

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 24, 2021

Volume 14 Issue 36

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- 4 day+ drops that reverse weakly often see more of a bounce the next day.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side and believe more of a bounce is likely over the next few days.

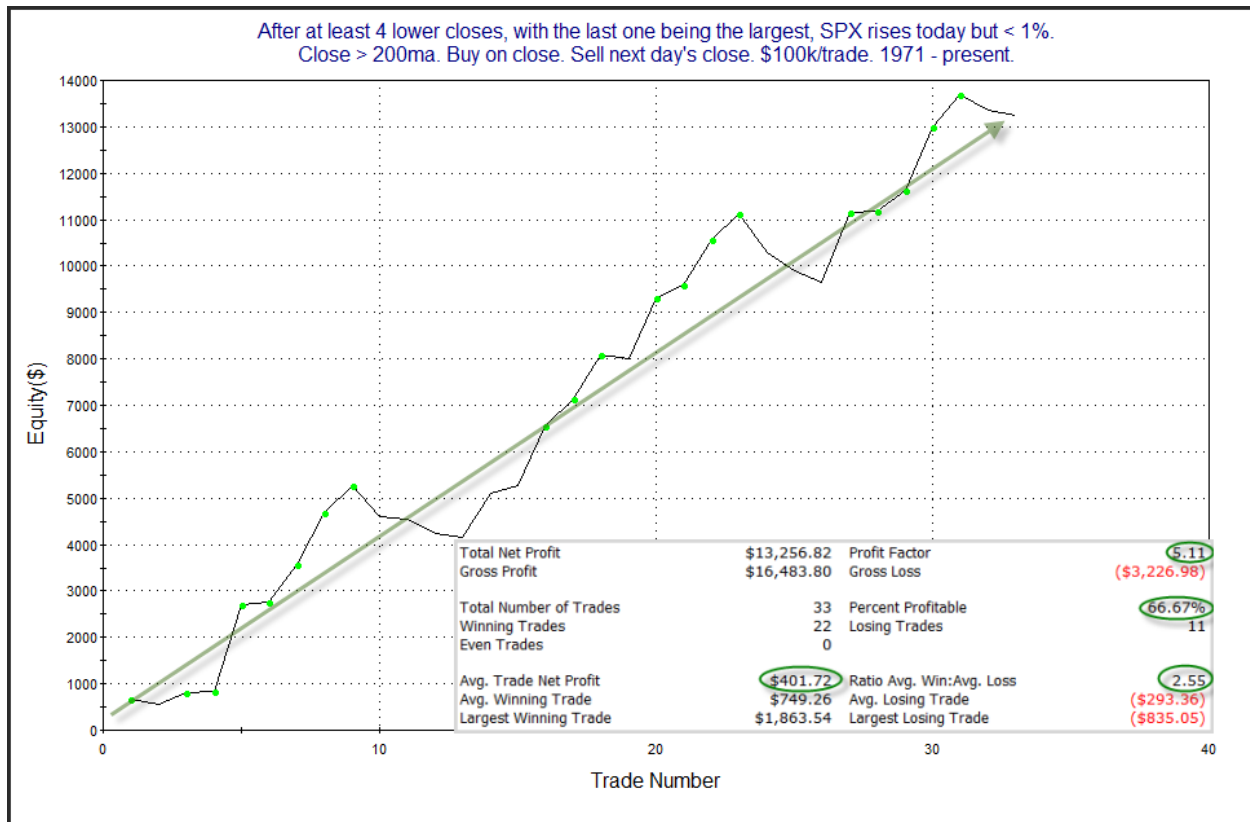
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 24, 2021	Dn 4. Big drop. Small up.	1 day	Bullish			
February 23, 2021	Dn 4th day. Biggest drop. > 200ma	1-5 days	Bullish	2.00%	-1.00%	-1.70%
February 23, 2021	Btm 10%, 5-day low. Monday	1-5 days	Bullish	2.10%	-1.00%	-2.10%
February 23, 2021	Dn 5 days. > 200ma & > 20-low	1-2 days	Bullish			
February 22, 2021	System 11111	1-3 days	Bullish			
Active - Long Term						
February 22, 2021	RUT 50ma 25% above 200ma	int term	Warning			
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 19, 2021	SPX dn 3. Last 2 close top 30% rng	1-5 days	Bearish	-1.85%	1.00%	1.60%
February 19, 2021	3dn from 50-high. Close > 10ma	1-3 days	Bullish	1.05%	-0.70%	-1.50%

The Evidence

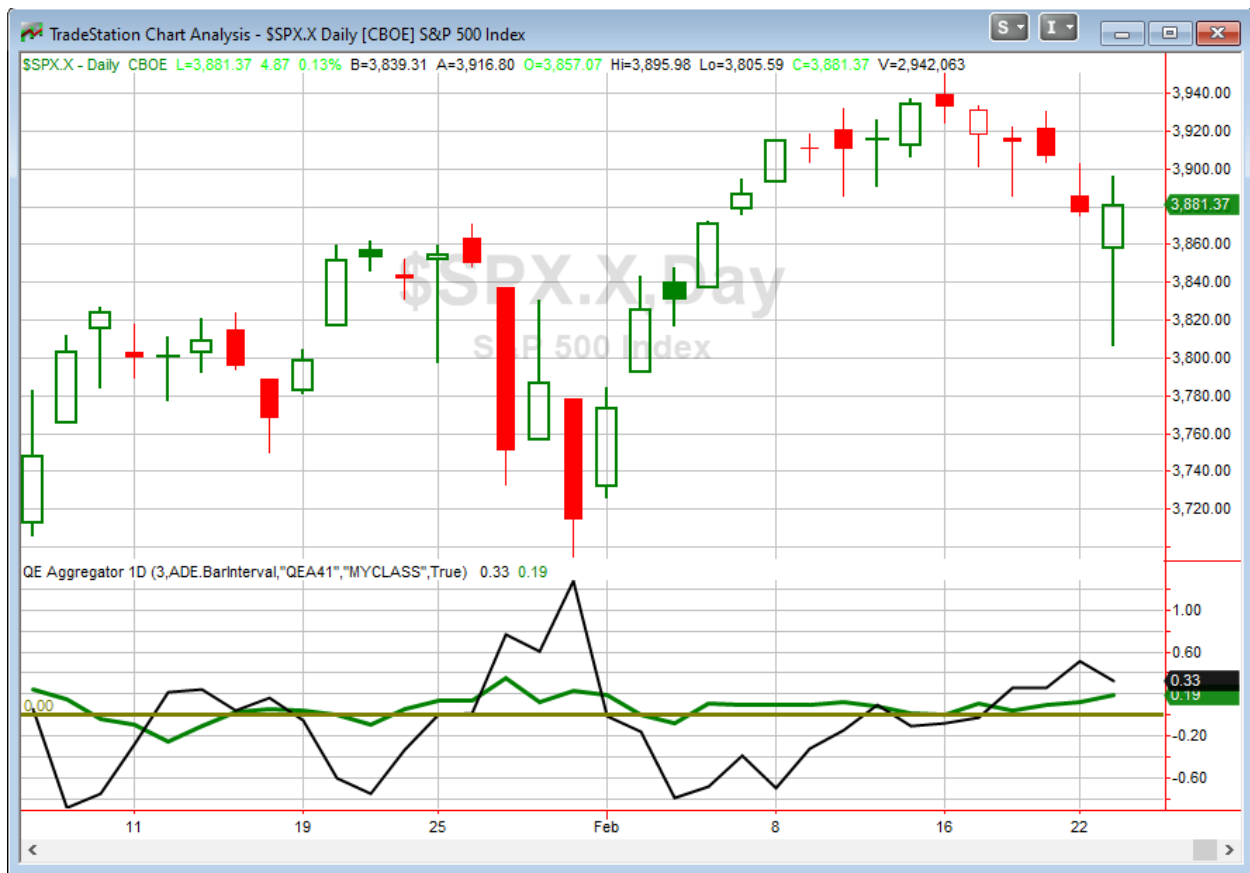
Tuesday saw some strong selling in the morning, but by the close the indices managed to show mixed results. The SPX closed up 0.1%, the NASDAQ declined 0.5%, and the Russell 2000 dropped 0.9%. Breadth was negative with the NYSE Up Issues % coming in at 39% and the Up Volume % at 48%. NYSE total volume rose some from Monday's level.

Not a lot triggered tonight, so I am going to keep it short. The study below is the most compelling one I saw. It examined small bounces after multi-day drops that accelerated downwards.



The stats and the curve are both impressive. I have added this study to the active list tonight.

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



With tonight's evidence considered, the green Aggregator Line moved further above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line 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 active studies, expectations are set to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3915.82 on Wednesday. That is 0.9% above Tuesday's close. Therefore, SPX will need to close up 0.9% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is again bullish. Evidence is solid and there is some room to the upside to profit. I continue to like the long side. I took on several positions Tuesday morning. There are a couple more Catapults triggering tonight. In addition to those I will look to increase my SPY position if there is substantial selling on Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/22 – 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

MSFT – 1/3 @ \$234.51 (bought @ limit)

New

MSFT – 1/3 @ \$233.27 (buy @ limit)

ABT – 1/3 @ \$120.80 (buy @ limit)

Broad Market Large Cap CBI – 3(MSFT-2, ABT)

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.

MSFT – Buy 1/3 Catapult position @ \$233.27 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots for MSFT.

ABT – Buy 1/3 Catapult position @ \$120.80 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots for ABT.

SPY – Buy ¼ index position @ \$383.00 LIMIT. If not filled during the day, switch to a \$384.50 LIMIT ON CLOSE. From the short-term outlook above, I will look to add to my SPY position if we retrace a good portion of Tuesday’s dip lower.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	2/23/2021	\$384.66	\$387.50	0.74%		Aggregator
MSFT(1/3)	2/23/2021	\$230.32	\$233.27	1.28%		Catapult
VXX(S)(1/2)	2/23/2021	\$15.82	\$15.08	4.68%		VIX ETF trade

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