

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 6, 2023

Volume 16 Issue 107

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- No compelling new evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. The overbought condition continues and there is still no strong evidence suggesting a pullback. I don't view short-term risk/reward as very appealing.

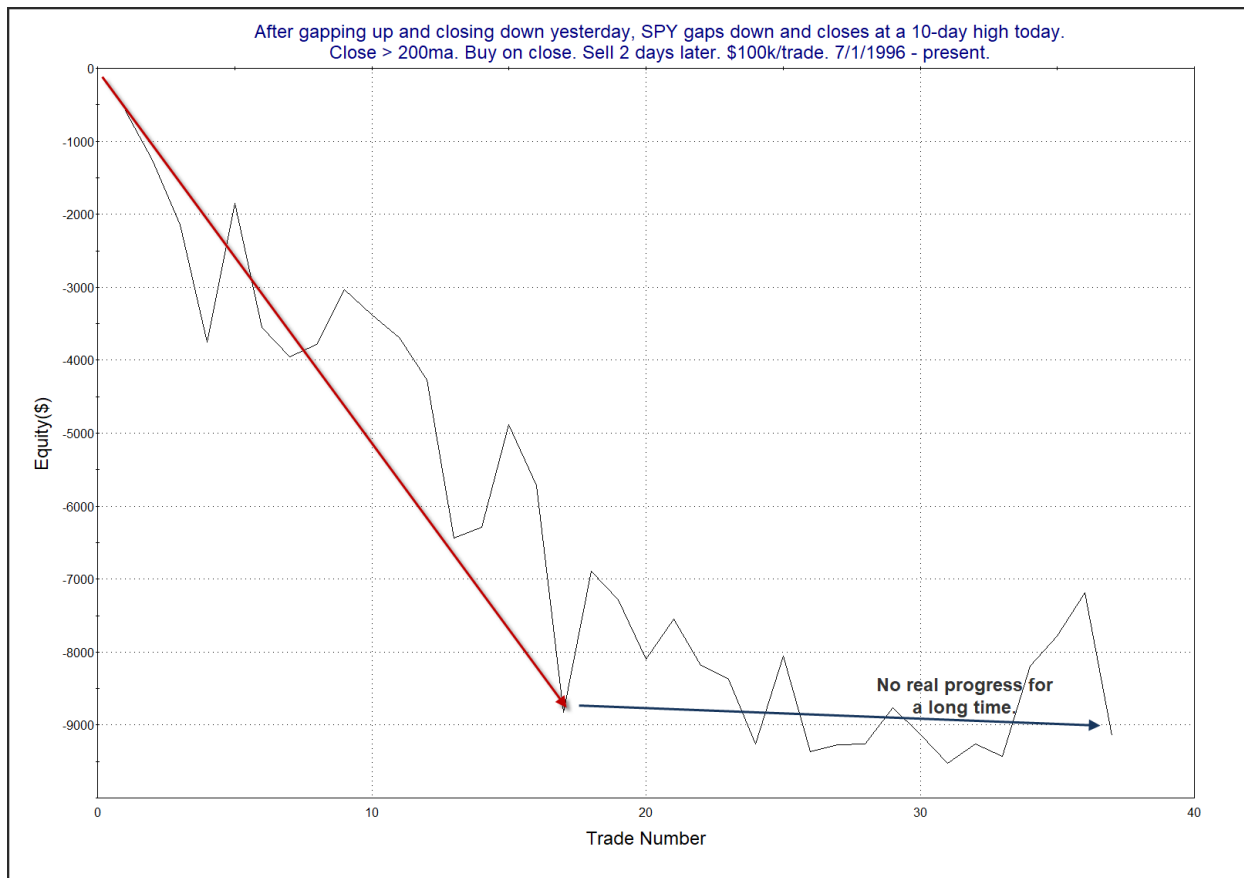
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
June 5, 2023	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.50%	-9.00%
May 22, 2023	SPX 50-day high < 1/2 SPX stocks > 50ma	1-12 months	Neutral			
May 1, 2023	NASDAQ Leading	int term	Bullish			
February 2, 2023	SPX Golden Cross	int term	Bullish			
January 13, 2023	Deemer Breakaway Momentum	1-6 months	Bullish			
January 13, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish			
December 1, 2022	SPX goes from < 15% above 50 to > 90%	1-6 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

The Evidence

Tuesday started weak, but the indices all managed gains, with smallcaps putting in the strongest numbers. The SPX rose 0.2%, the NASDAQ climbed 0.4%, and the Russell 2000 jumped an outsized 2.7%. Breadth was strong with the NYSE Up Issues % coming in at 79% and the Up Volume % at 80%. NYSE total volume declined some from Monday's level. Also notable is that the VIX closed under 14 today for the 1st time since Feb of 2020.

There were a couple of formerly bearish-looking studies that appeared in the Quantifinder on Tuesday. And it initially appeared like I might have some short-term bearish evidence to share. But neither one of them has seen the downside edge persist in recent years. Here is one from the 6/1/20 letter as an example:



After showing persistent downside for the 1st half of the chart, there has been no downward progress in a long time. No new studies will be added to the Active List tonight.

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



Without any new short-term studies making the cut, the green Aggregator Line remained slightly 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.

The short-term active list is still lacking meaningful studies, since they all either expired or reached their targets recently. 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 Wednesday. Meanwhile, the Differential Pivot will be *inverted* at 4293.90 on Wednesday. That is 0.2% *above* Tuesday'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 0.2% on Wednesday in order to remain overbought vs recent expectations. Anything less than that and it will flip to oversold as of Wednesday's close.

So the Aggregator is again neutral. The market is still overbought in the short-term, and evidence is lacking. But we could easily see a long Aggregator formation on Wednesday if SPX closes flat or lower. I am not going to anticipate a long setup with a buy order. I'll instead wait to see what new evidence emerges. And if we don't get any compelling bullish evidence on Wednesday, then there is a good chance I still won't look for a long trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/5 – slightly bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

Broad Market Large Cap CBI – 1 (ABBV)

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
MDLZ(1/3)	5/23/2023	\$75.87	\$74.31	-2.06%	<i>sold on open</i>
MDLZ(1/3)	5/24/2023	\$75.63	\$74.31	-1.75%	<i>sold on open</i>
MDLZ(1/3)	5/25/2023	\$74.95	\$74.31	-0.85%	<i>sold on open</i>
ABBV(1/3)	5/31/2023	\$136.44	\$135.43	-0.74%	Catapult

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