

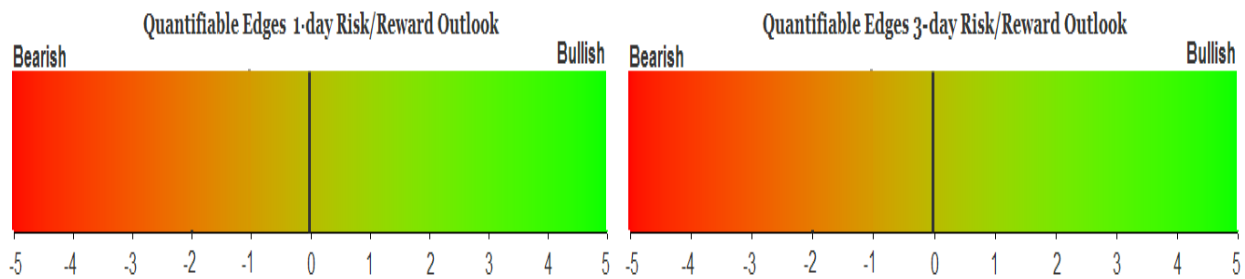
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 10, 2024

Volume 17 Issue 131

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- The intraday high, unfilled gap, and weak close imply short-term strength.
- The unfilled gap up and partial reversal 2 days in a row have typically been followed by more upside over the next few days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator formation is neutral. Despite the overbought nature, evidence continues to suggest further upside.

**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>						
July 10, 2024	Unfil up. Cls < opn. 2nd day.	1-3 days	Bullish	1.20%	-0.55%	-1.00%
July 10, 2024	20-day high. Unfilled up with Cls < opn	1-3 days	Bullish	0.90%	-0.60%	-1.10%
July 8, 2024	SPX up and > 200. Up Vol % < 40%.	1-8 days	Bullish	1.85%	-1.30%	-2.80%
<b>Active - Long Term</b>						
July 8, 2024	NDX 18% above 200ma	1-90 days	Bullish	14.50%	-9.40%	-18.90%
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 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			
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			

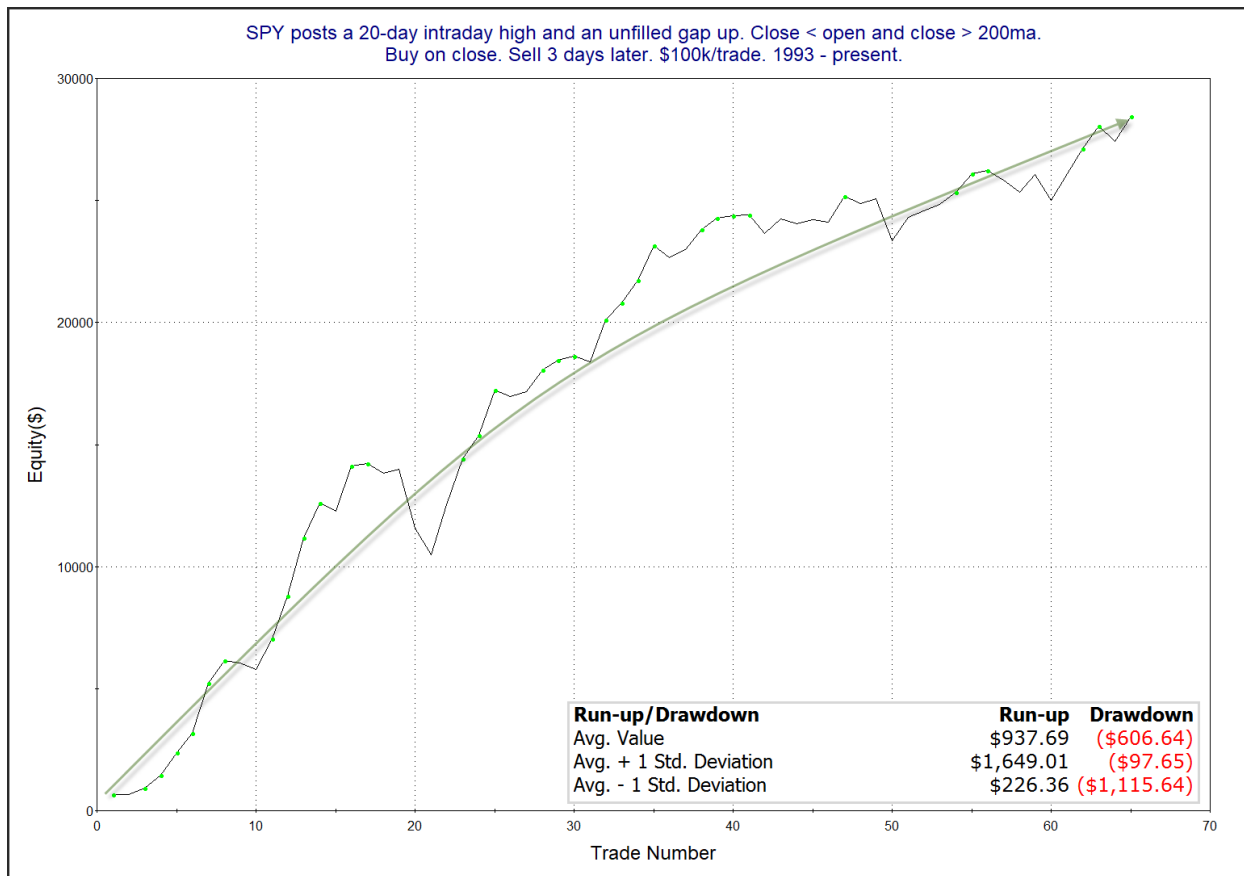
**The Evidence**

Action was mixed on Tuesday. SPX rose 0.07%, the NASDAQ gained 0.14%, and the Russell 2000 dropped 0.45%. Breadth was weak with the NYSE Up Issues % coming in at 37% and the Up Volume % at 42%. NYSE volume declined some from Friday's level.

There was a study from the 6/13/24 letter that looked at unfilled gaps up that make a 20-day high, but close below the open. Wednesday closed just slightly below the open price. The study suggested an upside edge over the next several days. Below is an updated look.

SPY posts a 20-day intraday high and an unfilled gap up. Close < open and close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - 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	52,093.49	56	39	17	69.64	4,838.35	-4,810.68	1,844.91	-1,168.12	1.58	3.62	930.24
9	44,429.66	57	43	14	75.44	3,741.10	-5,564.16	1,485.32	-1,388.50	1.07	3.29	779.47
8	39,697.05	58	41	16	70.69	3,352.48	-6,021.40	1,429.20	-1,181.25	1.21	3.10	684.43
7	31,686.54	60	38	22	63.33	3,751.55	-4,952.36	1,416.58	-1,006.52	1.41	2.43	528.11
6	33,887.70	60	39	21	65.00	4,159.10	-6,414.24	1,417.02	-1,017.91	1.39	2.59	564.79
5	28,273.38	60	37	23	61.67	3,754.17	-4,540.20	1,220.07	-733.45	1.66	2.68	471.22
4	25,943.40	61	44	17	72.13	3,436.02	-2,228.24	877.12	-744.10	1.18	3.05	425.30
3	28,460.36	65	46	18	70.77	2,362.10	-2,427.88	862.61	-623.33	1.38	3.54	437.85
2	22,279.22	67	42	25	62.69	1,998.70	-926.12	764.99	-394.01	1.94	3.26	332.53
1	9,402.12	68	43	25	63.24	1,708.92	-1,015.84	413.01	-334.29	1.24	2.13	138.27

The numbers here suggest a solid bullish tendency in the days following such setups. Below is a look at a 3-day profit curve.



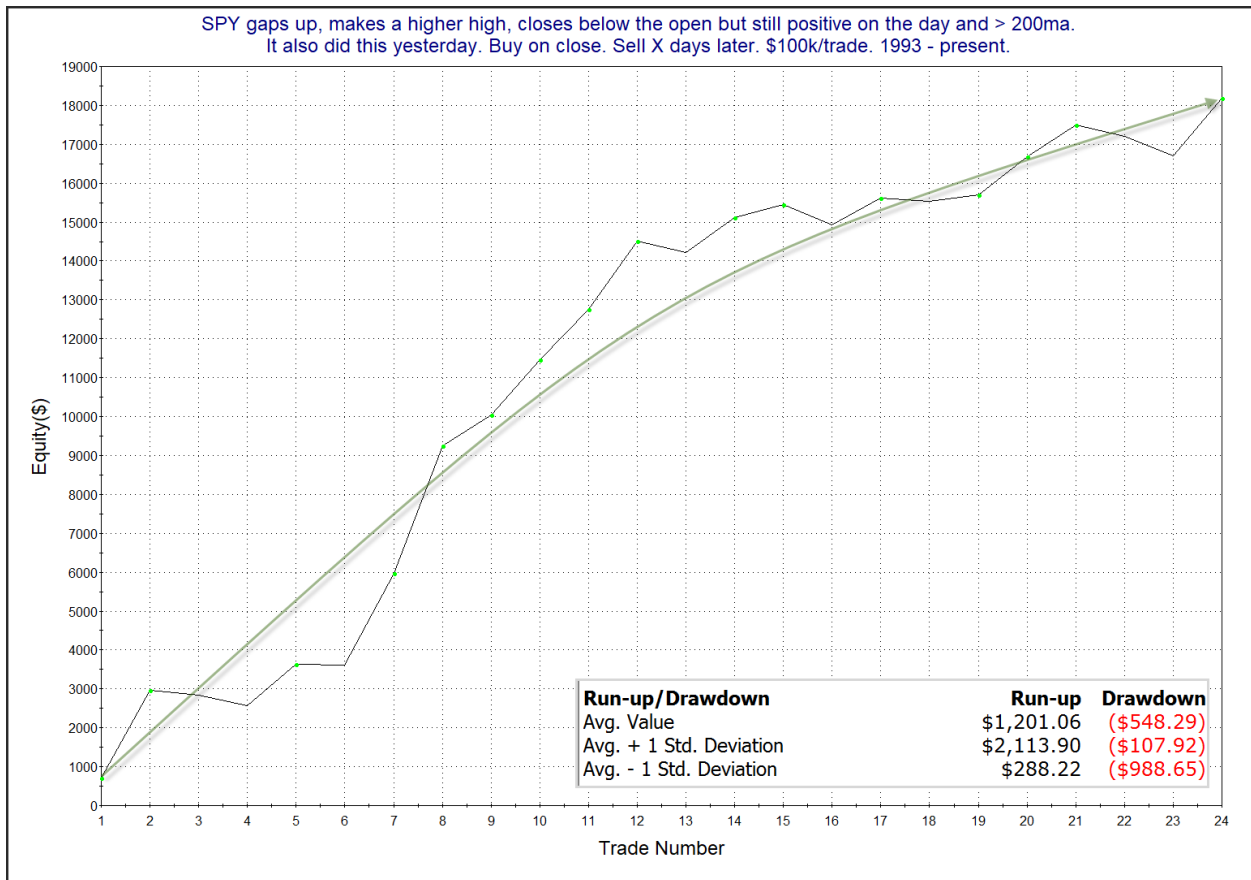
Here we see a persistent move up that also supports the idea of a bullish tendency. I have included this study on the active list as well.

Another study that stood out tonight looked at the gap and partial reverse SPY pattern of the last 2 days. Both days had a gap higher, a move up above the previous day's high, and then a reversal that led the SPY to close below its open but still in positive territory. I looked at this 2-day setup last in the 5/14/24 subscriber letter and have updated the study below.

SPY gaps up, makes a higher high, closes below the open but still positive on the day and > 200ma.  
It also did this yesterday. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

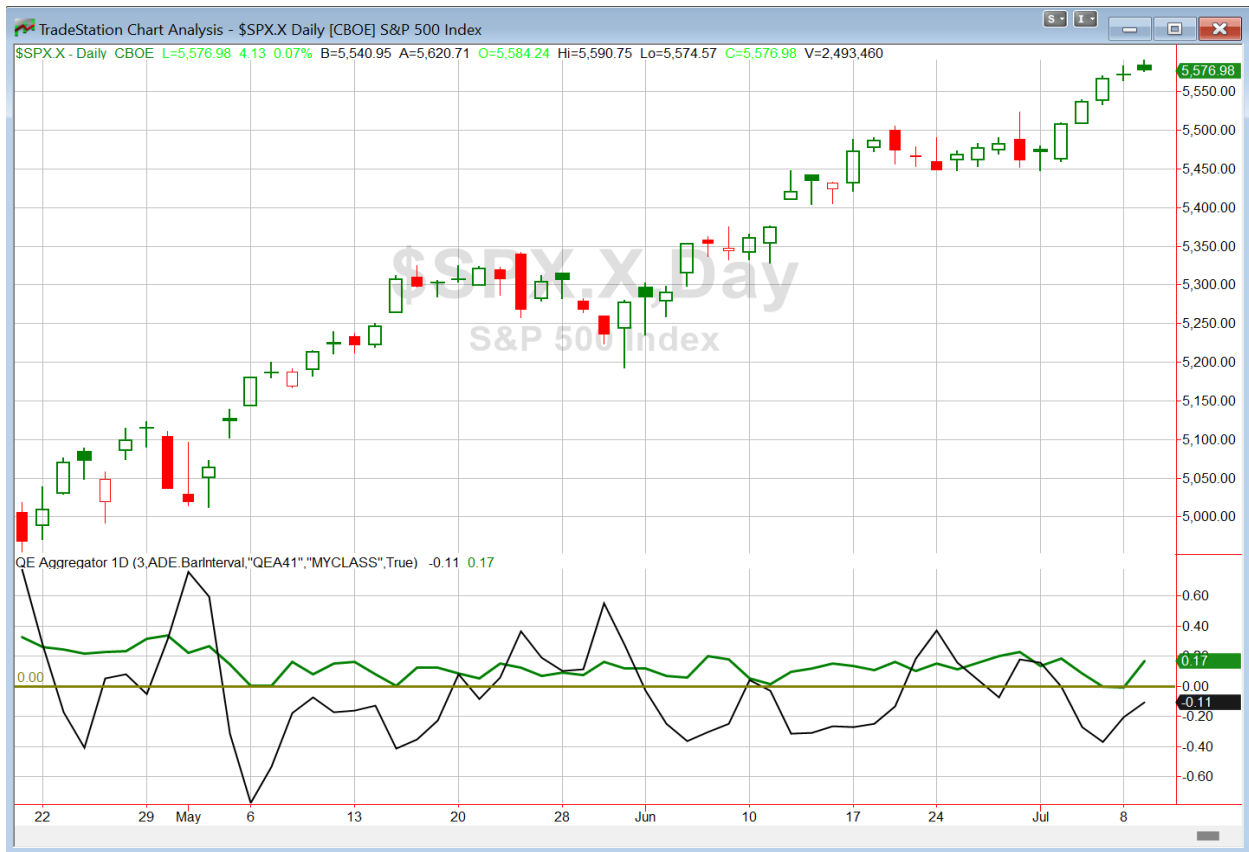
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	26,212.85	24	20	4	83.33	3,458.95	-1,911.60	1,551.59	-1,204.72	1.29	6.44	1,092.20
4	19,175.95	24	18	6	75.00	3,132.80	-1,635.48	1,319.60	-762.82	1.73	5.19	799.00
3	18,181.43	24	16	8	66.67	3,282.40	-520.38	1,267.15	-261.62	4.84	9.69	757.56
2	14,740.30	24	18	6	75.00	2,640.00	-855.50	970.33	-454.28	2.14	6.41	614.18
1	8,390.91	26	16	10	61.54	2,570.70	-721.00	695.78	-274.15	2.54	4.06	322.73

The results have been very positive. Below is the 3-day the profit curve.



The curve is back at new highs and seems supportive of the idea of a bullish tendency. I have added this study to the active list tonight.

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



With tonight's evidence considered, the green Aggregator Line moved 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 turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *slightly inverted* at 5582.03 on Wednesday. That is 0.1% *above* Tuesday'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 rise at least 0.1% in order to remain overbought. Any flat or down close will cause it to flip to oversold versus recent expectations.

So the Aggregator is neutral. Despite closing higher 6 days in a row, we are seeing evidence that the rally is likely to continue over the short-term. And even a flat close would turn the SPX oversold and likely trigger a bullish aggregator formation on Wednesday. I may prefer more of a pullback before I get too excited, but we will see how tomorrow plays out before making any decisions. It will be interesting to see how much longer the market can continue this push higher.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 7/8 – **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.*

**None.**

## **Current Open Trade Ideas**

**None**

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