

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 30, 2024

Volume 17 Issue 104

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 7 |

Tonight's Research Points

- Thursday after Memorial Day has historically been bullish.

Short-term Outlook

The Bottom Line

The Aggregator formation is bullish. The long side looks appealing.

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 | | | | | | |
| May 30, 2024 | Memorial Thursday bullish | 1 day | Bullish | | | |
| May 29, 2024 | SPY up 2 < 3 ago. Close > 200ma | 1-2 days | Bullish | | | |
| Active - Long Term | | | | | | |
| May 17, 2024 | 20-high then close bottom 10% intraday rng | 1-10 days | Bullish | | | |
| May 16, 2024 | SPX > 200ma. RSI2 crosses over 99. | 1-15 days | Bullish | 2.30% | -1.50% | -2.90% |
| May 16, 2024 | SPX 50-day %b crosses 100 | 1-50 days | Bullish | 4.90% | -4.40% | -8.90% |
| May 10, 2024 | DJI Up 7 days in a row | 1-19 days | Bullish | 3.25% | -1.50% | -2.70% |
| May 7, 2024 | Triple 70 Breadth Thrust | 1-80 days | Bullish | 10.10% | -4.80% | -11.20% |
| May 6, 2024 | NASDAQ Leading | int term | Bullish | | | |
| April 29, 2024 | May-October selloff potential when 5% dn | 1-6 months | Bearish | | | |
| March 4, 2024 | Jan & Feb both close positive | 1-10 months | Bullish | | | |
| February 2, 2024 | SPX up > 15% last 3 months | 1-6 months | Bullish | | | |
| December 27, 2023 | %SPX > 50 moves frm 15% > 90% in 50 dys | 1-6 months | Bullish | | | |
| November 7, 2023 | Whaley ADT5 > 73.66 | 1-12 months | Bullish | 25.20% | -8.10% | |
| November 6, 2023 | Zweig Thrust | 1-12 months | Bullish | 29.00% | -3.20% | -7.00% |
| February 2, 2023 | SPX Golden Cross | int term | Bullish | | | |
| March 14, 2022 | Fed Hawkish / QE done | int term | Bearish | | | |

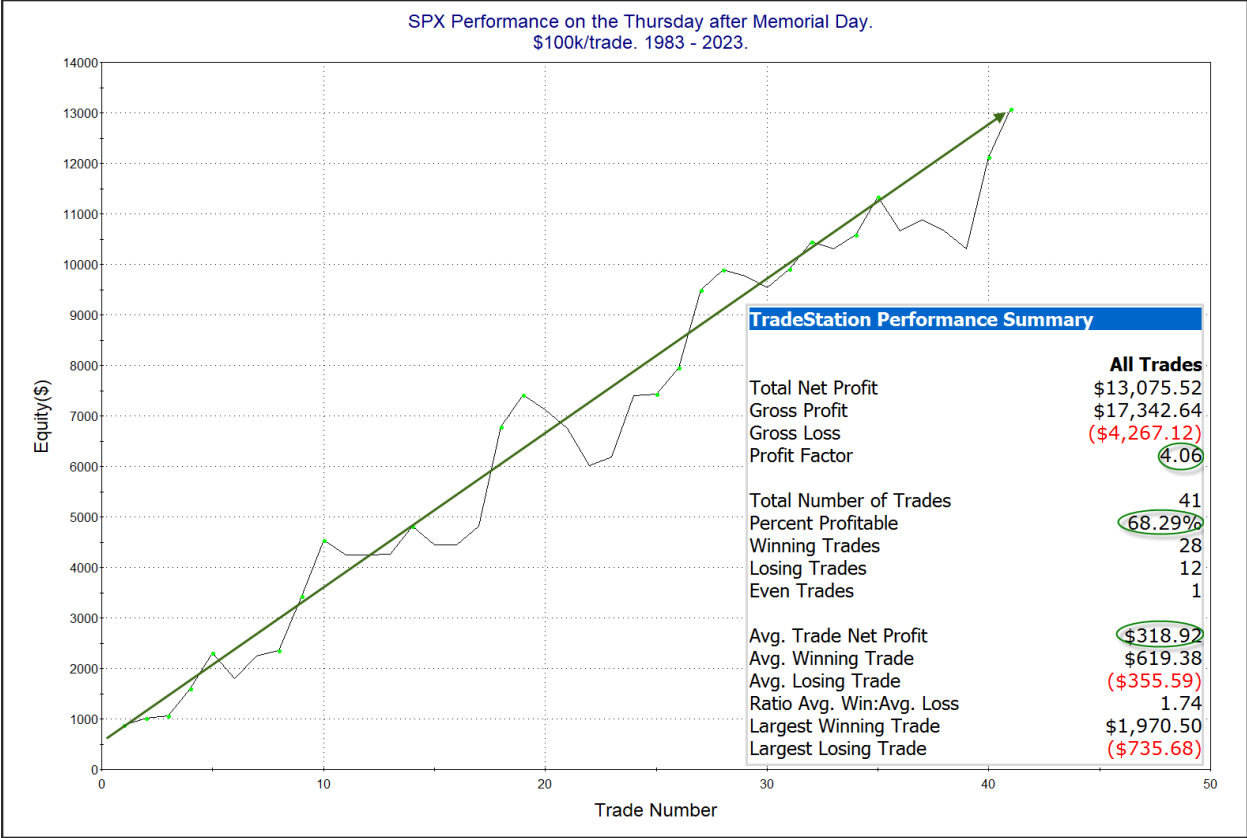
The Evidence

Wednesday kinda stunk. SPX lost 0.7%, the NASDAQ fell 0.6%, and the Russell declined 1.5%. Breadth was weak, with the NYSE Up Issues % coming in at 16.5% and the Up Volume % at 16.2%. NYSE total volume dipped some from Tuesday's level.

The market has really been chopping sideways over the last couple of weeks. The last nine days have all traded within the range of the 5/15/24 bar at some point during the day. I looked at other such sideways action when the market was also making long-term highs to see if there was a short-term tendency. Unfortunately, results of the studies I ran all showed odds around breakeven.

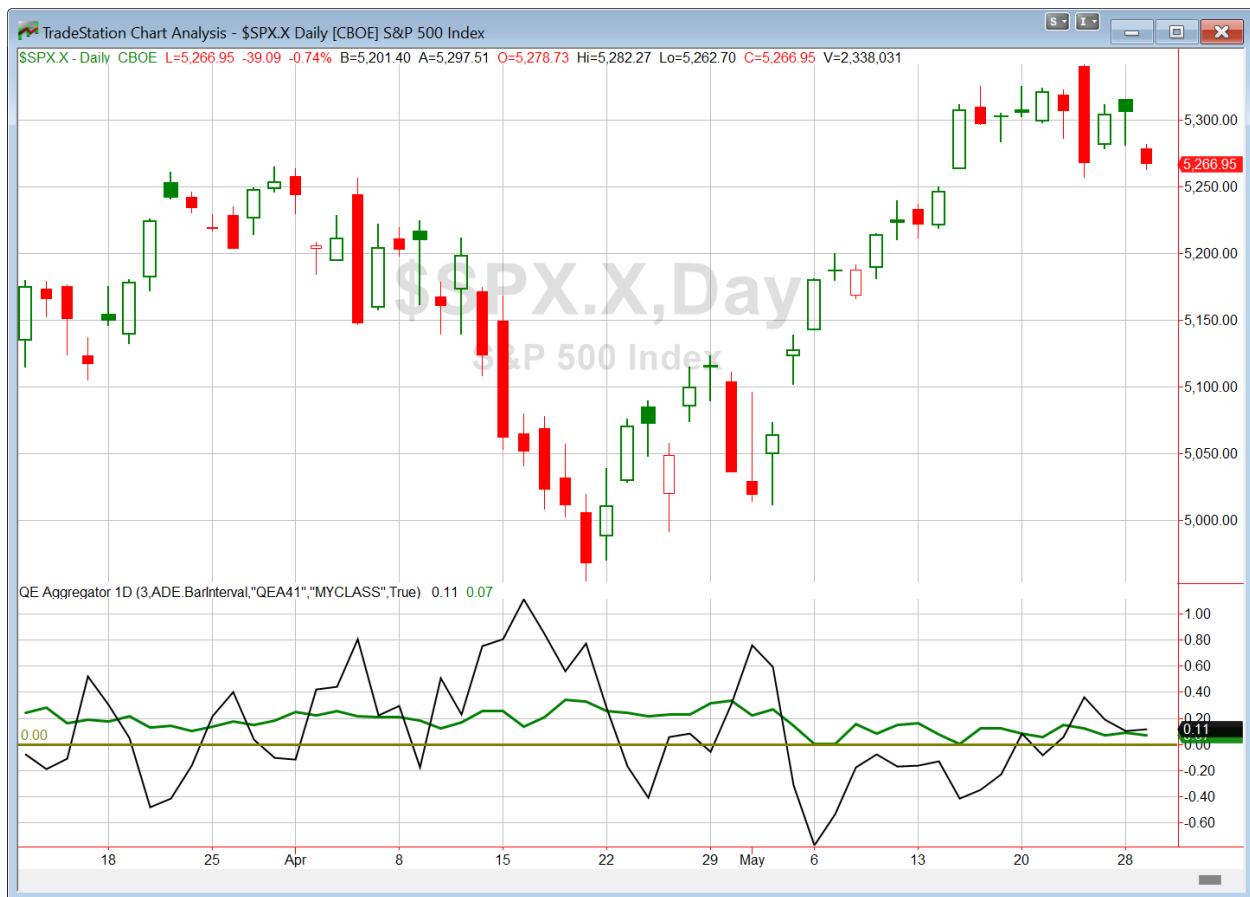
It is also notable that the CBI reached 7 on Wednesday. We are nearing a bullish reading here. Further selling on Thursday could see it reach 10 or higher.

In Sunday night's letter I looked at performance during the week of Memorial Day. I found that Thursday was the lone day that has been consistently bullish since 1983. Below is the study I showed the other day.



The steady upslope and impressive stats suggest a bullish tendency. I am taking this into account for tomorrow.

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



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also remained 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 list of active studies, expectations are set to remain positive on Thursday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5322.72 on Thursday. That is 1.1% above Wednesday's close. Therefore, SPX will need to close up at least 1.1% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is just moderate, but there is plenty of room to the upside before SPX would turn overbought. So reward/risk appears favorable. The CBI is waking up some, which could help the bullish case further in the next few days. I like the long side enough to look to start building a SPY position if I can get a decent fill on Thursday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/20 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

BMY @ \$43.36 (bought at limit)

BMY @ \$43.27 (bought at limit)

BMY @ \$40.49 (bought at limit)

AMGN @ \$300.19 (bought at limit)

CVS @ \$53.63 (bought at limit)

New

AMGN @ \$296.37 (buy at limit)

CL @ \$91.29 (buy at limit)

Broad Market Large Cap CBI – 7(BMY-3, AMGN-2, CVS, CL)

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.

AMGN – Buy 1/3 Catapult position @ \$296.37 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of AMGN.

CL – Buy 1/3 Catapult position @ \$91.29 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of CL.

SPY – Buy ¼ index position @ \$526.00 LIMIT. Based on the short-term outlook above, I will look to get long a small SPY position on just about any pullback on Thursday.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes |
|-----------|------------|-------------|---------------|-------------|----------|
| BMY(1/3) | 5/21/2024 | \$43.14 | \$40.25 | -6.70% | Catapult |
| BMY(1/3) | 5/22/2024 | \$42.22 | \$40.25 | -4.67% | Catapult |
| BMY(1/3) | 5/29/2024 | \$40.28 | \$40.25 | -0.07% | Catapult |
| AMGN(1/3) | 5/29/2024 | \$299.04 | \$296.37 | -0.89% | Catapult |
| CVS(1/3) | 5/29/2024 | \$53.20 | \$53.67 | 0.88% | Catapult |
| | | | | | |

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