

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 21, 2022

Volume 15 Issue 116

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	11

## Tonight's Research Points

- Seasonality appears weak for the upcoming few days.
- The CBI spiked to 11, which is typically a bullish reading.
- The Russell 2000 is likely to outperform the SPX in the coming weeks.
- Friday bounces from lows have been infrequent, but they have seen short and intermediate-term follow through more consistently than any other day of the week.
- The SOMA increased some this past week, but we will see overall declines in the coming weeks and months.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. Despite the small bounce on Friday, the market remains strongly oversold in the short-term. Evidence is pointing towards a bounce. I believe there is an upside edge.

**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 21, 2022	Quad Opex Week closes lower	1 day	Bearish			
June 21, 2022	SPX 50-day low and higher close Fri	1-4 days	Bullish	3.25%	-1.30%	-2.80%
June 21, 2022	CBI >= 10. SPX < 200ma	1-5 days	Bullish	4.00%	-3.30%	-7.00%
June 14, 2022	SPY dn 3% and within 1% of intraday low	1-5 days	Bullish	5.00%	-3.80%	-7.90%
<b>Active - Long Term</b>						
June 21, 2022	Up from 50-low on a Friday	1-25 days	Bullish	5.80%	-3.80%	-8.10%
June 21, 2022	CBI >= 10. SPX < 200ma	1-17 days	Bullish	6.50%	-3.85%	-7.80%
June 13, 2022	Inverse Zweig Breadth Collapse	1-3 months	Bearish			
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**

Friday saw the major indices mostly higher. SPX rose 0.2%, the NASDAQ gained 1.4%, and the Russell 2000 climbed 1.0%. Breadth was positive with the NYSE Up Issues % coming in at 59% and the Up Volume % at 58%. NYSE total volume spiked higher with quadruple witching option expiration occurring.

I saw a large amount of evidence this weekend – most of it bullish. But seasonality appears somewhat negative. I’ll cover those studies first. From a seasonal standpoint, the week after opex quad-witching in March, June, and September can often be especially weak. December is also a quad-witching month, but it has more often enjoyed end-of-year strength. The study below is from the 5/16/22 letter. It looked at performance following similar weeks.

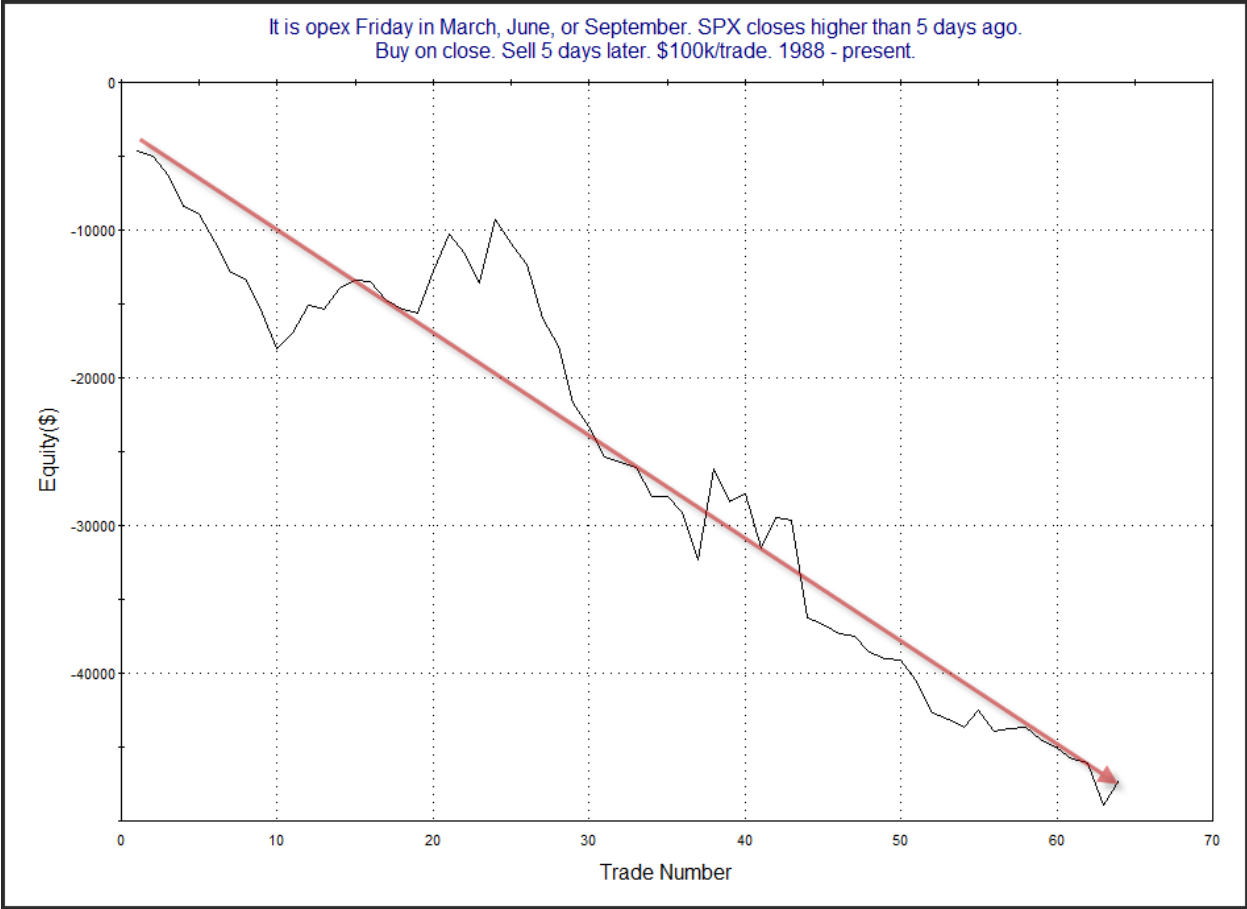
Buy SPX on close of opex Friday in March, June, or September. Sell X days later. \$100k/trade. 1988 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-52,130.35	103	29	74	28.16	10,171.65	-6,525.56	2,138.99	-1,542.72	1.39	0.54	-506.12
4	-31,884.95	103	34	69	33.01	13,981.45	-7,088.90	1,910.69	-1,403.60	1.36	0.67	-309.56
3	-29,363.15	103	35	68	33.98	7,337.52	-5,455.74	1,451.01	-1,178.66	1.23	0.63	-285.08
2	-20,127.11	103	39	64	37.86	6,123.63	-5,283.52	1,121.16	-997.69	1.12	0.68	-195.41
1	-16,280.59	103	39	64	37.86	7,069.40	-3,791.21	895.88	-800.31	1.12	0.68	-158.06

You can see here that results for these weeks show a decided bearish tendency. But it is also worth considering that opex weeks tend to be bullish. And when instead selloffs occur, I have found this impacts the edge. So I broke the above study down by times opex in March, June, and September closed up vs down. First let’s look at times (unlike now) that opex week closed higher.

It is opex Friday in March, June, or September. SPX closes higher than 5 days ago.  
Buy on close. Sell X days later. \$100k/trade. 1988 - 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	-47,191.50	64	15	49	23.44	6,162.00	-6,525.56	1,773.48	-1,505.99	1.18	0.36	-737.37
4	-35,013.20	64	18	46	28.13	8,361.60	-7,088.90	1,520.61	-1,356.18	1.12	0.44	-547.08
3	-22,542.47	64	20	44	31.25	5,894.20	-5,455.74	1,308.38	-1,107.05	1.18	0.54	-352.23
2	-8,332.83	64	28	36	43.75	4,914.00	-5,283.52	898.45	-930.26	0.97	0.75	-130.20
1	-4,042.75	64	24	40	37.50	7,069.40	-3,791.21	881.45	-629.94	1.40	0.84	-63.17

These numbers are very bearish. Below is the 5-day curve.



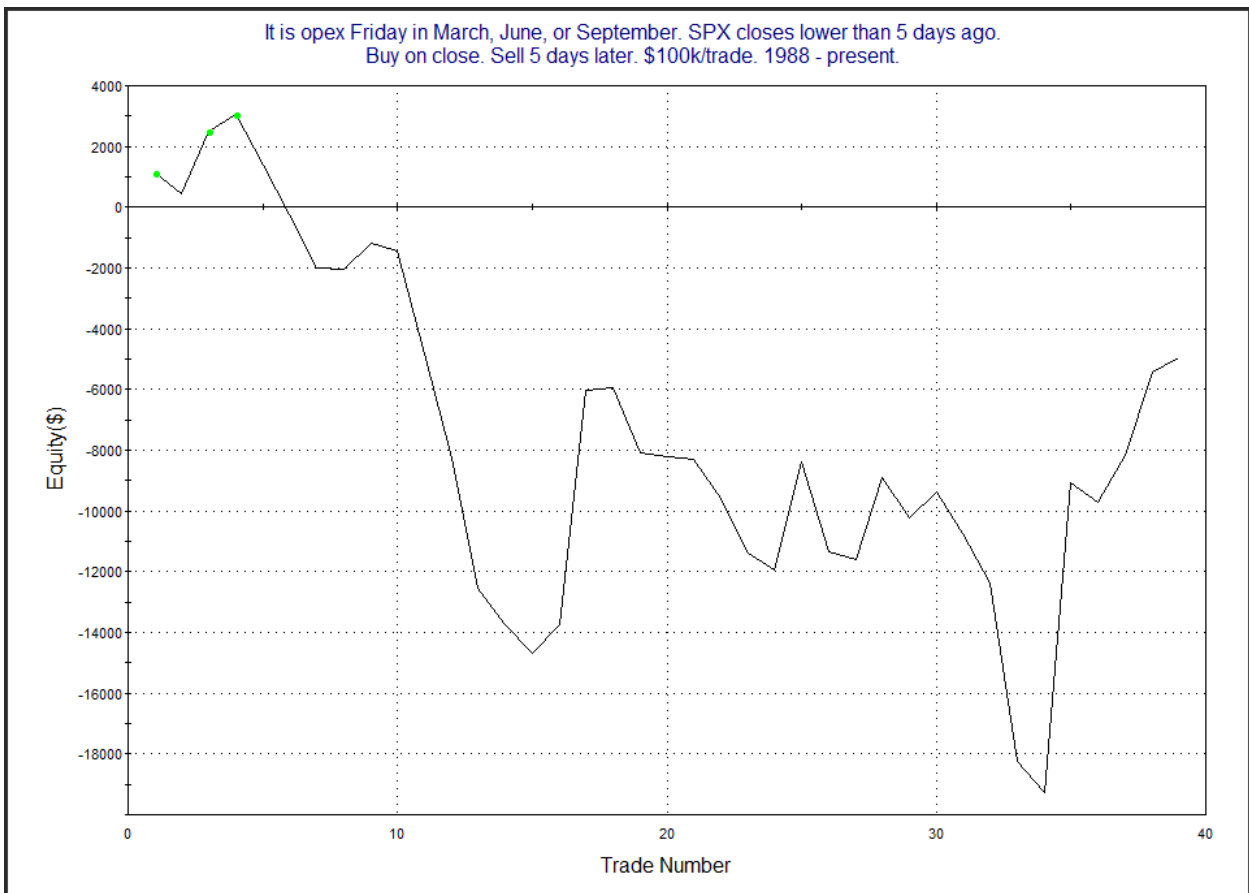
This appears to confirm the downside edge suggested by the numbers.

But this week was a down week. Below are stats for past setups like this.

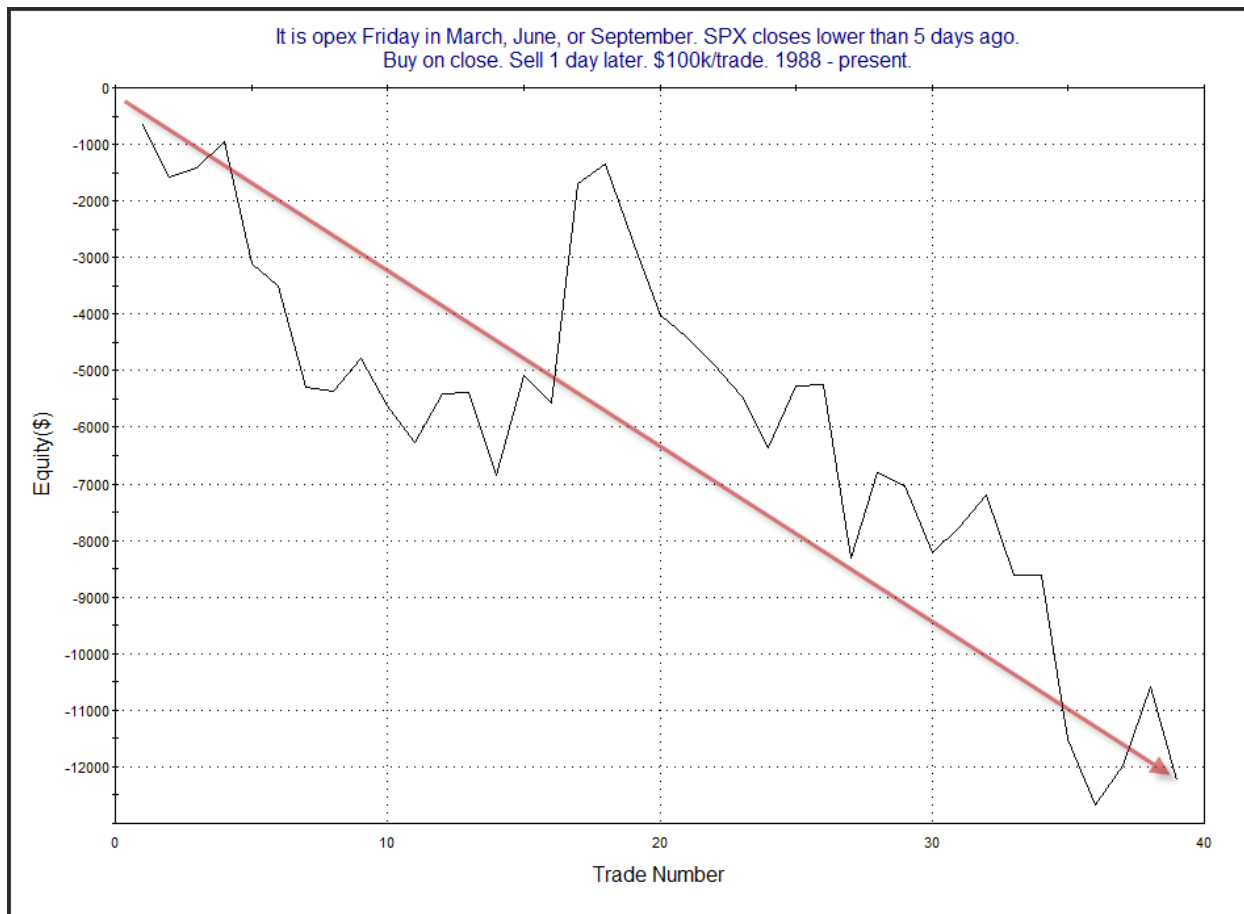
It is opex Friday in March, June, or September. SPX closes lower than 5 days ago.  
Buy on close. Sell X days later. \$100k/trade. 1988 - present.

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	-4,938.83	39	14	25	35.90	10,171.65	-5,895.00	2,530.61	-1,614.69	1.57	0.88	-126.64
4	3,128.25	39	16	23	41.03	13,981.45	-4,044.10	2,349.53	-1,498.44	1.57	1.09	80.21
3	-6,820.69	39	15	24	38.46	7,337.52	-2,476.50	1,641.19	-1,309.94	1.25	0.78	-174.89
2	-11,794.28	39	11	28	28.21	6,123.63	-3,079.80	1,688.06	-1,084.39	1.56	0.61	-302.42
1	-12,237.85	39	15	24	38.46	3,877.95	-3,044.52	918.96	-1,084.26	0.85	0.53	-313.79

These numbers are not nearly as impressive. Below is a look at the 5-day profit curve.



No consistent edge suggested here. But the 1-day curve does still appear bearish. That can be seen below.



So while the week after quad opex is bearish, it appears substantially less so under current circumstances.

In the 6/21/21 letter I also looked at June on a standalone basis. I have updated those results below.

Buy SPX on close of opex Friday in June.  
Sell X days later. \$100k/trade. 1999 - 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	-19,161.29	23	5	18	21.74	2,742.00	-3,626.75	957.49	-1,330.49	0.72	0.20	-833.10
4	-7,963.94	23	8	15	34.78	2,400.96	-3,899.98	1,150.61	-1,144.59	1.01	0.54	-346.26
3	-5,421.08	23	11	12	47.83	1,809.36	-2,266.83	755.00	-1,143.84	0.66	0.61	-235.70
2	-3,565.41	23	9	14	39.13	1,919.76	-2,822.04	947.49	-863.77	1.10	0.71	-155.02
1	-1,359.15	23	11	12	47.83	1,463.36	-3,044.52	640.07	-700.00	0.91	0.84	-59.09

SPX rose on opex week 14 times. 13 of 14 times it finished the next week lower.  
When it closed opex week lower (like 2022) it declined 5 times and rose 4 times the following week.

Very bearish numbers here. But the note at the bottom also confirms what we saw above in the broader study. Extremely bearish when opex week has closed higher. Breakeven when it has closed lower.

Also interesting about late June is that we have Russell rebalancing at the end of the month. In the past, this period has also seen the Russell 2000 outperform the S&P 500 by a sizable margin. This is something I looked at last year in the 6/21/21 letter. The table below shows how the Russell 2000 has done versus the SPX from the close the Tuesday after June Opex until the close on the last trading day of June.

<b>% Change from close on Tuesday after June Opex through last day of June. 2001 - 2021.</b>			
<b>Year</b>	<b>RUT</b>	<b>SPX</b>	<b>Difference</b>
2001	4.89%	0.97%	<b>3.92%</b>
2002	2.25%	1.40%	<b>0.85%</b>
2003	1.70%	-0.91%	<b>2.61%</b>
2004	3.43%	0.56%	<b>2.87%</b>
2005	-0.22%	-1.84%	<b>1.62%</b>
2006	6.75%	2.45%	<b>4.30%</b>
2007	-1.76%	-1.98%	<b>0.22%</b>
2008	-2.56%	-2.61%	<b>0.05%</b>
2009	3.76%	2.71%	<b>1.06%</b>
2010	-5.64%	-5.90%	<b>0.26%</b>
2011	2.62%	1.94%	<b>0.68%</b>
2012	1.53%	0.31%	<b>1.23%</b>
2013	1.69%	1.15%	<b>0.54%</b>
2014	1.68%	0.53%	<b>1.16%</b>
2015	-3.23%	-2.88%	<b>-0.35%</b>
2016	-0.17%	0.48%	<b>-0.65%</b>
2017	0.88%	-0.56%	<b>1.44%</b>
2018	-2.97%	-1.59%	<b>-1.38%</b>
2019	2.99%	0.84%	<b>2.15%</b>
2020	0.14%	-0.99%	<b>1.13%</b>
2021	0.64%	1.20%	<b>-0.56%</b>

For much of the last 21 years the Russell 2000 has outperformed the SPX during this late June period, though the last few years there have been a few stumbles. The average outperformance

over the 20 year period has been 1.1%. This would seem worth keeping in mind as we close out June.

The fact that a reversal happened on a Friday could be a positive. Friday is one of the least popular days for a bounce from a low to occur. But a potential positive about a Friday bounce is that they tend to be the most reliable moving forward. The below tables are updated from the 5/16/22 letter and looks at performance following a bounce from a 50-day low. The 1<sup>st</sup> table looks at performance 1 day later, and the 2<sup>nd</sup> table looks at performance 5 days later.

After closing at a 50-day low yesterday SPX closes up today. Today is the day of week listed.  
Buy on close. Sell next days's close. \$100k/trade. 1985 - present.

Day of Week	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
Fri	12,878.14	40	28	12	70.00	6,420.72	-11,696.04	1,244.61	-1,830.92	0.68	1.59	321.95
Thurs	5,289.51	41	21	20	51.22	3,982.74	-3,447.40	1,350.55	-1,153.60	1.17	1.23	129.01
Wed	-380.00	29	15	14	51.72	3,644.16	-4,761.33	1,511.09	-1,646.17	0.92	0.98	-13.10
Tues	-11,239.06	57	27	30	47.37	9,089.88	-5,112.51	1,277.71	-1,524.58	0.84	0.75	-197.18
Mon	-5,732.18	42	23	19	54.76	2,691.92	-4,893.07	834.60	-1,312.00	0.64	0.77	-136.48

After closing at a 50-day low yesterday SPX closes up today. Today is the day of week listed.  
Buy on close. Sell 5 days later. \$100k/trade. 1985 - present.

Day of Week	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
Fri	38,304.76	40	29	11	72.50	10,682.82	-14,619.60	2,410.14	-2,871.75	0.84	2.21	957.62
Thurs	42,392.67	39	26	13	66.67	9,334.72	-4,901.67	2,456.44	-1,651.91	1.49	2.97	1,086.99
Wed	2,627.11	28	16	12	57.14	8,658.92	-11,026.82	2,379.67	-2,953.97	0.81	1.07	93.83
Tues	2,389.91	56	34	22	60.71	10,340.00	-24,627.73	2,967.22	-4,477.07	0.66	1.02	42.68
Mon	-7,804.69	42	24	18	57.14	5,873.28	-11,533.34	2,037.94	-3,150.85	0.65	0.86	-185.83

We see that Friday is the day of the week that that shows most of the strongest odds moving forward. This is true whether you are looking at Net Profits, % Profitable, Win/Loss Ratio, Profit Factor, or Avg Trade. So Tuesday is the most likely day to see a bounce occur, but Friday is the day where that bounce is most likely to stick.

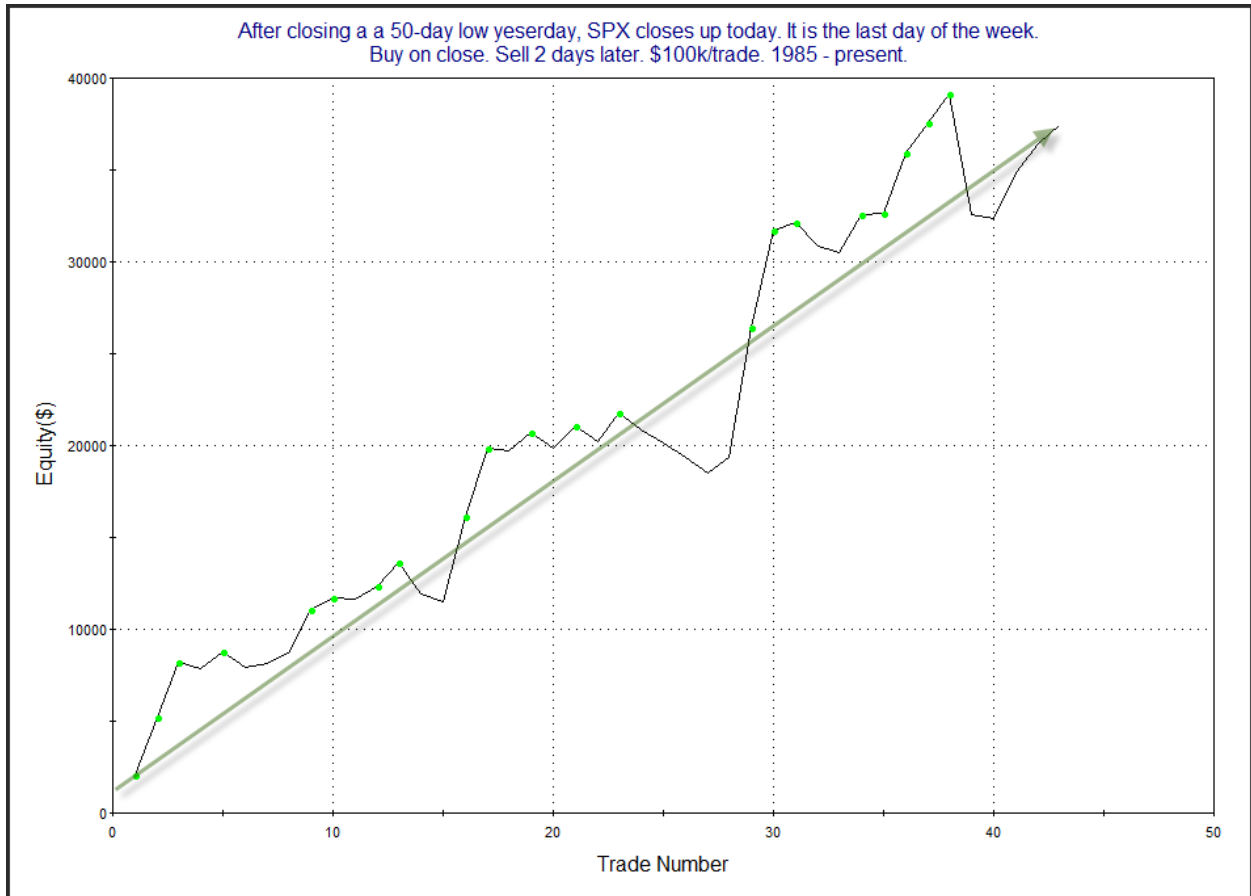
The table below is just slightly different. Rather than saying Friday, I required it be the last day of the week. In other words, if it is Thursday, and Friday is a holiday, then that also qualifies for

the study below. Here I look at performance over the next few days after the end-of-week bounce has occurred

After closing a 50-day low yesterday, SPX closes up today. It is the last day of the week.  
Buy on close. Sell X days later. \$100k/trade. 1985 - 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	37,826.84	43	31	12	72.09	10,682.82	-14,619.60	2,298.81	-2,786.35	0.83	2.13	879.69
4	40,517.64	43	30	13	69.77	11,930.04	-10,858.68	2,347.25	-2,299.99	1.02	2.36	942.27
3	29,312.00	43	29	13	67.44	10,868.60	-11,265.12	2,030.26	-2,274.28	0.89	1.99	681.67
2	37,427.10	43	27	16	62.79	7,112.64	-6,545.88	2,018.58	-1,067.15	1.89	3.19	870.40
1	10,948.59	43	29	14	67.44	6,420.72	-11,696.04	1,216.90	-1,738.67	0.70	1.45	254.62

Much of the gains occur in the 1<sup>st</sup> 2 days. I also produced a profit curve below.

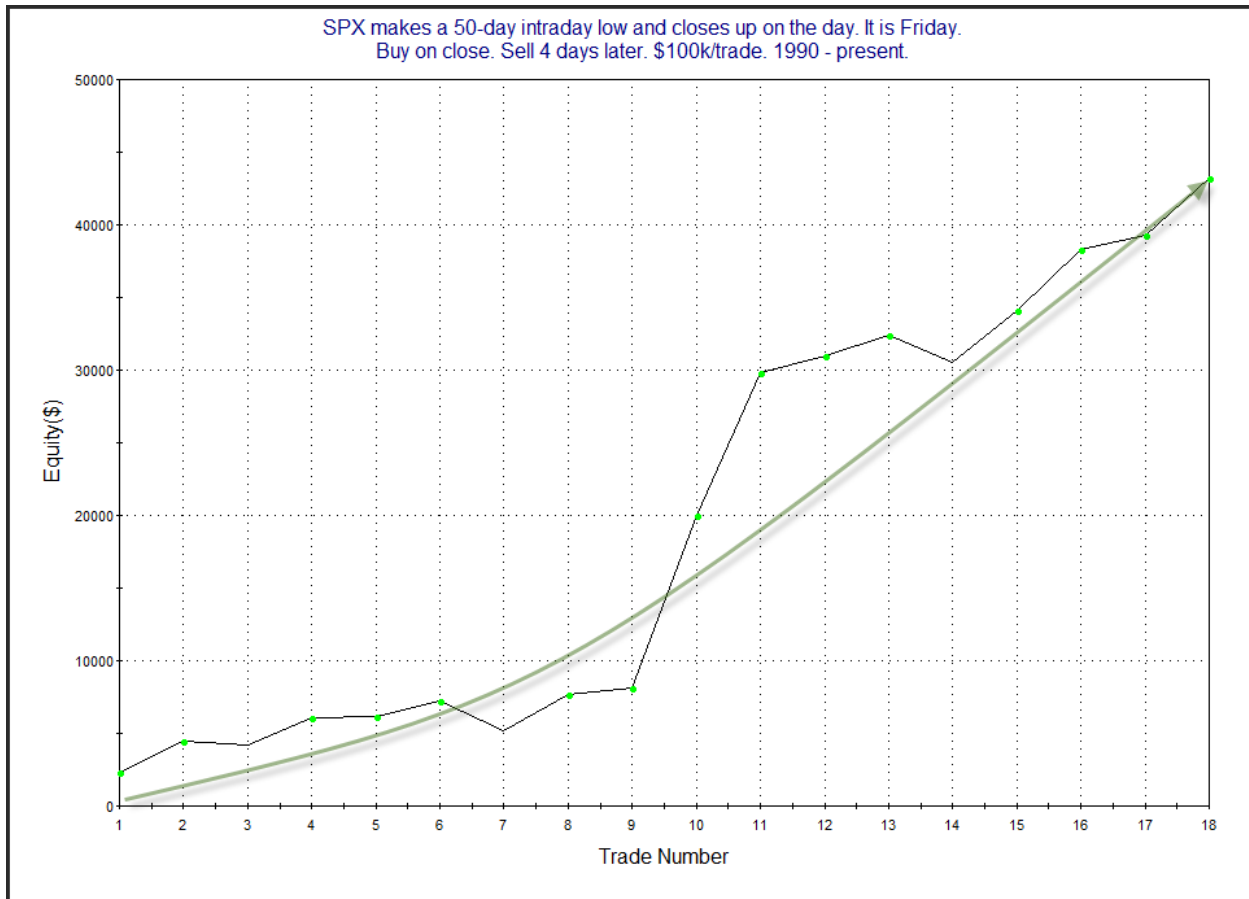


The recent instance with the big drop occurred in March 2020. Other than that, the strong upslope has persisted for a long time and serves as some confirmation of the upside edge.

I also looked this weekend at times we saw a 50-day intraday low on a Friday where the day ended higher. I last looked at this in the 5/23/22 letter. Updated results can be seen below.

SPX makes a 50-day intraday low and closes up on the day. It is Friday. Buy on close. Sell X days later. \$100k/trade. 1990 - 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	35,879.63	18	15	3	83.33	10,682.82	-3,017.16	2,865.83	-2,369.25	1.21	6.05	1,993.31
4	43,187.21	18	15	3	83.33	11,930.04	-2,035.80	3,157.48	-1,391.68	2.27	11.34	2,399.29
3	25,046.95	18	12	6	66.67	10,868.60	-2,303.28	2,893.38	-1,612.27	1.79	3.59	1,391.50
2	20,825.20	18	11	7	61.11	7,112.64	-1,737.36	2,453.80	-880.94	2.79	4.38	1,156.96
1	16,930.93	18	13	5	72.22	6,420.72	-1,277.64	1,670.70	-957.65	1.74	4.54	940.61

These are perhaps the most compelling numbers we have seen. Below is a look at the 4-day profit curve.



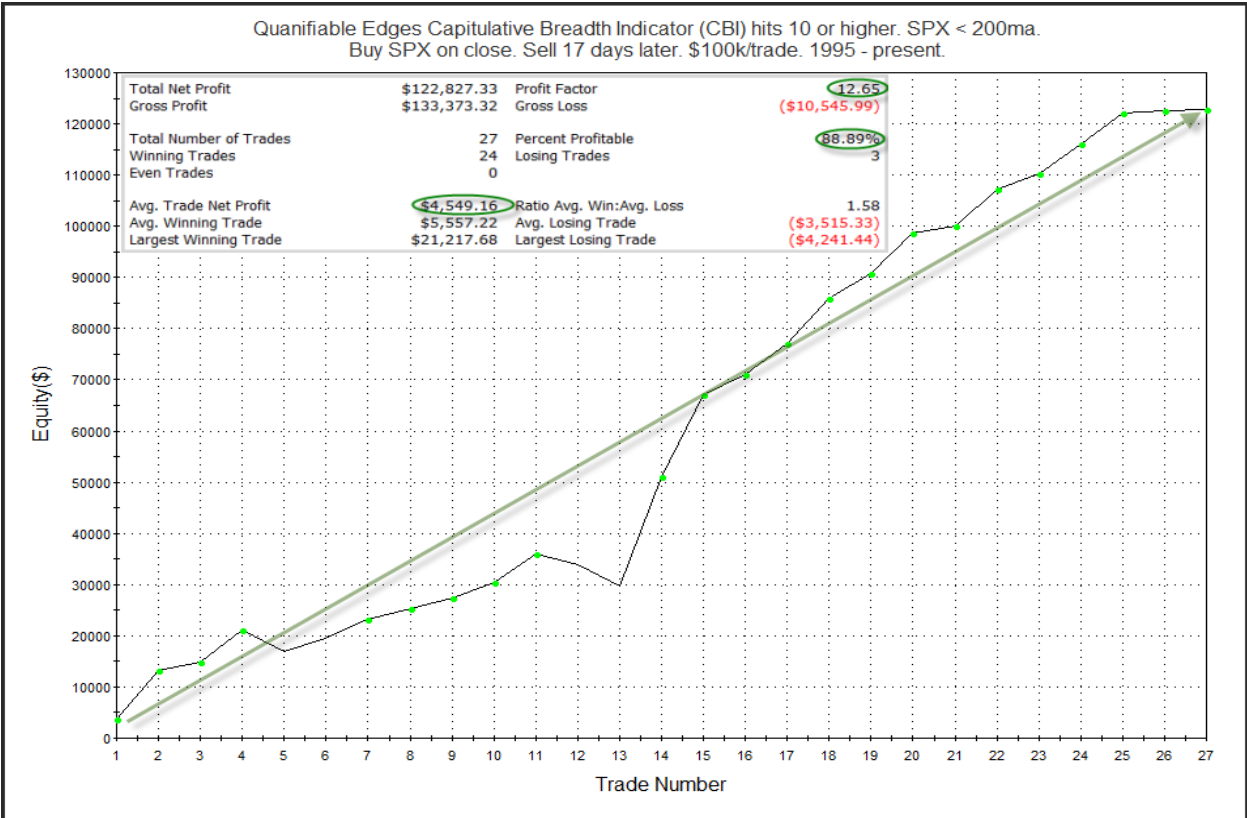
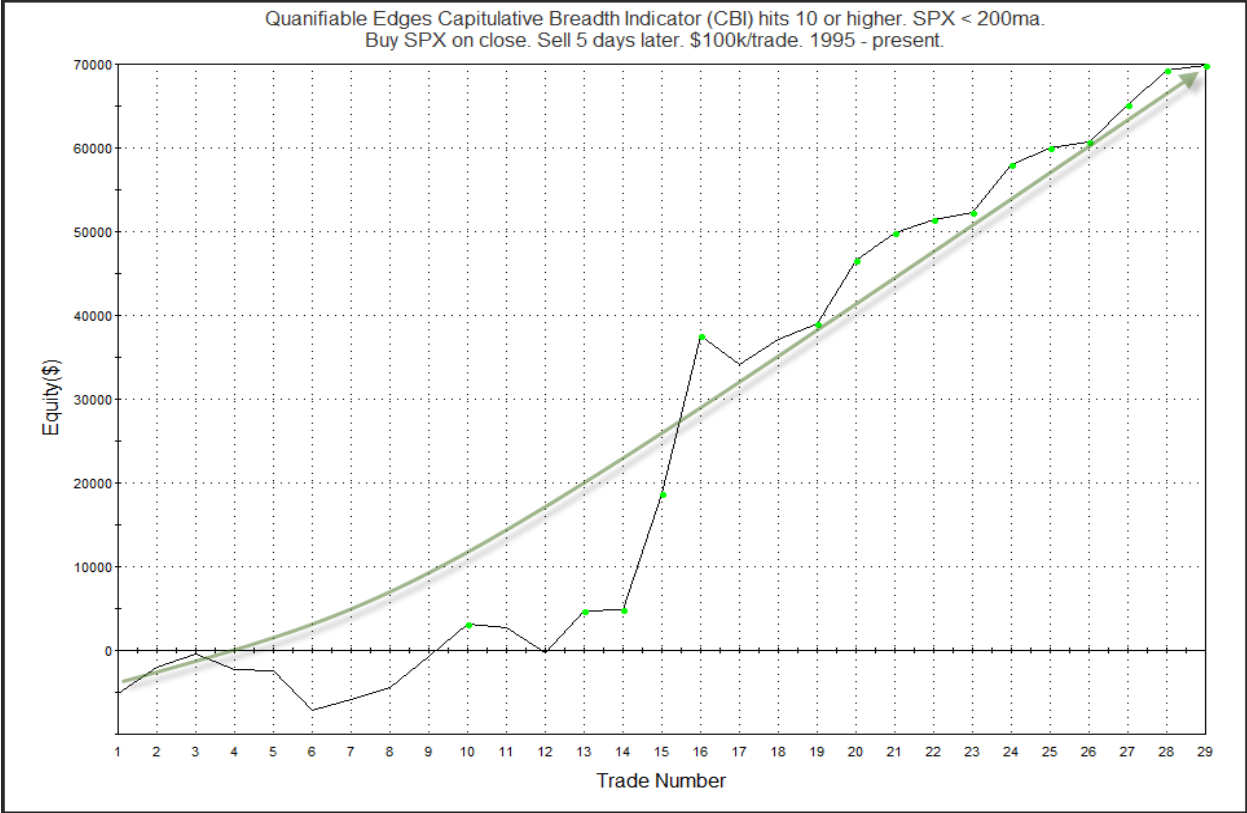
That is a strong move up from lower left to upper right.

It is also notable that the Quantifiable Edges Capitulative Breadth Indicator (CBI) jumped from 7 to 11 on Friday. Over the years I have generally regarded any reading of 10 or higher to be a bullish indication. The study below is one I have shown many times over the years. It looks a performance following a spike to 10 or higher. I also added a 200ma filter.

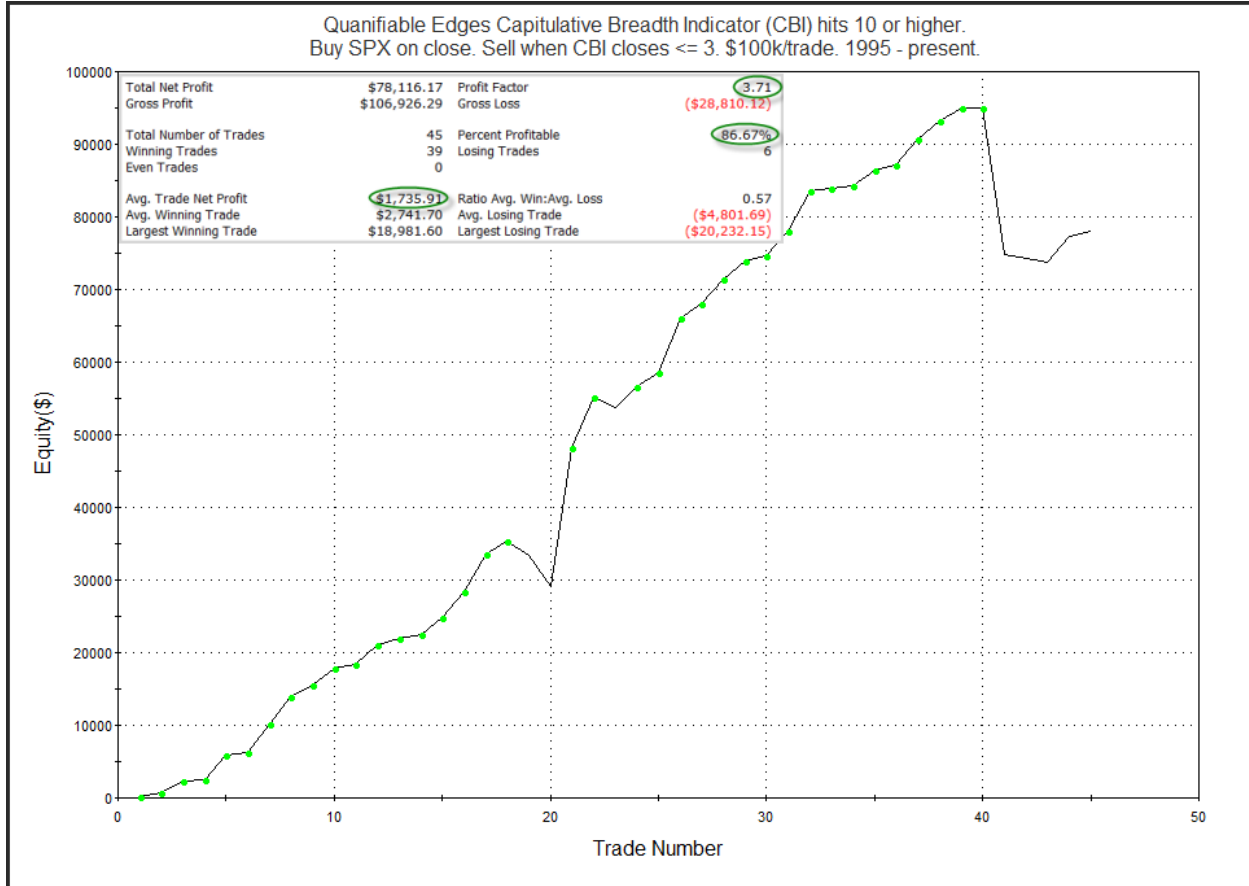
Quantifiable Edges Capitulative Breadth Indicator (CBI) hits 10 or higher. SPX < 200ma.  
Buy SPX on close. Sell X days later. \$100k/trade. 1995 - present.

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
20	118,793.14	26	21	5	80.77	17,878.08	-9,103.22	6,250.11	-2,491.85	2.51	10.53	4,568.97
19	112,250.12	26	20	6	76.92	17,534.88	-9,779.42	6,449.96	-2,791.51	2.31	7.70	4,317.31
18	117,736.30	27	23	4	85.19	20,061.36	-6,608.14	5,702.21	-3,353.62	1.70	9.78	4,360.60
17	122,827.32	27	24	3	88.89	21,217.68	-4,241.44	5,557.22	-3,515.33	1.58	12.65	4,549.16
16	109,990.48	27	23	4	85.19	15,329.16	-6,614.00	5,393.79	-3,516.68	1.53	8.82	4,073.72
15	101,180.34	27	21	6	77.78	17,338.20	-6,494.46	5,645.17	-2,894.71	1.95	6.83	3,747.42
14	81,024.44	28	21	7	75.00	15,991.80	-14,731.00	5,159.25	-3,902.84	1.32	3.97	2,893.73
13	84,870.09	28	20	8	71.43	19,377.60	-11,946.00	5,573.34	-3,324.59	1.68	4.19	3,031.07
12	88,478.86	28	21	7	75.00	17,982.36	-8,812.00	5,302.13	-3,266.54	1.62	4.87	3,159.96
11	94,424.93	28	21	7	75.00	20,758.32	-9,945.00	5,575.59	-3,237.49	1.72	5.17	3,372.32
10	85,621.07	28	22	6	78.57	16,319.16	-4,579.54	4,714.77	-3,017.32	1.56	5.73	3,057.90
9	91,779.78	29	23	6	79.31	12,246.96	-5,391.54	4,598.76	-2,331.95	1.97	7.56	3,164.82
8	74,502.43	29	22	7	75.86	15,615.60	-5,568.00	4,264.39	-2,759.16	1.55	4.86	2,569.05
7	71,844.87	29	22	7	75.86	12,720.84	-4,980.00	4,077.39	-2,551.10	1.60	5.02	2,477.41
6	65,104.60	29	21	8	72.41	18,349.11	-8,839.00	4,097.60	-2,618.12	1.57	4.11	2,244.99
5	69,819.97	29	22	7	75.86	18,981.60	-5,174.95	4,035.52	-2,708.80	1.49	4.68	2,407.59
4	62,012.87	29	21	8	72.41	17,851.68	-4,365.00	3,737.26	-2,058.70	1.82	4.77	2,138.37
3	17,759.60	30	18	12	60.00	13,853.40	-9,701.00	3,224.34	-3,356.55	0.96	1.44	591.99
2	5,981.75	30	16	14	53.33	13,116.84	-8,631.00	3,059.97	-3,069.85	1.00	1.14	199.39
1	13,002.55	30	16	14	53.33	10,716.03	-6,760.90	2,478.27	-1,903.56	1.30	1.49	433.42

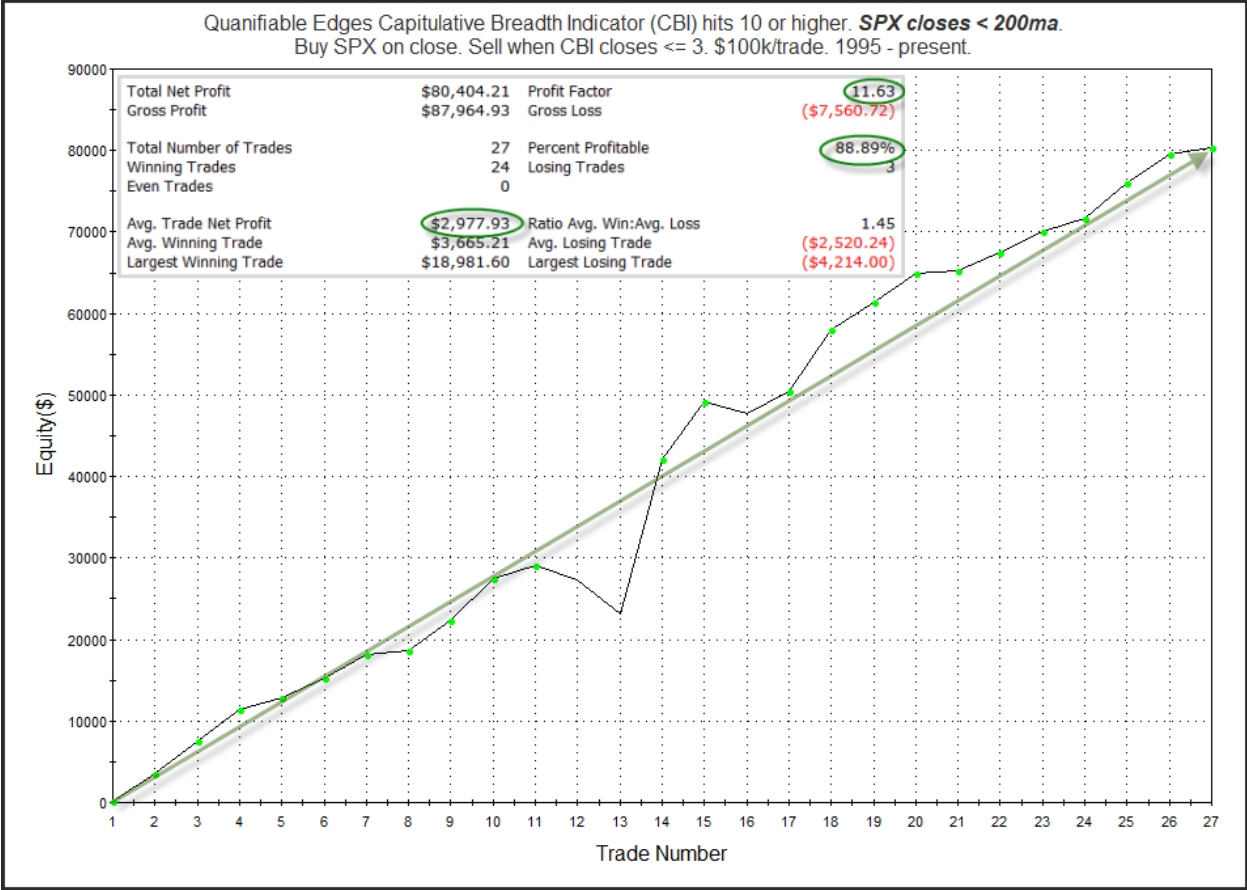
We see that most often during established downtrends the high reading has marked a point where the selling is nearly over (at least temporarily), and bounce is likely to begin. The 5-day and 17-day curves can be seen below.



Both the short and intermediate-term have seen a move from lower left to upper right with good consistency. I've also shown many times a little model that enters when the CBI spikes, and then hold until it returns to neutral. The basic model is updated below.



For a long time this model looked fantastic, but it did get hit hard with the COVID Crash in 2020. Interestingly, that crash and the high CBI at that time, began when the SPX was in an uptrend. Therefore, the “downtrend” filtered results actually have substantially better results. This can be seen below.



However I look at it, the spiking CBI appears to be a market positive, and is something I am taking under consideration.

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 Tuesday. This is unlikely to change without extremely compelling new bearish evidence. Meanwhile, the Differential Pivot will be 3852.83. That is 4.8% above Friday's close. Therefore, SPX will need to close up at least 4.8% on Tuesday in order to flip from oversold to overbought vs recent expectations. More likely, it will take at least a few days to work off the oversold condition.

So the Aggregator is again bullish. While this upcoming week is not great from a seasonal standpoint, that does not appear to be a big issue when the market is already oversold. Other evidence is suggesting a bounce and the SPX is strongly oversold. I have a small index position already. It was large, but I stepped out of most of it ahead of the Fed announcement on Wednesday. I'll now look at add some of that back if I can get a favorable entry on Tuesday.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 6/21 – neutral**

Combo #1	Combo #2	Combo #3
Flat	Flat	Flat

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 3 can be either flat or long. None of them look to short. More information on these signals can be found in the [Quantifiable Edges Market Timing Course](#), which is included with all annual subscriptions. Detailed descriptions of these combination approaches [can be found in Lesson 8](#). Subscribers may also download detailed hypothetical historical performance reports covering 12/31/71 – 3/7/14 in [Lesson 11, Course Downloads](#). (You must go through the course first in order to access the Downloads.) *This week all 3 combo systems remained “flat”.*

This past week was the worst one since March 2020 for the SPX. The SPX fell 5.8%, the NASDAQ declined 4.8%, and the Russell 2000 lost 7.5% on the week. Bonds struggled too. The US Aggregate Bond ETF (AGG) lost 0.9%, while TLT, the 20-year Treasury Bond ETF dropped 1.5%. Stocks and bonds both made new long-term lows.

As I discussed in the short-term section, Fridays are interesting in that they are the least likely day of the week for a selloff to end and a rally to begin. But when rallies do start on a Friday, they have shown the best odds of success of any day of the week. I’ve seen this a number of ways over the years. The study below was last seen in the 5/16/22 letter. It looks at times the market closed up the day after closing at a 21-day low. Results are broken down by day of the week, and also by holding period.

After closing at a 1-month (21-day) low yesterday SPX closes up today. Today is the day of week listed.  
Buy on close. Sell "Days In" days later. \$100k/trade. 1985 - present.

Days In	Day of Week	Net Profit	Total Trades	Winning Trades	Losing Trades	% Profitable	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	ProfitFactor	Avg Trade
25	Friday	\$ 178,634.59	63	46	17	73.02	\$ 25,601.10	\$ (27,447.20)	\$ 3,310.92	\$ (3,862.81)	1.37	3.72	\$ 2,835.47
25	Thursday	\$ 117,290.43	72	48	24	66.67	\$ 15,748.56	\$ (24,468.80)	\$ 5,023.27	\$ (5,159.43)	0.97	1.95	\$ 1,623.03
25	Wednesday	\$ 41,307.05	63	36	27	57.14	\$ 15,720.60	\$ (26,260.20)	\$ 4,223.17	\$ (4,101.00)	1.03	1.37	\$ 655.67
25	Tuesday	\$ 138,169.98	80	57	23	71.25	\$ 13,373.36	\$ (26,928.72)	\$ 4,685.79	\$ (5,605.21)	0.84	2.07	\$ 1,727.12
25	Monday	\$ 39,139.30	72	44	28	61.11	\$ 11,998.36	\$ (15,107.40)	\$ 4,255.67	\$ (5,289.66)	0.80	1.26	\$ 543.60
20	Friday	\$ 161,635.52	64	47	17	73.44	\$ 23,231.52	\$ (11,446.40)	\$ 4,601.37	\$ (3,213.45)	1.43	3.96	\$ 2,525.56
20	Thursday	\$ 101,816.52	74	50	24	67.57	\$ 13,310.83	\$ (21,326.56)	\$ 4,442.81	\$ (5,013.50)	0.89	1.85	\$ 1,375.90
20	Wednesday	\$ 19,525.11	66	39	27	59.09	\$ 13,749.40	\$ (20,015.10)	\$ 3,351.06	\$ (4,117.27)	0.81	1.18	\$ 295.83
20	Tuesday	\$ 98,959.49	81	59	22	72.84	\$ 10,340.45	\$ (25,793.04)	\$ 3,674.39	\$ (5,355.89)	0.69	1.84	\$ 1,221.72
20	Monday	\$ 38,892.80	75	47	28	62.67	\$ 13,166.81	\$ (14,276.60)	\$ 3,775.94	\$ (4,949.15)	0.76	1.28	\$ 518.57
15	Friday	\$ 134,508.96	65	47	18	72.31	\$ 19,353.76	\$ (8,152.32)	\$ 3,974.38	\$ (2,904.82)	1.37	3.57	\$ 2,069.37
15	Thursday	\$ 87,917.41	74	51	23	68.92	\$ 11,759.91	\$ (24,320.38)	\$ 3,538.10	\$ (4,022.86)	0.88	1.95	\$ 1,188.07
15	Wednesday	\$ 36,648.05	66	37	29	56.06	\$ 14,141.40	\$ (12,682.85)	\$ 3,443.86	\$ (3,130.16)	1.10	1.40	\$ 555.27
15	Tuesday	\$ 49,074.91	84	52	32	61.90	\$ 9,248.80	\$ (20,192.90)	\$ 3,430.65	\$ (4,041.21)	0.85	1.38	\$ 584.23
15	Monday	\$ 12,674.69	82	45	37	54.88	\$ 11,586.98	\$ (27,290.56)	\$ 3,505.34	\$ (3,920.70)	0.89	1.09	\$ 154.57
10	Friday	\$ 71,837.96	69	42	27	60.87	\$ 13,599.08	\$ (14,764.64)	\$ 3,212.49	\$ (2,336.54)	1.37	2.14	\$ 1,041.13
10	Thursday	\$ 68,235.69	79	46	33	58.23	\$ 10,577.93	\$ (8,745.48)	\$ 3,103.30	\$ (2,258.06)	1.37	1.92	\$ 863.74
10	Wednesday	\$ 21,348.18	70	41	29	58.57	\$ 11,407.20	\$ (7,532.72)	\$ 2,673.98	\$ (3,044.31)	0.88	1.24	\$ 304.97
10	Tuesday	\$ 39,058.12	89	56	33	62.92	\$ 11,970.12	\$ (25,781.61)	\$ 2,907.02	\$ (3,749.54)	0.78	1.32	\$ 438.86
10	Monday	\$ (6,248.78)	84	46	38	54.76	\$ 9,500.10	\$ (22,531.20)	\$ 2,942.70	\$ (3,726.65)	0.79	0.96	\$ (74.39)
5	Friday	\$ 62,049.91	76	48	28	63.16	\$ 10,682.82	\$ (14,619.60)	\$ 2,368.89	\$ (1,844.89)	1.28	2.20	\$ 816.45
5	Thursday	\$ 69,270.83	84	56	28	66.67	\$ 9,334.72	\$ (4,901.67)	\$ 2,190.98	\$ (1,907.99)	1.15	2.30	\$ 824.65
5	Wednesday	\$ 18,575.02	75	47	28	62.67	\$ 8,656.92	\$ (11,026.82)	\$ 1,808.80	\$ (2,372.81)	0.76	1.28	\$ 247.67
5	Tuesday	\$ 5,525.16	99	58	41	58.59	\$ 10,340.00	\$ (24,627.73)	\$ 2,425.72	\$ (3,296.75)	0.74	1.04	\$ 55.81
5	Monday	\$ 41,929.80	95	58	37	61.05	\$ 7,207.80	\$ (11,533.34)	\$ 2,226.77	\$ (2,357.38)	0.94	1.48	\$ 441.37

Looking out 10,15,20, and 25 days, Friday has the best Win/Loss Ratio, Profit Factor, and Avg Trade of any day. And in some cases, like 15, 20 and 25 days out, none of the other days are even close.

I also looked at bounces from 50-day lows.

After closing at a 50-day low yesterday SPX closes up today. Today is the day of week listed.  
Buy on close. Sell "Days In" days later. \$100k/trade. 1985 - present.

Days In	Day of Week	Net Profit	Total Trades	Winning Trades	Losing Trades	% Profitable	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	ProfitFactor	Avg Trade
25	Friday	\$ 93,721.97	30	21	9	70.00	\$ 25,601.10	\$ (5,593.52)	\$ 5,697.95	\$ (2,881.67)	1.98	4.61	\$ 3,124.07
25	Thursday	\$ 85,410.40	35	26	9	74.29	\$ 12,443.40	\$ (24,468.80)	\$ 5,503.10	\$ (6,407.81)	0.86	2.48	\$ 2,440.30
25	Wednesday	\$ 19,915.04	20	12	8	60.00	\$ 15,720.60	\$ (9,312.24)	\$ 5,001.14	\$ (5,012.33)	1.00	1.50	\$ 995.75
25	Tuesday	\$ 98,665.78	46	33	13	71.74	\$ 13,373.36	\$ (22,662.33)	\$ 5,327.52	\$ (5,934.03)	0.90	2.28	\$ 2,144.91
25	Monday	\$ (23,661.75)	31	17	14	54.84	\$ 11,998.36	\$ (15,107.40)	\$ 4,281.62	\$ (6,889.23)	0.62	0.75	\$ (763.28)
20	Friday	\$ 72,653.72	31	20	11	64.52	\$ 23,231.52	\$ (6,582.24)	\$ 5,116.57	\$ (2,697.97)	1.90	3.45	\$ 2,343.67
20	Thursday	\$ 57,915.35	35	26	9	74.29	\$ 12,242.52	\$ (21,326.56)	\$ 4,915.00	\$ (7,763.86)	0.63	1.83	\$ 1,654.72
20	Wednesday	\$ (5,721.64)	22	10	12	45.45	\$ 13,749.40	\$ (13,452.95)	\$ 4,844.99	\$ (4,514.30)	1.07	0.89	\$ (260.07)
20	Tuesday	\$ 78,066.34	47	36	11	76.60	\$ 14,605.00	\$ (23,939.84)	\$ 4,341.79	\$ (7,112.54)	0.61	2.00	\$ 1,660.99
20	Monday	\$ (17,090.75)	32	15	17	46.88	\$ 13,166.81	\$ (14,834.56)	\$ 4,709.25	\$ (5,160.55)	0.91	0.81	\$ (534.09)
15	Friday	\$ 60,393.49	32	23	9	71.88	\$ 19,353.76	\$ (8,152.32)	\$ 3,876.60	\$ (3,196.48)	1.21	3.10	\$ 1,887.30
15	Thursday	\$ 47,707.94	35	28	7	80.00	\$ 10,149.40	\$ (24,320.38)	\$ 3,590.97	\$ (7,548.46)	0.48	1.90	\$ 1,363.08
15	Wednesday	\$ (1,802.86)	22	10	12	45.45	\$ 14,141.40	\$ (12,682.85)	\$ 5,015.93	\$ (4,330.18)	1.16	0.97	\$ (81.95)
15	Tuesday	\$ 38,464.96	48	33	15	68.75	\$ 10,450.00	\$ (20,192.90)	\$ 3,781.74	\$ (5,755.51)	0.66	1.45	\$ 801.35
15	Monday	\$ (27,156.39)	35	15	20	42.86	\$ 11,586.98	\$ (27,290.56)	\$ 4,663.16	\$ (4,855.19)	0.96	0.72	\$ (775.90)
10	Friday	\$ 40,086.86	35	21	14	60.00	\$ 13,599.08	\$ (14,764.64)	\$ 3,726.59	\$ (2,726.54)	1.37	2.05	\$ 1,145.34
10	Thursday	\$ 43,381.14	36	24	12	66.67	\$ 9,743.92	\$ (7,562.86)	\$ 2,952.84	\$ (2,290.59)	1.29	2.58	\$ 1,205.03
10	Wednesday	\$ 11,268.36	25	14	11	56.00	\$ 11,407.20	\$ (7,532.72)	\$ 3,504.95	\$ (3,436.45)	1.02	1.30	\$ 450.73
10	Tuesday	\$ 23,566.36	51	31	20	60.78	\$ 11,970.12	\$ (25,781.61)	\$ 3,693.58	\$ (4,546.73)	0.81	1.26	\$ 462.09
10	Monday	\$ (43,564.00)	36	16	20	44.44	\$ 9,080.86	\$ (22,531.20)	\$ 3,069.99	\$ (4,634.19)	0.66	0.53	\$ (1,210.11)
5	Friday	\$ 38,304.76	40	29	11	72.50	\$ 10,682.82	\$ (14,619.60)	\$ 2,410.14	\$ (2,871.75)	0.84	2.21	\$ 957.62
5	Thursday	\$ 42,392.67	39	26	13	66.67	\$ 9,334.72	\$ (4,901.67)	\$ 2,456.44	\$ (1,651.91)	1.49	2.97	\$ 1,086.99
5	Wednesday	\$ 2,627.11	28	16	12	57.14	\$ 8,658.92	\$ (11,026.82)	\$ 2,379.67	\$ (2,953.97)	0.81	1.07	\$ 93.83
5	Tuesday	\$ 2,389.91	56	34	22	60.71	\$ 10,340.00	\$ (24,627.73)	\$ 2,967.22	\$ (4,477.07)	0.66	1.02	\$ 42.68
5	Monday	\$ (7,804.69)	42	24	18	57.14	\$ 5,873.28	\$ (11,533.34)	\$ 2,037.94	\$ (3,150.85)	0.65	0.86	\$ (185.83)

More of the same here, with Friday posting most of the best stats. So if you are looking for an encouraging intermediate-term sign based on Friday's action, this appears to be one.

The Fed posted the latest update to the SOMA holdings after the close on Thursday. It can be found below.

Domestic Security Holdings as of

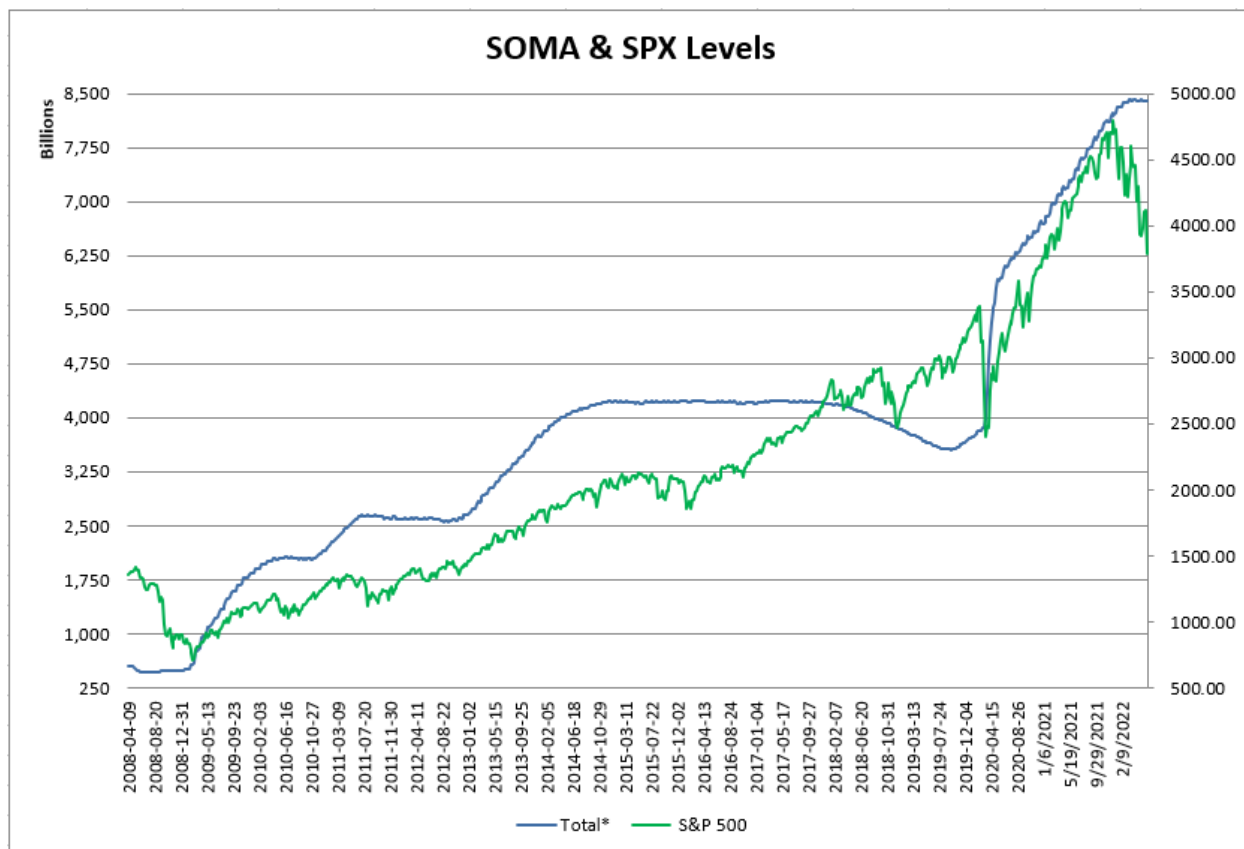
◀ Previous **June 15, 2022** 📅  
Posted June 16, 2022 at 4:30 PM

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**SUMMARY** | T-BILLS | T-NOTES AND T-BONDS | FRNS | TIPS | AGENCY DEBTS | MBS | CMBS

SECURITY TYPE	TOTAL (\$Thousands)	
US Treasury Bills (T-Bills)		326,044,000.0
US Treasury Notes and Bonds (Notes/Bonds)	Decrease	4,933,512,455.6
US Treasury Floating Rate Notes (FRNs)		30,569,681.8
US Treasury Inflation-Protected Securities (TIPS)*		382,966,445.1
Federal Agency Securities**		2,347,000.0
Agency Mortgage-Backed Securities***	Increase	2,718,696,704.7
Agency Commercial Mortgage-Backed Securities***		8,869,818.6
Total SOMA Holdings		8,403,006,105.8
Change From Prior Week		10,844,028.5

This week the SOMA saw a rise of nearly \$11 billion. While there was a sizable treasury rolloff that occurred on the 15<sup>th</sup>, there was also an increase in AMBS. This more than offset the decline in treasuries. Below is an updated SOMA/SPX chart from 2008 – present.



The largest expansion in the history of the SOMA is over. So the blue line has flattened. And while it did not decline any this past week, it will noticeably begin to head lower very soon. A sizable liquidity drain is upon us. The Fed is no longer a friend to the market, and they won't be for as long as they are fighting inflation and the economy appears stable. Wednesday they showed how serious they are with the largest rate increase since 1994. More rates hikes and more QT are on the way. So far, the market has *not* done well without the Fed on its side.

And it is not just the U.S. stock market that has struggled. Overseas markets, bonds, crypto, and even gold have seen sizable declines. A lot of wealth has been destroyed in 2022, and even cash is losing value with inflation so high. I ran a lot of charts to demonstrate, but with this letter already so long, I decided to post them to the blog. You may find a link to it below:

[Wealth Destruction: A Visual Essay](#)

Between the CBI spike and the Friday reversal, we did see some evidence suggesting an intermediate-term rally could be near. Of course there are still many challenges for the market. The Inverse-Zweig breadth collapse I discussed last week has already been followed by strong selling. The long-term trend is clearly down with basically everything making new lows this past week. SPX has closed lower 10 of the last 11 weeks, which is a streak that has only ever happened

once before – in 1970. The Fed is hawkish, the NASDAQ is lagging, and long-term seasonality is unfavorable. So plenty of conflict. Perhaps we get some relief over the next few weeks, but we are a long way from an all-clear signal. Therefore, I will maintain a neutral trading bias. So I am willing to take trades in either direction, but I will not be aggressive on either the long or short side until I have more conviction with intermediate-term direction.

### **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)

PG – 1/3 @ \$133.84 (bought @ limit)

#### ***New***

ABBV – 1/3 @ \$138.28 (buy @ limit)

DUK – 1/3 @ \$97.82 (buy @ limit)

MMM – 1/3 @ \$129.84 (buy @ limit)

MO – 1/3 @ \$45.31 (buy @ limit)

***Broad Market Large Cap CBI – 11 (TGT-2, BRK.B-2, MDT, PG-2, ABBV, DUK, MMM, MO)***

## **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 @ \$365.50 LIMIT.** From the short-term section above, I will take back some SPY if we seen any dip on Tuesday.

**MO – Buy 1/3 Catapult position @ \$45.31 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of MO.

**MMM – Buy 1/3 Catapult position @ \$129.84 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of MMM.

**DUK – Buy 1/3 Catapult position @ \$97.82 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of DUK.

**ABBV – Buy 1/3 Catapult position @ \$138.28 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of ABBV.

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	6/10/2022	\$389.80	\$367.44	-5.74%	* dividend adjusted
TGT(1/3)	6/14/2022	\$144.81	\$139.30	-3.80%	Catapult
BRK.B(1/3)	6/14/2022	\$281.56	\$268.08	-4.79%	Catapult
TGT(1/3)	6/15/2022	\$142.52	\$139.30	-2.26%	Catapult
BRK.B(1/3)	6/15/2022	\$277.64	\$268.08	-3.44%	Catapult
MDT(1/3)	6/15/2022	\$88.48	\$88.22	-0.29%	Catapult
PG(1/3)	6/15/2022	\$133.84	\$132.36	-1.11%	Catapult
PG(1/3)	6/16/2022	\$131.03	\$132.36	1.02%	Catapult

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