up and the narrowest range of the last 7 days. I looked back to see other instances of this happening in SPY, and as it turns out...there were none. If I loosen the criteria to a 3-day range, rather than 7, then I did see a number of instances, but no directional tendency following them. QQQ has seen the 7-day range setup occur 3 times before. All 3 closed down the next day, and all 3 were higher by day 7. But with just 3 instances, it would be dangerous to read anything into that. So no new evidence will be added to the active list tonight.

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



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 bullish on Thursday. This could change if new bearish evidence emerges. The Differential Pivot will be 2784.37 on Thursday. That is 0.6% above Wednesday's close. Therefore, SPX would need to close up at least 0.6% on Thursday to flip from oversold to overbought versus expectations.

The upside edge still appears to be there. I tried to take some SPY exposure on Wednesday, but did not get a fill. I am not going to chase entries with seasonality and Fed liquidity flows both negative. And though SPX is not overbought, both the Russell and NASDAQ are extended and at all-time highs. So I may look to get long on Tuesday with a small position, but only if SPY closes down where I was looking to get it on Wednesday.

*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.*

***SPY – buy ¼ index position @ \$275.50 LIMIT ON CLOSE.*** Based on the short-term outlook above, I will look to start scaling into an index position if SPY closes <= Tuesday’s close (which would also be a new short-term low).

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
EWZ	5/30/2018	\$35.33	\$32.54	-7.90%		Sell on close > \$33.27

*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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