

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 12, 2018

Volume 11 Issue 133

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

Expectations are somewhat bullish, but the market is overbought, leaving me neutral.

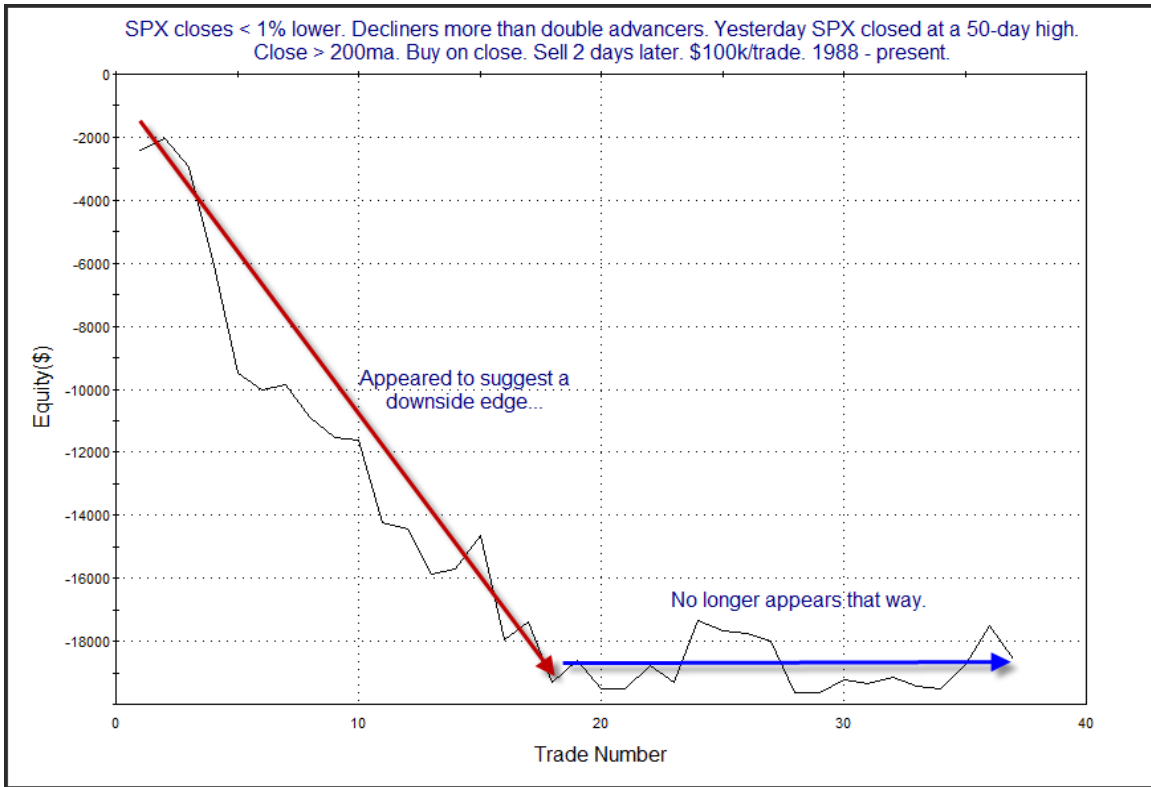
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 11, 2018	50-breakout. 3-up. Low vol.	1-5 days	Bullish			
July 10, 2018	SPX up 2% in 3 days. HV Off < 0.25	1-6 days	Bullish	1.90%	-1.30%	-2.60%
Active - Long Term						
July 10, 2018	SPX up 2% in 3 days. HV Off < 0.25	1-19 days	Bullish	4.20%	-2.20%	-4.80%
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

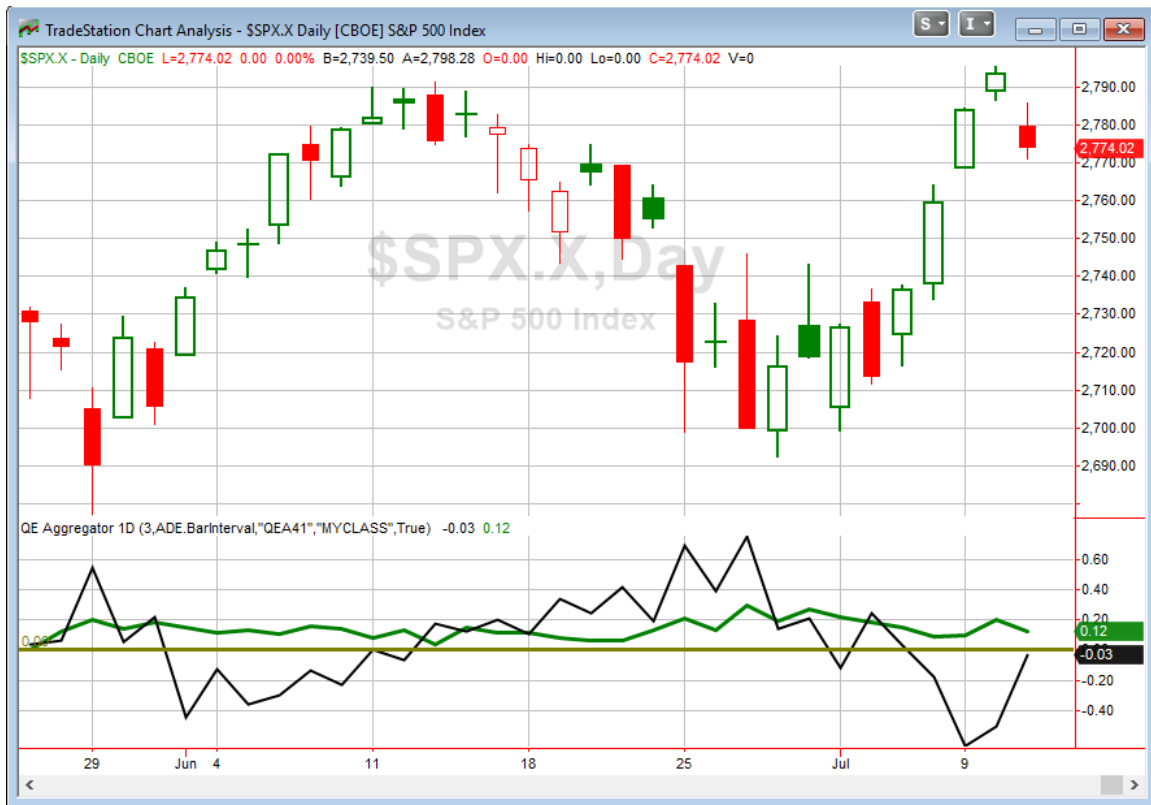
Wednesday saw declines for the major indices, but most of the damage was done before the market opened. The SPX closed down 0.7%, the NASDAQ lost 0.55%, and the Russell 2000 fell 0.7%. Breadth was negative as the NYSE Up Issues % was 28% and the Up Volume % came in at 18%. NYSE volume declined for the 2nd day in a row. It is getting very quiet here in the middle of summer.

Somewhat surprisingly, the action on Wednesday did not generate any compelling new studies. There were a few studies that triggered that at one time appeared bearish. But that bearish inclination has not persisted during the long bull market of the last several years. For instance, the study below is one I last looked at in the 4/5/16 letter. It considers the mild decline from a 50-day high on strong breadth.



The long sideways period has convinced me to remove this particular study from the Quantifinder. It is obviously not included on the Active List tonight.

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



Without any new studies 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 is still a little 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 current studies on the Active List, expectations are slated to remain bullish on Thursday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be *inverted* at 2793.51 on Thursday. That is 0.7% *above* 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 rise at least 0.7% in order to remain overbought. Anything less than that and it will be considered "oversold" vs expectations as of Thursday's close.

The Aggregator is currently neutral. But we are on track to see it turn bullish on Thursday. A down close would likely get us there. I am not going to jump the gun and look to enter an order just yet, though. Instead I will wait for confirmation, and to see what new edges emerge and how compelling they are. For now I remain in wait and see mode.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/9– neutral

The intermediate-term outlook was last updated in the 7/9 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

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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