

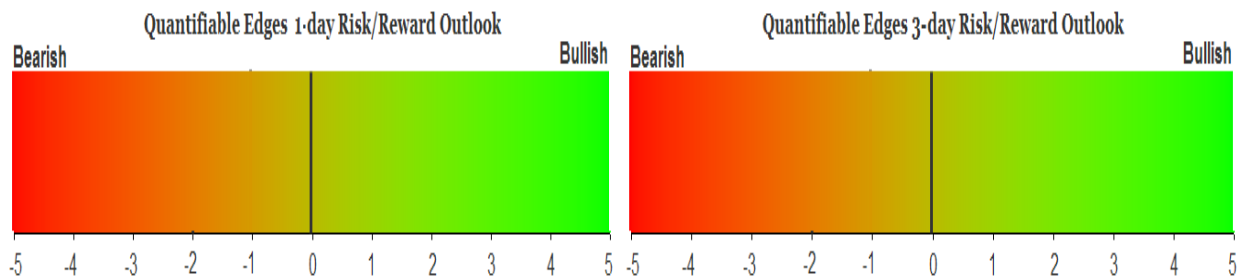
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 17, 2019

Volume 12 Issue 201

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

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)

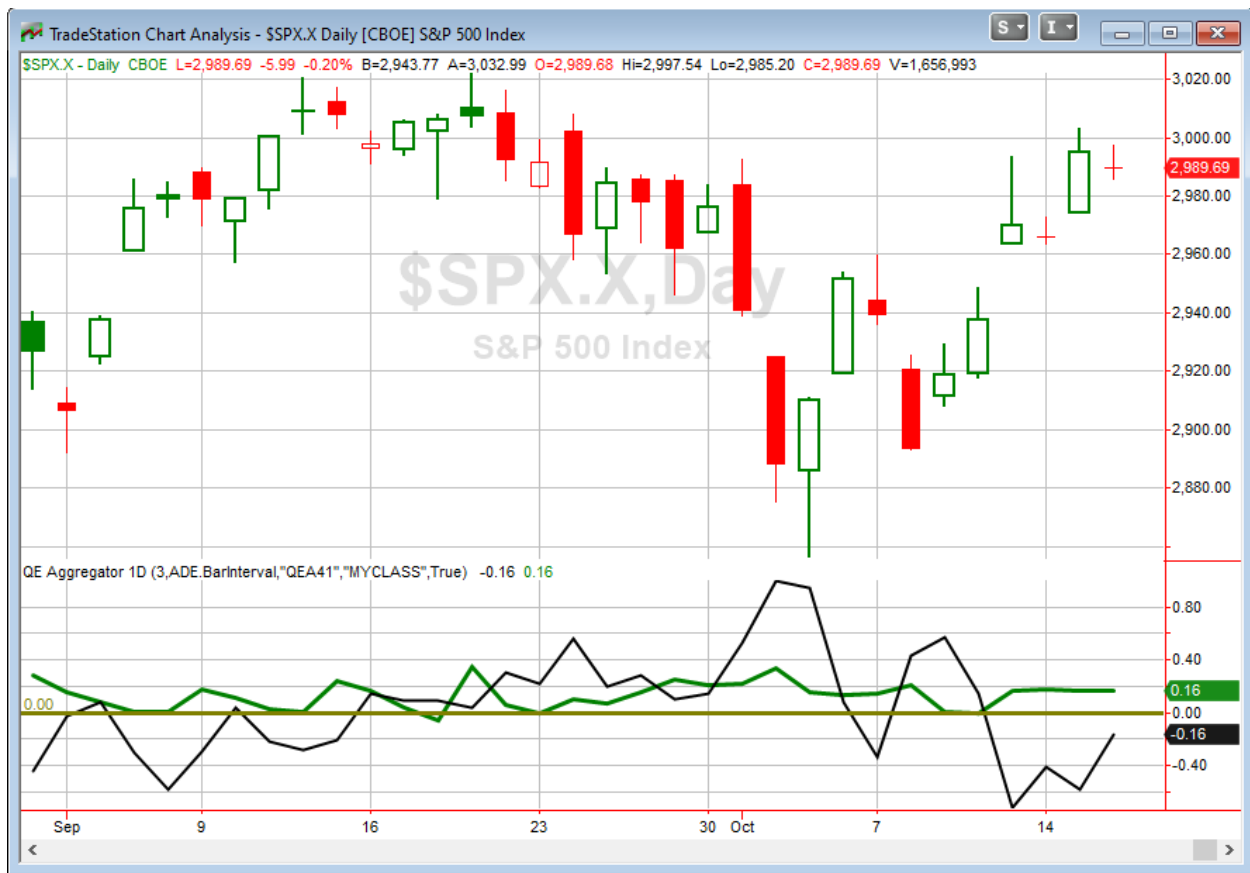
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
October 14, 2019	Up 2% in 3 days. 3/10 Ofst HV < 0.25	1-6 days	Bullish			
October 14, 2019	October Opex Week	1-4 days	Bullish			
Active - Long Term						
October 9, 2019	3rd 1% Drop in 10 days > 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			
Dropped Tonight						
October 14, 2019	5-day high. Btm 10% close. Up day.	1-3 days	Bullish			

The Evidence

Wednesday was mixed and mild. The SPX lost 0.2%, the NASDAQ dropped 0.3%, and the Russell 2000 gained 0.1%. Breadth was also mixed as the NYSE Up Issues % was 52% and the Up Volume % came in at 47%. NYSE volume declined some from Tuesday's low level.

Wednesday was not inspiring. SPY showed a low-volume inside day doji. QQQ was basically the same. Only IWM saw a higher high (and an up close). All 3 of those ETFs remain in the top 10% of their 10-day range, leaving us with an overbought condition. But despite being overbought, I am still not seeing any evidence that a pullback is a high probability. In fact, once again no new compelling evidence is making an appearance tonight. The remaining short-term evidence on the Active list is bullish. Those studies looked at 1) October opex week seasonality and, 2) the strong move up at the end of last week that still left the 3/10 Offset HV reading very low. And the October opex week study will be coming off the active list at the close on Thursday.

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 Thursday. This could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 2976.32 on Thursday. That is a 0.4% below Wednesday's close. Therefore, SPX would need to close down over 0.4% on Thursday to flip from overbought to oversold versus recent expectations.

Little change and little to say tonight. The Aggregator remains neutral, and I do as well. I will continue to wait for a more favorable reward/risk setup to emerge before taking on new index exposure. So patience and readiness continue to be my primary focus.

*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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