

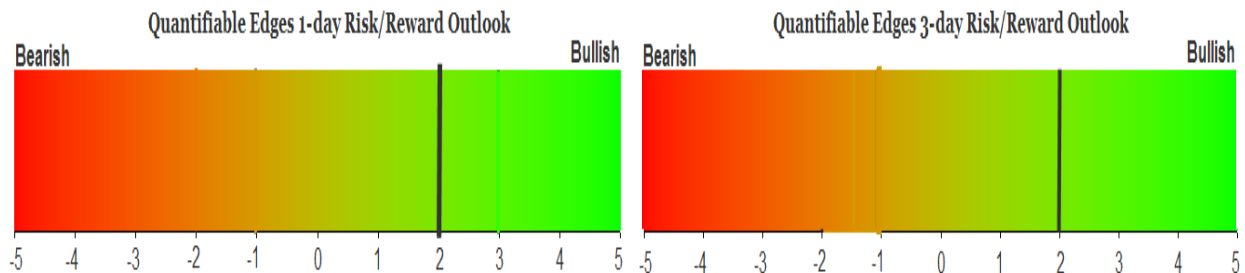
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 23, 2019

Volume 12 Issue 140

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Two Hindenburg Omen signals have triggered in the last 3 days. I am on the lookout for more before getting too concerned about it.

Short-term Outlook

The Bottom Line

The Aggregator is still suggesting an upside edge. I am holding a small long index position. I may look to take profits if Tuesday puts in a decent rally.

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

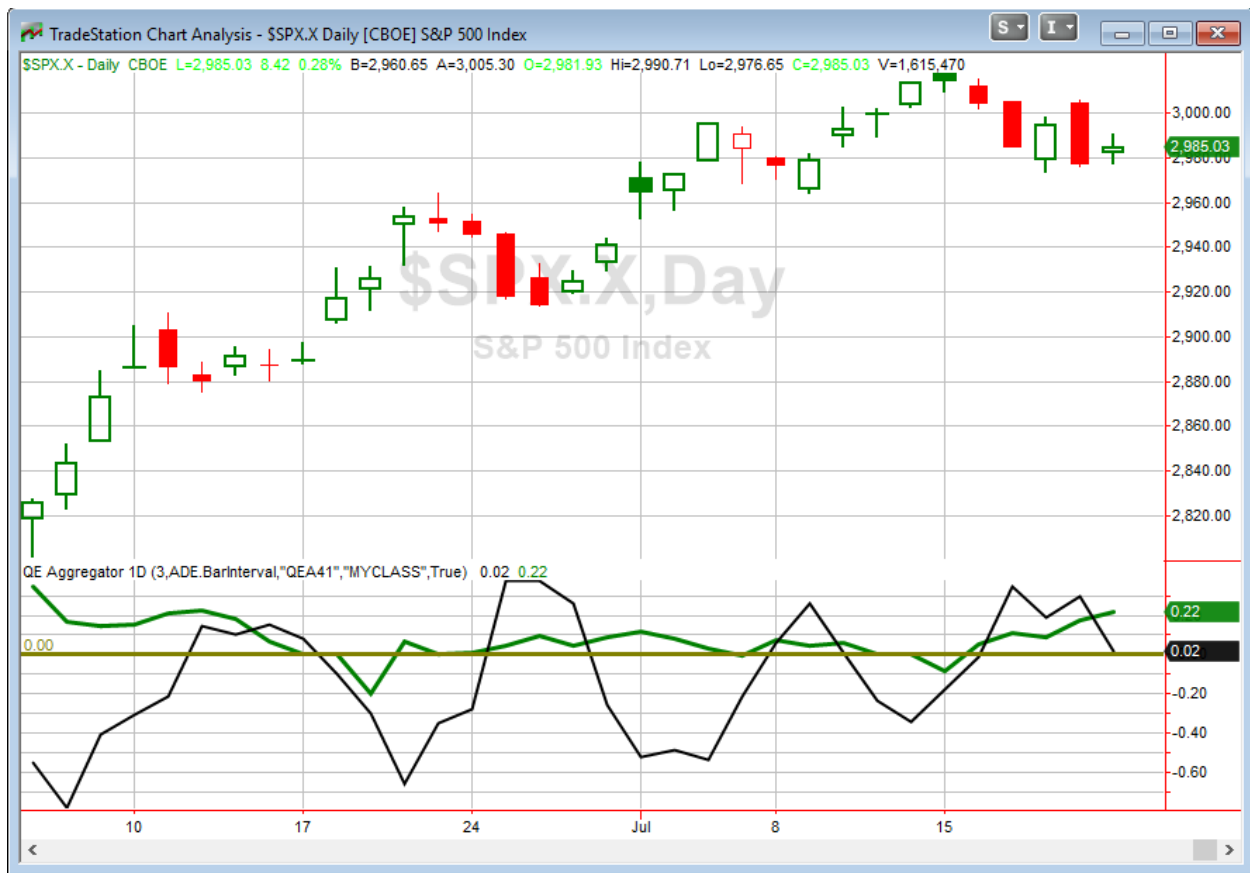
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 22, 2019	Bottom 10% daily 2x in 3 days <10>200	1-8 days	Bullish	2.90%	-1.30%	-2.80%
July 18, 2019	Bottom 10% daily, 5-low > 200	1-4 days	Bullish			
Active - Long Term						
July 8, 2019	5-up to 50-high and then 1 down	1-10 days	Bullish			
July 8, 2019	NASDAQ Leading	int term	Bullish			
April 2, 2019	Golden Cross	int term	Bullish			
October 1, 2018	Quantitative Tightening	int term	Bearish			

The Evidence

Monday was quiet, ranges were narrow, and results were mixed. The SPX finished up 0.3%, the NASDAQ rose 0.7%, and the Russell 2000 fell 0.2%. Breadth was also mixed as the NYSE Up Issues % was 48% and the Up Volume % came in at 51%. NYSE volume declined some from Friday's level.

Monday was the 3rd day in a row and the 4th in the last 5 that SPX changed its closing direction. This kind of chop generally does not lend well to compelling new studies emerging. And that was the case tonight. One potential notable from Monday's action was that a Hindenburg Omen signal triggered. The Hindenburg Omen was created by Jim Miekka in 1995. It looks to identify times when there is a split market developing, which could signal trouble ahead. This was the 2nd such signal in the last 3 days. When 4 or more signals trigger within a 30-day period, that has often been a decent warning sign of potential trouble. One or two signals has not shown a substantial edge. I am not going to go into detail about Hindenburg Omen signals tonight. The last time there was a large cluster of them was in September of 2018, leading up to the September top. There was also a small cluster of 3 in May of this year, and I discussed them a bit in the 5/28/19 subscriber letter. But a 4th signal never arrived. I will revisit my Hindenburg Omen research should we see additional signals in the coming days or weeks. For now it is just something to keep an eye on in case a larger cluster develops. There are no new studies 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 finished just barely above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is still slightly 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 active list of studies, expectations are currently slated to remain positive on Tuesday. Of course, this could change if compelling new bearish studies emerge. The Differential Pivot will be 3002.54 on Tuesday. That is 0.6% above Monday's close. Therefore, SPX will need to close up about 0.6% on Tuesday in order to move from oversold to overbought.

So the Aggregator formation is again bullish. Evidence continues to point north, and the market remains slightly oversold versus expectations. I have a small, long index position at the moment. I still like the long side, but I am not inclined to increase the size of that position at this point. Evidence is moderate, and so is the oversold nature of the market. I will look to take profits on Tuesday if the SPX rallies to close above the Differential Pivot.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 7/22 – bullish*

The intermediate-term outlook was last updated in the 7/22/19 Letter. It can be found in the [most recent weekly letter on the website](#).

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

ORCL – 1/3 @ \$57.99 (bought @ limit)

LMT – 1/3 @ \$356.21 (buy @ limit)

Broad Market Large Cap CBI – 2(ORCL, LMT)

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
SPY(1/4)	7/18/2019	\$297.19	\$297.90	0.24%	<i>see note below</i>
ORCL(1/3)	7/18/2019	\$57.69	\$57.60	-0.16%	Catapult
LMT(1/3)	7/19/2019	\$356.21	\$357.63	0.40%	Catapult

I will look to sell my SPY position if SPX closes \geq 3002.54 on Tuesday, since that would move SPX from oversold to overbought versus recent expectations and turn the Aggregator either neutral or bearish, depending on the weight of the evidence.

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