

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 29, 2020

Volume 13 Issue 146

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Tuesday's selling seems to be setting Wednesday up for a bounce – at least up until 2pm.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is long, but evidence will fade after Wednesday. I have a small position and would like to take profits before the Fed announcement if they are available.

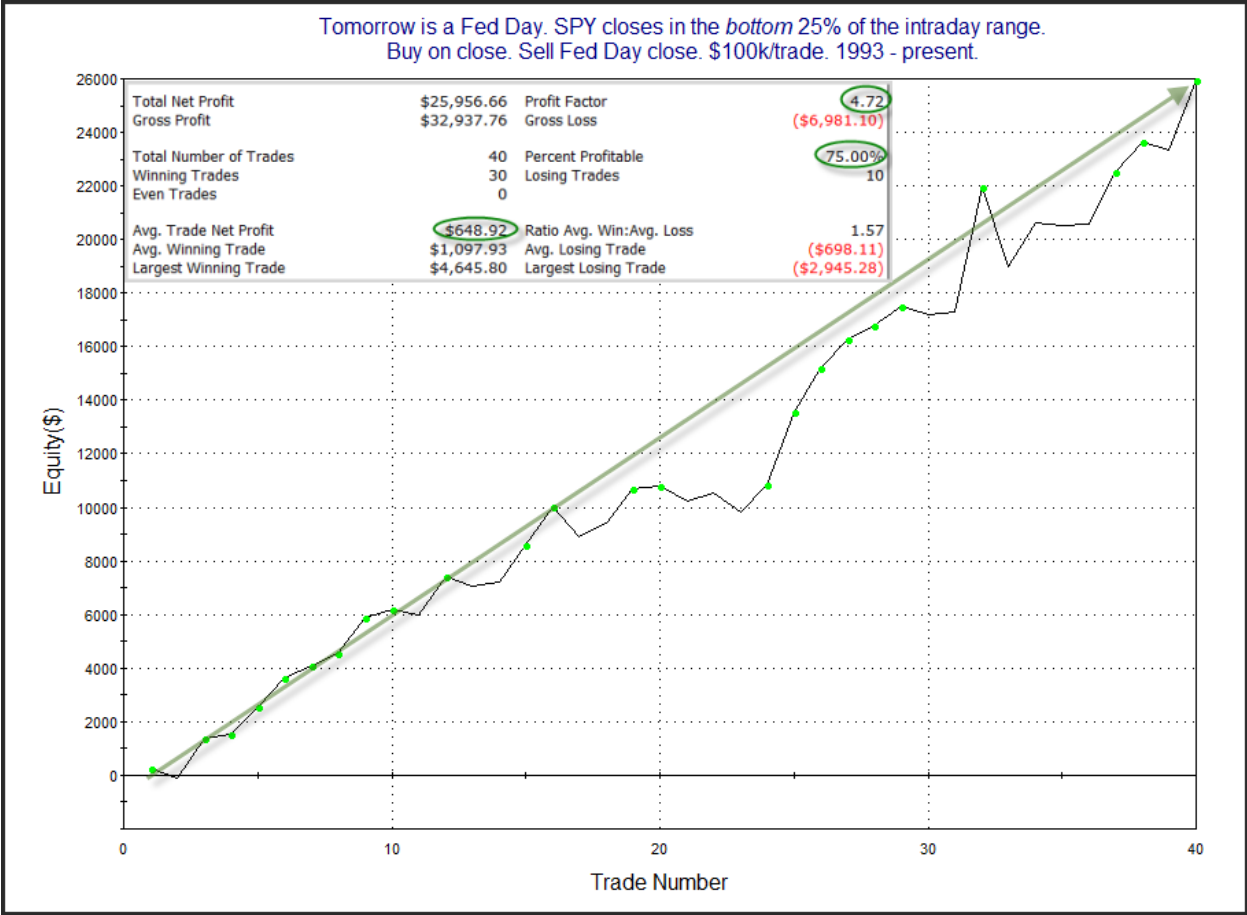
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1
<b>Active - Short Term</b>						
July 29, 2020	SPY close in bottom 25% before Fed Day	1 day	Bullish			
<b>Active - Long Term</b>						
July 24, 2020	NDX big dn day. SPX new high.	1-50 days	Bullish	6.00%	-2.85%	-5.50%
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
July 27, 2020	SPX 1st close < 10ma in > 15 days	1-2 days	Bullish			

***The Evidence***

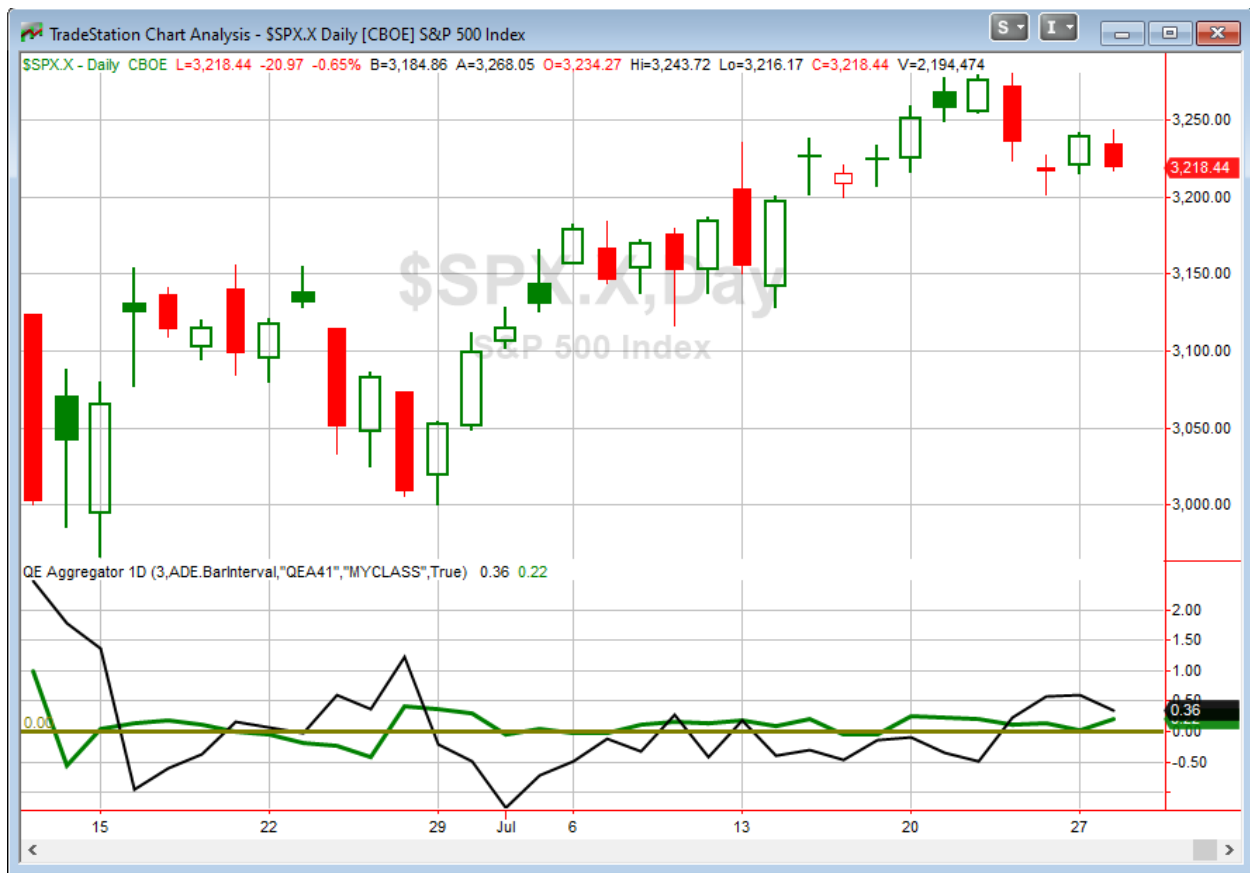
Tuesday was a down day for the market. The SPX lost 0.6%, the NASDAQ dropped 1.3%, and the Russell 2000 fell 1.0%. Breadth was mixed as the NYSE Up Issues % was 45% and the Up Volume % came in at 51%. NYSE total volume declined a little from Monday's level.

Last night I broke down Fed Day performance by looking at where the SPY closed within its daily range on the day before the Fed Day. I found that the lower in the range, the better the odds for the Fed Day. With SPY closing in the bottom quartile of its range on Tuesday, odds for Wednesday look strong. Below are the stats I shared on this setup last night, along with a profit curve.



That is an impressive move from lower left to upper right. There certainly appears to be a sizable edge based on this setup. I have added this study to the Active List tonight.

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



With tonight's evidence considered, 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 held 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 stayed long at the close.

The last of the short-term studies is set to expire on Wednesday. With the intermediate-term outlook slightly bullish, this will leave expectations also slightly bullish. Of course, any new evidence that emerges on Wednesday could change this. Meanwhile, the Differential Pivot will be 3229.80 on Wednesday. That is 0.35% above Tuesday's close. Therefore, SPX will need to close up a little over 0.35% on Wednesday in order to flip from oversold to overbought vs expectations.

So the Aggregator is again bullish. But short-term evidence is lacking beyond Wednesday. And the Fed could certainly trigger a strong reaction in either direction. I showed on the blog a while back that [most of the Fed Day edge actually occurs prior to the Fed announcement](#). Therefore, I will be looking to take quick profits on the SPY position on Wednesday if they are available.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 7/27 – slightly 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 tonight.**

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	7/28/2020	\$321.17	\$321.17	0.00%		bought on close

***I will look to exit my SPY position either 1) at a limit of \$321.17 between 1:45pm EST and 2pm EST. or 2) at a limit of \$321.17 AT THE CLOSE if not filled prior to the Fed announcement.***

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