

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 23, 2020

Volume 13 Issue 121

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling edges emerged tonight.

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
Active - Short Term						
June 23, 2020	NASDAQ up 15 of 17. Bullish for NAS	1-6 days	SPX neutr			
June 22, 2020	June post-opex week weak	1-5 days	Bearish	-1.80%	1.00%	1.70%
June 17, 2020	Up 2% + in 3 days. 3/10 HV < 0.25	1-6 days	Bullish			
Active - Long Term						
June 15, 2020	Anti-Zweig Breadth Collapse	1-21 days	Bearish			
June 8, 2020	3 Breadth Sigs (BAM/90%Day/A-D Hi)	1-63 days	Bullish			
June 4, 2020	SPX RSI2 crosses 99	1-18 days	Bullish			
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			

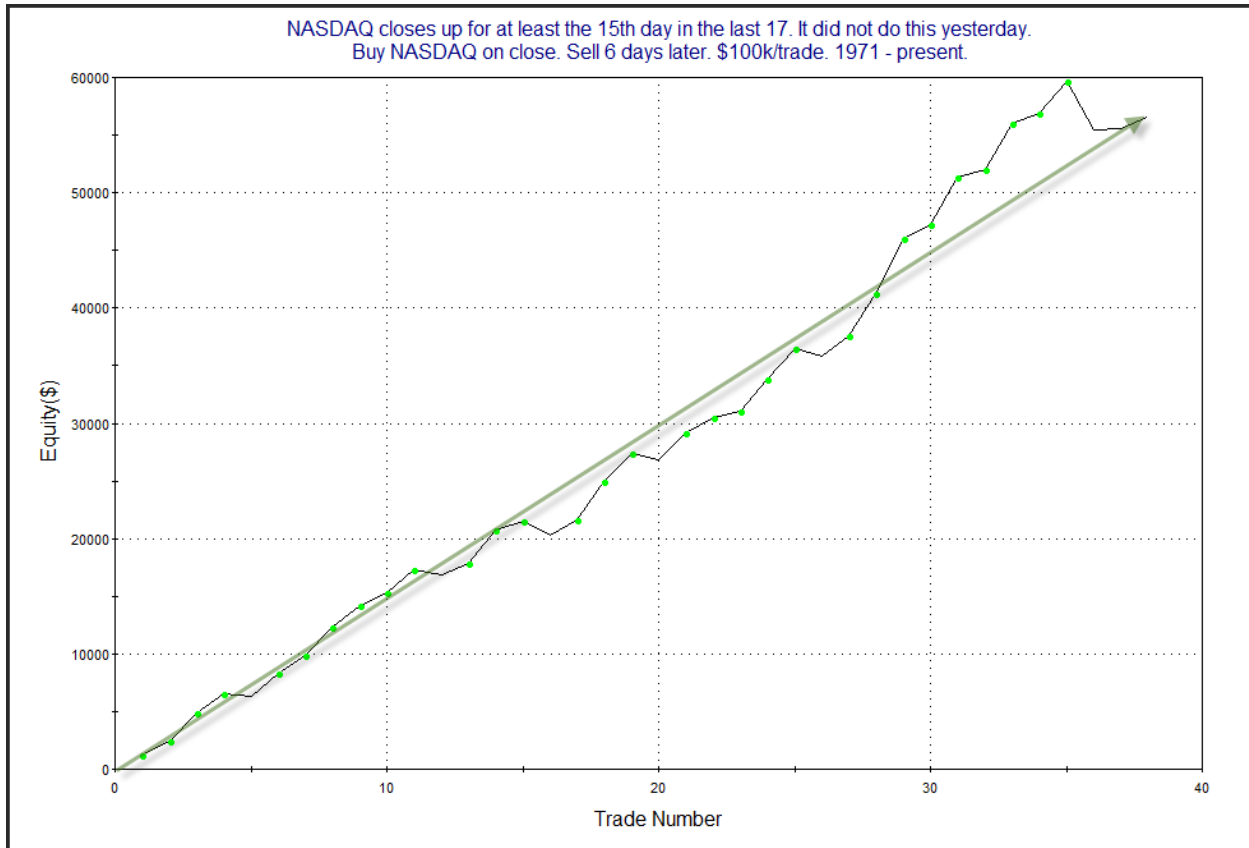
The Evidence

Monday saw some solid gains for the market. The SPX rose 0.6%, the NASDAQ gained 1.1%, and the Russell 2000 climbed 1.0%. Breadth was positive as the NYSE Up Issues % was 52% and the Up Volume % came in at 53%. NYSE total volume declined a good amount from Friday's opex levels.

On Twitter today, Steve Deppe pointed out that the NASDAQ Composite has now closed up 15 of the last 17 days. I decided to take a look at market performance following similar streaks. First, I simply measured NASDAQ performance following a new signal like that.

NASDAQ closes up for at least the 15th day in the last 17. It did not do this yesterday. Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - 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
10	66,346.70	35	28	7	80.00	5,241.60	-2,170.50	2,619.40	-999.52	2.62	10.48	1,895.62
9	56,611.75	35	29	6	82.86	4,768.40	-6,057.75	2,278.61	-1,577.99	1.44	6.98	1,617.48
8	57,849.31	35	29	6	82.86	4,452.00	-2,297.50	2,229.27	-1,133.26	1.97	9.51	1,652.84
7	49,053.34	35	28	7	80.00	4,158.30	-1,693.75	1,977.30	-901.59	2.19	8.77	1,401.52
6	56,582.63	38	32	6	84.21	4,735.98	-4,187.98	1,989.47	-1,180.09	1.69	8.99	1,489.02
5	47,493.31	39	32	7	82.05	3,894.36	-2,516.74	1,641.34	-718.49	2.28	10.44	1,217.78
4	37,529.63	42	35	7	83.33	3,033.65	-2,349.92	1,260.82	-942.72	1.34	6.69	893.56
3	23,125.81	42	32	10	76.19	2,556.40	-2,047.26	963.68	-771.19	1.25	4.00	550.61
2	17,214.48	42	27	15	64.29	2,906.66	-1,734.36	949.77	-561.96	1.69	3.04	409.87
1	11,046.68	42	25	17	59.52	1,617.00	-859.32	654.04	-312.02	2.10	3.08	263.02

We see here there has been some solid NASDAQ follow-through over the next 1-6 days. Below is a look at the 6-day profit curve.

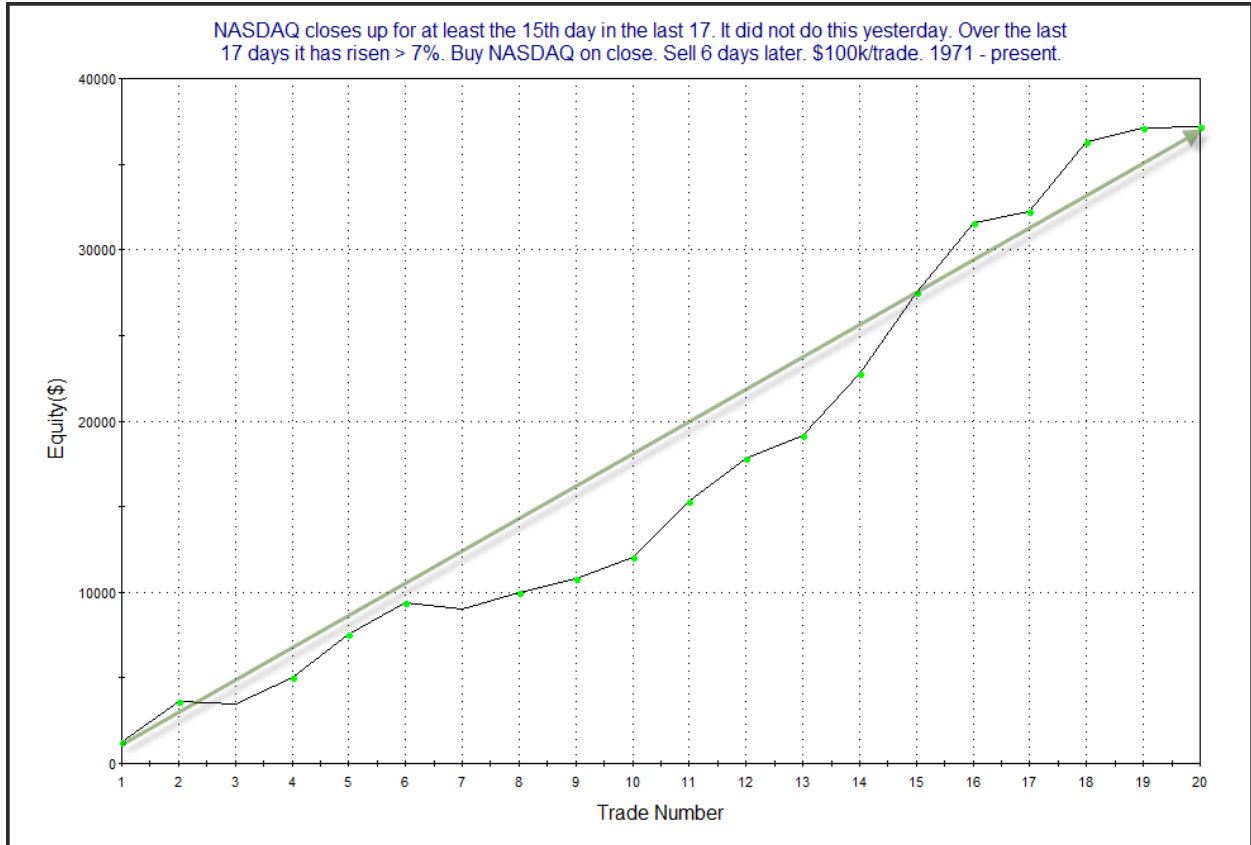


That is an impressive upslope. But not only has the NASDAQ climbed steadily higher over the last few weeks, the total gain has also been impressive (7.3%). I filtered further to focus only on those times that SPX closed up at least 7% during the run.

NASDAQ closes up for at least the 15th day in the last 17. It did not do this yesterday. Over the last 17 days it has risen > 7%. Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - 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
10	38,846.43	19	16	3	84.21	5,241.60	-2,170.50	2,708.25	-1,495.18	1.81	9.66	2,044.55
9	31,598.68	19	17	2	89.47	4,768.40	-6,057.75	2,286.65	-3,637.21	0.63	5.34	1,663.09
8	33,766.59	19	16	3	84.21	4,452.00	-2,297.50	2,388.15	-1,481.28	1.61	8.60	1,777.19
7	29,337.35	19	15	4	78.95	4,158.30	-1,693.75	2,192.06	-885.88	2.47	9.28	1,544.07
6	37,161.89	20	18	2	90.00	4,735.98	-365.20	2,094.42	-268.82	7.79	70.12	1,858.09
5	28,396.54	20	16	4	80.00	3,894.36	-557.00	1,858.13	-333.38	5.57	22.29	1,419.83
4	23,294.54	22	18	4	81.82	3,033.65	-855.36	1,404.82	-498.04	2.82	12.69	1,058.84
3	14,911.96	22	18	4	81.82	2,556.40	-1,130.44	990.98	-731.41	1.35	6.10	677.82
2	11,748.86	22	15	7	68.18	2,906.66	-1,162.81	1,075.91	-627.12	1.72	3.68	534.04
1	5,664.11	22	11	11	50.00	1,617.00	-859.32	895.20	-380.28	2.35	2.35	257.46

The numbers here are even more impressive. The 90% winners looking out 6 days is fairly remarkable. It appears this kind of momentum has rarely ended abruptly. Below is a look at the 6-day profit curve.



No red flags here. And it has been on a nice win streak lately.

Of course, SPX has NOT seen the same kind of consistent rise lately. It has changed direction each of the last 4 days, and it has not posted an 11-6 record in the last 17 days. Not close to the NASDAQ's 15-2. Below is one look at other times the NASDAQ has been on a strong streak, but the SPX has not. SPX forward returns are shown.

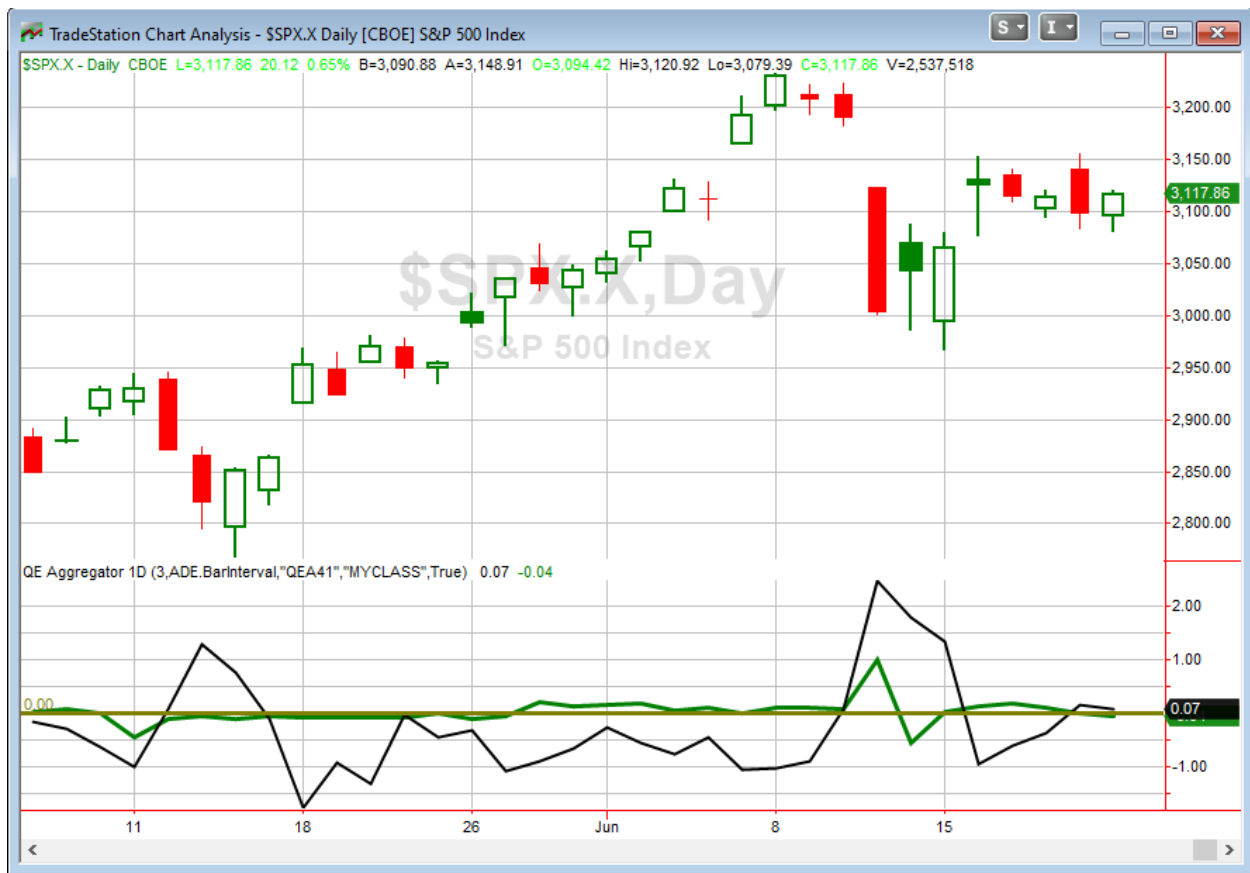
NASDAQ closes up for at least the 15th day in the last 17. It did not do this yesterday. SPX closes down at least 4 of the last 17 days. Buy SPX on close. Sell X days later. \$100k/trade. 1971 - present.

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
10	26,171.39	27	20	7	74.07	5,045.04	-3,308.48	2,010.37	-2,005.14	1.00	2.86	969.31
9	23,198.32	27	19	8	70.37	5,146.08	-3,856.82	2,052.40	-1,974.66	1.04	2.47	859.20
8	20,785.47	27	17	9	62.96	5,055.20	-4,042.94	2,049.17	-1,561.15	1.31	2.48	769.83
7	15,087.98	27	18	9	66.67	3,837.60	-4,006.56	1,687.91	-1,699.38	0.99	1.99	558.81
6	26,653.23	28	21	7	75.00	5,043.84	-2,502.28	1,714.55	-1,336.04	1.28	3.85	951.90
5	21,884.36	29	21	8	72.41	4,044.16	-2,088.68	1,364.87	-847.23	1.61	4.23	754.63
4	14,873.76	32	18	14	56.25	4,918.88	-2,068.00	1,273.16	-574.51	2.22	2.85	464.81
3	5,880.90	32	19	13	59.38	2,297.56	-1,923.24	922.63	-896.08	1.03	1.50	183.78
2	3,829.34	32	17	14	53.13	2,068.56	-2,212.76	892.13	-809.77	1.10	1.34	119.67
1	6,133.91	32	18	14	56.25	1,934.04	-1,350.40	675.22	-430.00	1.57	2.02	191.68

Numbers here are not nearly as impressive – especially over the 1st 3 days. The NASDAQ momentum does not seem to carry over to the SPX, and so the studies are not included in the Aggregator.

Yesterday I showed that the Russell 2000 often outperforms the SPX from the Tuesday post-opex close in June until the end of the month. Today we see a study suggesting the NASDAQ is likely to outperform. SPX relative underperformance appears to be likely over the next several days.

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



Even with tonight's evidence considered, the green Aggregator dipped 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 remain negative on Tuesday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 3128.88 on Tuesday. That is 0.35% above Monday's close. So SPX would need to close up at least 0.35% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is now neutral. Traders could certainly look for opportunities to get long the NASDAQ or the Russell 2000 in the coming days. (I'll show the Russell study again tomorrow night once it triggers.) I do not see great reward/risk right here, though. SPX is oversold, but expectations are negative. NASDAQ has positive expectations, but it is certainly not oversold. So I will wait until a more favorable setup emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/22 – neutral

The intermediate-term outlook was last updated in the 6/22 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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