

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 14, 2019

Volume 12 Issue 114

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No new compelling evidence emerged on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish for the 2nd day in a row. But like last night, I am not finding the setup to be overly convincing.

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	Up 5 > 200 < 50-high then dn 1	1-4 days	Bullish	1.40%	-1.00%	-2.00%
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

After a couple of down days, Thursday was a solid up day for the market. The SPX rose 0.4%, the NASDAQ gained 0.6%, and the Russell 2000 rallied 1.05%. Breadth was positive as the NYSE Up Issues % was 67% and the Up Volume % came in at 76%. NYSE volume rose some from Wednesday's level.

The back and forth over the last few days did not trigger any compelling new evidence on Thursday. After the bell the Fed released the weekly SOMA report for the reporting week ended on Wednesday.

« As of 06/05/2019

DOMESTIC SECURITIES HOLDINGS AS OF
June 12, 2019

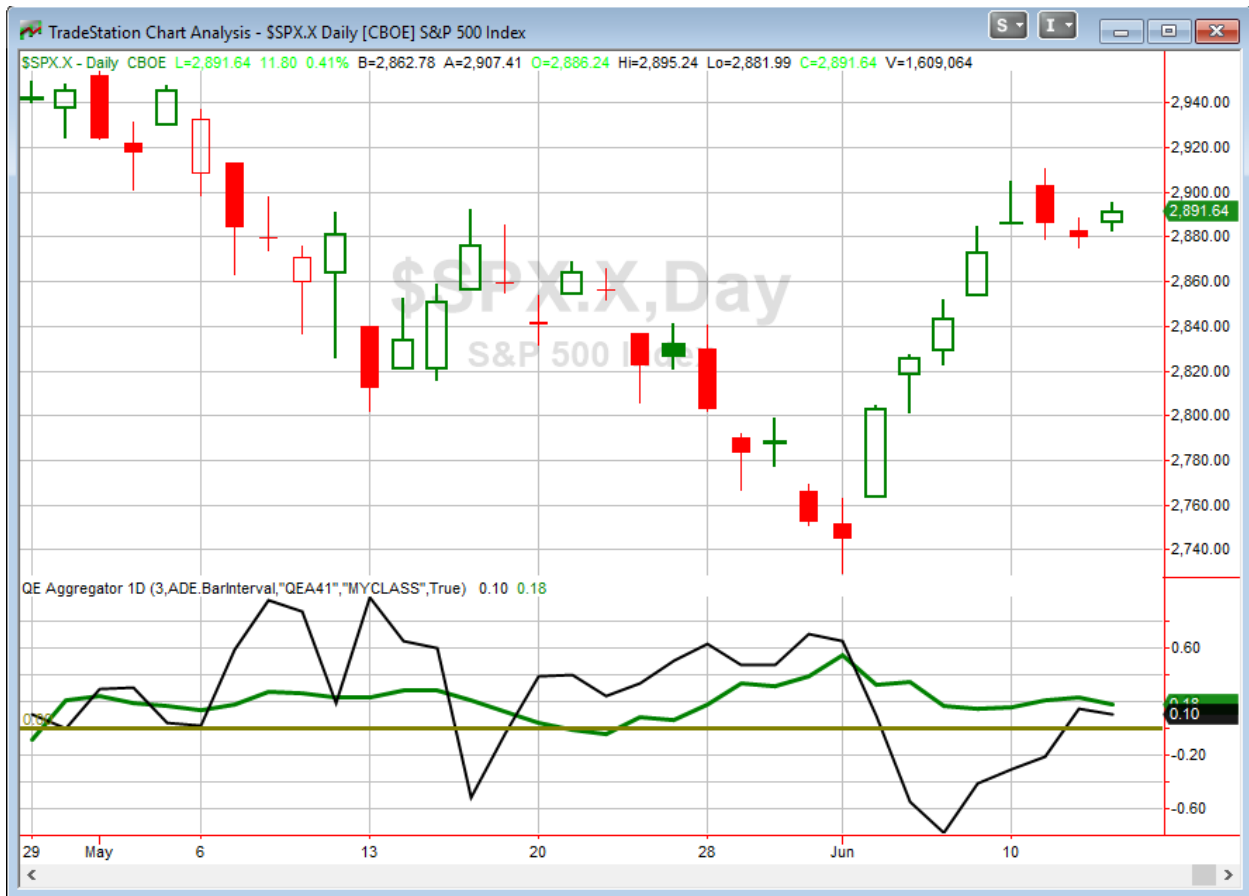
Security Type	Total (in Thousands)
US Treasury Bills (T-Bills)	50,000.0
US Treasury Notes and Bonds (Notes/Bonds)	1,955,450,432.5
US Treasury Floating Rate Notes (FRN)	14,819,524.4
US Treasury Inflation-Protected Securities (TIPS)*	116,516,485.4
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	1,555,405,270.6
Total SOMA Holdings	3,644,588,712.9
Change From Prior Week	-0.0

*Does not reflect inflation compensation of 23,120,442.7
 **Fannie Mae, Freddie Mac and Federal Home Loan Bank
 ***Guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae. Current face value of the securities, which is the remaining principal balance of the securities.

Data posted on 06/13/2019 4:30pm.

The -0.0 shown at the bottom was actually a decline in the SOMA of \$2.71. So...yeah...basically nothing. It did not rise as I thought it might, but it could not come much closer than that. This upcoming week I am also expecting a very mild change (more likely down than up). So QT is not providing much of a headwind at the moment. I'll discuss the upcoming outlook in more detail in this weekend's letter. No new studies were added to the Active List tonight.

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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain bullish on Friday. It would take some compelling bearish evidence to change this. The Differential Pivot will be 2900.62 on Friday. That is 0.3% above Thursday's close. Therefore, SPX will need to close up at least 0.3% on Friday to flip from oversold to overbought vs recent expectations.

The Aggregator is bullish for the 2nd day in a row, but I am still not crazy about the setup. The consolidation we have seen over the last few days appears more likely to be resolved up than down. But I have seen nothing confirming of that the last two nights, and I generally believe reward/risk is not as favorable when the market is near the upper end of its short-term range. (SPY finished in the top 10% of its 10-day range on Thursday.) So I will continue to exercise patience as I await the emergence of the next favorable opportunity.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

None

Broad Market Large Cap CBI –0

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	\$49.73	-0.08%	<i>sell on open</i>
OXY(1/3)	6/4/2019	\$49.32	\$49.73	0.83%	<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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