

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 13, 2022

Volume 15 Issue 70

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The gap up, rally, and then reverse down to a new low suggest a short-term bullish edge, based on a few different looks.
- Holy Thursday tends to be bullish, especially over the last 24 years.

Short-term Outlook

The Bottom Line

The Aggregator is still bullish. I like the long side, and reward/risk appears better than the last couple of days.

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						
April 13, 2022	Gap up > 0.5%, down close, < 200ma	1-2 days	Bullish			
April 13, 2022	Gap up, go up, then reverse to 10-low	1-2 days	Bullish			
Active - Long Term						
April 12, 2022	QQQ 5 lower lows, today the largest	1-20 days	Bullish	10.05%	-4.40%	-7.60%
April 6, 2022	3 1% down days in 10 days > 200	1-20 days	Bullish	4.20%	-3.50%	-8.50%
April 4, 2022	QQQ 1st 5 low in 10 days < 200ma	1-10 days	Bullish	3.40%	-1.70%	-3.50%
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
April 12, 2022	2 down < 200ma. Today is Monday	1 day	Bullish			
April 11, 2022	April Opex Week Bullish	1-2 days	Bullish			
April 6, 2022	Big down. Bad Breadth. 4-day low > 200	1-5 days	Bullish	2.30%	-2.00%	-4.50%

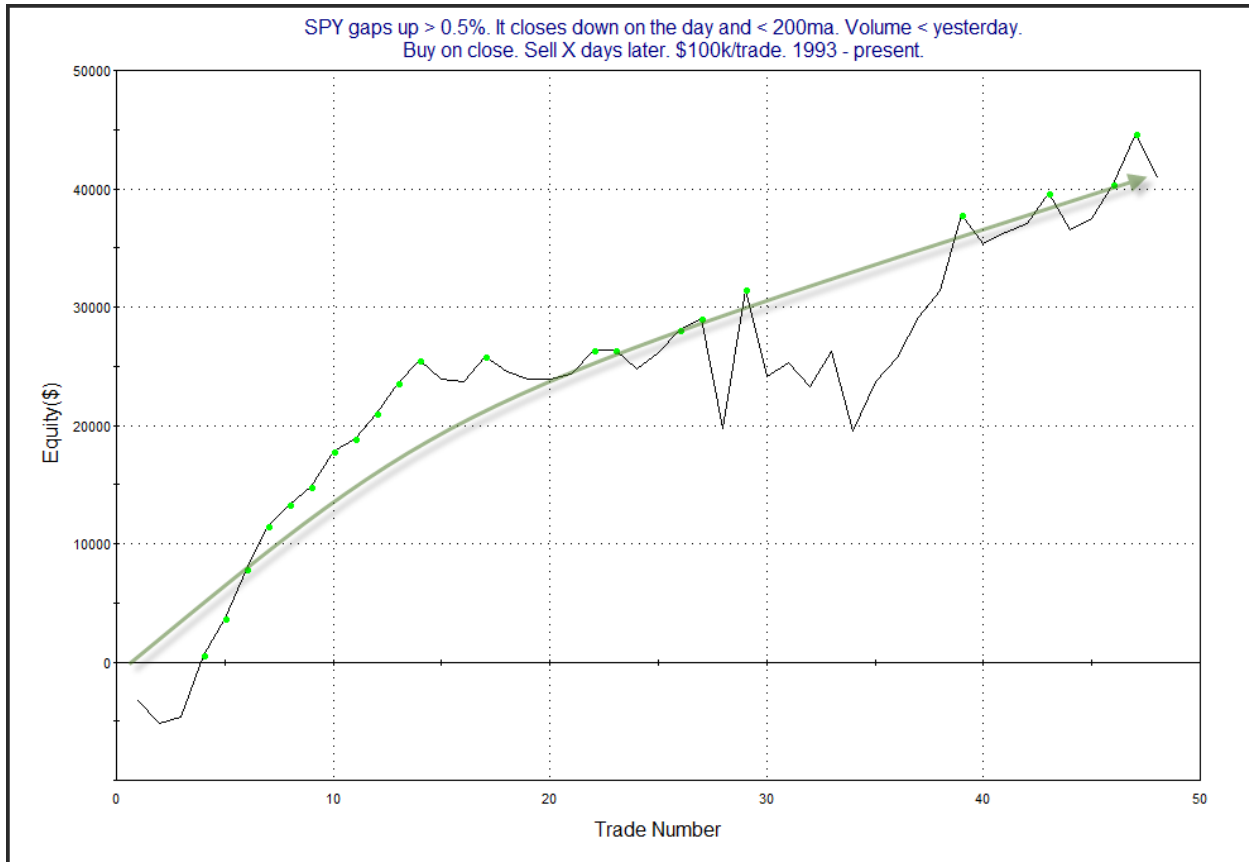
The Evidence

Tuesday started strong but the rally died ran out of gas after 30 minutes. The market then reversed hard and finished mixed on the day. The SPX dropped 0.3%, the NASDAQ also lost 0.3%, and the Russell 2000 rose 0.3%. Breadth was mixed with the NYSE Up Issues % coming in at 50.2% and the Up Volume % at 43%. NYSE total volume declined some from Monday's level.

Price action brought about a few interesting studies. The one below looked at the gap up and reversal in SPY. Last seen in the 3/4/22 letter, I have updated the results.

SPY gaps up > 0.5%. It closes down on the day and < 200ma. Volume < yesterday. Buy on close. Sell X days later. \$100k/trade. 1993 - 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	27,528.37	45	28	17	62.22	5,876.56	-9,016.04	2,943.61	-3,228.98	0.91	1.50	611.74
4	30,775.32	45	30	15	66.67	6,060.50	-8,130.08	2,526.42	-3,001.15	0.84	1.68	683.90
3	17,785.24	47	30	17	63.83	7,186.58	-11,518.47	2,333.67	-3,072.05	0.76	1.34	378.41
2	40,913.93	48	34	14	70.83	11,736.30	-9,320.67	2,530.59	-3,223.29	0.79	1.91	852.37
1	8,214.48	49	29	20	59.18	4,803.44	-7,436.23	1,545.15	-1,829.74	0.84	1.22	167.64

Numbers here look strong over the first 1-2 days. Below is a look at the 2-day profit curve.



There is a good bit of chop in this curve, but the dips have recovered fairly quickly, and it has continued to make new highs. I have included this on the Active List tonight.

Another study that triggered tonight was from back in the 1/28/22 letter. It also looked at the gap and reverse pattern in SPY, but was a bit more selective.

SPY gaps up at least 0.25% and makes a high over 0.5% above the open. It then closes at a 10-day low and in the bottom 25% of its intraday range. Close < 200ma.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

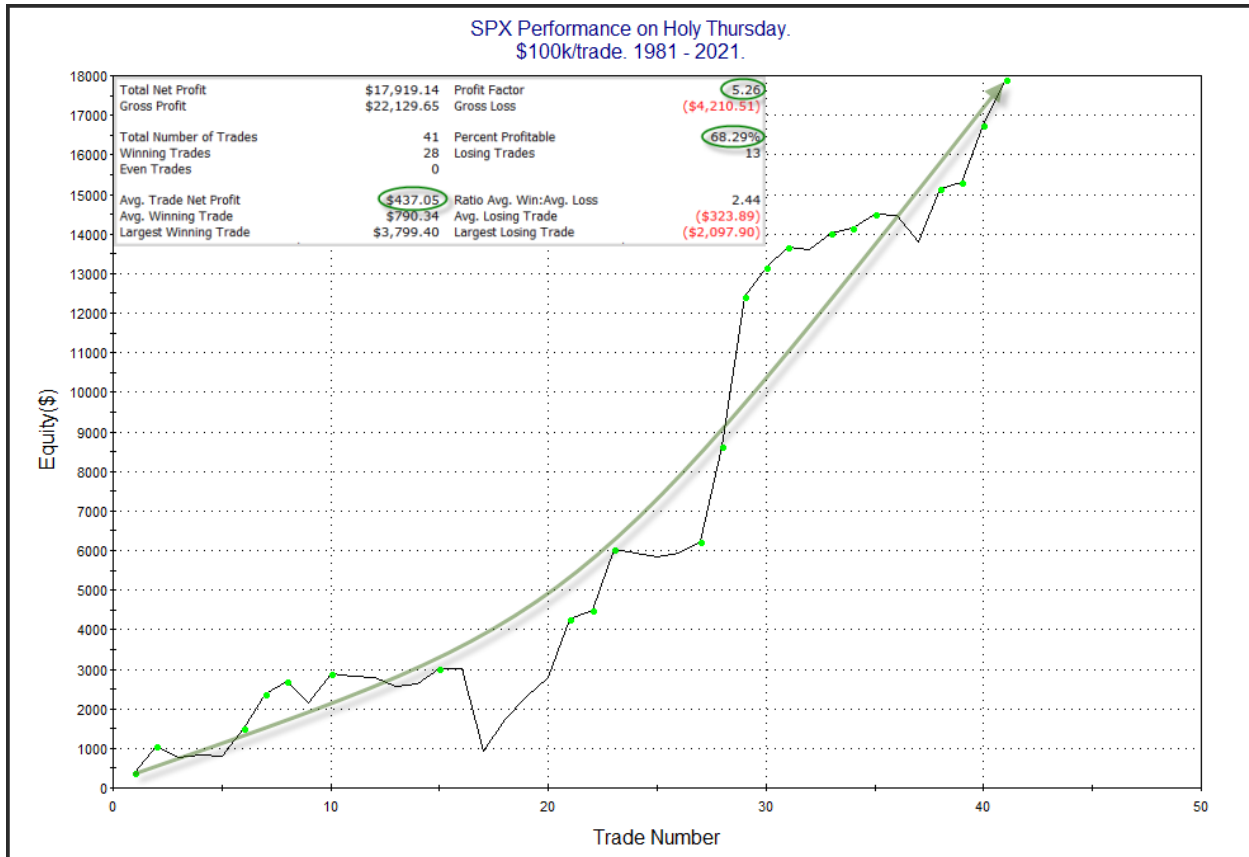
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	33,830.38	17	12	5	70.59	13,737.50	-19,787.04	5,600.11	-6,674.18	0.84	2.01	1,990.02
4	36,089.01	18	11	7	61.11	14,158.80	-17,793.84	5,863.84	-4,059.04	1.44	2.27	2,004.95
3	42,131.21	18	14	4	77.78	10,083.30	-11,623.98	4,091.21	-3,786.45	1.08	3.78	2,340.62
2	42,183.36	18	15	3	83.33	11,736.30	-9,340.86	3,575.07	-3,814.23	0.94	4.69	2,343.52
1	7,826.24	18	11	7	61.11	5,962.50	-5,091.72	1,943.40	-1,935.88	1.00	1.58	434.79

Stats here appear to strongly favor the bulls over the next 1-2 days. Here is a list of all the instances along with their 2-day results.

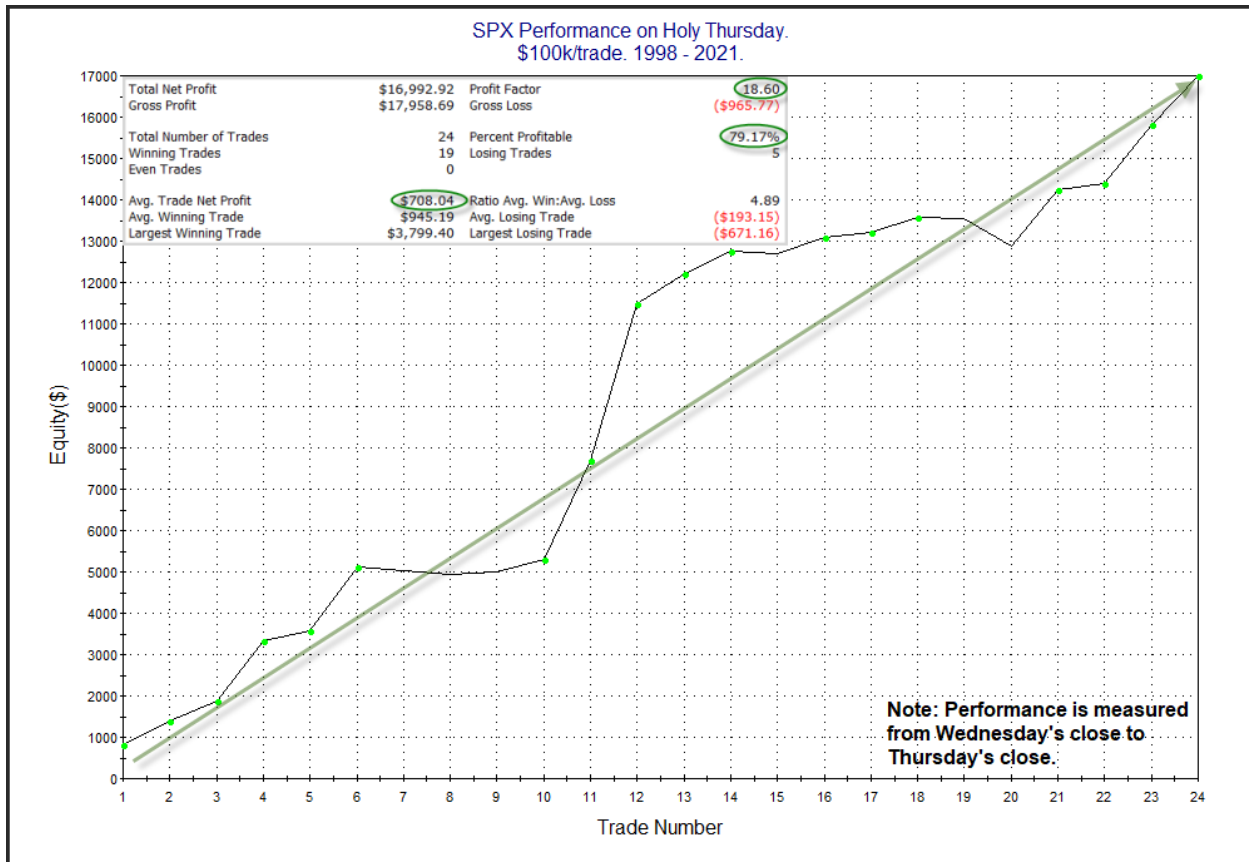
SPY gaps up at least 0.25% and makes a high over 0.5% above the open. It then closes at a 10-day low and in the bottom 25% of its intraday range. Close < 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.				
Date/Time	Signal	Price	% Profit	Run-up Drawdown
9/23/1999	Buy	\$127.88	0.56%	\$1,460.47
9/27/1999	Sell	\$128.59		(\$1,226.17)
2/25/2000	Buy	\$133.33	3.08%	\$3,082.50
2/29/2000	Sell	\$137.44		(\$457.50)
3/14/2000	Buy	\$136.63	7.11%	\$7,463.51
3/16/2000	Sell	\$146.34		(\$416.67)
5/25/2000	Buy	\$137.84	3.38%	\$3,697.50
5/30/2000	Sell	\$142.50		(\$369.75)
10/3/2000	Buy	\$142.63	1.09%	\$1,549.21
10/5/2000	Sell	\$144.19		(\$616.88)
10/31/2001	Buy	\$105.80	3.26%	\$3,383.10
11/2/2001	Sell	\$109.25		(\$349.65)
6/25/2002	Buy	\$97.56	1.92%	\$1,978.25
6/27/2002	Sell	\$99.43		(\$2,429.25)
7/12/2002	Buy	\$91.85	-1.40%	\$598.40
7/16/2002	Sell	\$90.56		(\$4,308.48)
7/23/2002	Buy	\$79.95	5.07%	\$7,375.00
7/25/2002	Sell	\$84.00		(\$2,837.50)
1/8/2008	Buy	\$138.91	1.71%	\$2,796.91
1/10/2008	Sell	\$141.29		(\$869.99)
1/18/2008	Buy	\$132.06	1.36%	\$1,612.41
1/23/2008	Sell	\$133.86		(\$4,587.42)
10/3/2008	Buy	\$110.34	-9.34%	\$0.00
10/7/2008	Sell	\$100.03		(\$9,685.14)
10/9/2008	Buy	\$90.70	11.74%	\$11,736.30
10/13/2008	Sell	\$101.35		(\$7,846.24)
5/26/2010	Buy	\$107.17	2.05%	\$3,386.79
5/28/2010	Sell	\$109.37		\$0.00
12/13/2011	Buy	\$123.05	-0.70%	\$121.80
12/15/2011	Sell	\$122.19		(\$1,282.96)
2/10/2016	Buy	\$185.27	0.73%	\$743.82
2/12/2016	Sell	\$186.63		(\$2,253.02)
3/20/2020	Buy	\$228.80	6.27%	\$6,686.10
3/24/2020	Sell	\$243.15		(\$4,605.98)
1/27/2022	Buy	\$431.24	4.33%	\$4,398.24
1/31/2022	Sell	\$449.91		(\$790.02)

There are some sizable moves shown here, and some interesting dates, including the ones at the bottom of the list.

Stock market performance leading up to and around many holidays has often been bullish. This is something I have written about several times over the years. Holy Thursday is one such day that has done quite well. I have shown Holy Thursday stats a few times in the past. The chart and statistics below are all updated through last year.

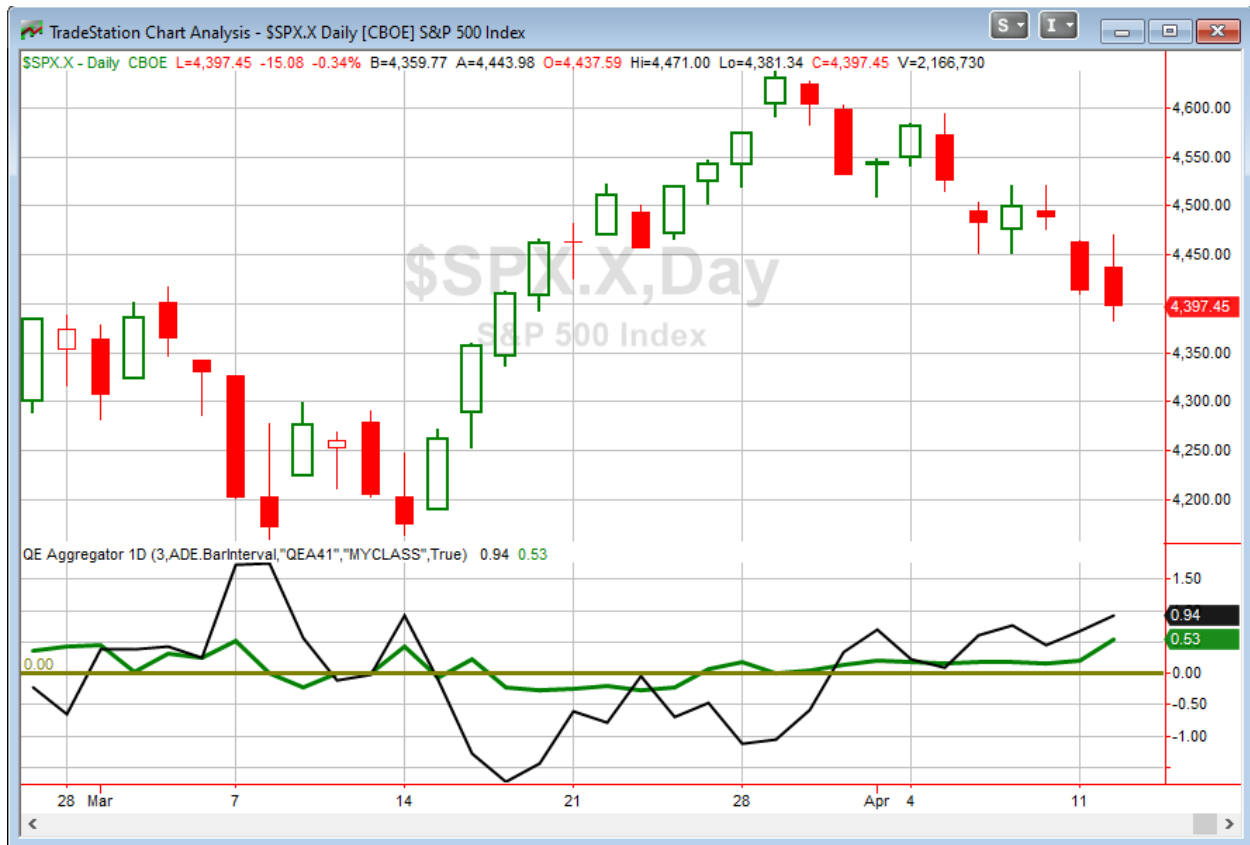


This curve really started to steepen in 1998. Below I zoomed in on the 1998 – 2021 time period.



No matter how you look at it. Holy Thursday has had some impressive historical performance. I'll be adding this to the Active List starting tomorrow night.

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



With today's evidence included, the green Aggregator line moved further above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line also held above zero. 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 formation stayed long at the close.

Based on the current active list, expectations are set to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4509.26 on Wednesday. That is 2.5% above Tuesday's close. Therefore, SPX will need to close up a very sizable 2.5% on Wednesday in order to flip from oversold to overbought vs recent expectations. More likely, it will take a few days to work off the oversold condition.

So the Aggregator is again bullish. We see some pretty powerful looking short-term studies today, and positive seasonality will be kicking in on Thursday. There is also ample room to the upside before SPX would turn overbought. SPX appears overdue for a bounce, and reward/risk appears favorable. So...I like the long side. I already have some long exposure. I will look to add a 2nd lot of SPY if I can get a favorable fill on Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/11 – neutral

The intermediate-term outlook was last updated in the 4/11/22 Letter. It can be found in the [most recent weekly letter](#) on the website.

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 @ \$438.29 LIMIT. Based on the short-term outlook above, I will look to add another lot of SPY on Wednesday if I can get filled a Tuesday’s closing price or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/6/2022	\$446.52	\$438.29	-1.84%	Aggregator

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 © 2022 Quantifiable Edges, LLC.