

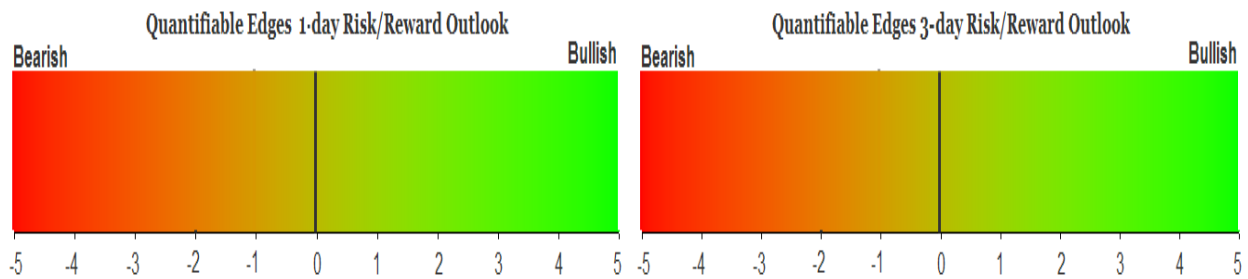
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 25, 2021

Volume 14 Issue 37

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- NO new compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is back to neutral. Seems like a good time to take a breath and await the next index-trading opportunity.

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

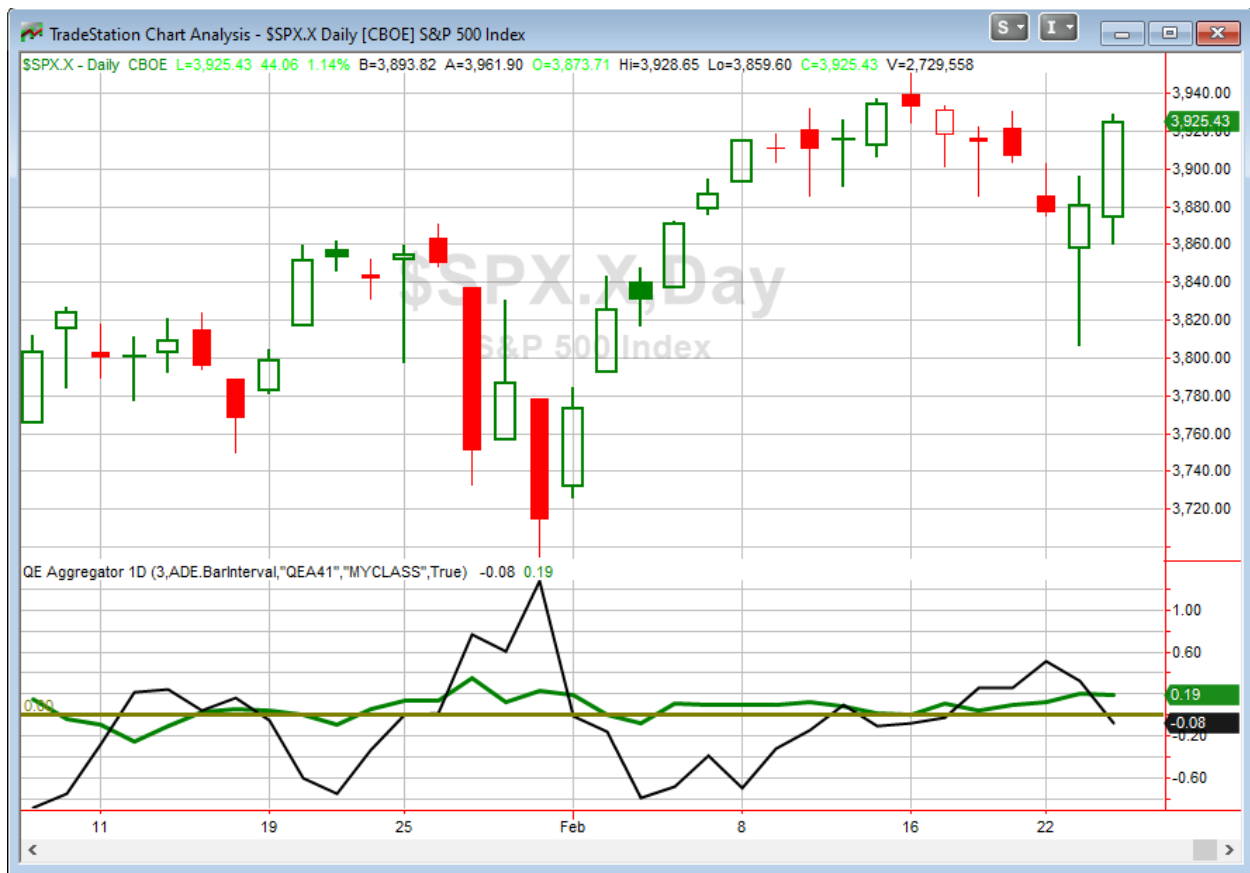
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 23, 2021	Dn 4th day. Biggest drop. > 200ma	1-5 days	Bullish	2.00%	-1.00%	-1.70%
February 23, 2021	Btm 10%, 5-day low. Monday	1-5 days	Bullish	2.10%	-1.00%	-2.10%
Active - Long Term						
February 22, 2021	RUT 50ma 25% above 200ma	int term	Warning			
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 24, 2021	Dn 4. Big drop. Small up.	1 day	Bullish			
February 23, 2021	Dn 5 days. > 200ma & > 20-low	1-2 days	Bullish			
February 22, 2021	System 11111	1-3 days	Bullish			
February 10, 2021	5 up to 50-high then down 1	1-10 days	Bullish	1.90%	-1.00%	-2.20%

The Evidence

Wednesday was an up day. The SPX rose 1.1%, the NASDAQ gained 1.0%, and the Russell 2000 rallied 2.4%. Breadth was positive with the NYSE Up Issues % coming in at 66% and the Up Volume % at 77%. NYSE total volume declined some from Tuesday's level.

The strong move up over the last day and a half has wiped out the oversold condition. Some bullish studies met their objectives and others suggest the bounce could have a little farther to go. But at this point, the high-probability portion of the bounce seems to be about done. No new studies emerged on Wednesday. This happens sometimes when you get a strong (but expected) bounce from a short-term low. The market is not yet overly extended to the upside and it is not oversold anymore. So it may take a little bit of time before the next strong edges emerge.

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



Without any new evidence emerging 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 dipped 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 turned flat at the close.

Based on the current active studies, expectations are set to remain bullish on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3886.03 on Thursday. That is 1.0% below Wednesday's close. Therefore, SPX will need to close down 1.0% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. While SPX has bounced nicely and is now short-term overbought, I am not seeing any evidence suggesting a short-term bearish edge. I am looking to take profits on my SPY position and continue to manage the other active trade ideas. It may be a few days before I look to get back into another index trade.

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)

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.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	2/23/2021	\$384.66	\$391.77	1.85%		sell on open
MSFT(1/3)	2/23/2021	\$230.32	\$234.55	1.84%		Catapult
VXX(S)(1/2)	2/23/2021	\$15.82	\$14.48	8.47%	\$15.50	VIX ETF trade
MSFT(1/3)	2/24/2021	\$230.01	\$234.55	1.97%		Catapult
ABT(1/3)	2/24/2021	\$120.80	\$122.38	1.31%		Catapult

I have placed a protective stop on the VXX short position in case the it reverses and begins to rally. With the steep contango and the lack of bearish evidence, I will look to hold onto this position for now. I may continue to hold until the stop is hit, contango flattens, or the Aggregator turns bearish.

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