

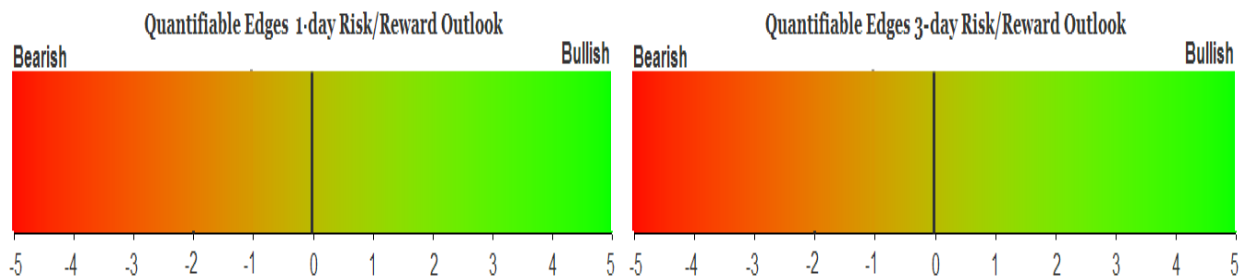
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 14, 2023

Volume 16 Issue 113

## Market Overview



## Signals Overview

<b>Aggregator</b>	<b>CBI Reading</b>
<b>Flat</b>	<b>0</b>

## Tonight's Research Points

- Wednesday's Fed Day setup does not look appealing.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence is leaning slightly bullish, but the SPX is quite overbought in the short-term.

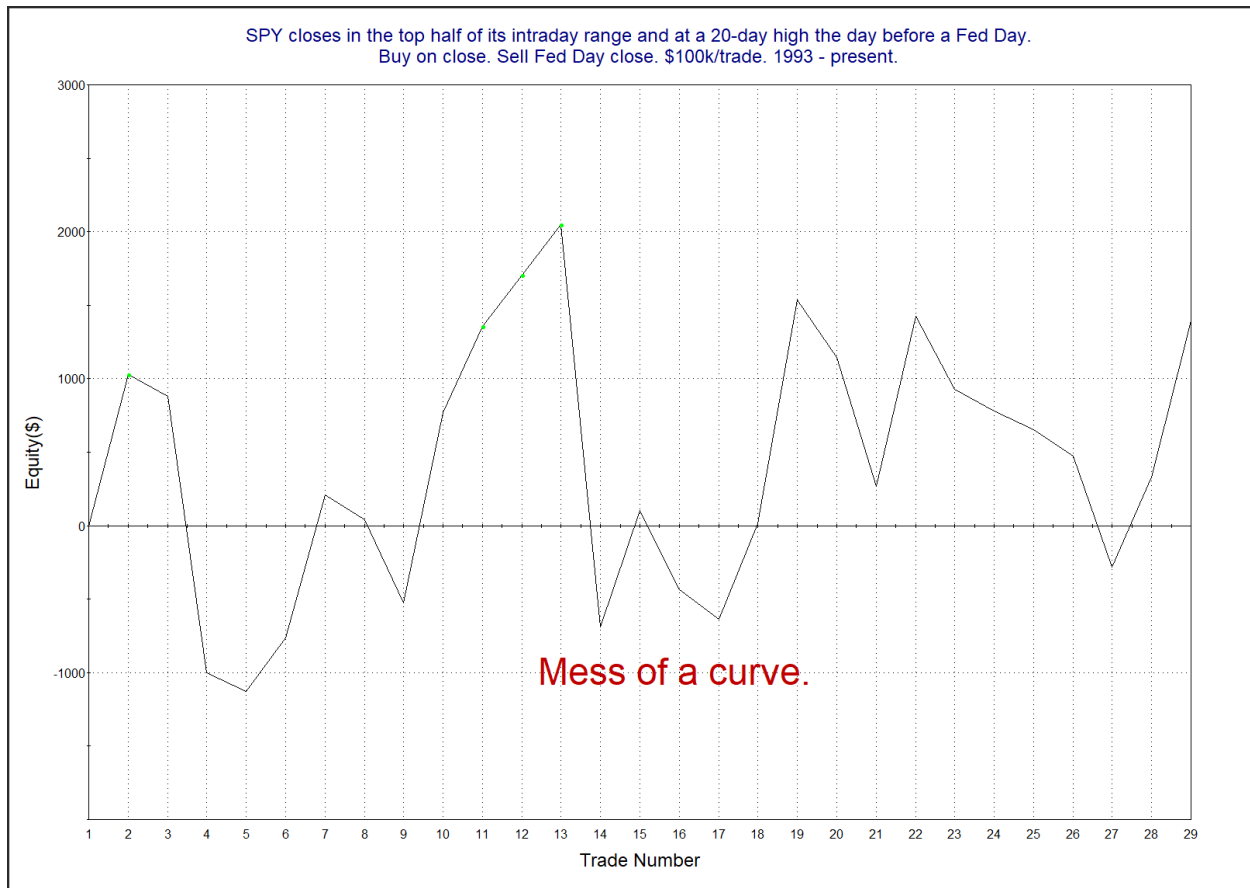
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
June 13, 2023	SPX up 3 to 200-day high on a Monday	1-2 days	Bullish			
June 13, 2023	VIX up. SPX 50-high. Monday.	1-2 days	Bearish			
<b>Active - Long Term</b>						
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 ADT <sub>5</sub> > 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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
June 12, 2023	VIX up. SPX 50-high. Friday.	1-4 days	Bearish	-1.20%	0.60%	1.10%

***The Evidence***

Tuesday was another day of buying. The SPX closed up 0.7%, the NASDAQ gained 0.8%, and the Russell 2000 rallied 1.2%. Breadth was positive with the NYSE Up Issues % coming in at 69% and the Up Volume % at 81%. NYSE total volume rose some from Monday's level.

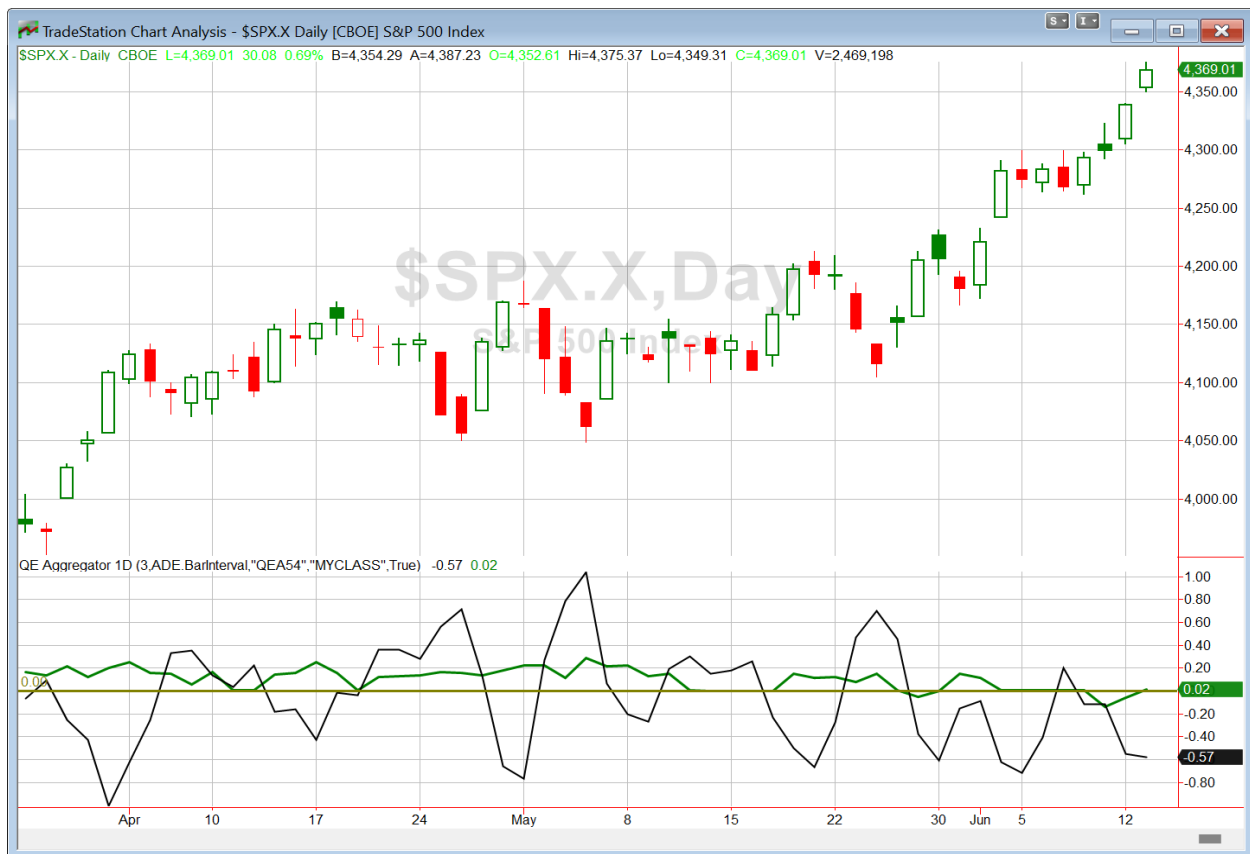
I've noted numerous times in the past that Fed Days typically carry a bullish edge. But when the market is overbought and/or overly optimistic going into a Fed Day, then that edge has basically been eliminated. Two ways I have measured this are 1) the 1-day % closing range and 2) whether or not the market closed at a new intermediate-term high. On Tuesday, SPY closed at the top of its intraday range and at a 20-day high. That is not a great combination. Below is an updated chart of Fed Day performance following similar setups, which I last shared in the 2/1/23 letter.



That is a total sideways choppy mess. It does not seem to suggest any short-term directional edge.

While the Fed Day does not appear to be providing a bullish edge, we did see some bearish evidence fall off the Active List. The weekend study that looked at SPX/VIX moves on Fridays has exceeded typical drawdown levels by enough that it is being removed.

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



With Tuesday's action considered, the green Aggregator Line inched 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 turned flat at the close.

Based on the current active studies, expectations are set to remain positive on Wednesday. Of course this could change if new bearish evidence emerges. And with the Fed set to announce, it seems anything could happen. Meanwhile, the Differential Pivot will be 4292.58 on Wednesday. That is 1.75% below Tuesday's close. So SPX will need to close down at least 1.75% on Wednesday in order to flip from overbought to oversold vs recent expectations. More likely, it will take a multi-day selloff or consolidation to work off the overbought condition.

So the Aggregator is back to neutral. I am glad I was not tempted to try a short trade the last couple of days. The recent rally has been incredibly strong in certain areas. For example, @VolatilityWiz on Twitter pointed out that the TSLA has closed up 13 days in a row and is up over 50% in the last month. I looked back to find all the other times since 1990 that a S&P 100 stock achieved this combination. Never been done. And also never done for any other NASDAQ 100 stock. So you

could certainly say some things are overdue for a pullback. But that does not mean we are in an environment that is conducive to shorting. Like the Aggregator, I am also neutral. The reaction to the Fed could bring about the next substantial setup. I'll watch on Wednesday and evaluate again tomorrow night.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 6/12 – slightly bullish***

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***Open Catapult Triggers***

**None**

#### ***Broad Market Large Cap CBI – 0***

### **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**

**None**

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter from QE at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2023 Quantifiable Edges, LLC.