

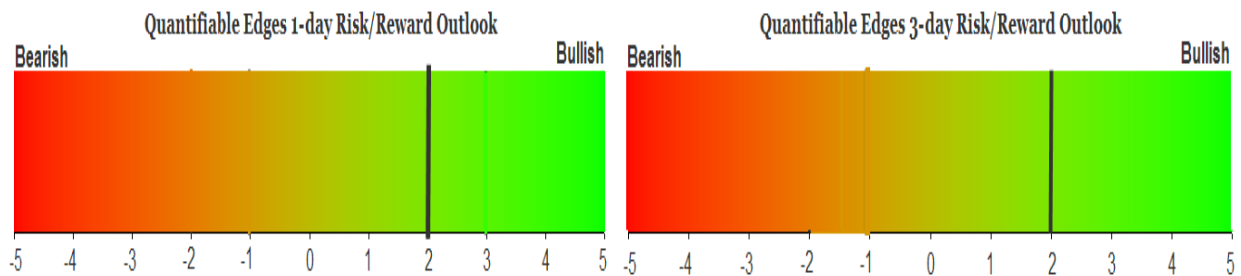
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 30, 2022

Volume 15 Issue 123

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The gap up and close below the open pattern of the last 3 days often leads to a rise the following day.
- The last hour of a quarter tends to see some selling, especially for smallcaps.
- Turn of the month is not bullish in long-term downtrends.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. The market is oversold and evidence is moderately bullish. It believe there is a mild upside edge.

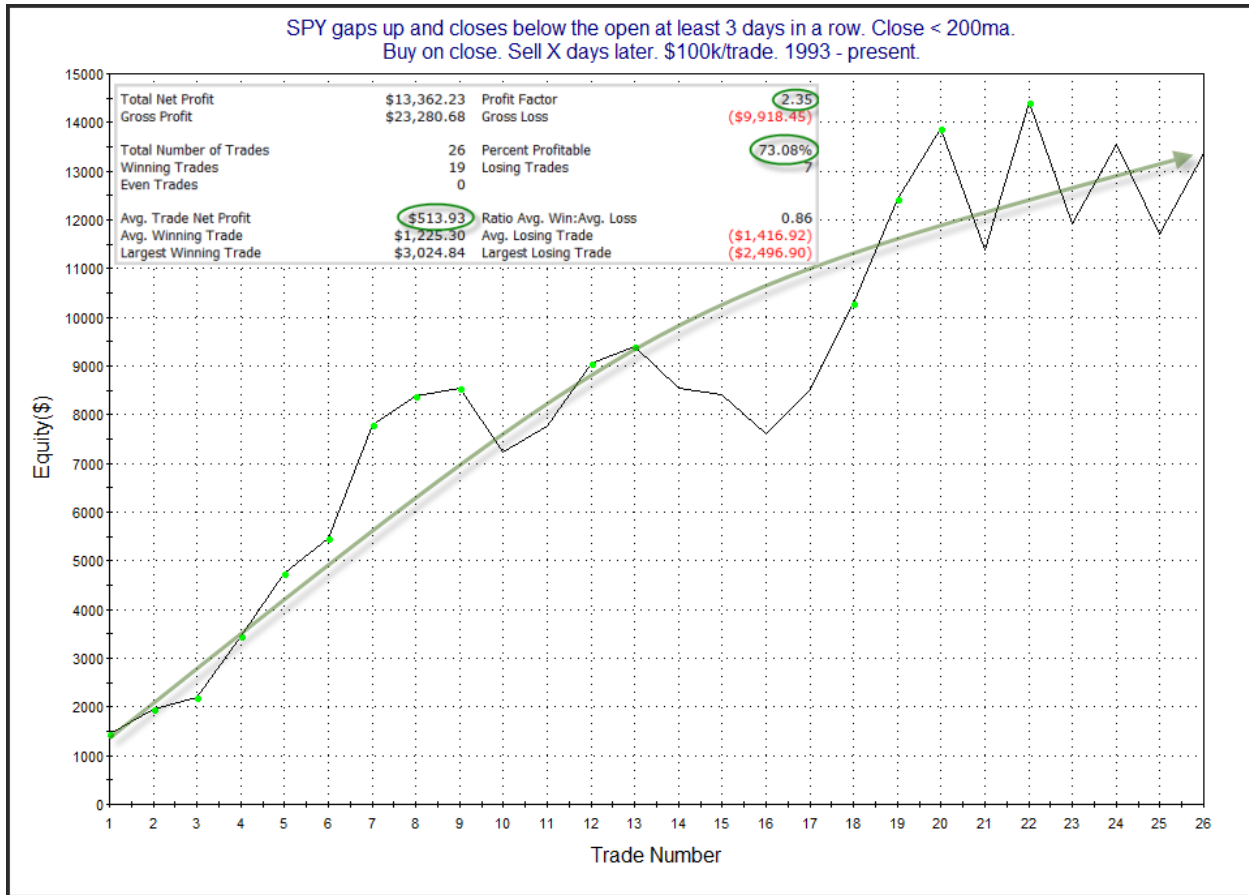
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 30, 2022	SPY gap up and close < open 3x. < 200	1 day	Bullish			
June 29, 2022	1% up to new 10-high then close down	1-2 days	Bullish			
June 27, 2022	SPX up > 3% high volume 20 days	1-5 days	Bullish	4.60%	-1.70%	-3.50%
June 24, 2022	NDX up > 1%. SOX dn	1-6 days	Bearish	-2.90%	1.70%	3.80%
Active - Long Term						
June 27, 2022	NASDAQ Leading	int term	Bullish			
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

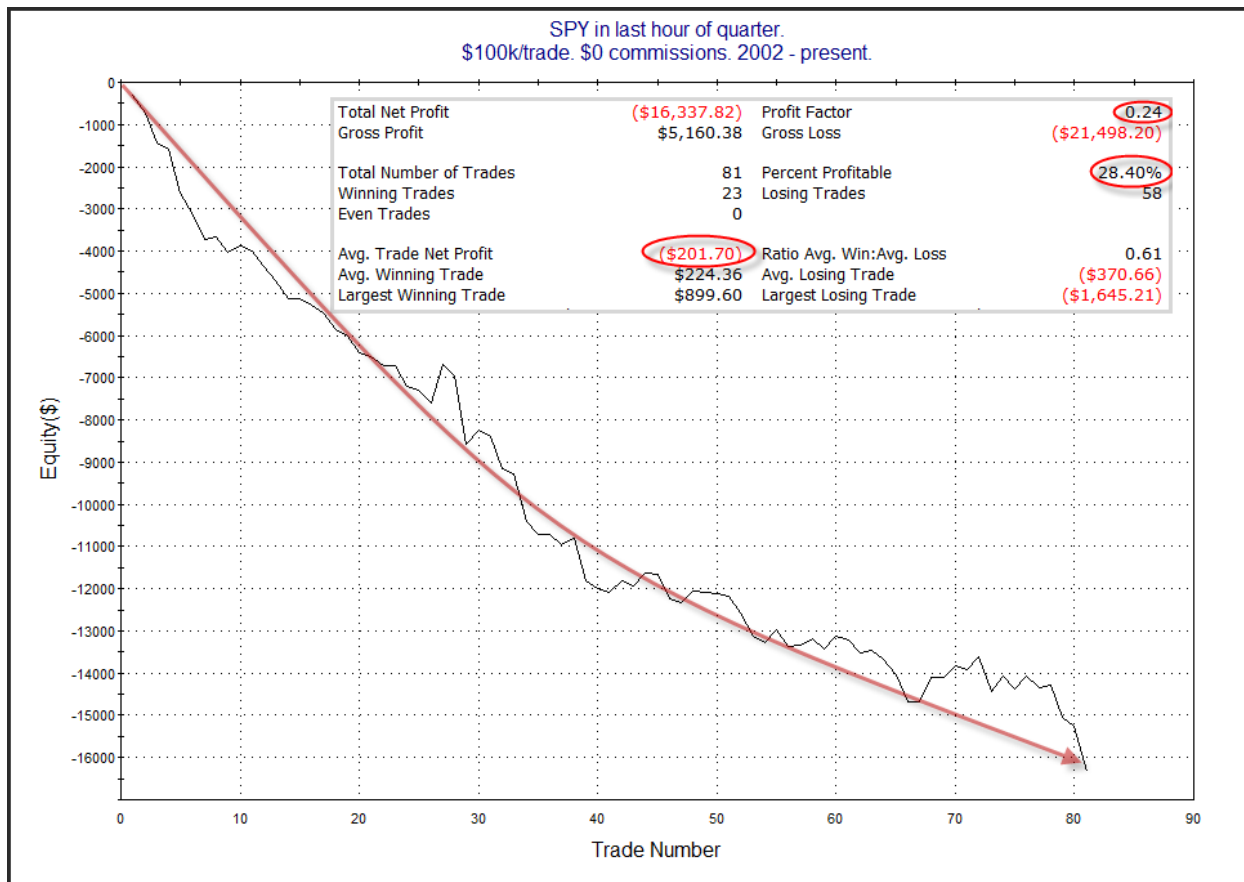
Most of the indices finished lower on Wednesday. SPX declined 0.07%, the NASDAQ dropped 0.03%, and the Russell 2000 fell 1.12%. Breadth was negative with the NYSE Up Issues % coming in at 35% and the Up Volume % at 22%. NYSE total volume rose some from Tuesday's level.

For the 3rd day in a row, SPY gapped up and then closed below its opening price. The study below looks at other instances of this happening when SPY has been below its 200ma.



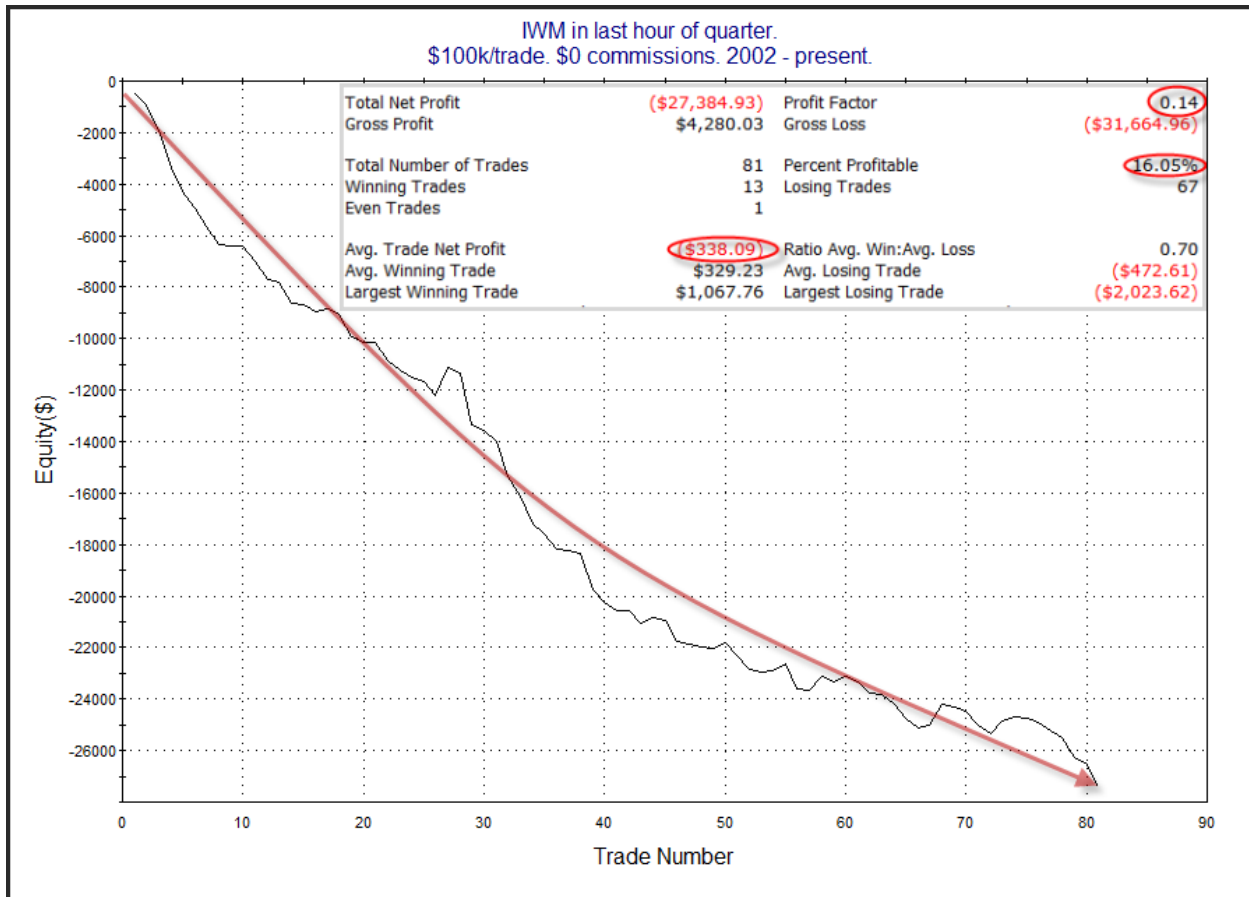
The numbers are strong and the curve is pretty good, although it has faded some recently. I am only showing 1-day results here because the edge did not persist beyond that. Still, this study appears to be worth some consideration for Thursday.

The next study, from the 3/31/22 letter shows that the last day of the quarter has shown a strong downside edge over the years *during the final hour of trading*.



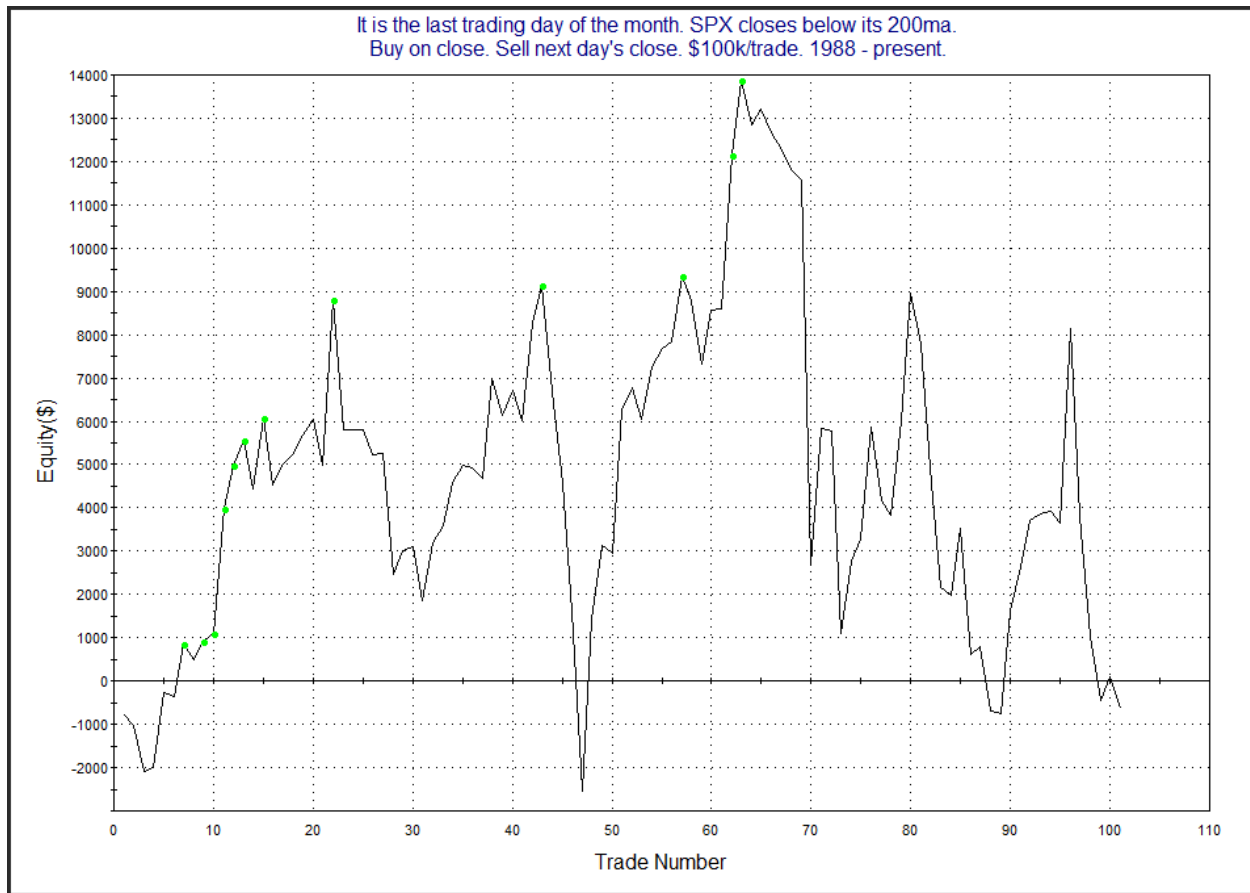
This suggests a decent chance of afternoon selling on Thursday as we approach the close.

It is also notable that smallcaps have done even worse than largecaps at the end of quarters. Here is the same study using IWM.



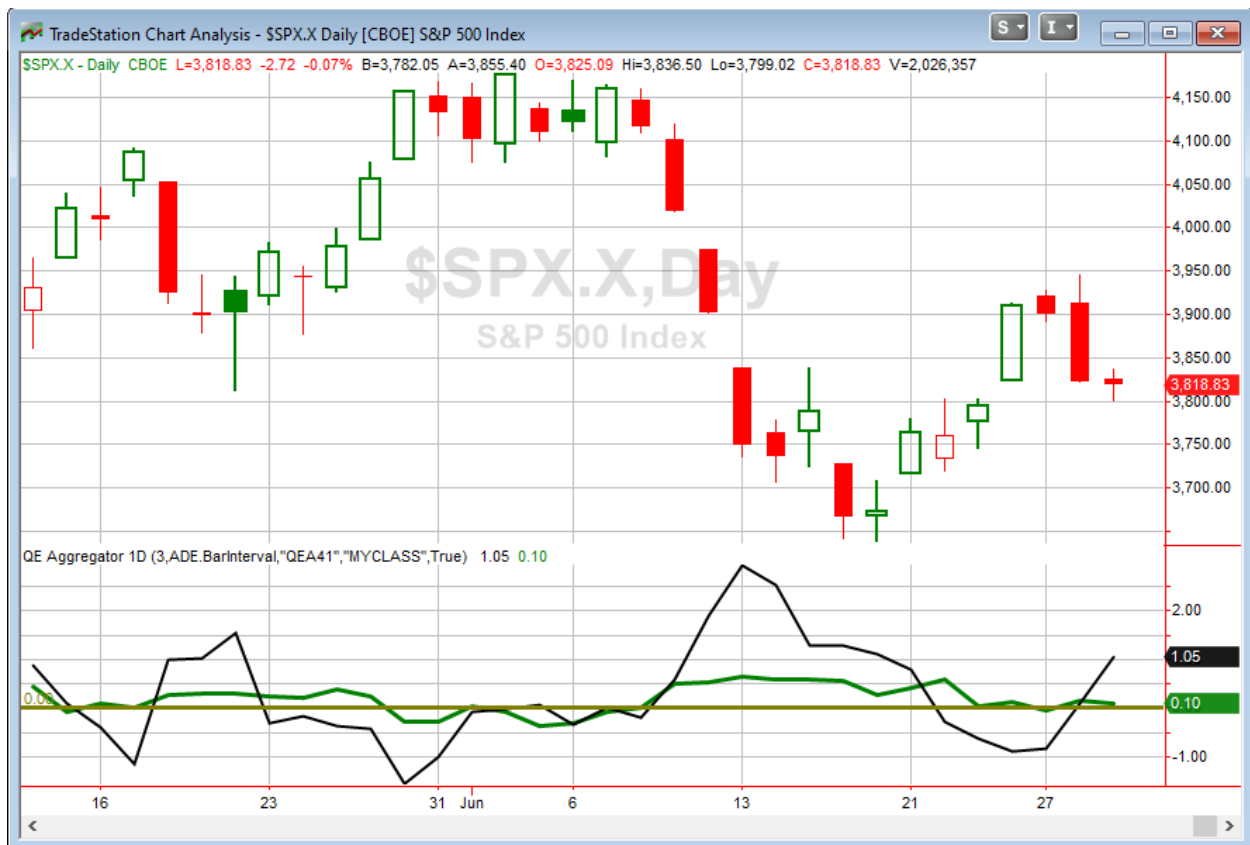
Agile traders could consider looking to take advantage of this edge with some last-hour adjustments. I will also note for those that are curious that the June numbers were in line with the larger sample.

In looking at Friday, the 1st trading of the month often carries an upside edge. But that has really only been the case when the SPX is above its 200ma. And SPX is well below that line right now. In the 6/1/22 letter I showed Day-1 results when SPX was in a long-term downtrend like now. I have updated that chart below.



Pretty remarkable that after 101 instances there is almost exactly zero progress. We can't look to 1st of the month to help us out this month on Friday.

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



With tonight's evidence considered, the green Aggregator line remained above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line also held 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 could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3903.88. That is 2.2% above Wednesday's close. Therefore, SPX will need to close up 2.2% on Thursday to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. SPX is clearly oversold, and evidence is pointing moderately higher. I took some long exposure near the close on Wednesday. I am not seeing anything tonight to compel me to want to get more aggressive than my small long position at the moment. I'll see how Thursday plays out and what new evidence emerges before deciding on my next move.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/27 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MO – 1/3 @ \$45.31 (bought @ limit)

Broad Market Large Cap CBI – 1 (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
MO(1/3)	6/21/2022	\$45.31	\$41.76	-7.83%	Catapult
SPY(1/4)	6/29/2022	\$380.34	\$380.34	0.00%	bought on close

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