

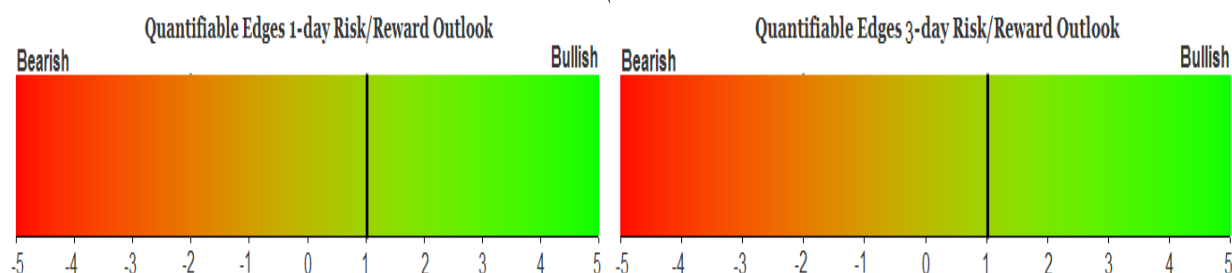
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 23, 2022

Volume 15 Issue 118

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	7

## Tonight's Research Points

- When SPY rises well above the open but still closes down on the day and under the 10ma and 200ma, you've often seen a rally over the next few days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence is still pointing higher over the next few days, but the market is now short-term overbought. I'll look to flatten out my index position if I can get a favorable exit.

**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 23, 2022	SPY 1% > open but dn on day < 10 < 200	1-2 days	Bullish			
June 22, 2022	Up 2 days from 20-low < 3 ago < 200	1-2 days	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%
<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			

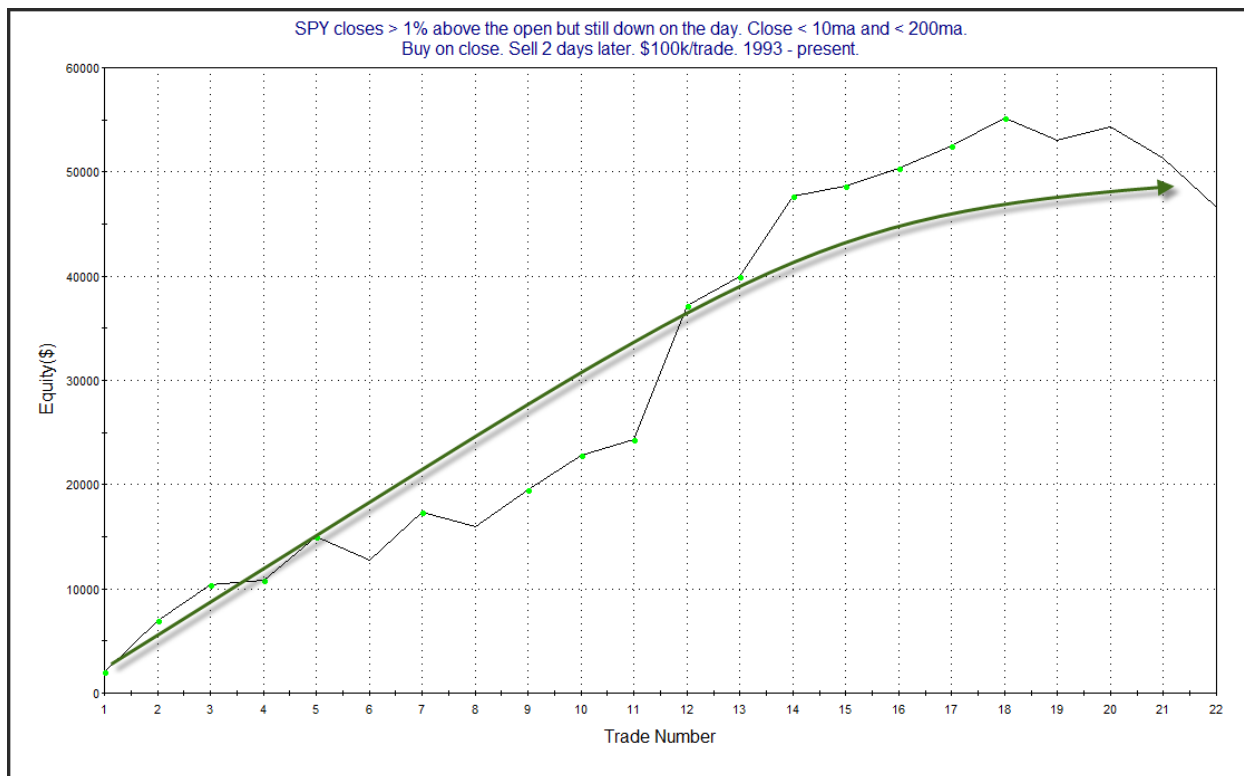
**The Evidence**

Wednesday started very weak, saw a big recovery, and then finished mildly lower. SPX declined 0.1%, the NASDAQ lost 0.15%, and the Russell 2000 fell 0.2%. Breadth was mixed with the NYSE Up Issues % coming in at 47% and the Up Volume % at 75%. NYSE total volume rose quite a bit from Tuesday's level.

Especially notable about the action was that it followed such a poor overnight session. One Quantifinder study that caught my eye tonight considered the sizable gap and partial reversal. It examined times when SPY rose over 1% from open to close but still finished down on the day and below the 10ma. It was last seen in the 3/2/20 letter and has been updated below.

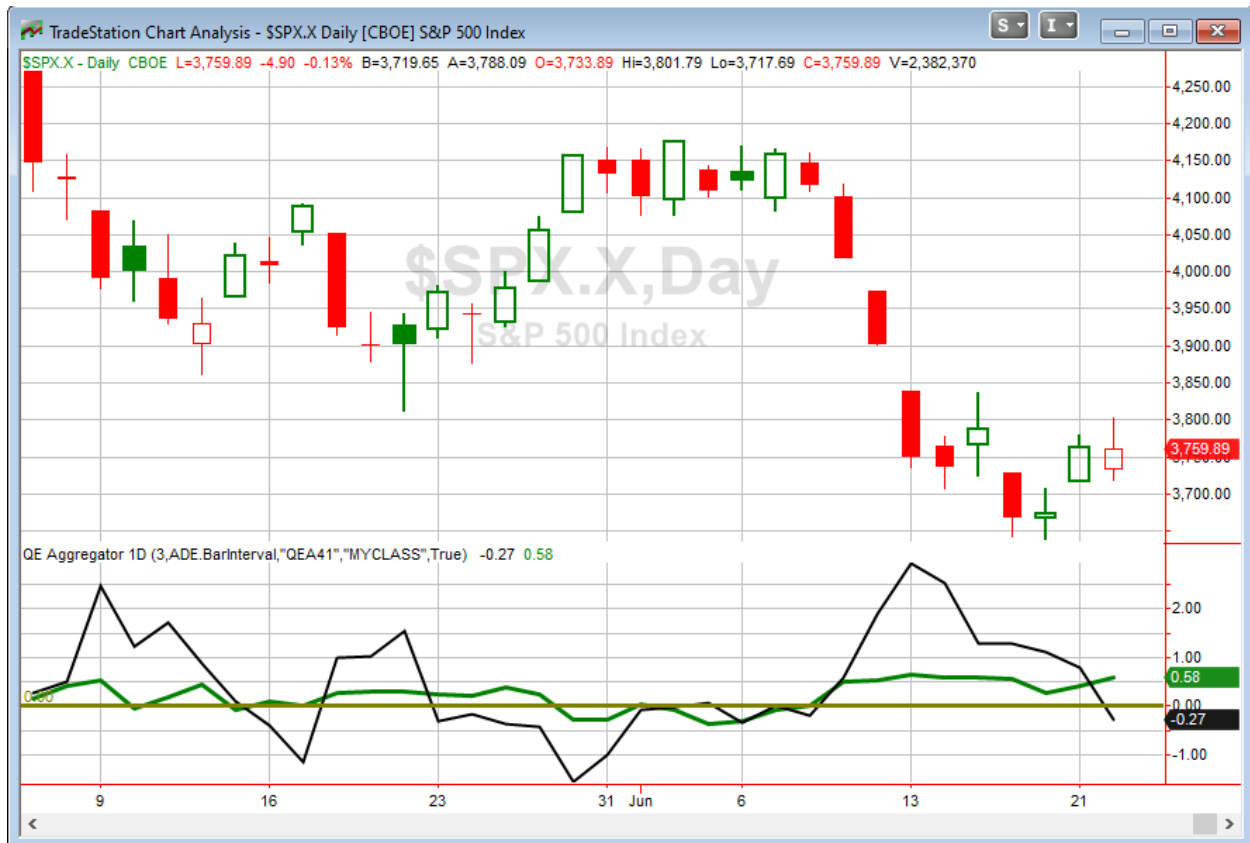
SPY closes > 1% above the open but still down on the day. Close < 10ma and < 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	27,852.63	18	11	7	61.11	12,037.05	-9,078.78	5,296.47	-4,344.08	1.22	1.92	1,547.37
9	31,772.05	18	14	4	77.78	10,391.40	-16,226.55	4,158.34	-6,611.17	0.63	2.20	1,765.11
8	48,587.41	18	13	5	72.22	10,774.35	-7,380.30	5,178.63	-3,746.96	1.38	3.59	2,699.30
7	62,172.09	18	14	4	77.78	15,348.76	-5,357.60	5,231.00	-2,765.47	1.89	6.62	3,454.01
6	58,403.49	18	15	3	83.33	11,639.99	-7,424.11	4,782.49	-4,444.64	1.08	5.38	3,244.64
5	39,846.01	21	15	6	71.43	11,238.92	-9,455.04	4,332.29	-4,189.71	1.03	2.59	1,897.43
4	31,613.10	22	15	7	68.18	10,630.48	-16,581.60	4,024.10	-4,106.91	0.98	2.10	1,436.96
3	21,021.38	22	14	8	63.64	6,933.92	-7,761.60	3,476.41	-3,456.04	1.01	1.76	955.52
2	46,638.89	22	17	5	77.27	12,814.15	-4,659.20	3,532.72	-2,683.46	1.32	4.48	2,119.95
1	37,965.84	22	17	5	77.27	14,507.65	-7,805.28	3,122.32	-3,022.71	1.03	3.51	1,725.72

Here we see impressive numbers over the next several days. Below is a profit curve showing a 2-day holding period.



Three of the last four instances have closed lower, putting some doubt on this curve. Still, that is not enough to get me to throw it out just yet. The last couple of failed instances occurred in March of 2020. And well, basically everything failed in March of 2020. So I will give this study some consideration tonight, but I will keep a close eye on it moving forward.

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 dipped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neural configuration. Neural configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current active list, expectations are set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3725.78. That is 0.9% below Wednesday's close. Therefore, SPX will need to close down at least 0.9% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Evidence is still pointing higher. And I generally expect to see a bounce press higher until the CBI returns back to near neutral. But we are overbought vs recent expectations, so risk is a bit elevated. I still have a small index position. I'll exit tomorrow if I can get a favorable fill. I normally get out quickly when the Aggregator signal expires like it has, but with the CBI still somewhat elevated, I'm willing to hold out for a more favorable exit.

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

The intermediate-term outlook was last updated in the 6/21/22 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)

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 – 7 (TGT-2, BRK.B-2, MDT, 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.*

**None tonight.**

## Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	6/10/2022	\$389.80	\$375.97	-3.55%	* dividend adjusted - see note below
TGT(1/3)	6/14/2022	\$144.81	\$140.81	-2.76%	Catapult
BRK.B(1/3)	6/14/2022	\$281.56	\$269.79	-4.18%	Catapult
TGT(1/3)	6/15/2022	\$142.52	\$140.81	-1.20%	Catapult
BRK.B(1/3)	6/15/2022	\$277.64	\$269.79	-2.83%	Catapult
MDT(1/3)	6/15/2022	\$88.48	\$89.25	0.87%	sell on open
PG(1/3)	6/15/2022	\$133.84	\$135.68	1.37%	sold on open
PG(1/3)	6/16/2022	\$131.03	\$135.68	3.55%	sold on open
DUK(1/3)	6/21/2022	\$97.82	\$100.16	2.39%	Catapult
MMM(1/3)	6/21/2022	\$129.84	\$130.40	0.43%	Catapult
MO(1/3)	6/21/2022	\$45.31	\$41.50	-8.41%	Catapult

I will look to sell SPY @ \$376.75 LIMIT. If not sold by the close, lower the criteria to \$374.40 LIMIT ON CLOSE.

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