

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 1, 2021

Volume 14 Issue 62

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 0 |

Tonight's Research Points

- Holy Thursday has historically shown a bullish tendency.
- Early April has shown bullish seasonality since the mid-90s.
- The weak close to finish the month sets up the first day of the new month with a bullish edge.
- The seasonality Calendar is also showing bullish numbers over the next few weeks.

Short-term Outlook

The Bottom Line

The Aggregator is now bullish. Evidence is positive and SPX has underperformed expectations over the last few days. I am looking for an opportune entry point on Thursday.

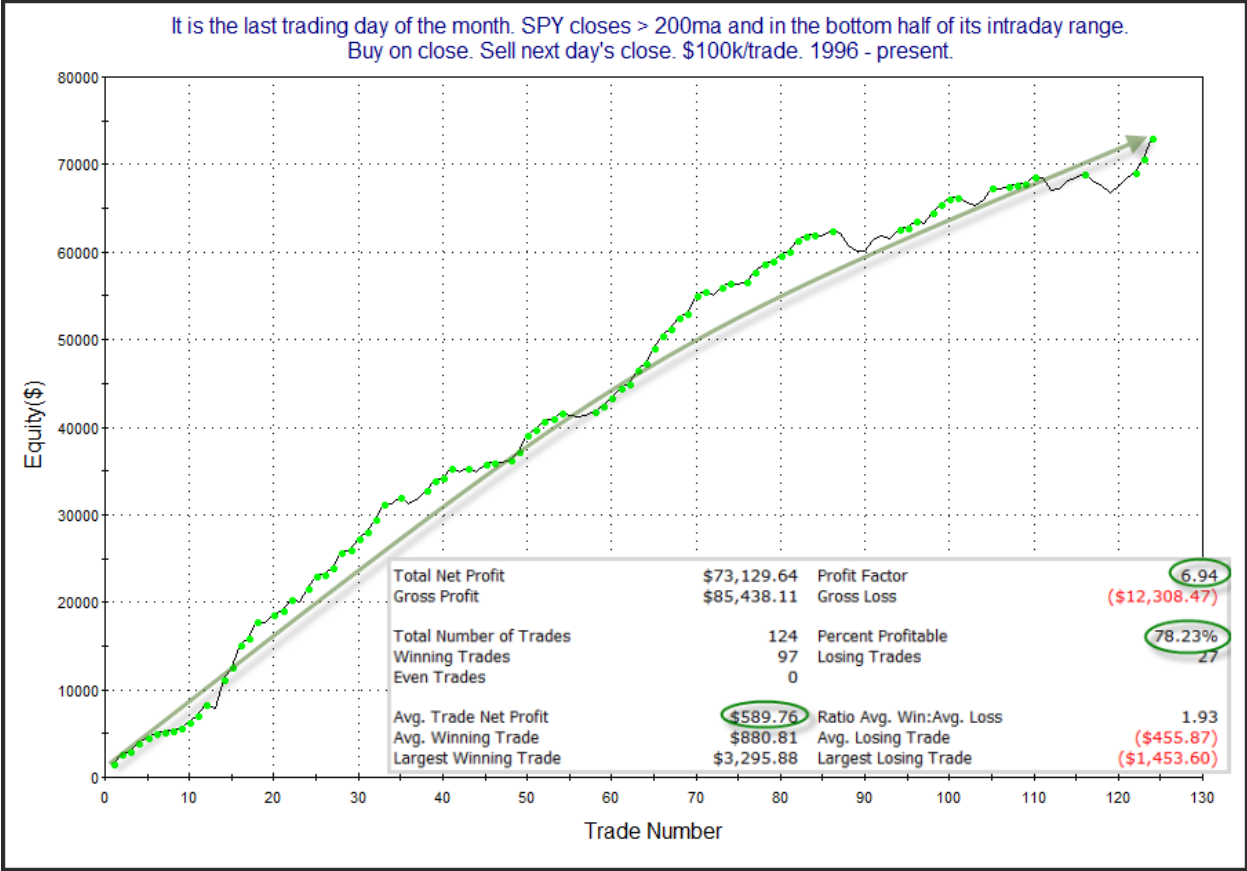
Summary of Recent Active Studies (see Letters from listed dates for details)

| Study Date | Description | Time span | Bias | Avg Run-up | Avg DrawDn | Avg DrawDn - 1 Std Dev |
|----------------------------|--------------------------------------|------------|---------|------------|------------|------------------------|
| Active - Short Term | | | | | | |
| April 1, 2021 | Last day of month closes poorly | 1 day | Bullish | | | |
| April 1, 2021 | Holy Thursday Bullish | 1 day | Bullish | | | |
| April 1, 2021 | Early April bullish | 1-4 days | Bullish | | | |
| March 29, 2021 | Week after 4th Fri in March bullish | 1-5 days | Bullish | 2.10% | -1.10% | -2.30% |
| Active - Long Term | | | | | | |
| March 25, 2021 | RUT down 9% from 200hi in < 10 days | int term | Warning | | | |
| March 17, 2021 | 5 up to 50-high then down 1 | 1-10 days | Bullish | | | |
| March 16, 2021 | DJI closes up 7 days in a row | 1-19 days | Bullish | | | |
| March 8, 2021 | Rally from 1-month low starts on Fri | 1-20 days | Bullish | 4.70% | -3.20% | -6.90% |
| February 22, 2021 | RUT 50ma 25% above 200ma | int term | Warning | | | |
| February 8, 2021 | SPX 50-day %b crosses over 100 | 1-50 days | Bullish | 4.90% | -4.40% | -8.90% |
| November 2, 2020 | Best 6 Months | 1-6 months | Bullish | | | |
| July 9, 2020 | Golden Cross | int term | Bullish | | | |
| March 23, 2020 | QE4 | int term | Bullish | | | |

The Evidence

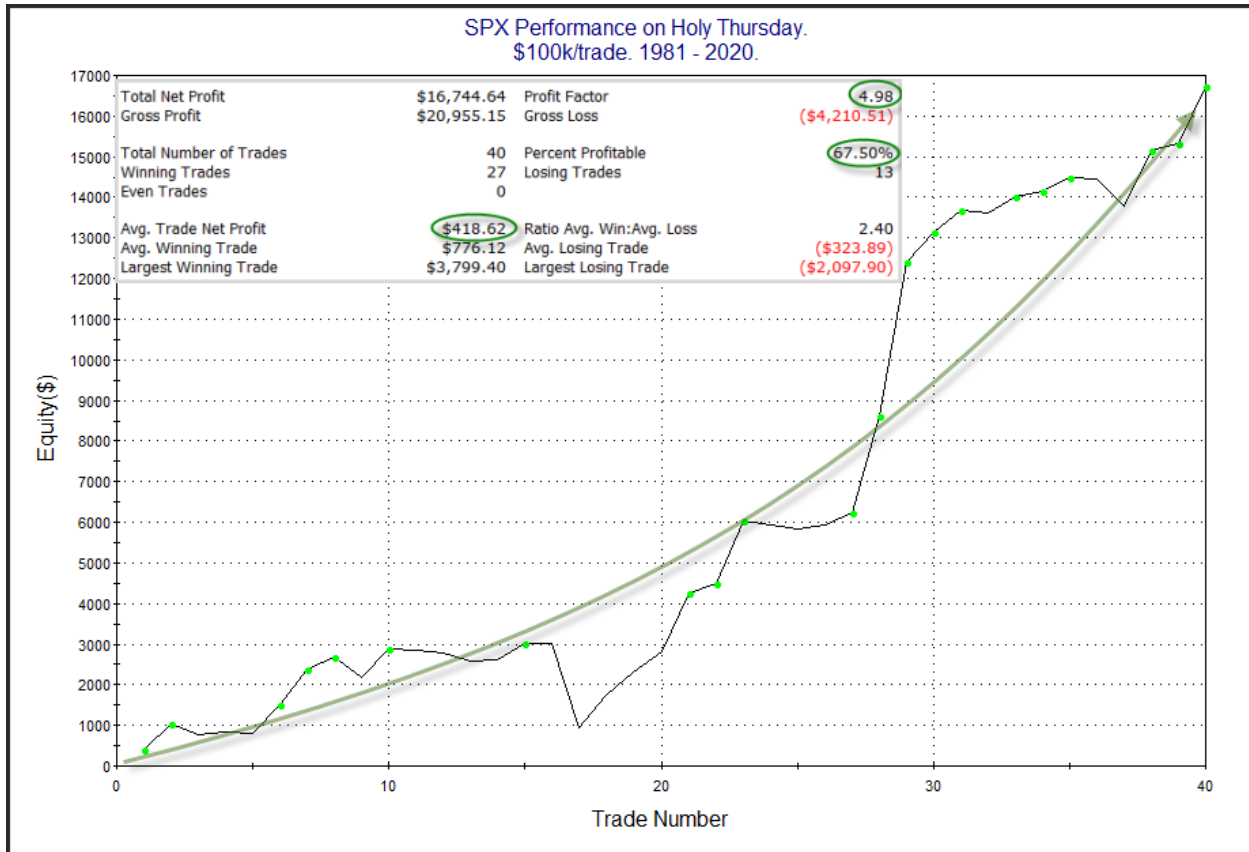
The market finished a strong first quarter with a strong final day. On Wednesday the SPX closed up 0.4%, the NASDAQ rallied 1.5%, and the Russell 2000 rose 1.1%. Breadth was mixed with the NYSE Up Issues % coming in at 55% and the Up Volume % at 46%. NYSE total volume rose some from Tuesday's level.

The evidence I am seeing tonight is all about seasonality. So let's start with a study I showed last night that looked at 1st trading day of the month based on where SPY closed within its intraday range on the last day of the month.



The late selloff on Wednesday triggered the bullish version that we see above. As I noted last night, the stats are incredibly lopsided for a sample size of 124 instances, and the curve couldn't be much better. I have added this study to the active list tonight.

Stock market performance leading up to and around many holidays has often been bullish. This is something I have written about several times over the years. Holy Thursday is one such day that has done quite well. I have shown Holy Thursday several times in the past. The chart and statistics below are all updated from the 4/9/20 letter.



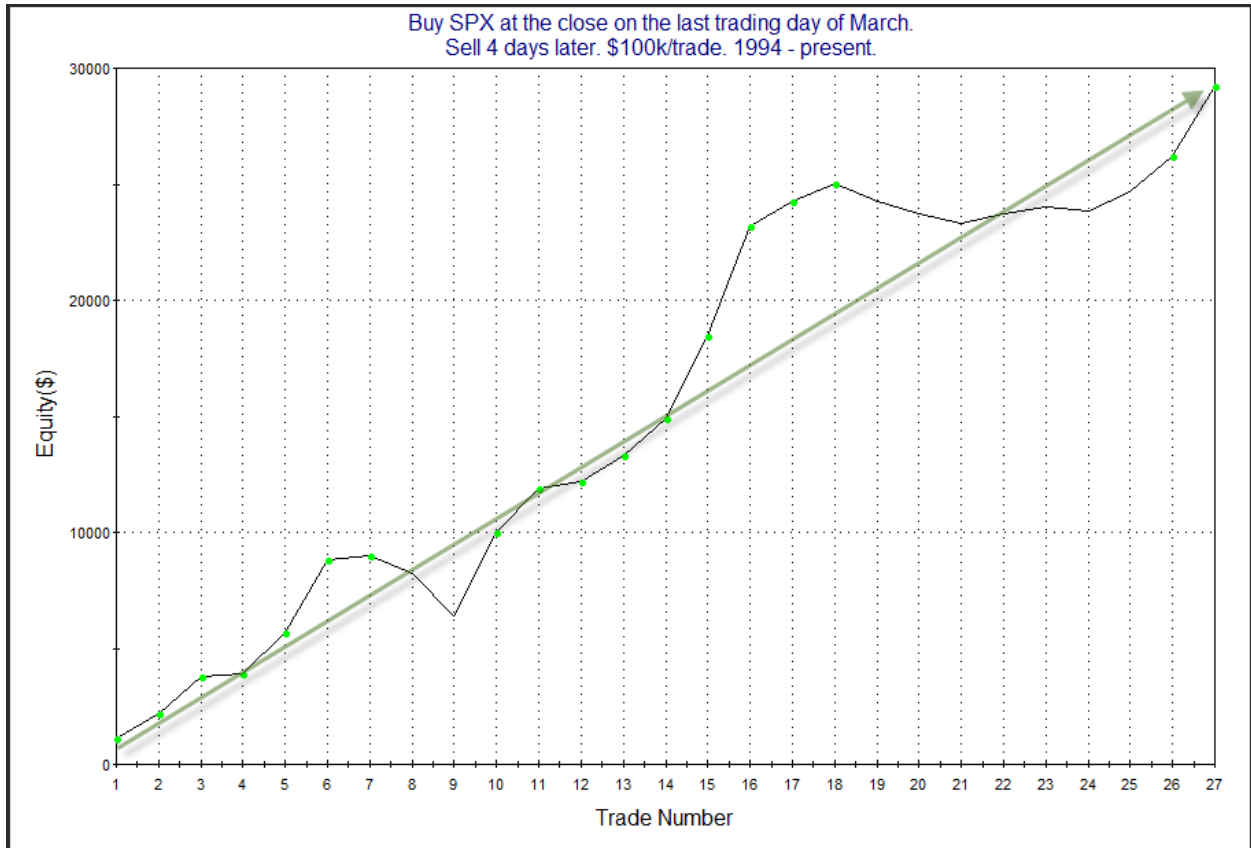
The stats are impressive, and so is the overall curve with new highs being made again last year. Perhaps the most impressive stat to me is that the up days have been 2.4x the size of the down days. This suggests people will often go into the long Easter weekend with enthusiasm.

Another seasonal edge worth noting tonight is that since the mid-90s the beginning of April has generally provided market gains. The study below was last seen in the 4/1/20 letter. Stats are updated.

**Buy SPX at the close on the last trading day of March.
Sell X days later. \$100k/trade. 1994 - 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 | 17,624.55 | 27 | 18 | 9 | 66.67 | 4,435.97 | -2,745.12 | 1,638.97 | -1,319.66 | 1.24 | 2.48 | 652.76 |
| 4 | 29,226.08 | 27 | 21 | 6 | 77.78 | 4,701.25 | -1,831.35 | 1,606.31 | -751.08 | 2.14 | 7.49 | 1,082.45 |
| 3 | 15,971.03 | 27 | 19 | 8 | 70.37 | 5,578.75 | -4,909.74 | 1,583.64 | -1,764.76 | 0.90 | 2.13 | 591.52 |
| 2 | 16,923.53 | 27 | 18 | 9 | 66.67 | 4,563.75 | -4,638.84 | 1,520.17 | -1,159.94 | 1.31 | 2.62 | 626.80 |
| 1 | 4,299.86 | 27 | 18 | 9 | 66.67 | 3,559.50 | -4,335.42 | 850.64 | -1,223.52 | 0.70 | 1.39 | 159.25 |

The numbers look compelling. Let's look at the 4-day profit curve to see how the edge has played out over time.



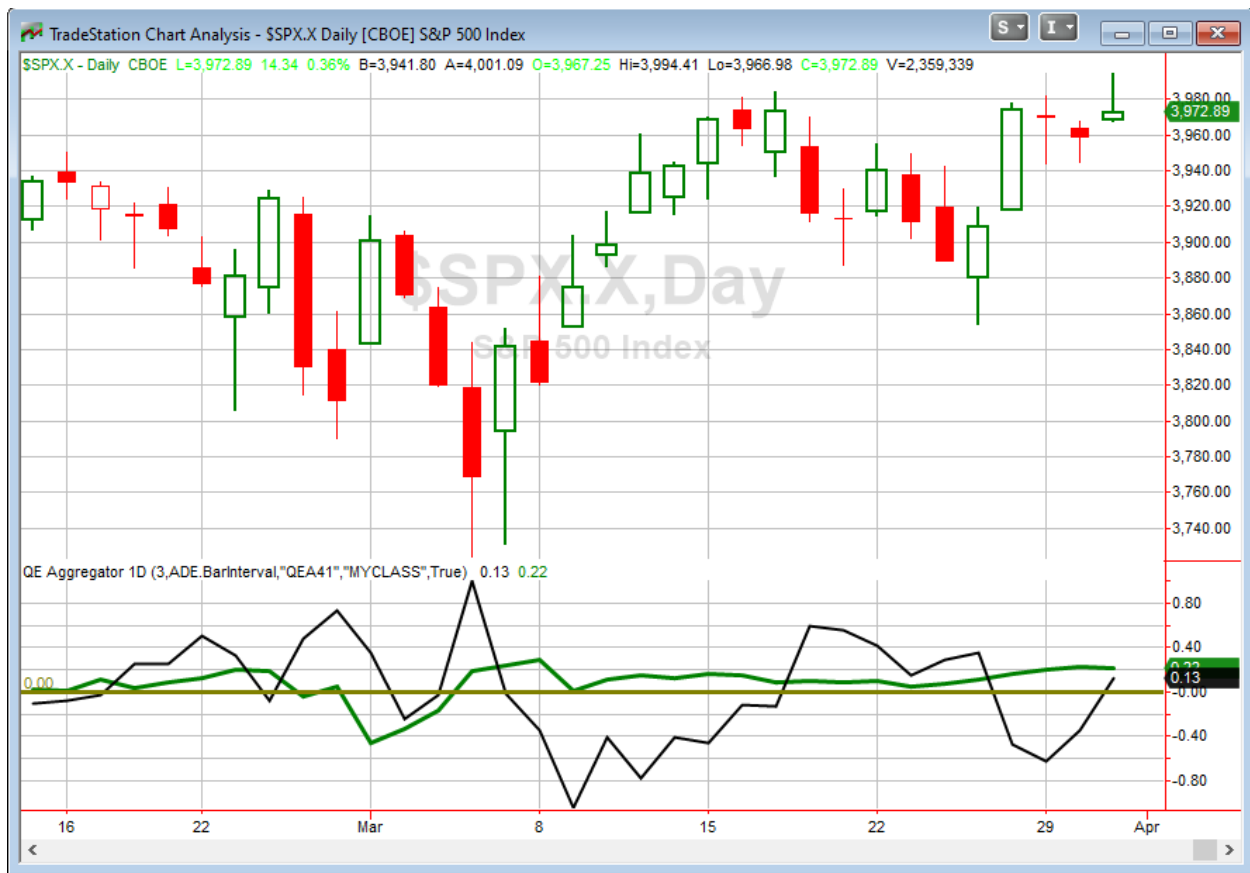
The curve also seems to support the idea of a bullish edge.

Lastly, here is a look at the SPX seasonality calendar for April.

| Quantifiable Edges Seasonality Calendar | | | |
|--|--------------|----------------------|------------------|
| \$SPX S&P 500 Index | | | |
| Date | Win% | Profit Factor | Avg % Chg |
| 4/1/2021 | 55.79 | 1.322 | 0.088 |
| 4/5/2021 | 54.46 | 1.482 | 0.146 |
| 4/6/2021 | 52.23 | 1.335 | 0.098 |
| 4/7/2021 | 56.58 | 1.589 | 0.165 |
| 4/8/2021 | 56.88 | 1.228 | 0.069 |
| 4/9/2021 | 56.46 | 1.489 | 0.141 |
| 4/12/2021 | 53.11 | 1.033 | 0.001 |
| 4/13/2021 | 53.21 | 1.395 | 0.109 |
| 4/14/2021 | 53.78 | 1.019 | -0.005 |
| 4/15/2021 | 57.36 | 1.422 | 0.082 |
| 4/16/2021 | 56.53 | 1.411 | 0.080 |
| 4/19/2021 | 60.74 | 1.262 | 0.056 |
| 4/20/2021 | 60.51 | 1.804 | 0.164 |
| 4/21/2021 | 59.97 | 1.257 | 0.054 |
| 4/22/2021 | 59.36 | 1.400 | 0.091 |
| 4/23/2021 | 59.44 | 1.249 | 0.051 |
| 4/26/2021 | 48.26 | 0.929 | -0.026 |
| 4/27/2021 | 53.08 | 1.202 | 0.053 |
| 4/28/2021 | 50.48 | 1.220 | 0.066 |
| 4/29/2021 | 52.89 | 1.115 | 0.028 |
| 4/30/2021 | 52.98 | 0.964 | -0.012 |
| Baseline | 54.72 | 1.154 | 0.050 |

Lots of green showing up in April. The Calendar algos also seem to like the outlook for April – especially over the first few weeks.

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



With tonight's evidence considered, 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 rose above 0. The positive Differential Line reading means that 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.

Expectations are currently set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3989.89 on Thursday. That is 0.4% above Wednesday's close. Therefore, SPX will need to close up at least 0.4% on Thursday in order to change to "overbought" vs expectations.

So the Aggregator is now bullish. We have a decent amount of evidence suggesting a long-side edge, at least from a seasonal standpoint. I am not overly enthusiastic about taking on new exposure with the SPX closing so high in its recent range. But I am willing to take on a small amount of index exposure if I can get a bargain entry either at the open or the close on Thursday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/29 – somewhat bullish

The intermediate-term outlook was last updated in the 3/29 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](#)

Open Catapult 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.

SPY – But ¼ index position @ \$395.00 LIMIT ON OPEN. If not filled on open, then cancel order and look to enter @ \$395.50 LIMIT ON CLOSE. Based on the short-term outlook above, I will be a buyer on Thursday if I can get a favorable fill at either the open or the close.

Current Open Trade Ideas

None.

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2021 Quantifiable Edges, LLC.