

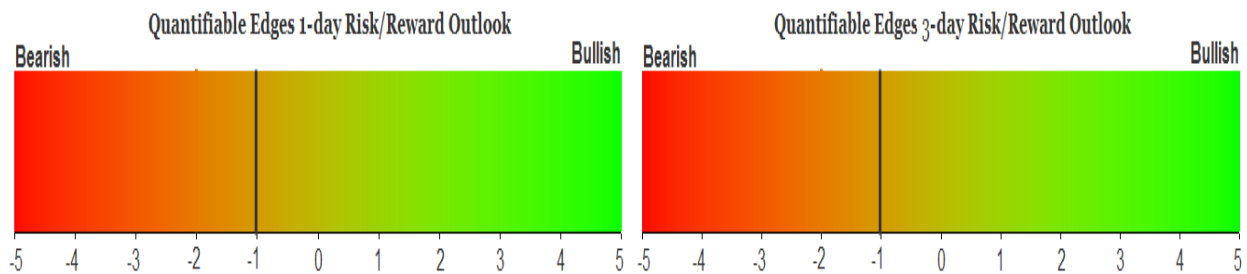
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 7, 2022

Volume 15 Issue 107

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- No new compelling evidence emerged. Just a couple of older studies that did not appear worth consideration at this time.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but the setup is underwhelming. Evidence is weak and SPX will flip from overbought to oversold vs recent expectations on Tuesday unless there is a strong move higher. I don't see a very compelling argument for either the bulls or the bears for the short-term.

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 6, 2022	SPX top 10% rng, inside day < 200	1-3 days	Bearish	-2.20%	1.00%	1.90%
Active - Long Term						
May 31, 2022	70% Up Issue % 3 days in a row	1-85 days	Bullish	11.10%	-4.50%	-10.90%
May 16, 2022	Up from 50-low on a Friday	1-25 days	Bullish	5.80%	-3.80%	-8.10%
May 12, 2022	NASDAQ breadth oversold at 100 Low	1-19 days	Bullish			
May 9, 2022	5 weeks lower and < 40-week avg	1-8 weeks	Bearish			
May 2, 2022	Worst 6 Months with Jan-April selling	1-6 months	Bearish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
June 3, 2022	SPY 20-day high < 200ma	1-2 days	Bearish			

The Evidence

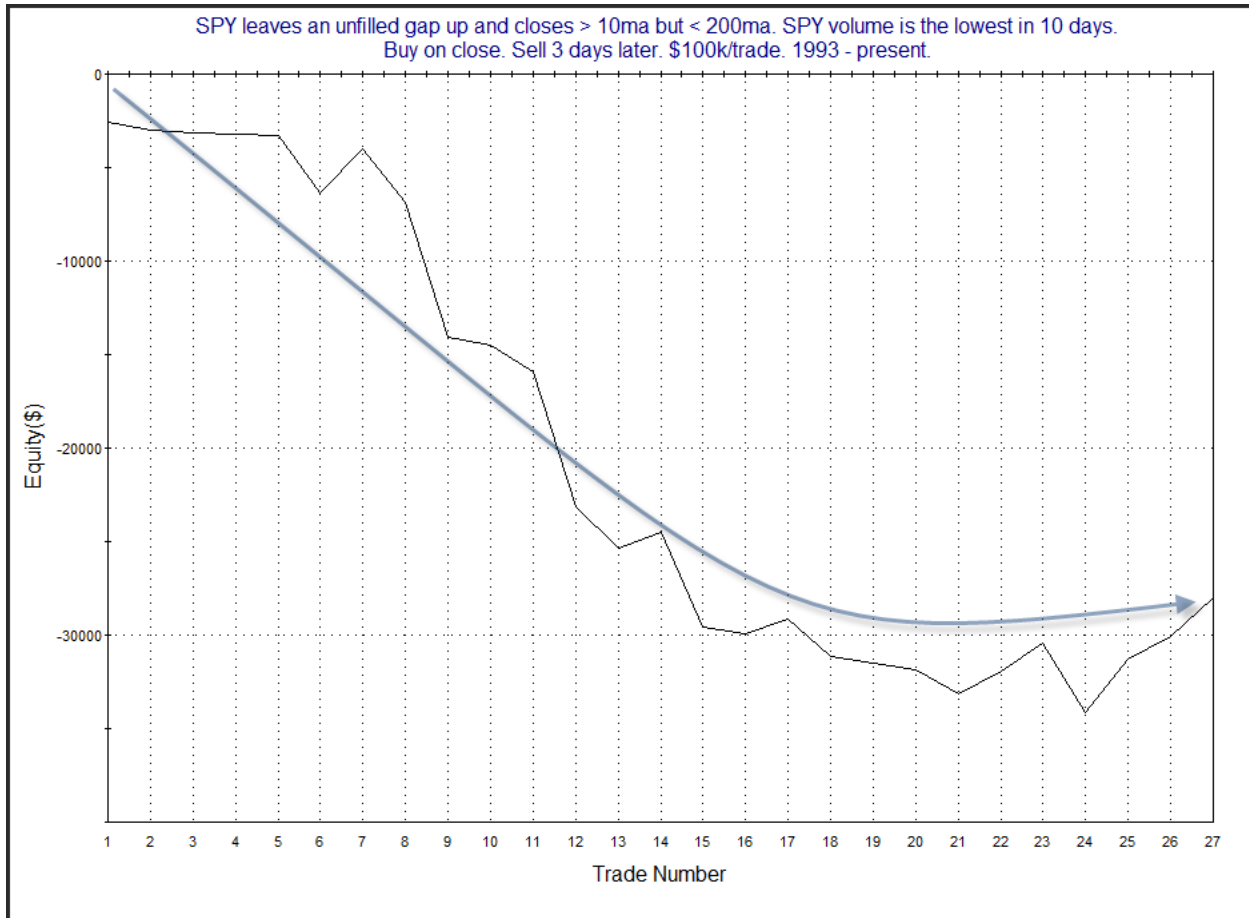
A strong morning was followed by an afternoon fade, but the market still finished positive on the day. The SPX closed up 0.31%, the NASDAQ climbed 0.41%, and the Russell 2000 gained 0.36%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 64%. NYSE total volume rose some from Friday's level.

The end results were small moves that finished in the middle of the tight range the SPX has traded in over the last 6 days. As often happens with sideways consolidations, there was no real compelling short-term directional evidence that was generated. There were a few studies that triggered from the Quantifinder, but they looked questionable at best. I'll show a couple of them in case you are interested.

The 1st one looked at the unfilled gap up, the low SPY volume and the long-term downtrend. Last seen in the 5/6/20 letter, I updated the results.

SPY leaves an unfilled gap up and closes > 10ma but < 200ma. SPY volume is the lowest in 10 days. 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	-30,231.82	25	15	10	60.00	5,051.38	-15,038.32	1,626.68	-5,463.21	0.30	0.45	-1,209.27
4	-33,766.82	26	12	14	46.15	4,603.34	-11,911.24	1,830.91	-3,981.27	0.46	0.39	-1,298.72
3	-27,999.45	27	8	19	29.63	2,846.10	-7,233.14	1,602.55	-2,148.41	0.75	0.31	-1,037.02
2	-19,320.07	27	11	16	40.74	2,143.68	-8,268.04	1,038.55	-1,921.51	0.54	0.37	-715.56
1	-3,300.98	27	13	14	48.15	2,178.45	-2,985.40	841.28	-1,016.97	0.83	0.77	-122.26

The stats table suggests a possible downside edge. But the profit curves were not as convincing. Below is a look at the 3-day curve.



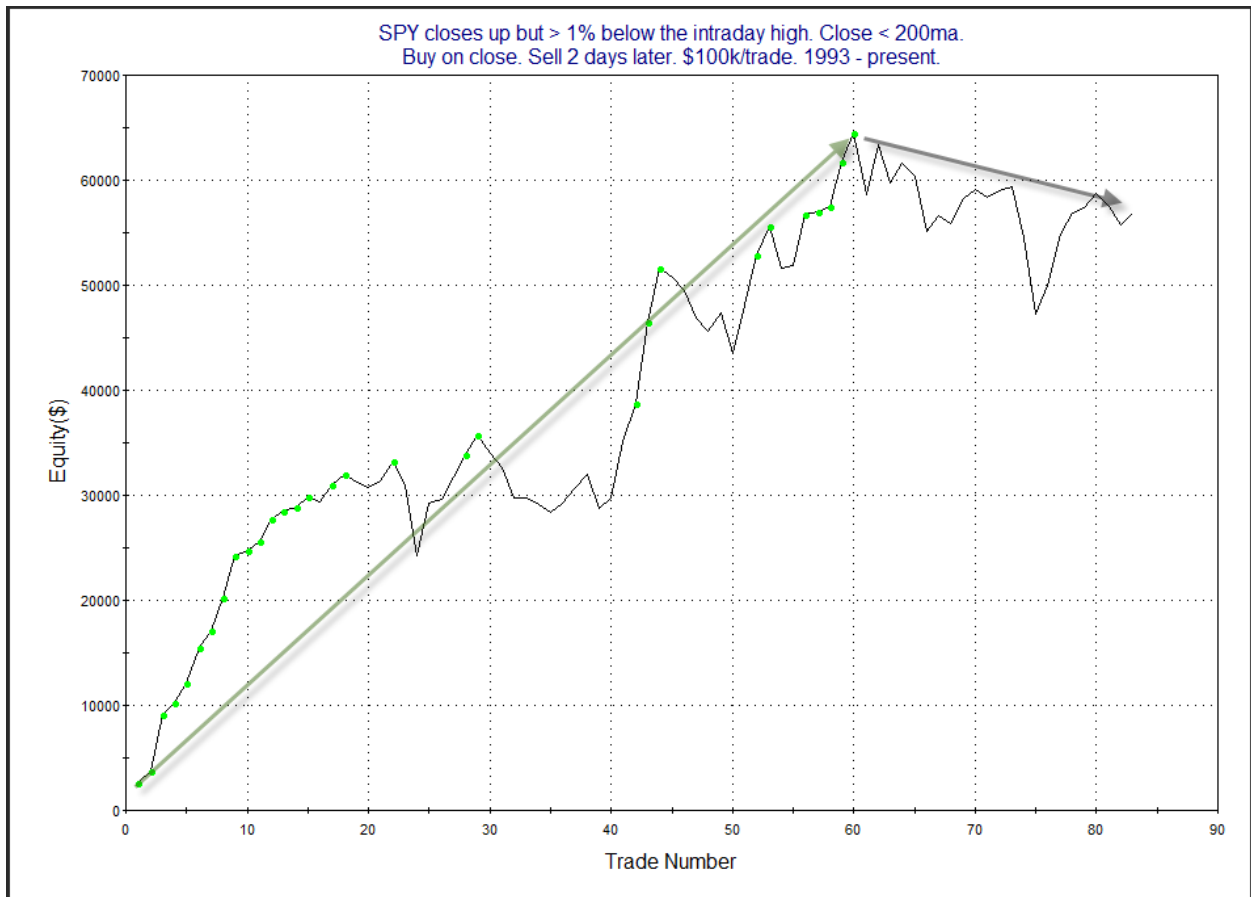
The curve has failed to make downward progress in recent instances, with 5 of the last 6 instances closing higher 3 days later. The other curves were similar. I don't see this as a compelling study at this time and have not added it to the active list.

There was another study that looked at the SPY action that saw it a bit differently. It considered the fact that SPY managed to close positive, but still well below its intraday high. It was last seen in the 3/20/20 letter, and has been updated below.

SPY closes up but > 1% below the intraday high. Close < 200ma.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

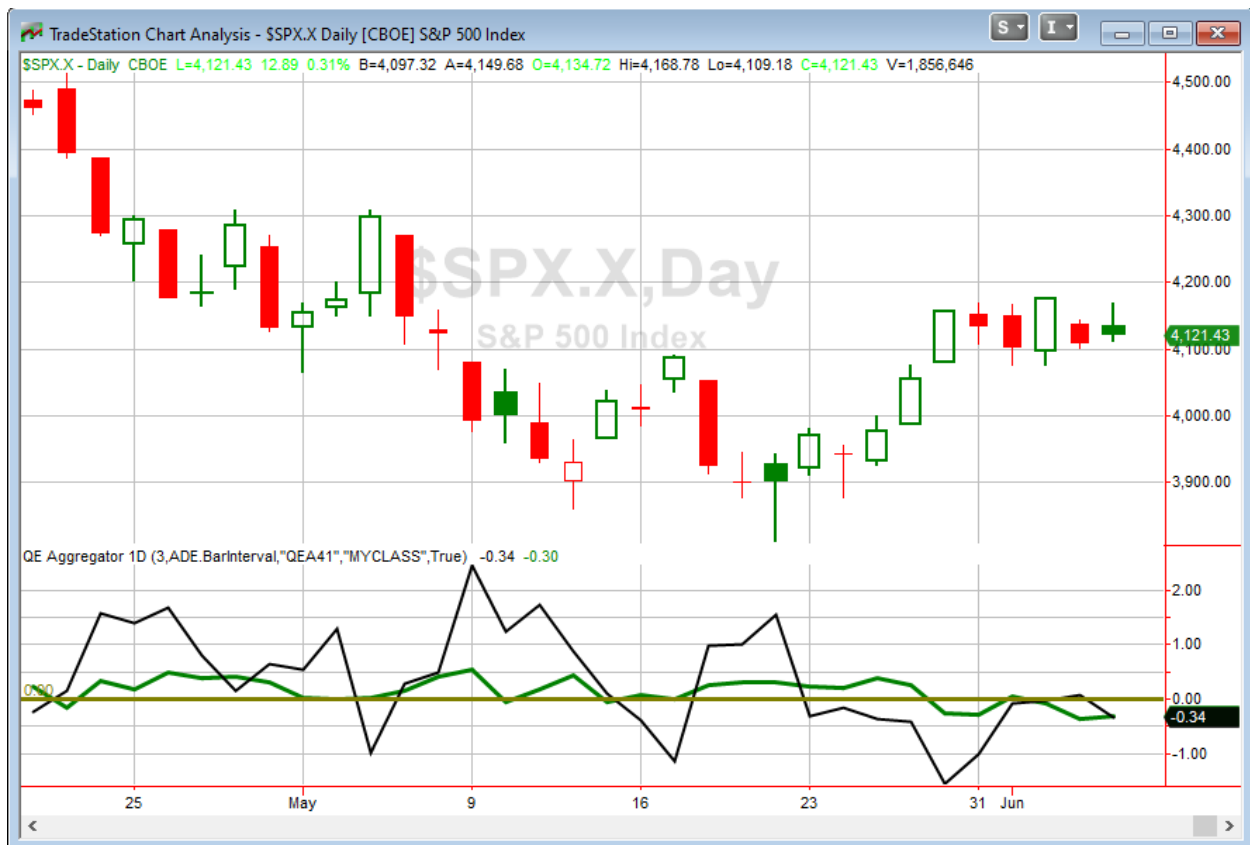
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	57,809.80	70	40	29	57.14	10,362.52	-6,798.84	3,483.58	-2,811.50	1.24	1.71	825.85
4	42,146.49	72	43	29	59.72	13,286.49	-11,890.58	3,086.72	-3,123.53	0.99	1.47	585.37
3	49,517.59	74	44	30	59.46	11,878.65	-9,480.00	2,887.05	-2,583.75	1.12	1.64	669.16
2	56,849.34	83	55	28	66.27	7,717.98	-7,287.40	2,272.21	-2,432.93	0.93	1.83	684.93
1	29,676.91	91	53	38	58.24	6,926.07	-5,275.75	1,845.37	-1,792.84	1.03	1.44	326.12

Here the stats table suggests a possible upside edge over the next 1-2 days. But here, too, the profit curve was uninspiring.



This has gone a good while without any upward progress. So what we see tonight is a formerly bullish study and a formerly bearish study, neither of which seem terribly compelling anymore. I'll continue to keep an eye on these studies in case they get back on track. But at this point, I don't have much faith that Monday's action provided any strong clues for what might happen on Tuesday and Wednesday. No new studies are being 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 below zero. Negative readings mean expectations are for downside over the next few days. Meanwhile the black Differential Line dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation turned short at the close.

Based on the current list of active studies, expectations are set to remain negative on Tuesday. This could easily change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4163.18. That is 1.0% *above* Monday'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 least 1.0% on Tuesday in order to remain overbought vs recent expectations. Anything other than that and it will be considered oversold as of Tuesday's close.

So the Aggregator is bearish. We have some evidence pointing lower, and the SPX is mildly overbought. But there is not a great amount of compelling directional evidence. And with the inverted pivot, SPX is primed to flip to an oversold condition on Tuesday. I typically view inverted pivots as a decent time to take profits if I have a position. I don't view them as great opportunities

to initiate a new trade. This is because any move in my direction would mean an immediate end to the signal. And in this case, it could go against me about 1% on Tuesday and the bearish setup would still get turned off. So reward/risk is not terribly favorable with such a configuration. And in such a volatile, uncertain environment, I have no desire to initiate new index positions without a compelling setup. I'll wait and see how Tuesday plays out and re-evaluate my options tomorrow night.

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

The intermediate-term outlook was last updated in the 6/6/22 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

None

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.