

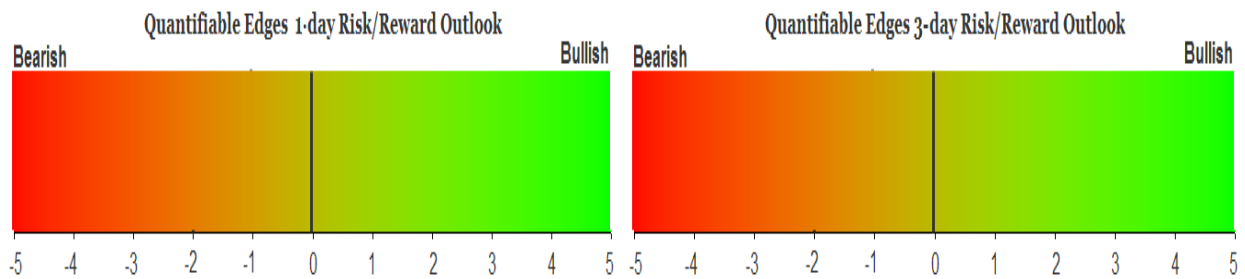
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 12, 2024

Volume 17 Issue 113

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Wednesday's Fed Day setup does not look appealing.
- Tuesday's weak breadth could actually be a positive.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral and CPI and the Fed have the potential to generate outsized moves. Not a high probability setup.

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 12, 2024	NYSE Up Vol % < 40. SPX up & > 200ma	1-8 days	Bullish	1.80%	-1.30%	-2.80%
June 11, 2024	VIX up. SPX 50-day high. Monday.	1-2 days	Bearish			
Active - Long Term						
June 7, 2024	RUT btm 25% 20-day rng. SPX top 25%.	1-40 days	Bullish	5.30%	-3.30%	-6.60%
May 16, 2024	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
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			

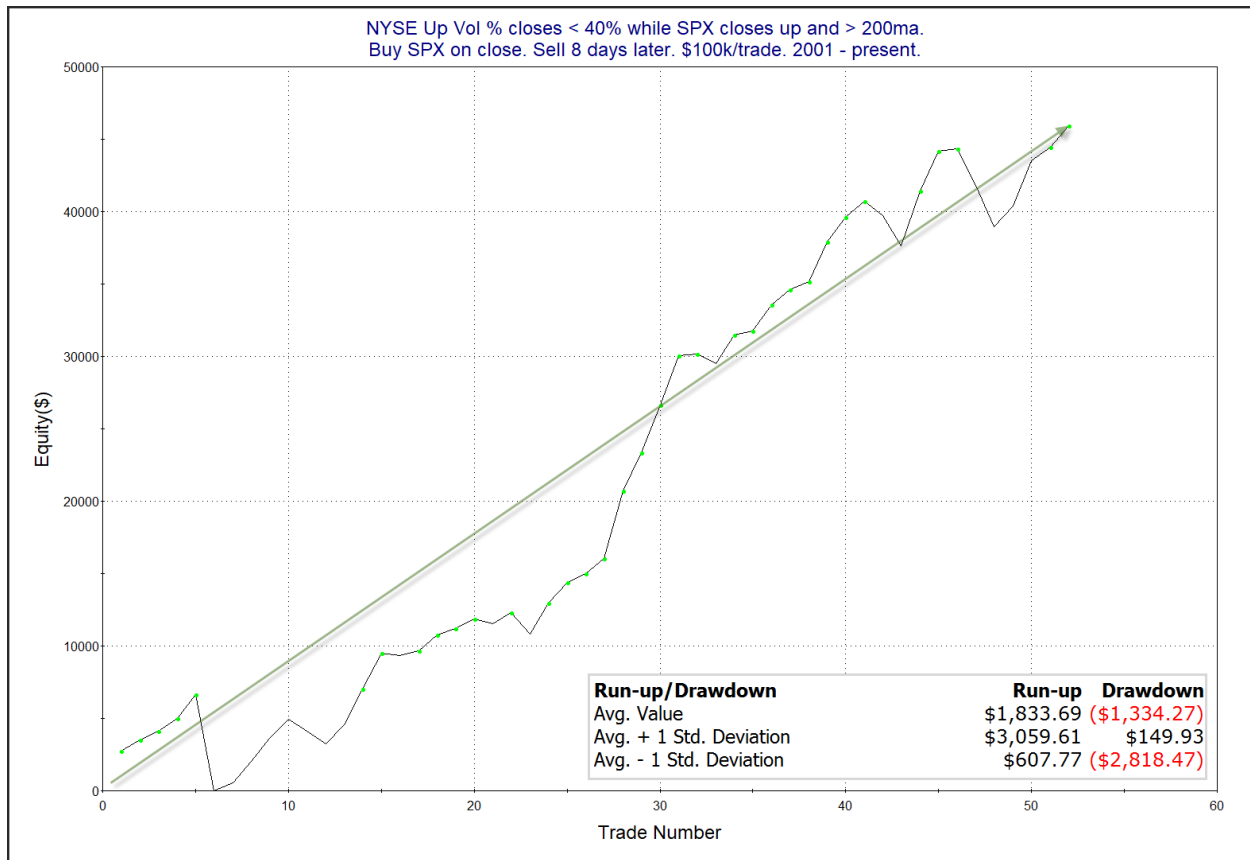
The Evidence

Tuesday started poorly but finished mixed. SPX rose 0.3%, the NASDAQ rallied 0.9%, and the Russell 2000 declined 0.4%. Breadth was weak with the NYSE Up Issues % coming in at 38% and the Up Volume % at 33%. NYSE total volume declined some from Monday’s level.

Last week in the 6/5/24 letter I looked at times the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. I updated that study below.

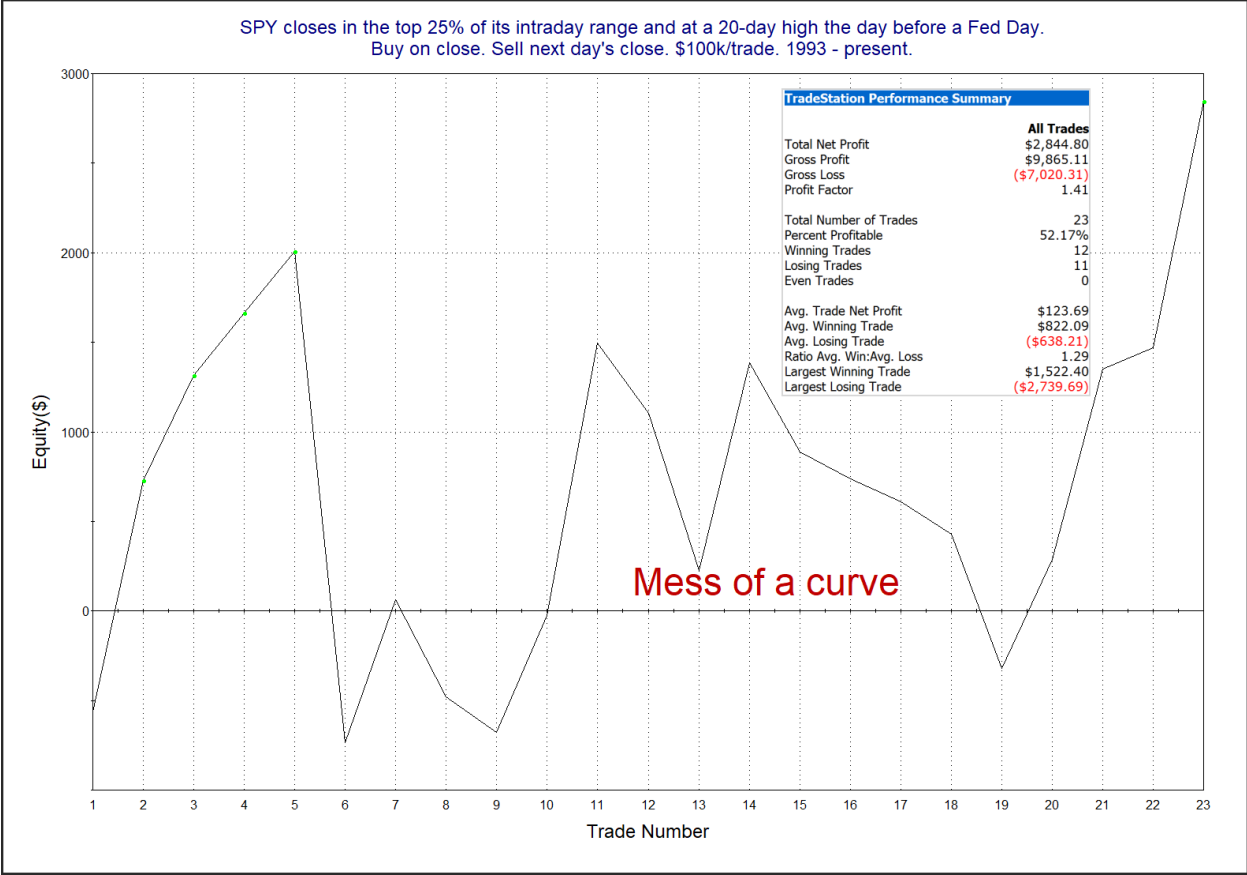
NYSE Up Vol % closes < 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	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	30,784.67	60	45	15	75.00	4,787.84	-4,623.84	1,192.24	-1,524.42	0.78	2.35	513.08
4	16,538.38	61	39	22	63.93	2,689.05	-4,483.92	1,068.27	-1,142.00	0.94	1.66	271.12
3	12,138.12	64	40	24	62.50	2,513.92	-3,122.40	884.52	-968.44	0.91	1.52	189.66
2	14,404.99	69	45	24	65.22	2,661.75	-2,848.17	743.23	-793.36	0.94	1.76	208.77
1	7,030.56	75	45	30	60.00	1,790.64	-1,489.20	535.48	-568.87	0.94	1.41	93.74

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.



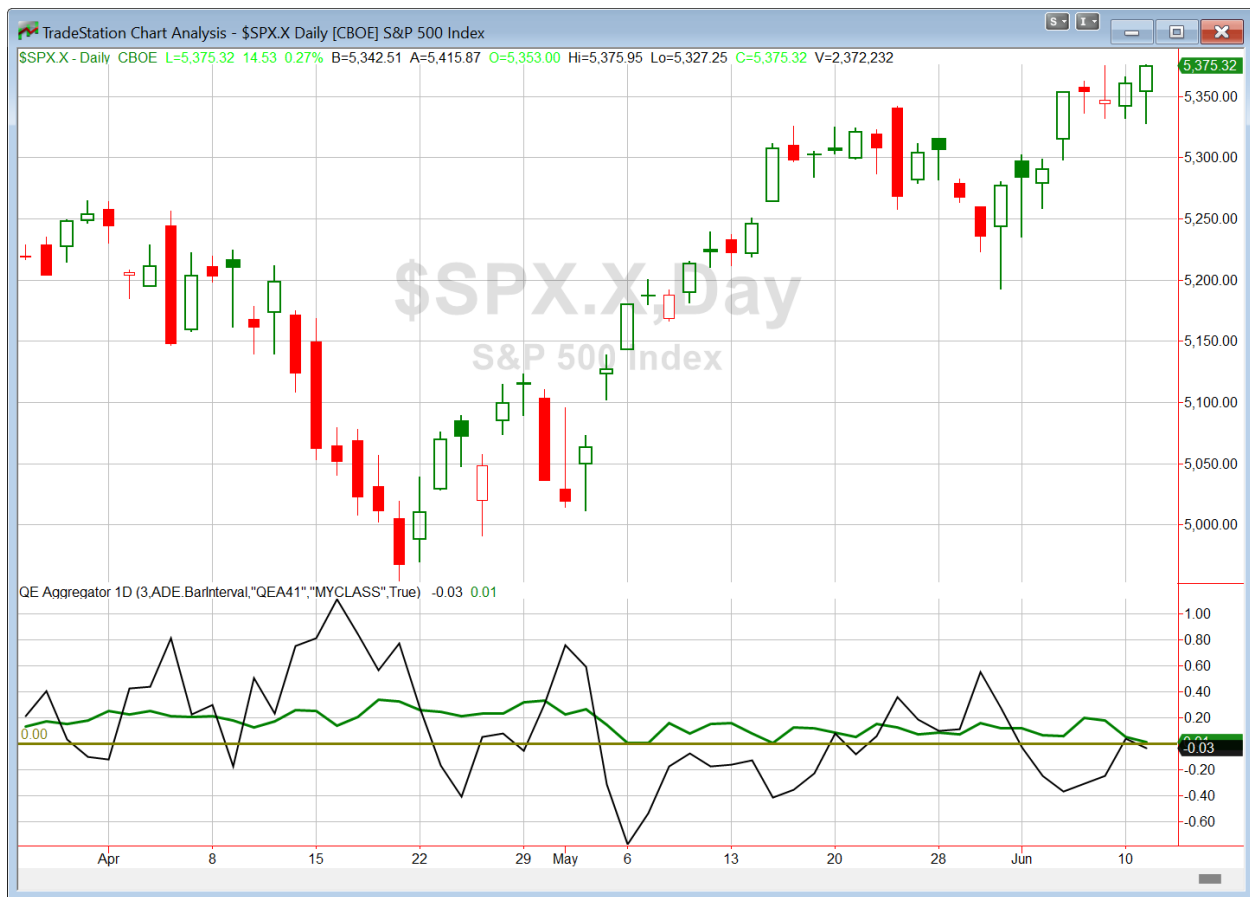
The curve has shown strong upside persistence. I find these results intriguing. Since the 6/4 signal is nearly at its end and has also nearly reached its profit target, I have put this back up on the Active List with a fresh count.

I've noted numerous times in the past that Fed Days typically carry a bullish edge. But when the market is overbought and/or overly optimistic going into a Fed Day, then that edge has basically been eliminated. Two ways I have measured this are 1) the 1-day % closing range and 2) whether or not the market closed at a new intermediate-term high. On Tuesday, SPY closed at the top of its intraday range and at a 20-day high. That is not a great combination. Below is an updated chart of Fed Day performance following similar setups, which I last shared in the 2/1/23 letter.



That is a total sideways choppy mess. It does not seem to suggest any short-term directional edge.

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



With tonight's evidence considered, the green Aggregator Line held slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dipped 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 Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5370.48 on Wednesday. That is 0.1% below Tuesday's close. Therefore, SPX will need to close down just 0.1% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence is mixed, the market is slightly overbought, and we have both the Fed and the CPI coming out on Wednesday as potential volatility makers. This is not a strong setup. I will see how Wednesday plays out and consider any new evidence that emerges before looking to take on any new index positions.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 6/10 – **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

None

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