

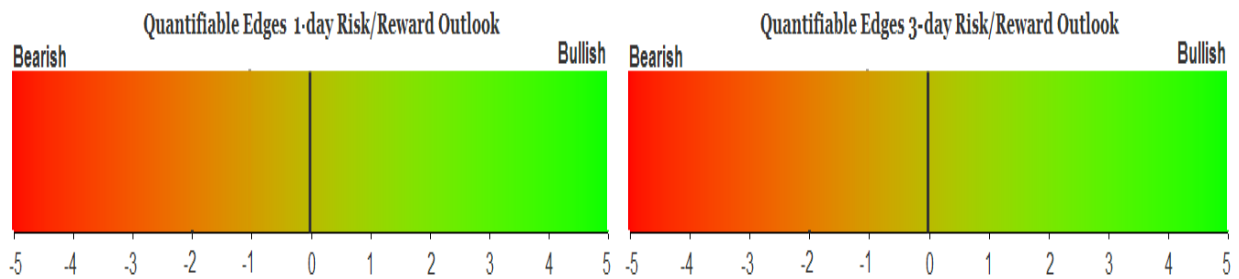
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 9, 2022

Volume 15 Issue 109

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I don't see a strong short-term directional edge right now.

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						
None						
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 6, 2022	SPX top 10% rng, inside day < 200	1-3 days	Bearish	-2.20%	1.00%	1.90%

The Evidence

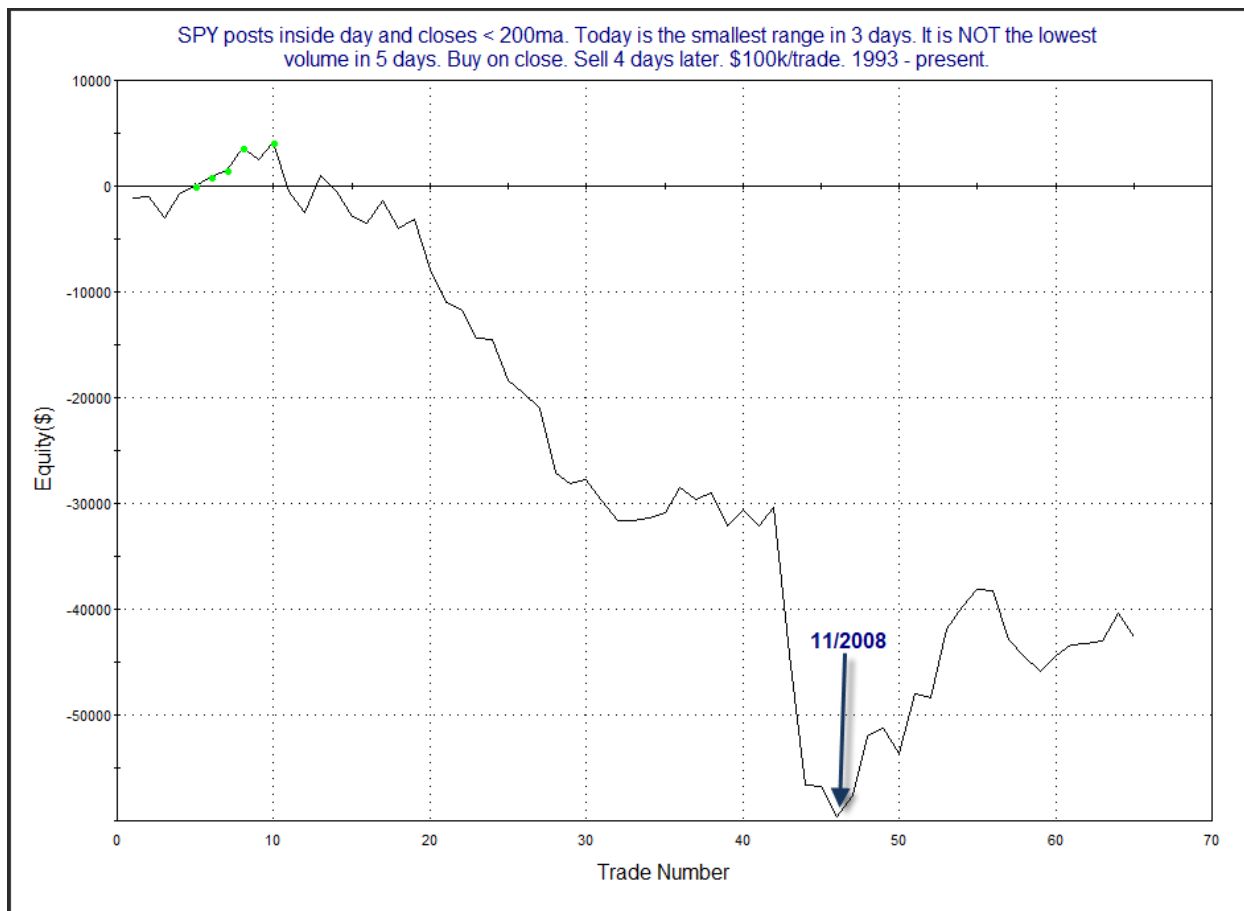
Wednesday saw weakness across the board. The SPX closed down 1.1%, the NASDAQ lost 0.7%, and the Russell 2000 declined 1.5%. Breadth was negative with the NYSE Up Issues % coming in at 26% and the Up Volume % at 30%. NYSE total volume rose some from Tuesday's level.

While the numbers make Wednesday sound like a fairly sizable drop, it really just gave back some of what was gained yesterday. On a chart it was an "inside day" – a day where the price action is completely within the range of yesterday's low to high. It also left SPX right near the middle of its sideways range of the last 8 days. The market is stuck here and it might not get unstuck until options expire on Friday. We also probably won't see much in the way of compelling evidence based on price action until this recent range does break.

Evidence tonight was again weak. As an example, the below study triggered from an old letter. And as you can see, the numbers still look bearish.

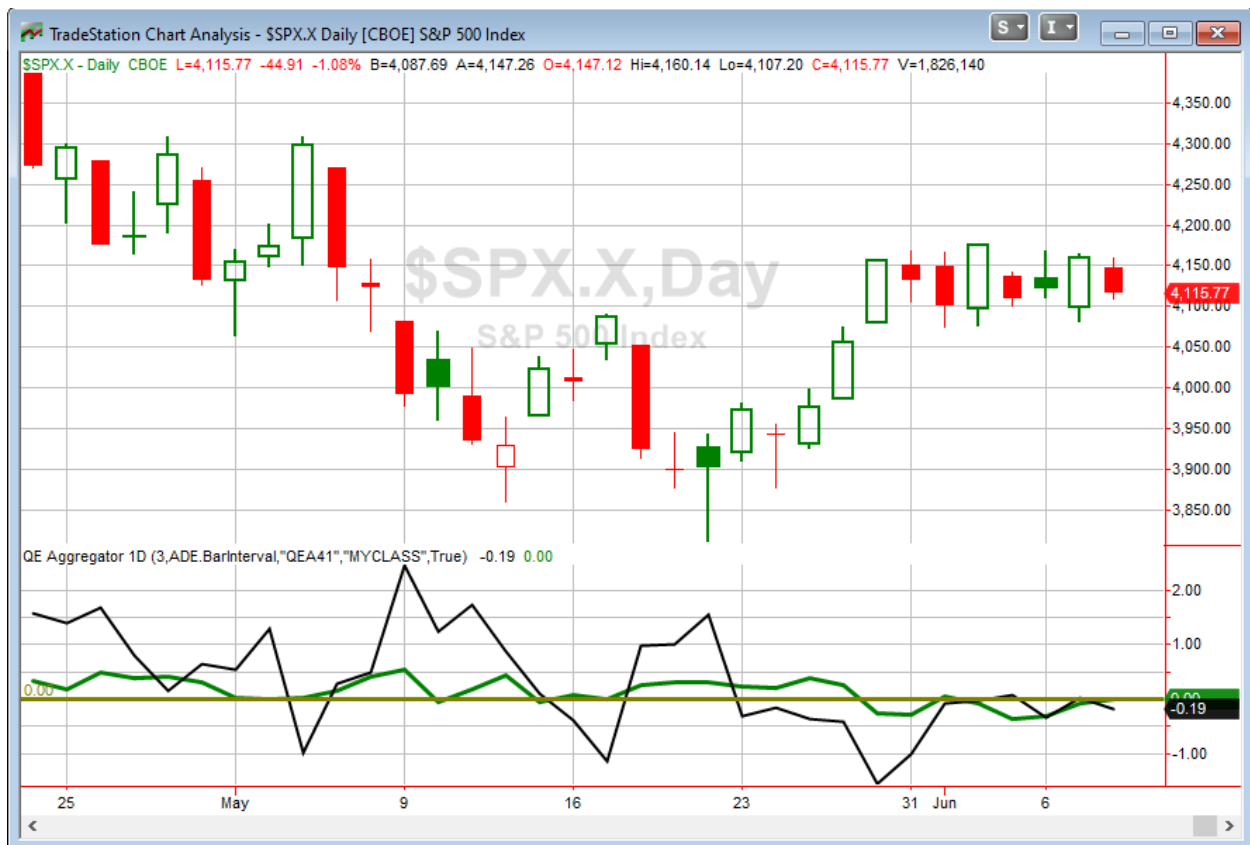
SPY posts inside day and closes < 200ma. Today is the smallest range in 3 days. It is NOT the lowest volume in 5 days. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-56,987.52	56	26	30	46.43	6,523.20	-22,420.44	2,589.62	-4,143.92	0.62	0.54	-1,017.63
9	-51,969.39	57	29	27	50.88	6,293.68	-19,606.65	2,120.49	-4,202.35	0.50	0.54	-911.74
8	-40,889.12	58	27	31	46.55	7,315.44	-13,163.40	2,187.88	-3,224.58	0.68	0.59	-704.98
7	-39,255.61	61	24	36	39.34	8,773.10	-23,729.16	2,424.01	-2,706.44	0.90	0.60	-643.53
6	-57,257.36	63	25	38	39.68	7,295.88	-21,834.96	2,053.90	-2,858.02	0.72	0.47	-908.85
5	-43,060.40	65	27	38	41.54	8,586.35	-15,971.55	2,042.48	-2,584.40	0.79	0.56	-662.47
4	-42,574.95	65	29	36	44.62	6,497.00	-13,801.83	1,788.66	-2,623.50	0.68	0.55	-655.00
3	-30,929.56	68	34	34	50.00	7,413.70	-9,763.74	1,792.42	-2,702.11	0.66	0.66	-454.85
2	-26,734.97	68	32	35	47.06	5,188.70	-7,287.40	1,423.80	-2,065.62	0.69	0.63	-393.16
1	-26,553.65	70	30	40	42.86	4,485.60	-5,444.46	1,022.57	-1,430.77	0.71	0.54	-379.34

But the profit curve showed a different story.



This is the 4-day curve I am showing, but 1-5 all basically looked similar. So I don't have any confidence that this is actually suggesting a downside edge at this point. As I mentioned, we may need to break out of this tight range before we see much in the way of compelling evidence. The final study expired from the short-term active list tonight, and I will not be adding another one yet.

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



With the short-term active list now blank, the green Aggregator line closed at zero. Zero readings mean expectations are flat over the next few days. Meanwhile the black Differential Line is slightly below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are flat and SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of zero. Therefore, the Aggregator formation stayed flat at the close.

Expectations are flat with no compelling evidence suggesting a short-term edge, and the intermediate-term outlook currently neutral. Of course any new studies that trigger over the next few days will have strong influence on expectations. Meanwhile, the Differential Pivot will be 4091.33. That is 0.6% below Wednesday's close. Therefore, SPX will need to close down about 0.6% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Expectations are flat, and price action has been sideways over the last eight days. This does not seem to be an enticing setup for a high probability trade. I will continue to wait until a more compelling reward/risk opportunity emerges.

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

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