

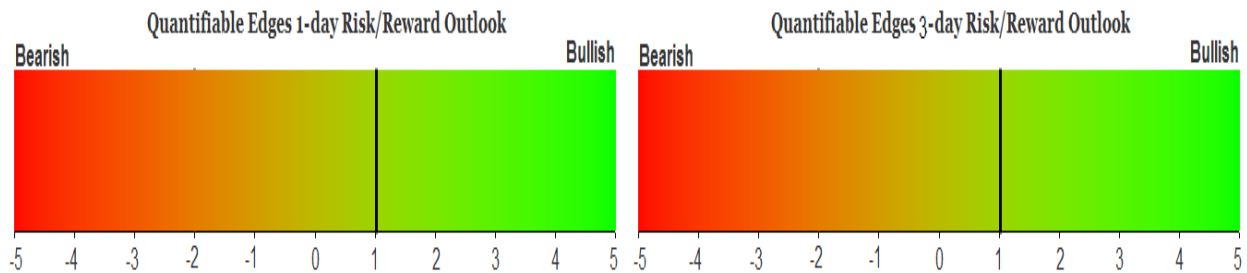
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 13, 2019

Volume 12 Issue 113

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is now bullish, but I don't love the signal just yet. I'd like to see more of a pullback and some additional confirming evidence before jumping back into the long side.

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 12, 2019	SPX dn. RSI(2) > 90	1-2 days	Bullish			
June 12, 2019	Up 5 > 200 < 50-high then dn 1	1-4 days	Bullish	1.40%	-1.00%	-2.00%
June 11, 2019	SPY bottom 10% but ++ on day	1-3 days	Bullish			
June 11, 2019	SPY 20-high then close < open > 200	1-3 days	Bullish			
June 10, 2019	3 up > 2%. HV 3/10 offset < 0.25	1-6 days	Bullish	1.85%	-1.10%	-2.10%
June 5, 2019	20-day low to 4-day high	1-8 days	Bullish	2.20%	-1.40%	-3.00%
Active - Long Term						
June 11, 2019	Up 5 > 200 < 50-high	1-15 days	Bullish	3.00%	-1.70%	-3.20%
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			

The Evidence

Wednesday was mixed but mostly lower. The SPX declined 0.2%, the NASDAQ fell 0.4%, and the Russell 2000 rose 0.04%. Breadth was positive as the NYSE Up Issues % was 47% and the Up Volume % came in at 37%. NYSE volume came in very light.

The mild price action did nothing to trigger compelling new evidence. So I will not be featuring any studies tonight.

On Thursday the Fed will report SOMA numbers for the week that just ended on Wednesday. This past week was one that I have marked as possibly seeing a rare rise in the SOMA. We won't know the final numbers until after the bell on Thursday, but it is not surprising to see the bears struggle to gain traction this past week. The week we are moving into appears likely to see a very small decline, though as I mention on Sunday, there is a slight chance of this current week posting a rise as well. Chances of that happening would appear lower if the week that just ended actually does post the small gain that we anticipated. A small negative outflow this coming week is certainly no guarantee that the bears can make progress. But it is easier for them to do so than when the SOMA is rising.

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



Without any new evidence emerging 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 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 list of active studies, expectations are set to remain bullish on Thursday. It would take some very compelling bearish evidence to change this. The Differential Pivot will be 2900.42 on Thursday. That is 0.7% above Wednesday's close. Therefore, SPX will need to close up at least 0.7% on Thursday to flip from oversold to overbought vs recent expectations.

So the Aggregator has turned bullish. And the evidence we have seen the previous few days suggests that despite the strong move up, the most likely scenario is more upside. The Differential Line is showing the SPX is now oversold vs expectations, but SPX is still in the top quartile of its 10-day range. So "oversold" here is certainly relative. In other words, potential risk seems fairly high compared to reward. And without new and confirming evidence tonight, it is hard for me to get excited about jumping into a new long position already. The market may get quiet here in the next few days as it begins to look ahead towards next week's Fed meeting and traders avoid making large bets in front of that. Another down day on Thursday would be the 3rd in a row, and that often

generates some bullish studies. If that does occur, I will likely look to dip my toe in on Friday. But I am not feeling compelled to try and take advantage of this bullish Aggregator setup just yet.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/10– somewhat bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

OXY – 1/3 @ \$49.77 (bought @ limit)

OXY – 1/3 @ \$49.32 (bought @ limit)

Broad Market Large Cap CBI – 2(OXY-2)

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	Notes
OXY(1/3)	6/3/2019	\$49.77	\$48.79	-1.97%	Catapult
OXY(1/3)	6/4/2019	\$49.32	\$48.79	-1.07%	Catapult

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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