

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 16, 2021

Volume 14 Issue 114

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- I am seeing mixed (neutral/bullish) results when looking at Fed Day based studies.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but the Fed Announcement is a wildcard for Wednesday that increases potential risk.

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 15, 2021	SPX up. Up vol < 40%	1-7 days	Bullish			
June 15, 2021	VIX up. SPX 50-high. Monday.	1-2 days	Bearish			
June 14, 2021	50-high breakout then inside day	1-5 days	Bullish	1.40%	-0.90%	-1.80%
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%
Active - Long Term						
June 14, 2021	NASDAQ leading	int term	Bullish			
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
June 14, 2021	SPX 20 high. VIX 20-low. Volume 10-lo	1 day	Bearish			

The Evidence

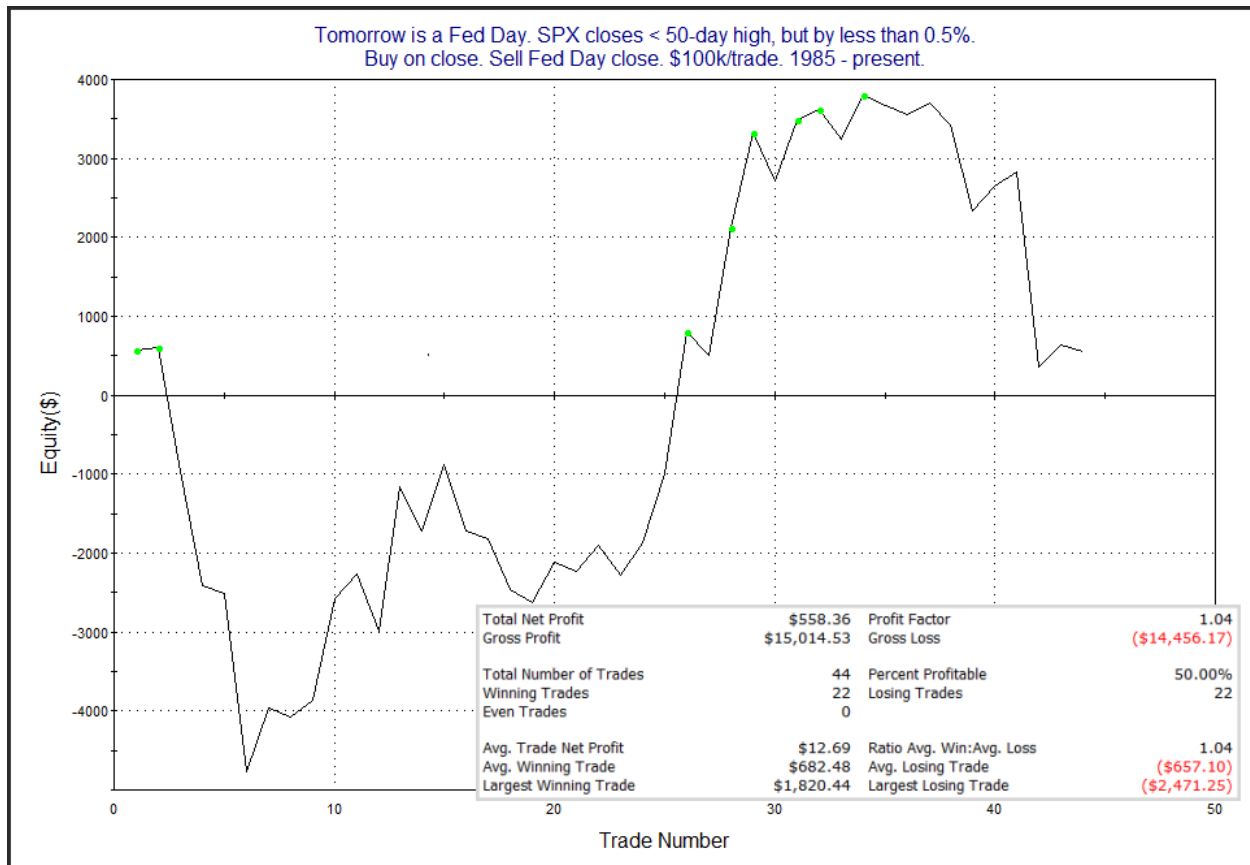
Tuesday saw the market pull back some ahead of the Fed announcement on Wednesday. The SPX closed down 0.2%, the NASDAQ lost 0.7%, and the Russell 2000 declined 0.3%. Breadth was negative with the NYSE Up Issues % coming in at 46% and the Up Volume % at 49%. NYSE total volume rose some from Monday's level.

In last night's letter I broke down the Fed Day edges based on where SPY closed within its intraday range. Tuesday it finished in the 25-50 quartile. Those stats can again be found below.

TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$13,579.05	Profit Factor	2.18
Gross Profit	\$25,075.32	Gross Loss	(\$11,496.27)
Total Number of Trades	45	Percent Profitable	66.67%
Winning Trades	30	Losing Trades	15
Even Trades	0		
Avg. Trade Net Profit	\$301.76	Ratio Avg. Win:Avg. Loss	1.09
Avg. Winning Trade	\$835.84	Avg. Losing Trade	(\$766.42)
Largest Winning Trade	\$2,943.00	Largest Losing Trade	(\$2,066.62)

These numbers are favorable and suggest an upside edge for Wednesday.

But the down close still left SPX just barely below its 50-day closing high. The study below is from the 4/28/21 letter. It examines other times SPX closed near a new 50-day high just before a Fed Day.

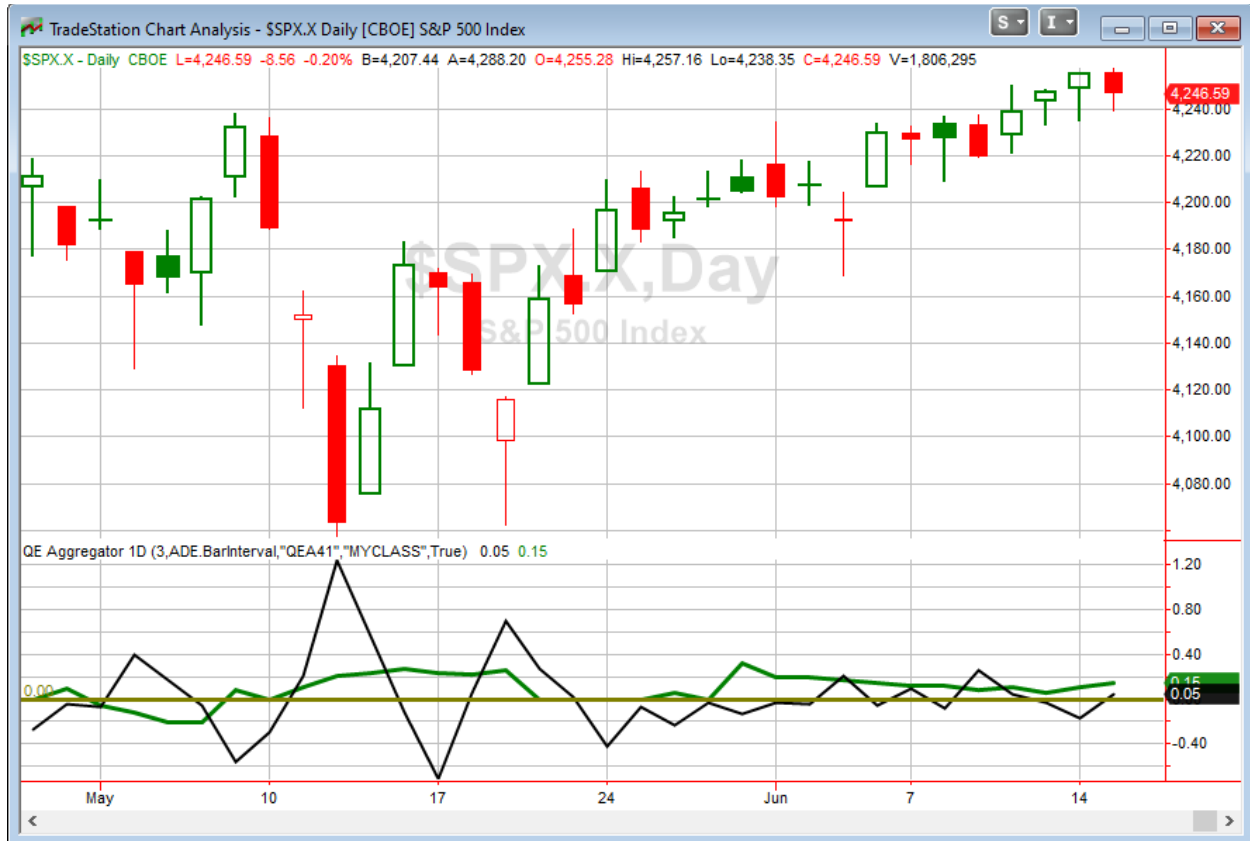


That profit curve is a winding road to nowhere. There does not appear to be a bullish Fed Day tendency based on this setup.

So the Fed Day message is conflicting. Personally, I think there is a good chance SPX will be higher at 2pm Eastern. After that...I don't know. A couple of years ago I did a blog post that the Fed Day edge was entirely thanks to the lead-up to the announcement. After the announcement, the results were random. [Here is a link to that study.](#)

My SPY trade idea from last night did not get filled. If I had taken a more aggressive entry, and been filled, then I would be looking to get out ahead of the 2pm announcement on Wednesday.

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



Tonight 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 turned long at the close.

Based on the current active studies, expectations are slated to remain bullish on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4258.74 on Wednesday. That is 0.3% above Tuesday's close. Therefore, SPX would need to close up about 0.3% on Wednesday in order to turn from oversold to overbought versus recent expectations.

So the Aggregator is bullish, but the Fed announcement is a huge wildcard. I won't be trading tomorrow in front of that. If it is followed by selling, then there is a good chance I'll be looking to get long on Thursday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/14 – somewhat bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ALL – 1/3 @ \$131.41 (bought @ 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.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
ALL(1/3)	6/15/2021	\$131.00	\$132.11	0.85%		Catapult

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