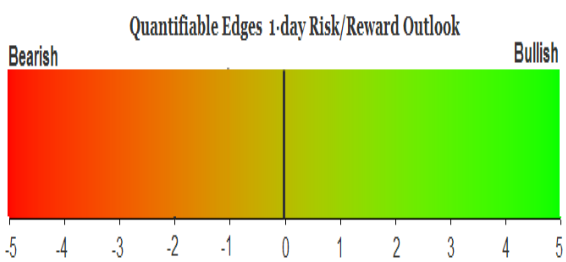
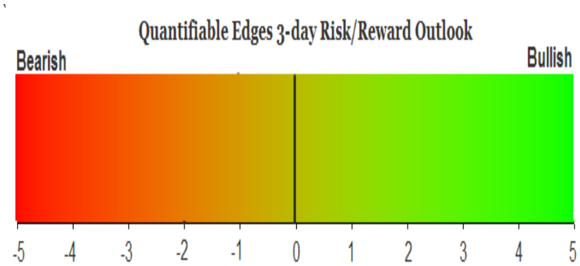
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 17, 2018 Volume 11 Issue 136

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new studies emerged tonight.

Short-term Outlook
The Bottom Line

The Aggregator is neutral and so am I. I do not find reward/risk to be compelling at this point.

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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 13, 2018	Breakaway Gap	1-5 days	Bullish	1.50%	-0.90%	-1.90%
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

Monday was quiet summer day that saw most of the major indices decline some. The SPX lost 0.1%, the NASDAQ fell 0.3%, and the Russell 2000 dropped 0.5%. Breadth was negative as the NYSE Up Issues % was 34% and the Up Volume % came in at 42%. Ranges were narrow. NYSE volume increased over the last few days, but generally remained summer light.

The moderate movement did nothing to trigger new and compelling evidence. But there was some strong movement just after the market closed, as Netflix (NFLX) disappointed on earnings. This caused NFLX to drop from $400 to $350 in the after-hours. It also caused the NASDAQ futures to drop 50 points between 4pm and 4:15pm EST. A potential sizable gap to start the day on Tuesday could help to spark some movement. Volatility will often generate edges, so I'll be on the lookout Tuesday for any new short-term directional evidence. But tonight there are no new studies to add to the Active List.

I have updated the Aggregator chart below.

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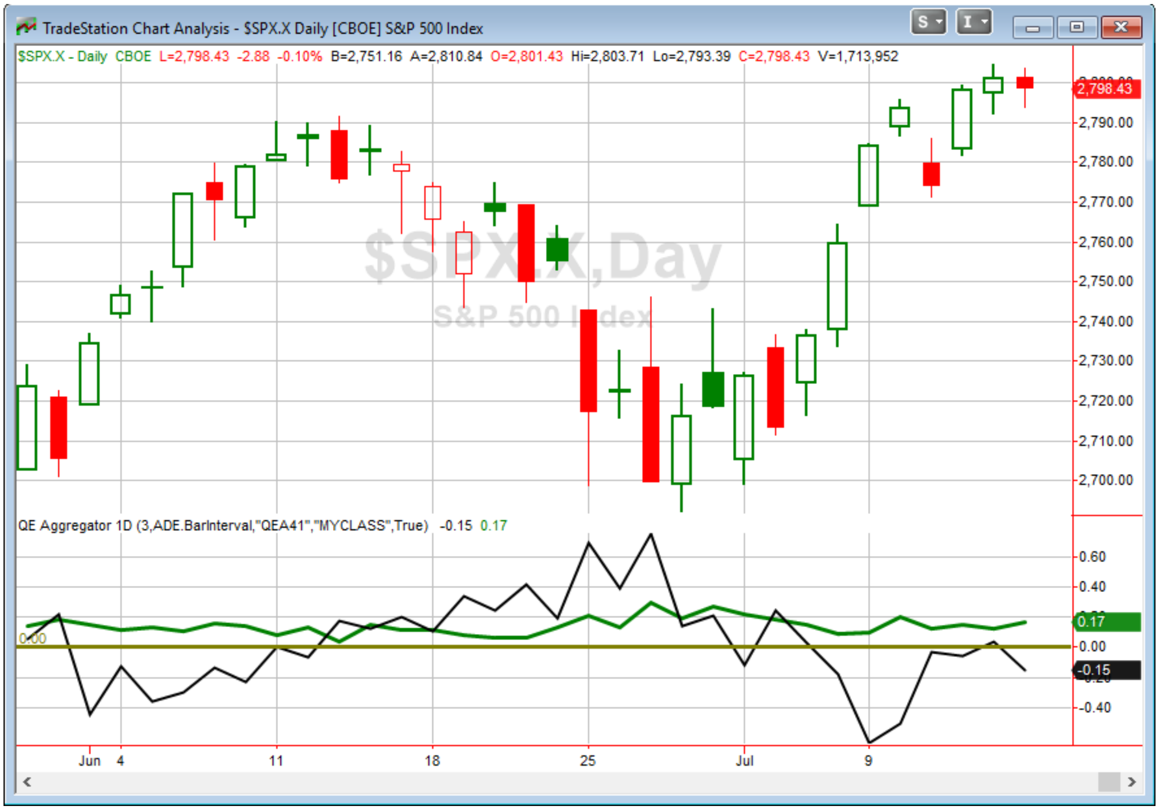

The green Aggregator Line again remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile the black Differential Line dipped back below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. 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 turned flat at the close.

With the current studies on the Active List, expectations are slated to remain bullish on Tuesday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be *inverted at* 2811.50 on Tuesday. That is 0.5% *above* Monday'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 0.5% just to remain overbought. Any close down, or gain of less than 0.5%, and SPX will flip to "oversold" versus expectations Tuesday afternoon.

Overall I am not seeing a compelling reason to take on new index exposure here. Evidence is moderately bullish, but 2 of the 3 studies on the short-term Active List are set to expire on Tuesday. Additionally, the Aggregator is neutral, and the Differential Pivot is inverted. This is not the kind of combination that suggests a strong directional edge. So I will exercise patience and await the next favorable reward/risk opportunity before looking to take on new exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 716– neutral

The intermediate-term outlook was last updated in the 7/16 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.