

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 14, 2018

Volume 12 Issue 50

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- 2 unfilled up gaps and a 50-day high are a short-term positive.

Short-term Outlook

The Bottom Line

Like last night, the Aggregator is neutral and so am I.

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						
March 14, 2019	2 gap up and 50-day high	1-3 days	Bullish			
March 11, 2019	2 unfilled gaps down. Close < 200ma	1-5 days	Bullish	3.00%	-1.90%	-4.00%
Active - Long Term						
March 6, 2019	1st close under 10ma in > 25 days	1-19 days	Bullish	4.40%	-0.80%	-2.00%
March 4, 2019	NASDAQ up 10 weeks in a row	13 weeks	Bullish	11.70%	-2.10%	-4.40%
January 9, 2019	Up Issues > 70% for 3 days	1-85 days	Bullish			
January 2, 2019	NASDAQ leading	int term	Bullish			
November 1, 2018	Best 6 Month During Pres Yr 3	1-6 months	Bullish	17.70%	-3.10%	-7.20%
October 1, 2018	Quantitative Tightening \$50billion/mo	int term	Bearish			

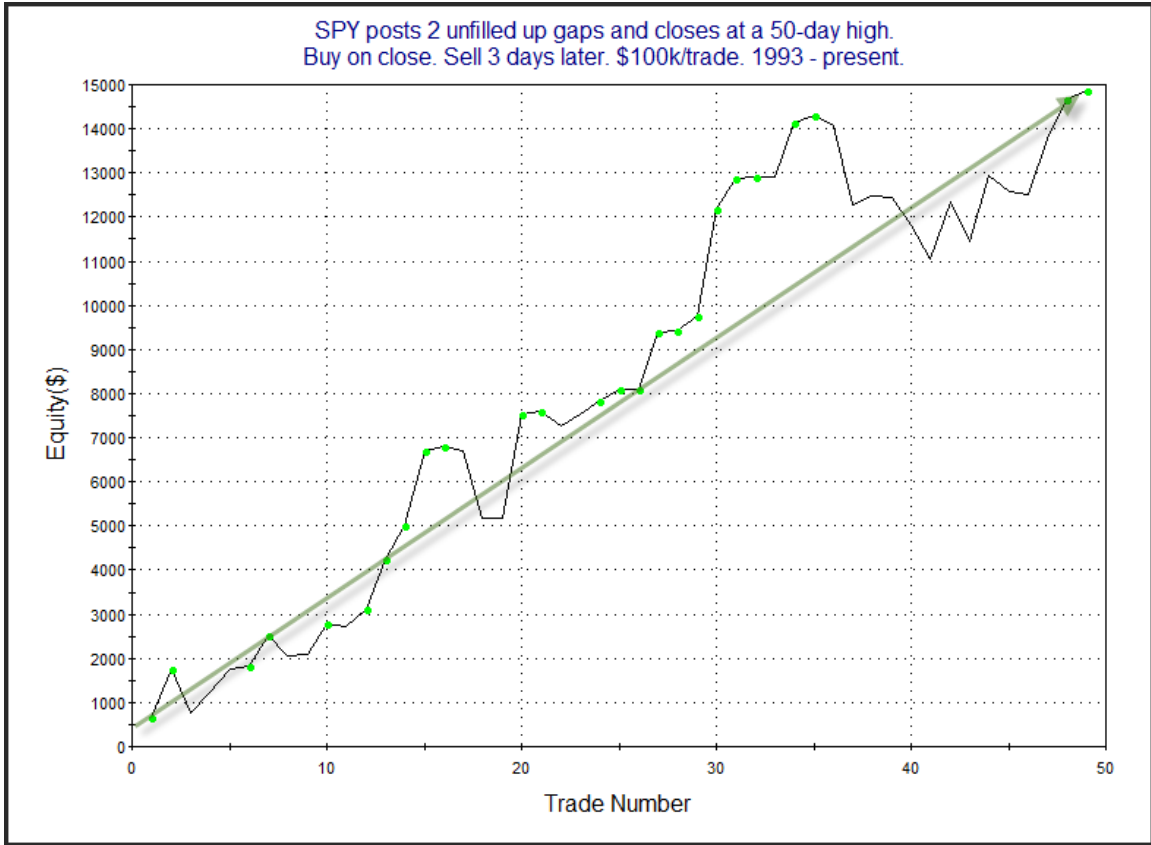
The Evidence

After closing down every day last week, the market is trying to close up every day this week. On Wednesday the SPX finished up 0.7%, the NASDAQ rose 0.7%, and the Russell 2000 climbed 0.4%. Breadth was positive as the NYSE Up Issues % was 68% and the Up Volume % came in at 79%. NYSE volume rose some from Tuesday's level.

It is notable that Wednesday was the 3rd day in a row with an unfilled up gap. The study below was last seen in the 1/4/18 letter. It examined other times SPY left at least 2 unfilled up gaps and closed at a 50-day high.

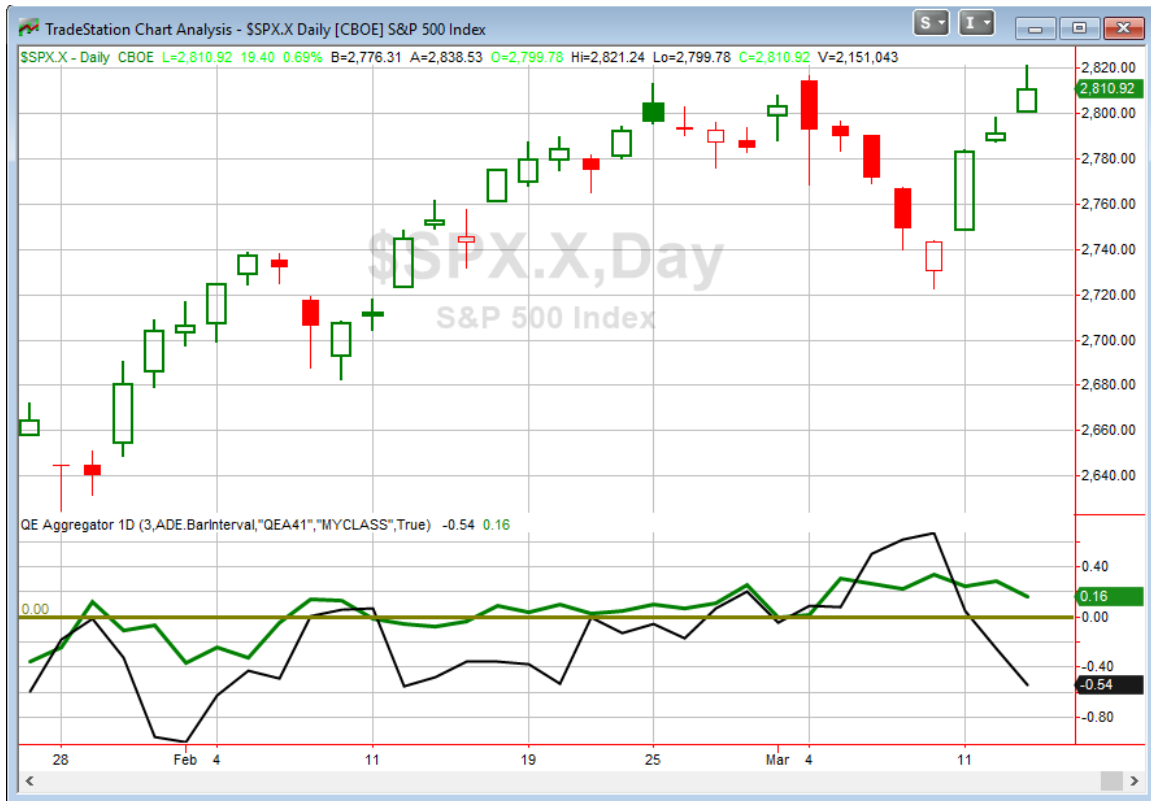
SPY posts 2 unfilled up gaps and closes at a 50-day high. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	12,247.23	49	33	16	67.35	905.45	2,013.72	-1,102.04	-4,508.40	0.82	1.69	249.94
4	15,880.47	49	33	16	67.35	925.92	2,475.56	-917.18	-2,720.25	1.01	2.08	324.09
3	14,851.02	49	33	16	67.35	699.45	2,419.84	-514.43	-1,801.77	1.36	2.80	303.08
2	11,435.09	50	35	14	70.00	531.43	1,858.87	-511.77	-1,476.68	1.04	2.60	228.70
1	2,587.90	60	33	27	55.00	343.11	1,156.32	-323.51	-1,942.24	1.06	1.30	43.13
90% of instances closed above the entry price at some point in the next week.												

The size of the follow-through isn't terribly large, but it has been very consistent that some follow through was achieved in the next few days. Below is the 3-day profit curve.



We have tracked this study for a long time, and it is back again at new highs. This study seems worth consideration, and I have included on the Active List.

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



With tonight's new evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line remained 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 zero. Therefore, the Aggregator signal stayed flat at the close.

Based on the current active studies, expectations are set to remain bullish on Thursday. Of course, this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2805.97 on Thursday. That is just 0.2% below Wednesday's close. Therefore, SPX would only need to close down 0.2% on Thursday to flip from overbought to oversold versus recent expectations.

Despite the market making new intermediate-term highs and being somewhat overbought, bearish evidence is lacking. The mild studies I am seeing are suggesting an upside edge. This has the Aggregator neutral, and me sidelined and awaiting a more favorable trading opportunity.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/11 – bullish

The intermediate-term outlook was last updated in the 3/11/19 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

RTN – 1/3 @ \$180.22 (bought @ limit)

BA – 1/3 @ \$400.01 (bought @ limit)

BA – 1/3 @ \$375.41 (bought @ limit)

Broad Market Large Cap CBI – 3(RTN, BA-2)

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
CVS(1/3)	3/7/2019	\$54.00	\$55.61	2.98%		<i>sold on open</i>
CVS(1/3)	3/8/2019	\$52.06	\$55.61	6.82%		<i>sold on open</i>
RTN(1/3)	3/8/2019	\$178.85	\$181.59	1.53%		Catapult
BA(1/3)	3/12/2019	\$384.70	\$377.14	-1.97%		Catapult
BA(1/3)	3/13/2019	\$375.41	\$377.14	0.46%		Catapult

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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