

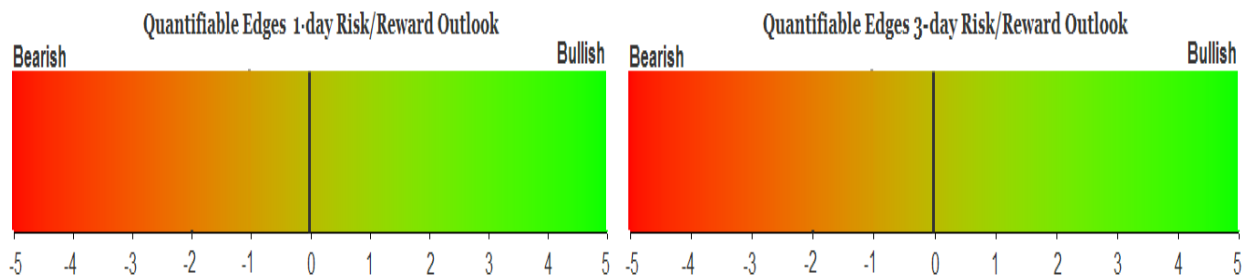
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 24, 2022

Volume 15 Issue 119

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	6

Tonight's Research Points

- A SOX decline combined with a strong NDX has often been followed by a market pullback.
- SPX and VIX both closing higher midweek during a downtrend has commonly been followed by a short-term decline.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Without a clear and compelling setup, I am too.

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 24, 2022	NDX up > 1%. SOX dn	1-6 days	Bearish	-2.90%	1.70%	3.80%
June 24, 2022	SPX up VIX dn midweek < 200	1-4 days	Bearish	-3.10%	1.50%	3.10%
June 23, 2022	SPY 1% > open but dn on day < 10 < 200	1-2 days	Bullish			
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%
Active - Long Term						
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

Thursday saw the market make sold gains. SPX rose 0.95%, the NASDAQ rallied 1.6%, and the Russell 2000 climbed 1.3%. Breadth was positive with the NYSE Up Issues % coming in at 60% and the Up Volume % at 51%. NYSE total volume declined quite a bit from Wednesday's level.

An interesting aspect of Thursday's action was the discrepancy between the NDX and the SOX. While the NDX rose 1.5% on Thursday, the SOX declined 0.65%. This is somewhat unusual action. It brought about a study last seen in the 8/21/20 Letter, which I have updated below.

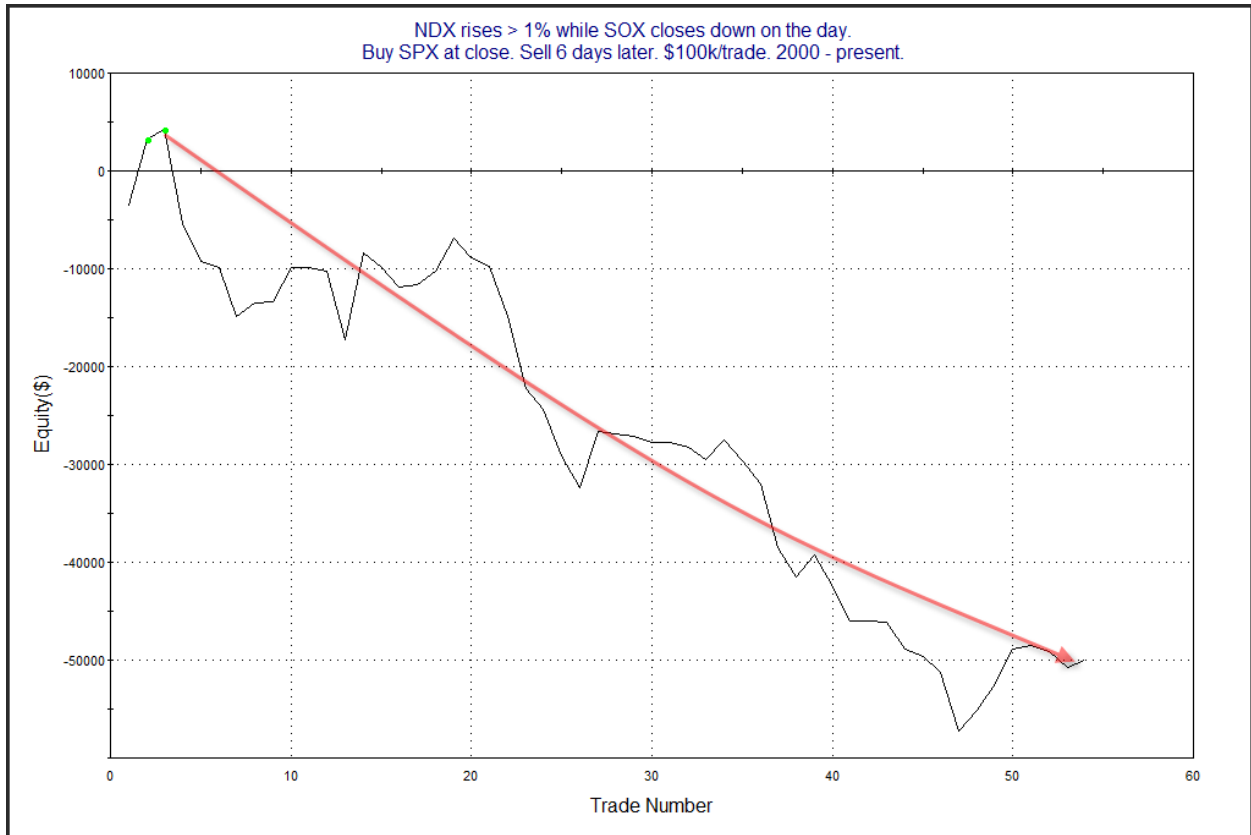
NDX rises > 1% while SOX closes down on the day. Buy NDX at close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-89,269.98	51	21	30	41.18	18,826.33	-13,954.56	4,146.90	-5,878.49	0.71	0.49	-1,750.39
9	-77,203.24	51	19	32	37.25	22,154.89	-15,780.45	4,631.93	-5,162.81	0.90	0.53	-1,513.79
8	-76,101.30	52	17	35	32.69	30,307.45	-13,288.50	5,304.37	-4,750.73	1.12	0.54	-1,463.49
7	-98,942.47	54	14	40	25.93	31,628.02	-17,436.00	6,119.43	-4,615.36	1.33	0.46	-1,832.27
6	-125,436.76	54	13	41	24.07	23,421.19	-21,090.48	6,049.40	-4,977.54	1.22	0.39	-2,322.90
5	-87,685.08	55	18	37	32.73	12,749.43	-12,790.08	4,022.44	-4,326.73	0.93	0.45	-1,594.27
4	-50,673.16	56	24	32	42.86	11,322.33	-12,796.24	3,046.85	-3,868.67	0.79	0.59	-904.88
3	-29,007.02	57	25	32	43.86	15,615.69	-15,779.50	3,447.44	-3,599.78	0.96	0.75	-508.90
2	-2,958.85	59	29	30	49.15	16,624.43	-9,160.50	2,793.65	-2,799.15	1.00	0.96	-50.15
1	-2,432.88	61	29	32	47.54	9,397.52	-6,256.64	2,201.04	-2,070.72	1.06	0.96	-39.88

Six days later 76% of the instances were losers and the average occurrence was a 2.3% loss. That seems to be a fairly substantial edge. I also updated how the SPX performed while this was all going on.

NDX rises > 1% while SOX closes down on the day.
Buy SPX at close. Sell X days later. \$100k/trade. 2000 - 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	-19,587.54	51	22	29	43.14	9,774.70	-8,478.02	2,690.10	-2,716.20	0.99	0.75	-384.07
9	-21,173.64	51	23	28	45.10	9,278.30	-8,963.07	2,721.47	-2,991.69	0.91	0.75	-415.17
8	-30,941.58	52	25	27	48.08	9,165.45	-7,574.41	2,246.58	-3,226.15	0.70	0.64	-595.03
7	-47,659.11	54	24	30	44.44	10,101.57	-11,391.59	2,037.24	-3,218.43	0.63	0.51	-882.58
6	-50,020.95	54	18	36	33.33	8,753.07	-9,589.14	2,554.06	-2,666.50	0.96	0.48	-926.31
5	-45,351.39	55	22	33	40.00	6,877.04	-7,519.22	1,777.29	-2,559.15	0.69	0.46	-824.57
4	-23,896.40	56	27	29	48.21	5,068.10	-11,917.40	1,631.13	-2,342.65	0.70	0.65	-426.72
3	-10,175.23	57	27	30	47.37	6,877.26	-9,480.90	1,640.12	-1,815.28	0.90	0.81	-178.51
2	-2,089.84	59	26	33	44.07	5,842.98	-6,411.90	1,534.75	-1,272.52	1.21	0.95	-35.42
1	5,062.02	61	31	30	50.82	5,396.04	-2,692.80	1,116.80	-985.29	1.13	1.17	82.98

The pullbacks haven't been quite as reliable or as strong as the NDX but there still appears to be a decent downside edge. Below is an equity curve that assumes a 6-day holding period.

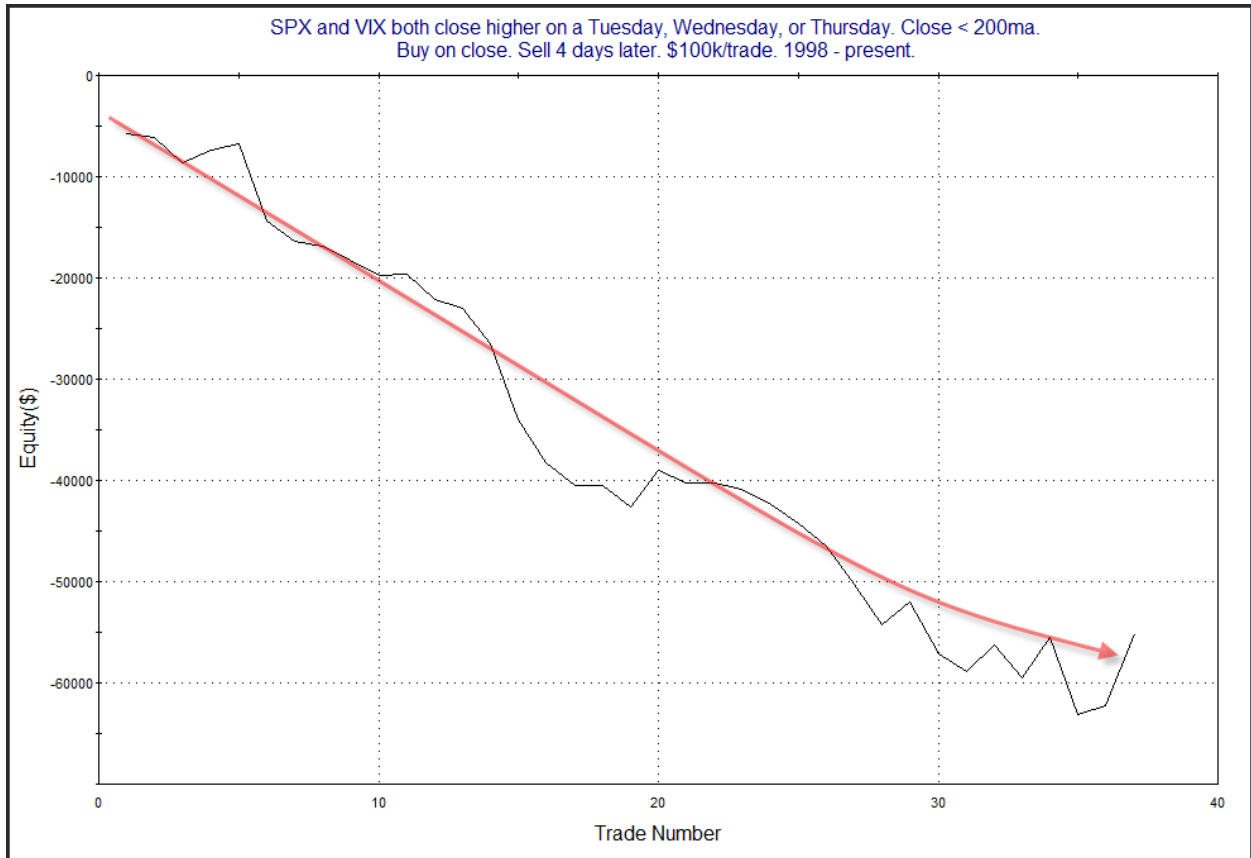


That is a fairly steady downslope. And despite failing in a few recent instances, this study appears worthy of consideration.

Another index that closed up Thursday was the VIX. As many readers are likely aware, VIX is a volatility index. Typically, VIX will trade counter to the SPX. So if SPX rises, VIX will sink and if SPX falls, VIX will most often rise. There are some calculation-induced tendencies around the weekend, so often when I show studies on VIX I will break them down by day of the week. The study below looks at mid-week instances. It was last seen in the 3/25/20 letter. Stats have all been updated.

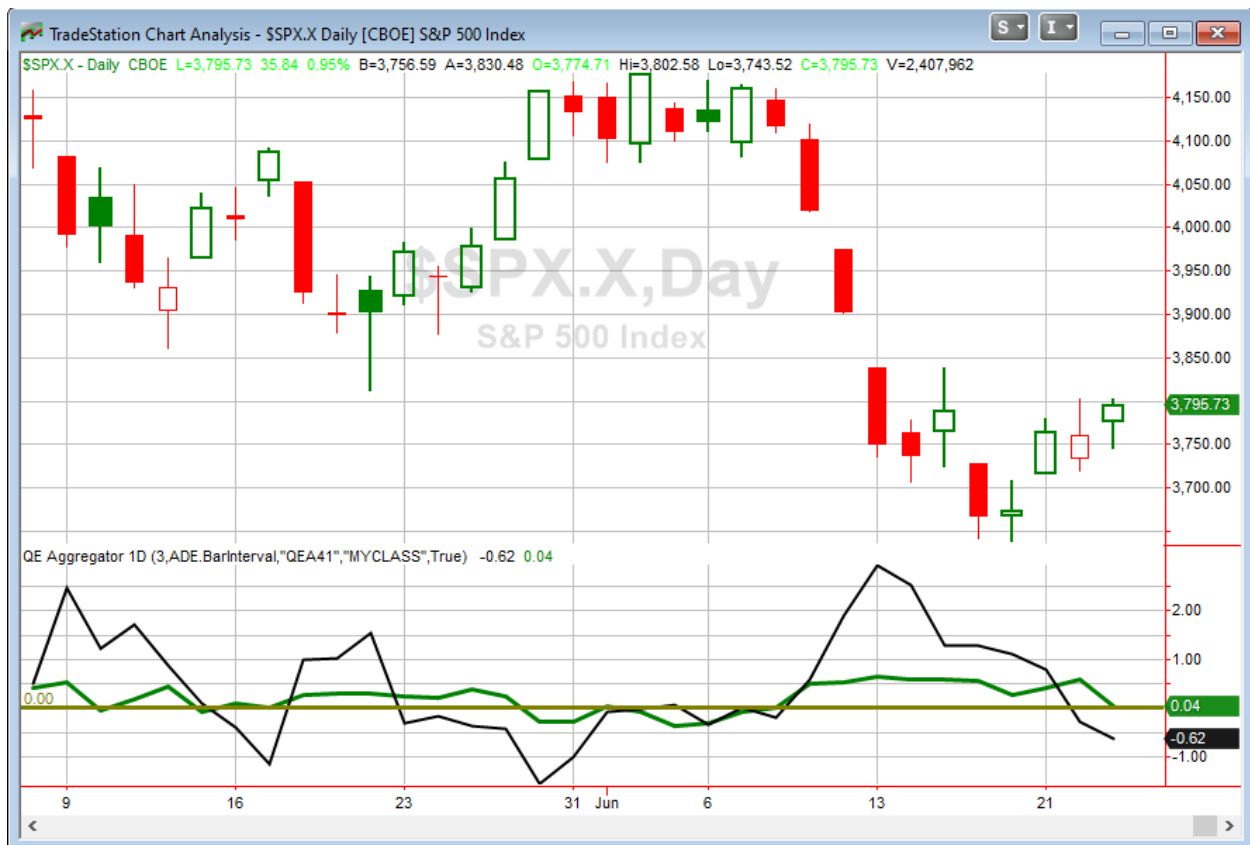
SPX and VIX both close higher on a Tuesday, Wednesday, or Thursday. Close < 200ma. Buy on close. Sell X days later. \$100k/trade. 1998 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-32,929.32	37	13	24	35.14	5,674.40	-7,204.80	2,123.61	-2,522.34	0.84	0.46	-889.98
4	-55,070.83	37	11	26	29.73	7,172.80	-7,745.95	2,067.51	-2,992.82	0.69	0.29	-1,488.40
3	-39,862.70	37	12	25	32.43	3,765.60	-5,299.32	1,549.87	-2,338.45	0.66	0.32	-1,077.37
2	-24,579.44	38	13	25	34.21	7,309.60	-6,672.34	2,182.43	-2,118.04	1.03	0.54	-646.83
1	-5,518.72	41	20	21	48.78	6,180.40	-3,035.25	1,323.07	-1,522.87	0.87	0.83	-134.60

The numbers here appear strongly bearish over the next 1-4 days. Below is a look at the 4-day profit curve.



That is a fairly straight shot lower. This supports the idea of a bearish edge.

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



With tonight's evidence considered, the green Aggregator line held just barely above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line held 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 neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation stayed flat at the close.

Based on the current active list, expectations are set to flip to negative on Friday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 3811.65. That is 0.4% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.4% on Friday in order to remain "overbought" vs recent expectations. Anything less than that and it will be considered "oversold" as of Friday's close.

So the Aggregator is neutral. And the outlook is quite uncertain. While expectations are set to flip negative on Friday, SPX is primed to flip from overbought to oversold unless there is a rally. I exited the last bit of my SPY position on Thursday. I'll wait at least until next week before I consider putting on my next SPY position.

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)

MMM – 1/3 @ \$129.84 (buy @ limit)

MO – 1/3 @ \$45.31 (buy @ limit)

Broad Market Large Cap CBI – 6 (TGT-2, BRK.B-2, 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
<i>SPY(1/4)</i>	<i>6/10/2022</i>	<i>\$389.80</i>	<i>\$378.33</i>	<i>-2.94%</i>	<i>sold @ LIMIT</i>
TGT(1/3)	6/14/2022	\$144.81	\$146.81	1.38%	Catapult
BRK.B(1/3)	6/14/2022	\$281.56	\$267.52	-4.99%	Catapult
TGT(1/3)	6/15/2022	\$142.52	\$146.81	3.01%	Catapult
BRK.B(1/3)	6/15/2022	\$277.64	\$267.52	-3.65%	Catapult
<i>MDT(1/3)</i>	<i>6/15/2022</i>	<i>\$88.48</i>	<i>\$88.67</i>	<i>0.21%</i>	<i>sold on open</i>
DUK(1/3)	6/21/2022	\$97.82	\$103.41	5.71%	<i>sell on open</i>
MMM(1/3)	6/21/2022	\$129.84	\$130.15	0.24%	Catapult
MO(1/3)	6/21/2022	\$45.31	\$42.51	-6.18%	Catapult

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.