

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 5, 2019

Volume 12 Issue 171

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No new compelling studies emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is now long, but the setup is not very compelling. I am more neutral than bullish.

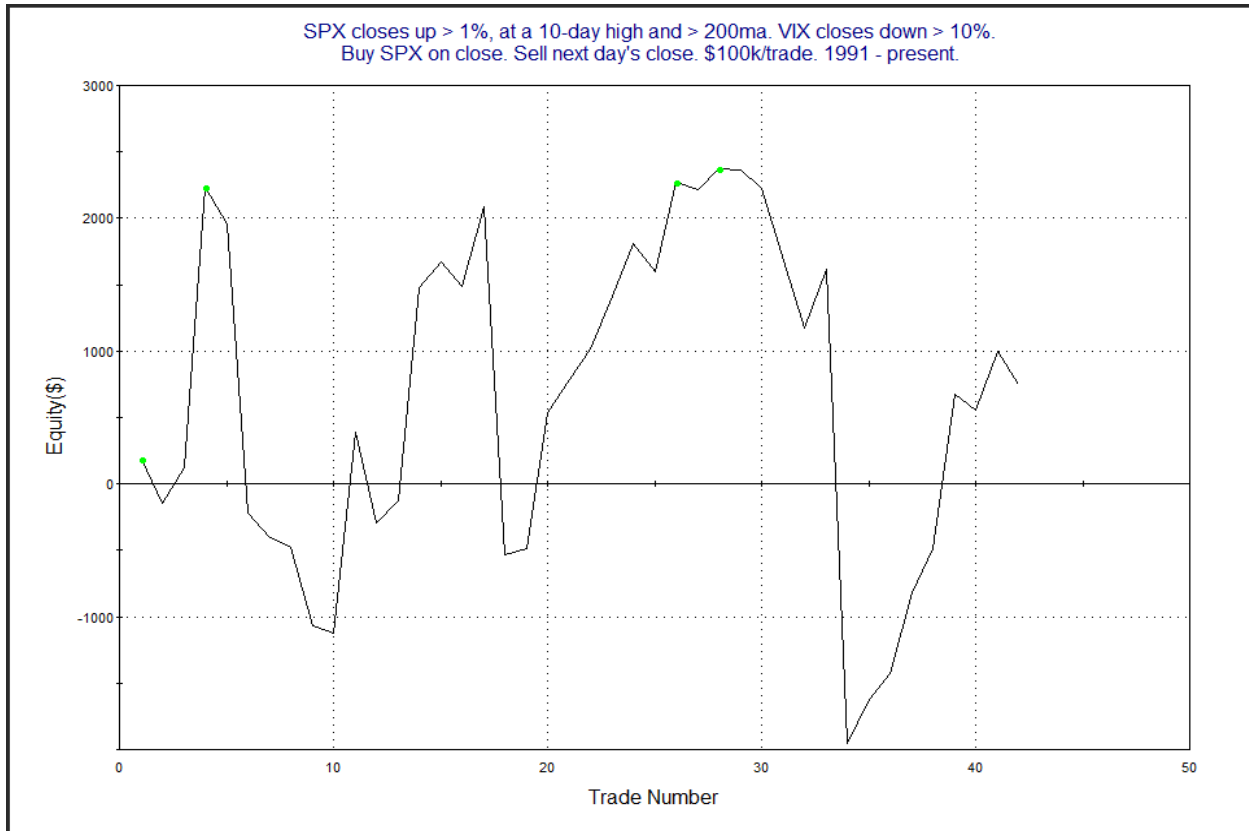
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 3, 2019	1% drop then 5-day consolidation	1-3 days	Bullish	1.25%	-0.80%	-1.70%
August 29, 2019	Reverse dn. Reverse up. Close >200 <10	1-5 days	Bullish	1.80%	-1.10%	-2.30%
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 5, 2019	4+ Hindenburg Omen Signals	1-35 days	Bearish			
August 1, 2019	QT over.	int term	Neutral			
April 2, 2019	Golden Cross	int term	Bullish			
Dropped Tonight						
September 3, 2019	20-day decline going into Labor Day	1-2 days	Bullish			

The Evidence

Wednesday was a rally day. The SPX gained 1.1%, the NASDAQ jumped 1.3%, and the Russell 2000 rose 0.85%. Breadth was positive as the NYSE Up Issues % was 81% and the Up Volume % came in at 88%. NYSE volume declined some from Tuesday's level.

Whatever bothered the market on Tuesday was no longer a concern on Wednesday. The SPX made up for Tuesday's losses and more. It finished at a 10-day high, but it still has not quite managed to break out of the range we have seen since August 2nd. Meanwhile, options traders got over much of their worries and the VIX declined more than 11%. One example of action I decided to look at was other strong moves up to 10-day highs during long-term uptrends where the VIX had a big down day. As you can see below, I found nothing special.



That sure is not a chart that instills confidence in either direction. To me it looks a lot like what we have been dealing with the last few weeks. Choppy, violent, and range-bound. The Quantifinder came up blank for the 2nd night in a row, which again is not a huge surprise with all this chop.

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



With today's new evidence to consider, 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 nudged 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 list of active studies, expectations are slated to remain bullish on Thursday. But with evidence fairly scant, this could easily change if compelling new bearish studies emerge. The Differential Pivot will be 2949.47 on Thursday. That is 0.4% above Wednesday's close. Therefore, SPX will need to close up 0.4% or more on Thursday in order to flip from oversold to overbought vs recent expectations.

So we have a bullish Aggregator formation. But it is not a very appealing one in my view. The Differential reading is oversold, but the SPX is at a 10-day high. And while evidence is pointing North, we have not seen a new bullish study since the weekend, and the short-term active list is quickly shrinking. Overall, the bullish edge appears borderline and the market remains highly volatile. I intend to remain sidelined until a more compelling reward/risk opportunity emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/3– slightly bullish

The intermediate-term outlook was last updated in the 9/3/19 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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