

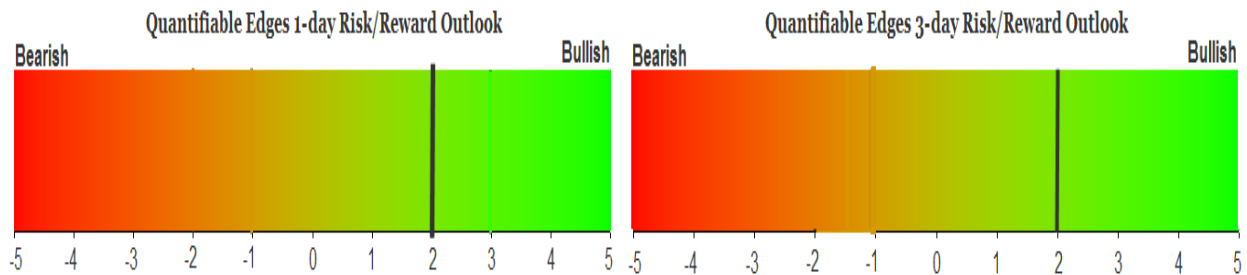
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 18, 2019

Volume 12 Issue 75

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- SPY's big outside day reversal pattern suggests a short-term upside edge.
- Holy Thursday has historically shown a bullish tendency.

## *Short-term Outlook*

### *The Bottom Line*

More bullish evidence emerged and the SPX is now oversold versus expectations. This appears to be a decent upside edge, and I'll be looking to take advantage of it.

**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 18, 2019	Holy Thursday bullish	1 day	Bullish			
April 18, 2019	3-high, 3-low, 3-low close > 200ma	1-5 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			

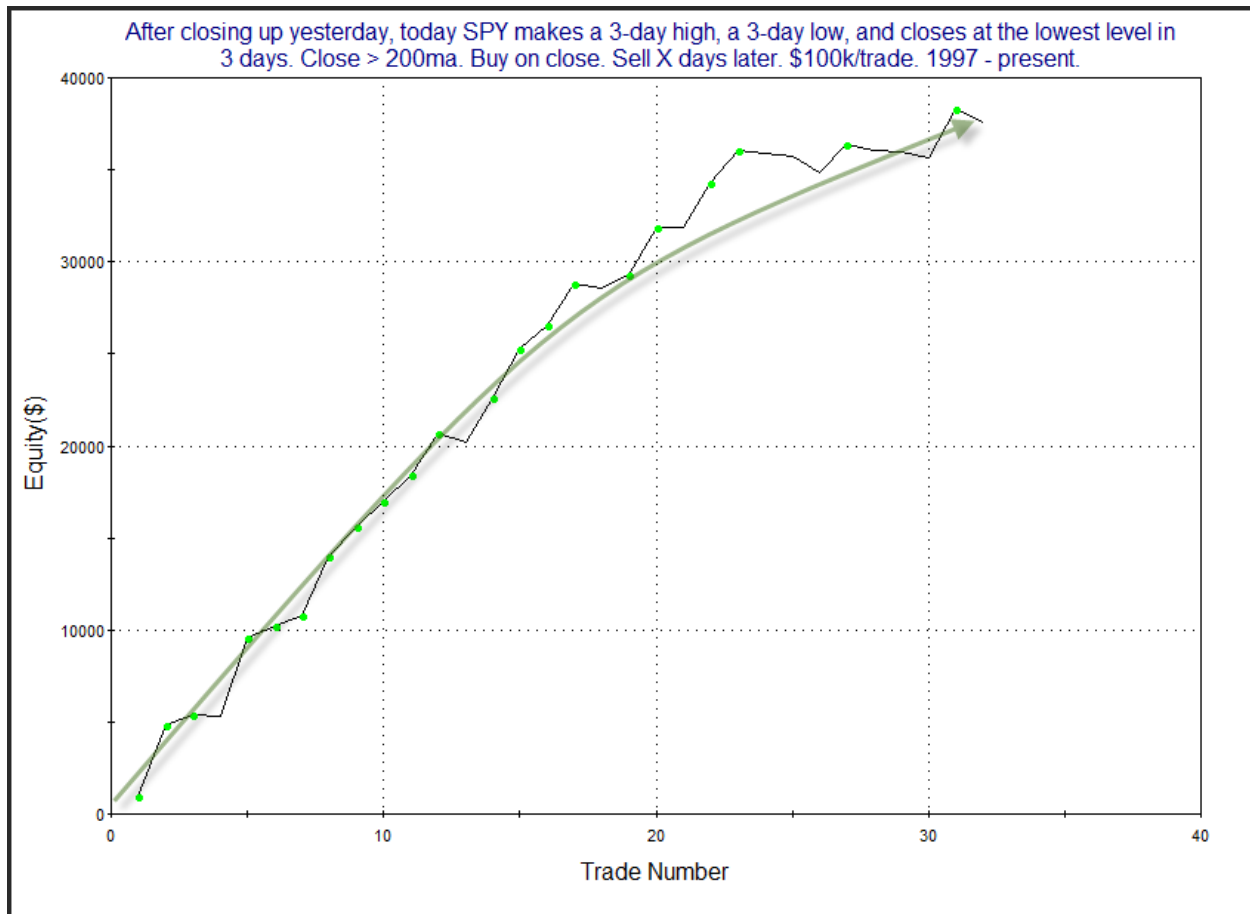
**The Evidence**

Wednesday was a day of generally mild pullbacks. The SPX lost 0.2%, the NASDAQ declined 0.1%, and the Russell 2000 fell 1.0%. Breadth was negative as the NYSE Up Issues % was 40% and the Up Volume % came in at 38%. NYSE volume rose some from Tuesday's level.

SPY traded in a relatively wide range and closed down on Wednesday. The study below was last shown in the 1/2/18 subscriber letter. It looks for a reversal day that engulfs both of the last two days, closes at a three-day low, and remains above the 200ma. All results are updated.

After closing up yesterday, today SPY makes a 3-day high, a 3-day low, and closes at the lowest level in 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1997 - 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	37,554.03	32	21	11	65.63	1,958.68	4,273.50	-325.30	-892.80	6.02	11.50	1,173.56
4	24,071.83	32	21	11	65.63	1,547.60	4,533.98	-766.15	-2,123.52	2.02	3.86	752.24
3	8,207.78	32	20	12	62.50	1,284.61	3,903.34	-1,457.03	-3,393.78	0.88	1.47	256.49
2	5,435.76	33	18	15	54.55	1,184.17	3,244.78	-1,058.62	-3,737.28	1.12	1.34	164.72
1	1,947.89	33	20	13	60.61	619.78	2,359.84	-803.67	-3,909.03	0.77	1.19	59.03

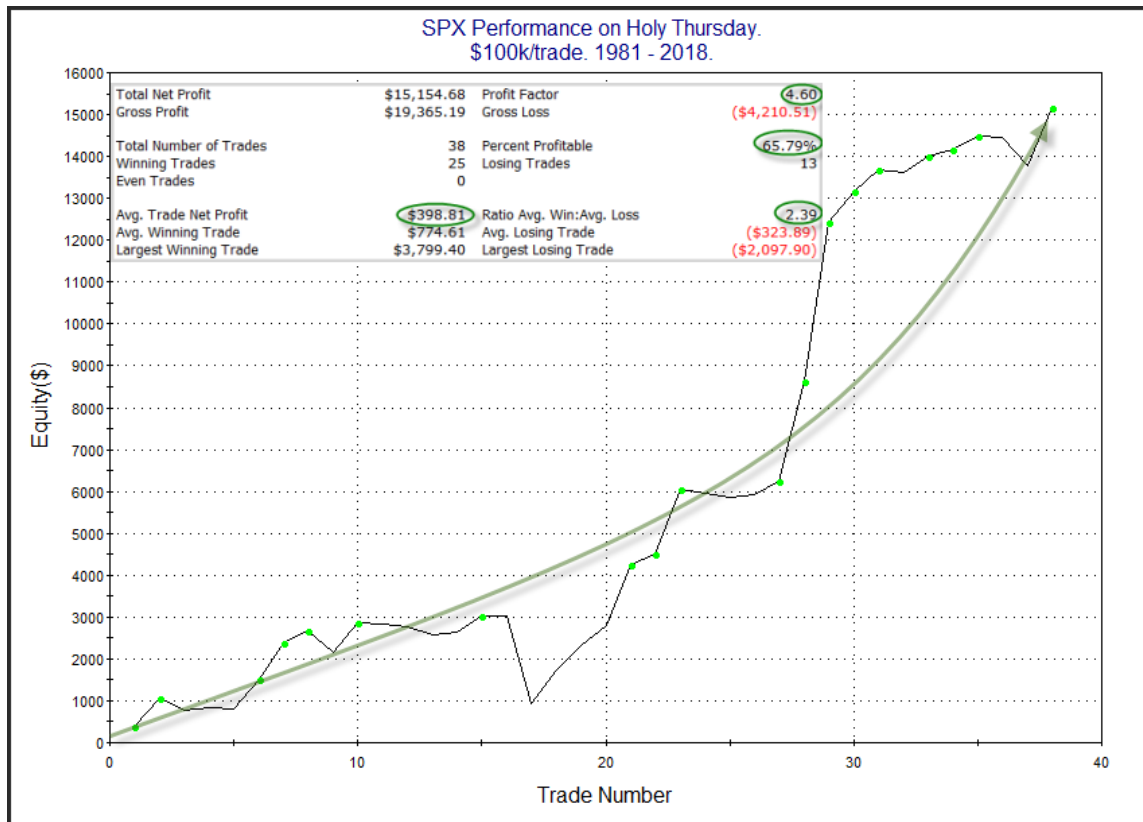
After the first couple of days there appears to be a strong and consistent upside edge. It is notable that with 32 instances, the biggest loser when looking out 5 days was less than 0.9%. Below is a profit curve that assumes a 5-day holding period.



While the curve has flattened some lately, it still appears strong enough to suggest the upside edge is real. I have included this study on the Active List.

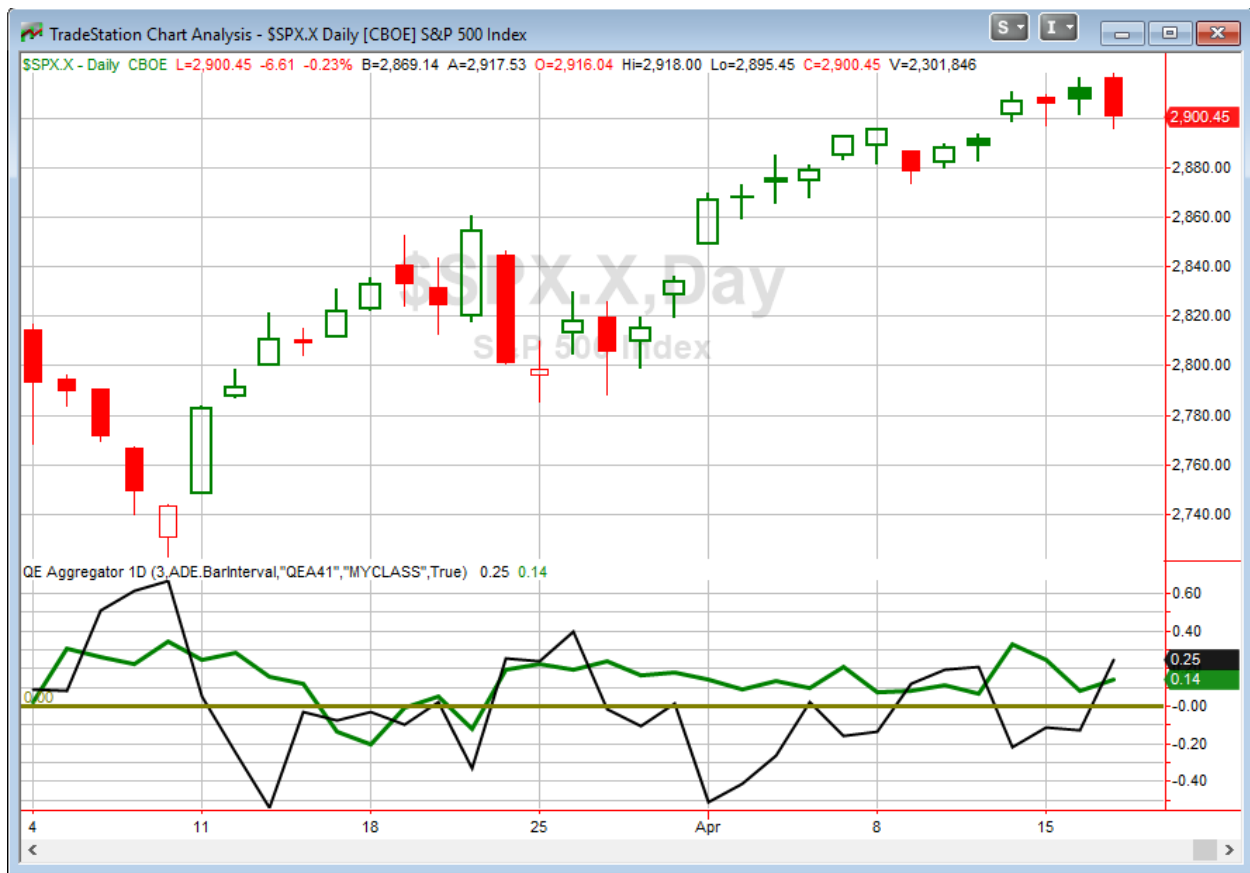
Also notable is that Thursday is Holy Thursday. I discussed this last night and have copied that commentary below.

*Stock market performance leading up to and around many holidays has often been bullish. This is something I have written about several times over the years. Holy Thursday is one such day that has done quite well. I have shown Holy Thursday stats a few times in the past. The chart and statistics below are all updated through last year.*



*The stats are impressive, and so is the overall curve with new highs being made again last year. Perhaps the most impressive stat to me is that the up days have been 2.4x the size of the down days. This suggests people will often go into the long Easter weekend with enthusiasm. This study will be added to the Active List tomorrow evening for Thursday.*

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 moved 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 turned long 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 2924.32 on Thursday. That is 0.8% above Wednesday's close. Therefore, SPX would need to close up at least 0.8% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. And with ample room to the upside before SPX would turn overbought, there appears to be a decent upside edge. But SPX is just down 1 day from a 50-day high, and it is only a mild decline. So if I am going to take on new long index exposure, I'd like to do so with either a gap down or perhaps a poor close. If I can get in with a favorable entry on Thursday, I'll take it. Details in the trade ideas section below.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 4/15 – bullish***

The intermediate-term outlook was last updated in the 4/15/19 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***

***New***

DHR – 1/3 @ \$124.88 (buy @ limit)

***Broad Market Large Cap CBI – 1(DHR)***

**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 @ \$289.00 LIMIT ON OPEN. If not filled on open, cancel order and look to buy @ \$289.00 LIMIT ON CLOSE.** From the short-term section above. There appears to be a short-term edge, and I'll be looking to take advantage of it.

**DHR – buy 1/3 Catapult position.** From the Catapult section above. This is the 1<sup>st</sup> of up to 3 possible lots of DHR.

**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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