

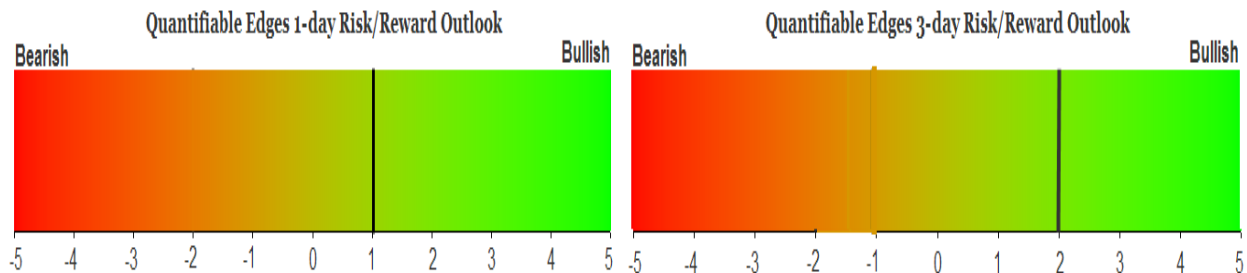
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 12, 2019

Volume 12 Issue 71

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Thursday showed very light volume, but that does not seem to matter any more.
- Tax Day and the day after tend to be bullish for the market. This will be a factor on Monday and Tuesday.

## *Short-term Outlook*

### *The Bottom Line*

Like last night, the Aggregator is bullish, but with SPX being high in the range, I would prefer a bit of a pullback before getting excited about new long index positions.

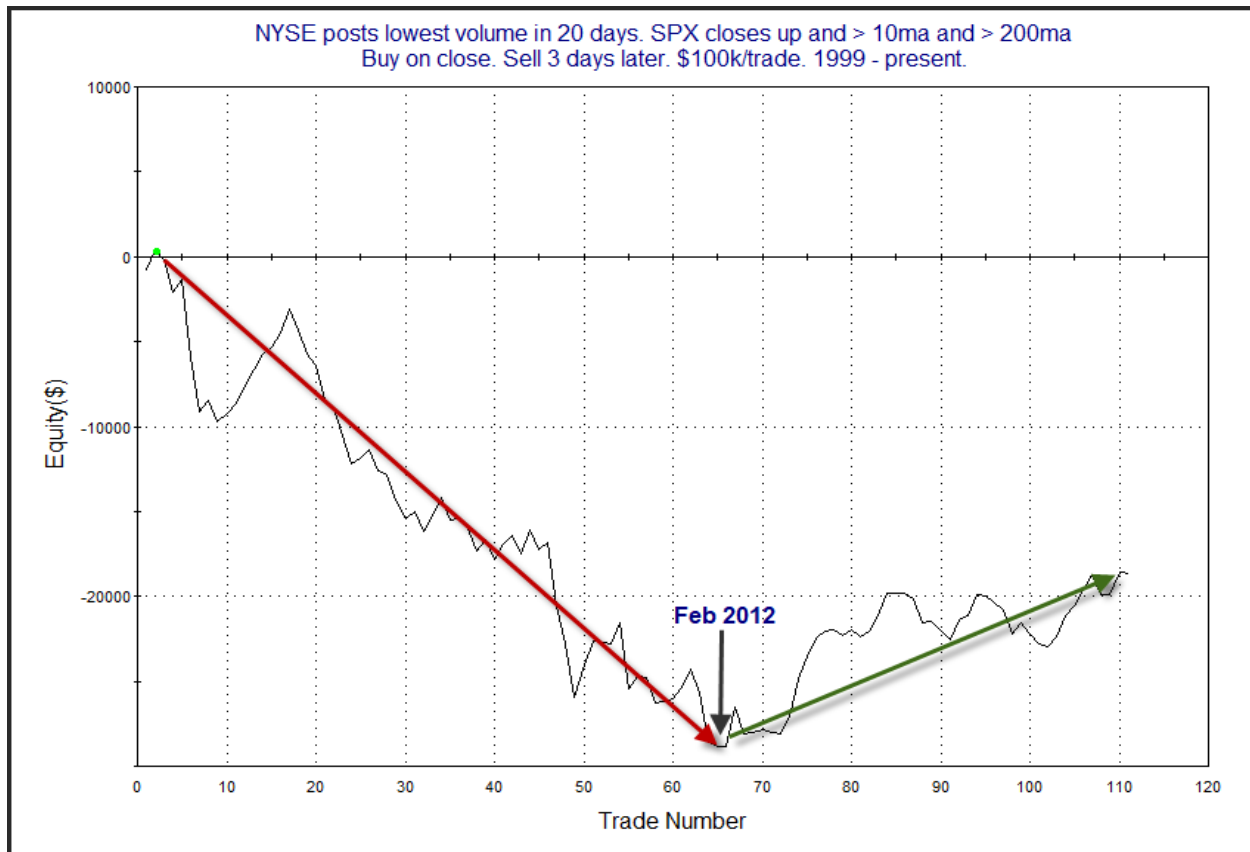
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
April 10, 2019	5 up to 50-high, then down 1	1-4 days	Bullish	1.10%	0.75%	1.50%
April 9, 2019	8th higher close & 50-day high	1-4 days	Bullish			
<b>Active - Long Term</b>						
April 10, 2019	5 up to 50-high, then down 1	1-10 days	Bullish	1.90%	-1.00%	-2.10%
April 8, 2019	SPX > 200ma. RSI(2) > 99	1-15 days	Bullish	2.25%	-1.40%	-2.70%
April 2, 2019	Golden Cross	int term	Bullish			
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***

Thursday saw mixed and mild results. The SPX rose a fraction of a point, the NASDAQ declined 0.15%, and the Russell 2000 closed down 0.2%. Breadth was also mixed as the NYSE Up Issues % was 53% and the Up Volume % came in at 43%. NYSE volume came in at the lightest level in weeks.

Thursday was another low volume day. Last week I discussed how low volume days used to suggest a bearish short-term edge. But many of the studies I've seen related to that had lost that edge. The study below is one I last discussed in the 3/29/16 letter. At the time, I noted it appeared to have lost its edge and I put the study on probation. Below I have updated the chart.

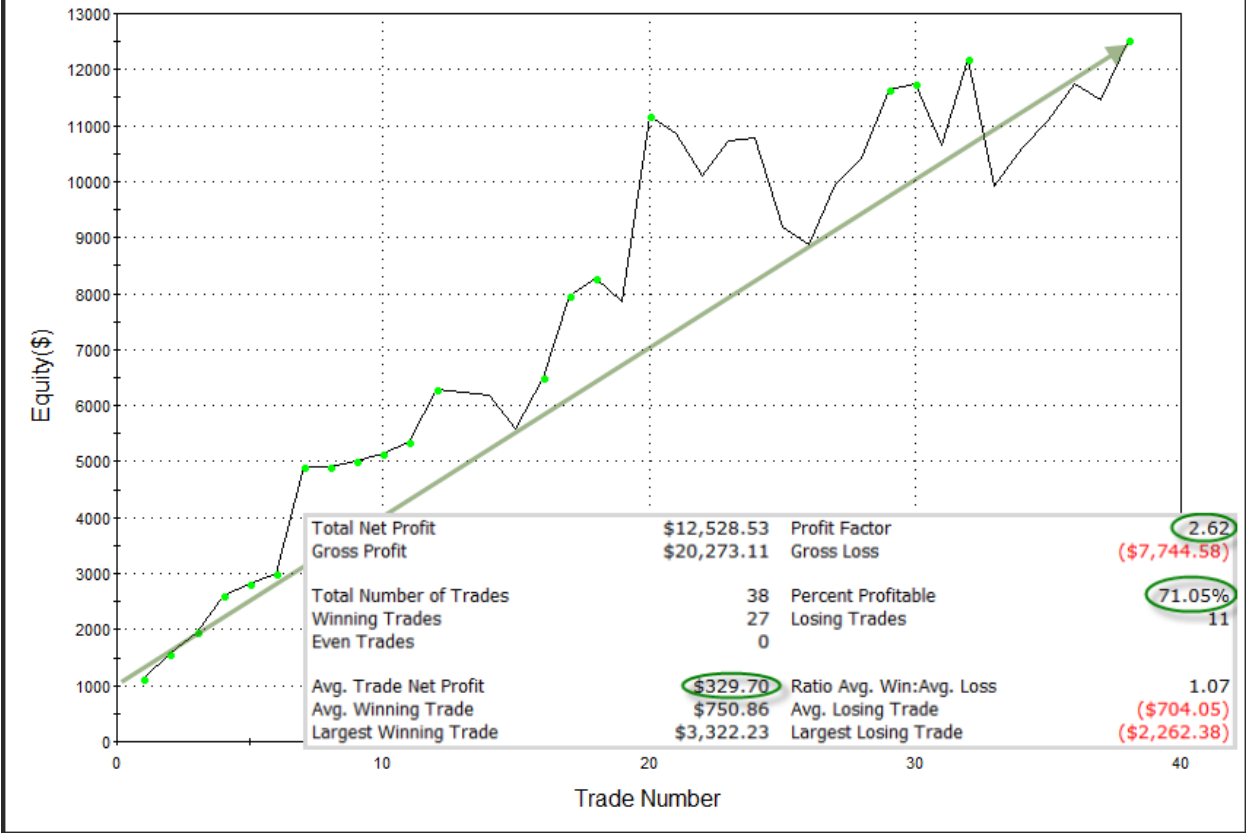


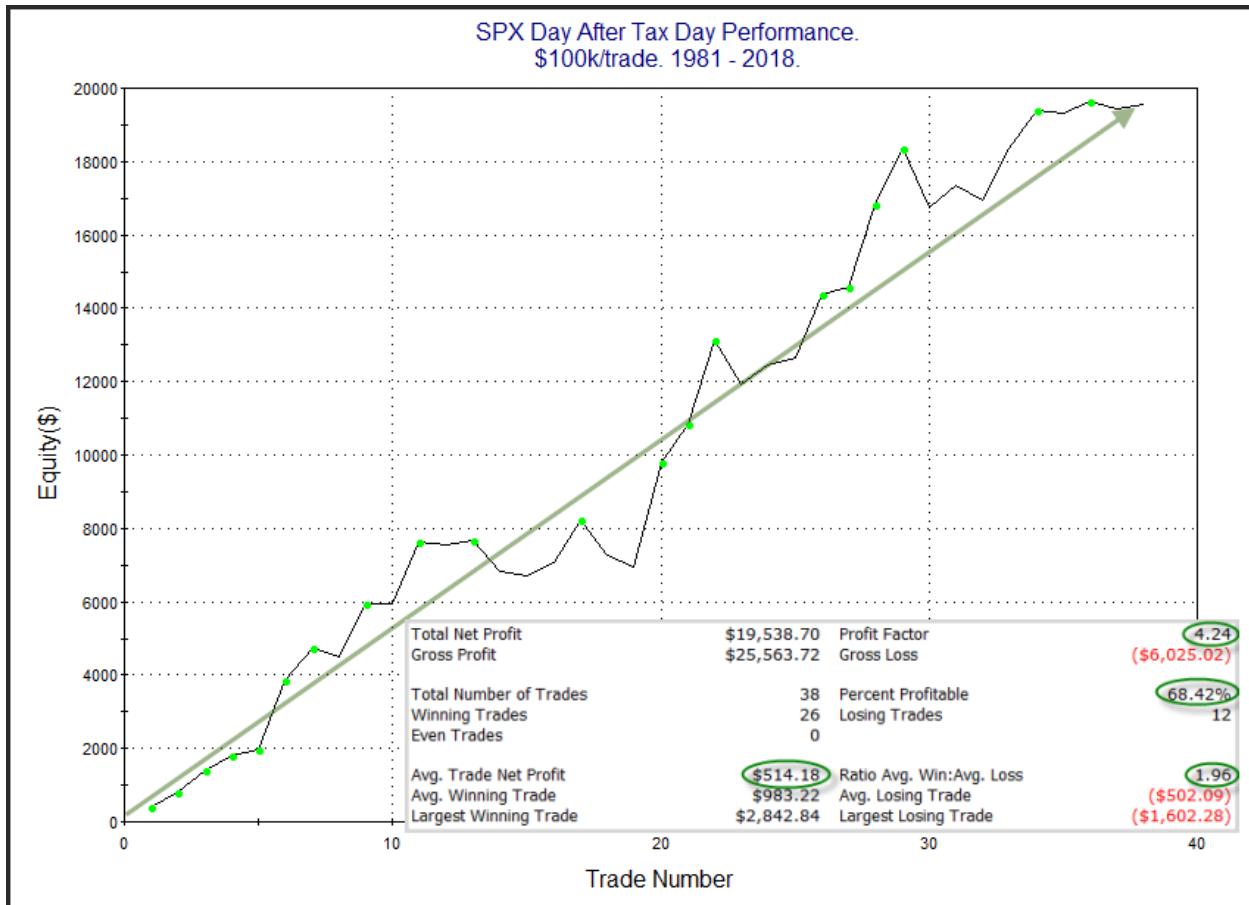
This curve bottomed back in 2012. I see no reason to keep this in the Quantifinder, and so I have removed it for the future. I'm showing it again tonight to reinforce the point that volume continues to look light, but that does not seem to matter as it once did.

The mild changes in the indices failed to generate compelling new studies tonight. The studies from a few days ago that suggested the rallies persistent move higher was a good thing continue to rule the active list. But we have not seen anything to confirm nor refute them the last couple of days. So I can only go with the evidence we already have.

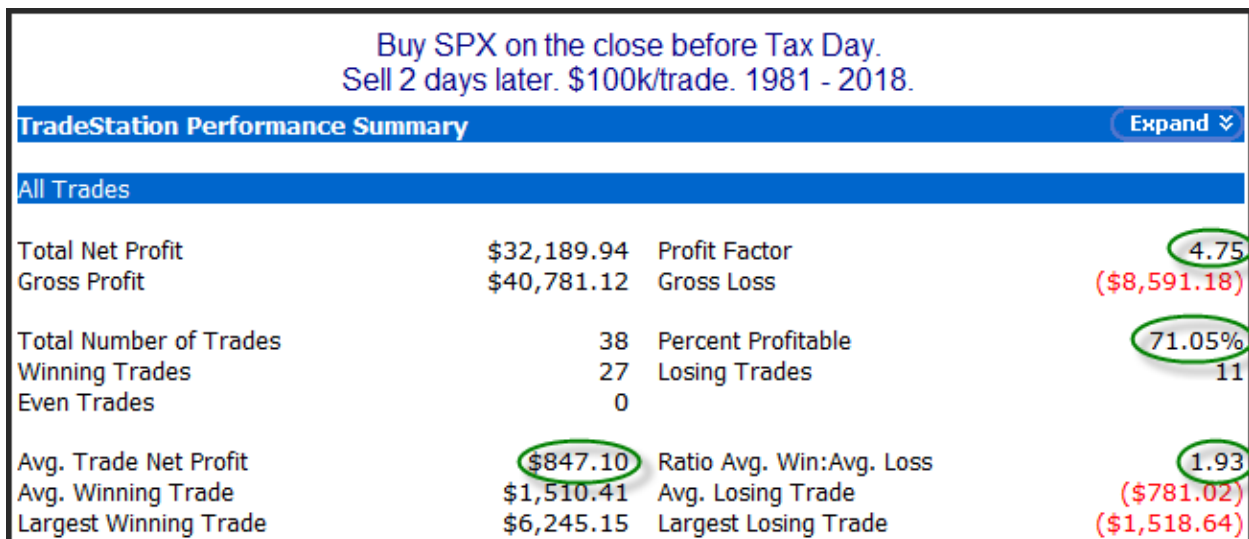
In the 4/16/18 letter I showed that there has been a strong historical tendency on tax day (normally April 15<sup>th</sup>, but Tuesday the 17<sup>th</sup> last year) and the day immediately after. The reason tax day may be important is that it is the last day that people can make IRA contributions to count for the previous tax year. This can create a last-minute rush and you will often have an inflow of funds heading into the market right around and on April 15<sup>th</sup>. Fund managers will often put this money to work immediately and it creates a positive bias for the market. Below are some updated studies that demonstrate this.

SPX Tax Day Performance.  
\$100k/trade. 1981 - 2018.

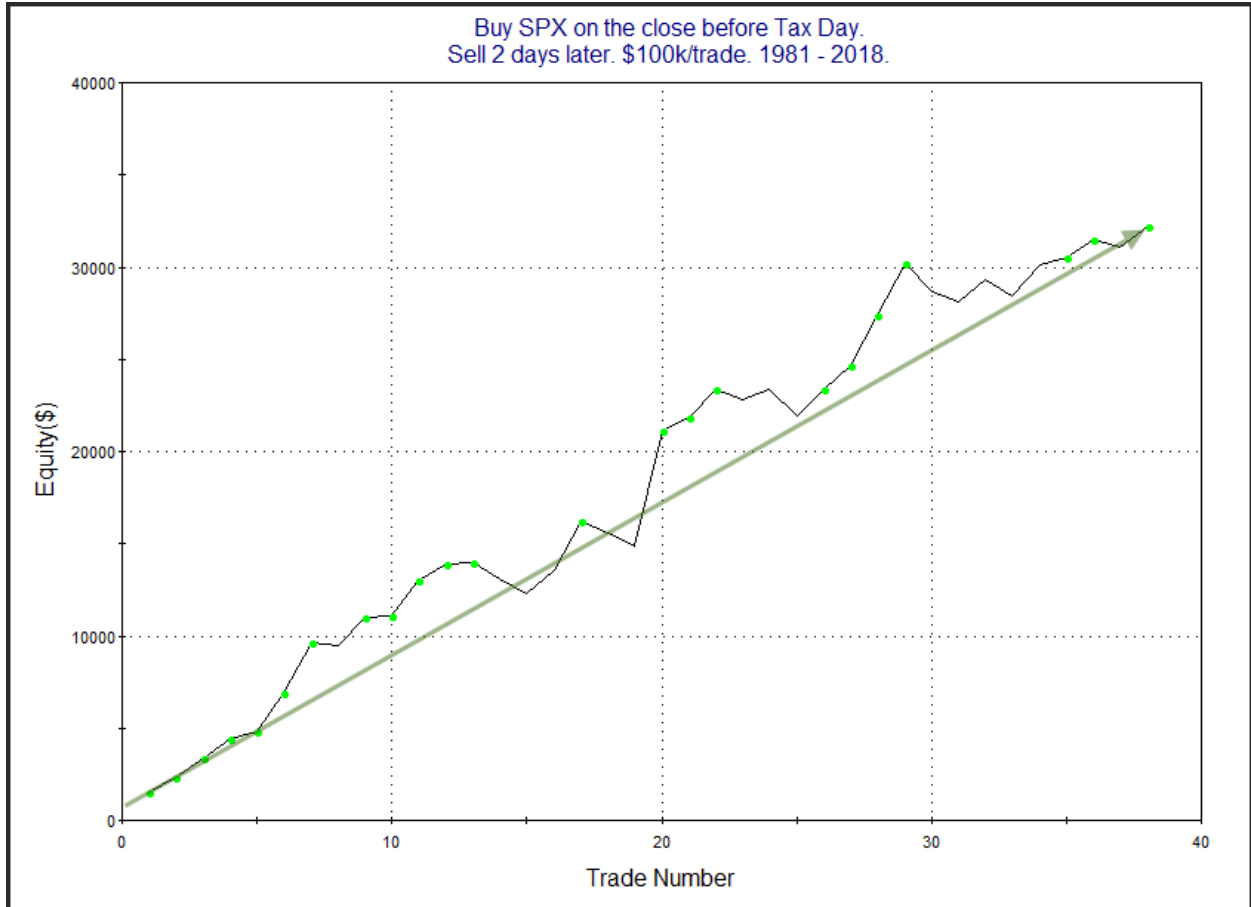




As you can see, both of these days seem to contain very solid upside edges. The study below looks at what happens if you hold for both days instead of just one.

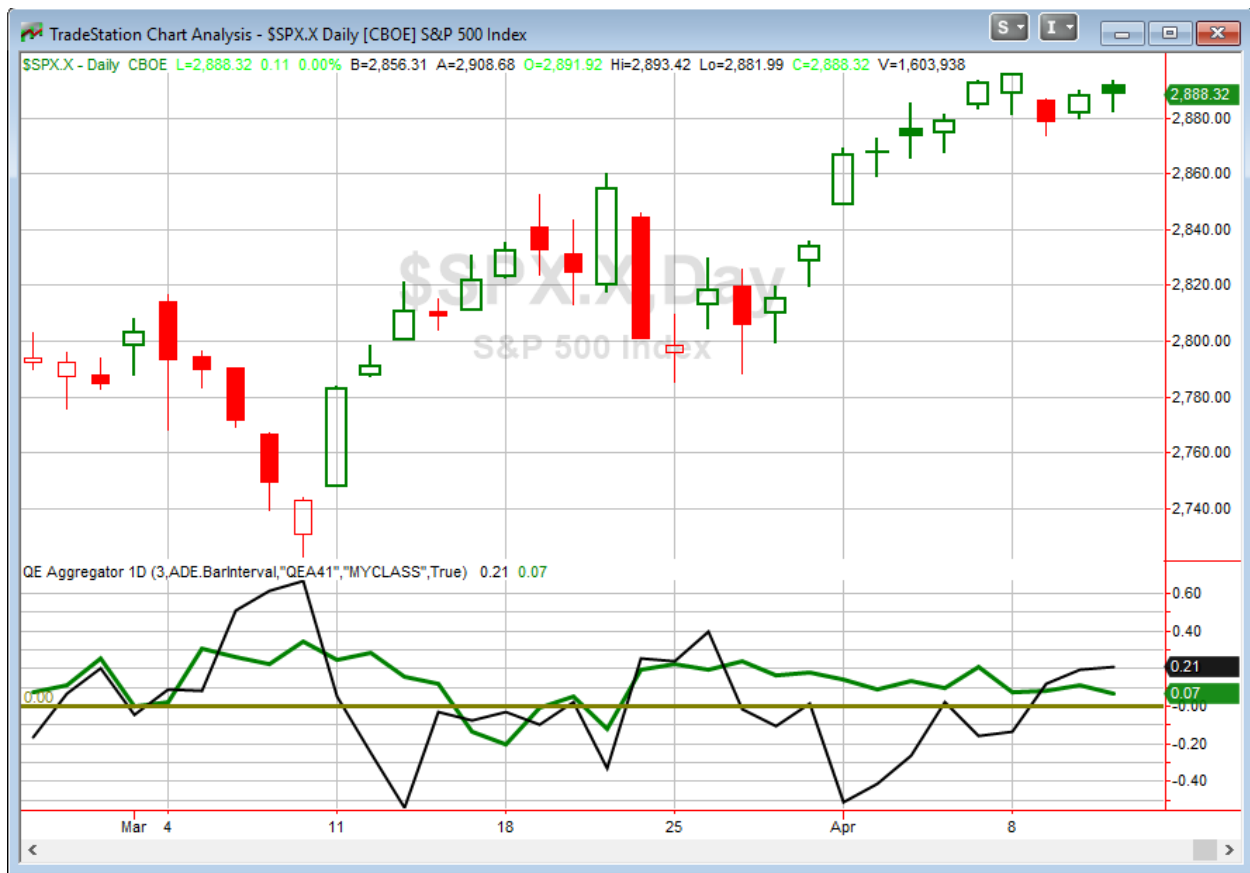


As you would expect, numbers here are nicely impressive. Below I have also included the profit curve.



A good looking curve that has moved from lower left to upper right. This study will be under consideration on Monday and Tuesday.

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



Without any new evidence to consider for Friday, 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 also held 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 zero. Therefore, the Aggregator signal stayed long at the close.

Based on the current active studies, expectations are set to remain bullish on Friday. Of course, this could change if new bearish evidence emerges. The Differential Pivot will be 2888.77 on Friday. That is less than 0.5 point above Thursday's close. So SPX will flip from oversold to overbought vs recent expectations with nearly any close higher on Friday.

My outlook is similar to last night. The Aggregator is again bullish, but now there is not much room to the upside before SPX would turn overbought. And it is in the upper portion of its recent range. I would prefer getting long in the lower end of ranges. Risk reward is not as favorable when the market is up at a high level already. I'll remain patient, and see how Friday plays out. More aggressive traders could consider taking on long exposure if there is a suitable sized drop on Friday. I'll look to perhaps buy Monday morning if I see that pullback.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 4/8 – bullish***

The intermediate-term outlook was last updated in the 4/8/19 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***

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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