

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 27, 2018

Volume 12 Issue 39

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am not seeing very compelling evidence nor a favorable reward/risk setup.

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

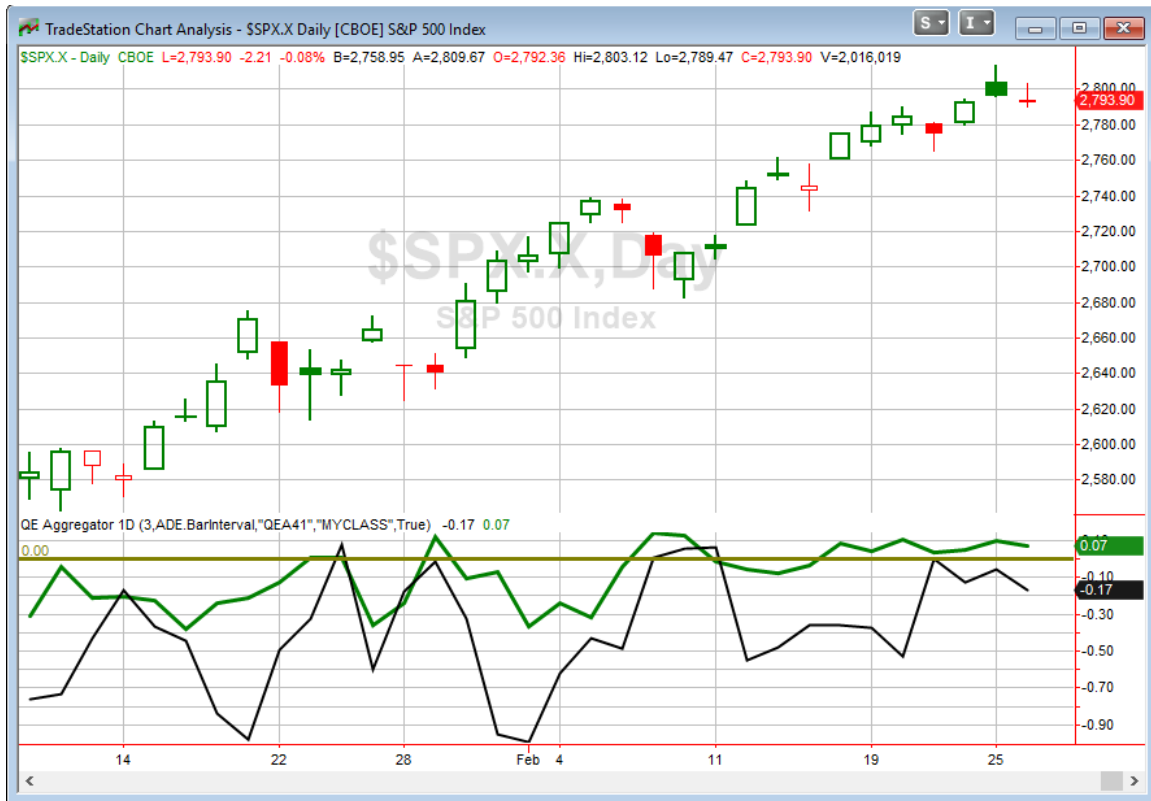
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 26, 2019	SPX 50-high, VIX up, Monday	1-2 days	Bearish			
February 26, 2019	SPY 5-high, close up, bottom 10% rng	1-3 days	Bullish			
Active - Long Term						
January 9, 2019	Up Issues > 70% for 3 days	1-85 days	Bullish			
January 2, 2019	NASDAQ leading	int term	Bullish			
November 1, 2018	Best 6 Month During Pres Yr 3	1-6 months	Bullish	17.70%	-3.10%	-7.20%
October 1, 2018	Quantitative Tightening \$50billion/mo	int term	Bearish			

The Evidence

Tuesday was a quiet day that finished a little lower. The SPX and NASDAQ closed down 0.1%, and the Russell 2000 stumbled 0.7%. Breadth was also negative as the NYSE Up Issues % was 41.1% and the Up Volume % came in at 41.2%. NYSE volume declined some from Monday’s low level.

Such quiet action on Tuesday did nothing to inspire studies that revealed compelling edges. The Quantifinder came up with a rare blank, and there is nothing new that is standing out to me tonight that appears helpful in anticipating the short-term direction of the market. So I am going to keep it brief. When no short-term edges avail themselves, it is typically because there are no strong edges for the short-term to be relied upon. But a little patience often pays as they eventually emerge. Just not tonight. I won’t be adding any new studies to the Active List.

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



Without any new evidence to consider tonight the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line held below 0. The negative Differential Line reading means 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 signal stayed flat at the close.

Based on the current active studies, expectations are set to remain bullish on Wednesday. This could easily change if additional bearish evidence emerges. The Differential Pivot will be *inverted* at 2797.96 on Wednesday. That is 0.15% *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 about 0.15% in order to remain "overbought" versus recent expectations. Anything less than that and it will be considered "oversold" as of Wednesday's close.

So the Aggregator is neutral, and for Wednesday it could easily go either way. Right now the evidence is leaning slightly bullish, but as I pointed out above, that could certainly change. Overbought/oversold is very tenuous as well. Rather than jumping the gun, I'll continue to wait for the next strongly favorable reward/risk opportunity before putting on new trades.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 2/25– somewhat bullish***

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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