

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 18, 2021

Volume 14 Issue 32

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Very mild 2-day declines from 50-day highs have typically been followed by mild rises over the next couple of days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. We could easily see a bullish formation emerge on Thursday if SPX pulls back further. But it is not here yet.

**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>						
February 18, 2021	SPX down 2 from 50-hi < 0.25%	1-2 days	Bullish			
<b>Active - Long Term</b>						
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			

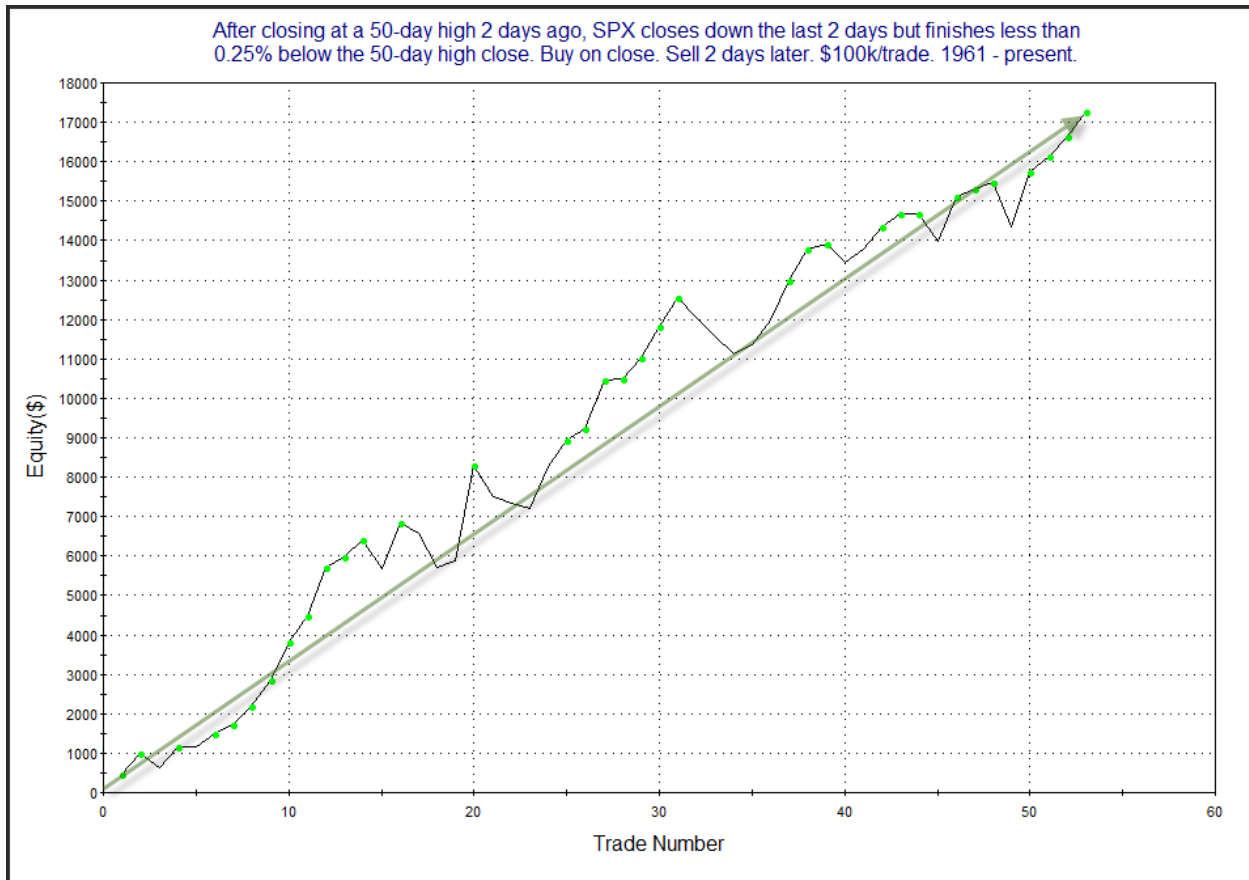
**The Evidence**

Most of the indices edged lower on Wednesday. The SPX dipped 0.03%, the NASDAQ lost 0.6%, and the Russell 2000 declined 0.7%. Breadth was negative with the NYSE Up Issues % coming in at 43.0% and the Up Volume % at 43.5%. NYSE total volume declined some from Tuesday's level.

SPX closed at a 50-day high 2 days ago, and while it has closed lower the last 2 days, the combined 2-day selloff has it only 0.1% below Friday's close. Often if an uptrending market tries to pull back, and it just cannot, then the next move will be higher. Tonight I looked at other instances of SPX closing down 2 days in a row from a 50-day high, but still closing less than 0.25% below that closing high. Yes, this is something I showed just last week in the 2/11/21 letter. Updated results can be seen below.

After closing at a 50-day high 2 days ago, SPX closes down the last 2 days but finishes less than 0.25% below the 50-day high close. Buy on close. Sell X days later. \$100k/trade. 1961 - 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
5	12,486.68	51	31	20	60.78	4,579.74	-3,618.28	937.88	-829.38	1.13	1.75	244.84
4	13,691.54	53	33	20	62.26	3,712.50	-3,370.08	911.11	-818.75	1.11	1.84	258.33
3	13,211.00	53	38	15	71.70	2,141.37	-3,892.32	686.94	-859.53	0.80	2.02	249.26
2	17,259.46	53	39	14	73.58	2,399.76	-1,107.75	622.18	-500.39	1.24	3.46	325.65
1	7,774.61	53	32	21	60.38	1,502.82	-960.05	446.78	-310.58	1.44	2.19	146.69

The stats suggest a propensity for a rise over the next 2 days. Below is a look at the 2-day profit curve.



The strong, steady upslope serves as some confirmation of the upside edge. The market may be due for a pullback, but they have been hard to come by. SPX has not had 3 consecutive down days since mid-December. Maybe it will accomplish that on Thursday, but there continues to be a lack of compelling short-term bearish evidence.

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



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

The intermediate-term outlook was last updated in the 2/16/21 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](#)

***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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