

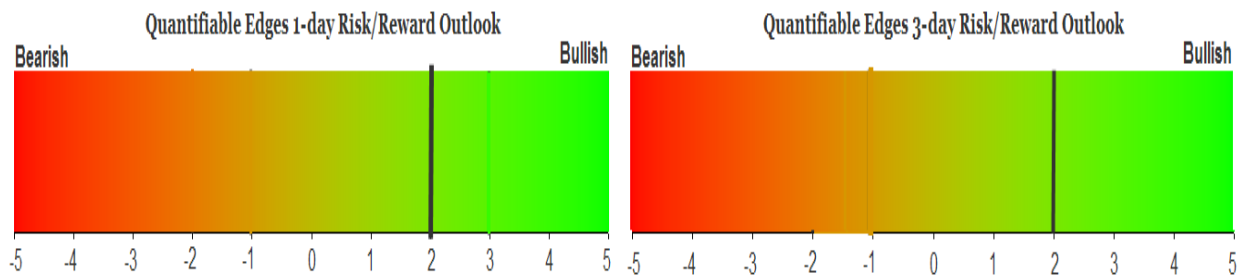
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 11, 2020

Volume 13 Issue 28

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- No new compelling studies emerged on Monday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is now bullish, but with the market already at new highs, I am not terribly enthused.

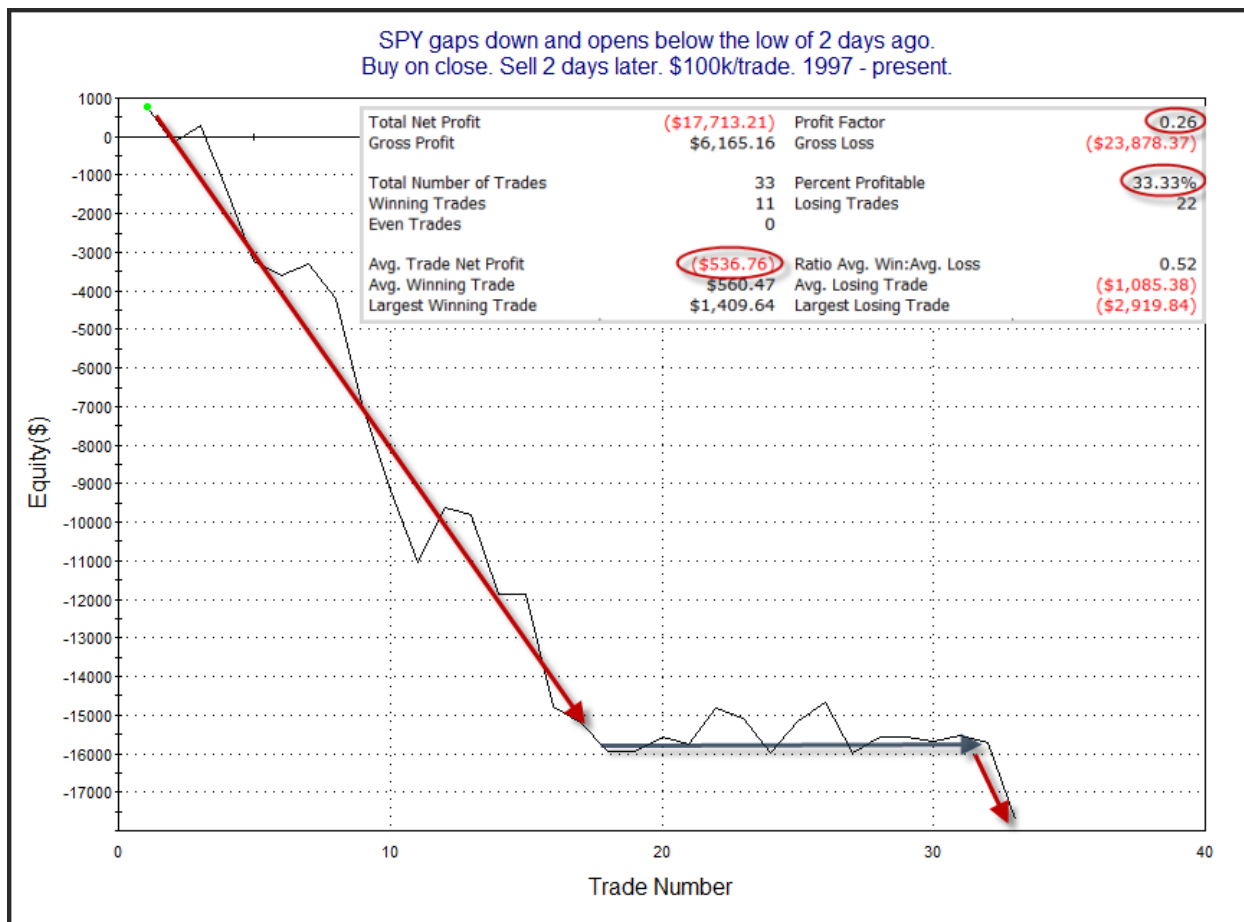
*Summary of Recent Active Studies (see Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
February 6, 2020	SPY unfilled gap to fresh breakout	1-5 days	Bullish	1.40%	-0.90%	-1.90%
February 5, 2020	SPY 2 unfilled gaps up from 20-low	1-7 days	Bullish	2.00%	-0.90%	-1.70%
<b>Active - Long Term</b>						
February 3, 2020	Hindenburg cluster 4+ (triggered Feb 3)	1-35 days	Bearish			
January 27, 2020	1st close < 10ma in over 25 days	1-19 days	Bullish	3.90%	-1.60%	-4.20%
January 17, 2020	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.20%	-7.90%
November 11, 2019	"not QE"	int term	Bullish			
November 4, 2019	Presidential cycle + Best 6 mos bullish	6 months	Bullish			
October 28, 2019	NASDAQ Leading	int term	Bullish			
April 2, 2019	Golden Cross	int term	Bullish			

***The Evidence***

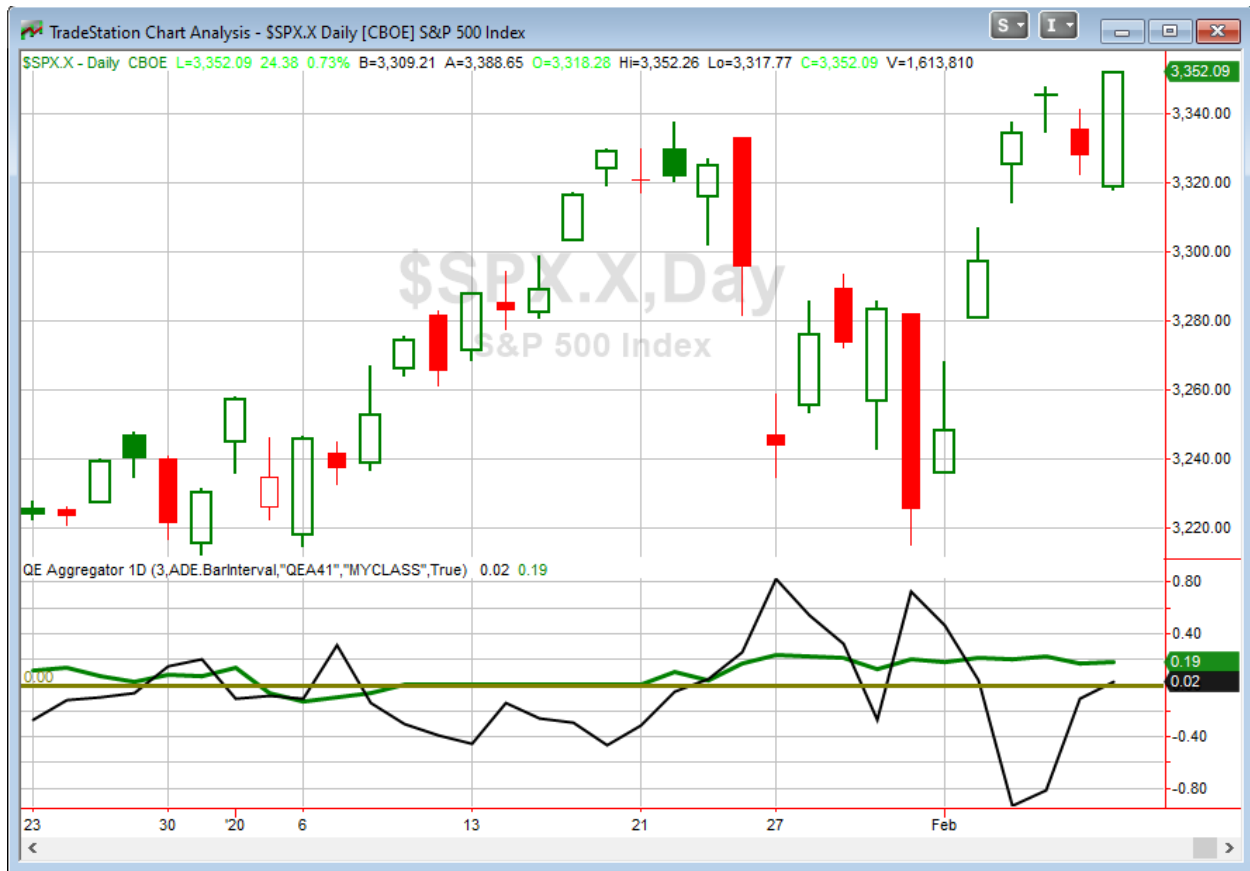
Market started weak, but finished strong. The SPX rose 0.7%, the NASDAQ gained 1.1% and the Russell 2000 climbed 0.7%. Breadth was also positive as the NYSE Up Issues % was 59% and the Up Volume % came in at 51%. NYSE volume declined some for the 3<sup>rd</sup> day in a row.

Not much triggered in the Quantifinder, but the gap down and reversal to a new high was somewhat interesting. It triggered a study from the 1/6/12 letter that I decided to take a fresh look at. Below are the 2-day results, since those are the closest to suggesting that a former bearish edge may be reasserting itself.



So the numbers are bearish. But there was no downside progress the whole 2<sup>nd</sup> half of the curve until just the last instance. I am not including this on the Active List tonight. (And if I did, it would not alter the outlook anyway.) But I will continue to watch it. And even if it is not bearish, it does suggest the bulls might have a difficult time making upward progress over the next couple of days.

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



Without any new studies being added tonight, 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 rose 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 set to remain bullish on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3366.96 on Tuesday. That is 0.4% above Monday's close. So despite already being at an all-time high, SPX will need to close up over 0.4% on Tuesday in order to flip to overbought vs recent expectations.

This is one of those odd setups where really nothing but the Differential is going to call SPX "oversold". But the Differential Line is just looking back a few days and seeing that studies at that time suggested we should be even higher by now. Still, I generally have a hard time getting excited about buying into an index position when the market is already at a new high. I'd prefer to wait for a pullback, which could offer a more favorable reward/risk setup.

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

The intermediate-term outlook was last updated in the 2/10/20 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***

COP – 1/3 @ \$56.49 (buy at limit) – not filled / cancel for now

***Broad Market Large Cap CBI – 1(COP)***

**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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