

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 27, 2019

Volume 12 Issue 165

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The unfilled gap up and higher close on an inside day suggests a 1-day downside tendency.

Short-term Outlook

The Bottom Line

The Aggregator is again bullish, but Tuesday looks questionable.

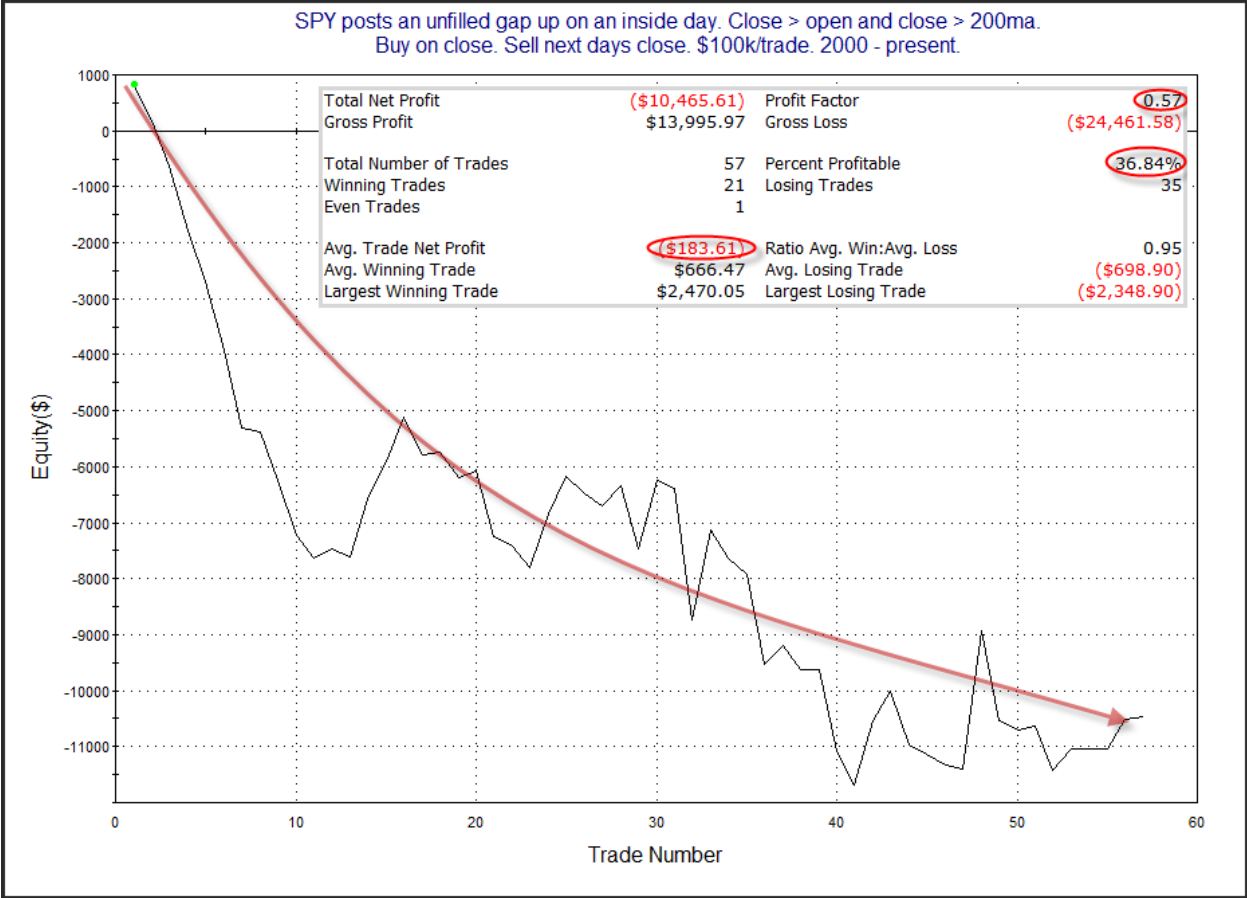
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 27, 2019	Gap up move higher inside day	1 day	Bearish			
August 26, 2019	Big Friday selloff	1-6 days	Bullish			
Active - Long Term						
August 26, 2019	SPX down 4 weeks but > 40-week ma	1-10 weeks	Bullish	8.65%	-3.30%	-7.70%
August 13, 2019	3rd 1% dn day in last 10. Close > 200ma	1-20 days	Bullish			
August 7, 2019	SPX < lower Bollinger Band 4 days	1-18 days	Bullish	6.30%	-3.80%	-7.75%
August 5, 2019	4+ Hindenburg Omen Signals	1-35 days	Bearish			
August 5, 2019	QQQ down 5. Today biggest drop.	1-20 days	Bullish	10.60%	-4.40%	-7.70%
August 1, 2019	QT over.	int term	Neutral			
April 2, 2019	Golden Cross	int term	Bullish			

The Evidence

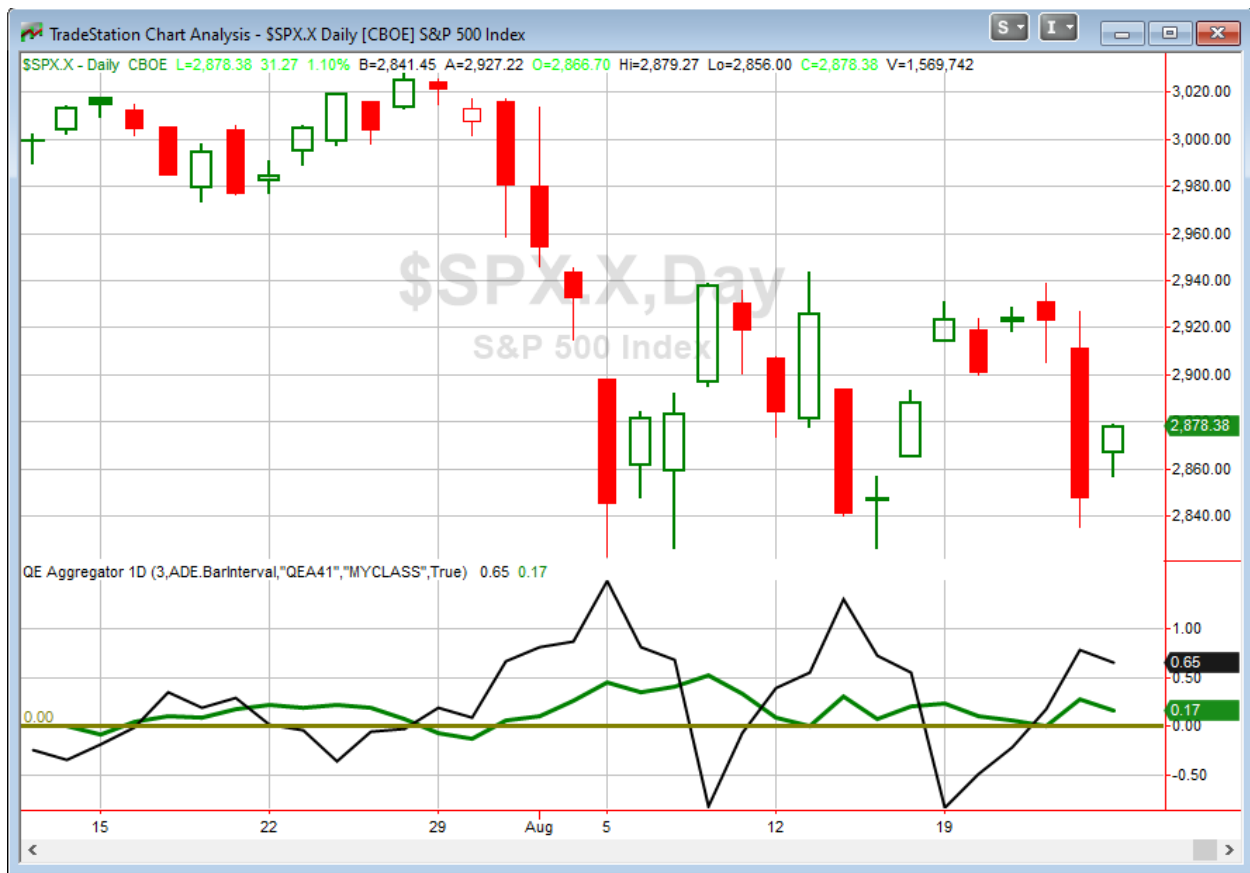
The market put in a solid bounce on Monday, but the majority of the rally took place before the market even opened. The SPX closed up 1.1%, the NASDAQ rose 1.3%, and the Russell 2000 gained 1.1%. Breadth was positive as the NYSE Up Issues % was 67% and the Up Volume % came in at 74%. NYSE volume declined some from Friday's level.

There was not a lot of compelling evidence that emerged, but action again triggered a study from the 8/7/19 letter. The study looks at days like Monday where the market gaps higher, never fills, and moves higher from open to close without making a higher high. Results below are updated.



Implications here appear somewhat bearish. The profit curve is not ideal, but it still appears to suggest a downside edge. Overall, this study appears to be worth some consideration, and I have added it to the active list tonight.

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



Even with tonight's study considered, 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 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 zero. Therefore, the Aggregator signal stayed long at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Tuesday. This could change if compelling new bearish evidence emerges. The Differential Pivot will be 2926.69 on Tuesday. That is 1.7% above Monday's close. Therefore, SPX will need to close up at least 1.7% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator remains bullish, and it appears this bounce likely has a bit further to go, based on the research I showed over the weekend. But Tuesday looks dicey. And with the environment so choppy and volatile, I am not inclined to chase entries. So I will sit out Tuesday to see how things play out and what new evidence emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/26– slightly 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>KHC(1/3)</i>	<i>8/14/2019</i>	<i>\$25.85</i>	<i>\$25.93</i>	<i>0.31%</i>	<i>*div adjusted - sold on open</i>
<i>KHC(1/3)</i>	<i>8/15/2019</i>	<i>\$25.50</i>	<i>\$25.93</i>	<i>1.69%</i>	<i>*div adjusted - sold on open</i>

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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