

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 13, 2020

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## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No new compelling evidence emerged tonight.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is neutral. Me too.

**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>						
None						
<b>Active - Long Term</b>						
August 12, 2020	SPX Dn 1 after 5+ up to 50-high	1-10 days	Bullish	1.90%	-1.00%	-2.10%
August 11, 2020	DJI & SPX up 7 days in a row > 200	1-20 days	Bullish	3.00%	-2.00%	-4.20%
August 11, 2020	RSI2 crosses over 99	1-15 days	Bullish	2.20%	-1.50%	-3.00%
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			
June 8, 2020	3 Breadth Sigs (BAM/90%Day/A-D Hi)	1-63 days	Bullish			
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>						
August 12, 2020	SPX Dn 1 after 5+ up to 50-high	1-4 days	Bullish	1.10%	-0.70%	-1.50%

***The Evidence***

The market ripped higher on Wednesday. The SPX rose 1.4%, the NASDAQ rallied 2.1%, and the Russell 2000 gained 0.5%. Breadth was only moderately positive as the NYSE Up Issues % was 62% and the Up Volume % came in at 52%. NYSE total volume declined some from Tuesday's level.

The rebound after Tuesday's selloff did not trigger any new and compelling evidence. There was one study that looked at days SPX rallied while BKK (Banking Index) declined. It had previously suggested a bit of a downside edge, but I took a closer look at it tonight. Recent instances had not acted in the same way, and it also appeared that the bearish edge was really only present when there were larger BKK declines.

Last night I discussed that the NASDAQ was in danger of falling into a lagging position based on our NASDAQ/SPX Relative Strength Indicator. The bounce on Wednesday helped greatly. If NASDAQ can avoid underperformance on Thursday and Friday, it should hold onto the leading position for another week. This would be a positive for the bullish case.

Also notable is an update on last night's study that looked at SPX closing down after rising at least 5 days in a row and closing at a 50-day high. On Wednesday the SPX already met the 4-day expectations for that study. So it has been removed from the short-term active list. This is leaving the short-term list bare, while the intermediate-term list is still showing a lot of bullish studies.

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



Without any new evidence making the cut tonight, the green Aggregator Line held just barely above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained 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.

With the current list of active studies, expectations are slated to remain positive on Thursday. Of course with the short-term active list bare, any new evidence that emerges in the next few days will have a strong impact on short-term expectations. Meanwhile, the Differential Pivot will be 3355.74 on Thursday. That is 0.7% below Wednesday's close. Therefore, SPX would need to close down at least 0.7% on Thursday in order to flip from overbought to oversold vs expectations.

The pullback in SPX only last about 30 minutes on Tuesday. Then the market closed, and Wednesday it was all forgotten about. So it did not offer a great entry opportunity. I'll wait for either the next pullback, or for compelling short-side evidence to emerge before looking to take on new exposure. I agree with the Aggregator and I don't see a substantial edge with the way the market is set up right now.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 8/10 – slightly bullish***

The intermediate-term outlook was last updated in the 8/10/20 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***

*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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