

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 30, 2023

Volume 16 Issue 124

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	1

## Tonight's Research Points

- July has historically had the best 1<sup>st</sup> day of any month.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral, but it could easily flip back to bullish on Friday if there is selling.

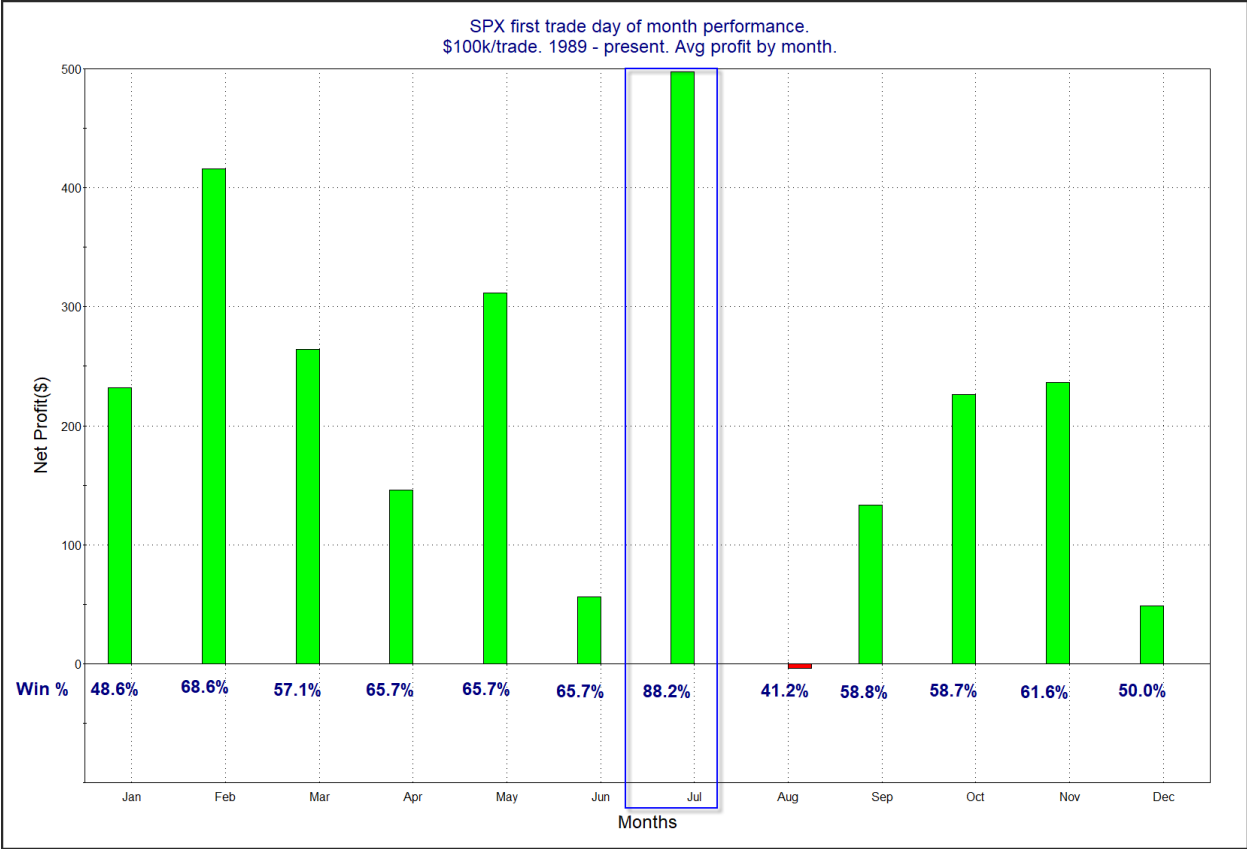
**Summary of Recent Active Studies (see Letters from listed dates for details)**

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			

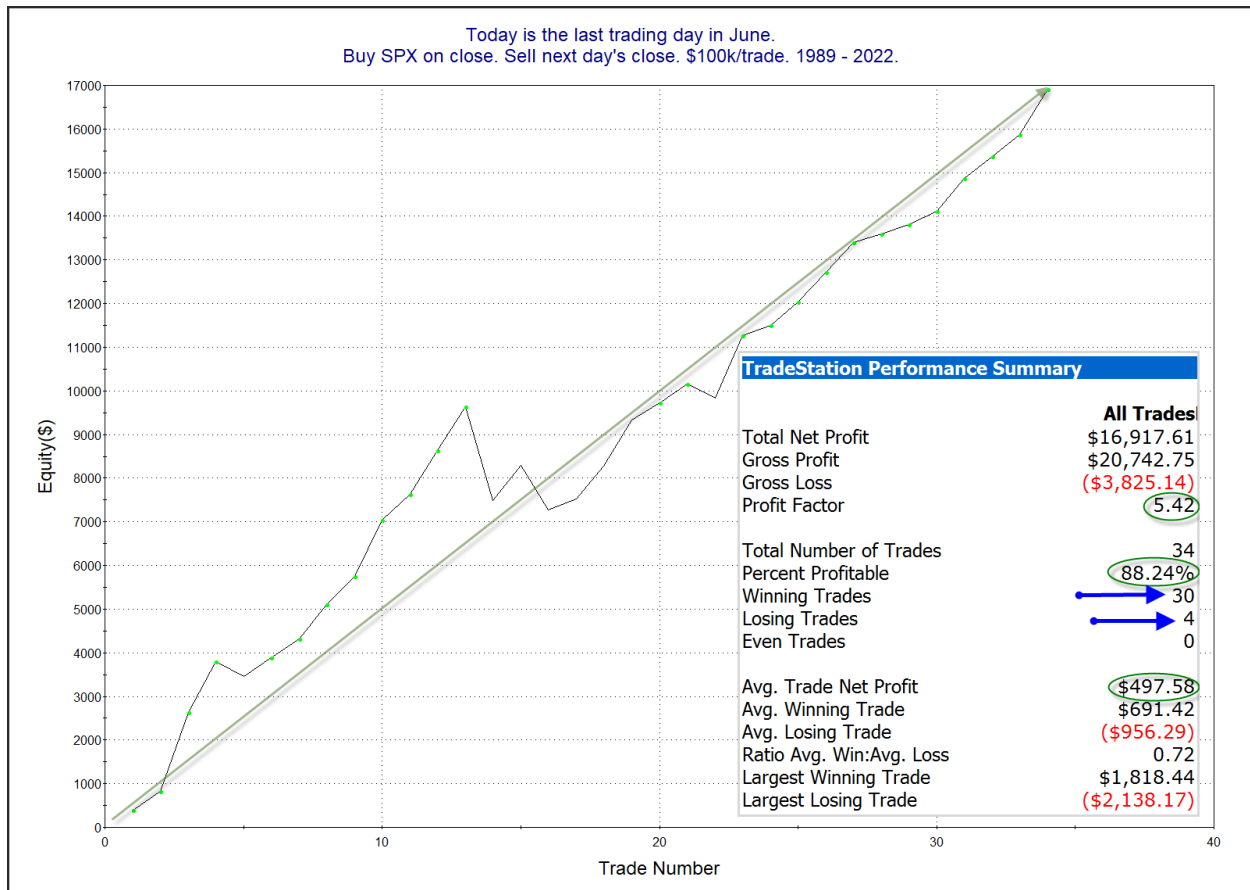
**The Evidence**

Thursday was mixed but mostly higher. The SPX rose 0.45%, the NASDAQ finished down a scant 0.42 points, and the Russell 2000 gained 1.2%. Breadth was positive with the NYSE Up Issues % coming in at 66% and the Up Volume % at 72%. NYSE total volume rose some from Wednesday's level.

Last night I showed a study that indicated that there has been a downside edge during the last hour of the quarter. So this is something to look for as we get into the afternoon on Friday. When looking ahead to Monday, it is worth noting that July has had the best performance of any month with regards to the 1<sup>st</sup> trading day of the month. This can be seen in the chart below.



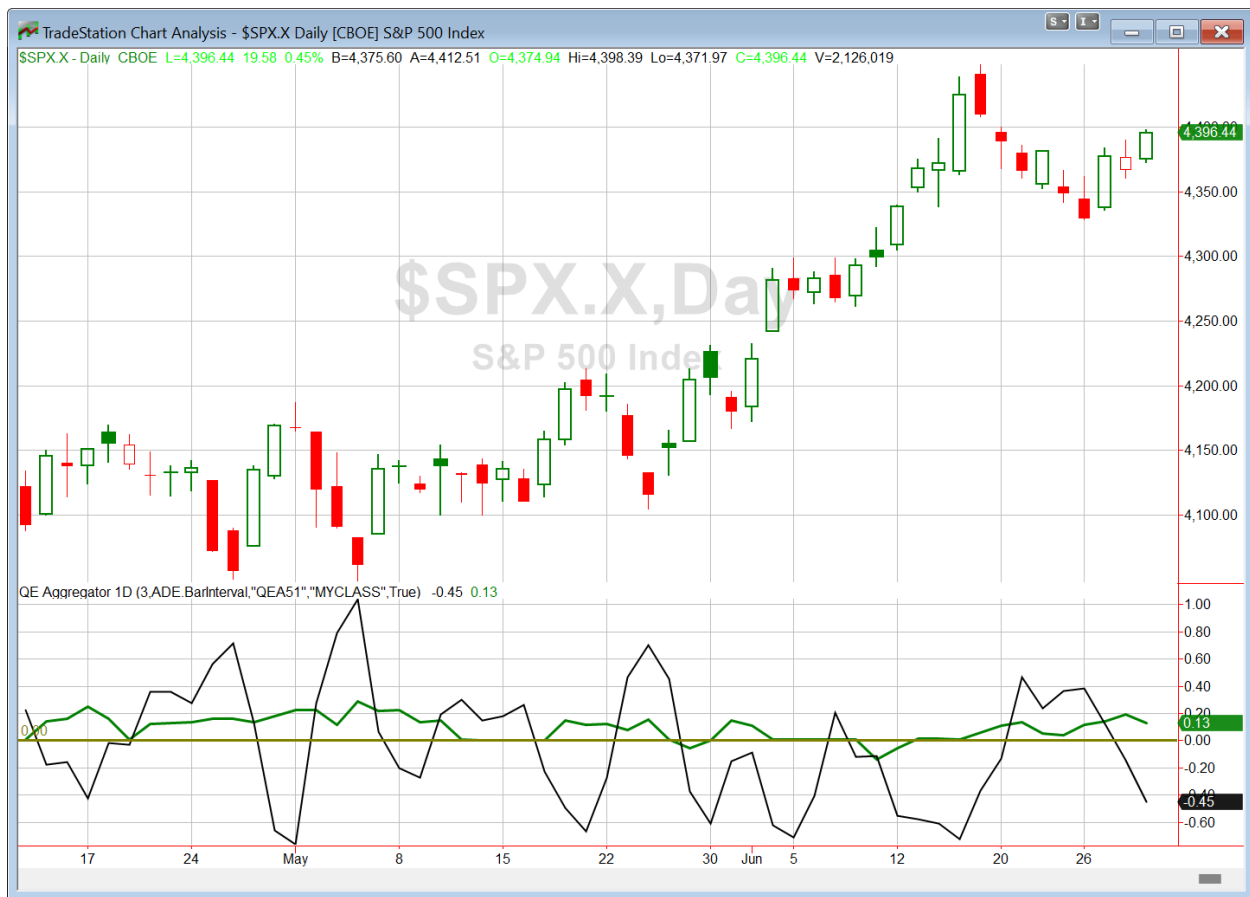
As you can see, July has both the highest Win % and the largest Avg Trade. So maybe some of that July magic will help the bulls on Friday. I'll also note that August has had the worst Day-1 performance of any month. So we will keep that in mind as we approach it. Below is a more detailed look at how July has played out.



Impressive stats and curve. And the last 12 instances have all been winners. July performance appears strong enough to merit some consideration.

I've also shown many times that when the last trading day of the month sees SPY finish in the bottom half of its intraday range, that the 1<sup>st</sup> day of the next month has performed much stronger than times the month finished in the top half of its intraday range. So if the last-hour weakness kicks in on Friday, that could bode especially well for Monday.

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



With Thursday'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 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.

Based on the current active studies, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4391.28 on Friday. That is just 0.1% below Thursday's close. Therefore, SPX will only need to close down a small amount in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. But we are seeing a possibility of a high-probability setup emerge. If Friday shows weakness, the Differential Line will flip, the Aggregator will probably turn bullish, and we have the 1<sup>st</sup> trading day of July upside bias favoring the bull case as well. I'll be ready to take on some long exposure near the close on Friday if we do see some selling and a poor close to the day.

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

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

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

KHC @ \$35.55 (bought at limit)

### ***Broad Market Large Cap CBI – 1 (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.*

**SPY – Buy ¼ index position at the close if SPX closes below the Differential Pivot and SPY closes in the bottom 50% of its intraday range.** Based on the short-term outlook above I will look to take on some long exposure if Friday closes much lower and also low in its range.

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
AMD(1/3)	6/26/2023	\$110.01	\$111.24	1.12%	<i>sell on open</i>
IBM(1/3)	6/26/2023	\$129.39	\$134.06	3.61%	<i>sell on open</i>
KHC(1/3)	6/27/2023	\$35.55	\$35.02	-1.49%	Catapult

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