

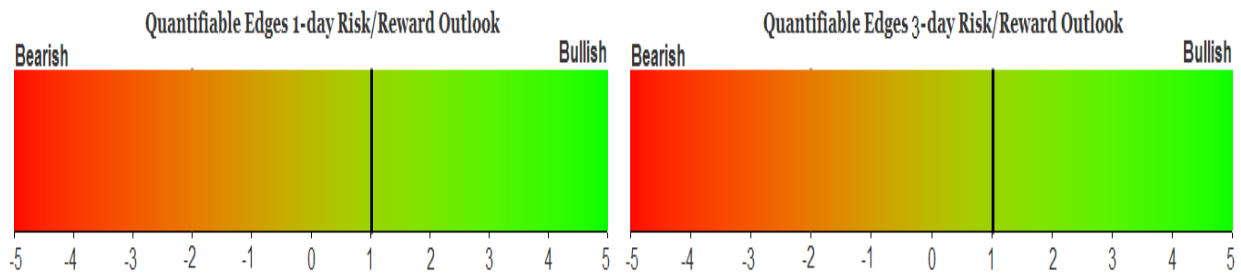
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 11, 2019

Volume 12 Issue 132

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 0 |

Tonight's Research Points

- No compelling new short-term evidence emerged.

Short-term Outlook

The Bottom Line

The Aggregator is again bullish, but the setup does not appear desirable, and the Aggregator formation will not remain bullish on Thursday unless there is a selloff. I intend to remain sidelined.

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

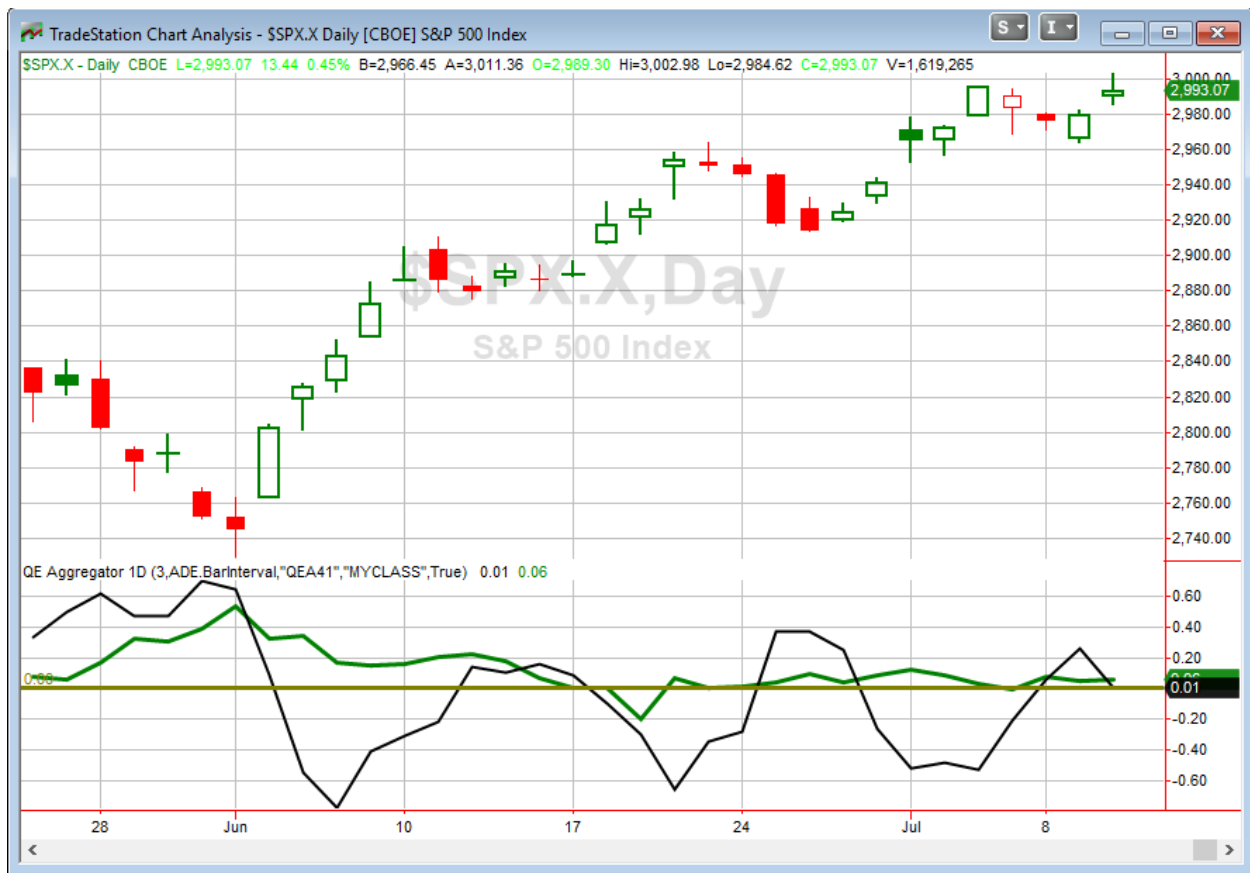
| Study Date | Description | Time span | Bias | Avg Run-up | Avg DrawDn | Avg DrawDn - 1 Std Dev |
|----------------------------|---------------------------------|-----------|---------|------------|------------|------------------------|
| Active - Short Term | | | | | | |
| July 8, 2019 | 5-up to 50-high and then 1 down | 1-4 days | Bullish | | | |
| Active - Long Term | | | | | | |
| July 8, 2019 | 5-up to 50-high and then 1 down | 1-10 days | Bullish | | | |
| July 8, 2019 | NASDAQ Leading | int term | Bullish | | | |
| June 21, 2019 | SPX RSI2 crosses over 99. | 1-15 days | Bullish | | | |
| April 2, 2019 | Golden Cross | int term | Bullish | | | |
| October 1, 2018 | Quantitative Tightening | int term | Bearish | | | |

The Evidence

Wednesday started strong and finished well, with numerous new highs being made. The SPX finished up 0.45%, the NASDAQ gained 0.75%, and the Russell 2000 climbed 0.2%. Breadth was positive as the NYSE Up Issues % was 62% and the Up Volume % came in at 61%. NYSE volume rose some from Tuesday's level.

The SPX made a new intraday high, but not a new closing high. The NASDAQ managed both. But neither SPX nor NASDAQ managed to trigger compelling studies, because these new highs we not considered "breakouts". Generally, new highs that occur after a basing period will often generate upside momentum that can carry through for several more days. But there was not a substantial basing period prior to Wednesday's new highs. The last new highs occurred just 4 trading days ago. Extended conditions during downtrends often suggest a downside edge. But during uptrends, overbought or upwardly extended conditions typically show a neutral outlook over the next few days. So it is not a big surprise that there were not any compelling studies that emerged favoring either the bulls or the bears. No new studies are 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 also held 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.

The last short-term active study is slated to expire on Thursday. With the intermediate-term outlook bullish, that would leave expectations positive if no new studies emerge. But expectations over the next few days will be highly dependent on any new evidence that emerges. The Differential Pivot will be *inverted* at 2978.99 on Thursday. That is 0.5% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through 0 if SPX closes flat. In this case, SPX would need to close down at least 0.5% in order to remain oversold. Anything short of that and it will be considered overbought vs expectations as of Thursday's close.

The Aggregator is again bullish. But the setup is about as weak as you get with a bullish formation. Short-term evidence is fairly lacking. And while the Differential reading shows SPX as "oversold" versus expectations, you'd be hard pressed to find any other indicator suggesting SPX is oversold, rather than overbought. Of course the inverted Differential Pivot means that SPX is not going to

stay oversold without some selling on Thursday. I'd prefer both more compelling evidence and a deeper pullback before considering taking on new long exposure. I'll be sitting out another day here awaiting a more compelling entry opportunity.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/8 – 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.

Non tonight.

Current Open Trade Ideas

None

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