

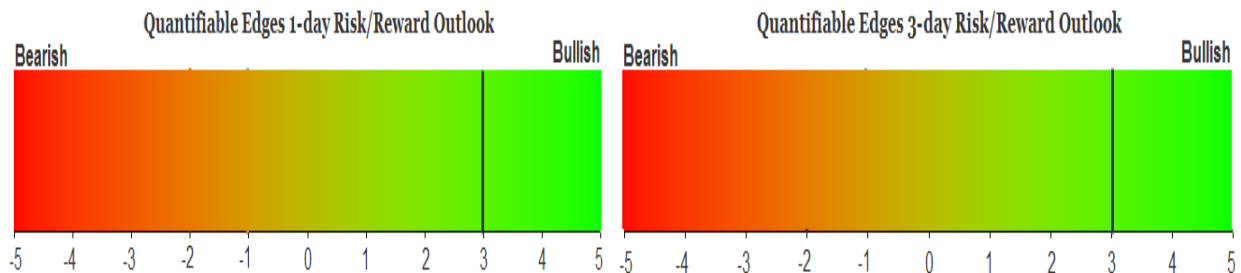
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 31, 2019

Volume 12 Issue 104

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- No new studies emerged, but Friday should be interesting with a sizable gap down likely to start the day.

Short-term Outlook

The Bottom Line

Risk/reward still appears to favor the bulls, but they will have to overcome trade war news if they are going to make a run.

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						
May 30, 2019	20 low. Then gap dn & close < open > 200	1-5 days	Bullish	2.70%	-1.00%	-2.05%
Active - Long Term						
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			
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 \$50 billion/mo	int term	Bearish			
Dropped Tonight						
May 30, 2019	Memorial Week Thursday	1 day	Bullish			
May 29, 2019	20-low > 200ma. Close bottom 10% day	1-2 days	Bullish			

The Evidence

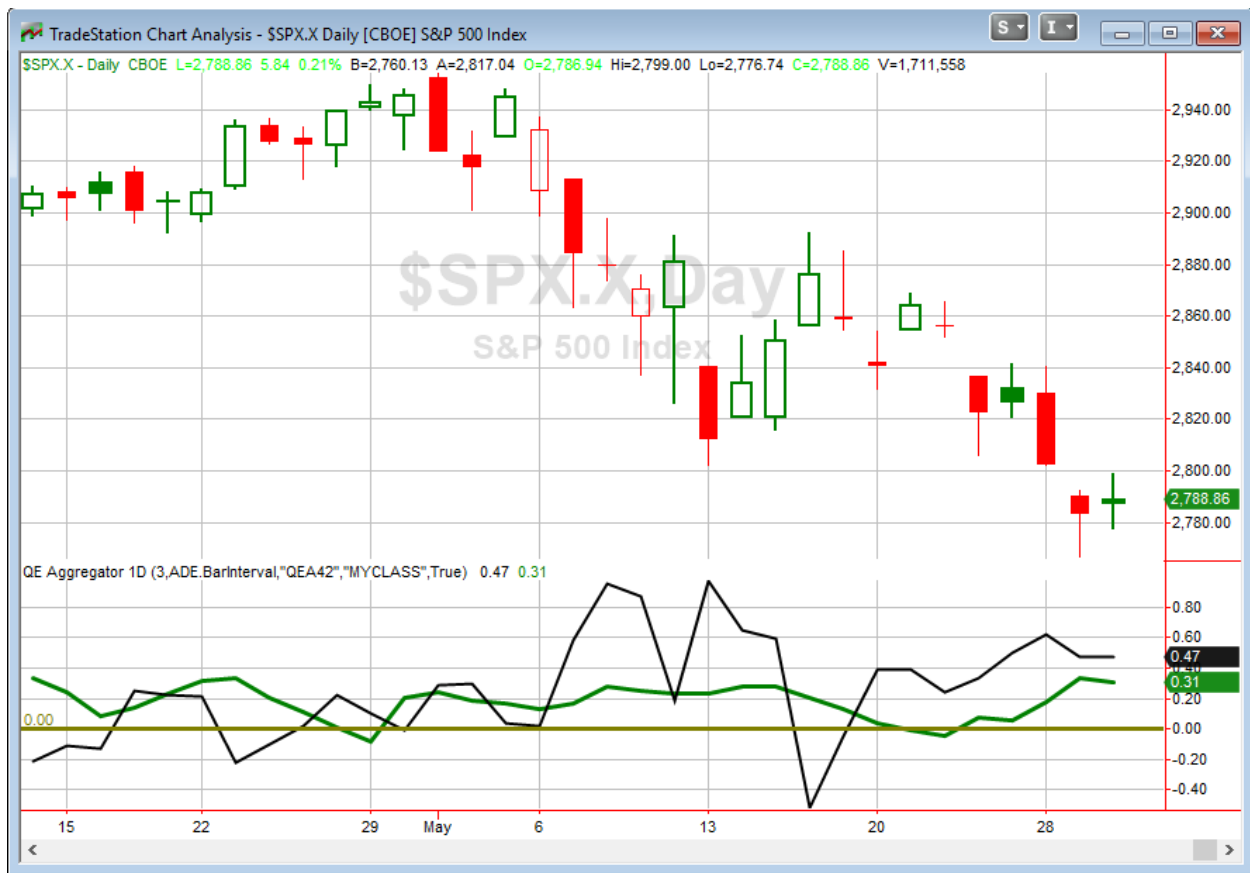
Thursday was mixed and not much was accomplished. The SPX gained 0.2%, the NASDAQ rose 0.3%, and the Russell 2000 lost 0.2%. Breadth was negative as the NYSE Up Issues % was 49% and the Up Volume % came in at 43%. NYSE volume declined some from Wednesday's level.

The moderate action did not trigger anything terribly compelling in the Quantifinder. And whatever happened during the market day was Trumped by another tariff tweet after hours. This time it was Mexico rather than China, and it caused the S&P futures to drop a quick 20 points. This should make for an interesting day on Friday, which also happens to be the last day of the month.

The last trading day of the month is often a setup day for the 1st day of the new month. When the last day has closed 1) above the 200ma, and 2) in the bottom half of the day's range, that has been followed by a strong and consistent upside tendency for the next day. But closes in the top half of the day's range or below the 200ma have not seen the same bullish start to the next month. So a 20-point gap down would not be a great way to set us up for a big edge on Monday. This is because a 20-point gap down would be about \$2.00 for SPY. And a with it about \$1.73 above the 200ma at Thursday's close, a big down gap could open the price below the 200ma. This of course would make it quite difficult to see SPY both close above its 200ma and near the bottom of its intraday range on Friday.

No new studies were added to the Active List tonight.

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



Without any new studies being added tonight, 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 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 list of active studies, expectations are set to remain bullish on Friday. Of course this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2811.02 on Friday. That is 0.8% above Thursday's close. Therefore, SPX would need to close up a 0.8% on Friday in order to flip from oversold to overbought versus expectations.

So the Aggregator remains bullish. Evidence is again pointing higher, and with ample room to the upside before SPX would turn overbought, reward/risk appears favorable. But tariff news continues to wreak havoc. News-driven markets that fail to comply with historical norms can be very difficult to trade. And I'm feeling that recently, and not greatly interested in upping my index exposure any further at the moment. The CBI did increase from 4 to 6 on Thursday, so I will be pursuing some new Catapults on Friday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/28– somewhat bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

MMM – 1/3 @ \$184.75 (bought @ limit)

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BLK – 1/3 @ \$442.78 (bought @ limit)

New

NVDA – 1/3 @ \$139.11 (buy @ limit)

BK – 1/3 @ \$43.25 (buy @ limit)

Broad Market Large Cap CBI – 6(MMM-3, BLK, NVDA, BK)

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.

NVDA – Buy 1/3 Catapult position @ \$139.11 LIMIT. From the Catapult section above. This is the 1st of up to 3 possible lots for NVDA.

BK – Buy 1/3 Catapult position @ \$43.25 LIMIT. From the Catapult section above. This is the 1st of up to 3 possible lots for BK.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
MMM(1/3)	5/3/2019	\$184.75	\$160.58	-13.08%		Catapult
SPY(1/4)	5/8/2019	\$287.53	\$279.03	-2.96%		Aggregator
MMM(1/3)	5/9/2019	\$177.30	\$160.58	-9.43%		Catapult
MMM(1/3)	5/10/2019	\$175.02	\$160.58	-8.25%		Catapult
BLK(1/3)	5/29/2019	\$426.39	\$426.59	0.05%		Catapult
SPY(1/4)	5/29/2019	\$278.27	\$279.03	0.27%		Aggregator

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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