

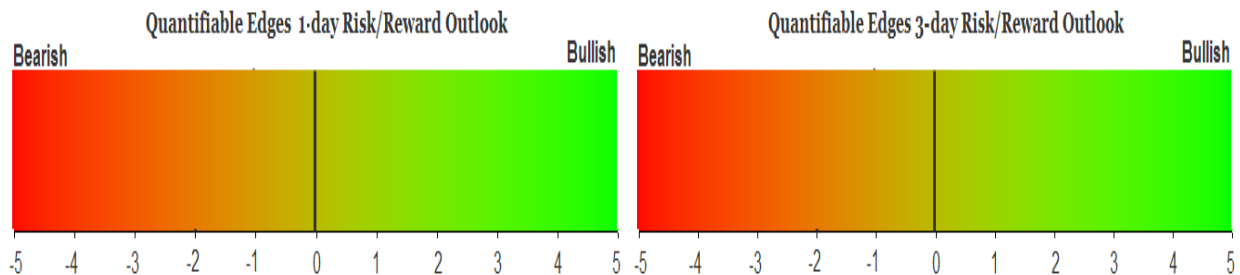
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 25, 2019

Volume 12 Issue 121

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

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

## *Short-term Outlook*

### *The Bottom Line*

Similar to last night, evidence is mixed, the Aggregator formation is neutral, and I do not see a strong, compelling directional edge at the moment.

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

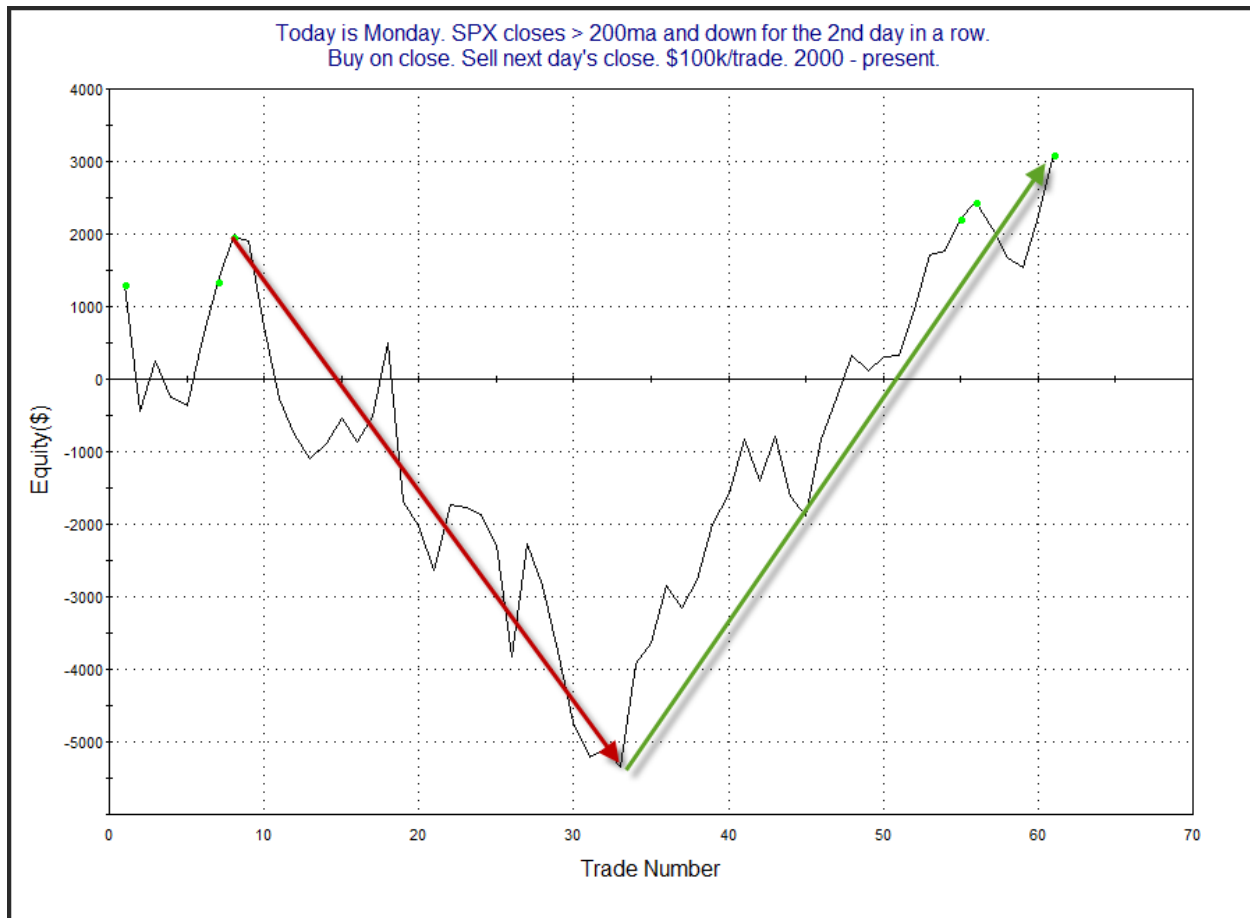
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
June 24, 2019	Week after Quad opex	1-5 days	Bearish	-2.00%	1.30%	2.90%
June 21, 2019	SPY breakaway gap	1-5 days	Bullish			
<b>Active - Long Term</b>						
June 21, 2019	SPX RSI2 crosses over 99.	1-15 days	Bullish			
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%
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***

Monday was mostly lower. The SPX fell 0.2%, the NASDAQ lost 0.3%, and the Russell 2000 declined 1.3%. Breadth was negative as the NYSE Up Issues % was 39% and the Up Volume % came in at 35%. NYSE volume declined from Friday's high level.

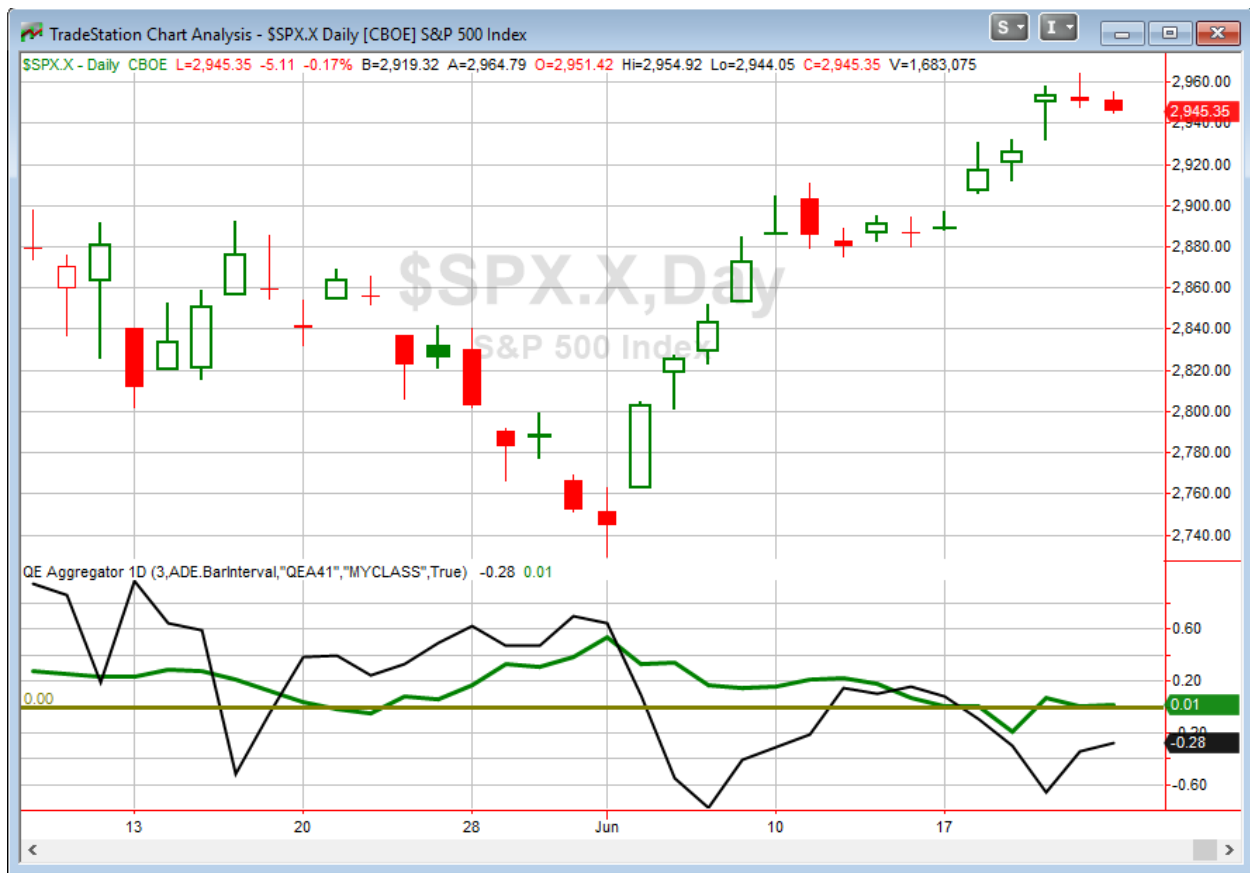
We have an interesting divergence happening in the market right now. SPX made a 200-day high yesterday and RUT closed below its 200ma today. I looked at other times SPX was within a day of a 200 day intraday high while RUT finished below its 200ma. Returns were slightly negative over the next few weeks, but they were not at all consistent, and not worth admission as evidence for tonight.

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 case of 2-day pullbacks specifically this has not necessarily been the case when SPX has been above the 200ma. This is something I last examined in the 5/21/19 letter. 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.



Tonight the green Aggregator Line remained above zero, though again just slightly. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line held below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator signal stayed flat at the close.

Based on the current Active Studies list, expectations are set to flip to negative on Tuesday. This could easily change if new bullish evidence emerges. The Differential Pivot will be *inverted at* 2950.59 on Tuesday. That is 0.2% *above* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.2% in order to remain overbought. Anything less than that and it will be considered oversold as of Tuesday's close.

So the Aggregator is neutral. Evidence is mixed and set to flip from leaning bullish to leaning bearish. Meanwhile the market could also easily flip from overbought to oversold. So there does not appear to be a strong edge, and everything looks quite up in the air. I'll continue to wait for a more compelling opportunity to emerge before looking to take on any new index trades.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 6/24– 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**

*None tonight*

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