

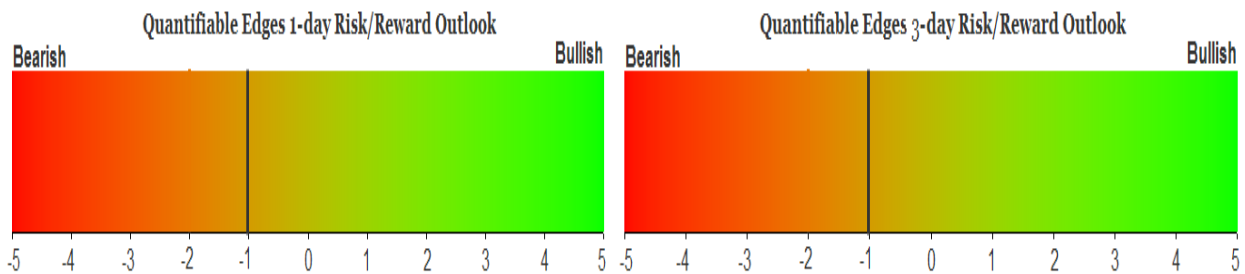
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 21, 2020

Volume 13 Issue 99

## Market Overview



## Signals Overview

Aggregator	CBI Reading
<b>Short</b>	<b>0</b>

## Tonight's Research Points

- Unfilled gaps up on low volume have seen the market struggle in the following days under similar market conditions.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bearish, but evidence is mixed and I am not quite compelled to pull the trigger just yet.

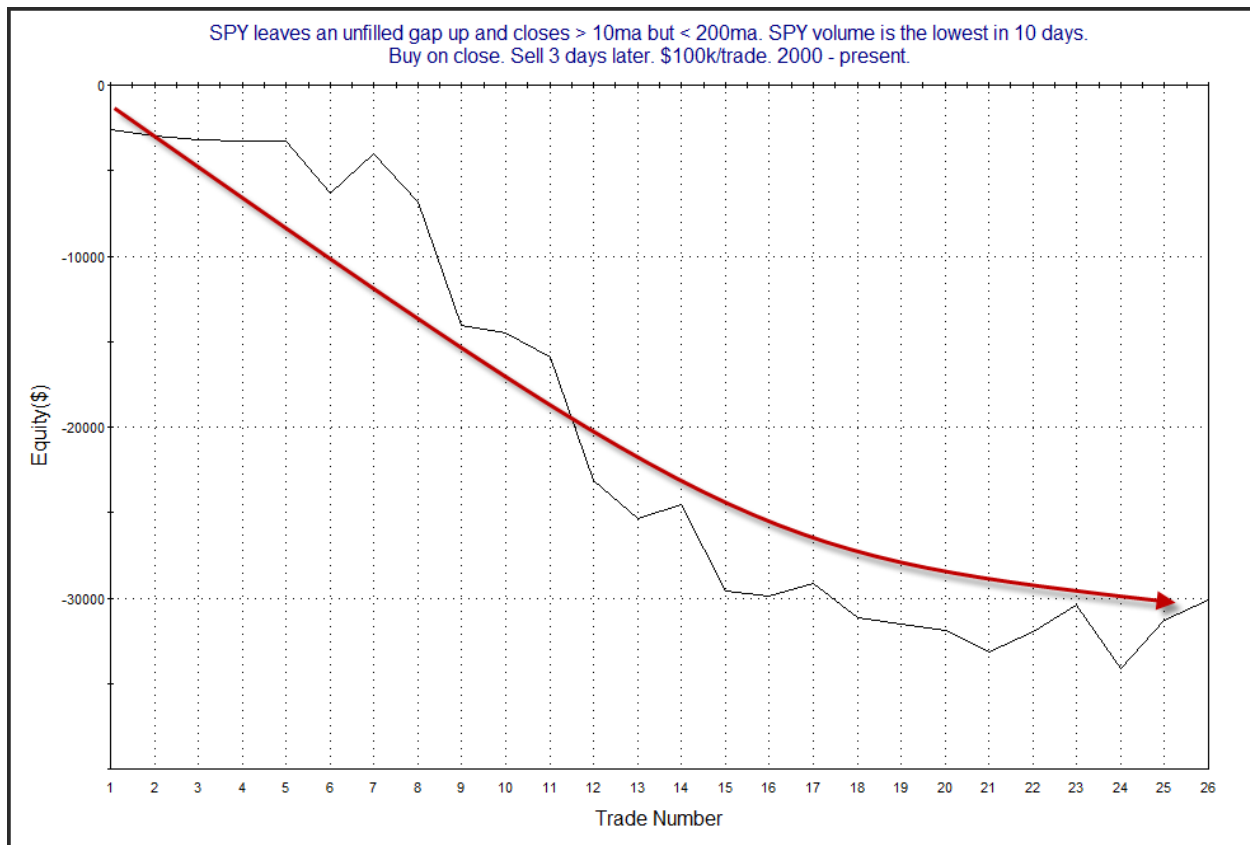
### ***The Evidence***

A sizable gap up led to more gains on Wednesday. The SPX rose 1.7%, the NASDAQ gained 2.1%, and the Russell 2000 rallied 3.0%. Breadth was positive as the NYSE Up Issues % was 80.0% and the Up Volume % came in at 79.7%. NYSE volume rose some from Tuesday's level.

There were a few studies that triggered in the Quantifinder that looked at things like the unfilled gap up, the low SPY volume and the long-term downtrend. The one below, which I have shown a few times recently, last appeared in the 4/28/20 letter. I updated it again tonight.

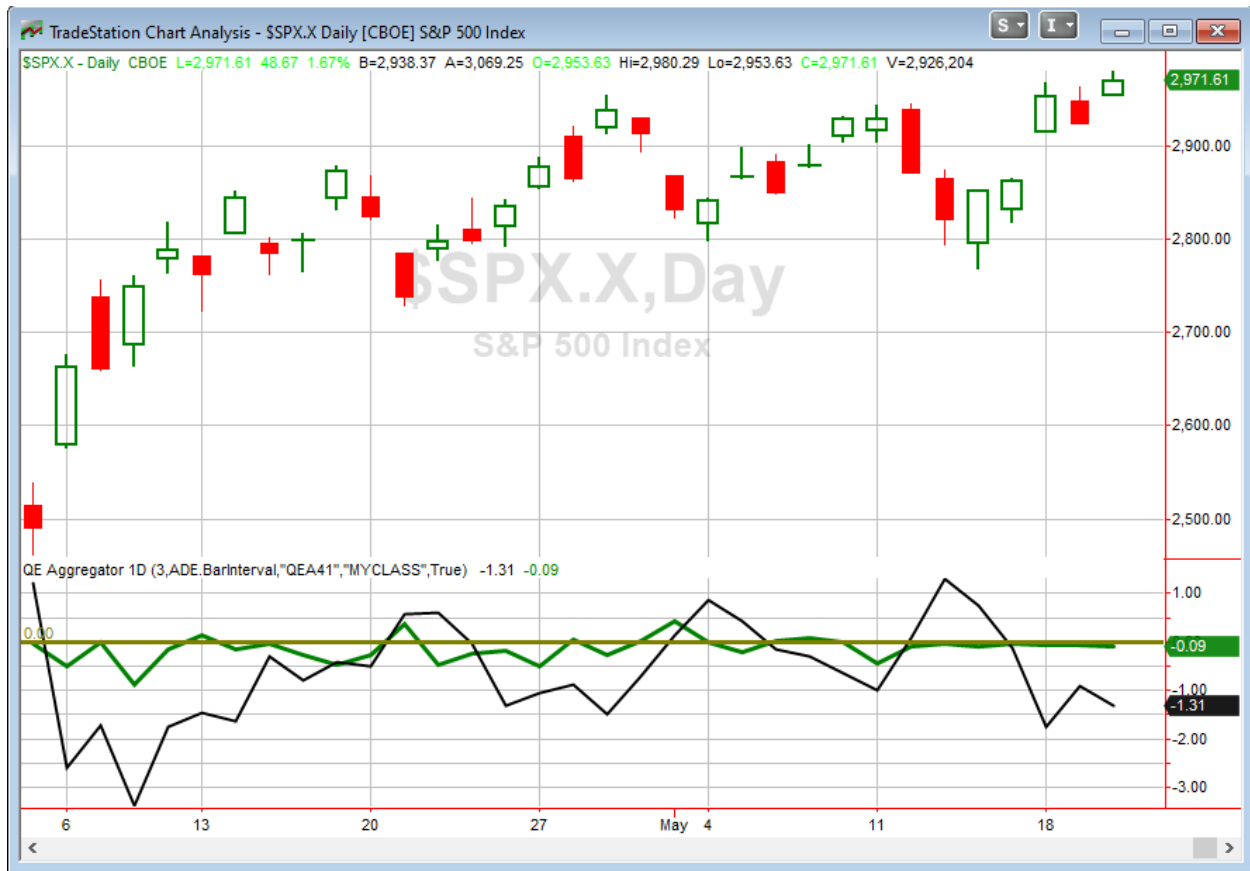
SPY leaves an unfilled gap up and closes > 10ma but < 200ma. SPY volume is the lowest in 10 days. Buy on close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-34,250.33	24	14	10	58.33	5,051.38	-15,038.32	1,455.84	-5,463.21	0.27	0.37	-1,427.10
4	-38,370.16	25	11	14	44.00	2,808.81	-11,911.24	1,578.88	-3,981.27	0.40	0.31	-1,534.81
3	-30,105.34	26	7	19	26.92	2,846.10	-7,233.14	1,530.64	-2,148.41	0.71	0.26	-1,157.90
2	-19,433.02	26	10	16	38.46	2,143.68	-8,268.04	1,131.11	-1,921.51	0.59	0.37	-747.42
1	-2,540.45	26	13	13	50.00	2,178.45	-2,985.40	841.28	-1,036.70	0.81	0.81	-97.71

Over the first few days there certainly appears to be a downside edge. Below is a look at a 3-day profit curve.



The last couple of instances have seen some strong counter-moves. But the curve was at new lows just before that. The study overall appears to be worth some consideration. I have added this to the Active List tonight.

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



With tonight's evidence included, the green Aggregator line again remained slightly below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line is also below 0. The negative Differential Line reading means SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator signal stayed short at the close.

Based on the current list of active studies, expectations are set to remain negative on Thursday. Of course this could change if additional bullish evidence emerges. Meanwhile, the Differential Pivot will be 2947.30 on Thursday. That is 0.8% below Wednesday's close. Therefore, SPX will need to close down 0.8% in order to flip from overbought to oversold vs expectations on Thursday.

The Aggregator appears bearish. And the setup is not terrible. While evidence is mixed, SPX is clearly short-term overbought. But breakouts can run, and we saw that in several studies over the last few days. So I'll give this another day or two before considering taking on new index short exposure. More aggressive traders could consider perhaps an entry on the close on Thursday if we see another rally day. I'll wait to see what new evidence emerges first.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 5/18 – neutral***

The intermediate-term outlook was last updated in the 5/18 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

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