

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 4, 2024

Volume 17 Issue 107

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. Evidence is suggesting more upside over the next few days but SPX is now 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						
June 4, 2024	Up 2 days from 10 low. < 10ma and >200ma	1-2 days	Bullish			
May 31, 2024	Gap < 5-low close. Close < open > 200ma	1-5 days	Bullish	1.90%	-1.40%	-3.00%
Active - Long Term						
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			

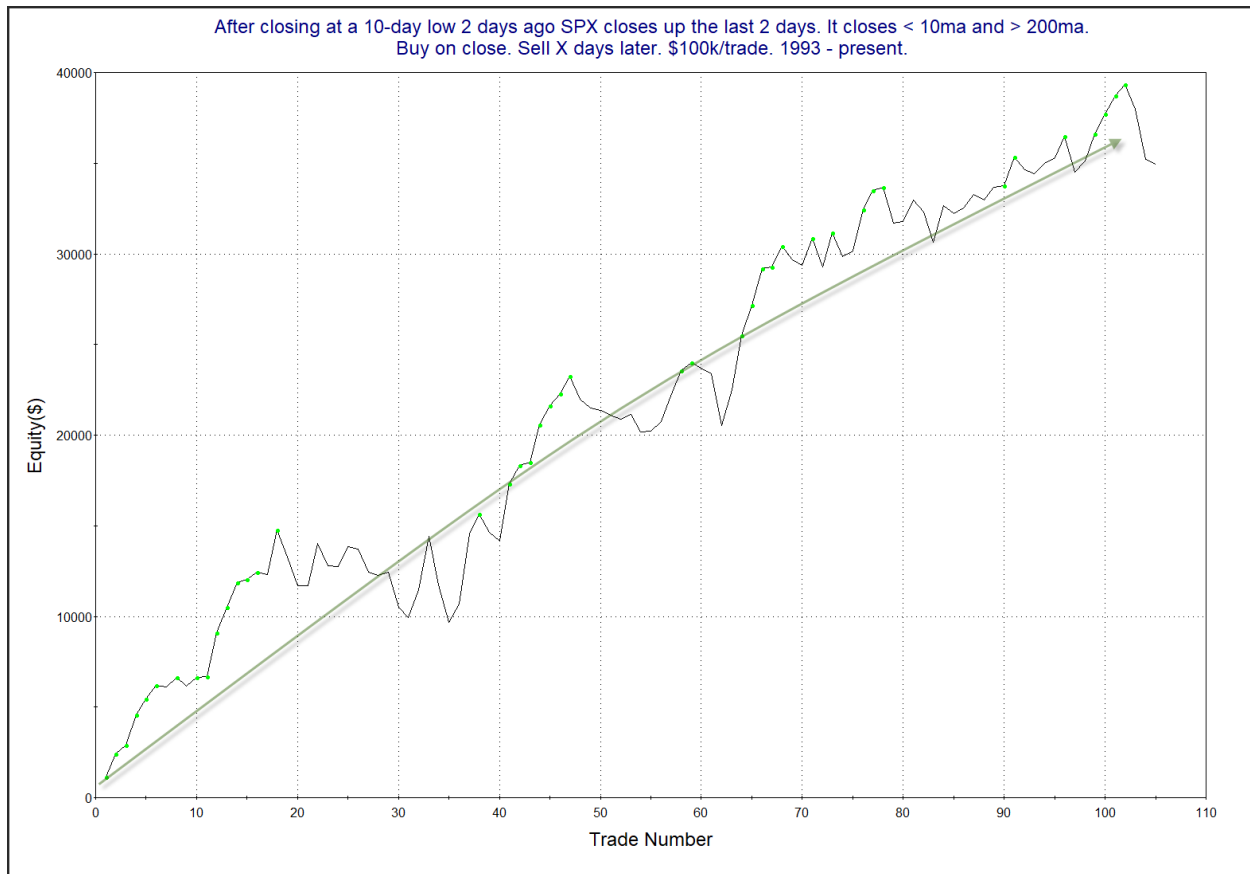
The Evidence

Monday was another intraday selloff that got reversed with a strong close. SPX finished up 0.1%, the NASDAQ rallied 0.6%, and the Russell 2000 declined 0.5%. Breadth was weak with the NYSE Up Issues % coming in at 46% and the Up Volume % at 41%. NYSE total volume declined substantially from Friday's level.

While SPX has risen the last 2 days, the rally still did not quite manage to close above its 10-day moving average. In the 10/7/19 letter I looked at other 2-day bounces from 10-day lows that failed to exceed the 10ma. I have updated that study below.

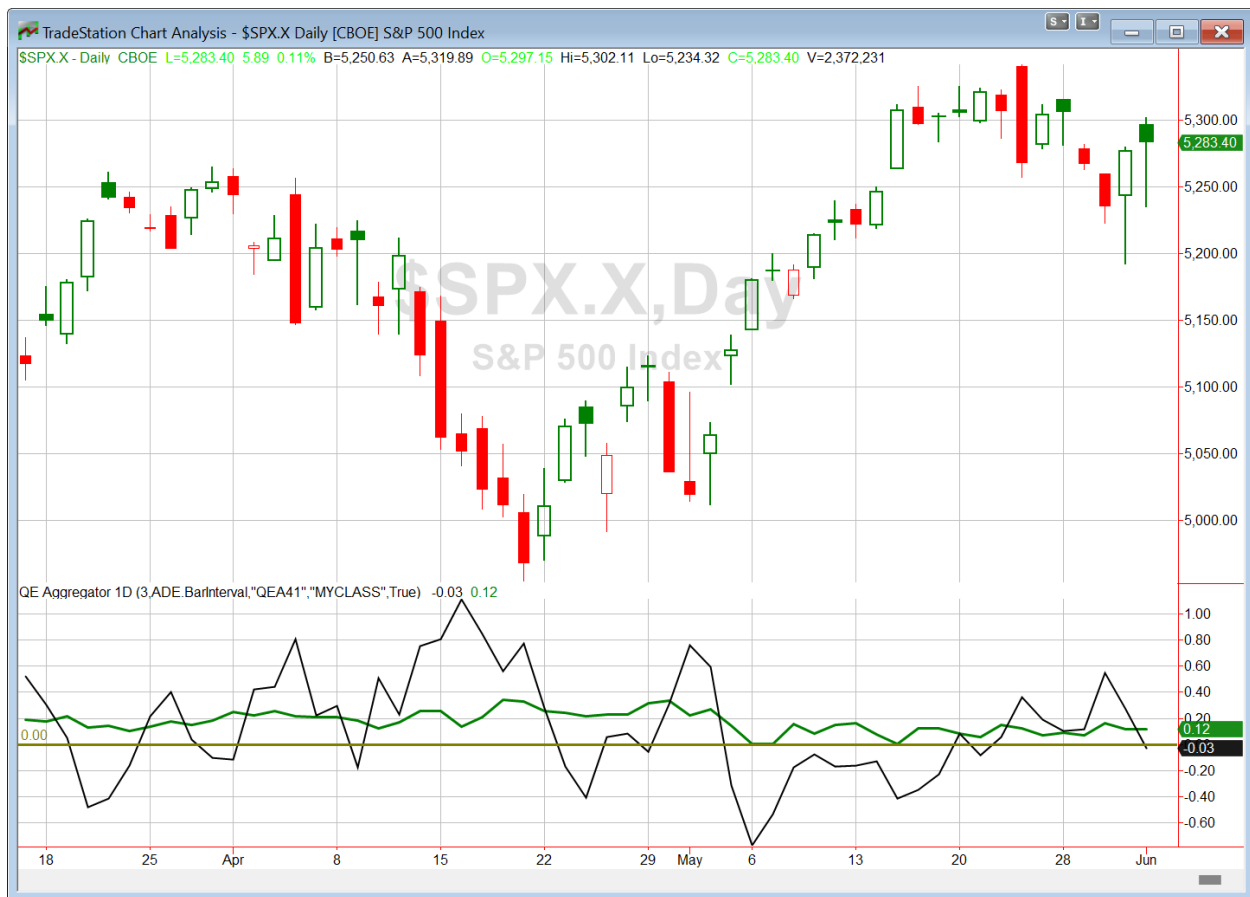
After closing at a 10-day low 2 days ago SPX closes up the last 2 days. It closes < 10ma and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	23,695.38	102	62	40	60.78	4,522.00	-5,116.02	1,543.03	-1,799.31	0.86	1.33	232.31
4	30,552.21	103	63	40	61.17	4,528.65	-5,489.22	1,492.39	-1,586.71	0.94	1.48	296.62
3	31,400.11	105	69	36	65.71	3,167.68	-3,993.04	1,215.68	-1,457.82	0.83	1.60	299.05
2	34,953.59	105	65	40	61.90	3,844.65	-2,822.04	1,126.92	-957.40	1.18	1.91	332.89
1	17,548.68	105	63	42	60.00	2,699.42	-3,044.52	753.26	-712.07	1.06	1.59	167.13

Stats here seem to suggest a bit of an upside edge, especially over the 1st couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



The last 3 instances have stumbled. But prior to that there was a long history of this curve making new highs. Overall I think the curve is strong enough to serve as some confirmation of the bullish tendency suggested by the numbers. I have added this study to the active list tonight.

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 dropped slightly 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 list of active studies, expectations are set to remain positive on Tuesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5252.25 on Monday. That is 0.6% below Monday's close. Therefore, SPX will need to close down at least 0.6% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is formation is neutral. Evidence is pointing higher, but with SPX now overbought, reward/risk isn't very favorable. We took exit of half the SPY index position at the close on Monday. I'll be looking to exit the rest on Tuesday, and then wait for the next compelling setup to emerge before taking another short-term position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 6/3 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ACN @ \$284.80 (bought at limit)

ACN @ \$282.29 (bought at limit)

New

ACN @ \$281.76 (buy at limit)

Broad Market Large Cap CBI – 3(ACN-3)

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.

ACN – Buy 1/3 Catapult position @ \$282.29 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of ACN.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>BMV(1/3)</i>	<i>5/21/2024</i>	<i>\$43.14</i>	<i>\$41.16</i>	<i>-4.59%</i>	<i>sold on open</i>
<i>BMV(1/3)</i>	<i>5/22/2024</i>	<i>\$42.22</i>	<i>\$41.16</i>	<i>-2.51%</i>	<i>sold on open</i>
<i>BMV(1/3)</i>	<i>5/29/2024</i>	<i>\$40.28</i>	<i>\$41.16</i>	<i>2.18%</i>	<i>sold on open</i>
<i>AMGN(1/3)</i>	<i>5/29/2024</i>	<i>\$299.04</i>	<i>\$306.79</i>	<i>2.59%</i>	<i>sold on open</i>
<i>AMGN(1/3)</i>	<i>5/30/2024</i>	<i>\$297.18</i>	<i>\$306.79</i>	<i>3.23%</i>	<i>sold on open</i>
<i>CL(1/3)</i>	<i>5/30/2024</i>	<i>\$91.27</i>	<i>\$92.45</i>	<i>1.29%</i>	<i>sold on open</i>
<i>SPY(1/4)</i>	<i>5/30/2024</i>	<i>\$524.52</i>	<i>\$527.80</i>	<i>0.63%</i>	<i>sold on close</i>
SPY(1/4)	5/31/2024	\$522.50	\$527.80	1.01%	sell on open
<i>CL(1/3)</i>	<i>5/31/2024</i>	<i>\$90.93</i>	<i>\$92.45</i>	<i>1.67%</i>	<i>sold on open</i>
ACN(1/3)	5/31/2024	\$284.80	\$281.76	-1.07%	Catapult
ACN(1/3)	6/3/2024	\$282.29	\$281.76	-0.19%	Catapult

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