

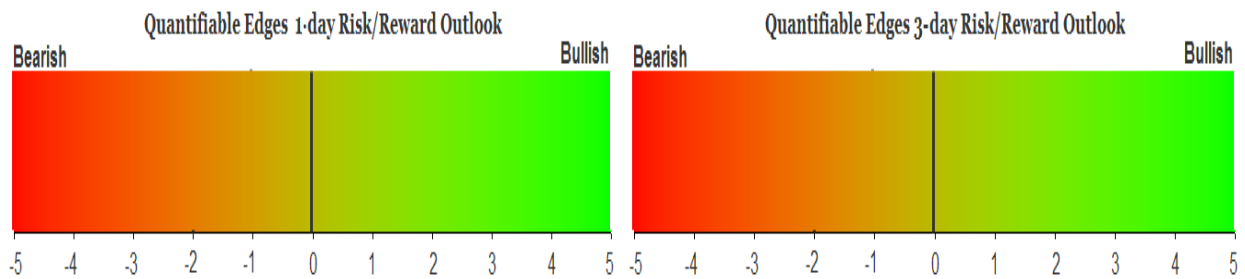
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 21, 2024

Volume 17 Issue 119

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- During uptrends, the market often sees intraday selling on opex Friday.

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)

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	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 20, 2024	Hindenburg Omen with SPX trend mod	1-35 days	Bearish	-7.40%	2.80%	4.90%
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

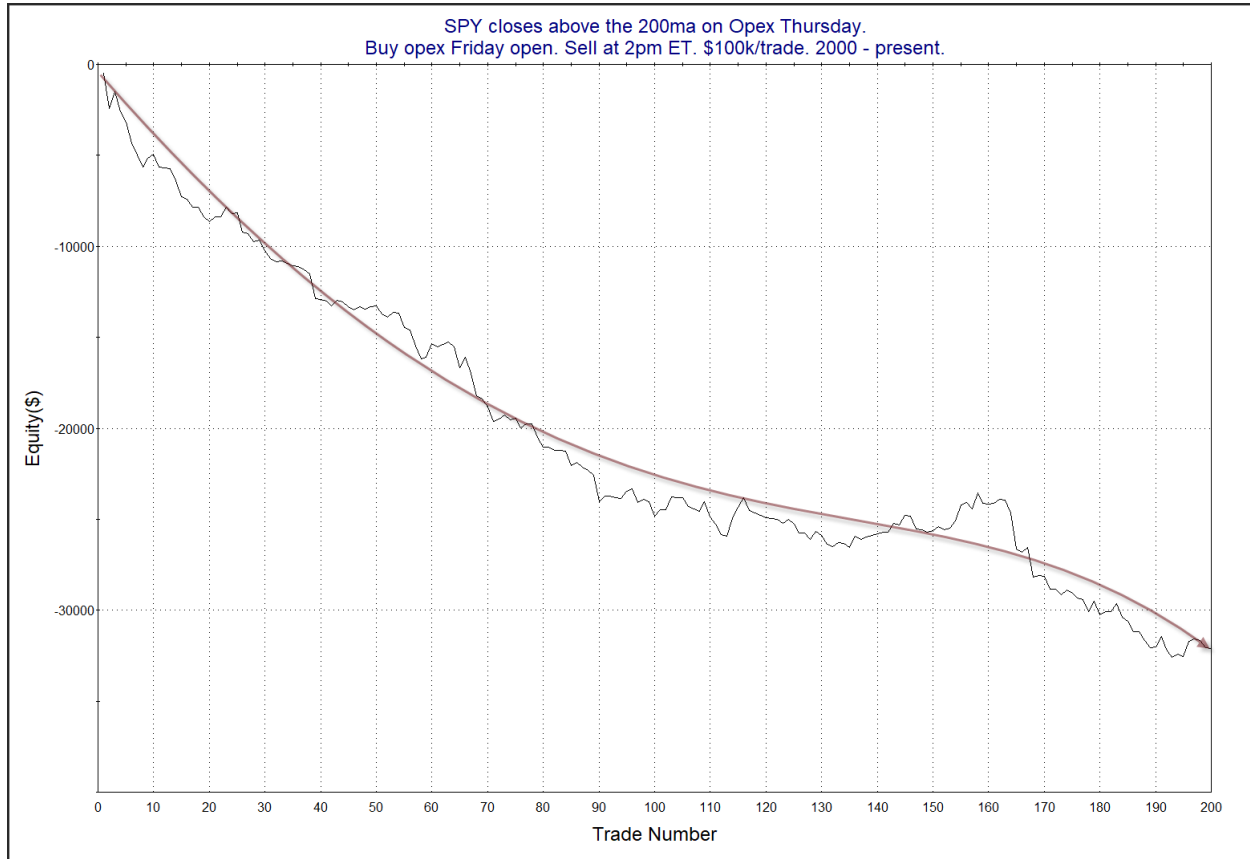
Thursday was a down day. SPX dipped 0.25%, the NASDAQ fell 0.8%, and the Russell 2000 lost 0.4%. Breadth was mixed with the NYSE Up Issues % coming in at 48% and the Up Volume % at 57%. NYSE total volume rose some from Tuesday's level.

The action did not inspire much new evidence in the Quantifinder. But Friday is options expiration (opex). Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. All stats are updated tonight.

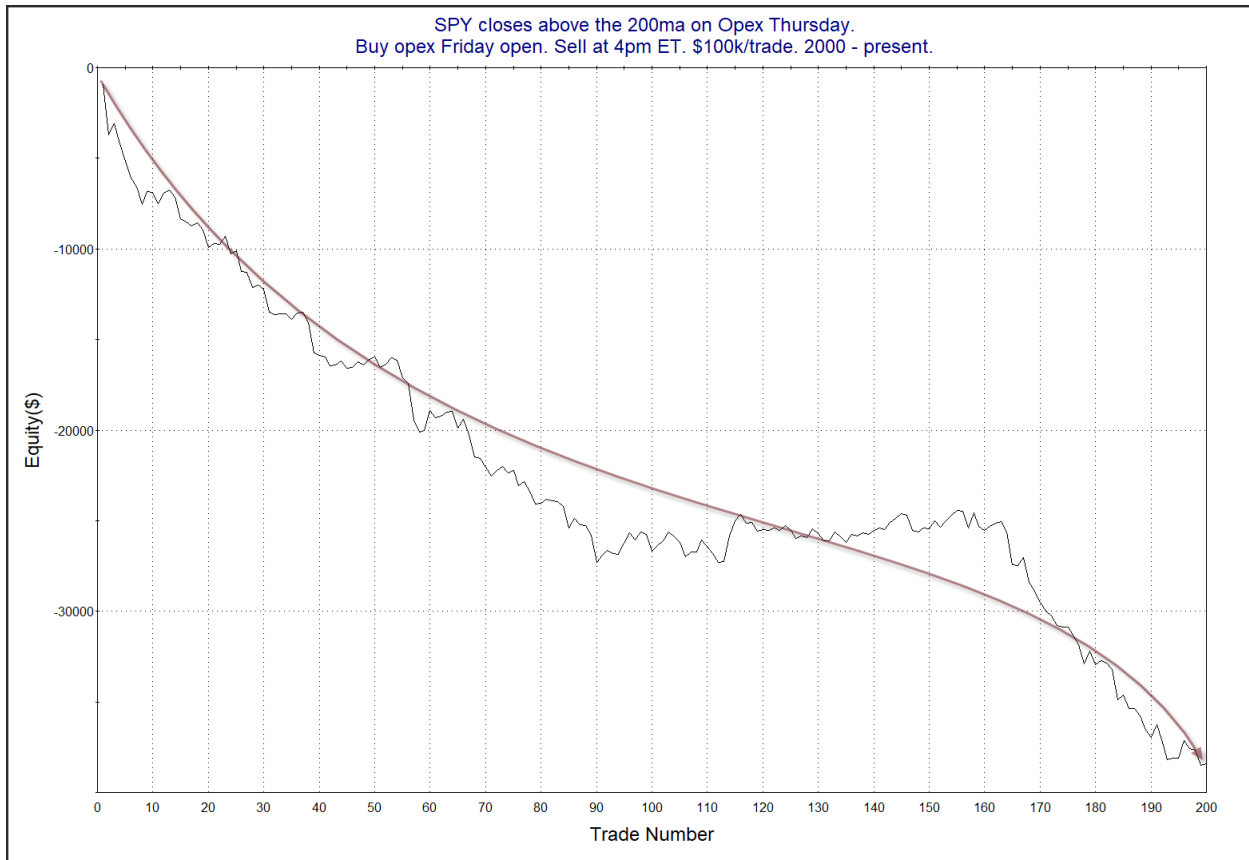
This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above the 200ma on Opex Thursday. Buy opex Friday open. Sell at time shown on left. \$100k/trade. 2000 - present.												
OE Op-Ex Fri Intra Short: timeofday	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
1,600	-38,399.87	200	80	120	40.00	1,400.58	-2,746.58	323.87	-535.91	0.60	0.40	-192.00
1,500	-32,644.75	200	81	118	40.50	983.92	-2,315.18	297.70	-481.01	0.62	0.42	-163.22
1,400	-32,095.62	200	68	132	34.00	993.96	-2,000.00	294.56	-394.89	0.75	0.38	-160.48
1,300	-29,058.72	200	70	129	35.00	968.86	-1,324.62	277.76	-375.98	0.74	0.40	-145.29
1,200	-27,334.41	200	70	130	35.00	1,243.06	-1,318.40	260.35	-350.45	0.74	0.40	-136.67
1,100	-21,438.01	200	75	124	37.50	1,020.18	-968.50	217.89	-304.67	0.72	0.43	-107.19
1,000	-17,983.42	200	57	143	28.50	365.47	-629.00	134.16	-179.23	0.75	0.30	-89.92

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

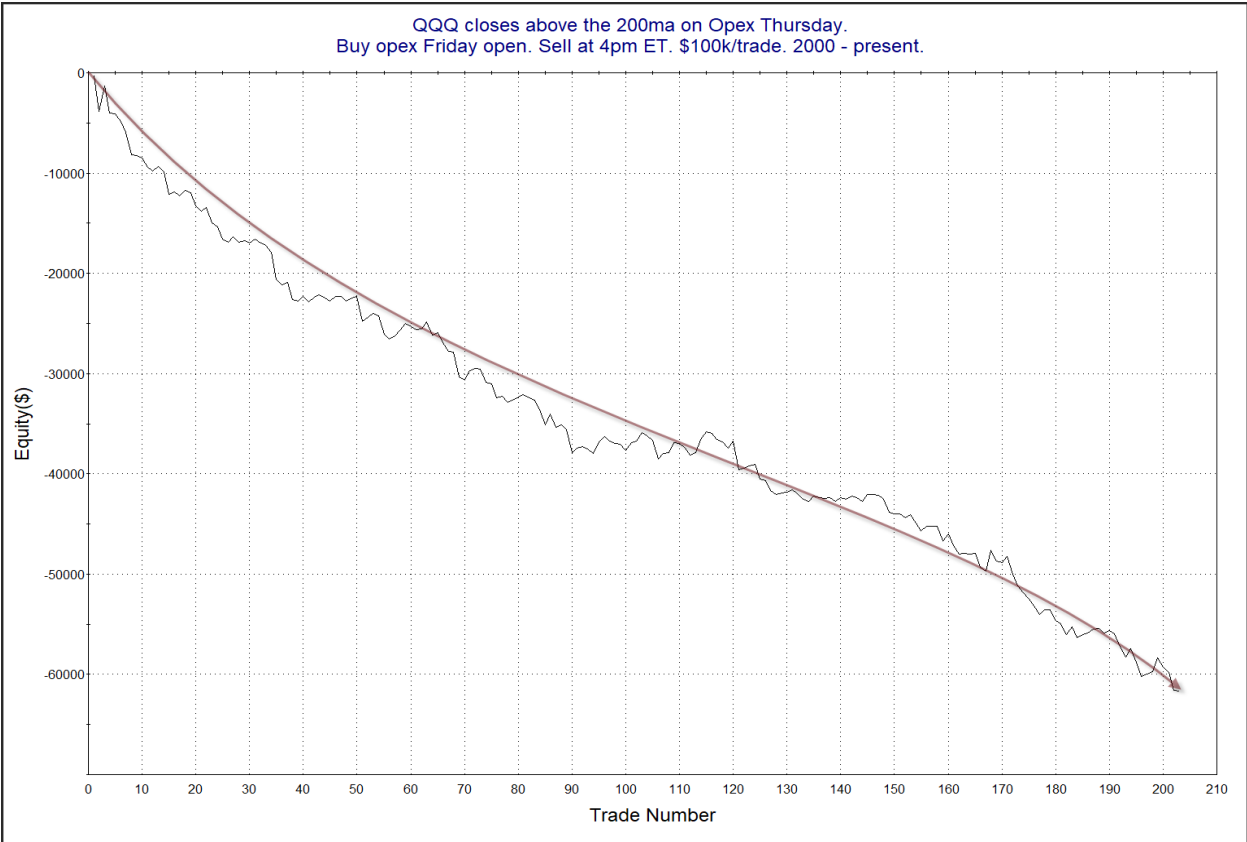
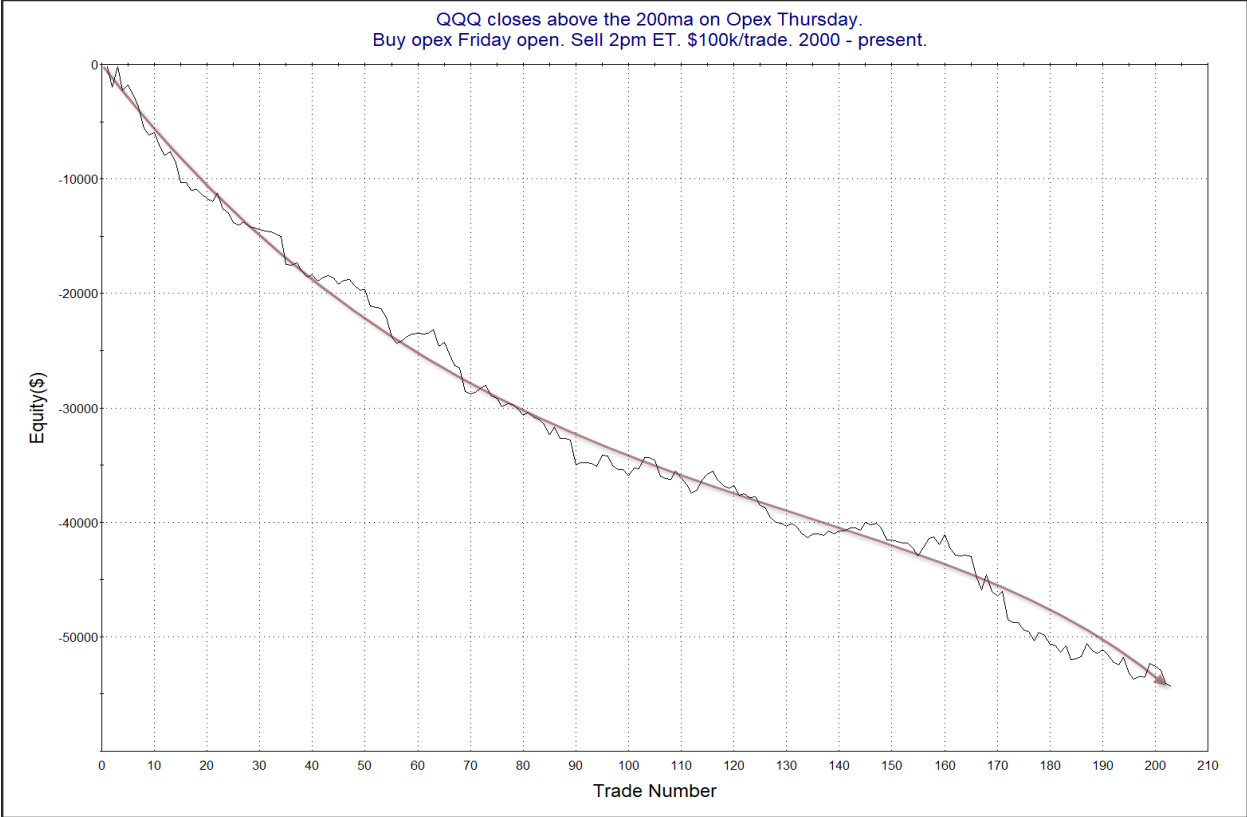


This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

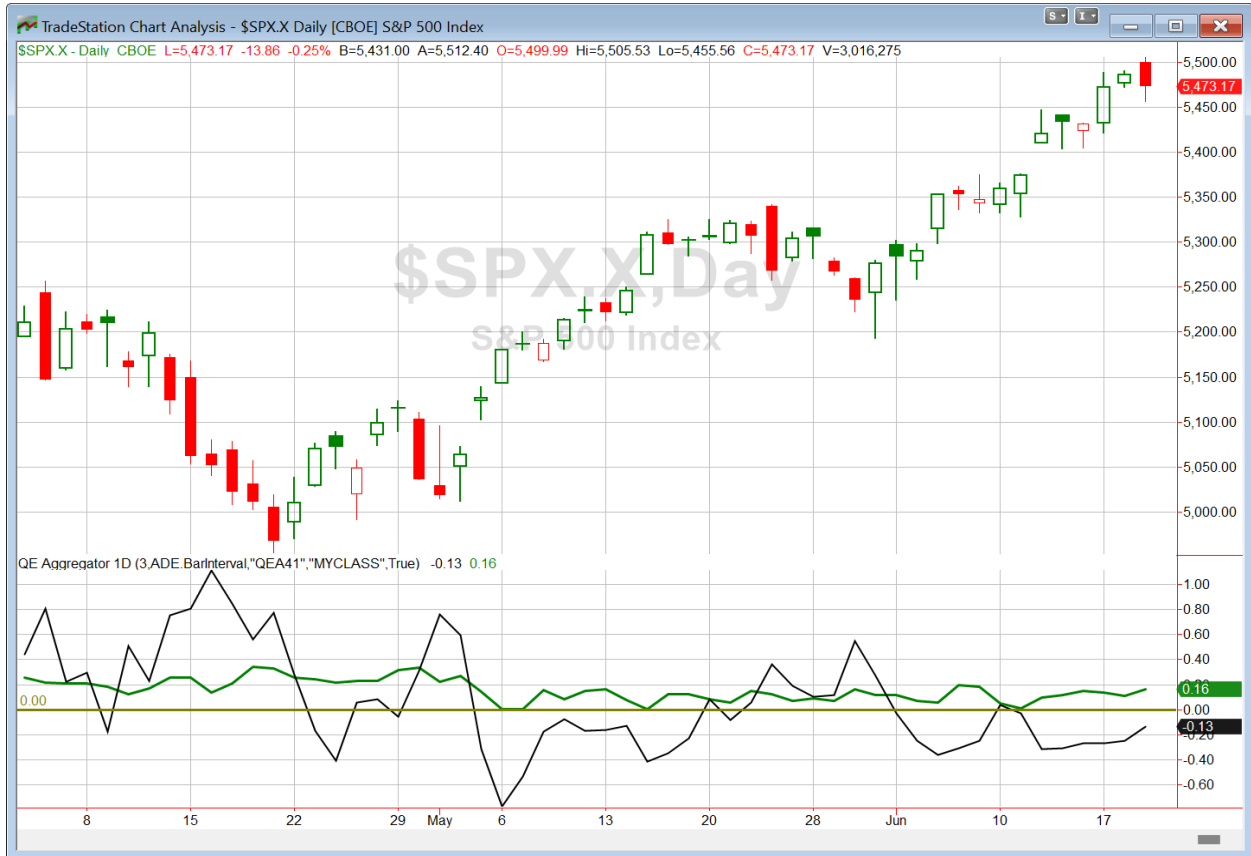
QQQ closes above the 200ma on Opex Thursday.
Buy opex Friday open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-61,666.11	203	78	125	38.42	2,516.00	-3,525.88	449.62	-773.89	0.58	0.36	-303.77
1,500	-55,418.05	203	73	128	35.96	1,739.00	-2,590.84	422.40	-673.85	0.63	0.36	-273.00
1,400	-54,303.28	203	65	135	32.02	1,822.25	-2,431.68	404.32	-596.92	0.68	0.33	-267.50
1,300	-47,890.99	203	69	133	33.99	1,655.75	-2,382.80	368.56	-551.29	0.67	0.35	-235.92
1,200	-46,743.26	203	72	130	35.47	2,488.25	-1,843.43	341.36	-548.63	0.62	0.34	-230.26
1,100	-38,191.55	203	69	133	33.99	1,998.00	-1,936.40	356.86	-472.29	0.76	0.39	-188.14
1,000	-29,623.72	203	63	139	31.03	1,332.00	-1,198.29	218.12	-311.98	0.70	0.32	-145.93



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 *inverted* at 5495.37 on Friday. That is 0.4% *above* Thursday'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 at least 0.4% in order to remain overbought vs recent expectations. Anything less than that and it will flip to oversold as of Friday's close.

So the Aggregator is still neutral. A bullish setup could emerge if SPX does not rally on Friday. But it is not there yet. And I don't find recent evidence compelling enough to place a buy order in anticipation of a potential bullish setup. I'll wait and see how Friday plays out, and if there is some confirmation of an upside edge before considering taking on my next index position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/17 – *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
MO(1/3)	6/14/2024	\$44.49	\$45.43	2.11%	<i>sell on open</i>
RTX(1/3)	6/14/2024	\$104.59	\$105.07	0.46%	<i>sell on open</i>
MO(1/3)	6/17/2024	\$44.22	\$45.43	2.74%	<i>sell on open</i>
RTX(1/3)	6/17/2024	\$104.00	\$105.07	1.03%	<i>sell on open</i>

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