

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 5, 2024

Volume 17 Issue 108

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- Tuesday's weak breadth could actually be a positive.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. Evidence is suggesting more upside over the next few days but SPX is 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 5, 2024	NYSE Up Vol % < 40. SPX up & > 200ma	1-8 days	Bullish	1.80%	-1.30%	-2.80%
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			

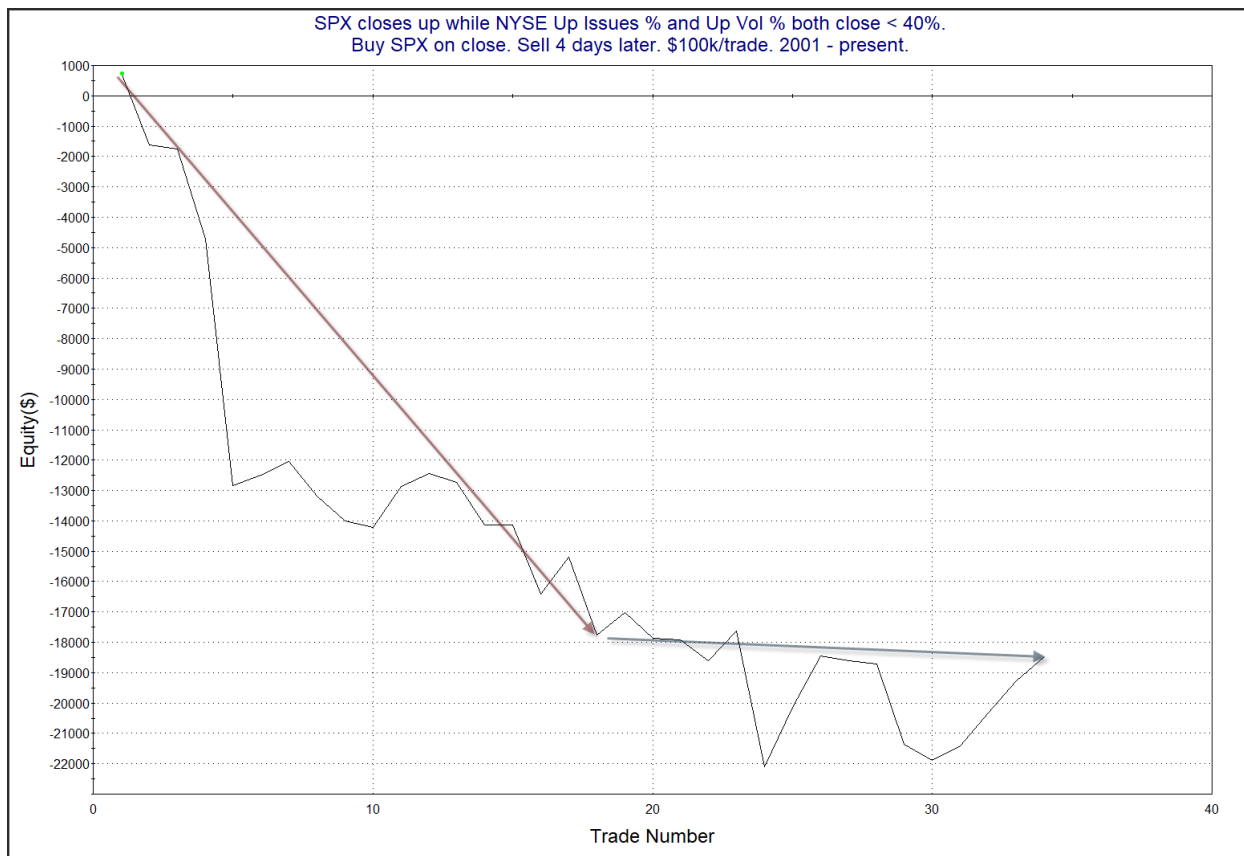
The Evidence

Tuesday was choppy and it finished mixed. SPX rose 0.15%, the NASDAQ gained 0.17%, and the Russell 2000 declined 1.25%. Breadth was weak with the NYSE Up Issues % coming in at 39% and the Up Volume % at 33%. NYSE total volume declined some from Monday’s level.

Most notable about the action was the substantially weak breadth on a day that the SPX moved higher. This triggered a couple of interesting studies. They were last featured together in the 6/23/23 letter. The 1st looked at times both the Up Volume % and Up Issues % were both below 40% on an up day. Updated results are below.

SPX closes up while NYSE Up Issues % and Up Vol % both close < 40%. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - 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	-10,437.96	34	19	15	55.88	3,146.16	-9,372.60	1,190.73	-2,204.13	0.54	0.68	-307.00
4	-18,481.45	34	14	20	41.18	1,977.25	-8,138.50	950.28	-1,589.27	0.60	0.42	-543.57
3	-13,676.59	36	18	18	50.00	2,365.53	-4,302.54	698.12	-1,457.93	0.48	0.48	-379.91
2	-9,094.45	36	18	18	50.00	2,505.37	-3,867.94	816.04	-1,321.29	0.62	0.62	-252.62
1	-9,645.23	38	17	21	44.74	2,625.35	-8,783.02	808.67	-1,113.93	0.73	0.59	-253.82

Numbers here look quite negative. But here is a look at the 4-day profit curve.



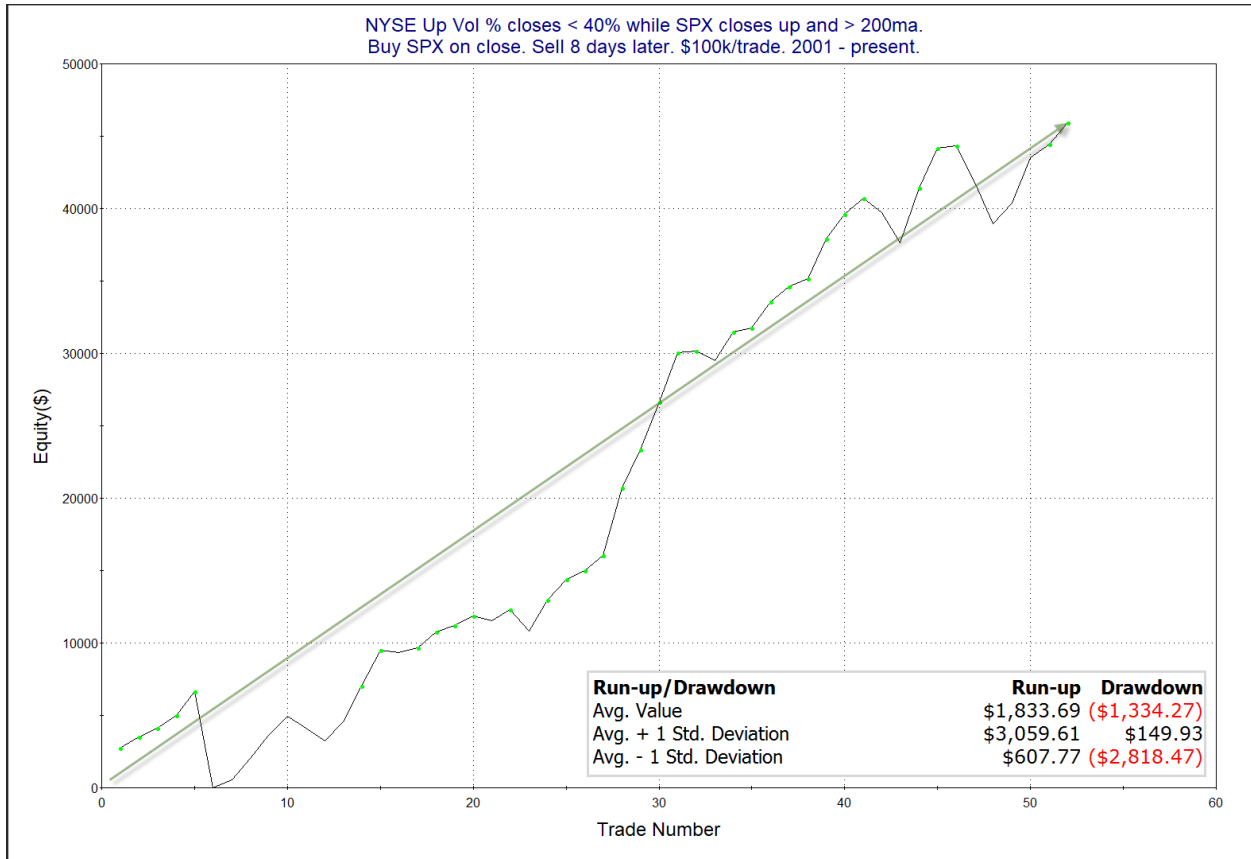
This study has not played out in recent times. I have not included it on the active list tonight.

But the next study simply focused on Up Volume % coming in under 40% while SPX closed higher during a long-term uptrend. It is also updated from the 6/23/23 letter.

NYSE Up Vol % closes < 40% while SPX closes up and > 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.

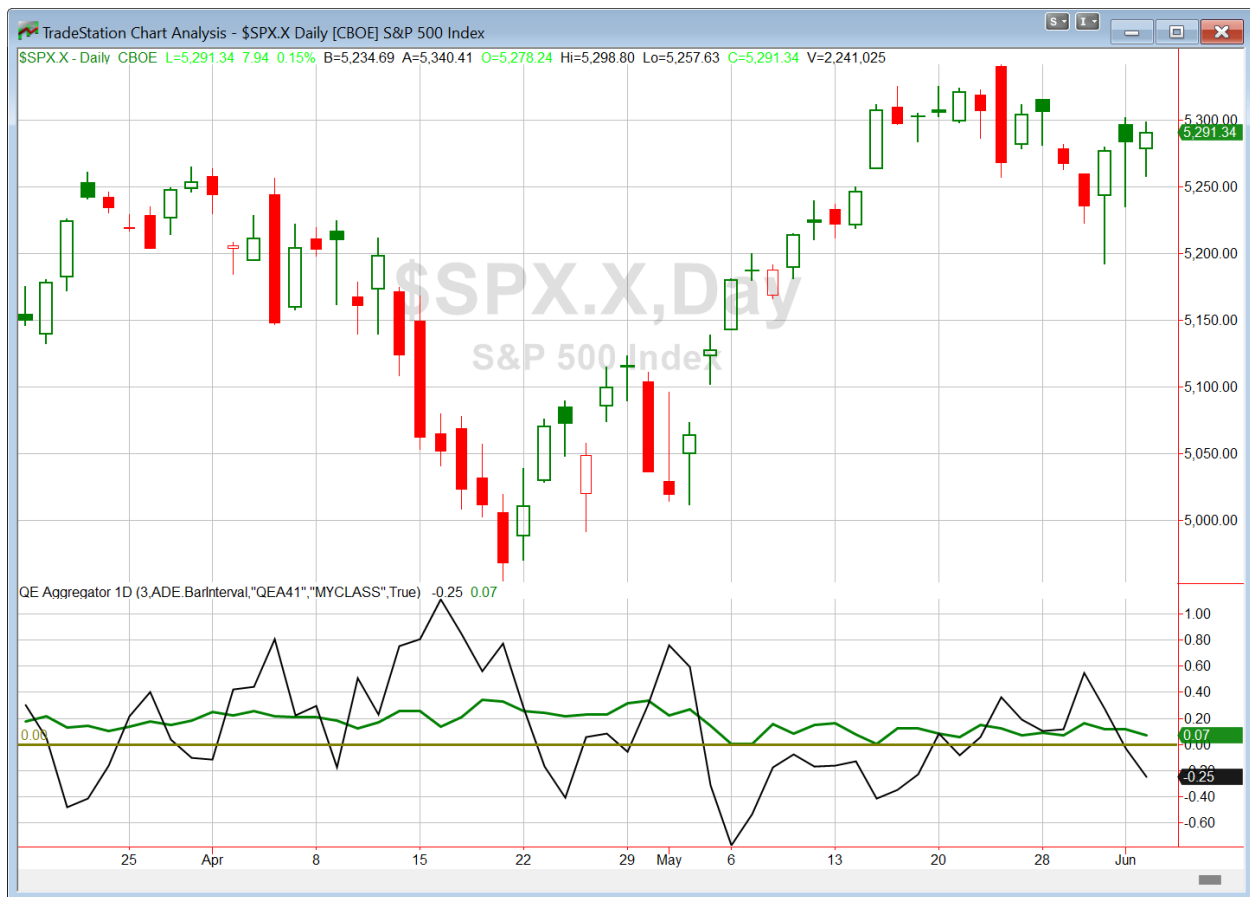
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	50,928.49	49	38	11	77.55	3,990.80	-7,891.63	1,993.33	-2,256.18	0.88	3.05	1,039.36
9	43,771.72	50	38	12	76.00	3,793.00	-7,594.37	1,796.53	-2,041.37	0.88	2.79	875.43
8	45,927.53	52	41	11	78.85	4,666.56	-6,657.20	1,595.36	-1,771.11	0.90	3.36	883.22
7	42,046.13	55	42	13	76.36	5,211.84	-3,755.76	1,498.61	-1,607.36	0.93	3.01	764.48
6	38,999.87	55	40	15	72.73	6,018.56	-3,495.92	1,503.25	-1,408.67	1.07	2.85	709.09
5	29,273.03	59	44	15	74.58	4,787.84	-4,623.84	1,184.98	-1,524.42	0.78	2.28	496.15
4	15,288.28	60	38	22	63.33	2,689.05	-4,483.92	1,063.48	-1,142.00	0.93	1.61	254.80
3	11,136.42	63	39	24	61.90	2,513.92	-3,122.40	881.51	-968.44	0.91	1.48	176.77
2	13,295.83	68	44	24	64.71	2,661.75	-2,848.17	734.92	-793.36	0.93	1.70	195.53
1	5,902.14	74	44	30	59.46	1,790.64	-1,489.20	522.00	-568.87	0.92	1.35	79.76

Results have been surprisingly strong over the last 23 years, especially over the 7-10 day periods. Below is a look at an 8-day profit curve.



The curve has shown strong upside persistence. I find these results intriguing and have added this study to the active list.

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 remained 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 list of active studies, expectations are set to remain positive on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *slightly inverted* at 5296.12 on Wednesday. That is 0.1% *above* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up about 0.1% in order to remain overbought. Anything less than that and it will flip to oversold versus expectations as of Wednesday's close.

So the Aggregator is formation is neutral. Evidence is pointing higher, but SPX is mildly overbought. This is not a strongly favorable reward/risk scenario. I'll wait for a better setup to emerge before looking to take on my next short-term index 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)

ACN @ \$281.76 (bought 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.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	5/31/2024	\$522.50	\$526.46	0.76%	<i>sold on open</i>
ACN(1/3)	5/31/2024	\$284.80	\$288.06	1.14%	Catapult
ACN(1/3)	6/3/2024	\$282.29	\$288.06	2.04%	Catapult
ACN(1/3)	6/4/2024	\$281.76	\$288.06	2.24%	Catapult

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