

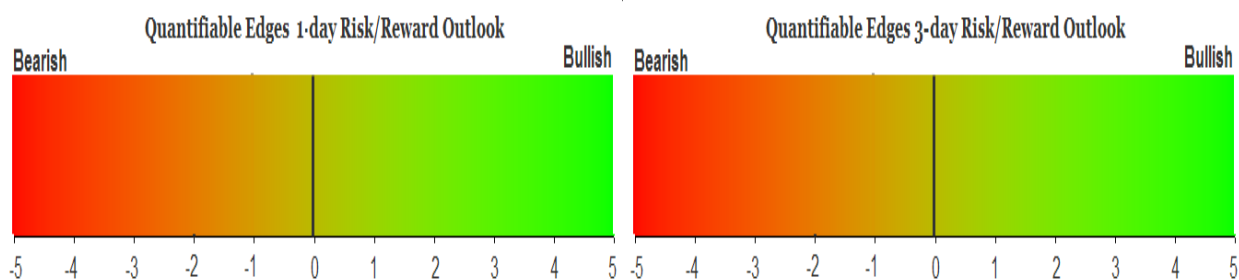
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 7, 2024

Volume 17 Issue 110

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- When an overbought SPX has pulled back as little as it did Wednesday, it may not want to pullback at all, and has often continued higher over the next 1 to 2 days.
- Employment days have done very well since 2013 – especially when SPY has closed above its 200ma and in the top half of its intraday range on the day before.
- The Russell has lagged over the last month, but that does not appear to be a problem for SPX going forward.

## *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. So reward/risk is not terribly favorable.

**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
<b>Active - Short Term</b>						
June 5, 2024	NYSE Up Vol % < 40. SPX up & > 200ma	1-8 days	Bullish	1.80%	-1.30%	-2.80%
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)</b>						
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 > 200	1-5 days	Bullish	1.90%	-1.40%	-3.00%

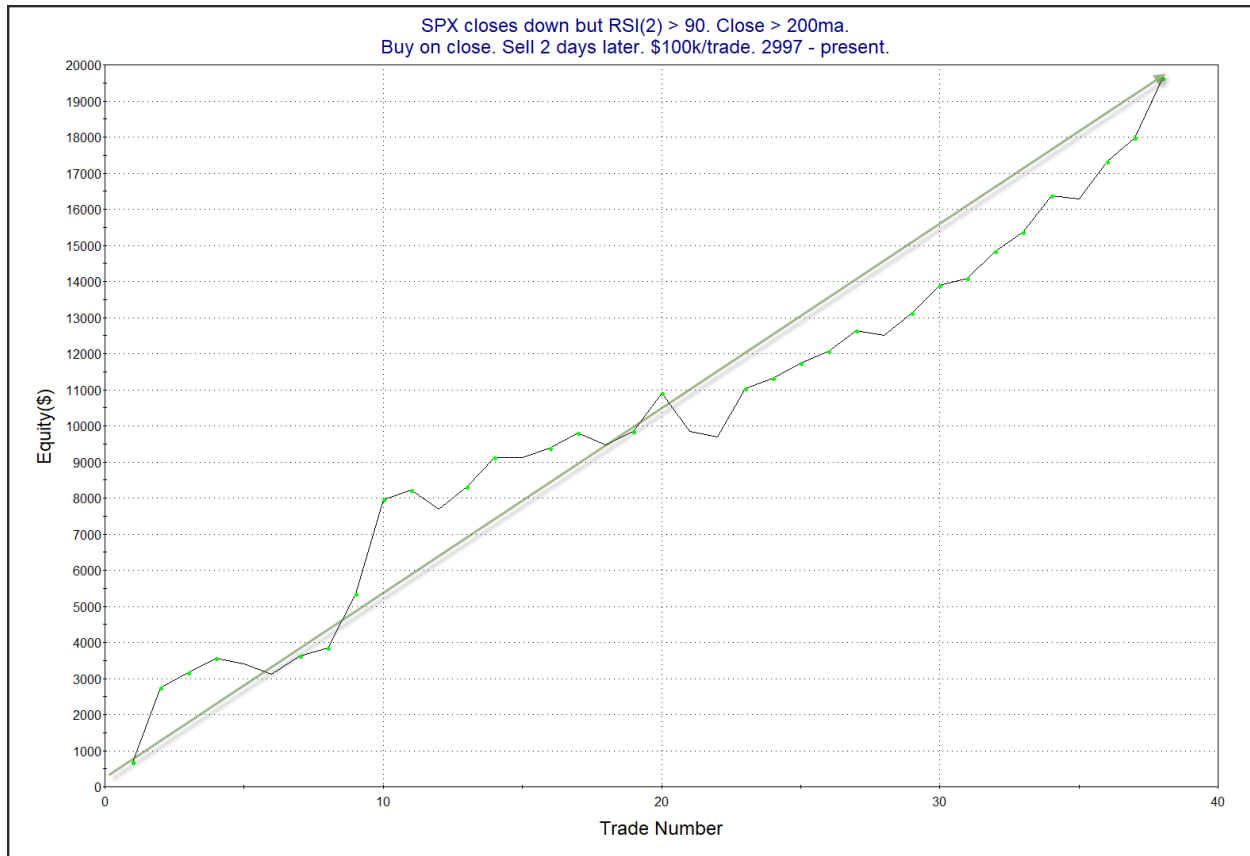
**The Evidence**

Thursday saw a mild pullback. SPX lost 0.02%, the NASDAQ fell 0.1%, and the Russell 2000 dropped 0.7%. Breadth was weak with the NYSE Up Issues % coming in at 46% and the Up Volume % at 49%. NYSE total volume declined some for the 4<sup>th</sup> day in a row.

The recent move higher has many oscillators strongly overbought short-term. With such a small SPX decline on Thursday, it is still strongly overbought as measured by the 2-day RSI. The 2-day RSI is a sensitive indicator so it would take a very small decline from a very overbought position in order for it to remain above 90 on a down day. This is what happened on Monday. If this all sounds familiar, it is because the same study triggered last week. Results are updated.

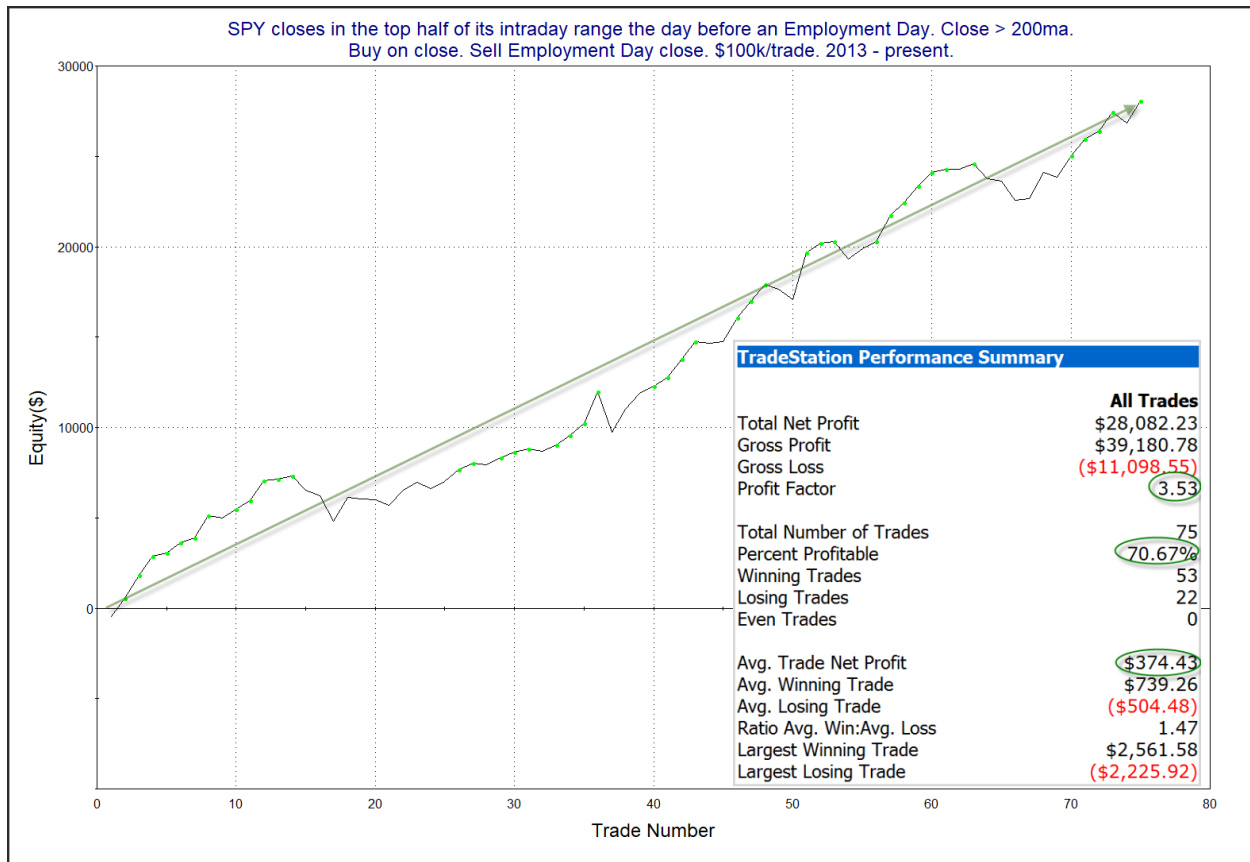
SPX closes down but RSI(2) > 90. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 2997 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	13,519.75	34	19	15	55.88	4,121.28	-2,008.73	1,274.68	-713.28	1.79	2.26	397.64
4	10,796.92	35	22	13	62.86	3,806.46	-1,717.70	933.27	-748.85	1.25	2.11	308.48
3	17,739.32	38	24	14	63.16	2,923.44	-1,123.50	981.17	-414.92	2.36	4.05	466.82
2	19,632.95	38	29	9	76.32	2,619.76	-1,054.68	770.76	-302.13	2.55	8.22	516.66
1	9,550.06	38	27	11	71.05	2,310.88	-704.76	479.61	-309.04	1.55	3.81	251.32

The stats here are all appealing over the 1-2 day period. Winning %, win/loss ratio, and profit factor all strongly favor the bulls. Below is a profit curve assuming a 2-day holding period.



The profit curve shows a strong upslope. I have added this study to the Active List.

Friday morning an hour before the open the BLS Employment Report will be released. Employment days have shown a bullish tilt since 2013. Interestingly, that bullish tilt has been even stronger when the market has rallied in the afternoon prior to the report. The study below was last seen in the 5/3/24 letter. Results are all updated.



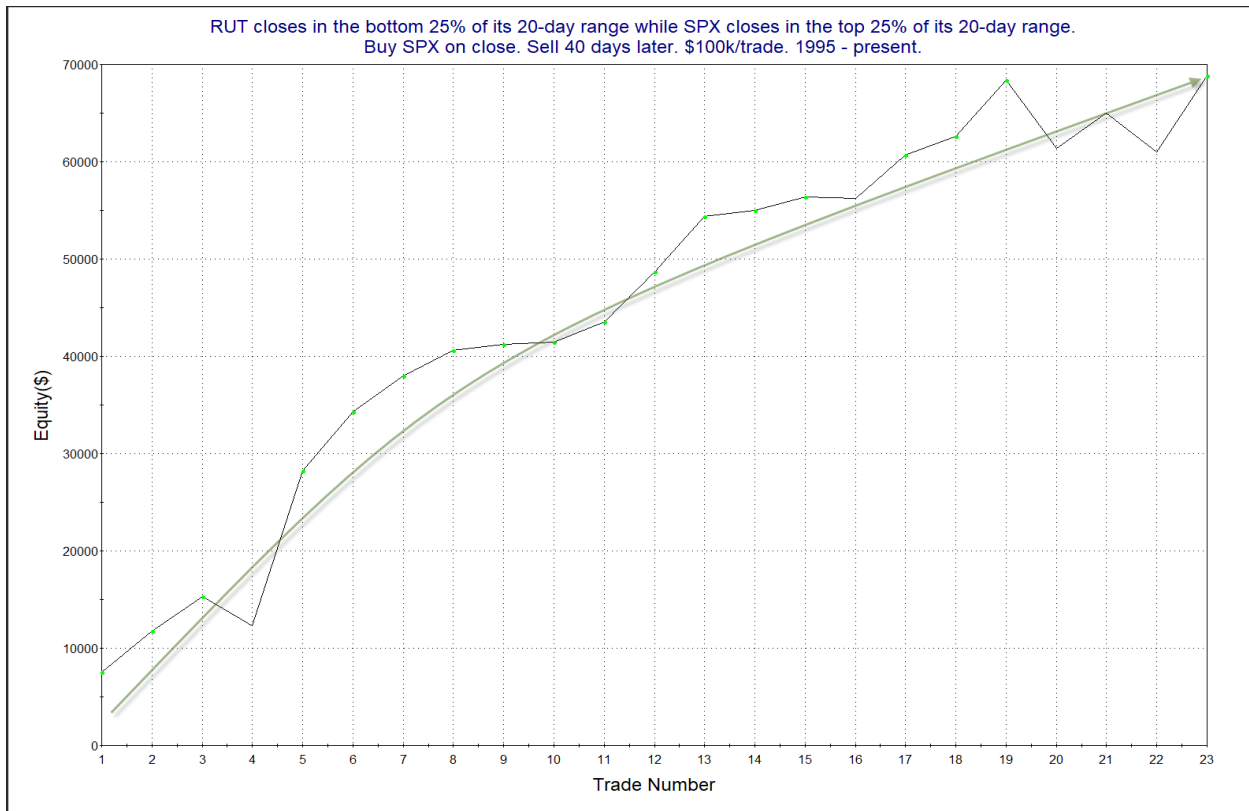
The numbers and the curve are good and I have added this study to the Active List tonight.

While SPX closed near a new high, RUT closed down near the bottom of its 20-day range. This triggered the study below, which looked at times SPX closed high in its 20-day range while RUT closed low in its range. It is updated from the 1/16/24 letter.

RUT closes in the bottom 25% of its 20-day range while SPX closes in the top 25% of its 20-day range. Buy SPX 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
50	57,418.74	21	14	7	66.67	17,360.82	-10,216.92	5,819.76	-3,436.84	1.69	3.39	2,734.23
45	60,293.39	22	16	6	72.73	15,231.03	-8,772.68	5,347.87	-4,212.09	1.27	3.39	2,740.61
40	68,841.54	23	19	4	82.61	15,916.02	-7,016.58	4,369.74	-3,545.87	1.23	5.85	2,993.11
35	59,105.02	23	17	6	73.91	15,668.34	-3,769.92	4,321.48	-2,393.36	1.81	5.12	2,569.78
30	52,734.49	23	19	4	82.61	11,907.99	-7,466.97	3,557.10	-3,712.59	0.96	4.55	2,292.80
25	38,334.58	24	17	7	70.83	9,355.08	-8,562.90	3,196.71	-2,287.08	1.40	3.39	1,597.27
20	35,585.01	24	17	7	70.83	9,900.75	-6,058.36	3,105.09	-2,457.36	1.26	3.07	1,482.71
15	35,416.07	24	19	5	79.17	7,779.99	-5,109.23	2,636.54	-2,935.65	0.90	3.41	1,475.67
10	24,415.86	29	21	8	72.41	8,346.30	-6,893.04	2,044.42	-2,314.63	0.88	2.32	841.93
5	11,919.49	31	13	18	41.94	7,383.96	-2,806.44	2,245.75	-959.74	2.34	1.69	384.50

It appears the lagging RUT in similar circumstances has not been a drag going forward, and that SPX has continued to flourish. Below is a look at a profit curve with a 40-day holding period.



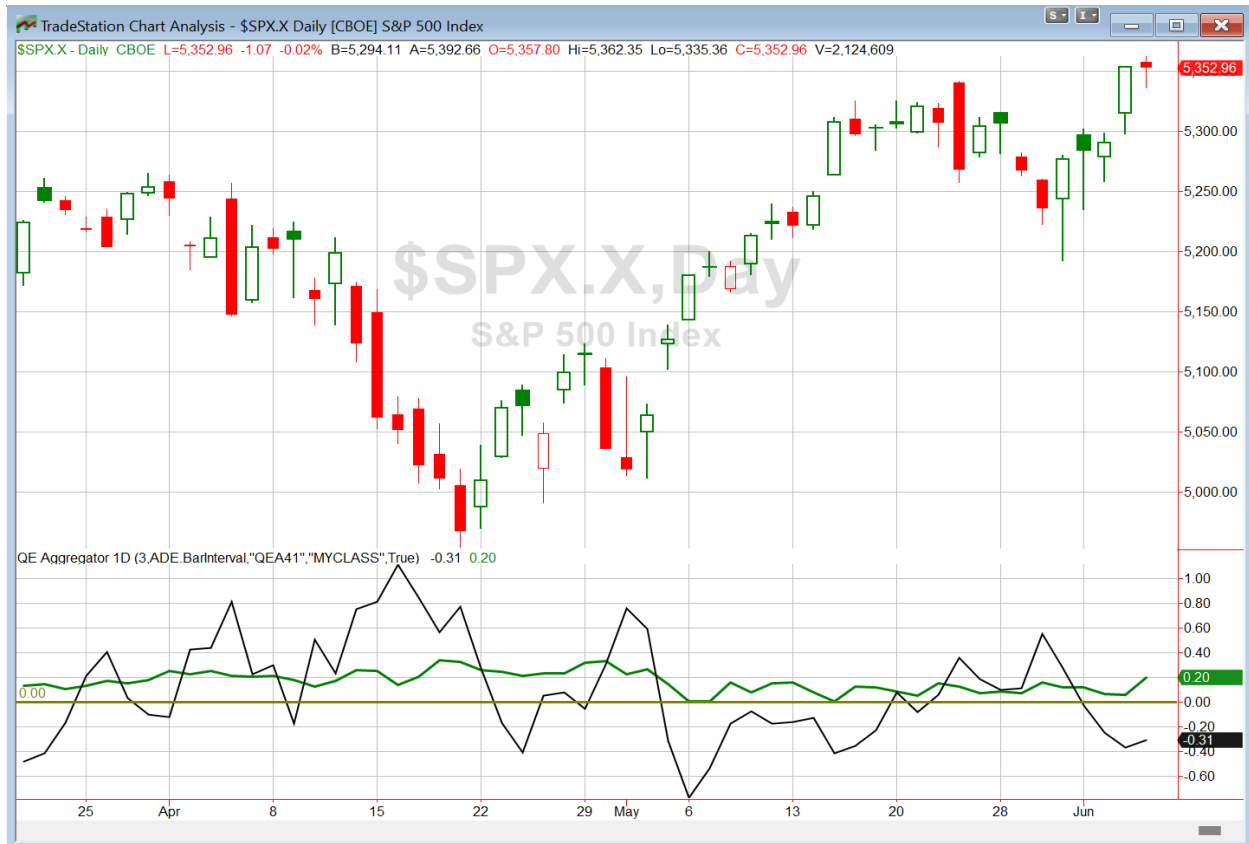
There have been a couple of recent stumbles, but overall this appears to be a favorable looking curve. I also checked to see how the Russell 2000 did going forward.

RUT closes in the bottom 25% of its 20-day range while SPX closes in the top 25% of its 20-day range.  
Buy RUT 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
50	15,772.30	21	13	8	61.90	18,203.13	-13,291.46	5,868.43	-7,564.66	0.78	1.26	751.06
45	22,388.18	22	14	8	63.64	17,231.94	-16,401.84	5,233.82	-6,360.66	0.82	1.44	1,017.64
40	44,807.14	23	15	8	65.22	16,988.40	-11,624.36	5,348.41	-4,427.38	1.21	2.27	1,948.14
35	35,526.57	23	15	8	65.22	16,765.65	-10,617.88	4,869.73	-4,689.93	1.04	1.95	1,544.63
30	33,152.60	23	14	9	60.87	15,209.37	-11,108.16	5,307.61	-4,572.67	1.16	1.81	1,441.42
25	16,969.30	24	14	10	58.33	14,012.46	-13,585.34	4,147.98	-4,110.24	1.01	1.41	707.05
20	13,515.42	24	15	9	62.50	12,067.11	-16,370.90	3,945.77	-5,074.57	0.78	1.30	563.14
15	18,653.60	24	14	10	58.33	11,066.88	-8,143.20	4,010.43	-3,749.23	1.07	1.50	777.23
10	3,489.29	29	14	15	48.28	8,215.02	-10,958.54	3,450.79	-2,988.12	1.15	1.08	120.32
5	1,340.26	31	15	16	48.39	7,817.04	-4,524.56	2,244.80	-2,020.73	1.11	1.04	43.23

Results still lean bullish over the intermediate-term, but not to the degree that we see with the SPX. This suggests the leading SPX has a good chance to rally, and over the intermediate-term, continue to outperform the RUT.

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 Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5306.98 on Friday. That is 0.9% below Thursday's close. Therefore SPX will need to close down about 0.9% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is formation is neutral. Bullish evidence continues to build, but SPX is 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***

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 tonight.**

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<a href="#">ACN(1/3)</a>	<a href="#">5/31/2024</a>	<a href="#">\$284.80</a>	<a href="#">\$291.20</a>	<a href="#">2.25%</a>	<a href="#">sell on open</a>
<a href="#">ACN(1/3)</a>	<a href="#">6/3/2024</a>	<a href="#">\$282.29</a>	<a href="#">\$291.20</a>	<a href="#">3.16%</a>	<a href="#">sell on open</a>
<a href="#">ACN(1/3)</a>	<a href="#">6/4/2024</a>	<a href="#">\$281.76</a>	<a href="#">\$291.20</a>	<a href="#">3.35%</a>	<a href="#">sell on open</a>

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