

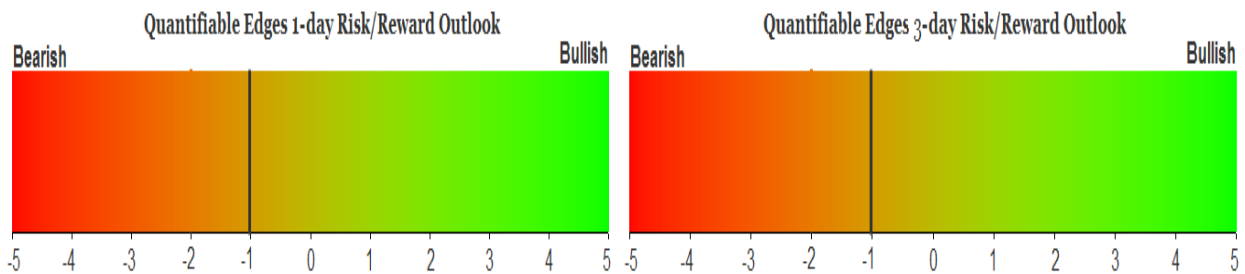
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 28, 2021

Volume 14 Issue 80

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	3

Tonight's Research Points

- SPX closing just under a 50-day high just before a Fed Day has led to breakeven Fed Days.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but risks are high and confidence is low.

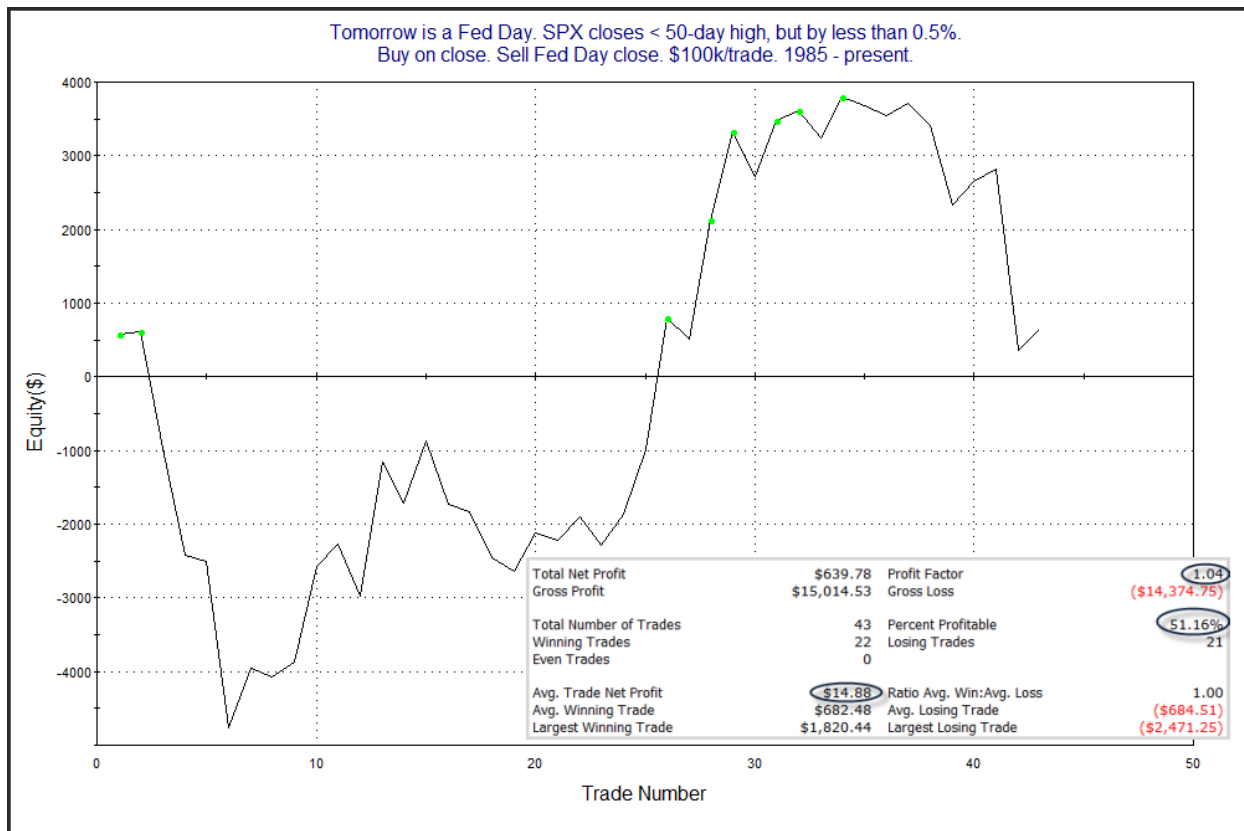
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 27, 2021	2 unfilled gaps up and 50-day high	1-2 days	Bullish			
April 27, 2021	VIX up SPX 50-high on Monday	1-2 days	Bearish			
Active - Long Term						
April 22, 2021	% of SPX stocks > 100ma exceeds 94%	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

Tuesday saw mild changes for the indices. SPX closed down less than 1 point, the NASDAQ lost 0.3%, and the Russell 2000 gained 0.1%. Breadth was mixed with the NYSE Up Issues % coming in at 49.8% and the Up Volume % at 51.4%. NYSE total volume declined some from Monday's level.

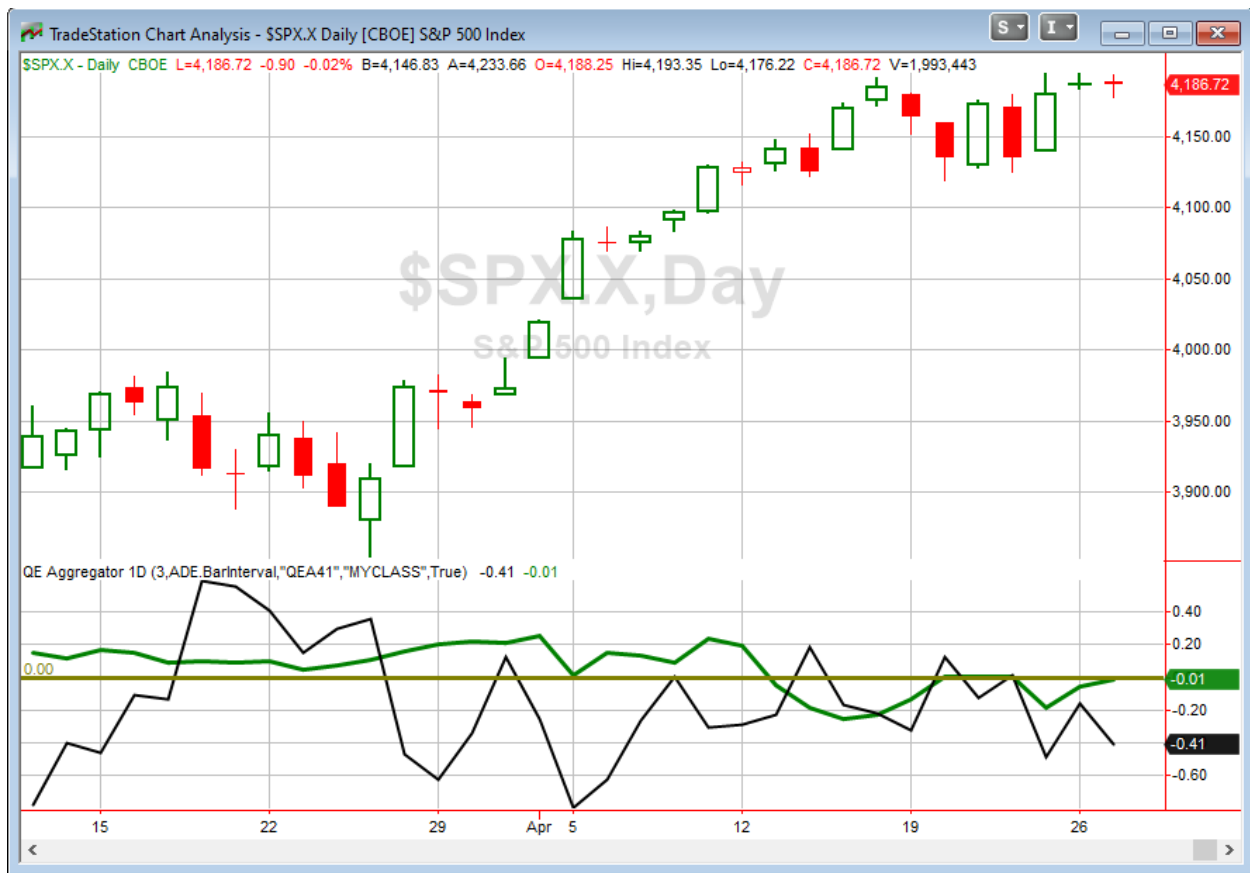
Wednesday is a Fed Day. In general, Fed Days have had a bullish tendency over the years. As I discussed last night, when the SPY closes in the lower part of its range leading into a Fed Day, then that appears to strengthen the bullish tendency. But Tuesday saw SPY close in the top 1/3 of its intraday range, so no help there. Not only that, but the down close still left SPX just barely below its 50-day closing high. The study below is from the 10/30/19 letter. It examines other times SPX closed near a new 50-day high just before a Fed Day.



That profit curve is a winding road to nowhere. There does not appear to be a bullish Fed Day tendency under these circumstances.

The generally flat index returns on Tuesday did not manage to trigger any compelling new evidence. So there are no new studies being added to the active list tonight.

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



Without any strong short-term hints for tomorrow, the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line also held below 0. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator signal stayed short at the close.

With both current short-term studies set to expire on Wednesday, expectations are primed to turn slightly positive. This is based on the intermediate-term evidence. Of course any new studies that emerge will have a substantial impact on expectations over the next few days. Meanwhile, the Differential Pivot will be 4172.73 on Wednesday. That is 0.3% below Tuesday's close. Therefore, SPX will need to close down just over 0.3% in order to flip from overbought to oversold vs recent expectations.

So the Aggregator formation is bearish. But the setup is tenuous and the reaction to the Fed is a wildcard on Wednesday. I don't see a compelling directional edge here, but between the Fed and a good number of earnings releases on tap, we could easily see a big move in one direction or the other over the next few days. And that could easily produce a more tradable setup.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/26 – somewhat bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LMT @ \$379.88 (bought @ Limit)

LMT @ \$377.29 (bought @ Limit)

LMT @ \$371.98 (buy @ Limit)

Broad Market Large Cap CBI – 3(LMT-3)

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
LMT(1/3)	4/23/2021	\$378.59	\$373.01	-1.47%		Catapult
LMT(1/3)	4/26/2021	\$374.28	\$373.01	-0.34%		Catapult
LMT(1/3)	4/27/2021	\$371.50	\$373.01	0.41%		Catapult

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