

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 16, 2022

Volume 15 Issue 114

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	7

## Tonight's Research Points

- The strong move on high volume following a 100-day low suggests a short-term upside edge.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. There was a decent bounce on Wednesday. Evidence suggests it has further to go.

**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 16, 2022	Yest 100 low. Up 1% on high volume	1-3 days	Bullish	3.10%	-1.90%	-3.85%
June 15, 2022	5 lower highs & closes < 200ma	1-2 days	Bullish			
June 15, 2022	SPX RSI2 < 2 & 50-day low	1-3 days	Bullish			
June 14, 2022	SPY dn 3% and within 1% of intraday low	1-5 days	Bullish	5.00%	-3.80%	-7.90%
June 13, 2022	SPX dn 2.5% on a Friday	1-6 days	Bullish	4.10%	-2.65%	-5.60%
<b>Active - Long Term</b>						
June 13, 2022	Inverse Zweig Breadth Collapse	1-3 months	Bearish			
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 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			

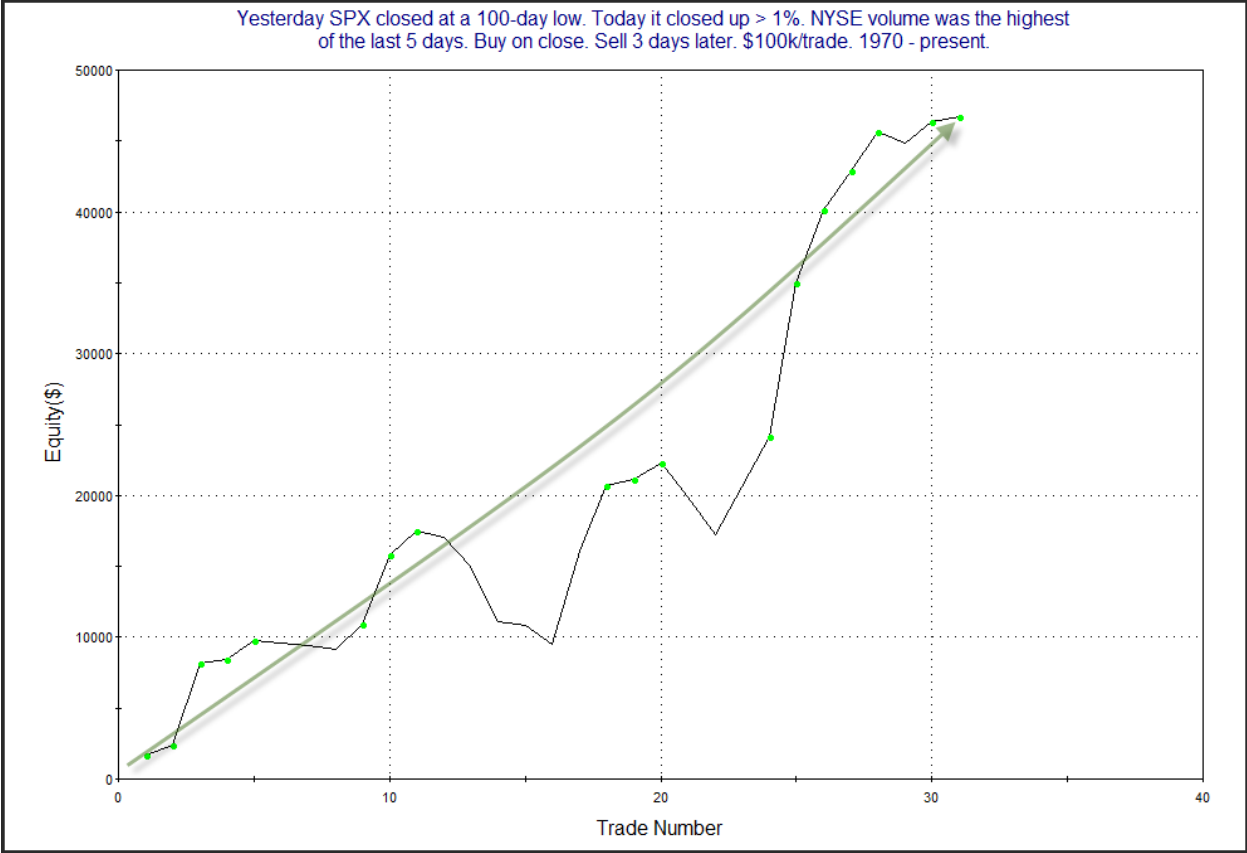
**The Evidence**

The reaction to the Fed was positive and the market put in solid gains on Wednesday. The SPX closed up 1.5%, the NASDAQ rose 2.5%, and the Russell 2000 gained 1.4%. Breadth was positive with the NYSE Up Issues % coming in at 73% and the Up Volume % at 78%. NYSE total volume spiked higher with the Fed announcement.

There were a fair amount of studies that triggered in the Quantifinder, but several of them had very low instances. The one below appeared compelling. It looked at strong moves up from 100-day lows, and the impact that volume had on the follow-through potential. Times like today, where volume was the highest level in at least the last 5 days, showed promising results. Results below are updated from the 10/31/18 letter.

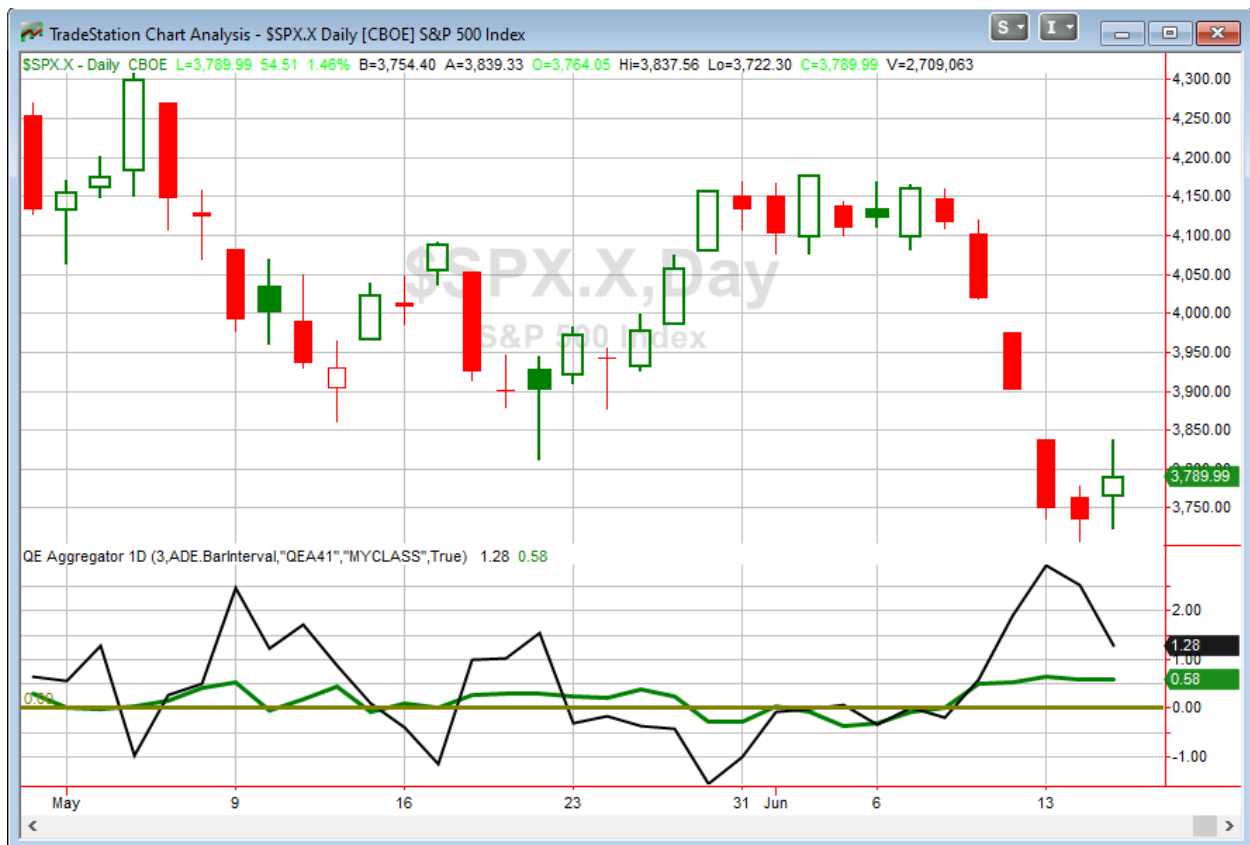
Yesterday SPX closed at a 100-day low. Today it closed up > 1%. NYSE volume was the highest of the last 5 days. Buy on close. Sell X days later. \$100k/trade. 1970 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	45,087.31	30	21	9	70.00	10,340.00	-4,585.62	3,276.78	-2,636.12	1.24	2.90	1,502.91
4	44,896.65	30	20	10	66.67	11,930.04	-3,869.74	3,249.08	-2,008.50	1.62	3.24	1,496.56
3	46,758.00	31	20	11	64.52	10,868.60	-3,910.96	3,065.26	-1,322.47	2.32	4.21	1,508.32
2	25,680.00	33	19	14	57.58	7,112.64	-6,510.90	2,422.70	-1,453.66	1.67	2.26	778.18
1	21,358.25	33	21	12	63.64	9,089.88	-4,686.30	2,039.37	-1,789.05	1.14	1.99	647.22

Results here appear to suggest an upside edge. Below is a 3-day equity curve to see how the edge has played out over time.



The strong upward slope confirms the edge suggested by the numbers.

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



With tonight's evidence considered, the green Aggregator line remained well above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line is also 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 positive on Thursday. This is unlikely to change. Meanwhile, the Differential Pivot will be 3813.16. That is 0.6% above Wednesday's close. Therefore, SPX will need to close up at least 0.6% on Thursday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is again bullish. The Fed Day played out positively but there should still be more upside to this bounce. I took some of my SPY position off on Wednesday ahead of the Fed announcement. I'll look to ride the remainder of the position for a least another day.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 6/13 – neutral***

The intermediate-term outlook was last updated in the 6/13/22 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***

TGT – 1/3 @ \$144.81 (bought @ limit)

BRK.B – 1/3 @ \$281.56 (bought @ limit)

TGT – 1/3 @ \$142.70 (bought @ limit)

BRK.B – 1/3 @ \$277.64 (bought @ limit)

MDT – 1/3 @ \$88.48 (bought @ limit)

PG – 1/3 @ \$133.84 (bought @ limit)

***New***

PG – 1/3 @ \$133.84 (buy @ limit)

***Broad Market Large Cap CBI – 7 (TGT-2, BRK.B-2, MDT, PG-2)***

**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.*

**PG – Buy 1/3 Catapult position @ \$132.51 LIMIT.** From the Catapult section above, this is the 2<sup>nd</sup> of up to 3 possible lots of PG.

## Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	6/10/2022	\$389.80	\$379.20	-2.72%	Aggregator
<i>SPY(1/4)</i>	<i>6/13/2022</i>	<i>\$375.00</i>	<i>\$377.36</i>	<i>0.63%</i>	<i>sold on open</i>
<i>SPY(1/4)</i>	<i>6/14/2022</i>	<i>\$373.87</i>	<i>\$378.14</i>	<i>1.14%</i>	<i>sold @ 2pm</i>
TGT(1/3)	6/14/2022	\$144.81	\$147.44	1.82%	Catapult
BRK.B(1/3)	6/14/2022	\$281.56	\$278.93	-0.93%	Catapult
TGT(1/3)	6/15/2022	\$142.52	\$147.44	3.45%	Catapult
BRK.B(1/3)	6/15/2022	\$277.64	\$278.93	0.46%	Catapult
MDT(1/3)	6/15/2022	\$88.48	\$89.35	0.98%	Catapult
PG(1/3)	6/15/2022	\$133.84	\$132.51	-0.99%	Catapult

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