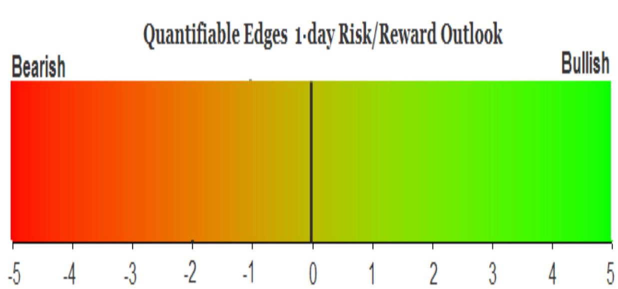
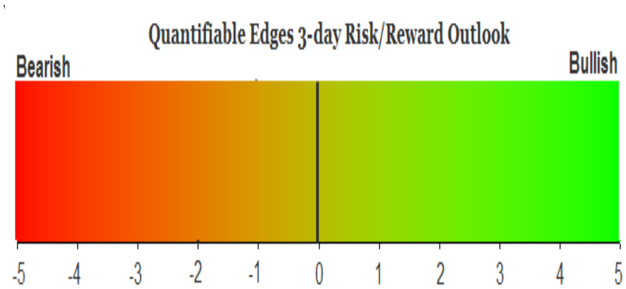
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 28, 2024 Volume 17 Issue 124

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The last hour of the quarter tends to be bad for stocks – especially smallcaps.
- July has historically had the best 1st day of any month.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. Weakness on Friday could turn it back to bullish.

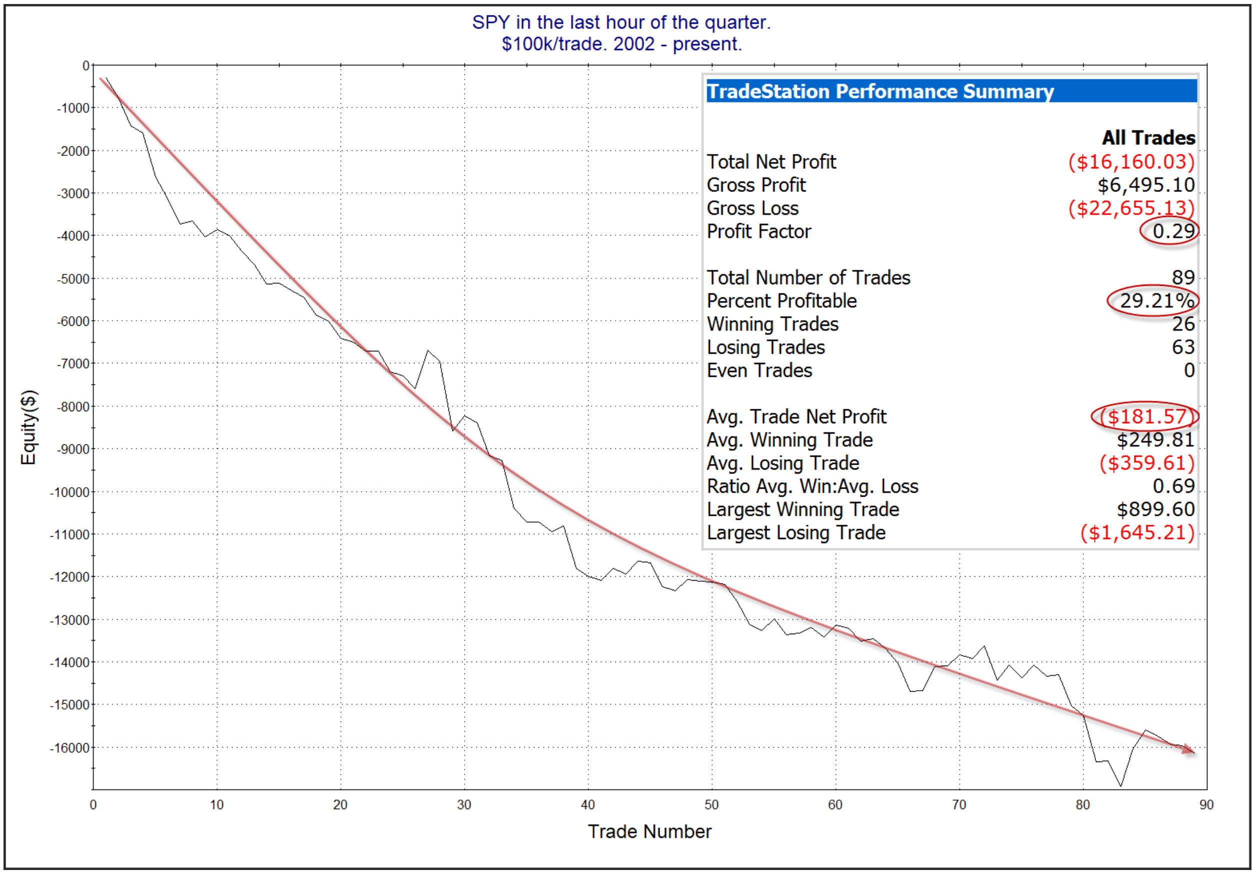
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	**Description**	**Time span**	**Bias**	**Avg Run-up**	**Avg DrawDn**	**Avg DrawDn - 1 Std Dev**
Active - Short Term						
June 26, 2024	SPY 50-high then 5 sideways	1-3 days	Bullish	1.10%	-0.70%	-1.40%
June 26, 2024	SPX up and > 200. Up Vol % < 40%.	1-8 days	Bullish	1.85%	-1.30%	-2.80%
June 25, 2024	SPX btm 10% rng & 5-low on a Monday	1-5 days	Bullish	2.00%	-1.10%	-2.20%
Active - Long Term						
June 26, 2024	SPY 50-high then 5 sideways	1-10 days	Bullish	2.10%	-1.15%	-2.50%
June 24, 2024	Seasonality Calendar strong end June-July	int term	Bullish			
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 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

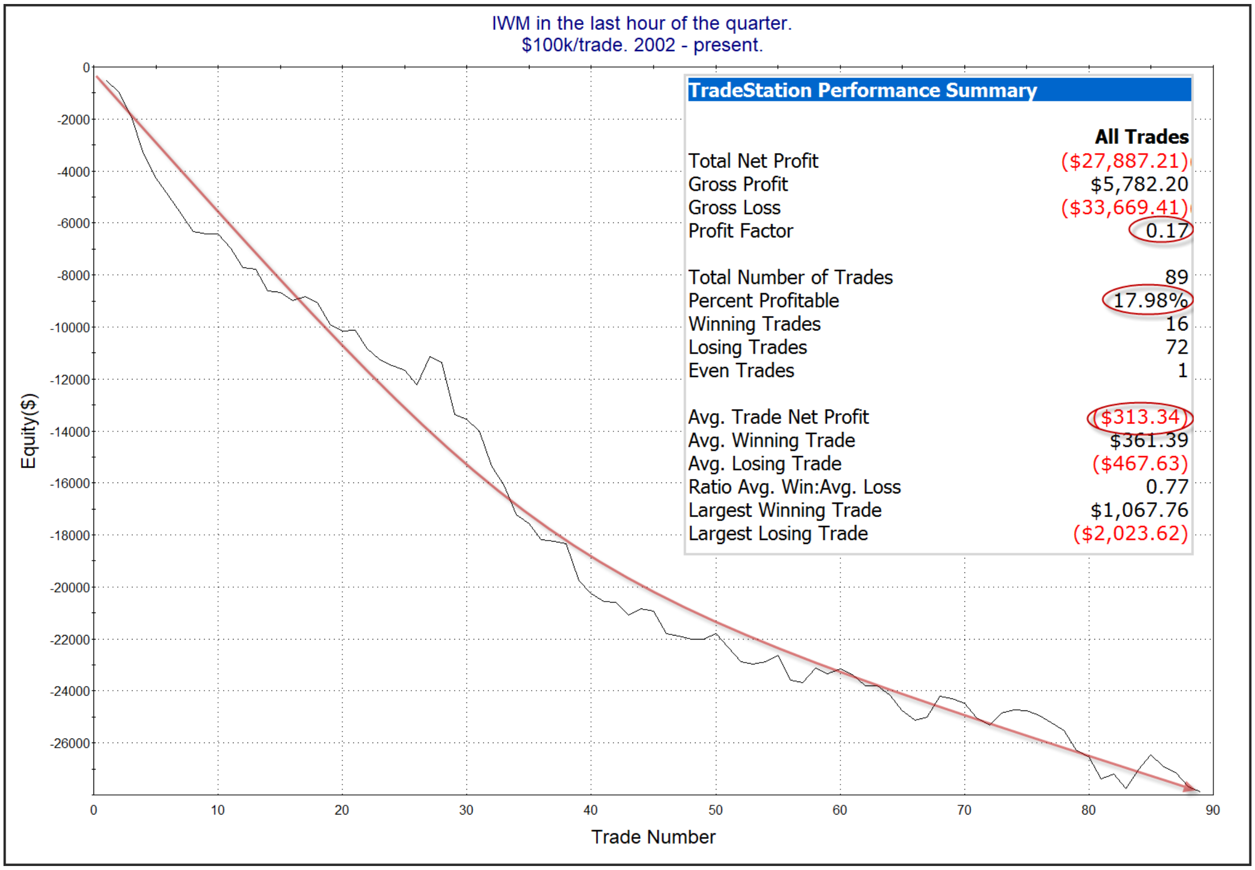
Thursday saw the market rise. SPX gained 0.1%, the NASDAQ climbed 0.3%, and the Russell 2000 jumped 1.0.%. Breadth was positive with the NYSE Up Issues % coming in at 60% and the Up Volume % at 57%. NYSE volume rose some from Wednesday’s level.

Action did not trigger much in the Quantifinder, but that does not leave me without anything to talk about tonight. The studies below look at the price action in the *last hour of trading* at the end of a quarter (March, June, September, & December). Interestingly, perhaps due to some late rebalancing, the market has often seen selling in the last hour. This can be seen in the study below.



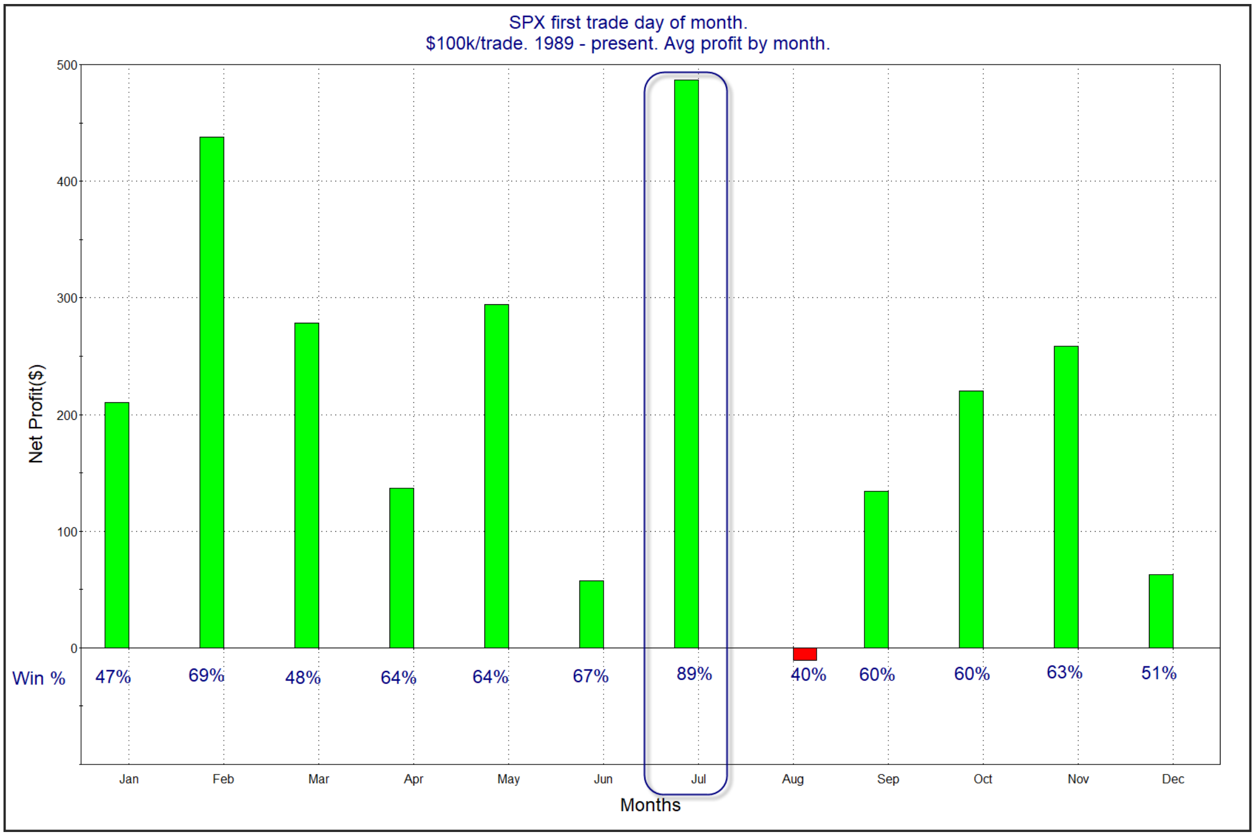
This suggests a decent chance of afternoon selling on Friday as we approach the close.

It is also notable that smallcaps have done even worse than largecaps at the end of quarters. Here is the same study using IWM.

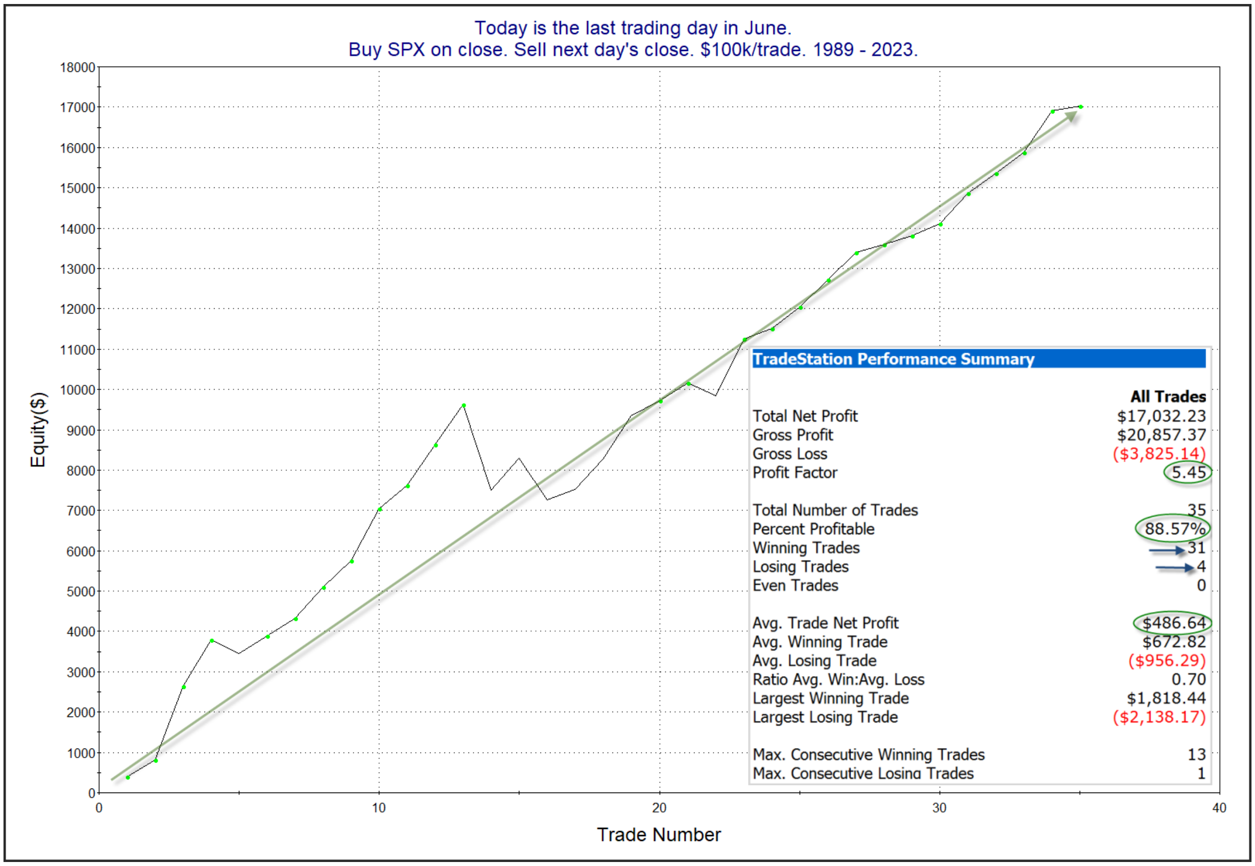


Agile traders could consider looking to take advantage of this edge with some last-hour adjustments on Friday.

When looking ahead to Monday, it is worth noting that July has had the best performance of any month with regards to the 1st trading day of the month. This can be seen in the chart below.



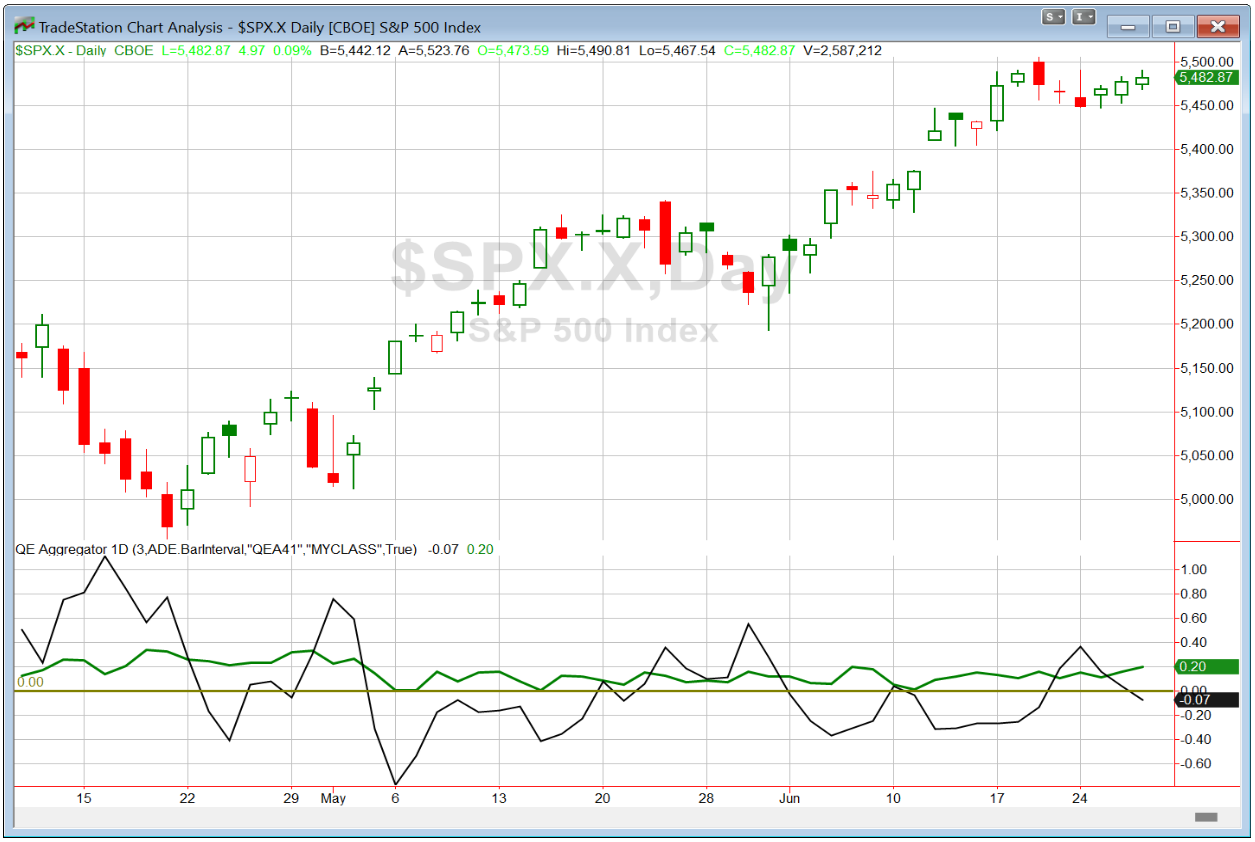
As you can see, July has both the highest Win % and the largest Avg Trade. So maybe some of that July magic will help the bulls on Monday. I'll also note that August has had the worst Day-1 performance of any month. So we will keep that in mind as we approach it. Below is a more detailed look at how July has played out.



Impressive stats and curve. And the last 13 instances have all been winners. July performance appears strong enough to merit some consideration.

I've also shown many times that when the last trading day of the month sees SPY finish in the bottom half of its intraday range, that the 1st day of the next month has performed much stronger than times the month finished in the top half of its intraday range. So if the last-hour weakness kicks in on Friday, that could bode especially well for Monday.

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 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 5489.69 on Friday. That is 0.1% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up a little over 0.1% in order to remain overbought. If it fails to do that, it will be considered oversold versus recent expectations as of Friday's close.

So the Aggregator is neutral. This is because the market is currently overbought. A weak day on Friday would likely turn the market back to oversold. We saw evidence that there is a good chance of some late-day selling to close the quarter. If that happens, it could set up nicely for a strong 1st trading day of the month. And we know that July is the best of all months for a positive day 1. So I will be on the lookout for a poor close on Friday to take a small long position in anticipation of a favorable Monday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/24 – slightly 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.*

SPY – Buy ¼ index position @ $546.25 LIMIT ON CLOSE IF SPY ALSO CLOSES IN THE BOTTOM HALF OF ITS INTRADAY RANGE. Based on the short-term outlook above, I will look to take a small SPY position if the market closes down and poorly on Friday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
PM(1/3)	*6/24/2024*	*$99.92*	*$102.20*	*2.28%*	*sold on open*
SPY(1/4)	*6/24/2024*	*$542.74*	*$546.37*	*0.67%*	*sold on close*