

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 3, 2021

Volume 14 Issue 105

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Thursday after Memorial Day has historically been a good day for the market.

Short-term Outlook

The Bottom Line

The Aggregator is still neutral. Evidence is pointing higher, but the market is again moderately overbought. Reward/risk is not quite strong enough to get me excited.

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

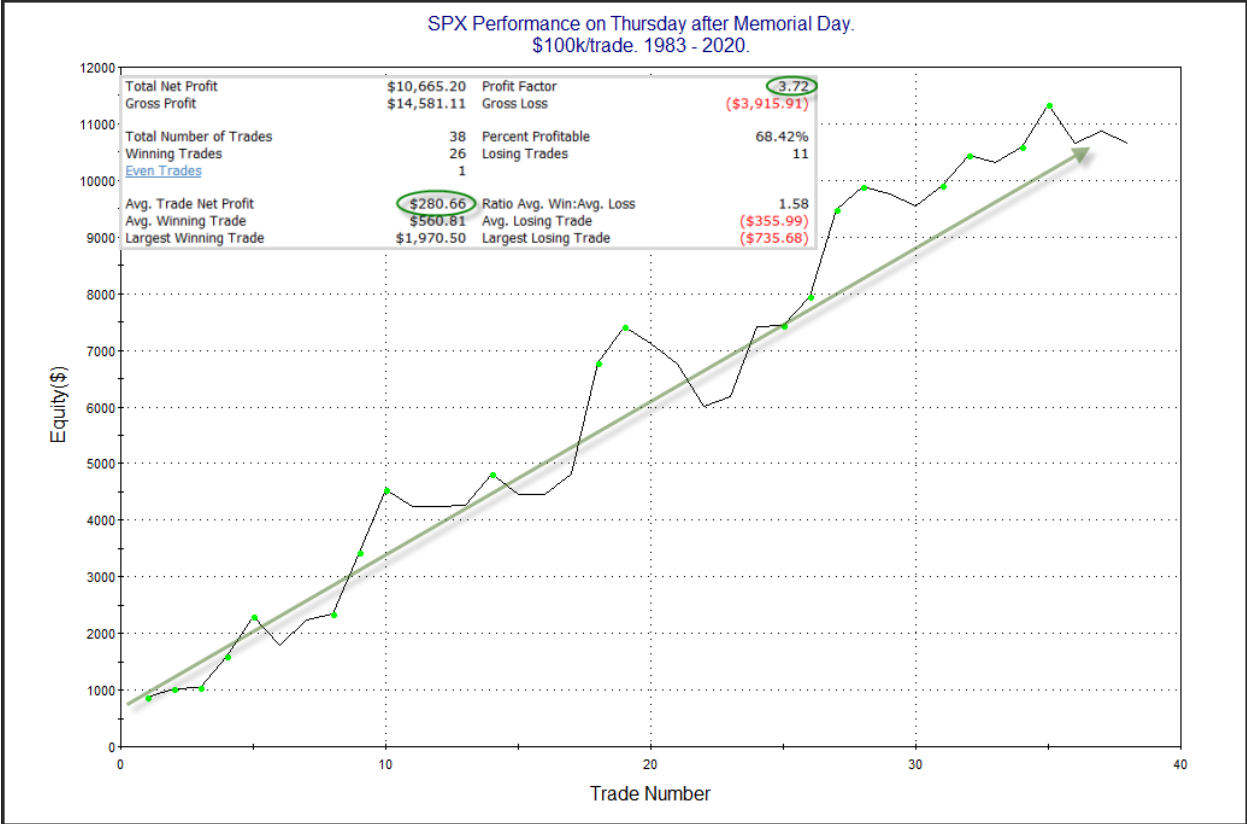
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 3, 2021	Thurs after Memorial Day bullish	1 day	Bullish			
June 2, 2021	SPY 5-intra high. Down close. Up Iss>60	1-3 days	Bullish	1.60%	-0.80%	-1.80%
June 1, 2021	Gap up, higher high, cl < open. 2 times	1-5 days	Bullish	1.70%	-0.70%	-1.30%
Active - Long Term						
May 3, 2021	Worst 6 Months	1-6 months	Bearish			
April 22, 2021	% of SPX stocks > 100ma exceeds 94%	int term	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			

The Evidence

The market went nowhere on Wednesday. SPX , the NASDAQ, and the Russell 2000 all closed up 0.1%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 74%. NYSE total volume rose some from Tuesday's level.

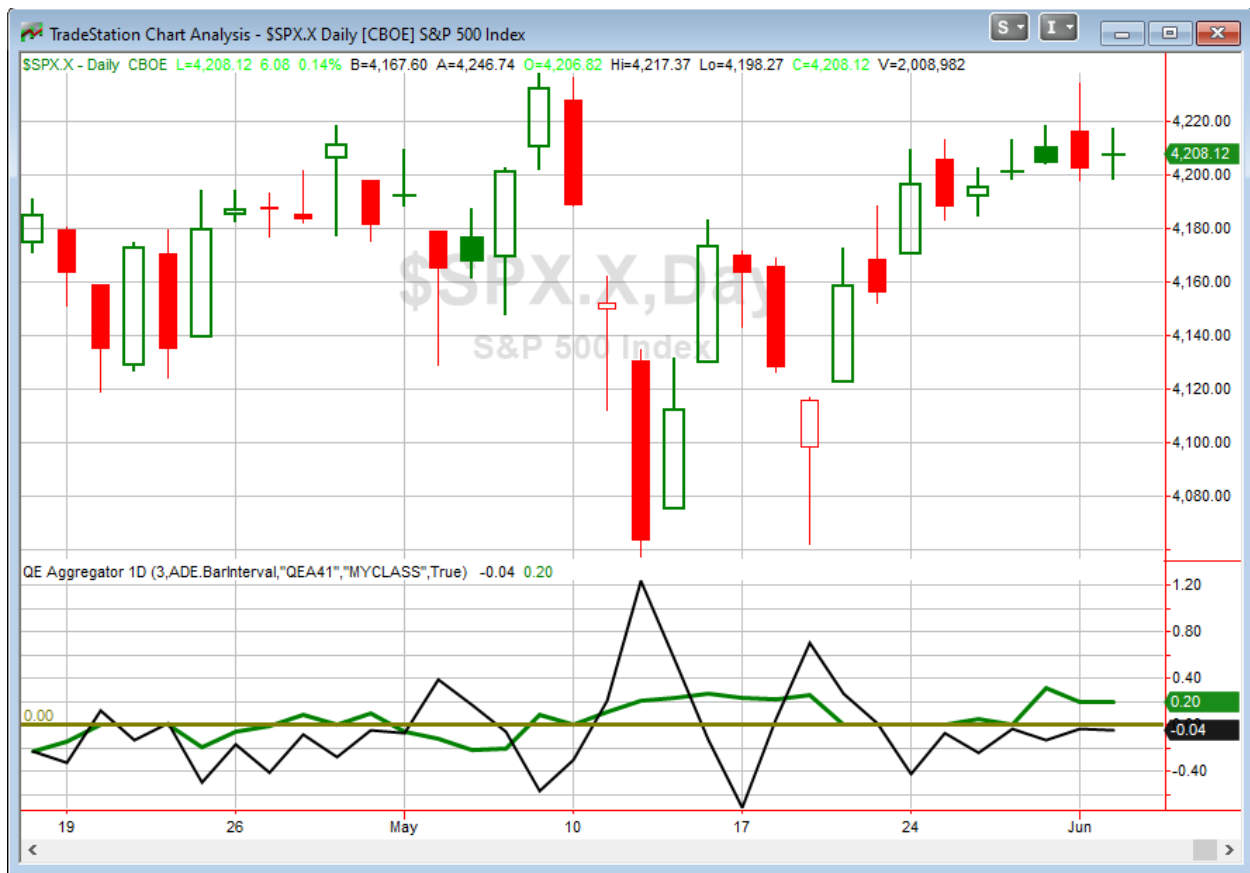
Studies identified by the Quantifinder mostly noted the extremely low volatility we have seen in closing prices over the last several days and weeks. The market will eventually break from this tight range. But until it does, we may not see a lot of very compelling price-action based studies.

In the weekend letter I noted the Thursday after Memorial Day has often been bullish. That chart, along with the stats, can be seen below.



This study is now on the active list.

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



With this 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 closed 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 on opposite sides of zero. Therefore, the Aggregator signal stayed flat at the close.

Based on the current active studies, expectations are slated to remain bullish on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4219.75 on Thursday. That is 0.3% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to rise about 0.3% in order to remain overbought. Anything less than that and it will change to oversold vs recent expectations as of Thursday's close.

Very similar to last night. The Aggregator is still neutral. Expectations are positive and evidence is slowly building. We are getting close to a spot where the market could be considered oversold and reward/risk would be more favorable. But are not quite there yet. So I'll give it one more day. There is a pretty good chance I'll view Friday as a potential buying opportunity if Thursday closes down much.

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

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.

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