

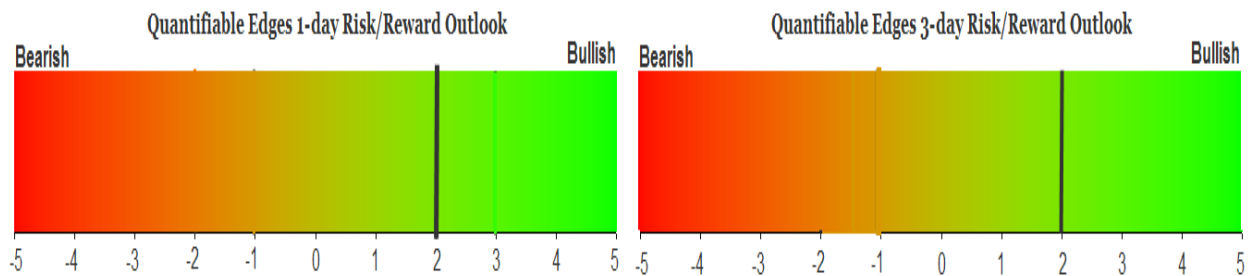
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 11, 2021

Volume 14 Issue 111

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The low volume on the breakout is a bullish sign for follow through over the next few days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator stayed bullish. There still appears to be 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 11, 2021	Low volume breakout to 50-high	1-5 days	Bullish	1.50%	-1.00%	-1.90%
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%
<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 4, 2021	1st 5-low in 10 days. Close > 10ma	1-5 days	Bullish	1.50%	-1.10%	-2.20%

***The Evidence***

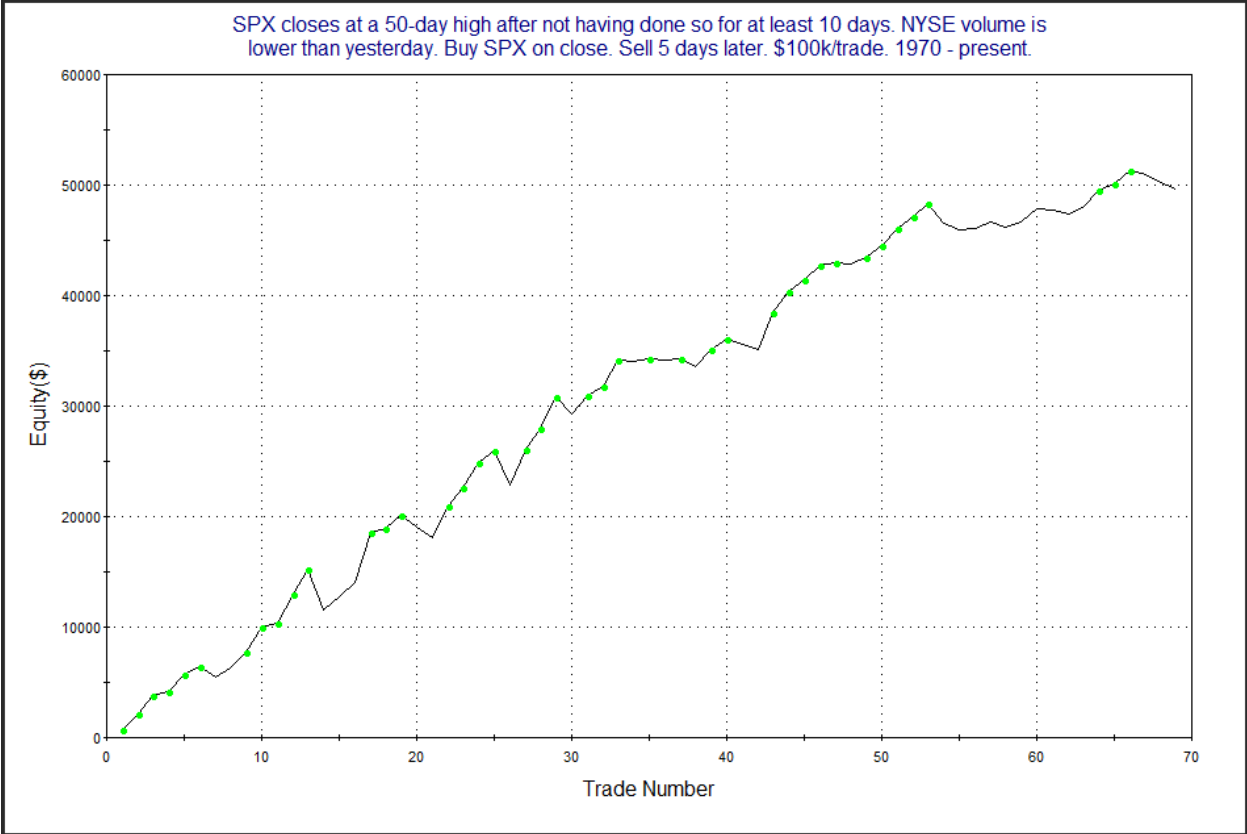
A high inflation reading was followed mostly positive results, including an all-time high close for SPX. The SPX closed up 0.5%, the NASDAQ rose 0.8%, and the Russell 2000 dropped 0.7%. Breadth was mixed with the NYSE Up Issues % coming in at 53% and the Up Volume % at 46%. NYSE total volume declined some from Wednesday's level.

The SPX closed at a new all-time high for the 1<sup>st</sup> time since May 7<sup>th</sup>. SPX breakout days often give clues as to whether we are likely to see additional follow through. Thursday's volume is encouraging. For a breakout to have a good chance of success you generally want volume to come in either 1) lower than the day before (like Thursday), or 2) extremely high. Moderate but increasing volume is the worst scenario. To see why I say this, take a look at the 3 studies below, which were last seen in the 3/12/21 letter. The first one examines new breakouts like Thursday's, that occur on declining volume.

SPX closes at a 50-day high after not having done so for at least 10 days. NYSE volume is lower than yesterday. Buy SPX on close. Sell X days later. \$100k/trade. 1970 - 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
20	51,750.15	65	39	26	60.00	11,088.84	-8,157.10	2,675.91	-2,023.48	1.32	1.98	796.16
19	47,939.22	66	40	26	60.61	9,628.99	-9,056.82	2,494.27	-1,993.53	1.25	1.92	726.35
18	48,779.51	66	43	23	65.15	11,076.80	-9,094.80	2,373.50	-2,316.57	1.02	1.92	739.08
17	46,042.80	66	43	23	65.15	10,017.28	-8,682.96	2,353.77	-2,398.66	0.98	1.83	697.62
16	54,352.23	66	44	22	66.67	10,944.36	-9,243.81	2,434.82	-2,399.09	1.01	2.03	823.52
15	49,371.68	66	46	20	69.70	8,357.91	-9,354.92	2,206.60	-2,606.59	0.85	1.95	748.06
14	53,194.57	68	49	19	72.06	9,189.84	-6,525.68	2,010.06	-2,384.13	0.84	2.17	782.27
13	51,817.96	69	47	22	68.12	7,920.66	-5,160.09	1,980.36	-1,875.42	1.06	2.26	750.98
12	35,294.66	69	41	28	59.42	5,996.75	-4,539.14	1,955.98	-1,603.60	1.22	1.79	511.52
11	29,252.92	69	39	30	56.52	5,809.60	-6,029.07	1,907.05	-1,504.06	1.27	1.65	423.96
10	24,629.39	69	37	32	53.62	5,960.00	-4,324.52	1,849.00	-1,368.24	1.35	1.56	356.95
9	28,922.90	69	44	25	63.77	5,147.20	-5,812.26	1,543.15	-1,559.02	0.99	1.74	419.17
8	33,587.96	69	47	22	68.12	5,096.00	-4,186.55	1,395.67	-1,454.94	0.96	2.05	486.78
7	37,980.45	69	47	22	68.12	4,655.00	-3,211.35	1,286.51	-1,022.07	1.26	2.69	550.44
6	49,383.63	69	47	22	68.12	5,002.50	-3,563.65	1,396.56	-738.85	1.89	4.04	715.70
5	49,601.71	69	49	20	71.01	4,482.50	-3,693.73	1,382.62	-907.34	1.52	3.73	718.87
4	33,384.90	69	48	21	69.57	4,440.00	-2,913.85	1,109.16	-945.47	1.17	2.68	483.84
3	31,920.44	69	45	24	65.22	3,950.00	-1,802.37	1,070.88	-677.88	1.58	2.96	462.62
2	21,863.59	69	47	22	68.12	2,212.98	-1,912.60	757.56	-624.62	1.21	2.59	316.86
1	8,130.48	69	44	25	63.77	1,384.02	-1,921.32	442.69	-453.91	0.98	1.72	117.83

Numbers here appear pretty solid over the next 5 days. Beyond that there has not really been any follow through. So the breakout here does not appear to be a great intermediate-term signal. Below is a look at a 5-day profit curve.



The move from lower left to upper right is encouraging, and suggests Friday's breakout is likely to see additional follow through this upcoming week. Next, let's look at times where there was extremely strong volume (20-day high volume).

SPX closes at a 50-day high after not having done so for at least 10 days. NYSE volume the highest in 20 days. Buy SPX on close. Sell X days later. \$100k/trade. 1970 - 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
20	13,031.24	41	22	19	53.66	8,953.20	-8,308.32	3,632.58	-3,520.30	1.03	1.19	317.84
19	9,552.80	41	23	18	56.10	8,942.40	-7,980.00	3,409.41	-3,825.76	0.89	1.14	233.00
18	20,487.18	41	23	18	56.10	9,613.50	-7,323.36	3,674.90	-3,557.53	1.03	1.32	499.69
17	14,495.33	41	24	17	58.54	9,069.84	-8,144.90	3,274.62	-3,770.32	0.87	1.23	353.54
16	20,007.40	41	23	18	56.10	8,048.82	-8,109.35	3,530.65	-3,399.87	1.04	1.33	487.99
15	13,894.74	41	23	18	56.10	7,668.00	-8,358.20	3,424.99	-3,604.45	0.95	1.21	338.90
14	16,279.91	41	23	18	56.10	8,128.38	-8,338.45	3,302.74	-3,315.73	1.00	1.27	397.07
13	23,912.30	41	24	17	58.54	7,478.64	-8,251.55	3,054.35	-2,905.42	1.05	1.48	583.23
12	20,404.52	41	23	18	56.10	7,352.31	-8,757.15	2,796.65	-2,439.91	1.15	1.46	497.67
11	26,835.40	41	26	15	63.41	6,782.40	-6,975.70	2,514.89	-2,570.12	0.98	1.70	654.52
10	30,154.41	41	24	17	58.54	6,199.20	-3,730.08	2,487.82	-1,738.42	1.43	2.02	735.47
9	27,719.41	41	24	16	58.54	6,418.16	-3,113.22	2,272.85	-1,676.82	1.36	2.03	676.08
8	29,414.70	41	24	17	58.54	6,220.34	-2,943.34	2,245.80	-1,440.27	1.56	2.20	717.43
7	30,234.26	41	25	16	60.98	5,264.21	-2,946.00	2,017.12	-1,262.11	1.60	2.50	737.42
6	33,027.27	41	28	13	68.29	4,695.76	-3,093.30	1,753.17	-1,235.50	1.42	3.06	805.54
5	29,294.27	41	26	15	63.41	4,771.60	-2,562.72	1,655.48	-916.55	1.81	3.13	714.49
4	20,358.72	41	26	15	63.41	3,165.12	-1,948.21	1,266.35	-837.76	1.51	2.62	496.55
3	17,058.61	41	26	15	63.41	2,989.36	-2,188.15	1,086.30	-745.67	1.46	2.53	416.06
2	27,121.51	41	27	13	65.85	3,813.53	-1,259.60	1,181.81	-368.26	3.21	6.67	661.50
1	15,065.40	41	29	12	70.73	2,755.52	-1,292.50	648.11	-310.81	2.09	5.04	367.45

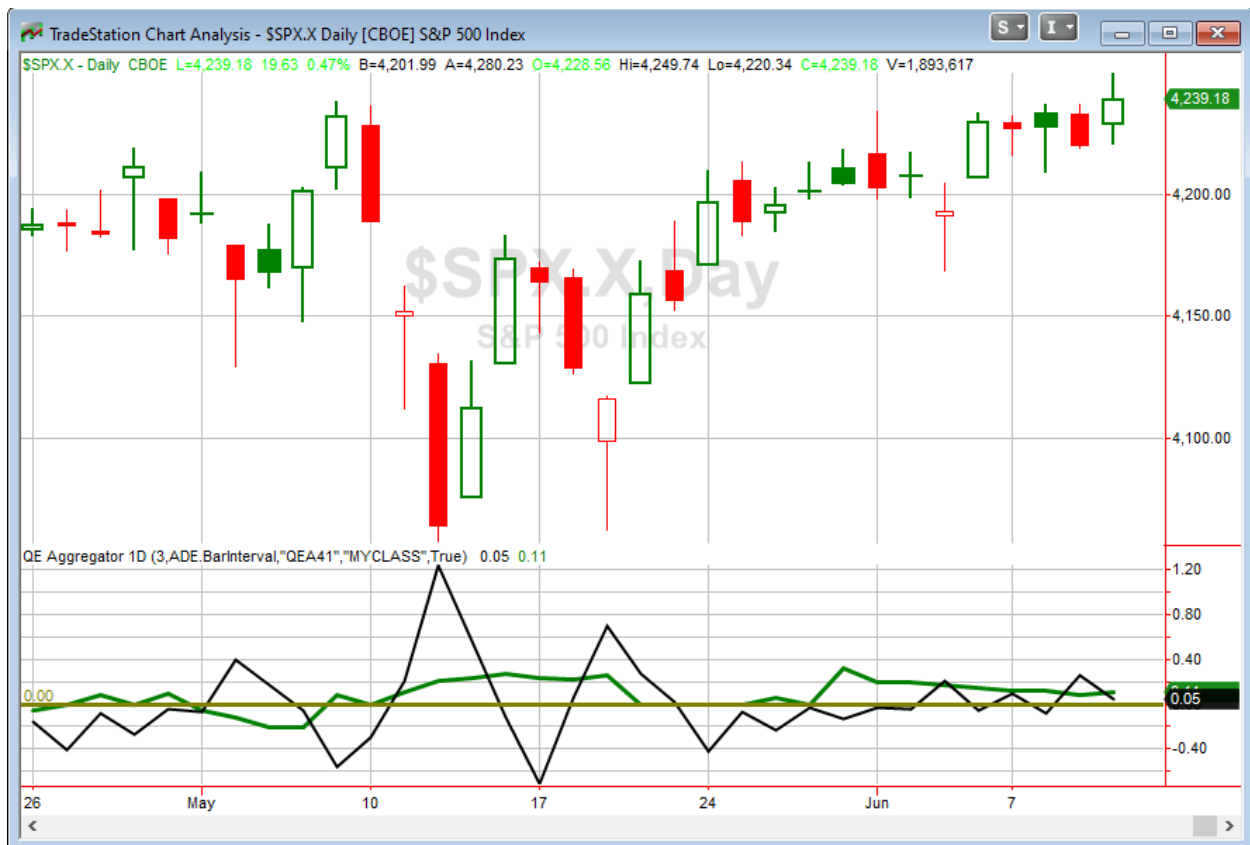
Numbers here are quite similar, with the first week getting solid follow-through buying once again. Next, let's look at rising but moderate volume.

SPX closes at a 50-day high after not having done so for at least 10 days. NYSE volume is higher than yesterday but < 20-day high. Buy SPX on close. Sell X days later. \$100k/trade. 1970 - 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
20	1,934.98	103	51	52	49.51	13,401.70	-11,541.15	3,252.65	-3,152.88	1.03	1.01	18.79
19	15,045.39	103	54	49	52.43	9,135.36	-11,854.89	3,067.77	-3,073.76	1.00	1.10	146.07
18	16,483.11	104	57	47	54.81	9,503.00	-10,293.66	2,879.69	-3,141.69	0.92	1.11	158.49
17	11,596.72	104	57	47	54.81	9,962.68	-9,419.67	2,774.33	-3,117.88	0.89	1.08	111.51
16	2,447.58	106	58	48	54.72	8,910.72	-11,033.63	2,611.91	-3,105.07	0.84	1.02	23.09
15	9,420.92	106	57	49	53.77	8,150.48	-10,321.97	2,528.91	-2,749.53	0.92	1.07	88.88
14	-2,637.16	106	59	47	55.66	7,702.40	-10,120.46	2,304.64	-2,949.17	0.78	0.98	-24.88
13	-4,357.10	106	56	50	52.83	7,911.80	-9,725.34	2,292.09	-2,654.29	0.86	0.97	-41.10
12	-5,914.02	107	58	49	54.21	10,197.98	-9,869.02	2,139.29	-2,652.92	0.81	0.95	-55.27
11	3,226.82	107	57	50	53.27	10,380.37	-9,482.88	2,185.85	-2,427.34	0.90	1.03	30.16
10	-2,621.51	107	55	52	51.40	10,515.18	-8,683.66	2,091.17	-2,262.23	0.92	0.98	-24.50
9	2,598.16	107	53	54	49.53	8,413.73	-6,878.68	2,072.62	-1,986.12	1.04	1.02	24.28
8	-2,978.62	107	59	48	55.14	8,532.68	-7,076.24	1,641.96	-2,080.30	0.79	0.97	-27.84
7	14,486.34	107	58	49	54.21	6,337.26	-7,255.84	1,687.77	-1,702.12	0.99	1.17	135.39
6	10,793.68	107	60	47	56.07	6,819.80	-7,103.18	1,459.89	-1,634.03	0.89	1.14	100.88
5	5,454.73	107	53	54	49.53	8,516.82	-6,088.44	1,498.52	-1,369.76	1.09	1.07	50.98
4	-1,463.54	107	59	48	55.14	6,716.71	-5,585.56	1,206.91	-1,513.98	0.80	0.98	-13.68
3	9,471.04	107	62	45	57.94	6,740.50	-5,361.06	1,098.07	-1,302.44	0.84	1.16	88.51
2	3,708.43	107	63	44	58.88	4,028.44	-4,276.16	761.68	-1,006.31	0.76	1.08	34.66
1	9,930.76	107	61	46	57.01	2,731.56	-2,722.61	507.36	-456.92	1.11	1.47	92.81

This does not appear to suggest any edge over the next 1-4 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 held 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 stayed long at the close.

Based on the current active studies, expectations are slated to remain bullish on Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4244.07 on Friday. That is 0.1% above Thursday's close. Therefore, SPX would only need to close up 0.1% on Friday in order to move from oversold to overbought vs recent expectations.

So the Aggregator remains bullish. The breakout on Thursday looks like it could carry momentum for a few days more. And despite closing at an all-time high, SPX is still not overbought vs recent expectations. I took some index exposure on Thursday. If Friday closes up much, I will take profits on that position and look for a reset to get back in. There are a couple of other trade ideas in the trade ideas section further down.

**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**

New

ALL – 1/3 @ \$131.41 (buy @ limit)

**Broad Market Large Cap CBI – 1(ALL)**

**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.

**ALL – Buy 1/3 Catapult position @ \$131.41 LIMIT.** From the Catapult section above, this will be the 1<sup>st</sup> of 3 possible lots for ALL.

**VMC – Buy numbered system size position @ \$173.10 LIMIT.** VMC triggered 3 numbered systems: 80402, 110524, and 81119. And it has performed well based on all 3 of these individual setups. I'll look to enter on Friday, and then I will take profit on any close above the 10-day moving average.

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	6/10/2021	\$421.65	\$423.61	0.46%		<i>sell @ \$424.25 lmt on close</i>

*A solid close higher would turn SPY overbought and the Aggregator signal would no longer be bullish. So I'll be looking to sell at the close Friday if SPY finishes at \$424.25 or higher.*

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