

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 2, 2023

Volume 16 Issue 105

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	10

Tonight's Research Points

- A strong close heading into an employment day has often seen employment day gains.
- The CBI remains elevated, which is a potentially bullish indication.

Short-term Outlook

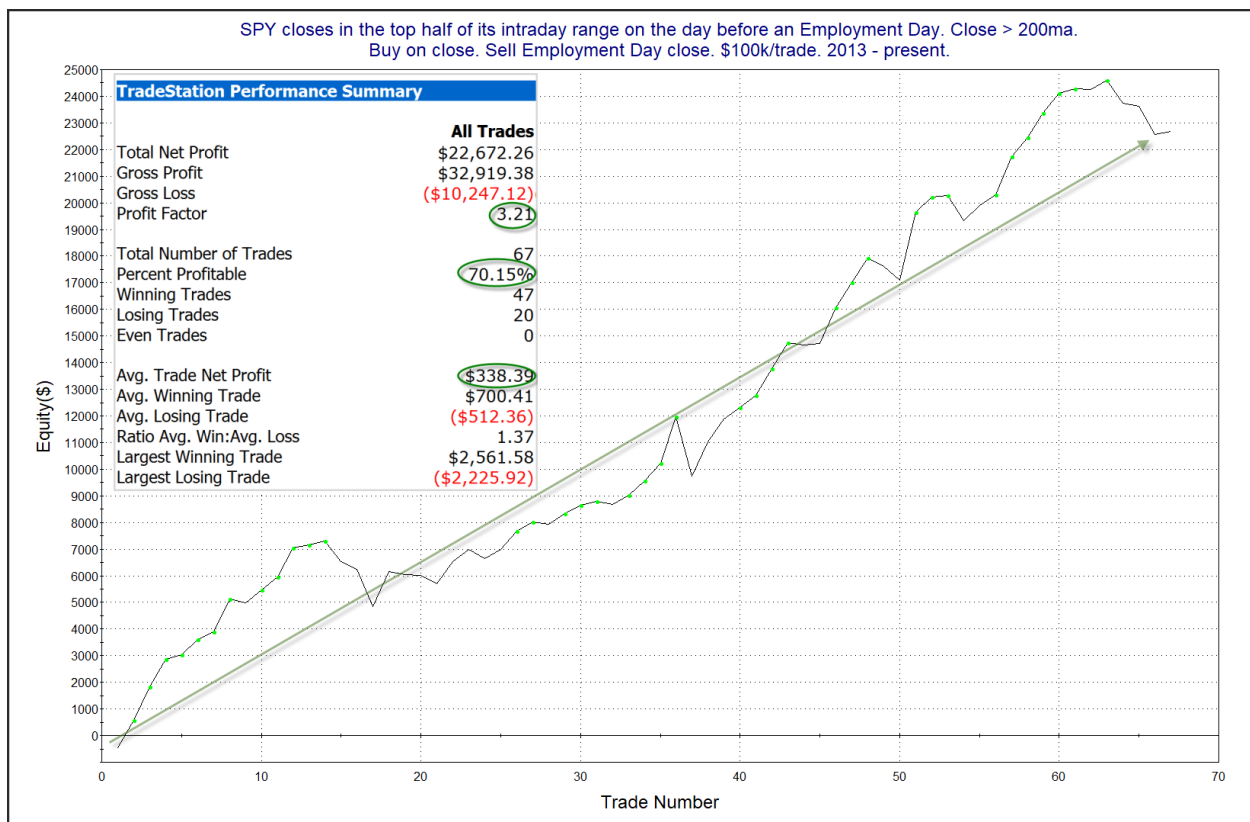
The Bottom Line

The Aggregator is neutral. Index trades may be questionable, but there are plenty of Catapults to choose from with the CBI again hitting 10.

The Evidence

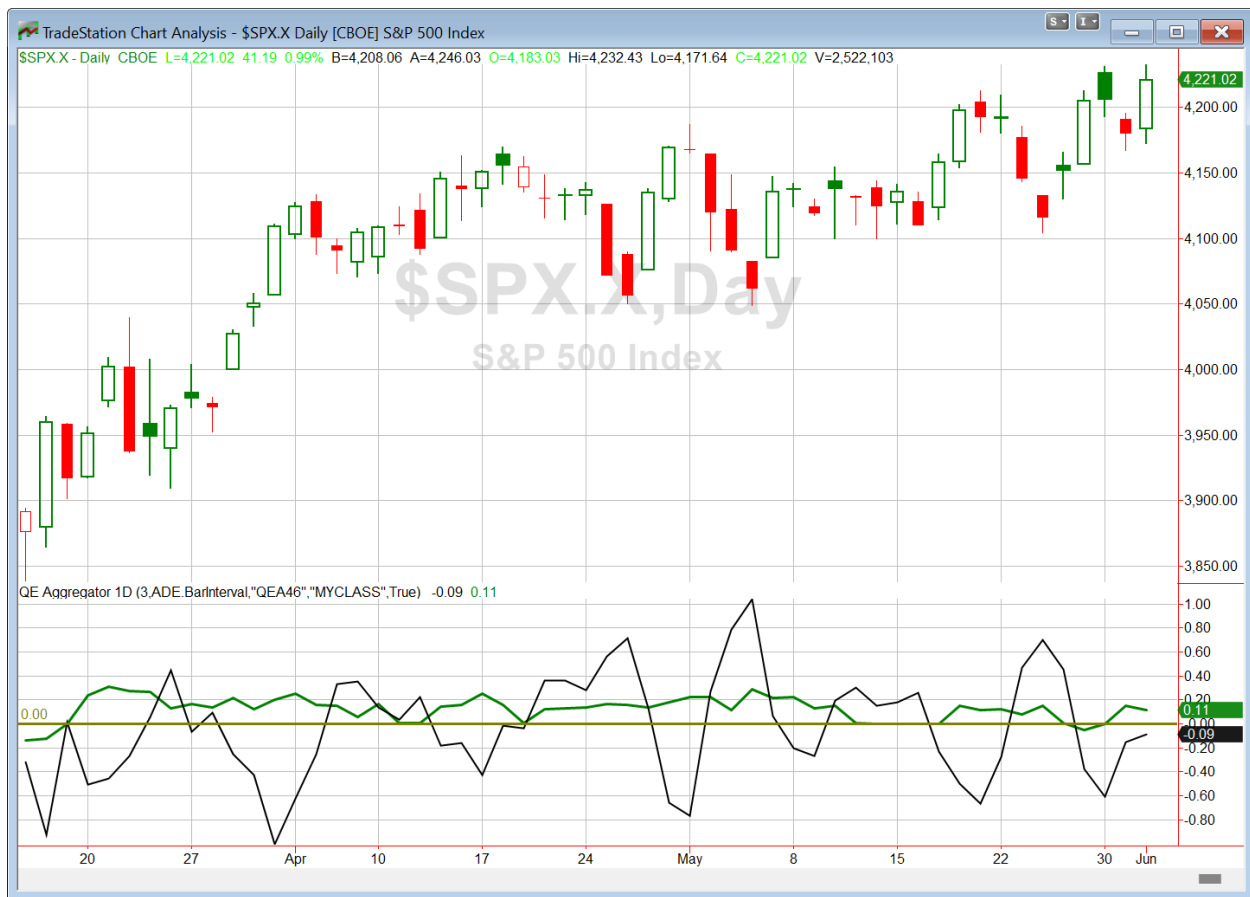
Thursday saw the market rally. The SPX rose 1.0%, the NASDAQ gained 1.3%, and the Russell 2000 climbed 1.05%. Breadth was positive with the NYSE Up Issues % coming in at 71% and the Up Volume % at 72%. NYSE total volume declined substantially from Wednesday's high level.

Notable about Friday morning is that we will see the release of BLS employment report. Employment days have often seen the market rally in recent years. Interestingly, this tendency has been stronger when there has been some optimism the day before. The study below, from the 12/2/22 letter, looks back to 2013 at all other times SPY closed above the 200ma and in the top half of its intraday range on the day before an employment day. Results are updated.



While the curve has struggled some in recent instances, it has shown persistent upwards action for a substantial amount of time. Overall evidence appears compelling enough to include this on the active list as a 1-day study.

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 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.

A bullish breadth study from last week reached its target on Thursday and was removed from the Active List. This leaves us with just tonight's study as short-term evidence. Of course the intermediate-term outlook is leaning bullish. So while expectations will be heavily influenced by any new evidence that emerges, expectations are currently slated to remain positive on Friday. Meanwhile, the Differential Pivot will be 4203.54 on Friday. That is 0.4% below Thursday's close. Therefore, SPX will need to close down over 0.4% on Friday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. The employment report could generate a sizable reaction on Friday. Overall evidence is somewhat weak, but the high CBI remains a potential positive. There is one new Catapult for Friday. I do not intend to take on a new index position until at least next week.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 5/30 – slightly bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MDLZ – 1/3 @ \$75.87 (bought @ limit)

MDLZ – 1/3 @ \$75.65 (bought @ limit)

MDLZ – 1/3 @ \$75.47 (bought @ limit)

PEP – 1/3 @ \$184.89 (bought @ limit)

PEP – 1/3 @ \$183.80 (bought @ limit)

PEP – 1/3 @ \$183.58 (bought @ limit)

ABBV – 1/3 @ \$136.44 (bought @ limit)

PG – 1/3 @ \$143.18 (bought @ limit)

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New

NKE – 1/3 @ \$103.63 (buy @ limit)

Broad Market Large Cap CBI – 10 (MDLZ-3, PEP-3, ABBV, PG-2, NKE)

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.

NKE – Buy 1/3 Catapult position @ \$103.63 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of NKE.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MDLZ(1/3)	5/23/2023	\$75.87	\$73.61	-2.98%	Catapult
MDLZ(1/3)	5/24/2023	\$75.63	\$73.61	-2.67%	Catapult
MDLZ(1/3)	5/25/2023	\$74.95	\$73.61	-1.79%	Catapult
PEP(1/3)	5/25/2023	\$182.70	\$182.19	-0.28%	Catapult
PEP(1/3)	5/26/2023	\$183.71	\$182.19	-0.83%	Catapult
PEP(1/3)	5/30/2023	\$182.06	\$182.19	0.07%	Catapult
ABBV(1/3)	5/31/2023	\$136.44	\$133.44	-2.20%	Catapult
PG(1/3)	5/31/2023	\$143.16	\$143.96	0.56%	Catapult
PG(1/3)	6/1/2023	\$142.50	\$143.96	1.02%	Catapult

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