

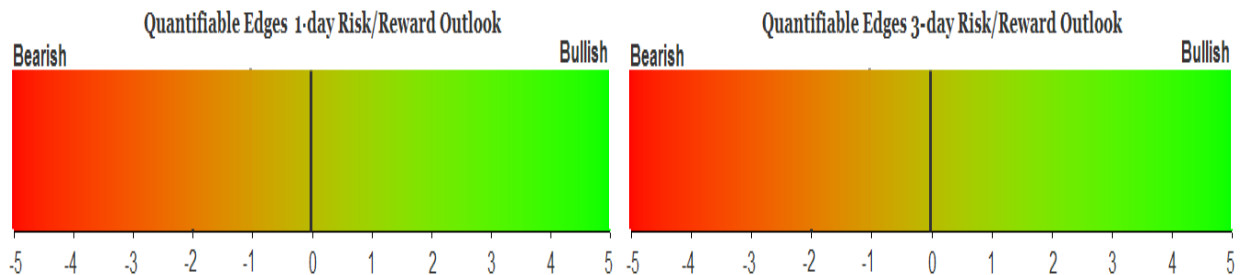
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 5, 2019

Volume 12 Issue 128

Market Overview



Signals Overview

| | |
|-------------------|--------------------|
| Aggregator | CBI Reading |
| Flat | 0 |

Tonight's Research Points

- The employment report could bring some interesting action Friday, but it has not provided a consistent edge over the years.

Short-term Outlook

The Bottom Line

Like yesterday, the Aggregator is neutral and so am I.

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

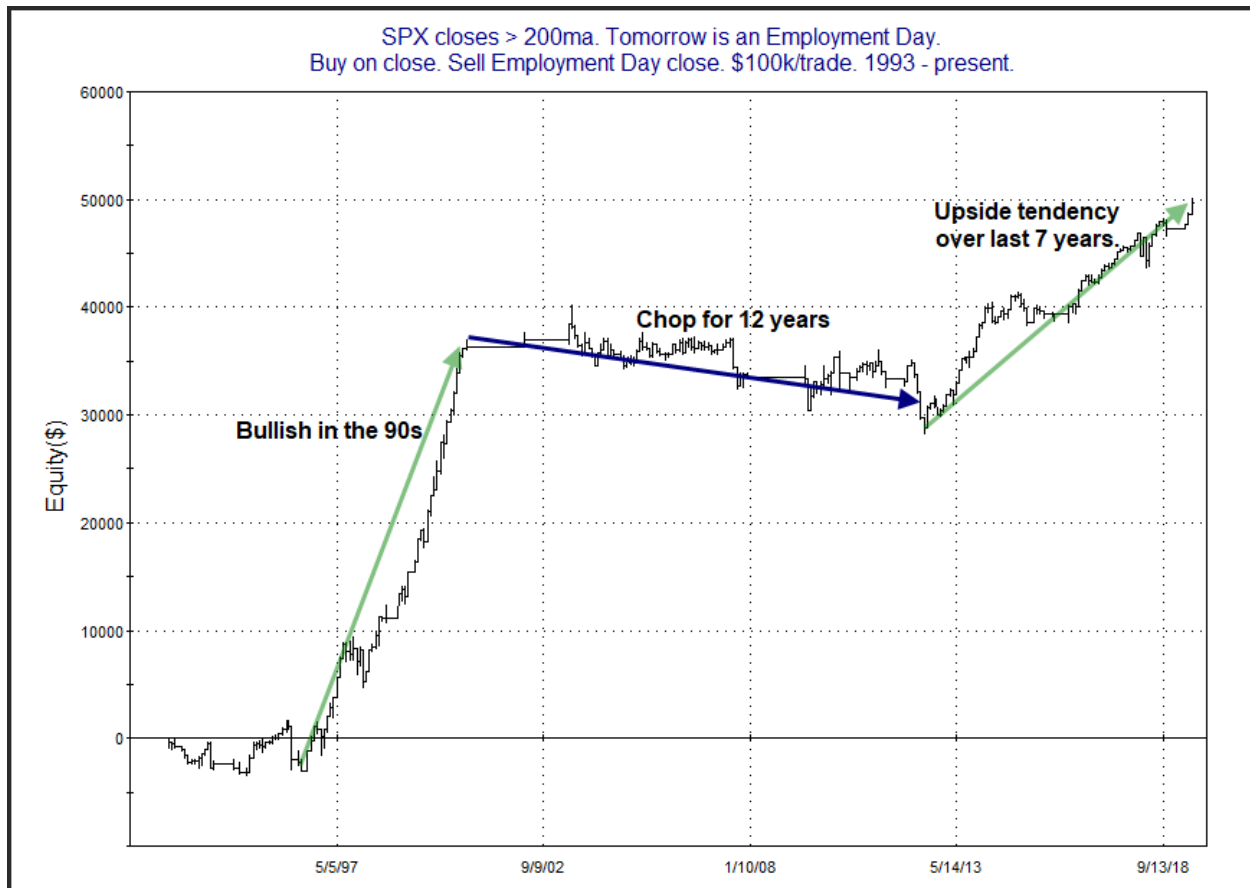
| Study Date | Description | Time span | Bias | Avg Run-up | Avg DrawDn | Avg DrawDn - 1 Std Dev |
|----------------------------|---------------------------------------|-----------|---------|------------|------------|------------------------|
| Active - Short Term | | | | | | |
| July 2, 2019 | 20-high unfilled gap. Close < open | 1-3 days | Bullish | | | |
| Active - Long Term | | | | | | |
| 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% |
| 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 27, 2019 | 1st close < 10ma in 15+ days | 1-5 days | Bullish | | | |

The Evidence

The short trading day before the holiday had traders in a buying mood. The SPX rose 0.77%, the NASDAQ gained 0.75%, and the Russell 2000 climbed 0.74%. Breadth was also positive as the NYSE Up Issues % was 71% and the Up Volume % came in at 75.5%. NYSE volume came in very light as you would expect on a short trading day ahead of a holiday.

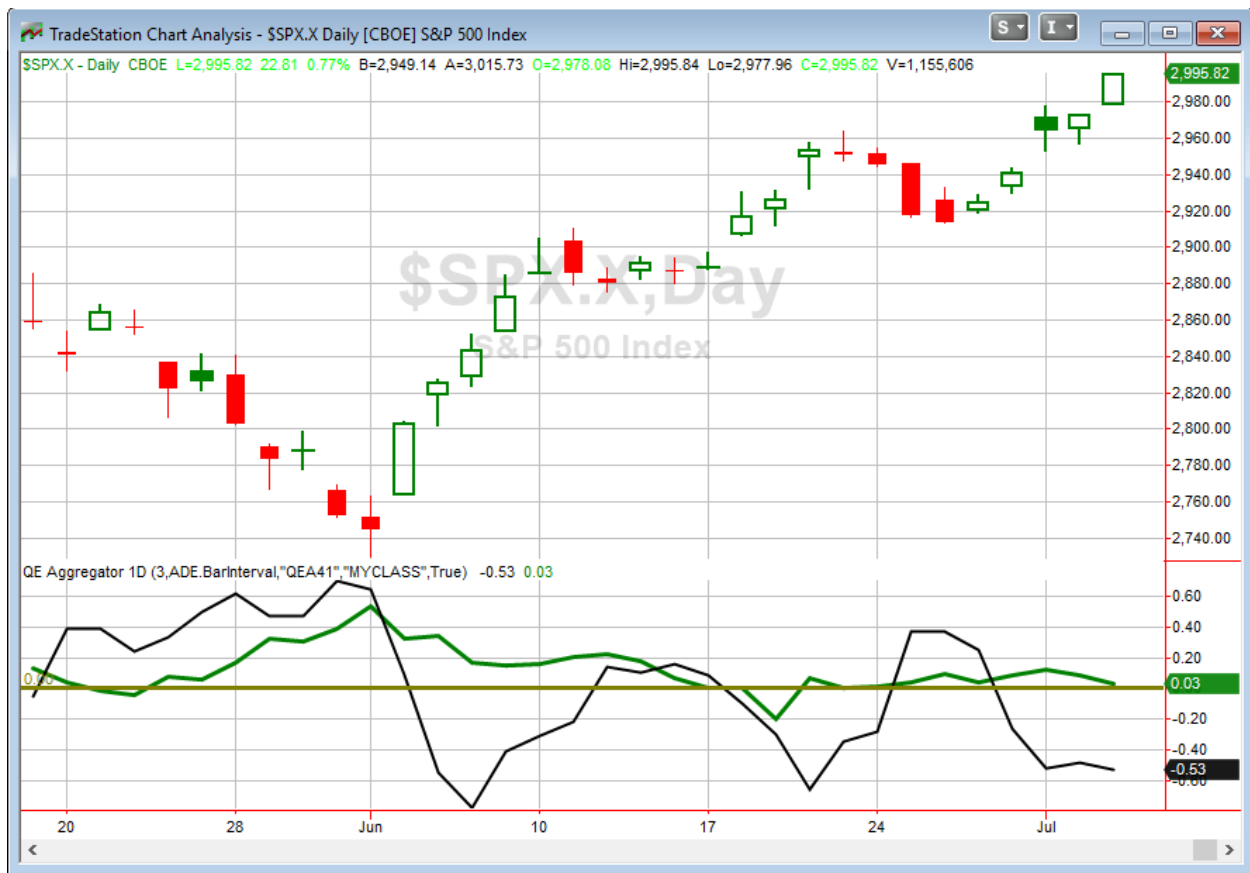
There were several studies that triggered in the Quantifinder that looked at the extremely low volume. Of course the low volume is typical ahead of a holiday, so it is not a situation where I would consider any studies that utilized low volume. In the Quant Edges Swing Trading Course I looked at many different indicators, and examined how the market performed following various readings. One consistent theme that was seen throughout was that short-term overbought during a long-term downtrend often suggests a downside edge, but short-term overbought during an uptrend is basically a neutral setup. So it is not a big surprise that there is a lack of compelling new evidence emerging tonight.

It is notable that tomorrow will be the release of the BLS Employment Report. Employment days have an interesting history and they have contributed to some worthwhile studies over the years. Below is a chart of SPX performance on Employment Days. I posted this chart in the 11/3/17 subscriber letter. For this equity curve I filtered to only include days where SPX was > its 200ma. Each trade was a fictional \$100k.



What I find interesting about the chart is that Employment Days in uptrends have shown such streaky performance – and the streaks lasted a long time. Friday’s employment report may be suggesting an upside edge, but the history has not been consistent enough for me to factor it into the Aggregator. While it’s a bit unusual to see such abrupt changes in market dynamics, it does serve as a nice reminder that such changes are always possible.

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



Without any new studies being added tonight, the green Aggregator Line remained just above zero. 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.

The last active short-term study is set to expire on Friday. With the intermediate-term outlook leaning bullish, that would leave expectations bullish as well. But expectations over the next few days will be highly influenced by any new evidence that emerges. The Differential Pivot will be 2971.21 on Friday. That is 0.8% below Wednesday's close. Therefore SPX would need to close down at least 0.8% on Friday in order to flip from overbought to oversold versus expectations.

Employment days have provided a boost in recent years. But with the market already so overbought, there does not appear to be an edge with great reward/risk to try and take advantage of. Like the Aggregator, I am again neutral. I'll patiently wait for the next favorable setup to emerge before putting new capital towards index trades.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/1– 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 |
|-----------------|-------------------|--------------------|----------------------|--------------------|---------------------|
| <i>SPG(1/3)</i> | <i>6/27/2019</i> | <i>\$159.27</i> | <i>\$162.58</i> | <i>2.08%</i> | <i>sold on open</i> |
| | | | | | |
| | | | | | |

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2019 Quantifiable Edges, LLC.