

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 19, 2018

Volume 11 Issue 181

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is again long, but I still do not find the setup to be compelling enough to jump into new positions with this neutral but potentially dangerous intermediate-term backdrop.

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

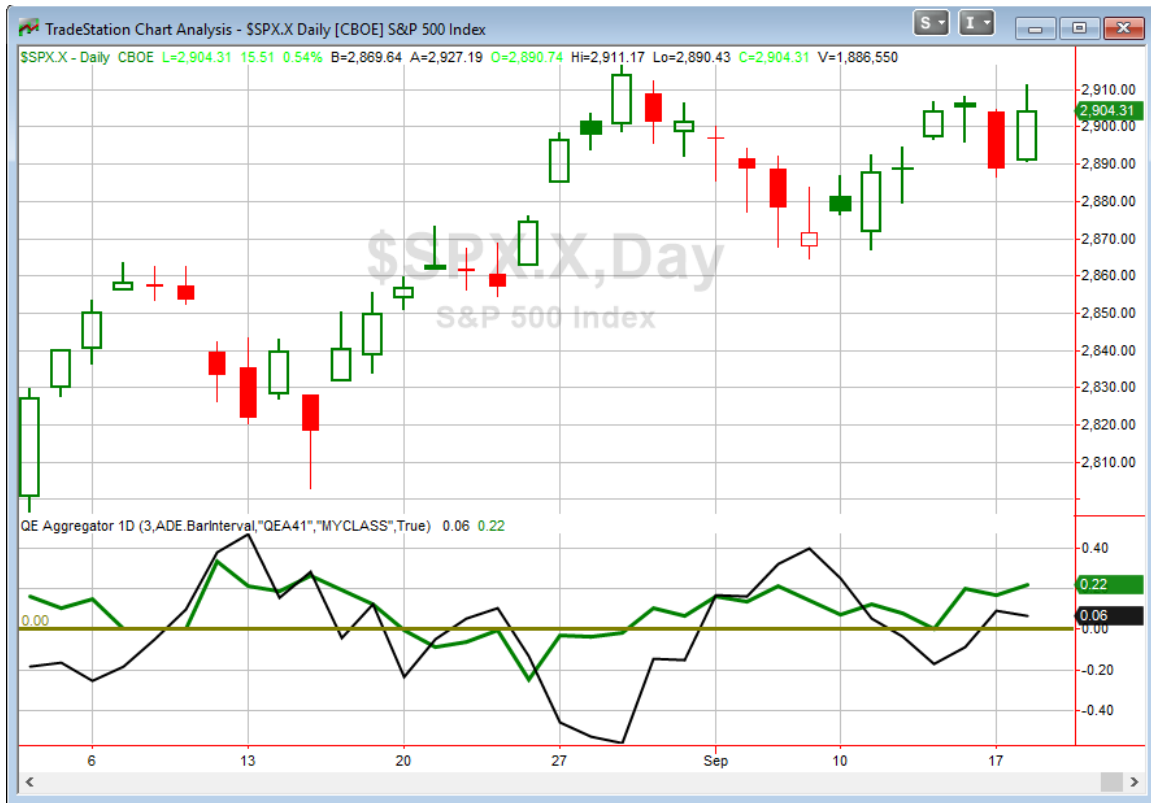
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 18, 2018	5 Up closes < 50 Then down.	1-5 days	Bullish	1.70%	-1.10%	-2.10%
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-7 days	Bullish	1.85%	-1.20%	-2.30%
Active - Long Term						
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-15 days	Bullish	3.10%	-1.75%	-3.30%
September 14, 2018	8 days of split New Highs and Lows	1-25 days	Bearish			
September 10, 2018	4+ Hindenburg Omen signals	1-35 days	Bearish	-6.50%	2.50%	4.50%
September 5, 2018	1st low in 2 weeks. C > 10ma.	1-10 days	Bullish			
August 30, 2018	SPX crosses over 50-day Bollinger Band	1-50 days	Bullish	4.90%	-4.10%	-7.80%
July 1, 2018	SOMA reduction intensifies to \$40billion	int term	Bearish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			
Dropped Tonight						
September 17, 2018	Sep opex week if Sep positive	1-2 Days	Bullish			

The Evidence

Tuesday was a bounce back day for the market. The SPX gained 0.5%, the NASDAQ rallied 0.8%, and the Russell 2000 rose 0.4%. Breadth was positive as the NYSE Up Issues % was 55% and the Up Volume % came in at 65%. NYSE volume declined for the 3rd day in a row.

It is going to be a short letter tonight. The indices have been choppy the last few days and that is leaving us without any compelling new studies to discuss. Tuesday did mark the 11th day in a row where both new highs and new lows made up at least 2.4% of total issues. That is the longest such streak since April of 1972, when it did this for 16 straight days. So far the split market has not mattered. But it always has eventually, and it is part of the reason I am trading quite cautiously right now. No new studies are being added to the Active List.

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



Without any new studies being added tonight, the green Aggregator Line remained above zero. Positive readings mean net expectations from the Active List for upside over the next few days. Meanwhile the black Differential Line also held 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 stayed long at the close.

Based on the current list of active studies, expectations are slated to remain positive on Wednesday. Of course this could change if compelling new bearish evidence emerges. The Differential Pivot will be 2912.91 on Wednesday. That is just 0.3% above Tuesday's close. So SPX would only need to close up about 0.3% on Wednesday in order to flip from oversold to overbought versus recent expectations.

The Aggregator is suggesting this bounce could have a bit further to go. There is a decided lack of short-term bearish evidence right now. But there intermediate-term evidence is mixed with a decent amount of evidence pointing lower. While the intermediate-term is listed as neutral, I am still wary and would like to have a more compelling setup before considering new longs.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/17– neutral

The intermediate-term outlook was last updated in the 9/17/18 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

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

None.

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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