

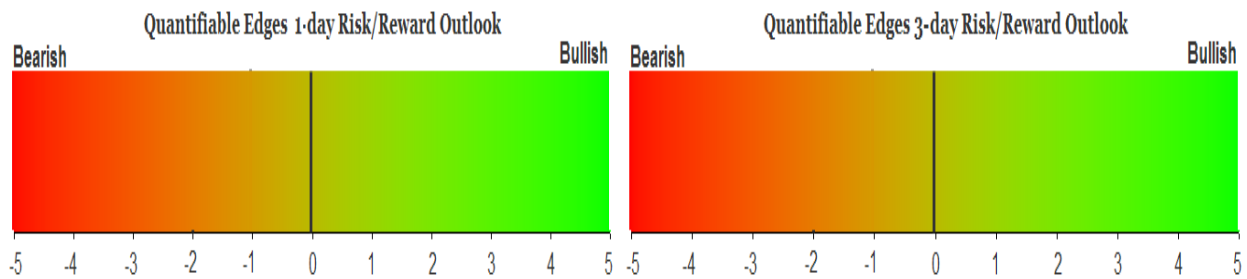
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 3, 2020

Volume 13 Issue 107

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The number of S&P 500 issues above their 50-day moving average is the 2nd highest reading of all-time.

Short-term Outlook

The Bottom Line

The Aggregator is neutral and so am I. Evidence is leaning bullish, but the SPX remains overbought. Same as the last few days.

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

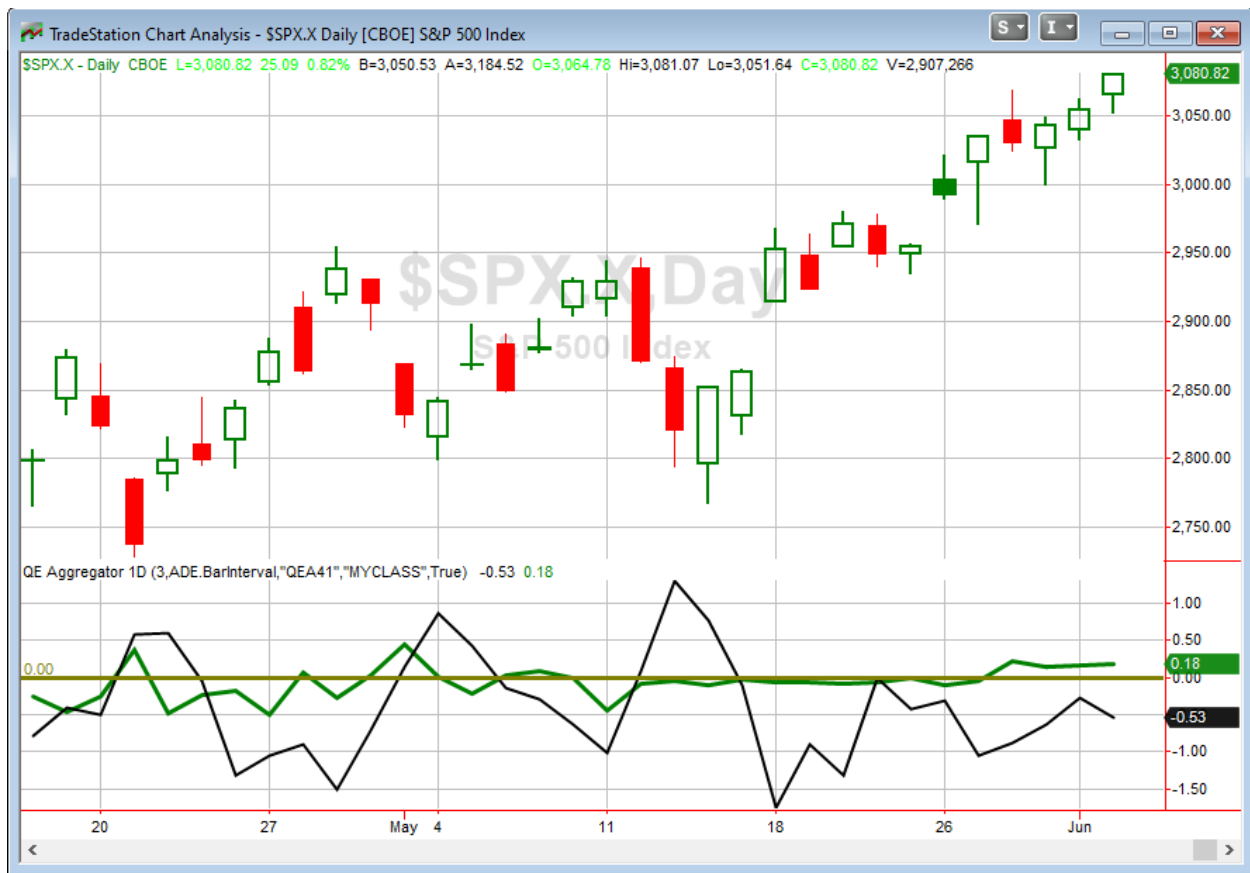
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 2, 2020	VIX up. SPX 50-high. 1st day of week.	1-2 days	Bearish			
June 1, 2020	Finish month at high of month	1-5 days	Bullish			
May 29, 2020	Gap up, run higher, then reverse down	1-4 days	Bullish			
Active - Long Term						
May 19, 2020	Breakout on 90% Up Volume	1-40 days	Bullish	7.90%	-1.90%	-4.50%
April 30, 2020	370% Up Issues Days	1-85 days	Bullish	10.40%	-4.30%	-11.00%
April 29, 2020	Sell in May after 5% drop Jan-Apr	6 months	Bearish			
March 23, 2020	QE4	int term	Bullish			
October 28, 2019	NASDAQ Leading	int term	Bullish			

The Evidence

Tuesday was a rally day. The SPX rose 0.8%, the NASDAQ gained 0.6%, and the Russell 2000 climbed 0.9%. Breadth was strongly positive as the NYSE Up Issues % was 74% and the Up Volume % came in at 81%. NYSE volume rose a little from Monday's level.

This was the 3rd up day in a row for the SPX, and 6th in the last 7. It has not closed up 4 consecutive days since early February, but it has been rallying strongly over the last 2.5 weeks, and closed up 10 of the last 13 days. The rally also saw the % of S&P 500 issues closing above their 50-day moving averages increase to 97.4%. I discussed this indicator last night, but thought I would mention it again, since Tuesday's reading was the 2nd highest ever – just behind the 97.6% reading on 2/13/1991. Despite the short-term stretched market, I am not seeing any compelling studies trigger tonight. So I am going to make this a very brief letter tonight.

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



Without any new studies being added tonight, the green Aggregator line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is again 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3053.92 on Wednesday. That is 0.9% below Tuesday's close. Therefore, it will take a drop of at least 0.9% on Wednesday to see SPX flip from overbought to oversold vs expectations.

Tuesday did not change anything for me. The Aggregator is again neutral. Evidence is mixed, and with the market short-term overbought, I am not inclined to take on new long exposure even with the net positive expectations. I'll continue to wait for a more compelling reward/risk setup to emerge before jumping into my next index trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/1 – neutral

The intermediate-term outlook was last updated in the 6/1 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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