

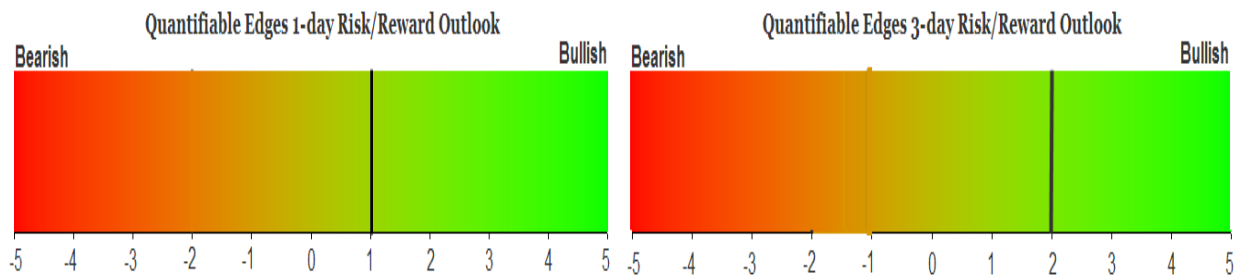
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 23, 2020

Volume 13 Issue 185

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The failure of BXK to rally with the rest of the market on Tuesday could be a bad sign for Wednesday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. It appears the bounce could have a little further to go in the next few days.

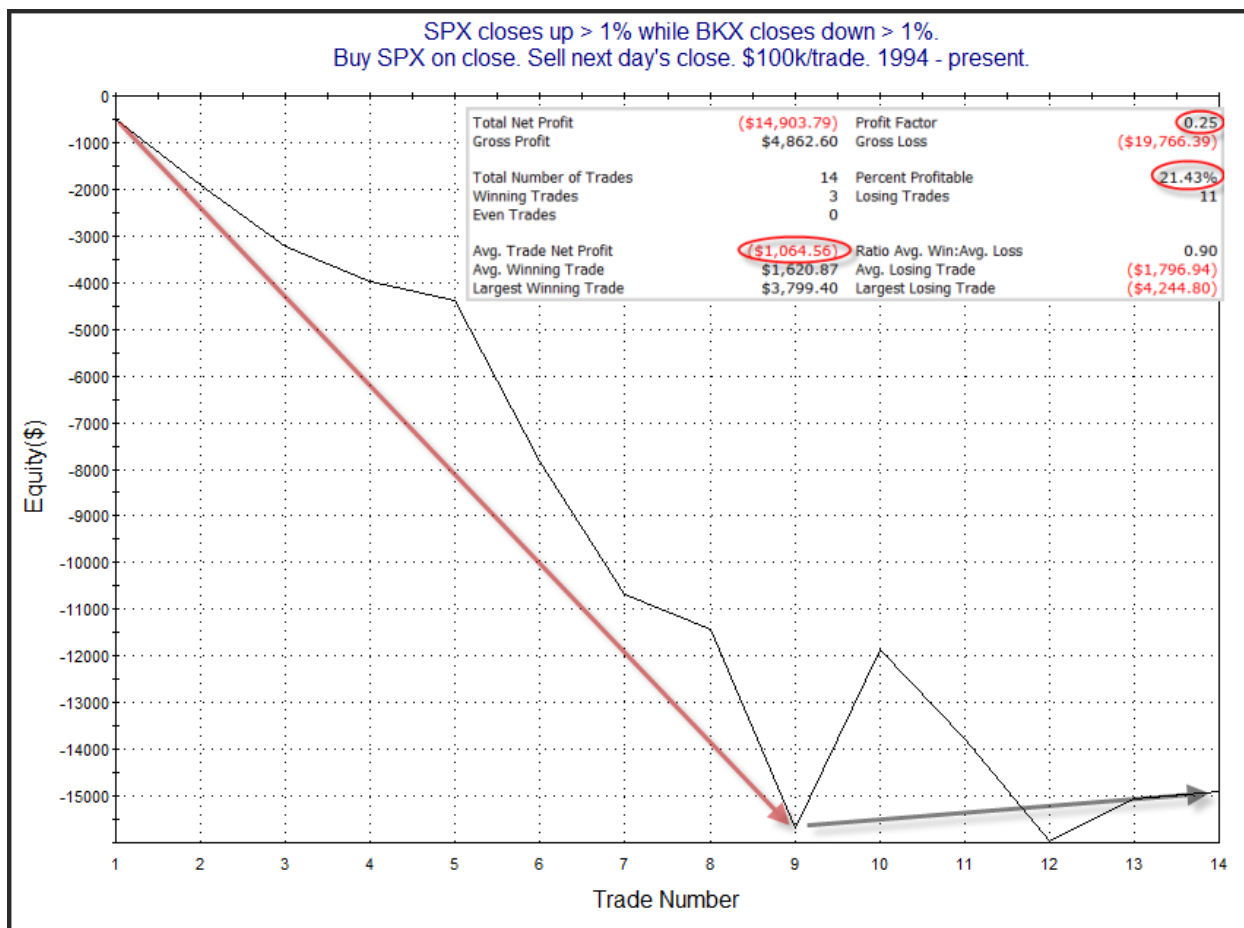
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
September 22, 2020	SPX down 4. Today biggest drop.	1-5 days	Bullish	2.00%	-0.95%	-1.70%
September 22, 2020	Unfilled gap dn from 10-low > 200	1-5 days	Bullish	3.50%	-2.90%	-7.00%
September 21, 2020	3dn. Big drop to 10-low > 200	1-5 days	Bullish	1.90%	-1.30%	-3.00%
<b>Active - Long Term</b>						
September 14, 2020	SPY gap up close up, lowest low 20	1-10 days	Bullish	2.90%	-1.70%	-3.30%
September 8, 2020	1st 10-low in 30 days > 200. ADX>14.	1-10 days	Bullish	3.00%	-1.90%	-4.20%
August 27, 2020	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
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			
April 29, 2020	Sell in May after 5% drop Jan-Apr	6 months	Bearish			
March 23, 2020	QE4	int term	Bullish			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
September 22, 2020	SPX dn 3, RUT dn > 1.5% more today	1 day	Bullish			

***The Evidence***

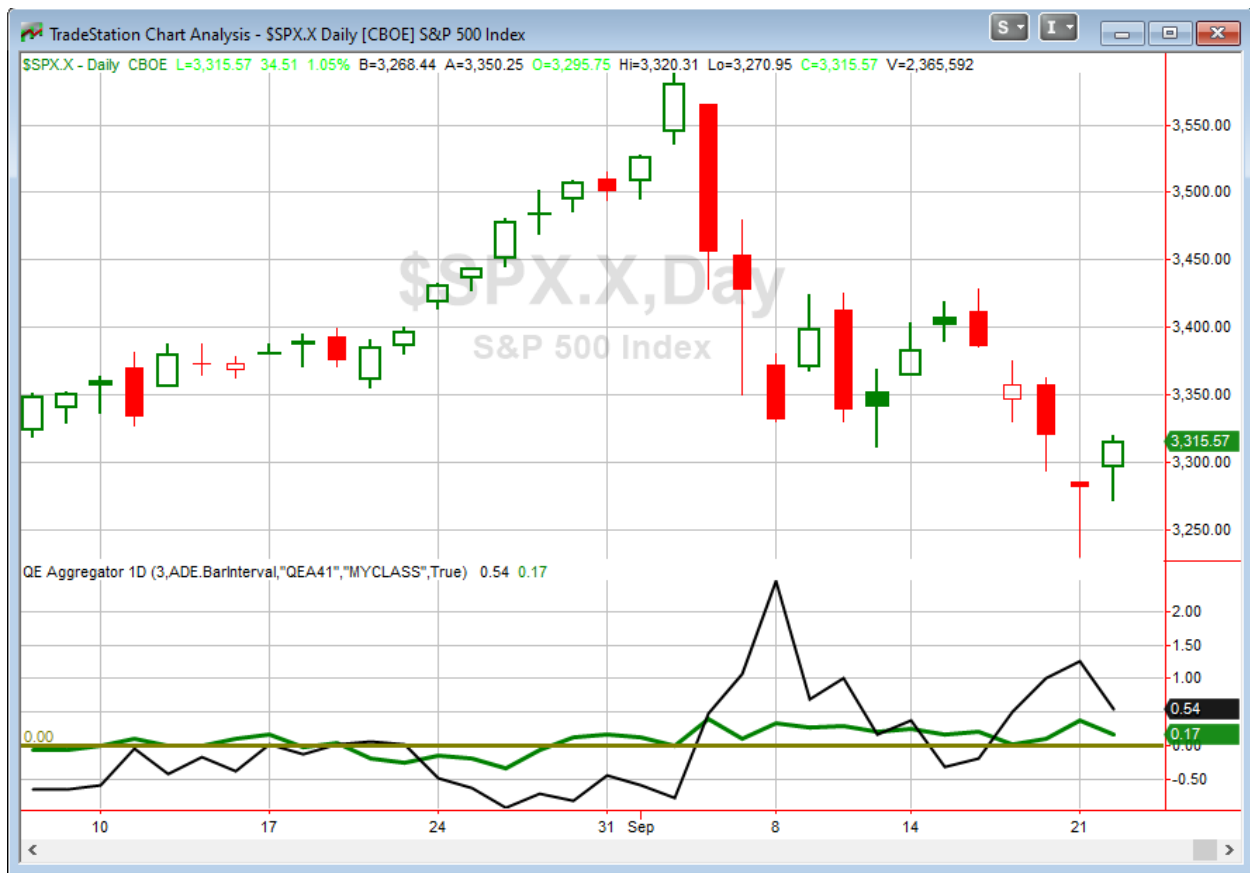
Tuesday saw the market bounce across the board. The SPX gained 1.05%, the NASDAQ rose 1.7%, and the Russell 2000 climbed 0.8%. Breadth was positive as the NYSE Up Issues % was 56% and the Up Volume % came in at 53%. NYSE total volume declined some from Monday's level.

So the expected bounce arrived for the major indices. But it did not arrive for the banks, with the BKX closing down 2.3%. This oddity triggered the only Quantifinder studies that appeared on Tuesday. The one below was last seen recently in the 8/27/20 letter. It looks at other times SPX rose strongly while BKX declined strongly on the same day. Results are updated.



The numbers suggest a downside edge. But the number of instances is low and we have now seen 3 of the last 5 instances close higher, meaning no downward progress since 2009. I am not inclined to include this on the Active List tonight. I'll certainly keep an eye on the study to see if it begins to re-assert itself. But I won't be putting any confidence in it until it does. I will note that whether I include this study on the Active List or not has very little impact on the Aggregator. It impacts the 1-day expectations, but the 3-day expectations that the Aggregator looks at would be positive either way.

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



Without any new evidence making the cut 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 also held above 0. The positive Differential Line reading means that 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.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. Of course this could change if strong new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3330.57 on Wednesday. That is 0.5% above Tuesday's close. Therefore, SPX will need to close up at least 0.5% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But with the bounce over the last day and a half, SPX is now well off its lows, and not that far from an area where I'd be looking to possibly sell on Thursday. So reward/risk does not appear all that great. I am not inclined to look for more exposure at this point. I intend to ride the current position another day and the re-evaluate again tomorrow night.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 9/21 – neutral**

The intermediate-term outlook was last updated in the 9/21/20 Letter. It can be found in the [most recent weekly letter](#) on the website.

**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)	9/21/2020	\$325.70	\$330.30	1.41%		Aggregator

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