

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 5, 2018

Volume 12 Issue 43

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The SPY gap and reversal on Monday after an unfilled gap up on Friday suggests an upside edge for Tuesday.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish, but the evidence is not terribly compelling and neither is reward/risk. I continue to wait for a more favorable setup.

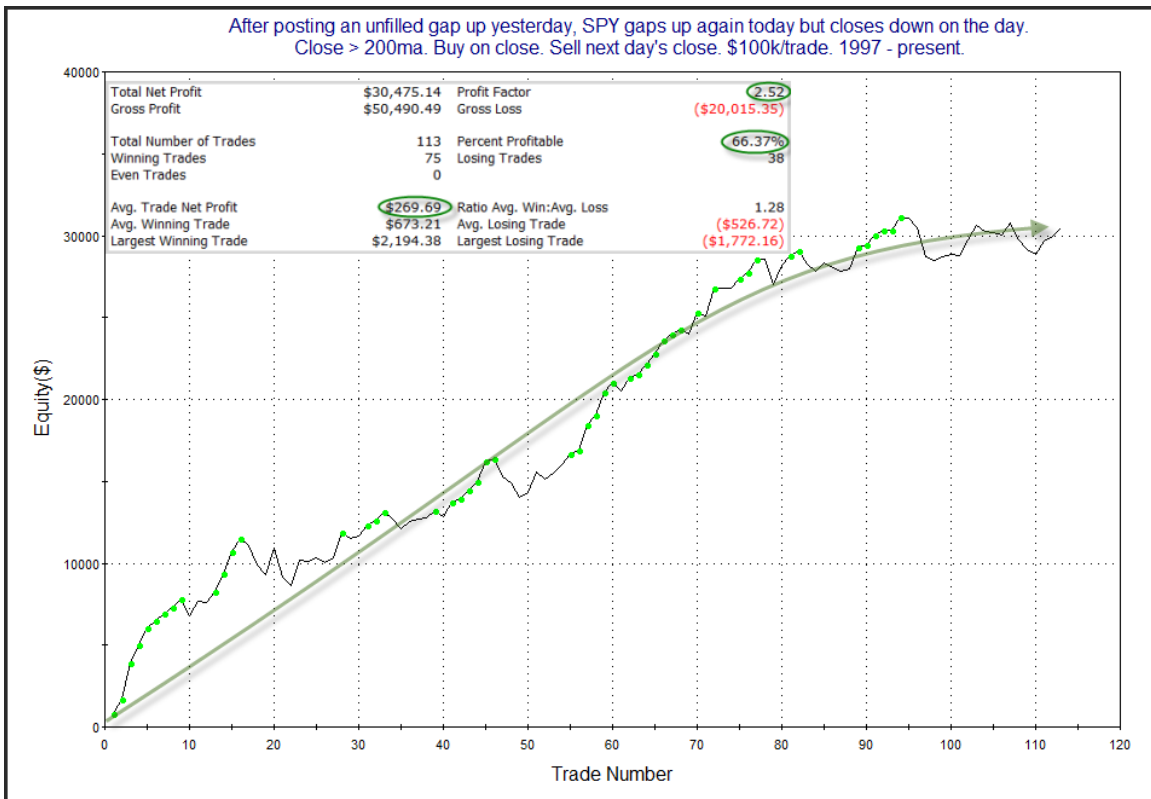
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
March 5, 2019	Unfilled gap up then gap up cls dn>200	1 day	Bullish			
March 4, 2019	SPY 3 days up 20-high < 200ma	1-2 days	Bearish			
<b>Active - Long Term</b>						
March 4, 2019	NASDAQ up 10 weeks in a row	13 weeks	Bullish	11.70%	-2.10%	-4.40%
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**

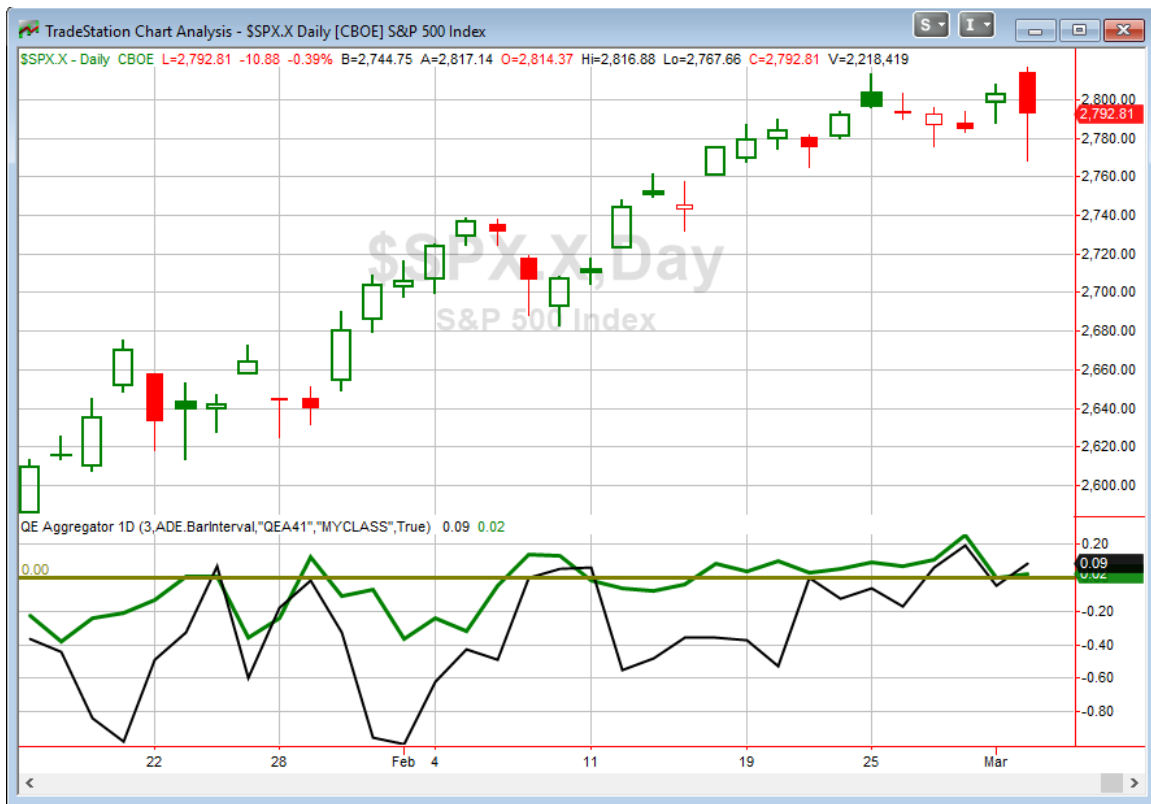
After gapping up to start the day, the market sold off a good amount until about 1pm. It then reversed back up and recovered most of the losses. The SPX finished 25 points above its low of the day, but still fell 0.4%, the NASDAQ closed down 0.2%, and the Russell 2000 dropped 0.9%. Breadth was negative as the NYSE Up Issues % was 44% and the Up Volume % came in at 41%. NYSE volume rose some from Friday's level.

SPY gapped up and closed lower Monday after leaving an unfilled up gap on Friday. In the 8/2/18 letter I examined similar price action in SPY with regards to how it gapped and finished. The study is updated below.



The numbers here all look solidly bullish. The profit curve is a little less encouraging, since it has endured some recent choppiness. I will allow this on the Active List tonight, but I am keeping a watchful eye on this study, and will soon put it on hold if it continues to struggle.

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



With tonight's evidence to consider the green Aggregator Line remained just slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile, the black Differential Line inched back 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 zero. Therefore, the Aggregator signal turned long at the close.

Based on the current active studies, expectations are set to remain slightly bullish on Tuesday. With both short-term studies expiring, though, the next few days expectations will be highly dependent on whatever new short-term evidence emerges. The

Differential Pivot will be 2796.77 on Tuesday. That is just 0.1% above Monday's close. Therefore, the SPX will only need to close up about 0.1% in order to flip from oversold to overbought versus recent expectations. So the outlook for the next few days really is up in the air.

It looked like SPX was finally going to close below its 10ma today. Instead, the streak of closes above it reached 40. I have been holding out lately on taking new long exposure because I believe we are overdue a deeper pullback. Perhaps the intraday pullback on Monday was enough. But I am not really convinced of that. Evidence, while leaning bullish, is mixed and weak. And the SPX is only very marginally oversold versus expectations. So while the Aggregator formation is bullish, I do not see reward/risk as very favorable. I plan to sit out at least another day and see what new evidence emerges.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 3/4 – bullish***

The intermediate-term outlook was last updated in the 3/4/19 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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