

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 6, 2021

Volume 14 Issue 64

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat | 0 |

Tonight's Research Points

- SPY's 3 unfilled up gaps along with a 50-day high suggest more upside.
- A rising VIX at a 50-day SPX high (on the first day of the week) suggests a pullback.

Short-term Outlook

The Bottom Line

The Aggregator is now neutral. I am too.

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 6, 2021 | 3 unfilled up gaps & a 50-day high | 1-5 days | Bullish | 1.10% | -0.70% | -1.30% |
| April 6, 2021 | VIX up. SPX 50-high. Monday. | 1-2 days | Bearish | | | |
| Active - Long Term | | | | | | |
| March 25, 2021 | RUT down 9% from 200hi in < 10 days | int term | Warning | | | |
| 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 | | | |
| Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded) | | | | | | |
| April 1, 2021 | Early April bullish | 1-4 days | Bullish | 1.80% | -1.30% | -3.05% |
| March 29, 2021 | Week after 4th Fri in March bullish | 1-5 days | Bullish | 2.10% | -1.10% | -2.30% |

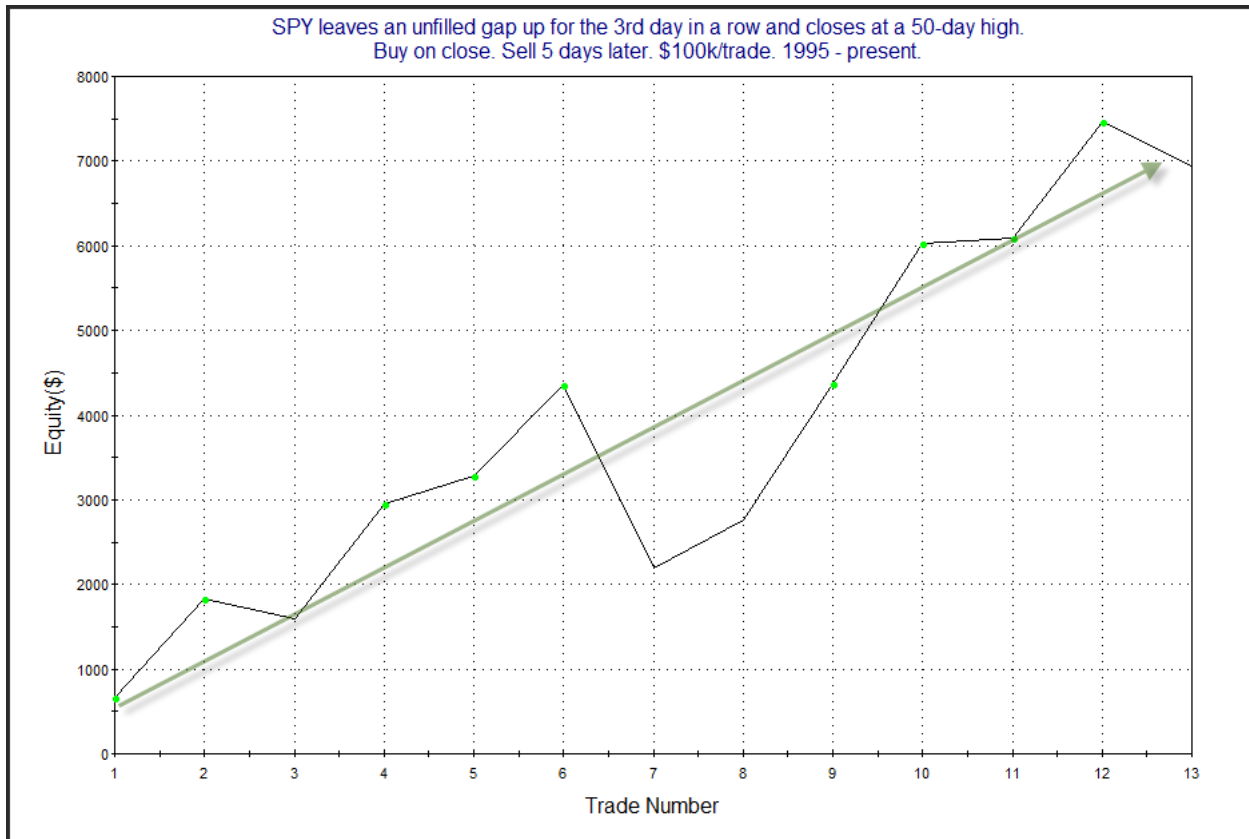
The Evidence

Monday was a strong rally day for the indices. SPX closed up 1.4% and at another new high, the NASDAQ rallied 1.7%, and the Russell 2000 rose 0.5%. Breadth was positive with the NYSE Up Issues % coming in at 63% and the Up Volume % at 59%. NYSE total volume declined some from Thursday's level.

Monday marked the 3rd day in a row in which SPY gapped up and then ran higher without ever filling the gap. That is fairly unusual. And if you combine that action with a 50-day closing high like we had today, you'll find the below results.

| SPY leaves an unfilled gap up for the 3rd day in a row and closes at a 50-day high. Buy on close. Sell X days later. \$100k/trade. 1995 - 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 | 6,944.95 | 13 | 10 | 3 | 76.92 | 1,659.68 | -2,171.40 | 988.41 | -979.70 | 1.01 | 3.36 | 534.23 |
| 4 | 5,560.92 | 13 | 11 | 2 | 84.62 | 1,317.36 | -2,035.10 | 711.68 | -1,133.79 | 0.63 | 3.45 | 427.76 |
| 3 | 3,246.08 | 13 | 9 | 4 | 69.23 | 1,078.24 | -1,842.40 | 612.61 | -566.86 | 1.08 | 2.43 | 249.70 |
| 2 | 1,790.59 | 13 | 8 | 5 | 61.54 | 957.90 | -1,081.00 | 550.09 | -522.02 | 1.05 | 1.69 | 137.74 |
| 1 | 1,781.60 | 14 | 8 | 6 | 57.14 | 666.08 | -232.48 | 303.35 | -107.53 | 2.82 | 3.76 | 127.26 |

Instances are a bit low, but the initial indications here are that the momentum to new highs is likely good for more upside in the following days. Below is a look at a 5-day profit curve.



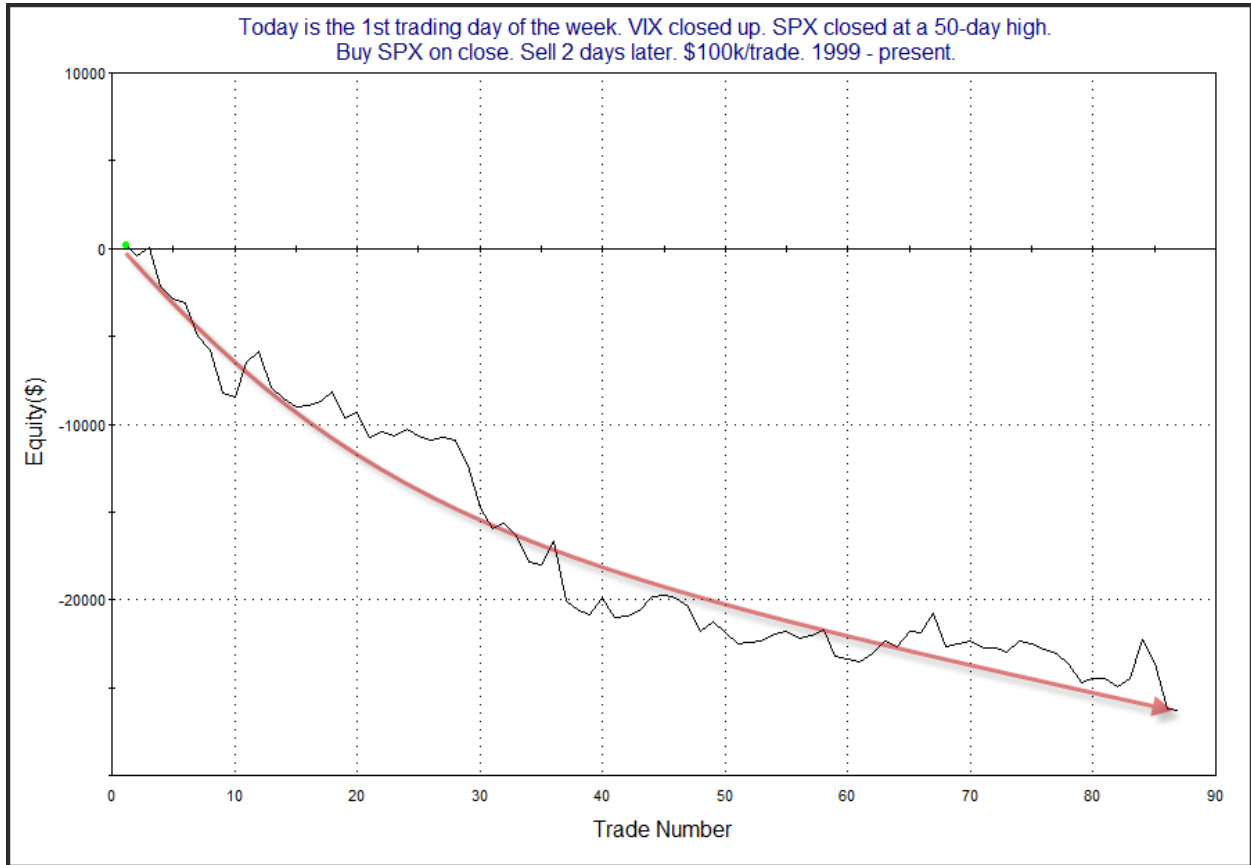
This has continually pressed higher. I like this study enough to give it some consideration and include it on the Active List tonight.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This can be seen in the study below, which was last seen in the 11/19/19 letter. Results are all updated.

Today is the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high.
Buy SPX on close. Sell X days later. \$100k/trade. 1999 - 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 | -18,538.57 | 81 | 37 | 44 | 45.68 | 5,653.12 | -5,048.68 | 1,095.01 | -1,342.14 | 0.82 | 0.69 | -228.87 |
| 4 | -15,645.92 | 87 | 42 | 45 | 48.28 | 4,422.40 | -5,732.40 | 919.42 | -1,205.81 | 0.76 | 0.71 | -179.84 |
| 3 | -20,065.55 | 87 | 40 | 47 | 45.98 | 2,641.80 | -6,908.70 | 671.98 | -998.82 | 0.67 | 0.57 | -230.64 |
| 2 | -26,330.86 | 87 | 36 | 51 | 41.38 | 2,148.48 | -3,372.16 | 499.06 | -868.57 | 0.57 | 0.41 | -302.65 |
| 1 | -10,393.53 | 87 | 30 | 57 | 34.48 | 802.88 | -1,580.04 | 313.14 | -347.15 | 0.90 | 0.47 | -119.47 |

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long decline. We did see a recent bump up, which flattened out the current look of the curve some. But it is again back at new lows and seems worthy of consideration. I have also included this study on the Active List.

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



With tonight's mix of evidence considered, the green Aggregator Line remained just slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held below 0. The negative Differential Line reading means that 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 above zero. Therefore, the Aggregator signal stayed flat at the close.

Expectations are currently set to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3996.95 on Tuesday. That is 2.0% below Monday's close. Therefore, SPX would need to close down at least 2% in order to flip to oversold versus expectations. A drop that large appears unlikely. A more likely scenario for working off the overbought condition is a multi-day pullback or consolidation.

So the Aggregator is again neutral. Me too. Overbought but without strong indications of a likely pullback means I'll remain patient and sidelined for the time being.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/5 – somewhat bullish

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.

None.

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.