

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 1, 2023

Volume 16 Issue 145

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- When the last day of the month marks the highest close of the month, then the momentum often carries through into the 1st week of the new month.
- A rising VIX at a 50-day SPX high (on the first day of the week) suggests a pullback.

Short-term Outlook

The Bottom Line

The Aggregator neutral. I am as well.

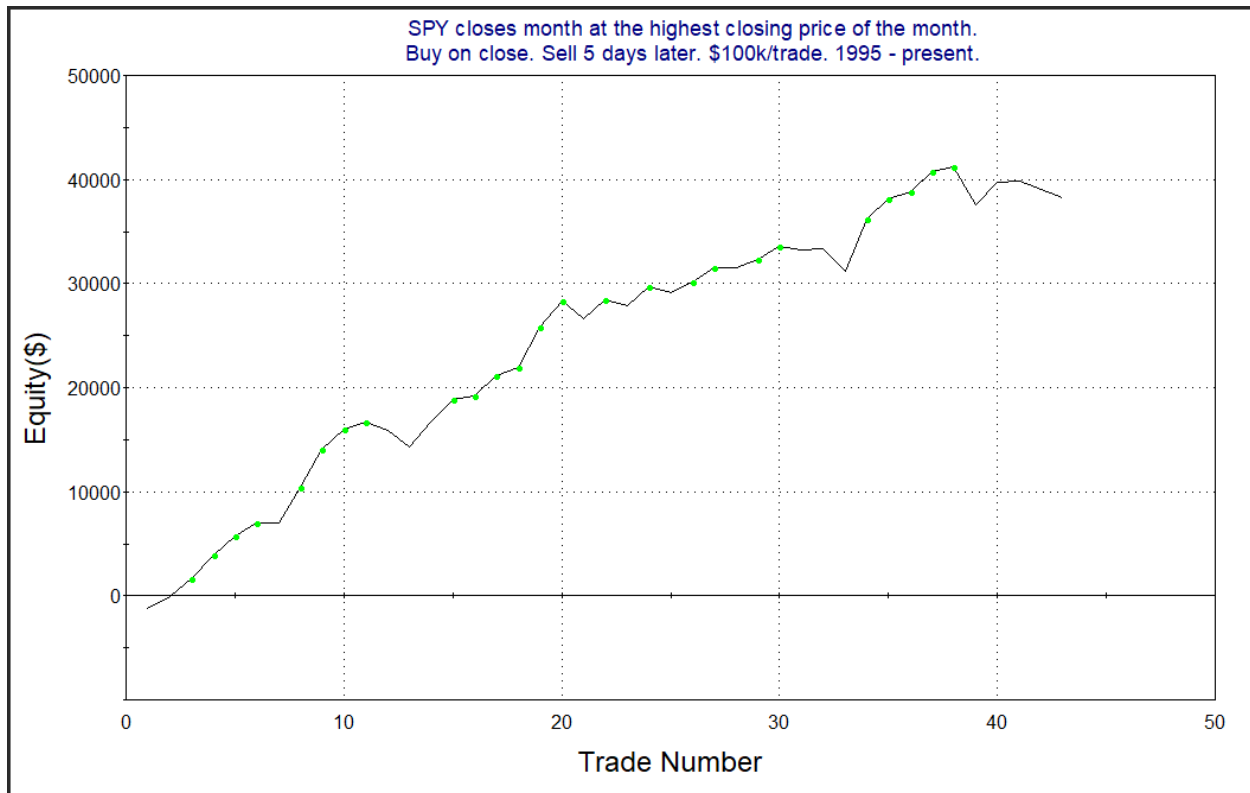
The Evidence

A late surge helped the indices all finish in positive territory on Monday. The SPX closed up 0.15%, the NASDAQ rose 0.2%, and the Russell 2000 gained 1.1%. Breadth was positive with the NYSE Up Issues % coming in at 72% and the Up Volume % at 70%. NYSE total volume rose quite a bit on the last day of the month.

SPY closing in the upper half of its intraday range is something that often reduces the Day 1 edge for the next month. But the fact that SPY closed at an intermediate-term high on the last day of the month suggests that, even if Day 1 is not great, we could see further rallying in the next few days. One study I have shown several times over the years looks at times that a month finishes on a high. Results below are updated from the 7/3/23 letter.

SPY closes month at the highest closing price of the month. Buy on close. Sell X days later. \$100k/trade. 1995 - 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	38,194.66	43	30	12	69.77	4,926.56	-3,557.40	1,742.63	-1,173.68	1.48	3.71	888.25
4	29,040.57	43	28	15	65.12	5,394.96	-4,338.40	1,698.94	-1,235.32	1.38	2.57	675.36
3	19,141.24	43	27	16	62.79	4,105.92	-4,678.40	1,382.82	-1,137.19	1.22	2.05	445.15
2	13,003.19	43	22	21	51.16	3,954.78	-4,848.40	1,303.40	-746.27	1.75	1.83	302.40
1	4,902.35	43	23	20	53.49	1,850.94	-1,359.03	668.74	-523.93	1.28	1.47	114.01

The numbers across the board are quite compelling. Below is an equity curve showing results assuming a 5-day holding period.



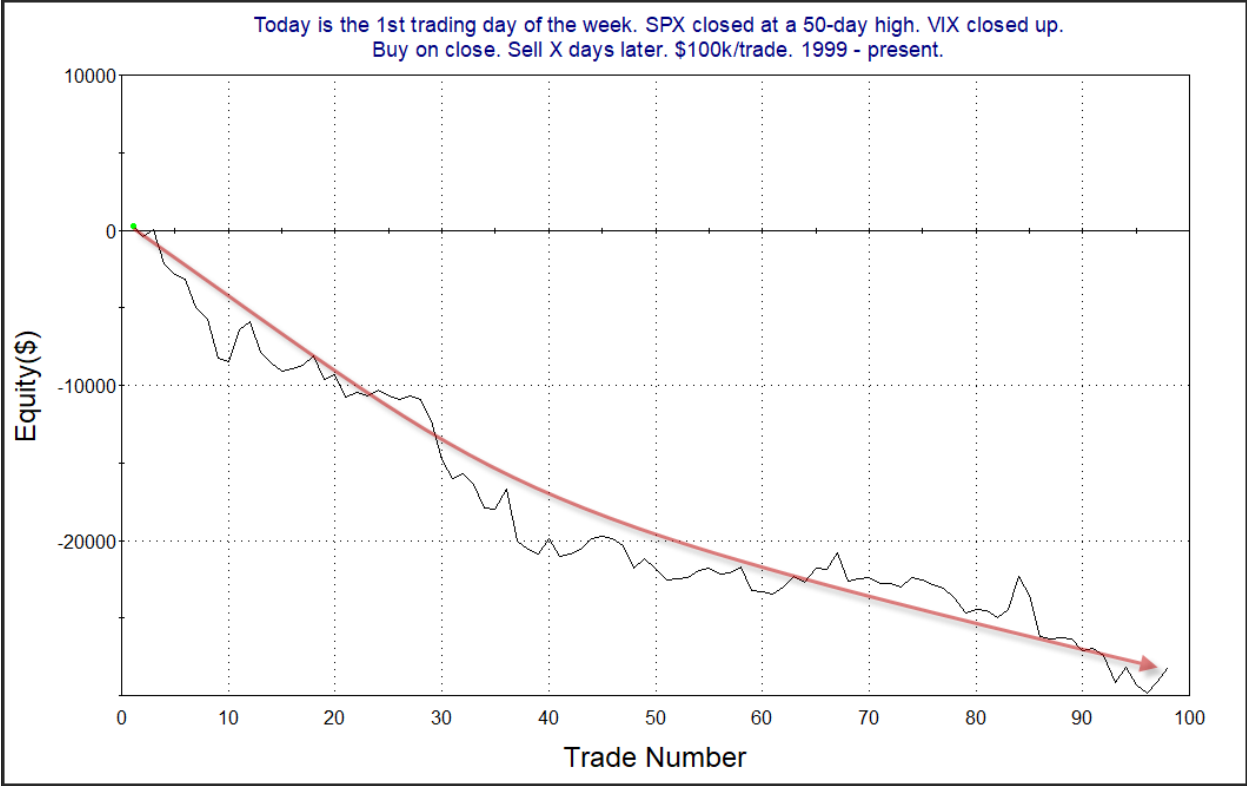
Despite a couple of recent hiccups, the generally steady upslope is comforting. I have added this study to the active list tonight.

Another study from the Quantifinder looked at the rise in the VIX that accompanied the SPX new high. The VIX has a natural tendency to rise on Mondays. So although VIX most often moves lower when SPX rises, Monday is the most likely day of the week to see the two of them rise together. Still, times SPX closed at a 50-day high while VIX rose on a Monday have previously suggested a downside edge. Last seen recently in the 7/18/23 letter, results of this study are updated.

Today is the 1st trading day of the week. SPX closed at a 50-day high. VIX closed up.
Buy on close. Sell X days later. \$100k/trade. 1999 - present.

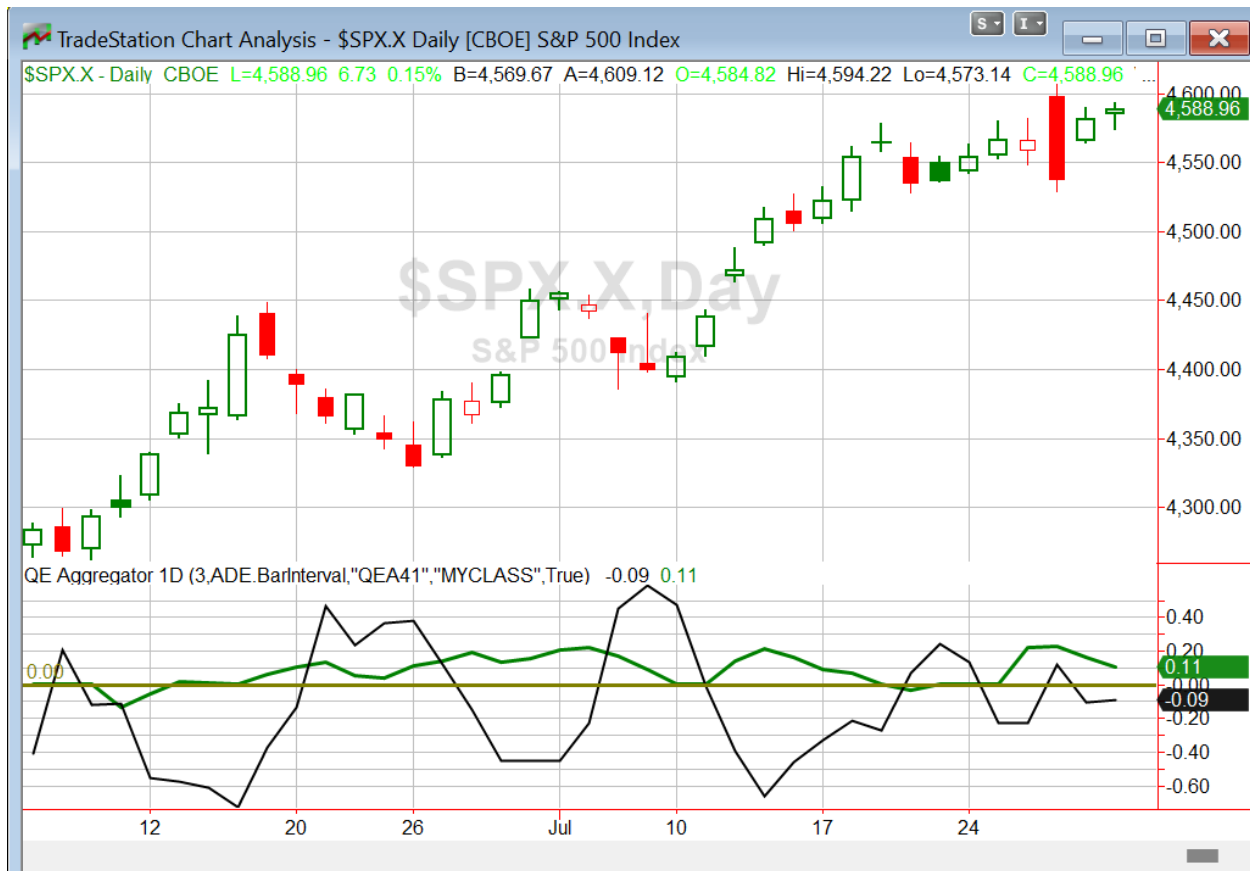
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-17,841.74	92	43	49	46.74	5,653.12	-5,048.68	1,087.09	-1,318.09	0.82	0.72	-193.93
4	-14,915.68	98	47	51	47.96	4,422.40	-5,732.40	956.20	-1,173.66	0.81	0.75	-152.20
3	-18,591.51	98	46	52	46.94	2,641.80	-6,908.70	700.51	-977.21	0.72	0.63	-189.71
2	-28,155.64	98	41	57	41.84	2,148.48	-3,372.16	509.20	-860.23	0.59	0.43	-287.30
1	-10,236.83	98	35	63	35.71	802.88	-1,580.04	324.67	-342.86	0.95	0.53	-104.46

The numbers here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long, persistent decline. It recently made new lows and the study seems worthy of consideration. So I have added it to the active list.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dipped back 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 slated to remain positive on Tuesday. This could change if compelling bearish evidence emerges. Meanwhile, the Differential Pivot will be 4558.00 on Tuesday. That is 0.7% below Monday's close. Therefore, SPX will need to close down about 0.7% in order to flip from overbought to oversold vs expectations.

So the Aggregator formation is neutral. I am feeling neutral as well. Expectations are leaning higher, but with the market already overbought and at new highs, this does not seem an opportune time to starting building a long position. I'll wait until a more favorable setup emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/31 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

F @ \$14.03 (bought @ limit)

Broad Market Large Cap CBI – 1(F)

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
F(1/3)	7/21/2023	\$14.01	\$13.21	-5.71%	Catapult

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.