

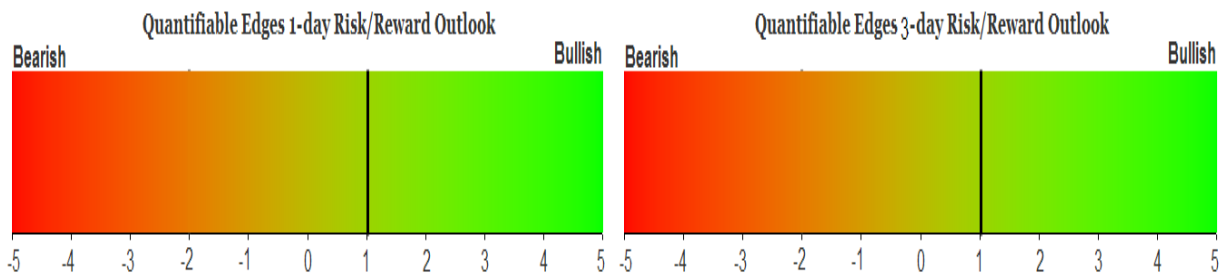
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 29, 2023

Volume 16 Issue 123

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	3

## Tonight's Research Points

- The last hour of a quarter tends to see some selling, especially for smallcaps.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish. But the Differential Pivot is inverted. So reward/risk is not terribly favorable. I'll be in profit-taking mode.

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

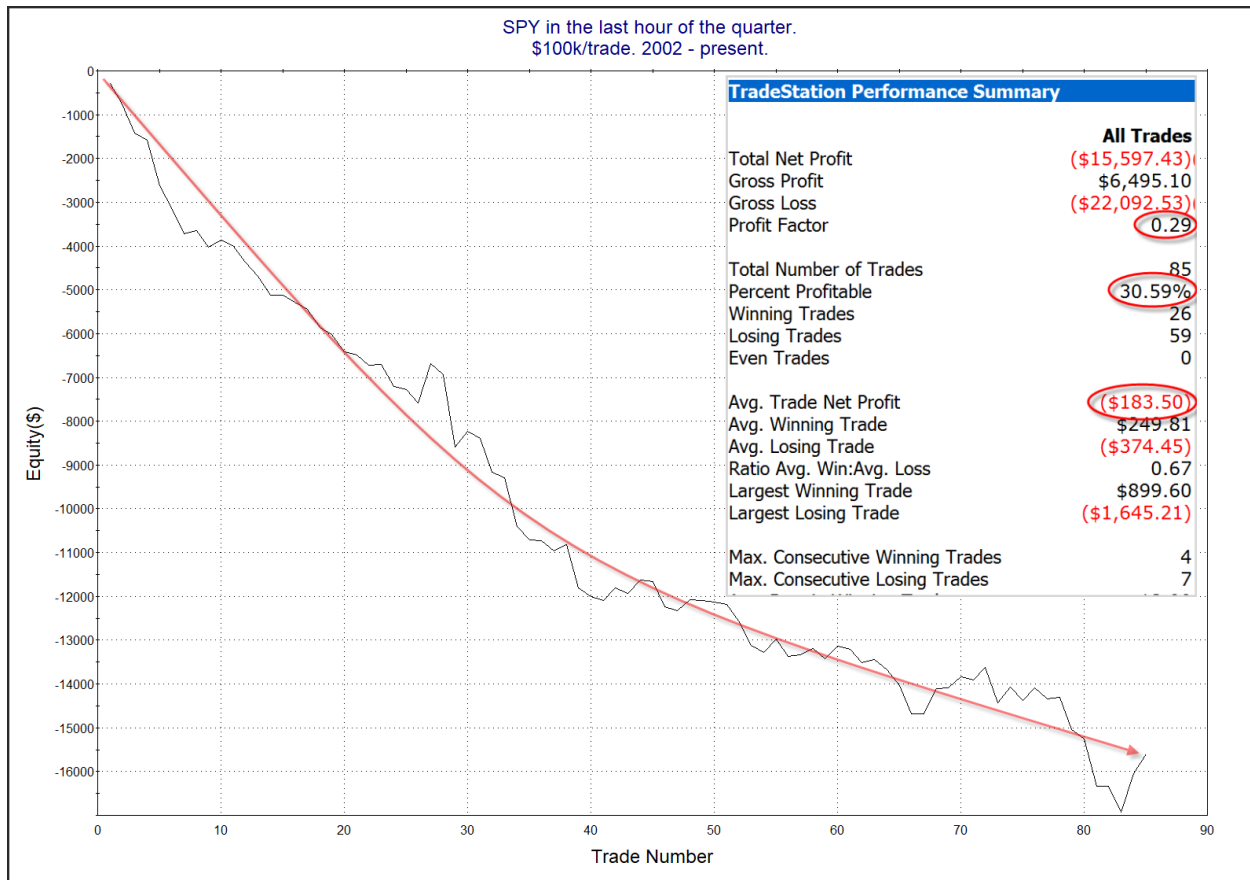
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
June 27, 2023	Close btm 10% range and 5-low on Monday	1-5 days	Bullish			
June 23, 2023	Up Vol < 40% SPX up and > 200ma	1-7 days	Bullish	1.70%	-1.20%	-2.50%
<b>Active - Long Term</b>						
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**

Wednesday was mixed and mostly mild. The SPX declined 0.04% (though SPY finished up slightly), the NASDAQ rose 0.3%, and the Russell 2000 gained 0.5%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 53%. NYSE total volume rose some from Tuesday's level.

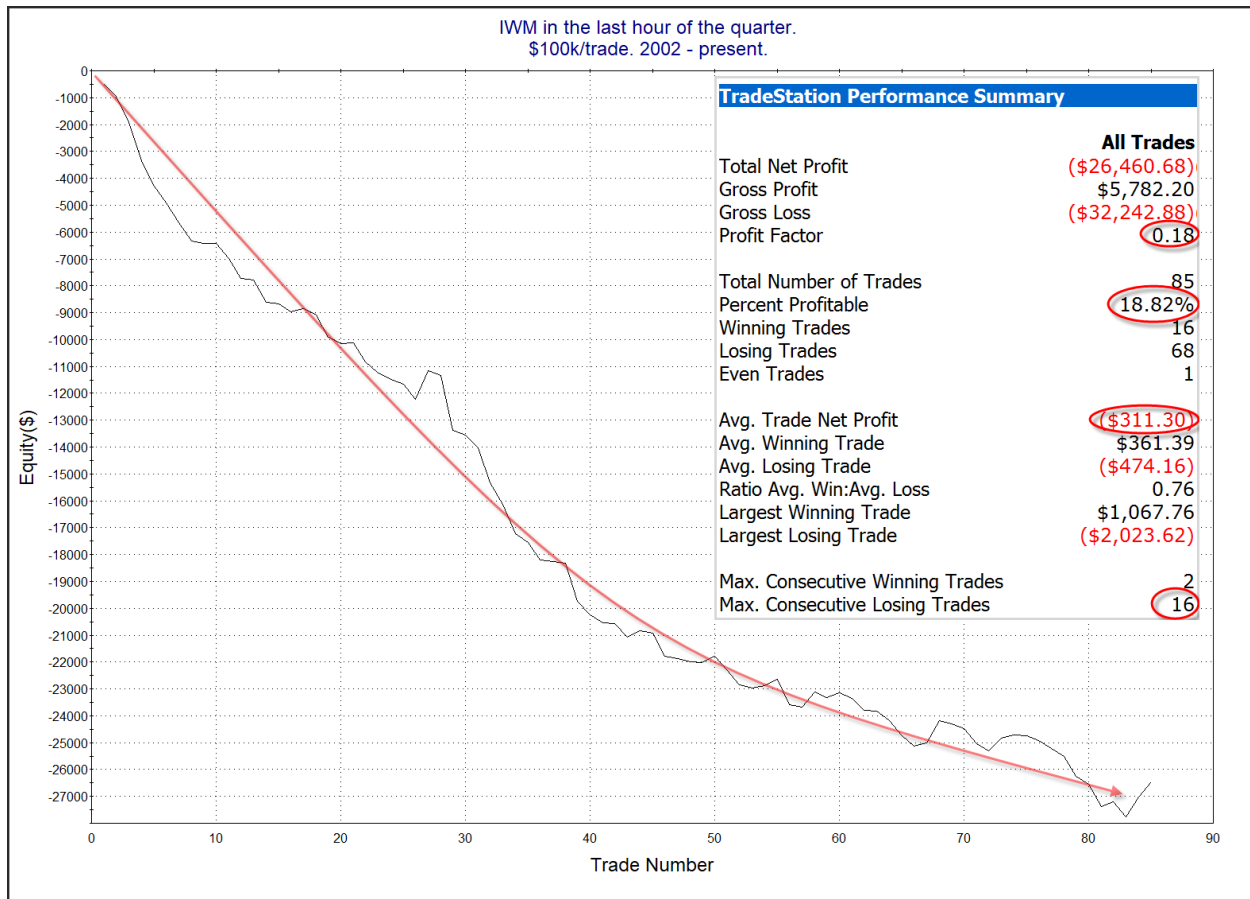
The mild changes did not trigger any compelling studies in the Quantifinder and I did not identify anything unusual about the action to test further. We seem to be in an oversold bounce (as was expected a few days ago). The market is now back near the middle of its recent range and new price-based edges are not apparent.

So without anything new popping up, I decided to discuss some studies that I otherwise would likely have discussed tomorrow night. They look at the price action in the *last hour of trading* at the end of a quarter (March, June, September, & December). Interestingly, perhaps due to some late rebalancing, the market has often seen selling in the last hour. This can be seen in the study below.



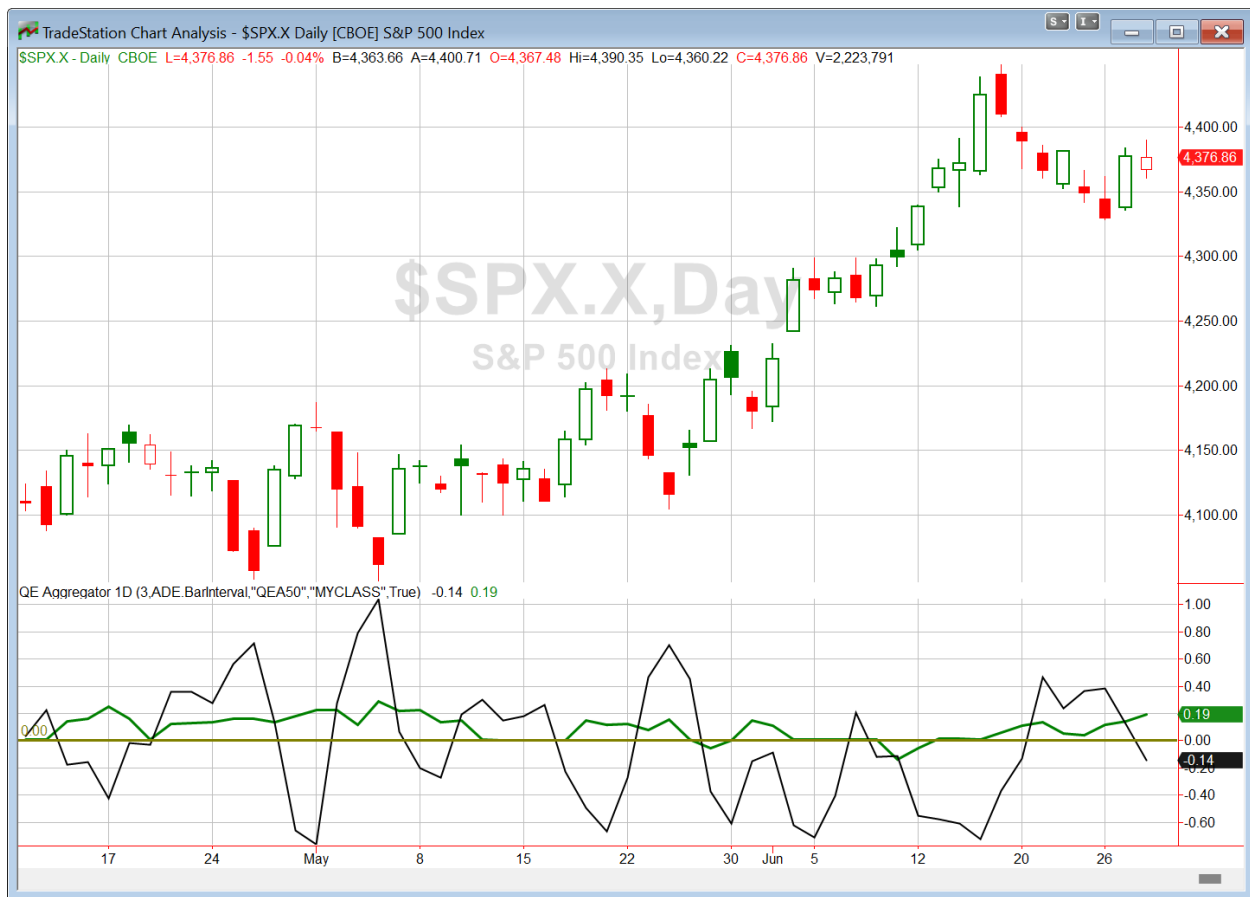
This suggests a decent chance of afternoon selling on Friday as we approach the close. The last 2 instances have bucked the trend, but I am not very concerned about just 2 instances.

It is also notable that smallcaps have done even worse than largecaps at the end of quarters. Here is the same study using IWM.



Agile traders could consider looking to take advantage of this edge with some last-hour adjustments on Friday.

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



With Wednesday's action 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 dropped 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4337.42 on Thursday. That is 0.9% below Wednesday's close. Therefore, SPX will need to close down at least 0.9% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. While there are hints that this bounce could have a little further to go, a rally from here is much less probable than where the market was at a couple of days ago. And with SPX now overbought, reward/risk no longer appears favorable. I have flattened out my index position and I do not intend to re-enter until a more compelling setup emerges.

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

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

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

AMD @ \$110.01 (bought at limit)

IBM @ \$129.43 (bought at limit)

KHC @ \$35.55 (bought at limit)

***Broad Market Large Cap CBI – 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.*

**None.**

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>SPY(1/4)</i>	<i>6/22/2023</i>	<i>\$433.95</i>	<i>\$436.50</i>	<i>0.59%</i>	<i>sold @ Limit</i>
<i>COF(1/3)</i>	<i>6/23/2023</i>	<i>\$105.50</i>	<i>\$108.47</i>	<i>2.82%</i>	<i>sold on open</i>
<i>COF(1/3)</i>	<i>6/26/2023</i>	<i>\$106.60</i>	<i>\$108.47</i>	<i>1.75%</i>	<i>sold on open</i>
AMD(1/3)	6/26/2023	\$110.01	\$110.17	0.15%	Catapult
IBM(1/3)	6/26/2023	\$129.39	\$131.76	1.83%	Catapult
<i>SPY(1/4)</i>	<i>6/26/2023</i>	<i>\$432.62</i>	<i>\$436.39</i>	<i>0.87%</i>	<i>sold on close</i>
<i>COF(1/3)</i>	<i>6/27/2023</i>	<i>\$106.20</i>	<i>\$108.47</i>	<i>2.14%</i>	<i>sold on open</i>
KHC(1/3)	6/27/2023	\$35.55	\$35.02	-1.49%	Catapult

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