

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 24, 2019

Volume 12 Issue 184

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

The Aggregator is now neutral. Me too.

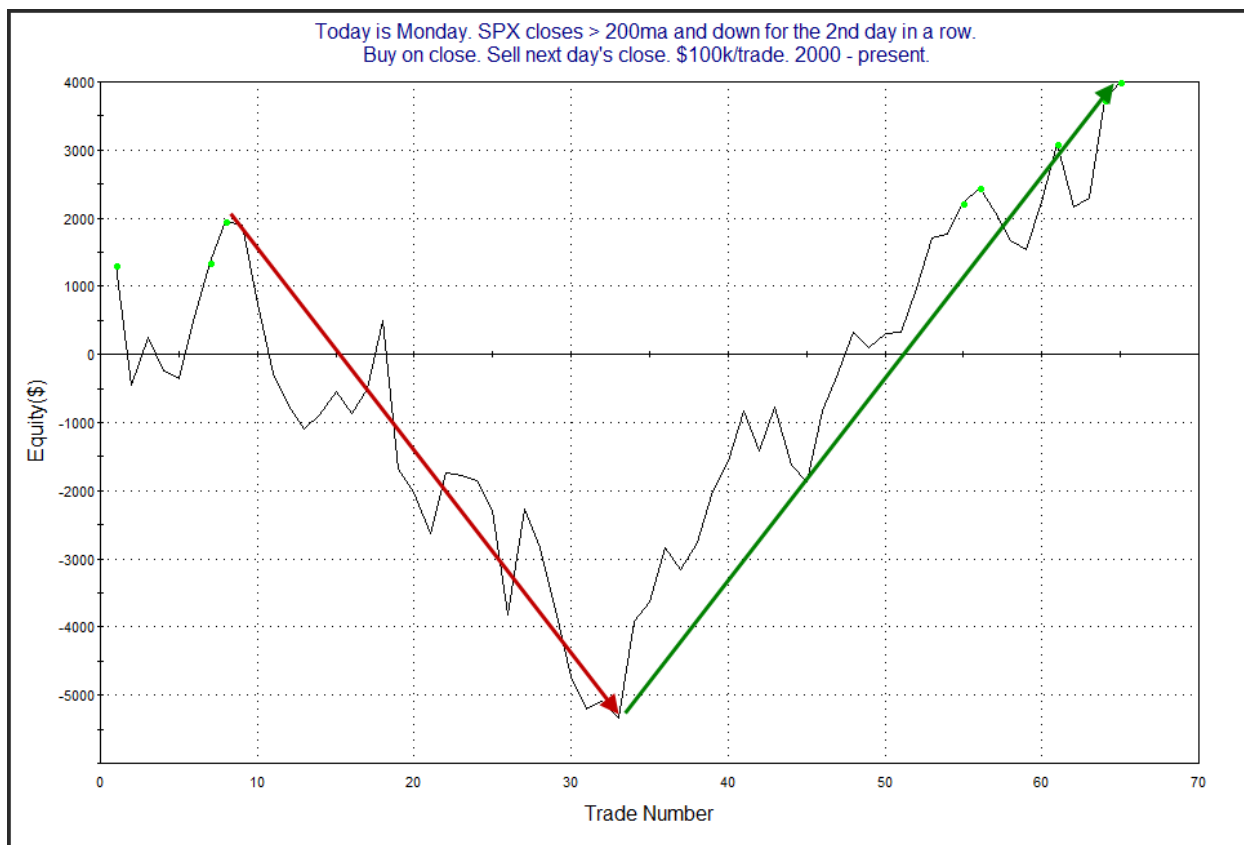
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 23, 2019	Weakest week seasonality	1-4 days	Bearish			
September 23, 2019	SPX < 10ma after 15 days above	1-5 days	Bullish			
September 20, 2019	RUT down 3. SPX 3-day high.	1-4 days	Bullish	2.20%	-0.60%	-1.30%
Active - Long Term						
September 20, 2019	RUT down 3. SPX 3-day high.	1-10 days	Bullish	3.60%	-0.90%	-1.95%
September 13, 2019	DJI up 7 days in a row	1-19 days	Bullish			
September 13, 2019	SPX RSI(2) > 99	1-15 days	Bullish			
September 9, 2019	NYSE Advance/Decline Line breakout	1-40 days	Bullish			
August 26, 2019	SPX down 4 weeks but > 40-week ma	1-10 weeks	Bullish	8.65%	-3.30%	-7.70%
August 13, 2019	3rd 1% dn day in last 10. Close > 200ma	1-20 days	Bullish			
August 5, 2019	4+ Hindenburg Omen Signals	1-35 days	Bearish			
August 1, 2019	QT over.	int term	Neutral			
April 2, 2019	Golden Cross	int term	Bullish			

The Evidence

The “weakest week” started with a down day. But it was not much of one. The SPX fell 0.01%, the NASDAQ lost 0.06%, and the Russell 2000 declined 0.1%. Breadth was positive though as the NYSE Up Issues % was 54.9% and the Up Volume % came in at 54.7%. NYSE volume declined as you would expect on the day following options expiration Friday.

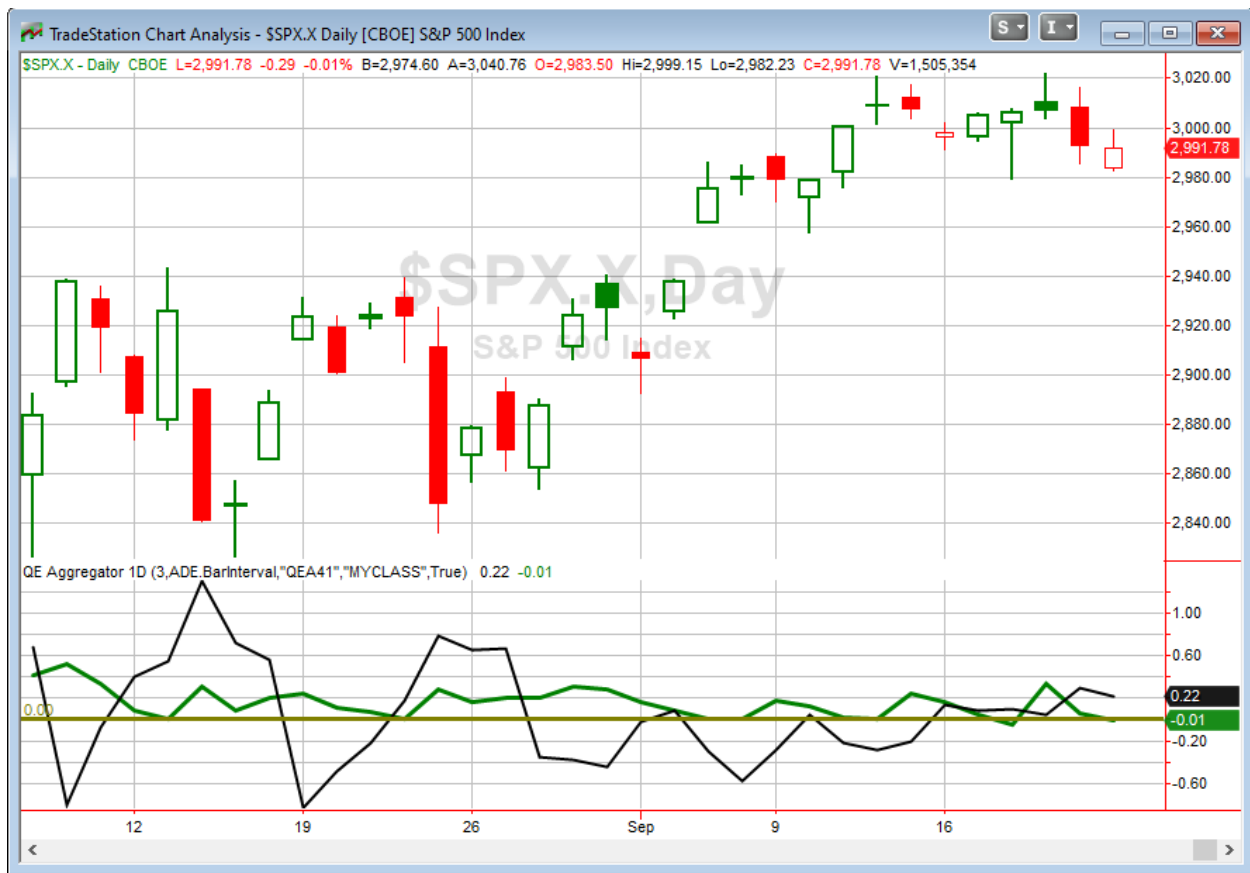
I have written a substantial number of times about “Turnaround Tuesday”. Over the years Tuesday has exhibited the strongest proficiency for the market to reverse a pullback of any day of the week. But in the case of 2-day pullbacks specifically this has not necessarily been the case when SPX has been above the 200ma. This is something I last examined in the 6/25/19 letter. Below I have updated the chart from that letter.



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. Of course if it continues to show an upward tendency I'll have to change my mind at some point.

There was no substantial new evidence that emerged on Monday. So I will not be adding anything to the Active List.

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



With tonight's evidence considered, the green Aggregator Line dipped just slightly below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile, the black Differential Line held above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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.

Based on the current list of active studies, expectations are set to flip back to slightly bullish on Tuesday. But this could easily change if new bearish evidence emerges. So expectations are again fickle and we are not seeing an overwhelming amount of evidence on either side. Meanwhile, the Differential Pivot will be 3016.76 on Tuesday. That is 0.8% above Monday's close. Therefore, SPX would need to close up at least 0.8% on Tuesday in order to flip from oversold to overbought vs expectations.

So the Aggregator is now neutral. And that is where I am also. I am not seeing any new, compelling reason to get involved with an index trade at this point. So I will remain sidelined, patient, and ready to act when the next favorable reward/risk opportunity emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/23– moderately bullish

The intermediate-term outlook was last updated in the 9/23/19 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

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.

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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