

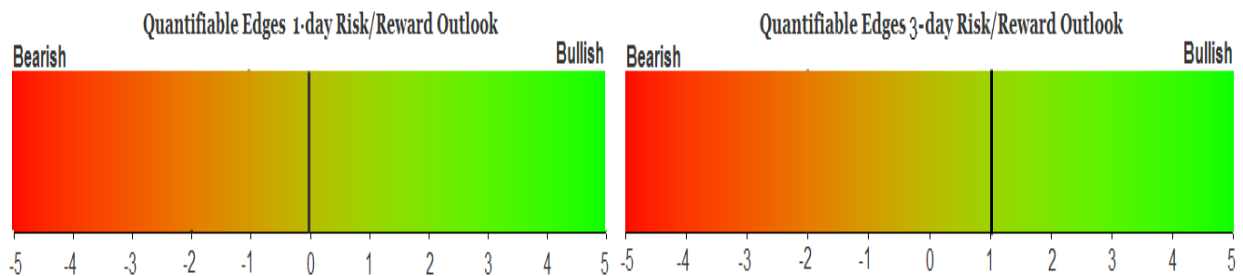
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 30, 2021

Volume 14 Issue 124

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	3

## Tonight's Research Points

- A 20-day SPX high on 20-day light volume is often followed by a dip the next day.
- The last hour of the quarter frequently sees selling – especially for smallcaps.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish, but the signal is quite weak. So I will only look to buy if Wednesday sees afternoon selling.

*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 30, 2021	SPX 20-high. NYSE volume 20-low	1 day	Bearish			
June 29, 2021	Fed today. SPX down 2.	1-7 days	Bullish	1.80%	-1.10%	-2.20%
June 29, 2021	VIX up. SPX 50-high. Monday.	1-2 days	Bearish			
<b>Active - Long Term</b>						
June 28, 2021	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.80%
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			

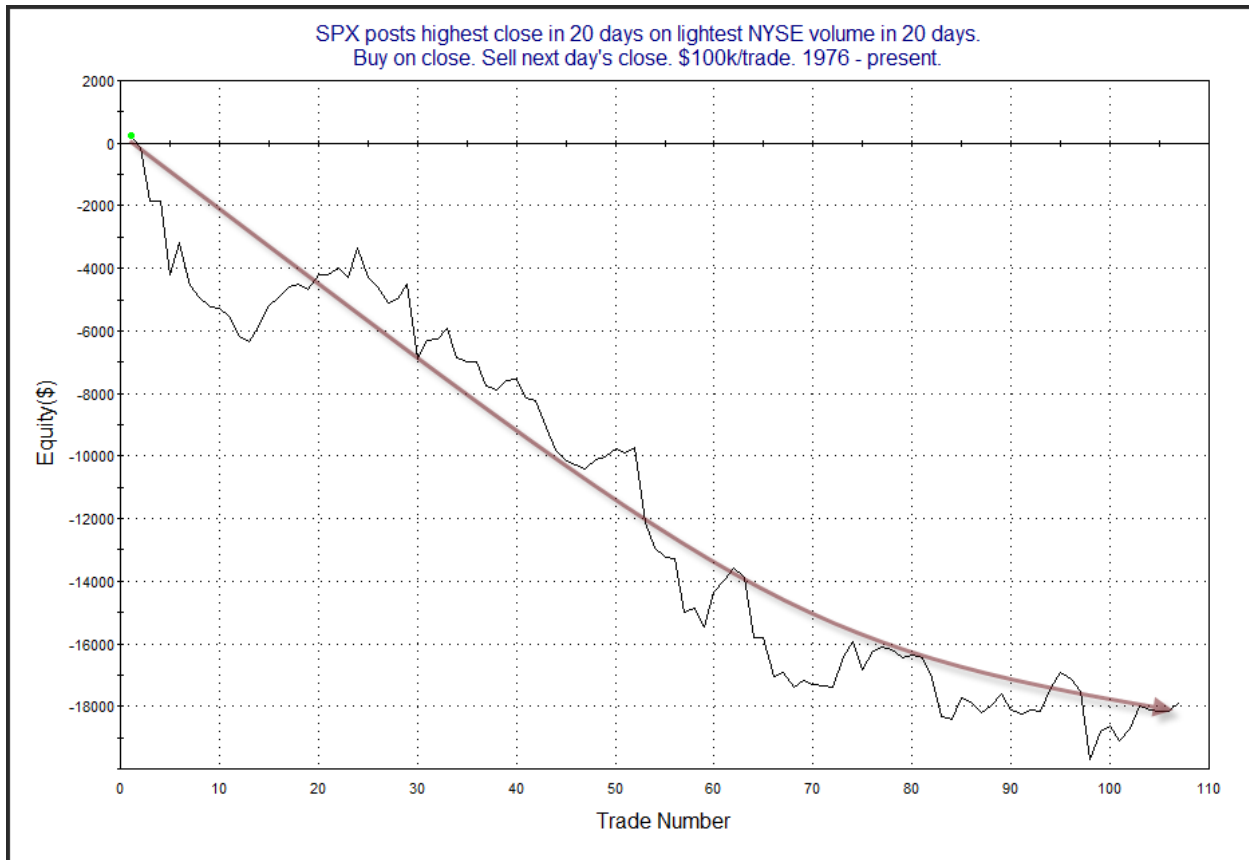
***The Evidence***

The market did not get very far on Tuesday. The SPX closed up 0.03%, the NASDAQ gained 0.2%, and the Russell 2000 declined 0.6%. Breadth was negative with the NYSE Up Issues % coming in at 44% and the Up Volume % at 36%. NYSE total volume came in at the lowest level in a long while.

The study below is one that examines low volume on days SPX closed at a high level. It was from the 7/25/16 letter. I have updated the results.

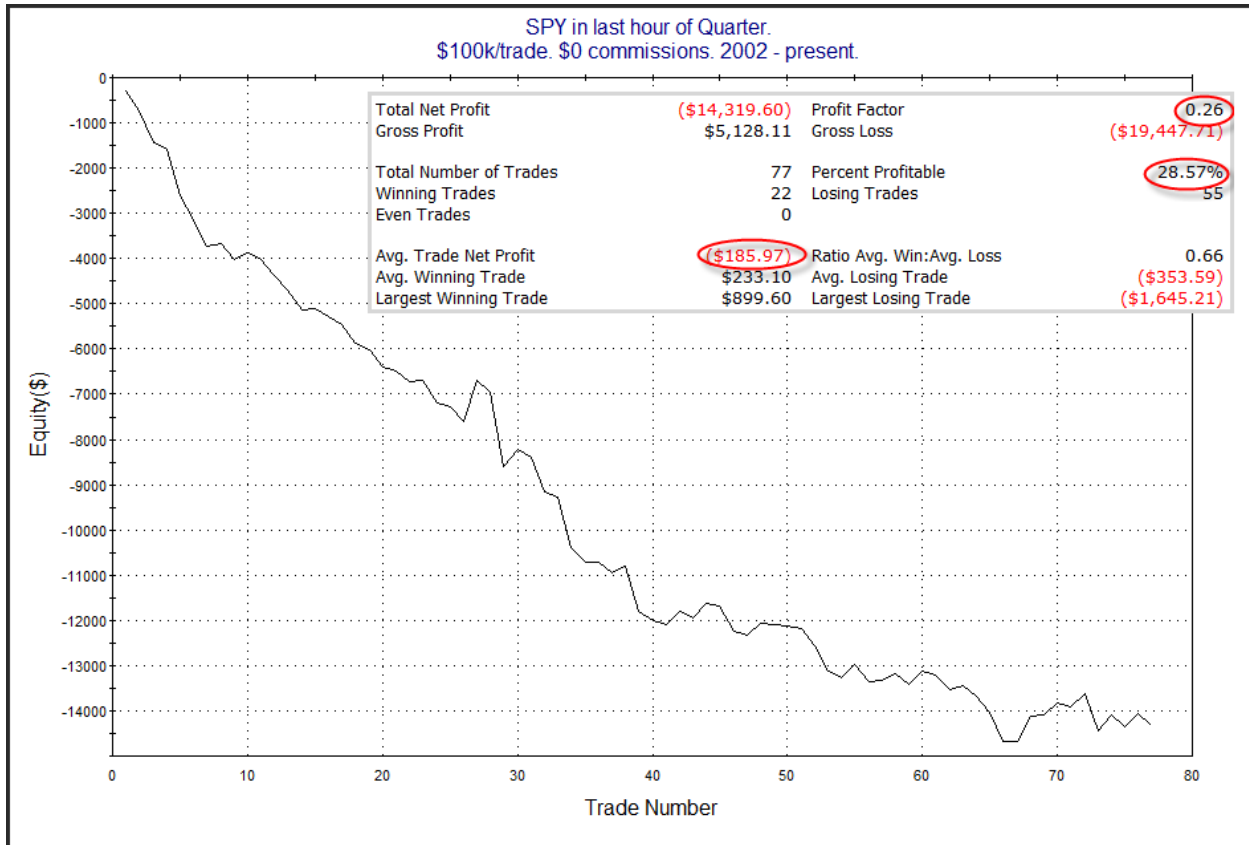
SPX posts highest close in 20 days on lightest NYSE volume in 20 days. Buy on close. Sell next day's close. \$100k/trade. 1976 - present.			
TradeStation Performance Summary			Expand ▾
All Trades			
Total Net Profit	(\$17,851.42)	Profit Factor	0.49
Gross Profit	\$17,216.12	Gross Loss	(\$35,067.54)
Total Number of Trades	107	Percent Profitable	42.06%
Winning Trades	45	Losing Trades	62
Even Trades	0		
Avg. Trade Net Profit	(\$166.84)	Ratio Avg. Win:Avg. Loss	0.68
Avg. Winning Trade	\$382.58	Avg. Losing Trade	(\$565.61)
Largest Winning Trade	\$1,111.50	Largest Losing Trade	(\$2,378.78)

The numbers here appear solidly bearish. The 1-day profit curve is appealing, and can be seen below.



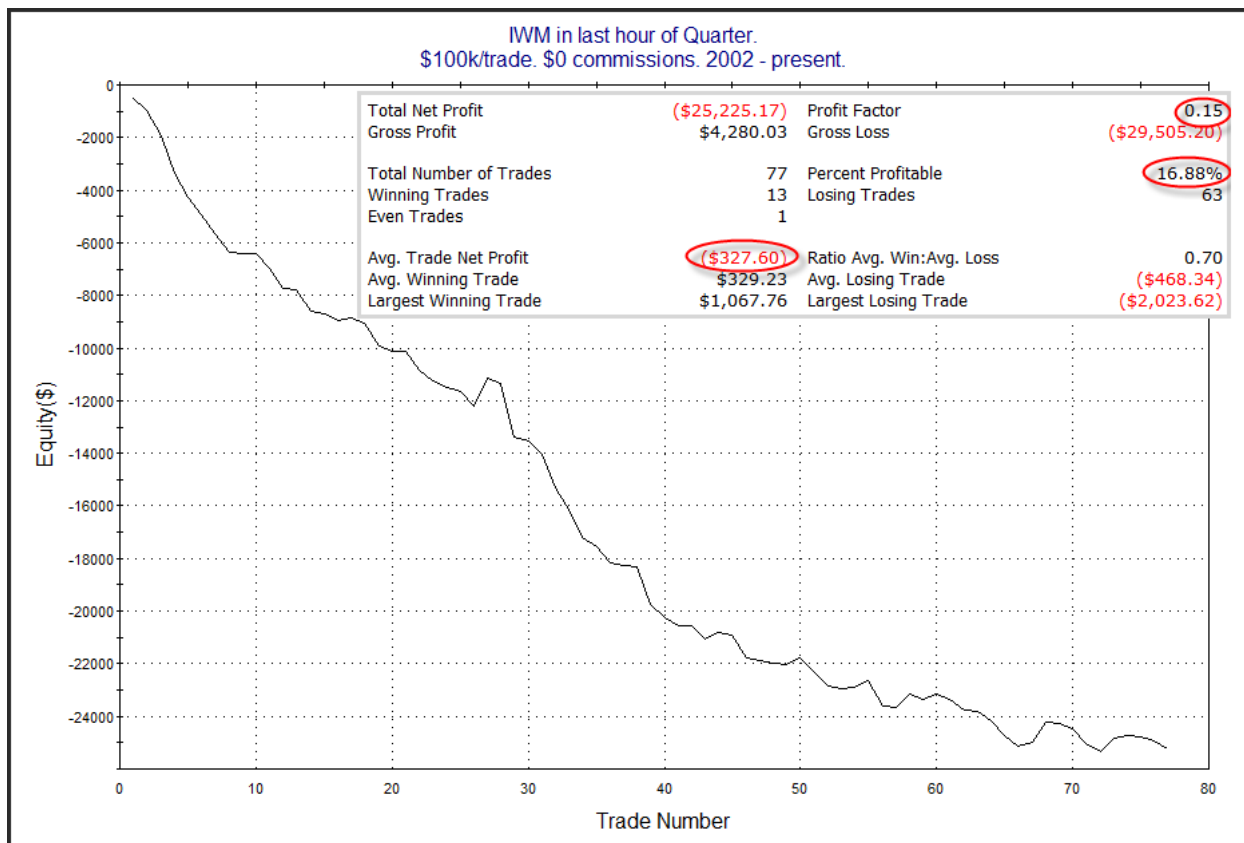
The downslope has persisted for a long time. I have added this study to the Active List tonight. So that is one reason to expect we may see some downside action on Wednesday.

The next study, from the 9/30/19 letter shows that the last day of the quarter has actually shown a strong downside edge over the years during the final hour of trading.



The curve has flattened out some lately, but it still seems to suggest a decent chance of afternoon selling on Wednesday as we approach the close.

It is also notable that smallcaps have done even worse than largecaps at the end of quarters. Here is the same study using IWM.



Agile traders could consider looking to take advantage of this edge with some last-hour adjustments. I will also note for those that are curious that the June numbers were in line with the larger sample. For IWM, end of September since 2002 has gone 4-14-1 in the last hour.

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



With tonight's evidence considered, the green Aggregator Line remained just barely above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also inched slightly 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 list of active studies, expectations are slated to remain bullish on Wednesday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4300.99 on Wednesday. That is 0.2% above Tuesday's close. So SPX will need to close up at least 0.2% in order to flip to "overbought" vs recent expectations.

So we have a bullish Aggregator, but it is just about as weak of a signal as is possible. Both lines are almost right at zero. Evidence is mixed, with much of what we are seeing tonight pointing at a price decline on Wednesday. Now if that decline happens, then we will likely see a more favorable setup for the bulls. I've shown many times in the past that a weak close to the month has led to a positive 1<sup>st</sup> day of month a very high percentage of the time. So a last hour dip to end the quarter could set us up nicely for Thursday. And if you recall from this weekend's letter, the SPX Seasonality Calendar is showing the 1<sup>st</sup> and 2<sup>nd</sup> as the 2 strongest seasonal days in July. Therefore, if the dip arrives on Wednesday and the market closes poorly, then I'll be looking to get long.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 6/28 – 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***

BIIB – 1/3 @ \$349.16 (bought @ Limit)

BIIB – 1/3 @ \$347.93 (bought @ Limit)

BIIB – 1/3 @ \$340.27 (buy @ Limit)

***Broad Market Large Cap CBI – 3(BIIB-3)***

**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 @ \$427.00 LIMIT ON CLOSE is SPY closes in the bottom 50% of its intraday range.** From the short-term outlook above, I will look to take advantage of the bullish Aggregator and early July seasonality if Wednesday afternoon there is selling that presents a buying opportunity.

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
BIIB(1/3)	6/25/2021	\$348.67	\$345.72	-0.85%		Catapult
BIIB(1/3)	6/28/2021	\$343.00	\$345.72	0.79%		Catapult
BIIB(1/3)	6/29/2021	\$338.87	\$345.72	2.02%		Catapult

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