

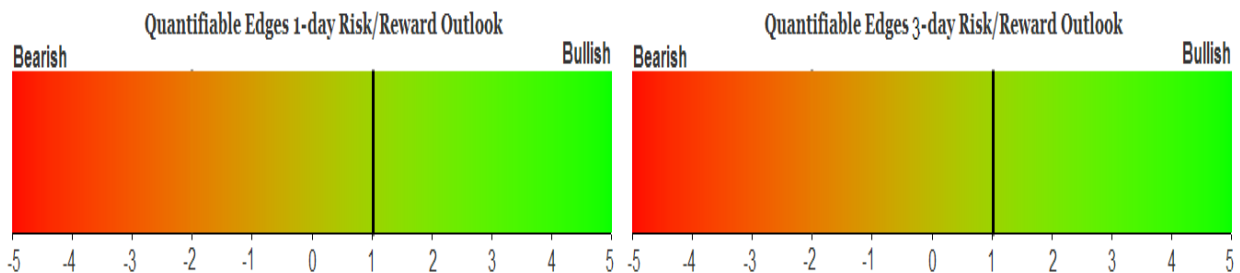
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 8, 2023

Volume 16 Issue 109

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 1 |

Tonight's Research Points

- The Russell has been crushing it over the last week in a way we have rarely seen before.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but the setup is weak. I am more neutral.

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

Wednesday saw mixed results from the indices. The SPX declined 0.4%, the NASDAQ dropped 1.3%, and the Russell 2000 bucked the others and rallied 1.8%. Breadth was positive with the NYSE Up Issues % coming in at 65% and the Up Volume % at 67%. NYSE total volume rose some from Tuesday's level.

Breadth had been incredibly weak un through May. This lead to strong underperformance by smallcap indices like the Russell 2000. But since the end of May, the Russell has been on a tear, while the NDX has barely made any progress. So far this year NDX has been the star among the major indices. But 5 trading days into June, NDX is only up 0.35%, while RUT is up a massive 7.93%. I looked back at other time that RUT rose at least 7% over a 5-day period and also outperformed NDX by at least 7%. There have not been many other instances. They are listed below along with RUT forward stats.

| RUT rises > 7% and outperforms NDX by > 7% over the last 5 days. Forward RUT returns shown. 1987 - present. | | | | | | | | | | | | |
|--|------------|----------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ticker | Date/Time | Next Day % Chg | 2-Day % Chg | 3-Day % Chg | 4-Day % Chg | 5-Day % Chg | 6-Day %Chg | 7-Day % Chg | 8-Day % Chg | 9-Day % Chg | 10-Day %Chg | 10-Day %Chg |
| \$RUT | 11/28/2008 | -11.85 | -6.62 | -4.1 | -7.1 | -2.55 | 1.74 | -1.57 | 0.69 | -4.63 | -1 | -1 |
| \$RUT | 11/11/2016 | 1.26 | 1.54 | 1.55 | 2.11 | 2.59 | 3.11 | 4.05 | 4.66 | 5.05 | 3.7 | 3.7 |
| \$RUT | 11/14/2016 | 0.27 | 0.28 | 0.84 | 1.31 | 1.82 | 2.75 | 3.35 | 3.74 | 2.4 | 2.28 | 2.28 |
| \$RUT | 11/15/2016 | 0 | 0.56 | 1.04 | 1.54 | 2.47 | 3.07 | 3.46 | 2.13 | 2 | 1.55 | 1.55 |
| \$RUT | 3/25/2020 | 6.3 | 1.95 | 4.32 | 3.85 | -3.45 | -2.21 | -5.25 | 2.56 | 2.6 | 7.32 | 7.32 |
| \$RUT | 4/29/2020 | -3.68 | -7.37 | -7.11 | -6.41 | -7.18 | -5.72 | -2.29 | -2.9 | -6.26 | -9.37 | -9.37 |
| \$RUT | 5/27/2020 | -2.48 | -2.95 | -2.16 | -1.26 | 1.1 | 1.09 | 4.93 | 7 | 4.92 | 2.16 | 2.16 |
| \$RUT | 6/7/2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg | | -1.45 | -1.80 | -0.80 | -0.85 | -0.74 | 0.55 | 0.95 | 2.55 | 0.87 | 0.95 | 0.95 |

Next is NDX performance...

RUT rises > 7% and outperforms NDX by > 7% over the last 5 days.
Forward NDX returns shown. 1987 - present.

| Ticker | Date/Time | Next Day % Chg | 2-Day % Chg | 3-Day % Chg | 4-Day % Chg | 5-Day % Chg | 6-Day %Chg | 7-Day % Chg | 8-Day % Chg | 9-Day % Chg | 10-Day %Chg |
|--------|------------|----------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$NDX | 11/28/2008 | -7.98 | -4.7 | -1.65 | -4.89 | -0.66 | 3.32 | 2.25 | 3.09 | -0.45 | 1.76 |
| \$NDX | 11/11/2016 | -1.05 | 0.26 | 0.85 | 1.57 | 1.18 | 2.25 | 2.57 | 2.14 | 2.48 | 2.21 |
| \$NDX | 11/14/2016 | 1.33 | 1.92 | 2.65 | 2.25 | 3.34 | 3.65 | 3.23 | 3.57 | 3.3 | 3.64 |
| \$NDX | 11/15/2016 | 0.58 | 1.3 | 0.91 | 1.98 | 2.3 | 1.88 | 2.22 | 1.94 | 2.28 | 0.97 |
| \$NDX | 3/25/2020 | 5.72 | 1.59 | 5.61 | 4.6 | 0.22 | 2.22 | 0.78 | 8.19 | 7.76 | 10.17 |
| \$NDX | 4/29/2020 | 0.2 | -2.95 | -1.65 | -0.58 | 0.02 | 1.33 | 2.64 | 3.52 | 1.44 | 0.19 |
| \$NDX | 5/27/2020 | -0.27 | 1.2 | 1.66 | 2.28 | 2.78 | 1.99 | 4.05 | 4.87 | 5.56 | 6.91 |
| \$NDX | 6/7/2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Avg | -0.21 | -0.20 | 1.20 | 1.03 | 1.31 | 2.38 | 2.53 | 3.90 | 3.20 | 3.69 |

And then lastly here is a look at NDX-RUT performance.

RUT rises > 7% and outperforms NDX by > 7% over the last 5 days.
NDX minus RUT stats shown. 1987 - present.

| Ticker | Date/Time | Next Day % Chg | 2-Day % Chg | 3-Day % Chg | 4-Day % Chg | 5-Day % Chg | 6-Day %Chg | 7-Day % Chg | 8-Day % Chg | 9-Day % Chg | 10-Day %Chg |
|---------|------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| NDX-RUT | 11/28/2008 | 3.87 | 1.92 | 2.45 | 2.21 | 1.89 | 1.58 | 3.82 | 2.4 | 4.18 | 2.76 |
| NDX-RUT | 11/11/2016 | -2.31 | -1.28 | -0.7 | -0.54 | -1.41 | -0.86 | -1.48 | -2.52 | -2.57 | -1.49 |
| NDX-RUT | 11/14/2016 | 1.06 | 1.64 | 1.81 | 0.94 | 1.52 | 0.9 | -0.12 | -0.17 | 0.9 | 1.36 |
| NDX-RUT | 11/15/2016 | 0.58 | 0.74 | -0.13 | 0.44 | -0.17 | -1.19 | -1.24 | -0.19 | 0.28 | -0.58 |
| NDX-RUT | 3/25/2020 | -0.58 | -0.36 | 1.29 | 0.75 | 3.67 | 4.43 | 6.03 | 5.63 | 5.16 | 2.85 |
| NDX-RUT | 4/29/2020 | 3.88 | 4.42 | 5.46 | 5.83 | 7.2 | 7.05 | 4.93 | 6.42 | 7.7 | 9.56 |
| NDX-RUT | 5/27/2020 | 2.21 | 4.15 | 3.82 | 3.54 | 1.68 | 0.9 | -0.88 | -2.13 | 0.64 | 4.75 |
| NDX-RUT | 6/7/2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Avg | 1.24 | 1.60 | 2.00 | 1.88 | 2.05 | 1.83 | 1.58 | 1.35 | 2.33 | 2.74 |

So it looks like there is a pretty good record of NDX rallying in the following days. But instances are very low. Even lower than they might appear with a quick look at the tables. You'll note that 3 of the 7 instances happened in a 3-day period during November of 2016. So the action appears interesting. And unusual. But it is so unusual that it is difficult to draw any solid conclusions from the results.

There were no studies in the Quantifinder that offered compelling edges. So I will again not be including anything new on the Active List. It's been pretty dull so far this week. Perhaps we will get some action in the coming days that will suggest a more substantial edge.

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 rose 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 turned long 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 4279.07 on Thursday. That is 0.3% above Wednesday's close. So SPX will need to close up 0.3% on Thursday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is now bullish. But it is not a very appealing setup as far as I am concerned. Short-term evidence is completely lacking and SPX is only very modestly oversold and still not far from a new high. I want to see more compelling evidence and more favorable risk/reward before I'll get very excited about a new index position.

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 |
|-----------|------------|-------------|---------------|-------------|----------|
| ABBV(1/3) | 5/31/2023 | \$136.44 | \$135.43 | -0.74% | Catapult |
| | | | | | |
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