

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 25, 2021

Volume 14 Issue 121

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	2

## Tonight's Research Points

- The SPX breakout came after a very short basing period. A longer base would have suggested probable upside follow through, but this short of a base does not.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is still neutral. Me 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
<b>Active - Short Term</b>						
June 22, 2021	SPY unfill up frm 10 low, c < 10 > 200	1-4 days	Bullish	1.60%	-1.20%	-2.35%
June 21, 2021	Fri drop > 1.5x 20-day ATR	1-6 days	Bullish	2.50%	-1.80%	-3.95%
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
June 17, 2021	Fed today. SPX down 2.	1-6 days	Bullish			
<b>June 21, 2021</b>	<b>Down 4. Biggest drop today. &gt; 200</b>	<b>1-5 days</b>	<b>Bullish</b>			

**The Evidence**

Thursday saw the NASDAQ and SPX both make all-time highs. The SPX closed up 0.6%, the NASDAQ gained 0.7%, and the Russell 2000 rallied 1.3%. Breadth was positive with the NYSE Up Issues % coming in at 68% and the Up Volume % at 74%. NYSE total volume came in at the lightest level in a month.

The SPX posted a new all-time high on Thursday, after a short 7-day basing period. In the 9/29/17 letter I looked at breakouts from short bases like this vs breakouts from bases of at least 10 days. There is also a volume filter included in that study, because, as I have shown many times in the past, breakouts on lower volume tend to see better follow-through than breakouts on rising volume (unless the volume is extremely strong). I have updated the study below.

SPX closes at a 50-day high after not doing for at least 5 days (but less than 10 days). NYSE volume declines. Buy on close. Sell X days later. \$100k/trade. 1996 - 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	-3,525.22	45	21	24	46.67	3,687.06	-5,401.92	1,244.78	-1,236.07	1.01	0.88	-78.34
4	-1,548.48	45	24	21	53.33	3,349.50	-3,131.26	894.19	-1,095.67	0.82	0.93	-34.41
3	-1,266.41	45	24	21	53.33	3,803.64	-3,899.88	857.74	-1,040.58	0.82	0.94	-28.14
2	2,337.36	45	28	17	62.22	1,681.25	-2,752.74	601.49	-853.20	0.70	1.16	51.94
1	793.33	45	28	17	62.22	1,415.70	-1,741.06	390.55	-596.60	0.65	1.08	17.63

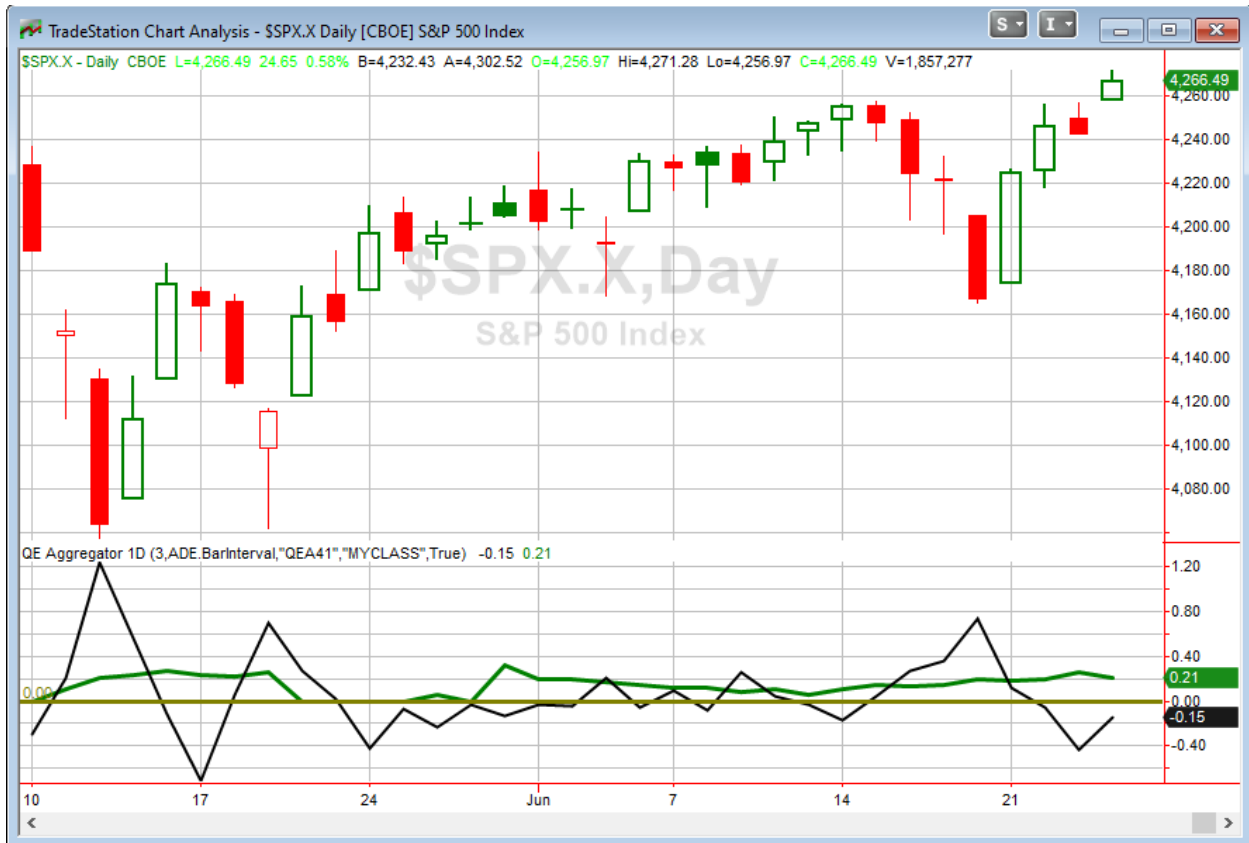
Stats for these kind of breakouts are basically breakeven over the following week. Now let's look at longer bases.

SPX closes at a 50-day high after not doing for at least 10 days. NYSE volume declines. Buy on close. Sell X days later. \$100k/trade. 1996 - 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	49,203.35	70	49	21	70.00	4,482.50	-3,693.73	1,382.62	-883.10	1.57	3.65	702.90
4	33,028.87	70	48	22	68.57	4,440.00	-2,913.85	1,109.16	-918.68	1.21	2.63	471.84
3	32,090.87	70	46	24	65.71	3,950.00	-1,802.37	1,051.31	-677.88	1.55	2.97	458.44
2	22,230.90	70	48	22	68.57	2,212.98	-1,912.60	749.43	-624.62	1.20	2.62	317.58
1	8,320.46	70	45	25	64.29	1,384.02	-1,921.32	437.07	-453.91	0.96	1.73	118.86

The numbers here are substantially better.

So in a situation like we have tonight, with a short base, there does not appear to be a compelling edge. Additionally, I am not seeing any other compelling evidence based on Thursday's action. So no new studies will be added to the active list tonight.

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



Without any new studies being added 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 remained 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 stayed flat at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Friday. This could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4271.48 on Friday. That is 0.1% *above* Thursday'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 close up at little over 0.1% in order to remain overbought vs expectations. Anything shy of that and it will be considered oversold as of Friday's close.

The situation is very similar to last night. The Aggregator is again neutral. Evidence is becoming more scant, and the Differential Pivot is inverted. I don't see an edge worth trying to trade right here. The way things are setting up we could easily see a bullish Aggregator as early as tomorrow. I'm not inclined to jump the gun on anything. Instead, I will wait to see how Friday unfolds and what new evidence arises before considering taking on any new index positions.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 6/21 – somewhat bullish***

The intermediate-term outlook was last updated in the 6/21/21 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***

ALL – 1/3 @ \$131.41 (bought @ limit)

*New*

BIIB – 1/3 @ \$349.16 (buy @ Limit)

***Broad Market Large Cap CBI – 2(ALL, BIIB)***

### 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.

**BIIB - Buy 1/3 Catapult position @ \$349.16 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 potential lots of BIIB.

### Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
ALL(1/3)	6/15/2021	\$131.00	\$128.93	-1.58%		Catapult

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.