

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 23, 2021

Volume 14 Issue 77

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The SOMA continues to rise, which remains an intermediate-term boost for the bulls.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but it is as weak of a bullish signal as you can possibly get. I'm more neutral.

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						
April 22, 2021	Golden Cross	int term	Bullish			
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			

The Evidence

The market did not like news about a proposed increase in capital gains taxes and sold off in the afternoon. SPX closed down 0.9%, the NASDAQ lost 0.9%, and the Russell 2000 fell 0.3%. Breadth was negative with the NYSE Up Issues % coming in at 38.4% and the Up Volume % at 38.5%. NYSE total volume rose some from Wednesday’s level.

For the 2nd day in a row, the Quantifinder drew a complete blank. I can’t remember the last time that happened. But the chop back and forth through the 10ma over the last few days has done nothing to generate new and compelling evidence.

The Fed did release the updated SOMA holdings after the close on Thursday.

Domestic Security Holdings as of

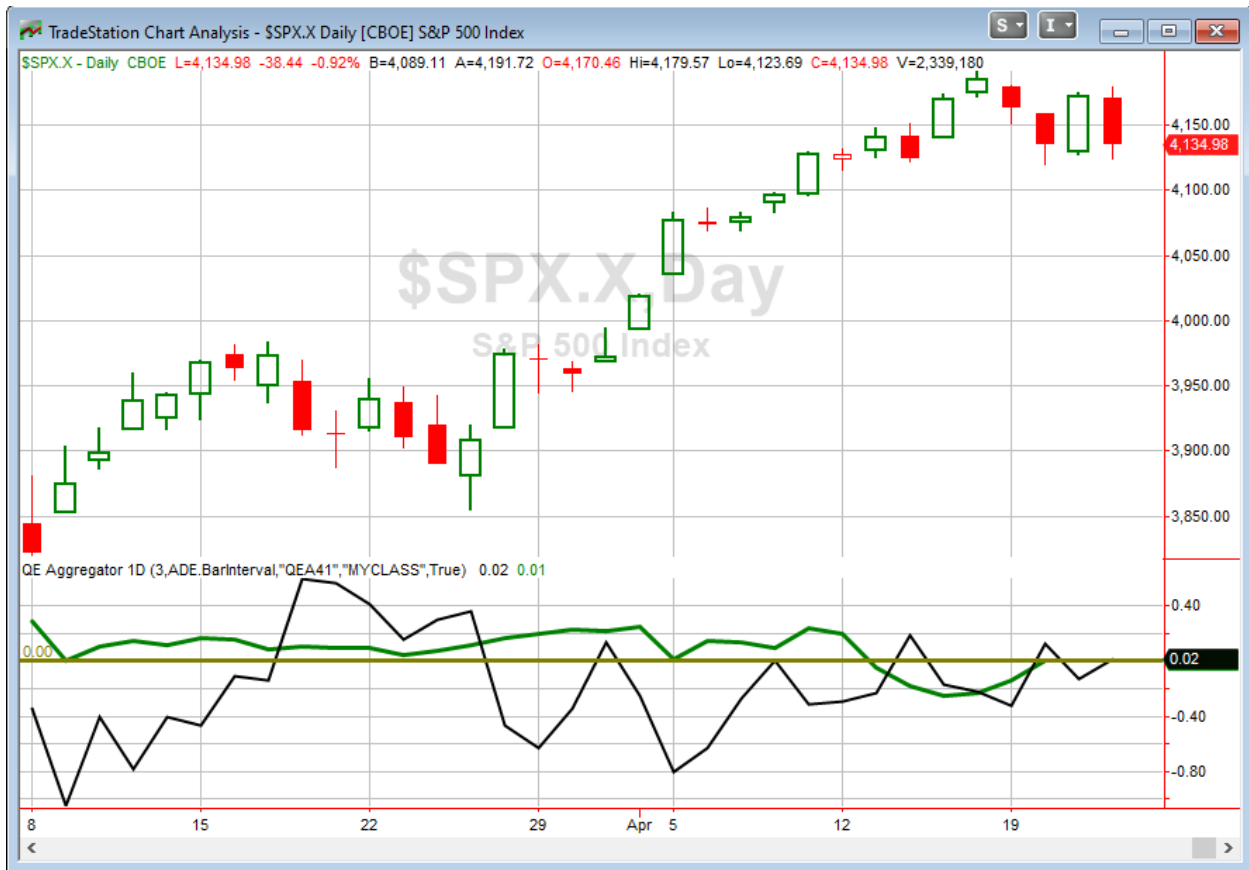
◀ Previous **April 21, 2021** 📅
Posted April 22, 2021 at 4:30 P.M

SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS

SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	326,044,000.0
US Treasury Notes and Bonds (Notes/Bonds)	4,276,035,087.6
US Treasury Floating Rate Notes (FRNs)	21,038,668.5
US Treasury Inflation-Protected Securities (TIPS)*	330,215,389.7
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,237,110,598.5
Agency Commercial Mortgage-Backed Securities***	9,878,465.2
Total SOMA Holdings	7,202,669,209.5
Change From Prior Week	25,101,767.7

There was a \$25 billion increase this past week. That is a big number and typical of what we have seen over the past several months. No sign yet of the Fed letting up. That is a plus for the bulls as long as it lasts. I'll discuss this a bit further in the weekend letter, as I normally do.

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



Without any new short-term studies making the cut tonight, the green Aggregator Line remained just barely above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line inched just 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 turned long at the close.

Expectations are currently set to remain positive on Friday. But with the Active List now devoid of short-term studies, expectations are based on intermediate-term evidence. Any new short-term evidence that emerges could heavily influence expectations over the next few days. Meanwhile,

the Differential Pivot will be *inverted* at 4119.48 on Friday. That is 0.4% *below* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down at least 0.4% in order to remain oversold vs recent expectations. Anything other than that, and it will be considered "overbought" as of Friday's close.

So the Aggregator formation is bullish, but in actuality it is about as neutral as you can get. Both lines are almost exactly at the zero level. And with the Differential Pivot inverted, reward/risk for new entries is weak. So I have no interest in a new index position here. Give me some evidence and some room to run. No new index trades for me on Friday. But there was a Catapult that triggered, and I have listed that below.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LMT @ \$379.88 (buy @ Limit).

Broad Market Large Cap CBI – 1(LMT)

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.

LMT – Buy 1/3 Catapult position @ \$379.88. From the Catapult section above, this is the 1st of up to 3 possible lots for LMT.

Current Open Trade Ideas

None.

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