

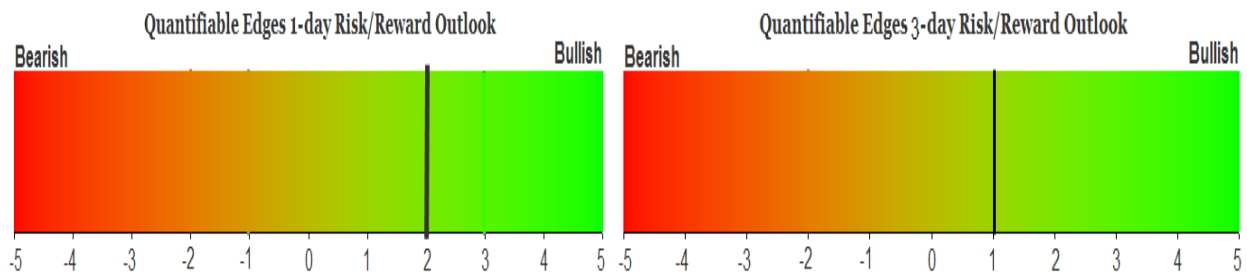
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 14, 2022

Volume 15 Issue 71

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The very light volume on Tuesday's rally suggests a downside edge over the next couple of days.
- Holy Thursday tends to be bullish, especially over the last 24 years.
- Tax Day is Monday, and that has typically been a strong day for the market along with the following day.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is still bullish. But SPX is set to turn overbought vs expectations as of Thursday's close. So I am looking to take profits on Thursday if they are available and I can get good fills.

**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>						
April 14, 2022	SPX up > 1% on lowest volume 20 days	1-2 days	Bearish			
April 14, 2022	Holy Thursday bullish	1 day	Bullish			
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			
<b>Active - Long Term</b>						
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			

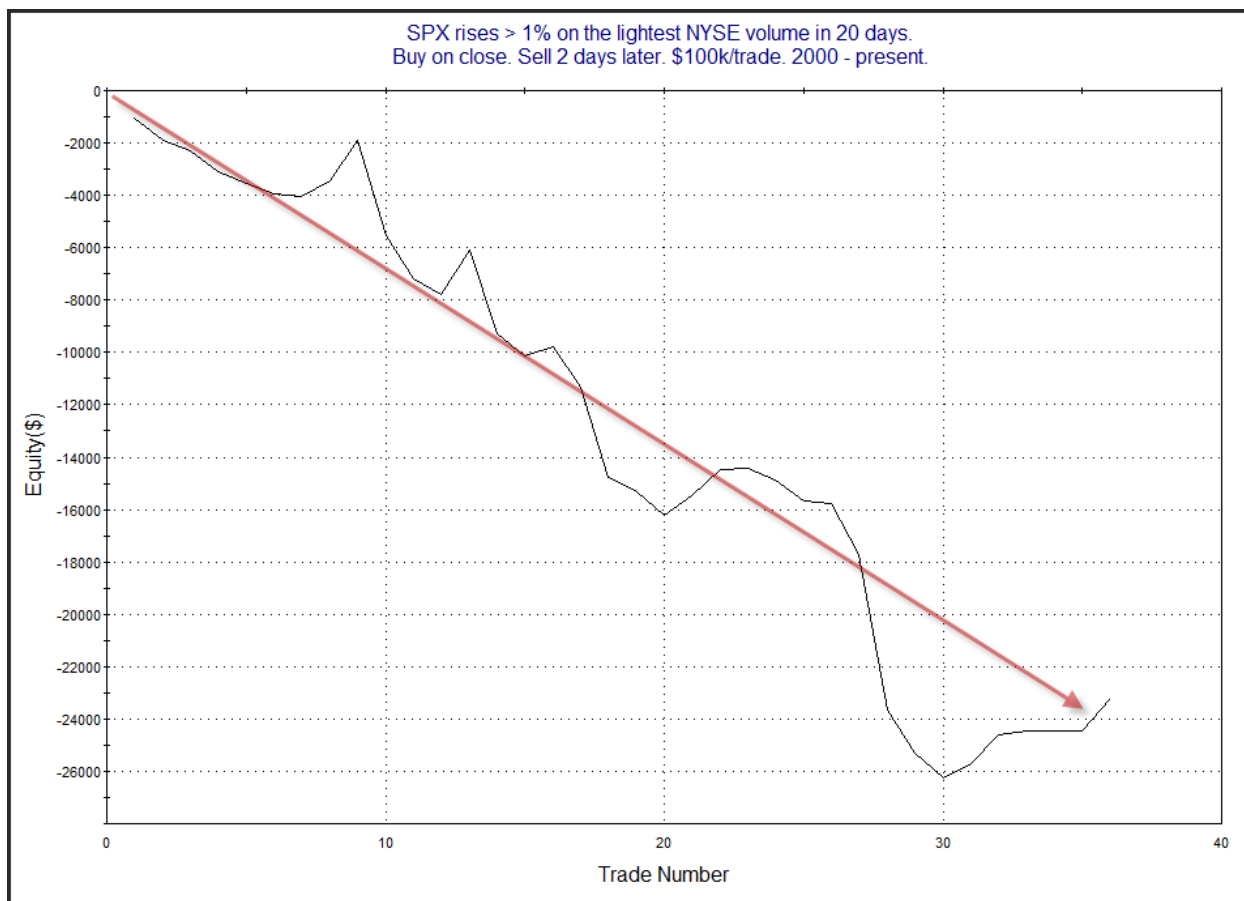
**The Evidence**

Wednesday the market put in a move higher. The SPX rose 1.1%, the NASDAQ rallied 2.0%, and the Russell 2000 jumped 1.9%. Breadth was mixed with the NYSE Up Issues % coming in at 71% and the Up Volume % at 83%. NYSE total volume came in at the lightest level in quite a while.

There were some studies that noted the extremely light volume on Wednesday. The one below was the most fitting. Last seen recently in the 3/25/22 letter, results are updated.

SPX rises > 1% on the lightest NYSE volume in 20 days. Buy on close. Sell X days later. \$100k/trade. 2000 - 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	-27,404.66	35	18	17	51.43	2,927.68	-10,421.45	1,262.71	-2,949.03	0.43	0.45	-782.99
4	-22,758.10	36	16	20	44.44	2,978.79	-6,227.66	1,238.88	-2,129.01	0.58	0.47	-632.17
3	-22,412.17	36	17	18	47.22	2,451.68	-8,419.83	1,003.20	-2,192.59	0.46	0.43	-622.56
2	-23,217.45	36	12	24	33.33	1,688.95	-5,933.70	753.60	-1,344.20	0.56	0.28	-644.93
1	-15,080.61	36	14	22	38.89	2,112.96	-2,390.72	609.77	-1,073.52	0.57	0.36	-418.91

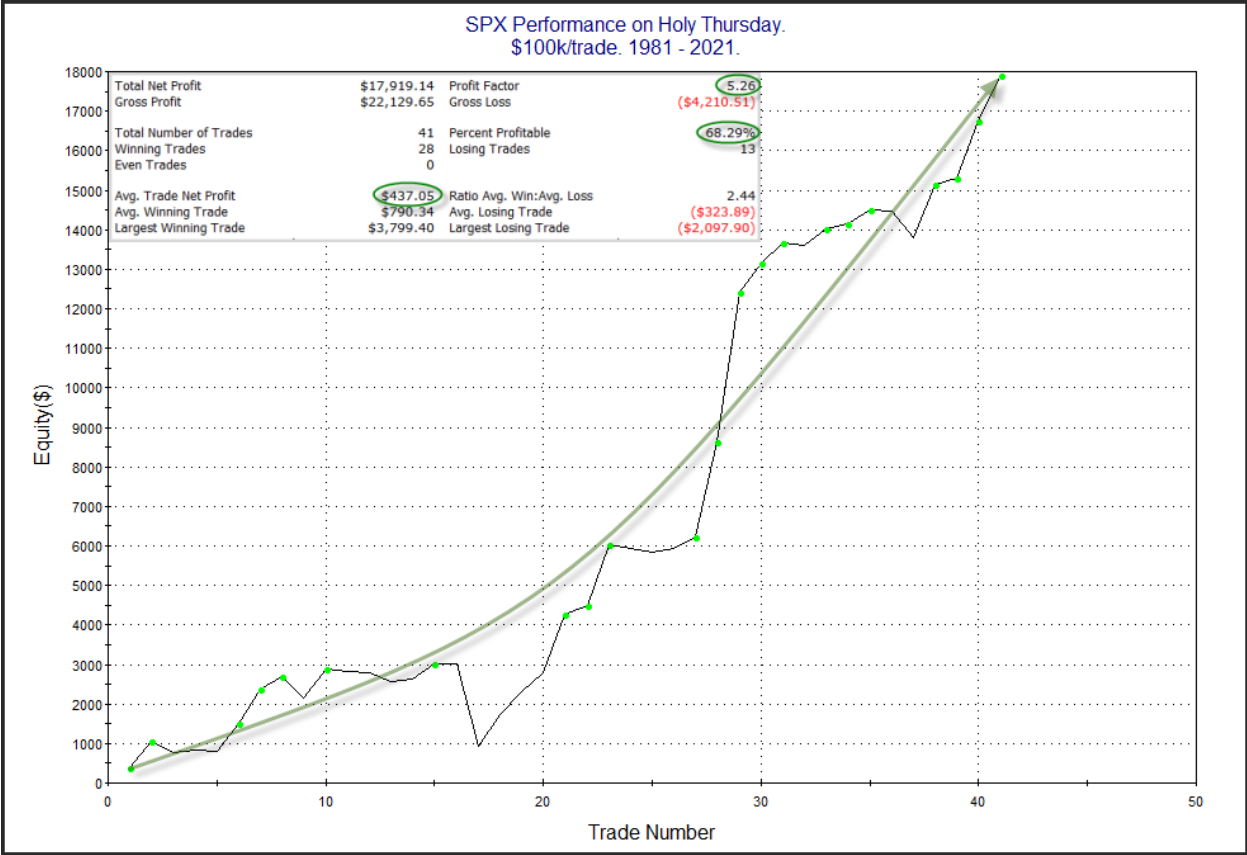
Numbers here appear to suggest a downside edge. Below is a 2-day equity curve.



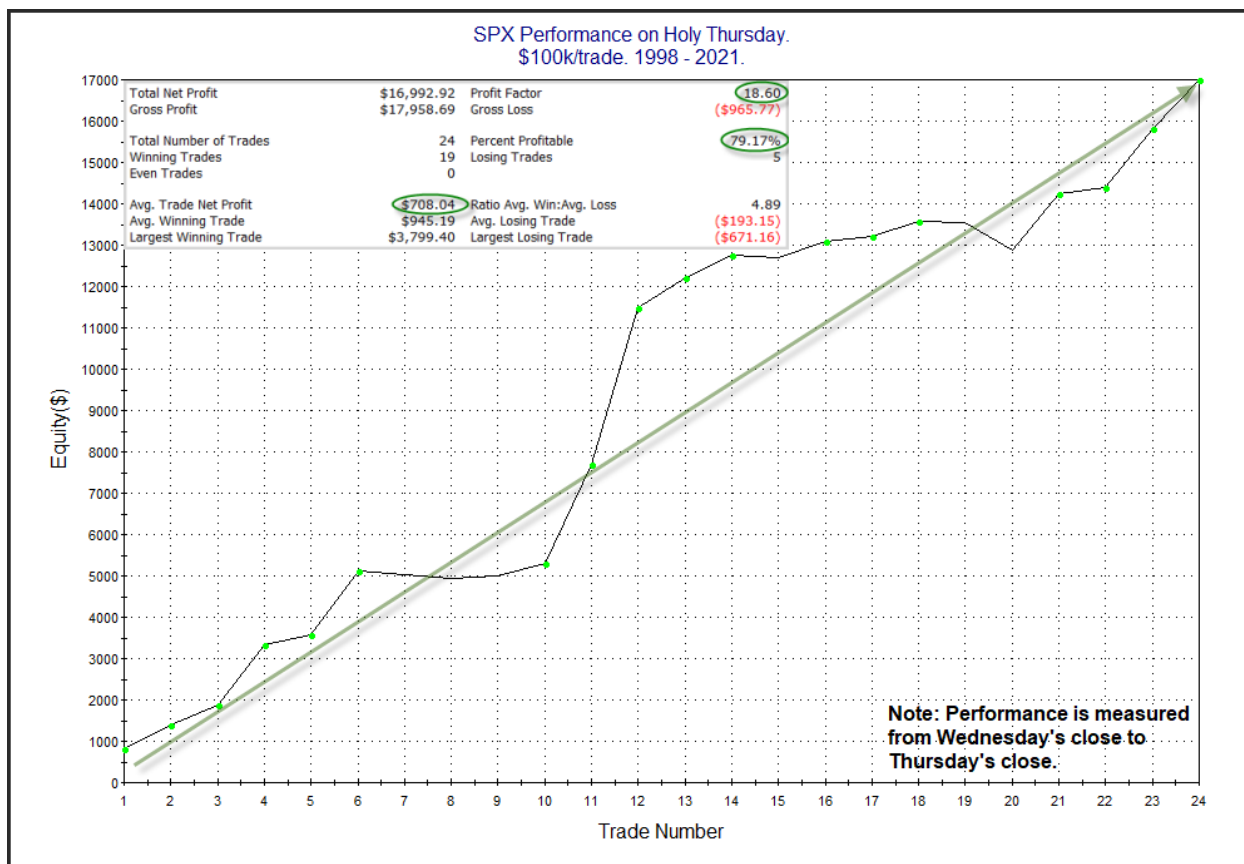
The curve appears to serve as confirmation of the bearish edge suggested by the numbers. I have also included this study on the short-term active list.

Last night I discussed the bullish seasonal tendency that Holy Thursday has shown over the years. I have copied that commentary below.

*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.*



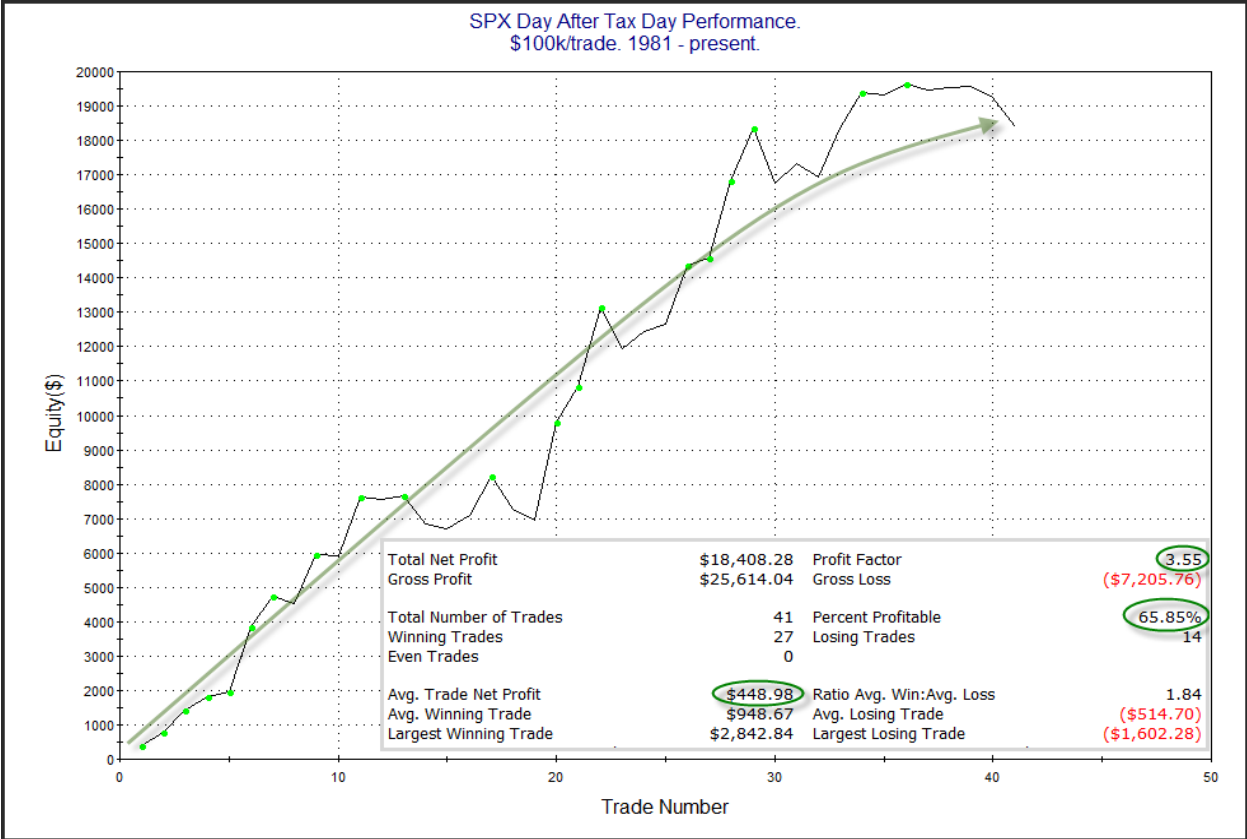
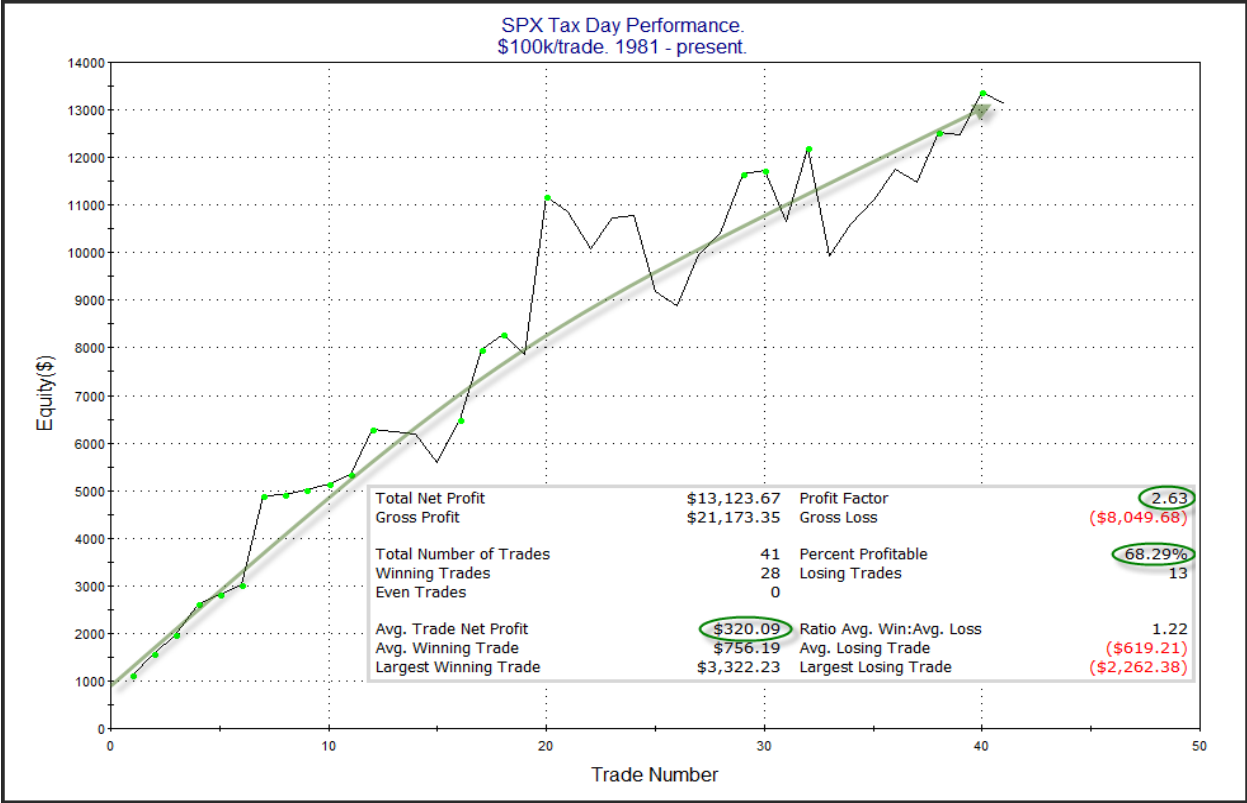
*This curve really started to steepen in 1998. Below I zoomed in on the 1998 – 2021 time period.*



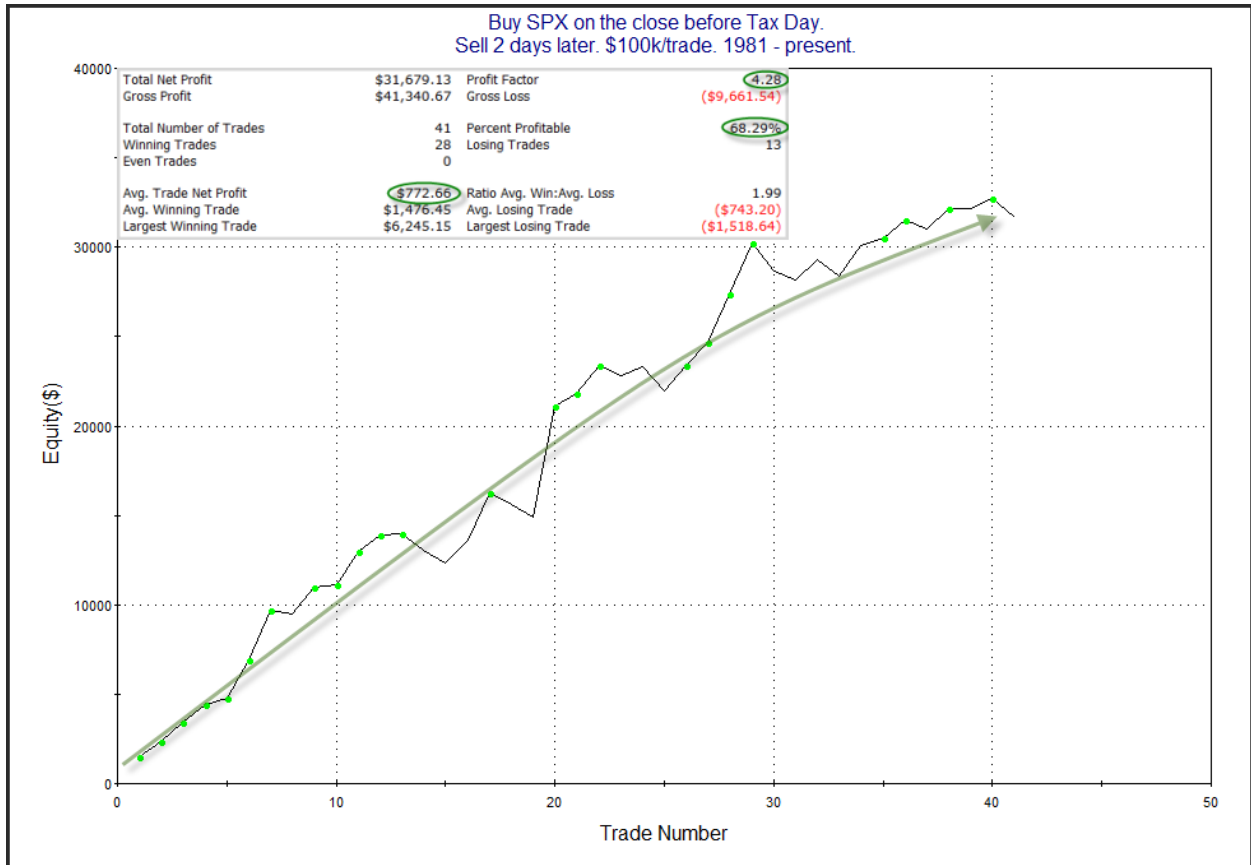
*No matter how you look at it. Holy Thursday has had some impressive historical performance. I'll be adding this to the Active List starting tomorrow night.*

Friday is a holiday, and then Monday taxes are due for most of the country. (We have an extra day here because Monday is Patriots Day in Massachusetts.)

In the 5/17/21 letter (and many times over the years) I showed that there has been a bullish historical tendency on tax day (normally April 15<sup>th</sup>) and the day immediately after. The reason tax day may be important is that it is the last day that people can make IRA contributions to count for the previous tax year. This can create a last-minute rush and you will often have an inflow of funds heading into the market right around and on April 15<sup>th</sup>. Fund managers will often put this money to work immediately and it creates a positive bias for the market. Below are some updated studies that demonstrate this.

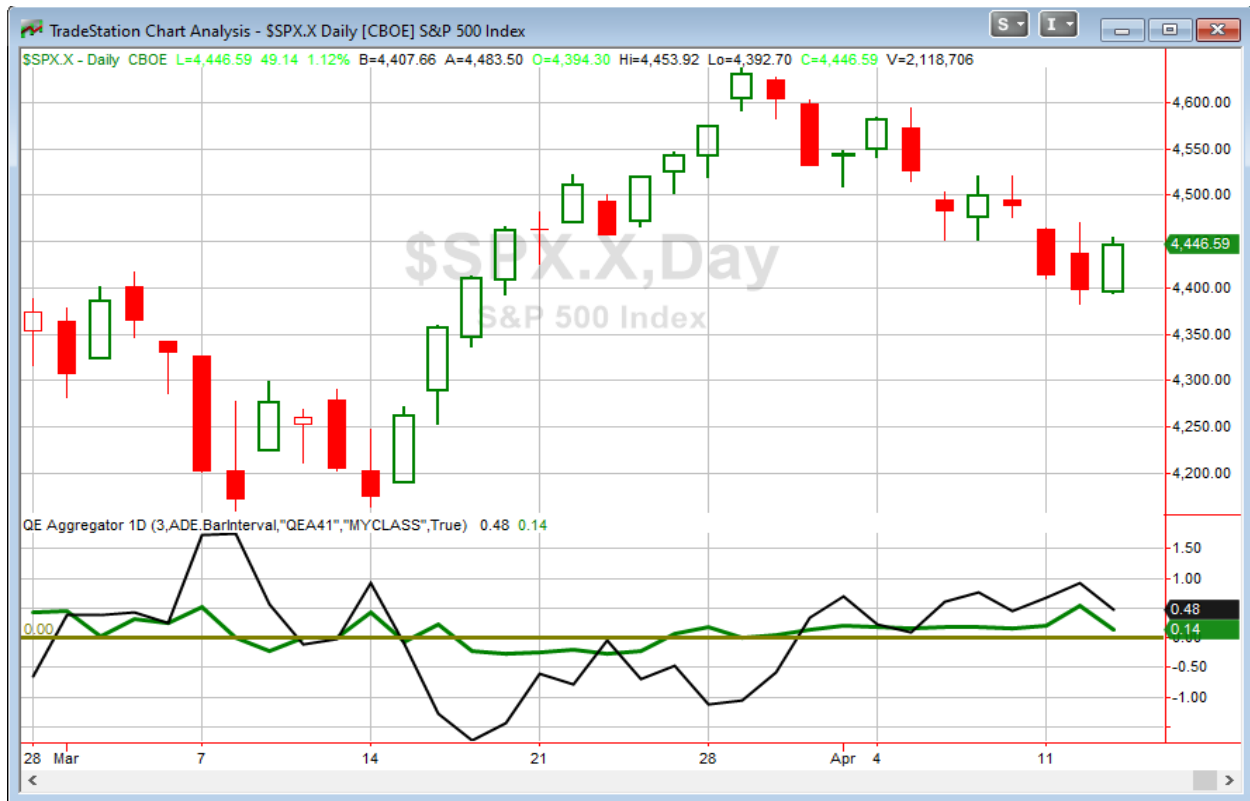


As you can see, both of these days seem to contain very solid upside edges. The study below looks at what happens if you hold for both days instead of just one.



As you would expect, the numbers and the profit curve are impressive. I'll share this study again in the weekend letter, and will include it on the Active List over the weekend.

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



With tonight's evidence included, the green Aggregator line remained 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 Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4435.77 on Thursday. That is 0.2% *below* Wednesday'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 down more than 0.2% on Thursday in order to remain "oversold" vs recent expectations. Anything other than that and it will flip to "overbought" at the close on Thursday.

So the Aggregator is still bullish. But the inverted pivot means that risk/reward is not great. Potential gains are limited, because any move higher (and even some moves lower) will leave SPX overextended to the upside and cause the Aggregator signal to turn neutral (or possible bearish). Because of this, I generally view inverted pivots as opportune times to take profits or scale out of positions. That is what I will look to do on Thursday, and if SPX manages a strong Holy Thursday performance, then I will be looking to exit all of it at the close.

### ***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.*

**None tonight.**

### **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
SPY(1/4)	4/6/2022	\$446.52	\$443.31	-0.72%	sell @ \$443.50 LIMIT
SPY(1/4)	4/13/2022	\$438.03	\$443.31	1.21%	sell @ \$443.31 LIMIT ON CLOSE

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