

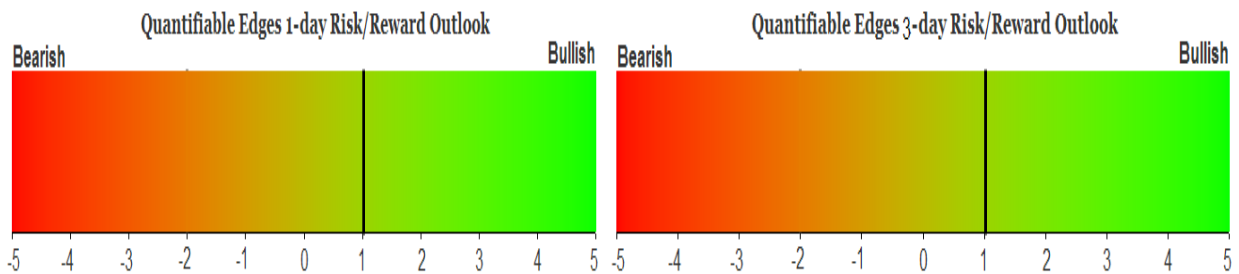
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 10, 2020

Volume 13 Issue 133

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The NASDAQ and Russell 2000 have diverged strongly over the last few days.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is now bullish. But potential reward appears limited, because any close higher would mean the end of the long signal. So I am leaning more neutral.

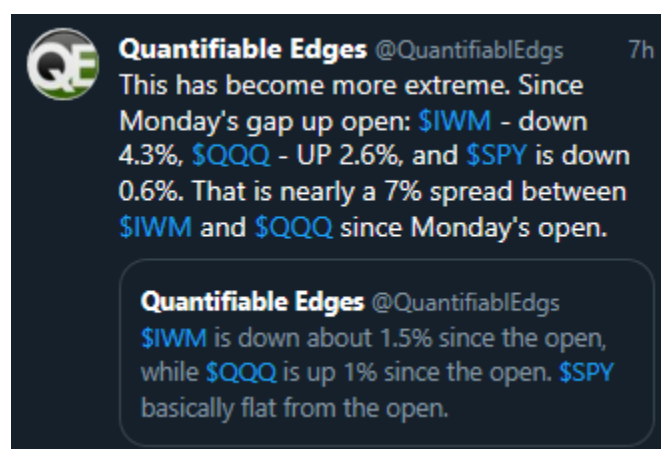
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
July 8, 2020	Up 5 < 50 high, then down 1	1-5 days	Bullish	1.70%	-1.00%	-2.00%
July 2, 2020	NDX up > 1%. SOX dn.	1-6 days	Bearish	-3.15%	1.80%	3.90%
<b>Active - Long Term</b>						
July 7, 2020	5 up < 50-high. > 3% gain.	1-15 days	Bullish	3.20%	-1.80%	-3.10%
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			
April 30, 2020	3 70% 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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
July 6, 2020	Up 4 > 200ma but < 10-high	1-4 days	Bullish	1.80%	-0.70%	-1.45%

**The Evidence**

The market put in a mixed day on Thursday. The SPX finished down 0.6%, the NASDAQ gained 0.5%, and the Russell 2000 tumbled 2.0%. Breadth was negative as the NYSE Up Issues % was 26% and the Up Volume % came in at 24.5%. NYSE total volume declined some from Wednesday’s level.

The mixed action did not help to trigger new studies for tonight, beyond the SPX Golden Cross, which I covered in detail last night. The market has been split to an extreme degree over the last few days, since the big gap up Monday morning. I noted this on Twitter on Monday and then again today as the divergence between the NASDAQ and the RUT has grown.

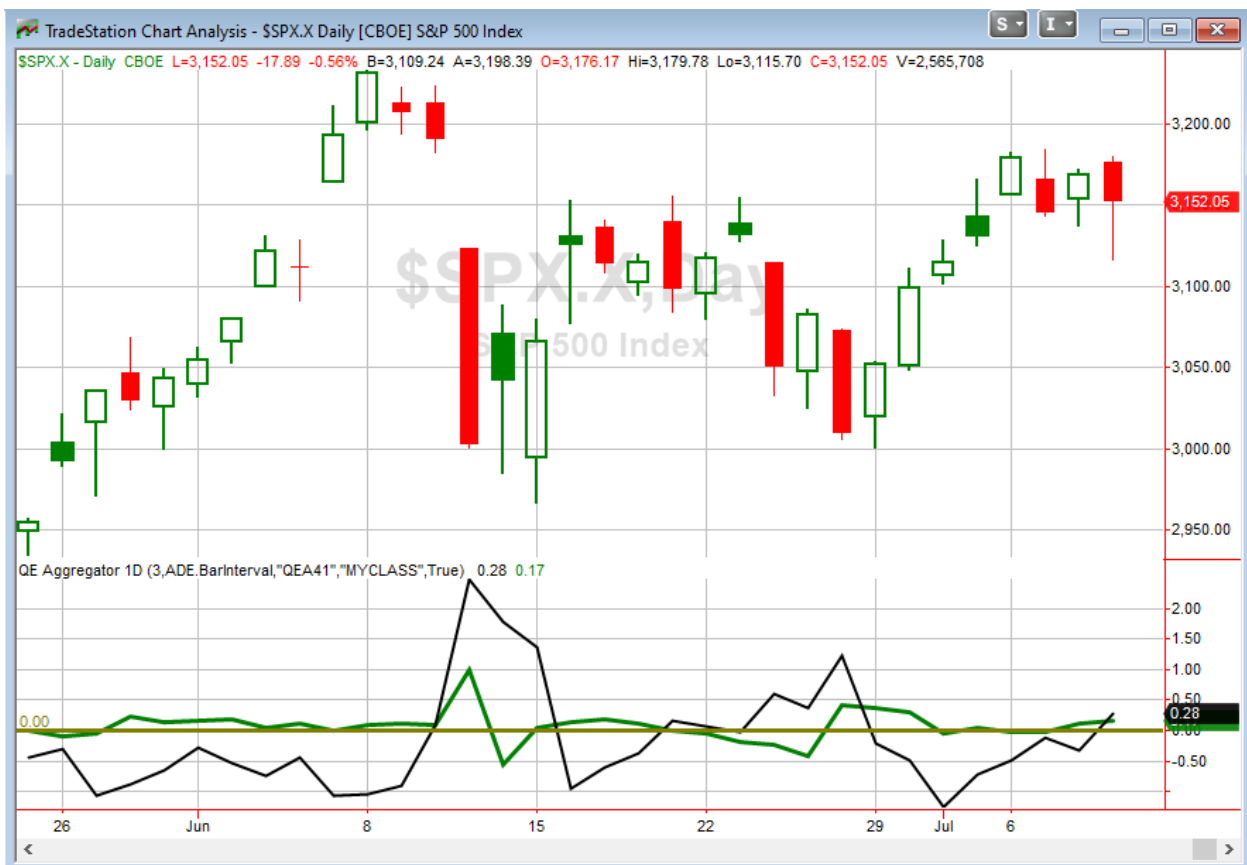


Tonight I also noticed how weak Russell breadth data is while the NASDAQ and the NDX are closing at all-time highs.

**Quantifiable Edges** @QuantifiablEdgs 1h  
 Only 26% of \$RUT stocks closed > their 20-day mov avgs on Thursday. It was the 1st time ever (data back to 1990) that \$COMPQ closed at even a 6-month high while < 30% of \$RUT stocks closed > 20ma. #strangeDaysIndeed

I also looked at less extreme instances to see whether they provided any kind of edge looking forward. Unfortunately, divergences don't often make from great timing signals. But markets won't diverge like this for long. Either the NASDAQ or the Russell will be proven "right" at some point.

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



Without any new short-term studies kicking in tonight, 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 moved above 0. The positive Differential Line reading means SPX is

oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator signal turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 3145.06 on Friday. That is 0.2% *below* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down at least 0.2% on Friday in order to remain "oversold". Anything less than that and it will be considered "overbought" vs recent expectations as of Friday's close.

So the Aggregator is now bullish. But the inverted pivot limits potential reward to a 1-day move. As I have said many times before, I view inverted pivots as opportune times to take early profits. I do not view them as strong opportunities for new entries. So I'll see how Friday plays out, and what new evidence emerges, and then come up with a new plan over the weekend.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 7/6 – neutral***

The intermediate-term outlook was last updated in the 7/6 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>IDXX(S)</i>	<i>7/7/2020</i>	<i>\$339.47</i>	<i>\$337.56</i>	<i>0.56%</i>	<i>covered on open</i>

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