

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 21, 2021

Volume 14 Issue 75

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- 2 unfilled gaps down while above the 200ma has often been followed by a bounce the next day.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator has turned from bearish to bullish. The setup appears to have a very mild upside edge.

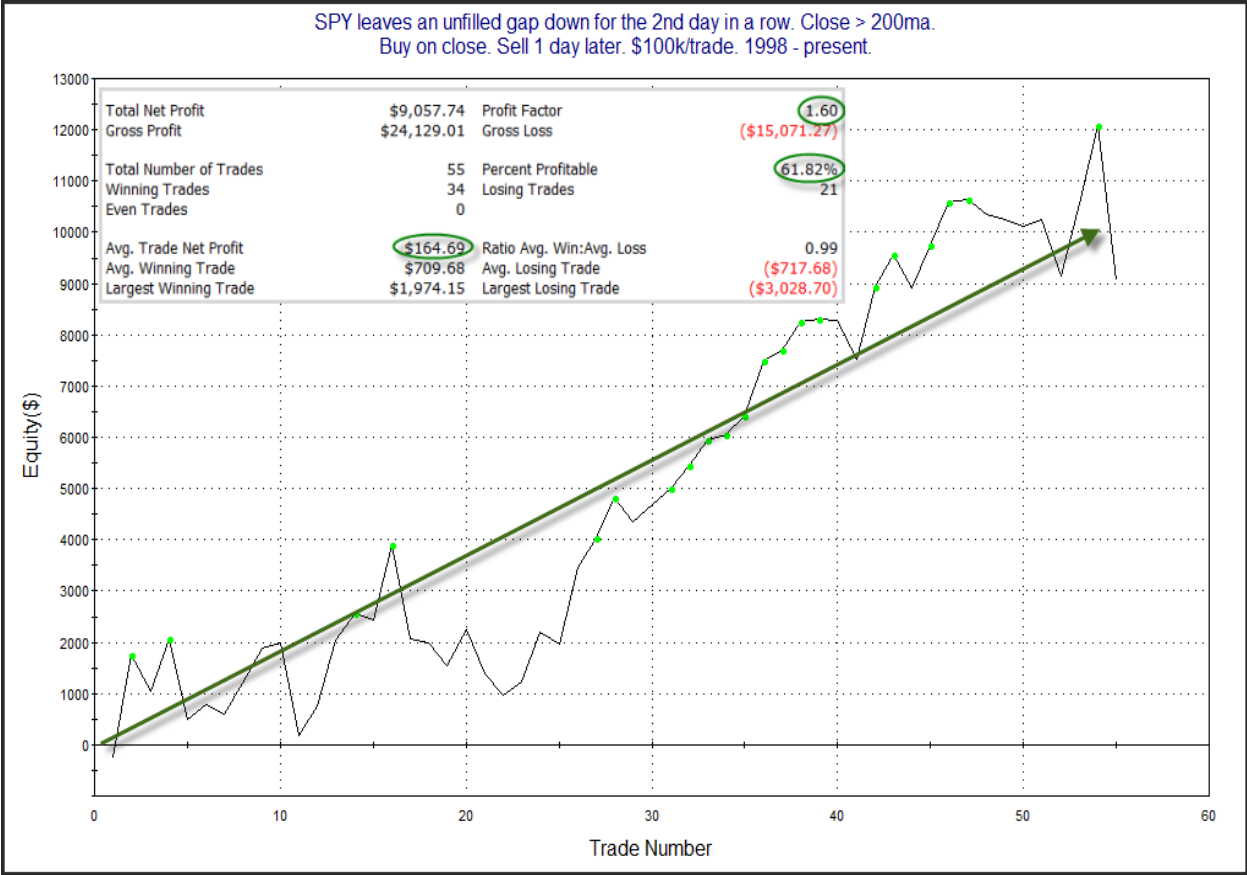
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
April 21, 2021	2 unfilled gaps down > 200ma	1 day	Bullish			
April 14, 2021	NDX up > 1%. SOX down.	1-6 days	Bearish	-2.90%	1.75%	3.80%
<b>Active - Long Term</b>						
April 19, 2021	SPX 4 weekly 1% gains and new highs	1-2 weeks	Bearish			
February 8, 2021	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
April 20, 2021	Unfilled gap down from 50-high	1 day	Bearish			
April 19, 2021	NDX new high. NASDAQ new lows 10-hi	1-2 days	Bearish			

**The Evidence**

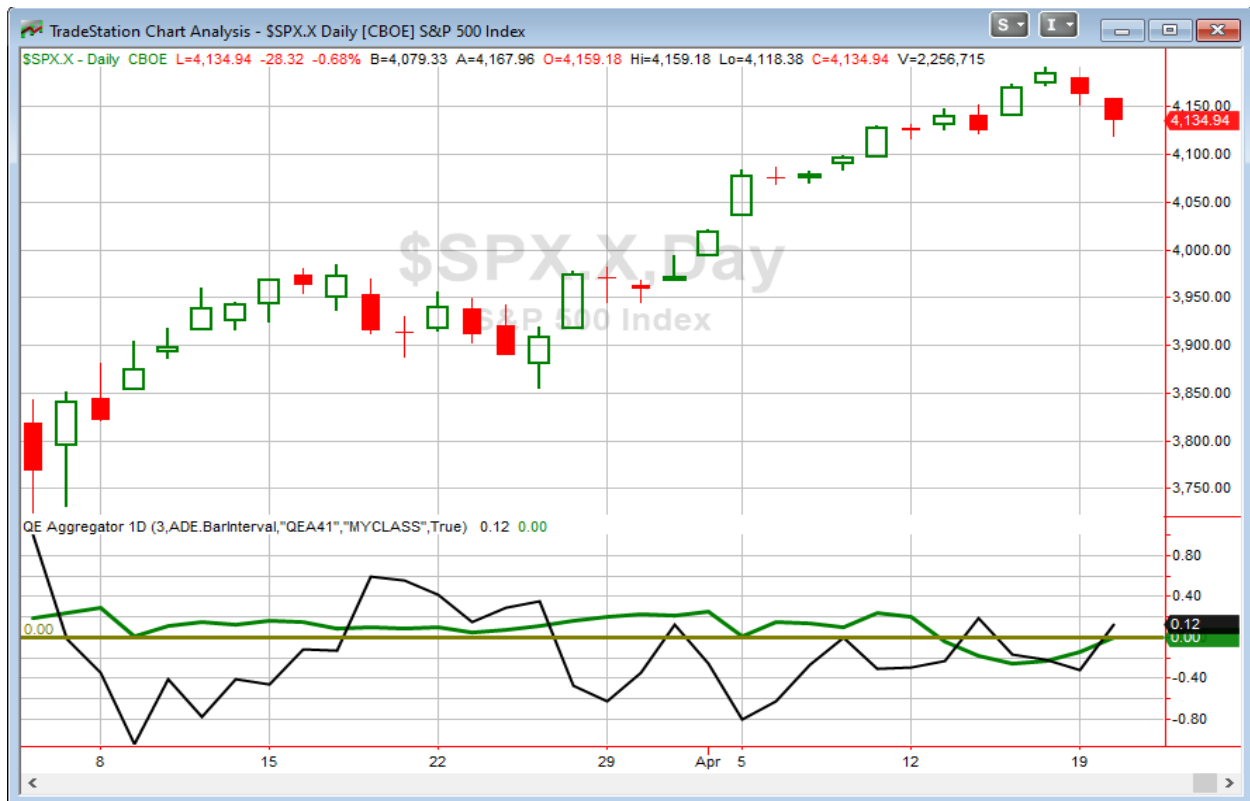
Tuesday saw a 2<sup>nd</sup> day of selling. SPX lost 0.7%, the NASDAQ fell 0.9%, and the Russell 2000 tumbled 2.0%. Breadth was negative with the NYSE Up Issues % coming in at 27% and the Up Volume % at 26%. NYSE total volume rose some from Monday's level.

From a price action standpoint, it was notable that Monday marked the 2nd day in a row that SPY left an unfilled gap down. In the 8/13/19 letter I showed a study that suggested bullish implications when this occurred during a long-term uptrend. I took a fresh look at that study tonight. Below are the results.



The curve is certainly choppy, but I find the overall evidence strong enough to add it to the Active List as a 1-day edge.

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



With tonight's evidence considered, the green Aggregator Line inched just barely above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also moved 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 flipped to long at the close.

Expectations are currently set to remain positive on Wednesday. But with all of the short-term studies expiring, this would be due to the fact that the intermediate-term outlook is leaning bullish. Any new short-term evidence that emerges could heavily influence expectations over the next few days. Meanwhile, the Differential Pivot will be 4157.48 on Wednesday. That is 0.5% above Tuesday's close. Therefore, SPX will need to close up at least 0.5% in order to flip from oversold to overbought vs expectations on Wednesday.

The bearish studies we saw the last few nights did play out over the last two days. Hopefully, some more aggressive traders than me were able to catch some of the move lower. At this point there appears to be a very mild upside edge. Evidence is both mixed and light, so it is not terribly convincing. And the oversold reading is also quite mild. I'd prefer to see a deeper pullback and/or more compelling evidence emerge before looking to take on new index exposure. I will give it at least 1 more day before posting any new trade ideas.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/19 – 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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