

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 23, 2020

Volume 13 Issue 142

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. Again.

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

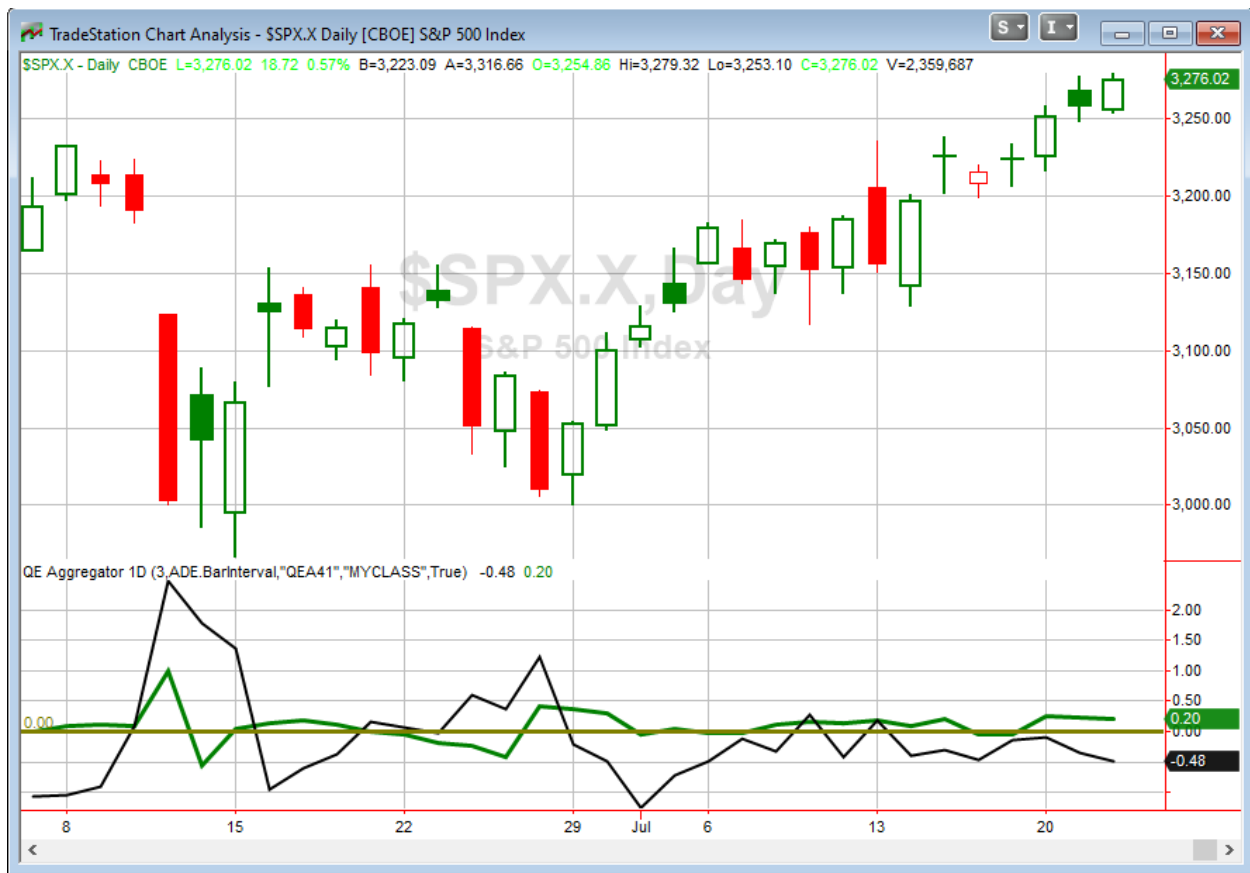
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 21, 2020	SPX breakout on lowest volum in 10	1-5 days	Bullish	1.90%	-0.80%	-1.50%
Active - Long Term						
July 9, 2020	Golden Cross	int term	Bullish			
July 7, 2020	5 up < 50-high. > 3% gain.	1-15 days	Bullish	3.20%	-1.80%	-3.10%
June 8, 2020	3 Breadth Sigs (BAM/90%Day/A-D Hi)	1-63 days	Bullish			
April 30, 2020	3 70% Up Issues Days	1-85 days	Bullish	10.40%	-4.30%	-11.00%
April 29, 2020	Sell in May after 5% drop Jan-Apr	6 months	Bearish			
March 23, 2020	QE4	int term	Bullish			
October 28, 2019	NASDAQ Leading	int term	Bullish			

The Evidence

Wednesday was an up day for the market. The SPX finished up 0.6%, the NASDAQ rose 0.2%, and the Russell 2000 also gained 0.2%. Breadth was positive as the NYSE Up Issues % was 58% and the Up Volume % came in at 59%. NYSE total volume declined some from Tuesday's level.

It has been a grind higher recently and the last few days have not seen the kind of action that typically suggests a strong short-term edge. That was again the case on Wednesday. I did note that while the SPX made a new intraday and closing high, the number of NYSE stocks making new highs on Wednesday declined from Tuesday. I looked at the decline in new highs like this a few different ways, and did not find any compelling results based on just the 1-day dip in new highs. No new studies are being added to the active list tonight.

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 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 positive on Thursday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3257.47 on Thursday. That is 0.6% below Wednesday's close. Therefore, SPX will need to close down at least 0.6% on Thursday in order to flip from overbought to oversold vs recent expectations.

July has been scant for swing setups. As you can see, the black Differential Line has spent nearly the entire month below zero – meaning the SPX has been consistently overbought. There has not been a decent pullback in which to buy, though the green Aggregator line shows that expectations have remained mostly positive throughout the month. This can be frustrating. Of course the good news is that the bullish expectations have kept me from trying to take large short positions during this rally. Anyway, the Aggregator is again neutral, and I will continue to exercise patience before taking on new index positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/20 – slightly bullish

The intermediate-term outlook was last updated in the 7/20 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

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.

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