

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 16, 2019

Volume 12 Issue 200

## Market Overview



## Signals Overview

<b>Aggregator</b>	<b>CBI Reading</b>
<b>Flat</b>	<b>0</b>

## Tonight's Research Points

- No compelling new evidence emerged tonight.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is neutral and so am I.

*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>						
October 14, 2019	Up 2% in 3 days. 3/10 Ofst HV < 0.25	1-6 days	Bullish			
October 14, 2019	5-day high. Btm 10% close. Up day.	1-3 days	Bullish			
October 14, 2019	October Opex Week	1-4 days	Bullish			
<b>Active - Long Term</b>						
October 9, 2019	3rd 1% Drop in 10 days > 200ma	1-20 days	Bullish	3.85%	-3.00%	-5.70%
September 9, 2019	NYSE Advance/Decline Line breakout	1-40 days	Bullish			
August 26, 2019	SPX down 4 weeks but > 40-week ma	1-10 weeks	Bullish	8.65%	-3.30%	-7.70%
August 1, 2019	QT over.	int term	Neutral			
April 2, 2019	Golden Cross	int term	Bullish			

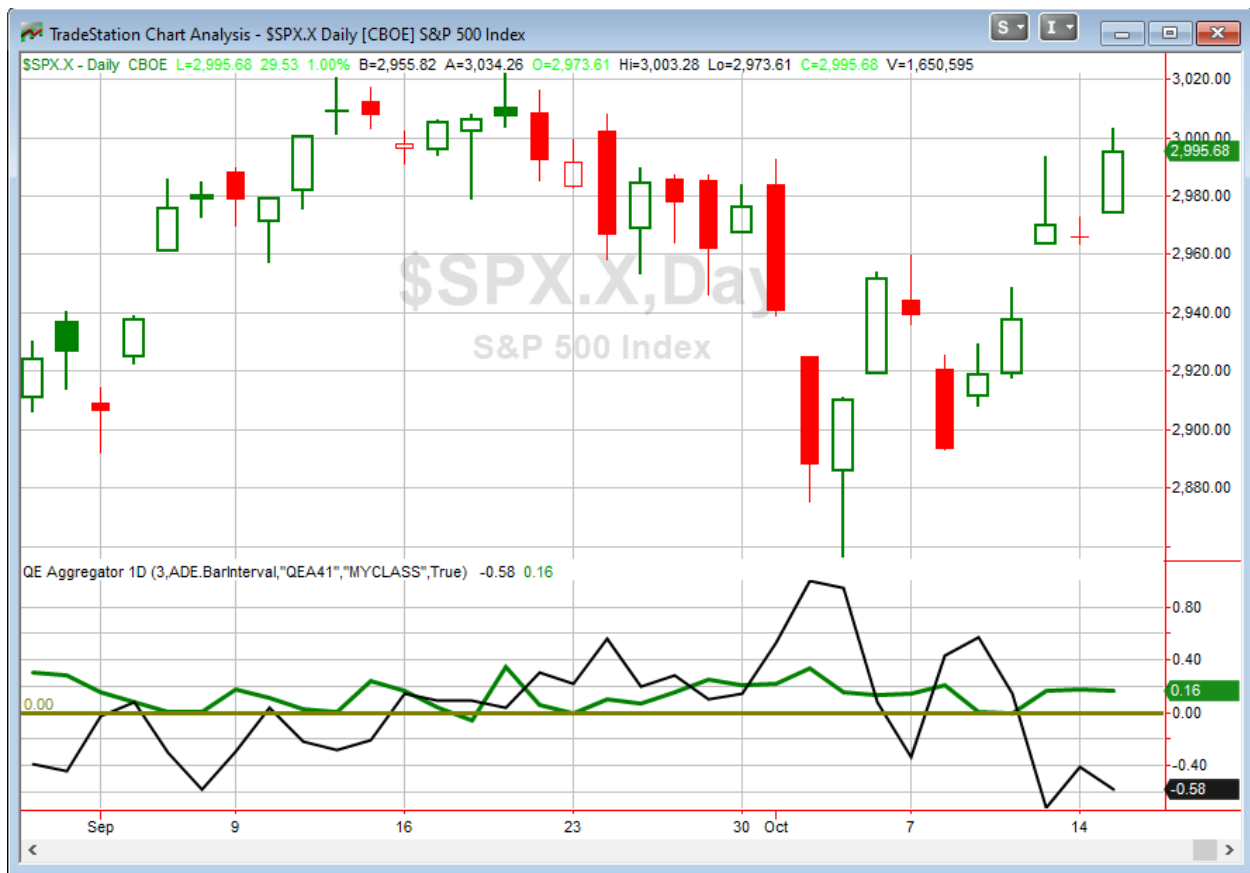
***The Evidence***

Tuesday the market rose quite strongly. The SPX gained 1.0%, the NASDAQ climbed 1.2%, and the Russell 2000 also rallied 1.2%. Breadth was positive as the NYSE Up Issues % was 63% and the Up Volume % came in at 73%. NYSE volume rose some from Monday's low level.

It was a nice pop for the market, and not a big surprise since all of the recent short-term evidence has pointed upwards. But with the market already overbought, I was basically sidelined. There was a time when I would find rallies like this discouraging, because I did not partake in them. With experience I realized that it is not my job to be in the market every time it rallies. It is my job as a trader to be in there when a high-probability rally with favorable reward/risk occurs. Many short-term traders will simply look to get long oversold and get short overbought. And this is where the studies and the Aggregator really help out. While the overall setup was not ideal for me to take a long position with SPX was hitting overbought levels the last few days, the studies kept me from trying to get short. And that is just as important.

The Tuesday rally did not do anything to generate old Quantifinder studies. And I see not see anything compelling based on the studies I explored tonight. So I will keep this letter brief. Nothing new is being added to the Active List.

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



Without any new evidence being added tonight, the green Aggregator Line remained squarely 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 list of active studies, expectations are set to remain bullish on Wednesday. This could change if strong new bearish evidence emerges. Meanwhile, the Differential Pivot will be 2975.29 on Wednesday. That is a 0.7% below Tuesday's close. Therefore, SPX would need to close down over 0.7% on Wednesday to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral as we look at bullish expectations but an overbought market. I am also neutral. I will continue to remain alert and exercise patience. I won't be looking to take on any new positions on Wednesday.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 10/14 – 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.**

## **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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