

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 17, 2021

Volume 14 Issue 31

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Me too.

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

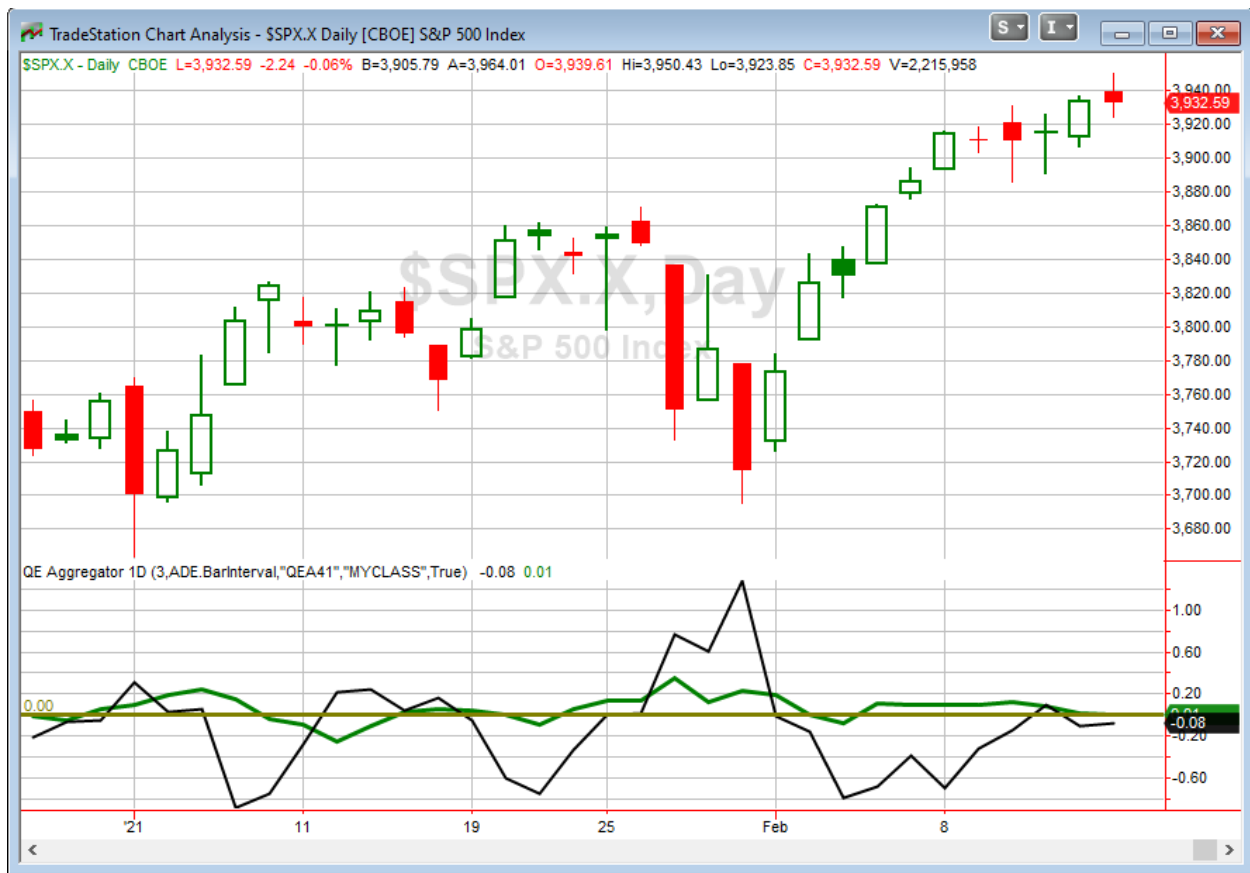
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
February 10, 2021	5 up to 50-high then down 1	1-10 days	Bullish	1.90%	-1.00%	-2.20%
February 8, 2021	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
December 10, 2020	SPX 20 intra-high. NDX biggest dn 20	1-50 days	Bullish	6.20%	-2.80%	-5.40%
November 23, 2020	NASDAQ Leading	int term	Bullish			
November 2, 2020	Best 6 Months	1-6 months	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
February 16, 2021	SPX high. VIX low. Volume low.	1 day	Bearish			
February 10, 2021	5 up to 50-high then down 1	1-4 days	Bullish	1.70%	-0.80%	-1.60%
February 10, 2021	SPY 3 higher highs and lows, dn close	1-4 days	Bullish	1.05%	-0.90%	-1.70%
February 9, 2021	Up 2% > 3 ago. Offset HV < 0.5	1-5 days	Bullish	1.70%	-0.90%	-1.70%

The Evidence

Most of the indices edged lower on Tuesday. The SPX dipped 0.1%, the NASDAQ lost 0.3%, and the Russell 2000 declined 0.7%. Breadth was mixed with the NYSE Up Issues % coming in at 47% and the Up Volume % at 62%. NYSE total volume rose some from Friday's level.

The quiet action did nothing to generate compelling new studies. SPX has basically gone sideways for the last week, with a bunch of tight ranges and small closing moves. Such tight ranges will often end with a strong move in one direction or the other. That increases risk, especially with a directional edge unclear. Tonight we saw the last remaining short-term active studies all expire. So the short-term active list is now bare. The QE SPX Calendar suggests this week is a bullish period, and the trend is certainly higher. But overall evidence for the short-term is somewhat lacking. There are no new studies being added to the active list tonight.

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



Without any new compelling studies emerging tonight, the green Aggregator Line remained slightly 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 that 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 active studies, expectations are set to remain positive on Wednesday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3928.34 on Wednesday. That is 0.1% below Tuesday's close. Therefore, SPX would only need to close down about 0.1% in order to flip from overbought to oversold versus expectations.

So the Aggregator is again neutral. Evidence is lacking. And both expectations and overbought/oversold could easily go either way on Wednesday. This is not a compelling setup. I'm not inclined to get involved in a new index position until a more favorable reward/risk setup emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 2/16 – somewhat bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult 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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