

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 5, 2023

Volume 16 Issue 126

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Monday's light volume was not unusual. It was just a factor of the calendar and the short trading day.
- 3 days up to a 200-day high on a Monday is often followed by more buying.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. There is still reason to believe the market rally could continue over the next few days, but risk/reward is not terribly favorable, because the market is already so overbought.

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						
July 5, 2023	3 days up to a 200-day high. Monday.	1-2 days	Bullish			
July 3, 2023	Close month at high of month	1-5 days	Bullish	1.90%	-1.10%	-2.40%
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

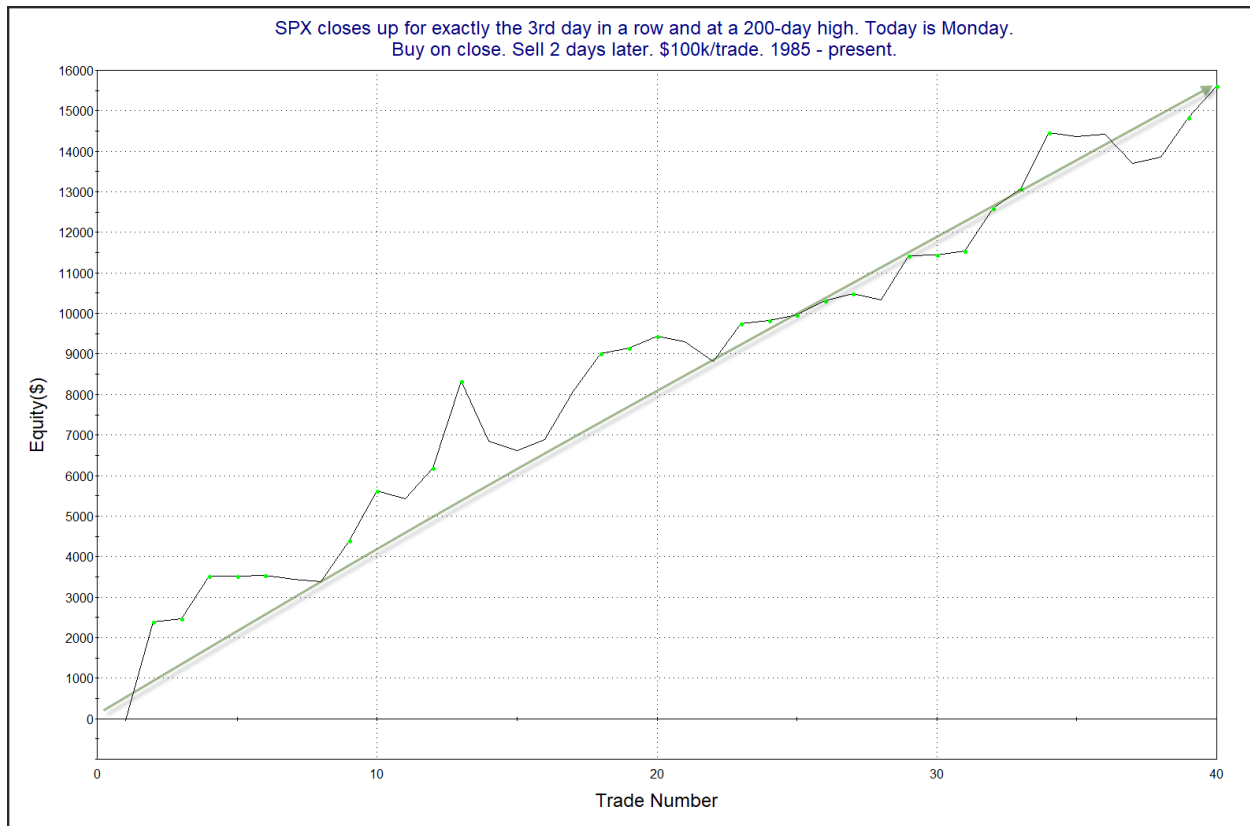
The market was very quiet on Monday, which is typical on a half-day before a holiday. The SPX rose 0.1%, the NASDAQ closed up 0.2%, and the Russell 2000 gained 0.4%. Breadth was positive with the NYSE Up Issues % coming in at 69% and the Up Volume % at 76%. NYSE total volume was light as you would expect.

There were several studies that appeared in the Quantifinder that looked at the small range or the light volume on Monday. I don't ever concern myself with these kinds of studies when they trigger on a shortened trading day. It is not complacency that is making for a quiet market. It is just less traders around and less time in the day.

There was one study that triggered that appeared worth some discussion. It looked at times SPX closed up 3 days in a row and made a new high on a Monday. Results below are updated from the 8/25/20 letter.

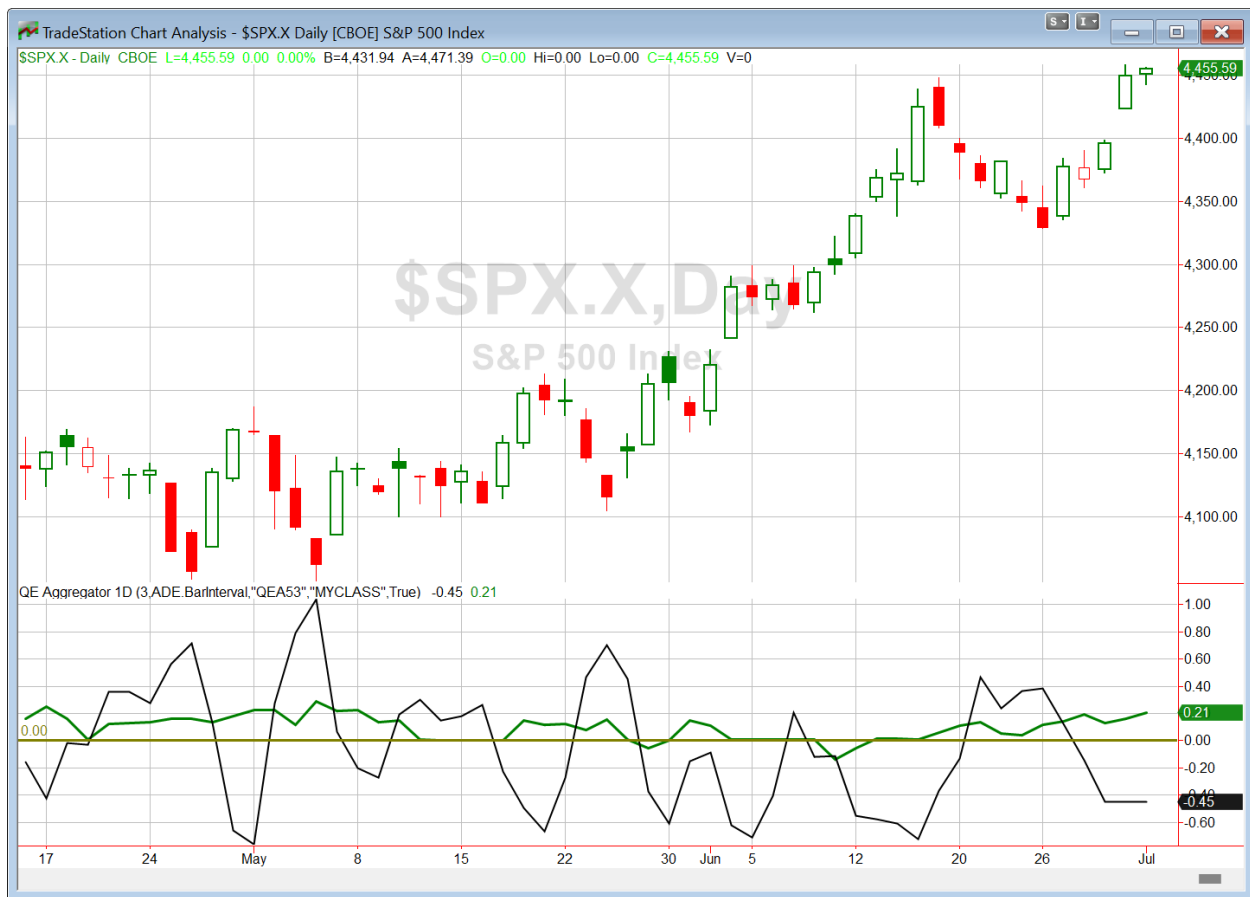
SPX closes up for exactly the 3rd day in a row and at a 200-day high. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 1985 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	23,372.98	40	28	12	70.00	3,565.00	-1,497.69	1,153.87	-744.62	1.55	3.62	584.32
4	18,791.33	40	25	15	62.50	3,489.10	-2,042.82	1,175.56	-706.51	1.66	2.77	469.78
3	19,278.19	40	28	12	70.00	2,359.80	-1,300.86	870.65	-425.00	2.05	4.78	481.95
2	15,614.01	40	29	11	72.50	2,426.12	-1,482.30	664.83	-333.27	1.99	5.26	390.35
1	5,622.58	40	22	18	55.00	1,687.28	-539.07	434.22	-218.35	1.99	2.43	140.56

Results here appear quite bullish. Below is a look at the 2-day profit curve.



That is a very consistent move from lower left to upper right. This study looks quite compelling. Of course the caveat we are facing is that the setup is typically followed by a Tuesday and a Wednesday. Tuesday is a holiday, so the 2-day results this week will be generated on Wednesday and Thursday. Still, I find the study appealing enough that I have included it on the active list as a 2-day edge.

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



With today'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 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 Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4416.44 on Wednesday. That is 0.9% below Monday's close. Therefore, SPX will need to close down at least 0.9% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Evidence is still pointing higher, but the market is so overbought that reward/risk just isn't that favorable. The CBI is also back at zero. I will be closing out the last Catapult trade, and I will not be looking for any index exposure until a more compelling opportunity emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/3 – 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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
KHC(1/3)	6/27/2023	\$35.55	\$35.81	0.73%	<i>sell on open</i>

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.