

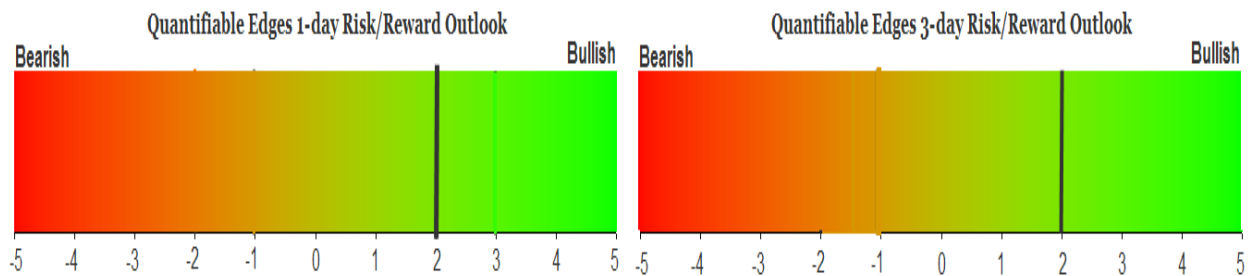
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 10, 2021

Volume 14 Issue 110

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- When SPX has posted a 20-day high and a poor close in the past it has typically led to more gains.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator bullish. I believe there is a moderate upside edge.

**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>						
June 10, 2021	20-high then close btm 10%	1-6 days	Bullish	1.60%	-1.10%	-2.15%
June 7, 2021	SPY Breakaway Gap	1-5 days	Bullish	1.40%	-0.90%	-1.85%
June 4, 2021	1st 5-low in 10 days. Close > 10ma	1-5 days	Bullish	1.50%	-1.10%	-2.20%
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
June 9, 2021	NASDAQ breadth strong 3+ days	1 day	Bearish			
June 8, 2021	SPY breakout 50-high then inside day	1-2 days	Bullish			

**The Evidence**

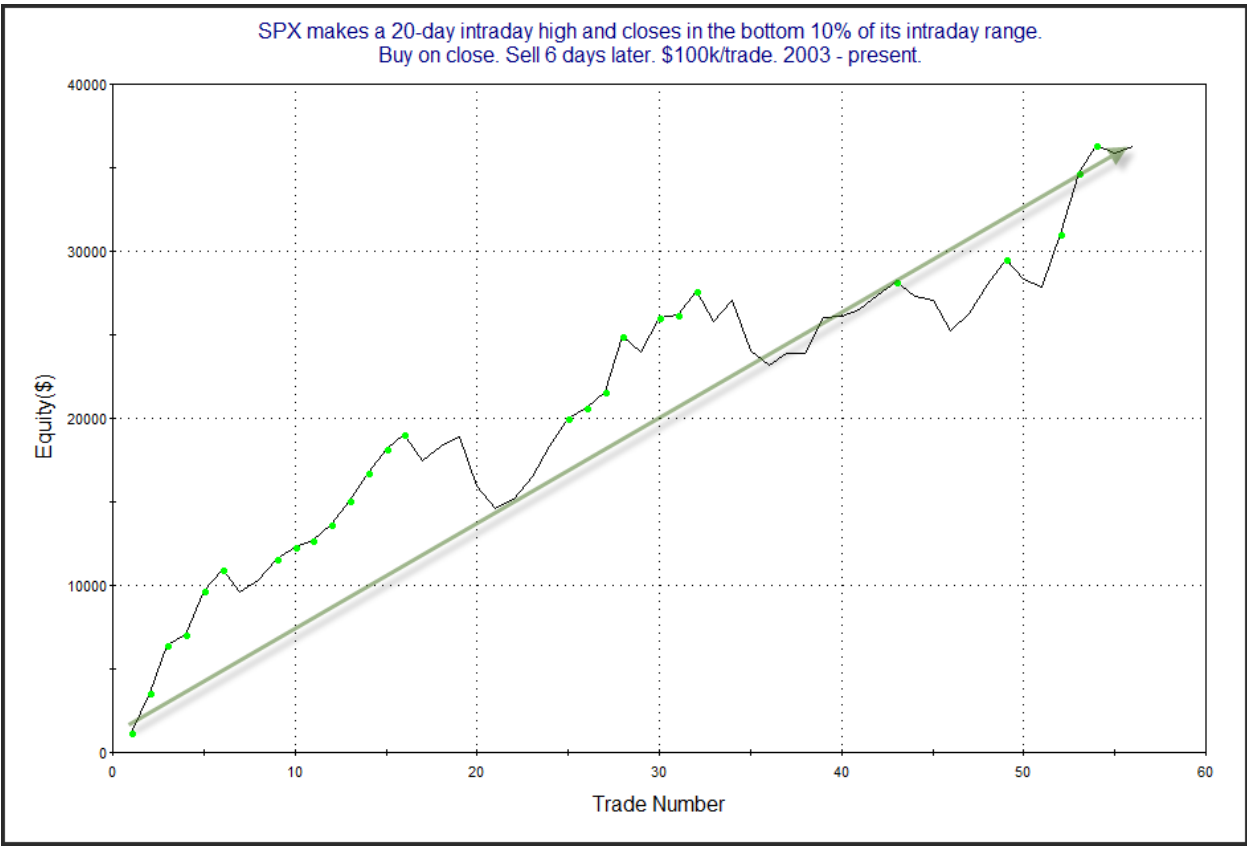
Wednesday started well, but could not hold onto pre-market gains and saw the indices close near their lows of the day. The SPX lost 0.2%, the NASDAQ declined 0.1%, and the Russell 2000 dropped 0.7%. Breadth was negative with the NYSE Up Issues % coming in at 47% and the Up Volume % at 42%. NYSE total volume declined some from Tuesday's level.

Before the afternoon decline, the SPX managed to make a new 20-day intraday high. The new high followed by a poor and downward close triggered the study below, which was last seen in the 4/29/21 subscriber letter. Results are all updated.

SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range. Buy on close. Sell X days later. \$100k/trade. 2003 - 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	46,096.61	53	39	14	73.58	4,119.18	-3,210.80	1,746.31	-1,572.11	1.11	3.09	869.75
9	45,544.14	53	39	14	73.58	3,613.36	-3,775.10	1,693.42	-1,464.24	1.16	3.22	859.32
8	44,551.02	54	41	13	75.93	4,483.84	-3,803.24	1,646.06	-1,764.42	0.93	2.94	825.02
7	37,609.46	55	42	13	76.36	3,761.94	-4,159.32	1,459.76	-1,823.12	0.80	2.59	683.81
6	36,298.35	56	41	15	73.21	3,703.30	-2,942.40	1,351.81	-1,275.05	1.06	2.90	648.18
5	25,149.17	56	38	18	67.86	4,377.84	-3,566.84	1,108.20	-942.35	1.18	2.48	449.09
4	17,024.57	58	37	21	63.79	5,024.25	-2,332.44	1,032.43	-1,008.34	1.02	1.80	293.53
3	14,162.80	58	36	22	62.07	3,368.93	-3,384.50	897.54	-824.94	1.09	1.78	244.19
2	15,320.67	58	33	25	56.90	3,288.48	-1,575.22	881.29	-550.47	1.60	2.11	264.15
1	10,088.42	59	38	21	64.41	2,588.08	-2,471.25	574.86	-559.81	1.03	1.86	170.99

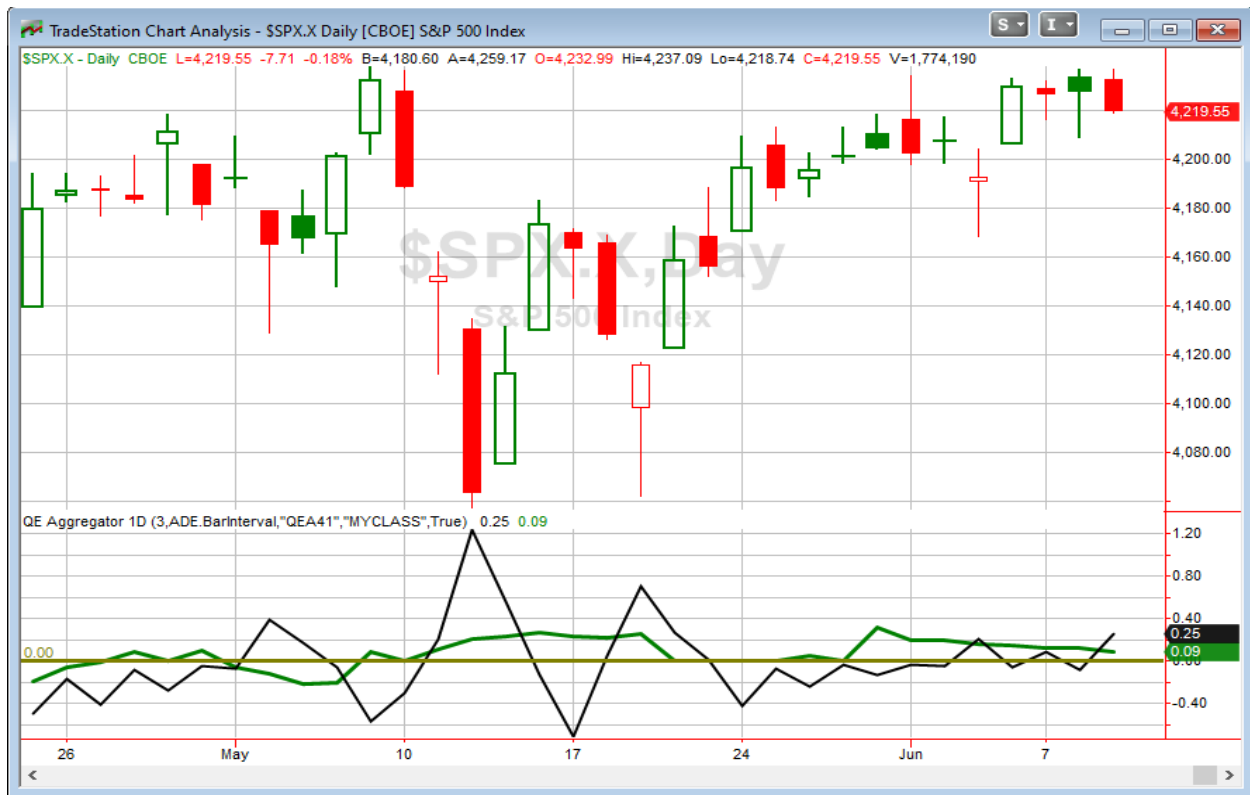
**56 of 59 instances (95%) closed above the entry price at some point in the next 5 days. The failures triggered on 12/30/04, 12/31/04, and 1/26/21.**

Results here seem to suggest an upside edge. Below is the profit curve for the 6-day holding period.



The curve shows a strong, persistent move from lower left to upper right. And with such a high percentage of instances close higher at some point, this study looks appealing. I have added it to the active list.

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 moved back 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 on above zero. Therefore, the Aggregator turned long 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 4245.19 on Thursday. That is 0.6% above Wednesday's close. Therefore, SPX would need to close up at least 0.6% on Thursday in order to move from oversold to overbought vs recent expectations.

So the Aggregator is bullish, tonight's evidence suggests a good chance at a bounce in the next few days, and there is some room to the upside before the market would flip from oversold to overbought. Overall, this suggests a decent reward/risk setup. I believe there is an upside edge, and I will look to start with a small long position on Thursday if I can get a favorable fill. I am going to keep exposure light for the time being since the pullback is still just one day, and is very mild. I would rather be buying below the 10ma. But I like the evidence and setup enough that I'm willing to take on some long exposure.

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

The intermediate-term outlook was last updated in the 6/7/21 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 – buy ¼ index position @ \$421.65 LIMIT.** Based on the short-term outlook above, I will look to start scaling into a long SPY position if I can get filled at Wednesday’s closing price or better.

**Current Open Trade Ideas**

**None.**

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