

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 21, 2019

Volume 12 Issue 161

## Market Overview



## Signals Overview

<b>Aggregator</b>	<b>CBI Reading</b>
<b>Flat</b>	<b>3</b>

## Tonight's Research Points

- SPY closed down a fair amount but yesterday's gap up remains unfilled. Often this has been followed by another down day.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral and so am I.

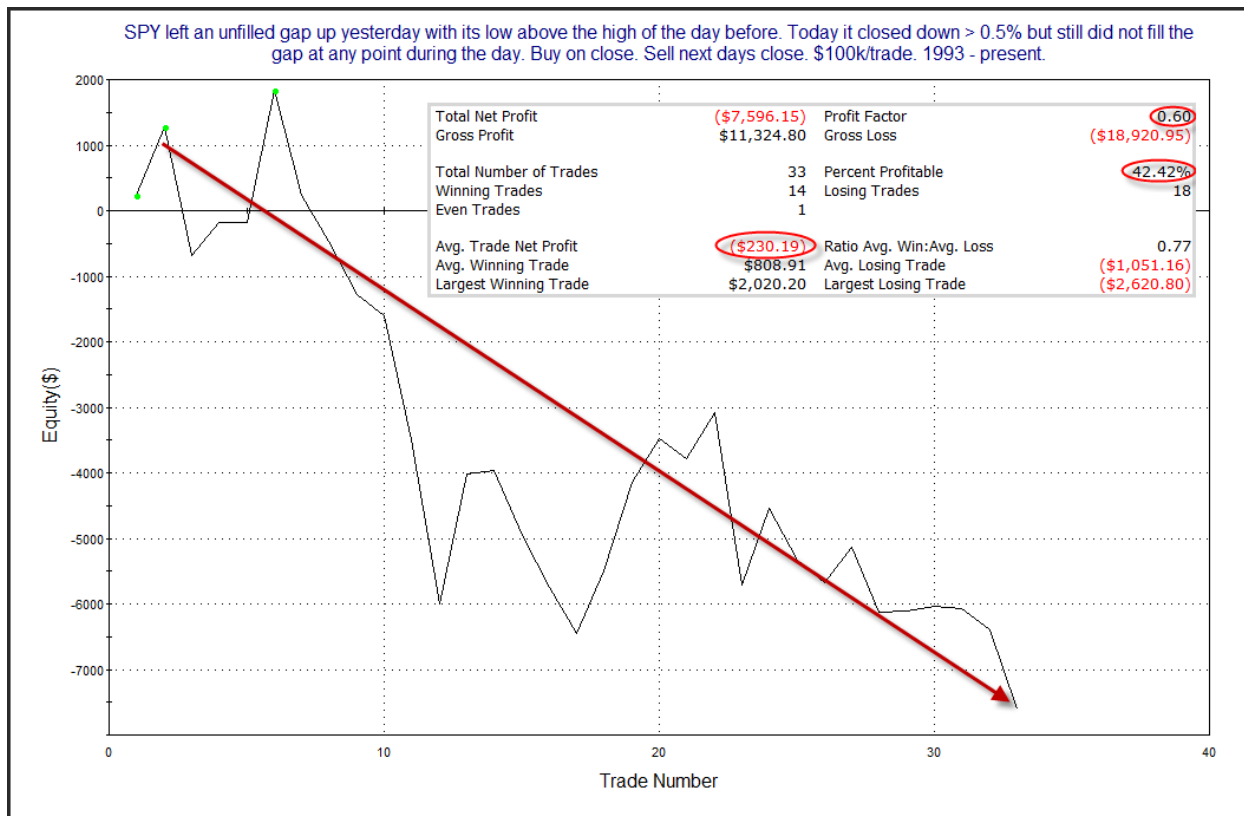
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 21, 2019	SPY down 0.5% but still yest gap unfilled	1 day	Bearish			
August 19, 2019	Up 2 from 20-low. Close < 3 ago > 200	1-4 days	Bullish	1.90%	-1.00%	-1.85%
August 16, 2019	CBOE Equity Put/Call > 0.9. SPX>200	1-4 days	Bullish			
<b>Active - Long Term</b>						
August 13, 2019	3rd 1% dn day in last 10. Close > 200ma	1-20 days	Bullish			
August 7, 2019	SPX < lower Bollinger Band 4 days	1-18 days	Bullish	6.30%	-3.80%	-7.75%
August 5, 2019	4+ Hindenburg Omen Signals	1-35 days	Bearish			
August 5, 2019	QQQ down 5. Today biggest drop.	1-20 days	Bullish	10.60%	-4.40%	-7.70%
August 2, 2019	1st 10-low close in 30+ days	1-6 days	Bullish			
August 1, 2019	QT over.	int term	Neutral			
July 8, 2019	NASDAQ Leading	int term	Bullish			
April 2, 2019	Golden Cross	int term	Bullish			
<b>Dropped Tonight</b>						
August 20, 2019	Up 3 < 4 ago	1 day	Bullish			
August 16, 2019	SPX dn 1.75% yest. Bounce < 1/4 loss	1-3 days	Bearish			

***The Evidence***

The market pulled back some on Tuesday. The SPX fell 0.8%, the NASDAQ declined 0.7%, and the Russell 2000 dropped 0.7%. Breadth was positive as the NYSE Up Issues % was 35% and the Up Volume % came in at 28%. NYSE volume declined some for the 4<sup>th</sup> day in a row.

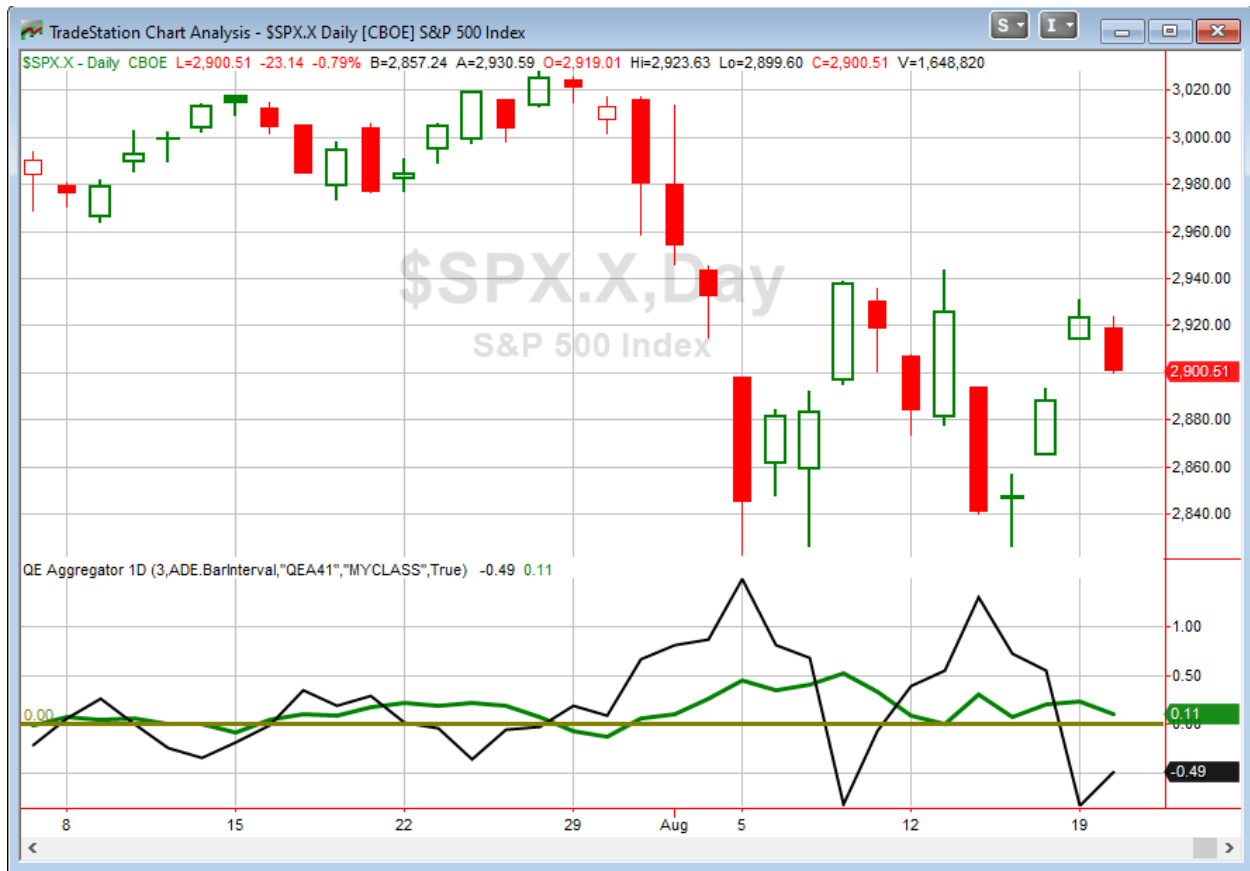
Despite the selloff, SPY still did not fill the large upside gap it left on the chart on Monday. The study below looks at other instances where a pullback of over 0.5% could not fill the gap left the day before while the market was in a long-term uptrend.



The stats are somewhat negative. The curve has made its way from upper left to lower right, though it has certainly been a choppy ride. As a 1-day study this may be worth some consideration, so I elected to include it on the active list tonight. Traders may take another stab at filling the gap on Wednesday.

The Quantifinder did not identify any other noteworthy action, so there is nothing else being added to the Active List tonight.

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



Even with tonight's evidence considered, 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 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 turned flat at the close.

With the current evidence on the active list, expectations are slated to remain positive on Wednesday. Of course that could change if compelling new bearish evidence emerges. The Differential Pivot will be *slightly inverted* at 2905.62 on Wednesday. That is 2.2% *above* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up at least 0.2% in order to remain overbought. Anything less than that and it will be considered oversold versus recent expectations as of Wednesday's close.

This is pretty cut and dry for me. Evidence is mixed. The Aggregator is neutral. Markets have been highly reactive to news lately. And I just do not view this as an opportune time to take a directional bet. So I will remain sidelined but alert to new evidence.

### **Intermediate-term Outlook (2 weeks – 2 months) – *updated 8/19– slightly bullish***

The intermediate-term outlook was last updated in the 8/19/19 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***OpenCatapult Triggers***

KHC @ \$25.96 (bought 1/3 @ limit)

KHC @ \$25.52 (bought 1/3 @ limit)

KHC @ \$25.06 (buy 1/3 @ limit) – *Not filled. Cancel for now.*

#### ***Broad Market Large Cap CBI – 3(KHC-3)***

### **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
<b>PFE(1/3)</b>	<b>8/7/2019</b>	<b>\$36.65</b>	<b>\$35.10</b>	<b>-4.23%</b>	<b><i>sold on open</i></b>
<b>PFE(1/3)</b>	<b>8/8/2019</b>	<b>\$35.40</b>	<b>\$35.10</b>	<b>-0.85%</b>	<b><i>sold on open</i></b>
KHC(1/3)	8/14/2019	\$25.85	\$25.54	-1.20%	*div adjusted
<b>PFE(1/3)</b>	<b>8/15/2019</b>	<b>\$34.24</b>	<b>\$35.10</b>	<b>2.51%</b>	<b><i>sold on open</i></b>
KHC(1/3)	8/15/2019	\$25.50	\$25.54	0.16%	*div adjusted

*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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