

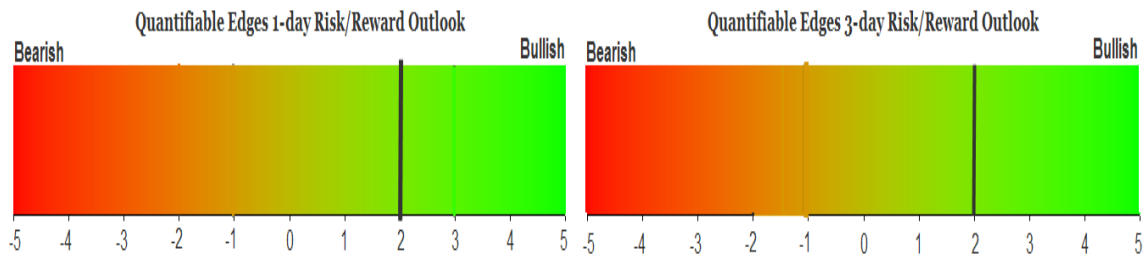
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 22, 2018

Volume 11 Issue 36

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- No new evidence emerged tonight.

Short-term Outlook

The Bottom Line

Similar to last night, the Aggregator is suggesting a short-term upside edge. I don't view reward/risk as terribly favorable with the market still near short-term highs. I would like to see more of a pullback before committing to new long positions.

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

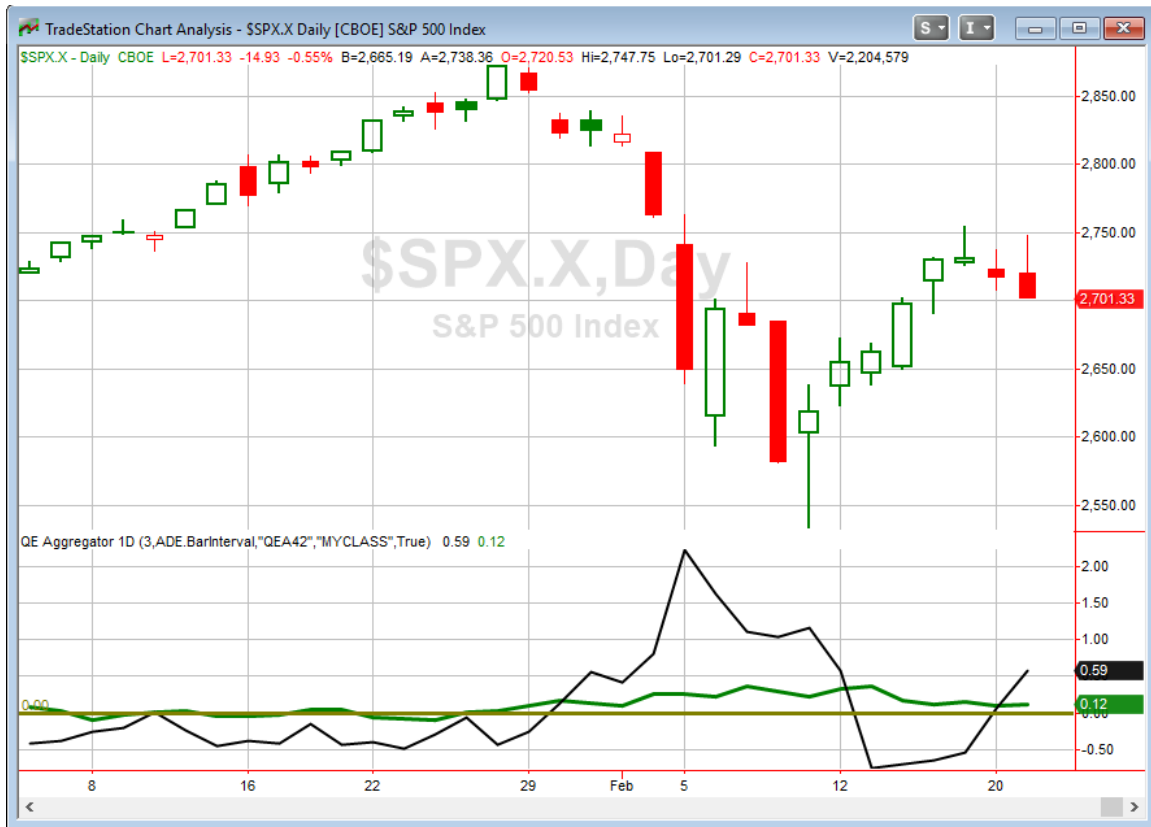
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 16, 2018	5 up < 50-high > 20ma	1-10 days	Bullish	2.30%	-1.30%	-2.65%
February 15, 2018	FTD with moderate breadth & volume	1-2 days	Bearish			
Active - Long Term						
February 16, 2018	5 up < 50-high > 20ma	1-15 days	Bullish	3.00%	-1.60%	-3.20%
February 15, 2018	FTD with moderate breadth & volume	int term	Bearish			
February 7, 2018	20-low. 20 intra low, up close	1-10 days	Bullish			
February 6, 2018	CBI > 10	1-17 days	Bullish			
February 5, 2018	Hindenburg Omen Cluster	1-35 days	Bearish			
January 29, 2018	VIX 100-day high. SPX > 100-day low	1-15 days	Bullish			
January 16, 2018	NASDAQ Leading	int term	Bullish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
January 8, 2018	SOMA reduction intensifies to \$20billion	int term	Bearish			
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

The Evidence

Wednesday saw an early rally fall apart and the indices finished mostly lower. The SPX declined 0.55%, the NASDAQ fell 0.2%, but the Russell 2000 gained 0.1%. Breadth was negative as the NYSE Up Issues % was 45% and the Up Volume % came in at 26%. NYSE volume rose a little from Tuesday's level.

Despite the big roundabout for the market, there were no new compelling studies that emerged. I examined action a number of ways, including taking some close examinations of outside days that closed down / finished poorly shortly after a Follow Through Day. But I failed to find anything that I found compelling. So I will keep it short tonight, and no new studies will be added to the Active List.

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



With tonight's evidence considered, the green Aggregator line remained above zero. Positive readings mean net expectations from the Active List are for upside over the next few days. Meanwhile, the black Differential Line moved further above 0. The positive Differential Line reading means SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above 0. Therefore, the Aggregator signal turned long at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Thursday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be 2743.76 on Wednesday. That is 1.6% above Wednesday's close. Therefore, it will take a close up of at least 1.6% in order for SPX to move from oversold to overbought on Thursday.

So the Aggregator is bullish for the 2nd day in a row. But evidence is light, and nothing new and compelling emerged on Wednesday. Additionally, despite being oversold based on the Differential, SPX remains above its 10-day moving average and even in the top 25% of its 10-day range. So I don't love the evidence, and I don't view reward/risk as overly strong. I will wait another day to see if the edge appears any more compelling tomorrow. I will note there was one new Catapult trigger, which I will look to take advantage of.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 2/20– somewhat bullish*

The intermediate-term outlook was last updated in the 2/20/18 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

OpenCatapult Triggers

Ticker	Trigger Price
UPS	\$119.51
CVX	\$112.62
UPS	\$113.30
UPS	\$112.71
CVX	\$109.06

Broad Market Large Cap CBI – 5(UPS-3, CVX-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.

CVX – buy 1/3 Catapult position @ \$109.06 LIMIT. This is from the Catapult section above. It is the 2nd of up to 3 possible lots for CVX.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
UPS(1/3)	2/2/2018	\$118.99	\$104.70	-12.01%		Catapult
LOW(1/3)	2/5/2018	\$101.38	\$96.00	-5.31%		sold on open
CVX(1/3)	2/6/2018	\$111.20	\$109.06	-1.92%		Catapult
LOW(1/3)	2/6/2018	\$95.29	\$96.00	0.75%		sold on open
UPS(1/3)	2/6/2018	\$112.19	\$104.70	-6.68%		Catapult
UPS(1/3)	2/7/2018	\$112.39	\$104.70	-6.84%		Catapult

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 can be found [here](#).

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