

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 6, 2019

Volume 12 Issue 108

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	4

Tonight's Research Points

- No new studies emerged on Wednesday.

Short-term Outlook

The Bottom Line

The bounce has turned the SPX overbought and the Aggregator formation is now neutral. I am too for the short-term.

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

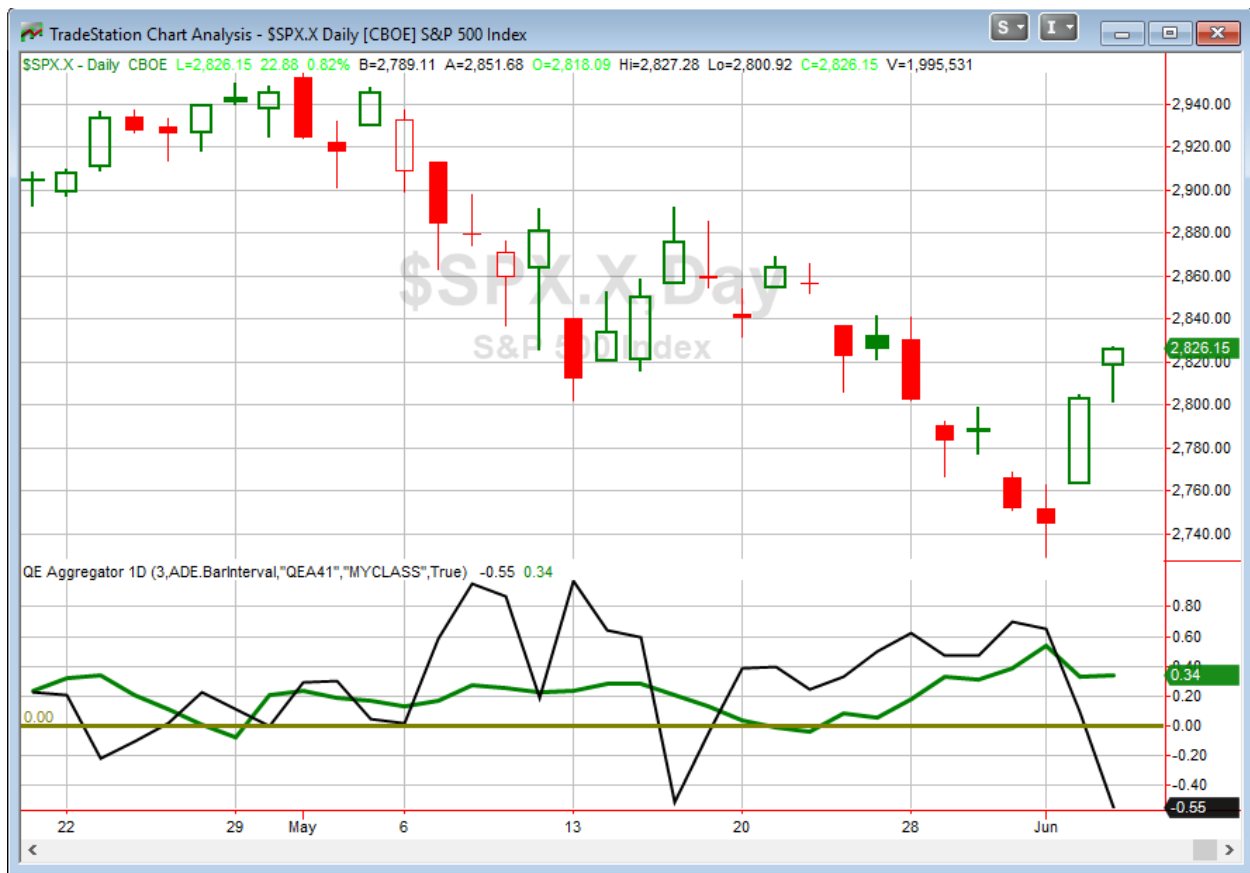
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 5, 2019	20-day low to 4-day high	1-8 days	Bullish	2.20%	-1.40%	-3.00%
June 3, 2019	CBI >= 10 and SPX 50-day low	1-5 days	Bullish	4.20%	-3.60%	-7.65%
Active - Long Term						
June 5, 2019	20-day low to 4-day high	1-20 days	Bullish	3.70%	-2.10%	-4.40%
June 3, 2019	CBI >= 10 and SPX 50-day low	1-18 days	Bullish	7.10%	-4.30%	-8.20%
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			
October 1, 2018	Quantitative Tightening	int term	Bearish			
Dropped Tonight						
June 5, 2019	1% move up through 200ma	1 day	Bearish			
May 30, 2019	20 low. Then gap dn & close < open > 200	1-5 days	Bullish	2.70%	-1.00%	-2.05%

The Evidence

The bounce continued on Wednesday for the SPX and NASDAQ, though the Russell 2000 did not play along. The SPX gained 0.8%, the NASDAQ rose 0.6%, and the Russell 2000 fell 0.1%. Breadth was mixed as the NYSE Up Issues % was 51% and the Up Volume % came in at 43%. NYSE volume declined some from Monday's level.

Patterns and indicators I looked at tonight did not provide any exceptional evidence. The bounce we were anticipating a few days ago arrived nicely. The high CBI and the sharp reversal from the low both suggest there should be further gains in the coming weeks. But the move up has now left the SPX short-term overbought. It may need to consolidate some before continuing the rise. New short-term evidence is lacking though the current Active Studies suggest the bounce could persist despite being overbought. Nothing new is being 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 is also still 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 Thursday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be 2777.48 on Thursday. That is 1.7% below Wednesday's close. Therefore, SPX would need to close down a very large 1.7% on Thursday in order to flip from overbought to oversold versus recent expectations.

The Aggregator is now neutral, and I basically am for the short-term as well. I held onto one lot of SPY as I sometimes do when there is a CBI spike followed by a strong move off the bottom. Often I will wait at least until the CBI reaches 3 to exit that last lot. (A bearish Aggregator would also do the trick.) I'll give it another day to see how things play out on Thursday and what new evidence emerges. But I may not hold out until the CBI returns to 3. It finished at 4 on Wednesday, which may be "close enough", and none of the current active Catapult signals are anywhere near their

exit trigger. One (2-lot) Catapult exit triggered on Wednesday that I will sell at the open on Thursday. Details in the Trade Ideas section down below. I'm not looking to take on any new positions until a more substantial reward/risk opportunity emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 6/3– somewhat bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

HAL – 1/3 @ \$21.29 (bought @ limit)

OXY – 1/3 @ \$49.77 (bought @ limit)

SLB – 1/3 @ \$34.69 (buy @ limit) – *Not filled. Cancel for now.*

OXY – 1/3 @ \$49.32 (bought @ limit)

Broad Market Large Cap CBI – 4(HAL, OXY-2, SLB)

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
MMM(1/3)	5/3/2019	\$184.75	\$165.14	-10.61%		<i>sold on open</i>
SPY(1/4)	5/8/2019	\$287.53	\$282.87	-1.62%		<i>sold on close</i>
MMM(1/3)	5/9/2019	\$177.30	\$165.14	-6.86%		<i>sold on open</i>
MMM(1/3)	5/10/2019	\$175.02	\$165.14	-5.65%		<i>sold on open</i>
BLK(1/3)	5/29/2019	\$426.39	\$433.66	1.71%		<i>sold on open</i>
SPY(1/4)	5/29/2019	\$278.27	\$282.33	1.46%		<i>sold on open</i>
NVDA(1/3)	5/31/2019	\$137.14	\$145.97	6.44%		<i>sold on open</i>
BK(1/3)	5/31/2019	\$42.58	\$44.20	3.80%		<i>sold on open</i>
NVDA(1/3)	6/3/2019	\$135.46	\$145.97	7.76%		<i>sold on open</i>
BK(1/3)	6/3/2019	\$42.69	\$44.20	3.54%		<i>sold on open</i>
HAL(1/3)	6/3/2019	\$21.29	\$21.19	-0.47%		Catapult
MS(1/3)	6/3/2019	\$40.69	\$42.50	4.45%		<i>sold on open</i>
OXY(1/3)	6/3/2019	\$49.77	\$47.43	-4.70%		Catapult
SPG(1/3)	6/3/2019	\$162.09	\$164.95	1.76%		<i>sell on open</i>
SPY(1/4)	6/3/2019	\$274.57	\$282.87	3.02%		Aggregator
OXY(1/3)	6/4/2019	\$49.32	\$47.43	-3.83%		Catapult
SPG(1/3)	6/4/2019	\$161.67	\$164.95	2.03%		<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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