

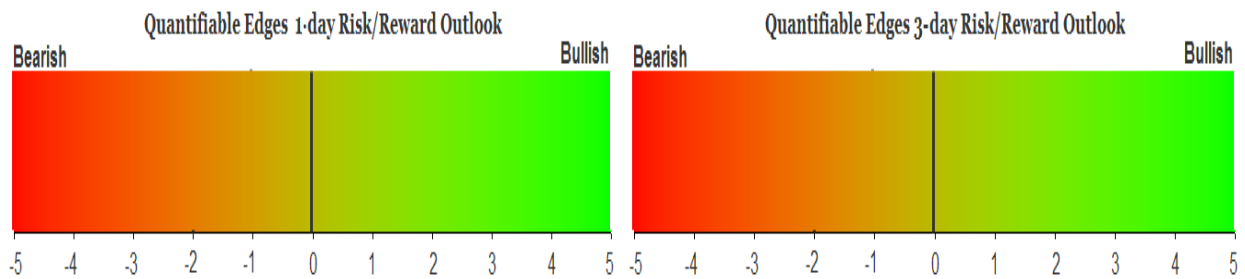
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 18, 2024

Volume 17 Issue 117

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	4

Tonight's Research Points

- A rising VIX at a 50-day SPX high (on the first day of the week) suggests a pullback.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. So am I.

**Summary of Recent Active Studies (see Letters from listed dates for details) –
Not updated tonight**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 17, 2024	SPY up, VIX up > 6%. Not 1st day of week.	1-5 days	Bullish	2.00%	0.90%	-1.80%
June 13, 2024	SPY 20-high. Unfilled gap up. Close < open	1-3 days	Bullish			
June 13, 2024	SPX 100-day high on a Fed Day	1-8 days	Bullish			
June 12, 2024	NYSE Up Vol % < 40. SPX up & > 200ma	1-8 days	Bullish	1.80%	-1.30%	-2.80%
Active - Long Term						
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			
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			

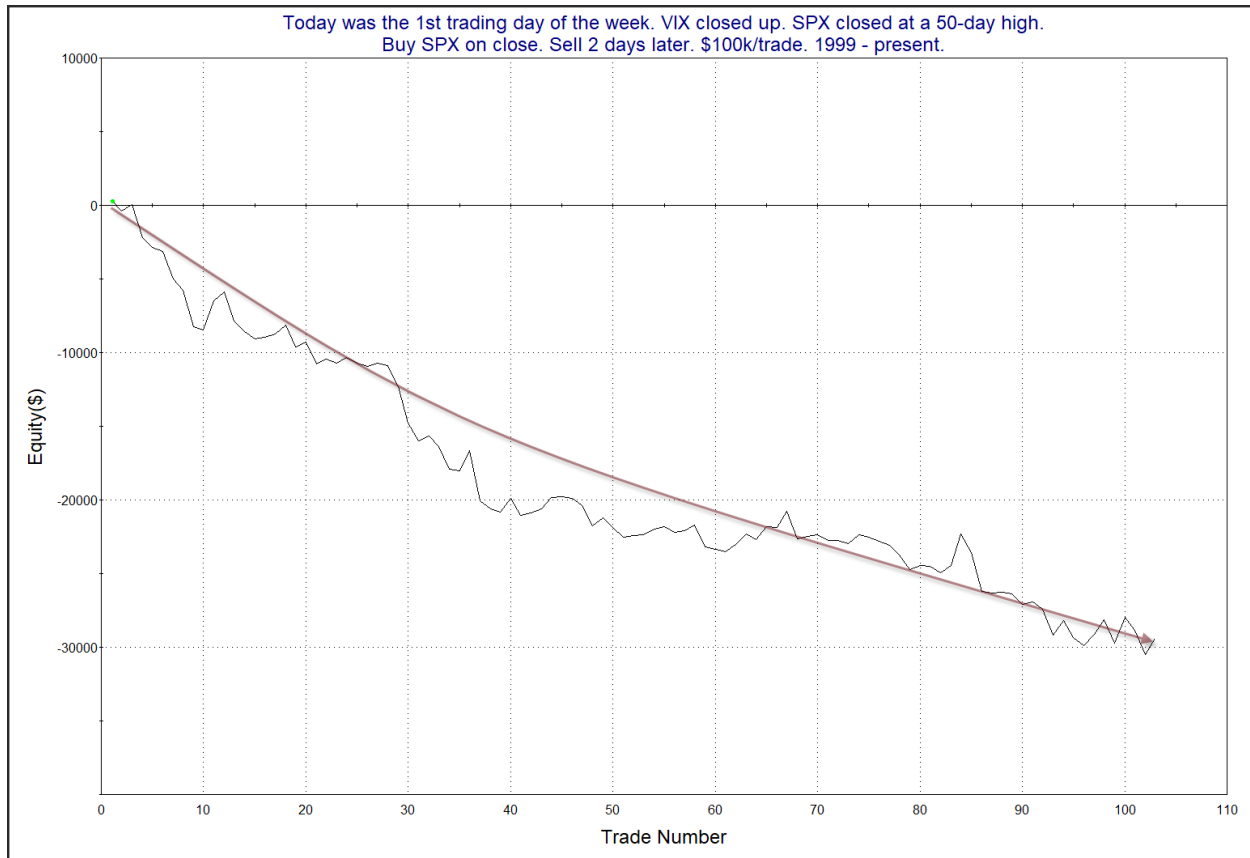
The Evidence

The market was strong and the Celtics beat the Mavericks to win the NBA Championship, which was awesome. SPX rose 0.77%, the NASDAQ rallied 0.95%, and the Russell 2000 gained 0.79%. Breadth was positive with the NYSE Up Issues % coming in at 58% and the Up Volume % at 63%. NYSE total volume declined some from Friday’s level.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This can be seen in the study below, which I discussed just last week in the 6/11/24 letter. Results are all updated.

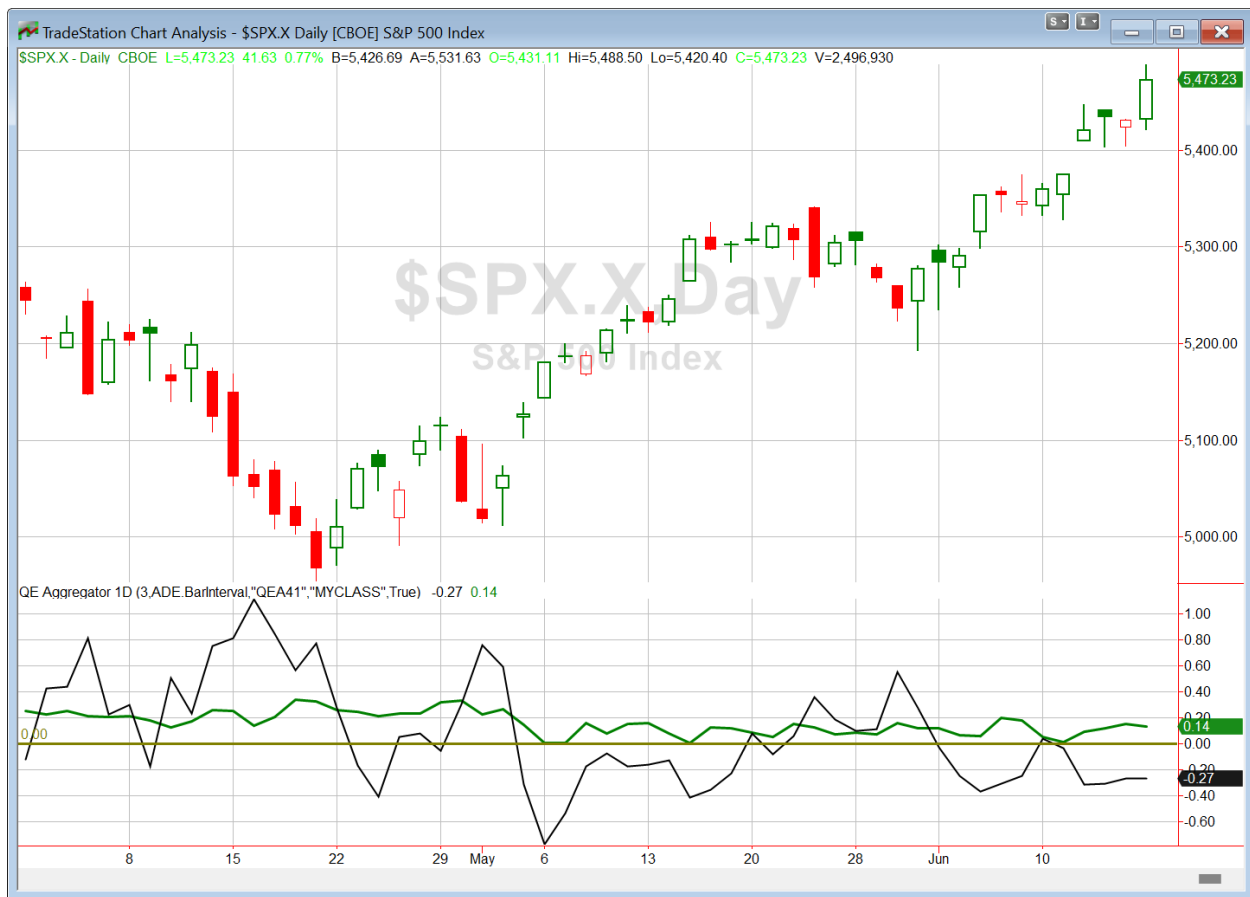
Today was the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high. Buy SPX on close. Sell X days later. \$100k/trade. 1999 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-15,826.55	96	46	50	47.92	5,653.12	-5,048.68	1,092.20	-1,321.35	0.83	0.76	-164.86
4	-13,029.81	103	51	52	49.51	4,422.40	-5,732.40	963.85	-1,195.89	0.81	0.79	-126.50
3	-17,372.38	103	49	54	47.57	2,641.80	-6,908.70	728.69	-982.93	0.74	0.67	-168.66
2	-29,412.65	103	43	60	41.75	2,148.48	-3,372.16	552.07	-885.86	0.62	0.45	-285.56
1	-9,260.84	103	38	65	36.89	802.88	-1,580.04	333.04	-337.17	0.99	0.58	-89.91

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long decline and seems worthy of consideration. I have included this study on the Active List.

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



Despite tonight's bearish evidence, 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 Tuesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5445.83 on Tuesday. That is 0.5% below Monday's close. Therefore, SPX will need to close down over 0.5% in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And my general outlook is the same as the last few days. Short-term evidence says there could be more upside to come despite the market being overbought. But the overbought nature reduces reward/risk potential. This is still not a setup that gets me excited about taking on new short-term index positions. I will stay mostly sidelined until a more compelling setup emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 6/17 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MO @ \$45.75 (bought @ limit)

RTX @ \$105.03 (bought @ limit)

MO @ \$44.32 (buy @ limit)

RTX @ \$104.23 (buy @ limit)

Broad Market Large Cap CBI – 4(MO-2, RTX-2)

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
MO(1/3)	6/14/2024	\$44.49	\$44.70	0.47%	Catapult
RTX(1/3)	6/14/2024	\$104.59	\$104.47	-0.11%	Catapult
MO(1/3)	6/17/2024	\$44.22	\$44.70	1.09%	Catapult
RTX(1/3)	6/17/2024	\$104.00	\$104.47	0.45%	Catapult

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