

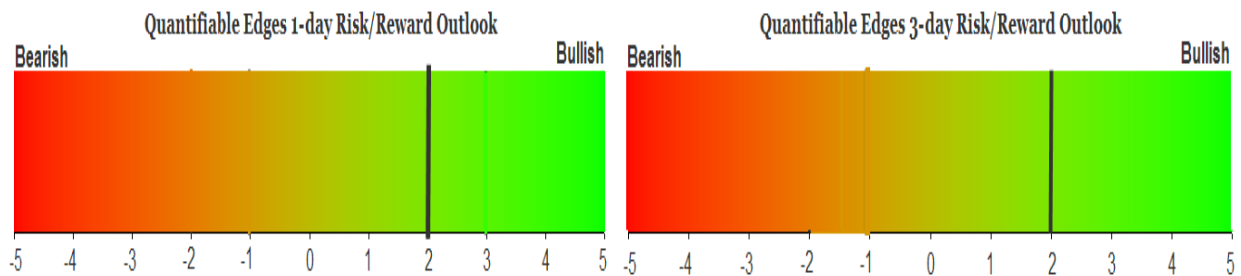
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 1, 2022

Volume 15 Issue 124

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- July has historically had the best 1<sup>st</sup> day of any month.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish, but the signal may be reaching its end.

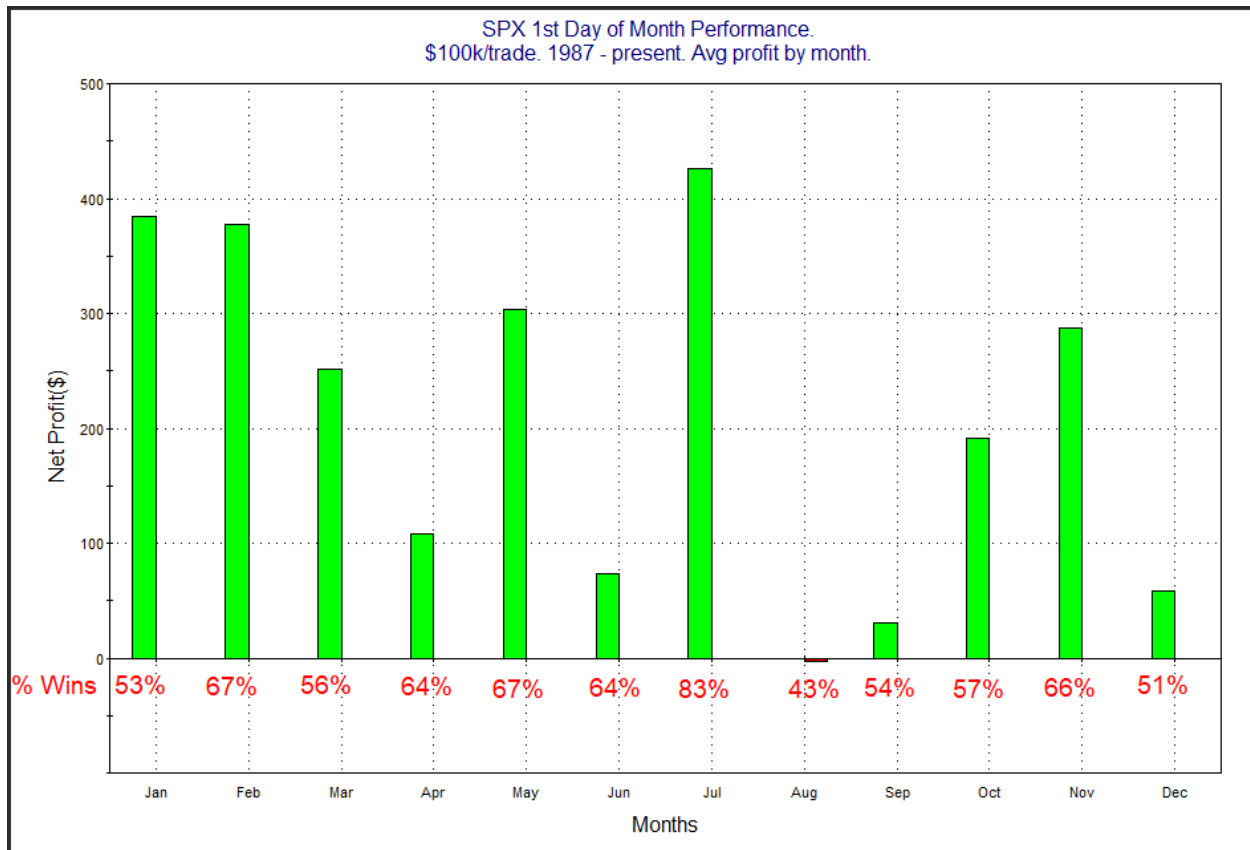
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
July 1, 2022	1st of July historically bullish	1 day	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%
<b>Active - Long Term</b>						
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			

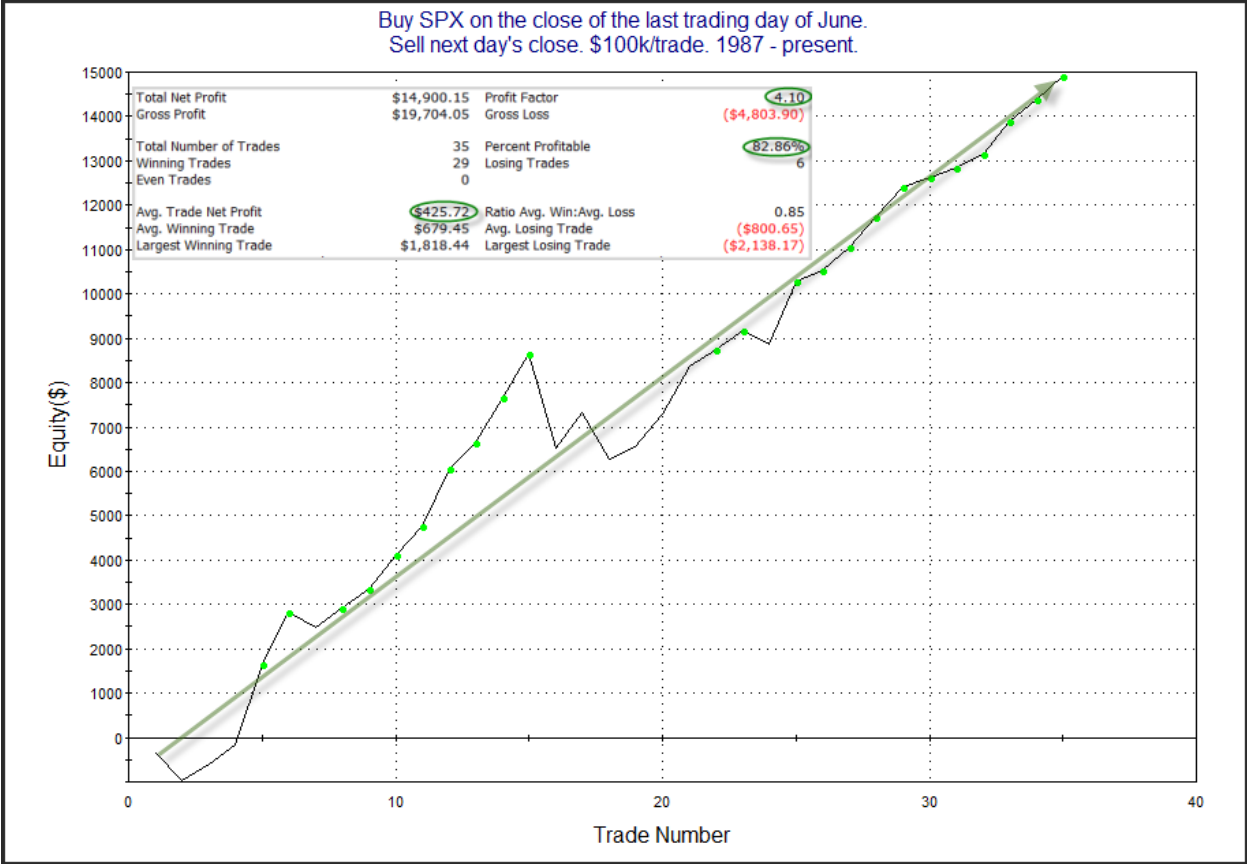
***The Evidence***

Thursday seemed like an appropriate way for the market to close out a month where SPX lost 8.4%, and a quarter it finished down 16.4% and a 1<sup>st</sup> half that declined 20.6%. On the day SPX fell 0.9%, the NASDAQ dropped 1.3%, and the Russell 2000 lost 0.7%. Breadth was negative with the NYSE Up Issues % coming in at 39% and the Up Volume % at 25%. NYSE total volume rose some from Wednesday's level.

Last night I showed a study that indicated there has really been no 1<sup>st</sup>-of-month edge for the market over the years when SPX has been below its 200ma. But one 1<sup>st</sup>-of-month edge that has played out over the years is that July has had the best performance of any Day 1. This can be seen in the chart below, which I have updated many times over the years.

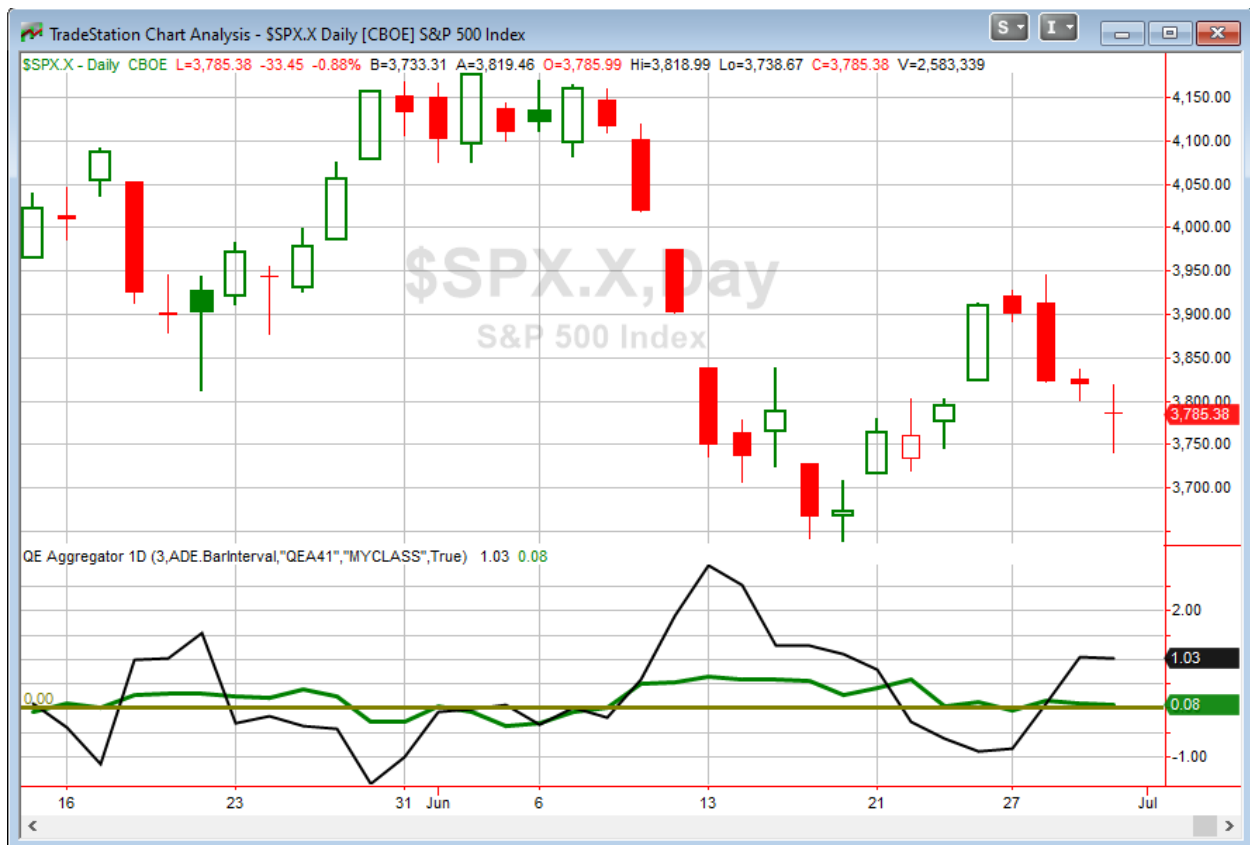


As you can see, July has both the highest Win % and the largest Avg Trade. So maybe some of that July magic will help the bulls on Friday. I'll also note that August has had the worst Day-1 performance of any month. So we will keep that in mind as we approach it. Below is a more detailed look at how July has played out.



Impressive stats and curve. While the 1<sup>st</sup> of the month has not done well overall during downtrends, July performance appears strong enough to merit some consideration.

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 flatten on Friday. This is because all the short-term studies are expiring and the intermediate-term outlook is neutral. Of course any new evidence that emerges over the next few day will have a strong impact on expectations. Meanwhile, the Differential Pivot will be 3831.25. That is 1.2% above Thursday's close. Therefore, SPX will need to close up 1.2% on Friday to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. But time seems like it may run out on this signal if new bullish evidence does not emerge. A close lower for a 5<sup>th</sup> day in a row on Friday could certainly trigger some short-term bullish evidence. But a move up, especially above the Differential Pivot, could be a good opportunity to exit my current long position. I'll take that exit if available.

**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	\$41.77	-7.81%	Catapult
SPY(1/4)	6/29/2022	\$380.34	\$377.25	-0.81%	sell @ \$381.80 Limit on Close

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