

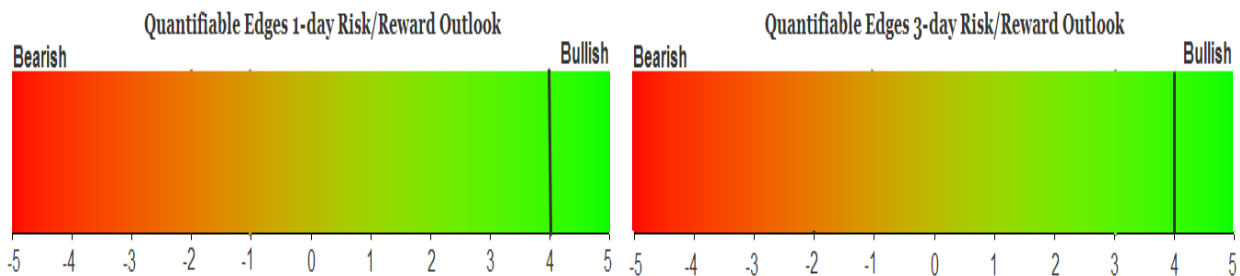
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 27, 2023

Volume 16 Issue 121

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- The gap down and continued selling on Monday could be setting the market up for a bounce.
- Weak closes at 5-day lows often lead to a bounce – especially heading into a “Turnaroud” Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

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						
June 27, 2023	Gap down from 5-low. Close < open.	1-2 days	Bullish			
June 27, 2023	Close btm 10% range and 5-low on Monday	1-5 days	Bullish			
June 26, 2023	1st close < 10ma in > 15 days. > 200	1-3 days	Bullish	1.05%	0.80%	-1.70%
June 23, 2023	Up Vol < 40% SPX up and > 200ma	1-7 days	Bullish	1.70%	-1.20%	-2.50%
June 23, 2023	Up Vol & Up Iss < 40%	1-4 days	Bearish	-2.10%	1.00%	1.85%
June 22, 2023	1st 5-low in 10-day. Close > 10ma	1-5 days	Bullish			
June 22, 2023	Gap < Low Close 5. Close < open	1-5 days	Bullish			
Active - Long Term						
June 23, 2023	Up Vol < 40% SPX up and > 200ma	1-10 days	Bullish	2.15%	-1.50%	-3.30%
June 20, 2023	5up to 50-high. Down 1. > 200ma	1-10 days	Bullish	1.85%	-1.10%	-2.30%
June 20, 2023	20-high. Close btm 10%.	1-10 days	Bullish	2.00%	-1.50%	-2.90%
June 16, 2023	RSI(2) cross over 99.	1-15 days	Bullish	2.30%	-1.50%	-2.95%
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	Whaley ADT5 > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

The Evidence

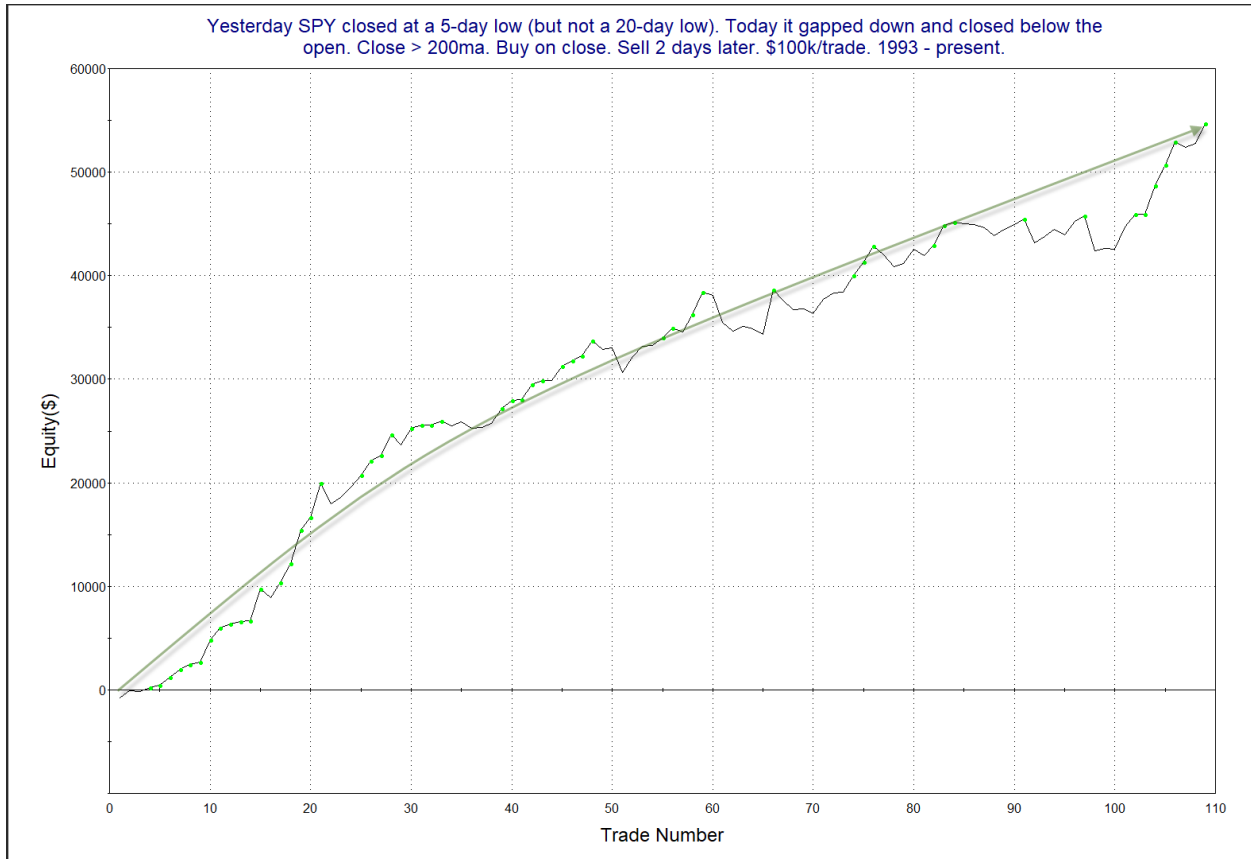
Monday was mostly lower for the indices. The SPX lost 0.45%, the NASDAQ declined 1.2%, and the Russell 2000 gained 0.1%. Breadth was unusually strong with the NYSE Up Issues % coming in at 66% and the Up Volume % at 68%. NYSE total volume declined from Friday’s high level.

Several studies triggered in the Quantifinder tonight. I’ll talk about a few of the most compelling ones.

In the 5/25/23 letter I showed a study that examined gaps down and poor closes following a 5-day low. The setup appeared bullish. But I have also noted in the past that it was even more bullish if the gap down followed a 20-day low. So 20-day low instances are excluded in the below study to prevent the data from looking overly bullish. Stats are updated.

Yesterday SPY closed at a 5-day low (but not a 20-day low). Today it gapped down and closed below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	82,255.55	106	73	32	68.87	5,165.28	-5,063.85	1,663.47	-1,224.31	1.36	3.10	776.00
4	48,379.92	106	71	35	66.98	4,647.50	-8,109.60	1,470.80	-1,601.34	0.92	1.86	456.41
3	49,645.86	108	68	39	62.96	4,290.00	-7,722.10	1,452.73	-1,259.99	1.15	2.01	459.68
2	54,670.73	109	78	31	71.56	4,305.42	-3,385.20	1,045.67	-867.47	1.21	3.03	501.57
1	31,139.35	113	78	35	69.03	2,143.68	-4,181.76	797.28	-887.10	0.90	2.00	275.57

Odds here appear bullish, especially over the 1st 2 days. Below is a profit curve assuming a 2-day exit strategy.



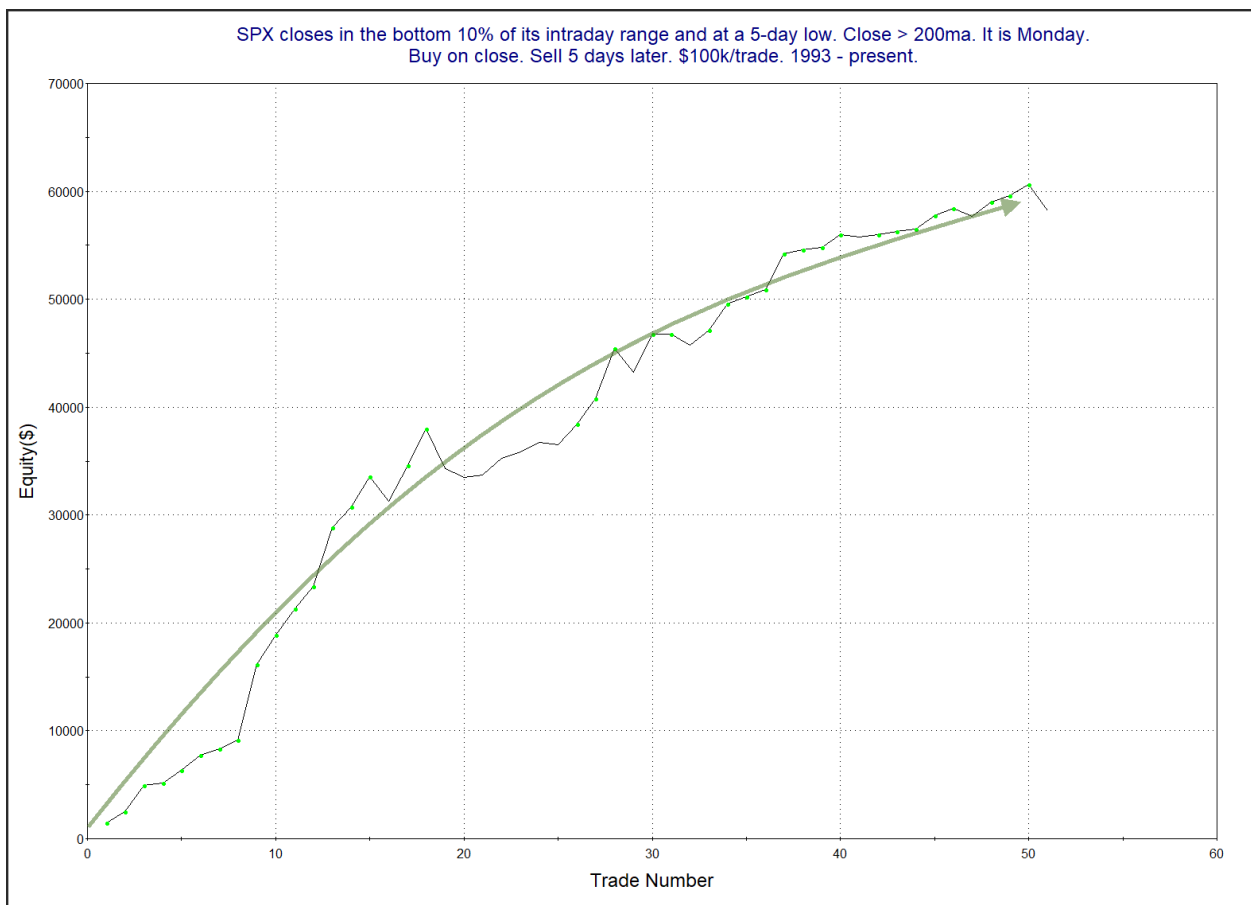
The persistent upslope serves as confirmation of the bullish potential. I have included this study on the Active List tonight.

I've discussed many times before the propensity for Tuesday to serve as a day where short-term selloffs reverse. Historically it has outperformed every other day of the week in this regard. One "Turnaround Tuesday" study that appeared looked at SPX's closing near the bottom of its intraday range and at a short-term low. It is updated from the 10/20/20 letter.

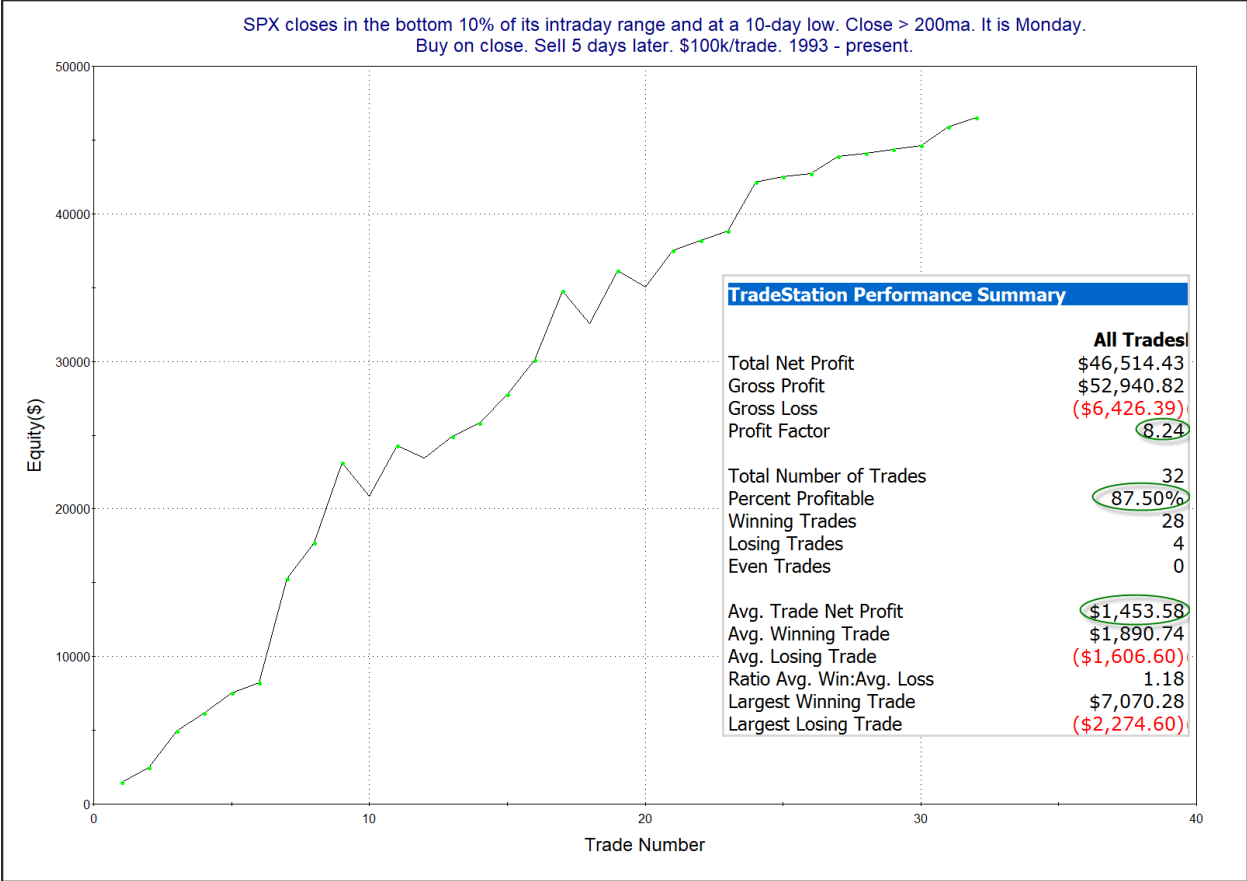
SPX closes in the bottom 10% of its intraday range and at a 5-day low. Close > 200ma. It is Monday.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	58,171.51	51	42	9	82.35	7,070.28	-3,720.99	1,712.68	-1,529.02	1.12	5.23	1,140.62
4	44,218.65	51	41	10	80.39	5,187.49	-3,019.20	1,446.37	-1,508.24	0.96	3.93	867.03
3	32,483.63	51	35	16	68.63	5,339.18	-3,515.67	1,419.99	-1,076.01	1.32	2.89	636.93
2	28,833.53	51	35	16	68.63	4,809.66	-2,261.76	1,172.06	-761.78	1.54	3.37	565.36
1	27,909.01	51	39	12	76.47	5,117.46	-1,611.03	866.37	-489.96	1.77	5.75	547.24

These numbers are quite impressive from day 1. And 1 week out they are very strong. Below is a look at a profit curve that assumes a 5-day hold.

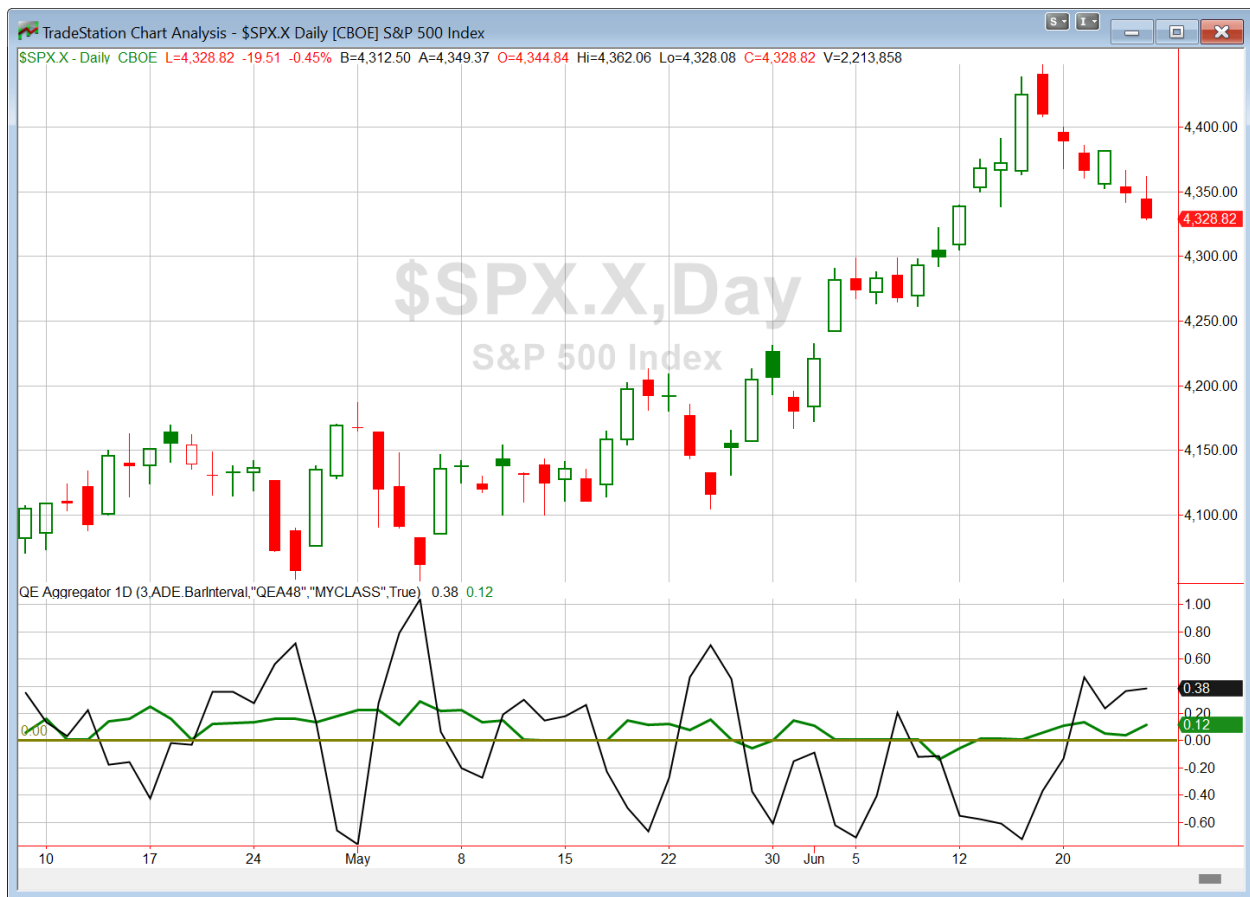


The strong upslope and persistent new highs serve as some confirmation of the bullish edge suggested by the stats table. I have included this study on the Active List tonight. Of course Monday was not just a 5-day low. It was the 1st 10-day low since 4/26/23. Below are the stats and curve for the above study if the requirement was a 10-day low instead of 5.



This is even more impressive.

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 studies, expectations are set to remain positive on Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 4394.26 on Tuesday. That is 1.5% above Monday's close. Therefore, SPX will need to close up 1.5% on Tuesday to flip from oversold to overbought vs recent expectations.

So the Aggregator is again bullish. The pullback has gone further than any we have seen in the last couple of months, but it still appears orderly in nature. There is plenty of evidence suggesting a bounce, and ample room to the upside. I have some long exposure already. I won't add to my index trade on Tuesday, but I very well may on Wednesday if Tuesday closes lower.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/26 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

COF @ \$106.91 (bought at limit)

COF @ \$106.60 (buy at limit)

AMD @ \$110.01 (buy at limit)

IBM @ \$129.43 (buy at limit)

New

COF @ \$106.22 (buy at limit)

KHC @ \$35.55 (buy at limit)

Broad Market Large Cap CBI – 6 (COF-3, AMD, IBM, KHC)

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.

COF – Buy 1/3 Catapult position @ \$106.22 LIMIT. From the Catapult section above, this is the 3rd and final lot of COF.

KHC – Buy 1/3 Catapult position @ \$35.55 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of KHC.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	6/22/2023	\$433.95	\$431.44	-0.58%	Aggregator
COF(1/3)	6/23/2023	\$105.50	\$106.22	0.68%	Catapult
COF(1/3)	6/2/2023	\$106.60	\$106.22	-0.36%	Catapult
AMD(1/3)	6/26/2023	\$110.01	\$107.51	-2.27%	Catapult
IBM(1/3)	6/26/2023	\$129.39	\$131.34	1.51%	Catapult
SPY(1/4)	6/26/2023	\$432.62	\$431.44	-0.27%	Aggregator

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.