

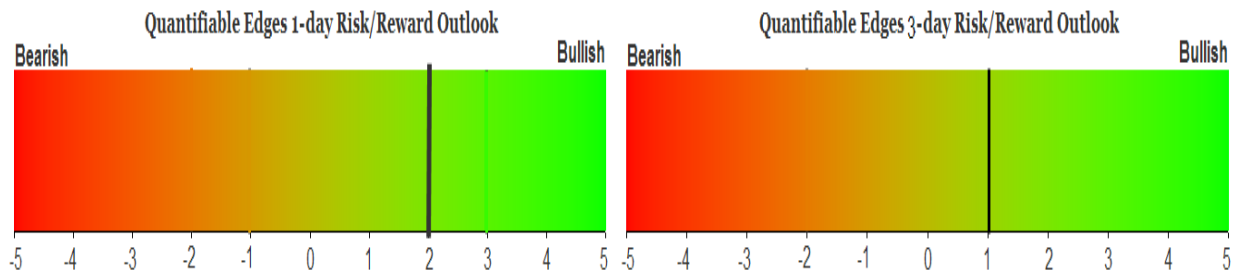
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 21, 2019

Volume 12 Issue 97

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	7

## Tonight's Research Points

- Turnaround Tuesday has not shown its typical bullish edge under similar circumstances.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish, but expectations are set to turn bearish as of Tuesday's close unless new bullish evidence emerges.

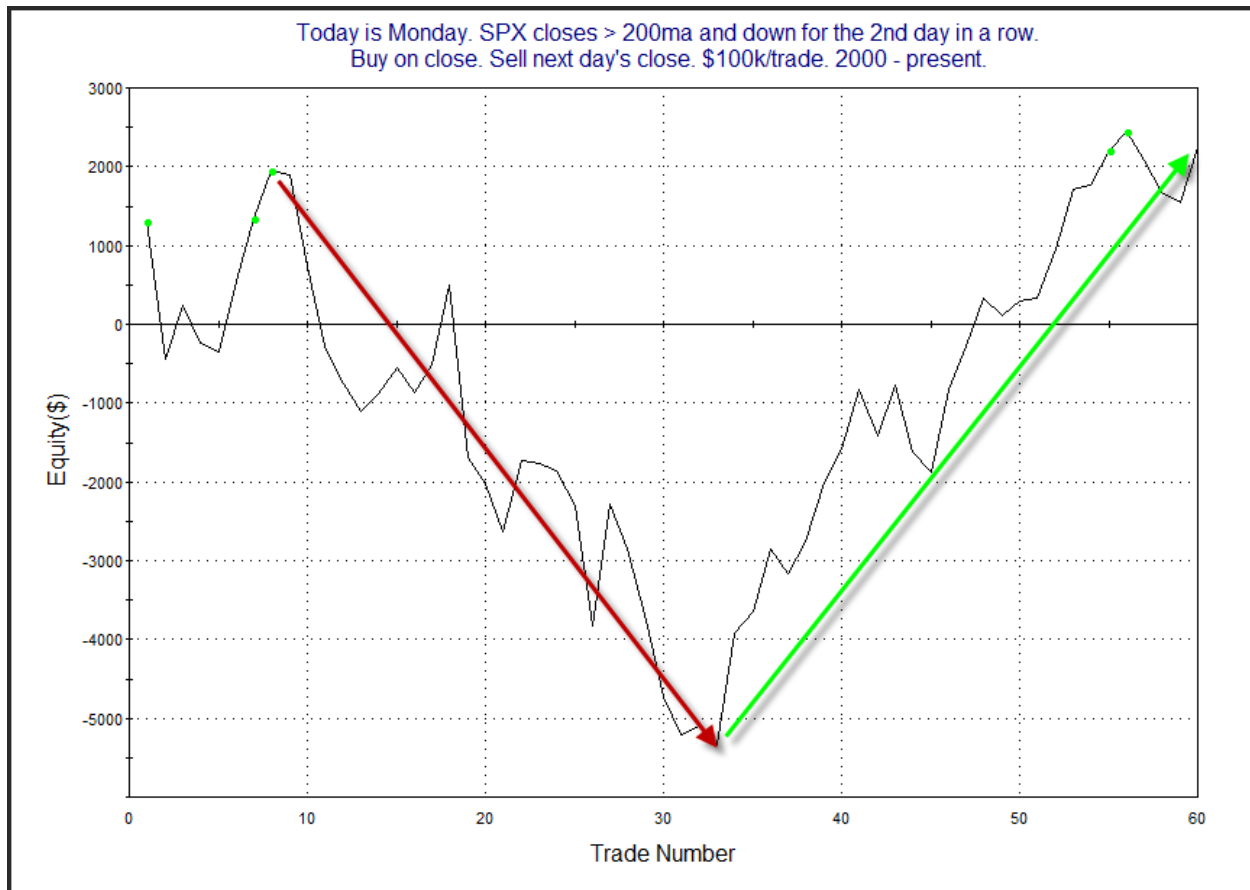
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
May 17, 2019	NDX up 1%. SOX down	1-6 days	Bearish			
May 17, 2019	3 up > 2%. HV 3/10 offset < 0.25	1-6 days	Bullish			
May 14, 2019	1.5% dn 2x in 5 days. 10-day low	1-7 days	Bullish			
<b>Active - Long Term</b>						
May 17, 2019	3 up > 2%. HV 3/10 offset < 0.25	1-19 days	Bullish			
May 14, 2019	CBI 11+	1-17 days	Bullish			
May 13, 2019	20-low reversal day	1-10 days	Bullish	2.80%	-1.80%	-3.40%
May 8, 2019	1st 10-day low close in 30+ days	1-10 days	Bullish			
April 24, 2019	SPX closes above 50-day Bollinger Bnd	1-50 days	Bullish	5.00%	-4.30%	-8.10%
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%
October 1, 2018	Quantitative Tightening \$50billion/mo	int term	Bearish			

***The Evidence***

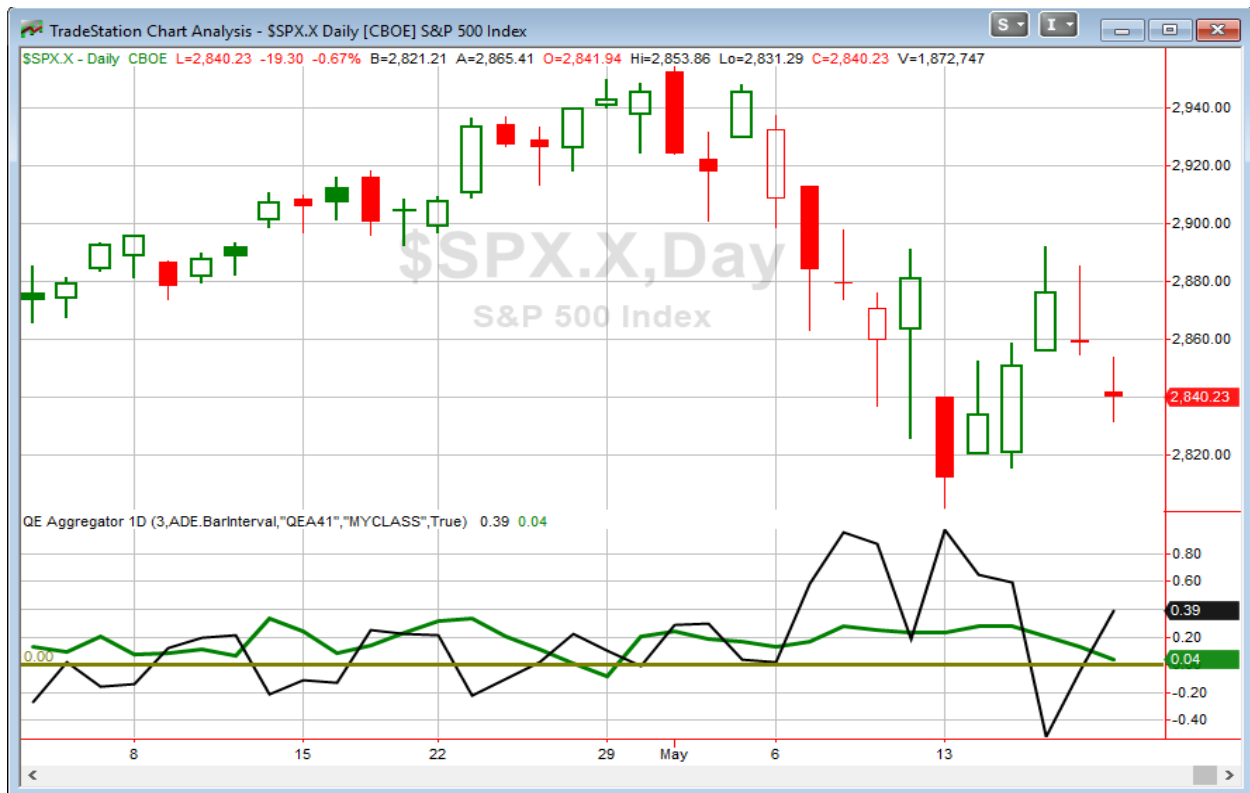
Monday started poorly and never recovered. The SPX finished down 0.7%, the NASDAQ dropped 1.5%, and the Russell 2000 lost 0.7%. Breadth was negative as the NYSE Up Issues % was 33% and the Up Volume % came in at 36%. NYSE volume declined some from Friday's level.

Monday's action did not inspire anything in the way of compelling new evidence. I have written a substantial number of times about "Turnaround Tuesday". Over the years Tuesday has exhibited the strongest proficiency for the market to reverse a pullback of any day of the week. But in the 9/25/18 letter I looked at 2-day pullbacks specifically. I found that those above the 200ma had not shown the same bullish tendency as those below the 200ma, or even most other Turnaround Tuesday pullback opportunities. At one point it actually looked like a setup with a downside continuation edge. Below I updated the profit curve from this study so you could see how it has evolved over time.



We see here a complete reversal. Maybe the former downside edge is now an upside edge. Or maybe there is no real edge at all under these circumstances. If I just knew about the last 25 or 30 instances, I might be convinced of an upside edge. But I know what came before it. And I have no good explanation for the sudden performance shift. So I do not feel this is a setup that's providing compelling evidence. There are no new studies being added to the Active List tonight.

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



Without any new short-term studies being added today, the green Aggregator Line remained just slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line moved back 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 list of active studies, expectations are set to turn bearish on Tuesday. This could easily change if new bullish evidence emerges. The Differential Pivot will be 2897.98 on Tuesday. That is a whopping 2.0% above Monday's close. Therefore, SPX would need to close up at least 2.0% in order to flip from oversold to overbought vs recent expectations. A 1-day move of that magnitude on Tuesday is highly unlikely. A more likely scenario for working off the oversold condition would be a multi-day rally or consolidation.

So the Aggregator is bullish. But expectations are set to turn negative unless additional bullish evidence emerges. There is plenty of room to the upside before the market would flip back to overbought. Overall, odds are pointing higher, but that could easily change as early as Tuesday afternoon. I'll hold onto my small long position for another day. If I don't see more bullish evidence emerge on Tuesday, then I'll need to exit the position on Wednesday. But I'll first see how Tuesday plays out and what new evidence emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/20 – somewhat bullish*

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***OpenCatapult Triggers***

INTC – 1/3 @ \$51.11 (bought @ limit)

INTC – 1/3 @ \$51.04 (bought @ limit)

INTC – 1/3 @ \$50.76 (bought @ limit)

MMM – 1/3 @ \$184.75 (bought @ limit)

MMM – 1/3 @ \$178.59 (bought @ limit)

MMM – 1/3 @ \$178.59 (bought @ limit)

BLK – 1/3 @ \$442.78 (buy @ limit) – *not filled – cancel for now*

***Broad Market Large Cap CBI – 7(INTC-3, MMM-3, BLK)***

### **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
INTC(1/3)	4/30/2019	\$51.00	\$43.56	-14.59%		Catapult
INTC(1/3)	5/1/2019	\$51.04	\$43.56	-14.66%		Catapult
INTC(1/3)	5/2/2019	\$50.76	\$43.56	-14.18%		Catapult
MMM(1/3)	5/3/2019	\$184.75	\$166.25	-10.01%		Catapult
SPY(1/4)	5/8/2019	\$287.53	\$283.95	-1.25%		Aggregator
MMM(1/3)	5/9/2019	\$177.30	\$166.25	-6.23%		Catapult
MMM(1/3)	5/10/2019	\$175.02	\$166.25	-5.01%		Catapult
TGT(1/3)	5/14/2019	\$70.97	\$72.08	1.56%		<i>sell on open</i>

*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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