

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 14, 2020

Volume 13 Issue 158

## 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 once again neutral, and I do not see a strong edge.

**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			

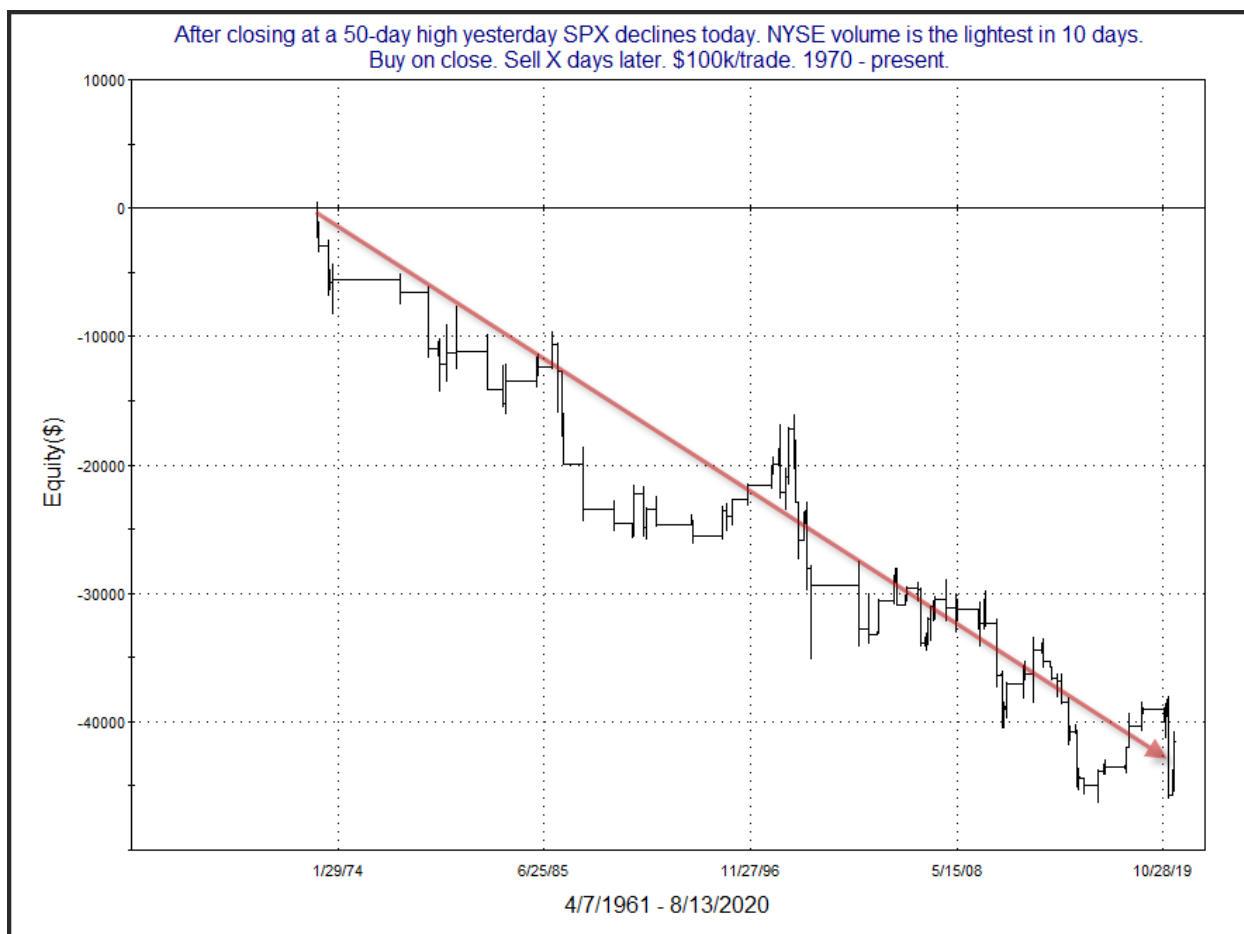
**The Evidence**

Thursday saw mixed results. The SPX lost 0.2%, the NASDAQ rose 0.3%, and the Russell 2000 declined 0.2%. Breadth was negative as the NYSE Up Issues % was 39% and the Up Volume % came in at 36%. NYSE total volume declined to the lightest level in a while.

The action was moderate and there is not much to discuss tonight. The study below is one that was last seen in the 8/23/18 letter. It looks at light volume occurring on down days after a 50-day high. Stats have all been updated.

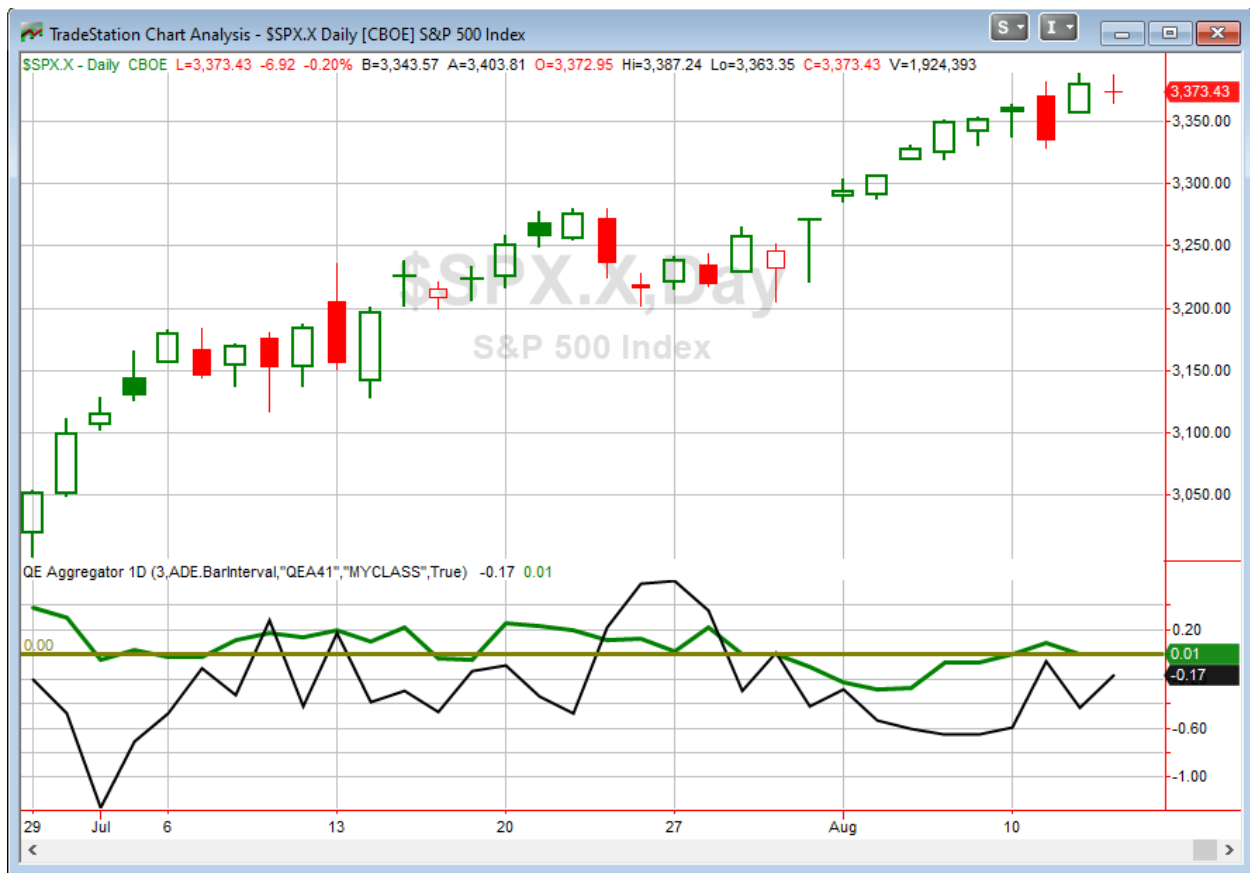
After closing at a 50-day high yesterday SPX declines today. NYSE volume is the lightest in 10 days. Buy on close. Sell X days later. \$100k/trade. 1970 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-27,490.61	81	44	37	54.32	6,797.62	-12,171.88	1,698.72	-2,763.09	0.61	0.73	-339.39
9	-24,775.66	82	45	37	54.88	5,367.92	-11,460.22	1,593.34	-2,607.45	0.61	0.74	-302.14
8	-32,234.99	82	43	39	52.44	4,514.86	-7,468.95	1,371.08	-2,338.24	0.59	0.65	-393.11
7	-41,593.29	82	41	41	50.00	4,126.58	-7,193.64	1,246.45	-2,260.92	0.55	0.55	-507.24
6	-37,609.20	83	41	42	49.40	3,630.86	-5,426.99	1,061.71	-1,931.89	0.55	0.54	-453.12
5	-17,992.40	84	44	40	52.38	3,848.46	-4,288.68	967.03	-1,513.54	0.64	0.70	-214.20
4	-19,614.88	88	47	41	53.41	2,457.84	-4,263.60	780.46	-1,373.08	0.57	0.65	-222.90
3	-3,390.09	91	50	41	54.95	2,169.48	-3,726.24	768.81	-1,020.25	0.75	0.92	-37.25
2	-2,896.00	91	47	43	51.65	2,328.05	-4,049.40	642.09	-769.17	0.83	0.91	-31.82
1	-3,663.70	91	48	42	52.75	2,235.13	-3,068.81	475.87	-631.08	0.75	0.86	-40.26

The first few days don't show much of an edge, but once you get out 6-7 days there appears to be a possible downside inclination. To confirm this I took a look at the equity curve. In this case I decided to show time on the x-axis rather than instances to demonstrate how consistent the edge has been over the years.



For a study without strongly lopsided statistics, the steadiness is impressive. But with no real edge appearing for the first several days, I again decided not to include this study on the active list. Still, it may be worth keeping in mind.

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 Friday. 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 3334.25 on Friday. That is 1.2% below Thursday's close. Therefore, SPX would need to close down at least 1.2% on Friday in order to flip from overbought to oversold vs expectations.

So the Aggregator is again neutral. I am as well. Evidence is weak and we remain overbought in this uptrend. The sitting and waiting is often the most difficult part of short-term trading. But trading without an edge is a losing game. I'll see how Friday unfolds and what new edges emerge over the weekend before committing substantial amounts to new short-term trades.

***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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